NuSep Holdings Ltd
and its Controlled Entities
ABN 33 120 047 556

Annual Financial Report
for the year ended 30 June 2015

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Directors' Report

The Directors present their report, together with the consolidated financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2015 and the audit report thereon.

Directors

The names of the Directors of NuSep Holdings Ltd in office at any time during or since the end of the financial year are:

Ms Alison Coutts	Executive Chairman
Mr Andrew Goodall	Non-Executive Director
Mr Prakash Patel	Non-Executive Director (Resigned 10 September 2014)
Mr Michael Graham	Non-Executive Director (Appointed 10 September 2014)
Mr Mark Gell	Non-Executive Director (Appointed 17 October 2014)

Company Secretary

The Company Secretary for the duration of the period was Ms Elissa Hansen. Elissa is an experienced Chartered Secretary with over 15 years' experience advising management and boards on investor relations, governance, compliance and other corporate issues. She is an Associate Member of the Institute of Chartered Secretaries Australia and Graduate Member of the Australian Institute of Company Directors. She holds a Bachelor of Commerce and a Graduate Diploma in Applied Corporate Governance. In August 2015, Ms Hansen resigned as NuSep's Company Secretary and Boardroom's Mr Mark Studd was appointed in her place. An announcement concerning Mr Studd's appointment was released to the ASX in August 2015.

Names, Qualifications, Experiences, Special Responsibilities and Shareholding	**Shares interests & unlisted options at the reporting date**
Ms Alison Coutts B.E (Chem), MBA, Grad Dip Biotech Executive Chairman and member of the Audit and Risk Committee. Ms Alison Coutts has extensive experience across a number of industry sectors and disciplines. This includes international engineering project management, strategy consulting, executive search, investment banking and technology commercialisation. Ms Coutts is formerly Chair of CSIRO's Health Sector Advisory Council and was a founder and director of eG Capital, which was a preeminent financial advisory firm in the Australian Life Sciences sector. Ms Coutts is currently the Executive Chairman of NuSep Ltd and is also a Non-Executive Director of DataDot Ltd and Lanka Graphite Ltd. Ms Alison Coutts has a Chemical Engineering degree and a Graduate Diploma in Biotechnology from the University of Melbourne and an MBA from Melbourne Business School.	**Direct** 311,252 ordinary shares **Indirect** Nil
Andrew Goodall Non-Executive Director and member of the Audit and Risk and Remuneration and Nomination Committees. Mr Goodall, a significant shareholder in NuSep, runs a large private business involved in Commercial Property in Australia and New Zealand.	**Direct** 46,056,319 ordinary shares **Indirect** 11,610,517

Directors' Report

Names, Qualifications, Experiences, Special Responsibilities and Shareholding	**Shares interests & listed options at the reporting date**
Michael Graham B.A., Grad Dip Mgt (QUT) Non-Executive Director and member of the Remuneration and Nomination Committee. Mr Graham has been involved in a number of commercial ventures over the term of his career. Originally qualifying as a Company Secretary, Mr. Graham has worked in mining, retail and services. Mr. Graham spent 10 years working in the UK, US and Australia in marketing services in a division of WPP the global marketing communication group. Since 2010 Mr Graham has been the CEO of Mercurien Pty Ltd, a technology company focused on telemetry for motor vehicles.	**Direct** Nil **Indirect** Nil
Mark Gell B.Ec, EMBA, GMA, GAIDC Non-Executive Director, Chairman of the Audit and Risk Committee and member of the Remuneration and Nomination Committee. Mr Gell has over 30 years' experience in both the public and private sectors in Australia and internationally. He provides knowledgeable and pragmatic counsel on matters ranging from capital markets and strategy to corporate and issues management. Mr. Gell has extensive capital markets experience, having managed the equity markets function for a number of top 50 Australian companies, with involvement in over $20 billion of transactions. He was also a Director and past Chairman of the Australasian Investor Relations Association. His corporate experience includes senior positions at Citibank, Australian National Industries, TNT, Boral, Telstra, OneSteel and Lend Lease, where he held international responsibilities. He has also advised international companies such as Thomson CSF, Hawker Siddeley and Lyonnaise des Eaux. He currently advises a number of companies across the industrial, technology, bio-tech, property, education and services sectors.	**Direct** Nil **Indirect** Nil

Meetings of Directors

The following table sets out the numbers of meetings of the company's Board of Directors and meetings of each Board committee held during the year ended 30 June 2015 and the number of meetings attended by each Director.

	Board Meetings		**Audit & Risk Committee Meetings**		**Remuneration and Nomination Committee Meetings**	
Director	**Attended**	**Held***	**Attended**	**Held***	**Attended**	**Held***
Ms Alison Coutts	9	9	5	5	-	-
Mr Andrew Goodall	9	9	5	5	3	3
Mr Prakash Patel	-	-	-	-	-	-
Mr Michael Graham	9	9	-	-	3	3
Mr Mark Gell	8	8	4	4	3	3

* Represents number of meetings held whilst director was in office during the year

Directors' Report

CORPORATE INFORMATION

Corporate Structure

NuSep Holdings Ltd is a company limited by shares, incorporated and domiciled in Australia with its registered office at 30 Richmond Road, Homebush, NSW 2140. It has prepared a consolidated financial report incorporating the entities it controlled during the financial year. Refer to Note 27 of the financial statements for a list of entities it controlled during the financial year.

Principal Activities

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

- SpermSep;
- Hydrogel polymer membrane technology development.

In addition, it has an investment in PrIME Biologics Pte Ltd, based in Singapore. PrIME utilises the same core NuSep separation technology as PrIME was part of NuSep until June 2014.

NuSep also produces precast polyacrylamide gels and diagnostic products, predominantly for the biological research market. It has put the precast polyacrylamide business up for sale following the decision by its major customer to make its own gels.

SpermSep

Our major program, SpermSep, is based on proprietary technology for sorting the most viable sperm from semen samples for human and animal Assisted Reproduction. The device has been shown in laboratory testing to separate viable sperm far more efficiently and with less DNA damage than conventional methods.

In November 2014, NuSep signed a Heads of Agreement with Minitube GmbH, the largest global provider of animal Artificial Reproductive Technologies (ART) products. Minitube is to be the distributor of NuSep's animal ART products. NuSep has an ongoing research program with Minitube, initially focussing on the preparation of frozen bovine semen, a technically challenging project, to process in the SpermSep device. Once sufficient quantities of viable sperm can be retrieved using a special pre-treatment that Nu Sep has devised, prior to treatment in the SpermSep device, in-vivo IVF bovine studies can commence in Germany.

The research program with the University of Sydney in sheep (ovine) reproduction has been taken in-house as more internal resources were required to refine the SpermSep testing protocols for the ovine sperm.

Professor John Aitken and his research team at the University of Newcastle are continuing work in the animal ART field, with in-vitro equine studies and in the oversight of the human IVF in-vitro studies at major Australian clinical IVF centres. The first such in-vitro study with Monash IVF was announced post reporting date, on 24 August 2015.

Upon completion of the SpermSep clinical trials and the engineering completion of our next-generation clinical grade SpermSep products, we plan to commercialise the product through marketing and distribution arrangements with international distributors.

The intangible assets relating to the SpermSep business on the Statement of Financial Position have been held at cost similar to prior year, at $1,970,567 (2014: $1,670,576). This is not a market-based valuation and NuSep believes that there is far greater value in this business. NuSep plans to increase expenditure on the development of this business and demonstrate commercial progress in both human and animal IVF trials over the next year.

Membrane Technology Development

As part of the development of clinical grade devices, we will use the new hydrogel membranes we are developing rather than the Company's traditional polyacrylamide membrane technology. We expect these newly developed membranes will have improved biocompatibility, much improved production scalability and lower raw material and production cost of manufacture. NuSep requires further funding to complete development of the new clinical SpermSep product range and the new membranes will be part of this range.

PrIME

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

PrIME is using the technology developed by NuSep which has been shown in laboratory scale tests to be far more efficient and potentially cheaper than current commercial plasma fractionating processes, but has yet to be scaled up.

When NuSep entered the PrIME investment agreement, it resulted in the deconsolidation of PrIME. 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 voting control. NuSep, with class B shares, is a passive investor and had a 67.8% shareholding in PrIME on a converted basis as of 30 June 2015.

PrIME Biologics is working towards cGMP accreditation, which will enable it to obtain its next external tranche of funding. It did not pass its initial attempt at cGMP earlier in the year. According to PrIME, there were a number of non-conformances but these were addressable. PrIME is now getting ready for the next attempt which, based on communication from PrIME, is expected to occur in the next few months.

Whilst NuSep considers that the investment has the potential to yield great value to NuSep shareholders in time, its holding value in the Company's statement of financial position is on a cost basis, which is not a market-based valuation. Internal company analysis has indicated a current valuation to NuSep substantially greater than the SGD$27 million pre-money value of PrIME paid by the class A investors. 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 including the investment at fair value in the financial statements of the Company.

Dividends

No dividends were paid during the year and no dividend is recommended.

REVIEW OF OPERATIONS

NuSep has undergone great change, overcoming many challenges over the past year and is now entering a "build" phase. Some of the highlights include:

- Most legacy issues dealt with and company now stabilised;
- A revitalised board and a highly skilled and motivated development team;
- PrIME Biologics Pte Ltd becoming an externally funded investment, resulting from its spin out from NuSep in June 2014;
- A clear, revised strategy with focus on SpermSep and new hydrogel-based polymer membranes; decision to sell the pre-cast gels business;
- Reinvigorated association and new research collaborations with The University of Newcastle on artificial reproduction technology and the University of Melbourne on new hydrogel membranes;
- The reappointment of Professor John Aitken from the University of Newcastle as Chairman of NuSep's Scientific Advisory team.

Financial Performance

The manufacturing and selling of pre-cast polyacrylamide gels was traditionally the major source of sales for the Company. However, the largest customer of the gel business informed NuSep in February 2015 that it would be sourcing products internally from a recent acquisition. NuSep's board determined that the Company would be best served by focusing on developing its other business units, in particular SpermSep. Accordingly, NuSep resolved to exit the pre-cast polyacrylamide gel business and put the business up for sale.

Directors' Report

The process for selling the gel business has commenced and a sale is expected to take place before December 2015. Assets and liabilities related to the gel business have been reclassified in the statement of financial position as assets held for sale of $495,142 and liabilities associated with these assets of $116,664.

The second largest revenue item after the gels business is from the R&D tax refund. On 21 July 2015, the R&D tax claim for $328,838 was lodged and subsequently approved by AusIndustry.

The remaining sales revenues relate to diagnostics product sales, which are a mature and small line of business for the Company.

The future direction of the Company will be to invest in high value adding projects. These projects will not be revenue generating for at least two years. The foremost project, SpermSep, received the largest investment totalling $553,445. This investment is expected to increase in future years, subject to funding availability.

NuSep incurred a $2,270,346 loss from continuing operations (2014: loss of $1,036,213). General and Administrative expenses of $1,509,329 (2014: $658,055) was the largest expense category and it was also the largest increase in expenses, totalling $851,274. Most of this additional expense was due to the additional costs that the Company incurred in the extensive ASIC investigation, which is now finished.

NuSep signed an Enforceable Undertaking with ASIC in December 2014 relating to potential contraventions of the Corporations Act 2001 (Cth) (Corporations Act) between 2009 and 2012 over matters primarily concerning governance. The Undertaking noted specifically that the conduct took place prior to 2012 and prior to the appointment of the current board. NuSep published the Undertaking in an ASX announcement on 18 December 2014 and the Enforceable Undertaking is available for viewing on a public register maintained by ASIC.

ASIC ceased its investigation in July 2015. Now that ASIC has ceased its investigation and the major compliance systems are developed and in operation, we expect far reduced General and Administrative expenses in the future.

Other contributors to the loss were increased interest charges of $161,275 and increased foreign exchange losses of $367,863, mainly triggered by the devaluation of the Australian dollar having an impact on the third party A-Bio debt.

