

Stemcell United Limited

(Formerly On Q Group Limited)

ACN 009 104 330

2015 ANNUAL REPORT

For the year ended 30 June 2015

DIRECTORS REPORT

The directors present their report, together with the financial statements, of Stemcell United Limited (“the Company” or “the entity”) for the year ended 30 June 2015.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Current directors

Khoo Gee Choo, Jamie (appointed 17 October 2014)

Ms Khoo has a Master of Business Studies and is a member of the Institute of Singapore Chartered Accountants. Ms Khoo has over 20 years experience in accounting and corporate finance and extensive experience in company funding, investment evaluation, due diligence and structuring. Ms Khoo is also director of ASX listed Lionhub Group Ltd and Bunuru Corporation Limited.

Ko Chun Way, Wayne (appointed 17 October 2014, demised 22 June 2015)

Mr Ko had a Bachelor of Commerce and a Master of Business Administration. He was a member of CPA Australia and Hong Kong Institute of Certified Public Accountants. He was involved in a number of assignments including initial public offerings, merger and acquisition and audit in various industries, including manufacturing, construction strategic investment, entertainment, energy and resources, media and others. Mr Ko had no directorship on other listed companies.

Chow-Yee Koh (appointed 17 October 2014)

Mr Koh has a Bachelor of Commerce and is a fellowship member of the Association of Chartered Certified Accountants (UK). Mr Koh has over 17 years experience in accounting, auditing and corporate finance. Mr Koh is also the Company’s joint company secretary and is a company secretary of ASX listed Sunbridge Group Limited. Mr Koh is also a director of ASX listed Bunuru Corporation Limited.

Paul Sun (appointed 29 June 2015)

Mr Sun is a practicing CPA and Principal of Sun Secure Investment & Consulting Pty Ltd and Sun Secure Accounting & Business Services. He holds a B.E. (Civil Engineering) from the University of Newcastle, a Master of Professional Accounting from the University of Western Sydney, a Graduate Diploma of Applied Finance and Investment from the Australian Securities Institute and a post graduate diploma in Strategic Business Management from the Australian Graduate School of Business Management UNSW. Prior to establishing his own practice, Mr Sun held a number of financial management positions with industrial companies in New South Wales. Mr Sun has no directorship on other listed companies.

Gu Huan Qing, Philip (appointed 14 September 2015)

Mr Gu is the inventor of SCU’s Dendrobium Officinale orchid plant stem cell products. He holds a Master of Science degree in Biology, majoring in plant physiology from South China Teachers University (renamed South China Normal University) and a Diploma in Business Management from Australian Academy of Business Studies. Mr. Gu has more than 20 years experience in the food and agricultural technology industry and previously served as a consultant to Food and Agriculture Organization (FAO) of the United Nations before launching his entrepreneurial journey in the 1990s. Mr Gu specialises in the production of canned abalone, bottled bird’s nest, cordyceps extract and ginseng extract. His in-depth industry knowledge and well-established business network has firm foundations in the manufacturing industry.

Previous directors

Ian Christiansen (removed 17 October 2014)

Mr Christiansen began business as a retailer in 1984 and co-founded ON Q Group Ltd in 1989. He was the General Manager of ON Q Group Ltd through its formative years. Ian has developed the internal management team and systems to support the rapid growth of Bill Express. Ian is also a foundation member of Software Engineering Australia.

Stemcell United Limited

(formerly On Q Group Limited)

Julian Little (removed 17 October 2014)

From 1991 Mr Little operated his own company as the NSW agent for ON Q Group Ltd before merging with ON Q Group Ltd in 1998. He has been instrumental in the execution of the strategies and commercialisation of the products within DialTime and Bill Express.

Joint company secretaries

Chow Yee Koh (appointed 21 November 2014)

Elizabeth Hunt (appointed 17 October 2014)

Ms Hunt has over fifteen years' corporate and accounting experience which includes IPO management, governance & risk, company secretarial matters, ASX listing requirements, ASIC and other statutory reporting requirements, and financial accounting and reporting. Ms Hunt holds a BSc degree in Sustainable Development, has completed a Master of Accounting, the Governance Institute of Australia Certificate in Governance and Risk Management, and is a Graduate of the Australian Institute of Company Directors.

Principal activities

The Company is the 100% holding company of Stemcell United Pte Ltd, a Singapore biotechnology company which focuses on using stem cell technology to grow and extract plant essence

Review of Operations

On 3 September 2014, the Company's shareholders approve during the extraordinary general meeting, amongst other things, consolidation of existing shares on a one for twenty two basis, allotment of shares to creditors, professional parties and sophisticated investors, and change of old board of directors with a new board of directors.

