

# RSM Bird Cameron Corporate Pty Ltd

Level 12, 60 Castlereagh Street Sydney NSW 2000  
GPO Box 5138 Sydney NSW 2001  
T +61 2 9233 8933 F +61 2 9233 8521  
[www.rsmi.com.au](http://www.rsmi.com.au)

13 April 2007

The Directors  
NuSep Ltd  
22 Rodborough Road  
FRENCHS FOREST NSW 2086

Dear Sirs

## Investigating Accountant's Report

### 1 Introduction

- 1.1 This report has been prepared at the request of the Directors of NuSep Ltd ("NuSep" or "the Company") to accompany the lodgment of the listing application with the Australian Stock Exchange ("ASX"). The Prospectus, dated 14 December 2006, as lodged with the Australian Securities and Investments Commission ("ASIC"), relates to a 1:1 non renounceable rights issue to raise \$2,467,296 by the issue of 4,934,592 fully paid ordinary shares in the Company at an issue price of 50 cents per share with one attaching option at no additional cost for every 4 new shares issued pursuant to the Prospectus.
- 1.2 This report has been prepared in accordance with the general disclosure requirements of the Corporations Act 2001 to accompany the Company's listing application with the ASX, and does not form part of the Prospectus.
- 1.3 The future prospects of the Company, other than the preparation of a pro forma Balance Sheet for the Company, assuming completion of the proposed transactions, are not addressed in this report. This report also does not address the rights attaching to the shares to be issued pursuant to the Prospectus, nor the risks associated with the investment.

## **2 Scope of Examination**

2.1 You have requested RSM Bird Cameron Corporate Pty Ltd to prepare an Investigating Accountant's Report on the following:

- the unaudited Balance Sheet of the Company as at 31 October 2006 (the "Historical Financial Information"); and
- the pro forma Balance Sheet of the Company as at 31 October 2006, assuming completion of the capital raising and the transactions summarised in Note 1(b) to the financial statements (the "Pro-Forma Financial Information").

2.2 The Historical Financial Information has been extracted from the unaudited financial report of NeSep as at 31 October 2006 representing the assets and liabilities of the Company as the time of demerger from Life Therapeutics Limited.

2.3 The Directors of NuSep are responsible for the pro forma financial information included in this report.

2.4 Our review has been conducted in accordance with Australian Auditing Standards AUS 902 "Review of Financial Reports". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:-

- an analytical review of the financial information;
- review of the application of accounting standards and policies;
- examination of financial records; and
- enquiries of management.

2.5 These review procedures were substantially less in scope than that would be required in an audit examination conducted in accordance with Australian Auditing Standards, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

## **3 Background**

3.1 The Company was incorporated in June 2006 and commenced business on 1 November 2006.

3.2 The company issued a prospectus in December 2006 for a rights issue to raise additional capital.

3.3 NuSep hopes to list on the ASX in April 2007.

#### **4 Subsequent Events**

- 4.1 Apart from the matters dealt with in this report, having regard to the scope of our work, to the best of our knowledge and belief, no material transactions or events outside the ordinary business of the Company have come to our attention that are not otherwise disclosed in the Prospectus, which require further comment upon or adjustment to, the information referred to in this report, or which would cause the information in this report to be misleading.

#### **5 Opinion on historical and pro forma financial information**

- 5.1 In our opinion, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial information set out in the Appendix to this report does not present fairly:
- 5.1.1 the unaudited Balance Sheet of the Company as at 31 October 2006; and
- 5.1.2 the pro forma Balance Sheet of the Company as at 31 October 2006 adjusted to include funds proposed to be raised pursuant to the Prospectus and the completion of the transactions summarised in Note 1(c) to the financial statements.

#### **6 Declaration**

- 6.1 RSM Bird Cameron Corporate Pty Ltd is a licensed investment adviser under the Corporations Act 2001 and is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants.
- 6.2 Mr A J Gilmour CA is a director and authorised representative of RSM Bird Cameron Corporate Pty Ltd and a director of RSM Bird Cameron. He has professional qualifications and experience appropriate to the advice offered.
- 6.3 RSM Bird Cameron Corporate Pty Ltd has acted as Investigating Accountant for the Company but has not been involved in the preparation of any other part of this Prospectus. Accordingly, we make no representations as to the completeness and accuracy of the information in any other part of this Prospectus. RSM Bird Cameron Corporate Pty Ltd has not made and will not make any recommendation, through the issue of this report, to potential investors in the Company as to the merits of the investment.
- 6.4 RSM Bird Cameron Corporate Pty Ltd will receive a fee for the preparation of this report based on actual hours spent on the assignment at normal professional rates. RSM Bird Cameron Partners are the auditors of the Company and will receive professional fees in relation to the statutory audit of the Company. With the exception of the above fee, neither Mr A J Gilmour, RSM Bird Cameron Corporate Pty Ltd nor RSM Bird Cameron Partners will receive any other benefits, either directly or indirectly, from the preparation of this report and have no pecuniary or other interest which could be regarded as affecting the ability to provide an unbiased opinion in relation to the proposed transaction.

6.5 RSM Bird Cameron Corporate Pty Ltd has consented to the inclusion of this report in the Prospectus in the form and context in which it appears. At the date of this report, this consent has not been withdrawn.

Yours faithfully

A handwritten signature in black ink that reads "Andrew Gilmour". The script is cursive and fluid.

