

DIVERSA LIMITED
ABN 60 079 201 835

APPENDIX 4E

Preliminary Final Report

for the year ended 30 June 2013
(previous period: 1 July 2010 to 30 June 2012)

Results for Announcement to the Market			
	Change	2013 A\$'000	2012 A\$'000
Revenue from ordinary activities	increased 13%	4,566	4,029
Loss from ordinary activities after tax attributable to members	decreased 58%	(2,817)	(6,725)
Net loss attributable to members	decreased 58%	(2,817)	(6,725)
<i>Discussion of the Group's results is disclosed in the attached operational and financial review.</i>			
No dividend has been declared.			
Net tangible assets per share		2013 (\$0.029)	2012 (\$0.062)
Details of associates and joint venture entities			
Refer to Note 11 for further information.			
This Preliminary Final Report is based on the Financial Report for the year ended 30 June 2013, which is in the process of being audited.			
Angus Craig Company Secretary 30 August 2013			

Key points:

- Increase in Group revenue from \$4 million to \$4.6 million
- Underlying loss from operations of \$1.1 million (2012: loss of \$2.1 million)
- Improving trustee services business performance with underlying loss from operations of \$0.1 million vs. \$0.7 million in prior year
- Improving superannuation services performance with underlying profit from operations of \$0.1 million vs. \$0.3 million underlying loss in prior year
- Operating net cash outflows continuing to reduce

Operational and financial review

The Group has continued to follow its stated strategy of building a differentiated superannuation product and services business purpose built for the new, emerging regulatory environment. It is seeking to achieve this through organic growth, acquisition, partnering and product enhancement. The Group currently has three established revenue generating business units, trustee services, superannuation services and funds management, and their performance is discussed below.

Since inception, the Group has acquired and subsequently re-configured infrastructure and capabilities to enable the business units to be deliver an enhanced service offering. 2013 was a very important year for the business with significant improvements in operating efficiencies and capabilities achieved. The Group's objective is to increase the scale of its operations to better utilise this infrastructure, as all aspects of the business now have capacity. Growth in the number and value of client funds is now the priority. The efficiency gains mean that the Group can now transition new clients from internal or 3rd party providers to any one of the Group's services with limited increase in the cost base.

The regulatory framework that the Group operates in continues to be materially altered with Stronger Super, SuperStream and Future of Financial Advice (FoFA) reforms all taking effect from 1 July 2013. This has resulted in significant commitment of resources to implementing APRA's new prudential standards, MySuper Licence applications and monitoring implementation progress of the new SuperStream Rollover standard.

Trustee services

The Group acts as superannuation trustee using its extendable Registrable Superannuation Licence (RSE) to a range of master trust, corporate and insurance only super funds.

As at 30 June 2013, the Group provided trustee services to 19 funds with total funds under management of \$1.25 billion (2012: 22 clients, \$1.25 billion). In addition, since the end of the year, the Group has been appointed as trustee of the Law Employees Superannuation Fund as noted below. The trustee services business unit has worked to implement and comply with the new APRA prudential standards, mentioned above, for the Group as well as for its superannuation fund clients. The trustee services business unit has continued to rationalise its operations and better utilise Group resources during the period, resulting in its financial performance continuing to improve. Revenue for the period for the trustee services business was \$2,003,219 (2012: \$1,687,407) with an EBITDA loss of \$90,906 (2012: loss of \$1,029,795).

Superannuation services

The Group provides the following superannuation services:

- superannuation (including insurance) administration and promotion services for the:
 - o Transport Industry Superannuation Fund (TIS Fund), a \$95 million fund (2012:\$85m) with approximately 7,400 members at 30 June 2013
 - o Progress Superannuation Fund (Formerly Bookmakers Superannuation Fund), a \$53 million fund (2012:\$67m) with approximately 1,900 members at 30 June 2013
 - o Managed Australian Retirement Fund (MARF), a \$42 million fund (2012:\$40m) with approximately 3,490 members at 30 June 2013
- trustee and superannuation (including insurance) administration services to the OneStepSUPER Fund (OneStep), a \$11 million fund (2012:\$2m) with approximately 80 members at 30 June 2013
- group life and salary continuance risk products to individuals directly and to groups
- from August 2013, trustee and administration services to the Law Employees Superannuation Fund (LESF), an \$80m fund with approximately 3,800 members at 30 June 2013.

