

QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 March 2013
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2013	Preceding Year Quarter 31.03.2012	Current Year To Date 31.03.2013	Preceding Year Corresponding Period 31.03.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	4,378	4,296	4,378	4,296
Costs of Sales	(2,732)	(2,875)	(2,732)	(2,875)
Gross Profit	1,646	1,421	1,646	1,421
Other Income	497	381	497	381
Administrative Expenses	(1,439)	(1,375)	(1,439)	(1,375)
Profit from Operations	704	427	704	427
Share of Associated Company's Results	110	(46)	110	(46)
Profit Before Taxation	814	381	814	381
Taxation	(57)	(50)	(57)	(50)
Profit Attributable to Ordinary Equity Holders of the Parent	757	331	757	331
Basic profit per share (sen)	0.31	0.20	0.31	0.20
Diluted – profit per share (sen)	0.31	0.20	0.31	0.20
Effective Tax Rate (%)	7.00	13.12	7.00	13.12

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

**QUARTERLY REPORT
 FOR THE FIRST QUARTER ENDED 31 March 2013
 (The figures have not been audited)
 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at End of Current Quarter 31.03.2013	Audited As at Preceding Financial Year Ended 31.12.2012
	RM'000	RM'000
<u>Non-Current Assets</u>		
Property, Plant and Equipment	13,728	13,598
Investments	1,663	1,552
	15,391	15,150
<u>Current Assets</u>		
Inventories	954	803
Trade Receivables	2,321	2,612
Other Receivables and Deposits	734	742
Amount due from Associated Company	37	24
Tax Recoverable	38	38
Cash and Bank Balances	72,407	70,333
	76,491	74,552
TOTAL ASSETS	91,882	89,702
<u>Equity Attributable to Ordinary Equity Holders of the Parent</u>		
Share Capital	24,750	24,750
Share Premium	3,448	3,448
Retained Profit	7,329	6,572
Exchange Reserve	(38)	(38)
	35,489	34,732
<u>Non-Current Liabilities</u>		
Deferred Income	51,015	49,698
	51,015	49,698
<u>Current Liabilities</u>		
Trade Payables	398	426
Deferred Income	4,339	4,134
Other Payables and Accruals	616	687
Taxation	25	25
	5,378	5,272
TOTAL LIABILITIES	56,393	54,970
TOTAL EQUITY AND LIABILITIES	91,882	89,702
Net Asset per Share Attributable to Ordinary Equity Holders of the Parent (sen)	14.34	20.68

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

QUARTERLY REPORT
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 (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 2013	24,750	3,448	(38)	6,572	34,732
Net Profit for the Period	-	-	-	757	757
Balance as at 31 March 2013	24,750	3,448	(38)	7,329	35,489
Balance as at 01 January 2012	16,500	11,698	11	2,674	30,883
Net Profit for the Period	-	-	-	331	331
Balance as at 31 March 2012	16,500	11,698	11	3,005	31,214

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 2012.

**QUARTERLY REPORT
 FOR THE FIRST QUARTER ENDED 31 MARCH 2013
 (The figures have not been audited)**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 31.03.2013	Corresponding Year To Date Ended 31.03.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflow		
Receipts from Customers	6,191	7,673
Cash Outflow		
Payment to Suppliers	2,817	2,797
Payment for Taxation	57	50
Payment for Overheads	1,409	1,178
	4,283	4,025
Net Cash Flow from Operating Activities	1,908	3,648
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Properties, Plants And Equipments	(319)	(27)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflow		
Other Income	497	381
Cash Outflow		
Amount Owing by Associated Company	12	-
Net Cash Flow from Financing Activities	485	381
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,074	4,002
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	70,333	49,315
CASH AND CASH EQUIVALENTS AT END OF PERIOD	72,407	53,317

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

**QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2013
(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 unaudited 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 2012.

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 2012.

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 2012.

A 2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2012 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 2012.

**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 31 March 2013

The Group recorded revenue of RM4.38 million against RM4.30 million (Q1 – 2012), an increase of 2%. This is due to increase in the storage income which shows an increase of 11% compared to the corresponding quarter. However, processing revenue decreased by 4% against Q1 – 2012 due to the lower number of new signed-up cases.

Cost of sales decrease by 5% due to lower staff cost arising from reduce number of sales staff.

Gross profit was RM1.65 million (Q1 2012 – RM1.42 million) an increase of 16%. The improved margin is due to higher storage income in Q1-2013.

Administrative expenses had increased by 5% due to higher payroll cost from annual increment and one off professional fees incurred due to the bonus issue in 2012.

Thai Stemlife registered a profit and Stemlife share of the profit was RM110,000 (2012 – Loss RM46,000).

Net profit after taxation was RM757,000 compared to a profit of RM331,000 registered in the corresponding quarter, an increase of 129%. This is mainly due to better gross profit margin & high profit in Thai Stemlife.

B 2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q1 – 2013 RM'000	Q4 – 2012 RM'000
Revenue	4,378	5,749
Gross Profit	1,646	2,471
Profit Before Tax [PBT]	814	1,517
Profit After Tax [PAT]	757	1,467

For the quarter under review, the Group recorded revenue of RM4.38 million compared to RM5.75 million recorded in preceding quarter (Q4-2012), a decrease of 24%. This is due to lower processing fees as a result of 28% reduction in new signed up cases recognized and lower annual storage fees recognized in 1Q-2013 as compared to Q4-2012.

Gross profit was RM1.65 million compared to RM2.47 million in the preceding quarter, a decrease of 33% from lower processing and storage fee income compare to the preceding quarter.

The Group registered a profit after taxation of RM757,000 compared to RM1.47 million in Q4-2012, a decrease of 49%. The better result in Q4-2012 is due to the higher revenue achieved in Q4-2012.

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 2013 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	57	57

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 2013 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 was to deliver its decision on 3 April 2013. It was deferred to 18 April 2013 for further clarifications and submissions.
 - (vi) Subsequent to the clarifications and submissions from the parties’ respective counsels on the said 18 April 2013, the Court reserved its decision to 17 May 2013.
 - (vii) The Court vacated the date of 17 May 2013 that was scheduled for the delivery of its decision to 24 July 2013.

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 31.03.2013	Current Year To Date 31.03.2013
Net Profit Attributable to Ordinary Equity Holders of the Parent (RM'000)	757	757
Weighted Average Number of Ordinary Shares of RM0.10 each in Issue ('000s)	247,500	247,500
Basic Earnings per Share (sen)	0.31	0.31

(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 31.03.2013 RM'000	As at 31.12.2012 RM'000
- Realised	4,573	3,926
- Unrealised	-	-
	<hr/> 4,573	<hr/> 3,926
Total share of retained earnings from associated company		
- Realised	717	607
	<hr/> 5,290	<hr/> 4,533
Consolidation adjustments	2,039	2,039
Retained earnings per financial statements	<hr/> 7,329	<hr/> 6,572

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 20 May 2013.

By Order of the Board

Laang Jhe How (MIA 25193)
Company Secretary
20 May 2013