The loss from discontinued operations of $375,338 relates to the gels business, which includes the results of the US subsidiary, NuSep Inc. The loss from discontinued operations of $2,805,927 in 2014 includes not only the gels business but also PrIME.

When combined with the exchange translation gain of $4,596 (2014: loss $271,826), the total comprehensive loss for the year was $2,641,088 compared with a loss in 2014 of $4,113,966.

NuSep's investment in PrIME is held in B class shares. The value of these shares has been maintained at the same cost value as the prior year. More discussion about this was provided in the commentary under PrIME Principal Activities' section.

In the first half of the financial year, the Company converted $4.2 million debt into equity post the 19 December 2014 Annual General Meeting, thereby strengthening our statement of financial position. Over the whole financial year, the Company decreased outstanding debts with suppliers and tax authorities by $760,847 using borrowings from related parties. A substantial part of these debts relate to legacy issues. We now have a leaner and more focussed organisation.

The largest current liability is a third party debt to A-Bio Pharma Pte Ltd (A-Bio). A-Bio had developed the Singapore cGMP facility, converting a large floor space of an office building to cGMP manufacturing capability. PrIME took over the space with cGMP fit out after A-Bio decided to vacate. NuSep's agreement to take responsibility for payment of this debt was part of the agreement for spinning out PrIME and obtaining external funding.

Since assuming the debt, interest, at 5% per annum of $187,596 and the negative effect of foreign exchange currency of $469,506 have added to its balance, bringing a total of $4,409,015. The first two instalments, for the amount of $1,934,236, are included as current debt, with the first instalment payable in March 2016. Should NuSep not pay the debt as it arises, NuSep will lose a pro-rata of its investment in PrIME.

Directors' Report

NuSep is currently seeking to sell its investment in PrIME, as announced in April 2015.

The FY 2015 financial performance reflects the largest change in the Company's history, emanating from spinning out the PrIME business. Operating and capital expenditure expenses are now running at a far reduced rate. Further expense reduction is anticipated as the gels business will also be closed, however we expect to incur increasing expenditure in developing the SpermSep business and new membranes.

Board and management

During the financial year the company appointed two new independent directors to the board, which has bolstered the Board's depth and expertise. Michael Graham was appointed upon the resignation of a former non-executive director, Prakash Patel on 10 September 2014 and Mark Gell was appointed on 17 October 2014.

We have appointed medical devices veteran, Ross Harricks, in a senior Business Development and Engineering Management role on a part time basis. We have also employed Susan Ellingsen as Projects Director.

Outlook for 2016

SpermSep: NuSep has started clinical trials in human IVF with Monash IVF and plans to expand to other key IVF sites around Australia. We have developed a regulatory and product development plan for the commercial IVF production system. We are also refining our veterinary system based on the research results with Minitube and University of Newcastle on bovine and equine applications. SpermSep will require extra funding to develop both the human and animal applications.

Membranes: NuSep currently makes membranes for its own use. It will accelerate research into new membranes and applications with its recently signed collaboration partner, the Chemical and Bio molecular Engineering Department at Melbourne University. Apart from being applied to the SpermSep device, the new membranes are also showing early potential in new life sciences market opportunities.

PrIME: The key milestone for PrIME is to obtain cGMP certification and we expect the next attempt at certification within the next few months. The valuation of our investment in PrIME should increase upon cGMP certification.

Overall: Whilst it is has been an expensive and time consuming process to spin PrIME out and the ASIC investigation was also arduous and expensive, NuSep has finalised both and is now able to concentrate on its own internal value adding activities.

The major opportunity in the short term is SpermSep for both human and animal IVF. The emerging area is the development of new hydrogel membranes, for both SpermSep and other commercial applications. The development of SpermSep and new membranes are expected to be value drivers for the company in the foreseeable future, subject to sufficient funding being available. The potential sale of NuSep's investment in PrIME is an additional opportunity with potentially large upside.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The following events occurred subsequent to 30 June 2015.

- On 17 September 2015 the Company received a tax refund of $328,838 from the Australian Tax Office for an amount of $328,838.
- On 23 July 2015 the Company offered to the open market the sale of the interest in Prime Biologics Pte Ltd.
- On 10 August 2015 the Company announced the offer of a share purchase plan at a price of 2.7 cents per share which raised an amount of $266,950.
- On 10 August 2015 the Company announced the start of an in-vitro clinical trial of its SpermSep separation device at the ASX-listed "Monash IVF" in Melbourne.
- On 24 August 2015 the Company announced that it will collaborate with the University of Melbourne, Department of Chemical and Bio molecular Engineering to develop hydrogel membranes with improved bio-compatibility and greater ability to cost-effectively manufacture at large scale.

Directors' Report

SHARE OPTIONS

There were 7,625,000 unlisted options on issue to shareholders at 30 June 2015. Refer to Note 22(c) for details of share options issued during the financial year.

ENVIRONMENTAL ISSUES

The Group has assessed whether there are any particular or significant environmental regulations that apply. It has determined that the risk of non-compliance is low and has not identified any compliance breaches during the year.

INDEMNIFYING OFFICERS

During or since the financial year, the company has paid premiums to insure all directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company.

The company has paid an insurance premium of $28,000 in covering director's liability matters during the year ended 30 June 2015. No premiums have been paid indemnifying the liability of the auditors.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer of the company or any related body corporate against a liability incurred by such an officer.

PROCEEDINGS ON BEHALF OF THE COMPANY

Except for the legal proceedings detailed in the Remuneration Report under the subtitle Employment Contracts, no person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 13 as part of this Directors Report.

NON-AUDIT SERVICES

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2015.

Directors' Report

REMUNERATION REPORT – AUDITED

Outlined below are the guiding principles used by NuSep Holdings Ltd to set the remuneration of the organisation.

Principles used to determine the nature and amount of remuneration
The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for NuSep's size and type of business. The Remuneration and Nomination Committee evaluates the executive directors and the CEO/Executive Chairman reviews the senior executive team. In general the Board and specifically the Remuneration and Nomination Committee ensure that executive reward satisfies the following key criteria for good employee and non-executive director reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

Over the past year employment contracts of all personnel were reviewed and restructured. Job descriptions of all key employees were reviewed and new key performance indicators were developed to reward key staff for delivering on the reformulated strategic needs of the business, especially on development and commercialisation of core intellectual property.

A revised ESOP program for all key employees was approved at the AGM in December.

Employment contracts
The former Managing Director, Mr Patel, was employed as the Managing Director under a contract that commenced on 1 June 2010 and, as varied by agreement, could have continued until at least May 2014. Mr Patel's employment with the Company ended on 6 February 2014. Mr Patel has proceedings against the Company, claiming a number of entitlements, including an entitlement to one year's salary. The Company disputes Mr Patel's entitlement to the amount claimed under the terms of his contract with the Company as at the date of cessation.

The Executive Chairman, Alison Coutts, was appointed to the Executive Chairman position on 10 February 2014. Under the terms of the employment contract, either party may terminate the employment by providing the other with six months' written notice. The Company may terminate the employment without any period of notice or payment in lieu of notice if the executive engages in serious misconduct.

Non-Executive Directors
The Board has set its remuneration of Non-Executive Directors in line with market-based remuneration in small listed biotechnology companies. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on responsibility of the role and are also in line with the remuneration of Chairmen of small listed biotechnology companies. The Chairman is not present at any discussions relating to determination of remuneration. Subject to shareholder approval Non-Executive Directors may opt each year to receive a percentage of their remuneration in NuSep Holdings Ltd shares and/or options.

Directors' Fee Pool
The current maximum non-executive Directors fee pool limit is $450,000 per year.

Executive Remuneration
Executive remuneration includes:

- Base remuneration;
- Bonus remuneration for outstanding performance and
- Other remuneration such as superannuation.

Base Remuneration
Structured as a total employment cost package that may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

Directors' Report

Details of Remuneration

Details of the nature and amount of each element of the emoluments of each Director of NuSep Holdings Ltd and specified executives of the Company and the consolidated entity with the highest authority levels for the year ended 30 June 2015 are set out in the following tables which break out directors and executive remuneration separately.

Directors of NuSep Holdings Ltd

2015	Cash salary and fees	STI cash bonus	performance related	Non-monetary benefits, and allowances	Other long-term benefits	Post-post-Post-employment Superannuation @	Value of options	Value of option as proportion of remuneration	Total
	$	$	%	$	$	$	$	%	$
Alison Coutts	270,000	27,500	9	-	-	18,783	-	-	316,283
Andrew Goodall	50,000	-	-	-	-	-	-	-	50,000
Michael Graham *	40,300	-	-	-	-	-	-	-	40,300
Mark Gell *	35,383	-	-	-	-	-	-	-	35,383
Prakash Patel #	9,722	-	-	14,749	-	-	-	-	24,471
Total	**405,405**	**27,500**	9	**14,749**	**-**	**18,783**	**-**	**-**	**466,437**

* Appointed during the year.
# Resigned during the current year.
@ There has been no post-employment retirement benefits, except for superannuation, paid to any Directors in the 30 June 2015 and 30 June 2014 financial years.

2014	Cash salary and fees	STI cash bonus	performance related	Non-monetary benefits, and allowances	Other long-term benefits	Post-post-Post-employment Superannuation @	Value of options	Value of option as proportion of remuneration	Total
	$	$	%	$	$	$	$	%	$
John Manusu #	125,000	-	-	7,500	11,195	9,998	-	-	153,693
Dr Hari Nair #	125,000	-	-	7,500	9,232	9,998	-	-	151,730
Andrew Goodall	38,938	-	-	-	-	-	-	-	35,938
Clifford Eu #	5,729	-		-	-	-	-	-	5,729
Prakash Patel	166,141	-		18,821	15,412	11,850	-	-	212,224
Alison Coutts	149,140	-	-	-	-	8,888	-	-	258,028
W. van der Mye * #	28,413	-	-	-	-	2,628	-	-	31,041
Total	**635,361**	**-**	**-**	**33,821**	**35,839**	**43,362**	**-**	**-**	**748,383**

* Appointed during the year.
# Resigned during the year.
@ There has been no post-employment retirement benefits, except for superannuation, paid to any Directors in the 30 June 2014 financial year.

Directors' Report

REMUNERATION REPORT – AUDITED (continued)

Senior Executive Employment Agreements

The present contracts for senior executives include employment terms, remuneration and termination payments. Under the general terms of the current executive contracts:

- The executive may resign from their position and thus terminate the contract by giving, depending on the executive, between three and four month's written notice. On resignation any options are forfeited.
- The agreement automatically terminates unless the agreement is renewed by the parties, in writing, prior to the expiration of the initial term. Employee's employment automatically continues on an at-will basis on the terms stipulated in the contract.

Executives of NuSep Holdings Ltd and Subsidiaries

2015	Cash salary and fees	Termination payments	STI cash bonus	Non-monetary benefits, and allowances	Other long-term benefits	Post-Post-employment Superannuation	Value of options	proportion of remuneration	Total
	$	$	$	$	$	$	$	%	$
Mike Richardson	95,000	-	6,250	-	-	9,619	-	-	110,869
Pablo Neyertz	110,000	-	7,500	-	-	11,122	-	-	128,622
Total	**205,000**	**-**	**13,750**	**-**	**-**	**20,741**	**-**	**-**	**239,491**

There have been no post-employment retirement benefits, except for superannuation, paid to any Executives in the 30 June 2015 financial year.

2014	Cash salary and fees	Termination payments	STI cash bonus	Non-monetary benefits, and allowances	Other long-term benefits	Post employment Superannuation	Value of options	Value of option as proportion of remuneration	Total
	$	$	$	$	$	$	$	%	$
John Manusu **	100,000	-	-	6,000	8,956	3,333	(8,232)	-	110,057
Dr Hari Nair **	100,000	-	-	6,000	7,385	3,333	(7,645)	-	109,073
Dr John Andrews ^	19,872	64,729	-	1,673	3,366	3,496	-	-	93,136
Matthew Loggie ^^	39,846	30,513	-	-	5,922	5,313	-	-	81,594
Thee Woon Goh *	28,535	-	-	-	-	-	-	-	28,535
Mike Richardson #	85,859	-	-	-	9,558	8,826	-	-	104,243
Total	**374,112**	**95,242**	**-**	**13,673**	**35,187**	**24,301**	**(15,877)**	**-**	**526,638**

* No cash payments have been made to Thee Woon Goh and the accumulated fees of $28,535, were netted off against his outstanding debt due to the Company at 30 June 2014 related to the exercise of share options (refer Note10).

