



Little Miracles. Stem Cells.

STEMLIFE BERHAD
 (Company No: 566770-D)
 Incorporated in Malaysia

QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008
 (The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2008 (RM'000)	Preceding Year Quarter 31.12.2007 (RM'000)	Current Year To Date 31.12.2008 (RM'000)	Preceding Year Corresponding Period 31.12.2007 (RM'000)
Revenue	3,851	4,290	18,509	20,456
Costs of sales	(3,641)	(2,187)	(13,021)	(10,506)
Gross profit	210	2,101	5,488	9,950
Other income	171	121	1,287	573
Administrative expenses	(1,687)	(1,479)	(6,552)	(4,766)
(Loss) / Profit from operations	(1,306)	743	223	5,757
Share of associated company's results	1,449	(126)	1,489	(120)
Profit before taxation	143	617	1,712	5,637
Taxation	(132)	(113)	(202)	(122)
Profit after taxation	11	504	1,510	5,515
Minority interests	147	-	(5)	-
Profit attributable to shareholders	158	504	1,505	5,515
Gross earning per share ("EPS") (sen)	0.09	0.37	1.04	3.42
Basic- Net / (Loss per share) EPS (sen)	0.10	0.31	0.91	3.34
Effective Tax Rate (%)	92.31	18.31	11.80	2.17

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



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CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As at end of Current Quarter 31.12.2008 (RM'000)	Audited As at Preceding Financial Year Ended 31.12.2007 (RM'000)
<u>Non-current assets</u>		
Property, plant and equipment	6,341	5,095
Investments	7,549	6,060
<u>Current assets</u>		
Inventories	1,068	781
Trade receivables	6,295	7,495
Other receivables and deposits	1,075	661
Short term investment	3,000	3,000
Amount due from associated company	-	11
Cash and bank balances	33,941	26,165
	45,379	38,113
<u>Current Liabilities</u>		
Trade payables	326	657
Advance payment	17,999	8,683
Other payables and accruals	1,270	1,998
Provision for taxation	92	58
	19,687	11,396
Net current assets	25,692	26,717
Net assets	39,582	37,872
Financed by:		
Share capital	16,500	16,500
Reserves	21,227	21,372
Shareholders' funds	37,727	37,872
Minority interests	1,855	-
	39,582	37,872
Net asset ("NA") per share (sen)	22.86	22.95

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued and paid-up share capital (RM'000)	Share premium (RM'000)	Unappropriated profit (RM'000)	Total (RM'000)
Balance as at 1 January 2008	16,500	11,698	9,674	37,872
Net profit for the period	-	-	1,505	1,505
Dividend paid	-	-	(1,650)	(1,650)
Balance as at 31 December 2008	16,500	11,698	9,529	37,727
Balance as at 1 January 2007	16,500	11,698	5,808	34,006
Net profit for the period	-	-	5,516	5,516
Dividend paid	-	-	(1,650)	(1,650)
Balance as at 31 December 2007	16,500	11,698	9,674	37,872

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 31.12.2008 (RM'000)	Corresponding Year To Date Ended 31.12.2007 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Cash Inflow</i>		
Receipts from customers	19,708	16,012
<i>Cash Outflow</i>		
Payment to suppliers	13,220	10,697
Payment for taxation	166	4,099
Payment for overheads	7,092	81
	20,478	14,877
Net cash flow from operating activities	(770)	1,135
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of properties, plants and equipments	2,268	2,197
CASH FLOW FROM FINANCING ACTIVITIES		
<i>Cash Inflow</i>		
Advance payment	9,316	6,531
Proceeds from issuance of shares	1,850	-
Amount owing by associated company	11	23
Proceeds from disposal of fixed assets		35
Other income	1,287	572
	12,464	7,161
<i>Cash Outflow</i>		
Dividend paid	1,650	1,650
Net cash flow from financing activities	10,814	5,511
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,776	4,449
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	29,165	24,716
CASH AND CASH EQUIVALENTS AT END OF PERIOD	36,941	29,165

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

A 1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the FRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Chapter 9.22 Part K (Appendix 9B) of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Securities Exchange”) for the MESDAQ Market (“MMLR”).

The interim financial report should be read in conjunction with the audited financial statements of StemLife Berhad (“StemLife” or the “Company”) and its subsidiary and associated companies (“the Group”) for the financial year ended 31 December 2007. These explanatory notes attached provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

The same accounting policies and methods of computation are followed in these interim financial statements as compared with the annual financial statements for the year ended 31 December 2007.

