



**FOR IMMEDIATE RELEASE**

## **NuSep Restatement of Prior Period Accounts**

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**Sydney, Australia** 29<sup>th</sup> August 2013– NuSep Holdings Ltd (ASX: NSP) wishes to advise the market that following on from the appointment of KPMG as the Company’s Auditor a number of changes have been made to the Company’s accounting policies. As required by the accounting standards, the change in accounting policy has been applied retrospectively and has resulted in an increase in the reported net loss and decrease in the net asset position for the group for the year ended 30 June 2012 as detailed below.

NuSep will release its 30 June 2013 interim result/Appendix 4E on Friday 30<sup>th</sup> August 2013. To ensure the market has the restated prior period comparative numbers a table is provided as an Appendix to this announcement which reflects the impact of the above change in accounting policy on the FY12 result released to the market in 2012.

The Appendix 4E and the annual financial statements of NuSep Holdings Limited (“the Group”) for the year ending 30 June 2013 will include the following prior year restatements:

- Impairment charges of \$3.5m against the carrying value of Intangible assets in respect of development costs relating to the consumable product division and the membrane & applications division have now been recognised at 30 June 2012. The impairment charges were originally taken up by the Group at 31 December 2012 (refer 1 below);
- In accordance with *AASB 120: Accounting for Government Grants and Disclosure of Government Assistance*, Government grant income in relation to R&D tax credits should have been recognised on an accruals basis. These were recognised on a cash-receipts basis in prior periods (refer 2 below); and
- Plant and equipment was carried at amounts using the revaluation model at 30 June 2012 and 30 June 2011. During the year ended 30 June 2013, the Group changed its accounting policy to recognise plant and equipment assets using the cost model. The plant and equipment balances as previously reported at 30 June 2012 and 30 June 2011 have been restated to cost (refer 3 below).

## ***Analysis of impact of prior period restatements***

### **1. Intangible asset impairment charges**

At 30 June 2012, Intangible assets included development costs relating to the consumable products division and the membrane & applications division with a total carrying value of \$3.5m. Impairment charges of \$3.5m were recognised in the half-year financial report at 31 December 2012 relating to these development costs. The Company has re-considered the timing of various events and circumstances that led to the impairment charges and have concluded that overall, in substance, the impairment of these intangible assets should have been recognised in the 30 June 2012 annual financial statements.

Consequently, the comparatives in the financial statements for the year ended 30 June 2013 have been restated by recognising additional impairment charges of \$3.5m in the consolidated statement of comprehensive income and reducing intangible assets in the consolidated statement of financial position at 30 June 2012 by \$3.5m.

### **2. Recognition of government grants on an accruals basis**

In previous accounting periods, the Group recognised government grants on a cash receipts basis. The Company has re-considered the accounting for these grants and the accounting treatment applied and have determined that the accruals basis of recognition to be the correct accounting treatment in accordance with *AASB101 Presentation of Financial Statements* and *AASB120 Accounting for Government Grants and Disclosure of Government Assistance*. In adjusting the previous years numbers, this treatment has been applied retrospectively in the comparatives.

As a result of this adjustment, the restated results for the year ended 30 June 2012 show a net increase in grant income of \$46k, an increase in other receivables of \$1.5m, a decrease in intangible assets of \$749k and a decrease in opening accumulated losses of \$749k.

### **3. Change of accounting policy for recognition and measurement of plant and equipment**

In the 30 June 2011 and 30 June 2012 financial years, the Group recognised plant & equipment at revalued amounts. During the year ended 30 June 2013, the Company has re-considered this accounting policy for FY 2013 and future periods and concluded that the cost model is more appropriate for the Group.

As this represents a voluntary change of accounting policy, in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, the Group is required to apply the new accounting policy retrospectively. Accordingly, all previous revaluations, including subsequent depreciation charges, have been reversed. Opening accumulated losses at 1 July 2010 have been restated and the comparative amounts in the consolidated statement of comprehensive income and consolidated statement of financial position for 2011 and 2012 have been restated.