On 17 October 2014, a Supreme Court Judgement was passed on the termination of winding up procedure of the Company, subject to the Deed of Company Arrangement, which on 27 November 2014, the Company effectuated the Deed of Company Arrangement.

Following which, on 22 December 2014, the Company entered into a conditional Sale and Purchase agreement to acquire Stemcell United Pte Ltd ("SUP"), a Singapore based biotechnology company which focuses on using stem cell technology to grow and extract plant essence.

On 29 June 2015, the Company's shareholders approve during the general meeting, amongst other things, a change to nature and scale of business, issue of shares for capital raising and to vendor for acquisition of SUP, consolidate of existing shares on a one for two basis, change of company name to Stemcell United Limited and adoption of a new constitution.

Significant changes in state of affairs

Other than that as was mentioned in the "Review of Operation" above, there are no significant changes in the Company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting date

Refer to Note 2 of the financial report for details of significant events after the reporting date.

Future development, prospects and business strategies

The Company completed the acquisition of SUP on 31 August 2015 and recommenced trading of its shares on ASX on 14 September 2015. The Company will focus on the development of SUP to bring value to shareholders.

Stemcell United Limited (formerly On Q Group Limited)

Environmental issues

The Company is not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid, recommended or declared

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Options

The options outstanding as at the date of this report are:

Options	Number
Options issued to lead manager on successful completion of Offer, exercised within 3 years from date of issue (14 September 2015) at \$0.20 per option	2,000,000
TOTAL	2,000,000

Meetings of directors

The number of Directors Meetings (including meetings of Committees of Directors) held during the year, and the number of meetings attended by each Director is as follows:

Directors' Name	Board Meetings	
	number of meetings the Director was eligible to attend	number of meetings the Director attended
Khoo Gee Choo, Jamie	1	1
Ko Chun Way, Wayne	1	1
Chow-Yee Koh	1	1
Paul Sun	-	-
Gu Huan Qing, Philip	-	-
Ian Christiansen	-	-
Julian Little	-	-

Indemnifying directors, officers or auditor

During the year, the Company paid a premium to insure officers of the Group. The officers covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Stemcell United Limited

(formerly On Q Group Limited)

Remuneration Report (Audited)

This report outlines the remuneration arrangement in place for directors and key management personnel of Stemcell United Limited.

Principles of compensation

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and senior executives. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration of directors and executives is referred to as compensation as defined in AASB 124.

Compensation levels for key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Remuneration Committee obtains independent advice on the appropriateness of compensation packages of both the Company given trends in comparative companies and the objectives of the Company's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segments' performance;
- the Company's performance including:
 - the Company's earnings;
 - the growth in share price and delivering constant returns on shareholder wealth; and
 - The amount of incentives within each key management person's compensation.

Compensation packages include a mix of fixed and variable compensation and short- and long-term performance-based incentives.

In addition to their salaries, the Company also provides non-cash benefits to its key management personnel, and contributes to post-employment superannuation plans on their behalf.

Fixed remuneration

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually through a process that considers individual, segment and overall performance of the Company. In addition external consultants provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place. A senior executive's compensation is also reviewed on promotion.

Performance-linked remuneration

Performance-linked compensation includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an "at risk" bonus provided in the form of cash, while the long-term incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan.

Long-term incentive

Options are issued under the Employee Share Option Plan and it provides for key management personnel to receive options over ordinary shares for no consideration.

Stemcell United Limited (formerly On Q Group Limited)

The ability to exercise the options is conditional on the Company achieving certain performance hurdles. The performance hurdles comprise the Company reaching and exceeding its budgeted profit forecast.

Short-term incentive bonus

Each year KPI's (key performance indicators) for the key management personnel are set. The KPI's generally include measures relating to the Company, the relevant segment and the individual, and include financial, people, customer and strategy and risk measures. The measures are chosen as they directly align the individual's reward to the KPI's of the Company and to its strategy and performance.

The financial performance objectives are "profit after tax" and "return on capital employed" compared to budgeted amounts. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, customer satisfaction and staff development.

