Appendix 4D

Half year report

Name of the entity:	**NuSep Holdings Ltd**
ABN:	**33 120 047 556**

Half year ended ('current period')	Half year ended ('previous corresponding period')
31 December 2015	31 DECEMBER 2014

Results for announcement to the market

				$A'000
Sales from continuing operations	**Down**	**28%**	**to**	**86**
Gross profit from continuing operations	**Down**	**34%**	**to**	**62**
Loss from continuing activities after tax attributable to members	**Down**	**2%**	**to**	**(1,078)**
Net Loss for the period attributable to members	**Remained**	**0%**	**at**	**(1,211)**

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

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

Brief explanation of any of the figures reported above:

Refer attached press release and notes to the accounts.

NTA backing	**31 December 2015**	31 December 2014
Net tangible asset backing per ordinary security	**(0.0096) dollars**	0.0017 dollars

Audit/Review Status

This report is based on accounts to which one of the following applies:(Tick one)

The accounts have been audited		The accounts have been subject to review	X
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not Applicable – emphasis of matter

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2(b) Going Concern in the financial report which indicates that the consolidated entity incurred a loss for the half-year ended 31 December 2015 of $1,210,836 and combined net cash outflows from operating and development expenditure of $753,231. The consolidated entity also had a deficiency in working capital of $5,940,399 and net asset deficiency of $266,090 as of 31 December 2015. In Note 2(b) it is stated that the consolidated entity is dependent on the raising of additional funds for working capital and to continue to develop and commercialise the technology. 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 in the normal course of business and at the amounts stated in the financial report.

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

Interim Financial Report
for the half-year ended 31 December 2015

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Directors' Report

The Directors submit their report for the consolidated entity consisting of NuSep Holdings Limited and its controlled entities for the half-year ended 31 December 2015.

Directors

The names of the Directors of NuSep Holdings Limited (NuSep) in office at any time during or since the end of the interim period are:

Alison Coutts	Executive Chairman
Andrew Goodall	Non-Executive Director
Michael Graham	Non-Executive Director – resigned 4 January 2016
Mark Gell	Non-Executive Director

PRINCIPAL ACTIVITIES

NuSep is a biological separations company using proprietary electrophoresis and membranes to extract high value components from biological fluids, ranging from whole cells to parts of proteins, NuSep's business model is to develop high value intellectual property ("IP") and then monetise to maximise the return on that IP asset.

The Company, being predominately a developer of IP, is a net user of cash. It expects to be operationally loss-making for some time before it can generate revenues from the IP it has developed.

The principal activities of NuSep during the year were:-

(a) development of our major in-house program "SpermSep" which uses the NuSep proprietary technology to select the most viable sperm for both the human and animal reproduction markets:

(b) development of membranes for our next generation SpermSep device and for new, high value applications

REVIEW OF OPERATIONS

With respect to SpermSep, we have made progress in the following areas:

- We continued to negotiate a Commercialisation Agreement with the University of Newcastle and a separate consulting agreement with pre-eminent reproductive biology specialist, Professor John Aitken. Those agreements were finalised post reporting date;
- We worked closely with Professor John Aitken and his research team, predominantly in the areas of human and equine reproduction;
- We started an in-vitro trial at Monash IVF under the direction of Professor John Aitken to assess our device's ability to separate the most viable sperm from semen samples compared with conventional methods. We have confidence that the trial results will be positive based on our internal trials;
- We continued to work closely with MiniTube, the largest global provider of equipment and consumables for animal Artificial Reproductive Technologies. They are working with us on increasing the viability of frozen bovine sperm and then to determine if our process can improve bovine IVF outcomes. Despite the technical challenges, we have made good progress; and
- We have been designing our next generation SpermSep device which will have a novel and simplified cartridge containing our new and improved proprietary membrane.

Good progress has also been made with our membrane program:

- We are working with membrane specialists at the Chemical and Biomolecular Engineering Department at Melbourne University. We have already developed a new membrane for the SpermSep device that will be more bioavailable and easier and cheaper to make at scale than the previous membrane. This new membrane will be part of the next generation SpermSep machines that we are designing; and
- Work on other high value bio-separation applications with the Melbourne University researchers is also starting to bear fruit.

NuSep continued during the half year to resolve a number of issues which were largely inherited. The long running dispute with the former Managing Director, Prakash Patel, was ultimately settled by negotiation for $200,000. Each party paid their own costs in addition to this settlement amount.

