Appendix 4E

Preliminary final report

Name of entity

NuSep Holdings Ltd

ABN or equivalent company reference

33 120 047 556

Financial year ended ('current period')

30 JUNE 2014
(Comparisons to 30 June 2013)

For announcement to the market

				$A'000
Revenue from ordinary activities	**Decreased**	**7%**	**to**	**851**
Total income	**Decreased**	**13%**	**to**	**1,282**
Loss from continuing operations	**Decreased**	**45%**	**to**	**1,245**
Loss from ordinary activities after tax attributable to members	**Increased**	**109%**	**to**	**(3,842)**
Net Loss for the period attributable to members	**Increased**	**109%**	**to**	**(3,842)**

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil

Record date for determining entitlements to the dividend, N/A

For a brief explanation of any of the figures reported above see notes below and also refer to the attached market announcement.

1. Consolidated Statement of Profit or Loss and Comprehensive Income

Continuing operations	For the year ended 30 June 2014 $	For the year ended 30 June 2013 $
1.1 **Revenue**		
Revenue from sales or services	**850,855**	917,554
Cost of sales	**(700,394)**	(862,364)
Gross profit	**150,461**	55,190
Grant income	**419,677**	427,350
Finance income	**2,849**	30,598
Other income	**8,458**	88,499
Gain on sales of assets	**-**	3,756
Marketing	**(187,206)**	(432,360)
General & administration	**(796,726)**	(1,254,709)
Research & development	**(513,852)**	(864,242)
Finance cost expense	**(521,833)**	(336,647)
Impairment reversal	**343,535**	75,000
Foreign exchange	**(150,652)**	(77,003)
Loss before income tax	**(1,245,289)**	(2,284,568)
1.3 Income tax	-	-
1.4 Loss after tax from continuing operations	**(1,245,289)**	(2,284,568)
1.5 Discontinued operations (Loss) / profit from discontinued operations net of tax	**(2,596,851)**	442,648
1.6 Net loss for the period	**(3,842,140)**	(1,841,920)
1.7 Net loss attributable to members of parent	**(3,842,140)**	(1,841,920)
1.8 Other comprehensive (expense)/income Exchange translation difference	(271,826)	303,008
Total other comprehensive (expense)/ income for the period	**(271,826)**	303,008
1.9 Total comprehensive expense for the period	**(4,113,966)**	(1,538,912)

Consolidated accumulated losses

	30 June 2014 $	30 June 2013 $
1.10 Accumulated losses at the beginning of the financial period	(26,564,946)	(24,723,026)
1.11 Net loss attributable to members (*item 1.7*)	(3,842,140)	(1,841,920)
1.12 Accumulated losses at end of the financial period	**(30,407,086)**	**(26,564,946)**

2. Consolidated Statement of Financial Position

		As at 30 June 2014 $	As at 30 June 2013 $
	Current assets		
2.1	Cash and cash equivalents	84,403	180,942
2.2	Trade and other receivables	70,171	431,808
2.3	Receivable from a related party	163,804	-
2.4	Inventories	300,239	400,380
2.5	Other current assets	262,986	1,075,197
2.6	**Total current assets**	**881,603**	**2,088,327**
	Non-current assets		
2.7	Other non-current assets	-	531,277
2.8	Property, plant and equipment	425,324	6,827,300
2.9	Intangible assets	1,670,576	3,885,130
2.10	Financial assets	4,124,888	300,000
2.11	**Total non-current assets**	**6,220,788**	**11,543,707**
2.12	**Total assets**	**7,102,391**	**13,632,034**
	Current liabilities		
2.13	Trade & other payables	1,003,641	2,716,213
2.14	Interest bearing liabilities	479,685	479,255
2.15	Tax liabilities	176,207	139,428
2.16	Short term provisions	127,399	333,218
2.17	**Total current liabilities**	**1,786,932**	**3,668,114**
	Non-current liabilities		
2.18	Interest bearing liabilities	6,236,771	1,568,303
2.19	Long-term provisions	71,536	1,405,511
2.20	**Total non-current liabilities**	**6,308,307**	**2,973,814**
2.21	**Total liabilities**	**8,095,239**	**6,641,928**
2.22	**Net (liabilities)/assets**	**(992,848)**	**6,990,106**
	Equity		
2.23	Issued capital	29,345,275	27,799,395
2.24	Reserves	68,963	588,126
2.25	Accumulated losses	(30,407,086)	(26,564,946)
2.26	**Total equity attributable to equity holders of the Company**	**(992,848)**	**1,822,575**
2.27	Non-controlling interest	**-**	**5,167,531**
2.28	**Total (deficiency)/equity**	**(992,848)**	**6,990,106**

