

# Appendix 4D

## 1. Company Details

Name of Entity

**Stemcell United Limited**

ABN

009 104 330

Half year ended ("current period")

31 December 2016

Half year ended ("previous period")

31 December 2015

## 2. Results for announcement to the market

			A\$
2.1 Revenues from continuing operations	Down	100%	-
2.2 Profit / (loss) from continuing operations after tax attributable to members	Up	140%	174,277
2.3 Net profit / (loss) for the period attributable to members	Up	140%	174,277
2.4 Dividends	Amount per security	Franked amount per security	
Interim dividend declared	N/A	N/A	
2.5 Record date for determining entitlements to the dividend	N/A		
2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood			
<p>The Group's net profit for the half year period ended 31 December 2016 was \$174,277 (2015: loss \$439,182). A net profit was recorded due to waiver of amount due to a director and a company related to him amounting to \$338,353.</p> <p>The Group is in the midst of restructuring its business composition due to a change in regulation in China which resulted in the resina product being unable to be sold in its current state.</p>			

## 3. Net tangible assets per security

Net tangible (liability)/asset backing per ordinary security

31 December 2016

(0.024) cents

31 December 2015

0.39 cents

#### 4. Details of entities over which control has been gained or lost

##### 4.1. Control gained over entities

N/A
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##### 4.2. Control lost over entities

N/A
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#### 5. Dividends

##### Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
<b>Interim dividend:</b> Current year	N/A	N/A	N/A	N/A
Previous year	N/A	N/A	N/A	N/A

#### 6. Dividend reinvestment plans

The dividend or distribution plans shown below are in operation.

N/A	
The last date(s) for receipt of election notices for the dividend or distribution plans.	N/A

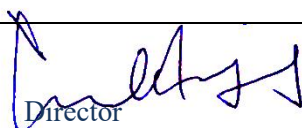
#### 7. Details of associates and joint entities

N/A
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#### 8. If the accounts are subject to audit dispute or qualification, details are described below.

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Sign here:

  
Director

Date:

28 February 2017

Print Name:

Philip Gu Huan Qing

# **Stemcell United Limited**

ACN 009 104 330

## **INTERIM REPORT**

For half year ended 31 December 2016

## STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

### DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2016.

#### Directors

The names of directors who held office during or since the end of the half-year are as follows. The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

#### Current Directors

Khoo Gee Choo (Jamie), Non-executive director

Chow Yee Koh, Non-executive director

Philip Gu Huan Qing, Executive director

Qingjian Wang, Non-executive director, resigned 4 July 2016

Savio Ka Lung Cheung, Non-executive director, appointed 21 October 2016

Gaelan Bloomfield, Non-executive director, appointed 21 October 2016, resigned 18 November 2016

#### Review of Operations

The Group's net profit for the half year period ended 31 December 2016 was \$174,277 (2015: loss \$439,182). A net profit was recorded due to waiver of amount due to a director and a company related to him amounting to \$338,353.

The Group is in the midst of restructuring its business composition due to a change in regulation in China which resulted in the resina product unable to be sold in its current state.

#### Significant Events after Reporting Date

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the option of the directors to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the entity.

#### Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 2 of the financial report for the half-year ended 31 December 2016.

Signed in accordance with a resolution of the directors:



Philip Gu Huan Qing

Director

28 February 2017

**STEMCELL UNITED LIMITED**

**ACN 009 104 330**

**AUDITOR'S INDEPENDENCE DECLARATION – REVIEW**

As lead auditor for the review of the consolidated financial report of Stemcell United Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Stemcell United Limited and the entities it controlled during the period.



Sydney, NSW  
28 February 2017

A G Smith  
Director

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half year 31 Dec 2016 \$	Half year 31 Dec 2015 \$
Revenue from sale of goods	-	484,169
Cost of sales	-	(286,833)
Gross profit	-	197,336
Other income	5,982	8,602
Waiver of amount due to a director and a related company of a director	338,353	-
Director fees	(9,750)	(98,935)
Administrative expenses	(160,308)	(532,697)
<b>Profit (loss) before income tax expense</b>	<b>174,277</b>	<b>(425,694)</b>
Income tax expense	-	(13,488)
<b>Profit (loss) for the half-year</b>	<b>174,277</b>	<b>(439,182)</b>
<b>Other comprehensive income (loss) for the period</b>		
Items that may be reclassified to profit or loss:		
Translation of foreign subsidiary	21,757	(20,245)
<b>Total comprehensive income (loss) for the period</b>	<b>196,034</b>	<b>(459,427)</b>
<b>Earnings Per Share</b>		
Basic earnings per share (cents per share)	0.048	(0.17)
Diluted earnings per share (cents per share)	0.048	(0.17)