Directors and key management remuneration

Details of the nature and amount of each element of the remuneration of each director and key management of the Company as at 30 June 2015 and 30 June 2014 are shown in the table below:

Director Remuneration									
Non-executive directors	Year	Short Term Employee Benefits		Post-Employment Benefits	Long-Term Benefits	Termination Benefits	Share-Based Payments	Total (\$)	Performance Based Percentage of Remuneration (\$)
		Cash Salary & Fees (\$)	Non-Monetary Benefits (\$)	Superannuation (\$)	(\$)	(\$)	(\$)		
Khoo Gee Choo, Jamie	2015	25,000	-	2,375	-	-	9,575	36,950	0%
	2014	-	-	-	-	-	-	-	0%
Ko Chun Way, Wayne	2015	21,900	-	-	-	-	-	21,900	0%
	2014	-	-	-	-	-	-	-	0%
Chow-Yee Koh*	2015	44,000	-	1,900	-	-	-	45,900	0%
	2014	-	-	-	-	-	-	-	0%
Paul Sun	2015	-	-	-	-	-	-	-	0%
	2014	-	-	-	-	-	-	-	0%
Ian Christiansen	2015	-	-	-	-	-	-	-	0%
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%
Julian Little	2015	-	-	-	-	-	-	-	0%
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%

^ A success fee of \$50,000 is payable to a company related to Ms Khoo Gee Choo, Jamie upon re-quotation.

* Includes fees of \$24,000 relating to provision of accounting and company secretarial services.

Note: Mr Gu Huan Qing, Philip is appointed on 14 September 2015.

Information on remuneration of directors and key management personnel for the year ended 30 June 2014 are not available (See note 1(c) in the Notes to the Financial Statements).

Service agreements

Remuneration and other terms of employment for the Directors and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Stemcell United Limited (formerly On Q Group Limited)

Director	Base Salary (\$)	Term of agreement	Notice Period
Khoo Gee Choo, Jamie	42,000	1 year and auto-renewal	1 month
Ko Chun Way, Wayne	36,000	1 year and auto-renewal	1 month
Chow-Yee Koh	36,000	1 year and auto-renewal	1 month
Paul Sun	36,000	1 year and auto-renewal	1 month
Gu Huan Qing, Philip	216,000	3 years and auto-renewal	1 month
Ian Christiansen	N/A	N/A	N/A
Julian Little	N/A	N/A	N/A

Directors shareholdings

The table below shows the shareholdings of each director in number and percentage as at 30 June 2015.

Director	Shareholding	%
Khoo Gee Choo, Jamie	10,107,900*	2.33%
Ko Chun Way, Wayne	-	-
Chow-Yee Koh	-	-
Paul Sun	-	-
Gu Huan Qing, Philip	-	-
Ian Christiansen	-	-
Julian Little	-	-

* Shares held in a company related to Ms Khoo Gee Choo, Jamie

Share based remuneration

5,000,000 options valued at \$9,575 were issued to a company related to Ms Khoo Gee Choo, Jamie. These options were fully exercised and converted into ordinary shares during the year.

Transaction with Key Management Personnel (KMP) and related parties

Please refer note 12 in the Notes to the Financial Statements.

Balance with Key Management Personnel

Please refer note 13 in the Notes to the Financial Statements.

End of remuneration report

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and do not compromise the general principles relating to auditor independence as set out in the Chartered Accountants Australia and New Zealand and CPA Australia's APES 110: Code of Ethics for Professional Accountants.

Details of the amounts paid or payable to the auditors HLB Mann Judd for non-audit services provided during the year are set out below.

	2015 (\$)
Tax advisory	3,200
Investigating Accountant	19,000
Independent Expert	33,000
Total Remuneration for non-audit services	55,200

Stemcell United Limited (formerly On Q Group Limited)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 8 of the Annual Report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Signed by

A handwritten signature in black ink, appearing to be 'Koh Yee Chow', written over a horizontal line.

Chow-Yee Koh
Director

Dated: 30 September 2015

Auditor's Independence Declaration

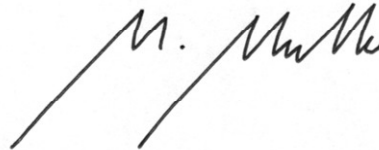
STEMCELL UNITED LIMITED

ACN 009 104 330

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Stemcell United Limited for the year ended 30 June 2015, 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 audit; and
- (b) any applicable code of professional conduct in relation to the audit.



**Sydney, NSW
30 September 2015**

**M D Muller
Director**

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Stemcell United Limited (formerly On Q Group Limited)

CORPORATE GOVERNANCE STATEMENT

The board of directors is responsible for the corporate governance of Stemcell United Limited (the Company). A new board of directors was appointed on 3 September 2014 following a shareholder's general meeting. The new board of directors has established a corporate governance framework which follows the recommendations as set out in the ASX Corporate Governance Council's Principles and Recommendations 3rd edition ("Principles and Recommendations")

The Company has followed each recommendation where the board has considered the recommendation to be appropriate benchmark for the Company's corporate governance practises. Where the Company's corporate governance practises follow a recommendation, the board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where the Company's corporate governance practises do not follow a recommendation, the board explained its reasons for not following the recommendation and disclosed what, if any, alternative practises the Company has adopted instead of those in the recommendation.

