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ABOUT TECASIA GROUP BERHAD

TECASIA GROUP BERHAD (formerly known as FTEC Resources Berhad) (“the Group”), listed on the MESDAQ Market of Bursa Malaysia Securities Berhad, is a developer, manufacturer, marketer and distributor of computer hardware, software, Information Technology (“IT”) systems and digital surveillance security systems. The Group’s wide and IT-focused product range includes desktop computers, notebooks, digital surveillance security systems, and related accessories, which are marketed through our one-stop “TecAsia” Information Communication Technology (“ICT”) concept stores as well as through our network of distributors in major IT centres and retail chain stores.

OUR VISION

To be the leader of a wide and comprehensive range of quality computer systems and IT products that are internationally accepted and recognised.

OUR MISSION

The Group will continuously strive for excellence in the following key areas:

- Develop and produce the highest standards in products and services that cater for all communities;
- To be a leader in technological advancement;
- Versatile and adaptability in its customization capabilities;
- Create a distinctive brand that commands loyalty;
- Provider of the best customer service and support; and
- Maximisation of resources in configuring its products and services to achieve price efficiencies.

BOARD OF DIRECTORS

- Gen (R) Tan Sri Yaacob Bin Mat Zain, Independent Non-Executive Chairman
- Ahmad Akmal Bin Hamzah, Managing Director
- Raja Abdullah Bin Raja Baharudin, Executive Director
- Zulqaisar Bin Hamidin, Non-Executive Non-Independent Director
- Pow Kim Guan, Independent Non-Executive Director

SENIOR MANAGEMENT

- Tang Boon Koon (Senior Vice President)

COMPANY SECRETARIES

- Seow Fei San (MAICSA 7009732)
- Loh Lai Ling (MAICSA 7015412)

AUDIT COMMITTEE

- Gen (R) Tan Sri Yaacob Bin Mat Zain (Chairman)
- Pow Kim Guan

NOMINATING COMMITTEE

- Gen (R) Tan Sri Yaacob Bin Mat Zain (Chairman)
- Pow Kim Guan
- Zulqaisar Bin Hamidin

REMUNERATION COMMITTEE

- Gen (R) Tan Sri Yaacob Bin Mat Zain (Chairman)
- Pow Kim Guan

AUDITORS

Moore Stephens AC
No. 8A, Jalan Semantan Satu,
Damansara Heights,
50490 Kuala Lumpur
Tel : 603-2074 1888
Fax : 603-2094 7673

REGISTRAR

Epsilon Registration Services Sdn. Bhd.
Level 17, The Gardens,
North Tower, Midvalley City
Lingkar Syed Putra,
59200 Kuala Lumpur
Tel : 603-2264 3883
Fax : 603-2282 1886

SOLICITOR

HK Ang & Partners
Suite 18.01, 18th Floor,
Plaza Permata,
No. 6, Jalan Kampar,
50400 Kuala Lumpur

Jeff Leong, Poon & Wong
A-11-3A, Level 11,
Megan Avenue II,
Jalan Yap Kwan Seng,
50450 Kuala Lumpur

PRINCIPAL BANKERS

- OCBC Bank Berhad
- Alliance Bank Malaysia Berhad
- RHB Bank Berhad
- Public Bank Berhad
- Malayan Banking Berhad

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Lot 4.28 & 4.20A, 4th Floor,
Plaza Low Yat, No. 7, Jalan Bintang
Off Jalan Bukit Bintang,
Bukit Bintang Central
55100 Kuala Lumpur
Tel : 603- 2773 2800
Fax : 603- 2773 2900
Email: ir@ftec.com.my
Website: www.tecasiagroup.com

TECASIA OUTLETS

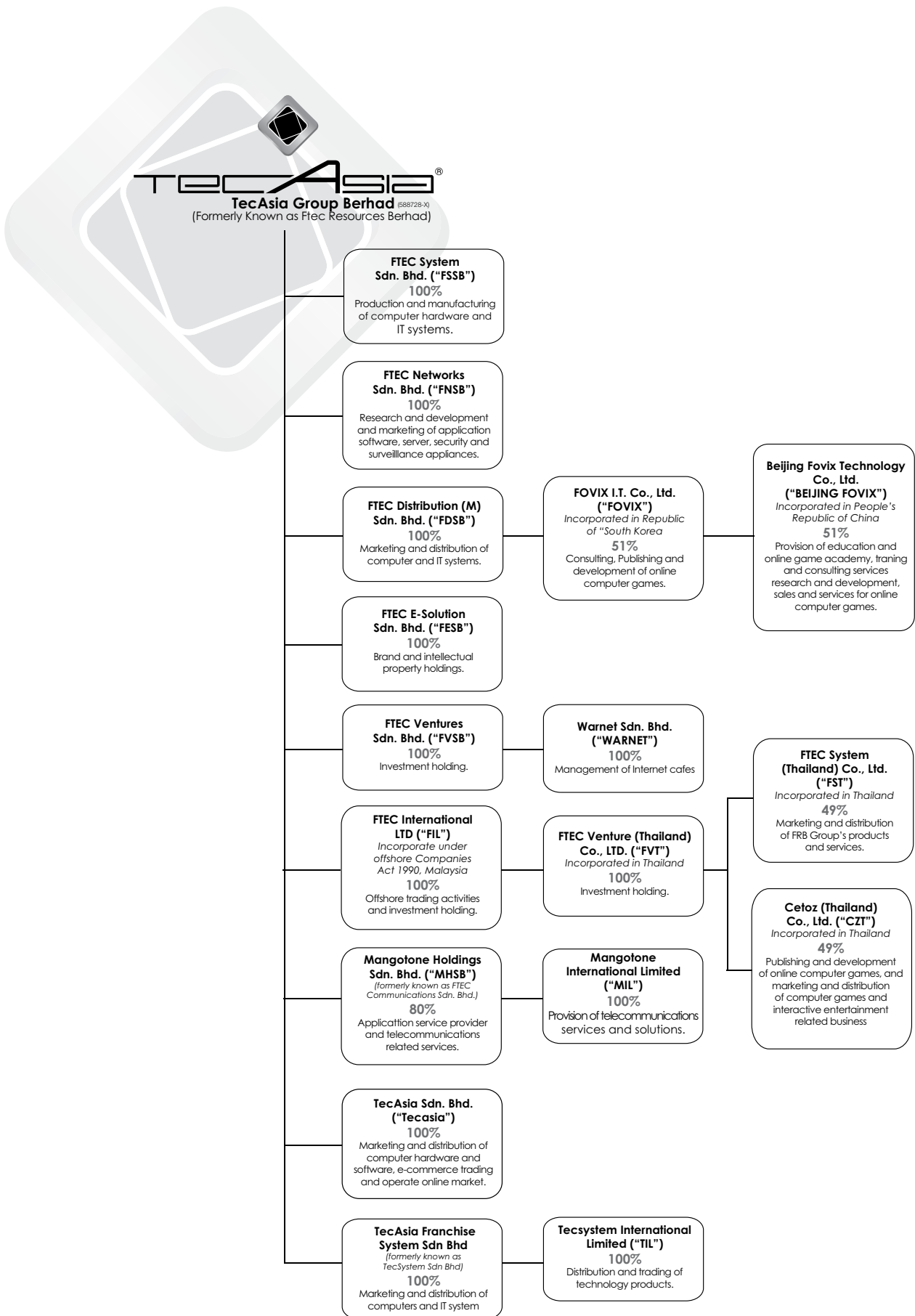
Lot 4.28 & 4.20A, 4th Floor,
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55100 Kuala Lumpur
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Fax : 603- 2773 2900

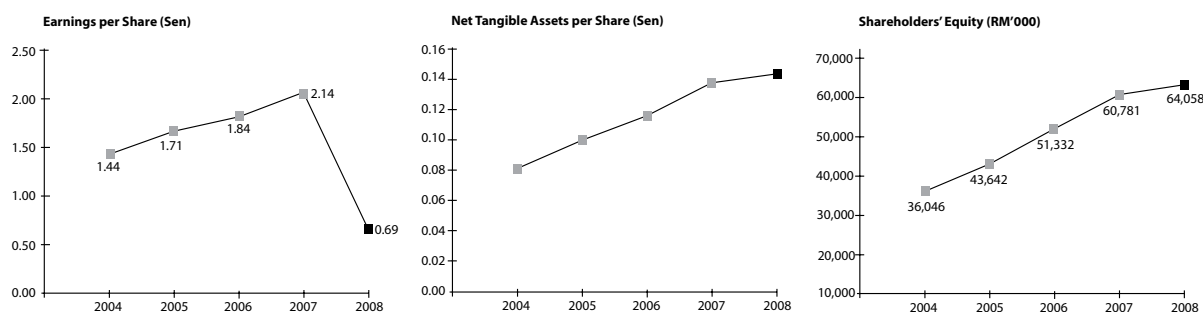
Lot G99, Ground Floor,
Kompleks Karamuning,
88300 Kota Kinabalu, Sabah
Tel : 6088-210 000
Fax : 6088-310 000

Enquiry : info@tecasia2u.com
Website : www.tecasia2u.com

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad –
MESDAQ Market
Bursa Malaysia Code: 0033
Reuters Code : 0033.KL
Bloomberg Code : FTEC MK





Summarized Income Statements					
Year Ended 31 December(RM'000)	2004	2005	2006	2007	2008
Revenue	207,231	141,506	230,155	317,052	241,537
Profit Before Tax	7,014	6,974	8,554	10,321	3,167
Net Profit	6,378	7,572	8,120	9,449	3,067
Summarized Balance Sheets					
As At 31 December(RM'000)					
PPE, Prepaid Land Lease Payments and Capital Work In Progress	6,408	10,869	14,954	42,055	36,518
Intangible Assets	2,245	564	845	1,973	1,551
Other Investments	87	87	87	3,110	3,111
Total Non-Current Assets	8,740	11,520	15,886	47,138	41,180
Current Assets	50,325	55,593	76,069	103,231	105,584
Current Liabilities	21,086	22,368	39,422	47,302	42,246
Net Current Assets	29,239	33,225	36,647	55,929	63,338
	37,979	44,745	52,533	103,067	104,518
Finance By:					
Shareholders' Equity	36,046	43,642	51,332	60,781	64,058
Minority Interest	883	(341)	69	39	-
Total Equity	36,929	43,301	51,401	60,820	64,058
Long Term Borrowings	946	1,123	889	41,925	40,434
Deferred Tax	104	321	243	322	26
Total Non-Current Liabilities	1,050	1,444	1,132	42,247	40,460
	37,979	44,745	52,533	103,067	104,518
Financial Analysis					
Year Ended 31 December(RM'000)	2004	2005	2006	2007	2008
Growth					
Revenue Growth	176.4%	-2.1%	62.6%	37.8%	-23.8%
Profit Before Tax Growth	251.8%	-0.6%	22.7%	20.7%	-69.3%
Net Profit Growth	341.1%	18.7%	7.2%	16.4%	-67.5%
Profitability					
Returns On Average Equity (ROE)	19.5%	19.0%	17.1%	16.8%	4.9%
Returns On Average Total Assets	12.1%	12.0%	10.2%	7.8%	2.1%
Per Share Statistic(Sen)					
NTA Per Share (RM)	0.08	0.10	0.12	0.14	0.14
Basic Earnings Per Share (Sen)	1.44	1.71	1.84	2.14	0.69



GEN(R) TAN SRI YAACOB BIN MAT ZAIN
Independent Non-Executive Chairman

Dear Shareholders,

The Board of Directors of TecAsia Group Berhad (“TecAsia” or “the Group”) has the pleasure of reporting to you the Group’s performance for the financial year ended 31 December 2008 (“FY2008”).

CORPORATE GOVERNANCE

The Board is unwavering in our view that maintaining high standards in corporate governance practices within the Group is crucial in laying a stable foundation for sustainable growth of the Group.

With this in mind, the Board is committed to implementing business strategies that are in line with the Group's vision and deemed to be value-accretive in nature in order to generate sustainable business growth, and in so doing, protect and maximize shareholders' value. The Board also constantly reviews its practices to ensure that the objectives of the Board and management are aligned to those of our shareholders.

In the larger scheme of things, we are steadfast in ensuring transparency in our business dealings, as they will go a long way in building a positive corporate reputation amongst our stakeholders including business associates, and contribute in no small way towards enhancing the business prosperity of the Group.

The measures undertaken by the Board to maintain and improve on our Corporate Governance on a Group-wide basis throughout the year under review are highlighted in the Corporate Governance Statement in this Annual Report.

ECONOMIC AND FINANCIAL OVERVIEW

The Group has experienced challenging times in recent months as the impact of the global financial crisis dampened the performance of the market activities, as well as the Information Communications Technology Sector.

The Group registered revenue of RM241.5 million for the current financial year as compared to the RM317.1 million recorded in the previous financial year.

The Group made a profit before taxation of RM3.1 million as compared to a profit before taxation of RM10.3 million for the previous financial year. Group recorded profit attributable to shareholders of RM3.0 million, 67.5% below the RM9.4 million registered in the previous year.

CORPORATE DEVELOPMENTS

On 26 December 2006, the Group had received approval from the Securities Commission ("SC"), and subsequently from shareholders on 28 March 2007, to undertake a Proposed Special Issue of up to 73,000,000 new Special Issue Shares to Bumiputera investors.

However, on 16 April 2008, the Company completed a bonus exercise and the issued and paid-up share capital of the Company was increased to RM44,199,740 comprising 441,997,400 TecAsia Shares ("Bonus Issue").

Consequent to the Bonus Issue, on 11 December 2008, the Company has resolved to revise the maximum issue size of the Special Issue from 73,000,000 new TecAsia Shares to 189,800,000 new TecAsia Shares in order to meet the objective of the Special Issue of complying with the Government's National Development Policy requirement of a minimum of 30% Bumiputera equity interest.

The revision to the issue size of the Special Issue has been approved by the Ministry of International Trade and Industry on 22 January 2009.

On 25 March 2009, the SC had approved TecAsia's application for a further extension of time of up to six months commencing from the date of the approval, for the Company to comply with its Bumiputera equity condition.

On 11 December 2008, the Company announced that it proposed to transfer the listing of and quotation for the entire enlarged issued and paid up share capital of the Company from the MESDAQ Market to the Main Board of Bursa Malaysia Securities Berhad ("Proposed Transfer").

Later, on 21 April 2009, the Company announced that it has resolved to defer the Proposed Transfer after taking into consideration the prevailing economic conditions and accordingly had withdrawn the submission made to the SC in respect of the Proposed Transfer.

Finally, the Board has proposed to change the name of the Company to Mangotone Group Berhad, to reflect our new corporate direction moving forward. This proposal is subject to shareholders' approval at the upcoming Annual General Meeting.

TAKING FORWARD STRIDES

Looking ahead, we are no doubt in for even more challenging times ahead. The Group determined to sustain its growth in the coming years with the implementation of three key thrusts.

Firstly, the Group will step up efforts to improve its operational efficiency through increasing the productivity of its employees and maintaining cost efficiency in the running of the Group's business.

Secondly, the Group will move deeper into expanding its retailing reach into various geographical areas in Malaysia through a franchise concept. The franchise concept will entail the introduction of the 'TecAsia Boutique' throughout the country – which is a smaller scale than the existing TecAsia IT concept store. The Group had obtained its Franchise License as a Franchisor in IT from the Ministry of Entrepreneur And Co-operative Development on 17 February 2009.

Finally, the Group will embark on a slew of aggressive marketing and brand-building activities throughout the year, particularly to highlight the numerous value deals at our IT concept stores, and enhance top-of-mind awareness amongst the Malaysian public.