The arduous and expensive ASIC Investigation also ceased and this enabled the Company to focus more on its core activities and to decrease legal spending, despite the ongoing costs of compliance with the ASIC Enforceable Undertaking that the Company signed in December 2014.

The Company also paid off a SGD 250,000 debt to a private company, Marquette, in Singapore.

Directors were the primary source of funding over the period. The Company also undertook a Share Purchase Plan that raised $267,000 and it received $300,550 from the R&D tax refund.

Late in 2015 NuSep appointed Transocean Securities as corporate and strategic advisors and Dr Robert Gilmour as a consultant assisting Transocean. The group's mandate is also to provide long term funding, strategy and IP development services and market support. Post reporting date NuSep announced a Private Placement through Transocean Group that raised $371,000 before costs and then it subsequently announced a Non-renounceable Issue also through Transocean Securities to raise a minimum of $2,846,000 before costs.

Our current investment in PrIME Biologics Pte Ltd, Singapore, which we spun out in mid 2014, is 55.1%. Our investment in PrIME, which has been externally funded since it was spun out, is passive as we have no voting rights as class B shareholders.

PrIME did not hit its major milestone, cGMP accreditation, and it has not provided a date for its next attempt. However, despite this setback, it was successful in obtaining an additional external SGD$8.8 million tranche of funding from its Class A shareholders.

Financial performance

For the half-year ended 31 December 2015 the Group made a net loss from continuing operations of $1,210,836 (2014: loss $1,208,766). Although the results from the previous corresponding period appear similar overall, a break-down of the Consolidated Statement of Profit and Loss indicates that that the performance of the entity substantially improved for the half-year ended 31 December 2015:

- In the previous corresponding period, NuSep received an additional $297,112 grant income which was related to R&D expenditure in PrIME. There is no similar income in the current half-year ended 31 December 2015.
- General and Administrative expenses decreased by 11% to $879,281 from $983,780 in the previous corresponding period
- Finance costs decreased by 75% to $142,679 from $561,560 in the previous corresponding period. This reduction was due to converting interest bearing debts into equity post the AGM on 19 December 2014.
- The only expenditure that actually increased (by 81% from $120,050 to $217,419) was the R&D expenses. This was mainly due to an expansion of the Membranes project. The expenditure made on the SpermSep project was not included in the P&L as it was capitalised as part of the company's IP.

At 31 December 2015, the Group had a net working capital deficiency of $5,940,399 (30 June 2015: deficiency $2,278,780). This considerable increase was due to the A-Bio Pharma Pte Ltd debt that NuSep took over when it spun out PrIME. This debt, which stood at $4,522,324 at the end of the period, became current at 31 December 2015 and it is held against the shares we hold in PriME. There is no recourse on

this debt to NuSep. NuSep's shares in PrIME Biologics Pte Ltd are still classified as non-current and these shares are the underlying assets relating to this debt.

In addition, the Group received a net R&D grant of $300,550 during the period (2014: $821,879). The larger amount in the prior year was partly due to the amount claimed for NuSep's share of the development of PrIME before PrIME was spun out. Overall, the Group had operating cash outflows of $409,535 for the half-year ended 31 December 2015 (half-year ended 31 December 2014: net cash outflows of $1,576,585).

Outlook

The Outlook for the Company is strong for both our activities in SpermSep and in the development of membranes for new applications. Shortly we will be changing the Company's name to "Memphasys" which reflects the future direction of the Company - an emphasis on membrane systems. The new name signifies a break from the past and is part of the relaunch of the Company.

We have announced that we are in the process of selling the gels business and anticipate that the sale will provide a small contribution to cash reserves.

We are in discussions for selling our B class shares in PrIME and we are in advanced negotiations with one party.

Over the past couple of years management has worked through and dealt with a number of inherited difficulties which have been well documented in market announcements but fortunately that period is now behind us. We expect legal costs and EU compliance costs to dramatically decrease from past levels. Having engaged Transocean Securities to provide fund raising, IP and strategic consultancy services, we are now properly funded and we have a clear plan to develop our IP assets.

We are now focussing on developing our IP and building new value in the Company. Operational spend will increase but value should also be built from this spending. As we hit our value adding milestones shareholders will be able to identify the clear value that is being added and a re-rating of our market standing should follow.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 21 for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors.

