

DIVERSA LIMITED ABN 60 079 201 835
AND ITS CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

Directors' report

For the year ended 30 June 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 year ended 30 June 2015 and the auditor's report thereon.

Directors

The directors of Diversa Limited (the "Company") at any time during or since the end of the financial year are:

Name and independence status	Age	Experience, special responsibilities and other directorships
Mr Stephen Bizzell Chairman Appointed: 21 November 2014 Non-executive director Appointed: 25 August 2010	47	<p>Mr Bizzell is Chairman of Bizzell Capital Partners, a boutique corporate advisory and funds management firm which focuses on small to mid-cap companies. He was formerly an executive director of Arrow Energy Limited, a role he held since co-founding the company in 1999 until its acquisition in 2010 by Shell and PetroChina for \$3.5 billion. At Arrow he focused on strategic issues, business development and corporate finance matters.</p> <p><i>Other current directorships:</i></p> <p>Laneway Resources Ltd (from 1996) (Chairman) Stanmore Coal Limited (from 2009) Renascor Resources Limited (from 2010) (Chairman) Titan Energy Services Limited (from 2011) Armour Energy Limited (from 2012) UIL Energy Limited (from 2014) Queensland Treasury Corporation (QTC) (from 2013)</p> <p><i>Former directorships in the last three years:</i></p> <p>Hot Rock Limited (from 2009 to August 2014) Dart Energy Limited (from 2010 to November 2013) Bow Energy Limited (from 2004 to January 2012)</p>
Mr Garry Crole Non-executive director Appointed: 11 June 2013	52	<p>Mr Crole is an experienced financial services professional who has held numerous senior executive positions with leading Australian companies such as Colonial Mutual Life. After working for Colonial Mutual Life as an executive in the early to late 1980s, Mr Crole founded the distribution network of Money Planners. He then became the CEO of the ASX-listed Deakin Financial Services Limited, a role he held through to 2001. Over the past 10 years, Mr Crole has been the joint Managing Director of InterPrac Limited, an unlisted public company specialising in providing the accounting industry access to financial services product and distribution capability.</p> <p><i>Other current directorships:</i></p> <p>Glennon Small Companies Limited (from June 2015)</p>
Mr Matthew Morgan Non-executive director Appointed 2 July 2008 Chairman: 2 July 2008 to 23 September 2013	41	<p>Mr Morgan is a co-founder of Diversa Group. He is the Principal of Millers Point Company, an advisory business that provides consulting services to emerging companies with high growth or turnaround objectives. Matthew has over 10 years of executive management experience in private equity funded portfolio Companies and 7 years as a venture capitalist at QIC. He is experienced in capital raising and mergers and acquisitions and is Australia's first Kauffman Fellow.</p> <p><i>Other current directorships:</i></p> <p>Bluechiip Limited (from February 2014) Leaf Resources Limited (from July 2014)</p> <p><i>Former directorships in the last three years:</i></p> <p>3D Medical Limited (from February 2015 to May 2015)</p>

Name and independence status	Age	Experience, special responsibilities and other directorships
Mr Stuart Korchinski Chairman: 23 September 2013 to 21 November 2014 Appointed as a non-executive director: 26 May 2009 Resigned : 21 November 2014	51	Mr Korchinski has significant experience in multiple sectors of the banking and finance industry including pension/superannuation, financial planning/advice, general and life insurance and IT services sectors. He was the CEO of CitiStreet Australia (a Citi and State Street joint venture), and previously held the roles of Managing Director of KAZ Business Services Limited (including AAS), and Chief General Manager of Allianz's financial institution and direct insurance business, and is a Chartered Accountant (Canada).

Company secretary

Mr Angus Craig	44	Angus Craig held the position of Company Secretary and Chief Financial Officer, being appointed to these positions in August 2007. Angus is an experienced corporate administrator and manager. Previously he held the position of Company Secretary of Virotec International plc for seven years, and prior to that was a Senior Companies Advisor with the Australian Securities Exchange for six years.
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Directors' meetings

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

Director	Meetings		Audit Committee	
	A	B	A	B
S Bizzell	24	25	2	2
G Crole	25	25	2	2
M Morgan	25	25	2	2
S Korchinski	8	8	1	1

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year

Principal activities

The principal activities of the Group are the provision of financial services, in particular the administration, promotion, investments and trusteeship of superannuation funds.

There were no significant changes in the nature of the activities of the Group.

Operational and financial review

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

The growth in this year has come from a combination of organic growth and acquisition.

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 its 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 more than double. The Group initially 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 acquired the remaining 70% interest on 30 June 2015.

The key acquisitions are transformational to the Group and are discussed further below along with a more detailed commentary on the operations of each of the business units.

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 15 continuing funds. Since the date of acquisition the Group has successfully integrated the two superannuation trustee businesses.

As at 30 June 2015 the combined trustee business provide services to 34 continuing clients resulting in an increase to funds under the trustee licence in excess of \$6.0 billion, substantially above the \$1.1 billion as at 30 June 2014. The trustee business has a diversified client base and there has been strong inflows to a number of key funds, with underlying client asset growth of approximately 35% for the financial year.

Diversa provides in-house investment services to two of the clients namely the Managed Australian Retirement Fund and LESF Super, totalling \$0.1 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 \$4,440,071 up from \$1,797,735 in the previous corresponding period. The EBITDA returned a profit of \$707,876 in this period compared to a loss of \$797,482 in the prior corresponding period which included impairment losses of \$581,956.

Superannuation Services

The Superannuation Services business unit acts as a promoter and administrator for its own as well as third party superannuation funds. At 30 June 2015 promotion and administration services were provided to funds in excess of \$0.3 billion as follows:

- Managed Australian Retirement Fund, a \$38 million fund with approximately 3,000 members;
- LESF Super, an \$88 million fund with approximately 3,200 members;
- Super Money Eligible Rollover Fund, a \$64 million eligible rollover fund with approximately 110,000 members;
- Transport Industry Superannuation Fund, a \$115 million fund with approximately 7,000 members; and
- Progress Superannuation Fund, a \$28 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 future, where appropriate, client funds will be integrated with LESF Super, which will contribute to achieving operational cost synergies.

The Superannuation Services business unit continues to be re-configured and expects to achieve significant synergies now that the acquisition of TFS has been completed. During the year, a number of positive changes have been implemented to resourcing and systems to adapt to and accommodate the changing superannuation regulatory environment and client base. 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 \$2,894,609 for year compared to \$2,589,697 in the prior year. The business returned an EBITDA loss of \$30,720 in this period compared to a loss of \$1,397,429 in the prior corresponding period inclusive of an impairment loss of \$1,715,000.

Tranzact Financial Services

As noted, the Company acquired a 30% interest in TFS on 1 September 2014 and the remaining 70% on 30 June 2015. The Company did not operate TFS until 30 June 2015, however due to the nature of the contractual relationship between the parties, it is considered for the purposes of financial reporting that the Group controlled TFS as from 1 January 2015. The interest in TFS has been equity accounted for the period of 1 September 2014 to 31 December 2014 and consolidated into the Group's financials for the period since 1 January 2015. This accounting treatment results in the recognition of revenue of \$2,044,120 and EBITDA of \$691,014 for the six month period.

For the purpose of this financial report, TFS is being reported as its own business unit. It is intended that the majority of these operations will be integrated with the Superannuation Services business unit during the 2016 year.

Corporate and other matters

During the period the Company raised capital to complete the acquisitions noted above and provide working capital as follows:

- In July 2014, completed a \$3.04 million (before costs) placement to professional and sophisticated investors;
- In August 2014, completed a \$4.41 million (before costs) underwritten entitlement offer to shareholders;
- In June 2015, completed a \$2.02 million (before costs) placement to professional and sophisticated investors; and
- In June 2015, launched a \$2.36 million (before costs) underwritten entitlement offer to shareholders which completed in July.

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. The Company also entered into a separate \$5 million funding facility with Macquarie Bank to provide funding for the prudential capital obligations for its client funds, with \$2.4 million being drawn on this facility to date. Both of these facilities currently mature on 30 June 2016.

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 \$350,079 (2014: \$91,787) 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 \$848,845 and share based payments expense (recorded in personnel expenses) of \$182,196. 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 \$102 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 \$1,077,400 compared to an EBITDA loss of \$1,360,583 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 for 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.

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 achieve further scale in both superannuation administration and investment services, provide attractive growth potential.

Financial review

The results of the Group for the year ended 30 June 2015 can be summarised as follows:

	2015	2014	Change
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(190,319)	(3,555,494)	
Amortisation and depreciation	(848,845)	(369,754)	
Results from operating activities	(1,038,984)	(3,925,246)	74%
Net finance income/(expense)	(1,016,845)	(869,545)	17%
Share of profit/(loss) of equity accounted investees	2,018	12,535	
Loss before tax	(2,053,811)	(4,782,256)	57%

The financial performance when compared to 2014 has been influenced by several factors including:

- acquisition of TTCSL on 1 September 2014;
- the impact of consolidating TFS for the second half of the year;
- the improvement in the underlying operating performance of the business units; and
- the recognition of impairment losses of \$2,296,956 in the prior period.

Revenue and other income from ordinary activities increased from \$4,387,432 to \$9,464,233 (an increase of 116%).

Overall, expense levels increased from \$8,312,678 to \$10,503,217 (an increase of 26%) with a significant expense in the prior year being impairment losses of \$2,296,956. When the impairment loss is disregarded, the operating expenses in the prior year were \$6,015,722, indicating a 75% increase in expenses year on year.

The net change in the cash balance of \$4,460,750 includes a net operating cash outflow of \$63,766 (2014:\$600,456 outflow) which includes \$709,927 in finance and interest costs relating to the financing facilities established during the year, investing cash outflows of \$6,074,905 (2014:\$379,451 outflow) primarily related to acquisitions as noted, and net proceeds from financing activities received during the period of \$10,599,421 through equity raisings and a debt facility (2014: \$1,039,835 inflow). The improved net operating cash outflow continues to demonstrate significant improvement in underlying operations.

Significant changes in the state of affairs

With the exception of the matters stated in the Operational and Financial Review there have been no other significant changes in the state of affairs of the Group during the financial year under review.

