

**QUARTERLY REPORT**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**  
 (The figures have not been audited)  
**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter Current Year Quarter 31.12.2015	Preceding Year Quarter 31.12.2014	Cumulative Quarter Current Year To Date 31.12.2015	Preceding Year Corresponding Period 31.12.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	4,856	5,102	18,239	16,980
Cost of Sales	(1,976)	(2,520)	(6,019)	(7,514)
Depreciation & Amortisation	(320)	(573)	(1,236)	(928)
<b>Gross Profit</b>	<b>2,560</b>	<b>2,009</b>	<b>10,984</b>	<b>8,538</b>
Interest Income	585	849	2,382	2,316
Other Income	36	73	542	70
Administrative Expenses	(3,099)	(3,260)	(9,415)	(8,464)
Selling & Distribution Expenses	(1,045)	(1,181)	(4,566)	(3,416)
Depreciation & Amortisation	(53)	(101)	(255)	(425)
<b>Loss from Operations</b>	<b>(1,016)</b>	<b>(1,611)</b>	<b>(328)</b>	<b>(1,381)</b>
Share of Results of an Associate	(131)	(64)	(369)	(213)
<b>Loss Before Taxation</b>	<b>(1,147)</b>	<b>(1,675)</b>	<b>(697)</b>	<b>(1,594)</b>
Taxation	(96)	(147)	44	(336)
<b>Loss Attributable to Ordinary Equity Holders of the Parent</b>	<b>(1,243)</b>	<b>(1,822)</b>	<b>(653)</b>	<b>(1,930)</b>
<b>Basic loss per share (sen)</b>	<b>(0.50)</b>	<b>(0.74)</b>	<b>(0.26)</b>	<b>(0.78)</b>
<b>Diluted – loss per share (sen)</b>	<b>(0.50)</b>	<b>(0.74)</b>	<b>(0.26)</b>	<b>(0.78)</b>
<b>Effective Tax Rate (%)</b>	-	-	-	-

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**QUARTERLY REPORT**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**  
 (The figures have not been audited)  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at End of Current Quarter 31.12.2015	Audited As at Preceding Financial Year Ended 31.12.2014
	RM'000	RM'000
<b><u>Non-Current Assets</u></b>		
Property, Plant and Equipment	2,988	10,046
Investment Properties	10,692	3,663
Intangible Assets	1,370	2,114
Investment in Associated Company	-	1,487
	<b>15,050</b>	<b>17,310</b>
<b><u>Current Assets</u></b>		
Inventories	447	687
Trade Receivables	8,314	3,967
Other Receivables and Deposits	1,080	1,397
Amount due from Associated Company	-	16
Investment in Money Market	37,622	31,290
Deposits with Licensed Banks	30,280	37,157
Cash and Bank Balances	1,941	1,408
Tax Recoverable	240	-
	<b>79,924</b>	<b>75,922</b>
<b>TOTAL ASSETS</b>	<b>94,974</b>	<b>93,232</b>
<b><u>Equity Attributable to Ordinary Equity Holders of the Parent</u></b>		
Share Capital	24,750	24,750
Share Premium	3,448	3,448
Accumulated losses	(4,389)	(3,736)
Exchange Reserve	-	128
	<b>23,809</b>	<b>24,590</b>
<b><u>Current Liabilities</u></b>		
Trade Payables	910	568
Advance Payment	64,719	64,297
Advance Billing	2,957	1,506
Other Payables and Accruals	1,697	1,608
Provision	500	500
Amount due to Related Company	382	59
Taxation	-	104
<b>TOTAL LIABILITIES</b>	<b>71,165</b>	<b>68,642</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>94,974</b>	<b>93,232</b>
<b>Net Asset per Share Attributable to Ordinary Equity Holders of the Parent (sen)</b>	<b>9.62</b>	<b>9.94</b>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**QUARTERLY REPORT**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**  
 (The figures have not been audited)  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Issued and Paid-up Share Capital	Shares Premium	Exchange Reserve	Unappropriated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01 January 2015	24,750	3,448	128	(3,736)	24,590
Total Comprehensive Income for the Year	-	-	(128)	(653)	(781)
<b>Balance as at 31 December 2015</b>	<b>24,750</b>	<b>3,448</b>	<b>-</b>	<b>(4,389)</b>	<b>23,809</b>
Balance as at 01 January 2014	24,750	3,448	(46)	6,066	34,218
Prior Year Adjustment	-	-	80	(447)	(367)
Restated as at 01 January 2014	24,750	3,448	34	5,619	33,851
Total Comprehensive Income for the Year	-	-	94	(1,930)	(1,836)
Dividend Paid	-	-	-	(7,425)	(7,425)
<b>Balance as at 31 December 2014</b>	<b>24,750</b>	<b>3,448</b>	<b>128</b>	<b>(3,736)</b>	<b>24,590</b>