3. Consolidated Statement of Cash Flow

		For the year ended 30 June 2014 $	For the year ended 30 June 2013 $
	Cash flows from operating activities		
3.1	Receipts from customers	905,498	1,087,529
3.2	Payments to suppliers and employees	(2,727,524)	(3,424,600)
3.3	Government grants	898,528	1,542,879
3.4	Other receipts	-	80,000
3.5	Finance costs	(18,140)	(4,721)
3.6	**Net cash flows used in operating activities**	**(941,638)**	**(718,913)**
	Cash flows from investing activities		
3.7	Interest receipts	3,485	9,299
3.8	Proceeds from sale of property, plant and equipment	-	17,253
3.9	Payment for purchases of property, plant and equipment	(61,361)	(76,055)
3.10	Payment for purchases of other non-current assets	(104,945)	(121,001)
3.11	Payments relating to discontinued operations	(1,475,170)	(1,489,662)
3.12	**Net cash flows used in investing activities**	**(1,637,991)**	**(1,660,166))**
	Cash flows from financing activities		
3.13	Proceeds from issues of securities	1,649,006	1,627,982
3.14	Share issue costs	(103,126)	(143,581)
3.15	Proceeds from related party borrowings	1,196,709	960,401
3.16	Repayment of related party borrowings	(259,500)	(55,000)
3.17	**Net cash flows from financing activities**	**2,483,089**	**2,389,802**
3.18	**Net (decrease)/increase in cash held**	**(96,539)**	**10,723**
3.19	Cash at beginning of period	180,942	170,219
3.20	**Cash and cash equivalents at end of period** *(see reconciliation of cash)*	84,403	180,942

Discontinued activities	30 June 2014 $	30 June 2013 $
Operating activities	(197,546)	(269,057)
Investing activities	(2,423,616)	(2,018,836)
Financing activities	1,145,991	798,231
Total cash flows relating to discontinued activities	**(1,475,170)**	**(1,489,662)**

4. Consolidated Statement of Changes in Equity

	Issued capital $	Foreign currency translation reserve $	Share options reserve $	Non-controlling interest $	Accumulated losses $	Total equity $
Balance at 30 June 2012	25,826,848	37,781	241,004	-	(24,723,026)	1,382,607
Movement						
Loss for the period	-	-	-	-	(1,841,920)	(1,841,920)
Currency translation	-	303,008	-	-	-	303,008
Total comprehensive income for the period	-	303,008	-	-	(1,841,920)	(1,538,912)
Issue of share capital	2,257,806	-	-	-	-	2,257,806
Transaction costs on share issue	(285,259)	-	-	-	-	(285,259)
Employee share option plan	-	-	6,333	-	-	6,333
Non-controlling interest	-	-	-	5,167,531	-	5,167,531
Balance at 30 June 2013	**27,799,395**	**340,789**	**247,337**	**5,167,531**	**(26,564,946)**	**6,990,106**

	Issued capital $	Foreign currency translation reserve $	Share options reserve $	Non-controlling interest $	Accumulated losses $	Total equity $
Balance at 30 June 2013	27,799,395	340,789	247,337	5,167,531	(26,564,946)	6,990,106
Movement						
Loss for the period	-	-	-	-	(3,842,140)	(3,842,140)
Currency translation	-	(271,826)	-	-	-	(271,826)
Total comprehensive income for the period	-	(271,826)	-	-	(3,842,140)	(4,113,966)
Issue of share capital	1,654,120	-	-	-	-	1,654,120
Transaction costs on share issue	(108,240)	-	-	-	-	(108,240)
Employee share option plan	-	-	(247,337)	-	-	(247,337)
Deconsolidated component	-	-	-	(5,167,531)	-	(5,167,531)
Balance at 30 June 2014	**29,345,275**	**68,963**	**-**	**-**	**(30,407,086)**	**(992,848)**

5. Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	30 June 2014 $	30 June 2013 $
5.1 Cash on hand and at bank	84,403	180,942
5.2 Total cash at end of period *(item 3.20)*	**84,403**	**180,942**

6. Earnings per security (EPS)

	30 June 2014	30 June 2013
6.1 Basic losses per share	(2.35 cents)	(1.48 cents)
6.2 Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	163,342,135	124,502,553
6.3 Diluted losses per share	(2.35 cents)	(1.48 cents)

7. NTA backing

	30 June 2014	30 June 2013
7.1 NTA backing per ordinary security	$(0.02)	$0.02

8. Segment Reporting

Year ended 30 June 2014	Consumable products $	Separations $	Software $	Group result $
Revenue from sales or services	840,390	10,465	-	**850,855**
Income from outside operating activities:				
Grant income	154,995	264,682	-	**419,677**
Interest income	2,849	-	-	**2,849**
Other income	8,458	-	-	**8,458**
Discontinued operation result	-	-	44,703	**44,703**
Total segment income	1,006,692	275,147	44,703	**1,326,542**
Total segment losses from continuing operations	(213,962)	(1,031,327)	-	**(1,245,289)**
Total segment (loss)/profit from discontinued operations	-	(2,641,554)	44,703	**(2,596,851)**
Total segment (loss)/profit from continuing & discontinued operations	(213,962)	(3,672,881)	44,703	**(3,842,140)**