** In November 2013, John Manusu and Dr Hari Nair resigned from the company's board. Remuneration in the chart above reflects payments to both subsequent to their resignation as directors. Refer to earlier chart for details of director remuneration.

Mike Richardson was appointed Chief Operating Officer on 10 February 2014.

^ Dr John Andrews' contract was terminated in September 2013. His termination payment amounted to $64,729.

^^ Matthew Loggie's contract was terminated in April 2014. His termination payment amounted to $30,513.

Directors' Report

REMUNERATION REPORT – AUDITED (continued)

Share options granted to Directors

Share options were issued during the year to the Executive Chairman. These options and the terms are outlined in table below. There is no value vested for these options during the financial year.

Shares under Option
The number of options over ordinary shares in NuSep issued to the Executive Chairman during the year is as follows:

2015	Balance at start of year	Granted as remuneration	Exercised during the year	Cancelled during the year	Balance at end of the year	Exercisable	Non Exercisable
Alison Coutts	-	3,600,000	-	-	3,600,000	-	3,600,000
Total	-	3,600,000	-	-	3,000,000	-	3,600,000

Share options granted to Executives

There were no share options issued during the financial year ended 30 June 2015.

Directors & their shareholding

	Balance of shares as at 1 July 2014	Net movement	Balance of shares as at 30 June 2015
Alison Coutts	51,724	259,528	311,252
Andrew Goodall (a)	24,798,300	32,868,536	57,666,836
Prakash Patel #	349,079	(349,079)#	-
Michael Graham *	-	-	-
Mark Gell *	-	-	-
Total	**25,199,103**	**32,778,985**	**57,978,088**

* Directors appointed during the year. # Directors resigned during the year.

(a) Andrew Goodall's shareholding comprises 46,056,319 shares held directly and 11,610,517 shares held indirectly.

	Balance of shares as at 1 July 2013	Net movement	Balance of shares as at 30 June 2014
Alison Coutts *	-	51,724	51,724
John Manusu # (a)	6,473,438	4,064,918	10,538,356
Dr Hari Nair # (b)	1,810,108	197,368	2,007,476
Andrew Goodall (c)	24,093,856	704,444	24,798,300
Clifford Eu #	13,695,453	-	13,695,453
Prakash Patel	2,446	346,633	349,079
Total	**46,075,301**	**5,365,087**	**51,440,388**

* Directors appointed during the year. # Directors resigned during the year.

(a) John Manusu's shareholding comprised 9,631,178 held directly and 907,178 held indirectly.
(b) Dr Hari Nair's shareholding comprised 2,005,548 held directly and 1,928 held indirectly.
(c) Andrew Goodall's shareholding comprised 13,548,300 held directly and 11,250,000 held indirectly.

Directors' Report

CORPORATE GOVERNANCE

The company's corporate governance statement is published in NuSep's website www.nusep.com.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Alison Coutts
Executive Chairman

Sydney
29 September 2015

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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NUSEP HOLDINGS LTD AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF NUSEP HOLDINGS LTD

In relation to the independent audit for the year ended 30 June 2015, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

Mark Godlewski

MARK GODLEWSKI

Partner

PITCHER PARTNERS

Sydney

29 September 2015

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Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Notes	2015 $	2014 $ Restated
Continuing operations:			
Revenue	5	**190,660**	124,466
Cost of sales	6	**(57,994)**	(37,592)
Gross profit		**132,666**	86,874
Other income	5	**496,511**	359,061
Marketing expenses		**-**	(23,574)
General and administration expenses			
Other		**(1,509,329)**	(658,055)
Impairment reversal	6	**18,331**	343,535
Research and development expenses		**(207,706)**	(472,373)
Finance cost expenses	6	**(682,304)**	(521,029)
Exchange loss	6	**(518,515)**	(150,652)
Loss before income tax		**(2,270,346)**	(1,036,213)
Income tax expense	7	**-**	-
Loss after tax from continuing operations		**(2,270,346)**	(1,036,213)
Discontinued operations:			
(Loss)/profit from discontinued operations, net of tax	8	**(375,338)**	(2,805,927)
Net loss for the year attributable to members of parent		**(2,645,684)**	(3,842,140)
Other comprehensive (expense)/income:			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange translation differences		**4,596**	(271,826)
Total other comprehensive result for the year		**4,596**	(271,826)
Total comprehensive expense for the year		**(2,641,088)**	(4,113,966)
Total comprehensive expense attributable to:			
Owners of the Company		**(2,641,088)**	(4,113,966)
Non-controlling interest		**-**	-
Total comprehensive expense for the year		**(2,641,088)**	(4,113,966)
Earnings per share (EPS)	9	**Dollar/share**	Dollar/share
– basic loss per share		**(0.0128)**	(0.0235)
– diluted loss per share		**(0.0128)**	(0.0235)
Earnings per share - continuing operations	9	**Dollar/share**	Dollar/share
– basic loss per share		**(0.0110)**	(0.0063)
– diluted loss per share		**(0.0110)**	(0.0063)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
As at 30 June 2015

	Notes	30 June 2015 $	30 June 2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	**174,785**	46,453
Trade and other receivables	11	**18,872**	233,975
Inventories	12	**12,376**	300,239
Other current assets	13	**280,196**	300,936
Assets held for sale	8	**495,142**	-
TOTAL CURRENT ASSETS		**981,371**	881,603
NON-CURRENT ASSETS			
Financial assets	14	**3,824,888**	4,124,888
Property, plant and equipment	15	**67,642**	425,324
Intangible assets	16	**1,970,567**	1,670,576
TOTAL NON-CURRENT ASSETS		**5,863,097**	6,220,788
TOTAL ASSETS		**6,844,468**	7,102,391
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**420,437**	1,003,641
Interest bearing liabilities	18	**2,410,323**	479,685
Non-interest bearing liabilities	19	**175,435**	-
Tax liabilities	20	**(1,436)**	176,207
Short-term provisions	21	**138,728**	127,399
Liabilities associated with assets held for sale	8	**116,664**	-
TOTAL CURRENT LIABILITIES		**3,260,151**	1,786,932
NON-CURRENT LIABILITIES			
Interest bearing liabilities	18	**2,785,461**	6,236,771
Long-term provisions	21	**52,265**	71,536
TOTAL NON-CURRENT LIABILITIES		**2,837,726**	6,308,307
TOTAL LIABILITIES		**6,097,877**	8,095,239
NET (LIABILITIES)/ASSETS		**746,591**	(992,848)
EQUITY			
Issued capital	22	**33,582,742**	29,345,275
Reserves	24	**216,619**	68,963
Accumulated losses		**(33,052,770)**	(30,407,086)
TOTAL EQUITY / (DEFICIENCY)		**746,591**	(992,848)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

NuSep Holdings Ltd and its Controlled Entities
ABN 33 120 047 556

Consolidated statement of changes in equity
For the year ended 30 June 2014

	Notes	Issued Capital	Foreign Currency Translation Reserve	Share Options Reserve	Accumulated Losses	Total	Non-controlling interest	Total Equity
		$	$	$	$	$	$	$
Balance 1 July 2013		**27,799,395**	**340,789**	**247,337**	**(26,564,946)**	**1,822,575**	**5,167,531**	**6,990,106**
Movement								
Loss for the period		-	-	-	(3,842,140)	(3,842,140)	-	(3,842,140)
Foreign currency translation differences		-	(271,826)	-	-	(271,826)	-	(271,826)
Total comprehensive income for the period		**-**	**(271,826)**	**-**	**(3,842,140)**	**(4,113,966)**	**-**	**(4,113,966)**
Issue of share capital	22	1,654,120	-	-	-	1,654,120	-	1,654,120
Transaction costs on share issue	22	(108,240)	-	-	-	(108,240)	-	(108,240)
Employee share option plan	24	-	-	(247,337)	-	(247,337)	-	(247,337)
Non-controlling interest converted to debt		-	-	-	-		(5,167,531)	(5,167,531)
Balance 30 June 2014		**29,345,275**	**68,963**	**-**	**(30,407,086)**	**(992,848)**	**-**	**(992,848)**
Balance 1 July 2014		**29,345,275**	**68,963**	**-**	**(30,407,086)**	**(992,848)**	**-**	**(992,848)**
Movement								
Loss for the period		-	-	-	(2,645,684)	(2,645,684)	-	(2,645,684)
Foreign currency translation differences		-	4,596	-	-	4,596	-	4,596
Total comprehensive income for the period		**-**	**4,596**	**-**	**(2,645,684)**	**(2,641,088)**	**-**	**(2,641,088)**
Issue of share capital	22	4,288,001	-	-	-	4,288,001	-	4,288,001
Transaction costs on share issue	22	(50,534)	-	-	-	(50,534)	-	(50,534)
Share options issued	24	-	-	143,060	-	143,060	-	143,060
Balance 30 June 2015		**33,582,742**	**73,559**	**143,060**	**(33,052,770)**	**746,591**	**-**	**746,591**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the year ended 30 June 2015

	Notes	2015 $	2014 $ Restated
Cash flows from operating activities			
Receipts from customers		**108,850**	125,421
Payments to suppliers and employees		**(2,468,082)**	(1,857,001)
Government grant receipts		**70,511**	55,588
Finance costs		**(61,783)**	(18,140)
Net cash flows used in operating activities	10 (a)	**(2,350,504)**	(1,694,132)
Cash flows from investing activities			
Interest received		**5,077**	3,485
Bank deposit		**-**	(37,950)
Purchase of property, plant and equipment		**(18,330)**	(61,361)
Receipts from sales of investments	14	**377,945**	-
Purchase of internal development	16	**(553,445)**	(104,945)
Cash flows relating to discontinued operations	8	**819,510**	(722,676)
Net cash flows provided by / (used in) investing activities		**630,757**	(923,447)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	1,649,006
Share issue costs		**(50,534)**	(103,126)
Receipts from third party loans		**228,261**	-
Receipts from related party loans		**1,882,683**	1,196,710
Repayment of related party loans		**(212,331)**	(259,500)
Net cash flows provided by financing activities		**1,848,079**	2,483,090
Net (decrease)/increase in cash and cash equivalents		**128,332**	(134,489)
Cash and cash equivalents at beginning of year		**46,453**	180,942
Cash and cash equivalents at end of year	10	**174,785**	46,453

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Reporting entity

NuSep Holdings Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 30 Richmond Road, Homebush, NSW 2140, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is a for-profit entity and is primarily involved in the research, development, manufacture and sale of pre-cast electrophoresis gels, separations equipment and consumables and other biological products for the Life Science market.

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have 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 statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 29 September 2015.

b) Basis of measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical cost.

c) Functional and presentation currency

The financial information of each of the Group's foreign entities is measured using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Group's primary functional currency.

d) Use of estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Going concern – refer to Note 3(a);
- Measurement of financial investments – refer to Note 14;
- Intangible assets impairment review – refer to Note 16(d); and
- Other receivable impairment – refer to Note 11.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

In the coming financial year, NuSep's commercial development strategy will be focused on the SpermSep business unit and the development of new membranes. To complete the commercialisation of the SpermSep animal artificial insemination and IVF applications and to complete the development of new membranes, NuSep will require extra funding.

The directors note further the following in relation to the financial affairs of the Group:

- The Group made a net loss for the year ended 30 June 2015 of $2,645,684 (2014: $3,842,140).
- For the year ended 30 June 2015 the Group had net cash outflows from operating activities of $2,350,504 (2014: $1,694,132) and net cash inflows from investing activities of $630,757 (2014: net cash outflows $923,447).
- At 30 June 2015 the Group had a deficiency in working capital of $2,278,780 (2014: $905,329).
- At 30 June 2015 the Group had net assets of $746,591 (2014: net assets deficiency $992,848).