Likely developments

The directors consider that the Group has opportunities to expand through acquisition, investment and organic growth into a significant diversified financial services business. This expansion strategy is likely to require additional funds to be raised. Since the end of the financial year the Group has continued discussions with a number of parties regarding potential transactions involving the Group in line with its stated growth strategy.

Dividends

No dividend was paid or declared during the financial year (2014: nil).

Environmental regulation

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

Events subsequent to reporting date

Since the end of the period the Company has announced the following:

- Completion of the entitlement offer raising \$2.36 million by the issue of approximately 5.36 million shares at a price of \$0.44 per share;
- Payment of a further \$0.85 million of consideration for the acquisition of TFS; and
- Acquisition of a further 13.1% of Group Insurance & Superannuation Concepts Pty Ltd, promoter of the Smartsave Members Choice Superannuation Plan.

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

Directors' interests

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

Diversa Limited	Ordinary shares	Options over ordinary shares
M Morgan	586,920	33,333
S Bizzell	6,622,301	33,333
G Crole	1,318,723	-

Share options

Options granted to directors and officers of the Company

During or since the end of the financial year the Company has not granted any options over unissued ordinary shares in the Company to key management personnel of the Group as part of their remuneration (2014: nil options).

Unissued shares under options

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

Expiry date	Exercise price	Number of unissued shares under option
31 October 2016	\$1.61	477,782

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. Further details are included in the remuneration report.

Shares issued on exercise of options

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

Performance rights

Performance Rights granted to directors and officers of the Company

During the financial year the Company granted 404,666 performance rights over unissued ordinary shares in the Company to key management personnel and eligible employees of the Group as part of their remuneration (2014: 930,579). Since year end 570,000 rights have been issued in respect of remuneration for the 2016 financial year. During or since the end of the financial year, 642,278 performance rights were cancelled following the non-achievement of performance targets or vesting conditions.

Unissued shares subject to performance rights

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

Issue date	Fair value	Number of unissued shares subject to performance rights
16 August 2013	\$0.45	67,735
25 June 2015	\$0.46	202,333
20 July 2015	\$0.46	570,000
		<hr/> 840,068 <hr/>

These performance rights do not entitle the holder to participate in any share issue of the Company or any other body corporate. Further details are included in the remuneration report.

Shares issued on exchange of performance rights

During or since the end of the financial year, 518,799 performance rights were exchanged into ordinary shares.

Indemnification and insurance of officers and auditors

Indemnification

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

The Group has not indemnified or entered into a relevant agreement for indemnifying against liability the auditors of the Group.

Insurance premiums

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

Non-audit services

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

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

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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

	Note	2015 \$	2014 \$
Audit services:			
Auditors of the Group			
Audit and review of financial reports (KPMG Australia)	7	214,008	141,353
Other auditors:			
Audit and review of financial report (non KPMG firms)	7	22,997	6,145
		<u>237,005</u>	<u>147,498</u>
Services other than statutory audit:			
Taxation compliance services (KPMG Australia)	7	33,900	14,500
		<u>33,900</u>	<u>14,500</u>

Remuneration report - audited

Principles of compensation

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

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

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

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

The overall objective of the Group's compensation policy is to ensure maximum stakeholder benefit from attracting and retaining high quality Board and key management personnel. A further objective of the policy is to foster a performance oriented culture. As the Group is in a growth phase, performance has been measured by reference to qualitative factors. Moving forward, performance will also be measured against objective financial performance criteria.

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

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous 5 financial years.

	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
Revenue and other income	9,464,233	4,387,432	4,566,358	4,029,395	2,468,048
EBITDA	(190,139)	(3,555,494)	(1,438,678)	(5,533,097)	(1,658,465)
Loss attributable to owners of company	(2,178,384)	(4,782,256)	(2,816,655)	(6,724,812)	(2,531,889)
Share price at 30 June	\$0.44	\$0.42	\$0.435	\$0.675	\$0.60
Dividends paid	nil	nil	nil	nil	nil

Share prices in 2014 and previous years have been restated to reflect a 15:1 share consolidation conducted in December 2014.

The table outlines historical performance over the past 5 years. To assist in understanding the above table, it is noted that:

- the 2012 year includes impairment losses totalling \$3,152,488;
- the 2014 year includes impairment losses totalling \$2,296,956; and
- the 2015 year includes 10 months contribution from TTCSL; 6 months consolidated contribution and 4 months equity accounted contribution from TFS.

The Board has focused on having measurable objectives which provide a strong connection between overall Group performance and remuneration.

Short-term incentive bonus

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

Performance Rights Plan

On 23 November 2011, shareholders approved the introduction of a Performance Rights Plan (PRP) for Group employees. The PRP is intended to attract and retain staff, motivate employees to improve Group performance and align the interests of employees with those of the Group and its shareholders. At the beginning of each financial year, the Company may award performance rights under the PRP to eligible employees as an incentive component of their remuneration package. The number of performance rights issued to the participating employees, and the conditions that must be met for those performance rights to vest, is to be determined by the Board each year.

Eligible employees will be given an opportunity to be awarded with performance rights (subject to vesting conditions) equal to an amount that is between 0% and 50% of the base salary of the relevant employee. For the performance rights to vest and have value in the hands of the employee, conditions will need to be met, including share price targets for the Company, the earnings and revenue of the Diversa Group, and achievement of agreed business plan objectives together with key individual performance indicators. These targets been chosen as it is considered that these measures align employees' interests with shareholders and are considered appropriate measures of growth and performance. Measurement of the achievement of these targets will occur subsequent to year end in conjunction with the preparation of the financial statements for that period. Rights will then vest over two years in the event the employee remains with the Group.

Long-term incentive

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

The Board may also approve the issue of shares under the Executive Officer Share Plan (as re-approved by shareholders on 28 November 2012). This Plan is available to directors, senior executives and other executives to acquire ordinary shares in the Company for no consideration as a component of their compensation in lieu of cash which may be otherwise payable. Shares issued under the Plan rank equally with other fully paid ordinary shares. The number of shares offered and the imposition of restrictions such as the achievement of performance hurdles shall be as determined at the absolute discretion of the Board. However, the Board shall also take into account the actual and potential contribution of each eligible person to the performance of the Company and its controlled entities. All shares granted are held in trust on behalf of each eligible person and become unrestricted at the earliest of the following:

- the end of the period of 10 years commencing at the time of acquisition of the shares by the trustee on behalf of the eligible person;
- all relevant restrictions imposed by the Board have been satisfied or released by the Board in its absolute discretion; or
- in accordance with the relevant clauses in the event where the eligible person ceases to be employed.

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

Service agreements

Non-Executive Directors

Directors' base fees are presently up to \$50,000 per annum, and additional fees may be paid in respect of additional duties undertaken. The chairperson can receive up to twice the base fee. For the years ended 30 June 2014 and 2015 the directors agreed to a reduction in the fees payable to \$36,000 per annum and to receive part of these fees in the form of shares on the basis noted below. Total compensation for all non-executive directors last voted upon by shareholders at an Extraordinary General Meeting in 2001, is not to exceed \$400,000 per annum. Each director has a letter of appointment in respect of their position.

Non-executive directors may receive part of their fees in the form of shares, subject to a pool limit, which is periodically recommended for approval by shareholders pursuant to the Executive Officer Share Plan. The pool, which was approved by shareholders on 28 November 2012, was 333,333 shares. This pool was increased by a further 333,333 shares at the meeting of shareholders convened on 28 November 2013. Non-executive directors do not receive performance related compensation (except specifically approved by shareholders in general meeting) or non-cash benefits. Non-executive directors are eligible to participate in the Employee Option Plan (subject to shareholder approval). Non-executive directors' retirement payments are limited to compulsory employer superannuation.

Chief Executive Officer and Executives

Employment agreements are entered into with the chief executive officer and all executives. The amount of compensation is determined by the Board in accordance with the remuneration principles described earlier. The agreements are unlimited in term, but are capable of termination on a maximum of three months' notice. On termination of employment Executives are entitled to receive their statutory entitlements of accrued annual leave and long service leave together with any superannuation benefits.

The employment agreements outline the components of compensation paid to the key management personnel but do not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

Services from remuneration consultants

No external consultants were engaged during the current period or prior period to review or provide advice on remuneration matters.

Shareholder voting on remuneration report

At the 2014 Annual General Meeting of shareholders, it was resolved to approve the Remuneration Report for the year ended 30 June 2014. No specific feedback was received in relation to the remuneration report.

Notes in relation to the table of key management personnel remuneration on the next page

- (a) the value of shares included as compensation is an allocation calculated at the grant date and allocated over each reporting period from the date of issue to vesting date
- (b) the fair value of the options is calculated at grant date using a Black-Scholes option-pricing model and allocated to each reporting period over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period
- (c) the fair value of the performance rights is calculated at grant date using a Monte Carlo simulation and allocated to each reporting period over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the rights recognised in this reporting period
- (d) includes movements in leave entitlements
- (e) Mr Korchinski occupied the role of Managing Director from 2009 until 23 September 2013, at which time he was appointed chairman and Mr Vincent Parrott became Chief Executive Officer. Mr Korchinski resigned as chairman on 21 November 2014

Details of the nature and amount of each major element of remuneration of all key management personnel of the Group:

		Short-term			Post-employment	Share based payments				
		Salary and fees \$ (d)	Bonus \$	Total	Super-annuation benefits \$	Value of shares \$ (a)	Options and rights \$ (b)(c)	Total \$	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Directors										
S Bizzell - Chairman, Non-executive Director	2015	36,000	-	36,000	-	-	-	36,000	-	-
	2014	36,000	-	36,000	-	-	567	36,567	1.6%	1.6%
M Morgan - Non-executive Director	2015	60,500	-	60,500	-	-	-	60,500	-	-
	2014	36,000	-	36,000	-	-	567	36,567	1.6%	1.6%
G Crole - Non-executive Director	2015	36,000	-	36,000	-	-	-	36,000	-	-
	2014	36,000	-	36,000	-	-	-	36,000	-	-
S Korchinski - Chairman and Non-executive Director - resigned 21 November 2014 (e)	2015	20,833	-	20,833	-	-	-	20,833	-	-
	2014	106,765	-	106,765	-	-	17,233	123,998	13.9%	13.9%
Executives										
V Parrott - Chief Executive Officer (e)	2015	252,051	-	252,051	22,991	-	22,575	297,617	7.6%	7.6%
	2014	186,936	-	186,939	20,681	-	22,895	230,515	10.0%	10.0%
A de Vries - Head of Superannuation Services	2015	265,795	-	265,795	18,783	-	19,753	304,331	6.5%	6.5%
	2014	200,496	-	200,496	17,775	-	23,988	242,259	9.9%	9.9%
R Chmielewski - Head of Trustee Services	2015	226,845	-	226,845	19,956	-	15,733	262,534	6.0%	6.0%
	2014	191,241	-	191,241	17,397	-	16,464	225,102	7.3%	7.3%
A Craig - Chief Financial Officer/Company Secretary	2015	216,475	-	216,475	19,211	-	18,306	253,992	7.2%	7.2%
	2014	152,982	-	152,982	16,548	-	19,566	189,096	10.3%	10.3%

Messrs A Yeo, A Ractliffe, D Beattie, A Wilson and G Scott are considered as key management personnel of TFS which was acquired on 30 June 2015, and has been consolidated since 1 January 2015. These parties were remunerated by the then parent company, Grosvenor Financial Services Limited and not paid any remuneration from TFS and have no interest in shares or performance rights of the company.

