FOR IMMEDIATE RELEASE

Full Year Audited Results show Maiden Net Profit of $3.29m

SYDNEY, AUSTRALIA – 30th September 2010 – NuSep (ASX: NSP), a life sciences company with a 30 year heritage in biological separations and the developer of the IVF SpermSep, has lodged its full year Audited Accounts for the year ended 30 June 2010. The Audited Accounts show ***a maiden Net Profit*** of ***$3.29 million*** for the year ended 30th June 2010.

This $3.29m Net Profit represents **Earnings per Share of 5.7¢** on a fully diluted basis.

NuSep's **Total Equity** has also increased to **$12.8m** which represents an increase of $13.1m compared to results from the previous financial year.

Total Equity is now **22.4¢** per share on a fully diluted basis compared to negative 17.3¢ per share as at 30 June 2009.

Significantly, the **EBITDA** for the same period was **$897,592** and only includes 1 month of the recently acquired BioInquire business. The company's results are ahead of 2010 projections and are directly attributable to the combined efforts of NuSep's management and staff. "These results represent a remarkable turnaround for NuSep and we look to build upon this solid basis as we move forward," said Mr John Manusu, Executive Chairman of NuSep.

Dr Hari Nair, NuSep's Managing Director added, "These are results which will set the yardstick for the NuSep's future. We look forward to another exciting year in building a successful Company."

The Company reaffirms its forward projections for the 2011 year.

As previously announced NuSep has undertaking a buyback of its shareholders who hold less than $100 of shares. This buyback will be completed by Monday 4th October 2010.

See the attached full Audited Accounts.

About NuSep

NuSep (ASX: NSP) is a publicly listed life sciences company that sells products into the global BioSeparations market. NuSep recently acquired BioInquire which developed the ProteoIQ software enabling NuSep to offer a total Proteomics solution from ***Fraction to Function***. 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 NUView Gels, which can be visualised 2 minutes after use.
- **Separation Instruments** – NuSep has developed two unique biological separation instruments. The ProteomeSep was released in 2008 and can separate biological samples into 8 fractions for use in the proteomic market. The SpermSep separates sperm for fertility treatments such as IVF and is expected to undergoing clinical trials later this year.
- **Proteomics Software** – NuSep offers the unique ProteoIQ software for the analysis of complex mass spec samples. This software is also designed to identify bio markers.
- **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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NuSep Holdings Ltd
and its Controlled Entities
(formerly NuSep Ltd)
ABN 33 120 047 556

Annual Financial Report
for the year ended 30 June 2010

Contents

Directors' Report

Your Directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2010.

DIRECTORS
Unless indicated otherwise, the following persons were Directors of NuSep Holdings Ltd during the whole of the financial year and until the date of this report:

Names, Qualifications, Experiences, Special Responsibilities and Shareholding	**Interest in Shares and Options***
John Manusu B.Com, F.Fin. Executive Chairman Mr Manusu became the Executive Chairman of NuSep Holdings Ltd in September 2008. Prior to this he was the Managing Director. Age 51. Mr Manusu has over 20 years experience running biotechnology companies. Throughout this period he has been involved with start ups, turnarounds and mature organisations in the biotechnology space. Mr Manusu has undertaken a number of significant acquisitions and divestures, as well as raising over $100 million in public funding and $10 million of peer reviewed government R&D grants. Mr Manusu was a Director of Gradipore and Life Therapeutics (October 1987 to June 2007), an ASX listed company. No other directorships have been held in a listed company during the last 3 years. Mr Manusu has a degree in Commerce and is a Fellow of the Financial Services Institute of Australasia. Mr Manusu has worked in the Australia and U.S. Biotechnology markets and is best described as a biotechnology entrepreneur.	**Direct** 1,738,258 ordinary shares, 687,366 35c Listed Share Options. **Indirect** 508,923 ordinary shares, 135,349 35c Listed Share Options.
Dr. Hari Nair BSc (Hons), PhD (Med & Clin Sci), MAIboil, MOIF (Cambridge) Managing Director, Chief Executive Officer Non-executive Director between September 2006 and September 2008. Since then Managing Director and Chief Executive Officer. Age 53. Dr Nair has a PhD in Medicine and Clinical Science from the Australian National University with his specialty in cardiovascular medicine and haematology. Dr Nair has received a number of awards from international organisations including being specially recognised for his role in coagulation research by the ACT government. He has run biotechnology companies in Australia and the US. Dr Nair has been heavily involved in mergers and acquisitions especially in the US and Europe and has US financial experience. Dr Nair was a Director of Life Therapeutics (2004 – 2007), an ASX listed company. No other directorships have been held in a listed company during the last 3 years. Dr Nair has served on the boards of a number of international biotechnology companies and US state Commercialisation Boards.	**Direct** 1,038,680 ordinary shares, 416,667 35c Listed Share Options.
Iain Howard Sorrell HND, LiBiol Non-executive Director Chairman of Remuneration Committee, Member of Audit Committee Non-executive Director since September 2006. Age 53. Mr Howard-Sorrell is based in the USA and has over 20 years experience in the Life Sciences arena. He has held senior sales and marketing positions in both corporate and start up businesses both in Europe and the USA. In addition to his extensive knowledge of the separations industry he has also set up and operated a successful import and distribution organisation in the USA. No other directorships have been held in a listed company during the last 3 years. He is a graduate of the University of Plymouth in Applied Biology. In addition to on-going consultative roles he is also actively involved on the board of trustees for non-profit organisations. He is best recognised for his ability to develop new markets and co-ordinate international distribution.	**Direct** 830,900 ordinary shares, 479,167 35c Listed Share Options.
William Spee Non-executive Director Chairman of Audit Committee, Member of Remuneration Committee Non-executive Director since 1 July 2009. Age 63. Mr Spee brings 30 years experience in running Manufacturing, Retail and Investment operations. He has a lifetime passion for science and technology and in addition to running his own Commercial Property Investment company has direct investment interests in several growing ventures. Mr Spee was a Flying Officer in the RAN, and completed his training in the US Navy. Mr Spee has run several small retail food businesses, has studied computer	**Direct** 110,721 ordinary shares, 556,667 35c Listed Share Options.

science at Macquarie and Canberra Universities before running a small scale electronic manufacturing venture. No other directorships have been held in a listed company during the last 3 years. Mr Spee is passionate about the environment and is currently designing a new 6 green star commercial building in Northern Australia.	**Indirect** 2,449,681 ordinary shares, 500,000 35c Listed Share Options.

* The directors holding as at the date of this report.

COMPANY SECRETARY
The Company Secretary is Mr Prakash Patel, CPA. Mr Patel has held the position of Company Secretary since the appointment of the NuSep Holdings Ltd Board in September 2006. Mr Patel has been the Chief Financial Officer of NuSep Holdings Ltd since September 2006 and was appointed the Chief Operating Officer in May 2010. Mr Patel has a degree in Commerce, is a CPA (Certified Practising Accountant) and is an affiliated member of CSA (Chartered Secretaries Australia).

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 2010 and the number of meetings attended by each Director.

Director	**Full meetings of Directors**		**Meetings of committees**			
			Audit		**Remuneration**	
	A	B	A	B	A	B
John Manusu	21	21	-	-	-	-
Dr Hari Nair	21	21	-	-	-	-
Iain Howard Sorrell	21	21	3	3	2	2
William Spee	21	21	3	3	2	2

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year.

CORPORATE INFORMATION

Corporate Structure
NuSep Holdings Ltd is a Company limited by shares, incorporated and domiciled in Australia with its registered office at 324 Burns Bay Road, Lane Cove, NSW 2066. It has prepared a consolidated financial report incorporating the entities it controlled during the financial year. Refer to note 24 for the list of entities it controlled during the financial year. All press releases, financial reports and other information are available on our website at www.NuSep.com

Principal Activities
During the year the principal continuing activities of the consolidated group consisted of the development, manufacture and sale of pre-cast electrophoresis gels, separations equipment and consumables, analytical software and other biological products for the Life Science market. There have been no significant changes in the nature of those activities during the year.

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

Directors' Report

REVIEW OF OPERATIONS

The Company produced a maiden $3.29 million net profit for the year to 30th June 2010. This result represents a $6 million turnaround from a loss of $2.71m for the previous 12 months.

This $3.29m Net Profit represents earnings per share of 15¢ on a fully diluted basis.

NuSep Holdings Ltd's Total Equity has also increased to $12.8m which represents an increase of $13.2,m compared to results from the previous financial year. Overall the operational results for the period have been ahead of Company expectation.

Operating results for the year
A summary of consolidated revenues and results by significant business segment is set out below:

	Segment revenues		**Segment results**	
	2010	2009	**2010**	2009
	$	$	**$**	$
Consumable products	**1,671,945**	1,535,377	**567,034**	193,100
Separations & Development	**731,603**	512,852	**325,878**	(210,195)
Corporate & Shared Services	**2,970,910**	118,952	**2,398,797**	(2,724,228)
Total	**5,374,458**	2,167,181	**3,291,709**	(2,741,323)

Directors' Report

Corporate & Shared Services
Corporate & Shared services include the expenses relating to Corporate overhead costs, depreciation and interest.

Financial Position
The net assets of the consolidated group have increased by $13,241,509 from 30 June 2009 to net assets of $12,843,038 at 30 June 2010. This increase is due to the acquisition of the assets of BioInquire in June 2010, completion of capital raisings, and the significantly improved financial performance of the Company during the year.

Likely Developments, Prospects and Business Strategies
Likely developments, future prospects and business strategies of the operations of the group and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated group.

Significant Change in State of Affairs
Significant changes in the state of affairs of the consolidated group during the financial year were as follows:

- In June 2010 the Company acquired the assets of BioInquire,
- The Company announced a maiden profit of $3.29m for the year ended 30 June, 2010.
- The Company significantly strengthened its financial position during the year, increasing net assets by $13.2m to $12.8m.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The following events occurred subsequent to 30 June 2010:

a) On 30 July 2010 the Company announced to buy back shares of smaller shareholders;
b) On 9 September 2010 the Company announced that it has established a Scientific Advisory Committee ; and
c) On 27 September 2010 the Company announced it intends to further ongoing collaboration with the University of Newcastle and Professor R John Aitken.

Except for the items discussed above no other matters or circumstances have arisen since 30 June 2010 that have significantly affected, or may significantly affect:

(a) The consolidated Group's operations in future financial years, or
(b) The results of those operations in future financial years, or
(c) The consolidated Group's state of affairs in future financial years.

SHARE OPTIONS

During the year 24,854,981 listed options were issued to shareholders. The listed options have an exercise price of 35 cents and expire on 1 September, 2012.

Option holders do not have any right, by virtue of the option, to participate in any share issues of the Company or any related body corporate.

ENVIRONMENTAL ISSUES

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

Directors' Report

INDEMNIFYING OFFICERS OR AUDITOR

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. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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.

The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 56 of the Annual Report.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2010.

REMUNERATION REPORT

Outlined below are the guiding principles used by NuSep Holdings Ltd to set the remuneration of the organisation. While NuSep Holdings Ltd has adopted these guiding principles it also sensitive to the overall business environment and NuSep Holdings Ltd's financial wellbeing.

The Company announced a maiden profit of $3,291,709 for the year ended 30 June, 2010, this was a significant turnaround from a loss of $2,741,323 reported for the 30 June 2009 period. This achievement has been a direct result of the efforts of the Board and senior executive of the Company.

