

ASX Appendix 4D

Half year report

Period ending on 31 December 2015
(prior corresponding period is 31 December 2014)

DIVERSA LIMITED

ABN 60 079 201 835

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Change	%		\$'000
Revenues from ordinary activities	Increase	92%	to	6,500
Loss from ordinary activities after tax attributable to members	Decrease	46%	to	(503)
Net Loss attributable to members	Decrease	46%	to	(503)
Dividends (distributions)	No dividend is proposed			

Commentary on results

Refer to the Review of Operations in the attached Consolidated Interim Financial Report.

2. REPORTING PERIOD

The financial information contained in this report is for the **six month period ended 31 December 2015**.

This Appendix 4D report should be read in conjunction with Diversa Limited's annual report for the twelve months to 30 June 2015 which is available from Diversa's website at www.diversa.com.au and the attached interim financial report for the 6 months to 31 December 2015.

3. NET TANGIBLE ASSET BACKING PER SHARE

	31 Dec 2015	31 Dec 2014
Net tangible asset backing per ordinary share	(0.003) cents	10.5 cents

4. CHANGES IN CONTROL OVER GROUP ENTITIES

Nil

5. DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS

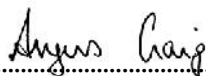
During the period no dividends were either paid or proposed. The Company does not operate a dividend reinvestment plan.

6. ASSOCIATES AND JOINT VENTURES

Nil

7. FINANCIAL INFORMATION

The information contained in the attached financial report has been subject to audit review by the Company's auditors. Their audit review opinion is attached.



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Angus Craig
Company Secretary
26 February 2016

DIVERSA LIMITED ABN 60 079 201 835
AND ITS CONTROLLED ENTITIES

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2015**

Directors' report

For the six months ended 31 December 2015

The directors present their report together with the consolidated financial report of Diversa Limited and its controlled entities (the 'Group') and the Group's interest in associates for the financial period ended 31 December 2015 and the review report thereon.

Directors

The directors of Diversa Limited (the 'Company') at any time during or since the end of the interim period are:

Mr Stephen Bizzell	Non-executive director since August 2010. Chairman from 21 November 2014.
Mr Garry Crole	Non-executive director since June 2013.
Mr Matthew Morgan	Non-executive director since July 2008.
Mr Vincent Parrott	Managing director appointed 15 December 2015.

Operational and financial review

The Company has continued to build on a vision to provide the superannuation industry with a range of premium services that incorporate trustee, administration, fund promotion, insurance and investment management services.

The Diversa Group has two established revenue generating business units: Trustee Services (which includes investment management services) and Superannuation Services (which includes superannuation administration, insurance administration and promotional services). More detailed commentary on the operations of each of the business units follows.

In prior periods the Company completed two key acquisitions, the positive financial effects of which are being seen in the current period. The acquisitions of Tranzact Financial Services Pty Ltd ('TFS') and The Trust Company (Superannuation) Limited ('TTCSL') made in the year ended 30 June 2015 have seen a substantial increase in the Group's client numbers, service capacity and revenue earned.

The Company acquired 30% of TFS on 1 September 2014 and the remaining 70% on 30 June 2015 (equity accounted from 1 September to 31 December 2014, and consolidated in the Group's financial reports from 1 January 2015), and its performance is split between the Superannuation Services and Trustee Services business units. The Company acquired 100% of TTCSL on 1 September 2014, and it is reported as part of the Trustee Services business unit.

Trustee Services

The Group acts as trustee using its Registrable Superannuation Entity (RSE) Licences to a range of master trusts, corporate and insurance only superannuation funds.

As at 31 December 2015, the Trustee Services business provides services to 33 clients with \$7.0 billion funds under trusteeship, a 12% increase for the half year, compared to \$6.2 billion at 30 June 2015. The trustee business has a diversified clientele and there has been strong inflow into a number of key client super funds.

