

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2012	Preceding Year Quarter 31.12.2011	Current Year To Date 31.12.2012	Preceding Year Corresponding Period 31.12.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	5,749	5,053	20,238	17,937
Costs of Sales	(3,278)	(2,960)	(12,298)	(11,362)
Gross Profit	2,471	2,093	7,940	6,575
Other Income	506	995	3,514	2,085
Administrative Expenses	(1,565)	(1,315)	(5,970)	(4,988)
Profit from Operations	1,412	1,773	5,484	3,672
Share of Associated Company's Results	105	(55)	219	(357)
Profit Before Taxation	1,517	1,718	5,703	3,315
Taxation	(50)	6	(198)	(183)
Profit Attributable to Shareholders	1,467	1,724	5,505	3,132
Basic profit per share (sen)	0.87	1.05	3.28	1.90
Diluted – profit per share (sen)	0.87	1.05	3.28	1.90
Effective Tax Rate (%)	3.30	0.34	3.47	5.52

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 FOURTH QUARTER ENDED 31 DECEMBER 2012
 (The figures have not been audited)
 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at End of Current Quarter 31.12.2012	Audited As at Preceding Financial Year Ended 31.12.2011
	RM'000	RM'000
<u>Non-Current Assets</u>		
Property, Plant and Equipment	13,598	14,181
Investments	1,552	7,665
	15,150	21,846
<u>Current Assets</u>		
Inventories	803	743
Trade Receivables	2,612	2,589
Other Receivables and Deposits	742	674
Amount due from Associated Company	24	55
Tax Recoverable	38	134
Cash and Bank Balances	70,333	49,315
	74,552	53,510
TOTAL ASSETS	89,702	75,356
<u>Equity Attributable to Shareholder</u>		
Share Capital	24,750	16,500
Share Premium	3,448	11,698
Retained Profit	6,529	2,674
Exchange Reserve	5	11
	34,732	30,883
<u>Non-Current Liabilities</u>		
Deferred Income	49,698	39,922
	49,698	39,922
<u>Current Liabilities</u>		
Trade Payables	426	471
Deferred Income	4,134	3,657
Other Payables and Accruals	687	423
Taxation	25	-
	5,272	4,551
TOTAL LIABILITIES	54,970	44,473
TOTAL EQUITY AND LIABILITIES	89,702	75,356
Net Asset per Share Attributable to Ordinary Equity Holders of the Parent (sen)	20.68	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 FOURTH QUARTER ENDED 31 DECEMBER 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
	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
Bonus Issued	8,250	(8,250)	-	-	-
Net Profit for the Period	-	-	-	5,505	5,505
Dividends Paid	-	-	-	(1,650)	(1,650)
Currency Translation Differences	-	-	(6)	-	(6)
Balance as at 31 December 2012	24,750	3,448	5	6,529	34,732
Balance as at 01 January 2011	16,500	11,698	43	2,842	31,083
Net Profit for the Period	-	-	-	3,132	3,132
Dividends Paid	-	-	-	(3,300)	(3,300)
Currency Translation Differences	-	-	(32)	-	(32)
Balance as at 31 December 2011	16,500	11,698	11	2,674	30,883

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 FOURTH QUARTER ENDED 31 DECEMBER 2012
(The figures have not been audited)**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 31.12.2012	Corresponding Year To Date Ended 31.12.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflow		
Receipts from Customers	30,468	29,811
Cash Outflow		
Payment to Suppliers	12,021	10,975
Payment for Taxation	78	241
Payment for Overheads	5,223	5,324
	17,322	16,540
Net Cash Flow from Operating Activities	13,146	13,271
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflow		
Proceeds from disposal of investment in associated company	2,172	-
Proceeds from disposal of other investment	6,000	-
	8,172	-
Cash Outflow		
Purchase of Properties, Plants And Equipments	349	9,916
Net Cash Flow from Investing Activities	7,823	(9,916)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflow		
Amount Owing by Associated Company	31	-
Other Income	1,668	1,440
	1,699	1,440
Cash Outflow		
Dividend Paid	(1,650)	(3,300)
Amount Owing by Associated Company	-	(55)
	(1,650)	(3,355)
Net Cash Flow from Financing Activities	49	(1,915)
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,018	1,440
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	49,315	47,875
CASH AND CASH EQUIVALENTS AT END OF PERIOD	70,333	49,315

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 FOURTH QUARTER ENDED 31 DECEMBER 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
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 December 2012

The Group recorded revenue of RM5.7 million against RM5.1 million (Q4 – 2011), an increase of 12%. This is due to increase in the storage income which shows an increase of 11% compared to the corresponding quarter. In addition, processing revenue increased by 19% against Q4 – 2011 due to the average 5% increase of processing fee and higher number of new signed-up cases (2%).

