



Tex Cycle Technology (M) Berhad

(642619-P)



Annual Report
2008

OUR RESOURCES, OUR FUTURE

CONTENTS

Annual Report 2008



Corporate Information **2**

Profiles of Directors **4**

Chairman's Statement **6**

Managing Director's Report **9**

Financial Highlights **11**

Statement on Corporate Governance **14**

Audit Committee Report **20**

Statement on Internal Control **23**

Corporate Profile **24**

34 Corporate Responsibility Report

43 2008 Milestone

61 Financial Statements

112 Statement of Directors' Shareholdings

113 Analysis on Shareholdings

115 List of Properties

117 Notice of Annual General Meeting

121 Proxy Form





CORPORATE INFORMATION

Annual Report 2008

BOARD OF DIRECTORS

Ho Siew Choong
Executive Chairman

Periasamy A/L Sinakalai
Managing Director

Yusseri Bin Said
Executive Director

Ho Siew Cheong
Executive Director

Ho Siew Weng
Executive Director

General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)
Independent Non-Executive Director

Razali Bin Jantan
Independent Non-Executive Director

Ravindran Markandu
Independent Non-Executive Director

AUDITORS

Messrs Deloitte & Touche (AF: 0834)
Chartered Accountants

COMPANY SECRETARIES

Ng Yim Kong (LS 0009297)
Wong Youn Kim (MAICSA 7018778)

PRINCIPAL BANKER

Public Bank Berhad (6463-H)

SPONSOR / ADVISOR

Hwang-DBS Investment Bank Berhad (14389-U)
Suite 23A-01, 23A Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 03-2143 7888
Fax: 03-2143 2998

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd. (378993-D)
Level 26, Menara Multi Purpose
Capital Square
5, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2530



INTERNAL AUDITORS

Messrs Focus Internal Audit Solution
Unit 13A-07
138 Plaza, Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2711 3453
Fax: 03-2711 3456

REGISTERED OFFICE

C/O Strategy Corporate Secretariat Sdn. Bhd.
Unit 07-02, Level 7
Menara Luxor
6B Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7804 5929
Fax: 03-7805 2559

CORPORATE OFFICE

8, Jalan TPK 2/3
Taman Perindustrian Kinrara
47100 Puchong
Selangor Darul Ehsan
Tel: 03-8076 3816/19/21/23
Fax: 03-8076 3817
Email: texcycle@po.jaring.my
Website: www.texcycle.com.my

STOCK EXCHANGE LISTING

MESDAQ Market of Bursa Malaysia Securities Berhad
Stock Name: TEXCYCL
Stock Code: 0089



PROFILE OF DIRECTORS

Annual Report 2008

HO SIEW CHOONG
*Executive
Chairman; 57 years
of age; Malaysian*

Ho Siew Choong was appointed to the Board of Tex Cycle Technology on 13 May 2005. He obtained a Diploma of Graphic Reproduction from London College of Printing, United Kingdom in 1974 and Post Award Studies (graphic reproduction) in 1975. Upon his return from the United Kingdom he joined Metro-Engravers Sdn. Bhd. and was involved in all areas of business management such as Human Resource, Finance, Marketing, Research and Development, Sales and Distribution. He was appointed as a Chairman in Metro-Engravers Sdn. Bhd. in 2000. He is the person responsible for advancing Metro-Engravers Sdn. Bhd. to a highly advanced field of pre-print electronic system. He was appointed as a Director in Tex Cycle in 1995 and has since been involved in various aspects of Tex Cycle's business which include Administration and Finance. He is also one of the three members of Tex Cycle's Research and Development ("R&D") team which is working to enhance and improve Tex Cycle's methods of recovery and recycling as well as to design and develop new methods of recovery and recycling, as well as new products and services.

**PERIASAMY A/L
SINAKALAI**
*Managing Director;
58 years of age;
Malaysian*

Periasamy A/L Sinakalai was appointed to the Board of Tex Cycle Technology on 13 May 2005. He obtained a Senior Cambridge Certificate in 1968. He started his career in The New Straits Times Group in 1969 at the young age of 18. After 10 years of service in The New Straits Times Group he left his position as a Production Planner to join Papyrus Printing, a subsidiary of the Star Publications for two (2) years. He then joined Malaysian British Assurance Berhad and was promoted to the position of a Production Manager in 1979. His tenure in Malaysian British Assurance Berhad lasted for about five (5) years before he left in 1985 to join Tex Cycle as a Marketing Manager. Periasamy A/L Sinakalai subsequently became a shareholder of Tex Cycle and was appointed the Executive Director of Tex Cycle on 21 April 1986. In addition to his role as a Marketing Manager, he has also been directly involved in Tex Cycle's Administration and is an integral part of Tex Cycle's R&D team. He was awarded the Pingat Masyarakat Cemerlang (PMC) by the Yang Dipertua Negeri Sembilan on 25 October 2001. He is also a member of working group on Scheduled Waste sampling of Department of Standard Malaysia, Sirim Berhad.

YUSSERI BIN SAID
*Executive Director;
51 years of age;
Malaysian*

Yusseri Bin Said was appointed to the Board of Tex Cycle Technology on 13 May 2005. He graduated from Universiti Sains Malaysia with a Bachelor of Science (Honours) in 1984. He started his career in the banking industry as a Trainee Officer in Malayan Banking Berhad. In 1995, he obtained a Masters in Business Administration from Ohio University, USA upon completion of a twinning programme at the Universiti Teknologi MARA (UiTM). He subsequently left Malayan Banking Berhad and appointed to the Board of Directors of Metro Koats.

HO SIEW CHEONG
*Executive Director;
47 years of age;
Malaysian*

Ho Siew Cheong was appointed to the Board of Tex Cycle Technology on 13 May 2005. He graduated with a Bachelor of Science from the University of Newcastle-upon-Tyne, United Kingdom in 1985. Upon graduation, he started his career as a Site Engineer in General Fire Fighting Sdn. Bhd. He was later appointed as a Sales Manager in Metro-Engravers Sdn. Bhd. in 1987. In 1995 he founded Metro Koats and has been a Director in Metro Koats ever since. He is also the Head of R&D in Metro Koats where he is responsible for the development and invention of all the products of MetroKoats, including camouflage paint and chemical formulae/solutions for the process of treatment of contaminated waste and effluent. Due to his expertise in developing chemical formulae/solution, he is also a member of Tex Cycle's R&D team, focusing on the development of Tex Cycle's waste treatment system.

PROFILE OF DIRECTORS

Annual Report 2008

(continued)



HO SIEW WENG
*Executive Director ;
52 years of age;
Malaysian*

Ho Siew Weng was appointed to the Board of Tex Cycle Technology on 13 May 2005. He was appointed to the Board of Tex Cycle on 13 August 2001. He has been directly involved in various areas of Tex Cycle's business management, particularly Marketing, Sales and Distribution. Prior to his appointment to the Board of Tex Cycle, he was attached to Metro-Engravers Sdn. Bhd. and was involved mainly in the Sales and Marketing Department. Tex Cycle has benefited from his experience in marketing and sales, where his job function includes building a sales and marketing team with representatives based in different locations to reap the full benefit of local knowledge. He is also in charge of exploring new business potential in both the regulated and non-regulated waste generating industries.

**GENERAL DATO' SERI
CHE MD NOOR BIN
MAT ARSHAD (Rtd)**
*Independent Non-
Executive Director;
66 years of
age;Malaysian*

General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd) was appointed to the Board of Tex Cycle Technology on 13 May 2005. An old boy of the Boys Wing Royal Military College, he was commissioned into the Malaysian Armed Forces as an Officer in December 1963. He obtained his Master's Degree in International Relations and Strategic Studies from University of Lancaster. During his thirty five and half years of service with the Malaysian Armed Forces, General Dato' Seri Che Md Noor had held various command and staff appointments at various levels, culminating with being Chief of Malaysian Army from 1995 to 1997.

**RAZALI BIN
JANTAN**
*Independent Non-
Executive Director;
51 years of age;
Malaysian*

Razali Bin Jantan was appointed to the Board of Tex Cycle Technology on 13 May 2005. He holds a Diploma in Business Studies and subsequently joined Modern Commodities Trading as a Dealer. From 1983 to 1992, he was attached to Malaysian Tobacco Company Berhad with Marketing Department. In 1993, he founded Quest Entrepreneur Sdn. Bhd., which is involved in event management, and QE Advertising (M) Sdn. Bhd., which is an advertising agency. He is currently the Managing Director of Quest Entrepreneur Sdn. Bhd. and the Chief Executive Officer of QE Advertising (M) Sdn. Bhd. He is proficient in various languages including several Chinese dialects.

RAVI MARKANDU
*Independent Non-
Executive Director;
59 years of age;
Malaysian*

Ravi Markandu was appointed to the Board of Tex Cycle Technology on 1 March 2007. He is a Fellow of the Institute of Chartered Accountants in England and Wales since 1976 and a member of the Malaysian Institute of Accountants. His previous employments include ten years with the UMW Group as Group Accountant initially and finally as Group Financial Controller of UMW Toyota Motor Sdn. Bhd., seven years with the Upali Group, the last position held being Executive Director, Malaysian Operations. In 1993 he accomplished a management buy-in of Bright Packaging Industry Berhad and successfully had the company listed on the Bursa Malaysia (Kuala Lumpur Stock Exchange) in 1995. He left Bright Packaging in 1998, after having sold a substantial portion of his stake. He now provides financial consultancy and investment advisory services and through a family company, he is involved in real estate investment and property development. He is also involved with a number of not-for-profit organisations, being the immediate past Honorary Secretary-General of the Kuala Lumpur and Selangor Indian Chamber of Commerce and Industry, Honorary Treasurer of the Bukit Damansara House Owners' Association, and a committee member of the Institute of Chartered Accountants in England and Wales, Malaysia City Group.

Additional Information on Directors

Save for Ho Siew Choong, Ho Siew Weng and Ho Siew Cheong who are siblings, none of the Directors has any family relationship with any Directors and/or major shareholders of the Company. None of the Directors has any conflict of interest with the Company or has any conviction for offences within the past ten (10) years other than traffic offences, if any.

CHAIRMAN'S STATEMENT

Annual Report 2008



On behalf of the Board of Directors of Tex Cycle, I am pleased to present the Annual Report and Financial Statements of the Group for the financial year ended ("FYE") 31 December 2008.

Overview

During the financial year under review, the Group's customer base achieved continuous growth in its recycling services. As at 31 December 2008, the Group has approximately 1,571 customers, an increase of approximately 14.84% as compared to its customer based of 1,368 customers as at 31 December 2007. For FYE 2008, the Company achieved profit before tax ("PBT") of RM6.11, an increase of 22.73% as compared to that of the previous financial year.

Industry Trend

The international economic and financial conditions have deteriorated much more significantly in the recent period. The major industrial economies are now experiencing a recession and this has significantly increased the risks to global growth. The contraction in global demand and trade, combined with the reduction in global commodity prices, has affected the export earnings of many of the regional economies, including Malaysia. These contractionary factors have been exacerbated by the protracted turmoil in the international financial markets.

The sharper deterioration of the global economy is expected to have a greater impact on the Malaysian economy. The large decline in external demand has already led to a contraction in exports and a moderation in the pace of private investment activity. In addition, these developments have also affected labour market conditions. Under these circumstances, the urgent implementation of policy measures will be key towards ensuring that the Malaysian economy continues to experience positive growth in 2009.

In an environment of moderating growth and the significantly lower commodity prices, inflation has continued to decelerate to 4.4% in December 2008. This deceleration is expected to continue with the weaker demand conditions and lower imported inflation.

According to the Mid-term Review of the Ninth Malaysian Plan (2006-2010), environmental and natural resource management will continue to focus on sustaining a clean and healthy living environment, while simultaneously fulfilling economic development needs. Implementation of the existing programmes will be further strengthened through enhanced multi-stakeholders approach to improve coordination between the planning and implementing agencies. At the same time, enforcement measures will be intensified to ensure compliance with environmental standards, particularly by the industries. Greater emphasis will also be placed on increasing the level of public awareness as the responsibility of protecting the environment rests with each and every citizen.

The development planning process will incorporate environmental issues in a holistic and integrated manner. In this regard, wider usage of environmental planning tools such as the Strategic Environmental Assessment and Sustainability Assessment will be encouraged. This is crucial as sustainable management of natural resources and biodiversity will enable optimal resource utilisation and ensure long-term sustainability.

Rising environmental concerns, together with growing demand for energy, are anticipated to result in more investment in environment-related industries and services such as reverse logistics (collection of waste products), recycling and water treatment facilities, new environment-friendly products and processes, as well as alternative energy sources.

Utilisation of Proceeds from the IPO

The Securities Commission has on 6 August 2008, approved an extension of time up to 26 January 2009 for the utilization of proceeds of RM1.278 million as working capital. On 6 November 2008, the Tex Cycle Group has fully utilised of the gross proceeds of RM9.9 million raised from the IPO for the following:-

- (i) To finance the capital expenditure for expansion;
- (ii) To partly finance the acquisition of land;
- (iii) To repay bank borrowings;
- (iv) To strengthen the Group's working capital; and
- (v) Payment of the listing expenses.



Financial Review

For FYE 31 December 2008, the Group profit before tax ("PBT") increased by about 22.73%, from RM4.98 million for the FYE 31 December 2007 to RM6.11 million for the FYE 31 December 2008. In line with the increase in PBT, the Group's profit after tax ("PAT") increased by 30.73%, from RM3.55 million to RM4.64.

The improvement in PBT and PAT was mainly attributed to increase in demand for the scheduled waste recycling services as well as the chemical products. Other income earned such as gain on revaluation of investment property of the Group and management fees received for handling customer's waste also contributed to the increase in PBT and PAT.

Dividends

A final dividend of 5% less 26% tax amounting to RM631,934, proposed in the previous financial year was paid by the Company during the financial year.

