

QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 March 2012
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------------------|---|---------------------------------------|---|
| | Current Year Quarter 31.03.2012 | Preceding Year Quarter 31.03.2011 | Current Year To Date 31.03.2012 | Preceding Year Corresponding Period 31.03.2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 4,296 | 3,841 | 4,296 | 3,841 |
| Costs of Sales | (2,875) | (2,669) | (2,875) | (2,669) |
| Gross Profit | 1,421 | 1,172 | 1,421 | 1,172 |
| Other Income | 381 | 370 | 381 | 370 |
| Administrative Expenses | (1,375) | (1,146) | (1,375) | (1,146) |
| Profit from Operations | 427 | 396 | 427 | 396 |
| Share of Associated Company's Results | (46) | (79) | (46) | (79) |
| Profit Before Taxation | 381 | 317 | 381 | 317 |
| Taxation | (50) | (46) | (50) | (46) |
| Profit Attributable to Shareholders | 331 | 271 | 331 | 271 |
| Basic profit per share (sen) | 0.20 | 0.16 | 0.20 | 0.16 |
| Diluted – profit per share (sen) | 0.20 | 0.16 | 0.20 | 0.16 |
| Effective Tax Rate (%) | 7.62 | 6.89 | 7.62 | 6.89 |

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

**QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 March 2012
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

| | As at End of Current Quarter 31.03.2012 | Audited As at Preceding Financial Year Ended 31.12.2011 |
|--|--|--|
| | RM'000 | RM'000 |
| <u>Non-Current Assets</u> | | |
| Property, Plant and Equipment | 13,953 | 14,181 |
| Investments | 7,619 | 7,665 |
| | 21,572 | 21,846 |
| <u>Current Assets</u> | | |
| Inventories | 803 | 743 |
| Trade Receivables | 1,976 | 2,589 |
| Other Receivables and Deposits | 739 | 674 |
| Amount due from Associated Company | 56 | 55 |
| Tax Recoverable | 134 | 134 |
| Cash and Bank Balances | 53,317 | 49,315 |
| | 57,025 | 53,510 |
| TOTAL ASSETS | 78,597 | 75,356 |
| <u>Equity Attributable to Shareholder</u> | | |
| Share Capital | 16,500 | 16,500 |
| Share Premium | 11,698 | 11,698 |
| Retained Profit | 3,005 | 2,674 |
| Exchange Reserve | 11 | 11 |
| | 31,214 | 30,883 |
| <u>Non-Current Liabilities</u> | | |
| Deferred Income | 42,513 | 39,922 |
| | 42,513 | 39,922 |
| <u>Current Liabilities</u> | | |
| Trade Payables | 491 | 471 |
| Deferred Income | 3,831 | 3,657 |
| Other Payables and Accruals | 548 | 423 |
| | 4,870 | 4,551 |
| TOTAL LIABILITIES | 47,383 | 44,473 |
| TOTAL EQUITY AND LIABILITIES | 78,597 | 75,356 |
| Net Asset per Share Attributable to Ordinary Equity Holders of the Parent (sen) | 18.92 | 18.72 |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

**QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Issued and Paid-up Share Capital | Share Premium | Exchange Reserve | Unappropriated Profit | Total | Minority Interest | Total Equity |
|------------------------------------|----------------------------------|---------------|------------------|-----------------------|---------------|-------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 01 January 2012 | 16,500 | 11,698 | 11 | 2,674 | 30,883 | - | 30,883 |
| Net Profit for the Period | - | - | - | 331 | 331 | - | 331 |
| Balance as at 31 March 2012 | 16,500 | 11,698 | 11 | 3,005 | 31,214 | - | 31,214 |
| Balance as at 01 January 2011 | 16,500 | 11,698 | 43 | 2,843 | 31,084 | - | 31,084 |
| Net Profit for the Period | - | - | - | 271 | 271 | - | 271 |
| Dividends Paid | - | - | - | (1,650) | (1,650) | - | (1,650) |
| Balance as at 31 March 2011 | 16,500 | 11,698 | 43 | 1,464 | 29,705 | - | 29,705 |

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

**QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2012
(The figures have not been audited)**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Current Year To Date Ended 31.03.2012 | Corresponding Year To Date Ended 31.03.2011 |
|---|--|--|
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Inflow | | |
| Receipts from Customers | 7,673 | 6,905 |
| Cash Outflow | | |
| Payment to Suppliers | 2,797 | 2,345 |
| Payment for Taxation | 50 | 46 |
| Payment for Overheads | 1,178 | 1,648 |
| | 4,025 | 4,039 |
| Net Cash Flow from Operating Activities | 3,648 | 2,866 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Properties, Plants And Equipments | (27) | (1,023) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash Inflow | | |
| Other Income | 381 | 370 |
| Cash Outflow | | |
| Dividend Paid | - | 1,650 |
| Amount Owing by Associated Company | - | 2 |
| | - | 1,652 |
| Net Cash Flow from Financing Activities | 381 | (1,282) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 4,002 | 561 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 49,315 | 47,875 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 53,317 | 48,436 |