Alison Coutts
Executive Chairman

Sydney
25 February 2016

NuSep Holdings Ltd and its Controlled Entities

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2015

	Note	**Half-year 31 December 2015** $	Half-year 31 December 2014 $
Continuing operations			**Restated**
Revenue		**86,274**	120,175
Cost of sales		**(24,233)**	(25,888)
Gross profit		**62,041**	94,287
Grant income		**97,839**	394,951
Other income		**1,155**	79,918
General and administration expenses		**(879,281)**	(983,780)
Research and development expenses		**(217,419)**	(120,050)
Finance cost expenses		**(142,679)**	(561,560)
Loss before income tax		**(1,078,344)**	(1,096,234)
Income tax expense		**-**	-
Loss after tax from continuing operations		**(1,078,344)**	(1,096,234)
Discontinued Operation			
Loss from discontinued operation, net of tax	5	**(132,492)**	(112,532)
Net loss for the year attributable to members of parent		**(1,210,836)**	(1,208,766)
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign exchange gain from translation of net investments		**(1,924)**	718,367
Exchange translation differences of foreign subsidiaries' accounts	2.d	**(1,200)**	(724,225)
Total other comprehensive loss for the period		**(3,124)**	(5,858)
Total comprehensive loss for the period		**(1,213,960)**	(1,214,624)
Earnings per share (EPS)		**Dollar/share**	**Dollar/share**
– Basic loss per share		**(0.0049)**	(0.0069)
– Diluted loss per share		**(0.0049)**	(0.0069)
Earnings per share - continuing operations		**Dollar/share**	**Dollar/share**
– Basic loss per share		**(0.0049)**	(0.0069)
– Diluted loss per share		**(0.0049)**	(0.0069)

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

NuSep Holdings Ltd and its Controlled Entities

Condensed Consolidated Statement of Financial Position
As at 31 December 2015

	Note	As at 31 December 2015 $	As at 30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents		**42,858**	174,785
Trade and other receivables		**58,126**	18,872
Inventories		**5,216**	12,376
Other current assets		**269,154**	280,196
Assets held for sale	5	**387,731**	495,142
TOTAL CURRENT ASSETS		**763,625**	981,371
NON-CURRENT ASSETS			
Financial assets	6	**3,824,888**	3,824,888
Property, plant and equipment	7	**62,009**	67,642
Intangible assets	8	**2,102,720**	1,970,567
TOTAL NON-CURRENT ASSETS		**5,989,617**	5,863,097
TOTAL ASSETS		**6,752,702**	6,844,468
CURRENT LIABILITIES			
Trade and other payables		**904,878**	420,437
Interest bearing liabilities	9	**5,425,763**	2,410,323
Non-interest bearing liabilities	10	**175,435**	175,435
Tax liabilities		**87,766**	(1,436)
Short-term provisions		**52,362**	138,728
Liabilities relating to disposal group	5	**57,820**	116,664
TOTAL CURRENT LIABILITIES		**6,704,024**	3,260,151
NON-CURRENT LIABILITIES			
Interest bearing liabilities	9	**295,681**	2,785,461
Long-term provisions		**19,087**	52,265
TOTAL NON-CURRENT LIABILITIES		**314,768**	2,837,726
TOTAL LIABILITIES		**7,018,792**	6,097,877
NET ASSETS		**(266,090)**	746,591
EQUITY			
Issued capital		**33,784,021**	33,582,742
Reserves		**213,495**	216,619
Accumulated losses		**(34,263,606)**	(33,052,770)
TOTAL EQUITY		**(266,090)**	746,591

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

NuSep Holdings Ltd and its Controlled Entities

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2015

	Issued capital $	Foreign currency translation reserve $	Share options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2015	**33,582,742**	**73,559**	**143,060**	**(33,052,770)**	**(746,591)**
Loss for the period	-	-	-	(1,210,836)	(1,210,836)
Currency translation on net investments	-	(1,924)	-	-	(1,924)
Currency translation difference of foreign subsidiaries' accounts	-	(1,200)	-	-	(1,200)
Total comprehensive loss for the period	**-**	**(3,124)**	**-**	**(1,210,836)**	**(1,213,960)**
Transactions with owners recorded directly in equity:					
Issue of share capital	266,997	-	-	-	266,997
Transaction costs on share issue	(65,718)	-	-	-	(65,718)
Balance 31 December 2015	**33,784,021**	**70,435**	**143,060**	**(34,263,606)**	**(266,090)**