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 2014.

**QUARTERLY REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015  
(The figures have not been audited)  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**CASH FLOWS FROM OPERATING ACTIVITIES**

**Cash Inflow**

Receipts from Customers

**Cash Outflow**

Payment to Suppliers

Payment for Taxation

Payment for Overheads

**Net Cash Flow from Operating Activities**

**CASH FLOWS FROM INVESTING ACTIVITIES**

**Cash Inflow**

Withdrawal of Deposits

Proceed from disposal of Property, Plant and Equipment

Other Income

**Cash Outflow**

Placement in Investment in Money Market

Purchase of Property, Plant and Equipment

Purchase of Intangible Assets

Placement of Deposits

**Net Cash Flow from Investing Activities**

**CASH FLOWS FROM FINANCING ACTIVITIES**

**Cash Outflow**

Dividend Paid

**Net Cash Flow from Financing Activities**

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

	<b>Current Year To Date Ended 31.12.2015</b>	<b>Preceding Year To Date Ended 31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
	15,733	20,582
	5,099	6,849
	301	273
	12,556	8,898
	17,956	16,020
	<b>(2,223)</b>	<b>4,562</b>
	-	916
	42	2
	1,667	1,312
	1,709	2,230
	5,111	5,000
	639	416
	79	2,580
	1,979	-
	7,808	7,996
	<b>(6,099)</b>	<b>(5,766)</b>
	-	7,425
	-	<b>(7,425)</b>
	<b>(8,322)</b>	<b>(8,629)</b>
	<b>31,913</b>	<b>40,542</b>
	<b>23,591</b>	<b>31,913</b>

**QUARTERLY REPORT**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**  
 (The figures have not been audited)  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)**

	Current Year To Date Ended 31.12.2015	Corresponding Year To Date Ended 31.12.2014
	RM'000	RM'000
Cash & Bank Balances	1,941	1,408
Deposit with licensed banks	30,280	37,157
Less :Deposit with maturities above three months period	(8,630)	(6,652)
Cash & Cash Equivalents	23,591	31,913

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**QUARTERLY REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015  
(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 2014.

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 2014.

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 2014.

**A 2. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the financial year ended 31 December 2014 contains a qualified opinion by the external auditors as follows :

- (i) As disclosed in Note 2.5 (b) (iii) to the financial statements, the Group and the Company provide certain benefits under its StemShieldPlus program to its customers as part of the services rendered in relation to the preservation of umbilical cord blood stem cells. The benefits include an undertaking to compensate its customer up to a specified amount for the expenses incurred in the event of a stem cell transplant undertaken for certain diseases. Such benefits meet the definition of an insurance contract pursuant to Malaysian Financial Reporting Standards 4 – Insurance Contracts (“MFRS 4”). However, we noted that the Group and the Company have not complied with the following requirements of MFRS 4:

- (a) MFRS 4 requires the Group and the Company to assess at each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. In the event that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognised in the statements of comprehensive income.