In recognition of the Group's commendable performance, the Board is proposing a first and final dividend of 5.0% comprising 0.3% less 25% tax amounting to RM38,428 and a single tier exempt dividend of 4.7% amounting to RM802,727 in respect of the FYE 31 December 2008 subject to shareholders' approval at the forthcoming Annual General Meeting.

Corporate Developments

Tex Cycle completed the acquisition of two pieces of land ("Properties") in Klang, Selangor on 8 January 2008. The Company intends to construct a new collection and recycling facility on the Properties to expand its current operational capacity. Tex Cycle is currently in the process of formulating their plans for the new recycling facility. The Company is in the final stage of preparing for the submission of the environmental impact assessment as required by the Department of Environment for the purpose of their new recycling facility. Barring unforeseen circumstances and depending on the economic outlook, Tex Cycle expects the new facility to be completed and operational by 2011. The Company is also exploring the possibility of treating other types of contaminated waste at the new facility.

Research and Development

During the previous financial year, Tex Cycle has completed the its Research and Development ("R&D") into ways to convert the oily sludge into inert silicious materials that can be used as oil binders in the oil and gas industries to absorb and stabilize oil sludge for easy disposal, and into ways to convert used oil into bio-fuel and used rags into floating oil absorbers. However, the approval from Department of Environment and commercializing of the succeeded R&D will only be materialized and carried out at the Company's proposed new recycling facility in Klang, Selangor which is expected to be completed and operational by 2011.

The Company has engaged its consultant and technology provider to look into ways and possibilities to convert waste to energy which will be proposed as one of the activities to be carried out at the Company's proposed new recycling facility.

The R&D projects are undertaken with the main objective of improving the efficiency of the Group's recycling services as well as to explore new recycling / treatment processes. The capital expenditure incurred by the Group for R&D purposes was not material and the Directors of Tex Cycle are of the view that the R&D expenditure and future allocation for R&D are not expected to have any material financial impact on the Group for the financial year ending 31 December 2009.

Prospects for 2009

The Group expects to penetrate further into the electrical, chemical, aviation, oil and gas industries and furniture manufacturing industries for its recycling business

The Government's focus in the Mid-term Review of the Ninth Malaysian Plan (2006-2010) on environmental management, natural resource management and enforcement measures bodes well for the Tex Cycle Group. However, the amount of waste recycled by the Company is also dependent on the level of economic activity in the country, in particular the manufacturing industry which is also negatively affected by the current economic downturn. The management of Tex Cycle has a cautious view on the outlook of the Scheduled Waste recycling services industry for 2009. The Tex Cycle Group's performance will largely be dependent on the performance of the Malaysian economy.



CHAIRMAN'S STATEMENT

Annual Report 2008

(continued)

As for the Group's chemical products business, the Directors of Tex Cycle expect continuous demand for chemical products from its defense industry customers. Therefore, the Directors of Tex Cycle expect the Group to continue achieving satisfactory performance for the financial year ending 31 December 2009.

Appreciation and Acknowledgement

I would like to take this opportunity to express my sincere appreciation to our Board of Directors, Management team and Employees of the Group, whose untiring efforts and dedication have been crucial to the continued growth of the Group. My thanks also go to our shareholders, customers, business partners, bankers and regulatory authorities for their continued confidence, guidance and support.

On behalf of the Board

Ho Siew Choong
Executive Chairman
29 April 2009



TEX CYCLE SDN BHD began its operations as a humble recycling Company 25 years ago. Today, Tex Cycle is a subsidiary of a Public Listed Company with a strong portfolio of assets, market position and acquaintances connected by shared values and common interests. Together with the growth of our Company, our aspiration has also matured. We are determined to advance as the preferred Scheduled Waste Recycling Company in the region. As we perform our duties in an era where the Earth is going through drastic changes in climate, everyone is looking at how to save the Earth from further deterioration by human activities. Our intention is therefore to report on more than just our financial performance and tell a broader story as clearly as we can, highlighting not only our achievements but also being open about the difficulties we encounter.

Our aim is to provide a clearer window through which policies, commitments and performances can be assessed, both by the outside world and by our employees. We have created a report that provides a concise account of the main issues affecting the Scheduled Waste Recycling business and explain how Tex Cycle seeks to address them. Our business strategy begins with our fundamental purpose to protect the environment and to maximize shareholders value in the long term. This simple phrase makes a complex demand. We develop a strategy that will create a competitive advantage and similarly create value. Then, in order to maintain shareholders value for a long term, we build a business that will persevere and operate progressively in a challenging world.

Our strategy defines the destination-shareholder value, but the test of sustainability provides the reference by which we judge everything we do. It defines the path towards our destination. In order to achieve sustainability, a company cannot exist in isolation but must recognize and manage its wider impact and contribution to the society. We do this by identifying our core values, incorporating them in our business policies and applying it through specific management processes and standards in our daily activities.

Our goal is to recycle scheduled waste and find means of reusing them without creating any long term damage to our planet or its people. We have implemented programs to reuse water, heat and waste from our daily operations which can be identified as a broader global waste reduction. Looking to more specific issues, as we manage the impact of our activities on the environment, we are driven by an aspiration to transcend trade-off between scheduled waste recycling improvements in living standards and environmental degradation. In practical terms, we do this by defining our core values, enshrining them in policies with real meaning and then applying them through specific management processes and standards throughout all our activities. All these are carried out within a well-defined system of governance, details of which are clearly laid out. We have made the principle of mutual advantage an important aspect in our approach to relationships.

This principle implies that when a third party makes a contact with Tex Cycle, it should create advantage for us as well as the third party, be it Customer, Supplier, Community or Country. The ISO 14001 certification by SIRIM Malaysia and successful reuse of 90% of the recovered water from our operations are some of the outstanding achievements through our commitment to this principle. As a manifestation of our commitment towards the environment, Tex Cycle received the highest award presented to an organization which has the best environmental practices. In 2007/ 2008, Tex Cycle proudly received:

1. Prime Ministers Hibiscus Award for Exceptional Achievement In Environmental Performance 2006/ 2007
2. Prime Ministers Hibiscus Award for SME Special Award 2006/ 2007
3. Prime Ministers Hibiscus Award by Selangor State 2006/2007
4. Practice Solution Award 2008 under Non-listed SME Category from National Award for Management Accounting (NAfMA)
5. Company of the Year Award under Business Excellence Awards 2008 from Malaysia Canada Business Council (MCBC)
6. Talisman Malaysia Limited Award Industry Excellence for Environment under Business Excellence Awards 2008 from Malaysia Canada Business Council (MCBC)
7. Corporate Responsibility Award 2008 for Environment Category for market capitalization below RM1billion from Star Biz ICR Malaysia



MANAGING DIRECTOR'S REPORT

Annual Report 2008

(continued)

Tex Cycle is committed to the Community through support and sponsorship of environmental awareness programs for Students, Employees, Suppliers, Contractors, NGO's and any other interested party. We are the main sponsor for a Dialysis Centre that provides the treatment to the poor and less fortunate kidney patients around the Klang Valley. Every year, we receive Students from Institution of Higher Learning for Internship and work closely with Local Universities on Research & Development. Third Party Audit Programs by Customers, Government Agencies, NGO's and other parties, both locally and internationally, encourage Tex Cycle to keep abreast with latest technologies in the Environmental Industry. As Tex Cycle progresses toward its goals, we continuously encounter difficult and complex issues in meeting the requirements of the ever-changing environment. Tex Cycle pledges to be a good force wherever it operates and make Corporate Responsibility the heart of our business.

This report has presented genuine insight as to what is at the core of Tex Cycle. Sincerely hoping details asserted in this report will endow its readers with clear depiction of the actions, we are engaging to meet the world's requirement for near perfection of environmental protection while promoting human progress and preserving the natural environment. We welcome ideas and suggestions for improvements in our efforts to reduce, reuse, recover and recycle.

“In every Industry, there exists limitless opportunities. There will always be a frontier when there is an open mind.”

S. Perry
Managing Director



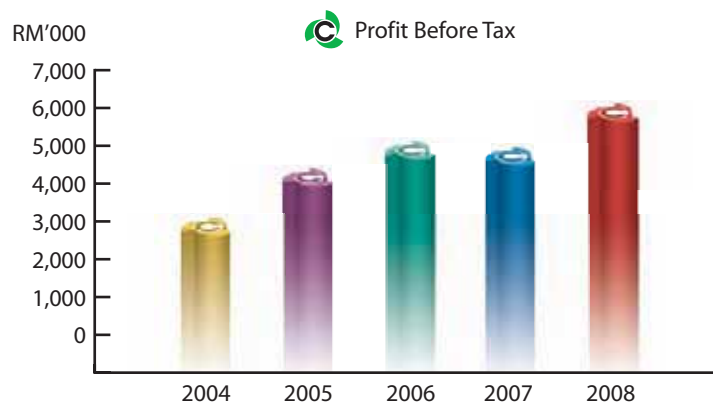
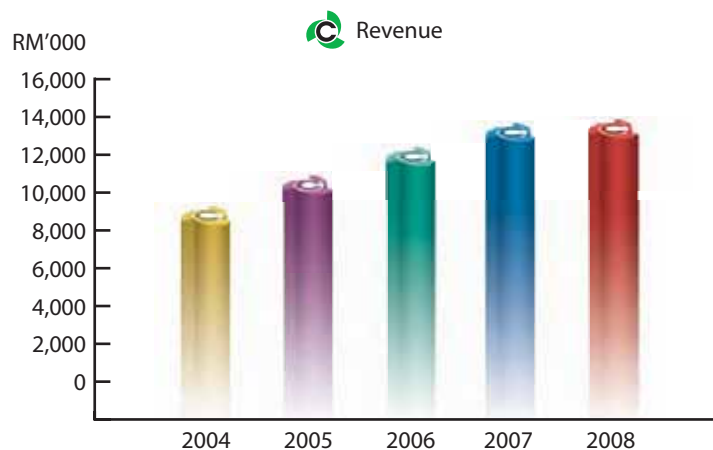
SUMMARISED GROUP INCOME STATEMENT

FYE 31 December	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000
Revenue	9,246	10,806	12,450	13,690	13,824
Profit before tax	3,054	4,437	5,124	4,981	6,113
Profit after tax	2,121	3,184	3,784	3,550	4,641
Net earnings per share (sen)	1.69 [^]	1.86	2.22	2.08	2.72

Notes:

[^] Based on the number of ordinary shares assumed in issue after the acquisitions of Tex Cycle, Metro Koats and Metro Envy but before the public issue.

1. The figures for the FYE 31 December 2004 are provided on the proforma consolidated basis on the assumption that the existing group structure of Tex Cycle Technology had been in existence throughout the periods under review.





FINANCIAL HIGHLIGHT

Annual Report 2008

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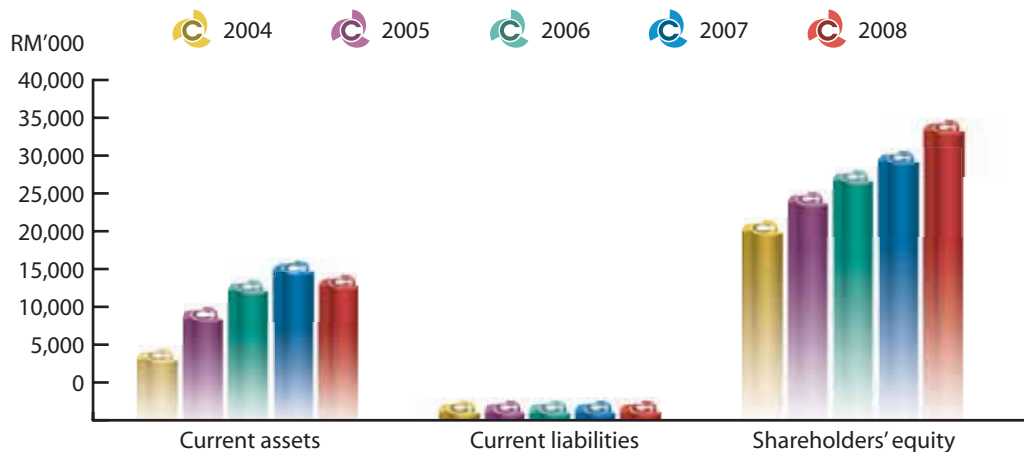


SUMMARISED GROUP BALANCE SHEET

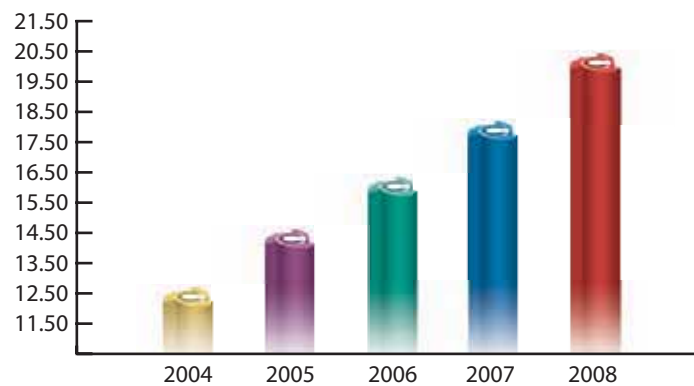
FYE 31 December	2004*	2005	2006	2007	2008
	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	4,588	10,139	13,316	16,232	13,345
Current liabilities	1,005	1,133	1,132	1,192	1,295
Shareholders' equity	21,566	24,891	28,061	30,987	34,996
Net assets per share (sen)	12.63	14.57	16.43	18.14	20.49

Note:

* Based on the Proforma Consolidated Balance Sheets of the Tex Cycle Group as at 31 December 2004 after taking into account the effect of the initial public offering and utilization of proceeds.



Net asset per share





STATEMENT ON CORPORATE GOVERNANCE

Annual Report 2008

Introduction

The Board of Directors (“Board”) of Tex Cycle Technology (M) Berhad adopts the best practice of corporate governance in conducting the business and affairs of the Company and the Group. The Board ensures that the highest standards of Corporate Governance are observed to ensure the Group’s continued progress and success as these would not only safeguard and enhance shareholders investment and value but at the same time protect the interests of other stakeholders.