In applying the change of accounting policy, the carrying value of plant & equipment has been reduced by \$436k at 30 June 2012 and \$545k at 30 June 2011 respectively. For both years, the revaluation reserve of \$764k has been reversed. In addition, opening accumulated losses have been decreased by \$327k at 1 July 2012 and \$218k at 1 July 2011 due to the lower depreciation charges under the cost method. General and administrative expenses in the consolidated statement of comprehensive income for FY 2012 has been reduced by \$109k due to the lower depreciation charge under the cost method.

Summary of restatements on prior period comparatives	30 June 2012 \$
Comprehensive income/(expense) for the year as previously reported	(6,373,786)
<i><u>Change in Recognition</u></i>	
- Understatement of grant income	45,679
- Understatement of impairment charges	(3,538,194)
<i><u>Change in Accounting Policies</u></i>	
- Decrease in General and Administration Expenses	109,081
Restated Comprehensive income/(expense) for the year	(9,757,220)
Restated loss per share (cents)	10 cents
Net Assets as previously reported	4,562,379
<i><u>Change in Recognition</u></i>	
- Understatement of trade and other receivables	1,543,479
- Overstatement of intangible assets	(4,286,929)
<i><u>Change in Accounting Policies</u></i>	
Decrease in property, plant & equipment	(436,322)
Restated net assets	1,382,607

**Appendix One**

Restated statement of financial position at 30 June 2012	Restated 30/06/2012	Previously Published 30/06/2012	Impact of restatements
Cash and cash equivalents	173,447	173,447	
Trade and other receivables	1,756,443	212,964	<b>1,543,479</b>
Inventories	370,527	370,527	
Other current assets	24,432	24,432	
<b>Total current assets</b>	<b>2,324,849</b>	<b>781,370</b>	
Financial assets	300,000	300,000	
Property, plant and equipment	747,125	1,183,447	<b>(436,322)</b>
Intangible assets	2,400,121	6,687,050	<b>(4,286,929)</b>
<b>Total non-current assets</b>	<b>3,447,246</b>	<b>8,170,497</b>	
<b>Total assets</b>	<b>5,772,095</b>	<b>8,951,867</b>	
Trade and other payables	(2,962,780)	(2,962,780)	
Interest bearing liabilities	(1,068,422)	(1,068,422)	
Short-term provisions	(270,464)	(270,464)	
<b>Total current liabilities</b>	<b>(4,301,666)</b>	<b>(4,301,666)</b>	
Long-term provisions	(87,822)	(87,822)	
<b>Total non-current liabilities</b>	<b>(87,822)</b>	<b>(87,822)</b>	
<b>Total liabilities</b>	<b>(4,389,488)</b>	<b>(4,389,488)</b>	
<b>Net Assets</b>	<b>1,382,607</b>	<b>4,562,379</b>	<b>(3,179,772)</b>
Share capital account	25,826,848	25,826,848	
Revaluation reserve	0	763,563	<b>(763,563)</b>
Other reserves	241,004	241,004	
Retained earnings	(24,723,026)	(22,306,817)	<b>(2,416,209)</b>
Foreign exchange reserve	37,781	37,781	
<b>Total Equity</b>	<b>1,382,607</b>	<b>4,562,379</b>	<b>(3,179,772)</b>

