



Diversa Group

Investor Presentation -
Acquisition and Equity Raising
June 2015

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Table of Contents

1. Executive Summary
2. Investment Highlights
3. Diversa Strategy
4. Recent History
5. Overview of Acquisition
6. Current Business + Acquisition
7. Offer Summary and Timetable
8. Capital Structure
9. Appendix (including Key Risks)

Executive Summary

- Diversa Limited is raising capital to fund the acquisition of the balance of Tranzact Financial Services ('TFS') which it does not currently own
- Diversa has an option to acquire the remaining 70% interest in TFS for a payment of \$2.85m in cash on exercise, and deferred payments of up to \$1.9m on both the first and second anniversary of the exercise of the option
- TFS provides superannuation administration, promotion and investment services to the Smartsave Members Choice Superannuation Master Plan, a \$211m retail superannuation fund
- The services provided by TFS are the same services currently provided to other clients by the Diversa Group
- Diversa is undertaking an underwritten Equity Raising to fund the TFS acquisition and provide additional working capital comprising:
 - a \$2.02m placement to sophisticated investors at an issue price of \$0.44 per share, which has closed oversubscribed; and
 - a \$2.36m non-renounceable entitlement offer of 1 new share for each 10 existing shares at an issue price of \$0.44 per share
- The Equity Raising is fully underwritten by Wilson HTM Corporate Finance Ltd.

Investment Highlights

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

Diversa Strategy

- Diversa is a superannuation company. The Group provides specialist services to superannuation funds. Specifically:
 - Trustee
 - Fund Administration
 - Fund Promotion and Product Management (including Life & Salary Continuance insurance products)
 - Investment Services

In addition the Group also promotes its own public offer Superannuation Master Trust.

- These operations are carried out through 2 entities:
 - The Trust Company (Superannuation) Ltd - Trustee and Investment Services
 - Diversa Superannuation Services Ltd - Fund Administration and Promotion and Product Management Services (including insurance products)

Diversa Strategy

- The essence of the Diversa business model and strategy has been to build its specialist capabilities for superannuation fund sponsors or promoters who can access these either separately or in some combination.
- The model provides for the ability to capture multiple revenue streams from clients/funds. The uplift in margin and profitability from adding services provided to existing clients is significant.
- The trustee is responsible to ensure that the provision of services to each fund is in the best interests of members. Where appropriate, Group services can be provided to these funds to meet this requirement and in so doing enable the Group to develop an enhanced margin above the trustee service alone.
- The Group's trustee operation is now the pre-eminent outsourced commercial trustee, establishing Diversa as the preferred supplier of independent trustee services to APRA regulated funds.
- The future growth of the business will be driven by a combination of the following factors:
 1. Continued legislated growth in the level of super contributions
 2. Growth in investment markets
 3. Providing further services to existing customers
 4. Market share growth of specific client funds
 5. Increasing the number of employers selecting our Superannuation Master Trust
 6. Further acquisition and consolidation within the industry and our target market

Recent History

2014	<ul style="list-style-type: none">• Commenced administration services to The Super Money Eligible Rollover Fund (approx 116,000 members)• Sept 2014 - Acquired The Trust Company (Superannuation) Ltd - superannuation trustee services• Sept 2014 - Acquired 30% of Tranzact Financial Services Ltd - administration, promotion and investment services to the Smartsave 'Member's Choice' Superannuation Master Plan• Raised approximately \$7.45m in equity capital to complete the above acquisitions
2015	<ul style="list-style-type: none">• Completed the integration of the Group's two trustee operations• Finalised funding arrangements with Macquarie Bank to satisfy regulatory capital requirements• Increase in FUTMA serviced to \$6.3bn in April 2015• Continued ongoing reduction in underlying operating costs• Pending acquisition of remaining 70% of Tranzact Financial Services