	Issued capital $	Foreign currency translation reserve $	Share options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2014	**29,345,275**	**68,963**	**-**	**(30,407,086)**	**(992,848)**
Loss for the period	-	-	-	(1,208,766)	(1,208,766)
Currency translation on net investments	-	718,367	-	-	718,367
Currency translation difference of foreign subsidiaries' accounts	-	(724,225)	-	-	(724,225)
Total comprehensive loss for the period	**-**	**(5,858)**	**-**	**(1,208,766)**	**(1,214,624)**
Transactions with owners recorded directly in equity:					
Issue of share capital	4,288,001	-	-	-	4,288,001
Transaction costs on share issue	(39,198)	-	-	-	(39,198)
Share options	-	-	143,060	-	143,060
Balance 31 December 2014	**33,594,078**	**63,105**	**143,060**	**(31,615,852)**	**2,184,391**

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

NuSep Holdings Ltd and its Controlled Entities

Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2015

	Note	**Half-year 31 December 2015 $**	Half-year 31 December 2014 $
			Restated
Cash flows from operating activities			
Receipts from customers		**40,390**	64,238
Payments to suppliers and employees		**(744,276)**	(1,668,046)
Net proceeds from government grants		**300,550**	70,512
Finance costs paid		**(6,199)**	(43,289)
Net cash flows from / (used in) operating activities		**(409,535)**	(1,576,585)
Cash flows from investing activities			
Interest received		**543**	1,275
Proceed from sale of financial assets		**-**	377,945
Purchase of property, plant and equipment		**(4,319)**	-
Development expenditure		**(343,696)**	(329,159)
Cash flow relating to discontinued operations	5	**23,142**	900,317
Net cash flows used in investing activities		**(324,330)**	950,378
Cash flows from financing activities			
Proceeds from issue of shares		**266,997**	-
Share issue costs		**(35,104)**	-
Proceeds from related party borrowings		**620,118**	1,471,432
Repayment of borrowings to related parties		**-**	(191,998)
Repayment of borrowings to third parties		**(250,073)**	-
Net cash flows provided by financing activities		**601,938**	1,279,435
Net (decrease) / increase in cash and cash equivalents		**(131,927)**	653,227
Cash and cash equivalents at beginning of period		**174,785**	84,403
Cash and cash equivalents at end of the half-year		**42,858**	737,630

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

Notes to the condensed consolidated interim financial statements

1. Reporting entity

NuSep Holdings Ltd (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 30 Richmond Road, Homebush, NSW 2140, Australia. These condensed consolidated interim financial statements as at and for the six months ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" or "Consolidated entity").

The Group is a for-profit entity and is primarily involved in the development and manufacture of cell and protein separation devices, and associated consumables, for use in Healthcare, Veterinary and Biotechnology market sectors.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2015 are available at www.nusep.com.

2. Basis of preparation

a) Statement of compliance

The half-year condensed consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of NuSep Holdings Ltd and its controlled entities as at and for the half year ended 31 December 2015. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half-year period.

The same accounting policies and methods of computation have been followed in this interim report as were applied in the most recent annual financial statements except for the adoption of New Accounting Standards and Interpretations as described in Note 3 below.

These condensed interim financial statements were authorised for issue by the Board of Directors on 25 February 2016.

b) 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 near future, 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 consolidated entity:

- The consolidated entity made a net loss of $1,210,836 for the half year ended 31 December 2015, which included depreciation and amortisation expenses of $9,439.
- For the half year ended 31 December 2015 the consolidated entity had net cash outflows from combined operating activities and development expenditure of $753,231.
- At 31 December 2015 the consolidated entity had a deficiency in working capital of $5,940,399.

- At 31 December 2015 the consolidated entity had net assets deficiency of $266,090 .