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 the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and confirms with market best practice for delivery of reward. The Board Remuneration Committee evaluates the executive directors and the CEO reviews the senior executive team. In general the Board and specifically the Remuneration Committee ensures that executive reward satisfies the following key criteria for good reward governance practices:

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

Directors' Report

- Capital management

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation. Specifically the remuneration policy has been structured to provide:

Alignment to shareholders' interest:
- Has economic profit as a core component of plan design
- Focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non financial drivers of value
- Attracts and retains high calibre executives

Alignment to program participants' interest:
- Rewards capability and experience
- Reflects competitive reward for contribution to shareholder growth
- Provides a clear structure for earning rewards
- Provides recognition for contribution

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives. As executives gain seniority with the group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Company performance, shareholder wealth and director and executive remuneration.
The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.

The directors felt that the share price was stable during the year. The Company has also been able to complete two successful capital raisings during the period. The Company continuous to increase awareness of the Company and regularly holds investor presentations and market updates. The share price as at 30 June 2010 was 21 cents and 30 June 2009 5 cents.

Director Remuneration additional points
There are no other employment agreements or consultancy agreements between non executive Directors and the Company. The Board does not have any termination payments, other than statutory entitlements for retiring non-executive Directors.

On 1st June 2010 the executive director Mr John Manusu and Dr Hari Nair signed 3 year employment contracts. This contract includes employment terms, performance clauses and termination payments.

Employment contracts
Executive Chairman
The Executive Chairman, Mr Manusu, is employed under contract. The current employment contract commenced on 1st June 2010 and terminates on 31st May 2013. The Company shall commence discussion on renewal of the contract, one (1) year prior to the expiration of the initial term. Under the terms of the current contract:

- Mr Manusu may resign from his position and thus terminate this contract by giving 4 weeks written notice. On resignation any options will be forfeited.

- For reasons of illness or bankruptcy, the Company may terminate this agreement by providing one (1) months' written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Manusu's remuneration).

- The Company may terminate this contract for whatever reason (such as redundancy), with or without notice. In this event, the Executive Chairman is entitled to 1 years' salary including all entitlements and bonuses otherwise payable.

- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Executive Chairman is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Directors' Report

Managing Director

The Managing Director, Dr Nair, is employed under contract. The current employment contract commenced on 1st June 2010 and terminates on 31st May 2013. The Company shall commence discussion on renewal of the contract, one (1) year prior to the expiration of the initial term. Under the terms of the current contract:

- Dr Nair may resign from his position and thus terminate this contract by giving 4 weeks written notice. On resignation any options will be forfeited.

- For reasons of illness or bankruptcy, the Company may terminate this agreement by providing one (1) months' written notice or provide payment in lieu of the notice period (based on the fixed component of Dr Nair's remuneration).

- The Company may terminate this contract for whatever reason (such as redundancy), with or without notice. In this event, the Managing Director is entitled to 1 years' salary including all entitlements and bonuses otherwise payable.

- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Managing Director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Chief Operating Officer (COO)

The COO, Mr Patel, is employed under contract. The current employment contract commenced on 1st June 2010 and terminates on 31st May 2013. The Company shall commence discussion on renewal of the contract, one (1) year prior to the expiration of the initial term. Under the terms of the current contract:

- Mr Patel may resign from his position and thus terminate this contract by giving 4 weeks written notice. On resignation any options will be forfeited.

- For reasons of illness or bankruptcy, the Company may terminate this agreement by providing one (1) months' written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Patel's remuneration).

- The Company may terminate this contract for whatever reason (such as redundancy), with or without notice. In this event, the CFO is entitled to 1 years' salary including all entitlements and bonuses otherwise payable.

- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the CFO is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Non Executive Directors

Fees and payments to non executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non Executive Directors fees and payments are reviewed annually by the Board. The Board also has agreed to the advice of independent remuneration consultants to ensure Non Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of Non Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his remuneration. Non Executive Directors may opt each year to receive a percentage of their remuneration in NuSep Holdings Ltd shares.

Directors' Report

Directors' Fees
The current base remuneration was last reviewed effective 11 February 2010. Non Executive Directors' fees are determined within an aggregate fee pool limit, which is periodically recommended for approval by shareholders. The maximum non executive Directors fee pool limit is $250,000 per year.

Retirement Allowance for Directors
In line with recent guidance on Non Executive Directors' remuneration, the Board has resolved not to have any retirement allowances for Non Executive Directors.

Executive Pay
The executive pay and reward framework has four components:

- Base pay and benefits
- Short term performance incentives
- Long term incentives
- Other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration. The Company also has long term equity linked to their performance incentives.

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

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role in a similar sized biopharmaceutical Company to the Remuneration Committee for its consideration. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market.

Retirement Benefits
Retirement benefits are delivered under the NuSep Holdings Ltd employee superannuation fund.

Short Term Incentives
It is planned that should NuSep Holdings Ltd achieve financial targets set by the remuneration committee, then a pool of short term incentives (STI) will be available for executives to allocate during the annual review. Under the planned scheme, cash incentives (bonuses) are payable in cash during September each year. Using the above targets will ensure rewards are only available when value has been created for shareholders and when the results are consistent with the business plan. The incentive pool is to be leveraged for performance above the threshold to provide an incentive for executives to out perform their budgets. The incentive is designed to represent a significant percentage of the executive's salary, up to 50% in any one year.

Each executive is to attract a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance.

Each year, the remuneration committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met for the executive directors. The CEO conducts the same assessment in conjunction for the senior executive team. These KPI's and linked STI will be reviewed by the remuneration committee. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

KPIs linked to short term incentive plans will be based on group, individual business and personal objectives. The KPIs will require performance in increasing sales, reducing operating costs and achieving specific targets in relation to return on assets and economic value added (EVA), as well as other key, strategic non-financial measures linked to drivers of performance in future reporting periods.

The short term bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the remuneration committee. The STI targets and bonuses are reviewed annually.

Long Term Incentives
The objective of the Company is to reward senior management in a manner which aligns elements of remuneration with the creation of shareholder wealth. The long term incentive grants to executives are delivered in the form of share options.

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 executive of the Company and the consolidated Group with the highest authority levels for the year ended 30 June 2010 are set out in the following tables.

Directors of NuSep Holdings Ltd

2010	Short-Term			Post-employment		Equity settled share based payments		
Name	Cash Salary and Fees $	Bonus $	Consulting fees and other benefits $	Super-annuation $	Retirement Benefits $	Value of Options $	Total $	% perfomance related
John Manusu	262,500	-	24,250	14,461	-	-	301,211	-
Dr Hari Nair	262,500	-	30,500	14,461	-	-	307,461	-
Iain Howard Sorrell	31,250	-	-	-	-	-	31,250	-
William Spee	31,250	-	-	-	-	-	31,250	-
Total	587,500	-	54,750	28,922	-	-	671,172	

2009	Short-Term			Post-employment		Equity settled share based payments		
Name	Cash Salary and Fees $	Bonus $	Consulting fees and other benefits $	Super-annuation $	Retirement Benefits $	Value of Options * $	Total $	% perfomance related
John Manusu	300,000	-	-	13,745	-	37,481	351,226	-
Dr Hari Nair	225,946	-	71,969	6,872	-	9,370	314,157	-
Iain Howard Sorrell	47,917	-	-	-	-	9,370	57,287	-
Nicholas Caré	12,500	-	-	-	-	14,055	26,555	-
Dr Choon Lee	-	-	-	-	-	9,370	9,370	-
Total	586,363	-	71,969	20,617	-	79,646	758,595	

* All the share options were cancelled during the 2009 year. None of these options were exercised prior to the cancellation

Senior Executive Employment Agreements
All of NuSep Holdings Ltd senior executive team are under employment contracts. These contracts include employment terms, remuneration, performance clauses 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 4 weeks written notice. On resignation any options will be forfeited.

- the agreement will automatically terminate unless the agreement is renewed by the parties, in writing, prior to the expiration of the initial term. Employee's employment will automatically continue on an at-will basis on the same terms here-in, meaning that it may be terminated at any time, by either party, with or without cause and with or without notice.

Executives of NuSep Holdings Ltd

2010	Short-Term			Post-employment		Equity settled share based payments		
Name	Cash Salary $	Bonus $	Non-monetary benefits, and Allowances $	Super-annuation $	Retirement Benefits $	Value of Options $	Total $	% performance related
Prakash Patel	170,003	-	15,192	15,101	-	-	200,296	-
Dr John Andrews	130,000	-	9,302	12,537	-	-	151,839	-
Barry Holman **	109,398	-	8,430	-	-	-	117,828	-
Total	409,401	-	32,924	27,638	-	-	469,963	

Directors' Report

2009	Short-Term			Post-employment		Equity settled share based payments		
Name	Cash Salary $	Bonus $	Non-monetary benefits, and Allowances $	Super-annuation $	Retirement Benefits $	Value of Options * $	Total $	% performance related
Prakash Patel	125,000	-	-	11,250	-	14,055	150,305	-
Dr John Andrews	120,000	-	-	10,800	-	9,696	140,496	-
Barry Holman	231,698	-	10,252	-	-	-	241,950	-
Total	476,698	-	10,252	22,050	-	23,751	532,751	

* All the share options were cancelled during the 2009 year. None of these options were exercised prior to the cancellation.
** Barry Holman resigned on 31 December 2009.

Prakash Patel is Chief Operating Officer and Company Secretary.
Dr John Andrews is Chief Scientific Officer.

Share options granted to Directors and the specified executives
No share options were issued during the year to the Directors and executives.

Shares Under Option
The number of options over ordinary shares in NuSep Holdings Ltd issued to directors and executives during the year is as follows:

Directors

No share options were on issue during the 2010 financial year.

2009	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
Nicholas Caré	300,000	-	-	300,000	-	-	-
John Manusu	800,000	-	-	800,000	-	-	-
Dr Hari Nair	200,000	-	-	200,000	-	-	-
Dr Choon Lee	200,000	-	-	200,000	-	-	-
Iain H. Sorrell	200,000	-	-	200,000	-	-	-
Total	1,700,000	-	-	1,700,000	-	-	-

Executives
No share options were on issue during the 2010 financial year.

2009	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
Prakash Patel	300,000	-	-	300,000	-	-	-
Dr Greg Rogers	200,000	-	-	200,000	-	-	-
Dr John Andrews	200,000	-	-	200,000	-	-	-
Total	700,000	-	-	700,000	-	-	-

Directors' Report

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of NuSep Holdings Ltd support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of the annual report.

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

John Manusu
Chairman

Sydney
29 September 2010

CORPORATE GOVERNANCE STATEMENT
30 June 2010

The Directors of NuSep Holdings Ltd are committed to achieving and demonstrating the highest standards of corporate governance. The Directors have noted carefully the guidelines on the principles of corporate governance issued by the Australian Stock Exchange Limited ("ASX") in March 2003, and revised in August 2007, and the ASX Corporate Governance Council guidance on principle 7 and support their intent. The Company's framework is largely consistent with the recommendations and exceeded them in some areas. Changes have been made to the Company's governance arrangements to further refine and align the Company's Corporate Governance with the ASX 8 point guidelines. The Company and its controlled entities together are referred to as the NuSep Group in this statement.