I am confident that all these will position the Group to be ready when the market turns around.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

We have always upheld CSR as one of the fundamental tenets in carrying out our business; upholding our duty to create value for our employees, shareholders, and the general public.

Among such measures are:

- Teaming up with industry leaders in retail and IT to initiate the “Get IT” campaign to launch the affordable PC packages to enable the low to middle-income population experience the digital lifestyle.
- Launching the FTEC Smart Book targeted at pre-school to primary education children as an educational tool and to enable them to access the mainstream technology.
- Continuous sponsoring the FTEC's educational notebooks to Orphanage and Charity Home.

APPRECIATION

To conclude, I would like to thank our Board members, past and present, and would like to express my deepest appreciation to the entire TecAsia team for the cohesive efforts and dedication to attaining the Group's success thus far. I would also like to acknowledge the support of our business associates, partners, shareholders and customers throughout the year.

GEN (R) TAN SRI YAAKOB BIN MAT ZAIN

Independent Non-Executive Chairman

The year under review proved to be a challenging journey for the TecAsia Group, which have charted milestone from operational success to corporate developments to face the current global economy uncertainty, which began brewing since late 2008/early 2009, as the effects of the subprime mortgage crisis in the United States of America led to an impending recession in the world's most influential economy spreading to Europe, Asia and neighboring country, Singapore.

Things are looking up for the ICT sector this year as the industry gears up for more solid growth, boosted by the Government's renewed commitment and emphasis on research and development and innovation. Added to that, from The National ICT Association of Malaysia (PIKOM) point of view, ICT will continue to be the key enabler/strategic tool for cost savings and productivity improvement during these challenging times.

Despite this outlook, we at TecAsia Group regard this period as a time to gather our focus to continuously implement, review and improve on the three-pronged strategy of rolling out innovative products for various market segments, expanding our customer reach via stronger retail presence nationwide, and building additional income streams for the Group in the export market.

In line with our commitment to innovation, we are confident that the range of products provided by TecAsia Group will continue to set the industry benchmarks and gain consumer acceptance. TecAsia has continuously unveiled new products in collaboration with Intel Malaysia and has since launched its latest product as below:

- The FTEC Intel Centrino 2 Series of notebook, featuring faster overall performance, more flexible graphics, enhanced network connectivity and support 2GB of Turbo memory.
- The FTEC EeBook, which incorporate the latest Intel Atom Processor that comes with 10.2" Screen Size. The Intel Atom Processor in collaborating into our FTEC EeBook is based on an entirely new design, built for low power and designed specifically for a new wave of Mobile Internet Devices (MID), simple and low cost.

We will maintain our commitment towards constant innovation and adherence to consumers' unique preferences in order to sustain our position as the leading homegrown brand.



Ahmad Akmal Bin Hamzah
Managing Director

In addition, the Group adopted aggressive and innovative marketing strategies to promote our range of products to our target markets has led us to acquire the Franchise License as a Franchisor with the Ministry of Entrepreneur and Co-operative Development in the year under review. The new marketing concept of franchising will bring the Group a complete evolution into a full-service manufacturer to retailer in the Malaysia ICT sector as well as building more ICT entrepreneurs.

Given the exciting development of the franchise marketing concept, the Group believes that the flagship store of "TecAsia Boutique" will attract the attention of many renowned IT and consumer electronics player, and potential entrepreneur can confidently become our franchisee.

These are indeed the challenging times for the Group, and together, we look forward to TecAsia Group sustaining our performance in the high-growth ICT industry.

Ahmad Akmal Bin Hamzah
Managing Director

GEN (R) TAN SRI YAACOB BIN MAT ZAIN

- (Malaysian, aged 73)

(Independent Non-Executive Chairman)

Gen (R) Tan Sri Yaacob Bin Mat Zain is the Independent Non-Executive Chairman for TecAsia Group. He was appointed to the Board as the Independent Non-Executive Chairman on 28 October 2003. He was a graduate from the Royal Military Academy Sandhurst, United Kingdom. He also obtained his education from the General Command & Staff College (Australia), the US Naval Post Graduate School (USA), the Royal College of Defense Studies (UK), and the Advance Management Programme at the Harvard Business School.

He was the Chief of Defence Staff, Malaysian Armed Forces, and had served for 39 years prior to his retirement in June 1993. Among the principal appointments held by him whilst in the service included that of the Divisional Commander, Director of Military Intelligence, Deputy Chief and subsequently Chief of Army.

Presently, he serves as a director of two (2) public listed companies and various private limited companies. He is the Chairman of Affin Investment Bank Berhad.

For his commendable services in the Armed Forces, he was conferred the Panglima Gagah Angkatan Tentera, Panglima Mangku Negara, Panglima Setia Mahkota, Seri Paduka Kesatria Mahkota Kelantan, Sri Pahlawan Taming Sari and Dato' Setia Diraja Kedah.

AHAMD AKMAL BIN HAMZAH

- (Malaysian, aged 38)

(Managing Director)

Ahmad Akmal Bin Hamzah was appointed to the Board as the Managing Director on 17 November 2008.

In 1994, he graduated from Nottingham Trent University, United Kingdom with a Degree in Accounting & Finance. He started his career in Citibank Asia Pacific Trade Finance Centre, Penang in 1994. In 1995, he joined Dell Asia Pacific as a Financial Analyst.

Subsequently, he joined Smith Zain Securities Sdn Bhd's institutional sales team in 1997. In 1999, he joined Vandacom (M) Sdn Bhd as a Senior Manager.

Since 2003, he has been running his own IT outfit, Upload Communication Sdn Bhd. He is also the co-founder and director of Arus Dermaga Sdn Bhd, a Company involved in the leasing and operating of floating storage facilities at the Port of Tanjung Pelepas, Johor.

RAJA ABDULLAH BIN RAJA BAHARUDIN

- (Malaysian, aged 61)

(Executive Director)

Raja Abdullah Bin Raja Baharudin was appointed to the Board as an Executive Director on 5 November 2008.

In 1970, he completed the Officer Cadet Course at the Royal Military College, Sungai Besi, Kuala Lumpur. Subsequently, in 1972, he completed the Officer Cadet Course at the Officer Cadet School, Portsea, Australia. Later in 1988, he completed Diploma course at Malaysian Armed Force Staff College.

He started his career as an Army Officer in the Royal Artillery regiment in 1972 and was later posted to various staff appointments, specializing in Operational and Training Duties. He was selected to participate in UN Mission at UNIVEM 2 HQ at Luanda, Angola, Africa as a Military Observer for 2 years and was later assigned as Malaysian Defence Attache at the Malaysian High Commission, Wellington, New Zealand from 1995 to 1998. In 2002, He joined the Suisse Cafe franchise as the General Manager at the Main Branch, UNITEN, Bangi.

POW KIM GUAN

- (Malaysian, aged 62)

(Independent Non-Executive Director)

Pow Kim Guan was appointed as an Independent Non-Executive Director of TecAsia Group on 28 April 2004. Upon completion of his secondary education, he pursued a career in the Royal Malaysian Police. In 1968, he joined the Royal Malaysian Police and moved up the rank through the years serving both West and East Malaysia. He had served the Royal Malaysian Police for 31 years and the last position held by him prior to his retirement in 1997 was Deputy Superintendent of Police.

ZULQAISAR BIN HAMIDIN

- (Malaysian, aged 44)

(Non-Independent Non-Executive Director)

Zulqaisar Bin Hamidin was appointed to the Board as a Non-Independent Non-Executive Director on 5 November 2008.

In 1988, he graduated from the Washington State University with a Degree in Architectural Studies. Upon graduation, he started his career as an assistant architect in Jurubena Bertiga Sdn Bhd.

In 1992, he joined ATSA Architects and was later promoted to be a partner in 1995. In 1996, he was further promoted as a director in ATSA Archhitects.

Overall, he has 20 years of architectural working experience in Malaysia.

- *None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.*
- *None of the Directors has family relationship with any director and/or major shareholders of the Company, except for Raja Abdullah bin Raja Baharudin and Zulqaisar bin Hamidin who were major shareholders of the Company prior to 11 May 2009.*

JUSCO FTEC NOTEBOOK FAIR

- MAY 2008

TecAsia in collaboration with AEON JUSCO launched FTEC NOTEBOOK SERIES in Bandar Utama, Jaya Jusco. The move not only served to enable TecAsia to gain brand awareness, but also to leverage on JUSCO, established network to showcase the quality of our homegrown brand.

**METAL GEAR SOLID 4 LAUNCHING**

- 11 JUNE 2008

TecAsia, Malaysia Largest IT Concept store was chosen as a main venue sponsor, a collaboration with full support from Play Interactive Software Sdn Bhd, Malaysia Konami exclusive distributor, to officially launch this long awaited PLAYSTATION 3 exclusive title, METAL GEAR SOLID 4: Guns of The Patriots. Members of the public were introduced to the new game as well as other product offering at TecAsia Plaza Low Yat.

**MOSTI TECHNOLOGY TRANSFER MIMOS BHD & FTEC SYSTEM SDN BHD
MOU SIGNING CEREMONY - 18 JUNE 2008**

TecAsia as a local homegrown manufacture of notebook had been selected by Ministry of Science, Technology and Innovation (MOSTI) & MIMOS BHD to be the technology transfer recipient of IDOLA TABLET PC and IPV6 Technology. TecAsia will manufacture and market the product with the support from MIMOS BHD and Intel Malaysia to incorporate latest ATOM processor.

**6th ANNUAL GENERAL MEETING
OF TECASIA GROUP BERHAD**

The 6th Annual General Meeting of TecAsia Group Berhad was held at Conference Room No 2, 4th Floor of Menara Lien Hoe, Petaling Jaya.

JUALAN KOPERASI TENTERA (SG BULUH) AUG 2008

TecAsia participated in JUALAN KOPERASI TENTERA (SG BULUH), to widen our exposure and to enable the armed forces to purchase FTEC series of notebook packages at affordable prices and quality.



PIKOM PC FAIR II 2008 - AUG 2008

TecAsia participated in the PC fair held at Kuala Lumpur Convention Centre. With our premium booth location, Ftec Brand continuously showcase the quality of a homegrown brand.



3rd SMI & SME AWARDS - OCT 2008

TecAsia Group Berhad was awarded the Business of The Year Award 2007 for "Excellent Company" by SMI-SME Worldwide Network.

PLAZA LOW YAT, ROADSHOW - NOV 2008

Organize TecAsia Fair at Plaza Low Yat, with the objective of creating awareness of TecAsia being the Malaysia's largest concept store of 4C product and services offering.



ORPHANAGE SPONSORSHIP 2008

- DEC 2008

TecAsia Group will always uphold and continuously contribute towards Corporate Social Responsibility (CSR), where the group has sponsored 30 units of SMARTBOOK to 6 selected orphanage/charity home in Kuala Lumpur & Selangor.

**PIAZA LOW YAT TENANT APPRECIATION NIGHT**

- DEC 2008

In conjunction with Plaza Low Yat's Tenant Appreciation Night held at Federal Hotel. TecAsia, Malaysia's largest IT Concept Store was honored and awarded the "Anchor Tenant", "Best Retail Experiences" and "Outstanding Fit-out Design" award by Plaza Low Yat management for our dedication in bringing new retailing experience to the consumer at large.

1st ANNIVERSARY OF TECASIA LARGEST IT CONCEPT STORE

- 1 FEB 2009

In conjunction with the 1st Anniversary of TecAsia, Malaysia's largest IT concept store at Plaza Low Yat which also coincides with Federal Territory Day and the Chinese New Year celebrations, TecAsia took the opportunity to appreciate all customers and staff for their support and contribution for the year on 1 Feb 2009. Buffet lunch, performance of Lion Dance, distribution of "Ang Pow" and lucky draw were the events held to share the joy and happiness for this triple celebrations.

**TECASIA IT MEGA FAIR, PLAZA LOW YAT**

- MARCH 2009

Besides providing the latest in IT products and services, TecAsia in collaboration with Packet One Sdn Bhd, also offer consumer the opportunity to enjoy the alternative data services through its latest technology of Wimax Broadband - P1Wimax. This will enable consumer to leap and learn through the advance and cutting-edge technology bring in to them by TecAsia.



The Board of Directors (“Board”) is committed to achieving and maintaining the highest standards of Corporate Governance throughout the Group. Good corporate governance is the fundamental part of the Group’s responsibility to protect and enhance shareholder value and the financial performance of TecAsia Group.

PRINCIPLES STATEMENT

The Board is pleased to set out below the Group’s application of the principles as set out in Part 1 of the Malaysian Code on Corporate Governance (“the Code”).

1. Board of Directors

1.1 Board Responsibilities

The Group is led and managed by an effective Board with a wide and varied range of expertise. This includes experience and qualification in technology, technical, financial, business management and public service.

In carrying out its functions, the Board has delegated specific responsibilities to several Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee. These Board Committees have the authority to scrutinise particular issues and report back to the Board with their recommendations. However, the ultimate responsibility for the final decisions on all matters is reserved with the entire Board.

All Board Committees have written terms of reference and procedures and the Board receives report of their proceedings and deliberations.

1.2 Board Balance

Part 2 of the Code states that independent non-executive directors need to make up at least one third of the membership of the Board in order for the Board to be effective. The Company has fully complied, as the Board currently has five (5) members, comprising an Independent Non-Executive Chairman, two (2) Executive Directors, one (1) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director.

In addition, the Company has also complied with Rule 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for MESDAQ Market, which requires the Board to have at least two (2) independent directors. The profiles of the Directors are presented on pages 10 to 11 of this Annual Report.

The roles of the Chairman of the Board and the Managing Director are separated and clearly defined to ensure that there is a balance of power and authority. The Board is led by Gen (R) Tan Sri Yaacob Bin Mat Zain as the Independent Non-Executive Chairman whilst the executive management of the Company is led by Encik Ahmad Akmal Bin Hamzah, the Managing Director.

The Independent Non-Executive Chairman leads strategic planning at the Board level whilst Executive Directors are generally responsible for the implementation of the policies laid down and making executive and investment decisions.

Independent Non-Executive Directors are of the calibre necessary to provide an independent judgement on the issues of strategy, performance, resources allocation and standards of conducts.

The Board is of the opinion that its current composition is fairly balanced to ensure the long-term interest of the shareholders, employees, customers and other stakeholders.

1.3 Supply of Information

The Directors have full and timely access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

Prior to the Board meetings, the agenda for each meeting together with a full set of Board papers containing information relevant to the business of the meetings are circulated to the Directors. This allows the Directors sufficient time to obtain further explanations or clarifications, where necessary, in order to be properly briefed before the meetings.

Board meetings are scheduled four (4) times per annum to review the Group's operations and to approve the quarterly results and annual financial statement. Additional meetings may be convened when important matters need to be deliberated and decided at the Board meeting between the scheduled meetings.

The details of the attendances by individual Director in the financial year ended 31 December 2008 are as follows:

Name of Directors	Total Meetings Attended
Gen (R) Tan Sri Yaacob Bin Mat Zain	6/6
Raja Abdullah Bin Raja Baharudin (Appointed on 5 November 2008)	3/3
Zulqaisar Bin Hamidin (Appointed on 5 November 2008)	3/3
Ahmad Akmal Bin Hamzah (Appointed on 17 November 2008)	2/2
Pow Kim Guan	6/6
Tang Boon Koon (Resigned on 5 November 2008)	3/3
Lee Jyh Kiong (Resigned on 9 December 2008)	5/5
Ismail Bin Ahmad (Resigned on 9 December 2008)	5/5
Chieng Siong Kuong (Resigned on 13 March 2009)	5/6
Law Chor Soon (Resigned on 1 March 2008)	-

During the Board meetings, the Board shall discuss and deliberate on the issues being raised of which all proceedings and resolutions from the Board meetings will be documented by the Company Secretaries in the minutes of the Board Meeting, which are kept at the registered office.

