



Monday, 12 March 2012

Mr Elvis Onyura
Adviser Listings
ASX
20 Bridge Street
Sydney, NSW 2000

Dear Mr Onyura

NuSep Holdings Ltd

I refer to your letter of 7 March 2012.

In response to the queries contained in that letter we note:

1. Yes
2. As per the Company's accounting policy, Impairment testing is performed annually for intangible assets with finite useful lives. It is the Directors belief that this policy is in accordance with Australian Accounting Standards. The Directors believe that there was no indication that those assets had been impaired as at 31 December 2011.

The company undertook a detailed Intangible Asset impairment testing as part of the 30 June 2011 full year Financial Accounts. Our auditors, RSM Bird Cameron, signed off without qualification on the \$7,391,062 Intangible Asset as part of the full year accounts lodged on 30 September 2011. Since 30 June 2011 NuSep's Intangible Assets have increased by \$1,389,373 which includes \$894,490 capitalised developments relating to the PRIME Biologics therapeutic plasma business in Singapore.

We disagree with the comments made by the auditor regarding the economic performance of these assets, for example the half year to 31 December 2011 saw an increase in product sales of 102% to \$1.07m and an increase in the Gross Profit of 370% over the same six months period. These significant increases are at least in part attributable to the intangible assets that the Company has on its Balance Sheet. The Directors believe that there was no indication that those assets had been impaired at 31 December 2011 and that the Company has provided all of the information requested by the Auditors and in a timely manner.

The Company will, as it has in previous years, comply with Australian Accounting Standards for all future financial periods. Consistent with prior reporting periods, the company will do impairment testing for intangible assets with finite useful lives for its full year audit at 30 June 2012. The company will seek recommendation from independent experts on this matter as required in an attempt to ensure an unqualified audit report in future financial periods.

3. As noted in question 2 above the Company undertook a complete impairment test of all the Intangible Assets as part of the 30 June 2011 Financial Accounts. This testing was signed off by our Auditors, RSM Bird Cameron, as part of their full year audit on 30 September 2011. In the period since then to 31 December 2011 the Directors are of the view that these Intangible Assets have not materially diminished in value. .

The Company will, as it has in previous years, comply with Australian Accounting Standards for all future financial periods. Consistent with prior reporting periods, the company will do annual impairment testing for intangible assets with finite useful lives for its full year audit at 30 June 2012. The company will seek recommendation from independent experts on this matter as required in an attempt to ensure an unqualified audit report in future financial periods.

4. Refer to reply for question 2.

5.

5(a)

The Company will, as it has in previous years, comply with Australian Accounting Standards for all future financial periods. Consistent with prior reporting periods, the company will do annual impairment testing for intangible assets with finite useful lives for its full year audit at 30 June 2012. The company will seek recommendation from independent experts on this matter as required in an attempt to ensure an unqualified audit report in future financial periods.

The Directors will also seek appropriate guidance from its auditors.

5(b)

The Company has outlined a series of steps that it has and continues to undertake in Note 1 (b) of the 31 December 2011 half year accounts. These steps include:

- A shareholder exercised 12,622,691 15¢ share options in November 2011. As disclosed in the directors' report and Note 1 (c), \$1,843,404 is yet to be received for the issue of these shares. The directors expect the funds will be received by 31 March 2012.
- \$1m Singapore Economic Development Board loan facility to help fund the PrIME Biologics therapeutic plasma business in Singapore.
- For the half year to 31 December 2011, sales have increased by 102% to \$1,070,245 and an increase in the Gross Profit of 370%.
- Management has reviewed the company and consolidated entity's cashflow requirements and has satisfied themselves that there are adequate resources in place to meet the planned operational and development activities for at least 12 months following the date of this report.

In addition to these steps, which were outlined in the 31 December 2011 Half Year Report, the Company had net assets of \$11,421,893 and net current assets of \$1,040,588 and has also reduced its long term debt by \$377,286 since 30 June 2011. This has improved the financial position of the Company.