The Directors believe that the Group will continue as a going concern, and accordingly have prepared the financial statements on a going concern basis after considering the following:

- The Group raised equity of $266,950 through an SPP program in August 2015.
- On 17 September 2015 the Group received a tax refund of $328,838 from the Australian Tax Office for eligible research and development activities carried out by the Group in the financial year ended 30 June 2015 under the research and development tax credit scheme.
- The Group will substantially reduce its losses from continuing activities in the upcoming financial year. It will be exiting the gel business and it expects to receive proceeds from the sale of that business. In addition the Company will markedly decrease legal expenditures incurred on the ASIC investigation in the financial year ended June 2015. The investigation has ceased and the Company is now in the process of compliance with the Enforceable Undertaking issued by ASIC in December 2014. The company is expecting payments from D&O insurance that were withheld during the ASIC investigation.
- The Group has announced it had offered to the open market the class B shares in PrIME Biologics Pte Ltd whose market value is considered to be substantially greater than the carrying value in the statement of financial position.
- The Group has the ability to access funds through further securities issues by the parent entity.

Notwithstanding the above, NuSep will continue to need access to adequate funding, to both conduct its activities, and to advance the development of the SpermSep technology to commercialisation. There is material uncertainty as to whether adequate funding will be available. This may cast doubt on the Group's ability to continue as a going concern and therefore, that it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

No adjustments have been made to the financial report relating to the recoverability and classification of the carrying amounts of assets and classification of liabilities that might be necessary should the Group not continue as a going concern.

3. Significant accounting policies (continued)

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) (referred to as ‘the Group’ in these financial statements). Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the company controls an investee if and only if the company has all the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. A list of controlled entities is contained in Note 27 to the financial statements. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either at fair value or at their proportionate share of the acquiree’s identifiable net assets, which are generally at fair value. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, are the Board of Directors.

d) Foreign currency transactions and balances

i) Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised through profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised through profit or loss.

ii) Foreign operations

The financial results and position of foreign operations whose functional currency is different from the Group’s presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings / accumulated losses are translated at the exchange rates prevailing at the date of the transactions.

3. Significant accounting policies (continued)

All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. This will be recognised in profit or loss when the foreign operation or net investment is disposed of.

e) Income tax

The income tax expense for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities / assets are therefore measured at the amounts expected to be paid to / recovered from the relevant taxation authority.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax is recognised for the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of standard cost.

3. Significant accounting policies (continued)

g) Assets held for sale and discontinued operations

i) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale or held-for-distribution intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

The Consolidated Statement of Profit or Loss, the Consolidated Statement of Cash Flow and some notes have been restated due to the reclassification of their items related to discontinued operation.

h) Financial instruments

i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset.

ii) Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

Amortised cost is calculated as:

- The amount at which the financial asset or financial liability is measured at initial recognition;
- Less principal repayments;
- Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- Less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows necessitate an adjustment to the carrying value with a consequential recognition of income or expense in profit or loss.

3. Significant accounting policies (continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at cost.

h) Financial instruments (continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at cost.

iii) Fair value
Fair value is determined based on current bid prices for all quoted investments. If possible, valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

iv) Impairment
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, objective evidence that an available-for-sale financial asset is impaired includes observable data indicating that there is a measurable decrease in the expected cash flows to be derived from the financial asset. Impairment losses are recognised through profit or loss.

v) De-recognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

i) Property, plant and equipment

Each class of property, plant and equipment is carried at historic cost less, where applicable, any accumulated depreciation and impairment losses.

i) Plant and equipment
Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

ii) Depreciation
The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

3. Significant accounting policies (continued)

i) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable assets are:

	2015:	2014:
Plant and equipment	10% - 33%	10% - 33%
Leasehold improvements	14% - 20%	14% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of profit or loss and other comprehensive income.

j) Intangible assets

i) Research and development costs
Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs capitalised comprises all directly attributable costs, including cost of materials, services, direct labour and an appropriate proportion of overheads. Development costs have a finite life and are amortised from the point at which the asset is ready for use on a systematic basis matched to the future economic benefits over the useful life of the project.

ii) Patents and trademarks
Costs associated with patents and trademarks are expensed in the year in which they are incurred, unless the expenditure will generate future economic benefits. Patents and trademarks capitalised are included in internal development costs and have a finite useful life and are carried at cost less any accumulated amortisation and impairment losses.

iii) Amortisation
Amortisation is based on the cost of the asset less its residual value. Amortisation is recognised in profit or 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.

iv) Impairment
Impairment testing is performed annually for intangible assets with indefinite lives or assets under development.

k) Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed through profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

l) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be paid for those benefits. Those cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

3. Significant accounting policies (continued)

l) Employee benefits (continued)

i) Equity-settled Compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

ii) Retirement benefit obligations

All employees of the group are entitled to benefits from the group's superannuation plan on retirement. Contributions to the defined contribution fund are recognised as an expense as they become payable.

m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are classified within short-term borrowings in current liabilities in the statement of financial position.

o) Trade and other payables

Trade and other payables represent liabilities outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within short-term credit terms.

p) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities. A sale is recorded when goods or services have been despatched to a customer pursuant to a sales order and the associated risks and rewards of ownership have passed to the customer. Where cash is received for goods not yet despatched revenue is deferred until risk and rewards of ownership are transferred to the customer.

q) Government grants

A government grant is considered as assistance by a state authority in the form of transfers of resources to the group in return for past or future compliance with certain conditions relating to the operation of the group. The R&D Tax Incentive Scheme for small companies is considered a government grant. Although it is administered by the government through the ATO, it is not linked to the level or availability of taxable profits.

In accordance with AASB120 *Accounting for Government Grants and Disclosure of Government Assistance*, grant income is recognised as receivable at fair value where there is reasonable assurance that the grant will be received and all grant conditions have been satisfied.

The portion of the government grant relating to development assets is credited to deferred income at fair value under development costs. The deferred income is recognised through profit or loss on a straight-line basis over the expected useful life of the asset once development is completed. Government grants relating to costs incurred in the profit or loss statement are recognised as grant income in the same period.

3. Significant accounting policies (continued)

r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST amount except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

u) Earnings per Share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted by bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing cost associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

v) New accounting standards and interpretations for application in future periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).
The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.
The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.
Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

When adopted, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

1. identify the contract(s) with a customer;
2. identify the performance obligations in the contract(s);
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract(s); and
5. recognise revenue when (or as) the performance obligations are satisfied.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

4. Parent entity disclosures

The following information has been extracted from the books and records of NuSep Holdings Ltd and has been prepared in accordance with the basis of preparation disclosed in Note 2.

	2015 **$**	2014 $
Statement of financial position		
Assets:		
Current assets	**436,043**	498,410
Total assets	**4,260,932**	4,323,299
Liabilities:		
Current liabilities	**3,008,421**	1,353,951
Total liabilities	**5,821,208**	7,618,048
Equity:		
Issued capital	**33,582,742**	29,345,275
Accumulated losses	**(35,286,078)**	(32,640,024)
Options reserve	**143,060**	-
Total deficiency in equity	**(1,560,276)**	(3,294,749)
Statement of profit or loss and other comprehensive income		
Total (loss)/profit for the year	**(8,602,960)**	(3,086,591)
Total comprehensive (expense)/income for the year	**(8,602,960)**	(3,086,591)

Guarantees

NuSep Holdings Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities
The former Managing Director, Mr Patel, was employed as the Managing Director under a contract that commenced on 1 June 2010 and, as varied by agreement, could have continued until at least May 2014. Mr Patel's employment with the Company ended on 6 February 2014. Mr Patel has since commenced proceedings against the Company, claiming a number of entitlements, including an entitlement to one year's salary. The Company disputes Mr Patel's entitlement to the amount claimed under the terms of his contract with the Company, as at the date of cessation. The court date is in November 2015 and is set down for a 5 day hearing. This matter is considered a contingent liability for which the directors are not in a position to provide a reliable estimate of the final outcome.

Contractual commitments
At 30 June 2015, NuSep Holdings Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment (2014: $nil).

5. Revenue / other income- Continuing operations

	Note	2015 $	2014 $
Sales revenue			
Sales of goods		**189,630**	122,346
Freight		**1,030**	2,120
Total revenue		**190,660**	124,466
Other income			
Grant income		**413,491**	356,212
Finance income		**5,075**	2,849
Gain on sale of investments	14(d)	**77,945**	-
Total other income		**496,511**	359,061
Total revenue and other income		**687,171**	483,527

6. Loss for the year- Continuing operations

Loss for the year is arrived at after charging / (crediting) the following amounts:

	Note	2015 $	2014 $ Restated
Expenses			
Cost of sales		**57,994**	37,592
Depreciation:			
Plant and equipment	15	**6,101**	25,738
Leasehold improvements	15	**13,636**	16,469
Total depreciation expense		**19,737**	42,207
Finance costs:			
Interest expense on financial liabilities with related parties	26(f)	**463,242**	441,229
Other interest expense		**219,062**	79,800
		682,304	521,029
Staff costs:			
Salaries		**664,625**	1,340,708
Superannuation		**54,206**	90,898

Salaries include amounts which have been capitalised under development expenditure.

	Note	2015 $	2014 $
Rental expense relating to operating leases		**142,140**	115,352
Impairment of obsolete stock		**-**	61,578
Other expenses - impairment (reversal)	11	**(18,331)**	(343,535)
Exchange losses		**518,515**	150,652

7. Income tax expense

a) Income tax expense

	2015 $	2014 $
Income tax reported in the statement of profit or loss and other comprehensive income	**-**	-

b) Reconciliation of effective tax rate

	2015 $	2014 $
Accounting loss before tax from continuing operations	**(2,270,346)**	(1,036,213)
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2014: 30%)	**(681,104)**	(310,864)
Less:		
Tax effect of:		
Non-deductible expenditure	**208,896**	103,948
Research and development tax incentive (not taxable)	**(124,047)**	(106,864)
Losses carried forward	**246,650**	423,396
Income tax expense recorded in statement of profit or loss and other comprehensive income	**-**	-

c) Deferred income tax

Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences.

Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Due to the value of tax losses and the group performance for the year, it is not considered probable that temporary differences will be utilised in the foreseeable future.

d) Tax losses

The Group has separate tax entities within Australia and the United States.

The Australian tax jurisdiction has tax losses which are not recognised in its book at 30 June 2015. The unused tax losses held in the Australian group of companies as at 30 June 2015 is $14,290,246. These tax losses are available indefinitely. The amount of the benefit which may be realised in the future is based on the assumption that no adverse change will occur in the income tax legislation, the group will derive sufficient assessable income to recoup the losses and the group will comply with the conditions of deductibility imposed by the law.

The accumulated tax losses in the US jurisdiction were used against the cancellation of debt income (forgiveness of loans by Australian companies) for the year ended 30 June 2015. Therefore, there is no accumulated loss carryovers after the income tax return lodged at that date. For more details about the forgiveness of loans by Australian companies refer to Note 26(g).

8. Assets held for sale and discontinued operation

The pre-cast polyacrylamide gel manufacturing business within the Consumables segment is presented as assets held for sale following the commitment of the Group's management, on 18 May 2015, to sell the business. Efforts to sell the disposal group have commenced, and a sale is expected to take place before December 2015.

At 30 June 2015 the disposal group comprised the following assets and liabilities:

	2015 $
Trade and other receivables	**125,048**
Inventories	**69,072**
Other assets	**3,555**
Property, plant and equipment – carrying value	**297,467**
Assets held for sale	**495,142**

	2015 $
Trade and other payables	**80,568**
Tax liabilities	**8,911**
Short term provisions	**4,056**
Long term provisions	**23,129**
Liabilities associated with assets held for sale	**116,664**

The net realisable value (fair value less costs to sell) to be obtained from the sale of the disposal group is uncertain. Therefore, the components of the disposal group have been measured in accordance with their respective Group's other accounting policies before being reclassified as held-for-sale. Any difference between the current measurement and the disposal proceeds will be treated as a loss or gain in the next financial year.