Diversa provides in-house investment services to three funds namely the Managed Australian Retirement Fund, LESF Super and Smartsave 'Members Choice' Superannuation Master Plan totalling \$372 million. It is intended, where appropriate, to provide investment services to more of the Group's clients in the future.

Revenue for the period for the Trustee Services business (including investment services) was \$3,366,099 up 80% from \$1,867,099 in the previous corresponding period. EBITDA recorded for the Trustee Services was \$1,049,656 for this period compared to \$156,907 in the prior corresponding period.

Superannuation Services

The Superannuation Services business unit acts as an administrator and promoter of its own as well as third party superannuation funds. At 31 December 2015, these services were provided to funds in excess of \$0.5 billion as follows:

- Smartsave 'Members Choice' Superannuation Master Plan, a \$195 million fund with 7,896 members
- Managed Australian Retirement Fund, a \$35 million fund with 2,784 members
- LESF Super, a \$142 million fund with 5,584 members
- Super Money Eligible Rollover Fund, a \$59 million eligible rollover fund with 103,712 members
- Transport Industry Superannuation Fund, a \$114 million fund with 5,740 members

The Group has also established Group Life and Salary Continuance insurance products that are provided to individuals and SMSF trustees directly and to employer groups.

In the coming periods, where appropriate, client funds will be integrated with LESF Super or the Smartsave Master Plan, which will contribute to achieving operational cost synergies.

During the period, the integration of the TFS business was completed. The benefits of these changes are being realised and will continue in future periods as the scale of this business unit increases.

Revenue for the period for the Superannuation Services business increased to \$3,134,210 for the half year compared to \$1,516,359 in the prior corresponding period. EBITDA recorded for Superannuation Services was \$636,534 for this period compared to an EBITDA loss of \$235 in the prior corresponding period, noting that TFS was not included in the prior corresponding period.

Corporate and other matters

During the period, the Company raised \$2.36 million (before costs) by way of an underwritten entitlement offer to shareholders resulting in the issue of 5,366,225 ordinary shares. The funds raised were applied to acquisition payments for TFS and TTCSL, and for working capital purposes.

During the period, \$1.36 million was drawn from the funding facility provided by Macquarie Bank Limited for the purposes of funding client fund's prudential capital reserve requirements.

Opportunities for growth through acquisition and partnership continue to be examined. Costs incurred relating to these activities, whether resulting in a transaction or not, have been expensed in accordance with the accounting standard requirements. During the period, \$51,494 was expensed relating to due diligence and acquisition costs.

The results from operating activities contain two significant non-cash expense items of amortisation and depreciation of \$516,830 and share based payments expense (recorded in personnel expenses) of \$142,541. These expenses are calculated in accordance with the relevant accounting standards and accounting policies as disclosed.

The Group has carried forward tax losses of approximately \$103 million which have not been brought to account.

Corporate activities not allocated to business units and mostly comprising listed company and general corporate costs produced an EBITDA loss of \$786,773 compared to an EBITDA loss of \$621,205 in the prior corresponding period.

Financial Review

The results of the Group for the period ended 31 December 2015 can be summarised as follows:

	31 Dec 2015	31 Dec 2014	Change
Revenue	6,500,309	3,383,458	92%
<i>Earnings before interest, tax, depreciation and amortisation (EBITDA)</i>	<i>899,408</i>	<i>(583,123)</i>	<i>254%</i>
Amortisation and depreciation	(516,830)	(45,887)	
Results from operating activities	382,578	(629,010)	161%
Net finance income/(expense)	(772,344)	(364,681)	
Share of profit/(loss) of equity accounted investees	-	59,144	
Loss before tax	(389,766)	(934,547)	58%

The increase in revenue and improvement in operating performance is largely due to the acquisitions completed in prior periods, the financial effects of which are evident in the current period:

- the acquisition of The Trust Company (Superannuation) Limited (TTCSL), a third party trustee business which completed on 1 September 2014, with four months of activities were recorded in the prior period compared to 6 months in the current period; and
- the acquisition of a 30% interest in Tranzact Financial Services Pty Limited (TFS) on 1 September 2014, and the acquisition of the remaining 70% on 30 June 2015. In the prior corresponding period the 30% interest in TFS was equity accounted, compared to TFS being consolidated for 6 months in the current period.