As disclosed in Note 15 and further explained in Note 2.5 (b) (iii) to the financial statements, the Group and the Company have made a provision for insurance liability of RM500,000 as at 31 December 2014 (2013 and 1.1.2013: RM Nil). However, the basis used in determining the provision amount is not in accordance with the generally accepted method of determining the liabilities in relation to a general insurance contracts, which among others, takes into consideration the age and maturity profile of the insurance contract holders, incidence rates of the diseases by age profile and an appropriate valuation discount rate when estimating the future cash flow under its insurance contracts. Consequently, we were not able to obtain sufficient audit evidence to satisfy ourselves as to the carrying amount of the provision recognised in both the current year and prior year.

- (b) As disclosed in Note 16 (b) to the financial statements, the revenue (insurance premium) associated with the insurance contracts of the Group and the Company for the year ended 31 December 2014 was RM51,600 (2013: RM48,910). However, the amounts recognised were not determined based on the relative fair value of the storage fees and the insurance premium as required by Malaysian Financial Reporting Standards 118: Revenue. Accordingly, we are of the opinion that the above amounts recognised are not appropriate.

The Group and the Company have also not adequately disclosed in the financial statements all other information that identifies and explains the above recognised amounts and the nature and extent of risk from insurance contracts as required under MFRS 4.

- (ii) As disclosed in Note 7 to the financial statements, the Group's investment in an associate, Thai Stemlife Co., Ltd., accounted for using the equity method, is carried at RM1,486,588 (2013: RM1,605,765, 1.1.2013:RM1,607,266) in the statements of financial position as at 31 December 2014 and the Group's share of the associate's net loss of RM212,962 (2013: net profit of RM103,742) is included in the Group's income statements for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group's investment in the associate as at 31 December 2014 and the Group's share of the associate's net loss for the year then ended and its comparatives as we were unable to have sufficient access to the financial information and management of the associate. Consequently, we were unable to determine whether any adjustments to these amounts and its comparatives were necessary.

The management appointed an independent actuary firm to value the insurance liabilities. On 21 May 2015, actuarial reports for estimation of insurance liabilities as at 31 December 2014, 31 December 2013 and 31 December 2012 were issued. After reviewing the reports, the Board and management explored reinsurance arrangement or other risk mitigating options. On 30 November 2015, the Group entered into reinsurance arrangement with an insurer. Management is currently in discussion with the insurer and auditor on the terms and conditions of the reinsurance policy to establish the full financial implications. In relation to Thai Stemlife Co., Ltd., management had decided to write-off the investment in associate on 30 November 2015 resulting in impairment loss of RM989,458.

### **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

For management purposes, the Group is organised into two main business units based on its services, and has two reportable operating segments as follows:

- (i) Stem cell banking services – Provision of collection, testing, processing and preservation of umbilical cord blood stem cells (UCBSC), umbilical cord tissue (UCL) and peripheral blood stem cells (PBSC); and
- (ii) Corporate – investment in properties.

### Year-To-Date 31.12.2015

	Stem cell banking services RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>				
External	18,167	72	-	18,239
Inter-segment	146	96	(242)	-
Total revenue	18,313	168	(242)	18,239
<b>Segment Results</b>				
Loss before taxation	(273)	(55)	-	(328)
Share of results of an associate				(369)
Taxation				44
Loss after taxation				(653)

### Year ended 31.12.2014

	Stem cell banking services RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>				
External	16,910	70	-	16,980
Inter-segment	687	60	(747)	-
Total revenue	17,597	130	(747)	16,980
<b>Segment Results</b>				
Loss before taxation	(1,324)	(57)	-	(1,381)
Share of results of an associate				(213)
Taxation				(336)
Loss after taxation				(1,930)



#### **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**

On 20 November 2015, the Group incorporated a wholly-owned subsidiary in Singapore known as StemLife Pte. Ltd. (Registration No. 201541134G) with an issued and paid up capital of S\$1.00 comprising 1 ordinary share of S\$1.00 each.

The intended principal activity of StemLife Pte. Ltd. is business and management consultancy services.

