



Thursday, December 10, 2009

Dear Shareholders,

It is with great pleasure that I inform shareholders the acquisition of BioInquire by NuSep. For our loyal shareholders this acquisition confirms NuSep's aim to be a leader in bioseparations and affirms the Board's commitment to create a truly vibrant and exciting company with significant financial upside.

Terms of the BioInquire Deal

The Board of NuSep has agreed to acquire the assets of the BioInquire business for 3 times their 2010 calendar year profit. This will be paid for as follows:



- i) US\$1.5m upon approval of the acquisition by NuSep Shareholders in March 2010;
- ii) US\$500,000 in NuSep shares on 31 December 2010;
- iii) Up to US\$1m on 31 December 2010 subject to BioInquire achieving agreed profit milestones; and
- iv) A final cash payment will be made on 30 June 2011 and will be the difference between 3 times the 2010 calendar year results and the payments made in i) to iii) above.

Rationale for the Acquisition of the BioInquire Business

BioInquire sells *ProteoIQ* software enabling researchers to analyse and identify protein samples post processing on a mass spec instrument against large databases for protein structure and function. As most users of our ProteomSep instrument process their samples using mass spec *ProteoIQ* helps NuSep's customers identify the proteins separated using their *ProteomSep* MF10 instruments. They can also use this information to determine the next *ProteomSep* separation they should undertake. The software is therefore highly complimentary to the *ProteomSep* and will fuel further sales of this instrument. Importantly, this allows NuSep to provide a complete solution to Mass Spec customers with arguably the most powerful software & separation package on the market.

Most importantly BioInquire is profitable and this acquisition will increase NuSep's 30 June 2010 earnings by 2c per share.

There are a number of other reasons why NuSep has decided to undertake this acquisition. These are:

-  The combination of BioInquire's ProteoIQ software will enable NuSep to provide a complete solution for NuSep's Mass Spectrometry customers. By marketing these two products together NuSep will increase and accelerate the sales of the ProteomSep MF10 into the Mass Spectrometry prefractionation market, valued at US\$60m.
-  The expanded sales of the combined group will allow NuSep to increase its sales force and will also lead to higher direct gel sales as the NuSep brand is further developed in the BioSeparations market. The increase in the sales force will mean greater coverage of the US market including sales specialists covering the East, Central and West USA.

- ☞ In addition, BioInquire software technicians will also be able to help develop clinical software for NuSep's SpermSep IVF instrument.
- ☞ This acquisition will also generate a number of cost savings as the combined group will operate out of one facility and the sales force will have more products to sell to each customer .
- ☞ BioInquire is a profitable company and this acquisition will be earnings per share positive from the date of acquisition. Based on the projected profit of US\$1.2m for the 2010 calendar year, this acquisition will contribute approximately US\$500,000 to NuSep's profit for the financial year ended 30 June 2010. This will contribute an additional 2c of profit before tax per share on NuSep's expanded capital of 24m shares.

Forecast for the 09/10 Financial Year

Over the last year, the management and Board of NuSep have worked to turn NuSep into a profitable company. We can now report that the Gels Division is trading profitably and that NuSep is forecast to make a profit of \$500,000 this financial year from its existing business.

BioInquire has budgeted to make a profit of US\$1.2m in the calendar year to 31 December 2010. NuSep has adjusted its profit projection to 30 June 2010 to reflect A\$500,000 contribution from the BioInquire business increasing its overall profit to \$1m for the year ended 30 June 2010.

The combined profit translates into a earnings per share increase post the acquisition from 2.1¢ to 4.1¢ per share on a fully diluted basis (24.5m shares).

The Share Placement

NuSep is also pleased to announce that, as part of this acquisition, it has placed 2.77m shares at 30¢ to raise \$830,000. The investors who participated in this placement will also receive a free share on a 1:10 basis. This placement was taken up by sophisticated investors, the majority of whom are already NuSep shareholders. These funds will be used to bolster the Company's Balance Sheet. Post this placement NuSep will have a total of 24.5m shares on issue.

Finally, we will produce a quarterly newsletter to update shareholders on developments. If you would like to receive this publication please register your email address on our website. I look forward to updating you on our developments as they occur.

I would like to wish all shareholders, on behalf of the Board of NuSep, a Merry Christmas and a prosperous New Year.

Yours sincerely,

John Manusu
Executive Chairman