During the period, there was no change to the number of administration clients serviced by the Group. As noted above, from August 2013, administration services are being provided to LESF. The Group continued to re-configure its superannuation services, resulting in changes being implemented to resourcing and systems, along with considering and addressing the changing superannuation regulatory environment as noted above. The benefits of these changes are being realised and will be further realised in future periods and as the scale of this business unit increases. Revenue for the period for the superannuation services business unit was \$2,342,988 (2012: \$2,103,790) with an EBITDA profit of \$86,133 (2012: loss of \$2,398,560).

Funds Management

The Group provides investment management services to MARF, and has an objective of providing services to other superannuation funds in the future. The Group also owns an interest in Centec Securities Pty Limited (49%) a provider of investment services.

During the financial period the Group ceased to hold interests in Headland Global Investment Management Pty Ltd (49%) and Huon Capital Pty Ltd (20%). Both these companies ceased providing investment management services and wound up their investment funds during the period. Revenue for the period for the funds management business was \$201,945 (2012: \$209,004) with an EBITDA loss of \$4,357 (2012: loss of \$775,109). In addition, the loss from associates was \$8,930 (2012: loss of \$16,076).

Corporate and other matters

To provide funds for the Group's growth strategy and to raise working capital, the Group conducted an entitlement offer of ordinary shares to existing shareholders raising approximately \$1 million (before costs) during the period.

The Group has continued to examine opportunities for growth through acquisition and partnership. Costs incurred relating to these due diligence and acquisition activities, whether resulting in a transaction or not, have been expensed during the period totalling \$110,924 (2012: \$12,808). During the period corporate activities not allocated to business units and mostly comprising listed company and general corporate costs produced an EBITDA loss of \$1,318,623 (2012: loss of \$1,329,632).

Looking forward

Looking forward, the Group's primary focus is to actively pursuing organic growth, realising integration related synergies from its previous acquisitions, further rationalisation and re-configuring of its superannuation and trustee services business in response to likely market and client changes and selectively assessing acquisition opportunities that deepen its existing business operations.

The Group's revenue is largely earned as a percentage of client funds under management and administration (FUMA) or member numbers, such as minimum amounts per client. Organic growth in revenue will be delivered as our clients' respective businesses grow, and as new clients are acquired. Several of our current clients are forecasting more rapid growth underpinned by substantive plans. The eventual quantum and

timing of our current client's growth will directly impact the Group's immediate financial objective to become cash flow profitable. Similarly, acquiring additional new client business remains a priority.

The Board continues to believe that the investment that has been made to date will be rewarded over the coming years. It also considers that opportunities will arise to acquire or otherwise secure interests in both superannuation and funds management businesses which provide attractive growth potential. A number of opportunities have been, and are currently being considered.

Financial review

The results of the Group for the year ended 30 June 2013 can be summarised as follows:

	2013	2012	Change
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(1,438,678)	(5,533,097)	
Amortisation and depreciation	(191,493)	(404,258)	
Results from operating activities	(1,630,171)	(5,937,355)	73%
Net finance income/(expense)	(1,177,564)	(771,381)	(53%)
Share of loss of equity accounted investees	(8,930)	(16,076)	
Loss before tax	(2,816,665)	(6,724,812)	58%

The EBITDA when compared to 2012 has been influenced by several factors including the improvement in the operating performance of both the superannuation services and trustee services business units and the recognition of impairment losses in the prior year of \$3,152,488.

Revenue and other income from ordinary activities increased from \$4,029,395 to \$4,566,358 (an increase of 13%) primarily as a result of a growing revenue from existing clients.

Overall, expense levels decreased from \$9,966,750 to \$6,196,529 (a decrease of 38%) with a significant expense in the prior year being impairment losses of \$3,152,488. Otherwise operating costs have reduced and remained relatively consistent with budgets.

The net change in the cash balance of \$127,548 includes a net operating cash outflow of \$933,011, investing cash outflows of \$122,497 and net proceeds from financing activities received during the period \$927,960. For the year ended 30 June 2013 the net operating cash outflow was \$933,011 compared to the net operating cash outflow of \$2,254,586 in the prior year, demonstrating a significant improvement in underlying operations.

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. The Group is currently examining a number of potential opportunities. 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. These discussions may result in acquisitions or investments in the near term however no binding arrangements exist as at the date of this report.