The relationship between the Board and the senior management is critical to NuSep Holdings Ltd's long term success. The Directors are responsible to the shareholders for the performance of NuSep Holdings Ltd in both the short and the longer term and seek to balance these sometime competing objectives in the best interests of NuSep Holdings Ltd as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure NuSep Holdings Ltd including its controlled entities are properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director/CEO and the Chief Financial Officer (CFO) as set out in the Board Charter. These delegations are reviewed on an annual basis.

A description of NuSep Holdings Ltd main Corporate Governance practices are set out below. All of these practices, unless otherwise stated, have been in effect throughout the last financial year. NuSep Holdings Ltd has used the ASX 8 Corporate Governance principles as a framework against which to report its Corporate Governance principles.

1. Lay solid foundations for management and oversight

The NuSep Holdings Ltd Board Charter and Corporate Governance Guidelines states in section 3.3 that the Company *"Recognise the need for a clear division of the roles between the executive and non executive Board members".*

The Board has adopted a formal charter that sets out the responsibilities reserved by the Board and those delegated to the Managing Director/CEO. The charter is reviewed annually to ensure it remains consistent with accepted practice in the context of the Board's objectives and responsibilities.

Specifically, the Board is charged with: setting the strategic direction of the organisation and monitoring management's performance within that framework; reviewing whether there are adequate resources available to meet Group objectives; appointing and removing the Managing Director and overseeing succession plans for the senior executive team; approving and monitoring financial reporting and capital management; approving and monitoring the progress of business objectives; assessing the risk management framework and whether appropriate procedures are being followed; ensuring that the Group has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate and social responsibility; and monitoring whether the Board is appropriately skilled to meet the changing needs of the Company. The Board and its sub committees have no involvement in the operational role of the organisation.

The roles of Chairman and Managing Director are separated.

The Chairman is responsible for leading the Board in its duties, facilitating effective discussions at board meetings and ensuring procedures are in place to evaluate board performance. The Managing Director is responsible for the efficient and effective operation of the organisation, and for bringing material and other relevant matters to the attention of the Board in an accurate and timely matter.

2. Structure the board to add value

The NuSep Holdings Ltd Board Charter and Corporate Governance guideline states in section 4.1 that the Company "*shall have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties".*

Skills

A fundamental requirement of NuSep Holdings Ltd Directors is an understanding of the markets that the Company services. All Directors meet this threshold requirement. They also bring a diverse range of skills and backgrounds including accountancy, clinical trial, drug development, process development and international business skills. At 30 June 2010, the Board consists of four Directors (two non-executive and two executive). The experience and qualifications of each Director and their terms of office are further discussed on pages 3-4 and pages 8-15.

Experience
The Directors have an appropriate mix of tenure, blending experience with new membership. The Board considers this mix invaluable. NuSep Holdings Ltd's business involves, converting the Company from an Australian based manufacturing and research organisation into the leading supplier to the BioSeparations market. Experience in mergers & acquisitions, managing cross border business, international licensing, joint ventures and manufacturing in the BioSeparations field is highly desirable. Such experience and judgment is required for effective decision-making. The Board considers that these Directors continue to exercise independent judgment in the task of enhancing shareholder value.

Appointment and removal
Board succession planning is considered an important part of the governance process. Progressive and orderly renewal of board membership is important. The appointment and removal of Directors is governed by the constitution, and by sections 4 & 5 of the Board Charter. The Board has not adopted a specific tenure threshold.

Independence
The Board has adopted a policy that generally a majority of its Director's must be independent using the definition of independence from the Guidelines which is set out below.

An independent Director is a non-executive Director and:

- Is not a substantial shareholder of the Company or an officer of, or directly or indirectly associated with, a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- Is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;

The Board employs a materiality threshold in judging whether customer, supplier, consultant, shareholder or professional adviser relationships affect the independence of NuSep Holdings Ltd Directors.

The Board has adopted AASB standard 1031 to determine levels of materiality. A relationship is presumed immaterial when it represents less than 5% of NuSep Holdings Ltd issued capital or group revenue, and presumed material when it generates more than 10% of issued capital or group revenue during a twelve-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence or argument NuSep Holdings Ltd considers the strategic value and other material but non-quantitative aspects of the relationship in question.

The Board has considered each relationship between its non-executive Directors and any shareholder, customer, supplier, consultant or professional adviser to NuSep Holdings Ltd. The Board has determined that none of these past or present relationships of Directors breaches the materiality threshold or otherwise compromises the independence of Directors.

The threshold for the purpose of assessing the materiality of relationships between a non-executive Director and NuSep Holdings Ltd (other than as a Director) is set according to the significance of that relationship to the Director in the context of their activities as a whole. No Director has a relationship considered significant enough to compromise their independence on the NuSep Holdings Ltd Board.

A list of each Director's commitments outside NuSep Holdings Ltd is set out on pages 3 and 4 of this report. A brief analysis of each non-executive Director's relationships with entities that have an association with NuSep Holdings Ltd is provided below.

1. Mr Iain Howard Sorrell - non-executive Director. Mr Sorrell has no commercial association with any customer or supplier to NuSep Holdings Ltd. Mr Sorrell is not a substantial shareholder in NuSep Holdings Ltd.
2. Mr William Spee - non-executive Director. Mr Spee has no commercial association with any customer or supplier to NuSep Holdings Ltd. Mr Spee is not a substantial shareholder in NuSep Holdings Ltd.

At each meeting of the Board, Directors table their current outside interests, if any. If it was considered that a Director had a material potential conflict, it would be noted and where appropriate the relevant Director absents himself or herself for that specific item of business. That decision is minuted. No such event has occurred during the last year.

Board Committees
The Board has established two committees, an Audit Committee and a Remuneration Committee. These committees have been established to assist the Board perform its duties. Each committee is constituted in accordance with a charter. These committees meet to discuss issues delegated to them and then make recommendations back to the Board. The Board considers these recommendations, but is not bound to accept the recommendations of the committees. The establishment of and delegation of tasks to the committees does not dilute the responsibilities of the Board as a whole.

The Nomination and Remuneration Committee of the Board comprises the independent non-executive Directors. The Committee's responsibilities cover all the matters recommended in the Guidelines, which included setting Director competence standards, reviewing succession plans, evaluating the Board's performance, making recommendations for the appointment and removal of Director's, making recommendations to the Board on executive director remuneration and incentive policies and the remuneration packages of non-executive directors. The committee also reviews NuSep Holdings Ltd recruitment; retention and termination policies; incentive schemes; superannuation arrangements and other Company remuneration policies. The Nomination and Remuneration Committee leads the process of selecting new Directors for consideration by the whole Board.

Directors are required to advise the Chairman, before accepting additional external directorships and give assurance that any new responsibilities will not interfere with the proper execution of their responsibilities to NuSep Holdings Ltd Holdings Ltd.

The Audit Committee is discussed below under point 4 on the next page.

Membership of the Board's committees and attendance by Directors at meetings is outlined on page 4.

Independent advice
NuSep Holdings Ltd Directors may seek external professional advice at the expense of the Company on matters relating to their role as Directors of NuSep Holdings Ltd. However, they must first request approval from the Chairman which must not unreasonably be withheld. If permission is withheld the matter may be referred to the whole Board. No such request was made during the last year.

3 Promote ethical and responsible decision-making

NuSep Holdings Ltd Board Charter and Corporate Governance Guidelines states in section 1.1 that Directors "*seek to ensure that NuSep Holdings Ltd operates ethically, safely and profitably in the interest of all stakeholders*".

Code of Ethics and Conduct
NuSep Holdings Ltd' Board Charter promotes ethical and responsible decision-making by Directors and employees. The Charter requires high standards of honesty, integrity, fairness and equity in all aspects of employment with NuSep Holdings Ltd. The Charter also sets the task for management of delivering shareholder value, with the oversight of the Board, through the sustainable and efficient operation of the Company. Specific obligations regarding fitness for office also apply to NuSep Holdings Ltd Directors and management by virtue of its role as a developer, a manufacturer and supplier of medical devices, diagnostic products, and potentially therapeutic products. NuSep Holdings Ltd has comprehensive policies and procedures in place for observing these requirements.

Employees sign acceptance of this code of ethics as part of their employment with NuSep Holdings Ltd.

Share Dealing Rules
NuSep Holdings Ltd also has formal Share Dealing Rules that set the parameters for dealing in the securities of NuSep Holdings Ltd and prohibit insider trading. While Directors and employees are encouraged to be long term shareholders in NuSep Holdings Ltd, the Company has a policy on insider trading to prohibit short term trading.

The policy provides that Directors can only trade in the eight weeks following the announcement of the Company's half and full year results and the eight weeks following the AGM. Share transactions at other times can only be undertaken with the Chairman's written approval.

Corporate Governance Education
All of NuSep Holdings Ltd corporate governance policies are available to staff on NuSep Holdings Ltd internal and external websites. To increase awareness and understanding of all these policies, NuSep Holdings Ltd incorporated a corporate governance section into the established induction program for new employees.

4. Safeguard integrity in financial reporting

NuSep Holdings Ltd Board Charter and Corporate Governance Guidelines states in section 7.3.3 that the Audit Committees' role is to "*establish and maintain a structure to independently verify and safeguard the integrity of the Company's financial reporting*".

NuSep Holdings Ltd believes its practices satisfy this principle.

NuSep Holdings Ltd has a highly structured six-monthly reporting process, culminating in Board sign-off and release of financial results to the market. Further, the Chief Executive Officer and Chief Financial Officer provide letters of assurance to the Board for each half-year and full-year result.

NuSep Holdings Ltd Audit Committee is constituted in accordance with the Guidelines, and its responsibilities and composition requirements are set out in the Audit Committee Charter.

The Audit Committee's primary responsibilities are to establish and maintain a structure to independently verify and safeguard the integrity of the Company's financial reporting. In addition the committee reviews NuSep Holdings Ltd financial and external reporting; review and assess the external auditors' activities, scope and independence; review the management processes for the identification of significant business risks and exposures and oversee the monitoring of internal control structures, including controls against conflicts of interest and fraud. The Committee also has specific responsibility for recommending the appointment or dismissal of external auditors and monitoring any non-audit work carried out by the external audit firm. The procedures for appointment of an external auditor are outlined in the charter. No Director has any association, past or present, with NuSep Holdings Ltd external auditor.

Mr William Spee is the Chairman of the Audit Committee. The Audit Committee consists of all the non-executive directors and the CFO reports to this committee, although is not a member of the committee. The Committee may meet whenever necessary, and subsequently relays a summary of discussions and any significant matters arising to the Board followed by meeting minutes.

External audits

NuSep Holdings Ltd is scrutinized and audited by government, regulators, customers and investors. We view this scrutiny as a further validation of our efforts to maintain and promote the integrity of our markets, as well as the prudential operation of our systems.

During the period NuSep Holdings Ltd underwent four regulatory and one supplier audit. These audits are undertaken in order to provide assurances to the market regulators and NuSep Holdings Ltd customers regarding the operational integrity of NuSep Holdings Ltd systems and processes.

No changes were made to the Audit Committee charter during the year.

5 Make timely and balanced disclosure

NuSep Holdings Ltd Board Charter and Corporate Governance Guidelines states in section 20.1 that the Company "*will at all times provide timely and balanced disclosure of all material matters concerning the Company to its stakeholders*".

NuSep Holdings Ltd fulfills its disclosure responsibilities absolutely and is proud of its disclosure record.

