



FOR IMMEDIATE RELEASE

30 June 2010 Forecast \$500,000 Net Profit

SYDNEY, AUSTRALIA – 18th August 2009 – NuSep (ASX: NSP) is pleased to provide an update on current trading and the forecast of \$500,000 net profit for the financial year ending 30 June 2010.

As a company with rapidly growing sales and a number of new products due to be launched in the next six months, the Board of NuSep believes it is important to keep shareholders fully informed of developments and their likely impact on the Company's financial results. It is the intention of the Board to provide such an update each six months.

Retrospective – Results to 30 June 2009

The loss for the year ended 30 June 2009 is expected to be in the range of \$3m to \$3.5m. This represents a 35% decrease on the \$5.5m loss for the 2007/8 year. The Company will provide further detail on the financial results on 31 August 2009. Suffice to say that the Company has increased its sales and reduced its costs such that it can make a profit this financial year.

Transition into Profitability Forecast \$500,000 Profit for the year ended 30th June 2010

Over the last six months NuSep has been restructured into a profitable company. As a result of this, NuSep is forecasting a profit of \$500,000 for FY2009/2010. This turn around has been achieved by increasing the sales, cutting costs, reducing head count and increasing the manufacturing pass rate. In addition the company has moved to new premises in Lane Cove, Sydney which will provide an additional \$1m pa cost saving.

THE 2009/10 PROFIT FORECAST

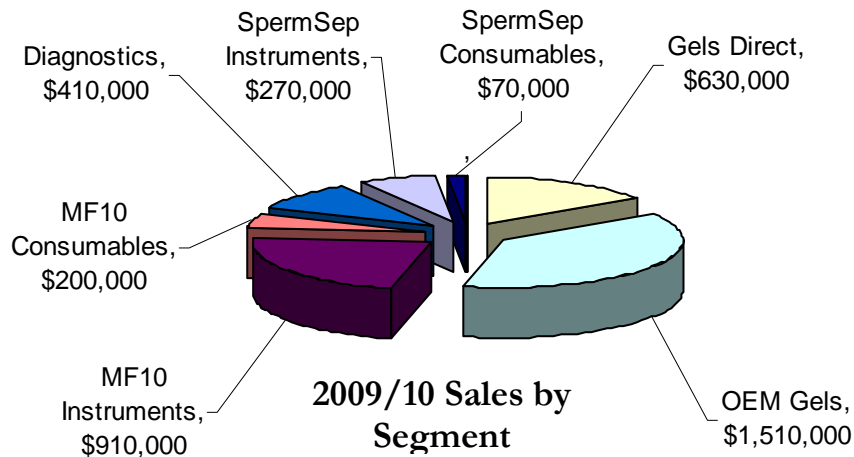
Sales	\$4m
Gross Margin	\$2.56m
Net Profit	\$0.51m
EBITDA	\$0.56m

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The \$500,000 profit in the financial year 2009/10 builds on the significant reduction in the loss seen over the last two years. This has been achieved as new products have been launched for sale representing the move from an R&D to commercial phase. The specific breakdown of the sales and cost reductions that have enabled NuSep to achieve this profit are outlined below.

Increased Sales

- The Gels Division has seen sales increase over the last year. Forward orders are also strong with their main OEM customer more than doubling their year on year orders. The business is CASHFLOW POSITIVE and PROFITABLE.
- The MF10 instrument, like many new technologies has seen a slow but steady growth in sales. Sales of the highly profitable MF10 consumables are now becoming an important part of the business.
- The Diagnostic distribution business continues to generate significant profits. NuSep will more than double this business over the next 12 months. This business is CASHFLOW POSITIVE and PROFITABLE.
- NuSep has redesigned the SpermSep CS10 in order to make this a totally disposable system. First sales are expected to occur in the 2010 calendar year once the next clinical trial is completed.

Cost Reduction

- By relocating to Lane Cove in Sydney, NuSep will save over \$1m pa on rent alone. Total building related savings are estimated to be over \$1.3m pa.
- The Gels pass rate is now consistently over 90%. Maintaining this pass rate increases the gross profit on the gels to 30%. Higher volume also reduces the per unit fixed costs.
- Reduction in the R&D costs associated with the completion of the MF10 development project. These resources will be redeployed into the sales area increasing the sales of the MF10.
- Reduction in the salaries. The Executive Directors have taken a 20% reduction in their salary and all other salaries have been frozen. Total head count is also

significantly down and this will provide an additional \$0.5m in savings in the 2010 year. This has been achieved while increasing production output and sales.