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

**QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2012
(The figures have not been audited)**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A – EXPLANATORY NOTES

A 1. Basis of Preparation

The condensed consolidated interim financial statements (Condensed Report) is not audited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting in Malaysian, International Accounting Standard (“IAS”) 34 and Part K, Rule 9.22 (Appendix 9B) of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Securities Exchange”) for the ACE Market.

This Condensed Report does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements of StemLife and its subsidiary and associated companies (“the Group”) for the financial year ended 31 December 2011.

The accounting policies used in the preparation of interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2011.

The explanatory notes attached to this Condensed Report provides an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

A 2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2011 was not qualified.

A 3. Seasonal and Cyclical Factors

The Group’s business operation results were not affected by any seasonal or cyclical factors.

A 4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow during the current financial quarter under review, that are unusual by reason of their nature, size or incidence.

A 5. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years, which have a material effect on the current financial quarter under review.

A 6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current financial quarter under review.

A 7. Dividends Paid

No dividends have been paid during this quarter.

A 8. Segmental Information

The Group operates predominantly in Malaysia and is principally involved in the provision of stem cell banking services. As such, the financial information by geographical and industry segments of the Group's operations are not applicable.

A 9. Valuation of Property, Plant and Equipment

There has been no valuation on any of the Group's property, plant and equipment during the current financial quarter under review.

A 10. Subsequent Events

There are no material events subsequent for the current reporting quarter.

A 11. Changes in the Composition of the Group

There are no changes in the composition of the Group during the current financial quarter under review.

A 12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities or contingent assets since the last annual balance sheet date as at 31 December 2011.

**QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2012
(The figures have not been audited)**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE ACE MARKET

B 1. PERFORMANCE REVIEW

Quarter ended 31 March 2012

The Group recorded revenue of RM4.3 million against RM3.84 million (Q1 – 2011), an increase of 12%. This is primarily due to increase in the storage income which shows an increase of 9% compared to the corresponding quarter. In addition, processing revenue increased by 9% against Q1 – 2011 due to the average 8% increase of processing fee and higher number of new signed-up cases (1%).

Cost of sales increase by 8% due to higher staff cost arising from annual adjustment to the payroll.

Gross profit was RM1.42 million (Q1 2011 – RM1.17 million) an increase of 21%. The improved margin is due to higher storage income and better processing fee for signed-up cases in Q1-2012. With the higher number of signed-up cases, the consumable and variable cost per signed-up case is also higher.

Administrative expenses increase by 20% due to higher staff cost from annual adjustment to the payroll and higher bank charges.

Thai Stemlife register a lower loss and Stemlife share of the loss was RM46,000 (2011 – RM79,000). The Thai market is still recovering from the economic and political crisis with no improvement in the market demand for our services.

Net profit after taxation was RM331,000 compared to a profit of RM271,000 registered in the corresponding quarter, an increase of 22%. This is mainly due to better gross profit margin.

B 2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

| | Q1 - 2012 RM'000 | Q4 – 2011 RM'000 |
|-------------------------|-----------------------------|-----------------------------|
| Revenue | 4,296 | 5,053 |
| Gross Profit | 1,421 | 2,093 |
| Profit Before Tax [PBT] | 381 | 1,718 |
| Profit After Tax [PAT] | 331 | 1,724 |

For the quarter under review, the Group recorded revenue of RM4.3 million compared to RM5.05 million recorded in preceding quarter (Q4 2011), a decrease of 15%. This is due to lower processing fees as a result of 12% reduction in new signed up cases recognized and lower annual storage fees recognized in 1Q-2012 as compared to Q4-2011.

Gross profit was RM1.42 million compared to RM2.09 million in the preceding quarter, a decrease of 32% from lower processing and storage fee income compare to the preceding quarter.

The Group registered a profit after taxation of RM331,000 compared to RM1.72 million in Q4-2011, a decrease of 78%. The better results in Q4-2011 is due to the higher gross profit margin and a gain on investment of RM623,000 on the restructuring of the HSC Group.

B 3. PROSPECTS OF THE GROUP

The Directors of Stemlife are of the opinion that the Group’s results for the financial year ending 31 December 2012 will continue to be challenging with no new development in the stem cell industry and government regulations.

