

Appendix 4D

Half year report

Period ending on 31 December 2014
(prior corresponding period is 31 December 2013)

DIVERSA LIMITED ABN 60 079 201 835

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Change	%		\$'000
Revenues from ordinary activities	Increase	58%	to	3,383
Loss from ordinary activities after tax attributable to members	Decrease	40%	to	(935)
Net Loss attributable to members	Decrease	40%	to	(935)
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 2014**.

This Appendix 4D report should be read in conjunction with Diversa Limited's annual report for the twelve months to 30 June 2014 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 2014.

3. NET TANGIBLE ASSET BACKING PER SHARE

	31 Dec 2014	31 Dec 2013
Net tangible asset backing per ordinary share	10.5 cents	2.1 cents

Note: prior year amount restated for the consolidation of capital effected in December 2014.

4. CHANGES IN CONTROL OVER GROUP ENTITIES

During the period the Group acquired The Trust Company (Superannuation) Limited for an amount of \$2.65m plus transaction costs. Refer to the attached Consolidated Interim Financial Report. There were no other changes in control over group entities during the period.

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.

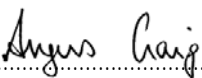
6. ASSOCIATES AND JOINT VENTURES

During the period the Group acquired a 30% interest in Tranzact Financial Services Pty Ltd. For further information refer to Note 5 in the attached report.

The Group also holds an interest in Centec Securities Pty Limited (49%).

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.



Angus Craig
Company Secretary
27 February 2015

DIVERSA LIMITED ABN 60 079 201 835
AND ITS CONTROLLED ENTITIES

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2014**

Directors' report

For the six months ended 31 December 2014

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 2014 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 Stuart Korchinski	Director May 2009 to 21 November 2014. Chairman from 23 September 2013 to 21 November 2014

Operational and financial review

Diversa has made significant progress in the first half of this financial year. The company has continued to build on a vision to provide the superannuation industry a premium range of services that incorporate trustee, administration, fund promotion, insurance and investment management services.

The growth in this half year has come from a combination of organic growth and acquisition, particularly in the trustee services area of the business.

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).

During the period, the Group completed two key acquisitions which have seen a substantial increase in our service capacity. The acquisition of The Trust Company (Superannuation) Limited ('TTCSL'), a third party trustee business similar to the Group's existing trustee business CCSL Ltd, has seen the number of trustee clients increase from 16 to 32. The Group also acquired a 30% interest in Tranzact Financial Services Pty Limited ('TFS') which provides a range of services to the Smartsave 'Member's Choice' Superannuation Master Plan, and has an option to acquire the remaining 70% interest.

The Growth in the number of clients and the range of services each client selects is now the priority. More detailed commentary on the operations of each of the business units follows.

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.

On 1 September 2014 the Company completed the acquisition of TTCSL, an entity which provides superannuation trustee services to 16 continuing funds. Since the date of acquisition the Group has proceeded to integrate the two businesses and RSE licenses which are now operated from a common base in Melbourne.

As at 31 December 2014 the combined trustee business provide services to 32 continuing clients has seen the funds under the trustee licence increase to assets in excess \$5.2 billion, a major increase compared to the \$1.1 billion Diversa had at 30 June 2014. The trustee business has a diversified clientele and there has been strong fund inflow from a number of key clients. The increase in funds under trusteeship since the TTCSL acquisition to \$5.2 billion at reporting date is confirmation of this.

Diversa provides in-house investment services to two of the client base namely the Managed Australian Retirement Fund and LESF Super totalling \$124 million. It is intended, where appropriate, to provide investment services to more of the Group's client base in the future.

Revenue for the period for the Trustee Services business (including investment services) was \$1,867,099 up 99% from \$935,865 in the previous corresponding period. The EBITDA returned to a profit of \$156,907 in this period compared to a loss of \$149,663 in the prior corresponding period.