NuSep Holdings Ltd endeavours to keep stakeholders informed of developments through its quarterly newsletters. NuSep Holdings Ltd also offers all stakeholders the opportunity to receive announcements via email once they have been disclosed to the ASX.

The Senior Executives have ultimate authority and responsibility for approving market disclosure, which in practice is exercised in consultation with the Chairman. The Board reviews public announcements at each meeting, and considers disclosure obligations in the context of each item of business which comes before it.

NuSep Holdings Ltd considers its disclosed discussion of financial results meets the standards outlined in the Guidelines. This disclosure includes availability of materials on the NuSep Holdings Ltd website and provision of all information necessary for investors to make informed decisions about an investment in NuSep Holdings Ltd securities.

6 Respect the rights of shareholders

NuSep Holdings Ltd Board Charter and Corporate Governance Guidelines states in section 1.1 that the "*Directors act in the best interests of NuSep Holdings Ltd as a whole and with honesty and in good faith*".

NuSep Holdings Ltd has adopted a shareholder communication approach that identifies disclosure and transparency as important qualities for NuSep Holdings Ltd shareholders and prospective investors. NuSep Holdings Ltd therefore aims to provide good quality, clear communication with shareholders, using available methods and technologies.

A newsletter/ or updates are sent to all shareholders and other interested stakeholders on a regular basis. This newsletter updates developments over the last quarter and reports against the Company's strategic goals.

NuSep Holdings Ltd views shareholder meetings as an opportunity for shareholders to meet with and question the Board and management of NuSep Holdings Ltd. NuSep Holdings Ltd external auditor attends all annual general meetings and is available to answer shareholder questions. For the annual general meeting to be held in November 2010, NuSep Holdings Ltd will also accept prior to the meeting, written questions from shareholders for the Chairman or auditors to answer at the meeting. Written answers to these questions will be available at the meeting and published on the website.

A copy of all investor presentations given in the last year are also available on the website.

NuSep Holdings Ltd website, www.NuSep.com, is a key source of information for NuSep Holdings Ltd shareholders and prospective shareholders. NuSep Holdings Ltd places all Company announcements on the site immediately following confirmation of their release to the market. Analyst briefing material is released as a Company announcement. NuSep Holdings Ltd also displays annual and half-year reports to shareholders, speeches and presentations given by the Chairman, Managing Director and management and other useful business indicators including press releases and quarterly shareholder newsletters. Email is also an important method of communication for investors. All public announcements can be received by email when shareholders and other stakeholders provide their details to NuSep Holdings Ltd at www.NuSep.com.

7 Recognise and manage risk

NuSep Holdings Ltd Board Charter and Corporate Governance Guidelines states in section 7.3.5 that the Audit Committee "*regularly reviews the adequacy, security and objectivity of the internal control framework and internal control and audit plan and assesses significant business risks identified by the executive management team through the committee*".

NuSep Holdings Ltd takes this responsibility seriously and has committed to put in place appropriate procedures for risk management.

Financial Risks

The Audit Committee has responsibility for reviewing the risk management framework within NuSep Holdings Ltd. It receives presentations from the heads of each division on risks of each business unit and risk containment measures adopted. Risk is broadly considered as anything that may impede the achievement of NuSep Holdings Ltd strategic goals.

The Audit Committee receives periodic reports that monitor compliance with existing statutory requirements.

CEO and CFO sign-off

NuSep Holdings Ltd has a Managing Director/CEO and Chief Financial Officer (CFO) sign off. As of June 30, 2010, the sign off was done by Dr Hari Nair (CEO) and Mr Prakash Patel (CFO). This sign-off states to the Board in writing that to the best of their knowledge the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

Operational Risks

NuSep Holdings Ltd operates in a highly regulated environment. The Company must meet all of the Governmental and regulatory requirements of the markets into which it operates, manufactures, distributes and sells. To ensure compliance, the Company has a regulatory affair and quality assurance framework that has been accepted by Governmental organisations, regulatory bodies, partners, customers, and staff.

Senior executive officers play an important role in maintaining a Company-wide commitment to compliance with applicable requirements and regulations. The regulatory and quality functions report directly to the CEO.

Support for NuSep Holdings Ltd regulatory compliance and quality assurance principles is achieved throughout the Company by:

- Educating employees about all applicable government rules and regulations that affect the operation of the Company;
- Monitoring and Auditing compliance to all applicable rules and regulations that affect the operation of the Company;
- Identifying, investigating, and reporting (in a timely manner) any detected deviations, errors, and/or accidents from applicable requirements and regulations that affect the operation of the Company. Included in these

investigations is a root-cause analysis and a corrective action/preventive action (CAPA) system to prevent recurrence of the problem;

- Incorporating regulatory and quality endpoints into the KPI's of all employees.

Ensuring compliance to the regulatory and quality assurance principles is demonstrated by the employment of regulatory and quality assurance staff who report directly to the CEO, performing internal audits, and auditing performed by the regulatory bodies including, the ISO9000 Quality Management Systems registrar and the Australian Therapeutic Goods Administration.

8 Remunerate fairly and responsibly

NuSep Holdings Ltd Board Charter and Corporate Governance Guidelines states in section 7.4.2 that the Remuneration and Nomination Committee will "*ensure that procedures are in place to remunerate Directors, senior executives and staff sufficiently and reasonable and that this reward is tied to the corporate and individuals performance*".

NuSep Holdings Ltd Board has put in place a number of measures to implement this principle as disclosed and demonstrated by the public future sales and profit projections.

Discussion on NuSep Holdings Ltd remuneration policies of non-executive Directors, executive Directors and senior executives of the Company and the relationship between such policy and the Company's performance is provided in the Directors' report.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2010

	Notes	CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
Continuing operations					
Revenue	3	**2,403,548**	2,048,229	**651,093**	1,792,643
Cost of sales	4	**(921,903)**	(1,119,521)	**-**	(916,745)
Gross Profit		**1,481,645**	928,708	**651,093**	875,898
Other Income	3	**2,970,910**	118,952	**3,111,550**	342,793
Marketing expenses		**(507,880)**	(972,078)	**(687,708)**	(66,908)
General and Administration expenses		**(535,455)**	(2,618,796)	**(362,902)**	(2,983,282)
Research and Development expenses		**(5,520)**	-	**-**	-
Finance cost expenses	4	**(111,991)**	(198,109)	**(99,989)**	(184,228)
Profit/(loss) before income tax		**3,291,709**	(2,741,323)	**2,612,044**	(2,015,727)
Income tax expense	5	**-**	-	**-**	-
Profit/(loss) after tax from continuing operations		**3,291,709**	(2,741,323)	**2,612,044**	(2,015,727)
Net profit/(loss) for the period		**3,291,709**	(2,741,323)	**2,612,044**	(2,015,727)
Net profit/(loss) attributable to members of parent		**3,291,709**	(2,741,323)	**2,612,044**	(2,015,727)
Other comprehensive income/ (expense)					
Exchange translation difference		16,963	(6,526)	**-**	-
Other comprehensive income from continuing operations for the period		**16,963**	(6,526)	**-**	-
Total comprehensive income / (expense) for the period		**3,308,672**	(2,747,849)	**2,612,044**	(2,015,727)
Earnings per share	6	**Cents**	Cents		
– basic for profit/(loss) for the year		**15.0**	(126.0)		
– diluted for profit/(loss) for the year		**15.0**	(126.0)		

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2010

	Notes	CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	**1,200,641**	33,403	**995,830**	21,892
Trade and other receivables	9	**1,899,368**	864,150	**6,429,901**	4,340,366
Inventories	10	**387,065**	292,737	**-**	-
Other current assets	11	**82,557**	38,874	**19,066**	-
TOTAL CURRENT ASSETS		**3,569,631**	1,229,164	**7,444,797**	4,362,258
NON-CURRENT ASSETS					
Financial assets	12	**450,000**	855,000	**-**	-
Property, plant and equipment	13	**1,372,615**	1,686,736	**-**	-
Intangible assets	14	**12,324,820**	1,985,696	**9,195,685**	-
TOTAL NON-CURRENT ASSETS		**14,147,435**	4,527,432	**9,195,685**	-
TOTAL ASSETS		**17,717,066**	5,756,596	**16,640,482**	4,362,258
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	15	**1,968,178**	4,358,492	**1,091,464**	2,908,546
Short-term provisions	16	**157,835**	174,665	**-**	-
TOTAL CURRENT LIABILITIES		**2,126,013**	4,533,157	**1,091,464**	2,908,546
NON-CURRENT LIABILITIES					
Other liabilities	17	**2,698,580**	1,553,155	**2,698,580**	1,553,155
Long-term provisions	18	**49,435**	68,755	**-**	-
TOTAL NON-CURRENT LIABILITIES		**2,748,015**	1,621,910	**2,698,580**	1,553,155
TOTAL LIABILITIES		**4,874,028**	6,155,067	**3,790,044**	4,461,701
NET ASSETS/(LIABILITIES)		**12,843,038**	(398,471)	**12,850,438**	(99,443)
EQUITY					
Issued capital	19	**21,359,095**	11,021,258	**21,359,095**	11,021,258
Reserves	20	**1,161,448**	1,549,485	**235,617**	235,617
Retained losses		**(9,677,505)**	(12,969,214)	**(8,744,274)**	(11,356,318)
TOTAL EQUITY		**12,843,038**	(398,471)	**12,850,438**	(99,443)

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

Statement of Changes in Equity
For the year ended 30 June 2010

Consolidated Group 2009	Issued Capital $	Foreign currency translation Reserve $	Share options Reserve $	Revaluation Reserve $	Accumulated Losses $	Total Equity $
Balance 1 July 2008	10,602,240	1,831	170,177	555,000	(10,227,891)	1,101,357
Movement						
Loss for the period	-	-	-	-	(2,741,323)	(2,741,323)
Currency translation difference	-	(6,526)	-	-	-	(6,526)
Total comprehensive income for the period	-	(6,526)	-	-	(2,741,323)	(2,747,849)
Issue of share capital	823,857	-	-	-	-	823,857
Transaction costs on share issue	(404,839)	-	-	-	-	(404,839)
Revaluation of investment	-	-	-	763,563	-	763,563
Cost of share based payment	-	-	65,440	-	-	65,440
Balance 30 June 2009	11,021,258	(4,695)	235,617	1,318,563	(12,969,214)	(398,471)
Consolidated Group 2010	**$**	**$**	**$**	**$**	**$**	**$**
Balance 1 July 2009	11,021,258	(4,695)	235,617	1,318,563	(12,969,214)	(398,471)
Movement						
Profit for the period	-	-	-	-	3,291,709	3,291,709
Currency translation difference	-	16,963	-	-	-	16,963
Total comprehensive income for the period	-	16,963	-	-	3,291,709	3,308,672
Issue of share capital	11,266,451	-	-	-	-	11,266,451
Transaction costs on share issue	(928,614)	-	-	-	-	(928,614)
Revaluation of investment	-	-	-	(405,000)	-	(405,000)
Balance 30 June 2010	**21,359,095**	**12,268**	**235,617**	**913,563**	**(9,677,505)**	**12,843,038**

