



Nourishing Your Life!



BIOSIS GROUP BERHAD (618768-D)

B-3-7 Megan Avenue II
No 12 Jalan Yap Kwan Seng
50450 Kuala Lumpur Malaysia

Tel : 603-2161 8812
Fax : 603-2161 8831
Email : info@biosis.com.my
Website : www.biosis.com.my



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CORPORATE PROFILE



THE BEGINNING

The history of Biosis Group Berhad ("Biosis") began in 1989 with the incorporation of Hi-City (Mfg) Sdn Bhd ("HCM") which was primarily involved in the manufacturing, marketing and distribution of personal care products. The business expanded to include supply of hotel complimentary items and health care products and soon established itself as one of the major players in the industry.

The accreditation of the ISO 9001:2000 by BM Trada, a UK based independent accreditation agency is an endorsement of the quality assurance systems that are in place. In addition, the Good Manufacturing Practice ("GMP") certification from the National Pharmaceutical Control Bureau of the Malaysian Health Ministry gives customers an assurance of confidence and quality of the products.

LISTING ON BURSA SECURITIES

In 2004, Biosis took a quantum leap by listing its entire issued and paid-up share capital of 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities on 19 July 2004.

In 2005, Biosis through Clini-Foods Sdn. Bhd. ("CF"), acquired the trademarks and licences of an ongoing pharmaceutical manufacturing company for the purpose of undertaking the manufacturing and marketing of pharmaceutical and nutritional products.

CORPORATE PROFILE (CONT'D)



NEXT WAVE OF GROWTH

On 11 December 2007, Biosis through its wholly-owned subsidiary, Clini-Foods Sdn. Bhd. ("CF") entered into a lease agreement with Amanah Raya Berhad ("ARB") to lease a pharmaceutical factory erected on a piece of 12 acres of industrial land in Sungai Bakap, South Province Wellesley, Penang.

With modern facilities installed at the Group's new high technology pharmaceutical factory leased from ARB, the Group would be able to undertake nanotechnology in developing its drug delivery systems to enhance efficacies and also to conduct R & D in biotechnology to develop new products which would provide the Group with impetus for further growth upon successful commercialization.

ACHIEVING NEW SYNERGY

In March 2008 the Group launched our new name and logo Biosis Group Berhad ("Biosis"). The word "Biosis" which means "distinguished living organism", envisages an unprecedented opportunity to have a significant presence in the global marketplace, marked by a unparalleled commitment to our customers – *Nourishing Your Life*. This refreshed identity portrays an ever growing business entity with energy, vitality and forward momentum that is headed towards being a world class brand.

The acquisition of 70% equity interest in the Coscolab Sdn Bhd ("CSB") provides for further synergistic growth in the personal and skin care industry.

The Group further diversified into the retail sector and launched our first retail chain outlet under the brand d' Hair Shop on 7 November 2008. The concept behind d' Hair Shop is the first of its kind in Malaysia – a one-stop hair care products centre offering customers a complete package. d' Hair Shop has a full range of premium hair care products and accessories, from shampoos and conditioners, hair treatment, hair styling tools and accessories to hair gels and hair colours for both men and women. All of d' Hair Shop's hair care products are made under licence from France where the formulations originate. d' Hair Shop has appointed Ms Winnie Loo as the Brand Ambassador. Winnie Loo is a renowned hair care professional with more than 30 years of experience.

CORPORATE INFORMATION

DIRECTORS

Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohamed Yusof
(Chairman/Executive Director)

Khoo Chee Kong
(Managing Director/Chief Executive Officer)

Tang Tat Chun
(Non-Independent Non-Executive Director)

Soo Yoke Mun
(Independent Non-Executive Director)

Rithauddin Hussein Jamalattiff Bin Jamaluddin
(Independent Non-Executive Director)

Datuk Sr Haji Zakaria Bin Hashim
(Independent Non-Executive Director)

SECRETARIES

Chok Kwee Wah (MACS 00550)
Leong Mee Lee (LS 0001836)

AUDIT COMMITTEE

Soo Yoke Mun
(Chairman)

Rithauddin Hussein Jamalattiff Bin Jamaluddin

Datuk Sr Haji Zakaria Bin Hashim

REGISTERED OFFICE

Lot 10 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7784 3922
Fax : 603-7784 1988

BUSINESS ADDRESS

1572, Jalan Besar Valdor, Mukim 12,
Seberang Perai Selatan,
14200 Sungai Bakap, Penang
Tel : 604-582 1121
Fax : 604-582 9121

Plot 22 Lorong Perusahaan Maju 2
Prai Industrial Estate
Phase 4
13600 Prai, Penang
Tel : 604-507 2057
Fax : 604-507 5686

Website : www.biosis.com.my
Email : info@biosis.com.my

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7784 3922
Fax : 603-7784 1988

AUDITORS

Grant Thornton
(formerly known as JB Lau & Associates)
Chartered Accountants

PRINCIPAL BANKERS

Alliance Islamic Bank Berhad
Ambank (M) Berhad
Bank Islam Malaysia Berhad
EON Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad
CIMB Bank Berhad

SOLICITORS

Wong-Chooi & Mohd. Nor

STOCK EXCHANGE LISTING

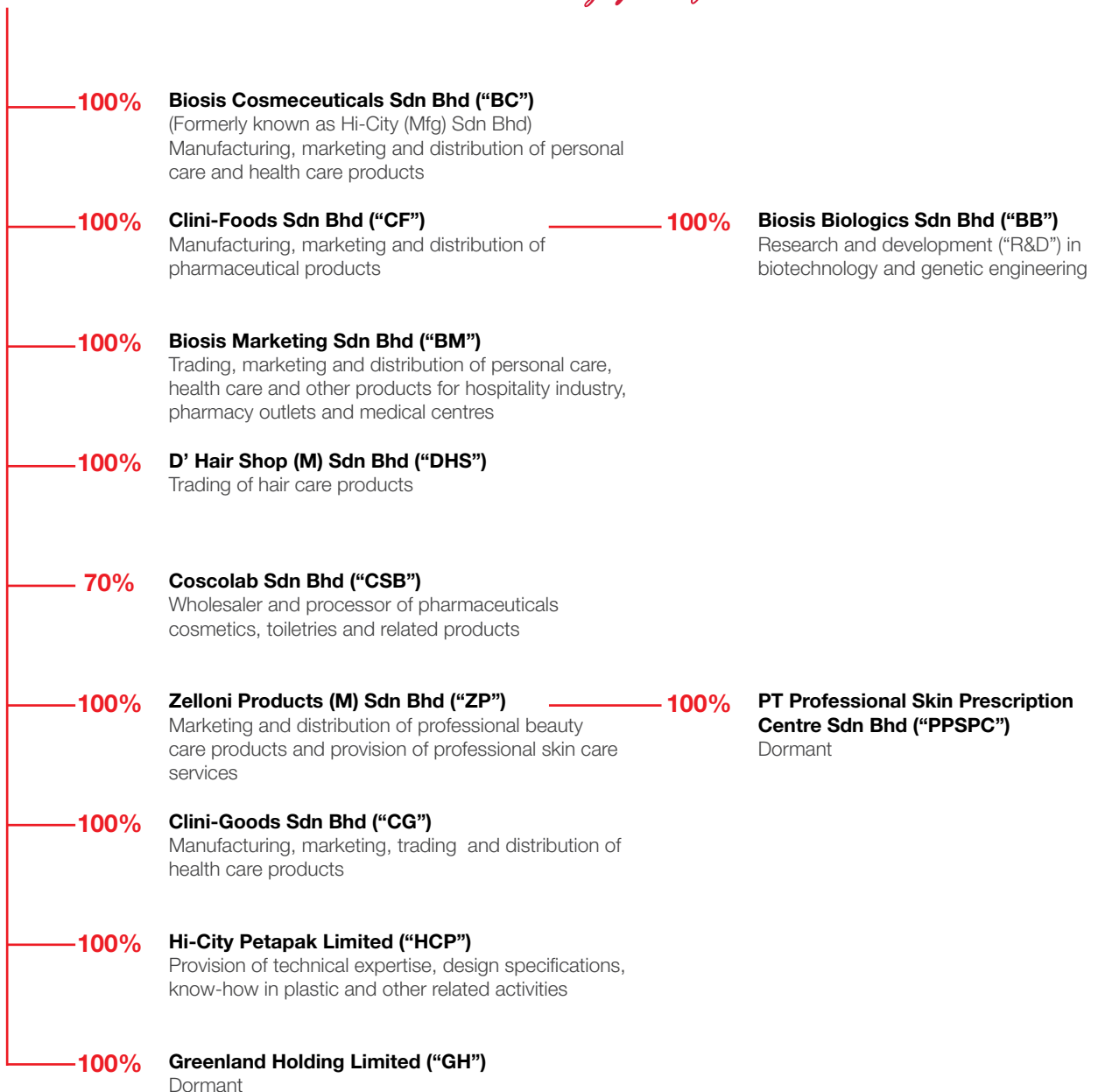
Second Board of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE



BIOSIS GROUP BERHAD 618768-D

Nourishing Your Life!



CORPORATE CALENDAR

Mar 2008 ▼



Launching of new corporate identity and logo

Feb 2008 ▼



Company annual dinner and dance

CORPORATE CALENDAR (CONT'D)

Sept 2008 ▼



Appointment of Ms Winnie Loo as Brand Ambassador for d' Hair Shop

Nov 2008 ▼



Launching of the 1st outlet of d' Hair shop in Pavillion and Gala Nite

Jun 2008 ▼



Signing of the Sale of Shares Agreement for the acquisition of 70% equity interest in Coscolab Sdn Bhd

GROUP'S PRODUCTS

Contract Manufacturing

Pharmaceutical



Pharmaceutical products for nourishment of health and prevention of diseases.



Offers services from R&D, product development to logistics and warehousing
- manufacturing capabilities in a wide range of product dosage forms and packaging designs.

GROUP'S PRODUCTS (CONT'D)

Hospitality



Offers a wide range of hospitality products to hotels and airlines.
 - replenish, refresh and energise.

Personal Care



Personal care products for rejuvenating and enhancing your self confidence.

Retailing



A one-stop centre selling complete range of premium quality hair care products and accessories for men and women under the d' Hair Shop brand name. The quality of each hair care product will be of the highest professional grade based on French formulation designed to enhance the natural beauty in all hair types.

CHAIRMAN'S STATEMENT



“I AM PLEASED to report to my fellow shareholders that BIOSIS returned a resilient performance for financial year 2008 amidst uncertain economic and volatile trading conditions.”

INTRODUCTION

The year 2008 had been a difficult and challenging year for the Group. The company faced a competitive and demanding business environment and a highly volatile commodity market which were further exacerbated by the global economic slump in the fourth quarter. The resilience of the Group was severely tested. Nevertheless, the situation served to strengthen the Board of Directors' commitment and resolve to direct, strategize and lead the Group to overcome the present difficulties and future challenges.

FINANCIAL PERFORMANCE

Despite the changing scenario in the global and regional economies, the Company registered an increase of 20.49% in revenue from RM41.53 million in 2007 to RM50.05 million in the year under review. We managed to introduce new products and set our footprint in the regional markets, resulting in an increase in revenue.

Even though the Company's performance was laudable considering the turbulent economy occurring during the year, it incurred a loss of RM1.65 million as compared to a profit before tax of RM0.99 million in the previous year. The drop in profitability was attributable to an increase in the prices of raw materials which occurred in the year as a result of the fuel price hike. Like most industries, we were affected by the skyrocketing fuel price which pushed up prices of raw materials from Active Pharmaceutical Ingredients (APIs) to packaging materials. Another major factor for the decline in our profitability was due to the impairment loss on property, plant and equipment amounting to RM2 million charged to the results of the Group which we had to undertake mainly due to regulatory requirements. We immediately took various cost saving measures to mitigate the impact of these raw material price increases. As fuel prices stabilised, we already began seeing some reduction in price for certain categories of raw materials towards the end of the year under review.

CHAIRMAN'S STATEMENT (CONT'D)

DIVIDEND

In view of the performance of the Group for the financial year under review, the Board does not recommend any dividend for the financial year ended 31 December 2008.

CORPORATE DEVELOPMENT

In March 2008 the Group launched our new name and logo. We are now called Biosis Group Berhad ("Biosis"). The word "Biosis" which means "distinguished living organism", envisages an unprecedented opportunity to have a significant presence in the global marketplace, marked by a unparalleled commitment to our customers – Nourishing Your Life. This refreshed identity portrays an ever growing business entity with energy, vitality and forward momentum that is headed towards being a world class brand.

The acquisition of 70% equity interest in the Coscolab Sdn Bhd ("CSB") announced on 6 June 2008 was completed on 2 September 2008.

The Group launched our first retail chain outlet under the brand d' Hair Shop on 7 November 2008. The concept behind d' Hair Shop is the first of its kind in Malaysia – a one-stop hair care products centre offering customers a complete package. d' Hair Shop has a full range of premium hair care products and accessories, from shampoos and conditioners, hair treatment, hair styling tools and accessories to hair gels and hair colours for both men and women. All of d' Hair Shop's hair care products are made under licence from France where the formulations originate. d' Hair Shop has appointed Ms Winnie Loo as the Brand Ambassador. Winnie Loo is a renowned hair care professional with more than 30 years of experience.

2009 OUTLOOK

We look to fiscal 2009 and beyond with great optimism. As always, we will be relying on our proven disciplined approach to building our businesses: strong marketing behind innovative new products, entry into new markets and continuous improvement in everything we do. Our optimism also comes from our ongoing focus of developing new products, to build on our best opportunities for sustained growth. We consistently hold the market share in most of the pharmaceuticals products and personal care that we represent. We will work continuously to improve our established brands by creating cutting edge marketing strategies. We have our in house R&D facilities to develop new and trendy products which we plan to launch for the next five years or as soon as the market is ready to accept such innovative products. In order to enhance our products' quality, we constantly conduct internal and external quality control test, go head-to-head with our direct competitors, to test for quality consistency and to keep tracking our direct competitors' quality.

