

**QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(The figures have not been audited)**

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2012	Preceding Year Quarter 30.06.2011	Current Year To Date 30.06.2012	Preceding Year Corresponding Period 30.06.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	4,825	4,520	9,122	8,361
Costs of Sales	(2,989)	(2,941)	(5,864)	(5,609)
Gross Profit	1,836	1,579	3,258	2,752
Other Income	375	359	756	729
Administrative Expenses	(1,459)	(1,331)	(2,834)	(2,478)
Profit from Operations	752	607	1,180	1,003
Share of Associated Company's Results	(28)	(73)	(75)	(152)
Profit Before Taxation	724	534	1,105	851
Taxation	(49)	(92)	(99)	(138)
Profit Attributable to Shareholders	675	442	1,006	713
Basic profit per share (sen)	0.41	0.27	0.61	0.43
Diluted – profit per share (sen)	0.41	0.27	0.61	0.43
Effective Tax Rate (%)	6.77	17.23	8.96	16.20

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 SECOND QUARTER ENDED 30 JUNE 2012
 (The figures have not been audited)
 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at End of Current Quarter 30.06.2012	Audited As at Preceding Financial Year Ended 31.12.2011
	RM'000	RM'000
<u>Non-Current Assets</u>		
Property, Plant and Equipment	13,777	14,181
Investments	5,418	7,665
	19,195	21,846
<u>Current Assets</u>		
Inventories	809	743
Trade Receivables	2,251	2,589
Other Receivables and Deposits	855	674
Amount due from Associated Company	-	55
Tax Recoverable	134	134
Cash and Bank Balances	59,288	49,315
	63,337	53,510
TOTAL ASSETS	82,532	75,356
<u>Equity Attributable to Shareholder</u>		
Share Capital	16,500	16,500
Share Premium	11,698	11,698
Retained Profit	3,680	2,674
Exchange Reserve	11	11
	31,889	30,883
<u>Non-Current Liabilities</u>		
Deferred Income	45,268	39,922
	45,268	39,922
<u>Current Liabilities</u>		
Trade Payables	477	471
Deferred Income	4,165	3,657
Other Payables and Accruals	733	423
	5,375	4,551
TOTAL LIABILITIES	50,643	44,473
TOTAL EQUITY AND LIABILITIES	82,532	75,356
Net Asset per Share Attributable to Ordinary Equity Holders of the Parent (sen)	19.33	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 SECOND QUARTER ENDED 30 JUNE 2012
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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	-	-	-	1,006	1,006	-	1,006
Balance as at 30 June 2012	16,500	11,698	11	3,680	31,889	-	31,889
Balance as at 01 January 2011	16,500	11,698	43	2,842	31,084	-	31,084
Net Profit for the Period	-	-	-	713	713	-	713
Dividends Paid	-	-	-	(3,300)	(3,300)	-	(3,300)
Balance as at 30 June 2011	16,500	11,698	43	257	28,497	-	28,497

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 SECOND QUARTER ENDED 30 JUNE 2012
(The figures have not been audited)**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 30.06.2012	Corresponding Year To Date Ended 30.06.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflow		
Receipts from Customers	15,313	14,491
Cash Outflow		
Payment to Suppliers	5,700	5,328
Payment for Taxation	99	138
Payment for Overheads	2,433	3,806
	8,232	9,272
Net Cash Flow from Operating Activities	7,081	5,219
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Properties, Plants And Equipments	(92)	(1,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflow		
Disposal of Share of Investment	2,172	-
Amount Owing by Associated Company	56	-
Other Income	756	728
	2,984	728
Cash Outflow		
Dividend Paid	-	3,300
Amount Owing by Associated Company	-	55
	-	3,355
Net Cash Flow from Financing Activities	2,984	(2,627)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,973	1,567
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	49,315	47,875
CASH AND CASH EQUIVALENTS AT END OF PERIOD	59,288	49,442

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 SECOND QUARTER ENDED 30 JUNE 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

For the financial year ended 31 December 2011, the Company had on 6 July 2012, paid a total dividend of RM1,650,000 consisting of first and final single tier dividend of 10% which was approved at the Company's Annual General Meeting held on 24 May 2012.