Cost of sales increased by 15% due to higher staff cost arising from annual adjustment to the payroll.

Gross profit was RM2.5 million (Q4 2011 – RM2.1 million) an increase of 19%. The improved margin is due to higher storage income and better yield from processing fee for signed-up cases in Q4-2012.

Administrative expenses increased by 6% due to higher staff cost from annual adjustment to the payroll and higher bank charges and professional fee incurred.

Thai Stemlife registered a profit after taxation of RM262,000 and Stemlife share was RM105,000 (2011 – Loss RM55,000). The market in Thailand continues to remain flat.

Net profit after taxation was RM1.5 million compared to RM1.7 million registered in the corresponding quarter, a decrease of 12%.

12 months ended 31 December 2012

For the 12 months ended 31 December 2012, the Group recorded revenue of RM20.2 million compared to RM17.9 million for the same period in 2011, an increase of 13%. The increase is primarily due to the higher processing fee income in 2012, which shows an increase of 12%, from higher pricing per new signed up case and increase in storage income in 2012 against the same period in 2011 of 10%.

Gross profit for the 12 months ended 31 December 2012 was 7.9 million against RM6.6 million, an increase of 20%. 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 12 months ended 31 December 2012 was RM5.5 million against RM3.1 million for the same period of 2011. This increase was primarily due to gain from the disposal of the investment of RM 1.8 million in HSC Healthcare Sdn Bhd and better margin from higher pricing per new signed up case and increase in storage income in 2012 against 2011.

B 2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q4 - 2012 RM'000	Q3 – 2012 RM'000
Revenue	5,749	5,367
Gross Profit	2,471	2,211
Profit Before Tax [PBT]	1,517	3,081
Profit After Tax [PAT]	1,467	3,032

For the quarter under review, the Group recorded revenue of RM5.8 million compared to RM5.4 million in the preceding quarter (Q3 2012), an increase of 7%. This is due to higher processing fees in Q4-2012 as compared to Q3-2012.

Gross profit was RM2.5 million compared to RM2.2 million in the preceding quarter, an increase of 14% from higher processing and storage fee income compare to the preceding quarter.

The Group registered a profit after taxation of RM1.5 million compared to RM3.0 in Q3-2012, a decrease of 50%. The better result in Q3-2012 was mainly due to the gain on disposal of the investment in HSC Healthcare Sdn Bhd of RM 1.8 million.

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 2013 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.

B 5. TAXATION

The taxation figures are as follows:

	Current Quarter	Cumulative Year to Date
	RM'000	RM'000
Estimated current tax payable	50	198

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

Except for the disposal of the investment in HSC Healthcare Sdn Bhd for a cash consideration of RM6 million (original costs of investment is RM6 million) and our investment in Indonesia, Prodia Stemlife Indonesia (PSI) for RM 2.2 million, 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

Except for the Bonus Issue of 1 new ordinary share for every 2 existing ordinary shares as announced on 30 October 2012, 31 October 2012, 7 November 2012 and 18 December 2012 which was completed on 19 December 2012, 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 December 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.
 - (iv) 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. At the final case management on 9 November 2012 the parties informed the Court that they would proceed with the trial on the said dates.
 - (v) BMS withdrew its counter claim against the Company prior to the commencement of the trial on the scheduled dates. The trial was then proceeded with and it was completed at the continued hearing on 23 January 2013. The parties solicitors were directed to complete their respective written submissions by 27 March 2013. The Court is scheduled to deliver its decision on 3 April 2013.

B 13. DIVIDENDS

No dividend was 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 31.12.2012	Current Year To Date 31.12.2012
Net Profit Attributable to Ordinary Shareholders (RM'000)	1,467	5,505
Weighted Average Number of Ordinary Shares of RM0.10 each in Issue ('000s)	167,930	167,930
Basic Earnings per Share (sen)	0.87	3.28

(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 into realised and unrealised profits (losses) is as follows:

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
- Realised	510	291
- Unrealised	3,416	-
	<hr/>	<hr/>
	3,926	291
Total share of retained earnings from associated company		
- Realised	607	426
	<hr/>	<hr/>
	4,533	717
Consolidation adjustments	1,996	1,957
	<hr/>	<hr/>
Retained earnings per financial statements	6,529	2,674
	<hr/>	<hr/>

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 25 February 2013.

By Order of the Board

Laang Jhe How (MIA 25193)

Company Secretary
25 February 2013