

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2013	Preceding Year Quarter 31.12.2012	Current Year To Date 31.12.2013	Preceding Year Corresponding Period 31.12.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	4,428	5,749	17,438	20,238
Cost of Sales	(2,385)	(3,219)	(10,431)	(11,916)
Depreciation	(92)	(59)	(376)	(382)
Gross Profit	1,951	2,471	6,631	7,940
Interest Income	624	458	2,172	1,667
Other Income	1	48	24	1,847
Administrative Expenses	(1,152)	(1,410)	(4,968)	(5,419)
Depreciation	(123)	(155)	(468)	(551)
Profit from Operations	1,301	1,412	3,391	5,484
Share of Associated Company's Results	(64)	105	185	219
Profit Before Taxation	1,237	1,517	3,576	5,703
Taxation	(92)	(50)	(282)	(198)
Profit Attributable to Ordinary Equity Holders of the Parent	1,145	1,467	3,294	5,505
Basic profit per share (sen)	0.46	0.87	1.33	3.28
Diluted – profit per share (sen)	0.46	0.87	1.33	3.28
Effective Tax Rate (%)	7.44	3.30	7.88	3.47

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 FOURTH QUARTER ENDED 31 DECEMBER 2013
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at End of Current Quarter 31.12.2013	Audited As at Preceding Financial Year Ended 31.12.2012
		RM'000
<u>Non-Current Assets</u>		
Property, Plant and Equipment	14,223	13,598
Investments	1,630	1,552
	15,853	15,150
<u>Current Assets</u>		
Inventories	717	803
Trade Receivables	1,956	2,612
Other Receivables and Deposits	3,674	742
Amount due from Associated Company	-	24
Tax Recoverable	5	38
Cash and Bank Balances	73,508	70,333
	79,860	74,552
TOTAL ASSETS	95,713	89,702
<u>Equity Attributable to Shareholder</u>		
Share Capital	24,750	24,750
Share Premium	3,448	3,448
Retained Profit	6,153	6,572
Exchange Reserve	(46)	(38)
	34,305	34,732
<u>Non-Current Liabilities</u>		
Deferred Income	55,290	49,698
	55,290	49,698
<u>Current Liabilities</u>		
Trade Payables	477	426
Deferred Income	4,493	4,134
Other Payables and Accruals	1,107	687
Taxation	41	25
	6,118	5,272
TOTAL LIABILITIES	61,408	54,970
TOTAL EQUITY AND LIABILITIES	95,713	89,702
Net Asset per Share Attributable to Ordinary Equity Holders of the Parent (sen)	13.86	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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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	-	-	-	3,294	3,294
Dividends Paid	-	-	-	(3,713)	(3,713)
Currency Translation Differences	-	-	(8)	-	(8)
Balance as at 31 December 2013	24,750	3,448	(46)	6,153	34,305
Balance as at 01 January 2012	16,500	11,698	(32)	2,717	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	(38)	6,572	34,732

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 FOURTH QUARTER ENDED 31 DECEMBER 2013
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 31.12.2013	Corresponding Year To Date Ended 31.12.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflow		
Receipts from Customers	24,044	30,468
Cash Outflow		
Payment to Suppliers	10,294	12,021
Payment for Taxation	233	78
Payment for Overheads	7,480	5,223
	18,007	17,322
Net Cash Flow from Operating Activities	6,037	13,146
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	1,469	349
Net Cash Flow from Investing Activities	(1,469)	7,823
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflow		
Dividend Received	100	-
Amount Owing by Associated Company	24	31
Other Income	2,196	1,668
	2,320	1,699
Cash Outflow		
Dividend Paid	3,713	1,650
	3,713	1,650
Net Cash Flow from Financing Activities	(1,393)	49
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,175	21,018
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	70,333	49,315
CASH AND CASH EQUIVALENTS AT END OF PERIOD	73,508	70,333

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.



The Stem Cell Specialist.

**QUARTERLY REPORT
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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

For the financial year ended 31 December 2012, the Company had on 20 June 2013, paid a total dividend of RM2,475,000 consisting of first and final single tier dividend of 10% which was approved at the Company's Annual General Meeting held on 20 May 2013.

For the financial year ended 31 December 2013, the Company had on 18 September 2013, paid a total dividend of RM1,237,500 being the 1st Interim Single Tier Dividend of 5%.

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.