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

Grant date	Expiry date	Fair value per option	Exercise price	Price of shares on grant date	Expected volatility	Risk free interest rate	Dividend yield
29 November 2011	31 October 2016	\$0.24	\$1.61	\$0.675	65%	3.8%	nil

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

Grant date	Expiry date	Fair value per right	Exercise price	Price of shares on grant date	Expected volatility	Risk free interest rate	Dividend yield
29 February 2012	29 February 2017	\$0.75	\$0.00	\$0.75	n/a	n/a	nil
29 February 2012	29 February 2017	\$0.15	\$0.00	\$0.15	98%	3.6%	nil
9 August 2012	9 August 2017	\$0.75	\$0.00	\$0.75	n/a	n/a	nil
9 August 2012	9 August 2017	\$0.15	\$0.00	\$0.15	98%	3.6%	nil
16 August 2013	16 August 2018	\$0.45	\$0.00	\$0.45	n/a	n/a	nil
16 August 2013	16 August 2018	\$0.15	\$0.00	\$0.15	98%	3.6%	nil
25 June 2015	20 July 2020	\$0.46	\$0.00	\$0.46	n/a	n/a	nil

Details of performance related remuneration

Details of the Group's policy in relation to the proportion of remuneration that is performance related is discussed on pages 8-11.

Analysis of bonuses included in remuneration

No short term incentive cash bonuses were paid to executives during the year (2014: nil).

Equity instruments

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

Options and rights over equity instruments granted as compensation

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

	Number of rights granted during 2015	Issue date	Number of rights vested during 2015	Fair value per right at grant date	Expiry date
Director					
S Korchinski	-	29 February 2012	4,500	\$0.75	28 February 2017
S Korchinski	-	9 August 2012	3,500	\$0.75	9 August 2017
S Korchinski	-	16 August 2013	3,333	\$0.45	16 August 2018

	Number of rights granted during 2015	Issue date	Number of rights vested during 2015	Fair value per right at grant date	Expiry date
Executives					
A Craig	-	29 February 2012	3,510	\$0.75	28 February 2017
A Craig	-	9 August 2012	3,510	\$0.75	9 August 2017
A Craig	-	16 August 2013	20,750	\$0.45	16 August 2018
A Craig	40,000	25 June 2015	20,000	\$0.46	25 June 2020
A de Vries	-	29 February 2012	4,325	\$0.75	28 February 2017
A de Vries	-	9 August 2012	3,368	\$0.75	9 August 2017
A de Vries	-	16 August 2013	22,777	\$0.45	16 August 2018
A de Vries	43,254	25 June 2015	21,625	\$0.46	25 June 2020
V Parrott	-	29 February 2012	4,100	\$0.75	28 February 2017
V Parrott	-	9 August 2012	3,188	\$0.75	9 August 2017
V Parrott	-	16 August 2013	25,342	\$0.45	16 August 2018
V Parrott	51,848	25 June 2015	25,924	\$0.46	25 June 2020
R Chmielewski	-	29 February 2012	3,430	\$0.75	28 February 2017
R Chmielewski	-	9 August 2012	3,620	\$0.75	9 August 2017
R Chmielewski	-	16 August 2013	12,328	\$0.45	16 August 2018
R Chmielewski	41,739	25 June 2015	20,869	\$0.46	25 June 2020

The rights were provided at no cost to the recipients. All rights are subject to performance targets and expire on non-achievement of these targets. Rights are also subject to vesting criteria and expire on non-achievement of these criteria.

Modification of terms of equity-settled share based payment transactions

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

Exercise of options or rights granted as compensation

No shares were issued on the exercise of options previously granted as compensation during the reporting period or prior period. During the year, 219,583 shares were issued on exchange of performance rights previously granted as compensation (2014: 112,810).

Analysis of options and rights over equity instruments granted as compensation

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

	Equity Instrument	Number	Date	% vested in year (1)	% exercised in year	% forfeited in year	Financial years in which grant vests (1)
Directors							
S Korchinski	Options	133,333	29 November 2011	-	-	-	2012,2013,2014
S Korchinski	Rights	66,667	29 February 2012	6.7%	6.7%	-	2013, 2014, 2015
S Korchinski	Rights	66,667	9 August 2012	5.2%	5.2%	5.3%	2014,2015,2016
S Korchinski	Rights	66,667	16 August 2013	5%	5%	95%	2015,2016,2017
M Morgan	Options	33,333	29 November 2011	-	-	-	2012,2013,2014
S Bizzell	Options	33,333	29 November 2011	-	-	-	2012,2013,2014

	Equity Instrument	Number	Date	% vested in year (1)	% exercised in year	% forfeited in year	Financial years in which grant vests (1)
Executives							
A Craig	Options	66,667	29 November 2011	-	-	-	2012,2013,2014
A Craig	Rights	52,000	29 February 2012	6.7%	6.7%	-	2013, 2014, 2015
A Craig	Rights	52,000	9 August 2012	6.7%	6.7%	-	2014,2015,2016
A Craig	Rights	88,885	16 August 2013	23.3%	23.3%	53.4%	2015,2016,2017
A Craig	Rights	40,000	25 June 2015	50%	-	-	2016,2017,2018
A de Vries	Options	66,667	29 November 2011	-	-	-	2012,2013,2014
A de Vries	Rights	64,062	29 February 2012	6.7%	6.7%	-	2013, 2014, 2015
A de Vries	Rights	64,147	9 August 2012	5.2%	5.2%	-	2014,2015,2016
A de Vries	Rights	113,883	16 August 2013	20%	20%	60%	2015,2016,2017
A de Vries	Rights	43,354	25 June 2015	50%	-	-	2016,2017,2018
V Parrott	Options	66,667	29 November 2011	-	-	-	2012,2013,2014
V Parrott	Rights	60,720	29 February 2012	6.7%	6.7%	-	2013, 2014, 2015
V Parrott	Rights	60,720	9 August 2012	5.2%	5.2%	-	2014,2015,2016
V Parrott	Rights	108,560	16 August 2013	23.3%	23.3%	53.4%	2015,2016,2017
V Parrott	Rights	51,848	25 June 2015	50%	-	-	2016,2017,2018
R Chmielewski	Rights	68,490	16 August 2013	18%	18%	64%	2015,2016,2017
R Chmielewski	Rights	41,739	25 June 2015	50%	-	-	2016,2017,2018

(1) Vesting is to occur over two years after determination of achievement of targets if the employee remains engaged by the Group

Analysis of movement in options

There was no movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person.

Analysis of movement in performance rights

The movement during the reporting period, by value, or performance rights exchangeable into ordinary shares in the Company held by each key management person is detailed below.

	Issued in year \$	Value of rights exchanged in year \$
Directors		
S Korchinski	-	7,500
Executives		
A Craig	18,400	14,603
A de Vries	19,897	16,019
V Parrott	23,850	16,870
R Chmielewski	19,200	10,836

Movement in options by number

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

	Held at beginning of year	Granted as compensation	Exercised	Lapsed	Effect of share consolidation	Held at end of year	Vested during the year	Vested and exercisable at end of year
2015								
Directors								
M Morgan	500,000	-	-	-	(466,667)	33,333	-	33,333
S Bizzell	500,000	-	-	-	(466,667)	33,333	-	33,333
S Korchinski	2,000,000	-	-	-	(1,866,667)	133,333	-	133,333
Executives								
A Craig	1,000,000	-	-	-	(933,333)	66,667	-	66,667
A de Vries	1,000,000	-	-	-	(933,333)	66,667	-	66,667
V Parrott	1,000,000	-	-	-	(933,333)	66,667	-	66,667

Nil options held by key management personnel are vested but not exercisable at 30 June 2015 (2014: nil options vested but not exercisable).

Movement in performance rights by number

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

	Held at beginning of year	Granted as compensation	Exchanged (1)	Lapsed	Held at end of year	Vested during the year	Vested and exercisable at end of year
2015							
Directors							
S Korchinski	78,167	-	(11,333)	(66,834)	-	11,333	-
Executives							
A Craig	99,419	40,000	(27,770)	(47,388)	64,261	47,770	-
A de Vries	124,944	43,354	(30,469)	(68,330)	69,498	52,095	-
V Parrott	119,035	51,848	(32,630)	(57,875)	80,378	58,554	-
R Chmielewski	79,159	41,739	(19,379)	(43,834)	57,676	40,248	-

- (1) Rights were exchanged into shares on a 1:1 basis at an issue price of \$0.45 per share. Performance rights are subject to performance targets and vesting criteria.

