Appendix 4D

Half year report

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

Half year ended ('current period')	Half year ended ('previous corresponding period')
31 December 2013	31 DECEMBER 2012

Results for announcement to the market

				$A'000
Sales	**Down**	**20%**	**to**	**447**
Gross profit	**Up**	**22%**	**to**	**85**
Loss from ordinary activities after tax attributable to members	**Up**	**52%**	**to**	**(900)**
Net Loss for the period attributable to members	**Up**	**57%**	**to**	**(1,029)**

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

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

Brief explanation of any of the figures reported above:

Refer attached press release and notes to the accounts.

NTA backing	**31 December 2013**	31 December 2012
Net tangible asset backing per ordinary security	**(2.36) cents**	2.49 cents

Audit/Review Status

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

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

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

Not Applicable – emphasis of matter

Extract from the independent auditor's review report:

Emphasis of matter regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 2(b) to the half-year financial report. The matters set forth in Note 2(b) indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Restatement of comparative balances

Without modification to the conclusion expressed above, we draw attention to Note 2(e) to the half-year financial report, which states that the comparative balances have been restated to correct errors identified in the 31 December 2012 half-year financial report. The half-year financial report of NuSep Holdings Limited for the half year ended 31 December 2012 was reviewed by another auditor who issued his conclusion on that half-year financial report on 1 March 2013.

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

Interim Financial Report
for the half-year ended 31 December 2013

Contents

Directors' Report

The Directors submit their report for the consolidated entity consisting of NuSep Holdings Limited and its controlled entities for the half-year ended 31 December 2013.

Directors

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

John Manusu	Non-Executive Chairman (Resigned 29 November 2013)
Alison Coutts	Executive Chairman (Appointed 29 November 2013)
Dr Hari Nair	Non-Executive Deputy Chairman (Resigned 29 November 2013)
Prakash Patel	Non-Executive Director
Andrew Goodall	Non-Executive Director
Stephen Van Der Mye	Non-Executive Director (Appointed 2 December 2013)
Clifford Eu	Non-Executive Director (Resigned 29 November 2013)

REVIEW OF OPERATIONS

Products and Technology

NuSep's core technology pertains to biological separations using a proprietary electrophoresis method which has substantial advantages over traditional separation methods. NuSep also supplies gels for biological separations and manufactures and distributes diagnostic products.

Update on PriME

The Group continues to focus on the development and commercial application of the PrIME technology in plasma fractionation and has made significant progress to date.

As previously advised to the market, NuSep's wholly-owned Singapore based subsidiary, Prime Biologics Pte Limited, has progressed in its negotiations with Xeraya Capital Labuan Ltd ("Xeraya") whereby Xeraya is seeking to become a cornerstone investor in PriME. Xeraya is a wholly-owned subsidiary of Xeraya Capital Sdn Bhd, a Malaysian-based global investor in life sciences. Xeraya has provided approval from its Board to proceed with the investment, conditional on final due diligence, legal review, approval processes and documentation, which is currently underway.

NuSep is also currently in negotiations with the previous owner of the cGMP facilities in Singapore to convert the payment due to them for the facility into a long term debt arrangement. At 31 December 2013, the amount payable is included in liabilities held for sale in the Statement of Financial Position.

Update on SpermSep

The Group is continuing to develop the SpermSep application of the PrIME technology, which uses a courser cartridge to enable whole cells to migrate through the membrane. The PrIME technology has already shown advantages over traditional IVF methods of preparing sperm for insemination. The Group is also investigating the application of this technology in the artificial insemination in livestock.

R&D Outlook

The Group will continue with its R&D activities and plans to undertake more R&D in cartridge design and manufacture and will seek to forge productive partnerships with leading research groups in the field as appropriate.

Financial performance

For the half-year period ended 31 December 2013 the Group made a net loss after tax of $1,028,972 (2012 restated: loss - $657,108) including the results of discontinued operations. At 31 December 2013, the Group had a deficiency in working capital of $589,891 (30 June 2013: deficiency - $1,579,787). Excluding held for sale assets and liabilities, the Group had a deficiency in working capital of $3,444,332 at 31 December 2013.