In line with the Listing Requirements of Bursa Malaysia Securities Berhad, the Board wishes to report on the manner the Group has maintained the standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in the Malaysian Code of Corporate Governance (“Code”).

1. The Board of Directors

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the Best Practices Provision AA I in Part 2 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

a) Board Composition and Balance

The Board of Directors consists of a Chairman, a Managing Director and 6 directors, of who 3 are independent directors. The roles of the Chairman of the Board and Managing Director are segregated. Tex Cycle complies with the MESDAQ Listing Requirements on board composition.

b) Re-Election of Directors

An election of Directors will take place each year where one-third of the Directors shall retire from office at each Annual General Meeting and shall be eligible to offer themselves for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments.

c) Board Meetings

During the financial year ended 31 December 2008, the Board met a total of 5 times. Details of the meetings are as follows:

	Attendance
Executive Directors	
Ho Siew Choong	5/5
Periasamy A/L Sinakalai	5/5
Yusseri Bin Said	5/5
Ho Siew Cheong	3/5
Ho Siew Weng	5/5
Non-Executive Directors	
General Dato’ Seri Che Md Noor Bin Mat Arshad (Rtd)	5/5
Razali Bin Jantan	5/5
Ravindran Markandu	5/5

The meetings were held on 21 January 2008, 22 April 2008, 26 May 2008, 26 August 2008 and 11 November 2008 respectively.

The agenda and issues discussed were prepared and circulated before each meeting. Minutes of the Board meetings are maintained by the Company Secretary.

All Directors have access to the advice of the Company Secretary, independent professional advisors, and internal/external auditors in appropriate circumstances at the Company’s expense.

**d) Duties and Responsibilities**

The board assumes the following responsibilities:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate replacing Management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

e) Supply of Information

Each Board Member receives regular reports, including a comprehensive review and analysis of the Group's performance. Prior to each Board meeting, the directors are sent an agenda and full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary.

Guidelines are in place concerning the content presentation and delivery of papers to the Board for each Board meeting so that the directors have access to all information within the Company, whether as full board or in their individual capacity, in furtherance of their duties.

The directors also have direct access to the advice and services of the Group's Company Secretary who is responsible for ensuring that the Board procedures are followed.

f) Nomination and Remuneration Committee

In line with the Best Practices of the Code of Corporate Governance, the Board has set up the Nomination and Remuneration Committee. The committee comprises a majority of Independent Non-Executive Directors as its members. The committee is responsible for identifying and recommending to the Board suitable nominees for Board appointments, and assists the Board in determining the Directors' remuneration. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The present members of the Nomination Committee of the Company are:

- i. Razali Bin Jantan (Chairman)
- ii. General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)

Attendance of Nomination Committee

The details of the attendance of each Nomination Committee member in the Nomination Committee meeting held during the financial year ended 31 December 2008 are as follows:

Directors	Total number of meeting held	Number of meeting attended
Razali Bin Jantan	1	1
General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	1	1

Note

**The meeting was held on 4 November 2008*

STATEMENT ON CORPORATE GOVERNANCE

Annual Report 2008

(continued)

The present members of the Remuneration Committee of the Company are:

- i. General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd) (Chairman)
- ii. Razali Bin Jantan
- iii. Periasamy A/L Sinakalai

Attendance of Remuneration Committee

The details of the attendance of each Remuneration Committee member in the Remuneration Committee meeting held during the financial year ended 31 December 2008 are as follows:

Directors	Total number of meeting held	Number of meeting attended
Razali Bin Jantan	2	2
General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	2	2
Periasamy A/L Sinakalai	2	2

Note

*The meetings were held on 21 January 2008 and 4 November 2008

The remuneration package of Executive Directors during the financial year ended 31 December 2008 comprises a combination of basic salary (inclusive of statutory employer contributions to the Employees Provident Fund), and benefits-in-kind (such as traveling allowance and chauffeurs as applicable).

The Non-Executive Directors are paid Directors' fee.

The composition and range of remuneration package received by the Directors during the financial year is as follows:

Executive Directors			Non – Executive Directors
Salaries & other Emoluments (RM)	Benefits-in-Kind (RM)	Fee (RM)	Fee (RM)
675,258	0	98,000	64,000

RM	No Of Directors	
	Executive	Non-Executive
Below 50,000	0	3
50,001-150,000	2	0
Above 150,000	3	0

g) Directors' Training

All Directors appointed to the Board, apart from attending the MAP and the CEP accredited by Bursa Malaysia Securities Berhad, complete other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

STATEMENT ON CORPORATE GOVERNANCE

Annual Report 2008

(continued)



Particulars of training programmes attended by the Directors are as follows:

Directors	Seminar / Conference / Workshop	Details of Programme
Ho Siew Choong	Board Room Agenda and Strategic Risk Management Seminar	Updates and discuss on challenges face by directors and the strategic risk of the Company
Ho Siew Choong	Japan External Trade Organisation Biz-Match Forum	Biz-Match Forum on Energy Efficiency Technology & Equipment
Ho Siew Choong	International Conference on Oil Palm Bionass 2008	Updates, developments, discussion and introduction of Oil Palm Biomass, business opportunities and sustainability
Periasamy A/L Sinakalai	Board Room Agenda and Strategic Risk Management Seminar	Updates and discuss on challenges face by directors and the strategic risk of the Company
Yusseri Bin Said	Board Room Agenda and Strategic Risk Management Seminar	Updates and discuss on challenges face by directors and the strategic risk of the Company
Ho Siew Cheong	Board Room Agenda and Strategic Risk Management Seminar	Updates and discuss on challenges face by directors and the strategic risk of the Company
Ho Siew Weng	Board Room Agenda and Strategic Risk Management Seminar	Updates and discuss on challenges face by directors and the strategic risk of the Company
General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	Board Room Agenda and Strategic Risk Management Seminar	Updates and discuss on challenges face by directors and the strategic risk of the Company
General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	Malaysian Institute of Corporate Governance Training Program on Corporate Governance	Training Program on Governance and Board Effectiveness
Razali Bin Jantan	Board Room Agenda and Strategic Risk Management Seminar	Updates and discuss on challenges face by directors and the strategic risk of the Company
Ravindran A/L Markandu	Board Room Agenda and Strategic Risk Management Seminar	Updates and discuss on challenges face by directors and the strategic risk of the Company

2. Shareholders

a) Dialogue with Investors

Recognizing the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following:

- (i) The Annual Report;
- (ii) The various disclosures and announcements made to Bursa Malaysia Securities Berhad Stock Exchange including the Quarterly Results and Annual Results

b) Investors Relations

Along with good corporate governance practices, the Company has embarked on appropriate corporate policies to provide greater disclosure and transparency through all its communications with the public, the shareholders and investors.

The company strives to promote and encourage bilateral communication with its shareholders through participation at its general meetings and also ensure timely dissemination of any information to the investors, analysts and public at large. The company always maintain and promote transparency in our business activities and to continually keep the shareholders and the public well-informed on the Company's activities.

The Group maintains the following website that allows all shareholders and investors access to information about the Group :- www.texcycle.com.my

c) General Meetings

The Annual General Meeting (AGM) is an important forum where communications with shareholder are effectively conducted. Shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty one (21) days before the meeting. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group.

The external auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the shareholders.



STATEMENT ON CORPORATE GOVERNANCE

Annual Report 2008

(continued)

3. Accountability and Audit

a) Financial Reporting

The quarterly financial results and annual financial statements are reviewed by the Audit Committee and approved by the Board of Directors before releasing to the Bursa Malaysia Securities Berhad.

The Directors aim to present a balanced assessment of the Group's position and prospects in the interim and annual financial statements. The details of the Group and Company's financial statements for the FYE 31 December 2008 are set out on pages 61 to 111.

b) Internal Control

The Board has overall responsibility for maintaining a system of internal control that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines.

The Statement on Internal Control, which provides an overview of the state of the internal controls within Group, is set out on page 23 of this Annual Report.

c) Relationship with the Auditors

The Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention. Annual appointment or re-appointment of the external auditor is via shareholder's resolution at the AGM on the recommendation of the Board.

d) Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which are in accordance with the applicable approved accounting standards and that give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flow of the Group and Company for the financial year.

The Directors are satisfied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2008, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

4. Additional Compliance Information

a) Utilisation of Proceeds (as at 31 December 2008)

The utilisation of proceeds raised from the IPO was as follows:

	IPO Proceeds# RM'000	Amount Utilised RM'000	Balanced RM'000
Land acquisition	3,500	3,500	-
Capital expenditure	1,592	1,592	-
Repayment of bank borrowings	1,239	1,239	-
Working Capital	2,691	2,691	-
Listing Expenses	878	878	-
Total	9,900	9,900	-

As pre revised utilisation schedule approved by Securities Commission on 6 August 2008

On 6 August 2008, the Securities Commission approved an extension of time up to 26 January 2009 for the utilization of proceeds of RM1.278 million as working capital. The balance of the proceeds were fully utilized by 6 November 2008.



b) Share Buybacks

There was no share buyback during the financial year.

c) Option , Warrants or Convertible Securities

No options, warrants or convertible securities were issued during the financial year

d) American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) Programme.

The company did not sponsor or participate in any ADR or GDR programme during the financial year.

e) Imposition of Sanctions and Penalties

There were no sanctions and penalties by relevant regulatory authorities during the financial year.

f) Non Audit Fees

The amount of non-audit fees paid to external auditors for the financial year was RM5,000.

g) Variance in Results, Profit Estimate, Forecast or Projection

There was no material variances between the results for the financial year and the unaudited results previously announced on 27 February 2009.

There were no profit estimates, forecast or projection that has been previously announced by the Company during the financial year.

h) Profit Forecast and Profit Guarantees

The Company did not issue any profit forecast or profit guarantee for the year ended 31 December 2008.

i) Material Contracts

None of the Directors and major shareholders had any material contract with the Company and/ or its subsidiaries during financial year.

j) Recurrent Related Party Transactions (“RRPT”)

Details of the transactions with related parties undertaken by the Group during the financial year are disclosed in Note 20 of the Financial Statements.

k) Revaluation Of Landed Properties

The Company does not have a valuation policy. However, Metro Envy's property which was classified under investment property is revalued on an annual basis by an independent professionally qualified valuer.

l) Imposition of Sanctions/ Penalties

During the FYE 31 December 2008, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.



AUDIT COMMITTEE REPORT

Annual Report 2008

MEMBERSHIP AND MEETINGS

The Audit Committee comprises the following members:

Chairman

Ravindran Markandu
Independent Non-Executive Director

Members

Razali Bin Jantan
Independent Non-Executive Director

General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)
Independent Non-Executive Director

During the year, the Committee held a total of five (5) meetings, on 19 February 2008, 22 April 2008, 21 May 2008, 18 August 2008 and 4 November 2008 respectively. The Financial Controller, Internal Auditors and External Auditors, have been invited to attend the Audit Committee meetings.

The details of the attendance of the Audit Committee members are as follows:

Committee Members	Meeting Attendance
General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	5/5
Razali Bin Jantan	5/5
Ravindran Markandu	5/5

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the Audit Committee during the Financial Year Ended 31 December 2008 included the following:

- (a) Reviewed the quarterly unaudited financial and annual audited financial statements of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Groups results to Bursa Malaysia Securities Bhd;
- (b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2008;
- (c) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised and management letter together with management's response;
- (d) Reviewed the internal audit plan;
- (e) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- (f) Reviewed the effectiveness of the Group's system of internal control;
- (g) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- (h) Reviewed the Company's compliance with the MESDAQ Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- (i) Report to the Board on its activities and significant findings and results;
- (j) Met with the external auditors twice during the year without the presence of any executive board members or management; and
- (k) Met with the internal auditors once during the year without the presence of any executive board members or management.



INTERNAL AUDIT FUNCTION

Tex Cycle Technology has appointed Messrs Focus Internal Audit Solution (“Internal Auditor”), a professional firm of qualified accountants, to undertake the internal audit function. The role of the Internal Auditor is to provide the Committee with independent and objective reports on the system and state of internal controls of the Company.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the audit committee should be non-executive directors.

The members of the Audit Committee shall elect a chairman from among their members who shall be an independent director. No alternate director shall be appointed as a member of the Audit Committee.

Qualification

At least one (1) member of the Audit Committee:-

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:
 - he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he/she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - fulfils such other requirement as prescribed by the Bursa Securities.

Meeting and Minutes

Meetings shall be held not less than four (4) times a year, and will be attended by the Chief Executive Officer, General Manager of Finance and other senior management, if necessary. The presence of external and/or internal auditors will be requested, if required. Other members of the Board and senior management may attend meetings upon the invitation of the Audit Committee. Both the internal and/or external auditors may request a meeting if they consider it to be necessary. The Audit Committee shall meet with the external auditors without executive board members present at least twice a year.

The Secretary to the Audit Committee shall be the Company Secretary. The Chairman of the Audit Committee shall report on each meeting to the Board.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.



AUDIT COMMITTEE REPORT

Annual Report 2008

(continued)

Responsibilities and Duties

In fulfilling its primary objectives, the Audit Committee undertakes, amongst others, the following responsibilities and duties:-

- a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;
- c) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- d) To review the following in respect of internal audit:-
 - adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
 - the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - review and approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- e) To review the quarterly reporting to the Bursa Securities and year end annual financial statements of the Group before submission to the Board, focusing on:-
 - compliance with accounting standards and regulatory requirements;
 - any major changes in accounting policies;
 - significant and unusual items and events.
- f) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- g) To consider the nomination and appointment of external auditors, as well as the audit fee;
- h) To review any letter of resignation from the external auditors and any questions of resignation or dismissal;
- i) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- j) To verify that the allocation of options pursuant to the Employees' Share Options Scheme of the Company is in accordance with the criteria for allocation established under the scheme at the end of each financial year; and
- k) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.