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. It is expected that the auditor's audit opinion will contain an "emphasis of matter" in relation to ongoing funding requirements similar to prior periods.

The Group reported a loss and a net operating cash outflow for the year ended 30 June 2013 and accordingly there is some uncertainty as to the Group's ability to continue as a going concern. The ongoing operation of the Group is dependent on the Group increasing revenue to achieve positive cash flows from existing operations; and/or the Group raising additional funding; and/or the Group reducing expenditure to achieve positive cash flow from existing operations. As reported in the previous period, the Group currently has access to a loan facility with a related party which is currently undrawn. There is no assurance that the

Group will be successful in its efforts to arrange additional financing. If adequate financing is not available, the Group may be required to delay, or cease its growth strategy, and reduce its operating expenditure.

Events subsequent to reporting date

Since the end of the financial period, the Company announced that it was seeking approval of the holders of its convertible notes to amend the terms of issue of the convertible notes. The principal changes to the terms of issue being sought are to amend the current conversion ratio applicable on conversion of the Notes into shares from 1.11 to 3.67 shares for each Note converted, to authorise the Company to convert some or all of the Notes into shares at any time prior to the Maturity Date at the revised Conversion Ratio and some administrative and technical changes to some terms in the Trust Deed. Shareholders will also be asked to approve the changes to the terms of issue, as the number of shares to be issued on conversion of the Notes increases under the proposed amendments. The proposed amendments will be considered at noteholder and shareholder meetings on 13 September 2013.

If the proposed amendments are approved, the Company intends to seek conversion of the notes into ordinary shares as soon as possible. It is expected that the amended terms of issue and conversion of the convertible notes will result in a change in the nature of the amount carried on the Company's balance sheet from a liability to equity, significantly improving the Group's net asset position.

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2013

	Note	2013	2012
Revenue from rendering of services		4,548,152	4,000,201
Other revenue	3	18,206	29,194
Occupancy expenses		(255,242)	(243,499)
Administrative expenses		(1,514,786)	(1,846,943)
Amortisation and depreciation		(191,493)	(404,258)
Personnel expenses	6	(4,122,258)	(4,306,754)
Impairment losses	5	(1,826)	(3,152,488)
Other expenses	4	(110,924)	(12,808)
Results from operating activities		(1,630,171)	(5,937,355)
Finance income		28,476	53,350
Finance expense		(1,206,040)	(824,731)
Net finance income/(expense)	7	(1,177,564)	(771,381)
Share of profit/(loss) of equity accounted investees	11	(8,930)	(16,076)
Loss before income tax		(2,816,665)	(6,724,812)
Income tax expense/(benefit)		-	-
Loss after income tax		(2,816,665)	(6,724,812)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,816,665)	(6,724,812)
Earnings per share			
Basic earnings/(loss) per share (AUD)	8	(0.024)	(0.114)

The statement of comprehensive income is to be read in conjunction with the notes to the financial report.

Consolidated statement of changes in equity

For the year ended 30 June 2013

	Share capital	Share based payments reserve	Accumulated losses	Total equity
Balance at 1 July 2011	106,028,586	726,784	(101,275,400)	5,479,970
Total comprehensive income/(loss) for the year				
Loss for the year	-	-	(6,724,812)	(6,724,812)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(6,724,812)	(6,724,812)
Transactions with owners, recorded directly in equity				
Shares issued	836,111	-	-	836,111
Share based payment transactions	-	183,877	46,701	230,578
Convertible note interest payment - settled by shares	512,377	-	-	512,377
Issue of convertible notes - equity component	203,534	-	-	203,534
Total transactions with owners	1,552,022	183,877	46,701	1,782,600
Balance at 30 June 2012	107,580,608	910,661	(107,953,511)	537,758
Balance at 1 July 2012	107,580,608	910,661	(107,953,511)	537,758
Total comprehensive income/(loss) for the year				
Loss for the year	-	-	(2,816,665)	(2,816,665)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(2,816,665)	(2,816,665)
Transactions with owners, recorded directly in equity				
Exercise of performance rights	67,496	(67,496)	-	-
Shares issued	1,085,695	-	-	1,085,695
Convertible note interest payment - settled by shares	661,583	-	-	661,583
Share based payment transactions	-	(336,407)	595,186	258,779
Total transactions with owners	1,814,774	(403,903)	595,186	2,006,057
Balance at 30 June 2013	109,395,382	506,758	(110,174,990)	(272,850)

The statement of changes in equity is to be read in conjunction with the notes to the financial report.