Notwithstanding the above, during the financial period, the Group successfully completed the placement of 26.9 million shares, generating $1,127,995 in financing cash flows. In addition, the Group received net R&D grant receipts of $898,528 during the period. Overall, the Group achieved net operating cash inflows of $77,949 (2012: net cash outflow of $470,797) for the half-year ended 31 December 2013.

The Group will continue to actively seek funding for working capital requirements and development activities.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 19 for the half-year ended 31 December 2013.

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

Alison Coutts
Executive Chairman

Sydney
28 February 2014

NuSep Holdings Ltd and its Controlled Entities

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2013

	Note	**Half-year December 2013** $	Half-year December 2012 Restated $
Continuing operations			
Revenue		**446,662**	555,383
Cost of sales		**(360,985)**	(484,936)
Gross profit		**85,677**	70,447
Grant income		**-**	213,675
Other income		**10,229**	68,078
Marketing expenses		**(108,429)**	(174,908)
General and administration expenses			
- Other		**(302,077)**	(338,269)
- Impairment reversal		**28,535**	39,388
Research and development expenses		**(348,395)**	(356,579)
Finance cost expenses		**(265,522)**	(115,652)
Loss before income tax		**(899,982)**	(593,820)
Income tax expense		**-**	-
Loss after tax from continuing operations		**(899,982)**	(593,820)
Discontinued Operation			
Loss from discontinued operation, net of tax	4	**(128,990)**	(63,288)
Net loss for the year attributable to members of parent		**(1,028,972)**	(657,108)
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange translation differences		**(255,499)**	(33,101)
Total other comprehensive loss for the period		**(255,499)**	(33,101)
Total comprehensive loss for the period		**(1,284,471)**	(690,209)
Earnings per share		**Cents**	Cents
– Basic loss per share		**(0.65)**	(0.57)
– Diluted loss per share		**(0.65)**	(0.57)
Earnings per share - continuing operations		**Cents**	Cents
– Basic loss per share		**(0.57)**	(0.52)
– Diluted loss per share		**(0.57)**	(0.52)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. Refer to note 2 (e) for details on comparative restatements.

NuSep Holdings Ltd and its Controlled Entities

Condensed Consolidated Statement of Financial Position
As at 31 December 2013

	Note	As at 31 December 2013 $	As at 30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents		**75,838**	180,942
Trade and other receivables		**172,871**	431,808
Inventories		**400,628**	400,380
Other current assets		**5,002**	1,075,197
Assets held for sale	4	**11,010,228**	-
TOTAL CURRENT ASSETS		**11,664,567**	2,088,327
NON-CURRENT ASSETS			
Other non-current assets		**3,051**	531,277
Financial assets		**300,000**	300,000
Property, plant and equipment	6	**468,443**	6,827,300
Intangible assets	7	**1,632,005**	3,885,130
TOTAL NON-CURRENT ASSETS		**2,403,499**	11,543,707
TOTAL ASSETS		**14,068,066**	13,632,034
CURRENT LIABILITIES			
Trade and other payables		**1,105,353**	2,716,213
Interest bearing liabilities	8	**2,223,318**	479,255
Tax liabilities		**447,782**	139,428
Short-term provisions		**322,218**	333,218
Liabilities held for sale	4	**8,155,787**	-
TOTAL CURRENT LIABILITIES		**12,254,458**	3,668,114
NON-CURRENT LIABILITIES			
Interest bearing liabilities	8	**-**	1,568,303
Long-term provisions		**143,352**	1,405,511
TOTAL NON-CURRENT LIABILITIES		**143,352**	2,973,814
TOTAL LIABILITIES		**12,397,810**	6,641,928
NET ASSETS		**1,670,256**	6,990,106
EQUITY			
Issued capital		**28,927,390**	27,799,395
Reserves		**336,784**	588,126
Accumulated losses		**(27,593,918)**	(26,564,946)
Total equity attributable to equity holders of the company		**1,670,256**	1,822,575
Non-controlling interest		**-**	5,167,531
TOTAL EQUITY		**1,670,256**	6,990,106