STATEMENT ON INTERNAL CONTROL

The Board of Directors recognises the importance of a sound system of internal controls which covers risk management, financial, organisational, operational, and compliance controls. The Board acknowledges its overall responsibility for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework as well as reviewing the effectiveness, adequacy and integrity of this system. Such a system is designed to safeguard shareholders' investments and the Group's assets. It should be noted, however, that such a system is designed to manage rather than eliminate the risk of failure to meet the Group's business objectives. Accordingly, this system can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. This process is reviewed by the Board to ensure the adequacy and integrity of the system.

The Board is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2008.

(i) Control Environment

The Group has an organization structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Company. The MD is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner the Company controls its businesses, the state of internal control and its activities. The internal control processes are reviewed and updated from time to time. This is to ensure that they are relevant and effective to respond to market changes.

(ii) Internal Audit

The outsourced Internal Auditors had reviewed the Group's system of internal controls and had reported the internal audit activities conducted within the year to the Audit Committee on a regular basis. The Internal Audit team independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Reports on internal audit findings, together with recommendations for Management actions, are reviewed by the Audit Committee.

(iii) Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts at the expense of the Company.

(iv) Risk Management

The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This is to ensure that all high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group's management system and is every employee's responsibility. The Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholder value. The risk profile of the Group is established during risk mapping and assessment sessions facilitated by the external consultant. The risk responses and internal controls that the Management have taken and/or is taking are documented in the risk templates. For each of the risks identified, a risk owner is assigned to ensure appropriate risk response actions are carried out.

CONCLUSION

The Board is pleased to report that there were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, Management continues to take measure to strengthen the control environment.

This statement is made in accordance with the resolution of the Board of Directors dated 29 April 2009.



CORPORATE PROFILE

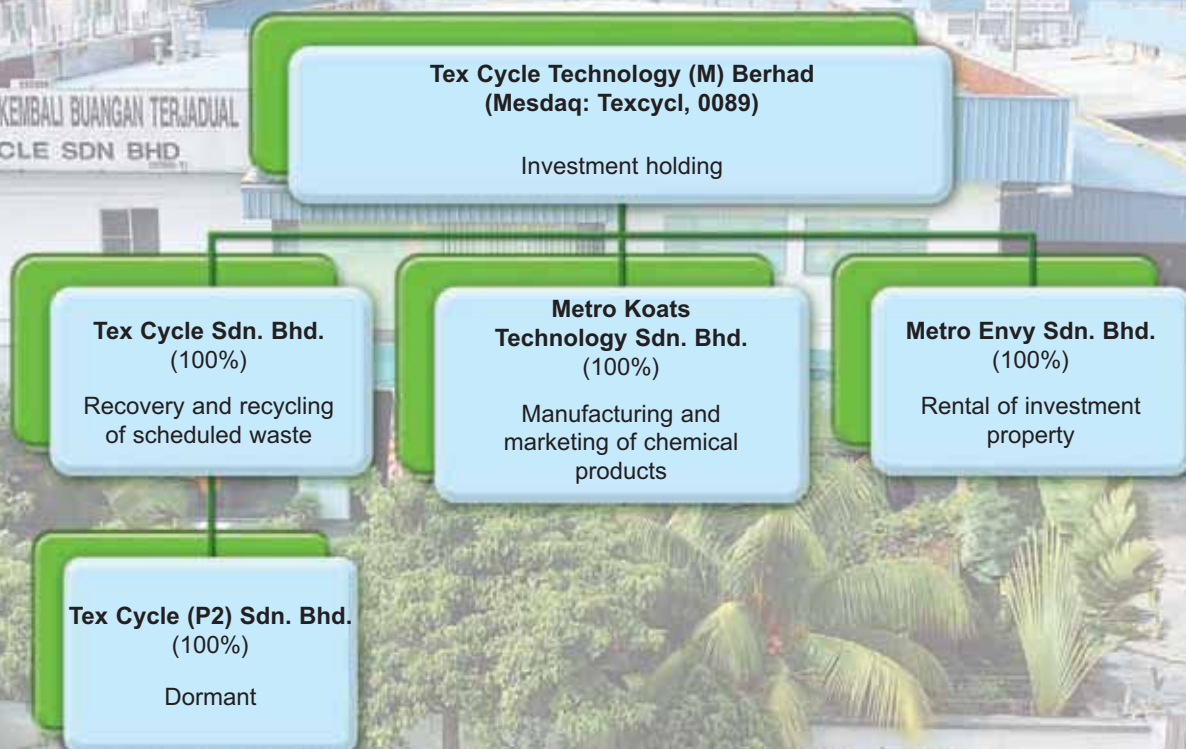
Annual Report 2008

TEX CYCLE TECHNOLOGY (M) BERHAD

Tex Cycle Technology (M) Berhad (“Tex Cycle Technology” or “Company”) was incorporated in Malaysia as a private limited company on 17 February 2004 under the Companies Act, 1965. On 11 March 2004, it was converted into a public company and assumed its present name. The Company was established to become the investment holding company of **Tex Cycle Sdn. Bhd.** (“Tex Cycle”), **Metro Koats Technology Sdn. Bhd.** (“Metro Koats”) and **Metro Envy Sdn. Bhd.** (“Metro Envy”) (collectively referred to as “Tex Cycle Group” or “Group”) in conjunction with the listing of Tex Cycle on the MESDAQ Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 27 July 2005.

On July 5, 2007, the subsidiary of the Company, Tex Cycle Sdn. Bhd. (TCSB) acquired two (2) ordinary shares of RM1 each in a dormant company known as Premier Everest Sdn. Bhd. (PESB) for a consideration of RM2. Upon the acquisition, PESB becomes a wholly-owned subsidiary of TCSB, which is in turn, a wholly-owned subsidiary of the Company. Subsequently, PESB changed its name to **Tex Cycle (P2) Sdn. Bhd.** on July 18, 2007.

The Group’s Corporate Structure and Principal Activities





METRO ENVY SDN. BHD.

Metro Envy was incorporated on 16 January 2004 and the principal activity is rental of investment property.

TEX CYCLE (P2) SDN. BHD.

Tex Cycle (P2) Sdn. Bhd. (TCP2SB) was incorporated on 4 June 2007. TCP2SB has not commenced operations since its incorporation. However, the intended principal activity of the Company involves recovery and recycle of Scheduled Waste.



CORPORATE PROFILE

Annual Report 2008

(continued)

METRO KOATS TECHNOLOGY SDN. BHD.

Introduction

Since its inception in 1995, Metro Koats Technology Sdn. Bhd. (MKT) has made impressive progress. MKT through its inhouse R&D has improved on some of its existing products and developed a new range of products.

The Products

MKT has developed a complete solution to all tactical military visual, infra-red and radar camouflage requirements. Some of the products has been improved through continuous Research & Development. The range of products are as follows:-

- Thermal Camouflage paint
- Near-Infrared Camouflage paint
- Windscreen Camouflage
- Multi Spectra Camouflage net
- Flexible Surface Camouflage

Achievements & Recognition

Through years of hard work and continuous effort in R&D, MKT has been recognised locally and internationally as the manufacturer of camouflage products. MKT has also exports its product to overseas customers.

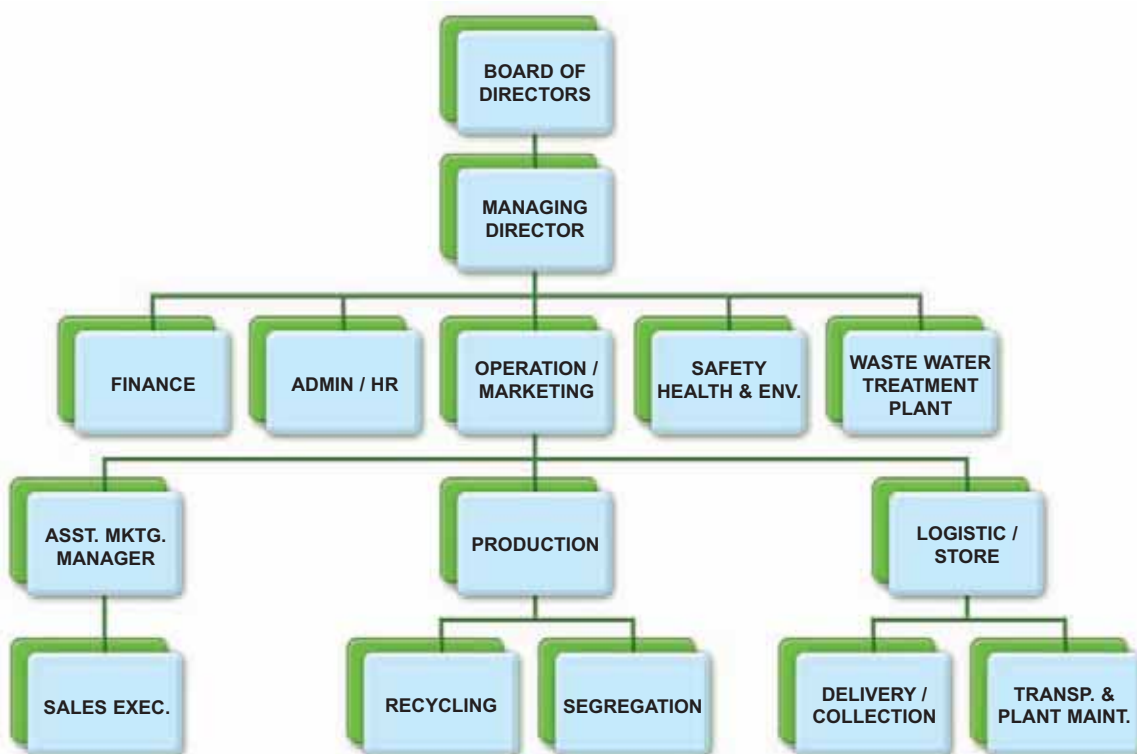




TEX CYCLE SDN BHD

Tex Cycle Sdn Bhd, the subsidiary of Tex Cycle Technology (M) Bhd is one of the most established and a pioneer Recycler of Scheduled Waste in the region. It owns its fully licensed facility in the Klang Valley which provides complete services that includes analysis, transportation, collection, treatment, delivery and disposal of Scheduled Waste as approved by the Department of Environment. Our proven capabilities in Recycling Scheduled Waste is much preferred by our Customers from the various Industries of Electronics, Engineering, Automobile, Oil & Gas, Printing and many other manufacturing Industries. Our systems are in accordance with ISO 14001 which assures complete professional services and products in total compliance.

Organization Chart





CORPORATE PROFILE

Annual Report 2008

(continued)

WORKING TOGETHER AS A TEAM



Tex Cycle Management Team



Tex Cycle Management and Staff



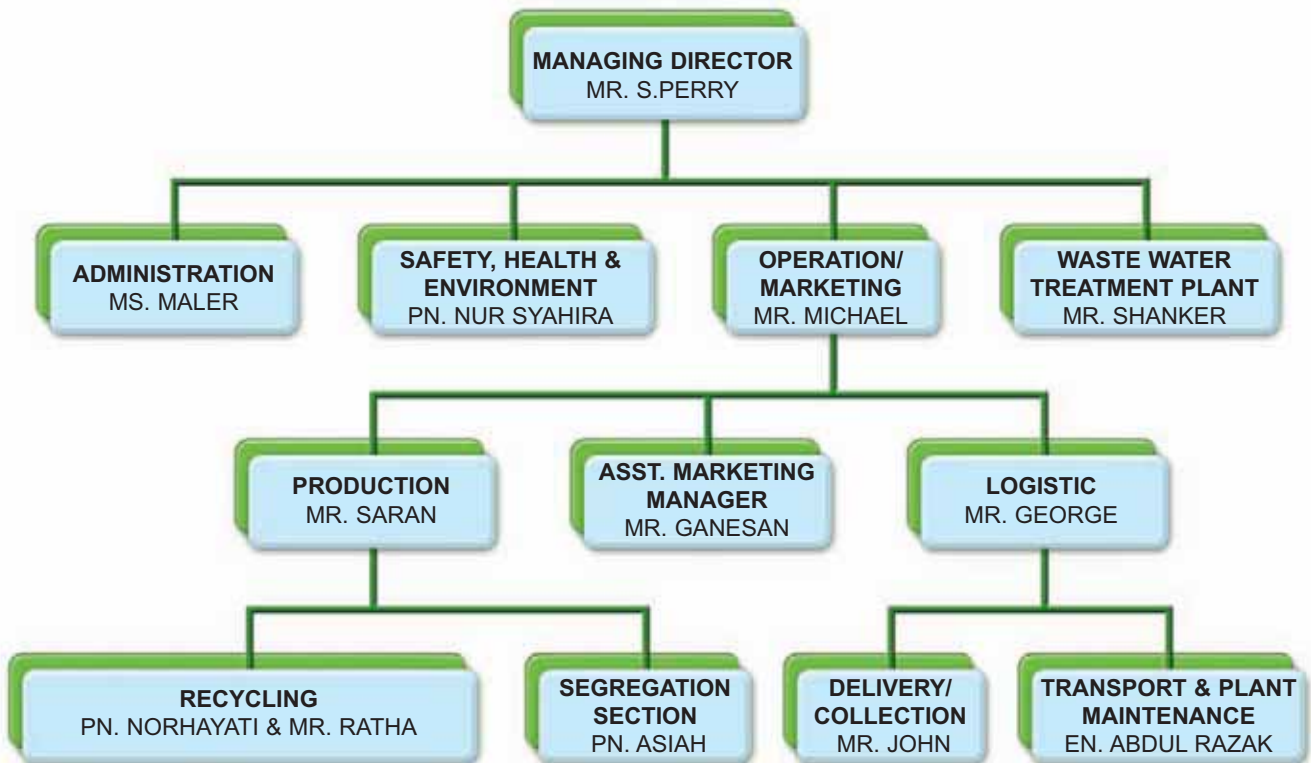
ENVIRONMENTAL MANAGEMENT SYSTEMS APPROVAL CERTIFICATE



ISO 14001 Organization Chart

TEX CYCLE SDN. BHD.

ISO 14001 ENVIROMENTAL & SAFETY COMMITTEE 2008



TEX CYCLE SDN BHD

Responsibilities

The members of the Environmental Committee within Tex Cycle's Organization have specific roles to ensure that

Director

- Supports the Managing Director on Environmental Management.