Parent Entity 2009	Issued Capital $	Foreign currency translation Reserve $	Share options Reserve $	Revaluation Reserve $	Accumulated Losses $	Total Equity $
Balance 1 July 2008	10,602,240	-	170,177	555,000	(9,340,591)	1,986,826
Movement						
Loss for the period	-	-	-	-	(2,015,727)	(2,015,727)
Currency translation difference	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(2,015,727)	(2,015,727)
Issue of share capital	823,857	-	-	-	-	823,857
Transaction costs on share issue	(404,839)	-	-	-	-	(404,839)
Revaluation of investment	-	-	-	(555,000)	-	(555,000)
Cost of share based payment	-	-	65,440	-	-	65,440
Balance 30 June 2009	11,021,258	-	235,617	-	(11,356,318)	(99,443)
Parent Entity 2010	**$**	**$**	**$**	**$**	**$**	**$**
Balance 1 July 2009	11,021,258	-	235,617	-	(11,356,318)	(99,443)
Movement						
Profit for the period	-	-	-	-	2,612,044	2,612,044
Total comprehensive income for the period	-	-	-	-	2,612,044	2,612,044
Issue of share capital	11,266,451	-	-	-	-	11,266,451
Transaction costs on share issue	(928,614)	-	-	-	-	(928,614)
Balance 30 June 2010	**21,359,095**	**-**	**235,617**	**-**	**(8,744,274)**	**12,850,438**

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

Statement of Cash Flows
For the year ended 30 June 2010

		CONSOLIDATED GROUP		PARENT ENTITY	
	Notes	**2010 $**	2009 $	**2010 $**	2009 $
Cash flows from operating activities					
Receipts from customers		**1,574,109**	1,650,369	**-**	1,073,922
Payments to suppliers and employees		**(4,284,599)**	(1,838,836)	**(2,176,222)**	(1,028,690)
Government grants		**157,544**	562,384	**(5,000)**	562,384
Interest received		**9,494**	51,093	**9,494**	51,093
Finance costs		**(85,413)**	(24,395)	**(68,087)**	(10,514)
Net cash flows provided by/(used in) operating activities	8 (a)	**(2,628,865)**	400,615	**(2,239,815)**	648,195
Cash flows from investing activities					
Proceeds on sale of property, plant & equipment		**7,438**	81,610	**-**	81,610
Purchase of property, plant and equipment		**(50,151)**	(147,234)	**-**	(6,852)
Purchase of other non-current assets		**(1,148,960)**	(1,985,696)	**-**	-
Payment for investment in wholly owned subsidiary net of cash acquired	8 (b)	**(1,829,268)**	-	**(1,829,268)**	-
Redemption of term deposit		**-**	867,288	**-**	867,286
Advance to controlled entities		**-**	-	**(1,763,274)**	(2,373,152)
Net cash flows provided by/(used in) investing activities		**(3,020,941)**	(1,184,032)	**(3,592,542)**	(1,431,108)
Cash flows from financing activities					
Proceeds from issue of shares		**7,364,805**	894,917	**7,354,055**	894,917
Share issue costs		**(294,406)**	(746,824)	**(294,405)**	(746,824)
Proceeds from borrowings		**150,000**	105,425	**150,000**	105,425
Repayment of borrowings		**(403,355)**	(132,258)	**(403,355)**	(132,258)
Net cash flows provided by financing activities		**6,817,044**	121,260	**6,806,295**	121,260
Net increase/(decrease) in cash and cash equivalents		**1,167,238**	(662,157)	**973,938**	(661,653)
Cash and cash equivalents at beginning of year		**33,403**	695,560	**21,892**	683,545
Cash and cash equivalents at end of year	7	**1,200,641**	33,403	**995,830**	21,892

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

1. CORPORATE INFORMATION

This financial report includes the consolidated financial statements and notes of NuSep Holdings Ltd and controlled entities ('Consolidated Group'), and the separate financial statements and notes of NuSep Holdings Ltd as an individual parent entity ('Parent Entity'). NuSep Holdings Ltd is a listed public Company, incorporated and domiciled in Australia.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Reporting Basis and Conventions
The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by NuSep Holdings Ltd at the end of the reporting period. 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 the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

A list of controlled entities is contained in Note 24 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 consistencies with those policies applied by the parent entity.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.
The acquisition may result in the recognition of goodwill or a gain from a bargain purchase (refer to note 3).

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

b) Income Tax

The income tax expense (revenue) 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.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

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 will be recognised from 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.

c) 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.

d) Property, plant and equipment

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

Plant and equipment
Plant and equipment are measured on the cost basis.

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.

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.

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

Plant and equipment	10% - 33%
Leasehold improvements	14% - 20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f) Financial Instruments

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 (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement
Finance instruments are subsequently measured at either of fair value, 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.

Amortised cost is calculated as:
(i) the amount at which the financial asset or financial liability is measured at initial recognition;
(ii) less principal repayments;
(iii) 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
(iv) 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 will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in statement of comprehensive income.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *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.

(ii) *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.

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

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

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, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition
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 is 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 statement of comprehensive income.

g) 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 to the statement of comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

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.

h) Investments

Interest in controlled entities are carried at the lower of cost or net realisable amount and reviewed at each balance date to reflect the parent entity's interest in the underlying net assets of the controlled entity.

Interest in non-controlled entities are carried at the estimated fair value amount and reviewed at each balance date to reflect the parent entity's interest in the underlying net assets of the non-controlled entity.

i) 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 have a finite life and are amortised 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.

j) Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances
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 in the statement of comprehensive income.

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 in the statement of comprehensive income.

Group companies
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 are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

k) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance 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 made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

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.

l) 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.

m) 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 would be shown within short-term borrowings in current liabilities on the statement of financial position.

n) Revenue and Other Income

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 as follows:

i) Sale of goods
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 is transferred to the customer.

ii) Interest income
Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

iii) Management fees
Management fees are charged to the subsidiaries for applicable head office expenses incurred. Management fees are eliminated on consolidation.

All revenue is stated net of the amount of goods and services tax (GST).

o) Trade and Other Payables

Trade and other payables represent the liability 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 30 days of recognition of the liability.

p) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

q) Borrowing costs

Borrowing costs are recognised in income in the period in which they are incurred.

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) Comparatives figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

t) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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.

Key Estimates – Impairment
The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. A claim has been filed against NxGen Pharmaceuticals Pty Limited under the terms of the Implementation Deed dated 28 November 2008 for the costs related to the NxGen acquisition by NuSep. Management has relied on expert advise as to the ability of the recovery of this claim.

Gain on Bargain Purchase
The parent entity recognised the fair value of identifiable assets acquired and liabilities assumed in respect of its acquisition of BioInquire. The Directors have determined the value of certain key assets based on value in use calculations which incorporate various key assumptions and judgements in respect of prospective financial information.

u) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of NuSep Holdings Ltd.

AASB 3: Business Combinations
In March 2008 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The following is an overview of the key changes and the impact on the Group's financial statements.

Measurement of contingent considerations — The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be recognised as a cost of the combination impacting goodwill.

There were no contingent contingencies associated with the acquisition of Inqsep Inc.

Recognition of contingencies — The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

There were no contingencies associated with the acquisition of Inqsep Inc.

Disclosure impact
The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

AASB 8: Operating Segments
In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact
Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Disclosure impact
AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements
In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact
Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

v) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

• AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:
- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

a. the objective of the entity's business model for managing the financial assets; and
b. the characteristics of the contractual cash flows.

• AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

• AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

• AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

The financial report was authorised for issue in accordance with a resolution of the Directors on 29 September 2010.

2. Segment Reporting

a) Business segments

The consolidated Group is organised on a global basis into the following divisions by product and service type.

Consumable Products

The development, manufacture and distributes of pre-cast electrophoresis gels, analytical software and other biological products into the marketplace. Distribution is based in Atlanta, Munich and Sydney with manufacturing in Sydney.

Separations

Develops and markets the PrIME technology in both the commercial and research markets, including the ProteomeSep and SpermSep devices. The business unit is based in Sydney.

Corporate & shared services

This division conducts corporate functions of the organisation.

b) Geographical segments

Although the consolidated Group's divisions are managed on a global basis they operate in 3 main geographical areas:

Australia - The home country of the parent entity which is also the main operating entity.
USA -A focus market with distribution channels in place across all divisions.
Europe -Comprises mainly of operations from the Consumable products division.
Other countries -Comprises of sales to countries in addition to USA, Australia and Europe.

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

2010	**Consumable products $**	**Separations $**	**Corporate & Shared Services $**	**Consolidated $**
Revenues from sales or services	1,671,945	731,603	-	**2,403,548**
Revenues from outside the operating activities:				
Interest	-	-	11,516	**11,516**
Gain on sale of assets	-	-	6,907	**6,907**
Gain on bargain purchase	-	-	2,952,487	**2,952,487**
Total segment revenue	1,671,945	731,603	2,970,910	**5,374,458**
Profit from ordinary activities	567,034	325,878	2,398,797	**3,291,709**
Profit from ordinary activities after income tax expense	567,034	325,878	2,398,797	**3,291,709**
Depreciation and amortisation expense	190,884	10,622	167,683	**369,189**
Segment assets	1,080,214	3,362,530	13,274,322	**17,717,066**
Segment liabilities	352,342	83,676	4,438,010	**4,874,028**
Acquisition of capital assets	38,925	1,149,990	9,205,880	**10,394,795**
Cash flow information				
Net cash flow from Operating activities	278,545	1,884	(2,909,294)	**(2,628,865)**
Net cash flow from Investing activities	(38,925)	(1,160,186)	(1,821,830)	**(3,020,941)**
Net cash flow from Financing activities	-	-	6,817,044	**6,817,044**

2009	**Consumable products $**	**Separations $**	**Corporate & Shared Services $**	**Consolidated $**
Revenues from sales or services	1,535,377	512,852	-	**2,048,229**
Revenues from outside the operating activities:				
Interest	-	-	44,761	**44,761**
Other	-	-	74,191	**74,191**
Total segment revenue	1,535,377	512,852	118,952	**2,167,181**
Profit/(Loss) from ordinary activities	193,100	(210,195)	(2,724,228)	**(2,741,323)**
Profit/(Loss) from ordinary activities after income tax expense	193,100	(210,195)	(2,724,228)	**(2,741,323)**
Depreciation and amortisation expense	80,599	7,695	320,814	**409,108**
Segment assets	1,157,172	2,154,420	2,445,004	**5,756,596**
Segment liabilities	475,864	435,606	5,243,597	**6,155,067**
Acquisition of capital assets	93,923	2,010,083	28,924	**2,132,930**
Cash flow information				
Net cash flow from Operating activities	708,144	120,718	(428,247)	**400,615**
Net cash flow from Investing activities	(93,923)	(2,010,083)	919,974	**(1,184,032)**
Net cash flow from Financing activities	-	-	121,260	**121,260**

Geographical segments
Although the consolidated Group’s divisions are managed on a global basis they operate in the following geographical areas being Australia, USA and Europe.

	Segment revenues		**Segment assets**	
	2010 $	2009 $	**2010 $**	2009 $
Australia	**992,261**	728,071	**8,090,126**	5,558,349
USA	**1,342,084**	1,255,070	**9,626,940**	198,247
Europe	**67,334**	63,205	**-**	-
Other countries	**1,869**	1,883	**-**	-
	2,403,548	2,048,229	**17,717,066**	5,756,596

Segment accounting policies
Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and accounting standard, AASB 114 Segment Reporting. 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.

Segment assets include all assets used by a segment and consist primarily of receivables, inventory, plant & equipment and deposits.