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 Company has signed a two-year mandate with Transocean Securities Pty Ltd ("Transocean") which, in January 2016, made a placement of 37,123,956 ordinary fully paid shares at $0.01 per share, raising $371,240 in working capital before costs..
- The Company, with the corporate finance advice of Transocean, proposed to undertake a non-renounceable rights issue to raise a minimum of $2.8 million before costs on substantially the same terms as the above-mentioned placement..
- The Company expects to receive a tax refund in September 2016 of over $500,000 from the Australian Tax Office for eligible research and development activities carried out in the financial year ending 30 June 2016 under the research and development tax credit scheme.
- The Company expects to receive from April to June 2016 the proceeds for the sale of the pre-cast polyacrylamide gel manufacturing business.
- The Company has announced it had offered to the open market the sale of its ownership in the class B shares of PrIME Biologics Pte Ltd . The market value of these shares is considered to be substantially greater than the carrying value in the statement of financial position.
- The Group expects to substantially reduce its losses from continuing activities in the upcoming financial year by mainly decreasing legal expenditure. The legal fees incurred on the settlement of the legal case with the former Managing Director Prakash Patel and the compliance costs on the Enforceable Undertaking issued by ASIC in December 2014 totalled $288,900.

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.

c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by NuSep Holdings Ltd as at 31 December 2015 and the results of all controlled entities for the period then ended.

A controlled entity is any entity over which NuSep Holdings Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

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 consistencies with those policies applied by the parent entity.

d) Foreign currency translation

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 period 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.

e) Judgement and estimates

In preparing these interim financial statements, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2015.

3. Significant accounting policies

The accounting policies applied in the interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2015. The adoption of all new revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-year.

4. Operating Segments

Segment performance

Half-year ended 31 December 2015	Consumable products $	Separations $	Corporate $	Consolidated $
Revenue from sales of goods and services	34,013	52,261	-	86,274
Revenue from outside the operating activities	-	97,839	1,155	98,994
Revenue from discontinued operation	192,157	-	-	192,157
Total segment revenue	**226,170**	**150,100**	**1,155**	**377,425**
Total segment profit/(losses) from continuing operations	**10,751**	**(68,289)**	**(1,020,806)**	**(1,078,344)**
Total segment losses from discontinued operations	**(132,492)**	**-**	**-**	**(132,492)**
Total segment losses from continuing and discontinued operations	**(121,741)**	**(68,289)**	**(1,020,806)**	**(1,210,836)**
Total depreciation and amortisation	**1,472**	**7,967**	**-**	**9,439**
Total finance cost	**-**	**-**	**(142,679)**	**(142,679)**

Half-year ended 31 December 2014	Consumable products $	Separations $	Corporate $	Consolidated $
Revenue from sales of goods and services	61,075	59,100	-	120,175
Revenue from outside the operating activities	53,587	341,364	79,918	474,869
Revenue from discontinued operation	316,858	-	-	316,858
Total segment revenue	**431,520**	**400,464**	**79,918**	**911,902**
Total segment profit/(losses) from continuing operations	**888,954**	**400,284**	**(1,585,472)**	**(1,096,234)**
Total segment losses from discontinued operations	**(112,532)**	**-**	**-**	**(112,532)**
Total segment profit/(losses) from continuing and discontinued operations	**(23,578)**	**400,284**	**(1,585,472)**	**(1,208,766)**
Total depreciation and amortisation	**(25,622)**	**(3,877)**	**(10,827)**	**(40,326)**
Total finance cost	**-**	**-**	**(561,560)**	**(561,560)**

Segment assets	Consumable products $	Separations $	Corporate $	Consolidated $
Opening balance 1 July 2015	672,335	2,347,245	3,824,888	6,844,468
Additions/Disposals/Others	(222,462)	130,696	-	(91,766)
Closing balance 31 December 2015	**449,873**	**2,477,941**	**3,824,888**	**6,752,702**

Segment liabilities	Consumable products $	Separations $	Corporate $	Consolidated $
Opening balance 1 July 2015	196,667	80,003	5,821,207	6,097,877
Additions/Disposals/Others	(74,673)	78,975	916,613	920,915
Closing balance 31 December 2015	**121,994**	**158,978**	**6,737,820**	**7,018,792**

5. 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. Substantial progress on the sale of the disposal group have been made and a sale is expected to take place before April 2016.

At 31 December 2015 the disposal group comprised the following assets and liabilities:

	31 December 2015 $	30 June 2015 $
Trade and other receivables	**32,531**	**125,048**
Inventories	**53,996**	**69,072**
Other assets	**3,737**	**3,555**
Property, plant and equipment – carrying value	**297,467**	**297,467**
Assets held for sale	**387,731**	**495,142**

	31 December 2015 $	30 June 2015 $
Trade and other payables	**17,547**	**80,568**
Tax liabilities	**34,464**	**8,911**
Short term provisions	**3,250**	**4,056**
Long term provisions	**2,559**	**23,129**
Liabilities associated with assets held for sale	**57,820**	**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.