ACKNOWLEDGEMENT

At Biosis, we aim to be an active participant and fulfil our role to make Malaysia a developed nation. However, Biosis will not be where we are today without our people who are our most valuable asset. They are our management team and employees. Their professionalism, loyalty and dedication have brought our Group's development to a new height, and have positioned our Group well for the future. I would like to thank them all for their contribution to our Group's ongoing success. Going forward, we will continue to nurture and enhance the partnerships we have fortified through our journey with our customers, suppliers, business associates, government and relevant authorities, professionals in the financial community, members of the media, investors, shareholders and all our friends. I would like to express my profound appreciation for their continuing support.

It is with sadness that we bid farewell to Mr. Heah Chew Teng @ Heah Kim Teik, the founder of Biosis Group Berhad (formerly known as Hi-City Bioscience Group Berhad) as he retires from active business. At the same time, I would like to welcome on board our new directors Mr. Khoo Chee Kong who takes over from Mr. Heah as the Managing Director and Chief Executive Officer and Datuk Haji Zakaria Bin Hashim. I thank the Board members for their continuing support and trust in me to take the Group to greater heights during these turbulent times.

Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohd Yusof

DPMK, JMN, KMN, MBBS (Sydney), FRCOG, FICS
Chairman

Dated : 29 May 2009

BOARD OF DIRECTORS' PROFILE



Y. Bhg. Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohamed Yusof

*Chairman/Executive Director
Malaysian, aged 69*

Y. Bhg. Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohamed Yusof graduated with a MBBS degree from Sydney University, Australia in 1964 and became a member of the Royal College of Obstetrics and Gynaecology (Sydney) in 1972. He was made a fellow of the Royal of Obstetrics and Gynaecology (United Kingdom) and a fellow of the Institute and College of Surgeons (United Kingdom) in 1984. He was a senior consultant in clinical obstetrics and gynaecology at Universiti Malaya Medical Centre (then known as University Hospital), while at the same time holding the post of Professor of Obstetrics and Gynaecology in Universiti Malaya. He was awarded lifetime achievement award by the Asia Pacific Academic Consortium for Public Health. For a time he was an Honorary Professor at the School of Public Health, University of Hawaii.

Y. Bhg. Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohamed Yusof has had a distinguished career in medicine and tertiary education, having served Universiti Malaya in various capacities, starting as a lecturer and then progressing through the ranks to Dean, Faculty of Medicine in 1986. He was also the Deputy Vice-Chancellor (Finance and Development) from 1986 to 1989 and on several occasions served the University in his capacity as the Acting Vice-Chancellor. He was conferred and coveted Professor Emeritus award by Universiti Malaya in 2004 for his outstanding contributions to the nation and university.

He is very active in community service, having served at various times as a consultant in his field of expertise to the Malaysian Government and international organisations such as the World Bank, UNICEF, Rand Corporation, Asia Pacific Academic Consortium for Public Health and World Health Organisation. He was actively involved as a consultant to SIRIM on artificial intelligence, and is currently a Director of Telemedicine Services, WorldCare Health (Malaya) Sdn Bhd. He has published textbooks and academic papers during his career. A sports and dance enthusiast, Y. Bhg actively participates in dancing, mountaineering, marathon, triathlon and iron-man challenge.

He does not have any family relationship with any director and/or major shareholder, or any conflict of interest with the Company, and has no convictions for any offences over the past ten years. He also sits in the Board of Directors of Hing Yap Knitting Industries Berhad.

BOARD OF DIRECTORS' PROFILE (CONT'D)



Khoo Chee Kong

*Managing Director/Chief Executive Officer
Malaysian, aged 47*

Mr. Khoo Chee Kong began his career with Messrs. BDO Binder in 1979 as an Audit Assistant and promoted to Audit Senior in 1980. He joined United Industries group of companies as an Internal Auditor. He joined Kopenda Holdings Sdn. Bhd. as Financial Accountant in 1984. He joined Innovest Hart Engineering Sdn. Bhd. as the Finance Manager in 1988 and Lyman Group of Indonesia as the Head of Corporate Finance and Business Development Department in 1990. He started the Kyros Kebab business in 1997 and expanded the business into an international fast food chain which merged with CAB Cakaran Corporation Group Berhad ("CAB"). He was appointed as an Executive Director of CAB from 2003 to 2006. Presently, Mr. Khoo Chee Kong is the Managing Director/Chief Executive Officer of Biosis Group Berhad.

He does not have any family relationship with any director and/or major shareholder, or any conflict of interest with the Company, and has no convictions for any offences over the past ten years.

Tang Tat Chun

*Non-Independent Non-Executive Director
Malaysian, aged 43*

Mr. Tang Tat Chun was appointed to the Board as Non-Independent Non-Executive Director on 1 December 2007. He holds a Bachelor Degree in Business (Accounting) from Australia and a member of CPA Australia and Malaysian Institute of Accountants. He started his career with Ernst & Young (Singapore Office) and has held senior positions in internal audit units of several public listed companies involved in industries such as manufacturing, trading, property development and telecommunications.

He does not have any family relationship with any director and/or major shareholder, or any conflict of interest with the Company, and has no convictions for any offences over the past ten years. His directorships in other public listed companies include Goh Ban Huat Berhad and Jasa Kita Berhad.



BOARD OF DIRECTORS' PROFILE (CONT'D)



Soo Yoke Mun

*Independent Non-Executive Director
Malaysian, aged 59*

Mr Soo Yoke Mun is a Public Accountant by profession. He obtained his Bachelor degree in Economics from University of Malaya and he is a member of Malaysian Institute of Accountants. He has more than 20 years of working experience in the field of accounting, auditing and taxation. He is the partner of Y M Soo & Co, an accounting firm which was established since 1978.

He does not have any family relationship with any director and/or major shareholder, or any conflict of interest with the Company, and has no convictions for any offences over the past ten years. His directorships in other public listed companies include The Air Molek Rubber Company Berhad and Kawan Food Berhad.

Rithauddin Hussein Jamalattiff Bin Jamaluddin

*Independent Non-Executive Director
Malaysian, aged 44*

En. Rithauddin Hussein Jamalattiff Bin Jamaluddin was appointed to the Board as Independent Non-Executive Director on 1 March 2008. He is a lawyer by profession and he obtained his Bachelor of Law (LLB, Honours) degree from University of Buckingham, United Kingdom and his Certificate of Legal Practice from University of Malaya in 1989 and 1990 respectively and he was called to the Malaysian Bar in 1991. He is the co-founder of Rithauddin and Azlin, a legal firm in Kuala Lumpur since May 1992.

He does not have any family relationship with any director and/or major shareholder, or any conflict of interest with the Company, and has no convictions for any offences over the past ten years. His directorships in other public listed companies include United Kotak Berhad and ES Ceramics Technology Berhad.



BOARD OF DIRECTORS' PROFILE (CONT'D)



Datuk Sr Haji Zakaria Bin Hashim

*Independent Non-Executive Director
Malaysian, aged 63*

Datuk Sr Haji Zakaria Bin Hashim was appointed to the Board as Independent Non-Executive Director on 15 April 2009. He is a Chartered Quantity Surveyor (Fellow Royal Institution of Chartered Surveyors), (Fellow Institution of Surveyors, Malaysia) and obtained his Diploma in Quantity Surveying from Maktab Teknik, Kuala Lumpur in 1970 and Advance Diploma in Quantity Surveying from the Thames Polytechnic London, United Kingdom in 1972. He is also a founding partner of Messrs. Zakaria-Lee and Partners Sdn Bhd, a Consultant Chartered Quantity Surveying Firm established in 1980. He is the Vice Chairman of the Commonwealth Association of Professional Centres, Immediate Past President of the Federation of Consultants from Islamic Countries, Council member of Malaysian Qualification Agency (MQA), Ministry of Higher Education, Council member of National Professional Services Export Council (NAPSEC), MATRADE, Ministry of International Trade and Industry. He was appointed as the Chairman of CAB Cakaran Corporation Group Berhad ("CAB") on August 11, 2003 till to-date.

He does not have any family relationship with any director and/or major shareholder, or any conflict of interest with the Company, and has no convictions for any offences over the past ten years. He is also the Chairman of CAB Cakaran Corporation Berhad.

Notes:

(i) Directors' Shareholdings

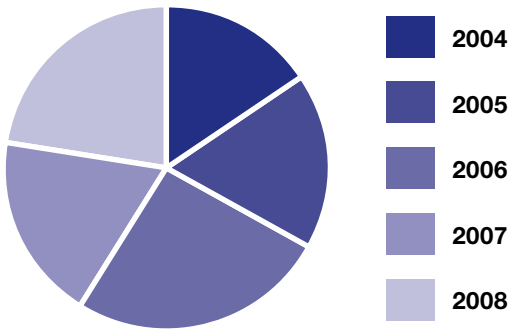
Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

(ii) Attendance at Board Meetings

Please refer to Statement Accompanying Notice of AGM

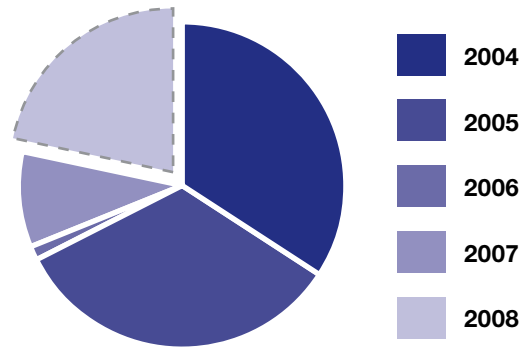


FINANCIAL HIGHLIGHTS



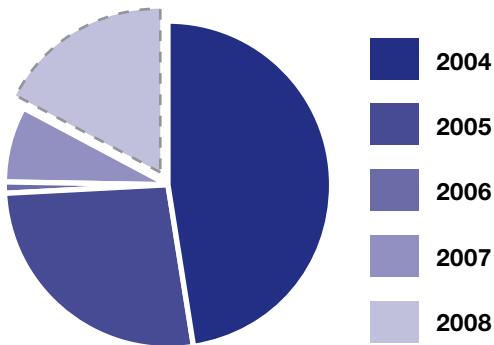
Turnover (RM'000)

	2004	2005	2006	2007	2008
Turnover	34,684	39,455	57,085	41,534	50,045



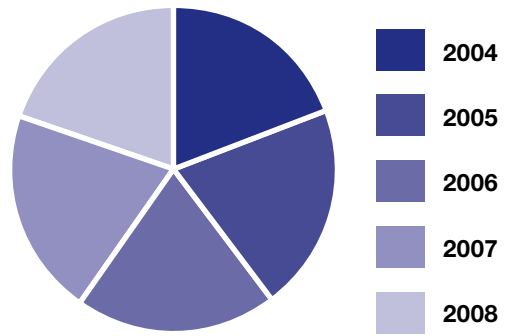
Net (loss)/profit attributable to equity holders of the Company (RM'000)

	2004	2005	2006	2007	2008
Net (loss)/profit attributable to equity holders of the Company	3,785	3,703	150	1,050	(2,385)



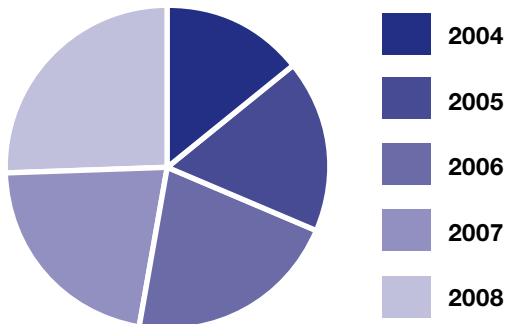
Earnings per share (sen) - Basic

	2004	2005	2006	2007	2008
Earnings per share (sen) - Basic	8.30	4.60	0.19	1.31	(2.98)



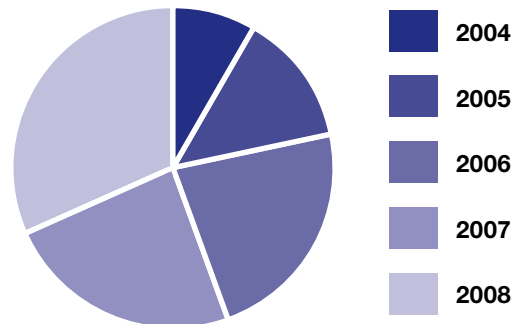
Shareholders' equity (RM'000)

	2004	2005	2006	2007	2008
Shareholders equity	49,134	51,637	50,987	51,776	49,481



Total Assets (RM'000)

	2004	2005	2006	2007	2008
Total Assets	66,568	79,770	98,676	101,109	117,100



Total Liabilities (RM'000)

	2004	2005	2006	2007	2008
Total Liabilities	17,434	28,133	47,689	49,333	66,034

STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance (the “Code”) sets out the principles and best practices on structure and processes that companies may use to achieve and maintain the highest standards of corporate governance throughout the Group so as to enhance corporate accountability towards shareholders.

The Board is entirely committed to the maintenance of high standards of corporate governance by supporting and implementing prescriptions of the principles and best practices set out in parts 1 and 2 respectively of the Code with the aim of ensuring board effectiveness in enhancing financial performance of the Group and shareholders’ value.

The following statement sets out how the Company has applied the principles and best practices of the Code.