Besides Board meetings, the Board exercises control on matters that requires the Boards' approval through circulation of Directors' resolutions. Similarly for circular resolutions, Board members will be provided with sufficient information for approvals.

All Board members have unhindered access to the advice and services of the Company Secretaries, and may seek external independent professional advice at the Company's expense, where necessary, in furtherance of their duties to make well-informed decisions. Before incurring such professional fees, the Director concerned must consult with the Chairman of the Board.

The appointment of the Company Secretaries is based on the capability and proficiency determined by the Board. The Company Secretaries are responsible for ensuring the Board meetings procedures are followed and that applicable rules and regulations are complied with.

1.4 Appointments to the Board

The Board has formed a Nominating Committee ("NC") to assist the Board in its responsibilities in recommending the right candidates with the required mix of skills and experience and other qualities to be appointed to the Board.

The NC consists of the following members:

- Gen (R) Tan Sri Yaacob Bin Mat Zain (Chairman)
- Pow Kim Guan
- Zulqaisar Bin Hamidin

The NC's terms of reference are as follows:

Objectives

The primary objective of the NC is to ensure that the Board of Directors ("Board") has an appropriate balance, size and the required mix of skills, experience and core competencies to govern the organization towards achieving its intended goals and objectives. The NC shall propose new candidates for the Board and assess Directors on an on-going basis.

Composition

The NC shall be appointed by the Board from amongst its Directors and consist of exclusively of Non-Executive Directors, a majority of whom shall be Independent Non-Executive Directors.

The members of the NC shall elect a Chairman from among their number who shall be an Independent Non-executive Director.

Functions

In accomplishing its objectives, the NC shall perform the following functions:

- a) To determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify as a nominee to serve on the Board;
- b) To review and recommend to the Board the structure, size, balance and composition of the Board and Board Committees including the required mix of skills and experience, core competencies which Non-Executive Directors should bring to the Board and other qualities to function effectively and efficiently;
- c) To consider, evaluate and propose to the Board any new Board appointments, whether executive or non-executive positions. In making recommendation to the Board on the candidate for directorship, the NC shall have regard to:-
 - Size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group; and
 - Best practices of the Malaysian Code on Corporate Governance Part 2 AAIll which stipulates that Non-Executive Directors should be person of calibre, credibility and have the necessary skills and experience to bring independent judgements to bear on issues under consideration by the Board. To be effective, Independent Non-Executive Directors should make up at least one-third of the membership of the Board;
- d) To propose to the Board responsibilities of Non-Executive Directors, including membership and chairmanship of Board Committees;
- e) To evaluate Management's recommendation for the appointment, promotion, transfer, dismissal and scope of duties of senior executive positions, including that of the Executive Directors;
- f) To evaluate and review processes for assessing the effectiveness of the Board as a whole, the Board Committee and for assessing the contribution of each Director;
- g) To ensure adequate training and orientation of new Directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regard to their contribution to the Board and Group; and
- h) To consider other matters as referred to the NC by the Board.

Meetings

- **Frequency of Meetings**

The NC shall meet on a need-to-basis and may be called at any time at the discretion of any NC Member or Company's Chairman or Managing Director. An agenda shall be sent to all members of the NC and any other persons who may be required to attend.

- **Attendance**

In addition to the NC members, Managing Director, Chief Operation Officer and Chief Financial Officer shall normally be invited for attendance at each meeting. Other members of the Board may attend the meetings upon invitation of the NC.

The Secretary of the NC shall be the Company Secretary.

- **Procedures**

The procedures of the meetings are as follows:

- The minimum quorum for the meeting is two (2) members of the NC, the majority of members present shall be Independent Non-Executive Directors;
- The Chairman of the NC shall preside at all meetings. In his absence, NC members present shall elect among themselves an independent director to be the chairman of the meeting;
- Chairman may call for a meeting upon the request of any NC Member or Company's Chairman or Managing Director; in order to consider any matter that should be brought to the attention of the Directors or shareholders;
- The Secretary of the NC shall draw up the agenda for the meeting;
- A minimum seven (7) days' notice shall be given for all meetings. Nevertheless, a shorter notice is permitted subject to agreement by all NC members;
- All decisions are determined by a majority of votes. In case of equality of votes, the Chairman shall have a casting vote;
- The Secretary shall attend the meetings of the NC and minute all the proceedings of the meetings;
- Minutes of meetings must be signed by the Chairman of the meeting;
- Minutes are kept at the registered office of the Company and open for inspection by any NC members; and
- A resolution in writing signed by a majority of the NC members and constituting a quorum shall be effective as a resolution passed at meeting of the NC.

1.5 Re-election

In accordance with the Company's Articles of Association, one third of the Board, shall retire from office and be eligible for re-election at each Annual General Meeting.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

1.6 Directors' Training

All Directors have completed the Mandatory Accreditation Programmes prescribed by Bursa Malaysia Securities Berhad. The Directors will continue to evaluate the training needed and to attend other relevant training programmes to keep abreast with developments in the market place and industries. During the financial year ended 31 December 2008, the Directors have attended the following conferences/seminars/training:-

Director	Name of conferences / seminars and training programmes attended
Gen @ Tan Sri Yaacob Bin Mat Zain	1. Workshop on Enterprise Risk Management. 2. Prevention of Fraud and Anti-Money Laundering & Board Effectiveness
Pow Kim Guan	Workshop on Enterprise Risk Management.

The Company will continue to arrange for development and training programmes for the Directors in order to update and enhance their skills, knowledge, which are important for carrying out their roles effectively as a director.

2. DIRECTORS' REMUNERATION

2.1 Objective of Directors' Remuneration

The Company has adopted the objective as recommended by the Code to determine the remuneration for a Director so as to ensure that the Company attracts and retains the Director needed to run the Group successfully. In the case of Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

2.2 Remuneration Committee

The Remuneration Committee ("RC") consists of the following members:

- Gen (R) Tan Sri Yaacob Bin Mat Zain (Chairman)
- Pow Kim Guan

The RC's terms of reference are as follows:

Objectives

The primary objective of the RC is to review the formal and transparent procedure for the development of a remuneration policy and is responsible for recommending to the Board the remuneration structure for each individual Director to ensure that the remuneration policy and structure are:-

- a) Competitive to attract and retain high calibre Directors needed to run the Company successfully;
- b) Linked rewards to both the Company and individual performance for Executive Directors;
- c) Reflect the experience and level of responsibilities undertaken particularly by Non-Executive Directors; and
- d) Align the interests of Directors and stakeholders in promoting the Company's progress.

No Director, Executive or Non-Executive, shall make the decisions pertaining to their own remuneration packages.

Composition

The RC shall be appointed by the Board from amongst its Directors and consist of wholly or majority of whom shall be Non-Executive Directors.

The members of the RC shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.

Functions

In fulfilling its objectives, the functions of the RC shall, include the following:

- a) To review the formal procedure for developing policy for determining remuneration packages for each individual Director; and
- b) To recommend to the Board the remuneration packages for the Directors, Executive or Non-Executive.

Meetings

- **Frequency of Meetings**

The RC shall meet on a need-to-basis, such as to fill a casual vacancy, and may be called at any time at the discretion of any RC Member or Company's Chairman or Managing Director. An agenda shall be sent to all members of the RC and any other persons who may be required to attend.

- **Attendance**

In addition to the RC members, Managing Director, Chief Operating Officer and Chief Financial officer shall normally be invited for attendance at each meeting. Other members of the Board may attend the meetings upon invitation of the RC.

The Secretary of the RC shall be the Company Secretary.

- **Procedures**

The procedures of the meetings are as follows:

- The minimum quorum for the meeting is two (2) members of the RC, the majority of members present shall be Independent Non-Executive Directors;
- The Chairman of the RC shall preside at all meetings. In his absence, RC members present shall elect among themselves an independent director to be the chairman of the meeting;
- Chairman may call for a meeting upon the request of any RC Member or Company's Chairman or Managing Director; in order to consider any matter that should be brought to the attention of the Directors or shareholders;
- The Secretary of the RC shall draw up the agenda for the meeting;
- A minimum seven (7) days' notice shall be given for all meetings. Nevertheless, a shorter notice is permitted subject to agreement by all RC members;
- All decisions are determined by a majority of votes. In case of equality of votes, the Chairman shall have a casting vote;
- The Secretary shall attend the meetings of the RC and minute all the proceedings of the meeting;
- Minutes of meetings must be signed by the Chairman of the meeting;
- Minutes are kept at the registered office of the Company and open for inspection by any RC members; and
- A resolution in writing signed by a majority of the RC members and constituting a quorum shall be effective as a resolution passed at a meeting of the RC.

2.3 Details of Directors' Remuneration

The remuneration paid to the Directors for the financial year ended 31 December 2008 is summarised as follows:

Amount in RM'000	Executive Directors	Non-Executive Directors
Directors' Fee	6,000	49,000
Salaries and other emoluments	381,000	65,000

Band of Remuneration	Executive Directors	Non-Executive Directors
Less than RM50,000	4	4
RM50,001 to RM200,000	1	0
Above RM200,000	1	0

This method of disclosure represents a deviation from the Best Practice set out in the Code, which suggests separate disclosure of each Director's remuneration. The Board is of the opinion that separate disclosure would impinge upon the Directors' right of privacy and would not add value significantly to the understanding of shareholders and other interested investors in this area.

3. SHAREHOLDERS

3.1 Dialogue between the Company and Investors

The Board recognises the importance of keeping the shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Group's annual reports, quarterly financial results and the various prescribed announcements made to Bursa Securities from time to time in the Bursa Securities' website at www.bursamalaysia.com.

In addition, the Group has established a website at www.tecasiagroup.com to provide public access to Group information and business activities.

3.2 Annual General Meeting ("AGM")

The AGM represents the principal forum for dialogue and interaction with all the shareholders of the Company. At each AGM, the Board provides opportunities for shareholders to participate in the question and answer session. All Directors and Senior Management as well as the Chairman of the Audit Committee and external auditors are available to respond to the shareholders' questions during the AGM.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board has a responsibility and aims to provide and present a fair, balanced, clear and meaningful assessment of the Group's financial performance for the current financial year and its prospects. This is achieved primarily through the annual financial statements, quarterly announcements / reports to Bursa Securities and the annual report to the shareholders.

The Audit Committee assists the Board in the following manners:

- Scrutinise information for disclosure to ensure accuracy and completeness; and
- Oversee the Group's financial reporting processes and the quality of its financial reporting.

4.2 Statement of Directors' Responsibility for preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period. In preparing the financial statements, the Directors have ensured that the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the above financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are prudent and reasonable;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

4.3 Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

Currently, the Group does not maintain an Internal Audit Department due to cost considerations and the Board considers the system of internal controls instituted throughout the Group is sound and sufficient. However, to ensure adequacy and integrity of its system of internal controls, the Group outsourced its internal audit functions.

The Statement on Internal Control furnished on page 27 of the annual report provides an overview on the state of internal controls within the Group.

4.4 Relationship with the Auditors

Through the Audit Committee of the Board, the Company has always established and maintained a transparent and appropriate relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

A summary of the activities of the Audit Committee during the year are set out under the Audit Committee Report on pages 23 to 26 of the annual report.

4.5 Compliance with the Code

The Board strives to ensure that the Company complies with the Principles and Best Practices of the Code. The Board will endeavour to improve and enhance the procedures from time to time. The Group has complied with the Best Practice of the Code.

OTHER INFORMATION - MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries involving the Directors' and major shareholders' interests during the financial year.

1. THE MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee ("Committee") are:

Name	Directorship
Gen @ Tan Sri Yaacob Bin Mat Zain (Chairman)	Independent Non-Executive Chairman
Pow Kim Guan (Member)	Independent Non-Executive Director

Subsequent to the resignation of Chieng Siong Kuong, the Company have only two (2) independent directors in the Committee. Under the Listing Requirements, the Company must have a minimum of three (3) members in the Committee and at least one (1) member shall be:

- a) a member of the MIA; or
- b) if he is not a member of the MIA, he shall have at least 3 years' working experience and:
 - he shall have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967;
 - he shall be a member of one of the Associations of Accountants specified in Part II of the Accountants Act 1967: or
 - fulfils such other requirements as prescribed or approved by the Exchange.

The existing composition of the Committee does not fulfil the requirements of the Listing Requirements and as allowed under the Listing Requirements, the Company is given three (3) months till 13 June 2009 to comply with the requirements of the Listing Requirements. The Company will comply by the due date.

2. TERMS OF REFERENCE OF THE COMMITTEE

The terms of reference of the Committee are as follows:

2.1 OBJECTIVES

The Committee was established to act as a Committee of the Board to fulfil its fiduciary responsibilities. The authority, functions and duties of the Committee shall be extended to TecAsia Group Berhad ("the Company") and its subsidiary companies ("Group").

2.2 MEMBERSHIP

2.2.1 Composition

The Committee shall be appointed by the Board from amongst its Directors and consists of no fewer than three (3) members, all members must be non-executive directors, with a majority of whom shall be Independent Non-Executive Directors, independent of senior management and operating executive and unencumbered by any relationships that might, in the opinion of the Board be considered to be a conflict of interest.

The members of the Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.

At least one member of the Committee shall be:

- a) a member of the MIA; or
- b) if he is not a member of the MIA, he shall have at least 3 years' working experience and:
 - he shall have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967;
 - he shall be a member of one of the Associations of Accountants specified in Part II of the Accountants Act 1967: or
 - fulfils such other requirements as prescribed or approved by the Exchange.

2.2.2 Disqualification as Committee Member

An alternate Director shall not be appointed as a member of the Committee. The Chief Executive Officer shall not be a member of the Committee.

2.2.3 Retirement and Resignation

In the event of any vacancy in the Committee resulting in the non-compliance of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, the Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.

2.2.4 Review of the Committee by the Board

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and its members have carried out their duties in accordance with their terms of reference.

2.3 AUTHORITY

The Committee is authorised by the Board:

- a) to investigate any matter within its terms of reference;
- b) to have the resources which are required to perform its duties as set out in its terms of reference;
- c) to request with full and unrestricted access to any information it seeks as relevant to its activities from any employees of the Company or the Group and all employees are directed to co-operate with any request made by the Committee;
- d) to have direct communication channels with the internal and external auditors;
- e) to seek and accept independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary; and
- f) to be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee and management, whenever deemed necessary.