3. Revenue

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Revenue				
Revenue from sales or services	**1,589,911**	1,625,743	**-**	1,373,829
Government grants	**813,637**	422,486	**651,093**	418,814
	2,403,548	2,048,229	**651,093**	1,792,643
Finance and other revenue				
Interest received from other persons	**11,516**	44,761	**11,516**	44,761
Management fees	**-**	-	**147,547**	223,841
Gain on sale of assets	**6,907**	74,191	**-**	74,191
Gain on bargain purchase	**2,952,487**	-	**2,952,487**	-
	2,970,910	118,952	**3,111,550**	342,793
Total Revenue	**5,374,458**	2,167,181	**3,762,643**	2,135,436

4. Profit/(loss) for the Year

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Expenses				
Cost of sales of goods	**921,903**	1,119,521	**-**	916,745
Depreciation and amortisation:				
Plant and equipment	**233,887**	145,581	**-**	141,167
Leasehold improvements	**129,782**	263,527	**-**	263,527
Intangible assets	**5,520**	-	**-**	-
Total depreciation and amortisation	**369,189**	409,108	**-**	404,694
Finance costs:				
Interest expense – other related parties	**111,991**	198,109	**99,989**	84,228
Net loss on disposals of property, plant and fitout related to Frenchs Forest lease surrender	**-**	603,193	**-**	13
Exchange (gains)	**(122,865)**	(32,450)	**(128,731)**	(36,995)
Salaries and wages including benefits	**2,026,684**	2,175,107	**608,674**	1,222,874
Share based payments	**-**	65,440	**-**	65,440
Rental expense relating to operating leases	**166,827**	1,781,349	**-**	1,741,585
Write-off of obsolete stock	**15,018**	62,975	**-**	31,883
Impairment of receivables -wholly-owned subsidiary	**-**	-	**682,000**	1,371,000

5. Income Tax Expense

The major components of income tax expense are:

Income tax

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Accounting profit/(loss) before tax from continuing operations	**3,291,709**	(2,741,323)	**2,612,044**	(2,015,727)
Accounting profit/(loss) before income tax	**3,291,709**	(2,741,323)	**2,612,044**	(2,015,727)
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax receivable on profit/(loss) from ordinary activities before income tax at 30% (2009: 30%)	**987,513**	(822,397)	**783,613**	(604,718)
Add:				
Tax effect of:				
Reverse research and development	**344,688**	603,559	**-**	486,185
R&D clawback	**-**	62,822	**-**	62,822
Impairment of subsidiary receivable	-	-	**-**	411,300
Less:				
Tax effect of:				
Gain on bargain purchase	**(885,746)**	-	**(885,746)**	-
Section 40-880 deduction - legal	**(112,151)**	(56,434)	**(112,151)**	(56,434)
Research and development @125%	**(430,860)**	(754,449)	**-**	(607,732)
	(96,556)	(966,899)	**(214,284)**	(308,576)
Adjustments for current tax of prior periods	**59,540**	70,477	**59,540**	70,477
Income tax benefit not reported in the consolidated statement of comprehensive income	**(37,016)**	(896,422)	**(154,744)**	(238,099)
Income tax expense recorded in Statement of comprehensive income	**-**	-	**-**	-

Deferred income tax

Deferred income tax at 30 June 2010 relates to the following:

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Deferred Tax Liabilities				
Other	41,855	7,741	43,938	-
Total Deferred Tax Liability	41,855	7,741	43,938	-
Deferred Tax Assets				
Provisions and employee benefits	63,932	109,820	667	-
Other	169,036	464,071	689,924	799,023
Total Deferred Tax Asset	232,968	573,891	690,591	799,023

The Group has separate tax entities within Australia and the United States. Both tax jurisdictions have tax losses which are not recognised. The tax losses are available, indefinitely for offset against future taxable profits of the companies in which losses arose within each tax jurisdiction.

At 30 June 2010, no taxation or deferred taxation has been provided as the company has estimated taxable losses of $6.7m.

6. Earnings per share

The following reflects the income and share data used in the basic and diluted earning per share computation:

	Consolidated Group	
	2010	2009
	$	$
Profit/(Loss) after tax from continuing operations	**3,291,709**	(2,741,323)
Net profit/(loss) for the year	**3,291,709**	(2,741,323)

	Consolidated Group	
	2010	2009
	Cents	Cents
Earnings per share		
– basic for profit(loss) for the year	**15**	(126)
– diluted for profit/(loss) for the year	**15**	(126)
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	**21,984,747**	2,173,401
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**21,984,747**	2,173,401

Information concerning the classification of securities

Options
Options granted under the NuSep Holdings Ltd Directors, Employee and Consultants Share Option Plan is considered to be potential ordinary shares and have not been included in the determination of diluted earnings per share as they are considered anti-dilutive. The options have not been included in the determination of basic earnings per share. In March 2009, all share options were cancelled. Details relating to the options are set out in note 22.

7. Current Assets – Cash and Cash Equivalents

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Cash at bank	**1,200,641**	33,403	**995,830**	21,892

8. (a) Reconciliation of operating profit/(loss) to net cash provided by operating activities

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Profit/(loss) from ordinary activities after income tax expense:	**3,291,709**	(2,741,323)	**2,612,044**	(2,015,727)
Adjustment for non-cash items:				
Depreciation & Amortisation	**369,189**	409,108	**-**	404,694
Share option liability	**-**	65,440	**-**	65,440
Provision for impairment of receivables - wholly-owned subsidiary	**-**	-	**682,000**	1,371,000
Net (gain)/loss on sale/disposal of assets	**(6,907)**	603,193	**-**	13
Lease liability increase/(decrease)	**(842,776)**	107,159	**(828,609)**	92,993
Transfer non-current assets & non-current liabilities to controlled entity	**-**	-	**-**	(903,923)
Director loans interest & expenses	**155,824**	352,011	**155,824**	352,011
Intercompany transactions	**3,482**	148	**2,204**	-
Gain on bargain purchase	**(2,952,487)**	-	**(2,952,487)**	-
Unrealised gain on other non current liability	**(121,430)**	-	**(121,430)**	-
FX translation reserve	**(115,895)**	156,043	**-**	-
Net exchange differences on changes in operating assets & liabilities	**132,712**	(247,857)	**-**	-
	(86,579)	(1,296,078)	**(450,454)**	(633,499)
Change in operating assets and liabilities:				
Decrease/(Increase) in inventories	**(94,328)**	81,754	**-**	290,380
Decrease/(Increase) in trade debtors	**118,972**	(147,754)	**154,104**	602,009
Decrease/(Increase) in other debtors	**(535,758)**	-	**(532,125)**	-
Decrease/(Increase) in other operating assets	**(43,682)**	(5,988)	**(19,065)**	25,724
Increase/(Decrease) in trade creditors	**(843,000)**	721,201	**(867,643)**	346,034
Increase/(Decrease) in short term provisions	**(123,092)**	45,497	**-**	(197,174)
Increase/(Decrease) in other operating liabilities	**(1,002,078)**	979,546	**(524,632)**	261,039
Increase/(Decrease) in long term provisions	**(19,320)**	22,437	**-**	(46,318)
Net cash inflows/(outflows) from operating activities	**(2,628,865)**	400,615	**(2,239,815)**	648,195

(b) Acquisition of Entity

During the year 100% ownership interest in the assets of BioInquire Inc were acquired. Details of this transaction are:

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Purchase consideration				
Consisting of:				
Cash consideration	**1,829,268**	-	**1,829,268**	-
Deferred cash consideration	**2,820,010**	-	**2,820,010**	-
Deferred share capital consideration	**1,593,919**	-	**1,593,919**	-
Total consideration	**6,243,197**	-	**6,243,197**	-
Cash consideration	**4,649,278**	-	**4,649,278**	-
Amount due under contract of sale	**(2,820,010)**	-	**(2,820,010)**	-
Net cash paid	**1,829,268**	-	**1,829,268**	-

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Assets and liabilities held at acquisition date:				
Intangible assets	**9,195,684**	**-**	**9,195,684**	**-**
Less: gain on bargain purchase	**(2,952,487)**	**-**	**(2,952,487)**	**-**
	6,243,197	-	**6,243,197**	-

Non-cash financing and investing activities

Non-cash financing and investing activities are outlined below.

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Shares issued in lieu of services				
Shares issued in lieu of services	**781,816**	287,005	**781,816**	287,005

9. Current Assets – Trade and Other Receivables

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Trade receivables	**92,364**	56,707	**-**	-
Other receivables	**1,807,004**	807,443	**1,783,680**	783,593
Receivable from wholly-owned entities	**-**	-	**6,699,221**	4,927,773
Provision for impairment of receivables - wholly-owned subsidiary	-	-	**(2,053,000)**	(1,371,000)
	1,899,368	864,150	**6,429,901**	4,340,366

Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance	Charge for the Year	Others	Closing Balance
	1.7.2008			**30.6.2009**
2009	**$**	**$**	**$**	**$**
Parent Entity				
Receivables from wholly-owned subsidiaries	880,000	1,371,000	(880,000)	1,371,000

	Opening Balance 1.7.2009	Charge for the Year	Others	Closing Balance 30.6.2010
2010	**$**	**$**	**$**	**$**
Parent Entity				
Receivables from wholly-owned subsidiaries	1,371,000	682,000	-	2,053,000

Credit Risk — Trade and Other Receivables
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 Note 9. 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 credit risk exposures in Australia and the United States of America given the substantial operations in those regions.

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 transaction. 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.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Consolidated

	Gross Amount	Past Due and Impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	>90	
2010							
Trade Receivables	**92,364**	**-**	**18,863**	**8,213**	**(463)**	**-**	**65,751**
Other Receivables	**1,807,004**	**-**	**-**	**-**	**-**	**651,556**	**1,155,448**
Total	**1,899,368**	**-**	**18,863**	**8,213**	**(463)**	**651,556**	**1,221,199**
2009							
Trade Receivables	56,707	-	65,240	16,704	(46,176)	-	20,939
Other Receivables	807,443	-	-	-	-	628,989	178,454
Total	864,150	-	65,240	16,704	(46,176)	628,989	199,393

Parent

	Gross Amount	Past Due and Impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	>90	
2010							
Other Receivables	**1,783,680**	**-**	**-**	**-**	**-**	**651,556**	**1,132,124**
Receivables from wholly-owned entities	**6,699,221**	**2,053,000**	**-**	**-**	**-**	**-**	**4,646,221**
Total	**8,482,901**	**2,053,000**	**-**	**-**	**-**	**651,556**	**5,778,345**
2009							
Other Receivables	783,593	-	-	-	-	628,989	154,604
Receivables from wholly-owned entities	4,927,773	1,371,000	-	-	-	-	3,556,773
Total	5,711,366	1,371,000	-	-	-	628,989	3,711,377

10. Current Assets – Inventories

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Raw materials – at cost	**227,180**	228,659	**-**	-
Finished goods – at cost	**170,944**	137,653	**-**	-
Less: provision for obsolete inventory	**(11,059)**	(73,575)	**-**	-
	387,065	292,737	**-**	-

11. Current Assets – Other Assets

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Prepayments	**82,557**	38,874	**19,066**	-

12. Non Current Assets – Financial Assets

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Available-for-sale financial assets				
Shares in unlisted corporation	**450,000**	855,000	**-**	-

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

The fair value of the unlisted investments has been estimated using valuation techniques that may not be supported by observable market prices or rates. Management have also relied on a prior expert independent valuation report of the investment and believes the estimated fair value recorded in the statement of financial position and the related changes in fair value recorded in equity are reasonable and the most appropriate at the statement of financial position date. The original cost of the shares in the unlisted company is $300,000.