Summary of Tranzact (TFS) Acquisition

Transaction	Staged acquisition of Tranzact Financial Services Pty Limited (TFS) ⁽¹⁾ a group providing superannuation administration, promotion ⁽²⁾ and investment management services to the Smartsave Members Choice Superannuation Master Plan (\$211m FUM and approx. 8,500 members)
Consideration	<ol style="list-style-type: none"> 1. Initial purchase consideration of \$2.85m cash for 30% of TFS (settled in September 2014) 2. Call and Put Options over the remaining 70% interest at the same valuation; <ol style="list-style-type: none"> i. Payment of \$2.85m cash on exercise of option (100% ownership and operational control) ii. At 12 months from exercise payment of \$1.9m (of which \$0.25m in Diversa shares⁽³⁾) plus 8% interest subject to minimum revenue requirements iii. At 24 months from exercise payment of \$1.9m (of which \$0.25m in Diversa shares⁽³⁾) plus 8% interest subject to minimum revenue requirements 3. Diversa's call option is exercisable between 1 January 2015 and 30 June 2015 at the Company's discretion. TFS' put option is exercisable between 1 July 2015 and 31 December 2015 subject to minimum revenue criteria being met. In the event Diversa's call option is not exercised, TFS is entitled to buy back the 30% stake for a consideration of \$2.85m.
Impact	<ul style="list-style-type: none"> • Acquisition of the remaining 70% of TFS is consistent with the Group's growth plans and will be immediately earnings accretive⁽⁴⁾ • Any integration costs on 100% ownership are expected to be covered by synergies in first year of integration with both TFS and Diversa Superannuation Services located in Sydney.
Completion	Expected late June/early July 2015

Notes:

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

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

(3) Issued at the lower of a 30 Day VWAP or \$0.60 per share

(4) Based on current contracted revenue and financials provided by the vendor

Acquisition Rationale

Deepens service offering	Provides further depth and scale to existing Diversa Group offering of administration, promotion and investment consulting services
Financially attractive	Acquisition is earnings accretive before synergies Downside protection ⁽¹⁾ on revenue over first 2 years of 100% ownership
Complementary	Businesses offering the same services currently offered by Diversa: <ul style="list-style-type: none"> • Superannuation fund administration including insurance • Promotion and product management • Investment services
Potential synergies	Opportunity for synergies with TFS operations which are located in Sydney, as are Diversa's administration operations
Consistent with Diversa's growth objectives	Provides growth in current service areas <ul style="list-style-type: none"> • Increases FUTMA by \$0.2bn; and • Adds resources including up to 13 full time employees in superannuation services

Notes:

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

Impact of TFS Acquisition - Year 1

	Diversa	TFS ⁽¹⁾	Combined
Fund Administration			
Employees (FTEs)	15	13	28
No. of Customers	5	1	6
FUA	\$335m	\$211m	\$546m
Members	130,600 ⁽²⁾	8,500	139,100
Lives insured	7,800	8,500	16,300
Revenue ⁽³⁾	\$2.6m	\$1.9m	\$4.5m
Promotion & Product Management			
Employees (FTEs)	3	2	5
No. of Customers	4	1	5
FUA	\$271m	\$211m	\$482m
Revenue ⁽³⁾	\$0.3m	\$1.6m	\$1.9m
Investment Services			
Employees (FTEs)	2	4	3
No. of Customers	2	1	3
FUM	\$127m	\$211m	\$338m
Revenue ⁽³⁾	\$0.3m	\$0.9m	\$1.2m

Notes:

- (1) For illustrative purposes, assumes 100% ownership of Tranzact Financial Services (TFS), information provided by the vendor
- (2) Includes approximately 116,000 members in an Eligible Rollover Fund
- (3) Revenue is FY15 projected using 10 months of actual revenue to April 2015 and does not include \$0.2m in revenue earned by the Trustee Services business unit acting as trustee of Smartsave

Other data is as at 30 April 2015

Services & Products: Post TFS⁽¹⁾

	Trustee Services ⁽²⁾	Fund Administration ⁽²⁾	Promotion & Product Management ⁽²⁾	Investment Services ⁽²⁾
Services	Act as a third party commercial trustee for a wide range of super funds	Provide administration services for super funds, including insurance administration	Provide promotion services and product management for administered funds (including insurance products)	Provide investment consulting services to funds for which the Group acts as trustee
Employees (FTEs) ⁽¹⁾	16	28	3	3
No. of Clients ⁽¹⁾	36 Funds	6	5	3
Total FUTMA ^{(1) (2)}	\$5.8bn	\$0.5bn	\$0.5bn	\$0.3bn
Proforma FY15 Revenue ^{(1) (3) (4)}	\$4.0m	\$4.5m	\$1.9m	\$1.2m