Movements in shares

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

	Held at beginning of year	Effect of share consolidation (3)	Purchases (1)(2)	Sales	Held at end of year
2015					
Directors					
M Morgan	7,554,059	(7,050,455)	83,316	-	586,920
S Bizzell	89,970,832	(83,972,776)	624,245	-	6,622,301
S Korchinski	9,325,857	(8,704,132)	145,282	-	767,007
G Crole	11,390,429	(10,631,067)	559,361	-	1,318,723
Executives					
A Craig	4,578,981	(4,273,715)	27,770	-	333,036
A de Vries	1,811,954	(1,691,157)	30,468	-	151,265
V Parrott	1,360,801	(1,270,080)	67,873	-	158,594
R Chmielewski	262,964	(245,433)	19,379	-	36,910

(1) Held at time of joining the board or becoming a key management person

(2) includes shares issued on exchange of performance rights and shares issued in lieu of director's fees

(3) Share capital was consolidated on a 15 for 1 basis during the period

Related party transactions - key management personnel

Key management personnel and director transactions

The terms and conditions of the transactions with key management personnel and their related parties are as follows:

During the period, Bizzell Capital Partners Pty Ltd, an entity associated with Stephen Bizzell, provided corporate advisory and underwriting services in relation to equity raisings to the Group totalling \$115,188 (2014: \$58,700).

The Group has entered into a loan facility arrangement with Bizzell Nominees Pty Ltd, an entity associated with Stephen Bizzell, as disclosed in Note 19. Fees paid or payable in relation to the loan facility agreement during the period were \$30,000 (2014: \$50,000).

During the period, Bizzell Capital Partners Pty Ltd, an entity associated with Stephen Bizzell, provided office space and related services to the Group totalling \$58,190 (2014: \$47,677).

During the period, the Group sold its 49% interest in Centec Securities Pty Ltd to an entity associated with Stephen Bizzell for a consideration of \$100,000, with \$20,000 paid on settlement and \$80,000 payable by 30 September 2015.

The aggregate value of transactions during the period ended 30 June 2015 relating to key management personnel and their related parties were as follows:

	30 June 2015	30 June 2014
Provision of office premises	58,190	47,677
Corporate advisory and underwriting fees	115,188	58,700
Loan facility fees	30,000	50,000
Sale of associate	100,000	-
	303,378	156,377

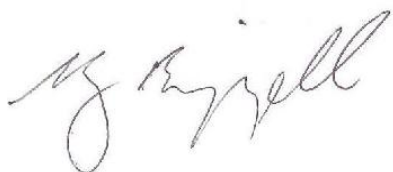
Amounts payable or receivable to key management personnel and other related parties at reporting date were as follows:

	30 June 2015	30 June 2014
Other related payables and (receivables)		
Directors' fees	6,600	31,331
Provision of office premises	-	30,024
Loan facility fees	-	5,000
Other (sale of interest in Centec Securities)	(80,000)	-
	(73,400)	66,355

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 18 and forms part of the directors' report for the financial year ended 30 June 2015.

This report is made with a resolution of the directors:



S. Bizzell
Chairman

Dated at Brisbane this 31st August 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 audit for the financial year ended 30 June 2015 there have been:

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

KPMG

Stephen Board
Partner

Brisbane
31 August 2015

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Note	Consolidated	
		2015	2014
Revenue from rendering of services		9,378,800	4,387,432
Other income	3	85,433	-
Occupancy expenses		(487,993)	(255,149)
Administrative expenses		(2,609,476)	(1,442,492)
Amortisation and depreciation		(848,845)	(369,754)
Personnel expenses	6	(6,172,758)	(3,856,540)
Impairment losses	5	(7,905)	(2,296,956)
Other expenses	4	(376,240)	(91,787)
Results from operating activities		(1,038,984)	(3,925,246)
Finance income		44,153	26,324
Finance expense		(1,060,998)	(895,869)
Net finance income/(expense)	8	(1,016,845)	(869,545)
Share of profit/(loss) of equity accounted investees	13	2,018	12,535
Loss before income tax		(2,053,811)	(4,782,256)
Income tax expense	9	(108,707)	-
Loss after income tax		(2,162,518)	(4,782,256)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,162,518)	(4,782,256)
Earnings per share			
Basic earnings/(loss) per share (AUD)	10	(0.0461)	(0.1871)
Diluted earnings/(loss) per share (AUD)	10	(0.0461)	(0.1871)
Total loss is attributable to:			
Owners of the company		(2,178,384)	(4,782,256)
Non-controlling interest		15,866	-
		(2,162,518)	(4,782,256)
Total comprehensive loss for the year is attributable to:			
Owners of the company		(2,178,384)	(4,782,256)
Non-controlling interest		15,866	-
		(2,162,518)	(4,782,256)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 23 to 50.

Consolidated statement of changes in equity

For the year ended 30 June 2015

	Share capital	Share based payments reserve	Accumulated losses	Non-controlling interest	Total equity
Balance at 1 July 2013	109,395,382	506,758	(110,174,990)	-	(272,850)
Total comprehensive income/(loss) for the year					
Loss for the year	-	-	(4,782,256)	-	(4,782,256)
Total comprehensive loss for the year	-	-	(4,782,256)	-	(4,782,256)
Transactions with owners, recorded directly in equity					
Exercise of performance rights	84,608	(84,608)	-	-	-
Shares issued, net of transaction costs	1,269,293	-	-	-	1,269,293
Convertible note interest payment - settled by shares	330,668	-	-	-	330,668
Convertible notes converted	6,102,745	-	-	-	6,102,745
Share based payment transactions	-	(81,473)	271,733	-	190,255
Total transactions with owners	7,787,314	(166,081)	271,733	-	7,892,966
Balance at 30 June 2014	117,182,696	340,677	(114,685,513)	-	2,837,860
Balance at 1 July 2014	117,182,696	340,677	(114,685,513)	-	2,837,860
Total comprehensive income/(loss) for the year					
Loss for the year	-	-	(2,178,384)	15,866	(2,162,518)
Total comprehensive loss for the year	-	-	(2,178,384)	15,866	(2,162,518)
Transactions with owners, recorded directly in equity					
Exercise of performance rights	108,592	(108,592)	-	-	-
Shares issued, net of transaction costs	8,751,711	-	-	-	8,751,711
Share based payment transactions	-	44,837	137,359	-	182,196
Acquisition of subsidiary with NCI	-	-	-	635,122	635,122
Return of capital	-	-	-	(95,100)	(95,100)
Total transactions with owners	8,860,303	(63,755)	137,359	540,022	9,473,929
Balance at 30 June 2015	126,042,999	276,922	(116,726,538)	555,888	10,149,271

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 23 to 50.

Consolidated balance sheet

As at 30 June 2015

	Note	Consolidated	
		2015	2014
Assets			
Cash and cash equivalents	11	5,660,038	1,199,288
Trade and other receivables	12	1,621,615	688,201
Total current assets		7,281,653	1,887,489
Trade and other receivables	12	242,280	27,892
Investments in associates	13	-	91,114
Property, plant and equipment	15	179,811	112,189
Intangible assets	16	12,937,350	2,730,890
Total non-current assets		13,359,441	2,962,085
Total assets		20,641,094	4,849,574
Liabilities			
Trade and other payables	17	5,378,726	1,710,802
Loans and borrowings	18	2,163,541	26,609
Employee benefits	19	498,675	241,247
Total current liabilities		8,040,942	1,978,658
Trade and other payables	17	2,347,446	-
Employee benefits	19	103,435	33,056
Total non-current liabilities		2,450,881	33,056
Total liabilities		10,491,823	2,011,714
Net assets		10,149,271	2,837,860
Equity			
Issued capital		126,042,999	117,182,696
Reserves		276,922	340,677
Accumulated losses		(116,726,538)	(114,685,513)
Non-controlling interest		555,888	-
Total equity		10,149,271	2,837,860

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 23 to 50.

Consolidated statement of cash flows

For the year ended 30 June 2015

	Note	Consolidated	
		2015	2014
Cash flows from operating activities			
Cash receipts from operations		10,018,909	4,438,374
Cash paid to suppliers and employees		(9,353,610)	(4,965,167)
Cash generated from/(used in) operations		665,299	(526,794)
Interest paid		(776,795)	(100,923)
Interest received		47,730	27,171
Net cash used in operating activities	26	(63,766)	(600,546)
Cash flows from investing activities			
Proceeds from sale of interest in associate		20,000	-
Payment for acquisition of controlled entities (net of cash acquired)	22	(5,542,965)	-
Deferred acquisition payments		(300,000)	(311,950)
Payment for security deposits		(137,908)	-
Acquisition of property, plant and equipment	15	(114,032)	(67,501)
Net cash used in investing activities		(6,074,905)	(379,451)
Cash flows from financing activities			
Proceeds from the issue of shares		9,469,764	1,183,500
Proceeds from drawdown of loan facility	18	2,138,187	-
Payment of transaction costs relating to financing activities		(1,008,530)	(143,665)
Net cash from financing activities		10,599,421	1,039,835
Net increase in cash and cash equivalents		4,460,750	59,838
Cash and cash equivalents at 1 July		1,199,288	1,139,450
Cash and cash equivalents at 30 June	11	5,660,038	1,199,288

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 23 to 50.

Notes to the consolidated financial statements

1. Significant accounting policies

Diversa Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 9 Waterfront Place, 1 Eagle Street, Brisbane, Queensland, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its controlled entities (the "Group") and the Group's interest in associates. The Group is a for-profit entity and primarily is involved in the financial services industry.

The financial statements were authorised for issue by the Board of Directors on 31 August 2015.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group complies with the International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The consolidated financial statements are presented in Australian dollars which is the functional currency of the Company and have been prepared on a historical cost basis other than investments which have been recorded 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 19 - Measurement of share based payments
- Note 1(b) - Going concern
- Note 16 - Goodwill impairment testing
- Note 22 - Acquisition of subsidiaries

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these consolidated financial statements.

AASB 9 (2014) Financial Instruments

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes reviewed guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. AASB 9 is effective for annual financial reporting periods beginning 1 July 2018. The Group has not assessed the extent of the impact as yet.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. AASB 15 is expected to be effective for annual financial reporting periods beginning 1 July 2017. The Group has not assessed the extent of the impact as yet.

Going concern

The consolidated 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 \$2,162,518 for the year ended 30 June 2015, and at that date current assets exceed current liabilities.