BOARD OF DIRECTORS

Board Responsibilities

The Board is responsible for the overall corporate governance of the Group, including the strategic direction, risk management and establishes the vision and strategic objectives of the Group for development which includes management development, succession planning and policies to ensure all procedures within the Group are to be carried out in a systematic and orderly manner to ease the decision-making process.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. Meeting agenda includes review and approve the quarterly financial results before announcements, business reviews, macro strategies and other major corporate matters arising such as acquisitions, mergers and disposals (if any). Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group. All proceedings from the Board meetings are minuted and signed by the Chairman of the meetings.

During the financial year ended 31 December 2008, the Board met on five (5) occasions, where it deliberated upon and considered various important matters including the approval of annual budgets of the Group, approval for quarterly financial results for announcements, consideration and approval for major investments and acquisitions, strategic decisions and directions of the Group.

Details of Directors’ meeting attendances for the financial year ended 31 December 2008 are as follows:-

Directors	Total meetings attended
Y. Bhg. Professor Emeritus Dato’ Paduka Dr. Khairuddin Bin Mohamed Yusof (Chairman)	5/5
Soo Yoke Mun	5/5
Tang Tat Chun	5/5
Rithauddin Hussein Jamalattiff Bin Jamaluddin (Appointed on 1-3-2008)	4/4
Khoo Chee Kong (Appointed on 02-9-2008)	0/1
Datuk Sr Haji Zakaria Bin Hashim (Appointed on 15-4-2009)	N/A

Board Committees

The Board of Directors delegates certain responsibilities to the Board Committees as follows:

- (i) Audit Committee;
- (ii) Remuneration Committee; and
- (iii) Nomination Committee

These committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairmen of these committees report to the Board the outcome (including their recommendations) of the Committees meetings for the Board’s considerations and approvals and extracts of such reports are incorporated in the minutes of the Board meetings.

Board Balance and Board Effectiveness

As at the date of this statement, the Board consists of six (6) members; comprising one (1) executive Chairman, one (1) Managing Director/Chief Executive Officer, three (3) independent non-executive Directors and one (1) non-independent non-executive Director. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent director in paragraph 1.01 of the Listing Requirements of the Bursa Malaysia Securities Berhad (Listing Requirements”) and Practice Note 13/2002 of the Listing Requirements. The key elements for fulfilling the criteria are the appointment of independent Directors who are not members of management (non-executive) and who are free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two (2) directors or one third of the Board of Directors of the Company, whichever is higher, are independent Directors.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Directors, with their different backgrounds and specialisation, collectively bring with them many years of experience and expertise in areas such as finance, marketing and operations. The executive Director are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies of the Group.

The independent non-executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a capable check and balance for the executive Director. Together with the executive Directors who has intimate knowledge of their respective fields and businesses, the Board is constituted of individual who are committed to business integrity and professionalism in all its activities and have a proper understanding and competence to deal with the current and emerging business related issues locally and internationally.

The roles of the Chairman and the Managing Director are distinct and separate and each has a clearly accepted division of duties and responsibilities so as to ensure a balance of power and authority. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters of the Group so as to enable them to participate actively and effectively in Board meetings. The Managing Director is responsible to carry out the implementation of Board policies and decisions as well as to oversee the day-to-day management of the Group.

The Board is satisfied that the current Board composition fairly reflects the interests of all shareholders in the Company.

Supply of Information

The Board recognises that the decision making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and the Group. The Directors are also notified of any corporate announcements released to Bursa Securities and the impending restriction in dealing with the securities of the Company prior to the announcement of the financial results or corporate proposals.

All Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that all Directors have sufficient time to appreciate issues to be deliberated at the Board meetings and expedites the decision making process effectively. Every Director also unhindered access to the advice and services of the Company Secretaries. The Board is regularly updated by the Company Secretary on new statutory and regulatory requirements relating to the duties and responsibilities of Directors.

The Audit Committee, Remuneration Committee and Nomination Committee play a pivotal role in channeling pertinent operational and assurance related issues to the Board. The Committees partly function as a filter to ensure that only pertinent matters are tabled and deliberated at the Board level. The Board collectively determines, whether as a full Board or in their individual capacity, to take independent professional advice where necessary and under appropriate circumstances, in furtherance of their duties at the Company's expense.

Audit Committee

The primary objective of the Audit Committee is to assist the Board to review issues of accounting policies and financial statements and the adequacy and integrity of the Group's internal control systems. The Audit Committee works closely with the internal and external auditors.

The composition and terms of reference of the Audit Committee together with its report are presented on pages 22 to 23 of the Annual Report.

Nomination Committee

The Nomination Committee currently comprises the following:

Name	Designation
Rithauddin Hussein Jamalattiff Bin Jamaluddin (Chairman)	Independent non-executive Director
Soo Yoke Mun	Independent non-executive Director
Datuk Sr Haji Zakaria Bin Hashim	Independent non-executive Director

The Nomination Committee consists entirely of non-executive Directors, all of whom are independent.

The Nomination Committee is empowered by the Board and its terms of reference include bringing to the Board recommendations on the appointment of new directors besides assessing the effectiveness of Board Committees and the Board as a whole. The Nomination Committee is also entrusted to systematically assess the contribution of each Director due for retirement before recommending to the Board for their re-election.

The Board, through the Nomination Committee, appraises the composition of the Board and believes that the current composition brings the required mix of skills and core competencies required for the Board to discharge its duties effectively. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Remuneration Committee

The Remuneration Committee currently comprises the following:

Name	Designation
Rithauddin Hussein Jamalattiff	Independent non-executive
Bin Jamaluddin (Chairman)	Director
Soo Yoke Mun	Independent non-executive
	Director

The Remuneration Committee consists of Non-Executive Directors, all of whom are independent.

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of executive Directors.

The Executive Directors did not participate in decisions relating to their individual remuneration. The Board as a whole determines the remuneration of non-executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. In deciding an appropriate level of fees and benefits of each non-executive Directors, the Board considered the responsibility and time commitments taking into account the number of Board meetings, special meetings and the time required for reading Board and other papers, as well as the membership and chairmanship of Board Committees.

The policy practised on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors with the qualities required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

Further details of Directors' remuneration are set out below and in the Notes to the financial statements.

Appointments to the Board

The Nomination Committee through a formal and transparent procedure is responsible for the recommendation to the Board suitable candidates for appointment to the Board in making those recommendations, due consideration is given to the required mix of skills, knowledge, expertise and experience, professionalism and integrity that the proposed Director shall bring to the Board.

Re-election of Directors

The Articles of Association provide that all Directors of the Company are subject to retirement. At least one-third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to, but not more than one-third of the total shall retire from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.

The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal

profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are encouraged to attend various professional training programs to keep abreast with the new statutory and regulatory requirement by related authorities.

The Board continually identifies and determines the training needs of its members. The Board also ensures that appointees to the Board are individuals of sufficient caliber, knowledge as well as experience to fulfill their duties as a Director of the Company.

Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohamed Yusof had attended the seminar on Team Building during the year.

Mr. Khoo Chee Kong and Mr. Rithauddin Hussein Jamalattiff Bin Jamaluddin had attended the Developing Excellent and New Leadership Competency training during the year.

Mr. Tang Tat Chun had attended training pertaining to the functions and powers of the Board, business judgement, reliance on information provided by others and substantial property transactions by directors and substantial shareholders pursuant to the Companies (Amendments) Act 2007 conducted by the company secretary of another public listed company of which Mr. Tang is a Board member.

Mr. Soo Yoke Mun had attended the training of Persidaan Cukai Malaysia 2008, National Seminar on Taxation 2008, Risks of Non-Compliance – 2nd Small & Medium Practices Forum and Finance reporting during financial turbulence during the year.

Directors' Remuneration

Details of the nature and amount of each major element of the remuneration of each Director of the Company for the financial year ended 31 December 2008 are as follows

	Salaries & Bonuses RM	Fees RM	Other emoluments RM	Benefits -in-kind RM
Executive Directors				
- Company	40,000	12,000	-	-
- Subsidiaries	248,750	57,500	-	-
Subtotal	288,750	69,500	-	-
Non-Executive Directors				
- Company	9,000	60,000	-	-
- Subsidiaries	-	-	-	-
Total	297,750	129,500	-	-

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Number of Directors whose remuneration falls into the following bands comprises:

Range of remuneration RM	Number of Directors	
	Executive	Non-Executive
50,000 and below	-	6
50,001 to 100,000	2	1
100,001 to 150,000	-	2
150,001 to 200,000	-	-

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear and complete information of the Company's financial performance and position as possible.

The key elements of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both the individual and institutional investors on all aspects relevant to the Company at the AGM. It is also a requirement for the Company to send the Notice of the AGM and related circular to its shareholders at least twenty one (21) days before the meeting. At the AGM, shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general to seek more information.

The Company also participated in analysts' briefing. Press conferences were also held to brief members of the media on key events of the Group.

The Company's website, www.biosis.com.my provides a comprehensive avenue for information dissemination about the Company and the Group.

The Company is also committed to a policy to provide a detailed and complete disclosure of corporate information and in this respect the Company follows the disclosure guidelines and regulations of Bursa Securities. The release of material information will be made publicly via Bursa Securities, and other means. Members of the public can also obtain the full financial results and the Company's announcements from the Bursa Securities' website.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcements of financial results as well as the Chairman and Group Managing Director's statements in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the completeness of its financial reporting.

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates where applicable.

The Directors also have a general responsibility for taking steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Internal control

The Statements on Internal Control set out in that particular section of this Annual Report provides an overview on the state of internal controls within the Group.

Relationship with External Auditors

The external auditors of the Company fulfill an essential role on behalf of Company shareholders in giving an assurance to the shareholders and others on the reliability of the financial statements of the Group and of the Company.

The external auditors have an obligation to bring to the attention of the Board of Directors, the Audit Committee and Company management any significant defects in the Group's systems of reporting, internal control and compliance with approved accounting standards and regulatory requirements. The external auditors of the Company are invited to attend at least two (2) meetings of the Audit Committee a year.

The key features underlying the relationship of the Audit Committee with external auditors are included in the Audit Committee's terms of reference as detailed in Audit Committee section of this Annual Report.

Compliance Statement

The Board is committed to achieve high standards of corporate governance throughout the Group and high level of integrity and ethics in its business dealings. The Board has taken steps to ensure that the Group has implemented as far as possible the Best Practices as set out in the Code.

In line with a principle set out in the Malaysian Code on Corporate Governance, the Board of Directors ("Board") of a listed company should maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.27(b) of Bursa Malaysia's Listing Requirements also requires the Board of a listed company to include a statement on internal control in its annual report.

STATEMENT ON INTERNAL CONTROL

The Board acknowledges that it is responsible for the Group's system of internal control and for ensuring its adequacy and integrity. The internal control system of the Group is designed to provide reasonable assurance of the effective operations and compliance with legislations and regulations. Due to the inherent limitations in any system of internal control, the system of internal control of the Group is in place to manage, rather than eliminate the risk of failure to achieve business objectives and would only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's Management committee conducts periodic meetings that are attended by key personnel and senior staff members to discuss the Group's current and future business conditions, and to assess the Group's financial and operational exposure. The respective head of departments and business units heads also participate in such meetings to assist the Group in achieving its business performance, corporate plans and strategies with a structured segregation of duties and reporting responsibilities in monitoring operational issues, procedures and performance in a timely manner.

The key internal control elements of the Group are as follows:

- (a) An organisation structure is in place that clearly defines the lines of responsibility and delegation of authority.
- (b) Key positions throughout the Group are filled by qualified and experienced personnel.
- (c) Business operations progress are monitored through scheduled periodic meetings, where significant issues are discussed and corrective measures taken, where necessary.
- (d) Actual performance of the Group is compared with budget on a quarterly basis, with detailed major variances explained.
- (e) Proper approval and review by the Board on new ventures/ business diversification

Audit committee meetings are held on a quarterly basis to review, recommend and improve on the Group's financial reporting and internal control system.

The Group's manufacturing arm, BC has been accredited with the ISO 9001 2000 and Good Manufacturing Practice ("GMP") accreditations from BM TRADA Certification Ltd and the National Pharmaceutical Control Bureau of the Health Ministry of Malaysia respectively. BC and CF are also registered with the Food and Drug Administration of the United States of America ("US FDA") for the export of personal care and health products into that country.

The aforesaid accreditations and registration reflect compliance with stringent guidelines, and put forth a strong foundation for improving product and service quality as well as enhancing customer satisfaction.

The process of reviewing the adequacy and integrity of internal control is a continuous process, and the Board together with Management committee shall continue to take the necessary measures to enhance further the control environment of the Group, and includes identifying, managing, mitigating and responding to both internal and external factors that may affect the achievement of the Group's business objectives and performance.

There were no material losses incurred during the financial year as a result of weaknesses in the system of internal control.

AUDIT COMMITTEE REPORT

The Audit Committee currently comprises the following:

Name	Designation
Soo Yoke Mun (Chairman)	Independent non-executive Director
Rithauddin Hussein Jamalattiff Bin Jamaluddin	Independent non-executive Director
Datuk Sr Haji Zakaria Bin Hashim	Independent non-executive Director

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

Membership

The Committee shall be appointed by the Board from among its members and shall consist of not less than three members all of whom must be non-executive directors with a majority of them Independent Directors. An Independent Director shall be the one who fulfills the requirements as provided in the Listing Requirements of Bursa Securities.

At least one member of the Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967, or a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or fulfil such other requirements as prescribed or approved by Bursa Securities.

The members of the Committee shall elect a Chairman from among their number who is Independent Non-Executive Director. All members of the Committee, including the Chairman, will hold office until otherwise determined by the Board. No alternate director shall be appointed as a member of the Committee.

If the number of members is reduced to below three, due to whatsoever reasons, the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have the resources required to perform its duties. The Committee has full and unrestricted access to all information and documents relevant to its activities as well as to the internal auditors and employees of the Group.