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
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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 30 June 2012

The Group recorded revenue of RM4.8 million against RM4.5 million (Q2 – 2011), an increase of 6.7%. This is primarily due to increase in the storage income which shows an increase of 10% compared to the corresponding quarter. In addition, processing revenue increased by 3% against Q2 – 2011 due to the average 8% increase of processing fee and higher number of new signed-up cases (1%).

Cost of sales increased by 5% due to higher staff cost arising from annual adjustment to the payroll.

Gross profit was RM1.8 million (Q2 2011 – RM1.6 million) an increase of 16%. The improved margin is due to higher storage income and better processing fee for signed-up cases in Q2-2012.

Administrative expenses increased by 10% due to higher staff cost from annual adjustment to the payroll and higher bank charges.

Thai Stemlife registered a lower loss and Stemlife share of the loss was RM29,000 (2011 – RM73,000). The Thai market has yet to recover from the economic and political crisis with no improvement in the market demand for our services.

Net profit after taxation was RM675,000 compared to a profit of RM442,000 registered in the corresponding quarter, an increase of 53%. This is mainly due to higher income and better cost control.

6 months ended 30 June 2012

For the 6 months ended 30 June 2012, the Group recorded revenue of RM9.1 million compared to RM8.4 million for the same period in 2011, an increase of 9%. The increase is primarily due to the higher processing fee income in 2012, which shows an increase of 8%, due to the high pricing per new signed up case and storage income in 2012 against the same period in 2011, an increase of 10%.

Gross profit for the 6 months ended 30 June 2012 was 3.3 million against RM2.8 million, an increase of 18%. This is due to better sales margins and higher storage income in 2012 against the same period in 2011.

The Group's profit after taxation for the 6 months ended 30 June 2012 was RM1 million against RM713,000 for the same period of 2011. This increase was mainly due to the better margin from higher pricing per new signed up case and higher storage income in 2012 against 2011.

B 2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q2 - 2012 RM'000	Q1 - 2012 RM'000
Revenue	4,825	4,296
Gross Profit	1,836	1,421
Profit Before Tax [PBT]	724	381
Profit After Tax [PAT]	675	331

For the quarter under review, the Group recorded revenue of RM4.8 million compared to RM4.3 million in the preceding quarter (Q1 2012), an increase of 12%. This is due to an 11% increase new signed up cases recognized and higher annual storage fees recognized in Q2-2012 as compared to Q1-2012.

Gross profit was RM1.8 million compared to RM1.4 million in the preceding quarter, an increase of 29% from higher processing and storage fee income compare to the preceding quarter.

The Group registered a profit after taxation of RM675,000 compared to RM331,000 in Q1-2012, a increase of 104%. The better result in Q2-2012 is due to the higher income and better gross profit margin.

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	49	99

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 30 June 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 parties informed the Court on 26 July 2012 that they have complied with the relevant case management directions to date. The Court further directed the matter be fixed for final case management on 9 November 2012. The trial dates are maintained.
- (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.
- (viii) The Company has withdrawn the case on 29 June 2012 with an apology.

B 13. DIVIDENDS

No dividend 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 30.06.2012	Current Year To Date 30.06.2012
Net Profit Attributable to Ordinary Shareholders (RM'000)	675	1,006
Weighted Average Number of Ordinary Shares of RM0.10 each in Issue ('000s)	165,000	165,000
Basic Earnings per Share (sen)	0.41	0.61

(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 30.06.2012 RM'000	As at 31.12.2011 RM'000
- Realised	1,371	291
- Unrealised	-	-
	<hr/> 1,371	<hr/> 291
Total share of retained earnings from associated company		
- Realised	397	426
	<hr/> 1,768	<hr/> 717
Consolidation adjustments	1,912	1,957
Retained earnings per financial statements	<hr/> 3,680	<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 14 August 2012.

By Order of the Board

Laang Jhe How (MIA 25193)
Company Secretary
14 August 2012