Discontinued operations include activities relating with the gels business. The comparatives presented in the consolidated statement of profit or loss and other comprehensive income have been re-presented to show discontinued operations separately from continuing operations.

	2015 $	2014 $
Gels business	**(375,338)**	(209,076)
BioInquire software business	**-**	44,703
PrIME separations business	**-**	(2,641,554)
	(375,338)	(2,805,927)

The results for discontinued activities relating to the gels business were as follows:

	2015 $	2014 $
Revenue	**800,427**	798,312
Expenses	***(1,175,765)**	(1,007,388)
Results from operating activities	**(375,338)**	(209,076)
Income tax expense	**-**	-
Loss for the year	**(375,338)**	(209,076)

* Includes inventory written off for an amount of $237,000.

Cash flows relating to the gels business, discontinued in the current financial year, are as follows:

Cash flows relating to discontinued activities in the current financial year:	**2015 $**	2014 $
Net cash flow used in operating activities	**(32,196)**	(26,982)
Net cash flow used in investing activities	**-**	-
Net cash flow from financing activities	**-**	-
Net cash flows relating to discontinued activities in the current financial year	**(32,196)**	(26,982)

Cash flows relating to the PrIME and BioInquire businesses, discontinued in the prior financial year, are as follows:

Cash flows relating to discontinued activities in the prior financial year:	**2015 $**	2014 $
Net cash flow received / (used) in operating activities	***687,902**	370,947
Net cash flow received / (used) in investing activities	****163,804**	(2,212,634)
Net cash flow from financing activities	**-**	1,145,992
Net cash flows relating to discontinued activities in the prior financial year	**851,706**	(695,695)

* Portion of the R&D tax refund received in December 2014 originated from expenditure made in the PrIME project in the prior financial year.
** Amount receivable under the PrIME Investment Agreement collected subsequent to prior year end.

Total cash flows relating to the combined three businesses discontinued in the prior and current financial year are as follows:

Cash flows relating to discontinued activities in the prior and current financial year:	**2015 $**	2014 $
Net cash flow received / (used) in operating activities	**655,706**	343,966
Net cash flow received / (used) used in investing activities	**163,804**	(2,212,634)
Net cash flow from financing activities	**-**	1,145,992
Net cash flows relating to discontinued activities in the prior and current financial year	**819,510**	(722,676)

Loss per share relating to discontinued activities is in respect of the three discontinued businesses.

Loss per share on results relating to discontinued activities:	**2015 $ Dollar/share**	2014 $ Dollar/share
Basic loss per share	**(0.0018)**	(0.0172)
Diluted loss per share	**(0.0018)**	(0.0172)

9. Earnings per share

The income and share data used in the basic and diluted earnings per share computation is:

	2015	2014
	$	$
Loss after tax from continuing operations	**(2,270,346)**	(1,036,213)
Loss from discontinued operations	**(375,338)**	(2,805,927)
Net loss for the year	**(2,645,684)**	(3,842,140)
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**205,961,271**	163,342,135
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**205,961,271**	163,342,135

10. Cash and cash equivalents

	2015	2014
	$	$
Cash at bank	**174,785**	46,453

a) Reconciliation of operating loss to net cash outflow from operating activities

	2015	2014
	$	$
		Restated
Loss from ordinary activities after income tax expense:	(2,645,684)	(3,842,140)
Depreciation	19,737	42,207
Net finance cost	510,230	518,348
Gain on sale of investments	(77,945)	-
Shares issued in lieu of director fees and expenses	-	13,349
Shares issued in lieu of underwriting fees	23,937	-
Loss arising on discontinued operations	375,338	2,805,927
Impairment reversal	(18,331)	(343,535)
Foreign exchange translation	518,515	180,954
Share option reserve (reversal)/charge	143,060	(247,337)
	(1,151,143)	(872,227)
Change in operating assets and liabilities:		
(Increase)/decrease in inventories	(5,947)	100,141
(Increase)/decrease in trade and other receivables	(175,003)	980,156
Decrease in current assets and liabilities classified as held for sale	148,415	-
Decrease in trade payables	(576,150)	(1,712,572)
(Decrease)/increase in tax liabilities	(156,827)	36,779
Increase/(decrease) in provisions	30,187	(269,104)
Increase in deferred income	253,453	60,835
Cash flow related to discontinued operation (Note 8)	(655,706)	-
Cash used in operating activities	(2,288,721)	(1,675,992)
Interest paid	(61,783)	(18,140)
Net cash outflows from operating activities	(2,350,504)	(1,694,132)

11. Trade and other receivables

Trade and other receivables - current	2015 $	2014 $
Trade receivables	**18,872**	70,171
Related party receivable – PrIME	**-**	163,804
	18,872	233,975

Trade and other receivables – non-current	2015 $	2014 $
Related party receivable – Thee Woon Goh	**947,311**	965,642
Impairment of related party receivables	**(947,311)**	(965,642)
	-	-

On 25 November 2011, Mr Thee Woon Goh, a non-executive director of the Singapore subsidiary, Prime Biologics Pte Ltd, exercised 12,622,691 share options which had an expiry date of 31 March 2012. The consideration for these shares was not received by the Company when due in November 2011 and the company entered into a debt agreement with Mr Thee Woon Goh. Under the terms of the agreement, certain rights and entitlements of the shares were suspended, the company retained a lien over the securities and the full amount owing was repayable in March 2014. The loan was not repaid in March 2014. The loan agreement was still outstanding at the reporting date and will be re-negotiated between the parties after the reporting period.

During the year ended 30 June 2015, the impaired receivable balance was reduced by $18,331. This amount was allocated against the receivable balance as settlement for services rendered by Mr Thee Woon Goh during the year.

The Group’s exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 28(a) to the financial statements.

12. Inventories

	2015 $	2014 $
Raw materials – at cost	**-**	151,429
Finished goods – at cost	**12,376**	152,516
Less: provision for obsolete inventory	**-**	(3,706)
	12,376	300,239

13. Current assets – other assets

	Note	2015 $	2014 $
Term deposit – bank guarantee rent Homebush		**37,950**	37,950
Sundry deposits		**-**	2,898
Prepaid expenses		**17,851**	50,023
Amount receivable under R&D Tax Incentive Scheme	16(c)	**328,839**	480,512
Tax liability ATO		**(104,444)**	(270,447)
		280,196	300,936

The secured deposit relates to a rental bond which is deposited in an escrow account.

A portion of the liability owing to Australian Taxation Office has been offset against the research and development incentive grant receivable balance.

14. Financial assets - available-for-sale

	2015	2014
	$	$
Shares in unlisted entities - at cost	**3,824,888**	4,124,888

Available-for-sale financial assets comprise an investment in Series B preference shares in a former subsidiary, PrIME Biologics Pte Limited (PrIME). There are no fixed returns or fixed maturity dates attached to this investment. The investment is held at cost as the equity instruments do not have a quoted market price in an active market and the fair value cannot be reliably determined.

	2015	2014
	$	$
Minomic International Limited	**-**	300,000
PrIME Biologics Pte Limited	**3,824,888**	3,824,888
	3,824,888	4,124,888

a) Measurement of investment in PrIME Biologics Pte Limited

Accounting Standards ordinarily require the investment in PrIME to be recognised for at fair value. NuSep retains Series B preference shares in PrIME. This equity class has notably different rights to the Series A preference shares which have control over all major decisions and can determine future distributions or a liquidating event (refer to Notes 14(b) and 14(c)). However, as 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. As a result, a cost basis is considered appropriate in the circumstances.
In assessing whether there are any indicators of impairment of the investment in PrIME, it has been determined that no events have been identified to indicate an impairment of the investment at 30 June 2015.

b) Voting rights in PrIME Biologics Pte Limited

As a holder of Series B Preference Shares, NuSep is entitled to receive notices of, and attend and speak at, any meetings of the Shareholders with no rights to vote except;

- If its dividends as Series B Preference shareholders remain unpaid;
- Upon any resolution which varies the rights attached to its shares; and
- Upon any resolution for the winding up of the Company.

c) Entitlements in the event of a liquidating event

In the event of liquidation, dissolution or winding up of PrIME, or the sale, lease or disposal of all or substantially all of its assets, or acquisition by another entity, or other transactions in which more than 50% of the outstanding voting power of PrIME is disposed of, distribution of the assets and funds to the shareholders shall be made in the following manner:

- In the event that such distribution is up to USD$100m: after the holders of Series A Preference Shares received an amount equal to 2 times their initial investment plus an amount equal to all declared but unpaid dividends on of Series A Preference Shares, the remaining assets available for distribution will be distributed in accordance with the Series A and Series B preference shareholdings on a converted basis.
- In the event that such distribution is between USD$100m and USD $200m: after the holders of Series A Preference Shares received an amount equal to 1.5 times their initial investment plus an amount equal to all declared but unpaid dividends on of Series A Preference Shares, the remaining assets available for distribution will be distributed in accordance with the Series A and Series B preference shareholdings on a converted basis.
- In the event that such distribution is above USD$200m: after the holders of Series A Preference Shares received an amount equal to their initial investment plus an amount equal to all declared but unpaid dividends on of Series A Preference Shares, the remaining assets available for distribution will be distributed in accordance with the Series A and Series B preference shareholdings on a converted basis.

The Series A preference shareholders have control over when a preference share equity conversion can occur. Under the PIA, at each completion point, the Series A preference shareholders are required to make additional equity contributions. It is envisaged that the number of Series A preferences shares will increase resulting in NuSep's converted shareholding diluting at each completion date as follows:

	Series A shares	Series B shares not held by NuSep	Series B shares held by NuSep	NuSep's shareholding on a converted basis
Completion one	23,702	4,088	95,912	77.53%
Completion two	43,455	4,088	95,912	66.86%
Completion three	55,306	4,088	95,912	61.76%
Completion four	59,257	4,088	95,912	60.22%

NuSep, with class B shares, is a passive investor and had a 67.8% shareholding in PrIME on a converted basis as of 30 June 2015. PrIME Biologics is working towards cGMP accreditation, which relates to the completion two stage in chart above. cGMP accreditation will enable PrIME to obtain its next external tranche of funding. It did not pass its initial attempt at cGMP earlier in the year. According to PrIME, there were a number of non-conformances but these were addressable. PrIME is now getting ready for the next attempt, which is expected to occur in the next few months, based on communication from PrIME.

d) Sale of shares in Minomic International Ltd

As announced to the market on 2 December 2014, NuSep Pty Ltd sold its equity holding in the biotechnology company Minomic International Ltd. Net proceeds received from the sale of the shares was $377,945.

15. Property, plant and equipment

	Note	Plant & Equipment $	Leasehold Improvements $	Total $
Cost:				
Balance at 1 July 2013		6,128,489	1,936,746	8,065,235
Additions		-	61,361	61,361
Exchange differences		(19,549)	(113,632)	(133,181)
Deconsolidated component		(5,162,550)	(1,291,664)	(6,454,214)
Balance at 30 June 2013		**946,390**	**592,811**	**1,536,201**
Balance at 1 July 2014		946,390	592,811	1,536,201
Additions		18,330	-	18,330
Exchange differences		(208)	(454)	(662)
Discontinued operation*		(297,467)	-	(297,467)
Balance at 30 June 2015		667,045	592,357	1,259,402
Accumulated depreciation:				
Balance at 1 July 2013		504,834	733,101	1,237,935
Depreciation for the year		78,384	20,239	98,623
Deconsolidated component		(3,018)	(219,663)	(222,681)
Balance at 30 June 2014		**580,200**	**533,677**	**1,113,877**
Balance at 1 July 2014		580,200	533,677	1,113,877
Depreciation for the year	6	6,101	13,636	19,737
Discontinued operation		54,009	4,137	58,146
Balance at 30 June 2015		640,310	551,450	1,191,760
Net book value at 30 June 2014		**366,190**	**59,134**	**425,324**
Net book value at 30 June 2015		**26,735**	**40,908**	**67,642**

* The discontinued operation component movement relates to the property, plant and equipment reclassified as held for sale (refer to Note 8).

