

QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2014	Preceding Year Quarter 31.12.2013	Current Year To Date 31.12.2014	Preceding Year Corresponding Period 31.12.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	5,077	4,428	16,980	17,438
Cost of Sales	(2,623)	(1,762)	(7,666)	(7,531)
Depreciation & Amortisation	(555)	(92)	(851)	(376)
Gross Profit	1,899	2,574	8,463	9,531
Interest Income	849	625	2,316	2,172
Other Income	88	1	85	24
Administrative Expenses	(3,195)	(1,140)	(8,427)	(4,899)
Selling & Distribution Expenses	(1,108)	(635)	(3,292)	(2,969)
Depreciation & Amortisation	(120)	(123)	(502)	(468)
(Loss)/Profit from Operations	(1,587)	1,302	(1,357)	3,391
Share of Associated Company's Results	19	(146)	(130)	104
(Loss)/Profit Before Taxation	(1,568)	1,156	(1,487)	3,495
Taxation	(143)	(98)	(331)	(288)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(1,711)	1,058	(1,818)	3,207
Basic (loss) / profit per share (sen)	(0.69)	0.43	(0.73)	1.30
Diluted – (loss) / profit per share (sen)	(0.69)	0.43	(0.73)	1.30
Effective Tax Rate (%)	-	8.48	-	8.24

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



The Stem Cell Specialist.

**QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at End of Current Quarter 31.12.2014	Audited As at Preceding Financial Year Ended 31.12.2013 (restated)
	RM'000	RM'000
<u>Non-Current Assets</u>		
Property, Plant and Equipment	10,046	14,223
Investment Properties	3,663	-
Intangible Assets	2,114	-
Investment in Associated Company	1,598	1,548
	17,421	15,771
<u>Current Assets</u>		
Inventories	687	717
Trade Receivables	3,959	4,574
Other Receivables and Deposits	1,397	3,339
Amount due from Associated Company	16	-
Investment in Money Market	31,290	25,398
Cash and Bank Balances	38,565	48,110
	75,914	82,138
TOTAL ASSETS	93,335	97,909
<u>Equity Attributable to Ordinary Equity Holders of the Parent</u>		
Share Capital	24,750	24,750
Share Premium	3,448	3,448
(Accumulated Losses) / Retained Profit	(3,625)	5,732
Exchange Reserve	134	(46)
	24,707	33,884
<u>Non-Current Liabilities</u>		
Advance Payment	59,331	55,290
	59,331	55,290
<u>Current Liabilities</u>		
Trade Payables	568	477
Advance Payment	4,965	4,565
Advance Billing	1,506	2,617
Other Payables and Accruals	1,600	1,035
Provision for Contingent Liabilities	500	-
Amount due to Related Company	59	-
Taxation	99	41
	9,297	8,735
TOTAL LIABILITIES	68,628	64,025
TOTAL EQUITY AND LIABILITIES	93,335	97,909
Net Asset per Share Attributable to Ordinary Equity Holders of the Parent (sen)	9.98	13.69

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.

QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
 (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 2014	24,750	3,448	(46)	5,732	33,884
Prior Year Adjustment	-	-	-	(114)	(114)
Restated as at 01 January 2014	24,750	3,448	(46)	5,618	33,770
Net Loss for the Period	-	-	180	(1,818)	(1,638)
Dividend Paid	-	-	-	(7,425)	(7,425)
Balance as at 31 December 2014	24,750	3,448	134	(3,625)	24,707
Balance as at 01 January 2013	24,750	3,448	(38)	6,572	34,732
Prior Year Adjustment	-	-	-	(334)	(334)
Restated as at 01 January 2013	24,750	3,448	(38)	6,238	34,398
Net Profit for the Period	-	-	(8)	3,207	3,199
Dividend Paid	-	-	-	(3,713)	(3,713)
Balance as at 31 December 2013	24,750	3,448	(46)	5,732	33,884

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 2013.

**QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Current Year To Date Ended 31.12.2014	Corresponding Year To Date Ended 31.12.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflow		
Receipts from Customers	20,924	24,044
Cash Outflow		
Payment to Suppliers	7,008	10,294
Payment for Taxation	273	233
Payment for Overheads	9,040	7,480
	16,321	18,007
Net Cash Flow from Operating Activities	4,603	6,037
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflow		
Dividend Received	-	100
Sale of Investment in Money Market	-	4,000
Other Income	1,287	1,213
	1,287	5,313
Cash Outflow		
Purchase of Property, Plant And Equipment	415	1,469
Purchase of Investment in Money Market	5,000	-
Purchase of Intangible Assets	2,579	-
	7,994	1,469
Net Cash Flow from Investing Activities	(6,707)	3,844
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflow		
Amount Owing by Associated Company	-	25
Cash Outflow		
Dividend Paid	7,425	3,713
Amount Owing by Associated Company	16	-
	7,441	3,713
Net Cash Flow from Financing Activities	(7,441)	(3,688)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(9,545)	6,193
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	48,110	41,917
CASH AND CASH EQUIVALENTS AT END OF PERIOD	38,565	48,110

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



The Stem Cell Specialist.

**QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
(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 Malaysia, 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 2013.

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 2013.

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 2013.

A 2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2013 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 2013, the Company had on 18 June 2014, paid a total dividend of RM7,425,000 consisting of single tier final dividend of 30% which was approved at the Annual General Meeting of the Company held on 27 May 2014.

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

The Group provided for contingent liabilities of RM500,000 during the current financial quarter under review in relation to benefits provided to customers for transplant expenses or cost of acquisition of a matched cord blood or bone marrow stem cell unit.

A 13. Significant Related Party Transactions

	Current Year To Date 31.12.2014 RM'000
Significant transaction with a major shareholder of the Company :-	
(i) Upfront licensing fee	2,579
(ii) Testing fee	40
(iii) Royalties fee	71

The upfront licensing fee was capitalised as intangible assets and amortised over the contract period.



The Stem Cell Specialist.

**QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
(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 2014

The Group recorded revenue of RM5.08 million against RM4.43 million (Q4 – 2013), an increase of 15%. This is mainly due to processing revenue arising from a new product. Storage income shows an increase of 7% compared to the corresponding quarter.

Cost of sales increased by 49% mainly due to licensing and royalty fees in relation to the new product and provision for contingent liabilities.

Gross profit was RM1.90 million (Q4 2013 – RM2.57 million) a decrease of 26%, This was mainly due to decrease in the number of new signed-up cases of the main product recognized in Q4 – 2014 and higher costs.

Administrative expenses had increased by 180% due to higher staff cost, remuneration to Directors, write-off of prepaid service retainer bonus to a Director and allowance for doubtful debts.

Selling & distribution expenses had increased by 74% mainly due to higher advertising & promotion costs and staff costs.

Thai StemLife registered a profit and StemLife's share of the profit was RM19,000 (Q4-2013 – loss RM146,000).

Net loss after taxation was RM1.71 million compared to a profit of RM1.06 million registered in the corresponding quarter, a decrease of 262%. This is mainly due to higher cost of sales, administrative expenses and selling & distribution expenses.

12 months ended 31 December 2014

For the 12 months ended 31 December 2014, the Group recorded revenue of RM 16.98 million compared to RM17.44 million for the same period in 2013, a decrease of 3%. The decrease is mainly due to lower processing fee revenue in 2014 of the main product, arising from a decrease in new signed-up cases of 22%.

Gross profit for the 12 months ended 31 December 2014 was RM 8.46 million against RM 9.53 million, a decrease of 11%. This lower gross profit is due to the lower processing fee but compensated with annual storage fee income of the main product. Gross margin had reduced by 5% from 55% (YTD 2013) to 50% (YTD-2014).

The Group's loss after taxation for the 12 months ended 31 December 2014 was RM 1.82 million against profit of RM 3.21 million for the same period of 2013. This decrease was resulted from the lower processing fee revenue of the main product, higher professional fees for corporate exercises, higher staff cost, higher remuneration to Directors, higher advertising & promotion costs expenses and loss sharing of the Associated Company.

