



STEMCELL UNITED LIMITED
ACN 009 104 330
Level 12, 680 George Street, Sydney, NSW 2000, Australia

26 February 2021

Australian Securities Exchange

Lodgement of December 2020 Half Year Report
Reliance on Relief available under ASX Class Waiver Extended Reporting and Lodgement Deadlines
and
ASIC Corporations (Extended Reporting and Lodgement Deadlines — Listed Entities) Instrument
2020/451 and Instrument 2020/1080

Stemcell United Limited (ASX:SCU) ("Company") advises that due to the disruption caused by the COVID-19 pandemic on the half year audit, the December 2020 half year report will not be available for lodgement with either the ASX and ASIC by the due date of 28 February 2021.

The Company will be taking advantage of the extension of time to lodge its December 2020 half year report under ASX Class Waiver Extended Reporting and Lodgement Deadlines ("ASX Class Waiver") and ASIC Corporations (Extended Reporting and Lodgement Deadlines – Listed Entities) Instrument 2020/451 and Instrument 2020/1080.

As required under the ASX Class Waiver, the following unreviewed December 2020 half year report is lodged with the ASX.

The Company will immediately make further announcement to the market if there is material difference between its un-reviewed half year report and its reviewed half year accounts.

This announcement has been authorised for release by the Board of Stemcell United Limited.

- END -



Stemcell United Limited

ACN 009 104 330

INTERIM REPORT

For half year ended 31 December 2020

Appendix 4D - unreviewed

1. Company Details

Name of Entity

Stemcell United Limited

ABN

009 104 330

Half year ended ("current period")

31 December 2020

Half year ended ("previous period")

31 December 2019

2. Results for announcement to the market

2. Results for announcement to the market			A\$
2.1 Revenues from continuing operations	Increase	412%	3,697,404
2.2 (loss) from continuing operations after tax attributable to members	Increase	65%	(1,158,344)
2.3 Net (loss) for the period attributable to members	Increase	80%	(1,222,825)
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			
Refer “Review of Operations” in Directors’ Report			

3. Net tangible assets per security

Net tangible asset/(liability) backing per ordinary security

31 December 2020

0.34 cents

30 June 2020

0.12 cents

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

4.1. Control gained over entities

Shenzen Lantene Dingzhi Biotechnology Co Ltd (a company incorporated in China)

4.2. Control lost over entities

N/A

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
Interim dividend: 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

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

The accounts are unreviewed.

The Company is relying on the extension of time to lodge its December 2020 half year report under ASX Class Waiver Extended Reporting and Lodgement Deadlines and ASIC Corporations (Extended Reporting and Lodgement Deadlines – Listed Entities) Instrument 2020/451 and Instrument 2020/1080.

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 2020.

Directors

The names of directors who held office during or since the end of the half-year are as follows:

Current Directors

Philip Huanqing Gu, Executive director

Paul Rosen, Non-executive chairman (appointed 1 November 2020)

Chow Yee Koh, Executive director

Yanhua Huang, Non-executive director

Qi Lu, Non-executive director

Paul Stephenson, Non-executive director

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The Group recorded revenue of \$3,697,404 (Dec 2019: \$722,675), a gross profit of \$431,930 (Dec 2019: \$135,487) and a net loss of \$1,056,344 (Dec 2019: \$699,936). The increase in net loss is mainly due to increased share based payments of \$732,000 (Dec 2019: \$105,000) to directors and advisors.

The Group acquired 50.1% of Shenzhen Lantene Dingzhi Biotechnology Co Ltd in November 2020. Lantene is an aquaculture company based in Shenzhen Dapeng Bio Marine Industrial Park, China and is focused on the sea products and commercial cultivation of Sea Grapes. The acquisition strengthens the Group's foothold in China and in the aquaculture market, while providing expertise and knowhow to the Group's cultivation of Sea Grape in Singapore.

The Group has also entered into a MOU on February 2021 with Singapore based energy solutions company Terrenus Energy Jurong Pte. Ltd. ("Terrenus") (www.terrenusenergy.com) to pursue joint research projects and initiatives involving solar energy systems and aquafarming. Under the agreement, Stemcell United and Terrenus intend to collaboratively pursue the activities of Joint research projects of mutual interests in the area of mixed-use development involving both solar and aquafarming, and Joint tenders, proposals and execution of projects in the area of mixed-use developments involving both solar and aquafarming.

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 opinion of the directors to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the entity.