6. Yes
7. The Directors are of the view that the Company is in compliance with ASX listing Rules 12.2 and has formed this view after considering the following:
 - At 31 December 2011, the Company had net assets of \$11,421,893 and net current assets of \$1,040,588.
 - Current liabilities have decreased over the six months to 31 December 2011 by \$696,681.
 - The Company has no long term external debt/liabilities.
 - For the half year to 31 December 2011, sales have increased by 102% to \$1,070,245 and an increase in the Gross Profit of 370%.
 - The Company has access to a \$1m Singapore Economic Development Board loan facility to help fund the PrIME Biologics therapeutic plasma business in Singapore.
 - Management has reviewed the company and consolidated entity's cashflow requirements and has satisfied themselves that there are adequate resources in place to meet the planned operational and development activities for at least 12 months following the date of this report.
8. N/A
9. Yes
10. N/A
11. On exercise of the options on 25 November 2012 Mr Goh provided a copy of a cheque for the exercise price and promised to deliver the original when he planned to meet the Directors in Sydney on 29 November 2012. Mr Goh failed to deliver instead requesting time to pay due to an unforeseen funding delay in Singapore.
12. On his initial inability to deliver on 29 November 2011 and in consideration of Mr Goh's request, the Company agreed to extend the payment date until 15th January 2012 and this date was further extended on Mr Goh's request.
13. There was no announcement prior to the Half Year Report regarding the outstanding debt.
14. The debt owing by Mr Goh has at all times been considered by the Directors to be recoverable. Until such time as the Directors form the view that the debt is unlikely to be paid, the Directors do not believe that the debt is a matter requiring disclosure under Listing Rule 3.1.
15. In the Company's opinion it is in compliance with the ASX Listing Rules, in particular 3.1 and 12.2.



Please let me know if you require any further information in respect of this matter.

Yours sincerely

Prakash Patel
Chief Operating Officer



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7 March 2012

Mr Tom Rowe / Mr Prakash Patel
Company Secretary / Chief Operating Officer
Nusep Holdings Limited
324 Burns Bay Road
Lane Cove NSW 2066

By Email

Dear Tom & Prakash

Nusep Holdings Limited (the "Company")

ASX refers to the following:

1. The Company's Half Year Financial Report for the period ended 31 December 2011, lodged with ASX on 29 February 2012 (the "Half Year Report").
2. The Independent Auditor's Report on page 18 and 19 of the Half Year Report ("Auditor's Report") which contains a Disclaimer of Conclusion (the "Disclaimer") which states the following:

Bases for Disclaimer of Conclusion

Intangible Assets

Included in Note 6, Intangible Assets, in the Statement of Financial Position are finite-life intangible assets carried at amortised cost of \$7,885,945. The economic performance of these assets to date has been worse than expected. Under these conditions, which are an indicator of impairment, AASB 136 Impairment of Assets requires impairment testing to be performed, to determine whether any impairment loss has been incurred. The ability of the consolidated entity to successfully develop these assets and realise their value is contingent on future events, the outcome of which, at the date of this report, cannot presently be determined. These contingencies indicate the existence of a material uncertainty, which may cast significant doubt about the consolidated entity's ability to realise the value of these assets. An impairment test has not been performed by management, which is a departure from Australian Accounting Standards.

Also included in Note 6, Intangible Assets in the Statement of Financial Position are \$894,490 of capitalised development costs in respect of finite life intangible assets for Prime Biologics Pte Limited incorporated in Singapore. Included in these capitalised costs is material expenditure that does not meet the definition development costs under AASB138 Intangible Assets and, accordingly should have been recognised as an expense in the statement of comprehensive income in the period under review. Management has not provided satisfactory explanations in respect of all of the capitalised expenditure, nor has it quantified the value of the capitalised costs that should have been expensed.

As a result of these factors we were unable to obtain sufficient appropriate review evidence to support the carrying value of a total \$8,780,435 reflected as an intangible asset at 31 December 2011. Had we been able to complete our review in respect of the intangible assets, matters might have come to our attention indicating that adjustments might be necessary to these amounts to the half-year financial report.

Recoverability of Other Receivables

We draw attention to Note 1(c), Note 4, and Note 6 in the financial report, which indicate that other receivables includes \$1,893,404 in respect of 12,622,691 shares that were issued at \$0.15¢ on 25 November 2011, the payment for which was still outstanding as at 31 December 2011, and remains substantially outstanding at the date of this report which may indicate significant uncertainty as to the recoverability of this asset. Further information in respect of this transaction, and managements judgement in this regard is provided in note 1 (c) of the half-year report.

Significant Uncertainty Regarding Going Concern

We draw attention to Note 1(a) in the financial report, which indicates that the consolidated entity made a net profit of \$25,147 for the half year to 31 December 2011 and had net cash outflows from operating activities of \$485,411, net cash outflows from investing activities of \$1,550,103 and net cash inflow from financing activities of \$2,048,191 for the half year ended 31 December 2011. As at that date the consolidated entity had net current assets of \$1,040,588. The ability of the consolidated entity to continue as a going concern is dependent on a combination of a number of factors the most significant of which is the ability of the consolidated entity to recover the \$1,893,404 unpaid share capital and/or to raise additional capital in the following 12 months and/or the ability of the consolidated entity to achieve its projected cash collections for the 2012 financial year. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Disclaimer of Conclusion

Because of the significance of the matters described in the Bases for Disclaimer of Conclusion paragraphs, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion as whether anything has come to our attention that causes us to believe that the half-year financial report of NuSep Holdings Ltd is not 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 2011 and of its performance for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.
3. The Company's announcement of 25 November 2011 in which the Company advised that it had received a request to exercise 12,092,691 of the listed 15 cent share options (the "NSPOA Options") and that the exercise of these listed 15 cent options had raised \$1.81 million for the Company (the "Announcement").