Revenue has also grown as a result of increasing existing client revenue resulting from growth in underlying superannuation fund size. The Group recorded positive cash generated from operating activities in the period of \$509,279 compared to an outflow of \$651,094 in the corresponding prior period.

The increased interest expense for the period is due to a further draw down of an additional \$1.36m for prudential capital purposes.

Looking forward

The growth in the superannuation industry will continue over the coming years as the superannuation guarantee charge continues to rise. This is expected to support ongoing demand for Diversa's core services from smaller superannuation funds, independent financial adviser groups, employer groups, and fund promoters seeking our specialist capabilities.

Diversa's ability to provide tailored solutions to superannuation funds needs will increasingly appeal to retail super funds, small to mid-size industry funds, employer groups and employees looking for products with lower fees, consistent and flexible investment options and a range of member benefits including competitive life insurance.

The Group's primary focus is to actively expand its revenue base in order to continue to leverage the established service infrastructure. The Group will also continue to selectively assess acquisition opportunities that would add to its existing operations and scale.

Group revenue is generally earned as a percentage of client funds under trusteeship, administration, or management or as a fee charged on number of lives insured or number of fund members. Further growth in revenue is expected as client funds and members increase, and as new clients are acquired, or as additional services are provided to existing clients. It is noted however that market volatility may influence the revenue earned from client funds, and the Group's service offerings are in competitive markets.

The Board continues to expect that the investments made to date, along with the restructuring and integration undertaken in this and recent periods will be rewarded over the coming periods by making the business more scalable and profitable.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2015.

This report is made with a resolution of the directors:



S Bizzell
Chairman

Dated at Brisbane, this 25th February 2016.



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 review for the half-year ended 31 December 2015 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Stephen Board'.

Stephen Board
Partner

Brisbane
25 February 2016

Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 31 December 2015

	Note	31 Dec 2015	31 Dec 2014
		\$	\$
Revenue from rendering of services		6,500,309	3,383,458
Occupancy expenses		(314,906)	(162,610)
Administrative expenses		(1,791,919)	(1,038,271)
Amortisation and depreciation		(516,830)	(45,887)
Personnel expenses		(3,442,572)	(2,685,830)
Other expenses		(51,504)	(79,870)
Results from operating activities		382,578	(629,010)
Finance income	3	20,482	24,244
Finance expense	3	(792,826)	(388,925)
Net finance expense		(772,344)	(364,681)
Share of profit of equity accounted investees		-	59,144
Loss before income tax		(389,766)	(934,547)
Income tax expense	4	(113,061)	-
Loss after income tax		(502,827)	(934,547)
Other comprehensive income		-	-
Total comprehensive loss for the period		(502,827)	(934,547)
Earnings per share			
Basic earnings/(loss) per share (AUD)		(0.0085)	(0.0207)
Diluted earnings/(loss) per share (AUD)		(0.0085)	(0.0207)
Total loss is attributable to:			
Owners of the company		(538,487)	(934,547)
Non-controlling interest		35,660	-
		(502,827)	(934,547)
Total comprehensive loss for the year is attributable to:			
Owners of the company		(538,487)	(934,547)
Non-controlling interest		35,660	-
		(502,827)	(934,547)

The consolidated interim statement of profit and loss and other comprehensive income is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 17.