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

NuSep Holdings Ltd and its Controlled Entities

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2013

	Issued capital $	Foreign currency translation reserve $	Share options reserve $	Non-controlling interest $	Accumulated losses $	Total equity $
Balance at 1 July 2013	**27,799,395**	**340,789**	**247,337**	**5,167,531**	**(26,564,946)**	**6,990,106**
Loss for the period	**-**	**-**	**-**	**-**	**(1,028,972)**	**(1,028,972)**
Currency translation difference	**-**	**(255,499)**	**-**	**-**	**-**	**(255,499)**
Total comprehensive loss for the period	**-**	**(255,499)**	**-**	**-**	**(1,028,972)**	**(1,284,471)**
Transactions with owners recorded directly in equity:						
Issue of share capital	**1,204,120**	**-**	**-**	**-**	**-**	**1,204,120**
Transaction costs on share issue	**(76,125)**	**-**	**-**	**-**	**-**	**(76,125)**
Employee share option plan	**-**	**-**	**4,157**	**-**	**-**	**4,157**
Non-controlling interest converted to debt	**-**	**-**	**-**	**(5,167,531)**	**-**	**(5,167,531)**
Balance 31 December 2013	**28,927,390**	**85,290**	**251,494**	**-**	**(27,593,918)**	**1,670,256**

	Issued capital $	Foreign currency translation reserve $	Share options reserve $	Revaluation reserve	Non-controlling interest $	Accumulated losses $	Total Equity $
Balance at 1 July 2012	25,826,848	37,781	241,004	763,563	-	(22,306,817)	4,562,379
Prior year restatements	-	-	-	(763,563)	-	(2,416,209)	(3,179,772)
Restated 1 July 2012	25,826,848	37,781	241,004	-	-	(24,723,026)	1,382,607
Loss for the period	-	-	-	-	-	(657,108)	(657,108)
Currency translation difference	-	(33,101)	-	-	-	-	(33,101)
Total comprehensive loss for the period	-	(33,101)	-	-	-	(657,108)	(690,209)
Transactions with owners recorded directly in equity:							
Issue of share capital	1,897,806	-	-	-	-	-	1,897,806
Transaction costs on share issue	(235,150)	-	-	-	-	-	(235,150)
Non-controlling interest	-	-	-	-	4,726,643	-	4,726,643
Restated balance 31 December 2012	27,489,504	4,680	241,004	-	4,726,643	(25,380,134)	7,081,697

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes. Refer to note 2 (e) for details of comparative restatements.

NuSep Holdings Ltd and its Controlled Entities

Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2013

	Note	Half-year 31 December 2013 $	Half-year 31 December 2012 $
Cash flows from operating activities			
Receipts from customers		**420,097**	690,277
Payments to suppliers and employees		**(1,240,676)**	(2,295,448)
Net proceeds from government grants		**898,528**	1,087,095
Receipts from other revenue		**-**	52,000
Finance costs paid		**-**	(4,721)
Net cash flows from / (used in) operating activities		**77,949**	(470,797)
Cash flows from investing activities			
Interest received		**1,865**	6,908
Receipts from sales of assets		**-**	17,750
Purchase of property, plant and equipment		**(68,404)**	-
Development expenditure		**(1,303,356)**	(419,674)
Net cash flows used in investing activities		**(1,369,895)**	(395,016)
Cash flows from financing activities			
Proceeds from issue of shares		**1,204,121**	1,050,892
Share issue costs		**(76,126)**	(90,397)
Repayment of borrowings to third parties		**-**	(105,479)
Proceeds from related party borrowings	9	**317,829**	590,040
Repayment of borrowings to related parties	9	**(249,500)**	(55,000)
Net cash flows provided by financing activities		**1,196,324**	1,390,056
Net (decrease) / increase in cash and cash equivalents		**(95,622)**	524,243
Cash and cash equivalents at beginning of period		**180,942**	173,447
Cash and cash equivalents at end of the half-year		**85,320**	697,690
Less: Cash and cash equivalents relating to disposal group held for sale		**(9,482)**	-
Cash and cash equivalents at end of the half-year excluding disposal group held for sale		**75,838**	697,690

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

Notes to the condensed consolidated interim financial statements

1. Reporting entity

NuSep Holdings Ltd (the "Company") is a company domiciled in Australia. These condensed consolidated interim financial statements as at and for the six months ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" or "Consolidated entity").