Consolidated balance sheet

As at 30 June 2013

	Note	2013	2012
Assets			
Cash and cash equivalents	9	1,139,450	1,266,998
Trade and other receivables	10	816,493	855,498
Total current assets		1,955,943	2,122,496
Trade and other receivables	10	58,926	41,088
Investments in associates	11	78,579	87,509
Deferred tax assets		-	-
Property, plant and equipment	12	70,748	94,160
Intangible assets	13	5,359,579	5,517,113
Total non-current assets		5,567,832	5,739,870
Total assets		7,523,775	7,862,366
Liabilities			
Trade and other payables	14	1,934,599	1,835,457
Loans and borrowings	15	30,583	28,143
Employee benefits		200,365	190,302
Total current liabilities		2,165,547	2,053,902
Trade and other payables	14	-	115,095
Employee benefits		23,818	-
Loans and borrowings	15	5,607,260	5,155,611
Total non-current liabilities		5,631,078	5,270,706
Total liabilities		7,796,625	7,324,608
Net assets/(net liabilities)		(272,850)	537,758
Equity			
Issued capital		109,395,382	107,580,608
Reserves		506,758	910,661
Accumulated losses		(110,174,990)	(107,953,511)
Total equity/(deficiency)		(272,850)	537,758

The balance sheet is to be read in conjunction with the notes to the financial report.

Consolidated statement of cash flows

For the year ended 30 June 2013

	Note	2013	2012
Cash flows from operating activities			
Cash receipts from operations		4,417,339	3,570,531
Cash paid to suppliers and employees		(5,320,883)	(5,855,338)
Cash generated from operations		(903,544)	(2,284,807)
Interest paid		(59,567)	(17,124)
Interest received		30,100	47,345
Net cash used in operating activities	18	(933,011)	(2,254,586)
Cash flows from investing activities			
Acquisition of businesses		-	(123,900)
Deferred acquisition payments		(111,950)	(550,000)
Loan to associate		-	(150,000)
Acquisition of property, plant and equipment	12	(10,547)	(31,084)
Net cash from investing activities		(122,497)	(854,984)
Cash flows from financing activities			
Proceeds from the issue of convertible notes		-	2,820,200
Payment of transaction costs relating to convertible notes		-	(72,398)
Proceeds from the issue of shares		1,112,803	722,641
Payment of transaction costs relating to shares		(184,843)	(44,631)
Net cash from financing activities		927,960	3,425,812
Net decrease in cash and cash equivalents		(127,548)	316,242
Cash and cash equivalents at 1 July		1,266,998	950,756
Cash and cash equivalents at 30 June	9	1,139,450	1,266,998

The statement of cash flows is to be read in conjunction with the notes to the financial report.

Notes to the consolidated financial statements

1. Significant accounting policies

The Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the unaudited Financial Report. The Financial Report has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act.

The Preliminary Final Report is presented in Australian dollars and has been prepared on the basis of historical costs, except where assets and liabilities are stated at their values in accordance with the relevant accounting policies. The accounting policies adopted in this report are the same as those disclosed in the Interim Financial Report for the half year ended 31 December 2012.

This Report is based on the Financial Report for the year ended 30 June 2013, which is in the process of being audited. The directors currently expect an audit opinion to be issued on similar terms to the audit opinion provided in relation to the financial statements for the year ended 30 June 2012.

2. Operating segments

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

- Funds Management - funds management and the provision of investment management services
- Superannuation Services and Group Risk Products - provision of administration and promotion services to superannuation funds and the issue of group risk products
- Trustee Services - provision of third party superannuation trustee services.