Consolidated interim statement of changes in equity

For the six months ended 31 December 2015

	Share capital	Share based payments reserve	Accumulated losses	Non-controlling interest	Total equity
	\$	\$	\$		\$
Balance at 1 July 2014	117,182,696	340,677	(114,685,513)	-	2,837,860
Total comprehensive income/(loss) for the period					
Loss for the period	-	-	(934,547)	-	(934,547)
Total comprehensive loss for the period	-	-	(934,547)	-	(934,547)
Transactions with owners, recorded directly in equity					
Shares issued (net of cash)	6,909,330	-	-	-	6,909,330
Share-based payment transactions	-	(64,272)	137,360	-	73,088
Exchange of performance rights	108,592	(108,592)	-	-	-
Total transactions with owners	7,017,922	(172,864)	137,360	-	6,982,418
Balance at 31 December 2014	124,200,618	167,813	(115,482,700)	-	8,885,731
Balance at 1 July 2015	126,042,999	276,922	(116,726,538)	555,888	10,149,271
Total comprehensive income/(loss) for the period					
Loss for the period	-	-	(538,487)	35,660	(502,827)
Total comprehensive loss for the period	-	-	(538,487)	35,660	(502,827)
Transactions with owners, recorded directly in equity					
Shares issued (net of cash)	2,209,970	-	-	-	2,209,970
Share-based payment transactions	-	142,541	-	-	142,541
Exchange of performance rights	136,671	(136,671)	-	-	-
Dividends paid	-	-	-	(64,536)	(64,536)
Additional interest acquired in NCI with no change in control	-	-	(148,109)	(210,464)	(358,573)
Total transactions with owners	2,346,641	5,870	(148,109)	(275,000)	1,929,402
Balance at 31 December 2015	128,389,640	282,792	(117,413,134)	316,548	11,575,846

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 17.

Consolidated interim balance sheet

As at 31 December 2015

	Note	31 Dec 2015	30 Jun 2015
		\$	\$
Assets			
Cash and cash equivalents	5	7,449,346	5,660,038
Trade and other receivables		2,086,913	1,621,615
Total current assets		9,536,259	7,281,653
Trade and other receivables		158,268	242,280
Property, plant and equipment		148,617	179,811
Intangible assets	6	11,758,068	12,937,350
Total non-current assets		12,064,953	13,359,441
Total assets		21,601,212	20,641,094
Liabilities			
Trade and other payables	7	3,319,335	5,378,726
Loans and borrowings	8	3,999,998	2,163,541
Employee benefits		435,510	498,675
Total current liabilities		7,754,843	8,040,942
Trade and other payables	7	2,072,532	2,347,446
Employee benefits		197,991	103,435
Total non-current liabilities		2,270,523	2,450,881
Total liabilities		10,025,366	10,491,823
Net assets		11,575,846	10,149,271
Equity			
Issued capital	11	128,389,640	126,042,999
Reserves		282,792	276,922
Accumulated losses		(117,413,134)	(116,726,538)
Non-controlling interest		316,548	555,888
Total equity		11,575,846	10,149,271

The consolidated interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 17.

Consolidated interim statement of cash flow

For the six months ended 31 December 2015

	Note	31 Dec 2015	31 Dec 2014 restated
		\$	\$
Cash flows from operating activities			
Cash receipts from operations		6,302,957	3,288,662
Cash paid to suppliers and employees		(5,793,678)	(3,939,756)
Cash generated from/(used in) operations		509,279	(651,094)
Interest paid		(509,646)	(183,172)
Interest received		20,003	21,850
Net cash from / (used in) operating activities		19,636	(812,416)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2,511)	(86,349)
Deferred acquisition payments		(1,248,146)	(300,000)
Cash acquired on acquisition of controlled entity		-	1,219,907
Payment for acquisition of controlled entity		(358,573)	(2,650,000)
Payment for acquisition of investment		-	(2,850,000)
Payment for security deposit and bank guarantee		(122,532)	(121,112)
Net cash used in investing activities		(1,731,762)	(4,787,554)
Cash flows from financing activities			
Payment of dividends		(64,536)	-
Proceeds from drawdown of loan facility		1,356,000	-
Proceeds from issue of shares		2,361,141	7,445,764
Payment of transaction costs relating to financing activities		(151,171)	(765,850)
Net cash from financing activities		3,501,434	6,679,914
Net increase in cash and cash equivalents		1,789,308	1,079,944
Cash and cash equivalents at 1 July		5,660,038	1,199,288
Cash and cash equivalents at 31 December		7,449,346	2,279,232

The consolidated interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 17.