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

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Note	As at 31 Dec 2016 \$	As at 30 Jun 2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		312,574	272,897
Other receivables	3	85,853	132,255
<b>TOTAL CURRENT ASSETS</b>		<b>398,427</b>	<b>405,152</b>
<b>NON CURRENT ASSETS</b>			
Property plant and equipment		34,635	36,084
Intangible assets	11	4,439,871	4,439,871
<b>TOTAL NON CURRENT ASSETS</b>		<b>4,474,506</b>	<b>4,475,955</b>
<b>TOTAL ASSETS</b>		<b>4,872,933</b>	<b>4,881,107</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	165,442	555,535
Amount due to a director	7	143,400	163,868
Borrowings	12	206,640	-
Income tax payable		6,859	7,146
<b>TOTAL CURRENT LIABILITIES</b>		<b>522,341</b>	<b>726,549</b>
<b>TOTAL LIABILITIES</b>		<b>522,341</b>	<b>726,549</b>
<b>NET ASSETS</b>		<b>4,350,592</b>	<b>4,154,558</b>
<b>EQUITY</b>			
Issued capital	5	64,984,036	64,984,036
Option reserve	6	148,000	148,000
Accumulated losses		(60,801,220)	(60,975,497)
Foreign exchange translation reserve		19,776	(1,981)
<b>TOTAL EQUITY</b>		<b>4,350,592</b>	<b>4,154,558</b>

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

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Option Reserve	Accumulated Losses	Foreign exchange translation reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	25,506,983	–	(25,357,138)	–	149,845
Total comprehensive loss for the period	–	–	(439,182)	(20,245)	(459,427)
Shares issued	40,050,172	–	–	–	40,050,172
Capital raising costs	(573,119)	–	–	–	(573,119)
Issue of options	–	148,000	–	–	148,000
Balance at 31 December 2015	64,984,036	148,000	(25,796,320)	(20,245)	39,315,471
Balance at 1 July 2016	64,984,036	148,000	(60,975,497)	(1,981)	4,154,558
Total comprehensive income for the period	-	-	174,277	21,757	196,034
Balance at 31 December 2016	64,984,036	148,000	(60,801,220)	19,776	4,350,592

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



STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half year 31 Dec 2016 \$	Half year 31 Dec 2015 \$
<b>CASH FLOWS RELATING TO OPERATING ACTIVITIES</b>		
Receipt from customer	5,804	175,587
Payments to suppliers and employees	(120,732)	(1,036,828)
Interest paid		(30)
Interest income received	178	8,602
<b>Net cash (used in) operating activities</b>	<b>(114,750)</b>	<b>(852,669)</b>
<b>CASH FLOWS RELATING TO INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net of cash acquired	-	(2,413,762)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(2,413,762)</b>
<b>CASH FLOWS RELATING TO FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	681,600
Payment of share issue costs	-	(425,119)
Proceeds from borrowings	206,640	-
Repayment of borrowings	(55,617)	-
Loan from director	-	16,634
<b>Net cash from financing activities</b>	<b>151,023</b>	<b>273,115</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>36,273</b>	<b>(2,993,316)</b>
<b>Cash and cash equivalents at beginning of half year</b>	<b>272,897</b>	<b>3,554,300</b>
<b>Foreign exchange translation</b>	<b>3,404</b>	<b>(34,236)</b>
<b>Cash and cash equivalents at end of half year</b>	<b>312,574</b>	<b>526,748</b>

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

## STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

#### NOTE 1: BASIS OF PREPARATION

Stemcell United Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half-year ended 31 December 2016 comprises the Company and its subsidiaries (together referred to as "the consolidated group" or "the Group").

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including AASB 134 Interim Financial Reports and the Corporations Act 2001.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and with any public announcements issued during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and Australian Securities Exchange.

Unless otherwise stated, the same accounting policies are followed in this half year report as compared with the most recent annual financial statements

#### NOTE 2: SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the option of the directors to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the entity.

#### NOTE 3: OTHER RECEIVABLES

	31 Dec 2016	30 Jun 2016
	\$	\$
CURRENT		
GST receivable	85,853	115,118
Deposits	-	17,137
	<u>85,853</u>	<u>132,255</u>

#### NOTE 4: TRADE AND OTHER PAYABLES

	31 Dec 2016	30 Jun 2016
	\$	\$
CURRENT		
Trade payables	2,497	117,357
Other payables	124,101	342,123
Accruals	38,844	96,055
	<u>165,442</u>	<u>555,535</u>

**STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 5: ISSUED CAPITAL**

	31 Dec 2016 \$	30 Jun 2016 \$
Issued and fully paid ordinary shares	64,984,036	64,984,036
<b>Movements in ordinary shares</b>	<b>Number of shares</b>	<b>A\$</b>
At 1 July 2015	433,355,149	25,506,983
Consolidation of issued shares (2 shares to 1 share)	(216,676,904)	–
Conversion of Convertible Notes to Shares	24,550,687	3,368,572
Allotment of prospectus shares	3,408,000	681,600
Public offer costs	–	(573,119)
Issue of shares to vendor on acquisition of Stemcell Pte Ltd	120,000,000	36,000,000
At 30 June 2016 and 31 December 2016	364,636,932	64,984,036

**NOTE 6: OPTION RESERVE**

	31 Dec 2016 \$	30 Jun 2016 \$
Option Reserve	148,000	148,000
<b>Movements in Option Reserve</b>	<b>Number of options</b>	<b>\$</b>
Balance at 1 July 2015	–	–
Issued during the period (A\$0.20 per option)	2,000,000	148,000
Balance at 30 June 2016 and 31 December 2016	2,000,000	148,000

**NOTE 7: RELATED PARTY BALANCES AND TRANSACTIONS**

	31 Dec 2016 \$	30 Jun 2016 \$
<b>BALANCES</b>		
Amount due to a director related company included in trade and other payables	–	357,046
Amount due to a director	143,400	163,868

**STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 7: RELATED PARTY BALANCES AND TRANSACTIONS (cont)**

	Half year period 31 Dec 2016 \$	Half year period 31 Dec 2015 \$
<b>TRANSACTIONS</b>		
Sales to director related company	-	484,169
Purchases from director related company	-	104,800
Director fees and salaries	12,950	77,440
Corporate services rendered by director	9,000	68,000
Waiver of amount due to a director and related company of a director	338,353	-

**NOTE 8: SEGMENT INFORMATION**

	Half year period ended 31 Dec 2016			Half year period ended 31 Dec 2015		
	Australia \$	Singapore \$	Hong Kong \$	Australia \$	Singapore \$	Others \$
Revenue	-	-	-	-	484,169	-
Profit / (Loss)	(159,268)	335,283	(1,738)	(515,630)	76,448	-
	As at 31 Dec 2016			As at 30 Jun 2016		
	Australia \$	Singapore \$	Hong Kong \$	Australia \$	Singapore \$	Others \$
Total assets	4,627,239	143,729	101,965	4,784,732	96,375	-
Total liabilities	(82,149)	(336,418)	(103,774)	(24,759)	(701,790)	-

**NOTE 9: GOING CONCERN**

During the half year ended 31 December 2016, the Group incurred a net cash outflows from operating activities of \$114,750. At 31 December 2016, the Group had \$312,574 (June 2016: \$272,897) in cash, and an excess of current liabilities over current assets of \$123,914 (June 2016: \$321,397).

The Company has a line of credit facility of \$500,000 with interest charged at 5% per annum (note 12). The lender can terminate the line of credit at any time. The full amount with interest is to be paid on the anniversary of each drawdown either via cash or equivalent shares at weighted average price of 5 days trading before the anniversary of the drawdown. As at 31 December 2016, the available line of credit that has not been utilised is \$400,000.

The ability of the Group to continue as a going concern depends on the Group generating additional cash inflows from:

- The receipt of debt funding; or
- The receipt of equity funding.

Accordingly, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. No adjustments have been made in relation to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

## STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

#### NOTE 10: ACQUISITION OF STEMCELL UNITED PTE LTD

On 14 September 2015, the Company acquired 100% of the issued share capital of Stemcell United Pte Ltd, a Singapore based biotechnology company.

Details of the purchase consideration, the net assets acquired are as follows:

Purchase consideration		\$
Cash paid	2,500,000	
120,000,000 Ordinary shares issued	36,000,000	
Total purchase consideration	<u>38,500,000</u>	

As the Company's shares were suspended from trading when the terms of the consideration for this acquisition was agreed, the fair value of the 120,000,000 shares issued as part of the consideration was based on the price agreed between the Company and the seller of Stemcell United Pte Ltd of A\$0.30 per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	\$
Cash and cash equivalents	86,238
Trade and other receivables	368,119
Inventory	476,993
Property plant and equipment	9,012
Trade and other payables	(302,281)
Income tax payable	<u>(16,073)</u>
Net identifiable assets acquired	622,008
Intangible assets	<u>37,877,992</u>
Net assets acquired	<u>38,500,000</u>

#### Net cash outflow arising from the acquisition

		\$
Cash paid	2,500,000	
Cash acquired	<u>(86,238)</u>	
Net cash outflow	<u>2,413,762</u>	

## STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

#### NOTE 11: INTANGIBLE ASSETS

	31 Dec 2016	30 Jun 2016
	\$	\$
Intellectual property – Dendrobium Officinale meristematic plant cells and method of isolating them	4,439,871	4,439,871

During the year ended 30 June 2016, the company applied the provision accounting approach, as permitted under Australian Accounting Standard AASB 3 Business Combinations to the intangible asset balance, and recognised all intangibles on the business combination that occurred during the year ended 30 June 2016 as goodwill. As detailed in note 10 of the financial statements for the year ended 30 June 2016, goodwill of \$37,877,992 was subsequently impaired to \$4,439,871 during the year ended 30 June 2016.