A 2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007.

The Group has not adopted FRS 130 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

A 3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2007 was not qualified.

A 4. Seasonal and Cyclical Factors

The Group’s business operation results were not affected by any seasonal or cyclical factors.

A 5. 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.



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A 6. 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 7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts for the current financial quarter under review.

A 8. Dividends Paid

For the financial year ended 31 December 2007, the Company had on 7 July 2008, paid a total dividend of RM1,650,000 consisting of a first and final tax exempt dividend of 10% which was approved in the Company's Annual General Meeting held on 26 May 2008.

A 9. 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 available for presentation.

A 10. 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 11. Subsequent Events

There were no material events subsequent to the end of the current financial quarter under review that has not been reflected.

A 12. Changes in the Composition of the Group

On 13 August 2008, StemLife subscribed to sixty (60) ordinary shares of RM1.00 each in Meganext Pavilion Sdn Bhd ("MP") at par, representing 60% equity interest in MP for a total cash consideration of RM60.

Save for the above, there are no other changes in the composition of the Group during the current financial quarter under review.

A 13. Contingent Liabilities

There were no changes in the contingent liabilities since the last annual balance sheet date as at 31 December 2007.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR

B 1. PERFORMANCE REVIEW

The Group posted revenue of approximately RM3.85 million for the financial quarter under review. This represents a decrease of 10.23% as compared to that achieved in the preceding year corresponding quarter. This was due to the lower number of signed up cases in the current financial quarter as compared to the preceding year corresponding quarter. In addition, the average revenue per signed up case in the current financial quarter is also lower as compared to that achieved in the preceding corresponding quarter. The decrease in the number of signed up cases is primarily due to the current worldwide financial crisis leading to cautious consumers' spending.

PAT for the quarter under review decreased by approximately RM493,000 to RM11,000 compared with the preceding year corresponding quarter due to increase in cost of sales from the change in cryopreservation consumables arising from the switch in processing from a manual system to an automated processing system. Administrative expenses were also higher due to the higher cost of petrol which directly impacts the operational cost and the recruitment of additional senior technical staff. Lower revenue per signed up case coupled with higher cost resulted in the Group experiencing an operating loss. However, the operating loss was mitigated by share of associated company's profit of approximately RM1.45 million as compared to a share of associated company's loss of RM126,000 in the preceding year corresponding quarter.

B 2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q4 2008	Q3 2008
	RM'000	RM'000
Revenue	3,851	5,456
Profit Before Tax	143	108
Profit / (Loss) After Tax and Minority Interests	158	(34)

For the quarter under review, the Group recorded revenue of approximately RM3.85 million representing a decrease of approximately 29.42% compared with RM5.46 million recorded in the preceding quarter. This is attributable to the lower number of signed up cases in the quarter under review of approximately 30% as compared to the preceding quarter. The lower number of signed up cases, increase in cost of sales and higher administrative expenses were offset by share of associated company's profit of RM1.45 million in the current quarter, resulting in a higher PBT of RM143,000 as compared to RM108,000 recorded in the preceding quarter. The Group registered a profit after tax and minority interests of RM158,000 against a loss of RM34,000 in the preceding quarter.



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B 3. PROSPECTS OF THE GROUP

The Directors of StemLife are of the opinion that the Group results for the financial year ending 31 December 2009 will be tested under the current uncertainty in the world's economy and financial system.

B 4. VARIANCE OF ACTUAL AND FOREFAST PROFIT

The Group did not issue any profit forecast for the financial period nor for the financial year ending 31 December 2008 and therefore information on variance from profit forecast is not applicable.

B 5. TAXATION

The taxation figures are as follows:

	Current Quarter (RM'000)	Cumulative Year to Date (RM'000)
Estimated current tax payable	132	202

The company's income from approved BioNexus activities, which are income derived from its cord blood and peripheral blood stem cells banking activities, is not subjected to income tax and other income are tax exempt.

B 6. UNQUOTED SECURITIES AND/OR PROPERTIES

There were no purchases or disposals of any unquoted securities and/or properties for the current financial quarter and financial period year to date.

B 7. QUOTED SECURITIES

There were no purchases or disposals of quoted securities during the current financial quarter under review.

B 8. STATUS OF CORPORATE PROPOSALS

There is no corporate proposal announced but not completed as at the date of this announcement.