16. Intangible assets

a) Reconciliation of movements in intangible assets

		Internal Development $	Total $
Cost:			
Balance at 1 July 2013		5,854,418	5,854,418
Additions		2,100,539	2,343,124
Exchange differences		(151,215)	(151,215)
Deconsolidated component		(5,982,428)	(6,225,013)
Balance at 30 June 2014		**1,821,314**	**1,821,314**
Balance at 1 July 2014		1,821,314	1,821,314
Additions		553,445	553,445
Balance at 30 June 2015		**2,374,759**	**2,374,759**
Accumulated deferred grant income:			
Balance at 1 July 2013		1,969,288	1,969,288
Deferred grant income for the year		60,835	60,835
Deconsolidated component		(1,879,385)	(1,879,385)
Balance at 30 June 2014		**150,738**	**150,738**
Balance at 1 July 2014		150,738	150,738
Deferred grant income for the year	16(c)	253,454	253,454
Balance at 30 June 2015		**404,192**	**404,192**
Net carrying value at 30 June 2014		**1,670,576**	**1,670,576**
Net carrying value at 30 June 2015		**1,970,567**	**1,970,567**

The Group capitalises development costs based on time spent by employees, the type of project, related development tasks and other related factors.

b) Reconciliation of intangible assets carrying value by project

	2015 $	2014 $
SpermSep separations – humans	**1,830,343**	1,648,155
SpermSep separations – animals	**140,224**	22,421
	1,970,567	1,670,576

c) Reconciliation of grant income receivable at 30 June

	Note	**2015 $**	2014 $
Analysis of grant income receivable:			
Deferred component relating to projects under development		**75,385**	60,835
Recognised as grant income in the current period	16(a)	**253,454**	419,677
Total government grants receivable	13	**328,839**	480,512

d) Impairment review of intangible assets under development

In assessing whether there are any indicators of impairment relating to the SpermSep business unit, the following factors have been taken into account:

- In the current year NuSep has progressed its SpermSep business. In human IVF, a clinical trial has been set up through Prof John Aitken with Monash IVF for assessing SpermSep in categories of complex male infertility.
- In animal artificial reproduction, NuSep has put in place with Minitube GmbH a joint animal applications development testing program that has substantially advanced the validation of a bovine IVF application for SpermSep, in conjunction with the leading university in Munich; and it has continued working with Prof Aitken's group at the University of Newcastle to refine SpermSep application in equine artificial reproduction.
- Improved sterile single-use SpermSep cartridges have been developed and are now in production for use with the current lab SpermSep products, in both human and animal work. Product requirements for the next generation of SpermSep clinical devices have been prepared and bids obtained from product development subcontractors.
- The Group has assessed that future economic benefits from the intangible assets will be greater than the sum of development costs at the reporting date plus future development costs to commercialise the assets.
- The Group has assessed that there are no new specific risks in relation to the development and commercialisation of the project. The key risk remains the generation of adequate funding to complete commercialisation.
- NuSep is confident it will be able to generate sufficient funding in the coming year to advance the commercialisation of the SpermSep development.

17. Trade and other payables

	Note	**2015 $**	2014 $
Trade payables		**245,151**	627,080
Government grants refundable		**-**	58,000
Payable to related parties	26(f)(*i*)	**27,498**	94,787
Other creditors and accruals		**147,788**	223,774
		420,437	1,003,641

The Group's exposure to liquidity and market risk risks related to trade and other payables are disclosed in Note 28.

18. Interest bearing liabilities

	Note	**2015 $**	2014 $
Current:			
Loans from related parties – secured	26(f)(*ii*)	**231,625**	479,685
Third party debt – secured		**2,178,698**	-
		2,410,323	479,685

2015 Analysis of debt	**Currency**	**Interest rate**	**Year of maturity**	**Face value**	**Carrying value**
Related party loan - Andrew Goodall	NZD	10%	2015	221,599	221,599
Related party loan – Goodall Family Super Fund	AUD	5%	2015	10,026	10,026
Third party debt – secured A-Bio Pharma Pte Ltd	SGD	5%	2016	1,934,236	1,934,236
Third party loan – Marquette Pte Ltd	SGD	5%	2015	244,462	244,462
Total current debt at 30 June 2015				**2,410,323**	**2,410,323**

2014 Analysis of debt	**Currency**	**Interest rate**	**Year of maturity**	**Face value**	**Carrying value**
Related party loans	AUD	12-15%	2014-15	384,361	384,361
Related party loan	NZD	14%	2014	95,324	95,324
Total current debt at 30 June 2014				**479,685**	**479,685**

Refer to Note 26(f)(*ii*) for additional information on related party loans.

	Note	**2015** **$**	2014 $
Non-current:			
Loans from related parties – secured	26(f)(*ii*)	**-**	2,484,858
Convertible loans notes from related parties – secured	26(f)(*ii*)(c&e)	**310,682**	-
Third party debt – secured A-Bio Pharma Pte Ltd		**2,474,779**	3,751,913
		2,785,461	6,236,771

2015 Analysis of debt	**Currency**	**Interest rate**	**Year of maturity**	**Face value**	**Carrying value**
Related party loans	AUD	12%	2017	94,851	94,851
Related party loans	AUD	5%	2018	215,831	215,831
Third party debt *	SGD	5%	2016	2,474,779	2,474,779
Total non-current debt at 30 June 2015				**2,785,461**	**2,785,461**

* The third party debt assumed with A-Bio Pharma Pte Ltd (A-Bio) under the PrIME Investment Agreement amounted to $3,739,876. Since assuming the debt, interest of $199,633 has accrued. Due to the negative effect of foreign exchange currency of $469,506, the balance of the total debt was $4,409,015 at 30 June 2015. That amount has been split up between current and non-current debt according to its maturity.

As part of the revised A-Bio debt agreement which resulted in the reassignment of the A-Bio debt, NuSep Holdings Ltd entered an indemnity agreement with PrIME Biologics Pte Ltd (PrIME), Palau Manukan Ventures Labuan Ltd and JP Asia Capital Pte Ltd. The indemnity agreement provides additional guarantees to A-Bio to settle the debt in the event of NuSep Holding Ltd defaulting on the company's obligations under the revised debt agreement. If a defaulting event occurs which results in PrIME settling the debt on the behalf of NuSep, Palau Manukan Ventures Labuan Ltd has the option to acquire NuSep's Series B preference shares in PrIME for a consideration of SGD$1.

Palau Manukan Ventures Labuan Ltd and JP Asia Capital Pte Ltd hold a deed of charge over NuSep's Series B preference shares in PrIME.

Refer to Note 26(f)(*ii*) for additional information on related party loans.

2014 Analysis of debt	Currency	Interest rate	Year of maturity	Face value	Carrying value
Third party debt	SGD	5%	2016	3,751,913	3,751,913
Related party loan	NZD	14%	2016	1,628,436	1,628,436
Related party loan	SGD	14%	2016	356,359	356,359
Related party loan	AUD	14%	2016	500,063	500,063
Total non-current debt at 30 June 2014				**6,236,771**	**6,236,771**

19. Non-interest bearing liabilities

The balance of $175,435 relates to remaining balances originated from convertible notes signed with Ti Rakau Developments Ltd and Ms Chang Seow Ying Alison with a face value of $1,727,873 and $387,765 respectively, converted into equity after resolutions approved in AGM held on 19 December 2014. The face value represented the original loans plus interests and the effect of foreign currency exchange translations accrued at 30 September 2014. The remainder of those loans relates to interests accrued from 1 October 2014 to the actual date of conversion 22 December 2014. Both parties have agreed to convert their respective balances into shares subject to approval by shareholders at the next AGM

20. Tax liabilities

	2015 $	2014 $
Internal Revenue Service US – payroll tax	**-**	20,816
Office of State Revenue NSW – payroll tax	**5,832**	161,033
Australian Taxation Office – GST position June	**(7,268)**	(5,642)
	(1,436)	176,207

21. Provisions

	2015 $	2014 $
Current:		
Provision for employee benefits - current	**138,728**	127,399
Non-current:		
Provision for employee benefits – non-current	**52,265**	71,536
Provision for employee benefits:		
Balance at beginning of year	**198,395**	468,039
Provision utilised	**(64,356)**	(109,237)
Deconsolidated component	**-**	(252,134)
Recognised through profit or loss	**56,414**	92,267
Balance at end of year	**190,993**	198,935

22. Share capital

a) Share capital

	2015 Shares	2014 Shares	**2015 $**	2014 $
Ordinary Shares – fully paid	**237,606,002**	171,259,377	**33,582,742**	29,345,275

b) Movements in ordinary share capital of the company during the period were as follows:

	Note	**2015 Shares**	2014 Shares	**2015 $**	2014 $
Balance at beginning of year		**171,259,377**	138,163,141	**29,345,275**	27,799,395
Share issue under share placement		**-**	14,427,457	**-**	814,025
Share issue under share purchase plan		**-**	12,888,891	**-**	580,000
Share issue in lieu of director fees and expenses	26(f)(*v*)	**46,863**	779,889	**3,438**	35,095
Share issue in lieu of salaries		**259,528**	-	**17,500**	-
Share issue in lieu of underwriting fees		**371,110**	-	**23,937**	-
Share issue on conversion of loans	26(f)(*iv*)	**65,669,124**	4,999,999	**4,243,126**	225,000
		237,606,002	171,259,377	**33,633,276**	29,453,515
Less issue costs		**-**	-	**(50,534)**	(108,240)
Balance at end of year		**237,606,002**	171,259,377	**33,582,742**	29,345,275

i) *Ordinary Shares*
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares do not have a par value.

ii) *Listed Options*
No listed share options were issued during the 2015 financial year (2014: $nil).

22. Share capital (continued)

c) Unlisted Options

Set out in the table below are summaries of options issued, exercised and lapsed during the year.

Grant date	Expiry date	Vesting commencement date	Exercise price	Balance at start of year	Issued during the year	Exercised during the year	Lapsed /cancelled during the year	Balance at end of the year
Consolidated and parent entity – 2015:								
Related Party Options								
22 December 2014	5 December 2015	-	$0.1015	-	1,200,000	-	-	1,200,000
22 December 2014	20 January 2016	-	$0.112	-	4,125,000	-	-	4,125,000
22 December 2014	1 November 2016	-	$0.112	-	2,000,000	-	-	2,000,000
22 December 2014	5 December 2016	-	$0.1015	-	1,200,000	-	-	1,200,000
22 December 2014	1 November 2017	-	$0.112	-	1,500,000	-	-	1,500,000
22 December 2014	5 December 2017	-	$0.1015	-	1,200,000	-	-	1,200,000
Total		-		-	11,225,000	-	-	11,225,000

The number of options over ordinary shares in NuSep issued to related parties during the year are as follows:

2015	Balance at start of year	Granted	Exercised during the year	Cancelled during the year	Balance at end of the year	Exercisable	Non Exercisable
Andrew Goodall	-	6,325,000	-	-	6,325,000	-	6,325,000
Marjorie Anne Goodall	-	300,000	-	-	300,000	-	300,000
Chang Seow Ying Alison	-	1,000,000	-	-	1,000,000	-	1,000,000
Alison Coutts	-	3,600,000	-	-	3,600,000	-	3,600,000
Total	-	11,225,000	-	-	11,225,000	-	11,225,000

2014	Balance at start of year	Granted as remuneration	Exercised during the year	Cancelled during the year	Balance at end of the year	Exercisable	Non Exercisable
John Manusu	500,000	-	-	(500,000)	-	-	-
Dr Hari Nair	500,000	-	-	(500,000)	-	-	-
Total	1,000,000	-	-	(1,000,000)	-	-	-

23. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Refer to Note 3(a) of the financial statements for further details of the company's strategy for capital management.

24. Reserves

Share options reserve
The share option reserve is used to recognise the fair value of options issued to Mr Andrew Goodall and Ti Rakau Developments Ltd - Related Parties and Ms Chang Seow Ying – Shareholder, as approved in the AGM held on 19 December 2014.