Notes to the consolidated interim financial statements

1. Significant accounting policies

Reporting entity

Diversa Limited (the 'Company') is a company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the six months ended 31 December 2015 comprise the Company and its controlled entities (the 'Group') and the Group's interest in associates. The consolidated financial statements of the Group as at and for the year ended 30 June 2015 are available upon request from the Company's registered office at Level 9, Waterfront Place, 1 Eagle Street, Brisbane, Queensland 4000 or at www.diversa.com.au.

Statement of compliance

The interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporation Act 2001, and with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2015. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2015.

The consolidated interim financial statements were approved by the Board of Directors on 25 February 2016.

Basis of preparation

The consolidated interim financial statements are presented in Australian dollars which is the functional currency of the Company 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 amounts recognised in the financial statements are described in the following notes:

- Note 1 - Going concern
- Note 6 - Goodwill impairment testing

The accounting policies applied by the Group in this consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2015.

Going Concern

The consolidated interim financial report has been prepared on a going concern basis which assumes the Group will continue its operations and be able to meet its obligations as and when they become due and payable.

The Group incurred an operating loss after tax of \$502,827 for the six months to 31 December 2015 and at that date current assets exceed current liabilities.

In the financial year ended 30 June 2015, the Group entered into a bank guarantee facility of \$5 million to satisfy one of the conditions of its Registrable Superannuation Entity (RSE) licence and a loan facility of \$5 million to satisfy one of its client funds prudential capital requirements. Both of these facilities expire in June 2016 and it is the directors' intention to refinance these facilities prior to their expiry. In the event this does not occur, the Group would need to seek other debt or equity funding arrangements.

Management have prepared cash flow projections which support the ability of the Group to continue as a going concern, having taken into account the events outlined above. Accordingly, the directors are of the opinion that the Group will be able to continue as a going concern for a period of at least 12 months from the date of the directors' declaration. In the event that the Group is not able to continue as a going concern it may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial statements.

2. Operating segments

The Group operates predominately within the financial services industry in Australia. The Group has two reportable segments, as described below, which are the Group's business units. For each of the business units, the Managing Director reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

- Superannuation Services - provision of administration and promotion services to superannuation funds and the issue of group risk products; and
- Trustee Services - provision of third party superannuation trustee services and investment services.

Tranzact Financial Services (TFS) was reported as a separate segment in the consolidated financial report for the year ended 30 June 2015. For the six month period ended 31 December 2015, the results of TFS are split between the Superannuation Services and Trustee Services segment, which reflects how the business has been integrated into the Group's existing operations.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Managing Director. Segment earnings before interest, tax, depreciation and amortisation (EBITDA) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arms' length basis.

	Superannuation Services		Trustee Services		Total Segments	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
External revenues	3,134,210	1,516,359	3,366,099	1,867,099	6,500,309	3,383,458
Earnings before interest, tax, depreciation & amortisation (EBITDA)	636,534	(235)	1,049,656	156,907	1,686,190	156,672
Interest income	4,694	2,721	12,833	10,942	17,527	13,663
Interest expense	(923)	(6,194)	(619,522)	(372,921)	(620,445)	(379,115)
Depreciation and amortisation	(371,505)	(4,199)	(139,725)	(35,624)	(511,230)	(39,823)
Reportable segment profit/(loss) before income tax	268,800	(7,907)	303,242	(240,696)	572,042	(248,603)
Share of profit/(loss) of equity accounted investees	-	91,520	-	(32,376)	-	59,144
Reportable segment assets	9,996,044	2,403,790	10,951,639	3,713,160	20,947,683	6,116,950
Reportable segment liabilities	(4,229,712)	(590,043)	(1,403,091)	(2,753,552)	(5,632,803)	(3,343,595)
Investment in associates	-	2,941,520	-	58,738	-	3,000,258