As a result of the acquisitions noted in Note 22, the Group has deferred consideration payment obligations in June 2016 and June 2017 totalling approximately \$4.6 million. The Company anticipates funding these obligations from operating cashflow. In the event operating cashflow is not sufficient to meet these obligations, the Group would seek to raise equity or debt funding to meet these obligations or renegotiate the payment terms with vendors.

As a result of the timing of payment of the deferred consideration payment obligations and the current maturity date of the loan facility noted above, as at 30 June 2015, the Group has a deficiency of net current assets of which \$850,000 was settled after the end of the period. In addition, the Group has raised \$2.36 million subsequent to year end from the issue of equity.

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) current licence. This facility expires in June 2016 and it is the directors' expectation that the bank guarantee will not be required after this time as a result of the changing prudential capital requirements in relation to superannuation funds. In the event this does not occur, the Group would seek to renegotiate the bank guarantee facility with the existing lender or seek other debt or equity funding.

During the period, the Group entered into a loan facility of \$5 million to satisfy one of its client funds prudential capital requirements for which the promoter of the fund pay the Group a fee to cover the costs incurred. This facility expires in June 2016 and it is the directors' expectation that the terms of this facility will be renegotiated prior to that date. In the event this does not occur, the Group would seek to renegotiate the facility with other debt providers or seek equity funding.

Management have prepared cash flow projections which support the ability of the Group to continue as a going concern, having taken into account the subsequent matters 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.

(c) Basis of consolidation

(i) Business combinations

The Group has applied the acquisition method for business combinations when control is transferred to the Group. The consideration transferred is generally measured at fair value as are the identifiable net assets acquired. Any goodwill that arises is tested for impairment annually. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Investments in associates (equity accounted investees)

The Group's interest in equity-accounted investees comprises interests in associates. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method (equity accounted investees) and are initially recorded at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy (i)). Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within profit or loss.

(ii) Leased assets

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives in the current and comparative periods are as follows:

Computer equipment	3 to 8 years
Fixtures and fittings	3 to 8 years
Office equipment	3 to 10 years
Leasehold improvements	over term of lease

Residual values, useful lives and the depreciation methods are reviewed at the reporting date.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of a business. Goodwill represents the excess of the fair value of the consideration transferred over the net fair value of identifiable assets, liabilities and contingent liabilities acquired, all measured as of the acquisition date. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Other intangible assets

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

(iii) Amortisation

Amortisation is recognised in profit and loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives in the current and comparative years are as follows:

Customer contracts and relationships	1 to 10 years
Software	1 to 3 years

Amortisation methods, useful lives and residual values are reviewed at the reporting date.

(f) Trade and other receivables

Trade and other receivables are initially recognised at fair value. Subsequent to initial recognition, trade and other receivables are measured at their amortised cost less impairment losses (see accounting policy (i)).

(g) Investment in equity securities

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

(h) Cash and cash equivalents

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

(i) Impairment

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

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

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

Goodwill that forms part of the carrying value of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

Impairment of receivables is not recognised until objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. All individually significant receivables are assessed for specific impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each reporting date.

For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss.

Reversals of impairment

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

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

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

An impairment loss in respect of goodwill is not reversed.

(j) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(k) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity net of any tax benefit.

(l) Employee benefits

(i) Superannuation benefits

Contributions in relation to defined contribution plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

(ii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted to determine its present value at rates that approximate the maturity of the Group's obligations.

(iii) Wages, salaries and annual leave

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

(iv) Share based payment transactions

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met. For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of performance rights is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the rights. The fair value of the rights granted is measured using a Monte Carlo simulation, taking into account the terms and conditions upon which the rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of rights for which the related service and non-market vesting conditions are met.

(m) Provisions

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

(n) Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition these financial liabilities are measured at amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

(o) Revenue

(i) Services rendered

Fees for services rendered are recognised when the services are provided.

(ii) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance expense comprises interest expense on borrowings and unwinding of the discount on deferred acquisition liabilities.

(iii) Rental income

Rental income from subleased property is recognised as other income.

(p) Expenses

(i) Operating lease payments

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

(q) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly owned entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity of the tax-consolidated group is Diversa Limited. A tax sharing agreement is in place and the effect of the agreement is that each of the subsidiary members is liable only for the reasonable allocation of the Group Liability made to it under that tax sharing agreement. A tax funding agreement is also in place pursuant to UIG Interpretation 1052.

(r) Earnings per share

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

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 CEO 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. This segment also includes investment services which were previously considered a separate segment; and
- Tranzact Financial Services - provision of administration, promotion and investment management services to the Smartsave 'Members Choice' Superannuation master plan (30% owned from 1 September until 30 June 2015, 100% owned on 30 June 2015 and consolidated from 1 January 2015).

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 CEO. 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 arm's length basis.

Information about reportable segments

	Superannuation Services		Trustee Services		Tranzact Financial Services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
External revenues	2,894,609	2,589,697	4,440,071	1,797,735	2,044,120	-	9,378,800	4,387,432
Impairment losses	(717)	(1,715,000)	(7,188)	(581,956)	-	-	(7,905)	(2,296,956)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(30,720)	(1,397,429)	707,876	(797,482)	691,014	-	1,368,171	(2,194,911)
Interest income	4,982	4,890	21,082	17,037	6,992	-	33,056	21,927
Interest expense	(8,301)	(5,063)	(729,483)	(9,753)	-	-	(737,784)	(14,816)
Depreciation and amortisation	(9,245)	(352,464)	(50,644)	(12,024)	(775,383)	-	(835,272)	(364,488)
Reportable segment profit/(loss) before income tax	(43,284)	(1,750,066)	(51,169)	(802,222)	(77,377)	-	(171,829)	(2,552,288)
Share of profit of equity accounted investees	-	-	2,018	12,535	-	-	2,018	12,535
Reportable segment assets	2,509,416	2,374,211	7,102,934	2,338,505	10,895,060	-	20,507,411	4,712,716
Reportable segment liabilities	(615,523)	(673,445)	(2,966,936)	(535,841)	(6,436,060)	-	(10,018,520)	(1,209,286)
Investment in associates	-	-	-	91,114	-	-	-	91,114

		Consolidated	
	Note	2015	2014
Reconciliation of reportable segment profit or loss			
Revenues			
Total revenue for reportable segments		9,378,800	4,387,432
Other income	3	85,433	-
Consolidated revenue and other income		9,464,233	4,387,432
Profit or loss			
Total profit or loss for reportable segments		(171,829)	(2,552,288)
Unallocated amounts:			
Personnel expenses not included in reportable segments		(852,315)	(706,260)
Net finance expenses not included in reportable segments		(284,206)	-
Other net corporate revenue and expenses		(747,479)	(1,536,243)
Share of profit/(loss) of equity accounted investee	13	2,018	12,535
Consolidated loss before income tax		(2,053,811)	(4,782,256)
Assets			
Total assets for reportable segments		20,507,411	4,712,715
Investments in equity accounted investee		-	91,114
Other unallocated amounts		133,683	45,745
Consolidated total assets		20,641,094	4,849,574
Liabilities			
Total liabilities for reportable segments		(10,018,520)	(1,209,286)
Other unallocated amounts		(473,303)	(802,428)
Consolidated total liabilities		(10,491,823)	(2,011,714)

Revenue from one major customer earned by all segments represents approximately 22% (2014:22%) of the Group's total revenue. All segment revenues are earned in Australia and all segment assets are located in Australia.

		Consolidated	
	Note	2015	2014
3. Other income			
Other income		45,042	-
Gain on sale of interest in equity accounted investee		40,391	-
		85,433	-
4. Other expenses			
Due diligence and acquisition costs		350,079	91,787
Other		26,161	-
		376,240	91,787

		Consolidated	
	Note	2015	2014
5. Impairment losses			
Impairment loss on intangibles	16	-	2,285,000
Impairment loss on trade receivables	21	7,905	11,956
		7,905	2,296,956
6. Personnel expenses			
Wages and salaries		5,215,442	3,208,934
Other associated personnel expenses		245,278	158,518
Contributions to defined contribution superannuation funds		439,395	248,712
Increase/(decrease) in employee benefit provisions		90,447	50,121
Equity settled share based payment transactions	19	182,196	190,255
		6,172,758	3,856,540
7. Auditors' remuneration			
Audit services:			
Auditors of the group (KPMG Australia)			
Audit and review of financial reports		214,008	141,353
Other auditors:			
Audit and review of financial reports		22,997	6,145
		237,005	147,498
Other services:			
Auditors of the group (KPMG Australia)			
Taxation compliance services		33,900	14,500
		33,900	14,500
8. Net finance income/(expense)			
Interest income		44,153	26,324
Finance income		44,153	26,324
Interest expense		(436,842)	(78,423)
Loan facility fees		(339,950)	(47,500)
Unwinding of discount on deferred acquisition payments		(284,206)	-
Unwinding of discount on convertible notes		-	(204,716)
Loss on conversion of convertible notes		-	(397,413)
Interest on convertible notes		-	(167,817)
Finance expense		(1,060,998)	(895,869)
Net finance income/(expense)		(1,016,845)	(869,545)

		Consolidated	
	Note	2015	2014
9. Income tax expense			
Current tax expense			
Current year		(423,801)	(687,549)
Adjustments to prior years		-	103
		(423,801)	(687,446)
Deferred tax expense			
Origination and reversal of temporary differences		59,849	242,874
Adjustments for prior years		-	(103)
Non-recognition of tax losses		472,659	444,675
		532,508	687,446
Total income tax expense		108,707	-
Numerical reconciliation between tax expense and pre-tax net loss			
Loss before tax		(2,153,811)	(4,782,256)
Income tax using the domestic tax rate of 30% (2014: 30%)		(616,143)	(1,434,677)
Decrease in income tax expense due to:			
Non-recognition of current year tax losses		472,659	444,675
Increase in income tax expense due to:			
Non-deductible expenses		378,425	1,018,718
Movement recognised through equity		(126,234)	(28,716)
Income tax expense		108,707	-

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2015 was based on the loss attributable to ordinary shareholders of \$2,178,384 (2014:\$4,782,256) and a weighted average number of ordinary shares outstanding of 47,251,912 (2014:25,561,177), calculated as follows:

Loss attributable to ordinary shareholders

Loss for the year	(2,178,384)	(4,782,256)
Loss attributable to ordinary shareholders	(2,178,384)	(4,782,256)

Weighted average number of ordinary shares

Issued ordinary shares at 1 July	20	30,300,072	12,763,744
Effect of shares issued during the year		16,951,840	12,797,433
Weighted average number of ordinary shares at 30 June		47,251,912	25,561,177

		Consolidated	
	Note	2015	2014

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2015 was based on loss attributable to ordinary shareholders of \$2,178,384 (2014:\$4,782,256) and a weighted average number of ordinary shares outstanding, after adjustment for the effects of all dilutive potential ordinary shares, of 47,251,912 (2014:25,561,177), calculated as follows:

Loss attributable to ordinary shareholders (diluted)

Loss attributable to ordinary shareholders (basic)	(2,178,384)	(4,782,256)
Loss attributable to ordinary shareholders (diluted)	(2,178,384)	(4,782,256)

Weighted average number of ordinary shares (diluted)

Weighted average number of ordinary shares (basic)	47,251,912	25,561,177
Effect of share options and convertible notes on issue*	-	-
Weighted average number of ordinary shares (diluted) at 30 June	47,251,912	25,561,177

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

Earnings per share

Basic earnings per share	(0.0461)	(0.187)
Diluted earnings per share	(0.0461)	(0.187)

Earnings per share in 2014 have been restated to reflect a 15:1 share consolidation conducted in December 2014.