2.4 DUTIES

In fulfilling its primary objectives, the Committee shall review, appraise and report to the Board on:

- a) The discussion with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit and to ensure co-ordination of audit where more than one audit firm is involved;
- b) The review with the external auditors, his evaluation of the system of internal controls, his management letter and management's response;
- c) The discussion of problems and reservations arising from the half year (if any) and final year external audits, the audit report and any matters the external auditors may wish to discuss (in the absence of Management, where necessary);
- d) The assistance given by the employees of the Group to the external and internal auditors;
- e) The review of the following in respect of Internal Audit ("IA"):
 - Adequacy of the scope, functions, competency and resources of the IA and that it has the necessary authority to carry out its work;
 - IA Programme;
 - The major findings of internal audit investigations and management's responses, and ensure that appropriate actions are taken on the recommendations of the IA;
 - Co-ordination of external audit with internal audit;
 - Appraisal or assessments of the performance of the staff of the IA;
 - Approval of any appointment or termination of senior staff member of the IA;
 - Resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation;

- f) The review of quarterly reporting to Bursa Securities and year end financial statements of the Group before the submission to the Board, focusing particularly on:
 - Changes in or implementation of major accounting policy;
 - Significant or unusual events; and
 - Compliance with accounting standards and other legal requirements.
- g) The review of any related party transaction and conflict of interest situation that may arise within the Group or Company, including any transaction, procedure or course of conduct that raises questions of Management integrity;
- h) The review of any letter of resignation from the external auditors and any questions of resignation or dismissal;
- i) The review where appropriate whether there is a reason (supported by grounds) to believe that the Group's external auditors is not suitable for re-appointment;
- j) The recommendation of the nomination and appointment of external auditors as well as the audit fee;
- k) The prompt reporting to Bursa Securities on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of Bursa Securities Listing Requirements; and
- l) Any other functions that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

2.5 MEETINGS

2.5.1 Frequency of Meetings

A minimum of four (4) meetings per year is planned, although additional meetings may be called at any time at the Committee Chairman's discretion. An agenda shall be sent to all members of the Committee and any other persons who may be required to attend.

2.5.2 Attendance

In addition to the Committee members, the Managing Director, Chief Financial Officer and Internal Auditor (if appointed) shall normally be invited for attendance at each meeting. Representatives of the external auditors are also normally invited from time to time to brief the Committee on audit related matters. Other members of the Board may attend the meetings upon invitation of the Committee.

The Secretary of the Committee shall be the Company Secretary.

At least twice a year, the Committee shall meet the external auditors without the presence of the executive directors.

The details of attendance by individual Committee member in financial year ended 31 December 2008 are as follows:

Name of Directors	Total Meetings Attended
Gen (R) Tan Sri Yaacob Bin Mat Zain	5/5
Pow Kim Guan	5/5
Chieng Siong Kuong (Resigned on 13 March 2009)	4/5

2.5.3 Procedures

The procedures of the meetings are as follows:

- a) The minimum quorum for the meeting is two (2) members of the Committee, the majority of members present shall be Independent Non-Executive Directors;
- b) The Chairman of the Committee shall preside at all meetings. In his absence, Committee members present shall elect among themselves an independent director to be the chairman of the meeting;
- c) Chairman may call for a meeting upon the request of the internal or external auditors or any Committee Member or Company's Chairman or Managing Director, in order to consider any matter that should be brought to the attention of the Directors or shareholders;
- d) The Secretary of the Committee shall draw up the agenda for the meeting;
- e) A minimum seven (7) days' notice shall be given for all meetings. Nevertheless, a shorter notice is permitted subject to agreement by all Committee members;
- f) All decisions are determined by a majority of votes. In case of equality of votes, the Chairman shall have a casting vote;
- g) The Secretary of the committee shall attend the meetings of the Committee and minute all the proceedings of the meetings;
- h) Minutes of meetings shall be signed by the Chairman of the meeting;
- i) Minutes are kept at the registered office of the Company and open for inspection by any Committee members; and
- j) A resolution in writing signed by a majority of the Committee members and constituting a quorum shall be effective as a resolution passed at a meeting of the Committee.

2.6 SUMMARY OF ACTIVITIES

During the financial year, the Committee met at scheduled times, with due notices of meetings issued, and with agendas planned and itemised so that issues raised in respect of financial statement and any audit related matters were deliberated and discussed in a focused and detailed manner.

The Committee had carried out the following:

- Reviewed the audit plan, with the external auditors, for the statutory audit of the Group accounts for the year ended 31 December 2008;
- Reviewed the audited financial statements of the Group, the audit report (with the external auditors) and the annual report to ensure adequacy of the disclosure of information essential for a fair and full presentation of the financial affairs of the Group for recommendation to the Board for approval;
- Reviewed the quarterly unaudited financial reporting to Bursa Securities and year end financial statements of the Group before the submission to the Board for approval, focusing particularly on:-
 - Changes in or implementation of major accounting policy;
 - Significant or unusual events; and
 - Compliance with accounting standards and other legal requirements;
- Reviewed with the Internal Auditors the Internal Audit Plan, their review and findings and the management's response and actions taken;
- Reviewed the audit reports and Internal Control Statement submitted by the Internal Auditors; and
- Met with the external auditors to discuss various issues on the Company, excluding the attendance of the executive members of the Committee.

Hence, the Committee had carried out and discharged its duties and responsibilities in accordance with its terms of reference.

Introduction

The Board is committed to maintain a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year under review. This statement is guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by The Institute of Internal Auditors Malaysia (“the Internal Control Guidance”).

Board Responsibility

The Board affirms its overall responsibility for maintaining a sound internal control and risk management practices towards maintaining good corporate governance. This includes reviewing the effectiveness, adequacy and integrity of these systems throughout the Group. However, the Board recognizes that reviewing the effectiveness of the Group’s system of internal control is concerted and continuous process, designed to manage rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the Board is of the view that the Group’s system of internal control can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

In accordance with the internal Control Guidance, the Group has in place an ongoing informal process for identifying, evaluating, monitoring and managing significant risks faced by the Group throughout the year up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the management and reported to the Board as and when required.

Key Processes of Internal Control

The key processes that the Board have established in reviewing the effectiveness, adequacy and integrity of system of internal control, are as follows:

- The Group has in place an organizational structure that is aligned to business and operational requirements, with clearly defined level of responsibility, lines of accountability and delegated authority with appropriate reporting procedures.
- There is active involvement by the Executive Directors in the day-to-day business operations of the Group and regular dialogue with senior management. Scheduled operational and management meetings are held regularly to identify, discuss and resolve business and operational issues. Significant matters identified during these meetings are highlighted to the Board on a timely basis.
- In addition to active participation of the Executive Directors and management, the Board is also assisted by the Audit Committee in specific areas with enhanced system of internal control and governance.

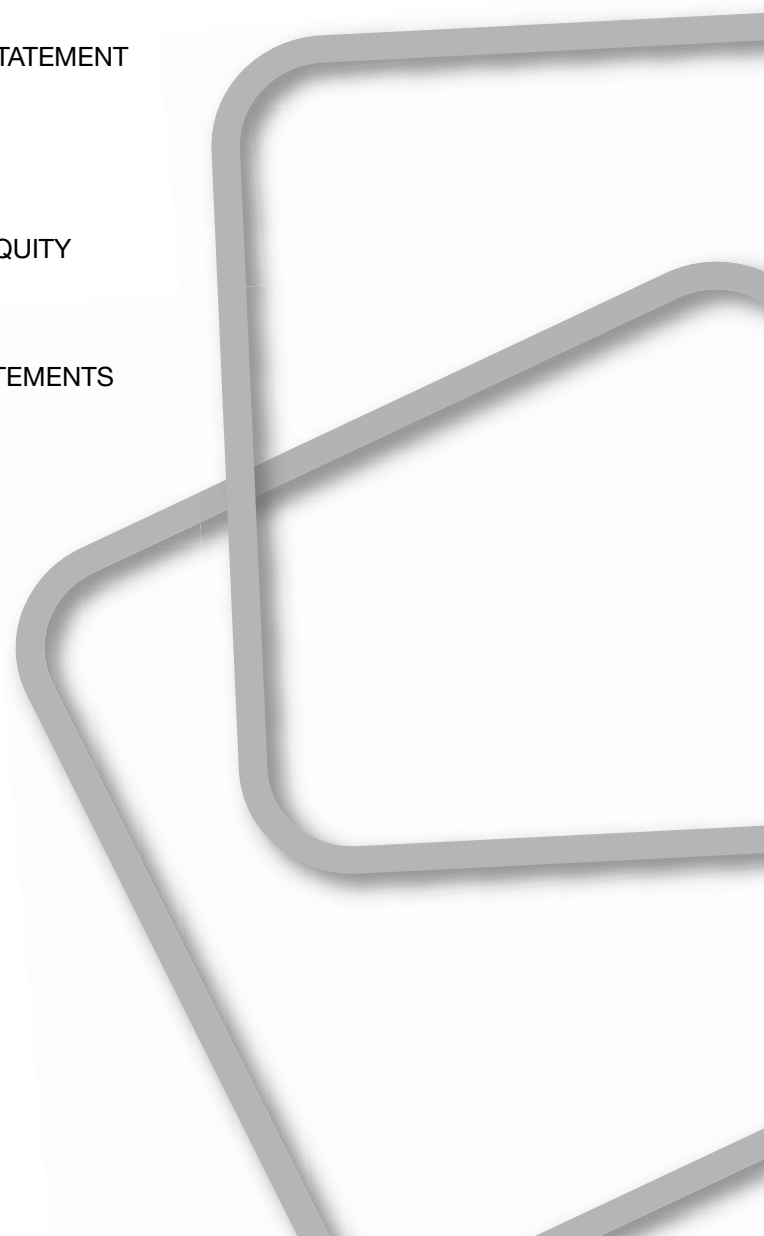
Presently the Group does not have an internal audit department. The Board has determined that the current control mechanisms are sufficient for the size of the Group. The Board and the Audit Committee shall review this decision annually.

Board Conclusion

Based on the above, the Board is pleased to disclose that the systems of internal control of the Group are sufficient in line with the Internal Control Guidance. No major internal control weaknesses were identified nor did any of the reported weaknesses that have resulted in material losses or contingencies requiring disclosure in the Annual Report. The Board and the management continue to take necessary measures to strengthen its internal control structure and to manage the risks more effectively.

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The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

CHANGE OF NAME

On 7 July 2008, the Company changed its name from FTEC Resources Berhad to TecAsia Group Berhad .

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to subsidiaries. The principal activities of the subsidiaries are set out in note 8 to the financial statements. There have been no significant changes in the nature of these activities during the year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year	3,028	(882)
<hr/>		
Attributable to:-		
Equity holders of the Company	3,067	(882)
Minority interests	(39)	-
	<hr/>	<hr/>
	3,028	(882)
	<hr/>	

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the Directors do not recommend any dividend payment for the current financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and, the making of provisions for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off as bad debts, or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and the balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or of the Company which 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 or of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group or 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, a completed a Bonus Issue of 271,998,400 new ordinary shares of RM0.10 each in TecAsia Group Berhad (formerly known as FTEC Resources Berhad) credited as fully paid-up on the basis of eight bonus shares for every five existing shares held.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are as follow:-

GEN (R) TAN SRI YAACOB BIN MAT ZAIN	
POW KIM GUAN	
RAJA ABDULLAH BIN RAJA BAHARUDIN	(Appointed on 5.11.08)
ZULQAISAR BIN HAMIDIN	(Appointed on 5.11.08)
AHMAD AKMAL BIN HAMZAH	(Appointed on 11.11.08)
CHIENG SIONG KUONG	(Resigned on 13.3.09)
LEE JYH KIONG	(Resigned on 9.12.08)
ISMAIL BIN AHMAD	(Resigned on 9.12.08)
TANG BOON KOON	(Resigned on 5.11.08)
LAW CHOR SOON	(Resigned on 1.3.08)

The interest of the Directors in office as at the end of the financial year in the shares of the Company and its subsidiaries during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965 are as follows:-

	Number of Ordinary Shares of RM 0.10 each			At 31.12.08
	At 1.1.08/ (Date of Appointment)	Bought	Sold	
Interest in the Company				
Direct Interest				
Chieng Siong Kuong	50,000	80,000	-	130,000
Indirect Interest				
Raja Abdullah Bin Raja Baharudin	80,008,900	-	-	80,008,900
Zulqaisar Bin Hamidin	80,008,900	-	-	80,008,900

* Shares held though person connected to director.

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 those disclosed in note 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS

Significant events arising during the financial year are disclosed in note 40 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events arising during the financial year are disclosed in note 41 to the financial statements.

AUDITORS

The auditors, Moore Stephens AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2009.

AHMAD AKMAL BIN HAMZAH**RAJA ABDULLAH BIN RAJA BAHARUDIN**

Pursuant to Section 169(15) of the Companies Act, 1965

We, Ahmad Akmal Bin Hamzah and Raja Abdullah Bin Raja Baharudin, being two of the Directors of TecAsia Group Berhad (formerly known as FTEC Resources Berhad), do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 36 to 82 are drawn up in accordance with the provisions of the Companies Act 1965 and the Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results and cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2009.

AHMAD AKMAL BIN HAMZAH**RAJA ABDULLAH BIN RAJA BAHARUDIN****Statutory Declaration**

Pursuant to Section 169(16) of the Companies Act, 1965

I, Ahmad Akmal Bin Hamzah, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 36 to 82, 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 at
Petaling Jaya in the state of Selangor Darul Ehsan
on 28 April 2009

AHMAD AKMAL BIN HAMZAH

Before me

N. MADHAVAN NAIR (No. B 064)
Commissioner for Oaths

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TecAsia Group Berhad (formerly known as FTEC Resources 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 36 to 82.

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 the Companies Act 1965 and Financial Reporting Standards 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 judgment, 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 the 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 the Companies Act 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 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 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 8 to the financial statements.
- c) We are satisfied that the financial statements 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.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act except as disclosed in note 8 to the financial statements.

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.

MOORE STEPHENS AC

Chartered Accountants
AF 001826

Kuala Lumpur

Date: 28 April 2009

CHONG KWONG CHIN

707/04/10 (J/PH)
Partner

Consolidated Balance Sheet

As at 31 December 2008

	Note	2008 RM'000	2007 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	24,836	22,530
Capital work-in-progress	5	–	7,443
Prepaid land lease payments	6	11,682	12,082
Intangible assets	7	1,551	1,973
Other investments	9	3,111	3,110
		41,180	47,138
Current Assets			
Inventories	10	39,869	34,251
Trade receivables	11	43,654	47,116
Other receivables, deposit and prepayments	12	2,227	2,211
Tax assets	14	1,006	752
Cash deposits with licensed banks	15	8,682	9,124
Cash and bank balances		9,326	9,777
		104,764	103,231
Non-current assets held for sale	16	820	–
TOTAL ASSETS		146,764	150,369

As at 31 December 2008

	Note	2008 RM'000	2007 RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	17	44,200	17,000
Reserves	18	19,858	43,781
Equity attributable to equity holders of the Company		64,058	60,781
Minority interests		–	39
Total Equity		64,058	60,820
Liabilities			
Non-current liabilities			
Borrowings	19	40,434	41,925
Deferred tax liabilities	20	26	322
		40,460	42,247
Current liabilities			
Provision	21	49	80
Borrowings	19	26,918	30,283
Trade payables	22	10,311	9,746
Other payables, deposit and accruals	23	4,573	5,253
Bank overdrafts - secured	25	395	1,214
Taxation		–	726
		42,246	47,302
Total Liabilities		82,706	89,549
TOTAL EQUITY AND LIABILITIES		146,764	150,369

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Income Statement

For the year ended 31 December 2008

	Note	2008 RM'000	2007 RM'000
Operating revenue	28	241,537	317,052
Cost of sales		(214,209)	(289,363)
Gross profit		27,328	27,689
Other operating revenue		1,112	1,136
Administrative costs		(16,269)	(10,038)
Other operating costs		(1,406)	(821)
Distribution costs		(2,160)	(3,420)
		(19,835)	(14,279)
Profit from operations		8,605	14,546
Finance costs		(5,438)	(4,225)
Profit before taxation	29	3,167	10,321
Taxation	30	(139)	(902)
Profit for the year		3,028	9,419
Attributable to:			
Equity holders of the Company		3,067	9,449
Minority interests		(39)	(30)
		3,028	9,419
Earnings per share attributable to equity holders of the Company (sen)			
Basic, for profit for the year	31	0.69	2.14