The Group is primarily involved in the development, manufacture and sale of pre-cast electrophoresis gels, separations equipment and consumables and other biological products for the Life Science market. PrIME Biologics Pte Ltd (PrIME), NuSep's subsidiary in Singapore, will be using the patented PrIME technology to manufacture therapeutic human blood plasma products. This is a world first application of the PrIME technology and PrIME recently acquired the Luye/A-Bio cGMP facility in Singapore in which to undertake this project. PrIME is also being used in the separation of human sperm for the IVF market.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2013 are available at www.nusep.com.

2. Basis of preparation

a) Statement of compliance

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

This interim financial report is intended to provide users with an update on the latest annual financial statements of NuSep Holdings Ltd and its controlled entities as at and for the year ended 30 June 2013. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the half-year period.

The same accounting policies and methods of computation have been followed in this interim report as were applied in the most recent annual financial statements except for the adoption of New Accounting Standards and Interpretations as described in Note 1(d) below.

These condensed interim financial statements were approved by the Board of Directors on 28 February 2014.

b) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The consolidated entity is involved in developing technology which it expects will be able to be commercialised, and will ultimately generate adequate profits and cash flows on a long term basis to sustain the consolidated entity. However, it is currently spending cash to develop that technology and will continue to need to do so for several years. In order to continue as a going concern, it will need both access to adequate funding to conduct its activities and to continue to develop the technology, and ultimately to be successful in developing the technology to commercialisation. There is a material uncertainty as to whether the above will be achieved. This may cast doubt on the consolidated entity's ability to continue as a going concern and therefore, that it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The directors note further the following in relation to the financial affairs of the consolidated entity:

- The consolidated entity made a net loss of $1,028,972 for the half year ended 31 December 2013 (2012: $657,108), which included depreciation and amortisation expenses of $61,688 (2012: $120,300).
- For the half year ended 31 December 2013 the consolidated entity had net cash outflows from investing activities in the half year of $1,369,895 (2012: $395,016).
- At 31 December 2013 the consolidated entity had a deficiency in working capital of $589,891 (30 June 2013: $1,579,787). Excluding held for sale assets and liabilities the consolidated entity had a deficiency in working capital of $3,444,332.

Notwithstanding the above, the Directors believe that the consolidated entity will continue as a going concern, and accordingly have prepared the half year financial statements on a going concern basis after considering the following:

Financing factors:

- On 19 February 2014, the consolidated entity raised $450,000 through a share placement.
- On 10 January 2014, the consolidated entity obtained a loan of $250,000 from a non-executive director and has commitments from other shareholders to provide loans totalling $1,300,000 if required.
- Subsequent to the reporting date, the consolidated entity has re-negotiated the terms of related party loans to reduce the applicable interest rate from 20% to 14%. Included in current liabilities is related party debt of $2,223,318. Although the consolidated entity does not have an unconditional right to defer payment of $2,139,947 in related party debt, the relevant agreements specify that the debt can only be called on before 31 January 2015 in the event that the consolidated entity receives in excess of $3 million in funding before 30 December 2014.
- Subsequent to the reporting date, the wholly owned subsidiary, Prime Biologics Pte Limited advanced investment negotiations with Xeraya. Obtaining external investment funds in Prime Biologics Pte Limited will assist in funding the development of the PrIME Technology.
- The company is in discussions with appropriate Australian and Singaporean government bodies in relation to obtaining funding through grant programs and other incentives that are currently available. NuSep expects to continue to benefit from the ATO Research & Development tax refund for the year ended 30 June 2014 as in previous years.
- The consolidated entity successfully raised equity of $1,204,121 during the half year ended 31 December 2013.

Commercialisation and development factor:

- NuSep expects the identified key growth opportunities with its PrIME Technology to deliveran increase in revenues and earnings in the next year and beyond. NuSep expects growth beyond the current financial year to result from a combination of organic growth from the core businesses and the key growth opportunities identified including the potential for a whole new income stream from the ongoing supply of PrIME equipment and associated consumables. Strategically, the Company continues to review all business development options available to it to fully unlock the commercial potential within the range of technologies and products the Company currently has or is developing.

No adjustment has been made to the financial report relating to the recoverability and classification to carrying amounts of assets and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by NuSep Holdings Ltd as at 31 December 2013 and the results of all controlled entities for the period then ended.