The Committee is authorised by the Board to obtain external legal, independent or other professional advice and be able to convene

meetings with external parties whenever deemed necessary. It shall also have the power to establish Sub-Audit Committee(s) to carry out certain investigations on behalf of the Committee in such manner, as the Committee shall deemed fit and necessary.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee are:

- to consider and recommend to the Board on the nomination, appointment and termination of external auditors as well as the audit fee;
- to discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- to review the external auditors management letter and managements response;
- to review the internal audit programs and results of the internal audit process and where necessary to ensure that appropriate action is taken on the recommendations of the internal audit function;
- to review the adequacy of the scope, functions and resources of the internal audit functions;
- to review any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transactions between the Company and any related parties outside the Group;
- to review the quarterly and year-end financial statements of the Company and the Group prior to presentation to the Board for approval; focusing particularly on the changes in and implementation of major accounting policies and compliance with accounting standards and other legal requirements;
- to review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;
- to identify principal risks and ensure the implementation of appropriate systems to manage these risks; and
- to perform such other duties if any as may be agreed to by the Committee and the Board.

Attendance, Quorum and Frequency of Meetings

The Director of Finance, the Head of Internal Audit and representatives of the external auditors shall normally attend meetings. Other Board members and employees shall attend meetings only at the invitation of the Committee.

AUDIT COMMITTEE REPORT (CONT'D)

The Company Secretaries shall be the secretaries of the Committee.

In order to form a quorum for a Committee meeting, the majority of members present must be independent Directors.

The Committee shall meet not less than four (4) times a year. The external auditors may request for a meeting if they consider it necessary.

Reporting Procedures

The Committee is authorised to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Minutes of the meetings shall be concluded by the Secretary of the Committee to the Committee members and all the other Board members.

MEETINGS

During the financial year ended 31 December 2008, there was no specific issue arising from the audit of the financial statements of the Group that would require discussions without the presence of the executive board member.

The Committee met five (5) times during the financial year ended 31 December 2008.

Details of attendance of each members at the Committee meetings during the financial year ended 31 December 2008 are as follows:

	No. of Meetings held	Attendance
Soo Yoke Mun (Chairman) (Appointed Chairman on 15-4-2009)	5	5
Rithauddin Hussein Jamalattif Bin Jamaluddin (Appointed on 1-3-2008)	4	4
Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohd Yusof (Resigned on 15-4-2009)	5	5
Dato' Md Yusof Bin Omar (Resigned on 30-7-2008)	3	2
Seah Chek Huat (Resigned on 3-3-2008)	1	1

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2008.

During the financial year ended 31 December 2008, the Audit Committee carried out the following activities in the discharge of its functions and duties:

- (i) Reviewed the unaudited interim financial results, annual audited financial statements of the Group and management letters of the external auditors;
- (ii) Discussed and reviewed with the external auditors on the Group's audited year end financial statements together with the Audit Report to the Committee in relation to the significant matters noted in the course of the audit of the Group's financial statements as well as new developments on accounting standards and regulatory requirements;
- (iii) Reviewed with internal auditor on their audit findings and approved for adoption their recommendations;
- (iv) Reviewed the internal audit plan and reports so as to assess the state of the internal control system of the Group;
- (v) Reviewed the related party transactions of the Group;
- (vi) Reviewed the statutory payments of the Group to ensure compliance with the relevant statutory requirements;
- (vii) Reviewed the re-appointment of external auditors for the ensuing year; and
- (viii) Reviewed all capital expenditure irrespective of completed or pending completion and the cash flow situation of the Group.

INTERNAL AUDIT FUNCTION

The Internal Audit Department, which has been outsourced to an Audit Firm, reports to the Committee and tables an Annual Internal Audit Plan for the consideration and approval of the Committee for the year 2009. The Internal Audit Function has been tasked to undertake regular and systemic risk assessments based on the risk profiles of the business operations of the Group so as to provide reasonable assurance that such systems are adequate and continues to operate effectively in managing the key risks of the Group.

OTHER INFORMATION

1. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at the end of the financial year or entered into since the end of the previous financial year.

2. Non-audit Fees

There were no non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2008, other than the taxation fee totalling RM23,500 payable to a Company in which certain partners of the audit firm are shareholders and directors.

3. Share Buybacks

The Company did not enter into any share buyback transactions during the financial year ended 31 December 2008.

4. Variations in Results

The Company did not issue or announce any profit estimate, forecast or projection to the public for the financial year ended 31 December 2008.

5. Profit Guarantee

The Company did not receive any profit guarantee during the financial year ended 31 December 2008.

6. Revaluation Policy on Landed Properties

The Company does not adopt a policy of regular revaluation of its landed properties.

7. Imposition of Sanctions/Penalties

There were no public sanctions and/or public penalties imposed on the Company and its subsidiaries, directors or management by relevant regulatory bodies during the financial year ended 31 December 2008.

8. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised during the financial year ended 31 December 2008.

9. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programs during the financial year ended 31 December 2008.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Being a responsible organization the Group is mindful of our corporate social responsibility ("CSR") while conducting our business activities. The Group has implemented measures and undertaken various activities to ensure preservation, enhancement and care of the environment and community.

The Group recognizes the valuable contribution of the employees and emphasized on the welfare, health and safety of the employees through various educational training, counseling and prevention programs. Regular in-house and external training programs were held throughout the year to create awareness of safety requirements and upgrading of employee skills to meet changing demands of the business environment.

The contribution of the Group to the community was undertaken through various charitable events like the sponsorship of Starwalk, University Utara Student Event and donations to charitable and welfare organizations. In addition, the Group also provided industrial training for students from local universities.

In compliance with existing environmental laws and regulations strict controls are implemented in the treatment of waste water effluents and scheduled waste are disposed to Kualiti Alam Sdn Bhd. The Group also practices recycling of packaging materials and the use of environment friendly materials.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended **31 December 2008**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Loss after taxation for the year	(2,041,346)	(425,473)
Attributable to:		
Equity holders of the Company	(2,384,757)	(425,473)
Minority interests	343,411	-
	<u>(2,041,346)</u>	<u>(425,473)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report other than the impairment loss on property, plant and equipment amounting to RM2,029,629 charged to the results of the Group.

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any shares or debentures and did not grant any option to anyone to take up unissued shares of the Company.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2008

DIRECTORS

The directors who served since the date of the last report are as follows:

Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohamed Yusof

Khoo Chee Kong (appointed on 2.9.08)

Tang Tat Chun

Soo Yoke Mun

Rithauddin Hussein Jamalattiff Bin Jamaluddin (appointed on 1.3.08)

Datuk Sr Haji Zakaria Bin Hashim (appointed on 15.4.09)

Heah Chew Teng @ Heah Kim Teik (resigned on 1.10.08)

Dato' Md Yusop Bin Omar (resigned on 30.7.08)

Seah Chek Huat (resigned on 3.3.08)

In accordance with the Company's Articles of Association, **Messrs Khoo Chee Kong, Soo Yoke Mun and Datuk Sr Haji Zakaria Bin Hashim** retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:

	----- Number of ordinary shares of RM0.50 each -----			Balance at 31.12.08
	Balance at 1.1.08	Bought	Sold	
The Company				
Direct Interest:				
Khoo Chee Kong	-	4,914,000	-	4,914,000
Soo Yoke Mun	230,000	-	-	230,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate allowance has been made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2008

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

The auditors, **Grant Thornton (formerly known as JB Lau & Associates)**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

Khoo Chee Kong

**Professor Emeritus Dato' Paduka
Dr. Khairuddin Bin Mohamed Yusof**

Penang,

Date : 15 April 2009

DIRECTORS' STATEMENT

31 DECEMBER 2008

We, **Khoo Chee Kong** and **Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohamed Yusof**, being two of the directors of **Biosis Group Berhad** state that in the opinion of the directors, the financial statements set out on pages 32 to 70 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2008** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors:

.....
Khoo Chee Kong

.....
**Professor Emeritus Dato' Paduka
Dr. Khairuddin Bin Mohamed Yusof**

Date : 15 April 2009

STATUTORY DECLARATION

I, **Khoo Chee Kong**, the director primarily responsible for the financial management of **Biosis Group Berhad** do solemnly and sincerely declare that the financial statements set out on pages 32 to 70 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **15th**)
day of **April 2009**.)

.....
Khoo Chee Kong

Before me,

.....
KARUPAYEE KAMALAM A/P R.MOTTAI
No. : P015
Commissioner for Oaths
Malaysia

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOSIS GROUP BERHAD

Report on the Financial Statements

We have audited the financial statements of **Biosis Group Berhad**, which comprise the balance sheets as at **31 December 2008** of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 70.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements,
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF BIOSIS GROUP BERHAD (CONT'D)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

.....
Grant Thornton
(formerly known as JB Lau & Associates)
No. AF : 0042
Chartered Accountants

Date : 15 April 2009

Penang

.....
John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2008

	NOTE	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	59,085,974	46,744,044
Prepaid lease payments	4	1,086,675	1,110,029
Other investment	6	5,500,775	-
Intangible assets	7	7,814,622	6,485,806
		73,488,046	54,339,879
Current assets			
Inventories	9	15,349,759	12,212,877
Trade receivables	10	18,632,603	28,414,285
Other receivables, deposits and prepayments		6,891,439	2,050,762
Tax recoverable		59,206	76,118
Fixed deposits with licenced banks	11	1,404,009	1,619,747
Cash and bank balances	12	1,274,653	2,395,578
		43,611,669	46,769,367
TOTAL ASSETS		117,099,715	101,109,246
EQUITY AND LIABILITIES			
Share capital	13	40,000,000	40,000,000
Share premium		2,202,052	2,202,052
Exchange translation reserve	14	(171,636)	(261,223)
Retained profits		7,450,976	9,835,733
		49,481,392	51,776,562
Minority interest		1,584,429	-
Total equity		51,065,821	51,776,562
Non-current liabilities			
Borrowings	15	12,762,010	3,504,872
Deferred tax liabilities	16	1,525,355	1,881,657
		14,287,365	5,386,529
Current liabilities			
Trade payables	17	8,887,788	6,319,387
Other payables and accruals	18	11,484,148	9,075,532
Amount due to a director	19	196,771	-
Borrowings	15	30,506,888	28,403,374
Provision for taxation		670,934	147,862
		51,746,529	43,946,155
Total liabilities		66,033,894	49,332,684
TOTAL EQUITY AND LIABILITIES		117,099,715	101,109,246

The notes set out on pages 41 to 70 form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	2008 RM	2007 RM
Revenue	20	50,044,805	41,534,439
Cost of sales		<u>(40,036,893)</u>	<u>(34,058,607)</u>
Gross profit		10,007,912	7,475,832
Other income		495,431	167,357
Administrative expenses		(3,987,916)	(3,001,823)
Selling and distribution expenses		(1,461,448)	(1,147,715)
Other operating expenses		<u>(4,351,335)</u>	<u>(853,437)</u>
Profit from operations		702,644	2,640,214
Finance costs		<u>(2,348,652)</u>	<u>(1,651,147)</u>
(Loss)/Profit before taxation	21	(1,646,008)	989,067
Taxation	22	<u>(395,338)</u>	<u>61,305</u>
(Loss)/Profit for the year		<u>(2,041,346)</u>	<u>1,050,372</u>
Attributable to:			
Equity holders of the Company		(2,384,757)	1,050,372
Minority interests		343,411	-
		<u>(2,041,346)</u>	<u>1,050,372</u>
Basic (loss)/earnings per share (sen)	23	<u>(2.98)</u>	<u>1.31</u>

The notes set out on pages 41 to 70 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	----- Attributable to Equity Holders of the Company -----					Minority Interest RM	Total Equity RM
	----- Non-distributable -----			Distributable			
	Share Capital RM	Share Premium RM	Exchange Translation Reserve RM	Retained Profits RM	Total RM		
2008							
Balance at beginning	40,000,000	2,202,052	(261,223)	9,835,733	51,776,562	-	51,776,562
Foreign currency translation recognised directly in equity	-	-	89,587	-	89,587	-	89,587
Loss for the year	-	-	-	(2,384,757)	(2,384,757)	343,411	(2,041,346)
Total recognised income and expense for the year	-	-	89,587	(2,384,757)	(2,295,170)	343,411	(1,951,759)
Arising from acquisition of a subsidiary	-	-	-	-	-	1,241,018	1,241,018
Balance at end	40,000,000	2,202,052	(171,636)	7,450,976	49,481,392	1,584,429	51,065,821
2007							
Balance at beginning	40,000,000	2,202,052	-	8,785,361	50,987,413	-	50,987,413
Foreign currency translation recognised directly in equity	-	-	(261,223)	-	(261,223)	-	(261,223)
Profit for the year	-	-	-	1,050,372	1,050,372	-	1,050,372
Total recognised income and expense for the year	-	-	(261,223)	1,050,372	789,149	-	789,149
Balance at end	40,000,000	2,202,052	(261,223)	9,835,733	51,776,562	-	51,776,562