Relevant Listing Rules and Guidance

4. Listing Rule 3.1 – *Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.*
5. Listing Rule 12.2 – *An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.*
6. Listing Rule 19.11A(b) – *If a listing rule requires an entity to give ASX accounts, the following rules apply:*
 - (b) *The accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.*

7. Listing Rule 19.2 – *An entity must comply with the listing rules as interpreted:*
- * *in accordance with their spirit, intention and purpose;*
 - * *by looking beyond form to substance; and*
 - * *in a way that best promotes the principles on which the listing rules are based.*
8. We would also like to draw your attention to the definition of “aware” in Chapter 19 of the listing rules. This definition states that:
- “an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity.”*
9. Furthermore, paragraph 18 of Guidance Note 8 states:
- “Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example.”*
10. Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- “3.1A.1 A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret.”*

Questions for Response

In light of the Auditor’s Report, the information contained in the Half Year Report, the Announcement and the application of the listing rules stated above, can the Company please respond to the following:

1. Is the Company able to confirm that in the Directors’ opinion the Half Year Report:
 - (a) complies with Australian Accounting Standards; and
 - (b) gives a true and fair view of the financial performance of the Company?
2. Given the Disclaimer relates to a limitation of scope in respect of an inability to provide sufficient and appropriate audit evidence to support the carrying value of \$8,780,435 reflected as an Intangible Asset

in the Half Yearly Report as at 31 December 2011, what steps does the Company intend to take to obtain an unqualified audit report in future financial periods?

3. Please confirm what steps the Company is proposing to take to ensure half yearly impairment testing, in addition to full yearly impairment testing is conducted as necessary in relation to the finite life Intangible Assets set out in Note 6 of the Half Yearly Report to ensure compliance with listing rule 19.11A(b).
4. Please explain how the Company has been able to satisfy itself that the carrying value of the Intangible Assets is not misstated given the impairment indicators identified in the Auditor's Report.
5. Given the material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern, what steps does the Company intend to take to:
 - (a) Avoid the material uncertainty leading to an adverse or otherwise qualified audit opinion in future periods; and
 - (b) Remain a going concern for the next financial period, meeting the requirements of listing rules 12.1, 12.2 and 12.5.
6. Is the Company of the view that the financial condition of the Company would be sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2?
7. If the answer to question 6 is "Yes", please explain why the Company has formed the conclusion that the financial condition of the Company would be sufficient to warrant continued listing on ASX in accordance with the requirements of listing rules 12.2.
8. If the answer to question 6 is "No", please explain what steps the Company has taken, or proposes to take, to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2. Specifically, the Company should submit the reasons (including any previous disclosures made to the market) it considers relevant given the matters outlined in the Auditor's Report.
9. Does the Company believe that the information contained in the Announcement relating to the Company raising \$1.81 million by the exercise of the NSPOA Options was material to the Company?
10. If the answer to question 8 is "No", please advise the basis on which the Company does not consider the information contained in the Announcement to be material to the Company.
11. If the answer to question 8 is "Yes", when did the Company first become aware that the NSPOA Options would be issued to Mr Goh for non-upfront cash consideration of \$1.84 million as noted in Note 1(c) to the Half Yearly Report?
12. If the answer to question 8 is "Yes", when did the Company first become aware that the non-upfront cash consideration due in relation to the exercise of the NSPOA Options by Mr Goh was outstanding?
13. If this was before the release of the Half Yearly Report, please identify any earlier announcement from the Company relating to the outstanding debt of \$1.84 million owed by Mr Goh to the Company for the exercise of the NSPOA options.
14. If there was no earlier announcement, and the Company became aware of the outstanding debt owed to the Company by Mr Goh for the exercise of the NSPOA Options prior to the release of the Half Yearly Report, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
15. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rules 3.1 and 12.2.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly, the Company's response should address each question separately and be in a format suitable for release to the market.

If you wish to provide submissions, unless the information is required to be released to the market immediately under listing rule 3.1, a response is requested as soon as possible and, in any event by **no later than 9.30 am AEDT on Monday, 12 March 2012.**

Any submissions or response should be sent to me by return email. It should not be sent to the ASX Market Announcements Office.

If you have any queries regarding any of the above, please contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Elvis Onyura', with a horizontal line extending to the right.

Elvis Onyura

Adviser, Listings (Sydney)