Reconciliation of reportable segment profit or loss

	31 Dec 2015	31 Dec 2014
Total profit/(loss) for reportable segments	572,042	(248,603)
Unallocated amounts:		
Personnel expenses not included in reportable segments	(487,130)	(422,234)
Net finance expenses not included in reportable segments	(169,426)	771
Other net corporate revenue and expenses	(305,252)	(323,625)
Share of profit of equity accounted investee	-	59,144
Consolidated loss before income tax	(389,766)	(934,547)

3. Net finance expense

Interest income	20,482	24,244
Finance income	20,482	24,244
Interest expense	(1,858)	(16,288)
Bank guarantee facility fees	(253,913)	(370,137)
Loan facility fees	(370,610)	(2,500)
Unwinding of discount on deferred acquisition payments	(166,445)	-
Finance expense	(792,826)	(388,925)
Net finance expense	(772,344)	(364,681)

4. Income tax expense

The tax expense recognised relates to the expected tax expense of Group Insurance and Superannuation Concepts Pty Ltd which is not wholly owned, and therefore not part of the tax consolidated group.

5. Cash and cash equivalents

	31 Dec 2015	30 Jun 2015
Bank balances	2,342,252	2,212,974
Cash held	5,107,094	3,447,064
Cash and cash equivalents	7,449,346	5,660,038
Cash and cash equivalents in the statement of cash flows	7,449,346	5,660,038

Cash held is cash held for regulatory and prudential purposes.

6. Intangibles

		Consolidated		
	Customer contracts and relationships	Software	Goodwill	Total
Cost				
Balance at 1 July 2014	2,014,012	-	7,689,900	9,703,912
Acquisition through business combination	5,605,591	225,000	5,128,822	10,959,413
Balance at 30 June 2015	7,619,603	225,000	12,818,722	20,663,325
Balance at 1 July 2015	7,619,603	225,000	12,818,722	20,663,325
Adjustment to goodwill acquired through business combination	-	-	(696,157)	(696,157)
Balance at 31 December 2015	7,619,603	225,000	12,122,565	19,967,168
Amortisation and impairment				
Balance at 1 July 2014	(2,014,012)	-	(4,959,010)	(6,973,022)
Amortisation for the year	(640,453)	(112,500)	-	(752,953)
Balance at 30 June 2015	(2,654,465)	(112,500)	(4,959,010)	(7,725,975)
Balance at 1 July 2015	(2,654,465)	(112,500)	(4,959,010)	(7,725,975)
Amortisation for the period	(426,875)	(56,250)	-	(483,125)
Balance at 31 December 2015	(3,081,340)	(168,750)	(4,959,010)	(8,209,100)
Carrying amounts				
At 1 July 2014	-	-	2,730,890	2,730,890
At 30 June 2015	4,965,138	112,500	7,859,712	12,937,350
At 1 July 2015	4,965,138	112,500	7,859,712	12,937,350
At 31 December 2015	4,538,263	56,250	7,163,555	11,758,068

Impairment testing for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's business units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in Note 2.

Actual performance for the period to 31 December 2015 of the Trustee Services business unit was not materially different from the forecasted cash flows used in the impairment testing performed at 30 June 2015 therefore there was no indicator of impairment of goodwill at 31 December 2015. Goodwill will be subject to its annual impairment test at 30 June 2016.

Impairment testing was conducted on the Superannuation Services business unit. The value in use was determined by discounting the future cash flows generated from the continued use of the business unit using the same key assumptions with the exception of reforecasting revenue as used for testing conducted at 30 June 2015.

Refer to note 16 of the consolidated annual financial statements for the year ended 30 June 2015 for key assumptions and sensitivity disclosures.