#### **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 2014.

#### **A 13. Significant Related Party Transactions**

	<b>Current Year To Date 31.12.2015 RM'000</b>
Significant transactions with a major shareholder of the Company:-	
(i) Testing fee	273
(ii) Royalties fee	531

#### **A 14. Change of year end**

On 11 February 2016, the Board has approved the change of financial year end of the Company from 31 December to 30 June to be coterminous with the financial year end of the holding company, Cordlife Group Limited. Accordingly, the next set of audited financial statements shall be for a period of 18 months, made up from 1 January 2015 to 30 June 2016. Thereafter, the financial year end of the Company shall be on 30 June for subsequent years.

**QUARTERLY REPORT  
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(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 2015**

The Group recorded revenue of RM4.86 million against RM5.1 million (Q4-14), a decrease of 5%. This was mainly due to lower processing revenue from UCBSC which was partly offset by higher storage revenue arising from UCBSC and higher processing revenue from UCL.

Cost of sales decreased mainly due to lower number of new signed-up cases for both UCBSC and UCL in current quarter as compared to Q4-14 and reclassification of certain staff costs to administrative expenses following reorganization of roles and functions.

Gross profit was RM2.56 million (Q4-14 – RM2.01 million), an increase of RM0.55 million which was mainly due to contribution from UCL and staff costs reclassification.

Administrative expenses was RM3.10 million (Q4-14 – RM3.26 million), an decrease of RM0.16 million was mainly due to write-off of prepaid service retainer bonus to a Director and higher allowance of doubtful debts in Q4-14, being partly offset by impairment loss from write-off of investment in Thai Stemlife Co., Ltd., and staff cost reclassification in Q4-15.

Selling & distribution expenses of RM1.05 million (Q4-14 – RM1.18 million) was a slight decrease by RM0.13 million as compared to the corresponding quarter.

Investment in an associate, Thai Stemlife Co., Ltd., registered net loss and StemLife's share of the net loss was RM131,000 (Q4-14 – loss RM64,000).

Net loss after taxation was RM1.24 million compared to net loss of RM1.82 million registered in the corresponding quarter. This lower net loss was mainly due to higher contribution from UCL and lower allowance of doubtful debts in Q4-15. In addition, there was a write-off of prepaid service retainer bonus to a Director in Q4-14. These were partly offset by impairment loss from write-off of investment in Thai Stemlife Co., Ltd., in Q4-15.

**12 months ended 31 December 2015**

The Group recorded revenue of RM18.24 million against RM16.98 million for the same period in 2014, an increase of 7%. This was mainly due to the first full year processing revenue contribution from UCL and increase in UCBSC storage income compared to the corresponding period. However, these were partly offset by decrease in processing revenue from UCBSC.

Gross profit for the 12 months ended 31 December 2015 was RM10.98 million against RM8.54 million for the same period in 2014, an increase of RM2.44 million which was mainly due to the first full year contribution from UCL and staff costs reclassification.

## B 1. PERFORMANCE REVIEW (CONTD.)

The Group's loss after taxation for the 12 months ended 31 December 2015 was RM653,000 against loss of RM1.93 million for the same period in 2014. The lower loss was mainly due to higher contribution from UCL, lower allowance of doubtful debts, reversal of over provision in prior year tax, settlement of legal suit and lower service retainer bonus to Directors in 2015 being partly offset by the impairment loss from the write-off of investment in associate.

## B 2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q4 – 2015	Q3 – 2015
	RM'000	RM'000
Revenue	4,856	4,748
Gross Profit	2,560	3,068
Profit / (Loss) Before Tax [PBT / LBT]	(1,147)	1,153
Profit / (Loss) After Tax [PAT / LAT]	(1,243)	1,419

For the quarter under review, the Group recorded revenue of RM4.86 million compared to RM4.75 million recorded in preceding quarter (Q3-15), an increase of 2%. This was mainly contributed by the higher processing revenue from UCL and storage revenue from UCBSC.