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

	31 December 2015 $	31 December 2014 $
Revenue	**192,157**	316,858
Expenses	**(324,649)**	(429,390)
Results from operating activities	**(132,492)**	(112,532))
Income tax expense	**-**	-
Loss for the year	**(132,492)**	(112,532)

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:	**31 December 2015 $**	31 December 2014 $
Net cash flow used in operating activities	**23,142**	48,611
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	**23,142**	48,611

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

Cash flows relating to discontinued activities in the prior financial year:	**31 December 2015 $**	31 December 2014 $
Net cash flow received / (used) in operating activities	**-**	*687,902
Net cash flow received / (used) in investing activities	**-**	**163,804
Net cash flow from financing activities	**-**	-
Net cash flows relating to discontinued activities in the prior financial year	**-**	851,706

* 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 two 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:	**31 December 2015 $**	31 December 2014 $
Net cash flow received / (used) in operating activities	**23,142**	736,513
Net cash flow received / (used) used in investing activities	**-**	163,804
Net cash flow from financing activities	**-**	-
Net cash flows relating to discontinued activities in the prior and current financial year	**23,142**	900,317

Loss per share relating to discontinued activities.

Loss per share on results relating to discontinued activities:	**31 December 2015 $ Dollar/share**	31 December 2014 $ Dollar/share
Basic loss per share	**(0.0005)**	(0.0006)
Diluted loss per share	**(0.0005)**	(0.0006)

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

6. Financial assets – available-for-sale

	31 December 2015 $	30 June 2015 $
Shares in unlisted entities – at cost		
PrIME Biologics Pte Limited at cost	**3,824,888**	3,824,888
	3,824,888	3,824,888

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 the 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.

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) in the annual financial statements as at 30 June 2015). 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 31 December 2015.

7. Non-Current Assets - Property, Plant & Equipment

31 December 2015	**Plant and equipment** **$**	**Leasehold improvements** **$**	**Total** **$**
Carrying amount at 1 July 2015	26,735	40,907	67,642
Additions	3,806	-	3,806
Depreciations	(2,621)	(6,818)	(9,439)
Carrying amount at 31 December 2015	**27,920**	**34,089**	**62,009**

8. Non-Current Assets – Intangible Assets

	31 December 2015 $	30 June 2015 $
Carrying amount at the beginning of the period	1,970,567	1,670,576
Internally developed expenditure	240,278	553,445
Deferred grant income	(108,125)	(253,454)
Carrying amount at the end of the period	**2,102,720**	**1,970,567**

9. Interest Bearing Liabilities

Current	**Note**	**31 December 2015** **$**	30 June 2015 $
Loans from related parties – secured	11.b	903,439	231,625
Third party debt – secured *		4,522,324	2,178,698
Total current interest and non-interest bearing liabilities		**5,425,763**	2,410,323
Non-current			
Convertible loans from related parties – secured	11.b	295,681	310,682
Third party debt – secured *		-	2,474,779
Total non-current interest bearing liabilities		**295,681**	2,785,461
Total interest bearing liabilities		**5,721,444**	**5,195,784**

* Third party debt assumed with A-Bio Pharma Pte Ltd (A-Bio) under the PrIME Investment Agreement.

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.

Analysis of current debt

31 December 2015	Currency	Interest rate	Year of maturity	Carrying value $
Related party loan – Andrew Goodall	AUD	5-8%	2016	774,684
Related party loan – Goodall Family Fund	AUD	5%	2016	70,695
Related party loan – Alison Coutts	AUD	5%	2016	58,060
Third party debt – secured A-Bio Pharma Pte Ltd	SGD	5%	2016	4,522,324
				5,425,763

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

Analysis of non- current debt

31 December 2015	Currency	Interest rate	Year of maturity	Carrying value $
Related party loans	AUD	12%	2017	100,255
Related party loans	AUD	5%	2018	195,426
				295,681

30 June 2015	Currency	Interes t rate	Year of maturity	Carrying value $
Related party loans	AUD	12%	2017	94,851
Related party loans	AUD	5%	2018	215,831
Third party debt–secured A-Bio Pharma Pte Ltd	SGD	5%	2016	2,474,779
				2,785,461

10. Non-interest Bearing Liabilities

The balance of $175,435 relates to remaining balances originated from convertible notes signed with Ti Rakau Developments Ltd ($149,102) and Ms Chang Seow Ying Alison ($26,333) 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.