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

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For the year ended 31 December 2008

	← Attributable to equity holders of the parent →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Distributable				
	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Translation Reserve RM'000	Retained Earnings RM'000			
At 1.1.07	17,000	11,959	(5,226)	178	27,421	51,332	69	51,401
Total income and expense recognised for the year	-	-	-	-	9,449	9,449	(30)	9,419
At 31.12.07	17,000	11,959	(5,226)	178	36,870	60,781	39	60,820
Bonus issue of shares	27,200	(11,959)	-	-	(15,241)	-	-	-
Foreign exchange translation differences	-	-	-	210	-	210		210
Profit for the year	-	-	-	-	3,067	3,067 (39)	3,028	
Total income recognised for the year	-	-	-	210	3,067	3,277	(39)	3,238
At 31.12.08	44,200	-	(5,226)	388	24,696	64,058	-	64,058

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Note	2008 RM'000	2007 RM'000
Cash Flows from Operating Activities			
Profit before taxation		3,167	10,321
Adjustments for:-			
Amortisation of:			
- intangible assets		422	268
- prepaid land lease payments		123	63
- upfront fee		111	111
Allowance for doubtful debts		646	483
Bad debts written off		-	5
Depreciation of property, plant and equipment		6,361	4,081
Gain on disposal of property, plant and equipment		-	(9)
Unrealised loss/(gain) on foreign exchange		81	(32)
Interest expenses		5,055	3,786
Interest revenue		(477)	(333)
Operating profit before working capital changes		15,489	18,744
Increase in inventories		(5,618)	(9,444)
Decrease/(Increase) in receivables		2,719	(11,523)
Decrease in payables		(115)	(1,572)
Decrease in provision		(31)	-
Cash used in operations		12,444	(3,795)
Interest paid		(5,055)	(3,786)
Interest received		477	333
Income tax paid		(1,415)	(807)
Net cash generated from/(used in) operating activities carried down		6,451	(8,055)

For the year ended 31 December 2008

	Note	2008 RM'000	2007 RM'000
Net cash generated from/(used in) operating activities brought forward		6,451	(8,055)
Cash Flows from Investing Activities			
Purchase of other investments		(1)	(3,023)
Capital work-in-progress incurred		-	(7,443)
Intangible assets incurred		-	(1,396)
Withdrawal/(Placement) of fixed deposits		442	(1,911)
Proceeds from disposal of property, plant and equipment		-	20
Purchase of leasehold land		-	(11,861)
Purchase of property, plant and equipment	33	(1,460)	(11,163)
Net cash used in investing activities		(1,019)	(36,777)
Cash Flows from Financing Activities			
Drawdown of bank borrowings		-	20,933
Proceeds from bankers' acceptance		(3,082)	28,057
(Repayment)/Proceeds from trust receipts		(565)	564
Repayment of hire purchase payables		(359)	(281)
Repayment of term loans		(1,165)	(13)
Net cash (used in)/generated from financing activities		(5,171)	49,260
Exchange differences		261 107	4,428 -
Net increase in cash and cash equivalents		368	4,428
Cash and cash equivalents at beginning of the year		8,563	4,135
Cash and cash equivalents at end of the year	34	8,931	8,563

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Balance Sheet

As at 31 December 2008

	Note	2008 RM'000	2007 RM'000
ASSETS			
Non-current assets			
Prepaid land lease payments	6	11,682	11,801
Investment in subsidiaries	8	18,000	18,400
Other investments	9	3,024	3,023
		32,706	33,224
Current assets			
Other receivables, deposit and prepayments	12	67	153
Amount owing by subsidiary companies	13	55,114	59,635
Tax assets	14	52	52
Cash and bank balances		2,546	33
		57,779	59,873
TOTAL ASSETS		90,485	93,097
EQUITY AND LIABILITIES			
Equity			
Share capital	17	44,200	17,000
Reserves	18	7,918	36,000
Total Equity		52,118	53,000
Liabilities			
Non-current liability			
Borrowings	19	36,361	37,040
Current liabilities			
Others payables and accruals	23	1,194	1,169
Amount owing to subsidiary companies	24	-	1,116
Borrowings	19	811	772
		2,005	3,057
Total Liabilities		38,366	40,097
TOTAL EQUITY AND LIABILITIES		90,485	93,097

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

For the year ended 31 December 2008

	Note	2008 RM'000	2007 RM'000
Operating revenue	28	1,513	9,086
Other operating revenue		2,244	2,296
Administrative costs		(1,024)	(658)
Other operating costs		(402)	(1,252)
		(1,426)	(1,910)
<hr/>			
Profit from operations		2,331	9,472
Finance costs		(3,211)	(2,485)
<hr/>			
(Loss)/Profit before taxation	29	(880)	6,987
Taxation	30	(2)	(50)
<hr/>			
(Loss)/Profit for the year		(882)	6,937

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2008

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
At 1.1.07	17,000	11,959	17,104	46,063
Profit for the year	–	–	6,937	6,937
At 31.12.07	17,000	11,959	24,041	53,000
Bonus issue of shares	27,200	(11,959)	(15,241)	–
Loss for the year	–	–	(882)	(882)
At 31.12.08	44,200	–	7,918	52,118

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

For the year ended 31 December 2008

	Note	2008 RM'000	2007 RM'000
Cash Flows from Operating Activities			
(Loss)/Profit before taxation		(880)	6,987
Adjustment for:-			
Amortisation of upfront fee		111	111
Amortisation of prepaid land lease payments		119	60
Bad debts written off		-	1,239
Interest expense		3,099	2,373
Interest revenue		(2,244)	(2,296)
Impairment loss on investment in subsidiaries		400	2
Dividend revenue		(13)	(9,086)
Operating gain/(loss) before working capital changes		592	(610)
Decrease/(Increase) in receivables		86	(148)
Increase in payables		26	1,094
Cash generated from operations		704	336
Interest paid		(3,099)	(2,373)
Interest received		2,244	2,296
Income tax paid		(2)	(3)
Net cash (used in)/generated from operating activities		(153)	256
Cash Flows from Investing Activities			
Dividend received		13	9,086
Acquisition of leasehold land		-	(11,861)
Additional investment in a subsidiary		-	(3,000)
Investment in other investments		(1)	(3,023)
Repayment by/(Advances to) subsidiaries		4,521	(29,339)
Net cash generated from/(used in) investing activities		4,533	(38,137)
Cash Flows from Financing Activities			
(Repayment to)/Advances from subsidiaries		(1,116)	116
(Repayment)/Drawdown of term loans		(751)	37,701
Net cash generated from/(used in) financing activities		(1,867)	37,817
Net increase/(decrease) in cash and cash equivalents		2,513	(64)
Cash and cash equivalents at beginning of the year		33	97
Cash and cash equivalents at end of the year	34	2,546	33

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company domiciled in Malaysia, and incorporated under the Companies Act, 1965 with its shares listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Lot 4.28 & 4.20A, Fourth Floor, Plaza Low Yat, No. 7, Jalan Bintang, Off Jalan Bukit Bintang, Bukit Bintang Central, 55100 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are set out in note 8. There have been no significant changes in the nature of these activities during the year.

On 7 July 2008, the Company changed its name from FTEC Resources Berhad to TecAsia Group Berhad .

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 28 April 2009.

2. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with the applicable Financial Reporting Standards issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and complied with the provisions of the Companies Act 1965.

The measurement bases applied in the presentation of the financial statement of the Group and of the Company included cost, recoverable amount and realisable value. Estimates are used in measuring these values.

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 the also Company's functional currency. All financial information presented in RM has been rounded to the nearest RM'000, unless otherwise stated.

The preparation of financial statements of the Group and of the Company requires management to make assumptions, estimates and judgements that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Assumptions and estimates are reviewed on an ongoing basis and are recognized in the period in which the assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

- i. Depreciation of property, plant and equipment (note 4) - The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation changes could be revised.
- ii. Impairment of property, plant and equipment – The measurement of the recoverable amount of cash generating units ("CGU") are determined based on the value-in-use method.

2. BASIS OF PREPARATION (CONT'D)

- iii. Testing for impairment of intangible assets (note 7) – the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management covering a 5-year period. For cash flows beyond the fifth year period, it is extrapolated using estimated growth rates and discount rates applied to the cash flow projections; the carrying amount of the intangible assets as at 31 December 2008 were RM1,550,992 (2007 : RM1,973,375). The Group capitalised costs relating to the development and enhancement of new and existing products where development activities meets the criteria for capitalisation as mentioned in note 3(c)(ii) of the financial statements. Amortisation, which commences upon commercialisation or sale of products, is recognised in the income statement based on a straight-line basis over the products estimated economic lives of 5 years. Because the intangible assets have a finite useful life, the Group review the amortisation period and amortisation method at least once a year. If there are indications that the product is unable to meet expected future cash flow, immediate impairment loss would be recognised. The carrying cost of the development costs as at 31 December 2008 were RM1,388,492 (2007 : RM1,760,875).
- iv. Provision for doubtful debts (note 11) – the Group and the Company makes provision for doubtful debts based on an assessment of the recoverability of receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

3. SIGNIFICANT ACCOUNTING POLICIES

On 1 January 2008, the Group and the Company adopted the following revised FRS, amendment to FRS and Interpretations:

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

The revised FRS, amendment to FRS and IC Interpretations above do not have any significant impact on the financial statements of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Standards and Interpretations Issued but Not Yet Effective

FRS, Amendment to FRS and Interpretations		Effective for financial periods beginning on or after
FRS 4	Insurance Contract	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30 (b) of FRS 108 – Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

(a) Basis of Consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiaries made up to the end of the financial year.

Subsidiaries are consolidated using the purchase method of accounting except for certain business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in FRS 1222004 “Business Combination” which were accounted for using the merger method.

The Group has taken advantage of the exemption provided by FRS 1222004 and FRS 3 to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

Under the merger method of accounting, credit differences arising between the cost of acquisition and the nominal value of share capital of the subsidiary are regarded as a non-distributable merger reserve. Debit differences arising are accounted for as a merger deficit and are set-off against the Group’s reserve. The results of the companies being merged are included as if the merger had been affected throughout the current and previous financial years.

Under the purchase method, the results of the subsidiaries acquired or disposed during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal respectively. The assets and liabilities and contingent liabilities assumed of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Any excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (cont'd)

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minority interests' share of the fair value of net assets at the acquisition date and the minorities' share of changes in the equity since then.

The consolidated financial statements are prepared on the basis that excess of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiary will be allocated to the Group until the minority shareholders' share of losses previously absorbed by the Group has been recovered.

(b) Subsidiaries

A subsidiary is an enterprise in which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Any impairment loss is determined on an individual basis.

Gains or losses arising from the disposal of an investment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the investment, and is recognised in the income statement.

(c) Intangible Assets

i. Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment tests are performed annually. Goodwill is also tested for impairment when any indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of an interest in a subsidiary, the related goodwill will be included in the computation of the gain or loss on disposal of the interest in the subsidiary in the consolidated income statement.

ii. Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as and when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditures are recognised in the income statement as an expense as and when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Intangible Assets (cont'd)

ii. Research and development (cont'd)

Development costs which are considered to have finite useful lives, are stated at cost less any impairment losses and are amortised over 5 years so as to reflect the pattern in which the related economic benefits are recognised. Impairment is assessed whenever there is an indication of impairment. The amortisation period and method are reviewed at each balance sheet date.

iii. Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Intangible assets with an indefinite useful life are not amortised but are reviewed annually for impairment or more frequently if there is an indication of impairment and to ensure that the indefinite useful life assessment continues to be supportable.

An intangible asset with a finite useful life, which includes intellectual property and licence rights, will be amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is provided from the commencement of the commercial production of the product or process to which they relate, on a straight line basis over a period of 10 years. The amortisation period reflect the estimated economic useful life of the intangible asset. The amortisation period and amortisation method are reviewed at each balance sheet date.

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Capital work-in-progress is not depreciated and all other property, plant and equipment are depreciated to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:-

Buildings	2%
Furniture and fittings	10%
Renovation	20%
Motor vehicles	20%
Office equipment and computers	10% - 20%

The residual values, useful lives and depreciation method are reviewed at each financial year-end 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 and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets other than inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. The recoverable amount is the higher of fair value less cost of sales and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statement.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's 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 groups of units. Impairment losses recognised in respect of the cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. Cost includes the actual cost of purchase and incidentals in bringing the inventories into store.

Net realisable value is 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.

(g) Employee Benefits

i. Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. 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.

ii. Defined Contribution Plans

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Foreign Currencies

i. Transactions in foreign currencies

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, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

ii. Translation of foreign currency financial statements

Assets, liabilities and reserves of foreign subsidiaries are translated into Ringgit Malaysia at the rates of exchange as at the financial year end. Income statements items are translated at the average rate of exchange for the year which approximate the exchange rate at the date of transaction. The translation differences arising therefrom are recorded as movements in the translation reserve. Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are translated to Ringgit Malaysia at the rate prevailing at the date of acquisition.

(i) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is provided using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Taxation (cont'd)

Deferred tax is recognised in equity when it relates to items recognised directly in equity.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences, relating to the same taxation authority, to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(j) Revenue Recognition

i. Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii. Interest revenue

Interest revenue is recognised on an accrual basis using the effective interest method.

iii. Management fees

Management fees are recognised when services are rendered.

iv. Dividend revenue

Dividend revenue is recognised when the right to receive payment is established.

(k) 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. The increase in the provision due to the passage of time is recognised as finance costs.

(l) Leases payments

Finance Lease

Assets acquired by way of hire purchase or finance lease where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Financial leases are capitalised at the inception of the lease at the lower of the fair value of the lease property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with that of the depreciable property, plant and equipment as described in Note 3 (d)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Leases payments

Operating Lease

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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 building elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(m) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(n) Financial Instruments

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as assets or liabilities are reported as expense or revenue. Distributions to holders of 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 recognised financial instruments comprise cash and cash equivalents, receivables, payables, bank borrowings, other investments and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments are financial guarantees given to subsidiaries. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

i. Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which is the anticipated realisable value. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

ii. 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.

iii. Interest Bearing Bank Borrowings

Interest bearing bank borrowings are stated at the amount of proceeds received, net of transaction costs.

iv. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial Instruments (cont'd)

v. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

vi. Other Non-current Investments

Non-current investments other than investments in subsidiaries are stated at cost less allowance for diminution in value, if any. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statement.