Gross profit was RM2.6 million compared to RM3.1 million in the preceding quarter, decrease of 17% mainly due to higher consumable cost and higher staff cost arising from additional headcount in lab and logistic departments in Q4-15.

The Group registered loss after taxation of RM1.2 million compared to profit after taxation of RM1.42 million in Q3-15, mainly due to impairment loss from the write-off of investment in associate and higher consumable cost in Q4-15 while reversal of over provision in prior year tax and settlement of legal suit in Q3-15.

## B 3. PROSPECTS OF THE GROUP

The Directors of StemLife are of the opinion that the Group's results for the financial period ending 30 June 2016 will continue to be challenging with no new development in the stem cell industry and government regulations in addition to uncertainties in Malaysia's economic outlook. Amid these industry and economic challenges, we are cautiously optimistic of the Group's future prospects. We will continue to invest in our people, processes and lab facility to provide better services to our customers. We will also promote our brand with various advertising, promotional, collaborative and sponsorship activities to strengthen our position in the industry.

## B 4. VARIANCE OF ACTUAL AND FORECAST PROFIT

The Group did not issue any profit forecast for the financial period ending 30 June 2016 and therefore information on variance from profit forecast is not applicable.

**B 5. TAXATION**

The taxation figures are as follows:

	<b>Q4- 2015</b>	<b>Q4- 2014</b>	<b>YTD 2015</b>	<b>YTD 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Estimated current tax payable	96	146	265	335
Under/(Over) provision in prior year	-	1	(309)	1
Taxation	96	147	(44)	336

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.

In the current year, there was a reversal of over provision in prior year tax amounting to RM309,000 mainly due to business loss in the prior year.

**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 2015 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 2016	^ ## ### #### ##### #####
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*	-	-	*
	<b>13,200</b>	-	<b>11,353</b>	<b>1,847</b>	<b>14</b>	-	

### Notes:

- \* The under utilisation of the listing expenses was adjusted to working capital and utilised fully in the 1<sup>st</sup> 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 to 31 December 2014.
- ##### 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 to 31 December 2015.
- ##### The Board of Directors had on 11 February 2016 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 12 May 2015 for further case management.
- (xvi) The Company and BMS have on 15 July 2015 filed their respective Notices of Discontinuance in respect of their appeals with no order as to cost and without liberty to file afresh following an amicable settlement of the dispute between them. With the filing of the said Notices of Discontinuance, the matter is hereby deemed concluded.

**B 13. DIVIDENDS**

No dividends were declared during the financial quarter under review or the financial 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.

	Fourth quarter ended		Year to date ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Net Loss Attributable to Ordinary Equity Holders of the Parent (RM'000)	(1,243)	(1,822)	(653)	(1,930)
Weighted Average Number of Ordinary Shares of RM0.10 each in Issue ('000s)	247,500	247,500	247,500	247,500
Basic Loss per Share (sen)	(0.50)	(0.74)	(0.26)	(0.78)

(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 ACCUMULATED LOSSES / 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 31.12.2015	As at 31.12.2014
	RM'000	RM'000
- Realised	(9,764)	(9,525)
- Unrealised	(500)	(500)
	(10,264)	(10,025)
Total share of retained earnings from associated company		
- Realised	-	414
	(10,264)	(9,611)
Consolidation adjustments	5,875	5,875
Accumulated losses per financial statements	(4,389)	(3,736)

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

	Fourth quarter ended		Year to date ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Interest income	259	518	1,162	1,424
Investment income	326	331	1,220	892
Interest expense	-	-	-	-
Provision for and write off of receivables	33	335	33	335
Provision for and write off of inventories	-	-	-	-
Gain / (loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets / investments	(990)	-	(990)	-
Foreign exchange gain / (loss)	(3)	5	(22)	2
Gain / (loss) on derivatives	-	-	-	-
Exceptional items Gain / (loss) on disposal of fixed assets	16	-	42	-

**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 2016.

By Order of the Board

Tai Yit Chan (MAICSA 7009143)  
Company Secretary  
11 February 2016