The notes set out on pages 41 to 70 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(1,646,008)	989,067
Adjustments for:		
Allowance for doubtful debts	171,836	(818,418)
Amortisation of prepaid lease payments	23,354	24,086
Bad debts	3,366	2,990
Depreciation	4,121,773	4,281,230
Gain on disposal of leasehold land	-	(15,666)
Goodwill on consolidation written off	-	13,402
Impairment loss on property, plant and equipment	2,029,629	-
Interest expense	2,348,652	1,651,147
Interest income	(157,119)	(50,859)
Loss/(Gain) on disposal of property, plant and equipment	36,484	(11,565)
Property, plant and equipment written off	276,475	50,263
Unrealised (gain)/loss on foreign exchange	(98,408)	177,899
Operating profit before working capital changes	7,110,034	6,293,576
Inventories	61,215	3,728,710
Receivables	8,427,258	8,350,808
Payables	(2,203,992)	1,805,842
Cash generated from operations	13,394,515	20,178,936
Income tax paid	(360,996)	(529,395)
Income tax refund	51,650	-
Interest paid	(2,348,652)	(1,651,147)
Net cash from operating activities	10,736,517	17,998,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of licence right	-	(413,000)
Interest received	2,543	11,474
Development expenditure	(96,761)	(217)
** Net cash outflow on acquisition of a subsidiary	(1,359,369)	-
Placement with Institutional Trust Account	(5,391,567)	-
Proceeds from disposal of leasehold land	-	263,931
Proceeds from disposal of property, plant and equipment	23,800	398,129
* Purchase of property, plant and equipment	(10,483,677)	(17,396,454)
Withdrawal of fixed deposits	431,106	178,064
Net cash used in investing activities	(16,873,925)	(16,958,073)
BALANCE CARRIED FORWARD	(6,137,408)	1,040,321

The notes set out on pages 41 to 70 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 RM	2007 RM
BALANCE BROUGHT FORWARD	(6,137,408)	1,040,321
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers acceptance and trust receipts	(820,005)	887,507
Director's account	196,771	-
Payment of hire purchase loans	(1,371,538)	(845,096)
Proceeds from term loan	7,038,000	29,534
Repayment of term loans	(765,203)	(451,203)
Net cash from /(used in) financing activities	4,278,025	(379,258)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,859,383)	661,063
Effects of exchange rate changes	(398,175)	1,017,991
CASH AND CASH EQUIVALENTS AT BEGINNING	(712,152)	(2,391,206)
CASH AND CASH EQUIVALENTS AT END	(2,969,710)	(712,152)
Represented by:		
Cash and bank balances	1,274,653	2,395,578
Bank overdrafts	(4,244,363)	(3,107,730)
	(2,969,710)	(712,152)
* Purchase of property, plant and equipment		
Total acquisition cost	12,575,287	18,139,404
Acquired under hire purchase loans	(2,091,610)	(742,950)
Total cash acquisition	10,483,677	17,396,454
** Cash flow on acquisition of a subsidiary		
Property, plant and equipment	6,254,804	-
Inventories	3,198,097	-
Receivables	3,648,973	-
Fixed deposit with a licensed bank	170,000	-
Cash and bank balances	30,631	-
Payables	(5,016,935)	-
Term loan	(1,057,850)	-
Hire purchase payables	(2,993,305)	-
Deferred tax liabilities	(38,231)	-
Provision for taxation	(59,459)	-
Net assets of acquired subsidiary	4,136,725	-
Minority interest	(1,241,018)	-
Share of net assets acquired	2,895,707	-
Goodwill on consolidation	744,293	-
Total cash consideration paid	3,640,000	-
Less : Other payables [#]	(2,250,000)	-
	1,390,000	-
Less : Cash and cash equivalents	(30,631)	-
Net cash outflow on acquisition of a subsidiary	1,359,369	-

Being the balance of unpaid purchase consideration

The notes set out on pages 41 to 70 form an integral part of these financial statements.

BALANCE SHEET

AT 31 DECEMBER 2008

	NOTE	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	334,768	383,029
Investment in subsidiaries	5	41,864,570	33,724,570
Amount due from subsidiaries	8	5,656,906	8,446,441
		<u>47,856,244</u>	<u>42,554,040</u>
Current assets			
Sundry deposits		101,000	102,908
Tax recoverable		20,771	37,683
Cash and bank balances	12	35,062	18,905
		<u>156,833</u>	<u>159,496</u>
TOTAL ASSETS		<u>48,013,077</u>	<u>42,713,536</u>
EQUITY AND LIABILITIES			
Share capital	13	40,000,000	40,000,000
Share premium		2,202,052	2,202,052
(Accumulated loss)/Retained profits		<u>(240,276)</u>	<u>185,197</u>
Total equity		<u>41,961,776</u>	<u>42,387,249</u>
Non-current liabilities			
Amount due to subsidiaries	8	<u>3,528,382</u>	<u>75,245</u>
Current liabilities			
Sundry payables and accruals	18	<u>2,522,919</u>	<u>251,042</u>
Total liabilities		<u>6,051,301</u>	<u>326,287</u>
TOTAL EQUITY AND LIABILITIES		<u>48,013,077</u>	<u>42,713,536</u>

The notes set out on pages 41 to 70 form an integral part of these financial statements.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	2008 RM	2007 RM
Revenue	20	-	1,225,038
Other income		2,543	-
Administrative expenses		(305,224)	(1,303,071)
Selling and distribution expenses		(11,670)	(26,489)
Other operating expenses		(111,122)	(132,575)
Loss before taxation	21	(425,473)	(237,097)
Taxation	22	-	-
Loss for the year		(425,473)	(237,097)

The notes set out on pages 41 to 70 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Share Capital RM	Non- distributable Share Premium RM	(Accumulated loss)/ Retained Profits RM	Total RM
2008				
Balance at beginning	40,000,000	2,202,052	185,197	42,387,249
Loss for the year	-	-	(425,473)	(425,473)
Balance at end	<u>40,000,000</u>	<u>2,202,052</u>	<u>(240,276)</u>	<u>41,961,776</u>
2007				
Balance at beginning	40,000,000	2,202,052	422,294	42,624,346
Loss for the year	-	-	(237,097)	(237,097)
Balance at end	<u>40,000,000</u>	<u>2,202,052</u>	<u>185,197</u>	<u>42,387,249</u>

The notes set out on pages 41 to 70 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(425,473)	(237,097)
Adjustment for:		
Depreciation	48,261	48,068
Interest income	(2,543)	-
	<hr/>	<hr/>
Operating loss before working capital changes	(379,755)	(189,029)
Receivables	1,908	80,092
Payables	2,271,877	(225,768)
	<hr/>	<hr/>
Cash generated from/(used in) operations	1,894,030	(334,705)
Income tax paid	(10,838)	(11,380)
Income tax refund	27,750	-
	<hr/>	<hr/>
Net cash from/(used in) operating activities	1,910,942	(346,085)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment in a subsidiary	2	-
Interest received	2,543	-
Purchase of investment in subsidiaries	(8,140,002)	(1,000,000)
Purchase of property, plant and equipment Subsidiaries	-	(2,900)
	<hr/>	<hr/>
Net cash (used in)/from investing activities	(5,347,922)	387,090
CASH FLOWS FROM FINANCING ACTIVITIES		
Subsidiaries	3,453,137	(85,728)
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH	16,157	(44,723)
CASH AT BEGINNING	18,905	63,628
	<hr/>	<hr/>
CASH AT END	35,062	18,905
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

1. CORPORATE INFORMATION

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2009.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

2.1 Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The Group and the Company had adopted new/revised Financial Reporting Standards ("FRSs") for financial periods beginning on or after 1 January 2008 as described fully in Note 2.22.

2.2 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed as follows :

(i) Impairment of intangible assets

The Group determines whether intangible assets are impaired at least once annually. This requires the estimation of the value in use of the cash-generating unit to which intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 2 to 56 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore the future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Significant Accounting Estimates and Judgements (cont'd)****(iii) Net realisable values of inventories**

The management reviews for slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(iv) Recoverability of receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowance for doubtful debt is provided where events or changes in circumstances indicate that the balances may not be collectable. The identification of doubtful debts requires use of judgement and estimates. Where the estimation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debts expenses in the period in which such estimate has been changed.

2.3 Subsidiaries and Basis of Consolidation**Subsidiaries**

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits therefrom.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's separate financial statements.

The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in Note 2.12.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

Basis of Consolidation

The consolidated financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are consolidated using the acquisition method of consolidation.

Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities represents goodwill and is retained in the balance sheet. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses in goodwill is in accordance with the accounting policy as set out in Note 2.12.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Inter-company balances, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the acquisition fair values of the identifiable assets and liabilities of the acquiree company. Separate disclosure is made of minority interest.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in Note 2.12.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	2%
Building on short leasehold land	56 years
Plant and machinery	10%
Office equipment, furniture and fittings	10% - 50%
Renovation	10%
Motor vehicles	20%

Freehold land is not amortised as it has an infinite life.

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

The residual values, useful life and depreciation method are reviewed at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

2.5 Hire Purchase

Property, plant and equipment financed under hire purchase are capitalised in the financial statements and are depreciated in accordance with the accounting policy as set out in Note 2.4. Outstanding obligations due under hire purchase after deducting finance costs are included as liabilities in the financial statements. The finance costs are charged to the income statement over the period of the respective agreements using the straight line and sum-of-digit methods, where appropriate.

2.6 Operating Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership to the Group.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land elements and buildings elements of the lease at the inception of the lease. The upfront payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Prepaid lease payments on leasehold properties are amortised on a straight line basis over the remaining lease term of the properties of 56 years to 99 years.

2.7 Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Intangible Assets (cont'd)

Licence right

Licence right is measured initially at cost. Subsequent to initial recognition, licence right with definite life are stated at cost less accumulated amortisation and any accumulated impairment losses while licence right with indefinite life are stated at cost less any accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in Note 2.12.

The licence right with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of a licence right with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Research and Development Costs

All research costs are immediately recognised in the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in the income statement as incurred.

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the commencement of the commercialisation of the products. The amortisation period and method are reviewed at each balance sheet date to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets. The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in Note 2.12.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of finished goods and work-in-progress includes materials, direct labour and attributable production overheads.

Cost is determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Receivables

Receivables are stated at their anticipated realisable values.

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection.

2.10 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.12 Impairment of Assets

Goodwill

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

The Group reviews the carrying amount of its CGU at each balance sheet date to determine whether there is any indication of impairment or more frequently when indicators of impairment are identified. If any such indication exists, impairment is measured by comparing the carrying amount of the CGU with its recoverable amount.

CGU's recoverable amount is the higher of CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. Where the carrying amount of CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. Impairment loss recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period.

Other assets

At each balance sheet date, the Group reviews the carrying amounts of its assets other than prepaid lease payments, inventories and financial assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

2.13 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of borrowing costs ceases when the qualifying assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as expenses in the period in which they are incurred.

2.14 Income Recognition

Sale of goods

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Management fee income

Management fee income is recognised on the accrual basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.15 Employee Benefits****Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

2.16 Foreign Currency Translations

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date. All exchange gains or losses are included in the income statement.

The financial statements of the foreign subsidiaries are translated into Ringgit Malaysia at the approximate rate of exchange ruling on the balance sheet date for balance sheet items and at the approximate average rate of exchange ruling on transaction dates for income statement items. Exchange differences due to such currency translations are taken directly to exchange translation reserve.

2.17 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted by the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2.18 Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions and all exchange gains or losses are included in the income statement of the same period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

2.20 Equity Instruments

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared.

The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

2.21 Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of the financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

2.22 New and Revised Financial Reporting Standards ("FRSs")

The Group and the Company adopted the following new and revised FRSs and IC Interpretations during the financial year:

	Effective date	
FRS 107	Cash Flow Statements	1 July 2007
* FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
* FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
* IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
* IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
* IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
* IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
* IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies	1 July 2007
* IC Interpretation 8	Scope of FRS 2	1 July 2007

The adoption of the above FRSs did not give rise to any adjustment to the opening balances of retained profits/accumulated losses of the prior and current year or to changes in the comparative figures.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 New and Revised Financial Reporting Standards ("FRSs") (cont'd)

The Group and the Company have not early adopted the following FRSs and IC Interpretations which are effective for financial periods beginning on or after 1 July 2009 and 1 January 2010.

Mandatory for financial period beginning on or after 1 July 2009:

FRS 8	Operating Segments
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Mandatory for financial period beginning on or after 1 January 2010:

* FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 139	Financial Instruments : Recognition and Measurement
* IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

* Not applicable to the Group and to the Company.