Superannuation Services

The Superannuation Services business unit acts as a promoter and administrator of its own, and third party superannuation funds. At 31 December 2014 promotion and administration services were provided to funds in excess of \$327 million as follows:

- Managed Australian Retirement Fund, a \$38 million fund with approximately 3,000 members
- LESF Super, an \$86 million fund with approximately 3,200 members
- Super Money Eligible Rollover Fund, a \$65 million eligible rollover fund with approximately 110,000 members.
- Transport Industry Superannuation Fund, a \$109 million fund with approximately 7,000 members
- Progress Superannuation Fund, a \$29 million fund with approximately 1,800 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, which will contribute to achieving operational cost synergies.

On 1 September 2014, the Company completed the acquisition of a 30% interest in TFS with options over the remaining 70% interest. TFS provides administration, promotion and investment services to the Smartsave 'Member's Choice' Superannuation Master Plan, a \$206 million fund with approximately 11,000 members.

The Superannuation Services business unit continues to be re-configured and expects to achieve significant synergies in the event the proposed 100% acquisition of TFS is completed. During this period, a number of positive changes have been completed to resourcing and systems to adapt to and accommodate the changing superannuation regulatory environment and client base, and the expected increase in the number of client fund members to be serviced as a result of the TFS acquisition and prospective clients once the business gains the benefits of scale that will naturally occur when the administration teams come together. 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 \$1,516,359 for the half compared to \$1,211,593 in the same corresponding period. The EBITDA incurred a loss of \$235 in this period compared to a profit of \$67,858 in the prior corresponding period.

Corporate and other matters

During the period the Company raised \$3.04 million (before costs) by way of a placement of 112,519,020 ordinary shares to professional and sophisticated investors, and \$4.41 million (before costs) by way of an underwritten entitlement offer to shareholders resulting in the issue of 163,249,977 ordinary shares. The funds raised were applied to the acquisitions noted earlier in this report and for working capital purposes.

On 2 September 2014 the Group entered into a \$5 million Bank Guarantee Facility with Macquarie Bank Limited for the purposes of satisfying the TTCSL RSE Licence requirements.

Following the approval of shareholders at the Annual General Meeting, the Company conducted a consolidation of share capital on a 15 shares into 1 share basis in December 2014.

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 \$79,874 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 \$45,887 and share based payments expense (recorded in personnel expenses) of \$73,088. 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 \$101m 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 \$621,205 compared to an EBITDA loss of \$612,748 in the prior corresponding period.

Looking forward

The growth in the superannuation industry will continue over the coming years as the superannuation guarantee charge continues to rise. This will 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 client base in order to continue to leverage the established service infrastructure. Rationalisation and re-configuration of the business units will continue in response to likely market and client changes. The Group will also continue to selectively assess acquisition opportunities that would add to its existing operations and scale, which may include the exercise of the option to acquire the remaining 70% of TFS before 31 December 2015 which is subject to options.

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. Growth in revenue is further expected as these clients funds increase, and as new clients are acquired. The quantum and timing of our current clients' growth will directly impact the Group's immediate financial objective to become cash flow positive. Similarly, acquiring new client business remains a priority.

The Board continues to expect that the acquisitions and restructuring and integration costs made in this period will be rewarded over the coming periods by making the business more scalable. It is also confident that the current list of prospective clients, and the opportunity to acquire further scale or secure interests in both superannuation and investment management businesses, provide attractive growth potential.

Events subsequent to reporting date

Since the end of the period, the Bank Guarantee Facility has been extended until 31 March 2015, and negotiations are underway to refinance this facility and to establish a further facility for other regulatory capital requirements.

Apart from the matters noted above, 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 2014.

This report is made with a resolution of the directors:



S Bizzell
Chairman

Dated at Brisbane, this 27th February 2015.



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 2014 there have been:

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

A handwritten signature in black ink that reads 'KPMG' in a cursive, stylized font.

KPMG

A handwritten signature in black ink that reads 'Board' in a cursive, stylized font.