A J GILMOUR  
Director

## NUSEP LTD

## PRO FORMA BALANCE SHEET

AS AT 31 OCTOBER 2006

|                                      | Actual at<br>31 October 2006<br>Date of de-merger<br>\$ | Pro Forma<br>After Completion<br>of Rights Issue<br>30 January 2007<br>\$ |
|--------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------|
| <b>CURRENT ASSETS</b>                |                                                         |                                                                           |
| Cash                                 | 300,000                                                 | 2,767,296                                                                 |
| Inventories                          | 900,000                                                 | 900,000                                                                   |
| Receivables                          | -                                                       | -                                                                         |
| <b>TOTAL CURRENT ASSETS</b>          | <b>1,200,000</b>                                        | <b>3,667,296</b>                                                          |
| <b>NON-CURRENT ASSETS</b>            |                                                         |                                                                           |
| Property, plant & equipment          | 2,900,000                                               | 2,900,000                                                                 |
| Other assets                         | 1,000,000                                               | 1,000,000                                                                 |
| <b>TOTAL NON-CURRENT ASSETS</b>      | <b>3,900,000</b>                                        | <b>3,900,000</b>                                                          |
| <b>TOTAL ASSETS</b>                  | <b>5,100,000</b>                                        | <b>7,567,296</b>                                                          |
| <b>CURRENT LIABILITIES</b>           |                                                         |                                                                           |
| Payable/Directors loan               | 300,000                                                 | 300,000                                                                   |
| Provisions for employee leave        | 220,000                                                 | 220,000                                                                   |
| <b>TOTAL CURRENT LIABILITIES</b>     | <b>520,000</b>                                          | <b>520,000</b>                                                            |
| Other Liabilities                    | 1,000,000                                               | 1,000,000                                                                 |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>1,000,000</b>                                        | <b>1,000,000</b>                                                          |
| <b>TOTAL LIABILITIES</b>             | <b>1,520,000</b>                                        | <b>1,520,000</b>                                                          |
| <b>NET EQUITY</b>                    | <b>3,580,000</b>                                        | <b>6,047,296</b>                                                          |

The unaudited pro forma statements of financial position reflect adjustments for the transactions outlined in Note 1(b). The statements of financial position should be read in conjunction with the notes to and forming part of the financial statements.

## **NUSEP LTD**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**AS AT 31 OCTOBER 2006**

#### **1. Summary of Significant Accounting Policies**

The significant accounting policies that have been adopted in the preparation of this financial report are:

##### **a. Basis of preparation**

This prospectus will be issued during the company's financial year ended 30 June 2007. The Company will be required to prepare its annual financial report in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS). Accordingly the Balance Sheet has been prepared in accordance with AIFRS and other mandatory reporting requirements in Australia.

The financial report has been prepared using the accrual basis of accounting and is based on historical costs and does not take account of changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The Statements of Financial Position have been prepared on a going concern basis. The Company's ability to continue as a going concern is contingent upon raising additional capital to fund product commercialisation, administrative and corporate costs and working capital.

##### **b. Pro forma balance sheet**

The pro forma balance sheet for the Company has been included for illustrative purposes only. The pro forma balance sheet has been prepared by adjusting the Balance Sheet to reflect the financial effect of the following transactions as if they had occurred at 31 October 2006:

- i) 1:1 non renounceable rights issue of 4,934,592 fully paid shares of 50c each pursuant to this Prospectus raising \$2,467,296;
- ii) Issue of 1,233,648 tradeable 50c options on the basis for 1:4 shares taken up under the rights issue;
- iii) Costs associated with the issue of the prospectus have been estimated at \$350,000 and will be covered by Life Therapeutics Limited as part of the de-merger process;
- iv) Shortly after the de-merger from Life Therapeutics the company received loan funds from 2 directors totaling \$300,000 for working capital purposes. The repayment of these directors loans is expected to be from the capital raising after the completion of this transaction.

**NUSEP LTD**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**AS AT 31 OCTOBER, 2006**

|                                          | <b>Ref</b> | <b>31 October<br/>2006<br/>\$</b> |
|------------------------------------------|------------|-----------------------------------|
| <b>Note 2</b>                            |            |                                   |
| <b>Reconciliation of Cash</b>            |            |                                   |
| Cash balance as at 31 October 2006       | 1b(iv)     | 300,000                           |
| Funds raised pursuant to this prospectus | 1b(i)      | 2,467,296                         |
| Capital Raising Costs                    | 1b(iii)    | (-)                               |
| Repayment of Directors Loans             | 1b(iv)     | (-)                               |
| <b>Pro forma Cash Position</b>           |            | <b><u>2,767,296</u></b>           |

|                                                          |            |                             |                         |
|----------------------------------------------------------|------------|-----------------------------|-------------------------|
| <b>Note 3</b>                                            |            |                             |                         |
| <b>Movements in Contributed Equity - Ordinary Shares</b> | <b>Ref</b> | <b>Number of<br/>Shares</b> | <b>\$</b>               |
| Balance as at 31 October 2006                            |            | 4,934,592                   | 3,580,000               |
| Shares issued under this Prospectus                      | 1b(i)      | 4,934,592                   | 2,467,296               |
| Costs of the Capital Raising                             | 1b(iii)    | -                           | (-)                     |
| <b>Pro forma balance as at 31 October 2006</b>           |            | <b><u>9,869,184</u></b>     | <b><u>6,047,296</u></b> |

|                                               |        |                              |                 |
|-----------------------------------------------|--------|------------------------------|-----------------|
| <b>Movements in Option Premium Reserve</b>    |        | <b>Number of<br/>Options</b> | <b>\$</b>       |
| Balance as at 31 October 2006                 |        | 2,650,000                    | -               |
| Options issued under this Prospectus          | 1b(ii) | 1,233,648                    | -               |
| <b>Proforma balance as at 31 October 2006</b> |        | <b><u>3,883,648</u></b>      | <b><u>-</u></b> |