11. Cash and cash equivalents

Bank balances	2,212,974	381,263
Cash held (1)	3,447,064	818,025
Cash and cash equivalents	5,660,038	1,199,288
Cash and cash equivalents in the statement of cashflows	5,660,038	1,199,288

(1) Cash held is cash held for regulatory and prudential purposes.

12. Trade and other receivables

Current		
Trade receivables	798,057	387,632
Less impairment provision	(128,338)	(259,090)
Lease asset on rental premises	72,350	-
Other receivables and prepayments	879,546	559,659
	1,621,615	688,201
Non-current		
Security deposits	194,400	27,892
Other receivables	47,880	-
	242,280	27,892

	Note	Consolidated 2015	2014
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13. Investments in associates

The Group's share of profit/(loss) for its equity accounted investees for the period owned was \$2,018 (2014: \$12,535). During the period ended 30 June 2015, the Group did not receive dividends from any of its investments in equity accounted investees.

Investments in associates - opening balance	91,114	78,579
Add associate acquired	2,850,000	
Add share of profit/(loss) of associates	2,018	12,535
Less investment which is no longer equity accounted (b)	(2,883,523)	-
Less sale of investment in Centec Investments Pty Ltd (a)	(59,609)	-
Balance at 30 June	-	91,114

On 1 September 2014 the Group acquired a 30% interest in Tranzact Financial Services Pty Ltd. From 1 January 2015 it is considered that the company controlled Tranzact Financial Services Pty Ltd (TFS) and has been accounted as a subsidiary at that date (see note 24).

On 30 June 2015 the Group sold its 49% interest in Centec Securities Pty Ltd to an entity associated with a director, Mr Stephen Bizzell (the other 51% owner of the business) for \$100,000.

Summary financial information for equity accounted investees, not adjusted for the percentage held by the Group is as follows:

2015	Ownership	Total assets	Total liabilities	Total revenue	Profit/(Loss)	Share of net assets	Share of profit/ (loss) for period owned
Centec Securities Pty Ltd	49%(a)	-	-	-	-	-	(31,505)
Tranzact Financial Services Pty Ltd	30%(b)	-	-	-	-	-	33,523
							2,018

2014	Ownership	Total assets	Total liabilities	Total revenue	Profit/(Loss)	Share of net assets	Share of profit/ (loss) for period owned
Centec Securities Pty Ltd	49%	244,974	(41,702)	342,122	25,581	99,603	12,535
							12,535

(a) This interest was sold on 30 June 2015.

(b) TFS was accounted for as an associate until 31 December 2014.

	Note	Consolidated	
		2015	2014
14. Income taxes			
Unrecognised deferred tax assets			
Deferred tax assets at 30% have not been recognised in respect of the following items:			
Undeducted temporary differences		2,287,233	2,395,771
Tax losses		30,716,240	30,420,211
		33,003,472	32,815,982

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

15. Property, plant and equipment

	Consolidated			
	Office equipment	Fixtures and fittings	Motor vehicles	Total
Cost				
Balance at 1 July 2013	165,549	9,237	-	174,786
Additions	67,501	-	-	67,501
Balance at 30 June 2014	233,050	9,237	-	242,287
Balance at 1 July 2014	233,050	9,237	-	242,287
Additions	43,086	70,946	-	114,032
Acquisition through business combination	59,509	-	10,694	70,203
Disposals	(133,353)	(9,237)	(10,694)	(153,284)
Balance at 30 June 2015	202,292	70,946	-	273,238
Depreciation and impairment losses				
Balance at 1 July 2013	(101,768)	(2,270)	-	(104,038)
Depreciation for the year	(24,553)	(1,507)	-	(26,060)
Balance at 30 June 2014	(126,321)	(3,777)	-	(130,098)
Balance at 1 July 2014	(126,321)	(3,777)	-	(130,098)
Depreciation for the year	(75,432)	(16,182)	(4,278)	(95,892)
Disposals	119,048	9,237	4,278	132,563
Balance at 30 June 2015	(82,705)	(10,722)	-	(93,427)
Carrying amounts				
At 1 July 2013	140,996	7,730	-	148,726
At 30 June 2014	106,729	5,460	-	112,189
At 1 July 2014	106,729	5,460	-	112,189
At 30 June 2015	119,587	60,224	-	179,811

16. Intangibles

	Consolidated			
	Customer contracts and relationships	Software	Goodwill	Total
Cost				
Balance at 1 July 2013	2,014,012	-	7,689,900	9,703,912
Acquisition through business combination	-	-	-	-
Balance at 30 June 2014	2,014,012	-	7,689,900	9,703,912
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
Amortisation and impairment				
Balance at 1 July 2013	(1,670,324)	-	(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	(2,014,012)	-	(4,959,010)	(6,973,022)
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)
Carrying amounts				
At 1 July 2013	343,688	-	5,015,890	5,359,578
At 30 June 2014	-	-	2,730,890	2,730,890
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

Amortisation is recognised in amortisation and depreciation expense in the consolidated statement of profit or loss.

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.

The aggregate carrying amounts of goodwill allocated to each unit after impairment are as follows:

	Impairment loss		Carrying value	
	2015	2014	2015	2014
Superannuation services	-	(1,715,000)	1,482,430	1,482,430
Trustee services	-	(570,000)	2,642,746	1,248,460
Tranzact Financial Services Pty Ltd	-	-	3,734,536	-
	-	(2,285,000)	7,859,712	2,730,890

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 and was based on the following key assumptions:

- Cash flows were projected for a five year forecast period.
- Cash flows beyond this forecast period were extrapolated using a constant growth rate of 3% (2014: 3%), which does not exceed the long term growth rate for the industry.
- Cash flows for 2016 and 2017 were based on budgeted earnings
- Net operating cash flows was forecast to grow at 10% for years 2017 to 2019 (2014: 10% for years 2017 to 2019)
- A post-tax discount rate of 14% (2014: 13%) was applied in determining recoverable amount

The values assigned to the key assumptions represent management's assessment of future trends in the superannuation administration and funds management industry and are based on external sources and internal sources (historical data).

The above estimates are sensitive to movements in the funds under management which directly correlates to revenue earned from these activities and the discount rate applied. A summary of changes to the impairment recognised resulting from changes in these variables is as follows:

	Effect on impairment loss recognised			
	Superannuation services	Trustee services	Tranzact Financial Services Pty Ltd	Total
Increase in revenue by 10%	-	-	-	-
Decrease in revenue by 10%	(235,603)	-	(847,236)	(1,082,839)
Increase in discount rate to 16%	-	-	-	-
Decrease in discount rate to 12%	-	-	-	-

17. Trade and other payables

	Note	Consolidated	
		2015	2014
Current			
Trade payables and accrued expenses		2,968,857	1,410,802
Deferred acquisition payments		2,409,869	300,000
		5,378,726	1,710,802
Non-current			
Lease incentive liability on rental premises		129,616	-
Deferred acquisition payments		2,217,830	-
		2,347,446	-

		Consolidated	
	Note	2015	2014

18. Loans and borrowings

Current

Insurance premium funding	25,354	26,609
Loan facility	2,428,000	-
Less prepaid establishment costs	(289,813)	-
	2,163,541	26,609

Non-current

Convertible notes

Carrying amount of liability at 1 July	-	5,607,260
Convertible note converted	-	(6,102,745)
Unwinding of discount	-	98,072
Loss on conversion	-	397,413
Net proceeds	-	(5,607,260)
Carrying amount of liability at 30 June	-	-

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 30 June 2015 the total facility amount was \$1,000,000 and the repayment date is 31 March 2016. As at 30 June 2015, the facility remained undrawn.

The Company entered into a \$5,000,000 funding facility with Macquarie Bank to provide funding of prudential capital obligations for one of its client funds, with \$2,428,000 being drawn on this facility to date. This facility currently matures on 30 June 2016.

The Group has had bank guarantees in place in the amount of \$5,000,000 to satisfy an RSE Licence condition for TTCSL. Prior to 3 September 2014, TTCSL had a secured bank guarantee facility with National Australia Bank. On 3 September 2014, the Group entered into a secured bank guarantee facility with Macquarie Bank Limited under which Macquarie Bank has provided a bank guarantee. The facility terms were renegotiated with the term extended to 30 June 2016.