Stephen Board
Partner

Brisbane
27 February 2015

Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 31 December 2014

	Note	31 Dec 2014	31 Dec 2013
		\$	\$
Revenue from rendering of services		3,383,458	2,147,458
Occupancy expenses		(162,610)	(133,533)
Administrative expenses		(1,038,271)	(674,785)
Amortisation and depreciation		(45,887)	(70,105)
Personnel expenses		(2,685,830)	(2,006,782)
Other expenses		(79,870)	(26,641)
Results from operating activities		(629,010)	(764,388)
Finance income	4	24,244	14,066
Finance expense	4	(388,925)	(826,930)
Net finance income/(expense)		(364,681)	(812,864)
Share of profit of equity accounted investees	5	59,144	11,667
Loss before income tax		(934,547)	(1,565,585)
Income tax expense/(benefit)		-	-
Loss after income tax		(934,547)	(1,565,585)
Other comprehensive income		-	-
Total comprehensive loss for the period		(934,547)	(1,565,585)
Earnings per share			
Basic earnings/(loss) per share (AUD)		(0.0207)	(0.0748)
Diluted earnings/(loss) per share (AUD)		(0.0207)	(0.0748)

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 15.

Consolidated interim statement of changes in equity

For the six months ended 31 December 2014

	Note	Share capital	Share based payments reserve	Accumulated losses	Total equity
		\$	\$	\$	\$
Balance at 1 July 2013		109,395,382	506,758	(110,174,990)	(272,850)
Total comprehensive income/(loss) for the period					
Loss for the period		-	-	(1,565,585)	(1,565,585)
Total comprehensive loss for the period		-	-	(1,565,585)	(1,565,585)
Transactions with owners, recorded directly in equity					
Shares issued		1,224,294	-	-	1,224,294
Convertible note interest payment - settled by shares		330,667	-	-	330,667
Share-based payment transactions		-	(156,784)	274,407	117,623
Conversion of convertible notes		6,102,745	-	-	6,102,745
Exchange of performance rights		84,608	(84,608)	-	-
Total transactions with owners		7,742,314	(241,392)	274,407	7,775,329
Balance at 31 December 2013		117,137,696	265,366	(111,466,168)	5,936,894
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		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

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 15.

Consolidated interim balance sheet

As at 31 December 2014

	Note	31 Dec 2014	30 Jun 2014
		\$	\$
Assets			
Cash and cash equivalents	3	2,279,232	1,199,288
Trade and other receivables		1,535,118	688,201
Total current assets		3,814,350	1,887,489
Trade and other receivables		149,004	27,892
Investments in associates	5	3,000,258	91,114
Property, plant and equipment		152,651	112,189
Intangible assets	6	3,756,557	2,730,890
Total non-current assets		7,058,470	2,962,085
Total assets		10,872,820	4,849,574
Liabilities			
Trade and other payables		1,527,194	1,710,802
Loans and borrowings	7	130,785	26,609
Employee benefits		276,054	241,247
Total current liabilities		1,934,033	1,978,658
Employee benefits		53,056	33,056
Total non-current liabilities		53,056	33,056
Total liabilities		1,987,089	2,011,714
Net assets		8,885,731	2,837,860
Equity			
Issued capital	10	124,200,618	117,182,696
Reserves		167,813	340,677
Accumulated losses		(115,482,700)	(114,685,513)
Total equity		8,885,731	2,837,860

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 15.

Consolidated interim statement of cash flow

For the six months ended 31 December 2014

	Note	31 Dec 2014	31 Dec 2013
		\$	\$
Cash flows from operating activities			
Cash receipts from operations		3,288,662	2,186,759
Cash paid to suppliers and employees		(3,939,756)	(2,577,015)
Cash generated from operations		(651,094)	(390,256)
Interest paid		(18,788)	(36,984)
Interest received		21,850	14,700
Net cash used in operating activities		(648,032)	(412,540)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(86,349)	(12,413)
Deferred acquisition payments		(300,000)	(111,950)
Cash acquired on acquisition of controlled entity	9	1,219,907	-
Payment for acquisition of subsidiary	9	(2,650,000)	-
Payment for acquisition of investment	5	(2,850,000)	-
Payment for security deposit and bank guarantee		(121,112)	-
Net cash used in investing activities		(4,787,554)	(124,363)
Cash flows from financing activities			
Proceeds from issue of shares		7,445,764	1,183,500
Payment of transaction costs relating to shares		(560,097)	(32,668)
Payment of costs related to loans and borrowings		(370,137)	(106,645)
Net cash from financing activities		6,515,530	1,044,187
Net increase/(decrease) in cash and cash equivalents		1,079,944	507,284
Cash and cash equivalents at 1 July		1,199,288	1,139,450
Cash and cash equivalents at 31 December		2,279,232	1,646,734