The Company's corporate governance framework can be viewed on the Company's website <http://scu.com.sg/corporate-governance/>.

Stemcell United Limited

(formerly On Q Group Limited)

Statement of Profit or Loss and Other Comprehensive Income for the Year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue - Interest income		6,826	–
Director fees		(71,175)	–
Professional fees		(661,441)	–
Share based payments	3	(226,630)	–
Settlement of Deed of Company Arrangement (“DOCA”)		(100,000)	–
Write-back of payables on settlement of DOCA		76,272,483	–
Interest expense		(128,891)	–
Administrative expenses		(49,932)	–
Profit/(Loss) before income tax expense		75,041,240	–
Income tax expense	14	–	–
Profit/(Loss) for the year		75,041,240	–
Other comprehensive income		–	–
Total comprehensive income for the year		75,041,240	–
Earnings per share			
Basic (cents per share)	9	30.99	–
Diluted (cents per share)	9	29.50	–

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Stemcell United Limited

(formerly On Q Group Limited)

Statement of Financial Position as at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent		3,554,300	–
Other receivables	4	26,372	21,105
TOTAL CURRENT ASSETS		3,580,672	21,105
TOTAL ASSETS		3,580,672	21,105
LIABILITIES			
Trade and other payables	5	(168,193)	(76,272,483)
Convertible notes	6	(3,262,634)	–
TOTAL CURRENT LIABILITIES		(3,430,827)	(76,272,483)
TOTAL LIABILITIES		(3,430,827)	(76,272,483)
NET ASSETS/LIABILITIES		149,845	(76,251,378)
EQUITY			
Contributed equity	7	25,506,983	24,147,000
Retained earnings	8	(25,357,138)	(100,398,378)
TOTAL EQUITY		149,845	(76,251,378)

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Stemcell United Limited

(formerly On Q Group Limited)

Statement of Changes in Equity for the year ended 30 June 2015

	Contributed Equity	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2013	24,147,000	N/A	N/A
Retained profits recomputed and recognised upon execution of Deed of Company Arrangement	–	(100,398,378)	(100,398,378)
Total comprehensive income	–	–	–
Balance at 30 June 2014 and 1 July 2014	24,147,000	(100,398,378)	(76,251,378)
Shares issued	940,130	–	940,130
Share issuance cost	(78,000)	–	(78,000)
Conversion of performance option	194,500	–	194,500
Value of conversion rights on convertible notes issued	303,353	–	303,353
Total comprehensive income	–	75,041,240	75,041,240
Balance at 30 June 2015	25,506,983	(25,357,138)	149,845

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Stemcell United Limited

(formerly On Q Group Limited)

Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 \$	2014 \$
CASH FLOWS RELATING TO OPERATING ACTIVITIES			
Payment to suppliers and employees		(619,722)	–
Total cash used in operating activities	15	(619,722)	–
CASH FLOWS RELATING TO INVESTING ACTIVITIES			
Interest income		6,826	–
Total cash from investing activities		6,826	–
CASH FLOWS RELATING TO FINANCING ACTIVITIES			
Proceeds from issue of shares		905,000	–
Payment of share issue cost		(78,000)	–
Proceeds from issue of performance options		1,000	–
Proceeds from exercise of performance options		2,000	–
Proceeds from issue of convertible notes		3,437,096	–
Settlement of Deed of Company Arrangement		(100,000)	–
Loan from director		100	–
Total cash from investing activities		4,167,196	–
Net increase in cash and cash equivalent		3,554,300	–
Cash and cash equivalent at beginning of financial year		–	–
Cash and cash equivalent at end of financial year		3,554,300	–

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Stemcell United Limited (formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Stemcell United Limited (the "Company") is a company domiciled in Australia.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. International Financial Reporting Standards ('IFRSs') form the basis of Australian Accounting Standards ('AASBs') adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ('AIFRS') to distinguish from previous Australian GAAP. The financial report of the Company complies with IFRSs and interpretations adopted by the International Accounting Standards Board.

(b) Basis of Presentation

The financial report is presented in Australian dollars, which is the Company's functional currency.