Management Discussion

The increased manufacturing efficiencies achieved over the last six months have significantly reduced the Company's overall loss in the 2008/09 year. In addition by removing the \$1.m pa Frenchs Forest rental cost the Company is set for a profitable 2009/10 year.

The critical factors have been the increased sales and ability to improve the Gel manufacturing pass rate, turning this into a profitable division. Sales continue to increase as the Company increases its US market share. NuSep estimates that it currently holds 6% of the US Gels market and plans to grow its share of the US market to 10% over the next 18 months.

While the Gels Division is an important source of cashflow, the Company's real future lies in the MF10 and SpermSep markets. Sales of the MF10 were slow over the last financial year and have increased as more researchers trial this unique instrument. Also there have been some teething problems and a second generation instrument will be launched by the end of this calendar year. NuSep has budgeted to sell 70 MF10s this financial year which will generate \$700,000 in sales.

In addition to the MF10 instrument sales, each unit will generate significant consumable sales. Based on our in house experience we expect each instrument will generate about \$5,000 pa in consumable sales and each instrument should have a 3-5 year usage life before being replaced by a newer instrument. The margins on the MF10 consumables are over 85% and don't have the high sales force involvement, further increasing their overall margin to NuSep.

Development of a completely disposable consumable for the SpermSep Instrument has been on hold pending the Share Purchase Offer capital raising. Post this capital raising the final production instrument and consumables will be further clinically assessed. It is expected that initial sales of the SpermSep will occur in the last quarter of the 2009/10 year. There is a lot of interest in this instrument from the IVF clinicians and sales are expected to be strong once the next clinical trial is completed.

Over this last year NuSep has moved from a primarily R&D company into the commercial phase of its development. As part of this development the Company has also established a solid distribution network of direct and OEM sales channels. NuSep uses its direct sales efforts to build brand awareness at a higher margin while the OEM distribution channels generate significant reach, but at lower margins. Over the last year the Company has used the direct sales approach to sell the MF10. This has provided critical customer feedback while building the NuSep brand name. This MF10 'missionary selling' has also generated OEM interest in the MF10 and new products for NuSep to consider acquiring. This is something that NuSep will evaluate over the next 12 months.

Summary

NuSep has invested heavily in R&D over the last few years. The Company is now through this phase of its development and sales are growing as its products reach the market. Margins have improved significantly as the Gels manufacturing process has been streamlined and this will further improve as the MF10 sales increase. Finally, sales of the SpermSep are expected to start later this year, which will have a significant impact on the Company's future sales and profit.

Investor Lunches

NuSep will hold a series of shareholder lunch meetings in Sydney and Melbourne. The first Sydney luncheon will be held on Tuesday 25 August. If you would like to attend one of these presentations please email NuSep at cosec@nusep.com.

About NuSep

NuSep (ASX: NSP) is a publicly listed life sciences company that sells products into the global bioseparations market. The company has offices in both Sydney, Australia and Atlanta, USA.

With a 30 year heritage in biological separations, NuSep has forged a world class reputation for its innovative yet simple biological separation techniques including the world's first IVF sperm separation device. In short NuSep has redefined the BioSeparations market through innovation and simplification.

NuSep's world renowned research team has developed an extensive portfolio of patented products. In all, NuSep currently manufactures, distributes and sells 55 products to customers in the USA, Europe, Asia and Australia.

NuSep Products:

- **Gels** – NuSep manufactures and sells precast gels including the innovative iGels, with a 2 year shelf life.
- **Separation Instruments** – NuSep has developed two unique biological separation instruments. The first instrument released in 2008 can separate biological samples into 8 fractions for use in the proteomic market. The second instrument separates sperm for fertility treatments such as IVF and is presently undergoing clinical trials.
- **Biological Products** – NuSep supplies research grade biological products manufactured using its unique separation technologies. These products include human IgG and Albumin.

For more information about NuSep please visit the company's website www.NuSep.com

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