Year ended 30 June 2013	Consumable products $	Separations $	Software $	Group result $
Revenue from sales or services	902,595	14,959	-	**917,554**
Income from outside operating activities:				
Grant income	387,480	39,870	-	**427,350**
Interest income	15,299	15,299	-	**30,598**
Other income	89,908	2,347	-	**92,255**
Discontinued operation result	-	1,100	958,206	**959,306**
Total segment income	1,395,282	73,575	958,206	**2,427,063**
Total segment profit/(loss) from continuing operations	93,846	(2,378,414)	-	**(2,284,568)**
Total segment (loss)/profit from discontinued operations	-	(336,306)	778,954	**442,648**
Total segment profit/(loss) from continuing & discontinued operations	93,846	(2,714,720)	778,954	**(1,841,920)**

Segment assets	Consumable products $	Separations $	Group result $
Opening balance 1 July 2013	1,203,496	12,428,538	**13,632,034**
Additions/disposals/others	(339,655)	(6,189,988)	**(6,529,643)**
Closing balance 30 June 2014	863,841	6,238,550	**7,102,391**

Matters subsequent to the end of the financial year

There were no significant events occurred subsequent to the end of the financial year.

Annual General Meeting

The annual general meeting will be held as follows:

Place	TBA
Date	TBA
Time	TBA
Approximate date the annual report will be available	Monday 13th October 2014

Compliance statement

1 The report has been prepared in accordance with the Corporations Act 2001, the recognition and measurement criteria of Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards, include Australian equivalents to International Financial Reporting Standards "AIFRS". Compliance with AIFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards "IFRS".

2 This report, and the accounts upon which the report is based, use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts that are in the process of being audited. Details of any qualifications will follow immediately they are available.

6 The entity has a formally constituted Audit Committee.

Signed:

Name: Alison Coutts
Chairman

Date: 31 August 2014

NuSep Holdings Ltd

ABN 33 120 047 556

Financial Year Ended 30 June 2014

Appendix 4E: Performance Commentary

Revenues for NuSep from sales of gels and diagnostics declined slightly in the year ended 30 June 2014 from the previous period to $840,390 (2013: $902,595), however gross profit was higher at $150,461 (2013: $55,190).

NuSep decreased operating costs, predominantly from the PrIME Biologics Pte Ltd ("PrIME") spin off during the year and partly through rationalisation and downsizing, which provided a decrease in expenses of $1,063,227 from the prior period and culminated in an after tax loss from continuing operations of $1,245,289 (2013: $2,284,568). However the loss from discontinued operations in PrIME added further one off losses of $2,641,554 to the result (2013: loss of $336,306), which provided a net loss of $3,842,140 compared with a loss in 2013 of $1,841,920.

When combined with an exchange translation loss of $271,826 (2013: profit $303,008), the total comprehensive loss for the period was $4,113,966 compared with a loss in 2013 of $1,538,912.

This financial performance reflects the largest change in the company's history from spinning out the PrIME business. It is pleasing that expenses are now running at a far reduced rate, largely due to separating this business from NuSep and that this expense reduction will also translate even more positively to the next year's result. However the accounting treatment for valuing PrIME, writing down the value of these assets and writing off expenses for developing that business has had a severe effect on NuSep's accounts this year. More discussion about this is provided in the commentary in the PrIME section.

As this business meets its performance milestones, NuSep hopes it will be permitted to attribute substantially greater value to this investment in its future financial accounts.

Business Activities

NuSep has three main areas of focus for separating high value biological substances from fluids, utilising its proprietary separation membranes and equipment:

- Animal and human Sperm Processing and Selection through its SpermSep division;
- Membrane Technology Development; and
- Proteins from Blood Plasma Separation, carried out by Nusep's majority-owned subsidiary, PrIME Biologics Pte Ltd, based in Singapore.

It also produces polyacrylamide gels and diagnostic products, predominantly for the biological research market, and separation membranes for internal use and for PrIME.

PrIME

During FY 2014, NuSep spun off its technology for plasma fractionation in its subsidiary, PrIME Biologics Pte Ltd in Singapore. PrIME is exclusively developing the blood plasma separation business with production from its Singapore cGMP manufacturing facility to supply Asian markets with high value proteins including albumin, immunoglobulin and clotting factors.

PrIME is using NuSep's membrane technology which has been shown in laboratory scale tests to be far more efficient and cheaper than current commercial plasma fractionating processes.