7. Trade and other payables

	31 Dec 2015	30 Jun 2015
Current		
Trade payables and accrued expenses	2,034,940	2,968,857
Deferred acquisition payments	1,284,395	2,409,869
	3,319,335	5,378,726
Non-current		
Lease incentive liability on rental premises	116,890	129,616
Deferred acquisition payments	1,955,642	2,217,830
	2,072,532	2,347,446

8. Loans and borrowings

	31 Dec 2015	30 Jun 2015
Current		
Insurance premium funding	360,905	25,354
Loan facility	3,784,000	2,428,000
Less prepaid establishment costs	(144,907)	(289,813)
	3,999,998	2,163,541

The Company has a \$5,000,000 loan facility with Macquarie Bank to provide funding of prudential capital obligations for one of its client funds, with \$3,784,000 outstanding on this facility as at 31 December 2015 (30 June 2015: \$2,428,000). This facility currently matures on 30 June 2016. The Group will seek to refinance this facility prior to the expiry of the term.

The Group has a secured bank guarantee facility with Macquarie Bank Limited in the amount of \$5,000,000 to satisfy an RSE Licence condition for TTCSL. The bank guarantee facility expires on 30 June 2016. The Group will seek to refinance this facility prior to the expiry of the term, if the guarantee remains necessary to continue to meet the required prudential regulatory requirements. As a result of changes to these requirements, the Group expects that this facility will no longer be required.

Macquarie Bank holds security over certain present and future assets of the Group as security for the bank guarantee and funding facility noted above.

In November 2010, the Group entered into an unsecured loan facility arrangement with Bizzell Nominees Pty Ltd, an entity associated with a director. As at 31 December 2015 the total facility amount was \$1,000,000 and the repayment date is 31 March 2016. As at 31 December 2015, the facility remained undrawn and it is the Group's intention not to renew this facility.

9. Share based payments

During the six month period ended 31 December 2015, the total amount expensed in relation to share based payments was \$142,541 (2014: \$73,088). The Group exchanged performance rights to the value of \$136,671 for shares during the period.

10. Acquisition of subsidiaries

Prior Periods

On 1 September 2014 the Group acquired 30% of Tranzact Financial Services Pty Ltd ('TFS'), a company which provides administration, promotion and investment services to the Smartsave "Members Choice" Superannuation Master Plan, for \$2.85 million with a put and call option to acquire the remaining 70% interest for a further \$6.65 million over a period of 24 months. The Group has had control of the company from 1 January 2015 from which date the company could exercise its call option. The remaining 70% was acquired on 30 June 2015.

The acquisition had the following effect on the Group's assets and liabilities on the date it was deemed to control TFS, being 1 January 2015:

	Pre-acquisition carrying amounts \$	Fair value adjustments \$	Recognised values on acquisition \$	Final accounting values recognised \$	Difference \$
Cash	737,128	-	737,128	737,128	-
Trade and other receivables	579,810	-	579,810	579,810	-
Customer contracts and relationships	5,038,764	566,827	5,605,591	5,605,591	-
Software	225,000	-	225,000	225,000	-
Non-current assets	136,684	-	136,684	136,684	-
Trade and other liabilities	(1,715,228)	580,104	(1,135,124)	(1,135,124)	-
Net identifiable assets and liabilities	5,002,158	1,146,931	6,149,089	6,149,089	-
NCI on acquisition		-	(635,122)	(635,122)	-
Goodwill on acquisition			3,734,536	3,038,379	(696,157)
Total consideration paid or payable			9,248,503	8,552,346	(696,157)
Deferred consideration payable			6,398,503	5,702,346	(696,157)
Net cash outflow			2,850,000	2,850,000	-

The total consideration paid or payable is \$8,552,346. \$2,850,000 was paid prior to 1 January 2015, \$2,000,000 was paid during the 6 months to 30 June 2015, and \$1,095,578 was paid in the current period. The balance is payable over a period of 24 months.

The goodwill recognised on the acquisition is attributable to the synergies expected to be achieved in the future from integrating the business into the Group's existing businesses. None of the goodwill recognised is expected to be deductible for income tax purposes.