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B 9. STATUS OF UTILISATION OF LISTING PROCEEDS

StemLife was listed on 17 October 2006 (“Date of Listing”). The gross proceeds of RM13,200,000 from the public issue are expected to be fully utilised by the Group as follow:

Purpose	Proposed Utilisation RM'000	Intended Timeframe for Utilisation	Actual Utilisation RM'000	Balance of amount allocated RM'000	%	Explanations
Third laboratory	2,600	Within three (3) years from Date of Listing	-	2,600	100.0	^
Laboratory equipments	3,000	Within three (3) years from Date of Listing	899	2,101	70.0	^
Logistics expansion	600	Within three (3) years from Date of Listing	230	370	61.7	^
Branches expansion	2,500	Within three (3) years from Date of Listing	528	1,972	78.9	^
Working capital	2,500	-	2,998	(498)	-	*
Listing expenses	2,000	-	1,502	498	-	*
	13,200		6,157	7,043	53.4	

Notes:

^ The approved timeframe for utilisation is within 3 years from the Date of Listing.

* The under-utilisation of the listing expenses was adjusted to working capital and utilised fully in the 1st quarter of 2007.

B 10. BORROWINGS AND DEBT SECURITIES

As at the date of this announcement, the Group does not have any borrowings.

B 11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at the date of this announcement, there are no off balance sheet financial instruments.



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B 12. MATERIAL LITIGATIONS

As at the date of this announcement, there are no material litigations against the Group or taken by the Group except for the following:

- (1) Suit against Bristol Myers Squibb Sdn Bhd ("BMS") and Arachnid Sdn Bhd ("ASB")
 - (i) As reported earlier in the Second Quarterly Report for the FPE 30 June 2008, 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 has sought relief by way of an injunction and damages.
 - (ii) BMS and ASB have 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 discloses no cause of action against them. The Company's solicitors has filed Affidavits in Reply to the said applications on 30 January 2009..
 - (iii) BMS has also on 3 November 2008 amended its Statement of Defence and Counter Claim. As the amendment has no significant effect on the Company's cause of action and its claim against BMS, the Company's solicitors have not filed any amendments to the Company's Reply to Defence and Counterclaim.
 - (iv) At the scheduled hearing of the suit for case management and the 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 are to file written submissions on 3 April 2009 and the hearing of the applications be fixed for 21 April 2009.
 - (b) With regard to BMS's striking out application, the hearing be fixed for 12 May 2009.
 - (c) The hearing of the case management of the matter be fixed for 12 May 2009.
- (2) Suit against Cryocord Sdn Bhd ("CC") and Esther Ho Sea Wai ("EH")
 - (i) The Company has on 11 September 2008 filed a suit in the Kuala Lumpur High Court for injunction and damages against CC and EH for defamatory statements made against the Company.
 - (ii) The Company's solicitors have effected service of the Writ and Statement of Claim against CC's addresses on 12 and 13 November 2008. EH has been served with the Writ and Statement of Claim on 19 November 2008.
 - (iii) The solicitors for CC and EH has filed their Statement of Defence on 6 January 2009. The Company's solicitors have filed its Reply to Defence on 20 February 2009.
- (c) Suit against Tan Yen Nee ("TYN") and Cellsafe International Sdn Bhd ("CSI")
 - (i) The Company has filed a suit in the Kuala Lumpur High Court on 11 August 2008 against CSI and TYN for injunction and damages for defamatory statements made against the Company.
 - (ii) The Company has filed an amendment to its Statement of Claim on 17 October 2008. The amended Writ and Statement of Claim was served on CSI and TNY on 12 and 13 November 2008 respectively.
 - (iii) The solicitors for TYN and CSI have filed an application to strike out the Company's claim and for leave to defer the filing of Statement of Defence pending the disposal of the striking out application. The solicitors for the Company have filed its affidavit in reply on 20 February 2009. The hearing is scheduled for 1 April 2009.



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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/(loss per share)

The basic EPS/ (loss per share) is calculated by dividing the net/ (loss) profit for the period by the weighted average number of ordinary shares in issue during the period.

	Current Quarter 31.12.2008 (RM'000)	Current Year To Date 31.12.2008 (RM'000)
Net/ profit attributable to ordinary shareholders	158	1,505
Number of ordinary shares of RM0.10 each in issue ('000s)	165,000	165,000
Basic EPS per share) (sen)	0.10	0.91

ii. Diluted EPS

The company does not have any convertible shares or convertible financial instruments for the financial quarter under review and financial period year to date.

B 15. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors of StemLife in accordance with a resolution of the directors dated 27 February 2009.

By Order of the Board

Laang Jhe How
Secretary
27 February 2009