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 15.

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 2014 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 2014 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 2014. 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 2014.

The consolidated interim financial statements were approved by the Board of Directors on 27 February 2015.

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 - Intangibles

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 2014.

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.

During the period, the Group entered into a bank guarantee facility of \$5 million to satisfy one of the conditions of TTCSL's Registrable Superannuation Entity (RSE) licence. This facility expires on 31 March 2015 and it is the directors' intention to renegotiate this facility prior to its expiry. Discussions are currently underway in this regard. In the event this does not occur, the Group would need to seek other debt or equity funding arrangements.

During the period the Group acquired a subsidiary with a pre-existing obligation to fund the APRA Operational Risk Financial Requirement for one of its trustee clients. The Group's total commitment under this arrangement is up to \$10 million. The funds will be held in a bank account in the name of the trustee. At 31 December 2014, included in the Group's cash and cash equivalents is a balance of \$1.1 million relating to this obligation which is subject to restrictions on use in the ordinary business operations. The Group subsidiary is required to undertake regular contributions, the next of which is an amount of approximately \$1.3 million due on 31 March 2015 (unless agreed to be extended by both parties). The Group is currently in negotiations with a lender to establish a finance facility to fund this commitment going forward. In the event this funding is not available, the Group would seek alternative arrangements.

In accordance with the option and share sale agreement entered into by the group as part of the acquisition of the investment in TFS, the Group holds a call option exercisable in the period from 1 January 2015 to 30 June 2015 to acquire the remaining 70% of TFS. In addition, the vendor holds a put option exercisable for the period from 1 July to 31 December 2015. In the event that either option is exercised the Group will be required to pay \$6.65 million over a period of 24 months from the date of exercise, with \$2.85 million payable at the time of exercise. It is the directors' intention to raise additional debt or equity funding to meet these obligations. Alternatively, if additional debt or equity could not be raised, the directors' would enter into negotiations with the vendor.

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 three 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
- Trustee Services - provision of third party superannuation trustee services.

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 Chief Executive Officer. 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	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
External revenues	1,516,359	1,211,593	1,867,099	935,865	3,383,458	2,147,458
Impairment losses	-	-	-	(11,956)	-	(11,956)
Earnings before interest, tax, depreciation & amortisation (EBITDA)	(235)	67,858	156,907	(149,663)	156,672	(81,805)
Interest income	2,721	2,483	10,942	8,702	13,663	11,185
Interest expense	(6,194)	(1,656)	(372,921)	(4,053)	(379,115)	(5,709)
Depreciation and amortisation	(4,199)	(37,787)	(35,624)	(5,329)	(39,823)	(43,116)
Reportable segment profit/(loss) before income tax	(7,907)	30,898	(240,696)	(150,343)	(248,603)	(119,445)
Share of profit/(loss) of equity accounted investees	91,520	-	(32,376)	11,667	59,144	11,667
Reportable segment assets	2,403,790	4,159,205	3,713,160	3,284,826	6,116,950	7,444,031
Reportable segment liabilities	(590,043)	(384,197)	(2,753,552)	(651,048)	(3,343,595)	(1,035,245)
Investment in associates	2,941,520	-	58,738	90,246	3,000,258	90,246

Reconciliation of reportable segment profit or loss

	31 Dec 2014	31 Dec 2013
Total loss for the reportable segments	(248,603)	(119,445)
Unallocated amounts:		
Personnel expenses not included in reportable segments	(422,234)	(397,273)
Net finance expense not included in reportable segments	771	(818,340)
Other net corporate revenue and expenses	(323,625)	(242,194)
Share of profit/(loss) of equity accounted investee	59,144	11,667
Consolidated loss after income tax	(934,547)	(1,565,585)

3. Cash and cash equivalents

In accordance with the Group's RSE Licences, Australian Financial Services Licences and other regulatory requirements, \$1,772,000 (2013: \$750,000) of the cash balance is held for these purposes and may be subject to restrictions on use in ordinary business operations.