<b>Restated statement of financial position at 30 June 2011</b>	<b>Restated 30/06/2011</b>	<b>Previously Published 30/06/2011</b>	<b>Impact of restatements</b>
Cash and cash equivalents	29,009	29,009	
Trade and other receivables	1,574,785	825,720	<b>749,065</b>
Inventories	426,740	426,740	
Other current assets	34,343	34,343	
<b>Total current assets</b>	<b>2,064,877</b>	<b>1,315,812</b>	
Financial assets	300,000	300,000	
Property, plant and equipment	1,018,988	1,564,390	<b>(545,402)</b>
Intangible assets	7,391,062	7,391,062	
<b>Total non-current assets</b>	<b>8,710,050</b>	<b>9,255,452</b>	
<b>Total assets</b>	<b>10,774,927</b>	<b>10,571,264</b>	
Trade and other payables	(2,914,916)	(2,914,916)	
Short-term provisions	(217,351)	(217,351)	
<b>Total current liabilities</b>	<b>(3,132,267)</b>	<b>(3,132,267)</b>	
Other liability	(377,286)	(377,286)	
Long-term provisions	(66,628)	(66,628)	
<b>Total non-current liabilities</b>	<b>(443,914)</b>	<b>(443,914)</b>	
<b>Total liabilities</b>	<b>(3,576,181)</b>	<b>(3,576,181)</b>	
<b>Net Assets</b>	<b>7,198,746</b>	<b>6,995,083</b>	<b>203,663</b>
Share capital account	21,891,153	21,891,153	
Revaluation reserve	0	763,563	<b>(763,563)</b>
Other reserves	235,617	235,617	
Retained earnings	(15,031,376)	(15,998,602)	<b>967,226</b>
Foreign exchange reserve	103,352	103,352	
<b>Total Equity</b>	<b>7,198,746</b>	<b>6,995,083</b>	<b>203,662</b>

Restated comprehensive income for the period ended 30 June 2012	Restated 30/06/2012	Previously Published 30/06/2012	Impact of restatements
Revenue	1,780,350	2,549,415	(769,065)
Cost of sales	(944,532)	(944,532)	
<b>Gross profit</b>	<b>835,818</b>	<b>1,604,883</b>	<b>(769,065)</b>
Other income	822,777	8,033	814,744
Marketing expenses	(839,847)	(839,847)	
General & administrative expenses	(1,281,484)	(1,390,565)	109,081
Research & development expenses	(900,719)	(900,719)	
Finance costs	(68,217)	(68,217)	
Amortisation of intangible assets	(293,480)	(293,480)	
Impairment charges	(7,966,497)	(4,428,303)	(3,538,194)
<b>Profit/(loss) before tax</b>	<b>(9,691,649)</b>	<b>(6,308,215)</b>	<b>(3,383,434)</b>
Income tax expense	0	0	0
<b>Net loss from continuing operations</b>	<b>(9,691,649)</b>	<b>(6,308,215)</b>	<b>(3,383,434)</b>

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### About NuSep

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




With a 30 year heritage in biological separations, NuSep has forged a world class reputation for its innovative yet simple biological separation techniques based on its PrIME<sup>1</sup> technology. The PrIME

<sup>1</sup> PrIME stands for **P**reparative **I**solation by **M**embrane **E**lectrophoresis

technology has produced a number of world firsts 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 can separate biological samples into 8 fractions for use in the proteomic market. The SpermSep separates sperm for fertility treatments such as IVF.
-  **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](http://www.NuSep.com)

#### **About PRIME Biologics Pte Ltd**

PRIME Biologics is a Singapore based biotech company that has developed a disposable therapeutic plasma manufacturing process based on NuSep's PRIME Technology. PRIME Biologics process is based on the **P**reparative **I**solation by **M**embrane **E**lectrophoresis (PRIME) technology developed by NuSep. PRIME provides disposable modular processing that is 'electronically' driven membrane fractionation.

The PRIME process increases product yields to over 90% relative to the existing process 50% while increasing product safety. The PRIME has been shown to remove virus, bacteria, endotoxins and prions which cause 'Mad Cow Disease'. Further, PRIME Biologics process can produce multiple plasma products in hours compared to days, which is required by the current manufacturers.

The initial application for the PRIME process will be the *Currently Unprocessable Plasma* which represents approximately 50% of all the plasma collected in many Asian countries.