In accordance with *Accounting Standard AASB2 'Share Based payments'*, the options were valued using the Black-Scholes valuation methodology with an additional 30% discount applied to the final valuation due to lack of marketability of the options. The fair value of each option is estimated on grant date with the following assumptions used:

Dividend yield	0%
Risk-free interest rate	2.45%, 2.50% and 2.60% per annum (from Tranche One, Two and Three respectively)
Historical volatility	85% to 90% per annum
Expected volatility	85% to 90% per annum

Foreign currency translation reserve
The foreign currency translation reserve records exchange differences arising on foreign change gain from translation of net investments in foreign subsidiary companies and exchange translation losses of foreign subsidiaries' accounts.

25. Auditors' remuneration

KPMG Australia	**2015** **$**	2014 $
Audit & Assurance services		
Review of interim report	**-**	33,500
Audit of financial report – year end	**-**	99,250
Total remuneration for services	**-**	132,750

Pitcher Partners	**2015** **$**	2014 $
Audit & Assurance services		
Review of interim report	**18,000**	-
Audit of financial report – year end	**45,000**	-
Total remuneration for services	**63,000**	-

26. Related parties

a) Parent and ultimate controlling party

NuSep Holdings Ltd (incorporated in Australia) is the ultimate parent entity.

b) Detail of key management personnel

i. Directors

Ms Alison Coutts	Executive Chairman
Mr Prakash Patel	Non-Executive Director (Resigned 10 September 2014)
Mr Andrew Goodall	Non-Executive Director
Mr Michael Graham	Non-Executive Director (Appointed 10 September 2014)
Mr Mark Gell	Non-Executive Director (Appointed 17 October 2014)

ii. Executives

Mike Richardson PhD	Director of Operations
Pablo Neyertz	Director of Finance

c) Key management personnel compensation

The key management personnel compensation included:

	2015 **$**	2014 $
Short-term employee benefits	**651,655**	1,152,208
Other long-term employee benefits	**14,749**	71,026
Post-employment benefits	**39,524**	67,663
Share-based payments	**-**	(15,877)
	705,928	1,275,020

d) Share based compensation - Options

Options remuneration has been calculated in accordance with the fair value measurements provisions of AASB 2 "Share Based Payments",

The amount of options remuneration is determined on a pro rata basis, by expensing the fair value estimate of each option over the vesting period and the individual option grant. The fair value of each option is estimated on grant date using Black-Scholes option pricing model. However, as there was no value vested for these options during the financial year, there was no share based expense recognised in the Consolidated Statement of Profit and Loss.

e) Shareholding of directors

The numbers of shares in the company held during the financial year by each current Director, and executives of NuSep Holdings Ltd and its subsidiaries are set out below. There were no shares granted during the reporting period as director compensation.

Directors & their shareholding	**Balance as at 1 July 2014**	**Net movement**	**Balance as at 30 June 2015**
Alison Coutts	51,724	259,528	311,252
Andrew Goodall (a)	24,798,300	32,868,536	57,666,836
Prakash Patel #	349,079	(349,079)#	-
Michael Graham *	-	-	-
Mark Gell *	-	-	-
Total	25,199,103	**32,778,985**	**57,978,088**

* Directors appointed during the year. # Directors resigned during the year.
a. Andrew Goodall's shareholding comprised 46,056,319 held directly and 11,610,517 held indirectly.

26. Related parties (continued)

Directors & their shareholding	Balance as at 1 July 2013	Net movement	Balance as at 30 June 2014
Alison Coutts *	-	51,724	51,724
John Manusu #	6,473,438	4,064,918	10,538,356
Dr Hari Nair #	1,810,108	197,368	2,007,476
Andrew Goodall	24,093,856	704,444	24,798,300
Clifford Eu #	13,695,453	-	13,695,453
Prakash Patel	2,446	346,633	349,079
Total	**46,075,301**	**5,365,087**	**51,440,388**

* Directors appointed during the year. # Directors resigned during the year.

f) Other transactions with key management personnel and related parties

i) At 30 June 2015, director fees payable of $27,498 (2014: $94,787) included Mark Gell $12,498 (2014: $0); Michael Graham $12,500 (2014: $0) and Andrew Goodall $2,500 (2014: $9,167).

ii) Loans payable to related parties:

		Current balances:			Non-current balances:	
		2015	2014		**2015**	2014
		$	$		**$**	$
John Manusu		-	84,864		-	-
Dr Hari Nair		-	2,566		-	-
Andrew Goodall	(a)	221,599	267,466	(c)	30,112	500,063
Ti Rakau Developments Ltd	(d)	149,102	95,324		-	1,628,436
Ms Chang Seow Ying Alison	(d)	26,333	-		-	356,359
Goodall Family Super Fund	(b)	10,026	-	(c)	45,218	-
Alison Coutts		-	18,792		-	-
Pablo Neyertz		-	10,672		-	-
Mark Gell		-	-	(e)	94,851	-
Mark Gell Super Fund		-	-	(c)	100,356	-
Alison Coutts Super Fund		-	-	(c)	40,145	-
Total		**407,060**	**479,684**		**310,682**	**2,484,858**

Loan ref	Currency	Interest rate	Maturity	Security
a)	NZD	10%	Oct 15	R&D tax refund
b)	AUD	5%	At call	Unsecured
c)	AUD	5%	Jul 18	Unsecured
d)	AUD	0%	At call	Unsecured
e)	AUD	12%	Dec 17	Unsecured

f) Other transactions with key management personnel (continued)

iii) Interest on financial liabilities with related parties:

	Note	2015 $	2014 $
John Manusu		4,618	11,677
Dr Hari Nair		186	405
Andrew Goodall – interests		150,815	40,949
Andrew Goodall – options issued AGM Resol. 13	24	120,500	-
Ti Rakau Developments Ltd		126,096	323,202
Ms Chang Seow Ying Alison – interests		28,973	63,841
Ms Chang Seow Ying Alison – options issued AGM Resol. 13	24	22,560	-
Prakash Patel		-	363
Alison Coutts		3,953	792
Mark Gell		5,521	-
Alison Coutts Super Fund		145	-
Goodall Family Super Fund		192	-
Mark Gell Super Fund		356	-
Alison Coutts		3,280	792
		463,242	**441,229**

iv) Loans converted into shares:

	Number of shares 2015	Number of shares 2014	Converted loan balance 2015 $	Converted loan balance 2014 $
John Manusu	-	4,000,000	-	180,000
Dr Hari Nair	-	333,333	-	15,000
Andrew Goodall and related parties	59,657,264	333,333	3,855,361	15,000
Prakash Patel	-	333,333	-	15,000
Total	**59,657,264**	**4,999,999**	**3,855,361**	**225,000**

v) Director fees and director fees expenses converted into shares:

	Number of shares 2015	Number of shares 2014	Converted amount 2015 $	Converted amount 2014 $
Clifford Eu	46,863	360,844	3,438	16,238
Andrew Goodall	-	419,045	-	18,857
Total	**46,863**	**779,889**	**3,438**	**35,095**

g) Other transactions with companies in the group

Transactions between NuSep Holdings Ltd and other entities in the wholly-owned group during the year ended 30 June 2015 consist of:

- the distribution of electrophoresis gels and provision of accounting services; and
- loans advanced by NuSep Holdings Ltd or controlled entities.

The loans advanced by NuSep Holdings Ltd to NuSep Inc and InqSep Inc, and the distribution of electrophoresis gels by NuSep Pty Ltd to NuSep Inc from the inception of the US companies and up to 30 March 2015 have accumulated a balance of $6,269,630. The Australian companies acknowledged the impossibility to collect that balance from the US companies by signing a Deed of Release of Debt on 30 June 2015.

27. Controlled entities

Name of entity	Country of Incorporation	Class of share	Equity Holding 2015 %	Equity Holding 2014 %	
NuSep Pty Ltd	Australia	Ordinary	100	100	
NuSep Inc	United States	Ordinary	100	100	
KaoSep Inc	United States	Ordinary	100	100	
SpermSep Pty Ltd *	Australia	Ordinary	100	100	Dormant
InqSep Inc	United States	Ordinary	100	100	Dormant
Kaogen Pty Ltd	Australia	Ordinary	100	100	Dormant

* SpermSep Pty Ltd changed its name from SpermGen Pty Limited in March 2015.

28. Financial risk management policies

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and loans to and from subsidiaries.

a) Credit risk exposures

The carrying amounts of financial assets included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to these assets. The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with strong, creditworthy customers across all business segments.

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within this note. The class of assets described as trade and other receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant risk exposures in Australia.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with aging analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counter party to the transactions. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group. Payment terms are general 30-45 days from the date of the invoice, except for other receivables which includes the receivable from Mr Thee Woon Goh.

The chart below profiles the receivable balances at the reporting date.

	Gross amount	Impairment provision	Within terms	Past due but not impaired <30 days	Past due but not impaired 31-60 days	Past due but not impaired > 60days
	$	$	$	$	$	$
As at 30 June 2015:						
Trade receivables	18,872	-	17,629	1,243	-	-
Other receivables	947,311	(947,311)	-	-	-	-
Total	**966,183**	**(947,311)**	**17,629**	**1,243**	**-**	**-**
As at 30 June 2014:						
Trade receivables	70,171	-	63,326	6,724	121	-
Other receivables	163,804	-	163,804	-	-	-
Other receivables	965,642	(965,642)	-	-	-	-
Total	**1,199,617**	**(965,642)**	**277,130**	**6,724**	**121**	**-**

28. Financial risk management policies (continued)

b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing regular rolling cash flow forecasts in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- monitoring the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that finance facilities will be rolled forward.

	Within one year		**One to five years**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Financial liabilities:						
Trade & other payables	420,437	1,003,641	-	-	420,437	1,003,641
Interest bearing liabilities	2,410,323	479,685	2,785,461	6,236,771	5,195,784	6,716,456
Non-interest bearing liabilities	175,435	-	-	-	175,435	-
Tax liabilities	(1,436)	176,207	-	-	(1,436)	176,207
Liabilities associated with assets held for sale	116,664	-	-	-	116,664	-
Expected outflows	**3,121,423**	**1,659,533**	**2,785,461**	**6,236,771**	**5,906,884**	**7,896,304**
Financial assets:						
Cash & cash equivalents	174,785	84,403	-	-	174,785	84,403
Trade receivables	18,872	233,975	-	-	18,872	233,975
Other receivables	17,851	90,871	37,950	-	55,801	90,871
Tax receivables	224,395	210,065	-	-	224,395	210,065
Assets held for sale	495,142	-	-	-	495,142	-
Other investments	-	-	3,824,888	4,124,888	3,824,888	4,124,888
Expected inflows	**931,045**	**581,364**	**3,862,838**	**4,124,888**	**4,793,883**	**4,706,252**
Net expected cash flow	**(2,190,378)**	**(1,078,169)**	**1,077,377**	**(2,111,883)**	**(1,113,001)**	**(3,190,052)**

The deficiency in net expected cash flows has been discussed further in Note 3(a) of the financial statements.

29. Financial risk management policies (continued)

c) Market risk

i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. As at 30 June 2015 all of the Company's interest bearing liabilities are at fixed rate, therefore the Group is not exposed to interest rate risk.

ii) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. The Group operates internationally and is exposed to foreign exchange risk primarily arising from currency exposures to the US, Singaporean and NZ dollars.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in different currencies, including the functional currency of the operations.