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Furniture and Fittings RM'000	Office Equipment and Computers RM'000	Renovation RM'000	Motor Vehicles RM'000	Total RM'000
Group Cost						
At 1.1.08	8,660	905	18,490	2,584	2,905	33,544
Additions	-	146	734	580	-	1,460
Transfer from capital work- in-progress (Note 5)	-	-	5,729	1,714	-	7,443
Exchange differences	-	-	339	-	-	339
Transfer to noncurrent asset held for sale (Note 16)	(631)	-	-	-	-	(631)
At 31.12.08	8,029	1,051	25,292	4,878	2,905	42,155
Accumulated Depreciation and Impairment Losses						
At 1.1.08	76 489	8,514	665	1,270	11,014	
Charge for the year	173	108	4,679	892	509	6,361
Exchange differences	-	-	32	-	-	32
Transfer to noncurrent asset held for sale (Note 16) (88)	-	-	-	-	(88)	
At 31.12.08	161	597	13,225	1,557	1,779	17,319
Net Book Value						
At 31.12.08	7,868	454	12,067	3,321	1,126	24,836

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

	Buildings RM'000	Furniture and Fittings RM'000	Office Equipment and Computers RM'000	Renovation RM'000	Motor Vehicles RM'000	Total RM'000
Cost						
At 1.1.07	631	852	17,064	1,057	2,045	21,649
Additions	8,029	53	1,449	1,527	894	11,952
Disposals	-	-	(14)	-	(34)	(48)
Exchange differences	-	-	(9)	-	-	(9)
At 31.12.07	8,660	905	18,490	2,584	2,905	33,544
Accumulated Depreciation and Impairment Losses						
At 1.1.07	64	406	5,253	374	882	6,979
Charge for the year	12	83	3,273	291	422	4,081
Disposals	-	-	(3)	-	(34)	(37)
Exchange differences	-	-	(9)	-	-	(9)
At 31.12.07	76	489	8,514	665	1,270	11,014
Net Book Value						
At 31.12.07	8,584	416	9,976	1,919	1,635	22,530

Included in the property, plant and equipment of the Group are:-

- (a) Building with net book value of RM7,868,734 (2007 : RM8,584,100) have been pledged for banking facilities granted to the subsidiaries as disclosed in notes 9, 19, 25 and 26.
- (b) Details of motor vehicles of the Group acquired under hire purchase instalments are as follows:-

	Group	
	2008 RM'000	2007 RM'000
Cost	2,366	2,366
Net book value	1,081	1,554

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5. CAPITAL WORK-IN-PROGRESS

	Group	
	2008 RM'000	2007 RM'000
At cost,		
At beginning of the year	7,443	-
Additions during the year		
- Installation and commissioning of Telecommunication equipments incurred by a subsidiary, Mangotone International Limited.	-	5,729
- Renovation of office and retail shoplot incurred by a subsidiary, TecAsia Sdn Bhd	-	1,714
Transfer to property, plant and equipment (Note 4)	(7,443)	-
	-	7,443

6. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At cost,				
At beginning of the year	12,151	290	11,861	-
Additions during the year	-	11,861	-	11,861
Transfer to non-current assets held for sale (Note 16)	(290)	-	-	-
At end of the year	11,861	12,151	11,861	11,861
Less: Accumulated amortisation				
At beginning of the year	69	6	60	-
Charge for the year	123	63	119	60
Transfer to non-current assets held for sale (Note 16)	(13)	-	-	-
At end of the year	(179)	(69)	(179)	(60)
	11,682	12,082	11,682	11,801

The leasehold land of the Group and of the Company have an unexpired lease periods of more than 50 years. The leasehold land held by the Company is under a master title registered in the name of the land developer pending subdivision and transfer to the Company. The leasehold land is pledged for banking facilities granted to the Group and to the Company as disclosed in notes 9, 18, 24 and 25.

7. INTANGIBLE ASSETS

	Group	
	2008 RM'000	2007 RM'000
Intellectual property and licence rights		
At cost,		
At beginning/end of the year	500	500
Less: Accumulated amortisation		
At beginning of the year	288	238
Additions during the year	50	50
At end of the year	(338)	(288)
	162	212
Intelligence Surveillance Software and Systems		
At cost,		
At beginning/end of the year	1,100	1,100
Less: Accumulated amortisation		
At beginning of the year	735	517
Charge for the year	93	218
At end of the year	(828)	(735)
	272	365
Smarteyes software and systems		
At cost,		
At beginning of the year	1,396	-
Additions during the year	-	1,396
	1,396	1,396
Less: Accumulated amortisation		
Charge for the year	(279)	-
	1,117	1,396
Carrying amount	1,551	1,973

The intellectual property and license rights is in respect of the OneServer System which includes ownership of the source code computer program, copyrights, patents, trade secrets, trademarks and other related intellectual property rights.

The development costs of the Smarteyes Software and Systems incurred in the previous financial year included staff cost amounting to RM220,052.

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8. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	18,402	18,402
Less: Impairment losses	(402)	(2)
	18,000	18,400

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity		Principal Activities
		2008	2007	
Held by the Company				
FTEC System Sdn. Bhd.	Malaysia	100%	100%	Production and manufacture of computer and IT systems, and managing of internet cafes.
FTEC Distribution (M) Sdn. Bhd.	Malaysia	100%	100%	Marketing and distribution of computer and IT systems.
FTEC Networks Sdn. Bhd.	Malaysia	100%	100%	Research and development and marketing of application software, server, security and surveillance appliances.
FTEC Esolution Sdn. Bhd.	Malaysia	100%	100%	Dormant.
FTEC Ventures Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
FTEC International Ltd.	Malaysia	100%	100%	Offshore trading activities and investment holding.
TecAsia Sdn. Bhd.	Malaysia	100%	100%	Marketing and distribution of computer hardware and software, e-commerce trading and operating an online market.
Mangotone Holdings Sdn. Bhd. (formerly known as FTEC Communications Sdn. Bhd.)	Malaysia	80%	80%	Dormant.
Tecsystem Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Held through FTEC Distribution Sdn. Bhd.				
* @ Fovix I.T. Co. Ltd.	The Republic of South Korea	51%	51%	Investment holding.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:- (cont'd)

Name of Company	Country of Incorporation	Effective Equity		Principal Activities
		2008	2007	
Held through FTEC Ventures Sdn. Bhd.				
Warnet Sdn. Bhd.	Malaysia	100%	100%	Management of internet cafes.
Held through FTEC International Ltd.				
* FTEC Venture (Thailand) Co., Ltd.	Thailand	100%	100%	Dormant.
Held through Fovix I.T. Co. Ltd.				
Beijing Fovix Technology Co. Ltd.	The People's Republic of China	51%	51%	Dormant.
Held through FTEC Venture (Thailand) Co., Ltd.				
* ^ CETOZ (Thailand) Co. Ltd.	Thailand	49%	49%	Dormant.
* ^ FTEC System (Thailand) Co., Ltd.	Thailand	49%	49%	Dormant.
Held through Tecsystem Sdn Bhd				
* Tecsystem International Limited	Hong Kong	100%	100%	Distribution and trading of technology product.
Held through Mangotone Holdings Sdn. Bhd. (formerly known as FTEC Communications Sdn. Bhd.)				
* Mangotone International Limited	Hong Kong	80%	80%	Provision of telecommunications services and solutions.

* The financial statements of these subsidiaries were audited by firms other than Moore Stephens AC.

@ The auditors' report on the financial statements of this subsidiary was qualified with a disclaimer opinion from the auditors due to the limitation of scope of work arising from non-availability of accounting records and relevant supporting documents.

^ The financial statements of the Group incorporate the financial statements of these entities as the directors are of the opinion that the Company has the power to control the financial and operating policies of these entities through its representatives in the Board of Directors' of these entities.

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9. OTHER INVESTMENTS

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At cost,				
Corporate golf membership	87	87	–	–
Unit trusts quoted in Malaysia	24	23	24	23
Subordinated Bonds - unquoted	3,000	3,000	3,000	3,000
	3,111	3,110	3,024	3,023
Market value of quoted unit trusts	24	23	24	23

The subordinated bonds were issued by Prima Uno Berhad at a coupon rate of 6.517% per annum for a tenure of five years. The subscription of these unquoted subordinated bonds is in compliance with the terms of the unsecured term loan IV facility amounting to RM30 million granted to the Company as disclosed in note 26.

10. INVENTORIES

	Group	
	2008	2007
	RM'000	RM'000
At cost,		
Trading goods, components and parts	39,230	34,251
Goods-in-transit	639	–
	39,869	34,251

11. TRADE RECEIVABLES

	Group	
	2008	2007
	RM'000	RM'000
Trade Receivables		
Third parties	44,936	47,751
Less: Allowance for doubtful debts	(1,281)	(635)
	43,655	47,116

The Group's normal trade credit term ranges from 14 to 60 days.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other receivables	606	581	–	87
Deposits	1,329	1,387	4	4
Prepayment	292	243	63	62
	2,227	2,211	67	153

13. AMOUNT OWING BY SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Amount owing by subsidiaries	55,114	60,874
Less: Bad debts written off	–	(1,239)
	55,114	59,635

The amount owing by subsidiaries are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash except for an amount of RM18,300,000 (2007: RM25,919,000) owing by certain subsidiaries which bear interest at a rate of 8.38% per annum.

14. TAX ASSETS

This is in respect of tax paid in advance to the Inland Revenue Board.

15. CASH DEPOSITS WITH LICENSED BANKS

The cash deposits with licensed banks of the Group earn interest at rates ranging from 3.30% to 3.37% (2007: 3.70%) per annum and mature within one year.

The cash deposits with licensed banks are pledged for banking facilities granted to the Group as disclosed in notes 19 and 25.

16. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2008 RM'000	2007 RM'000
Leasehold land and building, at cost, Transfer from property, plant and equipment (Note 4)	543	–
Transfer from prepaid land lease payments (Note 6)	277	–
	820	–

These assets were sold for a total consideration of RM1,350,000 on 5 February 2009 resulting in a gain on disposal of approximately RM520,000.

17. SHARE CAPITAL

	Number of ordinary shares of RM0.10 each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised share capital At 1 January / 31 December	1,000,000	1,000,000	100,000	100,000
			Number of ordinary shares of RM0.10 each (Issued and fully paid) '000	Amount (Issued and fully paid) RM'000
At 1.1.07 / 31.12.07			170,000	17,000
Issue of ordinary shares pursuant to bonus issue			272,000	27,200
At the end of the year			442,000	44,200

On 16 April 2008, the Company completed a Bonus Issue of 271,998,400 new ordinary shares of RM0.10 each in TecAsia Group Berhad (formerly known as FTEC Resources Berhad) to be credited as fully paid-up on the basis of eight bonus shares for every five existing shares held.

18. RESERVES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Distributable				
Retained earnings	24,696	36,870	7,918	24,041
Non- distributable				
Share premium	–	11,959	–	11,959
Merger deficit	(5,226)	(5,226)	–	–
Translation reserve	388	178	–	–
	(4,838)	6,911	–	11,959
	19,858	43,781	7,918	36,000

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

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18. RESERVES (CONT'D)

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM8,867,000 (2007: RM8,867,000) out of its retained earnings. If the balance of the retained earnings of RM15,587,181 (2007: RM28,002,450) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

19. BORROWINGS

Group	Note	Effective Interest Rates	Short Term Borrowings		Long Term Borrowings					Sub Total	Total
			Within 1 Year	Within 1 - 2 Years	Within 2 - 3 Years	Within 3 - 4 Years	Within 4 - 5 Years	After 5 years			
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2008											
Secured											
Bankers' acceptance		3.73% - 8.25%	24,975	-	-	-	-	-	-	-	24,975
Term loans	26	5.25% - 8.38%	1,122	1,200	1,283	31,040	1,468	4,795	39,786	40,908	
Hire purchase payables	27	4.55% - 6.71%	377	318	147	120	54	9	648	1,025	
			26,474	1,518	1,430	31,160	1,522	4,804	40,434	66,908	
Unsecured											
Loan from a Director of a subsidiary			444	-	-	-	-	-	-	-	444
			26,918	1,518	1,430	31,160	1,522	4,804	40,434	67,352	
Company Secured											
Term loans	26	5.25% - 8.38%	811	865	921	30,649	1,046	2,880	36,361	37,172	
2007											
Secured											
Bankers' acceptance		3.73% - 6.00%	28,057	-	-	-	-	-	-	-	28,057
Trust receipts		4.50% - 8.25%	564	-	-	-	-	-	-	-	564
Term loans	26	8.00%	1,063	1,141	1,226	1,314	31,189	6,030	40,900	41,963	
Hire purchase payables	27	4.50% - 5.00%	359	377	317	147	120	64	1,025	1,384	
			30,043	1,518	1,543	1,461	31,309	6,094	41,925	71,968	
Unsecured											
Loan from a Director of a subsidiary			240	-	-	-	-	-	-	-	240
			30,283	1,518	1,543	1,461	31,309	6,094	41,925	72,208	
Company Secured											
Term loans	26	6.25% - 8.38%	772	822	875	931	30,546	3,866	37,040	37,812	

19. BORROWINGS (CONT'D)

The trade financing facilities are secured as follows:-

- (a) pledged cash deposits with licensed banks of the subsidiaries;
- (b) legal charge over the leasehold land and buildings of the Group; and
- (c) corporate guarantee from the Company.

The security for the terms loan facilities is disclosed in note 26.

20. DEFERRED TAX LIABILITIES

	Group	
	2008	2007
	RM'000	RM'000
At beginning of the year	322	243
Transfer from/(to) income statement (note 30)	144	79
Overprovision in prior year (note 30)	(440)	-
At end of the year	26	322

Presented after appropriate off-setting as follows:-

	Group	
	2008	2007
	RM'000	RM'000
Deferred tax liabilities	26	322

This is in respect of estimated tax liabilities/ (assets) arising from temporary differences as follows:-

	Group	
	2008	2007
	RM'000	RM'000
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax base	1,644	2,195
Deferred tax assets		
Deductible temporary differences in respect of expenses	(205)	(93)
Unutilised tax losses	(13)	-
Unabsorbed capital allowances	(1,400)	(1,780)
Total	(1,618)	(1,873)

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20. DEFERRED TAX LIABILITIES (CONT'D)

The estimated temporary differences for which no deferred tax assets are recognised in the statements are as follows:-

	Group	
	2008 RM'000	2007 RM'000
Unutilised losses	487	-
Unabsorbed capital allowances	3,954	2,207

21. PROVISION

	Group	
	2008 RM'000	2007 RM'000
Provision for FTEC Orphanage Future Fund		
At 1 January	80	80
Utilisation	(31)	-
At 31 December	49	80

The provision was computed based on RM50 per unit of W2 8260 notebook sold during the period from 5 August 2005 to 16 August 2005 and on the amount derived from certain auction sales held during that period.

22. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 14 to 60 days.

The foreign currency exposure profile of trade payables is as follows:-

	Group	
	2008 RM'000	2007 RM'000
United States Dollar	1,462	1,824
Thai Baht	-	134

23. OTHER PAYABLES, DEPOSIT AND ACCRUALS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other payables	2,758	3,551	-	-
Accruals	1,680	1,702	1,194	1,169
Deposit	135	-	-	-
	4,573	5,253	1,194	1,169

The deposit is in respect of rental deposit received by a subsidiary, for letting out of its internet café operations.

24. AMOUNT OWING TO SUBSIDIARIES

The amount owing to subsidiaries is unsecured, interest free, repayable on demand and expected to be settled in cash.

25. BANK OVERDRAFTS - SECURED**Group**

The bank overdraft facilities granted to subsidiaries are secured and supported as follows:-

- (i) pledged fixed deposits with licensed banks of the subsidiaries; and
- (ii) negative pledge over the assets of the subsidiaries concerned.

The bank overdraft facilities bear interest at 8.25% (2006: 8.25%) per annum and are repayable on demand.

26. TERM LOANS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Secured				
Term Loan I	220	235	-	-
Term Loan II	3,516	3,916	-	-
Term Loan III	7,505	8,256	7,505	8,256
Unsecured				
Term Loan IV	30,000	30,000	30,000	30,000
Less: Upfront fee				
Beginning of the year	(444)	-	(444)	-
Incurred during the year	-	(555)	-	(555)
Amortisation for the year	111	111	111	111
	(333)	(444)	(333)	(444)
	29,667	29,556	29,667	29,556
	40,908	41,963	37,172	37,812
Repayable within 1 year (note 18)	1,122	1,063	811	772
Repayable more than 1 year (note 18)	39,786	40,900	36,361	37,040
	40,908	41,963	37,172	37,812

Group

- (i) Term loan I is repayable in 180 equal monthly instalments of RM1,166 commencing on May 2004 and bears interest of 8.00% (2007: 8.00%) per annum. This is secured via a first party charge over the leasehold land and building of the subsidiary concerned.
- (ii) Term loan II is repayable in 120 equal monthly instalments of RM22,753 commencing on August 2007 and bears interest of 6.85% (2007: 7.60%) per annum. This is secured via a first party charge over the leasehold building of the subsidiary concerned.