Managing Director

- Appoints the Environmental Management Representative (EMR).
- Establish the EC Organisation.
- Participates, access and approves the Environmental Policy, Manual and Procedures.
- Ensures smooth running of the Environmental Management Operation.
- Evaluates the appropriateness of the EMS in the Management Review.
- Ensures that Environmental Management System requirements are established, implemented and maintained in accordance with ISO 14001 standards.
- Chairs the Environmental Management Review.
- Active in the R&D contribution, ideas and activities carried out in Tex Cycle.

Environmental Management Representatives (EMR)

- Co-ordinates, liaise for initiation of Environmental Activities.
- Provides information to all members regarding environmental issues.
- Plans, co-ordinates and controls of Environmental Management System, including internal audits to ensure compliance.
- Supports the Managing Director on Environmental Management.
- Ensures execution of the Environmental Management Operations and compliance of Management Operation to ISO 14001.
- Report to Managing Director pertaining to EMS performance.
- Promotes Environmental Awareness Activities among the staff.
- Plans and co-ordinates Environmental Education and Training.
- Centralizes the control of the environmental documents and records.
- Establish a proper document control system and filing of environmental data.
- Checks and controls the data changes or revision and co-ordinates with the respective section.
- Liaises with local environmental bodies with regards to environmental issues.

Section Head

- Support and involve in all EMS activities.
- Establish relevant EMS documentation.
- Check and control the data changes or revision and co-ordinates with the respective section.
- Carry out certain EMS training and education programme.

All Employees of Tex Cycle

- Will maintain Tex Cycle's Environmental Management System in compliance to ISO 14001 requirements.
- Comply with all Environmental and Other Legal Requirements in all areas of operation.

ISO 14001 Internal Auditors

- Carry out ISO 14001 internal audit once a year or when required. Report observations and non conformance based on the requirements of ISO 14001.



Vision

To be the preferred Scheduled Waste Recycler in Malaysia through determination, persistence and passion while conserving the Environment.

Mission

We are committed to:

Employees - Ensuring that our employees work in a safe environment and return to their families safely is our priority. Our employees are our most valuable asset.

Clients - Customer satisfaction is given utmost importance with loyal and professional advice and exceptional customer service.

Technology - Constantly and continually upgrading technologies for more effective operations, practically and technically.

Environment - Provide and uphold a safe, healthy, clean and conducive environment and also inspire awareness on protecting the environment.

Research and Development (R&D) - Innovation and creativity is stimulated through R & D in every aspect of business for continued success.

Corporate Responsibility - Extend awareness on environmental protection to the community around us and educate the future generation on importance of caring for the environment. Readily extend assistance in whichever way possible to the less fortunate.

By completely and sincerely pursuing these visions and missions, Tex Cycle Sdn. Bhd. is able to supply reliable products and high quality services to meet our customers' unique and changing needs efficiently and proactively through robust infrastructure, diverse power sources and professional teams. Simultaneously, we increase value for our shareholders through responsible and transparent corporate conduct, innovation and by investing prudently.

Corporate Values

- Being honest in all our dealings
- Supporting each other
- Building good team relationships
- Being open to new ideas
- Developing a "Can Do" attitude

Tex Cycle's Growth Strategy

The Board of Directors and its principal shareholders are committed to growing the Company. This intention is being effected at a number of levels:

- Growth in human capital;
- Growth in infrastructure;
- Growth of its core business;
- Developing strategic partnerships;
- Vertical integration;
- Business diversification;
- Shaping the environment in which we operate.



CORPORATE PROFILE

Annual Report 2008

(continued)

Products

Gloves

Tex Cycle collects used cotton, rubber and leather gloves directly from companies in the electronics, engineering, automobile, oil & gas, printing and other manufacturing industries. Our job is to remove contaminants from the soiled gloves so that they can be reused. Damaged materials can also be converted into safe recyclable products, fit for reuse.

Pad Sewn Rags

Commonly used by many industries, the rags are made mainly from waste rags. It is affordable and can be recycled at the same time.

Spill-Kit Absorbent

TC soap-up, spill absorbent material TC pillow and boom which is made from 100% recycle material, good absorbent rate, easy to use. It is recyclable and has minimum impact to the environment.

TC Wiper Clothes

TC wipes were designed with 100% cotton, durability, recyclable and has good ability to absorb grease, oil and chemicals. The TC wipes were introduced to assist industries to manage the purchasing cost of rags and wipes and the disposal cost of these contaminated materials.

Services

As a professional recycler, Tex Cycle collects used materials directly from Companies in the Electronics, Engineering, Automobile, Oil & Gas, Printing and other manufacturing industries where rags, wipes, gloves, containers, absorbent, sand and activated carbons are used widely. These materials are contaminated with grease, inks, solvents and whatever substance imaginable. Such wastes are highly regulated and must be disposed at sites only permitted by DOE. These wastes are handled by licensed contractors approved by DOE. The methods for decontamination use various processes and latest technology to ensure contaminated materials are cleaned thoroughly before returning it to the industry or recycling it into new products. Tex Cycle is always proud to display its 'cradle to grave' responsibility management and cleaner production system throughout the plant and encourage cooperation with all stakeholders.

Tex Cycle provides alternatives to Industries all over Peninsular Malaysia to recycle and recover scheduled waste. The operating and recovery facility is located at Puchong, Selangor and uses the latest technology to cater for the demand of decontaminating scheduled waste with minimum impact to the environment. The technology selected for each process is carefully analyzed to ensure its adaptation into the local environment, therefore eliminating unnecessary emission and inefficiency. Through years of determination and research efforts, Tex Cycle has developed to earn pioneer status in the recycling of scheduled waste management and has become an exemplary centre of scheduled waste management. Wastes generated from the processes are analysed with the possibility of recycling or converting it into new products. At present, almost ninety five percent of all wastes from Tex Cycle are recycled or converted into environmentally friendly products. We identify our stakeholders and create constant co-operation with them. In order to achieve understanding between our stakeholders, Tex Cycle complies with all environmental and required regulations and practice transparency in our daily business.



Tex Cycle :-

- provides to industries, an alternative to reduce their cost by using Tex Cycle's products which is reusable and recyclable, thus minimizing impact towards the environment.
- waste water from the process are channeled into the in-house wastewater treatment plant for processing and recycled back into the processes. Thus, reusing the treated water.
- process of decontamination of gloves, rags, filters and wipes is done using hot water. Half of Tex Cycle plant rooftop is covered with solar panels to provide the much required hot water for the washing process. Solar energy is used to aid in the recovery and recycling process to conserve energy and natural resources.
- uses degrading plastic bags and these are recycled within the plant.



CORPORATE RESPONSIBILITY REPORT

Annual Report 2008

Corporate Responsibility of Tex Cycle

Corporate Responsibility (CR) for Tex Cycle is the heart of its very existence, not just a part of its requirement. It is the basis of what we are and do; as such, Tex Cycle integrates economic, social objectives, addressing stakeholder expectations and sustaining shareholder value while ensuring conservation of the environment is given utmost priority. We are constantly engaging in upgrading our processes, procedures and Research and Development to ensure our environment is continuously protected and conserved while the Company works towards constant change and improvement for maximization of its stakeholders' interest.

We ensure that all matters of CR are considered and supported throughout the Company and are consistent with our stakeholder's interests. Comprehensive policies and practices have been developed to enable business decisions to be made and conduct its operations ethically, adhering to legal obligations and showing consideration for the community and environment. The various activities undertaken as part of Tex Cycle's CR are discussed below.

Processes

Tex Cycle has its Standard Operating Procedures which is adhered to by the relevant departments in order to provide the best products and services which is in accordance to the legal requirements. Our services involve a set Production Process Flow that involves procedures from the time waste is collected from the Generator until it is cleaned and recycled. The process flow for Production covers 2 major processes:

- Process Flow for Contaminants
Different process for each waste codes, SW408, SW409, SW410 and SW411 are followed to ensure that products are thoroughly decontaminated.
- Process Flow for Waste Water Treatment
Here, the effluent, basically the contaminated water from production is sent to the water treatment system to be recovered and the sludge from the filters are further processed and sent to for disposal.

Key Impacts

Environmental Issues and the Preventive / Control Measures

Many areas are constantly monitored according to legal requirement, regulations and Company policies. The major factors are air pollution, odour & noise, chemical spillage, effluent from processes, segregation of solid waste and disposal of Scheduled Waste.

Use of Life Cycle Assessment (LCA) Methodology to Quantify Impacts on the Environment

The LCA analysis provides the opportunity to improve business performances by prioritizing capital investment. This allows Tex Cycle to stay competitive in the Scheduled Waste Industry. The LCA analysis with a thorough audit determines areas where we can optimize resources, improve energy consumption, reduce emission of pollution, waste generation method, waste characteristics, process for managing waste and associated costs. The LCA analysis also provided an overview of the energy and water usage patterns which assists us to reduce the impact of our operations to the environment.

The (LCA) analysis also provides insight to the following:

- provide a complete picture of how Tex Cycle's activities interact with the environment.
- identify major environmental impacts and the hot spot emissions contributing to these impacts.
- identify inefficient processes and improve the system in order to minimize waste.
- compare the environmental benefits and setbacks of Tex Cycle products and services.
- contribute understanding of the overall consequences of our activities, decision and choices.
- obtain information for environmental performance improvements.



Monitoring and Control Parameters

The responsibility of ensuring quality environment with no pollution emitted and healthy & comfortable surroundings within Tex Cycle is shared by Management and Employees. Every employee is constantly encouraged and reminded to communicate the slightest discomfort in the environment. The effectiveness of the quality working environment, pollution level and monitoring procedures are according to ISO 14001 guidelines and DOE license.

The operational activities required to be monitored according to ISO 14001 are as follows:

- Total energy consumption – Solar panels are used, LPG consumption is reduced, proper planning production schedule, resorting to the nearest LPG supplier and maximized & planned collection & delivery of waste.
- Total water consumption – City water consumption is reduced by treating and recycling the water back into production and ongoing 'Save Water' projects.
- Scheduled waste generated – Compression of sludge, ongoing projects to reduce the weight of the sludge and so reduced the cost for disposal and usage of drying agent for sludge which has shown significant reduction in electricity.
- Air and Noise Pollution – Yearly noise monitoring and bi yearly air monitoring is carried out as per requirement. Tex Cycle passed DOE requirement on this monitoring as employees contribute in maintaining a healthy working environment for the benefits of their own health and increase confidence of stakeholders.

Corporate Governance

The Board of Directors believes that strong corporate governance not only enhances sustainable control of an organization but is essential to preserving organizational reputation, investor confidence, access to capital when required and sustainable employee motivation. The Directors are committed to the corporate governance principles of openness, integrity and accountability. They have established committees to oversee various aspects of the Company and its operations.

Environmental Reporting

The environmental reporting for Tex Cycle is available to the public and can be obtained through various means. Primarily, the following are used.

- Brochures on products, services, activities and environmental objectives
- Exhibition and road shows on environmental awareness and community projects
- Website that provides more information on activities, products, community services and events
- Sustainability Report (Environmental Report) according to ACCA guidelines
- Annual Report that summarizes Financial Report and Corporate Responsibility (CR) activities

Waste as Resource

Tex Cycle practices waste minimization and implements 4Rs (Reduce, Reuse, Recover, Recycle) throughout the processes with the intention of conserving the environment. Through our processes, we only generate 5% residue as waste. The remaining 95% is either reused, recovered or recycled.

CORPORATE RESPONSIBILITY REPORT

Annual Report 2008

(continued)

Sustainability Related Policies

Process of Checking and Review

Tex Cycle encourages audits and visits from customers and DOE officers because it encourages the staff to understand their own Company's EMS, verifies monitoring plans, assess effectiveness and highlight our difficulties. Tex Cycle has annual certification of ISO14001 by SIRIM and DOE audit on the licenses and annual internal audit to check the effectiveness of the monitoring practices and significant impact on the environment.

Non conformance and observation received from these audits will be reviewed during the Management Review meeting attended by the ISO 14001 committee, the MD and representative from every department, Management and Employees. All employees are informed and made to understand the outcome of these audits, whether good or bad.

Checking/ Review system

The review system includes visits/ audits from the following parties:

- Customer audits/visits
- Official audits from SIRIM / Department of Environment (DOE) / Department of Safety & Health (DOSH) / BOMBA / Clients
- Internal Audits by certified Tex Cycle personnel
- EiMAS, new DOE Officers
- Risk Management audit (3rd party audit)
- International visits by environmental officers from ASEAN countries, Organization of Islamic Countries (OIC), The Japan Electrical Manufacturers Association (JEMA) and Japan Electronics & Information Technology Industries Association (JEITA)
- Reviewing Environmental Policy annually in the Management Review Meeting

These audits provide a strong foundation to the Company in managing the environmental practices of operations and improve it. It provides the opportunity to interact with other stakeholders, that allows exchange of ideas and educate stakeholders on the importance of scheduled waste management.

Management System and Procedures

Tex Cycle Environmental Policy



Safety and Health Policy





Non-Conformance

A non-conformance will be issued when a practice is not followed and leads to environment impact risk or endangers the health and safety of the staff. The relevant head or recipient of the non-conformance takes the immediate necessary course of action and submits the documented action plan schedule on the agreeable time to complete the corrective action which must be clear, well defined and adequate and the preventive action must be implemented accordingly.

This procedure is reported and the report is approved by the EMR and the Managing Director. Counter measures are taken to minimize or eliminate the reoccurrence of the non-conformance in the Environmental Management System and follow-up is carried out by the audit team members. Satisfactory corrective plan result will be duly verified and report closed. The Environmental Management System will be revised if failure was due to the system itself.