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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 December 2013

The Group recorded revenue of RM4.43 million against RM5.75 million (Q4 – 2012), a decrease of 23%. This was due to decrease in the number of new signed-up cases of 43% compared to the corresponding quarter. However, storage revenue increased by 10% against Q4 – 2012 due to the higher number of clients paying for annual storage fees.

Cost of sales had decreased by 26% due to lower staff cost arising from reduce number of sales staff, decreased in consumable costs and logistics fees.

Gross profit was RM1.95 million (Q4 - 2012 – RM2.47 million) a decrease of 21%. This was mainly due to decrease in the number of new signed-up cases recognized in Q4 – 2013.

Administrative expenses had decreased by 18% due to lower postage & courier and professional fees.

Thai Stemlife registered a loss and Stemlife share of the loss was RM64,000 (2012 Profit – RM105,000).

Net profit after taxation was RM1.15 million compared to a profit of RM1.47 million registered in the corresponding quarter, a decrease of 22%. This was mainly due to the lower number of new signed-up case compared to the corresponding quarter.

12 months ended 31 December 2013

For the 12 months ended 31 December 2013, the Group recorded revenue of RM17.44 million compared to RM20.24 million for the same period in 2012, a decrease of 14%. The decrease was mainly due to lower of the processing fee revenue in 2013, a decrease of 28% but with a better annual storage fee income.

Gross profit for the 12 months ended 31 December 2013 was RM6.63 million against RM7.94 million, a decrease of 16%. This was due to the lower processing income.

The Group's profit after taxation for the 12 months ended 31 December 2013 was RM3.29 million against RM5.51 million for the same period of 2012. This decrease was primarily due to the lower processing income.

B 2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q4 - 2013 RM'000	Q3 – 2013 RM'000
Revenue	4,428	4,460
Gross Profit	1,951	1,530
Profit Before Tax [PBT]	1,237	674
Profit After Tax [PAT]	1,145	603

For the quarter under review, the Group recorded revenue of RM4.43 million compared to RM4.46 million in the preceding quarter (Q3 2013), an decrease of 1%. This was due to lower processing fees in Q4-2013 as compared to Q3-2013.

Gross profit was RM1.95 million compared to RM1.53 million in the preceding quarter, an increase of 28% due to lower cost of sales compare to the preceding quarter.

The Group registered a profit after taxation of RM1.15 million compared to RM603,000 in Q3-2013, an increase of 90%. The better result in Q4-2013 was mainly due to the lower cost of sales & administrative expenses with higher other income.

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 2014 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	92	282

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 investment 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 December 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 2014	^ ## ### ####
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 to 31 December 2013.

The Board of Directors had on 11 February 2014 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. 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.
- (viii) The Court delivered its decision as follows:
 - (a) The Company's claim against BMS is allowed with costs and damages to be assessed in due course; and
 - (b) The Company's claim against ASB is dismissed with costs of RM30,000 to be paid by the Company to ASB.
- (ix) In relation to assessment of damages against BMS, the Court directed the parties to file their respective written submissions simultaneously on or by 21 November 2013. As further time was required for the Company's Solicitors to file their written submissions the matter was fixed for another case management and on 24 January 2014, the parties informed the Court that they have filed their respective written submissions. The Court then directed the matter be fixed for further case management on 24 March 2014.

B 13. DIVIDENDS

No dividends were declared during the financial quarter under review.

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 31.12.2013	Current Year To Date 31.12.2013
Net Profit Attributable to Ordinary Shareholders (RM'000)	1,145	3,294
Weighted Average Number of Ordinary Shares of RM0.10 each in Issue ('000s)	247,500	247,500
Basic Earnings per Share (sen)	0.46	1.33

(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 is as follows:

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
- Realised	2,572	3,926
- Unrealised	-	-
	<hr/> 2,572	<hr/> 3,926
Total share of retained earnings from associated company		
- Realised	685	607
	<hr/> 3,257	<hr/> 4,533
Consolidation adjustments	2,896	2,039
Retained earnings per financial statements	<hr/> 6,153	<hr/> 6,572

B 16. DISCLOSURE ITEMS IN THE STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	3 Months Ended		12 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Interest income	624	458	2,172	1,667
Investment income	-	-	-	-
Interest expense	-	-	-	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain / (loss) on disposal of quoted or unquoted investments or properties	-	-	-	1,847
Impairment of assets / investments	-	-	-	-
Foreign exchange gain / (loss)	1	48	24	-
Gain / (loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-



The Stem Cell Specialist.

B 17. 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 11 February 2014.

By Order of the Board

Laang Jhe How (MIA 25193)

Company Secretary
11 February 2014