26. TERM LOANS (CONT'D)**Group and Company**

- (iii) Term loan III is repayable in 95 equal monthly instalments of RM105,505 commencing on January 2008 and bears interest of 5.25% (2007: 6.25%) per annum. This is secured via a fixed legal charge over the leasehold land of the Company.
- (iv) Term loan IV is repayable in full upon maturity on January 2012 at a fixed interest rate of 8.38% per annum, payable semi-annually. This is in respect of a primary collateralized loan obligation issued by RHB Investment Bank Berhad (the "Lender") in collaboration with Prima Uno Berhad (the "Issuer") on the asset-backed securities.

The term loan is repayable in full upon the maturity date in January 2012. However, in the event the Corporate Credit Rating assigned to the Company by Malaysia Rating Corporation Berhad falls below "BBB" or has been suspended or withdrawn, the Lender may at any time thereafter, by written notice to the Company immediately terminate the facility. Whereupon the Company shall be required forthwith on demand, to repay the loan together with accrued interest thereon and all monies payable or agreed to be payable by the Company.

Pursuant to the term loan agreement, the Company is required to invest up to 10% of the Term loan principal in unquoted subordinated bonds issued by Prima Uno Berhad as disclosed in Note 9.

27. HIRE PURCHASE PAYABLES

	Group	
	2008 RM'000	2007 RM'000
Total instalment payments	1,108	1,526
Less: Future finance charges	(83)	(142)
Present value of hire purchase payables	1,025	1,384
Payable within 1 year		
Total instalment payments	418	418
Less: Future finance charges	(41)	(59)
Present value of hire purchase payables	377	359
Payable between 1 and 5 years		
Total instalment payments	681	1,043
Less: Future finance charges	(42)	(81)
Present value of hire purchase payables	639	962
Payable after 5 years		
Total instalment payments	9	64
Less: Future finance charges	-	(1)
Present value of hire purchase payables	9	63
Present value of hire purchase payables	1,025	1,384

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28. OPERATING REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sales of goods	241,524	317,052	-	-
Management fees	-	-	1,500	-
Dividend revenue	13	-	13	9,086
	241,537	317,052	1,513	9,086

29. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/ (crediting):-

(a) Other items

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Auditors' remuneration:-				
- current year	171	152	29	24
- under provision in prior years	-	14	-	9
Allowance for doubtful debts	646	483	-	-
Amortisation of:				
- intangible assets	422	268	-	-
- prepaid land lease payments	123	63	119	60
- upfront fee (Note 26)	111	111	111	111
Bad debts written off	-	5	-	1,239
Depreciation of property, plant and equipment	6,361	4,081	-	-
Gain on disposal of property, plant and equipment	-	(9)	-	-
Interest expense	5,055	3,786	3,099	2,373
Impairment loss on investment in subsidiaries	-	-	400	2
Loss/(Gain) on foreign exchange:				
- realised	14	(115)	-	-
- unrealised	81	(32)	-	-
Rental charges	2,156	650	-	-
Interest revenue	(477)	(333)	(2,244)	(2,296)
Rental revenue	(63)	(32)	-	-

29. PROFIT BEFORE TAXATION (CONT'D)

(b) Directors' remuneration

The aggregate amounts of emoluments receivable by Directors of the Company during the financial year are as follows:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive Directors				
- fees	6	240	6	120
- emoluments	381	345	10	1
Independent Non-executive Directors				
- fees	49	123	36	123
- emoluments	65	9	65	9
c) Staff costs	5,407	4,965	117	121
Included in staff costs are:-				
Contribution to defined contribution plans	432	348	-	-
Contribution to social security	53	43	-	-

30. TAXATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Based on results for the year	320	680	-	-
Origination of temporary differences (note 20)	144	79	-	-
Over)/Under provision in prior year				
- current tax	115	143	2 50	-
- deferred tax (note 20)	(440)	-	-	-
	139	902	2	50

30. TAXATION (CONT'D)

The reconciliation from the tax amount at statutory tax rate to the Group's and the Company's tax expense are as follows:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit/(Loss) before taxation	3,167	10,321	(880)	6,987
Tax at the Malaysian statutory income tax rate of 26% (2007 : 27%)	824	2,787	(229)	1,887
Effects of lower tax rate for Malaysian subsidiaries with issued and paid-up share capital of RM2.5 million and below	-	(31)	-	-
Tax effects arising from:-				
- non-deductible expenses	1,150	1,094	233	543
- non-taxable revenue	(4)	(53)	(4)	(2,430)
Tax exempt income under the promotion of Investment Act, 1986, in respect of chargeable income of which tax has been exempted	(2,108)	(3,452)	-	-
Deferred tax assets not recognised	602	401	-	-
Adjustment resulting from reduction in tax rate	-	13	-	-
(Over)/Under provision in prior year				
- current tax	115	143	2	50
- deferred tax	(440)	-	-	-
Tax expense	139	902	2	50

- (i) The Company has an estimated tax exempt income account RM24,400,000 (2007 : RM24,400,000). This is in respect of tax exempt dividend received from subsidiaries respectively.
- (ii) Certain subsidiaries have been granted a pioneer status under the Promotion of Investment Act, 1986.
- (iii) The Group has unutilised tax losses of RM540,000 (2007 : Nil) carried forward, available for set off against future taxable profits.
- (iv) The Group has unabsorbed capital allowances of RM9,554,000 (2007 : RM9,327,000) carried forward, available for set off against future taxable profits.

31. EARNINGS PER ORDINARY SHARE

The basic earnings per share of the Group is calculated by dividing the Group's profit for the year attributable to equity holders of the Company of RM3,067,000 (2007 : RM9,449,000) by the adjusted number of ordinary shares in issue during the year of 441,997,400 (2007 : 441,997,400) ordinary shares of RM0.10 each arising from bonus issue in the current year.

The number of ordinary shares for the prior year has been restated to take into account the effect of the bonus issue of ordinary shares in the current year.

32. ACQUISITION OF A SUBSIDIARIES

On 31 July 2007, Tecsystem Sdn. Bhd. and Mangotone Holdings Sdn. Bhd. (formerly known as FTEC Communications Sdn. Bhd.), both subsidiaries of the Company, incorporated Tecsystem International Limited and Mangotone International Limited in Hong Kong, with an authorised and fully paid-up share capital of Hong Kong Dollar 500,000 and Hong Kong Dollar 1,000,000 respectively ("TIL" and "MIL")

(i) Effect of Acquisition of Subsidiaries, Net of Cash Acquired

The fair values of the assets acquired and the liabilities assumed at the effective dates of acquisition are as follows:-

	Group TIL & MIL 2007 RM'000
Cash and bank balances	637
Total net assets representing the purchase consideration paid	637
Less: Cash and bank balances of subsidiaries acquired	(637)
Cash flow on acquisition, net of cash acquired	-

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment with aggregate cost of RM1,460,000 (2007 : RM11,952,000) which are satisfied by the following:-

	Group	
	2008 RM'000	2007 RM'000
Hire purchase financing	-	789
Cash payments	1,460	11,163
	1,460	11,952

34. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	9,326	9,777	2,546	33
Cash deposits with licensed banks	8,682	9,124	-	-
Bank overdrafts	(395)	(1,214)	-	-
	17,613	17,687	2,546	33
Less: Pledged cash deposits	(8,682)	(9,124)	-	-
	8,931	8,563	2,546	33

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34. CASH AND CASH EQUIVALENTS (CONT'D)

The foreign currency exposure profile for cash and bank balances are as follows:-

	Group	
	2008	2007
	RM'000	RM'000
United States Dollar	104	92
Thai Baht	-	634

35. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2008	2007
	RM'000	RM'000
(i) Corporate guarantees issued for credit facilities granted to subsidiaries:	29,736	34,156
(ii) In 2006, a supplier initiated legal action against FTEC System Sdn. Bhd. ("FSSB"), FTEC Distribution (M) Sdn. Bhd ("FDSB") and the Company for an alleged outstanding sum of RM5,122,973 against FSSB, RM42,797 against FDSB and RM5,165,770 against the Company in respect of goods sold and delivered to FSSB and FDSB under a corporate guarantee by the Company guaranteeing payment to the supplier. The Group had counter demanded a sum of RM1,357,268 from the supplier and the solicitors are of the view that the Group have a fairly good chance to succeed in the counterclaim against the supplier. The legal suit was fixed for decision in the Shah Alam High Court on 27 November 2007 but no decision was delivered as the Learned Deputy Registrar was away. The next date for decision could not be fixed as the court file could not be located.		
(iii) In 2006, there was an allegation of misuse of funds by the Representative Director of Fovix IT.Co. Ltd ("Fovix"), a 51% owned subsidiary operating in the Republic of South Korea. Due to the alleged misuse of funds, Fovix had defaulted under its loans and credit facilities. A legal firm in Korea has been appointed to investigate the matter and found that there were no litigation proceedings or claims brought against Fovix. No winding-up proceedings have been commenced against Fovix. Accordingly, no contingent liabilities are disclosed in the financial statements as the Company is unable to confirm the quantum of the contingent liabilities in relation to this matter at the date of this report.		
(iv) In the year 2007, a logistic agent initiated legal action against FDSB for an outstanding fee of RM54,569 in respect of services rendered to FDSB together with the interests and costs. The legal suit was fixed for decision in the Shah Alam Session Court on 24 April 2009.		

36. CAPITAL COMMITMENT

	Group	
	2008	2007
	RM'000	RM'000
In respect of capital expenditure approved and contracted for:-		
- purchase of property, plant and equipment	-	600

37. SIGNIFICANT RELATED PARTIES TRANSACTIONS

(i) Significant inter-company transactions of the Company for the year are as follows:-

	Company	
	2008	2007
	RM'000	RM'000
Management fees charged to subsidiaries		
- TecAsia Sdn. Bhd.	(700)	-
- FTEC Distribution Sdn. Bhd.	(300)	-
- FTEC System Sdn. Bhd.	(300)	-
- FTEC Networks Sdn. Bhd.	(200)	-
Interest charged to subsidiaries		
- FTEC Distribution Sdn. Bhd.	(1,083)	(602)
- FTEC System Sdn. Bhd.	(642)	(357)
- FTEC Networks Sdn. Bhd.	(517)	(287)
Bad debts written off:		
- FTEC Ventures Sdn. Bhd.	-	6
- FTEC Eolution Sdn. Bhd.	-	68
- FTEC International Ltd	-	1,165
Dividend received from subsidiaries:		
- FTEC System Sdn. Bhd.	-	(4,500)
- FTEC Networks Sdn. Bhd.	-	(4,500)

(ii) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entity, includes any Director of the Group and of the Company. The remuneration of key management are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Post-employment benefits	32	-	-	-
Short term employee benefits	704	717	117	253

38. SEGMENT ANALYSIS

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

Segment results, assets and liabilities include items directly attributable to the segments as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and interest revenue, interest-bearing loans and interest expenses and tax assets, liabilities and expense.

Transfer prices between segments are set on arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between segments. These are eliminated on consolidation.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one accounting period.

Primary Reporting Format – Geographical Segments

The Group is organised on a worldwide basis and is operating in a few principal geographical areas of the world.

Malaysia	Manufacturing and marketing of computer and IT systems, research and development of application software, server, security and surveillance appliances, managing of internet café and investment holding.
Republic of South Korea	Consulting, publishing and development of online computer games.
Hong Kong	Distribution and trading of technology product and provision of telecommunications services and solutions
Other countries	Consulting, publishing and development of online game academy, training and consulting services, sales and services for online computer games and interactive entertainment related business, marketing and distributing the Group's products.

38. SEGMENT ANALYSIS (CONT'D)

Primary Reporting Format – Geographical Segments (cont'd)

	Malaysia RM'000	Republic of South Korea RM'000	Hong Kong RM'000	Other Countries RM'000	Eliminations RM'000	Consolidated RM'000
2008						
Revenue						
External revenue	241,537	-		-	-	241,537
Inter-segment revenue	12,183	-		-	(12,183)	-
Total revenue	253,720	-		-	(12,183)	241,537
Segment result	9,459	(17)	(1,583)	(114)	-	7,745
Interest revenue						2,720
Interest expenses						(7,298)
Taxation						(139)
Minority interests						39
Profit attributable to shareholders						3,067
Assets						
Segment assets	218,823	-	5,067	240	(87,054)	137,076
Tax assets						1,006
Cash deposits with licensed banks						8,682
Consolidated total assets						146,764
Liabilities						
Segment liabilities	77,002	180	6,005	1,002	(69,256)	14,933
Taxation						-
Deferred taxation						26
Unallocated corporate liabilities						67,747
Consolidated total liabilities						82,706
Other Segment Information						
Capital expenditure	1,460	-		-	-	1,460
Depreciation of property plant and equipment	6,361	-		-	-	6,361
Significant non-cash expenses other than depreciation						
Amortisation of:-						
- prepaid land lease payments	123	-	-	-	-	123
- intangible assets	422	-	-	-	-	422
- upfront fee	111	-	-	-	-	111
Allowance for doubtful debts	646	-	-	-	-	646

38. SEGMENT ANALYSIS (CONT'D)

Primary Reporting Format – Geographical Segments (cont'd)

	Malaysia RM'000	Republic of South Korea RM'000	Hong Kong RM'000	Other Countries RM'000	Eliminations RM'000	Consolidated RM'000
2007						
Revenue						
External revenue	317,052	-	-	-	-	317,052
Inter-segment revenue	101,251	-	-	-	(101,251)	-
Total revenue	418,303	-	-	-	(101,251)	317,052
Results						
Segment result	14,136	(48)	(9)	(153)	-	13,926
Interest revenue						333
Interest expenses						(3,938)
Taxation						(902)
Minority interests						30
Profit attributable to shareholders						9,449
Assets						
Segment assets	234,905	-	6,376	763	(101,551)	140,493
Tax assets						752
Cash deposits with licensed banks						9,124
Consolidated total assets						150,369
Liabilities						
Segment liabilities	89,873	615	5,748	1,355	(82,512)	15,079
Taxation						726
Deferred taxation						322
Unallocated corporate liabilities						73,422
Consolidated total liabilities						89,549
Other Segment Information						
Capital expenditure	11,952	-	-	-	-	11,952
Capital work-in-progress	1,714	-	5,729	-	-	7,443
Depreciation of property plant and equipment	4,035	-	-	46	-	4,081
Significant non-cash expenses other than depreciation						
Amortisation of:-						
- prepaid land lease payments	63	-	-	-	-	63
- intangible assets	268	-	-	-	-	268
- upfront fee	111	-	-	-	-	111
Allowance for doubtful debts	483	-	-	-	-	483

38. SEGMENT ANALYSIS (CONT'D)**Secondary Reporting Format – Major Business Segments**

The Group comprises the following main business segments:-

Investment holding	Investment holding.
Managing of internet cafes	Providing management services for internet cafes.
Application software and appliances	Manufacturing and marketing of computer and IT systems, research and development of application software, server, security and surveillance appliances.
Telecommunication services and solutions	Provision of telecommunications services and solutions.
Others	Includes provision of education and online game academy, training and consulting services, research and development, publishing online computer games and interactive entertainment related business, brands, intellectual property holdings and distribution and trading of technology product.