Managing Environmental Emergencies

Tex Cycle's environmental impact risks are identified as

- fire and explosion due to the contaminated rags/wipes/gloves which contain solvent
- land and water contamination from chemical spillage
- contaminated water spillage from processes
- land and water contamination due to spillage of waste during transportation
- explosion from gas leakage

These potential environmental emergencies have been identified and appropriate procedures and environmental operating instructions are in place to ensure fast and effective response to the emergency situation. All Employees are trained by ERT Team on Standard Operating Procedures (SOP) for emergency situations with emergency mock drills.

The ERT members provide emergency route plan/ map with safety indications of first aid boxes, fire extinguisher, emergency route, spillage kit, eye wash and etc which are placed around the plant and this map is placed in every department for reference. The emergency procedures and vital information are constantly communicated to all Employees, Customers and Contractors.

Programs for Tex Cycle Employees on Environmental Emergencies

- Mock spillage exercise at Customer's premise
- Mock spillage exercise with Customer and Tex Cycle Employees at our premise
- Causes of fire, safety tips, extinguishers and practical training by BOMBA
- Training on maintenance of trucks and tips on driving safely
- Briefing on LPG use, nature of gas, leakage and action
- Training by First Aider on methods, emergency medical conditions, treatment and procedure

Stakeholder Engagement

Waste as Communication

Following are the communication of product/service information with stakeholders.

Customers

- New customers are welcomed to audit process and methodology flow of the recycling and recovery processes.
- Confirmed customers are allowed line inspection on conformance of the recycling and recovery of scheduled waste as per documentation.
- Customers are given brochures explaining the activities, products and services, environmental programmes and further information regarding Scheduled Waste Management and regulations.
- Joint activities with Customer's EMP projects.



CORPORATE RESPONSIBILITY REPORT

Annual Report 2008

(continued)

Community

- Focus on environmental programmes to encourage the Community especially students to practice 4Rs in schools and at home.

Regulators

- Visits and audits from regulators such as DOE, DOSH and other governing bodies.
- Occasionally, our facility is used as learning ground for new regulatory officers.
- Co-sponsor with DOE to organize environmental awareness camp for students.
- Tex Cycle is a member of ENSEARCH and ANSWERS which provides the opportunity for the scheduled waste contractors to interact with the regulatory agents.
- Tex Cycle is always chosen as site visit by the regulatory bodies for international visits.

Employees

- Tex Cycle employees and its stakeholders are made aware of the importance of environmental policy and objectives.
- New employees are trained during the induction program on the Company's environmental policy, communication activities and importance of recycling and recovering scheduled waste.
- Specific environmental related training for each Employee from all levels of Organization are given including external trainings.
- Management staff converse with the production line during office hours on importance of the recovery and recycling process to ensure that objectives of Tex Cycle are achieved.

Employee Reward and Recognition

- Tex Cycle practices staff development by improving skills of the staff through training, appreciation in the form of awards and encourages family oriented events.
- The staffs are evaluated through trainings and supervisor's assessment of their skills, contribution and experiences.

Among the many rewards and recognition given to employees are as outlined below:

- Employee of the quarters & Employee of the year awards
- Company's share distribution when it was first public listed on Bursa Saham
- Competition on Environmental, Safety and Health issues after trainings
- Award given to the section/area which complies to the audit checklist
- Family Day gathering and activities / Recycling Day / Safety Week
- Competition and activities involving staff members and their family
- Annual dinner / Company trip
- Promotions / bonus
- Incentives for full attendance
- Recognition to staffs with long service



Communication of Environmental-Related Information

Environmental and any important related issues such as health and safety related matters are communicated to all the staff through various ways at Tex Cycle. Most prominent methods are:-

- meetings with representatives from every department
- all general notices are placed on the notice boards
- memos sent by internal e-mail systems
- openly communicating to Employees and their families during activities
- Management participates in environmental training and activities organized

The following are activities implemented for staff participation in resource conservation.

- Prudent usage of degradable plastic bags
- Manufacturing of Tex Cycle Soak-Ups from recycled materials
- Manufacturing shoe covers from recycled materials
- Manufacturing floor mats from recycled materials

All contractors are required to attend a briefing by Tex Cycle's SHE staff on the following: -

- Tex Cycle's Environmental policy
- Regulations for Vendors and Contractors
- Fire Emergency Response Procedures
- Emergency Route
- Scheduled Waste Code and Warning Labels
- Tex Cycle Recycling and Waste Minimization Policy
- Environmental Legal Requirements
- Competent and Qualified to perform (dealing with scheduled waste)

Supplier and Contractor Development

- Practice - Tex Cycle provides environmental policy, training materials and available practices in the Contractor Safety Briefing.
- Knowledge Sharing - Contractors and suppliers are required to attend annual training at Tex Cycle on issues such as environmental impact, handling and safety procedures for the material/product supplied to Tex Cycle.
- Cooperation - samples of new material/product from the contractor or supplier are tested in the lab at Tex Cycle to assess if new product worsen the environmental impact.

Community Awareness

Disposal of industrial wastes currently practiced in Malaysia for majority industries are through incineration on landfill. The process of incineration and disposing to secured landfill is extremely expensive, inefficient and usually the last alternative in the hierarchy of Waste Management. Tex Cycle provides competitive alternatives to the waste generators by reducing, reusing, recovering and recycling these industrial wastes. We have ever since been supporting schools and DOE's road shows on environmental awareness. Tex Cycle has committed its resources on highlighting to the industries and community on the importance of managing industrial waste.

Environmental Activities for the Community

Services - Global Positioning System (GPS) is installed inside all Tex Cycle's trucks therefore providing assurance to community and enforcement officers on the location and logistic of the scheduled waste. It provides higher esteem and integrity to the Scheduled Waste Management industry and an accountability of the 'cradle to grave' system for the waste contractors.

Trained Personnel - Tex Cycle staffs are trained internally on SOP on emergency situations and cross training with Customers on mock emergency exercises that helps provide an opportunity for Tex Cycle's staff to access their own knowledge against Customer's method of training.

School Programs - Tex Cycle encourages students especially from higher secondary school to visit and participate in Environmental programs. Students will have the opportunity to understand the process of scheduled waste recycling and recovery, hands-on JAR test in the wastewater area, hands-on group activities on creating new products from household waste, understanding the benefits of recycling and initiate 4R activities in their own school. Tex Cycle has provided consultations and sponsored projects provided the project is carried out by the students themselves. Clean cotton gloves which are no longer needed by the industry are also provided to the students and collected after use for cleaning and reuse.

Community Awareness - Any participating community member who are keen on environmental awareness programs are welcomed. Adult groups are given a detailed presentation on the history, processes and relevant information on Tex Cycle, followed by a plant tour and finally, a Q&A session which provides an alternative perspective on the concept of recycling and awareness towards Scheduled Waste Management. We encourage community to be responsible for their own environmental health and not completely depend on the Government for enforcement.

Local University - We supports the universities by providing research funds and required information for the research related with the industry and accepts final year students for internship.

Customer EMP - We support Customers' EMS, ISO14001 certification and environmental program by assisting customers with their regulation and compliance issues.

DOE - Tex Cycle has participated in the Selangor State and National Environmental week (MASM) exhibition, bringing Scheduled Waste Management awareness to community within Selangor and the whole of Peninsular Malaysia. With collaboration of Selangor DOE, an environmental camp during the State Environmental Week was co-organized.

Community Program

Recently, Tex Cycle sponsored towards a Dialysis Centre situated at Klang Valley for the poor and less fortunate kidney patients who require the treatments to stay alive. With its on-going support to the Centre, Tex Cycle aims to assist the less fortunate in their medical needs. Tex Cycle also shares its profits on a continuous basis with many other charitable organisations to provide help to those who are in need of assistance.

Target And Achievement

Incorporate Environmental Accounting Into Cost and Investment Consideration

The investment on the plant is part of the investment towards pollution control and conservation of our natural resources. Over the years, the investment towards the facility in Puchong has increased for the benefits of both the environment and surrounding community. The management ensures that the facilities in Tex Cycle complies with the authority and observe the requirements by the stakeholders. The benefits of complying with the environmental law are clearly seen through the increase in revenue. The profit gained in Tex Cycle is through the recycling and recovery activities and the decontamination service provided and invested in R&D through a lab at Tex Cycle premise to further expand this area of interest.

R&D Involvement Towards Environmental Innovation

Tex Cycle main aim is to minimize the amount of waste disposed from the plant. Research and development is exploited to generate useful products from waste.

- Oil Absorbents

Fiber Absorbents - Damaged cotton materials such as rags and gloves are separated into fiber, processed and convert into absorbents. These fiber absorbents are designed to absorb oil on water and maintain its buoyancy throughout the process of cleaning up. This new product is marketed to cater oil spills on rivers, lakes and seas.

Sludge - In order to minimize the amount of sludge being sent for incineration, the next R&D was carried out on the sludge generated from the wastewater treatment plant. The sludge is processed and displays oil absorbing characteristic. The sludge will be ideal to absorb oil spillage on land and will harden into a solid form.



- Soil Conditioner

Analysis carried out by a certified independent lab implies that the sludge generated by Tex Cycle Waste Water Treatment Plant does not contain high level of toxicity and can be disposed at municipal landfill. Analysis from University of Sarawak has also showed that the sludge contains high amount of carbon which is suitable to support plant growth. As current process of disposing the sludge is through incineration, dumped at secured landfills, consumes high amount of energy and contributes no benefit to the environment, we are in the R&D stage of converting the sludge into fertilizer. The nutrients in the sludge through analysis show that it has potential in supporting plant growth and overall improves the soil structure and workability. Organic matter also provides the advantages of water retention, permits easier root penetration and reduce the risk of water runoff from soil surface.

According to research carried out by student from University Malaysia Sarawak on Tex Cycle's sludge, the organic matter in the sludge recorded an average of 70% in total mass. Eventually, the organic matter in sludge will be decomposed into stable humic compounds. The pH recorded from test carried out on the sludge is at an average of 5-6 pH. Slightly acidic sludge means better condition for the development of bacteria and fungi. The average Total Kjeldahl Nitrogen (TKN) and Total Phosphorus (TP) measured in the sludge samples are 0.14% and 173.8ppm. Nitrogen and phosphorus are important source of nutrients for plant development. Furthermore, the content of N and P in the sludge is in organic form. The distribution of the sludge particles contain high amount of particles similar to silt. Silt has the benefits of both sand and clay and the size of silt distribution is smaller than sand but larger than clay, therefore providing good water retention properties for the plants.

- Sludge as Fuel - Research is still being carried out to find best alternatives and methods to convert the hardened sludge into a secondary fuel similar to coal.

External Assurance

Tex Cycle does not restrict itself financially or its resources when it comes to community awareness but gives its best in providing education program for both adult and students. It is a difficult task in organizing such events with limited resources and accepting a larger group. The Management foresaw the importance of education and awareness and built a conference room which accommodates 60 people in the new wing of the building. It was part of the expansion program for the Company.

Most of the participants who come to Tex Cycle tend to carry the mindset that Tex Cycle is a large launderette due the existence of large numbers of industrial washing machine and collection of contaminated wipes, rags and gloves in the main production area. They assume that these contaminated rags, gloves and wipes are washed similar to household laundry system but in a larger scale. Therefore, the awareness program is specially arranged to change these mindsets by providing a line tour, explaining the process in detail and the importance of a waste water treatment and the dangers of these contaminated materials. Depending on the crowd, the questions varies from technical questions to very basic question but through these question and answer sessions, the participants are able to comprehend a better understanding on the importance of the regulation of industrial waste and their responsibility as a citizen. Organizations are able to understand why it is important to segregate the domestic wastes from industrial wastes and what happens to these contaminated wastes once it leaves their premises.

The Management realized that the main stakeholders of Tex Cycle are the employees and much emphasis on the awareness programs initially was aimed at communities and industries. Subsequently, the Management incorporated environmental social awareness programs for the staff and their family members and gave much priority to this. In reality, employees tend to overlook the importance of trainings as a benefit to the industry and treat it as means of income. Training and awareness program on environmental training and Recycling & Family Day were introduced in order to carry out the environmental message across to the staff's family members that training are given to prioritize the safety and well being of the Employees and their families. Activities such as buying recyclable materials made of paper, glass, tin, etc. at a higher market price and competition on reusing household waste into art-craft are carried out during these events.

Waste as Competition

Management and Environmental Award

Tex Cycle aims to change the perspective of the public regarding the image of a Scheduled Waste recycling and recovery plant. Tex Cycle has practiced pollution control, waste minimization, cleaner production and promoting environmental awareness as part of the company's policy. The awards achieved are evidence that Tex Cycle is aiming high to be a role model in the Scheduled Waste Management Industry.



CORPORATE RESPONSIBILITY REPORT

Annual Report 2008

(continued)

Awards Achieved Prior 2008

- ISO 14001 – Tex Cycle was awarded with the ISO 14001 certification in March 2003
- Tex Cycle is the winner of the year 2004 “Anugerah Alam Sekitar” Award, the Industry Environmental Award for SME is the highest award given out by the Selangor State Government
- Prime Minister Hibiscus Award 2005/2006 (Notable / SMI Special Award)
- Malaysian Canadian Business Council (MCBC) Industrial Excellence in Professional, Services Award 2006 – Silver
- ACCA – MESRA First Time Reporting 2006
- Prime Minister Hibiscus Award 2006/2007 Exceptional Achievement in Environmental Performance
- Prime Minister Hibiscus Award 2006/2007 Selangor Government
- Prime Minister Hibiscus Award 2006/2007 SME Special Award

Awards Achieved in 2008

- Practice Solution Award 2008 under Non-listed SME Category from National Award for Management Accounting (NAfMA)
- Company of the Year Award under Business Excellence Awards 2008 from Malaysia Canada Business Council (MCBC)
- Talisman Malaysia Limited Award Industry Excellence for Environment under Business Excellence Awards 2008 from Malaysia Canada Business Council (MCBC)
- Corporate Responsibility Award 2008 for Environment Category for market capitalization below RM1billion from Star Biz ICR Malaysia





Audits/ Visits

Tex Cycle regards visits and audits from Customers, Government Bodies and Educational Institutions as important to the Company and its stakeholders. The outcome of the audits, provide vital information for its improvement and growth. Our valuable visits are outlined below.