(1) Assumes complete of acquisition of 100% ownership of TFS, information provided by the vendor

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

(3) Projected proforma revenue for FY15 is based on 10 mths of actual revenue to April 15 and includes 100% of TFS

(4) Revenue for TFS projected from management financials for April 15 provided by the vendor and includes a minority interest of approx \$0.4m in total

Other data is as at 30 April 2015

Growth Prospects

Anticipated growth is supported by past experience

Trustee Services:

- Now has significant market position as largest provider of RSE services by number of clients
- Current clients have demonstrated strong FUM growth with collective increase of 38% 2014⁽¹⁾ and 39% in 2015⁽¹⁾

Superannuation Services

- One new administration client has been successfully taken on every year over the last 6 years on average
- Significant reconfiguration of the operations has been undertaken and will be finalised post Tranzact integration. This will enable the Group to increase the number and complexity of new clients taken on in the future.

Capability and capacity in all service offerings are at the highest level since inception.

Notes:

(1) 12 months to 31 March of each respective year

Offer Summary

Entitlement Offer	A non-renounceable pro-rata entitlement offer of 1 new ordinary shares for each 10 ordinary shares currently held to raise approximately \$2.36 million before costs
Offer Price	\$0.44 per new share
Pricing / Discounts	Issue price represents a: <ul style="list-style-type: none"> • 5.4% discount to the 30 day VWAP of \$0.465 • 8.3% discount to the last closing price of \$0.48 on 11 June 2015 • 4.9% discount to the theoretical ex-rights price (TERP)⁽²⁾
Uses of funds	The Entitlement Offer in conjunction with existing cash will provide funds for: <ul style="list-style-type: none"> - Completion of the acquisition of the remaining 70% of Tranzact Financial Services Pty Limited; - working capital and transaction expenses
Capital Structure Post Offer	Approximately 59m shares post Entitlement Offer
Underwriter	Wilson HTM Corporate Finance Ltd

Notes:

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

(2) TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take up of the Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date of the Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to the 30 day VWAP of \$0.465.

Investors in the placement will be able to participate in the entitlement offer.

Directors intend to participate for part or all of their entitlement

Offer Timetable

Event	Date
Announcement of Entitlement Offer	Tuesday 16 June
Record date for Entitlement Offer	Tuesday 23 June
Documents despatched to shareholders	Thursday 25 June
Entitlement Offer opens	Thursday 25 June
Entitlement Offer closes	Monday 6 July
Issue of shares under Entitlement Offer	Monday 13 July
Expected commencement of trading of new shares	Tuesday 14 July

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

Sources and Uses of Funds and Capital Structure

Sources ⁽¹⁾⁽²⁾	\$m	Uses	\$m
Entitlement Offer	2.36	Purchase of 70% Tranzact Financial Services Pty Limited (TFS)	2.85
Placement	2.02	Transaction costs and working capital ⁽²⁾	1.53
Total	4.38	Total	4.38

Ordinary Shares	Number of Shares (m)	%
Directors ⁽³⁾ + executive team	9.0	18%
Empshore Pty Ltd	4.7	10%
Other shareholders	35.4	72%
Pre capital raising total⁽⁴⁾	49.1	100%
Placement	4.6	
Entitlement Offer	5.4	
Enlarged total	59.0	

Notes

- (1) In addition, the Company has an undrawn \$1m loan facility arrangement with Bizzell Nominees as previously disclosed.
- (2) Excluding two loan facilities established with Macquarie Bank Limited for funding in relation to specific trustee regulatory capital requirements
- (3) Entities associated with director Stephen Bizzell hold 13% of the shares on issue pre-offer
- (4) The top 100 shareholders hold 42.6 million shares or 87% of the shares on issue pre-offer
- (5) The Company also has on issue 0.5m unlisted options and 0.2m unlisted performance rights. It is proposed that up to 0.5m additional performance rights may be issued to employees in respect of the 2015 financial year.