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

19. Employee benefits

Current

Liability for annual leave	429,969	241,247
Liability for long service leave	68,706	-
	498,675	241,247

Non-current

Liability for long service leave	103,435	33,056
	103,435	33,056

Employee Share Option Plan

In August 2001 the Group established an Employee Share Option Plan (ESOP) that entitled employees to purchase shares in the Company. Options issued under the ESOP expire on their expiry date or 90 days after termination of the employee's contract. There are no voting or dividend rights attaching to the options. Voting rights will be attached to the unissued ordinary shares when the options are exercised. In accordance with the ESOP the exercise price of the option is determined by reference to the closing market price of the Company's shares on the Australian Securities Exchange at the date of grant. The terms and conditions of the grants made under the ESOP are as follows:

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

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2015	2015	2014	2014
Outstanding at 1 July	\$0.11	7,166,667	\$0.141	11,166,667
Forfeited during the year	-	-	\$0.20	(4,000,000)
Share consolidation 15:1(a)	-	(6,688,885)	-	-
Outstanding at 30 June	\$1.61	477,782	\$0.11	7,166,667
Exercisable at 30 June		477,782		7,166,667

(a) as approved by shareholders on 25 November 2014.

There were 477,782 options outstanding at 30 June 2015 issued under the ESOP with an exercise price of \$1.61 (2014: 7,166,667 outstanding at \$0.11) and a weighted average contractual life of 16 months (2014: 28 months). No options have been exercised during the year ended 30 June 2015 (2014: no options exercised).

Share based payments - performance rights

In November 2011 the Group established a Performance Rights Plan (PRP) that enables eligible employees to be issued with performance rights which are exchangeable into shares in the Company subject to the satisfaction on performance targets and vesting criteria. Rights issued under the PRP expire on the determination of performance targets or vesting criteria not being satisfied. There are no voting or dividend rights attaching to the rights. Voting rights will be attached to the unissued ordinary shares when the rights are exercised. The terms and conditions of the grants made under the PRP are as follows:

Grant date	Number of instruments	Fair value	Performance targets	Vesting conditions
9 August 2012	281,912	\$0.15	See note (a)	See note (e)
9 August 2012	287,674	\$0.75	See note (b)	See note (e)
16 August 2013	553,833	\$0.15	See note (c)	See note (e)
16 August 2013	376,745	\$0.45	See note (d)	See note (e)
25 June 2015	404,666	\$0.46	nil	See note (e)

- (a) earnings and share price targets, valued using the Monte Carlo model - August 2012 issue
- (b) business unit and personal performance, valued using the Black Scholes model - August 2012 issue
- (c) earnings and share price targets, valued using the Monte Carlo model - August 2013 issue
- (d) business unit and personal performance, valued using the Black Scholes model - August 2013 issue
- (e) employees must remain engaged by the Group at the time of vesting. Vesting occurs 50% in July 2015, 25% in July 2016 and 25% in July 2017

Prior years have been restated for the 15:1 share consolidation conducted in December 2014.

Fair value of performance rights and assumptions	(a)	(b)	(c)	(d)	(e)
Fair value at grant date	\$0.15	\$0.75	\$0.15	\$0.45	\$0.46
Share price at grant date (restated)	\$0.75	\$0.75	\$0.45	\$0.45	\$0.46
Exercise price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Expected volatility (weighted average volatility)	98%	98%	98%	98%	98%
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate (based on government bonds)	3.6%	3.6%	3.6%	3.6%	3.6%

Employee expenses - share based payments

	Note	Consolidated	
		2015	2014
Options granted in 2012 - equity settled		-	7,366
Performance rights granted in February 2012 - equity settled		-	11,421
Performance rights granted in August 2012 - equity settled		9,485	21,300
Performance rights granted in August 2013 - equity settled		78,486	150,169
Performance rights granted in June 2015 - equity settled		94,225	-
Total expense recognised as employee costs	6	182,196	190,255

20. Capital and reserves

Share capital	Company	
	Ordinary shares	
	2015	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 an entitlement offer (c)	163,249,977	-
Shares issued on conversion of convertible notes	-	203,605,275
Shares issued pursuant to a placement (d)	112,519,020	41,666,668
Shares issued in exercise of performance rights (e)	3,293,745	1,692,150
Shares issued to directors as remuneration (f)	1,061,067	2,948,779
Shares issued to directors as remuneration (g)	731,482	-
Share consolidation 15:1 (h)	(686,332,145)	-
Shares issued to directors as remuneration (i)	33,750	-
Shares issued pursuant to a placement (j)	4,600,000	-
On issue at 30 June - fully paid	53,657,980	454,501,084

- (a) these shares were issued at a price of \$0.027 (pre-consolidation basis)
- (b) these shares were issued at a price of \$0.03 (pre-consolidation basis)
- (c) these shares were issued at a price of \$0.027 (pre-consolidation basis)
- (d) these shares were issued at a price of \$0.027 (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) these shares were issued at a price of \$0.03 (pre-consolidation basis)
- (g) these shares were issued at a price of \$0.027 (pre-consolidation basis)
- (h) as approved by shareholders on 25 November 2014
- (i) these shares were issued at a price of \$0.40 (post-consolidation basis)
- (j) these shares were issued at a price of \$0.44 (post-consolidation basis)

Shares issued to directors as remuneration were shares issued in lieu of cash fees to be paid and were issued at the market price at the time of issue.

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

Options

Expiry date	Exercise price	Number of unissued shares under option
31 October 2016	\$1.61	477,782

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Performance Rights

Issue date	Fair value	Number of unissued shares subject to performance rights
9 August 2012	\$0.75	29,151
16 August 2013	\$0.45	135,467
25 June 2015	\$0.46	404,666
		<hr/> 569,284 <hr/>

These performance rights do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Share based payments reserve

The share based payments reserve represents the fair value of equity settled share based remuneration under the Employee Share Option Plan and Performance Rights Plan as described in Note 19.

21. Financial instruments

Exposure to credit, liquidity and market risks arises in the normal course of the Group's business. The Group's audit committee oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Company and the Group.

Credit risk

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

The Group held cash and cash equivalents and term deposits totalling \$5,660,038 at 30 June 2015 (2014: \$1,199,288). This represents the maximum credit exposure on these assets. Cash and cash equivalents and term deposits are currently held with bank and financial institution counterparties.

At the balance sheet date there were significant concentrations of credit risk. The Group's two most significant receivables account for 58% of the total receivables carrying amount at 30 June 2015 (2014: 18%). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Group limits its exposure to credit risk by investing in short term deposits with counter parties that have a high credit rating. Therefore management does not expect any counter party to fail to meet its obligations. At the balance date \$118,650 of the receivables are past due (2014: \$54,018) and an impairment loss has been recognised in respect of \$7,905 (2014: \$11,956).

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Balance at 1 July 2013	247,134
Impairment loss recognised	11,956
Amounts written off	-
Balance at 30 June 2014	259,090
Balance at 1 July 2014	259,090
Impairment loss recognised	7,905
Amounts written off	(138,657)
Balance at 30 June 2015	128,338

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages this by monitoring forecasts and cash flow to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. At the end of the current period, 77% of the Group's liabilities were current (2014: 98%) and 23% were non-current (2014: 2%).

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Non-derivative financial liabilities	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	More than 5 yrs
2015							
Current trade and other payables	5,378,726	(5,530,726)	(3,466,321)	(2,064,405)	-	-	-
Non-current trade and other payables	2,347,446	(2,651,446)	-	-	(2,550,383)	(101,063)	-
Loans and borrowings	2,163,541	(2,529,875)	(225,988)	(2,529,875)	-	-	-
2014							
Current trade and other payables	1,710,802	(1,710,802)	(1,710,802)	-	-	-	-
Non-current trade and other payables	-	-	-	-	-	-	-
Loans and borrowings	26,609	(26,609)	(26,609)	-	-	-	-

Market risk

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

Sensitivity analysis

In managing interest rate risk the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit. At both 30 June 2014 and 2015, a reasonably possible change in interest rates would not have a material impact on the Group's financial statements.

Other market price risk

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

Fair values

The fair values of financial assets and liabilities approximate their book carrying values at balance date.

Estimation of fair values

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

Trade and other receivables/payables

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

Loans and borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date

Capital management

The Board's policy is to safeguard the Group's ability to continue as a going concern so as to maintain investor, creditor and market confidence and to sustain future development of the business. Following completion of the acquisition of a cash-generating business as described in Note 22 and, as the Group's growth strategy is implemented, the policy will be expanded to becoming cash flow positive and achieving profitability. It is not anticipated that dividends will be paid in the short to medium term.

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

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

In accordance with one of the Group's RSE License, the Group has been required to maintain a minimum cash balance of \$500,000. In relation to the other RSE Licence acquired on 1 September 2014, a \$5,000,000 bank guarantee has been in place to satisfy its licence requirements. The Group also held \$407,000 in cash in accordance with Australian Financial Services Licences requirements.

22. Acquisition of subsidiaries**Superannuation services business**

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 fair values currently established are provisional and are subject to further review, particularly in relation to the fair values of intangible assets in the form of customer contracts and relationships, as well as software. The fair values have been estimated based on the future cash flows expected to be derived from the assets acquired.

The total consideration paid or payable is up to \$9,248,503. A net payment of \$4,850,000 was paid during the current period and the balance is payable over a period of 24 months.

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

	Pre-acquisition carrying amounts \$	Fair value adjustments \$	Recognised values on acquisition \$
Cash	737,128	-	737,128
Trade and other receivables	579,810	-	579,810
Customer contracts and relationships	5,038,764	566,827	5,605,591
Software	225,000	-	225,000
Non-current assets	136,684	-	136,684
Trade and other liabilities	(1,715,228)	580,104	(1,135,124)
Net identifiable assets and liabilities	5,002,158	1,146,931	6,149,089
NCI on acquisition		-	(635,122)
Goodwill on acquisition			3,734,536
Total consideration paid or payable			9,248,503
Deferred consideration payable			4,398,503
Net cash outflow			4,850,000

The Group incurred acquisition related costs of \$91,902 relating to external legal fees and due diligence costs during the period and \$69,761 in the prior period. The legal fees and due diligence costs have been included in other expenses in the statement of comprehensive income.

From 1 January 2015, the date it was deemed to control TFS to 30 June 2015, the business acquired contributed revenue of \$2,044,120 and a loss of \$77,377. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue would have been approximately \$11,600,000 and consolidated loss for the period would have been approximately \$2,400,000. 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.

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 fair values currently established are provisional and are subject to further review, particularly in relation to any customer contracts and relationships.