JANUARY 2008

- Sumitomo Metal (SMI) Electronics Devices (M) Sdn Bhd
- SIRIM Surveillance Audit

FEBRUARY 2008

- Konica Minolta Glass Tech (M) Sdn Bhd
- Epson Precision (Johor) Sdn Bhd

MARCH 2008

- Sony Precision Eng. Malaysia Sdn Bhd
- Department of Environment (DOE)



DOE Audit



DOE Audit

APRIL 2008

- Toyo Ink Sdn Bhd
- Spansion (KL) Sdn Bhd
- DIC (M) Sdn Bhd
- SMK Katholik



SMK Katholik



SMK Katholik



MILESTONE

Annual Report 2008

(continued)

MAY 2008

- Nordenia Thong Fook (M) Sdn Bhd
- Yamagata (M) Sdn Bhd
- Fujikura Federal Cabels Sdn Bhd
- Petronas Gas Berhad

JUNE 2008

- PEDMA, Shah Alam

JULY 2008

- Gamuda Water Sdn Bhd
- BASF Polyurethanes (M) Sdn Bhd
- UMW Corporation Sdn Bhd
- Lubetech Sdn Bhd



UMW Corporation Sdn Bhd



UMW Corporation Sdn Bhd



Gamuda Water Sdn Bhd



Gamuda Water Sdn Bhd



AUGUST 2008

- Environmental Institute of Malaysia (EiMAS) & Malaysian Technical Cooperation Programme (MTCP) Visit
- Polymatech (Malaysia) Sdn Bhd
- NSK Micro Precision Sdn Bhd
- Cameron Malaysia Sdn Bhd
- Shin Fuji Labels Sdn Bhd



EiMAS & MTCP Visit



EiMAS & MTCP Visit



EiMAS & MTCP Visit



Polymatech (Malaysia) Sdn Bhd



Polymatech (Malaysia) Sdn Bhd



Polymatech (Malaysia) Sdn Bhd



MILESTONE

Annual Report 2008

(continued)

SEPTEMBER 2008

- Osram Opto Semiconductors (M) Sdn Bhd
- University of Malaya
- Kobelco & Materials Copper Tube (M) Sdn Bhd
- Department of Safety & Health (DOSH) Inspection

OCTOBER 2008

- Department of Environment (DOE), Putrajaya
- Basel Convention Secretariat (BCRC) – SEA, Jakarta

NOVEMBER 2008

- Jabil Circuit Sdn Bhd
- Monetech Audio Sdn Bhd
- Pioneer Electronic, Taiwan
- Hitachi Chemical (Johor) Sdn Bhd
- Sony Precision Engineering Malaysia Sdn Bhd
- Balfour Beatty Rail Sdn Bhd
- Swedish Motor Assembly Sdn Bhd

DECEMBER 2008

- Continental Sime Tyre PJ Sdn Bhd
- Hosiden Electronics (M) Sdn Bhd
- Sime Darby Engineering Sdn Bhd
- SMCI Globetronics Technology Sdn Bhd



Events/ Activities

Besides the many audits and visits from various bodies, Tex Cycle plans its own Corporate Responsibility agenda for the year, to serve the community and provide knowledge to them on importance of environmental conservation and our duty as a corporate citizen towards protecting the Earth and its resources.

Dialysis Centre



Tex Cycle aims to make a difference in the lives of people in the communities within which it operates. Therefore it steps outside of the business sphere to participate more broadly in the community.

In 2008 Tex Cycle entered into partnership as a main sponsor with an NGO to provide hemodialysis treatment at a centre (Pusat Dialisis Good Health) in the vicinity of Klang Valley. The objective of the Centre is to provide the dialysis treatment crucial for kidney failure patients to stay alive and create public awareness on kidney related issues and healthcare. The hard core poor patients find the charges for the treatment at Clinics and Private Hospitals rather unaffordable. It is only through charitable organizations such as this, the less fortunate get the medical assistance they need.

Besides the Management's continuous contribution for this Centre, each and every Employees of Tex Cycle gave their most sincere and generous contribution for the Centre as well. The contribution from the Employees will be specifically used to purchase equipment essential for the Centre.



MILESTONE

Annual Report 2008

(continued)

Annual Trip



Our annual Company trip for 2008 was an enchanting trip to Pattaya/ Bangkok. This very interesting trip was fully paid for each Employee in appreciation of their contribution in time, effort, knowledge, expertise, commitment and sincerity to the Company. In this 4 day/ 3 night stay, all the famous places to visit were covered. Some of the famous spots were Nong Nooch Village, Safari World & Marine Park, Damnoen Saduak Floating Market, Vinmark Mansion, Wat Arun and many more. We also had numerous activities outlined for us throughout the day. We had time to shop almost every day and watched many cultural shows. There was also the famous Alcazar Ladyboy Cabaret Show which was completely enchanting. Our tour guide enlightened us on valuable information on Thailand and its culture throughout our trip. We also had our Annual Dinner 2008 in Bangkok and prepared for our own performance of Alcazar cabaret show which was the highlight for the evening. We had our monthly celebration of birthdays as well as presentation of numerous awards to Employees for their involvement in Tex Cycle during the dinner.

**Environmental Management And Research Association of Malaysia (ENSEARCH)**

This is a Waste Management Conference & Exhibition held by ENSEARCH every year. For 2008, it was held at the Sime Darby Convention Centre. At this exhibition, valuable information on Waste Management is shared among people from a wide scope of industries. Company representatives from these industries were also present there, Tex cycle is able to gain more contact of new Customers while promoting Tex Cycle's services and products and to enhance the awareness on recycling to the industries. As regulatory bodies also attended the exhibition, it was an opportunity for question and answer sessions with them directly on Waste Management. Also present was the Minister of Natural Resources and Minister of Housing and Local Government.



MILESTONE

Annual Report 2008

(continued)

World Environment Day



World Environment Day is celebrated internationally on 5th of June. For 2008, the SHE Department organized a competition among Tex Cycle Employees to create awareness on environment and its surroundings. Encouraging agriculture is a definite solution to reducing the effects of global warming which is the greatest risk to the environment. In this competition, Tex Cycle Employees were divided into 6 groups and each group was provided with the necessary items to grow chili and tomato plants. Tex Cycle even produced its own compost months ahead, for this competition. The winner for this competition was the group with the first produce for each chili and tomato.



Malaysia Canada Business Council (MCBC)



The Malaysia Canada Business Council (MCBC) presented Tex Cycle with 2 awards, namely the Company of the Year Award and Talisman Malaysia Limited Award Industry Excellence for Environment, both under Business Excellence Awards 2008.



MILESTONE

Annual Report 2008

(continued)

Star Biz ICR Malaysia



Tex Cycle proudly received the Corporate Responsibility Award from Star Biz ICR Malaysia. Tex Cycle was presented with the Winner Award for Environment Category for market capitalization below RM1billion. We were also one of the Finalist for the Community Category. This and the many other awards received were manifestation and the right mode of encouragement to the Management and Employees of Tex Cycle to keep striving to achieve our mission in conserving the Earth for future generations.



NiE Sponsorship



Tex Cycle sponsored 'The Star' newspapers to 15 schools from February till October 2008, totaling to 10,000 copies through the 'NiE Sponsorship 2008' program. On the 11th of February, Mr. Perry, Managing Director of Tex Cycle officially handed over copies of 'The Star' newspaper to the Principal of Sek. Men. St. Gabriel with press coverage for the event.

National Award for Management Accounting (NAfMA)



Practice Solution Award 2008 under Non-listed SME Category from National Award for Management Accounting (NAfMA) was awarded to Tex Cycle for our ability to Manage the Accounting of this Environmental Business we are in, in a profitable manner while achieving our mission to conserve the environment for the future. This was the first time Tex Cycle enrolled for this award and was selected as the winner for Non-listed SME Category.



MILESTONE

Annual Report 2008

(continued)

Deepa - Raya



Tex Cycle's Employees are constantly affirmed for their contributions to the Company. As Tex Cycle's Employees are from various culture, the Management encourages unity between all Employees at all times. Deepa-Raya, a celebration of Hari Raya and Deepavali has become an annual affair for the past few years as the festive dates are usually not far apart. For 2008, this event had more than just a gala dinner. There were interesting games such as eating watermelon, drinking competition for the Employees and their spouses. For the children, there were balloon blowing, ice-cream eating competition, party bags and many other events to make their day. A special performance of drag queen by our foreign workers made every head turn. There was also presentation of certificates and token of appreciation to eligible Employees of the 3rd quarter from each department for their contribution and effort in their duties. The highlight was a guessing game whereby gloves were filled in a box and the guests had to guess the number of gloves in the box for the grand prize.



Safety Month 2008

A number of programs were outlined and carried out for the Safety Month in May 2008. All the programs were initiated with an objective to provide knowledge and arouse awareness on the safety element of each Employee while they are at work and prepare them for emergency situations in the event of occurrence. Tex Cycle has always given utmost priority to safety of the Employees and wants them to return to their families safely.

Chemical Handling



Chemical Handling Training was conducted by supplier on proper handling of chemicals which are present around them at all times to ensure their safety while performing their duties.

Gas Safety



LPG Gas Safety training highlighted on the safety measures to know when handling gas and the emergency response plan in the event of a leakage or fire due to leakage.



Drivers Training



During the training on lorry, Drivers were enlightened on matters pertaining the maintenance of the lorries, knowledge of safety measures, equipments required on the lorry, handling spillage at customer place, how to handle accidents when transporting and many other issues related to the Logistic Department.



Personal Protective Equipments (P.P.E.)



Our supplier of personal protective equipments conducted a training for all the Employees on proper usage, maintenance of these equipments and methods to store these equipments for maximum benefit of using these personal protective equipments. Also discussed were the side effects and dangers encountered when these equipments are not used.



First Aid

First Aid training for 2008 was conducted in a different way than usual. After theoretical training were given, the Employees were asked to do a role play to act out scenarios that may occur in the plant. Each group acted out the wrong way one should avoid doing and the correct method of handling such situations. The first aid treatments involved were acted out step by step so that the Employees clearly understood what was being done and why. The 4 groups acted out these scenarios:



Group 1.
Scenario: Choking on Food



Group 2.
Scenario: Unconsciousness due to Solvent Exposure



Group 3.
Scenario: Fracture due to Fall



Group 4.
Scenario: Injury due to Spillage



Fire Fighting



Fire fighting training was conducted by the SHE Department. Both theory and practical sessions were conducted to enhance their understanding and awareness on the dangers of fire in the plant and the importance of knowing the preventive methods to save lives and reduce the consequences of fire.

Morning Exercise



Throughout the whole month of May, morning exercise was organized for Employees to enhance their awareness on health. This practice made Employees realize the importance of keeping oneself healthy in order to contribute to their family and Community.



MILESTONE

Annual Report 2008

(continued)

Monthly Affairs

Celebrations



All Employees of Tex Cycle are made to feel that they are appreciated with a birthday celebration at the end of every month. A birthday cake is shared by all those celebrating their birthday for the month and breakfast will be provided. This event also allows Employees of different levels to communicate and thus creating a better working environment in Tex Cycle.

We celebrate many festive seasons in Malaysia. At Tex Cycle, Employees are given a small token of appreciation in monetary terms and soft drinks for them to celebrate with their family during festive season.

In Times of Need



Employees of Tex Cycle whose income fall under the lower income group are given special attention to help them cope with the economic crisis through contribution of rice for their families. In this way, Tex Cycle reduced their financial burden and in turn gained their appreciation of the Management.

Tex Cycle not only reaches out to the Employees but also gives priority to the well being of immediate family members of its Employees. An Employee of Tex Cycle was overcome with depression when her son met with an accident and was not able to walk due to fracture. Tex Cycle gave a helping hand by providing him a wheel chair to ease his difficulties until he recovered.



TEX CYCLE TECHNOLOGY (M) BERHAD
(Incorporated in Malaysia)

Directors' report

62

Report of the auditors

67

Income statements

69

Balance sheets

70

Statements of changes in equity

72

Cash flow statements

74

Notes to the financial statements

78

Statement by directors and Declaration by the officer primarily
responsible for the financial management of the Company

111



DIRECTORS' REPORT

Annual Report 2008

TEX CYCLE TECHNOLOGY (M) BERHAD (Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **TEX CYCLE TECHNOLOGY (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 15 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit before tax	6,112,969	1,226,320
Income tax expense	<u>(1,471,861)</u>	<u>(308,512)</u>
Profit for the year	<u>4,641,108</u>	<u>917,808</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A final dividend of 5%, less 26% tax amounting to RM631,934 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year.



The directors have proposed a first and final dividend of 5.0%, comprising 0.3% less 25% tax, amounting to RM38,428 and single tier exempt dividend of 4.7% amounting to RM802,727 in respect of the current financial year. The proposed final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2009.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

- (a) which render the amount of bad debts written off or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or



DIRECTORS' REPORT

Annual Report 2008

(continued)

- (c) 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; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Ho Siew Choong
Periasamy A/L Sinakalai
Yusseri Bin Said
Ho Siew Cheong
Ho Siew Weng
General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)
Razali Bin Jantan
Ravindran Markandu

In accordance with Article 80 of the Company's Articles of Association, Messrs. Ho Siew Choong, Periasamy A/L Sinakalai and Encik Razali Bin Jantan retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.



DIRECTORS' INTERESTS

The shareholdings in the Company and in related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.10 each			Balance as of 31.12.2008
	Balance as of 1.1.2008	Bought	Sold	
Shares in the Company				
Yusseri Bin Said				
- Direct	4,350,130	-	-	4,350,130
Ho Siew Cheong				
- Direct	3,887,065	151,200	-	4,038,265
- Deemed (Note 1)	82,104,559	-	-	82,104,559
Ho Siew Choong				
- Direct	7,818,803	-	-	7,818,803
- Deemed (Note 1)	82,104,559	-	-	82,104,559
- Indirect (Note 2)	31,000	31,000	-	62,000
Ho Siew Weng				
- Direct	2,087,597	62,000	-	2,149,597
- Deemed (Note 1)	82,104,559	-	-	82,104,559
Periasamy A/L Sinakalai				
- Direct	7,599,965	-	-	7,599,965
- Deemed (Note 1)	82,104,559	-	-	82,104,559
- Indirect (Note 2)	8,000	-	-	8,000
Ravindran Markandu				
- Direct	18,900	106,100	-	125,000
- Indirect (Note 2)	-	3,000	-	3,000

Note 1 : Deemed interest by virtue of his interest in Can Cycle Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.