13. Non-current Assets – Property, plant and equipment

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Plant and equipment – at cost	**1,120,936**	1,092,766	**-**	-
Less: accumulated depreciation	**(238,133)**	(4,328)	**-**	-
Total property, plant and equipment	**882,803**	1,088,438	**-**	-
Leasehold improvements – at cost	**619,594**	598,298	**-**	-
Less: accumulated amortisation	**(129,782)**	-	**-**	-
Total leasehold improvements	**489,812**	598,298	**-**	-
Total property, plant and equipment	**1,372,615**	1,686,736	**-**	-

Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Plant & Equipment	Leasehold Improvements	Total
	$	$	$
Consolidated 2009			
Carrying amount at 1 July 2008	445,994	1,339,596	1,785,590
Additions	21,825	125,409	147,234
Revaluation	763,563	-	763,563
Disposals	(13)	(603,180)	(603,193)
Depreciation & amortisation expense	(145,581)	(263,527)	(409,108)
Unrealised foreign exchange adjustment	2,650	-	2,650
Carrying amount at 30 June 2009	1,088,438	598,298	1,686,736
Consolidated 2010			
Carrying amount at 1 July 2009	1,088,438	598,298	1,686,736
Additions	28,855	21,296	50,151
Revaluation	-	-	-
Disposals	-	-	-
Depreciation & amortisation expense	(233,887)	(129,782)	(363,669)
Unrealised foreign exchange adjustment	(603)	-	(603
Carrying amount at 30 June 2010	**882,803**	**489,812**	**1,372,615**

	Plant & Equipment $	Leasehold Improvements $	Total $
Parent Entity 2009			
Carrying amount at 1 July 2008	434,026	1,339,596	1,773,622
Additions	6,852	-	6,852
Disposals	(13)	-	(13)
Depreciation & amortisation expense	(141,167)	(263,527)	(404,694)
Transfer to controlled entity	(299,698)	(1,076,069)	(1,375,767)
Carrying amount at 30 June 2009	-	-	-
Parent Entity 2010			
Carrying amount at 1 July 2009	-	-	-
Carrying amount at 30 June 2010	-	-	-

14. Non-current Assets – Intangible Assets

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Internal development – at cost	**12,330,340**	1,985,696	**9,195,685**	-
Less: accumulated amortisation	**(5,520)**	-	**-**	-
Total intangible assets	**12,324,820**	1,985,696	**9,195,685**	-

Reconciliations

Reconciliations of the carrying amounts of intangible assets at the beginning and end of the current financial year are set out below.

	$
Consolidated 2009	
Carrying amount at 1 July 2008	-
Internal development	1,985,696
Carrying amount at 30 June 2009	1,985,696

	$
Consolidated 2010	
Carrying amount at 1 July 2009	1,985,696
Acquisition assets	9,195,685
Internal development	1,148,959
Amortisation expense	(5,520)
Carrying amount at 30 June 2010	**12,324,820**

	$
Parent Entity 2009	
Carrying amount at 30 June 2009	-

	$
Parent Entity 2010	
Carrying amount at 1 July 2009	-
Acquisition assets	9,195,685
Carrying amount at 30 June 2010	**9,195,685**

Intangible assets have finite useful lives. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. The following useful life is being used in the calculation of amortisation:

- Capitalised Development 20 years; and
- Capitalised Licenses 20 years.

15. Current liabilities – Trade and Other Payables

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Unsecured Liabilities				
Trade payables	**1,014,729**	1,857,730	**578,932**	1,446,575
Unearned revenue	**353,761**	479,752	**353,761**	479,752
Lease liability	**100,000**	540,974	**100,000**	526,807
Other creditors and accruals	**499,688**	1,480,036	**58,771**	455,412
	1,968,178	4,358,492	**1,091,464**	2,908,546

Trade creditors represent liabilities for goods and services provided to the consolidated Group prior to the end of the financial year and which are unpaid.

16. Current liabilities – Provisions

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Provision for employee benefits	**157,835**	174,665	**-**	-

17. Non-current liabilities – Other Payables and Liabilities

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Unsecured Liabilities				
Lease liability	**-**	401,802	**-**	401,802
Directors loans payable	**-**	1,151,353	**-**	1,151,353
Contingent consideration (Note 8(b))	**2,698,580**	-	**2,698,580**	-
	2,698,580	1,553,155	**2,698,580**	1,553,155

Contingent consideration relates to the 100% ownership interest in the assets of BioInquire Inc which was acquired in June 2010. The contingent consideration liability is due in USD and has been converted to AUD using the year end exchange rate.

18. Non-current liabilities – Provisions

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Provision for employee benefits	**49,435**	68,755	**-**	-

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Provision for employee benefits				
Opening balance 1 July	**243,420**	200,583	**-**	193,492
Provision utilised	**(99,844)**	(119,627)	**-**	(94,481)
Provision expense	**63,694**	162,464	**-**	119,915
Transfer to controlled entity	**-**	-	**-**	(218,926)
Closing balance 30 June (Notes 16 & 18)	**207,270**	243,420	**-**	-

Analysis of Total Provisions

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Current provision for employee benefits (note 16)	**157,835**	174,665	**-**	-
Non-current provision for employee benefits (note 18)	**49,435**	68,755	**-**	-
Aggregate employee benefit and related on-costs liabilities	**207,270**	243,420	**-**	-

19. Issued Capital

	Consolidated Group and Parent Entity		Consolidated Group and Parent Entity	
	2010	2009	**2010**	200
	Shares	Shares	**$**	$
(a) Share Capital				
Ordinary Shares – fully paid	**59,411,744**	2,298,907	**21,359,095**	11,021,258

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

	30 June 2010	30 June 2009
	$	$
Balance at 1 July	**11,021,258**	10,602,240
Share issue under share placement/ offer	**10,484,635**	72,000
Share issue in lieu of fees	**781,816**	287,005
	22,287,709	11,426,097
Less - transaction costs arising on share issues	**(928,614)**	(404,839)
Balance at 30 June	**21,359,095**	11,021,258

	30 June 2010 Number of Shares	30 June 2009 Number of Shares
Balance at 1 July	**2,298,907**	2,057,342
Share issue under share placement/ offer	**53,827,337**	67,500
Share issue in lieu of fees	**3,285,500**	174,065
Balance at 30 June	**59,411,744**	2,298,907

(c) 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.

(d) Listed Options

During the year 24,854,981 listed options were issued to shareholders. The listed options have an exercise price of 35 cents and expire on 1 September, 2012.

(e) Unlisted Options

No share options were on issue during the 2010 financial 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 – 2009:								
Third party Options								
1 December 2006	1 November 2009	1 December 2006	$0.50	62,500	-	-	62,500	-
Directors Option								
1 December 2006	1 November 2009	1 December 2006	$0.50	566,667	-	-	566,667	-
1 December 2006	1 November 2010	1 December 2007	$0.75	566,667	-	-	566,667	-
1 December 2006	1 November 2011	1 December 2008	$1.00	566,666	-	-	566,666	-
Executives Option								
1 December 2006	1 November 2009	1 December 2006	$0.50	100,000	-	-	100,000	-
1 December 2006	1 November 2010	1 December 2007	$0.75	100,000	-	-	100,000	-
1 December 2006	1 November 2011	1 December 2008	$1.00	100,000	-	-	100,000	-
20 December 2006	1 November 2009	20 December 2006	$0.50	133,333	-	-	133,333	-
20 December 2006	1 November 2010	1 December 2007	$0.75	133,333	-	-	133,333	-
20 December 2006	1 November 2011	1 December 2008	$1.00	133,334	-	-	133,334	-
				2,462,500	-	-	2,462,500	-

(f) 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.

20. Reserves

Nature and purpose of reserves

Share options reserve
This option reserve records items recognised as expenses on valuation of employee share options.

Financial Assets Reserve
The financial assets reserve records revaluation of financial assets.

Foreign currency translation reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

21. Auditors' Remuneration

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Amounts receivable or due and receivable by RSM Bird Cameron Partners for:				
Audit & Assurance services				
Audit and review of financial reports	**43,000**	43,542	**43,000**	43,542
Other services				
Tax compliance services	**-**	11,794	**-**	-
Total remuneration for services	**43,000**	55,336	**43,000**	43,542

22. Directors and executive disclosures

(a) Details of Key Management Personnel

(i) Directors

John Manusu	Executive Chairman
Dr Hari Nair	Managing Director/CEO
Iain Howard Sorrell	Non-executive Director
William Spee	Non-executive Director

(ii) Executives

Prakash Patel	Chief Financial Officer and Company Secretary
Dr John Andrews	Chief Scientific Officer
Barry Holman	VP Sales (Resigned 31 December 2009)

(b) Remuneration of Key Management Personnel

	Consolidated Group		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Short-term employee benefits	**1,084,575**	1,145,282	**642,250**	903,332
Post-employment benefits	**56,560**	42,667	**28,922**	42,667
Share-based payments	**-**	103,397	**-**	103,397
	1,141,135	1,291,346	**671,172**	1,049,396

(c) Share based compensation - Options

Options remuneration has been calculated in accordance with the fair value measurements provisions of AASB 2 "Share Based Payments" in line with transitioning NuSep Holdings Ltd accounting policies and financial reporting from current Australian Standards to Australian equivalents of IFRS (AIFRS).

The fair value of each option is estimated on grant date using Black-Scholes option pricing model.

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 share based expenses for options remuneration has been recognised as an expense in the statement of comprehensive income and held as part of the share options reserve in the statement of financial position.

During the financial year no options were granted as equity compensation benefits.

(i) Options holding of directors and executives

Directors

No share options were held by directors during the 2010 financial year.

2009	Balance at start of the year	Granted as remuneration	Exercised during the year	Cancelled during the year	Balance at end of the year	Exercisable	Non Exercisable
Nicholas Caré	300,000	-	-	300,000	-	-	-
John Manusu	800,000	-	-	800,000	-	-	-
Dr Hari Nair	200,000	-	-	200,000	-	-	-
Dr Choon Lee	200,000	-	-	200,000	-	-	-
Iain H. Sorrell	200,000	-	-	200,000	-	-	-
Total	1,700,000	-	-	1,700,000	-	-	-

Executives

No share options were held by executives during the 2010 financial year.

2009	Balance at start of the year	Granted as remuneration	Exercised during the year	Cancelled during the year	Balance at end of the year	Exercisable	Non Exercisable
Prakash Patel	300,000	-	-	300,000	-	-	-
Dr Greg Rogers	200,000	-	-	200,000	-	-	-
Dr John Andrews	200,000	-	-	200,000	-	-	-
Total	700,000	-	-	700,000	-	-	-

(ii) Options granted & vesting period

Directors and Executives

No options were exercised during the year. All prior options on issue had been cancelled at 30 June 2009.

(iii) Options exercised during the year

No options were exercised during the year. All prior options on issue had been cancelled at 30 June 2009.

(d) Shareholding of directors and executives

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 compensation.