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Half year 31 Dec 2020 \$	Half year 31 Dec 2019 \$
Revenue from sale of goods	3,697,404	722,675
Cost of sales	(3,265,474)	(587,188)
Gross profit	431,930	135,487
Other income	16,801	14
Administrative expenses	(1,505,075)	(835,437)
Loss before income tax expense	(1,056,344)	(699,936)
Income tax credit	-	-
Loss for the half-year	(1,056,344)	(699,936)
Other comprehensive income/(loss) for the period		
Items that may be reclassified to profit or loss:		
Translation of foreign subsidiary	(64,480)	10,096
Total comprehensive loss for the period	(1,120,825)	(689,840)
Loss attributable to:		
Owners	(1,123,460)	(681,399)
Non-controlling interest	67,116	(18,537)
	(1,056,344)	(699,936)
Total comprehensive loss attributable to:		
Owners	(1,745,035)	(671,303)
Non-controlling interest	624,209	(18,537)
	(1,120,825)	(689,840)
Earnings Per Share		
Basic loss per share (cents per share)	(0.16)	(0.11)
Diluted loss per share (cents per share)	(0.16)	(0.11)
Earnings Per Share attributable to owners		
Basic loss per share (cents per share)	(0.17)	(0.11)
Diluted loss per share (cents per share)	(0.17)	(0.11)

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 2020**

	Note	As at 31 Dec 2020 \$	As at 30 Jun 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,010,443	866,830
Trade and other receivables	3	717,342	11,766
Inventory		861,369	1
TOTAL CURRENT ASSETS		3,589,154	878,597
NON CURRENT ASSETS			
Property plant and equipment		1,135,285	133,975
Intangible assets	10	1	1
Investment in associates		1	
TOTAL NON CURRENT ASSETS		1,135,287	133,976
TOTAL ASSETS		4,724,441	1,012,573
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4	1,088,042	252,543
Short term borrowings		736,300	-
TOTAL CURRENT LIABILITIES		1,824,342	252,543
TOTAL LIABILITIES		1,824,342	252,543
NET ASSETS		2,900,099	760,030
EQUITY			
Issued capital	5	73,751,629	71,371,829
Option reserve	6	912,600	588,600
Accumulated losses		(72,841,166)	(71,615,706)
Foreign exchange translation reserve		32,241	96,722
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		1,957,304	441,445
Non-controlling interest		942,795	318,585
TOTAL EQUITY		2,900,099	760,030

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 2020**

	<-----Attributable to owners of Stemcell United Limited----->					
	Issued Capital	Option Reserve	Accumulated Losses	Foreign exchange translation reserve	Non-controlling interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	71,371,829	483,600	(70,225,764)	59,047	392,801	2,081,513
Total comprehensive loss for the period	-	-	(681,399)	10,096	(18,537)	(689,840)
Issue of options	-	105,000	-	-	-	105,000
Non-controlling interest on acquisition of subsidiary	-	-	-	-	155	155
Balance at 31 December 2019	71,371,829	588,600	(70,907,163)	69,143	374,419	1,496,828
Balance at 1 July 2020	71,371,829	588,600	(71,615,706)	96,722	318,585	760,030
Total comprehensive loss for the period	-	-	(1,123,460)	(64,481)	67,116	(1,120,825)
Non-controlling interest on acquisition	-	-	-	-	557,094	557,094
Issue of shares	2,379,800	-	-	-	-	2,379,800
Issue of options	-	324,000	-	-	-	324,000
Balance at 31 December 2020	73,751,629	912,600	(72,739,166)	32,241	942,795	2,900,099

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 2020**

	Half year 31 Dec 2020 \$	Half year 31 Dec 2019 \$
CASH FLOWS RELATING TO OPERATING ACTIVITIES		
Receipts from customer	3,749,392	782,668
Payments to suppliers and employees	(4,275,215)	(1,415,670)
Interest and other income received	16,801	14
Interest expense	(25,504)	-
Net cash used in operating activities	(534,525)	(632,988)
CASH FLOWS RELATING TO INVESTING ACTIVITIES		
Cash received on acquisition	12,073	-
Proceeds from non-controlling interest	-	155
Payment of amount owing by related party	-	208,000
Net cash from investing activities	12,073	208,155
CASH FLOWS RELATING TO FINANCING ACTIVITIES		
Issue of Shares, net of issue cost	1,780,800	-
Repayment of borrowings	(59,700)	-
Net cash from financing activities	1,721,100	-
Net decrease in cash and cash equivalents	1,198,648	(424,833)
Cash and cash equivalents at beginning of half year	866,830	1,901,250
Foreign exchange translation	(55,035)	9,197
Cash and cash equivalents at end of half year	2,010,443	1,485,614

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 2020

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

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 2020 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 2020 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.

The accounting policies in these interim financial statements are the same as those applied in the Company’s financial statements for the year ended 30 June 2020, except for the policies stated below.

New accounting standards and interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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: TRADE AND OTHER RECEIVABLES

	31 Dec 2020 \$	30 Jun 2020 \$
CURRENT		
Trade receivables	528,460	-
Other receivables	188,882	11,766
	<u>717,342</u>	<u>334,688</u>

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 4: TRADE AND OTHER PAYABLES

	31 Dec 2020	30 Jun 2020
	\$	\$
CURRENT		
Trade payables	93,345	8,816
Other payables	251,171	70,140
Accruals	630,950	156,265
Deferred income	97,169	
GST payable	15,407	17,322
	<u>1,088,042</u>	<u>252,543</u>