The assumptions underlying the provisional accounting of the acquisition as at 30 June 2015 have been reviewed and finalised during the period, resulting in a reduction in the expected deferred consideration payable of \$696,157 and a reduction in goodwill recognised of \$696,157.

Trustee services business

On 1 September 2014 the Group acquired all the issued capital of The Trust Company (Superannuation) Limited, a third party trustee business which provides third party trustee services to 15 continuing superannuation fund clients. The total consideration paid was \$2,650,000 in cash. Further contingent considerations payments may be made based on the revenue earned from continuing clients exceeding an agreed amount during the 2015 and 2016 financial years. A calculation of the actual amount payable has been made in respect of the 2015 year and an estimate of the amount which may be payable has been calculated based on the 2016 budget adopted by the Board. The fair value of future payments is currently assessed to be approximately \$368,619.

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

	Pre-acquisition carrying amounts \$	Fair value adjustments \$	Recognised values on acquisition \$
Cash	1,124,333	-	1,124,333
Trade and other receivables	869,142	-	869,142
Trade and other creditors	(369,142)	-	(369,142)
Net identifiable assets and liabilities	1,624,333	-	1,624,333
Goodwill on acquisition			1,394,286
Total consideration paid or payable			3,018,619
Deferred consideration payable			368,619
Net cash outflow			2,650,000

During the period a further \$152,568 in cash was paid to satisfy part of the deferred consideration payable.

The goodwill recognised on the acquisition is attributable to the synergies expected to be achieved in the future from integrating the business into the Group's existing businesses. None of the goodwill recognised is expected to be deductible for income tax purposes.

Accounting for the business combination was finalised during the period.

11. Share capital

	Number of shares	
	31 Dec 2015	30 Jun 2015
On issue at 1 July	53,657,980	454,501,084
Shares issued pursuant to an entitlement offer (a)	5,366,225	163,249,977
Shares issued pursuant to a placement (b)	-	112,519,020
Shares issued to directors as remuneration (c)	-	713,482
Shares issued to directors as remuneration (d)	-	1,061,067
Shares issued in exercise of performance rights (e)	-	3,293,745
Share consolidation 15:1 (f)	-	(686,332,145)
Shares issued pursuant to a placement (g)	-	4,600,000
Shares issued to directors as remuneration (h)	-	33,750
Shares issued in exercise of performance rights (i)	96,883	-
Shares issued in exercise of performance rights (j)	202,333	-
Balance at end of period	59,323,421	53,657,980

- (a) these shares were issued at a price of \$0.44 per share
- (b) these shares were issued at a price of \$0.027 per share (pre-consolidation basis)
- (c) these shares were issued at \$0.027 per share (pre-consolidation basis)
- (d) these shares were issued at a price of \$0.03 per share (pre-consolidation basis)
- (e) these shares were issued on exchange of performance rights at a fair value of \$0.03 per share (pre-consolidation basis)
- (f) as approved by shareholders on 25 November 2014
- (g) these shares were issued at a price of \$0.44 per share (post-consolidation basis)
- (h) these shares were issued at \$0.40 per share (post-consolidation basis)
- (i) these shares were issued on exchange of performance rights at a fair value of \$0.45 per share
- (j) these shares were issued on exchange of performance rights at a fair value of \$0.46 per share

12. Related parties

During the period, there was no material changes in related party transactions to those disclosed in the consolidated annual financial statements for the period ended 30 June 2015.

13. Subsequent events

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

Directors' declaration

In the opinion of the directors of Diversa Limited (the 'Company'):

- (1) the financial statements and notes set out on pages 6 to 17, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the six months ended on that date; and
 - (b) complying with AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane, this 25th day of February 2016.

Signed in accordance with a resolution of the directors:



S Bizzell
Chairman



Independent auditor's review report to the members of Diversa Limited

We have reviewed the accompanying interim financial report of Diversa Limited, which comprises the consolidated interim balance sheet as at 31 December 2015, consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Diversa Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Diversa Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Stephen Board
Partner

Brisbane
25 February 2016