B 2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q4 – 2014 RM'000	Q3 – 2014 RM'000
Revenue	5,077	4,170
Gross Profit	1,899	2,381
(Loss)/Profit Before Tax [PBT]	(1,568)	182
(Loss)/Profit After Tax [PAT]	(1,711)	119

For the quarter under review, the Group recorded revenue of RM5.08 million compared to RM4.17 million recorded in preceding quarter (Q3-2014), an increase of 22%. This was due to new product launched in August 2014.

Gross profit was RM1.90 million compared to RM2.38 million in the preceding quarter, a decrease of 20% from higher cost of sales mainly due to licensing and royalty fees in relation to the new product and provision for contingent liabilities.

The Group registered a loss after taxation of RM1.71 million compared to profit of RM119,000 in Q3-2014, mainly due to write-off of prepaid service retainer bonus to a Director and allowance for doubtful debts.

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 2015 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 2014 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	143	331

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 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 December 2014 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 2015	^ ## ### #### #####
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 utilization of the balance of the IPO proceeds in the extended timeframe mentioned.*
- #####** *The Board of Directors had on 10 February 2015 approved and announced the extension of time for the utilization 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.
- (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) The Company has paid the costs awarded to ASB.
- (x) BMS filed an appeal to the Court of Appeal against the decision of the Court in allowing the Company's claim against them. The Court of Appeal has fixed 25 April 2014 for case management.
- (xi) 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.
- (xii) The assessment of damages proceedings concluded on 24 March 2014 wherein the Court made the following orders:
 - (a) BMS was to pay RM200,000 to the Company as general damages for libel.
 - (b) BMS was to pay RM50,000 to the Company as aggravated damages.
 - (c) No award of exemplary damages for libel was made.
 - (d) General, aggravated and exemplary damages for loss of business and share value were not allowed.
 - (e) Interest at 5% was allowed on the judgment sum from the date of filing of the claim until full payment thereto.
 - (f) BMS was directed to pay the Company the costs of RM100,000.

- (xiii) The Company then instructed its solicitors to file an appeal against the decision of the Court in regard to the quantum of damages awarded. The notice of appeal was filed on 23 April 2014. BMS has also filed an appeal against the aforesaid decision.
- (xiv) On the said 25 April 2014, the Court of Appeal fixed the matter for further case management on 14 August 2014 so that all 3 appeals can be case managed together.
- (xv) The case was scheduled for further case management on 21 November 2014 pending the grounds of judgment on the assessment of damages. The Court has fixed 6 March 2015 for further case management.

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 31.12.2014	Current Year To Date 31.12.2014
Net Loss Attributable to Ordinary Equity Holders of the Parent (RM'000)	(1,711)	(1,818)
Weighted Average Number of Ordinary Shares of RM0.10 each in Issue ('000s)	247,500	247,500
Basic Loss per Share (sen)	0.69	0.73

(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 31.12.2014 RM'000	As at 31.12.2013 RM'000
- Realised	(6,495)	2,232
- Unrealised	(500)	-
	<u>(6,995)</u>	<u>2,232</u>
Total share of retained earnings from associated company		
- Realised	520	603
	<u>(6,475)</u>	<u>2,835</u>
Consolidation adjustments	2,850	2,897
Retained earnings per financial statements	<u>(3,625)</u>	<u>5,732</u>

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

	3 Months Ended		12 Months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Interest income	849	625	2,316	2,172
Investment income	-	-	-	-
Interest expense	-	-	-	-
Provision for and write off of receivables	(335)	-	(335)	-
Provision for and write off of inventories	-	-	-	-
Gain / (loss) on disposal of quoted or unquoted investments or properties	19	-	19	-
Impairment of assets / investments	72	(114)	72	(114)
Foreign exchange gain / (loss)	(3)	-	(6)	-
Gain / (loss) on derivatives	-	-	-	-
Exceptional items Gain / (loss) on disposal of fixed assets	-	1	-	24

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 10 February 2015.

By Order of the Board

Laang Jhe How (MIA 25193)
Company Secretary
11 February 2015