The effects of FRS 139, if any, upon its initial recognition are exempted from disclosure.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. PROPERTY, PLANT AND EQUIPMENT

GROUP 2008

	----- At Cost -----						
	Balance at 1.1.08 RM	Acquisition of a new subsidiary RM	Additions RM	Disposals RM	Written off RM	Reclassifi- cation RM	Balance at 31.12.08 RM
Freehold land	-	2,270,000	-	-	-	-	2,270,000
Buildings	8,782,286	2,730,000	-	-	-	-	11,512,286
Plant and machinery	36,062,006	1,754,989	1,636,204	(76,310)	-	1,966,606	41,343,495
Office equipment, furniture and fittings	2,268,015	32,216	251,519	(7,359)	-	-	2,544,391
Renovation	3,337,138	432,839	1,238,764	-	(476,865)	230,000	4,761,876
Motor vehicles	890,130	421,090	68,138	-	-	-	1,379,358
Capital expenditure in progress	16,795,375	-	9,380,662	-	-	(2,196,606)	23,979,431
	68,134,950	7,641,134	12,575,287	(83,669)	(476,865)	-	87,790,837

	----- Accumulated depreciation -----						
	Balance at 1.1.08 RM	Acquisition of a new subsidiary RM	Current charge RM	Disposals RM	Written off RM	Reclassifi- cation RM	Balance at 31.12.08 RM
Freehold land	-	-	-	-	-	-	-
Buildings	1,663,047	91,000	183,141	-	-	-	1,937,188
Plant and machinery	16,330,183	862,968	3,219,008	(21,621)	-	-	20,390,538
Office equipment, furniture and fittings	1,081,025	14,854	210,624	(1,764)	-	-	1,304,739
Renovation	1,741,885	75,226	349,588	-	(200,390)	-	1,966,309
Motor vehicles	574,766	342,282	159,412	-	-	-	1,076,460
Capital expenditure in progress	-	-	-	-	-	-	-
	21,390,906	1,386,330	4,121,773	(23,385)	(200,390)	-	26,675,234

	----- Accumulated impairment loss -----						
	Balance at 1.1.08 RM	Acquisition of a new subsidiary RM	Current charge RM	Disposals RM	Written off RM	Reclassifi- cation RM	Balance at 31.12.08 RM
Plant and machinery	-	-	2,029,629	-	-	-	2,029,629

	Net carrying amount at 31.12.08 RM
Freehold land	2,270,000
Buildings	9,575,098
Plant and machinery	18,923,328
Office equipment, furniture and fittings	1,239,652
Renovation	2,795,567
Motor vehicles	302,898
Capital expenditure in progress	23,979,431
	59,085,974

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP

2007

	----- At cost -----				
	Balance at	Additions	Disposals	Written	31.12.07
	1.1.07			off	
RM	RM	RM	RM	RM	
Building on short leasehold land	8,782,286	-	-	-	8,782,286
Plant and machinery	35,000,676	1,061,330	-	-	36,062,006
Office equipment, furniture and fittings	2,138,455	135,412	(5,663)	(189)	2,268,015
Renovation	3,549,112	147,287	(298,087)	(61,174)	3,337,138
Motor vehicles	1,428,155	-	(538,025)	-	890,130
Capital expenditure in progress	-	16,795,375	-	-	16,795,375
	<u>50,898,684</u>	<u>18,139,404</u>	<u>(841,775)</u>	<u>(61,363)</u>	<u>68,134,950</u>

	----- Accumulated depreciation -----				
	Balance at	Current	Disposals	Written	Balance at
	1.1.07	charge		off	31.12.07
RM	RM	RM	RM	RM	
Building on short leasehold land	1,498,106	164,941	-	-	1,663,047
Plant and machinery	12,920,616	3,409,567	-	-	16,330,183
Office equipment, furniture and fittings	875,597	206,388	(944)	(16)	1,081,025
Renovation	1,520,671	329,022	(96,724)	(11,084)	1,741,885
Motor vehicles	760,997	171,312	(357,543)	-	574,766
Capital expenditure in progress	-	-	-	-	-
	<u>17,575,987</u>	<u>4,281,230</u>	<u>(455,211)</u>	<u>(11,100)</u>	<u>21,390,906</u>

	Net carrying amount at 31.12.07
	RM
Building on short leasehold land	7,119,239
Plant and machinery	19,731,823
Office equipment, furniture and fittings	1,186,990
Renovation	1,595,253
Motor vehicles	315,364
Capital expenditure in progress	16,795,375
	<u>46,744,044</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**COMPANY**

	Furniture and fittings RM	Office equipment RM	Total RM
2008			
At cost			
Balance at beginning/end	<u>10,819</u>	<u>471,795</u>	<u>482,614</u>
Accumulated depreciation			
Balance at beginning	1,443	98,142	99,585
Current charge	1,082	47,179	48,261
Balance at end	<u>2,525</u>	<u>145,321</u>	<u>147,846</u>
Net carrying amount	<u>8,294</u>	<u>326,474</u>	<u>334,768</u>
2007			
At cost			
Balance at beginning	10,819	468,895	479,714
Additions	-	2,900	2,900
Balance at end	<u>10,819</u>	<u>471,795</u>	<u>482,614</u>
Accumulated depreciation			
Balance at beginning	361	51,156	51,517
Current charge	1,082	46,986	48,068
Balance at end	<u>1,443</u>	<u>98,142</u>	<u>99,585</u>
Net carrying amount	<u>9,376</u>	<u>373,653</u>	<u>383,029</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**GROUP**

- (i) The net carrying amount of property, plant and equipment pledged to licensed banks as securities for credit facilities granted to the subsidiaries are as follows:

	2008	2007
	RM	RM
Freehold land	2,270,000	-
Buildings	9,575,098	7,119,239
Plant and machinery	3,426,509	3,974,313
	15,271,607	11,093,552

- (ii) The net carrying amount of property, plant and equipment acquired under hire purchase loans are as follows:

	2008	2007
	RM	RM
Plant and machinery	5,363,297	3,290,976
Motor vehicles	247,977	187,951
	5,611,274	3,478,927

4. PREPAID LEASE PAYMENTS

	GROUP	
	2008	2007
	RM	RM
Balance at beginning	1,110,029	1,382,380
Less : Current amortisation	(23,354)	(24,086)
Disposal	-	(248,265)
Balance at end	1,086,675	1,110,029
Analysed by:		
Short leasehold land	875,076	895,911
Long leasehold apartment	211,599	214,118
	1,086,675	1,110,029

The short leasehold land is pledged to a licensed bank as security for credit facilities granted to a subsidiary.

Short leasehold property refers to property with unexpired lease period of 50 years or less and long leasehold property refers to property with unexpired lease period of more than 50 years determined at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2008	2007
	RM	RM
Unquoted shares, at cost	41,864,570	33,724,570

Details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2008	2007	
<u>Direct</u>				
Biosis Cosmeceuticals Sdn. Bhd. (formerly known as Hi-City (Mfg) Sdn. Bhd.)	Malaysia	100%	100%	Manufacturing, marketing and distribution of personal care products and manufacturing of health care products.
Biosis Marketing Sdn. Bhd.	Malaysia	100%	100%	Marketing, trading and distribution of personal care, health care and other products for hospitality industry, pharmacy outlets and medical centres.
Zelloni Products (M) Sdn. Bhd.	Malaysia	100%	100%	Marketing and distribution of professional beauty care products.
Clini-Goods Sdn. Bhd.	Malaysia	100%	100%	Manufacturing, marketing, trading and distribution of health care products.
Clini-Foods Sdn. Bhd.	Malaysia	100%	100%	Manufacturing, marketing and distribution of pharmaceutical products.
Biosis Biologics Sdn. Bhd.	Malaysia	-	100%	Dormant.
* Greenland Holdings Limited	Hong Kong	100%	100%	Investment holding.
* Hi-City Petapak Limited	Hong Kong	100%	100%	Provision of technical expertise, design specifications, know-how in plastic and other related activities.
* Coscolab Sdn. Bhd.	Malaysia	70%	-	Wholesaler and processor of pharmaceuticals, cosmetics, toiletries and related products.
D'Hair Shop (M) Sdn. Bhd.	Malaysia	100%	-	Trading of hair care products.
<u>Indirect - held through Zelloni Products (M) Sdn. Bhd.</u>				
PT Professional Skin Prescription Centre Sdn. Bhd.	Malaysia	100%	100%	Dormant.
<u>Indirect - held through Clini-Foods Sdn. Bhd.</u>				
Biosis Biologics Sdn. Bhd.	Malaysia	100%		Engagement in research and development activities.

* Not audited by Grant Thornton.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

5. INVESTMENT IN SUBSIDIARIES (CONT'D)**2008**

(i) Additional investment in subsidiaries:

On 28 May 2008, the Company subscribed for an additional 2,000,000 new ordinary shares of RM1 each at par for cash in Biosis Cosmeceuticals Sdn. Bhd. (formerly known as Hi-City (Mfg) Sdn. Bhd.) for a total cash consideration of RM2,000,000.

On 30 December 2008, the Company subscribed for an additional 2,500,000 new ordinary shares of RM1 each at par for cash in Clini-Foods Sdn. Bhd. for a total cash consideration of RM2,500,000.

(ii) On 19 August 2008, the Company acquired 350,000 ordinary shares of RM1 each, which represents 70% equity interest in Coscolab Sdn. Bhd., for a total cash consideration of RM3,640,000.

(iii) On 8 July 2008, the Company disposed of 100% equity interest in Biosis Biologics Sdn. Bhd. to its wholly-owned subsidiary, Clini-Foods Sdn. Bhd. for a total cash consideration of RM2.

(iv) On 8 August 2008, the Company acquired 2 ordinary shares of RM1 each, which represents 100% equity interest in D'Hair Shop (M) Sdn. Bhd., for a total cash consideration of RM2.

The effect of the acquisition of Coscolab Sdn. Bhd. on the financial results for the year ended 31 December 2008 of the Group is as follows:

	RM
Revenue	11,245,342
Cost of sales	<u>(8,724,765)</u>
Gross profit	2,520,577
Other income	103,019
Administrative expenses	(450,110)
Selling and distribution expenses	(252,843)
Other operating expenses	<u>(164,068)</u>
Profit from operations	1,756,575
Finance costs	<u>(256,931)</u>
Profit before taxation	1,499,644
Taxation	<u>(354,940)</u>
Profit for the year	1,144,704
Minority interest	<u>(343,411)</u>
Increase in Group's net profit	<u>801,293</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The effect of the acquisition of Coscolab Sdn. Bhd. on the financial position of the Group as at 31 December 2008 is as follows:

	RM
Property, plant and equipment	7,436,652
Inventories	3,244,701
Receivables	2,362,446
Fixed deposits	170,000
Cash and bank balances	347,492
Payables	(3,263,748)
Term loan	(3,144,378)
Hire purchase payables	(1,125,410)
Deferred tax liabilities	(53,398)
Provision for taxation	(239,074)
	<hr/>
Increase in Group's net assets	5,735,283

6. OTHER INVESTMENT

	GROUP	
	2008	2007
	RM	RM
Institutional Trust Account	5,500,775	-

The Institutional Trust Account (ITA) is earmarked as a security and restoration deposits for the lease of a three storey pharmaceutical factory from Amanah Raya Berhad pursuant to the lease agreement dated 11 December 2007.

The interest rate of the ITA at balance sheet date is **5%** (2007 : Nil) per annum.

7. INTANGIBLE ASSETS

	GROUP	
	2008	2007
	RM	RM
Goodwill on consolidation		
Balance at beginning	-	13,402
Arising from acquisition of a subsidiary	744,293	-
Amount written off	-	(13,402)
	<hr/>	<hr/>
Balance at end	744,293	-
Licence right		
Balance at beginning	6,442,800	7,300,000
Acquisition of licence right	-	413,000
Foreign currency translation	481,301	(1,270,200)
	<hr/>	<hr/>
Balance at end	6,924,101	6,442,800
Balance carried forward	7,668,394	6,442,800

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

7. INTANGIBLE ASSETS (CONT'D)

	GROUP	
	2008	2007
	RM	RM
Balance brought forward	7,668,394	6,442,800
Development expenditure		
Balance at beginning	43,006	51,803
Current year	96,761	217
Foreign currency translation	6,461	(9,014)
Balance at end	146,228	43,006
	7,814,622	6,485,806

The licence right represents the cost of acquisition of an exclusive licence to use and exploit all the technology, technical expertise, design, specifications and know-how in respect of plastic polyethylene terephthalate containers adapted to dispense pressurised or aerosol products, together with the method of manufacturing the same.

The licence right with indefinite life is not amortised but tested for impairment annually or more frequently.

For annual impairment testing purposes on intangible assets, the recoverable amount of the cash-generating unit are determined based on their value-in use, which apply a discounted cash flow model using cash flow projections based on financial budget and projections approved by management.

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.

(ii) Discount rate

The discount rate of 6.75% is applied to the cash flow projections.

8. AMOUNT DUE FROM/TO SUBSIDIARIES**COMPANY**

Amount due from/to subsidiaries is non-trade related, unsecured, interest free and repayable later than one year.

9. INVENTORIES

	GROUP	
	2008	2007
	RM	RM
At cost:		
Raw materials	4,044,382	3,033,150
Packaging materials	4,499,915	2,610,392
Work-in-progress	1,317,494	450,593
Finished goods	5,487,968	6,118,742
	15,349,759	12,212,877

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

10. TRADE RECEIVABLES

	GROUP	
	2008	2007
	RM	RM
Total amount	19,126,326	28,922,793
Less : Allowance for doubtful debts		
Balance at beginning	(508,508)	(1,326,926)
Current year	(171,836)	818,418
Written off	403	-
Doubtful debts recovered	186,218	-
Balance at end	(493,723)	(508,508)
	18,632,603	28,414,285
Analysis by currencies:		
Ringgit Malaysia	15,299,501	25,288,405
US Dollar	3,607,476	3,008,853
Singapore Dollar	152,870	77,798
Australian Dollar	66,479	527,213
Euro	-	20,524
	19,126,326	28,922,793

The normal credit terms granted to trade receivables range from **30 to 120 days** (2007 : 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

11. FIXED DEPOSITS WITH LICENSED BANKS**GROUP**

The fixed deposits are pledged as securities for banking facilities granted to certain subsidiaries.

The interest rates and maturity for fixed deposits ranged from **3.00% to 3.10%** (2007 : 3.00% to 3.10%) per annum and 1 month (2007 : 1 month) respectively.

12. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Analysis by currencies:				
Ringgit Malaysia	1,269,162	2,391,131	35,062	18,905
US Dollar	3,278	3,333	-	-
Hong Kong Dollar	2,213	1,114	-	-
	1,274,653	2,395,578	35,062	18,905

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

13. SHARE CAPITAL

	Number of ordinary shares of		Amount	
	RM0.50 each			
	2008	2007	2008	2007
			RM	RM
Authorised:				
Balance at beginning/end	100,000,000	100,000,000	50,000,000	50,000,000
Issued and fully paid:				
Balance at beginning/end	80,000,000	80,000,000	40,000,000	40,000,000

14. EXCHANGE TRANSLATION RESERVE**GROUP**

This is in respect of foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

15. BORROWINGS

	GROUP	
	2008	2007
	RM	RM
Non-current liabilities		
Term loans:		
Total amount repayable	11,832,292	2,566,190
Less : Repayable within one year included in current liabilities	(2,027,052)	(595,074)
	9,805,240	1,971,116
Hire purchase payables:		
Total amount payable	4,882,971	2,881,888
Less : Interest in suspense	(661,198)	(438,037)
	4,221,773	2,443,851
Less : Payable within one year included in current liabilities	(1,265,003)	(910,095)
	2,956,770	1,533,756
	12,762,010	3,504,872
Current liabilities		
Bank overdrafts	4,244,363	3,107,730
Bankers acceptance and trust receipts	22,970,470	23,790,475
Hire purchase payables	1,265,003	910,095
Term loans	2,027,052	595,074
	30,506,888	28,403,374

The borrowings are secured by way of:

- (i) legal charge over the freehold and short leasehold land and buildings of certain subsidiaries,
- (ii) specific debenture and fixed charge over certain plant and machinery,
- (iii) fixed deposits with licensed banks,
- (iv) negative pledge of certain subsidiaries,
- (v) joint and several guarantee by certain directors of a subsidiary and a director of the Company,
- (vi) corporate guarantee by Credit Guarantee Corporation under New Principal Guarantee Scheme, and
- (vii) corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

15. BORROWINGS (CONT'D)

The interest rates per annum of borrowings at balance sheet date are as follows:

	GROUP	
	2008	2007
	%	%
Bank overdrafts	8.25 - 8.50	8.25 - 8.75
Bankers acceptance	3.62 - 5.00	3.62 - 5.00
Hire purchase payables	2.00 - 6.31	2.20 - 4.50
Term loans	7.10 - 8.25	8.25
Trust receipts	8.00 - 8.25	8.25

The maturities of bankers acceptance and trust receipts at balance sheet date are as follows:

	GROUP	
	2008	2007
	Days	Days
Bankers acceptance	76 - 179	94 - 172
Trust receipts	70 - 120	65 - 180

The maturities of term loans and hire purchase payables are as follows:

	GROUP	
	2008	2007
	RM	RM
Within one year	3,585,667	1,639,157
Later than one year and not later than five years	10,821,427	3,772,879
Later than five years	2,308,169	36,042
	16,715,263	5,448,078
Less : Unexpired interest	(661,198)	(438,037)
	16,054,065	5,010,041

The repayments of term loans are as follows:

- (i) Term loan I is repayable by 60 equal monthly instalments of RM32,130 each.
- (ii) Term loan II is repayable by 60 equal monthly instalments of RM22,800 each.
- (iii) Term loan III is repayable by 60 equal monthly instalments of RM603 each.
- (iv) Term loan IV is repayable by 48 equal monthly instalments of RM9,625 each.
- (v) Term loan V is repayable by 60 equal monthly instalments of RM142,774 each.
- (vi) Term loan VI is repayable by 180 equal monthly instalments of RM28,928 each.
- (vii) Term loan VII is repayable by 96 equal monthly instalments of RM547 each.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

16. DEFERRED TAX LIABILITIES

	GROUP	
	2008	2007
	RM	RM
Balance at beginning	1,881,657	2,570,091
Arising from acquisition of a subsidiary	38,231	-
Transfer to income statement	(72,533)	(28,934)
	1,847,355	2,541,157
Over provision in prior year	(322,000)	(659,500)
	1,525,355	1,881,657

The deferred tax liabilities/(assets) are represented by temporary differences arising from:

	GROUP	
	2008	2007
	RM	RM
- Excess of capital allowances over depreciation	1,697,398	2,010,000
- Unabsorbed tax losses	(38,000)	-
- Unabsorbed capital allowances	(58,000)	-
- Allowance for doubtful debts	(5,000)	(52,000)
- Tax effect on unrealised profits	(71,043)	(76,343)
	1,525,355	1,881,657

17. TRADE PAYABLES

	GROUP	
	2008	2007
	RM	RM
Analysis by currencies:		
Ringgit Malaysia	7,575,485	5,417,859
Thai Baht	672,677	-
US Dollar	335,622	615,735
Singapore Dollar	230,151	172,872
New Zealand Dollar	-	100,593
Others	73,853	12,328
	8,887,788	6,319,387

The normal credit terms granted by trade payables range from **30 to 120 days** (2007 : 30 to 120 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

18. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	8,270,361	8,402,515	81,379	69,596
Balance of unpaid purchase consideration for acquisition of a subsidiary	2,250,000	-	2,250,000	-
Accruals	963,787	673,017	191,540	181,446
	11,484,148	9,075,532	2,522,919	251,042
Analysis by currencies:				
Ringgit Malaysia	5,835,493	3,827,346	2,522,919	251,042
Hong Kong Dollar	5,648,655	5,248,186	-	-
	11,484,148	9,075,532	2,522,919	251,042

19. AMOUNT DUE TO A DIRECTOR**GROUP**

The amount due to a director is unsecured, interest free and has no fixed term of repayment.

20. REVENUE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Management fee	-	-	-	1,225,038
Sale of goods	50,044,805	41,534,439	-	-
	50,044,805	41,534,439	-	1,225,038

21. (LOSS)/PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
After charging:				
Allowance for doubtful debts	171,836	(818,418)	-	-
Amortisation of prepaid lease payment	23,354	24,086	-	-
Audit fee				
- Statutory - current year	67,322	58,060	8,000	12,000
- (over)/under provision in prior year	(16,000)	1,200	(4,000)	-
- Other services	2,000	2,000	2,000	2,000
Bad debts	3,366	2,990	-	-
Depreciation	4,121,773	4,281,230	48,261	48,068
Directors' allowance for non-executive directors				
- Past director	-	3,333	-	3,333
- Present directors	9,000	48,000	9,000	48,000
Directors' fee for non-executive director				
- current year	60,000	-	60,000	-
- over provision in prior year	(9,500)	-	(9,500)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

21. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Goodwill on consolidation written off	-	13,402	-	-
Impairment loss on property, plant and equipment	2,029,629	-	-	-
Interest expense	2,348,652	1,651,147	-	-
Loss on disposal of property, plant and equipment	36,484	-	-	-
Property, plant and equipment written off	276,475	50,263	-	-
Realised loss on foreign exchange	2,742	-	-	-
Rental of equipment	-	150	-	150
Rental of premises	244,520	222,817	-	-
* Research and development expenses	875,378	836,720	-	-
** Staff costs	5,854,153	6,075,363	132,500	1,112,153
Unrealised loss on foreign exchange	-	177,899	-	-
And crediting:				
Doubtful debt recovered	186,218	-	-	-
Interest income	157,119	50,859	2,543	-
Realised gain on foreign exchange	131,411	330,434	-	-
Gain on disposal of leasehold land	-	15,666	-	-
Gain of disposal of property, plant and equipment	-	11,565	-	-
Rental income	-	8,000	-	-
Unrealised gain on foreign exchange	98,408	-	-	-
* Research and development expenses				
Staff costs	701,675	662,024	-	-
Others	173,703	174,696	-	-
	875,378	836,720	-	-
** Staff costs				
- Salaries, wages allowances and bonus	5,910,766	6,061,726	120,500	995,633
- Director's fee	69,500	90,000	12,000	-
- EPF	511,276	514,529	-	106,656
- SOCSO	64,286	71,132	-	9,864
	6,555,828	6,737,387	132,500	1,112,153
Less : Recognised in research and development expenses	(701,675)	(662,024)	-	-
	5,854,153	6,075,363	132,500	1,112,153

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

21. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

Included in the staff costs of the Group and of the Company are directors' remuneration as shown below:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive directors of the Company:				
Directors' emoluments				
- Salaries, allowances and bonus	68,500	91,610	40,000	45,000
- EPF	-	1,800	-	-
	68,500	93,410	40,000	45,000
Directors' fee	63,500	90,000	12,000	-
	132,000	183,410	52,000	45,000
Benefits-in-kind	-	11,100	-	-
	132,000	194,510	52,000	45,000
Executive directors of subsidiaries:				
Directors' emoluments				
- Salaries	220,250	72,640	-	-
- EPF	-	7,887	-	-
	220,250	80,527	-	-
Director's fee	6,000	-	-	-
Benefits-in-kind	-	12,967	-	-
	226,250	93,494	-	-
	358,250	288,004	52,000	45,000
Represented by:				
Executive directors of the Company				
- Past directors	80,000	15,000	52,000	15,000
- Present directors	52,000	179,510	-	30,000
	132,000	194,510	52,000	45,000
Executive directors of the subsidiaries				
- Past directors	-	69,444	-	-
- Present directors	226,250	24,050	-	-
	226,250	93,494	-	-
	358,250	288,004	52,000	45,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

22. TAXATION

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(622,773)	(353,000)	-	-
- Deferred tax				
Relating to origination and reversal of temporary differences	75,533	(189,066)	-	-
Relating to changes in tax rates	(3,000)	218,000	-	-
	72,533	28,934	-	-
	(550,240)	(324,066)	-	-
Real property gains tax	-	(23,900)	-	-
	(550,240)	(347,966)	-	-
Over/(Under) provision in prior year				
- Current tax	(167,098)	(250,229)	-	-
- Deferred tax	322,000	659,500	-	-
	154,902	409,271	-	-
	(395,338)	61,305	-	-

The reconciliation of tax expense is as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
(Loss)/Profit before taxation	(1,646,008)	989,067	(425,473)	(237,097)
Income tax at Malaysian statutory tax rate of 26% (2007 : 27%)	427,962	(267,048)	110,623	64,016
Effects of:				
- income not subject to tax	25,586	-	-	-
- Expenses not deductible for tax purposes	(745,182)	(567,281)	(18,374)	(8,614)
- Reduced tax rate on first RM500,000 chargeable income	30,000	35,000	-	-
- Utilisation of capital allowance	(104,223)	-	-	-
- Utilisation of reinvestment allowance	30,418	255,169	-	-
- Movement on deferred tax assets not recognised	(211,801)	2,094	(92,249)	(55,402)
- Changes in tax rates	(3,000)	218,000	-	-
	(550,240)	(324,066)	-	-
Real property gains tax	-	(23,900)	-	-
Over provision in prior year	154,902	409,271	-	-
	(395,338)	61,305	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

22. TAXATION (CONT'D)

The amount and future availability of unabsorbed tax losses, unabsorbed capital allowances and reinvestment allowance of the Group and of the Company at balance sheet date are estimated as follows:

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Unabsorbed tax losses	3,777,000	2,340,000	343,000	97,000
Unabsorbed capital allowances	2,215,000	2,440,000	301,000	296,000
Unabsorbed reinvestment allowance	143,800	136,000	-	-

These unabsorbed amounts are available for set off against future taxable income of the relevant subsidiaries.

The Malaysian corporate tax rate will be further reduced to 25% effective from the year of assessment 2009.

23. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year calculated as follows:

	GROUP	
	2008	2007
(Loss)/Profit for the year (RM)	(2,384,757)	1,050,372
Weighted average number of ordinary shares of RM 0.50 each	80,000,000	80,000,000
Basic (loss)/earnings per share (sen)	(2.98)	1.31

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at balance sheet date.

24. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group comprises the following main business segments:

- | | |
|---------------------------------------|--|
| (i) Personal and health care products | Manufacturing, marketing, trading and distribution of personal care products and health care products. |
| (ii) Pharmaceutical products | Manufacturing, marketing, trading and distribution of pharmaceutical products. |
| (iii) Others | Investment holding and dormant companies. |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

24. SEGMENTAL INFORMATION (CONT'D)**By business segments****2008**

	Personal and health care products RM	Pharmaceutical products RM	Others RM	Elimination RM	Total RM
Revenue					
External customers	33,368,904	16,675,901	-	-	50,044,805
Inter-segment revenue	1,503,957	3,974,648	-	(5,478,605)	-
Total revenue	<u>34,872,861</u>	<u>20,650,549</u>	-		<u>50,044,805</u>
Results					
Segment results	(1,244,860)	2,229,620	(448,746)	9,511	545,525
Interest income	45,368	109,208	2,543	-	157,119
Interest expense	(1,684,601)	(664,051)	-	-	(2,348,652)
Loss before taxation					(1,646,008)
Taxation					(395,338)
Loss after taxation					(2,041,346)
Minority interests					(343,411)
Loss for the year					<u>(2,384,757)</u>
Assets					
Segment assets	103,038,804	33,131,663	55,746,866	(77,555,486)	114,361,847
Tax recoverable	38,435	-	20,771	-	59,206
Fixed deposits with licensed banks	1,234,009	170,000	-	-	1,404,009
Cash and bank balances	795,818	441,560	37,275	-	1,274,653
Total assets	<u>105,107,066</u>	<u>33,743,223</u>	<u>55,804,912</u>		<u>117,099,715</u>
Liabilities					
Segment liabilities	16,638,205	26,007,939	13,453,937	(35,531,374)	20,568,707
Borrowings	43,229,385	39,513	-	-	43,268,898
Provision for taxation	431,860	239,074	-	-	670,934
Deferred tax liabilities	1,543,000	53,398	-	(71,043)	1,525,355
Total liabilities	<u>61,842,450</u>	<u>26,339,924</u>	<u>13,453,937</u>		<u>66,033,894</u>
Other information					
Capital expenditure	3,499,868	9,075,419	-	-	12,575,287
Depreciation and amortisation	3,044,183	1,052,683	48,261	-	4,145,127
Non-cash expenses/(income) other than depreciation and amortisation	2,485,101	(65,719)	-	-	2,419,382