Group position at 30 June 2015	**Net Financial Assets/(Liabilities) in AUD$**			
	USD $	**SGD $**	**NZD $**	**Total AUD $**
Financial assets:				
Cash and cash equivalents	18,871	-	-	18,871
Assets held for sale	117,062	-	-	117,062
Finance assets	-	3,824,888	-	3,824,888
Financial liabilities:				
Trade and other payables	(27,045)	(3,129)	-	(30,174)
Interest bearing liabilities - current	-	(2,178,698)	(221,599)	(2,400,297)
Liabilities associated with assets held for sale	(58,814)	-	-	(58,814)
Interest bearing liabilities - non-current	-	(2,474,779)		(2,474,779)
Statement of financial position exposure per currency	**50,074**	**(831,718)**	**(221,599)**	**(1,003,243)**

Group position at 30 June 2014	**Net Financial Assets/(Liabilities) in AUD$**			
	USD $	**SGD $**	**NZD $**	**Total AUD $**
Financial assets:				
Cash and cash equivalents	9,813	-	-	9,813
Trade and other receivables	40,682	-		40,682
Finance assets	-	3,824,888	-	3,824,888
Financial liabilities:				
Trade and other payables	(177,289)	-	-	(177,289)
Interest bearing liabilities - current	-	-	(95,324)	(95,324)
Tax liabilities	(16,488)	-	-	(16,488)
Interest bearing liabilities - non-current	-	(4,108,272)	(1,628,436)	(5,736,708)
Statement of financial position exposure per currency	**(143,282)**	**(283,384)**	**(1,723,760)**	**(2,150,426)**

28. Financial risk management policies (continued)

c) Market risk (continued)

Sensitivity analysis
At 30 June 2015, had the United States Dollar, Singaporean Dollar and New Zealand Dollar moved as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Group position at 30 June 2015

	Exposure per currency	Impact of AUD $ strengthening	Impact of AUD $ Weakening
USD (movement 12%)	50,074	(5,859)	5,859
SGD (movement 6%)	(1,063,343)	69,117	(69,117)
NZD (movement 10%)	(221,599)	21,495	(21,495)

Group position at 30 June 2014

	Exposure per currency	Impact of AUD $ strengthening	Impact of AUD $ Weakening
USD (movement 1%)	(143,282)	1,433	(1,433)
SGD (movement 8.7%)	(283,384)	24,654	(24,654)
NZD (movement 6%)	(1,723,760)	103,426	(103,426)

29. Capital and leasing commitments

a) Capital commitments

There are no commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities.

b) Operating lease commitments

	2015 **$**	2014 $
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payables:		
Within one year	**142,140**	167,502
Later than one year but not later than 5 years	**266,907**	411,022
	409,047	578,524

At 30 June 2015 the Group had one operating lease for its production and commercial properties in Australia. This is a non-cancellable lease and has a remaining non-cancellable lease term of 35 months.

30. Segment reporting

a) Reportable segments

The consolidated entity is organised on a global basis into the following reportable segments by product and service type.

- *Consumable Products*
  The distribution of biological products into the marketplace. Distribution is based Sydney. The manufacture and distribution of pre-cast electrophoresis gels has been reclassified as discontinued operations. Refer to Note 8 for details of changes in this group segment in the current year.
- *Separations*
  Develops and markets the PrIME technology in both the commercial and research markets, including the ProteomeSep and SpermSep devices. The income in this section includes the rental fee on NuSep's GF-100 machine by PrIME Biologics Pte Ltd in its Singapore facility.
- *Corporate*
  Conducts corporate functions of the organisation.

b) Geographic segments

After the reclassification of the consumable products as discontinued operation, revenue comprises sales mainly performed in Australia.

Further comments on the operations and the results of those operations are set out in the Directors' report.

Year ended 30 June 2015	**Consumable products** $	**Separations** $	**Corporate** $	**Group result** $
Revenue from sales or services	110,760	79,900	**-**	**190,660**
Income from outside operating activities:				
Grant income	36,907	376,584	**-**	**413,491**
Interest income	-	-	**5,075**	**5,075**
Other income	-	-	**77,945**	**77,945**
Discontinued operation result	800,427	-	**-**	**800,427**
Total segment result	948,094	456,484	**83,020**	**1,487,598**
Total segment profit/(losses) from continuing operations	89,672	248,778	(2,608,796)	**(2,270,346)**
Total segment loss from discontinued operations	(375,338)	-	-	**(375,338)**
Total segment result from continuing & discontinued operations	(285,666)	248,778	(2,608,796)	**(2,645,684)**
Depreciation & amortisation	-	1,041	18,696	**19,737**
Segment assets	672,335	2,347,245	3,824,888	**6,844,468**
Segment liabilities	196,667	80,003	5,821,207	**6,097,877**
Acquisition of capital assets	-	18,330	-	**18,330**

30. Segment reporting (continued)

Year ended 30 June 2014 - Restated	**Consumable products**	**Separations**	**Corporate**	**Group result**
	$	**$**	**$**	**$**
Revenue from sales or services	124,466	-	-	**124,466**
Income from outside operating activities:				
Grant income	81,065	275,147	-	**356,212**
Interest income	-	-	2,846	**2,849**
Discontinued operation result	798,312	-	44,703	**843,015**
Total segment result	1,003,843	275,147	47,552	**1,326,542**
Total segment profit/(losses) from continuing operations	106,349	(326,129)	(816,433)	**(1,036,213)**
Total segment (loss)/profit from discontinued operations	(209,076)	(2,641,554)	44,703	**(2,805,927)**
Total segment result from continuing & discontinued operations	(102,727)	(2,967,683)	(771,330)	**(3,842,140)**
Depreciation & amortisation	3,250	2,810	36,147	**42,207**
Segment assets	863,840	1,949,859	4,288,691	**7,102,391**
Segment liabilities	330,606	145,304	7,619,329	**8,095,239**
Acquisition of capital assets	-	-	61,361	**61,361**

Although the consolidated entity's divisions are managed on a global basis they operate in the following geographical areas being Australia, USA, Singapore and Europe.

	Segment income		**Segment assets**	
		Restated		
	2015	2014	**2015**	2014
	$	$	**$**	$
Australia	**687,170**	483,527	**2,986,683**	3,112,217
USA	**-**	-	**32,897**	165,286
Singapore	**-**	-	**3,824,888**	3,824,888
	687,170	483,527	**6,844,468**	7,102,391

Segment revenue, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

31. Events after Balance Date

The following events occurred subsequent to 30 June 2015.

- On 17 September 2015 the Company received a tax refund of $328,838 from the Australian Tax Office for an amount of $328,838.
- On 23 July 2015 the Company offered to the open market the sale of the interest in Prime Biologics Pte Ltd.
- On 10 August 2015 the Company announced the offer of a share purchase plan at a price of 2.7 cents per share which raised an amount of $266,950.
- On 10 August 2015 the Company announced the start of an in-vitro clinical trial of its SpermSep separation device at the ASX-listed “Monash IVF” in Melbourne.
- On 24 August 2015 the Company announced that it will collaborate with the University of Melbourne, Department of Chemical and Bio molecular Engineering to develop hydrogel membranes with improved bio-compatibility and greater ability to cost-effectively manufacture at large scale.

32. Company Details

The registered office and principal place of business of the company is:
30 Richmond Road
Homebush, NSW 2140
Australia

Directors' Declaration

1. In the opinion of the directors of NuSep Holdings Limtied ('the Company'):

   (a) the consolidated financial statements and notes that are set out on pages 14 to 52 and the Remuneration Report on pages 8 to 13 in the Directors' report, 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 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 chief executive chairman and finance director for the financial year ended 30 June 2015.

3. The directors draw attention to Note 2(a) to the consolidated financial statements which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Alison Coutts
Chairman

Sydney
29 September 2015

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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NUSEP HOLDINGS LIMITED AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NUSEP HOLDINGS LIMITED

We have audited the accompanying financial report of NuSep Holdings Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2015, the 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 then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company'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 company'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.

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BAKER TILLY INTERNATIONAL

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*.

Opinion

In our opinion:

(a) the financial report of NuSep Holdings Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity'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; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3(a) Going Concern in the financial report which indicates that the consolidated entity incurred net loss for the year ended 30 June 2015 of $2,645,684, and combined net cash outflows from operating and investing activities of $1,719,747. In Note 3(a) it is stated that the consolidated entity is dependent on the raising of additional funds, to both conduct its activities, and to advance the development of SpermSep technology to commercialisation. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities at the amounts stated in the financial statements in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 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 Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of NuSep Holdings Limited and controlled entities for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Mark Godlewski

MARK GODLEWSKI

Partner

29 September 2015

Pitcher Partners

PITCHER PARTNERS

Sydney

Shareholder information

The shareholder information set out below was applicable as 18 September 2015.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holdings Ranges	Holders	Total Units	Percentage
1-1,000	177	44,985	0.018
1,001-5,000	220	456,576	0.184
5,001-10,000	62	463,208	0.187
10,001-100,000	262	11,154,156	4.507
100,001-9,999,999,999	176	235,374,121	95.103
Totals	**897**	**247,493,046**	**100.000**

B. Equity security holders

Twenty largest quoted equity security holders

The name of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Holder Name	**Number Held**	**Percentage of shares issued**
MR ANDREW ERNEST GOODALL	46,611,875	18.834
TI RAKAU DEVELOPMENTS LIMITED	30,322,061	12.252
AEMAGOOD PTY LTD <GOODALL FAMILY S/F A/C>	11,610,517	4.691
PREMIUM INVESTMENT HOLDINGS PTE LTD	10,892,019	4.401
MR THEE WOON GOH	10,182,691	4.114
MR JOHN MANUSU	9,631,178	3.891
CHANG SEOW YING ALISON	8,372,715	3.383
MR YING MING CHIU & MS MIEW CHOO TEOH <CHIU SUPERFUND A/C>	7,870,402	3.180
LEE SWEE YIN	7,112,676	2.874
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,300,015	2.546
UOB KAY HIAN PRIVATE LIMITED <CLIENTS A/C>	6,071,428	2.453
EUCO INVESTMENTS PTE LTD	6,000,000	2.424
B ARTHUR PTY LTD <BARRY ARTHUR SUPER FUND A/C>	4,910,900	1.984
AEMAGOOD PTY LTD <GOODALL FAMILY NO 2 S/F A/C>	3,461,195	1.399
HAMMOND ROYCE CORPORATION PTY LTD <LEN DAVID S/F A/C>	2,285,906	0.924
BALMAIN SECURITIES PTY LTD <WESSOCIATES SUPERFUND A/C>	1,799,618	0.727
MR SHIVARAJ RASANAYAGAM & MRS BINANTHI SHAMANI RASANAYAGAM <S & BR SUPERANNUATION A/C>	1,785,555	0.721
EU YEE FONG CLIFFORD	1,719,588	0.695
MR IAIN HOWARD-SORRELL	1,397,817	0.565
MR ROBERT BRYDON RUDD	1,388,518	0.561
	179,726,674	**72.619**

Shareholder information

C. Substantial Shareholders as at 18 September 2015

Ordinary shares

Holder Name	Number Held	Percentage
MR ANDREW ERNEST GOODALL	46,611,875	18.834
TI RAKAU DEVELOPMENTS LIMITED	30,322,061	12.252
AEMAGOOD PTY LTD <GOODALL FAMILY S/F A/C>	11,610,517	4.691

D. Unquoted Equity Securities

	Number on Issue	Number of Holders
NuSep Holdings Ltd Directors, Employee and Consultants Option Plan	-	-
	-	-

E. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

a) Ordinary Shares
On a show of hands, one vote for every member or proxy of a member present and entitled to vote. On a poll, every member shall have one vote for each fully paid share held.

b) Options
No voting rights.

Corporate Directory

NuSep Holdings Ltd
ABN 33 120 047 556

Directors

Alison Coutts	Executive Chairman
Andrew Goodall	Non-Executive Director
Michael Graham	Non-Executive Director
Mark Gell	Non-Executive Director

Company Secretary and Share Registry
Mark Studd
Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney, NSW 2000

Registered Office
30 Richmond Road
Homebush, NSW 2140
Australia

Tel: 61 2 8415 7300
Fax: 61 2 8415 7399
Email: info@NuSep.com
Website: www.NuSep.com

Solicitors
HWL Ebsworth Lawyers
Level 14, Australia Square
264-278 George Street
Sydney, NSW 2000

Auditors
Pitcher Partners NSW Pty Limited
Level 22, MLC Centre, 19 Martin Place
Sydney, NSW 2000