Major Business Segment

Inter-segment revenue of investment holding segment is in respect of management fee revenue and dividends received.

	Revenue RM'000	Segment Assets RM'000	Capital Expenditure RM'000
2008			
Application software and appliances	252,205	221,874	1,460
Telecommunication services and solutions	–	5,080	–
Investment holding	1,514	–	–
Others	–	123	–
	253,719	227,077	1,460
Elimination	(12,182)	(80,313)	–
	241,537	146,764	1,460
2007			
Application software and appliances	409,217	244,781	11,952
Telecommunication services and solutions	–	6,376	–
Investment holding	9,086	–	–
Others	–	763	–
	418,303	251,920	11,952
Elimination	(101,251)	(101,551)	–
	317,052	150,369	11,952

39. SIGNIFICANT EVENTS

- i) On 16 April 2008, the Company completed a Bonus Issue of 271,998,400 new ordinary shares of RM0.10 each in TecAsia Group Berhad (formerly known as FTEC Resources Berhad) to be credited as fully paid-up on the basis of eight bonus shares for every five existing shares held.
- ii) On 28 March 2007, the Shareholders of the Company in an Extraordinary General Meeting held on that date approved the Proposed Special Issue of up to 73,000,000 new ordinary shares of RM0.10 each of the Company to Bumiputera investors to be identified. Subsequently on 25 April 2007, Bursa Malaysia Securities Berhad granted approval-in-principle for the listing of and quotation of these additional special issue shares.

On 29 June 2007, the Company applied to the Securities Commission ("SC") for an extension of time to comply with the Bumiputera Equity condition on the Proposed Special Issue and was granted extension up to 31 December 2007 vide its approval letter dated 3 July 2007. However the Company applied for a further extension of time to the SC on 12 December 2007 and was granted extension up to 30 June 2008 vide its approval letter dated 10 December 2007.

On 11 December 2008, the Company announced that it proposed to revise the maximum issue size of the Proposed Special Issue from 73,000,000 new ordinary shares to 189,800,000 new ordinary shares of RM0.10 each. This is to meet the objective of the Proposed Special Issue of complying with the Government's National Development Policy requirement of 30% Bumiputera equity interest. The proposal was submitted to the SC on 12 December 2008.

- iii) On 11 December 2008, the Company announced that it proposed to transfer the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company from the MESDAQ Market to the Main Board of Bursa Malaysia Securities Berhad ("Proposed Transfer"). On 25 March 2009, the SC approved the revision under Section 212(5) of the Capital Markets and Services Act, 2007 and the Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests. The SC has approved the extension of time of up to six months commencing from the date of the approval, for the Company to comply with its Bumiputera equity condition.

40. SUBSEQUENT EVENTS

- i) On 22 January 2009, the Ministry of International Trade and Industry approved the revision to the issue size of the Proposed Special Issue.
- ii) On 25 March 2009, the SC approved the revision as mentioned in Note 40 (ii) under Section 212(5) of the Capital Markets and Services Act, 2007 and the Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests. The SC has approved the extension of time of up to six months commencing from the date of the approval, for the Company to comply with its Bumiputera equity condition.
- iii) On 21 April 2009, the Company announced that it has resolved to defer the Proposed Transfer as mentioned in Note 40 (iii) above after taking into consideration the prevailing economic conditions and accordingly had withdrawn the submission made to the SC in respect of the Proposed Transfer.

41. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follow:-

i. Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency. Foreign exchange exposures in transactional currencies other than its functional currency are kept to an acceptable level.

ii. Interest Rate Risk

The Group's exposure to interest rate risk relates to:-

- Interest bearing financial assets
Cash deposits are short term in nature and are mostly placed in fixed deposits which yield better returns than cash at bank and to satisfy conditions for banking facilities granted to the Group, as disclosed in note 19.
- Interest bearing financial liabilities
Interest bearing financial liabilities include hire purchase payables, bank overdrafts, term loans and trade facilities.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings to obtain the most favourable interest rates available. The Group actively reviews its debt portfolio to ensure minimal exposure against interest rate hikes.

iii. Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Trade debtors 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.

iv. Liquidity and Cash Flow Risks

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

As part of its overall prudent liquidity management, the Company maintains sufficient level of cash to meet its working capital requirements. In addition, the Company strives to maintain available banking facilities of a reasonable level to its overall debt position.

41. FINANCIAL INSTRUMENTS (CONT'D)**(b) Fair Values**

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follow:-

i. Cash and bank balances, receivables and payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

ii. Borrowings

The carrying amounts of bank overdrafts, trade financing facilities, and short term loans approximate fair values due to the relatively short term maturity of these financial liabilities.

The fair value of hire purchase payables and fixed rate term loans are estimated using discounted cash flow analysis, based on current lending rates for similar types of lending and borrowing arrangements.

iii. Other Investments

The carrying amount of subordinated bond approximates its fair value.

The fair value of transferable golf memberships are estimated based on the current, market price of the memberships determined on an individual basis.

The carrying amounts of the Group and the Company's financial assets and liabilities at balance sheet date approximate their fair values except as follow:-

	Carrying Amounts RM'000	Group Fair Value RM'000
2008		
Financial Assets		
Other investment - corporate golf memberships	87	160
Financial Liabilities		
Fixed rate term loan	30,000	39,045
Hire purchase payables	1,025	1,017
2007		
Financial Assets		
Other investment - corporate golf memberships	87	200
Financial Liabilities		
Fixed rate term loan	30,000	30,000
Hire purchase payables	1,384	1,370

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values (cont'd)

The nominal/notional amount and fair value of financial instruments not recognised in the balance sheets are as follows:-

	Company	
	Nominal/ Notional Amounts RM'000	Fair Value RM'000
2008		
Contingent liabilities in respect of corporate guarantees issued for facilities granted to subsidiary companies	29,736	*_-
<hr/>		
2007		
Contingent liabilities in respect of corporate guarantees issued for facilities granted to subsidiary companies	75,060	*_-
<hr/>		

* It is not practical to estimate the fair value of the contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

Location/Address	Description and Existing Use	Approx. Age of Building (Years)	Build-Up Area	Tenure of Land	Net Book Value as at 31.12.2007 (RM'000)	Date of Purchase
Ground, 1 st , 2 nd and 3 rd Floor, Lot No. 22, Damai Plaza, Block D, Phase III, Reservoir / Damai Road, Kota Kinabalu, Sabah, Malaysia	4 Storey Intermediate Shophouse: Office	26 years	Ground floor - 1,250 sq 1 st floor - 1,250 sq 2 nd floor - 1,550 sq 3 rd floor - 1,550 sq	99 years leasehold land expiring on 31 December 2081	835	30 October 2002
Unit No. G99, Ground Floor, Kompleks Karamunsing, Kota Kinabalu, Sabah, Malaysia	Arcade unit on ground floor of a multi-storey shopping complex	22 years	8,029.32 sq ft	Assumed 99 years leasehold land expiring on 21 January 2901	8,029	5 March 2007
Lot No. 9 and Lot No. 11, Jalan Teknologi 3/5, Taman Sains Selangor 1, Kota Damansara, Selangor Darul Ehsan, Malaysia	Industrial Land	-	116,915 sq ft (Lot 9) & 144,532 sq ft (Lot 11)	99 years leasehold land	11,801	27 June 2007

As at 11 May 2009

Authorised capital	:	RM100,000,000
Issued & Paid-up capital	:	441,997,400 and RM44,199,740
Class of Shares	:	Ordinary Share of RM0.10 each
Voting rights	:	One vote for one ordinary share

1. DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Holders	Total Holdings	% of Holdings
Less than 100	19	947	0.00
100 - 1,000	64	26,593	0.01
1,001 - 10,000	1,650	8,138,180	1.84
10,001 - 100,000	3,475	118,249,200	26.75
100,001 to less than 5% of issued shares	791	257,264,580	58.21
5% and above of issued shares	1	58,317,900	13.19
Total	6,000	441,997,400	100.00

2. THIRTY LARGEST SHAREHOLDERS

	Name of Shareholder	No. of Shares	% of Shares
1	Data Gold Systems Sdn. Bhd.	58,317,900	13.20
2	RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier: Sin Huan Kwang (T-471154)	7,313,480	1.66
3	RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Sin Huan Kwang (471295)	5,249,400	1.19
4	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Hii Sui Chung (E-JCL)	5,000,000	1.13
5	Tho Chin Lian	3,640,000	0.82
6	Kenanga Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Wee Kam Siak @ Julian Wee Kam Siak	3,604,000	0.82
7	RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier: Wong Yung Soon (T-471159)	3,000,000	0.68
8	Tay Siew Meng	2,519,800	0.57
9	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Kong San Ping @ Kong Sun Ping (E-JCL)	2,320,000	0.53
10	Yee Teck Choon	2,251,000	0.51
11	Tye Yee Seng	2,000,000	0.45
12	Lee Chai Eng	2,000,000	0.45
13	Foo Eu Jin	2,000,000	0.45
14	Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Wee Kam Siak @ Julian Wee Kam Siak	1,816,600	0.41
15	Low Boon Tun	1,800,500	0.41
16	RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Chu Chee Keong (CST)	1,780,000	0.40
17	AIBB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Hou Lee Meng	1,610,000	0.37

As at 11 May 2009

2. THIRTY LARGEST SHAREHOLDERS (CONT'D)

	Name of Shareholder	No. of Shares	% of Shares
18	Eow Yin Kam	1,500,000	0.34
19	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Oo Teck Yeon (TJJ/AAA)	1,480,000	0.34
20	Chau Tai Chuon	1,476,200	0.33
21	Lim Chee Kuan	1,430,000	0.32
22	Chee Lai Hock	1,430,000	0.32
23	Chong Lee Fong	1,372,540	0.31
24	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Lau Swee Hee (E-JCL)	1,366,200	0.31
25	Ng Wei Fong	1,359,800	0.31
26	Yeoh Kim Hai	1,300,000	0.29
27	Yap Teong Peng	1,300,000	0.29
28	Choong Yean Yaw	1,300,000	0.29
29	Lee Seng Wei	1,280,000	0.29
30	Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Chua Seh Liang	1,240,000	0.28
	Total:	124,057,420	28.07

3. SUBSTANTIAL SHAREHOLDERS

(As per register of substantial shareholders as at 11 May 2009)

No.	Name of Substantial Shareholder	No. of Shares			
		Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
1.	Data Gold Systems Sdn. Bhd.	58,317,900	13.20	–	–
2.	Raja Abdullah Bin Raja Baharudin	–	–	58,317,900 ^(a)	13.20
3.	Zulqaisar Bin Hamidin	–	–	58,317,900 ^(a)	13.20

4. DIRECTORS' SHAREHOLDINGS

(As per register of directors' shareholdings as at 11 May 2009)

Name	Direct Interest	No. of Shares		
		%	Indirect Interest	%
Raja Abdullah Bin Raja Baharudin	–	–	58,317,900 ^(a)	13.20
Zulqaisar Bin Hamidin	–	–	58,317,900 ^(a)	13.20

Note:

^(a) Deemed interested by virtue of Section 6A of the Companies Act, 1965 pursuant to his substantial interest in Data Gold Systems Sdn. Bhd.

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the TECASIA GROUP BERHAD (formerly known as FTEC Resources Berhad) (“the Company”) will be held at Glenmarie Golf & Country Club, No. 3, Jalan Usahawan U 1/8, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 26 June 2009 at 3 p.m. to transact the following ordinary and special businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of Directors and Auditors thereon. *Ordinary Resolution 1*
2. To approve the payment of Directors’ fees for the financial year ended 31 December 2008. *Ordinary Resolution 2*
3. To re-elect the following Directors who retire pursuant to Article 101 of the Company’s Articles of Association:-
 - 3.1 Encik Raja Abdullah Bin Raja Baharudin *Ordinary Resolution 3*
 - 3.2 Encik Zulqaisar Bin Hamidin *Ordinary Resolution 4*
 - 3.3 Encik Ahmad Akmal Bin Hamzah *Ordinary Resolution 5*
4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:- *Ordinary Resolution 6*

“THAT Gen (R) Tan Sri Yaacob Bin Mat Zain retiring in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby appointed a director of the Company to hold office until the next Annual General Meeting.”
5. To re-appoint Messrs Moore Stephens AC as Auditors of the Company and authorise the Directors to determine their remuneration. *Ordinary Resolution 7*
6. AUTHORITY TO ISSUE SHARES *Ordinary Resolution 8*

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution: -

“THAT subject always to the Companies Act, 1965 (“the Act”) and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes that the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being.”
7. PROPOSED CHANGE OF NAME *Special Resolution*

As Special Business to consider and if thought fit, to pass the following Special Resolution:-

“THAT the name of the Company be and is hereby changed from “TecAsia Group Berhad” to “Mangotone Group Berhad” with effect from the date of the Certificate of Incorporation on Change of Name of Company issued by the Companies Commission of Malaysia and that the name of the Company wherever it appears in the Memorandum and Articles of Association be amended accordingly.

AND THAT the Directors of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the change of name.”

8. To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

SEOW FEI SAN
LOH LAI LING
 Secretaries

Petaling Jaya
 Dated: 3 June 2009

Notes:

1. A member of the Company entitled to attend and vote at the Seventh Annual General Meeting is entitled to appoint a proxy or proxies, to attend and vote instead of him/her. The proxy may but need not be a member of the Company, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the office of the Company's share registrar, Epsilon Registration Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.
5. Explanatory Notes on Special Business:

Ordinary Resolution 8
Authority to Issue Shares

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.

This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

Special Resolution
Proposed Change of Name

The proposed Special Resolution, if passed, will result in the change of name of the Company from TecAsia Group Berhad to Mangotone Group Berhad. Please refer to the Circular to Shareholders dated 3 June 2009 for further information.

DIRECTORS STANDING FOR RE-ELECTION / RE-APPOINTMENT AT THE SEVENTH ANNUAL GENERAL MEETING

The Directors standing for re-election pursuant to Article 101 of the Company's Articles of Association:

- Raja Abdullah bin Raja Baharudin
- Encik Zulqaisar bin Hamidin
- Encik Ahmad Akmal bin Hamzah

The Director standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965:

- Gen (R) Tan Sri Yaacob Bin Mat Zain

The profiles of the aforesaid Directors are set out on pages 10 to 11 of the Annual Report.



Proxy Form

TECASIA GROUP BERHAD (588728-X)
 (Formerly known as FTEC Resources Berhad)

Number of shares held	CDS Account No.

I/ We
 (PLEASE USE BLOCK LETTERS)

NRIC/ Co. No. of

being a member / members of **TECASIA GROUP BERHAD** (formerly known as FTEC Resources Berhad) hereby appoint

.....NRIC/ Co. No.

of

or whom failing, NRIC/ Co. No.

of

as my/ our proxy/ proxies to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Glenmarie Golf & Country Club, No. 3, Jalan Usahawan U 1/8, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 26 June 2009 at 3 p.m. and at any adjournment thereof, in the manner indicated below:-

	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Special Resolution		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. In the absence of specific directions, the proxy may vote or abstain as he/she thinks fit).

Signed this day of 2009

.....
 Signature/Common Seal of Shareholder (s)

Notes:

1. A member of the Company entitled to attend and vote at the Seventh Annual General Meeting is entitled to appoint a proxy or proxies, to attend and vote instead of him/her. The proxy may but need not be a member of the Company, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
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4. The instrument appointing a proxy must be deposited at the office of the Company's share registrar, Epsilon Registration Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.



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Share Registrar

TECASIA GROUP BERHAD
(Formerly known as FTEC Resources Berhad)
(Company No. 588728-X)

Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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