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

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

d) Judgement and estimates

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

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2013.

e) Restatements

Recognition of government grants on an accruals basis
In previous periods the Group recognised government grants on a cash receipts basis. However, in accordance with *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance*, government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

Measurement of plant and equipment on a cost basis
In previous periods the Group recognised items of plant & equipment at revalued amounts. During the year ended 30 June 2013, the Group reconsidered this accounting policy 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, adjustments have been made to comparative financial statements to reverse all previous revaluations, including subsequent depreciation charges.

Intangible asset impairment charges
Previously intangible assets included development costs relating to the consumable products division and the membrane & applications divisions with a total carrying value of $3,538,194. Impairment charges relating to these development costs were recognised in the half-year ended 31 December 2012. The Group considered the market conditions and circumstances that led to the impairment charges recognised in the half-year period ended 31 December 2012 and have concluded that overall, in substance, the impairment of these intangible assets should have been recognised in the year ended 30 June 2012.

The impact of each restatement on the condensed financial report comparatives for the half year is as follows:

(i) Recognition of government grants on an accruals basis

A decrease in Other income and increase in Total comprehensive (loss) income for the period of $581,069 in the Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income for the half year ended 31 December 2012. The impact on the Statement of Financial Position as at 31 December 2012 is an increase in Other current assets of $823,951, a decrease of $610,278 in Intangible assets and a decrease in Retained losses of $213,675.

(ii) Measurement of plant and equipment on a cost basis

A decrease in Cost of sales and Total comprehensive (loss) income for the period of $54,541 in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2012, a decrease in Property, plant & equipment of $381,781, a decrease in Reserves of $763,563 and a decrease in Retained losses of $381,781 in the Condensed Consolidated Statement Financial Position as at 31 December 2012.

(iii) Intangible asset impairment charges

A decrease in Other expenses – impairment of assets and Total comprehensive (loss) income for the period of $3,538,194 in the Condensed Consolidated Statement Profit and Loss and Other Comprehensive Income. There is no impact on the Condensed Statement of Financial Position as at 31 December 2012.

The total impact of all restatements on Total comprehensive (loss) income for the period ended 31 December 2012 is a decrease of $3,011,626 in the previously reported net loss position.

3. Significant accounting policies

The accounting policies applied in the interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2013. The adoption of all new revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-year.

4. Disposal group held for sale and discontinued operations

a) In March 2013 the Group sold its entire Software segment. The segment was classified as a discontinued operation in the financial statements for the year ended 30 June 2013 and as a continued operation at 31 December 2012. The comparative consolidated statement of profit or loss and other comprehensive income has been re-presented for the half year period to show the discontinued operation separately from continuing operations.

b) Between 30 June 2013 and 31 December 2013 certain events occurred which have resulted in PrIME Biologics Pte Ltd ("PrIME") being assessed as a disposal group available for sale at the reporting date.

On 24 December 2013, the Board announced to the market that it had received conditional approval for funding from Xeraya Capital Libuan Ltd ("Xeraya"). The Group announced it had signed a formalized non-binding term sheet with Xeraya whereby an affiliate company owned by Xeraya would invest up to SGD$15m in preferred shares issued by PrIME. At the company's Annual General Meeting held in November 2013, the Board announced a possible demerger of PrIME from the Group. This was one of the pre-conditions for the Xeraya funding. A further condition is that it is highly possible NuSep will no longer have control of PrIME's relevant activities.

At the reporting date of 31 December 2013, the directors are of the view the proposed transaction with Xeraya is in shareholders' interests and intend to proceed with this transaction. In view of the above, the directors consider it appropriate that PrIME is classified as a disposal group in the half year financial statements to 31 December 2013. As at 31 December 2013 the disposal group comprised assets of $11,010,228 less liabilities of $8,155,787 as detailed below:

Assets & liabilities classified as held for sale:

Assets:	**Note**	**31 December 2013**
Cash		9,482
Other receivables		644,722
Property, plant and equipment	6	6,423,406
Intangible assets	7	5,811,403
Deferred grant income	7	(1,878,785)
		11,010,228
Liabilities:		
Payables and accruals		1,228,282
Government loan – unsecured		75,325
Convertible debt – secured		198,376
Tax liabilities		9,603
Provisions		1,345,251
Other liability *		5,298,950
		8,155,787

*During the year ended 30 June 2013, Prime Biologics Pte Limited acquired property, plant and equipment and embedded intellectual property from A-Bio Pharma Pte Ltd (Luye). Subsequent to the year ended 30 June 2013, the contractual terms have not been met and certain terms of this transaction have changed.