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

Information about reportable segments

	Funds Management		Superannuation Services		Trustee Services		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
External revenues	201,945	209,004	2,342,988	2,103,790	2,003,219	1,687,407	4,548,152	4,000,201
Impairment losses	(132)	(625,339)	-	(2,117,259)	(1,694)	(376,240)	(1,826)	(3,118,838)
Earnings before interest, tax depreciation and amortisation (EBITDA)	(4,357)	(775,109)	86,133	(2,398,560)	(90,906)	(1,029,795)	(9,130)	(4,203,464)
Interest income	-	8,492	5,663	5,145	19,324	26,770	24,987	40,407
Interest expense	(2,671)	(196)	(5,519)	(39,064)	(10,932)	(10,433)	(19,122)	(49,693)
Depreciation and amortisation	(39,514)	(52,680)	(129,847)	(326,964)	(16,617)	(14,803)	(185,978)	(394,447)
Reportable segment profit/ (loss) before income tax	(46,542)	(819,493)	(43,570)	(2,759,443)	(99,131)	(1,028,261)	(189,243)	(4,607,197)
Share of profit/(loss) of equity accounted investees	(8,930)	(16,076)	-	-	-	-	(8,930)	(16,076)
Reportable segment assets	329,382	476,784	4,164,792	4,417,198	2,817,826	2,426,974	7,312,000	7,320,956
Reportable segment liabilities	(68,979)	(81,097)	(394,829)	(574,343)	(416,389)	(308,118)	(880,197)	(963,558)
Investment in associates	78,579	87,509	-	-	-	-	78,579	87,509

	2013	2012
Reconciliation of reportable segment profit or loss		
Revenues		
Total revenue for reportable segments	4,548,152	4,000,201
Other revenue	18,206	29,194
Consolidated revenue and other income	4,566,358	4,029,395
Profit or loss		
Total profit or loss for reportable segments	(189,243)	(4,607,197)
Unallocated amounts:		
Personnel expenses not included in reportable segments	(814,387)	(866,554)
Impairment loss	-	(33,650)
Other net corporate revenue and expenses	(1,804,105)	(1,201,335)
Share of profit/(loss) of equity accounted investee	(8,930)	(16,076)
Consolidated loss before income tax	(2,816,665)	(6,724,812)
Assets		
Total assets for reportable segments	7,312,000	7,320,956
Investments in equity accounted investee	78,579	87,509
Other unallocated amounts	133,196	453,901
Consolidated total assets	7,523,775	7,862,366
Liabilities		
Total liabilities for reportable segments	(880,197)	(963,558)
Other unallocated amounts	(6,916,427)	(6,361,050)
Consolidated total liabilities	(7,796,624)	(7,324,608)

Revenue from one major customer earned by all segments represents approximately 17% (2012:26%) of the Group's total revenue. All segment revenues are earned in Australia and all segment assets are located in Australia.

3. Other income

Rental income	-	10,908
Other income	18,206	18,286
	18,206	29,194

4. Other expenses

Due diligence and acquisition costs	110,924	12,808
	110,924	12,808

	Note	2013	2012
5. Impairment losses			
Impairment loss on investment in associate		-	168,333
Impairment loss on loan advanced to associate		-	150,000
Impairment loss on goodwill	13	-	2,674,010
Impairment loss on trade receivables		1,826	160,145
		1,826	3,152,488
6. Personnel expenses			
Wages and salaries		3,525,439	3,753,709
Other associated personnel expenses		53,716	78,447
Contributions to defined contribution superannuation funds		253,500	264,738
Increase/(decrease) in employee benefits provisions		33,882	(8,025)
Equity-settled share based payment transactions		255,721	217,885
		4,122,258	4,306,754
7. Net finance income/(expense)			
Interest income		28,476	53,350
Finance income		28,476	53,350
Interest expense		(59,567)	(17,124)
Unwinding of discount on deferred acquisition payments		(23,404)	(147,526)
Unwinding of discount on convertible notes		(451,756)	(161,000)
Interest on convertible notes		(671,313)	(499,081)
Finance expense		(1,206,040)	(824,731)
Net finance income/(expense)		(1,177,564)	(771,381)
8. Earnings per share			
Basic earnings per share			
The calculation of basic earnings per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of \$2,816,665 (2012: \$6,724,812) and a weighted average number of ordinary shares outstanding of 115,773,526 (2012: 59,208,188), calculated as follows:			
Loss attributable to ordinary shareholders			
Loss for the year		(2,816,665)	(6,724,812)
Loss attributable to ordinary shareholders		(2,816,665)	(6,724,812)
Weighted average number of ordinary shares			
Issued ordinary shares at 1 July		79,795,917	51,602,535
Effect of shares issued during the year		35,977,609	7,605,653
Weighted average number of ordinary shares at 30 June		115,773,526	59,208,188
* Both the options and convertible notes on issue had exercise or conversion prices significantly higher than the average share price for the year. Accordingly, these securities are considered anti-dilutive and have not been weighted as their conversion to ordinary shares would result in a decreased loss per share			
Earnings per share			
Basic earnings per share		(0.024)	(0.114)