During the period ended 31 December 2016, the directors assessed that the intangible balance acquired that had not been impaired at 30 June 2016 related to the intellectual property of the Dendrobium Officinale meristematic plant cells and method of isolating them, of which an independent valuation was obtained from BMI Appraisals Limited. Accordingly, the goodwill recorded in the financial statements at 30 June 2016 has been reclassified as Intellectual Property of Dendrobium Officinale meristematic plant cells and method of isolating them in the comparative balance above.

Key Assumptions made by the valuer in arriving at the fair value are:

- All licenses issued by any authorised entity that will materially affect the operation of Stemcell United Pte Ltd (“SCU”) have been obtained or can be obtained upon request;
- There will be no material change in the political, legal, fiscal, technological, market and economic conditions in the jurisdiction where SCU operates;
- The market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected;
- The core operation of SCU will not differ materially from those of present or expected;
- The information in respect of SCU have been prepared after due and careful consideration by the senior management of the Company;
- There will be no human disruptions or natural disasters that will materially affect the operation of SCU;
- WACC of 26.39%;
- Discount for lack of marketability – 16.1%;
- Terminal value of approximate times EBIT – 4;
- Revenue commencing during the year ending 31 December 2017, and net profits being generated during the year ending 31 December 2017;
- Increase in revenue of 100% from year ending 31 December 2017 to 31 December 2018;
- Average increase in revenue of 18% from 1 January 2019 to 31 December 2023;
- Increase in net profit of 140% from year ending 31 December 2017 to 31 December 2018;
- Average increase in profit of 18% from 1 January 2019 to 31 December 2023; and
- The above assumptions are based upon an expected substantial increase in the healthcare market.

The directors consider that there has been no changes to the key assumptions as at 31 December 2016.

The intellectual property will be amortised over its useful life which is estimated by the directors to be between 3 and 5 years. Amortisation begins when the asset is available for use, that is, when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. As the Dendrobium product is still in the process of being commercialised, management have assessed that it is not yet available for use and therefore no amortisation has been recorded for the period ended 31 December 2016.

**STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 12: BORROWINGS**

	31 Dec 2016	30 Jun 2016
	\$	\$
a. Drawdown of credit line with a shareholder	103,774	-
b. Loan from a shareholder	102,866	-
	<u>206,640</u>	<u>-</u>

- a. This relates to a drawdown of a credit line facility provided by a shareholder. The limit of the credit line is \$500,000, with interest payable at 5% per annum on the outstanding drawdown amount. Full amount with interest to be repaid on the anniversary of each drawdown either via cash or equivalent shares valued at weighted average price of shares 5 trading days before the anniversary of the drawdown. The credit line is unsecured and can be terminated at any time by the lender.
- b. This relates to a loan of S\$100,000 from a shareholder. The loan is unsecured, interest free and repayable on demand either via cash or equivalent shares valued at weighted average price of shares 5 trading days before demand date.

**STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

In the directors' opinion:

1. The financial statements and notes set out on pages 3 to 12 are in accordance with the Corporations Act 2001, including:
  - i. complying with Accounting Standard 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
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 directors.



Philip Gu Huan Qing  
Director

Sydney  
28 February 2017



**STEMCELL UNITED LIMITED**

**ACN 009 104 330**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Stemcell United Limited:

We have reviewed the accompanying half-year financial report of Stemcell United Limited ("the Company") which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration for the consolidated entity, comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

**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 gives a true and fair view and 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 consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, 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*.

**STEMCELL UNITED LIMITED**

**ACN 009 104 330**

**INDEPENDENT AUDITOR'S REVIEW REPORT (Continued)**

**Conclusion**

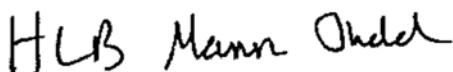
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Stemcell United Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 *Corporations Regulations 2001*.

**Material Uncertainty Regarding Continuation as a Going Concern**

Without modifying our opinion, we draw attention to Note 9 (Going Concern) in the financial report, which indicates that, as at 31 December 2016, the consolidated entity had cash of \$312,574 and an excess of current liabilities over current assets of \$123,914.

These conditions, along with other matters as set forth in Note 9 (Going Concern), indicate the existence of a material uncertainty that 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.



**HLB Mann Judd Assurance (NSW) Pty Ltd**  
**Chartered Accountants**

**Sydney, NSW**  
**28 February 2017**



**A G Smith**  
**Director**