On 8 October 2015 Ti Rakau Developments Ltd transferred to Andrew Goodall its balance of $149,102.

11. Fair Value Measurements

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value at 31 December 2015 and 30 June 2015:

		31 December 2015			
	Note	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Non-recurring fair value measurements					
Non-financial assets					
Assets held for sale	5	-	-	388	388
Total non-financial assets recognised at fair value on a non-recurring basis		**-**	**-**	**388**	**388**
Non-financial Liabilities					
Liabilities relating to disposal group	5	-	-	58	58
Total non-financial liabilities recognised at fair value on a non-recurring basis		**-**	**-**	**58**	**58**

		30 June 2015			
	Note	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Non-recurring fair value measurements					
Non-financial assets					
Assets held for sale	5	-	-	495	495
Total non-financial assets recognised at fair value on a non-recurring basis		**-**	**-**	**495**	**495**
Non-financial Liabilities					
Liabilities relating to disposal group	5	-	-	117	117
Total non-financial liabilities recognised at fair value on a non-recurring basis		**-**	**-**	**117**	**117**

12. Related Party Transactions

a) Transactions with key management personnel

Key management personnel received total compensation of $269,401 for the six months ended 31 December 2015 (six months ended 31 December 2014: $266,629).

b) Other related party transactions

At 31 December 2015 the consolidated entity had $1,199,120 interest bearing liabilities and $175,435 non-interest bearing liabilities to related parties on terms and conditions as outlined in Note 9 and 10 (30 June 2015: $542,307 and $175,435 respectively).

13. Events Subsequent to Reporting Date

The following events occurred subsequent to 31 December 2015:

- On 4 January 2016, Mr Michael Graham resigned as a Non-Executive Director.
- On 5 January 2016, Mr Andrew Goodall resigned as a Non-Executive Director of PrIME Biologics Pte Ltd leaving NuSep as a result with no representative on the PrIME Biologics Pte Ltd Board.
- On 11 January 2016, the Company announced that it has signed a two-year mandate with Transocean Securities Pty Ltd ("Transocean").
- On 11 January 2016, the Company announced that it has signed a two-year consultancy agreement with Dr Robert Gilmour, who has joined NuSep's Scientific Advisory Board and will provide technical and strategic advisory services.
- On 14 January 2016, the Company announced that it has completed the allotment and issue of 37,123,956 ordinary fully paid shares at $0.01 per share, raising $371,240 in working capital.
- On 16 January 2016, the Company offered to undertake a non-renounceable, one-for-one rights issue to raise a minimum of $2.8 million before costs on substantially the same terms as the placement announced on 14 January 2016. This will give existing shareholders in Australia and New Zealand an opportunity to acquire additional shares in the Company on substantially the same terms as investors under the placement.

Directors' Declaration

In the opinion of the directors of NuSep Holding Limited ("the Company"):

1. The condensed consolidated financial statements and notes, as set out on pages 6 to 19 are in accordance with the Corporations Act 2001, including:

   a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

   b) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the Corporation Regulations 2001.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Alison Coutts
Executive Chairman

Sydney
25 February 2016

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NUSEP HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

In relation to the independent auditor's review for the half-year ended 31 December 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

25 February 2016

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NUSEP HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

We have reviewed the accompanying half-year financial report NuSep Holdings Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, 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 period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half- year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NuSep Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NuSep Holdings Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2(b) Going Concern in the financial report which indicates that the consolidated entity incurred a loss for the half-year ended 31 December 2015 of $1,210,836 and combined net cash outflows from operating and development expenditure of $753,231. The consolidated entity also had a deficiency in working capital of $5,940,399 and net asset deficiency of $266,090 as of 31 December 2015. In Note 2(b) it is stated that the consolidated entity is dependent on the raising of additional funds for working capital and to continue to develop and commercialise the technology. 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 in the normal course of business and at the amounts stated in the financial report.

Mark Godlewski

MARK GODLEWSKI

Partner

Pitcher Partners

PITCHER PARTNERS

Sydney

25 February 2016

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 – resigned 4 January 2016
Mark Gell	Non-Executive Director

Company Secretary and Share Registry
Mark Studd
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