Directors

Name	Balance at start of the year	Ordinary shares issued resulting on the exercise of options	Other changes	Balance at the end of the year
John Manusu	106,956	-	2,061,076	2,168,032
Dr Hari Nair	4,281	-	1,034,399	1,038,680
Iain Howard Sorrell	6,231	-	793,419	799,650
William Spee	-	-	2,529,152	2,529,152
Total	117,468	-	6,418,046	6,535,514

Executives

Name	Balance at start of the year	Ordinary shares issued resulting on the exercise of options	Other changes	Balance at the end of the year
Prakash Patel	2,446	-	-	2,446
Total	2,446	-	-	2,446

(e) Other transactions with key management personnel

i) The current Directors partially underwrote the share purchase offer under the prospectus dated 10 August 2009 and also the rights issue prospectus dated 4 May 2010. Underwriting fees were paid on normal commercial terms and conditions.
ii) As approved by shareholders at the General Meeting held in April, 2010 3,888,038 fully paid ordinary shares were issued to the Directors of the Company resulting from the conversion of Director loans.

23. Related party transactions

(a) Ultimate Parent

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

(b) Wholly-owned group transactions

Transactions between NuSep Holdings Ltd and other entities in the wholly-owned group during the year ended 30 June 2010 consist of the distribution of electrophoresis gels, biological products and provision of marketing services by NuSep Inc and provision of management services and loans advanced by NuSep Holdings Ltd.

	Parent entity	
	2010	2009
	$	$
Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with entities in the wholly-owned group:		
Sale of finished product	**190,084**	359,316
Aggregate amounts receivable from entities in the wholly-owned group at balance date, non trade receivable are non interest bearing:		
Receivables	**6,699,223**	4,927,773

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 22.

24. Controlled entities

	Cost of Parent Entity's investment	
	2010	2009
	$	$
Share in controlled entities – at cost	**-**	-

Name of entity	Country of Incorporation	Class of share	Equity Holding 2010 %	2009 %
Subsidiaries of NuSep Holdings Ltd:				
Prime BioSeparations Ltd	Australia	Ordinary	100	100
SpermGen Pty Limited	Australia	Ordinary	100	100
NuSep, Inc	United States	Ordinary	100	100
Inqsep Inc	United States	Ordinary	100	-

In June, 2010 the parent entity acquired the assets of BioInquire Inc, and incorporated Inqsep Inc which commenced trading in June 2010.

25. 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 economic entity's maximum exposure to credit risk in relation to these assets. The Company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with strong, creditworthy customers across all business segments.

(b) Interest Rate Risk Exposures

The following table sets out the Group's exposure to interest rate risk, re-pricing maturities and the effective interest rates on financial instruments at balance date.

(c) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

A significant portion of the Company's customers are either US based or are billed in US dollars. This creates a natural hedge against foreign exchange risk. Inventory is held in the US and the statement of financial position can be affected by movements in the US$/A$ exchange rates.

Judgments on reasonably possible movements:

	Post tax loss Higher/(Lower)	
	2010	2009
	$	$
Consolidated Group		
AUD/USD +10%	**(464,840)**	(229,916)
AUD/USD – 10%	**464,840**	229,916
Parent Entity		
AUD/USD +10%	**(310,003)**	(125,874)
AUD/USD – 10%	**310,003**	125,874

(d) Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Financial liability and financial asset maturity analysis:

			Fixed Interest Rate			
	Notes	**Floating interest rate**	**1 year or less**	**1 to 5 years**	**Non-interest bearing**	**Total**
Consolidated Group						
30 June 2010		**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash on hand	7	687,309	-	-	-	687,309
Cash on deposit	7	-	513,332	-	-	513,332
Trade & other receivables	9	-	-	-	1,899,368	1,899,368
Total financial assets		687,309	513,332	-	1,899,368	3,100,009
Financial liabilities						
Trade creditors	15	-	-	-	1,014,729	1,014,729
Other creditors & accruals	15,17	-	-	-	3,552,028	3,552,028
Total financial liabilities		-	-	-	4,566,757	4,566,757
Net inflow/(outflow) on financial instruments		**687,309**	**513,332**	**-**	**(2,667,389)**	**(1,466,748)**

			Fixed Interest Rate			
	Notes	**Floating interest rate**	**1 year or less**	**1 to 5 years**	**Non-interest bearing**	**Total**
Parent Entity						
30 June 2010		**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash on hand	7	482,498	-	-	-	482,498
Cash on deposit	7	-	513,332	-	-	513,332
Trade & other receivables	9	-	-	-	6,429,901	6,429,901
Total financial assets		482,498	513,332	-	6,429,901	7,425,731
Financial liabilities						
Trade creditors	15	-	-	-	578,932	578,932
Other creditors & accruals	15,17	-	-	-	3,111,112	3,111,112
Total financial liabilities		-	-	-	3,690,044	3,690,044
Net inflow on financial instruments		**482,498**	**513,332**	**-**	**2,739,857**	**3,735,687**

			Fixed Interest Rate			
Consolidated Group	**Notes**	**Floating interest rate**	**1 year or less**	**1 to 5 years**	**Non-interest bearing**	**Total**
30 June 2009		**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash on hand	7	33,403	-	-	-	33,403
Trade & other receivables	9	-	-	-	864,150	864,150
Total financial assets		33,403	-	-	864,150	897,553
Financial liabilities						
Trade creditors	15	-	-	-	1,857,730	1,857,730
Other creditors & accruals	15,17	-	-	1,151,353	1,959,788	3,111,141
Total financial liabilities		-	-	1,151,353	3,817,518	4,968,871
Net inflow/(outflow) on financial instruments		33,403	-	(1,151,353)	(2,953,368)	(4,071,318)

			Fixed Interest Rate			
Parent Entity	**Notes**	**Floating interest rate**	**1 year or less**	**1 to 5 years**	**Non-interest bearing**	**Total**
30 June 2009		**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash on hand	7	21,892	-	-	-	21,892
Trade & Other debtors	9	-	-	-	4,340,366	4,340,366
Total financial assets		21,892	-	-	4,340,366	4,362,258
Financial liabilities						
Trade creditors	15	-	-	-	1,446,576	1,446,576
Other creditors & accruals	15,17	-	-	1,151,353	935,164	2,086,517
Total financial liabilities		-	-	1,151,353	2,381,740	3,533,093
Net inflow/(outflow) on financial instruments		21,892	-	(1,151,353)	1,958,626	829,165

(e) Net Fair Value of Financial Assets and Liabilities

(i) On-Statement of financial position

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated Group approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

(ii) Off-Statement of financial position

There are no off statement of financial position financial assets and liabilities as at 30 June 2010.

26. 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

	Consolidated		**Parent Entity**	
	2010	2009	**2010**	2009
	$	$	**$**	$
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	**204,671**	194,038	**-**	-
Later than one year but not later than 5 years	**268,717**	339,816	**-**	-
Later than 5 years	**-**	-	**-**	-
	473,388	533,854	**-**	-
Representing:				
Non-cancellable operating leases	**473,388**	533,854	**-**	-
	473,388	533,854	**-**	-

At 30 June 2010 the Group has two operating lease for its commercial properties. These non-cancellable leases have remaining a non-cancellable lease term of 2-5 years. The commercial property leases also include a clause to enable upward revision of the rental charge on commercially negotiated terms.

27. Events after Balance Date

The following events occurred subsequent to 30 June 2010:

a) On 30 July 2010 the Company announced to buy back shares of smaller shareholders;
b) On 9 September 2010 the Company announced that it has established a Scientific Advisory Committee ; and
c) On 27 September 2010 the Company announced it intends to further ongoing collaboration with the University of Newcastle and Professor R John Aitken.

Except for the items discussed above no other matters or circumstances have arisen since 30 June 2010 that have significantly affected, or may significantly affect:

(a) The consolidated Group's operations in future financial years, or
(b) The results of those operations in future financial years, or
(c) The consolidated Group's state of affairs in future financial years.

28. Company Details

The registered office of the Company is:
324 Burns Bay Road
Lane Cove, NSW 2066
Australia

Directors' Declaration

The directors of the company declare that, in the opinion of the directors:

(a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including

   (i) giving a true and fair view of the financial position and performance of the company and consolidated entity; and

   (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;

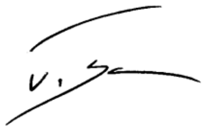
(b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001; and

(d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

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



John Manusu
Chairman

Sydney
29 September 2010

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 9233 8933 **F** +61 2 9233 8521

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of NuSep Holdings Ltd for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

G N SHERWOOD
Partner

Sydney, NSW
Dated: 29 September 2010

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 9233 8933 **F** +61 2 9233 8521

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

NUSEP HOLDINGS LTD

Report on the Financial Report

We have audited the accompanying financial report of NuSep Holdings Ltd ("the company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

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

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the financial year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of NuSep Holdings Ltd for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

G N SHERWOOD
Partner

Sydney, NSW
Dated: 29 September 2010

Shareholder Information

The shareholder information set out below was applicable as at 20 September 2010.

A. Distribution of Equity Securities

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

	Number of Ordinary Shares
1 – 1,000	1,219
1,001 – 5,000	325
5,001 – 10,000	90
10,001 – 100,000	288
100,001 – Over	58
	1,980

There were 1,405 holders of less than a marketable parcel of ordinary shares, total shares held is 385,805 and represents 0.65% of total issued capital.

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	
	Number Held	Percentage of issued shares
Mr Andrew Ernest Goodall	11,764,403	19.80
BioInquire (suspense)	4,642,857	7.82
Gaston Renard Pty Ltd	2,760,000	4.65
Cafalo Pty Ltd	2,415,184	4.07
Mr Andrew Winston Doyle	1,910,000	3.22
Mr Ying Ming Chiu	1,903,300	3.20
Mr John Manusu	1,646,214	2.77
Mr Ernest A Goodall & Ms Marjorie A Goodall	1,612,500	2.71
I E Properties Pty Ltd	1,500,000	2.53
Ms Natalie Rose-Anne Doyle	1,455,000	2.45
Mr Anthony Mark Loughnan	1,041,419	1.73
Mr Chenicheri Nair	1,002,511	1.69
Bookman Pty Ltd	970,000	1.63
Mr Andrew Winston Doyle	970,000	1.63
Hammond Royce Corporation Pty Ltd	943,643	1.59
Mr Iain Sorrell	901,376	1.52
Ms Doris McNamara	550,000	0.93
Mr Warren Goodall	500,001	0.84
Dr Perry Manusu	500,000	0.84
Mancu Pty Ltd	477,923	0.81
	39,466,331	66.43

C. Substantial Shareholders as at 20 September 2010.

Ordinary shares

	Number held	Percentage
Mr Andrew Ernest Goodall	11,764,403	19.80

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
John Manusu (Executive Chairman)
Dr Hari Nair (Managing Director)
Iain Howard Sorrell (Non-executive Director)
William Spee (Non-executive Director)

Company Secretary
Prakash Patel

Registered Office
324 Burns Bay Road
Lane Cove, NSW 2066
Australia

Tel: 61 2 8197 3377
Fax: 61 2 9427 8614
Email: info@NuSep.com
Website: www.NuSep.com

Share Registry
Registries Limited
Level 7, 207 Kent Street
Sydney, NSW 2000

Solicitors
Bartier Perry
18/133 Castlereagh Street
Sydney, NSW 2000

Auditors
RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street
Sydney, NSW 2000