B 4. VARIANCE OF ACTUAL AND FORECAST PROFIT

The Group did not issue any profit forecast for the financial period or year ending 31 December 2012 and therefore information on variance from profit forecast is not applicable.

B 5. TAXATION

The taxation figures are as follows:

| | Current Quarter | Cumulative Year to Date |
|-------------------------------|----------------------------|------------------------------------|
| | RM’000 | RM’000 |
| Estimated current tax payable | 50 | 50 |

The statutory corporate income tax rate applicable to StemLife is 25%. However, the company’s income which is mainly derived from approved BioNexus activities i.e. involving its cord blood and peripheral blood stem cells banking activities, are not subjected to income tax. The income tax payable recorded for the period is a result of other income and profits of other subsidiaries which are subjected to Malaysian and Thailand corporate income tax.

B 6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of any unquoted investments and/or properties for the current financial quarter and financial year to date.

B 7. PURCHASE OF QUOTED SECURITIES

There were no purchases of quoted securities during the financial period under review.

B 8. STATUS OF CORPORATE PROPOSALS

There is no corporate proposal announced but not completed as at the date of this report.

B 9. STATUS OF UTILISATION OF LISTING PROCEEDS

StemLife Berhad (“StemLife” or the “Company”) was listed on the ACE Market (formerly known as the MESDAQ Market) on 17 October 2006. The Company raised RM13.2 million from its Initial Public Offering (“IPO”) and the details of utilisation of such proceeds as at 31 March 2012 is as follows:

| Purpose | Proposed Utilisation | Initial Timeframe for Utilisation | Actual Utilisation | Balance of Amount Allocated | % | Extended Timeframe for Utilisation | Explanations |
|-----------------------|----------------------|--|--------------------|-----------------------------|-----------|------------------------------------|----------------|
| | RM'000 | | RM'000 | RM'000 | | | |
| Third Laboratory | 2,600 | Within three (3) years from the Date of Listing i.e. 17 October 2006 (“Date of Listing”) | 2,600 | - | - | - | |
| Laboratory Equipments | 3,000 | Within three (3) years from Date of Listing | 1,153 | 1,847 | 61.6 | By 31 December 2013 | ^ ## ### |
| Logistics Expansion | 600 | Within three (3) years from Date of Listing | 600 | - | - | - | |
| Branches Expansion | 2,500 | Within three (3) years from Date of Listing | 2,500 | - | - | - | |
| Working Capital | 2,500 | - | 2,998 | (498)* | - | - | * |
| Listing Expenses | 2,000 | - | 1,502 | 498* | - | - | * |
| | 13,200 | - | 11,353 | 1,847 | 14 | - | |

Notes:

The under utilisation of the listing expenses was adjusted to working capital and utilised fully in the 1st quarter 2007.

^ The approved timeframe for utilization is 3 years from the date of listing.

The Board of Directors had on 20 October 2009 approved and announced the extension of time for the utilisation of the balance of the IPO proceeds to 31 March 2012.

The Board of Directors had on 23 February 2012 approved and announced the extension of time for the utilisation of the balance of the IPO proceeds in the extended timeframe mentioned.

B 10. BORROWINGS AND DEBT SECURITIES

As at the current period under review, the Group does not have any borrowings and debt securities.

B 11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at the date of this report, there are no off balance sheet financial instruments.

B 12. MATERIAL LITIGATIONS

As at the date of this report, there are no material litigations against StemLife and its subsidiary companies or taken by StemLife and its subsidiary companies except for the following:

- (1) Suit against Bristol Myers Squibb Sdn Bhd (“BMS”) and Arachnid Sdn Bhd (“ASB”)
 - (i) The suit was filed by the Company in the Kuala Lumpur High Court on 22 May 2008 against BMS and ASB for defamatory articles posted on the MeadJohnson website. The Company sought relief by way of an injunction and damages.
 - (ii) BMS and ASB had on 26 September 2008 and 28 October 2008 respectively filed applications to strike out the Company’s claim on, inter alia, the basis that it disclosed no cause of action against them. The Company’s solicitors filed Affidavits in Reply to the said applications on 30 January 2009. BMS had also on 3 November 2008 amended its Statement of Defence and Counter Claim. As the amendment had no significant effect on the Company’s cause of action and its claim against BMS, the Company’s solicitors did not file any amendments to the Company’s Reply to Defence and Counterclaim.
 - (iii) At the scheduled hearing of the suit for case management of BMS and ASB’s applications to strike out the Company’s claim on 17 February 2009, the Court directed as follows:
 - (a) In respect of ASB’s striking out application, counsels for both ASB and the Company filed written submissions on 3 April 2009 and the hearing of the applications was fixed for 21 April 2009. The Company’s suit against ASB was struck off by the High Court on 21 April 2009. The Company appealed against the said decision on 30 April 2009.
 - (b) With regard to BMS’s striking out application, the hearing was fixed for 23 July 2009. At the hearing of BMS’s application the High Court struck out the Company’s suit against it. The Company has on 31 July 2009 filed an appeal against the said decision. The Court of Appeal had on 18 August 2010 heard both the appeals against ASB and BMS respectively and allowed both the Company’s appeals. The High Court had fixed 27 October 2010 for case management. Various case managements were held in relation to the preparation and filing of inter alia documents, statement of agreed facts and issues to be tried.
 - (c) On 17 May 2012 the court directed that the matter be tentatively fixed for trial on 20, 21 and 22 November 2012. The next case management is scheduled for 4 July 2012 for the Court to confirm trial dates and hand down further directions.
- (2) Suit against Tan Yen Nee (“TYN”) and Cellsafe International Sdn Bhd (“CSI”)
 - (i) The Company had filed a suit in the Kuala Lumpur High Court on 11 August 2008 against CSI and TYN for injunction and damages for defamatory statements made against the Company.
 - (ii) The Company had filed an amendment to its Statement of Claim on 17 October 2008. The amended Writ and Statement of Claim was served on CSI and TYN on 12 and 13 November 2008 respectively.
 - (iii) The solicitors for TYN and CSI had filed an application to strike out the Company’s claim and for leave to defer the filing of Statement of Defense pending the disposal of the striking out application. The solicitors for the Company had filed its affidavit in reply on 20 February 2009. The hearing was scheduled for 1 April 2009 and the Court directed the parties to finalise all affidavits by 19 May 2009.

- (iv) On 19 May 2009, the case management of TYN and CSI's application to strike out was scheduled for 5 August 2009 and the High Court directed the parties to prepare and hand over their respective written submissions on 15 September 2009 and scheduled the hearing date of TYN and CSI's application to strike out for 8 October 2009.
- (v) TYN and CSI's application to strike out the Company's claim was dismissed with costs by the Court on 16 October 2009. The Company solicitors had applied for case management for the matter and the Court fixed 13 December 2010 for mention and for the Company to file an application for to amend its claim.
- (vi) The Company filed an application for to amend its claim. At the hearing of the aforesaid application on 22 February 2011, the parties' solicitors submitted written submissions. The Court fixed 8 March 2011 for hearing / clarification. The case management was also fixed for 16 March 2011. The court allowed the company's application to amend with costs to TYN and CSI. TYN and CSI had filed an appeal against the aforesaid decision. The company solicitors had appealed against the award of costs.
- (vii) The parties had various case managements over the matter. The Court has scheduled 16 and 25 of May 2012 for mediation of the matter between the parties concerned.

B 13. DIVIDENDS

No dividends were declared during the financial quarter under review or the financial period year to date.

B 14. EARNINGS PER SHARE ("EPS")

(i) Basic EPS

The basic EPS is calculated by dividing the net earnings attributable to shareholders for the period by the weighted average number of ordinary shares in issue during the period.

| | Current Year Quarter 31.03.2012 | Current Year To Date 31.03.2012 |
|--|--|--|
| Net Profit Attributable to Ordinary Shareholders (RM'000) | 331 | 331 |
| Weighted Average Number of Ordinary Shares of RM0.10 each in Issue ('000s) | 165,000 | 165,000 |
| Basic Earnings per Share (sen) | 0.20 | 0.20 |

(ii) Diluted EPS

The company does not have any convertible shares or convertible financial instruments for the current financial quarter and financial year to date.

B 15. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The breakdown of accumulative earning of the Group and the Company as at the reporting date, into realised and unrealised losses is as follows:

| | As at 31.03.2012 RM'000 | As at 31.12.2011 RM'000 |
|--|--|--|
| - Realised | 668 | 291 |
| - Unrealised | - | - |
| | <hr/> 668 | <hr/> 291 |
| Total share of retained earnings from associated company | | |
| - Realised | 380 | 426 |
| | <hr/> 1,048 | <hr/> 717 |
| Consolidation adjustments | 1,957 | 1,957 |
| Retained earnings per financial statements | <hr/> 3,005 | <hr/> 2,674 |

B 16. AUTHORISED FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors of StemLife in accordance with a resolution of the directors dated 24 May 2012.

By Order of the Board

Laang Jhe How (MIA 25193)
 Company Secretary
 24 May 2012