NOTE 5: ISSUED CAPITAL

	31 Dec 2020	30 Jun 2020
	\$	\$
Issued and fully paid ordinary shares	<u>73,751,629</u>	<u>71,371,829</u>
Movements in ordinary shares	Number of shares	A\$
At 1 July 2019	641,608,364	71,371,829
Movement in ordinary shares	198,712,294	2,379,800
At 31 December 2019	<u>840,320,658</u>	<u>73,751,629</u>

NOTE 6: OPTION RESERVE

	31 Dec 2020	30 Jun 2020
	\$	\$
Option Reserve	<u>912,600</u>	<u>588,600</u>
Movements in Option Reserve	Number of options	\$
Balance at 1 July 2019	29,100,000	588,600
Issue of options to directors	27,000,000	324,000
Balance at 31 December 2019	<u>56,100,000</u>	<u>912,600</u>

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 7: RELATED PARTY BALANCES AND TRANSACTIONS

	31 Dec 2020 \$	30 Jun 2020 \$
BALANCES		
Fees and reimbursements owing to directors	(422,000)	(23,220)
Annual leave accrued by directors	(38,555)	(33,557)
	Half year period 31 Dec 2020 \$	Half year period 31 Dec 2019 \$
TRANSACTIONS		
Director fees and salaries	1,019,094	308,965
Corporate services rendered by director	27,000	27,000

NOTE 8: SEGMENT INFORMATION

	Half year period ended 31 Dec 2020				
	Australia \$	Singapore \$	Greater China \$	Malaysia \$	Total \$
Revenue	-	52,267	3,645,137	-	3,697,404
Profit / (Loss)	(1,009,368)	(230,748)	231,420	(47,648)	1,056,344
	As at 31 Dec 2020				
	Australia \$	Singapore \$	Greater China \$	Malaysia \$	Total \$
Total assets	1,550,204	498,680	2,642,060	33,497	4,724,441
Total liabilities	(560,810)	(138,313)	(1,116,373)	(8,846)	(1,824,342)
	Half year period ended 31 Dec 2019				
	Australia \$	Singapore \$	Greater China \$	Malaysia \$	Total \$
Revenue	-	722,675	-	-	722,675
Profit / (Loss)	(367,953)	(288,892)	(35,290)	(7,801)	(699,936)
	As at 30 Jun 2019				
	Australia \$	Singapore \$	Greater China \$	Malaysia \$	Total \$
Total assets	185,415	289,362	527,804	9,992	1,012,573
Total liabilities	(95,451)	(146,270)	(5,233)	(5,589)	(252,543)

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 9: GOING CONCERN

During the half year ended 31 December 2020, the Group incurred a loss of \$1,158,344 (Dec 2019: \$699,936) and had net cash outflows from operating activities of \$534,525 (Dec 2019: \$632,988). At 31 December 2020 the Group had cash of \$2,010,443 (June 2019: \$866,830).

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;
- The receipt of equity funding; or
- Cash generated from future profits.

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.

NOTE 10: INTANGIBLE ASSETS

	31 Dec 2020 \$	30 Jun 2020 \$
Balance of intangible assets at beginning of period	1	1
Goodwill arising on acquisition of subsidiary	22,787	-
Impairment of intangible assets during the period	(22,787)	-
Amortisation during the period	-	-
Balance of intangible assets at reporting date	<u>1</u>	<u>1</u>

Management decided to impair the goodwill in full during the period ended 31 December 2020 as they are unable to quantify the synergy or future cash inflows from the acquisition.

Management have assessed that as earnings continue to be below those forecasted, the carrying value of the investment at 31 December 2020 remains \$1. Should the revenues increase in future, the impairment may be reversed. Any reversal of impairment would result in an increase of the carrying value of the intangible asset equal to the amount of the impairment reversal.

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 11: ACQUISITION OF SUBSIDIARY

On 2 November 2020, the Group acquired 50.1% of the issued shares in Shenzhen Lantene Dingzhi Biotechnology Co Ltd ("Lantene"), an aquaculture company incorporated in the People's Republic of China, for a consideration of \$585,000, to allow the Group to acquire aquaculture expertise and know-how and to expand and develop its aquaculture business in China.

Details of the purchase consideration and the net assets acquired are as follows

Purchase consideration	31 Dec 2020 \$
Cash paid or payable	-
Fair value of shares issued	585,000
Total consideration	<u>585,000</u>
 Fair value of assets and liabilities acquired	 31 Dec 2020 \$
Cash and cash equivalents	12,073
Receivables	747,769
Inventory	959,386
Plant and equipment	1,029,876
Investment in associate	1
Payables	(833,798)
Short term borrowings	<u>(796,000)</u>
Net identifiable assets acquired	1,119,307
Non-controlling interest	(557,094)
Goodwill	<u>22,787</u>
	<u>585,000</u>
 Cashflow effect of acquisition	 31 Dec 2020 \$
Cash paid	-
Cash acquired	12,073
Net cash acquired	<u>12,073</u>

Goodwill

Goodwill arises due to payment in excess of the fair value of assets acquired, with expectation of synergy from acquiring the expertise and know-how of aquaculture and the ability to operate in and having access to China market. The goodwill is fully impaired at balance date as the Company is unable to quantify the synergy or future cash inflows of the acquisition.