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

The Group incurred acquisition related costs of \$37,885 relating to external legal fees and due diligence costs during the period and \$3,035 in the prior 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 30 June 2015, the business acquired contributed revenue of \$3,446,257 and a profit of \$29,712. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue would have been approximately \$9,900,000 and consolidated loss for the period would not have been materially different. 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.

23. Commitments and contingencies

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Consolidated	
	2015	2014
Within one year	442,265	172,633
Between one and five years	923,315	50,553
	1,365,580	223,186

The Group leases office space under an operating lease with a term of three years with an option of a further 36 months. The option period runs until January 2019. Lease payments are adjusted each year to reflect CPI movements. The Group also leases office space under an operating lease with a term of five years with an option of a further five years. The option period runs until December 2024. Lease payments are increased by 3.75% each year. During the year ended 30 June 2015 \$422,484 was recognised as an expense in profit or loss in respect of operating leases (2014: \$216,292).

24. Consolidated entities

	Country of Incorporation	Ownership interest	
		2015	2014
Parent entity			
Diversa Limited			
Subsidiaries			
CCSL Limited	Australia	100%	100%
Pellias Pty Limited	Australia	100%	100%
Glykoz Pty Limited	Australia	100%	100%
Diversa Superannuation Services Limited	Australia	100%	100%
Super Promoters Unit Trust	Australia	100%	100%
Diversa Funds Management Pty Ltd	Australia	100%	100%
L.E.S.F Pty Ltd ⁽¹⁾	Australia	100%	100%
The Trust Company (Superannuation) Limited ⁽²⁾	Australia	100%	-
Tranzact Financial Services Pty Ltd ⁽³⁾	Australia	100%	-
Tranzact Superannuation Services Pty Ltd ⁽⁴⁾	Australia	100%	-
Tranzact Consulting Services Pty Ltd ⁽⁴⁾	Australia	100%	-
Group Insurance and Superannuation Concepts Pty Ltd ⁽⁴⁾	Australia	65.4%	-

(1) Acquisition of a non-operating company for \$4.

(2) Acquired on 1 September 2014.

(3) Acquired 30% on 1 September 2014 and remaining 70% on 30 June 2015, and has been consolidated from 1 January 2015.

(4) Subsidiaries of Tranzact Financial Services Pty Ltd.

25. Acquisition of NCI

On 30 June 2015 the Group acquired a 65.4% interest in Group Insurance and Superannuation Concepts Pty Ltd (GIS) as a subsidiary of Tranzact Financial Services Pty Ltd and NCI of 34.6%. The Group assumed control of GIS on 1 January 2015.

The following summarises the changes in the NCI's ownership interest in GIS.

	Consolidated	
	2015	2014
NCI's ownership interest at 1 January 2015	635,122	-
Return of capital	(95,100)	-
Share of comprehensive income	15,866	-
NCI's ownership interest at 30 June 2015	555,888	-

Summary information for GIS not adjusted for the percentage held by the Group is as follows:

2015	Ownership	Total assets	Total liabilities	Total revenue	Total expenses (1)	Profit / (Loss)
Group Insurance and Superannuation Concepts Pty Ltd	65.4%	2,275,153	(668,540)	515,896	(470,041)	45,855
						45,855

(1) On consolidation additional intangible assets are recognised relating to customer contracts and relationships resulting in amortisation being charged.

26. Reconciliation of cash flows from operating activities

		Consolidated	
		2015	2014
Cash flows from operating activities			
Loss for the period		(2,162,518)	(4,782,256)
<i>Adjustments for:</i>			
Depreciation	15	95,892	26,060
Loss on disposal of plant and equipment		20,719	-
Profit on disposal of associate		(40,391)	-
Share of (profit)/loss of equity accounted investees	13	(2,018)	(12,535)
Discount unwind on deferred acquisition payments		284,206	-
Discount unwind on convertible notes		-	98,072
Loss on conversion of convertible notes		-	397,413
Amortisation of intangibles	16	752,953	343,693
Impairment losses	5	7,905	2,296,956
Shares issued for operating expenses		65,082	96,263
Shares issued to settle convertible note interest		-	330,669
Equity-settled share based payment expenses	19	182,196	190,255
Operating loss before changes in working capital and provisions		(795,974)	(1,015,411)
(Increase)/decrease in trade and other receivables		928,186	147,369
Increase/(decrease) in trade and other payables		(297,790)	217,376
Increase/(decrease) in provisions and employee benefits		101,812	50,120
Net cash used in operating activities		(63,766)	(600,546)

27. Related parties

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

Directors

Matthew Morgan
Stephen Bizzell
Garry Crole
Stuart Korchinski (until 25 November 2014)

Executives

Vincent Parrott
(Chief Executive Officer)
Angus Craig
(Chief Financial Officer/Company Secretary)
Andrew De Vries
(Head of Superannuation Services)
Robert Chmielewski
(Head of Trustee Services)

Messrs A Yeo, A Ractliffe, D Beattie, A Wilson and G Scott are considered as key management personnel of TFS which was acquired on 30 June 2015, and has been consolidated since 1 January 2015. These parties were remunerated by the then parent company, Grosvenor Financial Services Limited and not paid any remuneration from TFS and have no interest in shares or performance rights of the company.

Key management personnel compensation

The Group has applied the exemption under AASB 124 Related Party Disclosures which exempts listed companies from providing remunerations disclosure in relation to key management personnel where this information is disclosed in the Remuneration Report section in the Directors' Report. Information regarding individual directors' and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

The key management personnel compensation included in 'personnel expenses' (see Note 6) is as follows:

	Consolidated	
	2015	2014
Short term employee benefits	1,114,499	946,424
Post-employment benefits	80,941	72,401
Share based payments	76,367	101,283
	1,271,807	1,120,108

Transactions with associates

During the previous period the Group entered into transactions with the associates noted in Note 13.

Centec Securities Pty Ltd provided financial services to the Group during the period.

Licensee fees	(10,000)	(10,000)
	(10,000)	(10,000)

Transactions with subsidiaries

During the period the Company provided an unsecured loan to Diversa Funds Management Pty Ltd, a wholly owned subsidiary (refer Note 24). The balance of the loan at the end of the period was \$1,746,020 (2014: \$1,751,020). The loan is non-interest bearing with no fixed repayment terms.

Related party transactions - key management personnel

Key management personnel and director transactions

The terms and conditions of the transactions with key management personnel and their related parties are as follows:

During the period, Bizzell Capital Partners Pty Ltd, an entity associated with Stephen Bizzell, provided corporate advisory and underwriting services in relation to equity raisings to the Group totalling \$115,188 (2014: \$58,700).

The Group has entered into a loan facility arrangement with Bizzell Nominees Pty Ltd, an entity associated with Stephen Bizzell, as disclosed in Note 19. Fees paid or payable in relation to the loan facility agreement during the period were \$30,000 (2014: \$50,000).

During the period, Bizzell Capital Partners Pty Ltd, an entity associated with Stephen Bizzell, provided office space and related services to the Group totalling \$58,190 (2014: \$47,677).

During the period, the Group sold its 49% interest in Centec Securities Pty Ltd to an entity associated with Stephen Bizzell for a consideration of \$100,000 with \$20,000 paid on settlement and \$80,000 payable by 30 September 2015.

The aggregate value of transactions during the period ended 30 June 2015 relating to key management personnel and their related parties were as follows:

	2015	2014
Provision of office premises	58,190	47,677
Corporate advisory and underwriting fees	115,188	58,700
Loan facility fees	30,000	50,000
Sale of associate	100,000	-
	303,378	156,377

Amounts payable or receivable to key management personnel and other related parties at reporting date were as follows:

	2015	2014
Other related payables and (receivables)		
Directors' fees	6,600	31,331
Provision of office premises	-	30,024
Loan facility fees	-	5,000
Other (sale of interest in Centec Securities)	(80,000)	-
	(73,400)	66,355

28. Parent entity disclosures

As at, and throughout the year ended 30 June 2015, the parent company of the Group was Diversa Limited.

	Company	
	2015	2014
Results of the parent entity		
Loss for the year	(9,914,842)	(10,317,827)
Other comprehensive income	-	-
Total comprehensive loss for the year	(9,914,842)	(10,317,827)
Financial position of the parent entity at year end		
Current assets	1,904,125	1,550,313
Total assets	17,492,530	3,664,561
Current liabilities	4,893,789	818,156
Total liabilities	7,343,259	826,701
Total equity of the parent entity comprising of:		
Share capital	126,042,999	117,182,697
Share based payments reserve	276,922	340,677
Retained losses	(116,170,650)	(114,685,514)
Total equity	10,149,271	2,837,860

29. Subsequent events

Since the end of the period the Company has announced the following:

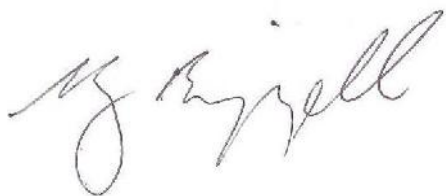
- Completion of the entitlement offer raising \$2.36 million by the issue of approximately 5.36 million shares at a price of \$0.44 per share;
- Payment of a further \$0.85 million of consideration for the acquisition of TFS; and
- Acquisition of a further 13.1% of Group Insurance & Superannuation Concepts Pty Ltd, promoter of the Smartsave Members Choice Superannuation Plan.

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

Directors' declaration

1. In the opinion of the directors of Diversa Limited ('the Company'):
 - (a) the consolidated financial statements and notes that are set out on pages 19 to 50, and the Remuneration report in the directors' report, set out on pages 8 to 17, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2015.
3. The directors draw attention to Note 1(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



S. Bizzell
Chairman

Dated at Brisbane this 31st August 2015



Independent auditor's report to the members of Diversa Limited

Report on the financial report

We have audited the accompanying financial report of Diversa Limited (the company), which comprises the consolidated balance sheet as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 29 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 1a, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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



Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1a.

Report on the remuneration report

We have audited the Remuneration Report included in pages 8 to 17 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Diversa Limited for the year ended 30 June 2015, complies with Section 300A of the Corporations Act 2001

KPMG

Stephen Board
Partner

Brisbane
31 August 2015