



STEMCELL UNITED LIMITED

ACN 009 104 330

Level 12, 680 George Street, Sydney, NSW 2000, Australia

30 April 2020

Company Announcements Platform
Australian Securities Exchange

Quarterly activities report

Stemcell United Limited (ASX:SCU) (“Company”) is pleased to provide this activities update to shareholders for the quarter ended 31 March 2020 (Q3 FY2020).

Board changes:

During the period, the Company appointed Mr Paul Stephenson as a non-executive Director following the resignation of Ms Ee Ting Ng.

Mr Stephenson brings extensive experience to the Board of Directors. Mr Stephenson was a partner at leading national law firm HWL Ebsworth for 13 years before retiring in 2017. Following his retirement from the partnership, he has remained a consultant with HWL Ebsworth and has joined Israeli law firm Afik & Co. as a foreign lawyer.

Mr Stephenson specialises in public and private equity fundraising, initial public offerings and reverse mergers in the Australian and US markets. He has also been involved in M&A with both private and public companies. He has considerable international experience, having acted on cross border transactions in USA, UK, China, Indonesia, Singapore, Malaysia, Hong Kong and Israel.

Stemcell United will leverage Mr Stephenson’s extensive corporate experience and established networks in Australia and Israel as it continues to expand business operations into the cannabis sector.

The Company would like to take this opportunity to thanks Ms Ee Ting Ng for her contribution to Stemcell United and wishes her luck in future endeavours.

Appointment of Dr Kevin Yee Chang as advisor:

Subsequent to the end of the period, SCU appointed Dr Chang to an advisory role to assist the Company in matters relating to traditional herbal medicine development, and business development and product commercialisation opportunities in Australia and the Asian region.

Dr Chang is an accredited traditional Chinese medicines (TCM) practitioner and holds a PhD, Masters and Bachelor Degrees in Chinese Medicine. He has been practising TCM, acupuncture and remedial massage for over two decades in China and Australia. Dr Chang specialises in the use of TCM for the treatment of gastrointestinal disorders, skin disorders, osteoarthritis and rheumatoid arthritis.

He is the president of the NSW Association of Chinese Medicine (www.nswacm.com.au) and a lecturer in Chinese medicine at University of Sydney (Masters course in herbal medicine), University of Western Sydney (Bachelors course in TCM) and the Sydney Institute of TCM.

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Effects of COVID-19 on cash flows:

Receipts from customers for the period were \$95,000, which marks a 33% decrease on the previous quarter (Q2 FY 2020: \$145,000). The Company advises that the decrease in revenue was due to the effects of COVID-19 in key operating markets including China, Singapore and Malaysia.

To deal with the ongoing effects of the pandemic, SCU has implemented a number of cost cutting initiatives and remains vigilant on operating expenditure. As at 31 March 2020, Stemcell United maintained a healthy cash balance of ~\$1.23m.

As restrictions associated with COVID-19 continue to ease, Stemcell United remains confident that day-to-day operations will return to normal and allow the Company to capitalise in the coming months.

Management commentary:

Executive Chairman and CEO Mr Philip Gu said: “While the quarter has been challenging given restrictions put in place in response to COVID-19, Stemcell United has still been able to lay solid foundations as it expands into the cannabis sector.

“We welcome Mr Paul Stephenson to the Board of Directors. Paul has considerable experience in Australia and Israel and will be instrumental to the Company’s next phase of growth. I would also like to take this opportunity to thank Ms Ee Ting Ng for her contribution to SCU.

“As restrictions in our key operating markets are relaxed, we are confident that receipts from customers will increase and multiple opportunities will emerge.”

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

STEMCELL UNITED LIMITED

ABN

57 009 104 330

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...9...months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	95	794
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(64)	(674)
(c) advertising and marketing	-	-
(d) leased assets	(6)	(43)
(e) staff costs	(140)	(330)
(f) administration and corporate costs	(234)	(751)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(349)	(1,004)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...9...months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	208
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	208

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...9...months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,464	1,901
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(349)	(1,004)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	208
4.5	Effect of movement in exchange rates on cash held	117	127
4.6	Cash and cash equivalents at end of period	1,232	1,232

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,232	1,464
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,232	1,464

6. Payments to related parties of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	95
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments for director remunerations and corporate services provided by director.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	-	-
7.2	-	-
7.3	-	-
7.4	-	-

7.5 **Unused financing facilities available at quarter end**

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities**\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)

(349)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

1,232

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

1,232

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

(3.53)

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:30 April 2020.....

Authorised by:the board of directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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