	2013	2012
9. Cash and cash equivalents		
Bank balances	333,703	349,340
Short term deposits	805,747	917,658
Cash and cash equivalents	1,139,450	1,266,998
Cash and cash equivalents in the statement of cash flows	1,139,450	1,266,998
10. Trade and other receivables		
Current		
Trade receivables	522,029	447,670
Less impairment	(247,134)	(287,329)
Loan to associate	-	150,000
Less impairment	-	(150,000)
Other receivables and prepayments	541,598	695,157
	816,493	855,498
Non-current		
Security deposits	58,926	41,088
	58,926	41,088

11. Investments in associates

The Group's share of profit/(loss) for its equity accounted investees for the period owned was (\$8,930) (2012: (\$16,076)). During the period ended 30 June 2013, the Group did not receive dividends from any of its investments in equity accounted investees.

Investments in associates - opening balance	87,509	271,918
Less share of loss of associates	(8,930)	(16,076)
Less impairment losses	-	(168,333)
Balance at 30 June	78,579	87,509

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

2013	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%	233,407	(66,518)	122,063	(18,225)	81,776	(8,930)
							(8,930)

12. Property, plant and equipment

	Office equipment	Fixtures and fittings	Total
Cost			
Balance at 1 July 2011	121,281	11,662	132,943
Additions through a business combination	12,906	-	12,906
Other additions	31,084	-	31,084
Balance at 30 June 2012	165,271	11,662	176,933
Balance at 1 July 2012	165,271	11,662	176,933
Other additions	8,110	2,437	10,547
Disposals	(7,832)	(4,862)	(12,694)
Balance at 30 June 2013	165,549	9,237	174,786
Depreciation and impairment losses			
Balance at 1 July 2011	(40,896)	(319)	(41,215)
Depreciation for the year	(40,083)	(1,475)	(41,558)
Balance at 30 June 2012	(80,979)	(1,794)	(82,773)
Balance at 1 July 2012	(80,979)	(1,794)	(82,773)
Depreciation for the year	(28,621)	(5,338)	(33,959)
Disposals	7,832	4,862	12,694
Balance at 30 June 2013	(101,768)	(2,270)	(104,038)
Carrying amounts			
At 1 July 2011	80,385	11,343	91,728
At 30 June 2012	84,292	9,868	94,160
At 1 July 2012	84,292	9,868	94,160
At 30 June 2013	63,781	6,967	70,748

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13. Intangibles

	Customer contracts	Customer relationships	Goodwill	Total
Cost				
Balance at 1 July 2011	998,307	1,015,705	7,381,932	9,395,944
Acquisitions through a business combination	-	-	307,969	307,969
Balance at 30 June 2012	998,307	1,015,705	7,689,901	9,703,913
Balance at 1 July 2012	998,307	1,015,705	7,689,901	9,703,913
Acquisitions through a business combination	-	-	-	-
Balance at 30 June 2013	998,307	1,015,705	7,689,901	9,703,913
Amortisation and impairment				
Balance at 1 July 2011	(806,306)	(343,784)	-	(1,150,090)
Impairment	-	-	(2,674,010)	(2,674,010)
Amortisation for the year	(192,001)	(170,699)	-	(362,700)
Balance at 30 June 2012	(998,307)	(514,483)	(2,674,010)	(4,186,800)
Balance at 1 July 2012	(998,307)	(514,483)	(2,674,010)	(4,186,800)
Amortisation for the year	-	(157,534)	-	(157,534)
Balance at 30 June 2013	(998,307)	(672,017)	(2,674,010)	(4,344,334)
Carrying amounts				
At 1 July 2011	192,001	671,921	7,381,932	8,245,854
At 30 June 2012	-	501,222	5,015,891	5,517,113
At 1 July 2012	-	501,222	5,015,891	5,517,113
At 30 June 2013	-	343,688	5,015,891	5,359,579

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	
	2013	2012	2013	2012
Superannuation services	-	2,117,259	3,197,431	3,197,431
Funds management	-	203,429	261,305	261,305
Trustee services	-	353,322	1,557,155	1,557,155
	-	2,674,010	5,015,891	5,015,891

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 assumptions consistent with prior periods.