The financial report has been prepared on an accruals basis and is based on historical cost convention except for certain assets and liabilities which are stated at fair value as described in the accounting policies.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(c) Maintenance of accounting records

The Company was placed into voluntary administration on 28 July 2008 and subsequently placed into liquidation on 23 December 2008. A Deed of Company Arrangement (DOCA) was entered into on 12 March 2014. The Company was released from DOCA on 27 November 2014.

The current directors were all appointed in 3 September 2014 and have since arranged the statutory financial statements to be prepared and brought up to date for the purposes of satisfying the Company's reporting requirements. The current directors have prepared the financial report based on available information provided to them following their appointment. The current Directors have not been able to locate the records pertaining to the period prior to their appointment. Given voluntarily administration of the Company there is only limited information available to support the transactions and account balances of the comparative period to prepare accounts. The available information included, but not limited, to the following:

- The June 2007 financial report
- The December 2007 half year interim financial report
- ASX announcements during the financial period and up to the date of this report

Given the circumstances and the Company's current position, the statutory accounts have been prepared on limited available information. Where insufficient information is available for disclosure this is noted in the financial statements and notes as "N/A" (not available).

Stemcell United Limited

(formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

(d) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When a subsidiary makes a new issue of capital and the consolidated entity's percentage ownership changes, the share of retained profits and reserves is attributed to the Company and outside equity interest reflecting the new ownership interest. The adjustment is not reflected in net profit but as a direct adjustment to the specific equity accounts.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Associates

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the consolidated entity's share of losses exceeds its interest in an associate, the consolidated entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of an associate.

In the Company's financial statements, investments in associates are carried at cost.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associates or, if not consumed or sold by the associate, when the consolidated entity's interest in such entities is disposed of.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Stemcell United Limited

(formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(h) Accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits.

Stemcell United Limited

(formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

(j) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(l) Plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(m) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(n) Impairment

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Stemcell United Limited (formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

(o) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

- Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.
- Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.
- Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(p) Trade and other payables

Trade and other payables are stated at their fair value at inception. Trade payables are non-interest bearing and are normally settled according to term.

Stemcell United Limited

(formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

(q) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(r) Share capital

Ordinary share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(s) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(t) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(u) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjust the figures used to determine basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The Company's assessment of the impact of these new standards and interpretation is they will result in no significant changes to the amounts recognised or matters disclosed in the Company's financial statements.

Stemcell United Limited (formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

NOTE 2: SUBSEQUENT EVENTS

On 10 July 2015, the Company completes the 1 for 2 consolidation of shares as approved in the general meeting of 29 June 2015.

On 13 July 2015, the Company issued a replacement prospectus to raise between \$600,000 to \$4,600,000.

On 28 August 2015, the Company completed its fund raising exercise pursuant to the replacement prospectus, raising \$681,600.

On 31 August 2015, the Company completed the acquisition of the Singapore based biotechnology company Stemcell United Pte Ltd ("SUP") through the payment of \$2,500,000 and issuance of 120,000,000 shares to the vendor

On 2 September 2015, the Company changed its name from On Q Group Limited to Stemcell United Limited.

On 7 September 2015, the Company's convertible notes were converted into 24,550,687 shares.

On 14 September 2015, the Company was reinstated to ASX official quotation and recommence trading of its shares on ASX. On the same day, the Company appointed Mr Gu Huan Qing, Philip, a director of Stemcell United Pte Ltd onto the board of the Company. 2,000,000 share options were also issued to the lead manager of the fund raising, APP Securities Pty Ltd for successfully assisting in the fund raising and re-quotation of the Company.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

NOTE 3: SHARE BASED PAYMENT

	2015 \$	2014 \$
Issuance of 12,330,820 shares as settlement of creditor trust and liquidation expenses	35,130	–
Issuance of 100 million performance options for introducing a project to the Company	191,500	–
	226,630	–

The 12,330,820 shares issued were valued based upon the value of shares issued to shareholders for cash close to the date of issue.

Further details relating to the performance options are disclosed in note 7.

NOTE 4: OTHER RECEIVABLES

	2015 \$	2014 \$
CURRENT		
Recoverable amount of other receivables	–	21,105
GST receivables	26,372	N/A
	26,372	21,105

Stemcell United Limited

(formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

NOTE 5: TRADE AND OTHER PAYABLES

	2015	2014
	\$	\$
CURRENT		
Liabilities recomputed and recognised upon execution of Deed of Company Arrangement on 12 March 2014.	–	76,272,483
Other payables	168,193	N/A
	168,193	76,272,483

NOTE 6: CONVERTIBLE NOTES

The Company issued 49,101,374 convertible notes for \$3,437,096 on 30 March 2015. The notes were converted into ordinary shares of the Company on a 1 to 1 basis at re-quotations of the Company's shares on the ASX on 7 September 2015. Should the Company's shares not have been re-quoted on ASX by 30 September 2015, the notes would have been repayable on 31 December 2015. Interest would have been payable at the rate of 2.5% per annum, from 30 June 2015 until the date of repayment.