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

24. SEGMENTAL INFORMATION (CONT'D)

By business segments

2007

	Personal and health care products RM	Pharmaceutical products RM	Others RM	Elimination RM	Total RM
Revenue					
External customers	37,814,839	3,719,600	-	-	41,534,439
Inter-segment revenue	2,349,188	2,134,683	1,225,038	(5,708,909)	-
Total revenue	<u>40,164,027</u>	<u>5,854,283</u>	<u>1,225,038</u>		<u>41,534,439</u>
Results					
Segment results	3,558,759	(644,974)	(252,537)	(71,893)	2,589,355
Interest income	39,385	11,474	-	-	50,859
Interest expense	(1,233,675)	(417,472)	-	-	(1,651,147)
Profit before taxation					989,067
Taxation					61,305
Profit for the year					<u>1,050,372</u>
Assets					
Segment assets	106,408,568	13,435,885	49,177,320	(72,003,970)	97,017,803
Tax recoverable	38,435	-	37,683	-	76,118
Fixed deposits with licensed banks	1,518,200	101,547	-	-	1,619,747
Cash and bank balances	2,124,498	251,059	20,021	-	2,395,578
Total assets	<u>110,089,701</u>	<u>13,788,491</u>	<u>49,235,024</u>		<u>101,109,246</u>
Liabilities					
Segment liabilities	40,826,663	5,388,730	6,908,588	(37,729,062)	15,394,919
Borrowings	25,521,913	6,386,333	-	-	31,908,246
Provision for taxation	147,862	-	-	-	147,862
Deferred tax liabilities	1,958,000	-	-	(76,343)	1,881,657
Total liabilities	<u>68,454,438</u>	<u>11,775,063</u>	<u>6,908,588</u>		<u>49,332,684</u>
Other information					
Capital expenditure	17,960,823	139,736	38,845	-	18,139,404
Depreciation and amortisation	3,304,043	951,826	49,447	-	4,305,316
Non-cash expenses/(income) other than depreciation and amortisation	(578,059)	(36,438)	13,402	-	(601,095)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

24. SEGMENTAL INFORMATION (CONT'D)**By geographical segments**

The Group operates principally in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	----- 2008 -----		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	31,510,217	110,052,173	12,575,287
United States of America	13,586,130	-	-
Australia	840,345	-	-
United Kingdom	1,251,454	-	-
New Zealand	922,264	-	-
Singapore	452,416	-	-
France	1,316,367	-	-
Thailand	28,820	-	-
Hong Kong	136,792	7,047,542	-
	50,044,805	117,099,715	12,575,287
	----- 2007 -----		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	25,638,717	94,622,326	18,139,404
United States of America	12,435,050	-	-
Australia	717,772	-	-
United Kingdom	373,260	-	-
New Zealand	1,676,387	-	-
Singapore	280,235	-	-
France	185,032	-	-
Thailand	144,746	-	-
Hong Kong	32,576	6,486,920	-
Others	50,664	-	-
	41,534,439	101,109,246	18,139,404

25. RELATED PARTY DISCLOSURES

	COMPANY	
	2008 RM	2007 RM
(i) Related party transactions		
Management fee income from subsidiaries	-	1,225,038

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

25. RELATED PARTY DISCLOSURES (CONT'D)**(ii) Compensation of key management personnel**

The compensation of key management personnel are shown below:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Salaries and other short-term employee benefits				
- Directors	417,750	339,337	111,500	96,333
- Other key management personnel	360,800	250,061	80,000	250,061
	778,550	589,398	191,500	346,394

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly.

26. CONTINGENT LIABILITY (UNSECURED)

	COMPANY	
	2008 RM	2007 RM
Corporate guarantee extended to banks for credit facilities granted to subsidiaries		
- Limit	46,996,032	58,078,344
- Utilised as at balance sheet date	38,442,645	31,871,042

27. COMMITMENTS

	GROUP	
	2008 RM	2007 RM
(i) Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than one year	2,456,101	1,641,158
Later than one year and not later than five years	10,394,583	9,820,866
Later than five years	9,571,250	14,922,917
	22,421,934	26,384,941

Operating lease commitments represent rentals payable for use of buildings. Leases are negotiated for terms ranging from one to ten years.

	GROUP	
	2008 RM	2007 RM
(ii) Capital commitments		
Contracted but not provided for		
- Property, plant and equipment	6,265,421	1,600,179

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate resources are available for the development of the Group's business whilst managing its credit, interest rate, foreign currency and liquidity risks. The Board reviews regularly the policies in place to manage these risks as summarised below.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associates to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

Interest rate risk

The Group is exposed to the fluctuating interest rate risk in respect of deposits placed with the licensed financial institutions, borrowings and investment portfolio. These risks are managed through the use of fixed and floating rate financial instruments.

The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

Foreign currency risk

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group incurs foreign currency risk on sales and purchase that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this is primarily the US Dollar.

The Group hedges its foreign receivable by entering into forward foreign exchange contracts of RM Nil (2007 : RM3,484,846) and the maturity of these forward contracts is within one year.

Liquidity risk

The Company actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash to meet its working capital requirements.

Fair values

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at balance sheet date approximate their fair values.

ANALYSIS OF SHAREHOLDINGS

AS AT 28 APRIL 2009

SHARE CAPITAL - ORDINARY SHARES OF 50 SEN EACH

Authorised Share Capital	:	RM50,000,000
Issued & Fully Paid-up Share Capital	:	RM40,000,000
Voting Rights	:	One voting right for one ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	10	0.75	446	0.00
100 - 1,000	288	21.49	268,400	0.33
1,001 - 10,000	729	54.40	3,845,150	4.81
10,001 - 100,000	261	19.48	9,410,515	11.76
100,001 to less than 5% of issued shares	49	3.66	46,172,889	57.72
5% and above of issued shares	3	0.22	20,302,600	25.38
	1,340	100.00	80,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct		Indirect	
	No. of shares	%	No. of shares	%
1. Lembaga Tabung Haji	10,299,600	12.88	-	-
2. Lembaga Tabung Angkatan Tentera	5,091,000	6.36	-	-
3. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Khoo Chee Kong	4,912,000	6.14	-	-
	20,302,600	25.38	-	-

DIRECTORS' SHAREHOLDINGS

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
1. Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohamed Yusof	-	-	-	-
2. Khoo Chee Kong (Appointed on 2-09-2008)	4,912,000	6.14	-	-
3. Soo Yoke Mun	230,000	0.29	-	-
4. Tang Tat Chun	-	-	-	-
5. Rithaiddin Hussein Jamalattiff Bin Jamaluddin	-	-	-	-
6. Datuk Sr Haji Zakaria Bin Hashim (Appointed on 15-04-2009)	-	-	-	-

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 28 APRIL 2009

LIST OF 30 LARGEST SHAREHOLDERS AS AT 28 APRIL 2009

Name of Shareholder	No. of Shares	Percentage
1. Lembaga Tabung Haji	10,299,600	12.88
2. Lembaga Tabung Angkatan Tentera	5,091,000	6.36
3. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Khoo Chee Kong</i>	4,912,000	6.14
4. Ong Har Hong	3,998,200	5.00
5. Lim Siew Sooi	3,789,700	4.74
6. Chew Boon Seng	3,700,000	4.63
7. Commerce Ville Sdn Bhd	3,500,000	4.38
8. HDM Nominees (Tempatan) Sdn Bhd <i>HDM Capital Sdn Bhd For Heah Chew Teng @ Heah Kim Teik</i>	3,462,094	4.33
9. Ong Poh Geok	3,300,000	4.12
10. Lee Pui Inn	3,233,400	4.04
11. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Aw Sen Loi</i>	3,224,183	4.03
12. Chew Huat Heng	3,000,000	3.75
13. Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ong Huey Peng (REM 650)</i>	2,045,500	2.56
14. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ooi Siew Looi (STA 2)</i>	1,354,800	1.69
15. HDM Nominees (Tempatan) Sdn Bhd <i>HDM Capital Sdn Bhd For Tan Koo Ching</i>	1,150,000	1.44
16. Chow Seck Kai	1,095,900	1.37
17. Aw Sen Loi	764,300	0.96
18. Teo Yong Mong	689,000	0.86
19. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ng Kim Hwa</i>	681,200	0.85
20. OSK Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ang Chee Kean</i>	640,000	0.80
21. Lee See Jin	515,900	0.64
22. Chow Su Lin	414,000	0.52
23. Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ewe Eng Kah (473302)</i>	400,000	0.50
24. Wichford Group Limited	358,412	0.45
25. Amanah Raya Berhad <i>Kumpulan Modal Bumiputra Pahang</i>	340,000	0.42
26. HLG Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Philip Tan Kia Kheng</i>	315,000	0.39
27. A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Chong Choon</i>	277,000	0.35
28. Loh Lai Kim	226,000	0.28
29. Wong Yuen Kiong	211,500	0.26
30. Coring Tay Swee Lynn	210,000	0.26
	63,198,689	79.00

LIST OF PROPERTIES

31 DECEMBER 2008

No.	Location	Description	Current Use	Tenure	Age of building	Built up area (Sq. ft.)	Net Carrying Amount (RM'000)
1	Plot 22, Lorong Perusahaan Maju 2, Prai Industrial Estate, Phase 4, 13600 Prai, Penang	Manufacturing facilities	Manufacturing of personal care and professional beauty care products	60 years leasehold expiring 10.09.2051	13 years	88,741.71	7,829
2	Blok F90, Unit 2-4-2.8 Taman Pelangi, 13600 Prai, Penang	5 units of resident flat	Hostel for factory workers	99 years leasehold expiring 22.04.2092	12 years	699.72	212
3	No 1, Jln Taming 2, Kawasan Perindustrian Taming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan	Manufacturing facilities	Wholesaler and processor of pharmaceuticals, cosmetics, toiletries and other related products	Freehold	2 years	21,562.91	4,891

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of Biosis Group Berhad will be held at Conference Room, Level 2, 1572, Jalan Besar Valdor, Mukim 12, Seberang Perai Selatan, 14200 Sungai Bakap, Penang on Monday, 29 June 2009 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Report of the Directors and the Audited Financial Statements for the financial year ended 31 December 2008 and the Report of the Auditors thereon. **RESOLUTION 1**
2. To approve the payment of Directors' Fees of RM72,000 for the financial year ended 31 December 2008. **RESOLUTION 2**
3. To re-elect directors:
 - (a) In accordance with Article 85 of the Company's Articles of Association, Mr. Soo Yoke Mun retires by rotation and, being eligible, offers himself for re-election. **RESOLUTION 3**
 - (b) In accordance with Article 90 of the Company's Articles of Association, Mr. Khoo Chee Kong retires and, being eligible, offers himself for re-election. **RESOLUTION 4**
 - (c) In accordance with Article 90 of the Company's Articles of Association, Datuk Sr Haji Zakaria Bin Hashim retires and, being eligible, offers himself for re-election. **RESOLUTION 5**
4. To re-appoint Messrs Grant Thornton (formerly known as JB Lau & Associates) as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **RESOLUTION 6**

AS SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following Ordinary Resolution:

Authority to Issue Shares

"THAT pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

RESOLUTION 7

6. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

Chok Kwee Wah (MACS 00550)
Leong Mee Lee (LS 0001836)
Secretaries

Petaling Jaya
5 June 2009

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES:

1. A member entitled to attend the meeting may appoint another person as his proxy to attend and vote in his stead at the meeting and such proxy shall have the same rights as the member he represents including the right to vote on a show of hands and on a poll and to demand a poll. A proxy may but need not be a member of the Company.
2. Where the member of the Company appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
3. If the appointer is a corporation, the proxy form should be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot 10 The Highway Centre, Jalan 51/205, 46050 Petaling Jaya not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

EXPLANATORY NOTE ON SPECIAL BUSINESS

Resolution on the Authority to Issue Shares

The proposed ordinary resolution No.7 (Agenda 5), if passed, will empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total 10% (ten per centum) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority unless revoked or varied by the Company in general meeting will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election pursuant to the Company's Articles of Association are:

1. Under Article 85:
 - Mr. Soo Yoke Mun

2. Under Article 90:
 - Mr. Khoo Chee Kong
 - Datuk Sr Haji Zakaria Bin Hashim

Details of the above-named Directors seeking for re-election are set out in the Directors' Profile on pages 12 to 15 of the Annual Report.

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FORM OF PROXY

No. of Shares held: _____

I/We, _____
of _____
being member/members of BIOSIS GROUP BERHAD, hereby appointed _____
of _____
or failing him _____
of _____
as my/our proxy to vote for me/us and on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Conference Room, Level 2, 1572, Jalan Besar Valdor, Mukim 12, Seberang Perai Selatan, 14200 Sungai Bakap, Penang on Monday, 29 June 2009 at 9.30 a.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):

Resolution No.		FOR	AGAINST
1	Adoption of Financial Statements for the financial year ended 31 December 2008 and Reports thereon		
2	Approval of Directors' Fees		
3	Re-election of Mr. Soo Yoke Mun as Director under Article 85		
4	Re-election of Mr. Khoo Chee Kong as Director under Article 90		
5	Re-election of Datuk Sr Haji Zakaria Bin Hashim as Director under Article 90		
6	Re-appointment of Auditors		
7	Authority to issue shares pursuant to Section 132D		

The proportion of *my/our holding to be represented by my/our *proxy/proxies are as follows:

First Named Proxy	%
Second Named Proxy	%
	100%

In case of a vote taken by show of hands, the first named proxy shall vote on *my/our behalf.

Signature of Shareholder
Telephone No. _____
Dated this _____ day of June 2009.

Notes:

1. A member entitled to attend the meeting may appoint another person as his proxy to attend and vote in his stead at the meeting and such proxy shall have the same rights as the member he represents including the right to vote on a show of hands and on a poll and to demand a poll. A proxy may but need not be a member of the Company.
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FOLD THIS FLAP FOR SEALING

STAMP

The Company Secretary
Biosis Group Berhad (618768-D)
Lot 10 The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor, Malaysia

FOLD THIS FLAP FOR SEALING