Appendix

1. People
2. Summary of financial results for FY14 and FY15
3. Key risks

People: Directors

Stephen Bizzell - Non-executive Chairman

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

Matthew Morgan - Non-executive Director

Co-founder of Diversa. Principal of Millers Point Company an advisory business to emerging private and public companies. A former venture capitalist for an institutional investor and an executive in various private equity backed portfolio companies. In addition to Diversa Limited he currently serves as a Non executive Director of Leaf Resources Limited and Bluechiip Limited.

Garry Crole - Non-executive Director

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

People: Executive Team

Vincent Parrott - Chief Executive Officer

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

Andrew de Vries - Head of Superannuation Services

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

Robert Chmielewski - Head of Trustee Services

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

Angus Craig - CFO and Company Secretary

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

Financial Results

Financial Period	2014 audited ⁽¹⁾ 12 mths \$m	Dec 14 audit reviewed ⁽¹⁾ 6 mths \$m	2015 unaudited ⁽³⁾ 12 mths \$m
Revenue	4.4	3.4	7.3
Administrative expenses	(1.4)	(1.0)	(2.1)
Amortisation and depreciation	(0.4)	nm ⁽²⁾	(0.1)
Occupancy expenses	(0.3)	(0.2)	(0.4)
Personnel expenses	(3.9)	(2.7)	(5.5)
Impairment losses	(2.3)	-	-
Other expenses	(0.1)	(0.1)	(0.4)
Results from operating activities	(3.9)	(0.6)	(1.2)
Net finance expenses	(0.9)	(0.4)	(0.8)
Profit/loss of associates	nm ⁽²⁾	0.1	tbd ⁽⁴⁾
Loss before income tax	(4.8)	(0.9)	tbd⁽⁴⁾
Results from underlying operations⁽⁵⁾	(1.1)	(0.5)	(0.7)

Notes:

(1) Audited or audit reviewed financial results as reported to ASX.

(2) nm means not meaningful: in this case less than \$50k.

(3) Unaudited results are based on April 2015 management accounts and have not been subject to audit or review, and the actual result may be materially different to the numbers disclosed above. The investment in, and contribution by, TFS is excluded, refer note (4).

(4) tbd means to be determined. The accounting treatment of the 30% interest in TFS is currently under consideration with the Company's auditors. This interest in TFS may be equity accounted or consolidated. For the purposes of this illustration, no revenue, expenses or earnings are recognised in respect of TFS.

(5) Results from underlying operations is the Results from operating activities adding back Amortisation and depreciation, Impairment losses and Other expenses - which includes non-operating costs related to acquisitions, due diligence and legal costs and other corporate transaction costs.

Key Risks

Factors influencing success and risk

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

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

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

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

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

Specific investment risks

Completion risk

- The acquisition of the remaining 70% interest in TFS is subject to Diversa raising sufficient funds to complete the acquisition. The Entitlement Offer is not subject to completion of the TFS Acquisition.
- Accordingly, if the TFS Acquisition does not complete, an investment in New Shares under the Entitlement Offer will not include a 100% exposure to TFS, and Diversa will use the proceeds raised under the Entitlement Offer for alternative purposes (i.e. general corporate purposes, to provide flexibility in respect of other potential acquisitions and to strengthen the balance sheet).

Reliance on information provided

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

Analysis of acquisition opportunity

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

Integration risk

- The Acquisitions involve the integration of the TFS businesses, which had previously operated independently from Diversa, including the period in which Diversa was a 30% shareholder. As a result, there is a risk that the integration of the business may be more complex than currently anticipated, encounter unexpected challenges or issues and take longer than expected, divert management attention or not deliver the expected benefits and this may affect Diversa's operating and financial performance. Further, the integration of the business accounting functions may lead to revisions, which may impact on the Combined Group's reported financial results.

Historical liability

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

Acquisition accounting

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

Change of control

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

FUM and FUA risks in current market

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

Reduction in FUM and FUA

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

Regulation and industry reform

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

Professional negligence and insurance

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

Dependence upon key personnel

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

Technology and information systems

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

International hostilities and disasters

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

Growth strategy risks

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

Mergers and acquisitions

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

Access to funding

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

General investment risks

Share market investments

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

General economic conditions

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

Macro economic risks

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

Accounting Standards

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

Taxation risks

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

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