The convertible notes are presented in the balance sheet as follows:

	2015	2014
	\$	\$
Face value of notes issued	3,437,096	–
Less: Value of conversion rights (equity component)	(303,353)	–
	3,133,743	–
Interest expenses *	128,891	–
Interest paid	–	–
Current liability component	3,262,634	–

* Interest expense is calculated by applying an effective interest rate of 15% to the liability component.

The initial fair value of the liability component was determined using a market interest rate for equivalent non-convertible debt of 15% at the date of issue. The remainder of the proceeds are allocated to the conversion option and recognised in shareholders equity and is not subsequently remeasured.

NOTE 7: CONTRIBUTED EQUITY

	2015	2014
	\$	\$
Issued and fully paid ordinary shares	25,506,983	24,147,000
Movements in ordinary shares	Number of shares	\$
At the beginning of reporting period	73,950,146	24,147,000
Reconstruction of issued shares (22 shares to 1 share)	(70,587,521)	–
Issuance of shares to Creditors Trust and consultants	12,330,820	35,130
Placement of shares at 0.28 cent per share, net of cost	317,661,704	827,000
Value of conversion rights – convertible notes (note 6)	–	303,353
Exercise of performance options*	100,000,000	194,500
At reporting date	433,355,149	25,506,983

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Stemcell United Limited (formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

* Performance option

On 30 October 2014, 100,000,000 options were issued to an investment group for introducing a project to the Company. The options were exercisable at a price of 0.002 cents on or before 31 December 2015 provided the Company signs a Heads of Agreement to adopt the project introduced by the investment group. This condition was fulfilled on 22 December 2014 when the Company entered into a conditional Sale and Purchase agreement to acquire a Singapore biotechnology company which focuses on using stem cell technology to grow and extract plant essence. Completion of the Sale and Purchase agreement was dependent on the Company resuming re-quotations on the ASX.

The directors have determined the fair value of the options issued to the investment group to be A\$191,500. The fair value at grant date was determined using the Black Scholes option model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at granted date and expected volatility of the underlying shares, the expected dividend yield and the risk free interest rate of the term of the option.

The options were fully exercised by the investment group on the 1st quarter of calendar year 2015 at total exercise price of \$2,000.

The Company had no options outstanding at 30 June 2015.

Capital Management

The management's objectives when managing capital are to ensure that the Company can fund its operations, meet any debt obligations and continue as a going concern and to provide shareholders with adequate returns.

The Company's debt and capital includes ordinary share capital and financial liabilities supported by financial assets.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in risks and in the market. These responses include the management of debt levels and share issues.

NOTE 8: RETAINED EARNINGS

	2015 \$	2014 \$
Retained profits at the beginning of the financial year	(100,398,378)	N/A
Retained profits recomputed and recognised upon execution of Deed of Company Arrangement on 12 March 2014	–	(100,398,378)
Total comprehensive income	75,041,240	
Retained profits at reporting date	<u>(25,357,138)</u>	<u>(100,398,378)</u>

Stemcell United Limited

(formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

NOTE 9: EARNINGS PER SHARE

	2015	2014
	\$	\$
(a) Reconciliation of Earnings to Net Profit or Loss		
Net profit	75,041,240	N/A
Earnings used in the calculation of basic EPS	75,041,240	N/A
Earnings used in the calculation of dilutive EPS	75,041,240	N/A
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	242,147,702	N/A
Weighted average number of convertible notes	12,241,712	N/A
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	254,389,415	N/A

NOTE 10: COMMITMENTS

At 30 June 2015 the company had made the following commitments which were subject to successful re-quotation of the Company's shares on the ASX:

	2015
Acquisition of SUP	\$2,500,000 and 120,000,000 ordinary shares
Payment of success fee to a company related to Khoo Gee Choo, Jamie	\$50,000
Payment of success fee to professional parties assisting in the re-quotation of the Company's shares on ASX	\$270,000, 4% of fund raise, 2,000,000 options, and retainer fee of \$12,500 per month for next 12 months

The above mentioned 2,000,000 options is exercisable at \$0.20 each and expire 3 years from date of issue.