When NuSep entered the PrIME investment agreement, it resulted in the deconsolidation of PrIME as there was a loss of control by NuSep in the transaction. In late June 2014, PrIME received its first external

investment of SGD$6.4m, principally from Palau Manukan Ventures Labuan Ltd, a Malaysian venture capital fund. The investors received Series A preference shares which have control over all major decisions. NuSep, with class B shares, is a passive investor but with a majority 77.5% shareholding on a converted basis. According to the Investment Agreement this shareholding is forecasted to ultimately be around 62% after the last tranche of investment by class A shareholders led by Palau Manukan Ventures Labuan Ltd.

Whilst NuSep considers that the investment has the potential to yield great value to NuSep shareholders in time, its value for present purposes has been calculated on a cost basis which is not a fair value valuation. Internal company analysis has indicated a current valuation to NuSep many fold greater than the SGD$27 million pre-money value of PrIME paid by the class A investors, but given that the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed at this stage, NuSep is precluded from measuring the investment at fair value.

The cost basis of the PrIME investment has been determined to be the debt on the cGMP facility in Singapore that NuSep agreed to accept from PrIME in order to obtain its investment share in PrIME. The liability amounted to AUD $3.7m. Other expenses that NuSep incurred on PrIME's behalf in developing this business opportunity were not included as the investment transaction required the forgiveness of these debts. As a result, these debts have been expensed.

SpermSep

SpermSep is focussing on the selection of the most viable sperm for use in fertility treatments including IVF for humans and artificial insemination (AI) for livestock.

The valuation of this business has been held at the same level as the prior period, at $1,670,576. This is not a fair value valuation. NuSep believes that there is far greater value underlying this business. NuSep will need to increase expenditure on the development of this business and demonstrate commercial progress for it to be able to value this business at fair value in the future.

During 2014 SpermSep activities were reinvigorated, building on the work that was done in prior years. NuSep, in collaboration with the University of Newcastle, has shown that the technology provides a simple, quick, cost effective and reliable method of selecting the most viable sperm cells and, unlike current practices of sperm separation for IVF, does not contribute to DNA-damaged sperm.

NuSep has also shown in initial tests with the University of Newcastle that its larger machine is well suited to horse sperm separation and that it shows promise to be quicker and cheaper than current AI processes. Trials are underway expanding this to include the other major animal applications including cattle and pigs. Most importantly, this SpermSep technology has been shown in human and animal semen preliminary testing to have the potential to separate the most viable sperm cells from semen samples.

Key opinion leaders in both IVF and veterinary AI sectors have expressed strong support to work with NuSep in developing this much needed technology. NuSep's prototype devices are currently in further evaluation for both IVF and AI, and we have international centres wanting to work with us; NuSep now has to commercialise the opportunity.

Management

During the year there were significant board and management changes. At the NuSep AGM in November, John Manusu and Hari Nair stepped down from their executive director positions to concentrate on the PrIME business opportunity. They are now executives in the PrIME business in Singapore, serve on the PrIME board and are no longer employed by NuSep.

At the AGM, Clifford Eu also stepped down as a non-executive director, Prakash Patel was ratified as Managing Director and Alison Coutts was appointed as Non-Executive Chairman. Stephen van der Mye served on the board as a non-executive director for the period 1 December 2013 to 28 April 2014 when he

resigned due to health reasons. Elissa Hansen was appointed as Company Secretary on 10 February 2014 at which time Prakash Patel became a non-executive director and Alison Coutts became interim Executive Chairman.

2015 Outlook

PrIME: The key milestone for PrIME over the coming year is to obtain cGMP certification of its production facility by the Singaporean Health Sciences Authority. Whilst the facility did previously operate under cGMP conditions, it has not been operational for some time and therefore requires clean up and maintenance services to get it ready for scale up and production of clinical grade proteins, including albumin and immunoglobulins, from blood plasma fractionation. PrIME is working with a major international medical device and diagnostics company for the global development of its plasma separation business.

SpermSep: NuSep plans to conduct further clinical trials in human IVF with some key IVF sites around Australia. We also propose to develop a regulatory and product development plan for the commercial IVF production system. We are putting in place some animal AI studies with leading research institutes for the major animal AI species and refining our veterinary AI system. The animal AI SpermSep system will be quicker to market than the human IVF application and is the larger market opportunity. SpermSep will require some extra external funding to develop both of these SpermSep businesses.

Membranes: NuSep will continue to make membranes and to research into new membranes and applications.

Overall: NuSep is pleased that it has successfully spun out PrIME and that PrIME is now a fully-fledged business in its own right. There is no future funding requirement necessary from NuSep for PrIME to successfully achieve its commercial goals. PrIME is now under the effective control of Palau Manukan Ventures Labuan Ltd, an experienced biotechnology fund manager. Whilst it is has been an expensive and time consuming process to spin PrIME out, NuSep is now able to concentrate on its own activities, the major opportunity in the short term being SpermSep.