4. Disposal group held for sale and discontinued operations (continued)

	31 December 2013	31 December 2012
Results of discontinued software segment:		
Revenue	**-**	104,689
Other	**44,703**	152,277
Expenses	**-**	(199,403)
Results from operating activities	**44,703**	57,563
Income tax expense	**-**	-
Segment operating results, net of tax	**44,703**	57,563
Results of discontinued PrIME disposal group:		
Revenue	**8,097**	-
Expenses	**(181,790)**	(120,851)
Results from operating activities	**(173,693)**	(120,851)
Income tax expense	**-**	-
Disposal group operating results, net of tax	**(173,693)**	(120,851)
Loss from discontinued operations, net of tax	**(128,990)**	(63,288)

Cash flows used in discontinued activities:

	31 December 2013	31 December 2012
Net cash flow used in operating activities	**(35,694)**	-
Net cash flow used in investing activities	**(1,278,380)**	(419,674)
Net cash flow used in financing activities	**-**	-
Net cash flows used in discontinued operations	**(1,314,074)**	(419,674)

Earnings per share –discontinued operations

	31 December 2013	31 December 2012
	Cents	Cents
Basic loss per share	(0.08)	(0.06)
Diluted loss per share	(0.08)	(0.06)

5. Operating Segments

Segment performance

Half-year ended 31 December 2013	**Consumable products $**	**Separations $**	**Discontinued and disposal groups $**	**Consolidated $**
Revenue from sales of goods and services	446,662	-	-	446,662
Revenue from outside the operating activities	10,229	-	-	10,229
Revenue from disposal group held for sale*	-	-	8,097	8,097
Revenue from discontinued operation*	-	-	44,703	44,703
Total segment revenue	**456,891**	**-**	**52,800**	**509,691**
Total depreciation and amortisation	**(36,568)**	**(25,120)**	**-**	**(61,688)**
Total finance cost	**-**	**(265,522)**	**-**	**(265,522)**
Total segment loss	**(74,076)**	**(825,906)**	**(128,990)**	**(1,028,972)**

Half-year ended 31 December 2012 Restated	**Consumable products $**	**Separations $**	**(Discontinued) Software $**	**Consolidated $**
Revenue from sales of goods and services	552,876	2,507	-	555,383
Revenue from outside the operating activities	129,220	152,533	-	281,753
Revenue from discontinued operation*	-	-	256,966	256,966
Total segment revenue	**682,096**	**155,040**	**256,966**	**1,094,102**
Total depreciation and amortisation	**(120,300)**	**-**	**-**	**(120,300)**
Total finance cost	**-**	**(115,652)**	**-**	**(115,652)**
Total segment loss	**(189,994)**	**(403,826)**	**(63,288))**	**(657,108)**

Segment assets	**Consumable products $**	**Separations $**	**Assets held for sale $**	**Consolidated $**
Opening balance 1 July 2013	1,203,496	12,428,538	-	13,632,034
Additions/Disposals/Others	(220,656)	656,688	-	436,032
Assets held for sale*	-	(11,010,228)	11,010,228	-
Closing balance 31 December 2013	**982,840**	**2,074,998**	**11,010,228**	**14,068,066**

*Refer to note 4

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

31 December 2013	Note	Plant and equipment	Leasehold improvements	Total
Carrying amount at 1 July 2013		5,623,655	1,203,645	6,827,300
Additions		4,770	63,634	68,404
Exchange differences		137,760	22,894	160,654
Reclassification: disposal group held for sale	4	(5,309,748)	(1,113,658)	(6,423,406)
Depreciation capitalised		-	(102,821)	(102,821)
Depreciation expense		(22,283)	(39,405)	(61,688)
Carrying amount at 31 December 2013		**434,154**	**34,289**	**468,443**

7. Non-Current Assets – Intangible Assets

31 December 2013	Note	
Carrying amount at 1 July 2013		3,885,130
Internally developed expenditure		1,494,700
Exchange differences		184,793
Reclassification: disposal group held for sale - intangible assets	4	(5,811,403)
Reclassification: disposal group held for sale - deferred revenue	4	1,878,785
Carrying amount at 31 December 2013		**1,632,005**

8. Interest Bearing Liabilities

At 31 December 2013 the consolidated entity had $2,223,318 in interest bearing liabilities due to related parties on normal commercial terms and conditions.