NOTE 11: AUDITOR'S REMUNERATION

	2015	2014
	\$	\$
HLB Mann-Judd		
Audit and review of financial report	17,500	4,500
Other services from HLB Mann-Judd network firm		
Investigating Accountant	19,000	-
Independent Expert	33,000	-
Tax advisory	3,200	-
	55,200	-

Stemcell United Limited

(formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

NOTE 12: KEY MANAGEMENT PERSONNEL DISCLOSURES

Remuneration of key management personnel	2015	2014
	\$	\$
Short-term employee benefits	90,900	N/A
Post-employment benefits	4,275	N/A
Share-based payments	–	N/A
	95,175	N/A

Refer to the remuneration report set out within the Directors' Report for individual details of key management personnel remuneration.

NOTE 13: RELATED PARTY DISCLOSURES

	2015	2014
	\$	\$
Related party balances		
Amount due to directors	74,275	N/A
Transactions		
Director fees	71,175	N/A
Corporate services rendered by director or director related companies*	33,575	N/A
	104,750	

* Includes fair value of \$9,575 on the performance option issued to a company related to a director

NOTE 14: INCOME TAX

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2015	2014
	\$	\$
Numerical reconciliation of income tax income to prima facie tax payable		
Net profit before tax	75,041,240	–
Tax at the Australian tax rate of 30% (2014: 30%)	22,512,372	–
Tax effect of amounts that are not deductible / taxable in calculating taxable income	(22,813,756)	–
Tax losses and temporary differences not brought to account	301,384	–
Income Tax Expense	–	–
Unrecognised deferred tax assets		
Unused tax losses for which no deferred tax asset has been recognised	1,004,613	–
Potential tax benefit at 30%	301,384	–
Temporary differences for which deferred tax assets/liabilities have not been recognised.	–	–
Unrecognised deferred tax assets	301,384	–

Stemcell United Limited

(formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

NOTE 15: RECONCILIATION OF CASHFLOW FROM OPERATING ACTIVITIES

	2015	2014
	\$	\$
Profit/loss for the year	75,041,240	–
Interest income	(6,826)	–
Share based payment expenses	226,630	–
Settlement of DOCA	100,000	–
Writeback of Payble on DOCA	(76,272,483)	–
Accrued interest on convertible note	128,891	–
Changes in other receivables	(5,266)	–
Changes in other payables	168,092	–
Total cash used in operating activities	(619,722)	–

NOTE 16: SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are received by the Board in allocating resources and have concluded at this time that there are no separately identifiable segments. This decision has been made specifically in light of the reduced size and scope of the Company's operations given the restructure of the Company including its abandoned and discontinued operations as disclosed throughout the report.

NOTE 17: FINANCIAL INSTRUMENTS RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and interest rate risk.

The Company's risk management is undertaken by the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

Credit risk

Credit risk is managed and reviewed regularly by the management. It arises from exposures to customers as well as through deposits with financial institutions. Management requires that all surplus funds are only invested with financial institutions with a Standard and Poor's rating of at least AA-. All bank balances of the Company at 30 June 2015 were held with a bank with this rating.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk

Liquidity risk is the risk that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for financial liabilities.

Stemcell United Limited

(formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

The maturity analysis table below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

2015	Weighted average effective interest rate %	Interest bearing maturing within 1 year \$	Non interest bearing maturing within 1 year \$	TOTAL \$
Financial assets				
- Cash and cash equivalent	0.9%	3,553,300	1,000	3,554,300
- Other receivables	–	–	26,372	26,372
Total financial assets		3,553,300	27,372	3,580,672
Financial liabilities				
- Other payables	–	–	(168,193)	(168,193)
- Convertible notes	15%	(3,262,634)	–	(3,262,634)
Total financial liabilities		(3,262,634)	(168,193)	(3,430,827)
Net		290,666	(140,822)	149,844
2014	Weighted average effective interest rate %	Interest bearing maturing within 1 year \$	Non interest bearing maturing within 1 year \$	TOTAL \$
Financial assets				
- Other receivables	–	–	21,105	21,105
Total financial assets		–	21,105	21,105
Financial liabilities				
- Other payables	–	–	(76,272,483)	(76,272,483)
Total financial liabilities		–	(76,272,483)	(76,272,483)
Net		–	(76,251,378)	(76,251,378)

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its short-term deposits placed with financial institutions.

The Company has performed sensitivity analysis relating to its financial instrument's exposure to interest rate at reporting date.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Stemcell United Limited (formerly On Q Group Limited)

Notes to the Financial Statements for the Financial Year Ended 30 June 2015

Interest rate sensitivity

Year ended	Profit and loss		Equity	
	+0.5%	-0.5%	+0.5%	-0.5%
30 June 2015	+3,792	-3,792	+3,792	-3,792
30 June 2014	–	–	–	–

NOTE 18: FAIR VALUE MEASUREMENT

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The Group does not hold any financial assets or liabilities carried at fair value as at 30 June 2015.