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	2013	2012
14. Trade and other payables		
Current		
Trade payables and accrued expenses	1,296,099	967,957
Deferred acquisition payments	638,500	638,500
Other payables	-	229,000
	1,934,599	1,835,457
Non-current		
Deferred acquisition payments	-	115,095
	-	115,095

The repayment terms of some of the terms of the deferred acquisition payments have been extended during the year.

15. Loans and borrowings		
Current		
Insurance premium funding	30,583	28,143
	30,583	28,143
Non-current		
Convertible Notes		
Carrying amount of liability at 1 July	5,155,611	2,463,033
Proceeds from issue of convertible notes	-	2,870,200
Transaction costs	-	(135,088)
Convertible note converted	(107)	-
Unwinding of discount	451,756	161,000
Net proceeds	451,649	2,896,112
Amount classified as equity	-	(207,401)
Accreted interest	-	3,867
Carrying amount of liability at 30 June	5,607,260	5,155,611

The 55,478,254 convertible notes on issue at 30 June 2013 (2012: 55,479,496) have a face value of \$0.11 and an interest rate of 11% paid semi annually. The notes are convertible at the election of the holder on or before 30 September 2014 at which time the convertible notes become redeemable by the Company, unless converted to ordinary shares by the holder before this date. Interest may be paid in the form of cash or shares at the Company's election. It is currently expected that interest will be paid in the form of shares during the 2014 financial year.

The Company is seeking the approval of noteholders to amend the terms of the convertibles notes as described in the Operational and Financial Review at a meeting on 13 September 2013.

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 2013, the facility remained undrawn.

16. Capital and reserves

Share capital	Company	
	Ordinary shares	
	2013	2012
On issue at 1 July	79,795,917	51,602,535
Convertible note interest payment (a)	33,245,395	10,578,553
Shares issued as consideration for acquisitions (b)	1,134,615	1,062,000
Shares issued pursuant to an entitlement offer (c)	73,283,578	-
Shares issued on conversion of convertible notes	1,242	-
Shares issued pursuant to placements	-	11,128,829
Shares issued pursuant to a Share Purchase Plan	-	5,424,000
Shares issued in exercise of performance rights (e)	1,349,900	-
Shares issued to directors as remuneration (d)	2,645,511	-
On issue at 30 June - fully paid	191,456,158	79,795,917

- (a) 16,605,226 shares were issued at a price of \$0.0198 in October 2012 and 16,640,169 shares were issued at a price of \$0.02 in April 2013
- (b) these shares were issued at a price of \$0.0234 as part consideration for an acquisition
- (c) these shares were issued at a price of \$0.015 pursuant to a non-renounceable entitlement offer
- (d) 1,457,992 shares were issued at a price of \$0.015 and 1,187,519 shares were issued at a price of \$0.02
- (e) these shares were issued on exchange of performance rights at a fair value of \$0.05 per share

17. Consolidated entities

	Country of Incorporation	Ownership interest	
		2013	2012
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%
Property Services One Pty Ltd	Australia	-	100%

Property Services One Pty Ltd did not conduct any activities during the period and was sold for net asset value.

	Note	2013	2012
18. Reconciliation of cash flows from operating activities			
Cash flows from operating activities			
Loss for the period		(2,816,665)	(6,724,812)
<i>Adjustments for:</i>			
Depreciation	12	33,959	41,558
Share of loss of equity accounted investees		8,930	16,076
Discount unwind on deferred acquisition payments		23,404	147,526
Discount unwind on convertible notes		451,773	161,000
Amortisation of intangibles	13	157,534	362,700
Impairment loss on receivables	5	1,826	159,969
Impairment loss on loan to associate		-	150,000
Impairment loss on investment in associates		-	168,333
Impairment loss on goodwill	13	-	2,674,010
Shares issued for operating expenses		131,060	105,000
Shares issued to settle convertible note interest		661,583	512,377
Equity-settled share based payment expenses		255,721	217,885
Operating loss before changes in working capital and provisions		(1,090,875)	(2,008,378)
(Increase)/decrease in trade and other receivables		(206,596)	(405,641)
Increase/(decrease) in trade and other payables		330,579	167,456
Increase/(decrease) in provisions and employee benefits		33,881	(8,023)
Net cash from operating activities		(933,011)	(2,254,586)

On behalf of the Board

Angus Craig
Company Secretary
Diversa Limited
30 August 2013