	Note	31 December 2013	30 June 2013
Current			
Loans from related parties - secured	10(e)	2,223,318	302,623
Convertible loan note - secured	4	-	176,632
Total current interest bearing liabilities		2,223,318	479,255
Non-current			
Loans from related parties - secured		-	1,495,561
Government loan - unsecured	4	-	72,742
Total non-current interest bearing liabilities		-	1,568,303
Total interest bearing liabilities		**2,223,318**	**2,047,558**

Current related party loans	Currency	Interest rate	Face value	Carrying value	Year of maturity
Related party loan	NZD	20%	1,794,199	1,794,199	2015*
Related party loan	SGD	20%	345,748	345,748	2015*
Related party loan	AUD	12%	83,371	83,371	2014
Total			**2,223,318**	**2,223,318**	

* The consolidated entity does not have an unconditional right to defer payment of $2,139,947 in related party debt. The relevant agreements specify that the debt can only be called on before 31 January 2015 in the event that the consolidated entity receives in excess of $3 million in funding before 30 December 2014.

9. Related Party Transactions

Transactions with key management personnel

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share based payment awards. Key management personnel received total compensation of $634,683 for the six month ended 31 December 2013 (six month ended 31 December 2012: $603,379)

Other related party transactions

At 31 December 2013, $2,223,318 was payable to related parties for loans granted on normal commercial terms and conditions as outlined in Note 8.
Transactions performed with related parties during the six-month period as at December 2013 are as follows:

	Note	
Loans received from related parties	10(e)	317,829
Interest accrued on loans received from related parties	10(e)	241,870
		559,699
Loans repaid to related parties		(249,500)

10. Events Subsequent to Reporting Date

The following events occurred subsequent to 31 December 2013:

- The consolidated entity renegotiated the terms of existing related party debt, obtained additional related party debt advances of $250,000 on 10 January 2014 and negotiated further advances of $1,300,000, expected to be received in early March 2014. Under the renegotiated terms, the related party debt holders have been provided with share options, subject to the approval of shareholders at the next company annual general meeting.
- On 19 February 2014, the consolidated entity issued 6,338,028 shares at 7.1 cent per share.

Except for the matters discussed above no other matters or circumstances have arisen since 31 December 2013 that have significantly affected, or may affect:

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

NuSep Holdings Ltd and its Controlled Entities
Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2013

Directors' Declaration

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

1. The condensed consolidated financial statements and notes, as set out on pages 5 to 17 are in accordance with the Corporations Act 2001, including:

   a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

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

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

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

Alison Coutts
Executive Chairman

Sydney
28 February 2014

KPMG

Independent auditor's review report to the members of NuSep Holdings Limited

We have reviewed the accompanying half-year financial report of NuSep Holdings Limited (the Company), which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of NuSep Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

KPMG

Independent auditor's review report to the members of NuSep Holdings Limited (continued)

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and

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

Emphasis of matter regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 2(b) to the half-year financial report. The matters set forth in Note 2(b) indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Restatement of comparative balances

Without modification to the conclusion expressed above, we draw attention to Note 2(e) to the half-year financial report, which states that the comparative balances have been restated to correct errors identified in the 31 December 2012 half-year financial report. The half-year financial report of NuSep Holdings Limited for the half year ended 31 December 2012 was reviewed by another auditor who issued his conclusion on that half-year financial report on 1 March 2013.

KPMG

KPMG

Carlo Pasqualini
Partner

Sydney

28 February 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of NuSep Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Carlo Pasqualini

Partner

Sydney

28 February 2014

Corporate Directory

NuSep Holdings Ltd
ABN 33 120 047 556

Directors

Alison Coutts	Executive Chairman
Prakash Patel	Non-Executive Director
Andrew Goodall	Non-Executive Director
Stephen Van Der Mye	Non-Executive Director

Company Secretary
Elissa Hansen
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Auditors
KPMG
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