The carrying amounts of current receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities approximates the carrying amount as the impact of discounting is not significant.

NOTE 19: COMPANY DETAILS

The registered office of Stemcell United Limited is Level 2, 350 Kent Street, Sydney NSW, Australia.

Stemcell United Limited (formerly On Q Group Limited)

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2015

In the directors' opinion:

1. The financial statements and notes set out on pages 10 to 27 are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date.
2. There are reasonable grounds to believe that Stemcell United Limited will be able to pay its debts as and when they become due and payable.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015.

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



Chow-Yee Koh
Director

Adelaide
30 September 2015

STEMCELL UNITED LIMITED

ACN 009 104 330

INDEPENDENT AUDITOR'S REPORT

To the members of Stemcell United Limited

We have audited the accompanying financial report of Stemcell United Limited ("the company"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements of Stemcell United Limited comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independence

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

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215

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STEMCELL UNITED LIMITED

ACN 009 104 330

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Basis for Qualified Audit Opinion

Because of incomplete accounting and statutory records of the Company during year ended 30 June 2014, we were unable to obtain all the information and explanations we require in order to form an opinion on the financial statements for the year ended 30 June 2014. Since information was not available, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for the year ended 30 June 2015. Our audit opinion on the financial report for the year ended 30 June 2014 was modified as a result of the issue above. Our audit opinion on the current period's financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Qualified Opinion

In our opinion, except for the possible effect on the financial statements of the matter referred to in the Basis for Qualified Audit Opinion paragraph:

- (a) the financial report of Stemcell United Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 6 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

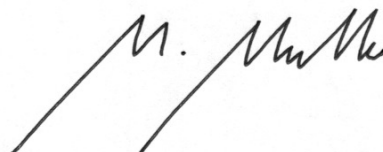
Opinion

In our opinion the Remuneration Report of Stemcell United Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.



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

**Sydney, NSW
30 September 2015**



**M D Muller
Director**

Stemcell United Limited

(formerly On Q Group Limited)

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 24 September 2015.

Substantial Shareholders

The number of substantial shareholders and their associates are set out below:

<u>Shareholders</u>	<u>Number of Shares</u>
GU HUANQING	120,000,000
WANG JIAN FANG	37,500,000
KO HENRY CHUN FUNG	33,361,476
DANNY LAI KONG SANG	32,419,378
ZHANG LIN	29,801,722

Voting Rights

Ordinary shares On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote

Distribution of equity security holders

Holding	Ordinary shares	
	Shares	Options
1 – 1,000	1,605	-
1,001 – 5,000	51	-
5,001 – 10,000	291	-
10,001 – 100,000	35	-
100,001 and over	39	2
	<u>2,021</u>	<u>2</u>

Twenty largest shareholders

	Ordinary Shares	
	Number Held	%of issued shares
GU HUANQING	120,000,000	32.91%
WANG JIAN FANG	37,500,000	10.28%
KO HENRY CHUN FUNG	33,361,476	9.15%
DANNY LAI KONG SANG	32,419,378	8.89%
ZHANG LIN	29,801,722	8.17%
YUN WU TSAI	14,500,000	3.98%
NANG TSE CHI	14,000,000	3.84%
KEUNG LI CHI	10,640,376	2.92%
LEUNG KAM SHUN BETTY	6,500,000	1.78%
EMERALD CHARM INV PTE LTD	6,053,950	1.66%
EQUINEX INV LTD	5,053,950	1.39%
WAH YIP KOON	5,000,000	1.37%
CHOO LEOW LAY	5,000,000	1.37%
SUEN SHUK MING	3,600,000	0.99%
CHAN RINGO SEK KEUNG	3,600,000	0.99%
AM PTNRS CAP CO LIMITED	3,575,000	0.98%
ZHU BENYING	3,571,400	0.98%
SINBAD PL	3,515,410	0.96%
CHAN LOK MING	3,500,000	0.96%
KEONG LOO SEI	2,500,000	0.69%
	<u>343,692,662</u>	<u>94.26%</u>

Stemcell United Limited (formerly On Q Group Limited)

Option holders

	Options	
	Number Held	%of issued options
PERSHING AUSTRALIA NOMINEES PTY LTD	1,000,000	50%
BELLOC PTY LTD	1,000,000	50%
	<u>2,000,000</u>	<u>100%</u>

Securities exchange

The Company is listed on the Australian Securities Exchange.