4. Net finance income/(expense)

	31 Dec 2014	31 Dec 2013
Interest income	24,244	14,066
Finance income	24,244	14,066
Interest expense	(18,787)	(36,984)
Fees in relation to a bank guarantee facility	(370,137)	-
Loan facility fee	-	(20,000)
Interest on convertible notes	-	(167,816)
Loss on conversion of convertible notes	-	(397,413)
Unwinding of discount on convertible notes	-	(98,072)
Expenses in relation to convertible note conversion	-	(106,645)
Finance expense	(388,924)	(826,930)

5. Investments in associates

On 1 September 2014 the Group acquired a 30% interest in Tranzact Financial Services Pty Ltd. The total consideration paid is \$2,850,000 with an option to acquire the remaining 70%. The acquisition consideration has been funded from the proceeds of an equity raising.

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 2015.

The Group's share of loss for its equity accounted investees for the interim period ended 31 December 2014 was \$59,144 (2013: profit of \$11,667). The Group's share from Centec Securities Pty Ltd was a loss of \$32,376 (2013: profit of \$11,667). The Group's share from Tranzact Financial Services Pty Ltd was a profit of \$91,520 (2013: nil). During the interim period ended 31 December 2014, the Group did not receive dividends from of its investment in equity accounted investees.

	31 Dec 2014	30 June 2014
Investment in associates - opening balance	91,114	78,579
Add associate acquired	2,850,000	-
Add share of profit of associates	59,144	12,535
Balance at 31 December 2014	3,000,258	91,114

6. Intangibles

	Consolidated			
	Customer contracts	Customer relationships	Goodwill	Total
Cost				
Balance at 1 July 2013	998,307	1,015,705	7,689,901	9,703,913
Balance at 30 June 2014	998,307	1,015,705	7,689,901	9,703,913
Balance at 1 July 2014	998,307	1,015,705	7,689,901	9,703,913
Acquisition of controlled entity	-	-	1,025,667	1,025,667
Balance at 31 December 2014	998,307	1,015,705	8,715,568	10,729,580
Amortisation and impairment				
Balance at 1 July 2013	(998,307)	(672,017)	(2,674,010)	(4,344,334)
Amortisation for the year	-	(343,688)	-	(343,688)
Impairment loss	-	-	(2,285,000)	(2,285,000)
Balance at 30 June 2014	(998,307)	(1,015,705)	(4,959,010)	(6,973,022)
Balance at 1 July 2014	(998,307)	(1,015,705)	(4,959,010)	(6,973,022)
Balance at 31 December 2014	(998,307)	(1,015,705)	(4,959,010)	(6,973,022)
Carrying amounts				
At 1 July 2013	-	343,688	5,015,891	5,359,759
At 30 June 2014	-	-	2,730,890	2,730,890
At 1 July 2014	-	-	2,730,890	2,730,890
At 31 December 2014	-	-	3,756,557	3,756,557

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.

The recoverable amount of the cash-generating units was based on their value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the cash-generating units. Actual performance for the period to 31 December 2014 was not materially different from the forecasted cash flows used in the impairment testing performed at 30 June 2014 therefore there was no indicator of impairment of goodwill at 31 December 2014.

Refer to note 17 of the consolidated annual financial statements for the year ended 30 June 2014 for sensitivity disclosures.

7. Loans and borrowings

	31 Dec 2014	30 Jun 2014
Current		
Insurance premium funding	130,785	26,609
	130,785	26,609

Other borrowings

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 2014 the total facility amount was \$1,000,000 and the repayment term extended to 31 March 2016. The facility remained undrawn.

In September 2014, the Group entered into a secured bank guarantee facility with Macquarie Bank Limited under which Macquarie Bank has provided a bank guarantee in the amount of \$5,000,000 to satisfy an RSE Licence condition for TTCSL which was acquired on 1 September 2014. Subsequent to 31 December the facility terms were renegotiated with the term extended to 31 March 2015. The Group will seek to refinance this facility prior to the expiry of the term.

8. Share based payments

During the six month period ended on 31 December 2014, the total amount expensed in relation to share based payments was \$73,088 (2013: \$117,623). The Group did not issue any performance rights as share based payments during the period.

9. Acquisition of subsidiary

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 superannuation funds with approximately \$3.1 billion in assets.

The acquisition is consistent with Diversa's ongoing growth objective, including through acquisition when suitable opportunities arise.

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 2015.

The total consideration paid is \$2,650,000. The acquisition consideration has been funded from the proceeds of an equity raising. The following table summarises the recognised provisional amounts of assets acquired and liabilities assumed at the date of acquisition.

	\$
Cash	1,219,907
Trade and other receivables	773,568
Trade and other creditors	(369,142)
Total net identifiable assets acquired	1,624,333
Goodwill arising from the acquisition has been recognised as follows:	
Total consideration transferred	2,650,000
Fair value net identifiable assets	1,624,333
Goodwill	1,025,667

The Group incurred acquisition related costs of \$24,615 relating to external legal fees and due diligence costs during the period. The legal fees and due diligence costs have been included in other expenses in the statement of comprehensive income.

From the date of acquisition to 31 December 2014, the business acquired contributed revenue of \$1,051,320 and a loss of (\$45,348). If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue would have been \$3,856,458 and consolidated loss for the period would have been (\$1,374,457). This represents the historical operating results of the business acquired.

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.

10. Share capital

	Number of shares	
	31 Dec 2014	30 Jun 2014
On issue at 1 July	454,501,084	191,456,158
Convertible note interest payment (a)	-	12,247,054
Shares issued as consideration for acquisitions (b)	-	885,000
Shares issued pursuant to a placement (c)	112,519,020	41,666,668
Shares issued on conversion of convertible notes	-	203,605,275
Shares issued to directors as remuneration (d)	731,482	-
Shares issued to directors as remuneration (e)	1,061,067	2,948,779
Shares issued in exercise of performance rights (f)	3,293,745	1,692,150
Shares issued pursuant to an entitlement offer (g)	163,249,977	-
Share consolidation 15:1 (h)	(686,332,145)	-
Balance at 31 December	49,024,230	454,501,084

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

11. Related parties

During the period there were no material changes in related party transactions to those disclosed in the consolidated annual financial statements for the period ended 30 June 2014.

12. Subsequent events

Since the end of the period, the Bank Guarantee Facility has been extended until 31 March 2015, and negotiations are underway to refinance this facility and to establish a further facility for other regulatory capital requirements.

Apart from the matters noted above, 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.

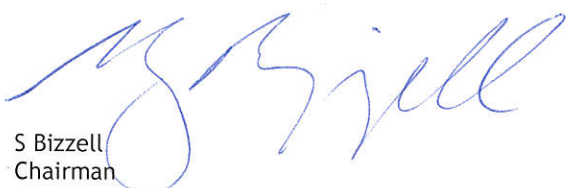
Directors' declaration

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

- (1) the financial statements and notes set out on pages 6 to 15, 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 2014 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 27th day of February 2015.

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 (the company), which comprises the consolidated interim balance sheet as at 31 December 2014, 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 interim period ended on that date, notes 1 to 12 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 interim period.

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 2014 and its performance for the interim period 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 2014 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature of 'KPMG' in black ink.

KPMG

A handwritten signature of 'Board' in black ink.

Stephen Board
Partner

Brisbane
27 February 2015