Note 2 : Indirect interest by virtue of his spouse's/his children's direct shareholdings in Tex Cycle Technology (M) Berhad by virtue of Section 134(12)(c) of the Companies Act, 1965.



DIRECTORS' REPORT

Annual Report 2008

(continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in Note 9 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 he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and a company in which certain directors of the Company are also directors and have substantial financial interest as disclosed in Note 20 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte & Touche, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,



PERIASAMY A/L SINAKALAI



HO SIEW CHOONG

Puchong
April 29, 2009



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

TEX CYCLE TECHNOLOGY (M) BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **TEX CYCLE TECHNOLOGY (M) BERHAD**, which comprise the balance sheets as of December 31, 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 10 to 51.

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 applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 our opinion on these financial statements based on our audit and to report our opinion to you, 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 contents of this report.

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 the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, auditors consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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



REPORT OF THE AUDITORS

Annual Report 2008

(continued)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 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 subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary companies 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.
- (c) Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

DELOITTE & TOUCHE
AF 0834
Chartered Accountants

HIEW KIM TIAM
Partner - 1717/08/09 (J)
Chartered Accountant

April 29, 2009



**TEX CYCLE TECHNOLOGY (M) BERHAD
AND ITS SUBSIDIARY COMPANIES**
(Incorporated in Malaysia)

**INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Note(s)	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	5 & 6	13,824,483	13,690,208	1,377,000	1,183,500
Cost of sales		(4,507,892)	(4,701,407)	-	-
Gross profit		9,316,591	8,988,801	1,377,000	1,183,500
Other operating income		1,255,209	732,452	-	17,033
Changes in fair value of investment property	14	330,000	-	-	-
Selling and distribution costs		(328,571)	(414,266)	-	-
Administrative expenses		(3,565,219)	(3,115,563)	(254,146)	(172,089)
Other operating expenses		(1,066,633)	(1,414,164)	-	-
Profit from operations	7	5,941,377	4,777,260	1,122,854	1,028,444
Finance cost	8	(18,548)	(21,787)	-	-
Interest income		190,140	225,210	103,466	88,312
Profit before tax		6,112,969	4,980,683	1,226,320	1,116,756
Income tax expense	10	(1,471,861)	(1,430,611)	(308,512)	(299,621)
Profit for the year		4,641,108	3,550,072	917,808	817,135
Earnings per ordinary share					
Basic and diluted (sen)	11	2.72	2.08		

The accompanying Notes form an integral part of the Financial Statements.

BALANCE SHEETS

Annual Report 2008

**TEX CYCLE TECHNOLOGY (M) BERHAD
AND ITS SUBSIDIARY COMPANIES**
(Incorporated in Malaysia)

**BALANCE SHEETS
AS OF DECEMBER 31, 2008**

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	12	7,473,692	7,385,861	-	-
Prepaid lease payments	13	8,214,997	2,718,232	-	-
Investment property	14	6,230,000	5,900,000	-	-
Investment in subsidiary companies	15	-	-	10,579,282	10,579,282
Goodwill on consolidation	16	583,937	583,937	-	-
Investment in structured funds	17	1,000,000	-	-	-
Total Non-current Assets		<u>23,502,626</u>	<u>16,588,030</u>	<u>10,579,282</u>	<u>10,579,282</u>
Current Assets					
Inventories	18	498,528	326,622	-	-
Trade receivables	19	4,210,297	3,779,535	-	-
Other receivables and prepaid expenses	19	251,823	845,205	1,000	29,000
Tax recoverable		512,122	410,092	51,056	13,873
Amount owing by subsidiary companies	20	-	-	9,963,604	8,726,793
Cash and bank balances	21	7,872,699	10,870,857	2,320,704	3,282,824
Total Current Assets		<u>13,345,469</u>	<u>16,232,311</u>	<u>12,336,364</u>	<u>12,052,490</u>
Total Assets		<u>36,848,095</u>	<u>32,820,341</u>	<u>22,915,646</u>	<u>22,631,772</u>

(Forward)

BALANCE SHEETS

Annual Report 2008

(continued)



	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	22	17,079,300	17,079,300	17,079,300	17,079,300
Reserves	23	17,917,107	13,907,933	5,806,796	5,520,922
Total Equity		34,996,407	30,987,233	22,886,096	22,600,222
Non-current Liabilities					
Hire-purchase payables					
- non-current portion	24	110,900	222,327	-	-
Deferred tax liabilities	25	445,632	418,557	-	-
Total Non-current Liabilities		556,532	640,884	-	-
Current Liabilities					
Trade payables	26	121,640	94,450	-	-
Other payables and accrued expenses	26	891,403	902,891	29,550	31,550
Hire-purchase payables - current portion	24	246,310	194,883	-	-
Tax liabilities		35,803	-	-	-
Total Current Liabilities		1,295,156	1,192,224	29,550	31,550
Total Liabilities		1,851,688	1,833,108	29,550	31,550
Total Equity and Liabilities		36,848,095	32,820,341	22,915,646	22,631,772

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

Annual Report 2008

**TEX CYCLE TECHNOLOGY (M) BERHAD
AND ITS SUBSIDIARY COMPANIES**
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

The Group

	Note	Issued capital RM	Non- distributable reserve - Share premium RM	Distributable reserve - Unappropriated profit RM	Total RM
Balance as of January 1, 2007		17,079,300	4,521,517	6,459,738	28,060,555
Dividends paid		-	-	(623,394)	(623,394)
Profit for the year		-	-	3,550,072	3,550,072
Balance as of December 31, 2007		<u>17,079,300</u>	<u>4,521,517</u>	<u>9,386,416</u>	<u>30,987,233</u>
Balance as of January 1, 2008		17,079,300	4,521,517	9,386,416	30,987,233
Dividends paid	27	-	-	(631,934)	(631,934)
Profit for the year		-	-	4,641,108	4,641,108
Balance as of December 31, 2008		<u>17,079,300</u>	<u>4,521,517</u>	<u>13,395,590</u>	<u>34,996,407</u>

STATEMENTS OF CHANGES IN EQUITY

Annual Report 2008

(continued)



The Company	Note	Issued capital RM	Non-distributable reserve - Share premium RM	Distributable reserve - Unappropriated profit RM	Total RM
As of January 1, 2007		17,079,300	4,521,517	805,664	22,406,481
Dividends paid		-	-	(623,394)	(623,394)
Profit for the year		-	-	817,135	817,135
As of December 31, 2007		<u>17,079,300</u>	<u>4,521,517</u>	<u>999,405</u>	<u>22,600,222</u>
As of January 1, 2008		17,079,300	4,521,517	999,405	22,600,222
Dividends paid	27	-	-	(631,934)	(631,934)
Profit for the year		-	-	917,808	917,808
As of December 31, 2008		<u>17,079,300</u>	<u>4,521,517</u>	<u>1,285,279</u>	<u>22,886,096</u>

CASH FLOW STATEMENTS

Annual Report 2008

**TEX CYCLE TECHNOLOGY (M) BERHAD
AND ITS SUBSIDIARY COMPANIES**
(Incorporated in Malaysia)

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit for the year	4,641,108	3,550,072	917,808	817,135
Adjustments for:				
Income tax expense recognised in income statement	1,471,861	1,430,611	308,512	299,621
Depreciation of property, plant and equipment	1,093,893	1,038,266	-	-
Allowance for doubtful debts	124,000	130,540	-	-
Amortisation of prepaid lease payments	86,518	29,400	-	-
Finance cost	18,548	21,787	-	-
Bad debts written off	10,432	13,810	-	-
Changes in fair value of investment property	(330,000)	-	-	-
Interest income	(190,140)	(225,210)	(103,466)	(88,312)
Gain on disposal of property, plant and equipment	(54,910)	(6,919)	-	-
Property, plant and equipment written off	-	11,359	-	-
Dividend income	-	-	(1,377,000)	(1,183,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Profit/(Loss) Before Working Capital Changes	6,871,310	5,993,716	(254,146)	(155,056)

(Forward)

CASH FLOW STATEMENTS

Annual Report 2008

(continued)



	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
(Increase)/Decrease in:				
Inventories	(171,906)	(57,427)	-	-
Trade receivables	(565,194)	(389,172)	-	-
Other receivables and prepaid expenses	593,382	(539,062)	28,000	(28,000)
Increase/(Decrease) in:				
Trade payables	27,190	(8,043)	-	-
Other payables and accrued expenses	50,762	(94,036)	(2,000)	10,301
Amount owing to directors	(62,250)	62,249	-	-
Cash Generated From/ (Used In) Operations	6,743,294	4,968,225	(228,146)	(172,755)
Finance cost paid	(18,548)	(21,787)	-	-
Income tax paid	(1,511,013)	(1,681,848)	(1,445)	(1,518)
Net Cash From/(Used In) Operating Activities	5,213,733	3,264,590	(229,591)	(174,273)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES				
Interest received	190,140	225,210	103,466	88,312
Proceeds from disposal of property, plant and equipment	62,250	8,499	-	-
Purchase of leasehold land	(5,583,283)	-	-	-
Purchase of property, plant and equipment (Note a)	(1,039,064)	(938,275)	-	-
Increase in investment in structured fund	(1,000,000)	-	-	-
Increase in short-term deposits pledged	(88,674)	(4,561)	-	-
(Increase)/Decrease in amount owing by subsidiary companies	-	-	(204,061)	922,000
Net Cash (Used in)/From Investing Activities	(7,458,631)	(709,127)	(100,595)	1,010,312

(Forward)

CASH FLOW STATEMENTS

Annual Report 2008

(continued)

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS USED IN FINANCING ACTIVITIES					
Dividends paid		(631,934)	(623,394)	(631,934)	(623,394)
Payment of hire-purchase payables		(210,000)	(199,895)	-	-
Net Cash Used In Financing Activities		(841,934)	(823,289)	(631,934)	(623,394)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS					
		(3,086,832)	1,732,174	(962,120)	212,645
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR					
		10,733,012	9,000,838	3,282,824	3,070,179
CASH AND CASH EQUIVALENTS AT END OF YEAR					
	28	7,646,180	10,733,012	2,320,704	3,282,824

Note a

Purchase of property, plant and equipment during the financial year were through the following:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Payment by cash	1,039,064	938,275	-	-
Finance by hire-purchase	150,000	400,000	-	-
	1,189,064	1,338,275	-	-

(Forward)

CASH FLOW STATEMENTS

Annual Report 2008

(continued)



Note b

Analysis of assets and liabilities of subsidiary company acquired in 2007 were as follows:

	The Group 2007 RM
Amount owing by directors	<u>2</u>
Net assets acquired	<u>2</u>
Total purchase consideration	2
Less: Purchase consideration satisfied through the issue of ordinary shares	(2)
Less: Cash and bank balances	<u>-</u>
Cash flow on acquisition, net of cash and cash equivalents acquired	<u><u>-</u></u>

The accompanying Notes form an integral part of the Financial Statements.

**TEX CYCLE TECHNOLOGY (M) BERHAD
AND ITS SUBSIDIARY COMPANIES**
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 15.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at Unit 07-02, Level 7, Menara Luxor, Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at 8, Jalan TPK 2/3, Taman Perindustrian Kinrara, 47100 Puchong, Selangor Darul Ehsan, Malaysia.

The financial statements of the Company were authorised for issuance by the Board of Directors in accordance with a resolution of the directors on April 29, 2009.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board (“MASB”) approved accounting standards in Malaysia.

Adoption of Revised Financial Reporting Standards

During the current financial year, the Group and the Company adopted all the revised Financial Reporting Standards (“FRS”) issued by MASB that are relevant to their operations and effective for annual periods beginning on or after January 1, 2008 as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets



The adoption of the above FRSs did not result in substantial changes to the Group's and the Company's accounting policies and did not have any material financial effect on the financial statements of the Group and of the Company for the current and prior financial years.

Accounting Standards and IC Interpretations Issued but Not Effective

As of the date of issuing the financial statements, the following new/revised FRSs and IC Interpretations have been issued but not yet effective:

FRS 4	Insurance Contracts **
FRS 7	Financial Instruments: Disclosures **
FRS 8	Operating Segments *
FRS 139	Financial Instruments: Recognition and Measurement **
IC Interpretation 9	Reassessment of Embedded Derivatives **
IC Interpretation 10	Interim Financial Reporting and Impairment **

* Effective for accounting periods beginning on or after July 1, 2009.

** Effective for accounting periods beginning on or after January 1, 2010.

The directors anticipate that the adoption of these FRSs and IC Interpretations in future periods will have no material financial impact on the financial statements of the Group and of the Company in the year of adoption except as disclosed below.

FRS 139 Financial Instruments: Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets and, financial liabilities and certain contracts to buy and sell non-financial items.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the accounting policies mentioned below.

Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and of all subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Group owns, directly or indirectly, more than 50% of the equity share capital or where it has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholder is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of 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, as applicable.

All significant intercompany transactions and balances are eliminated on consolidation.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business exceeds the cost of the business combination, the excess is recognised immediately in the income statements.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill had been allocated to Tex Cycle Sdn. Bhd. as one single CGU.

The recoverable amount of the CGU is determined from value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU.

The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 2 years based on estimated growth rate of 1.3%. This rate does not exceed the average long-term growth rate for the relevant markets.



On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue of the Company consists of dividend income received or receivable from subsidiary companies.

Revenue of the subsidiary companies consists mainly of income from provision of waste recovery and recycling services, income from rental of recycled products and gross invoiced value of goods sold net of discounts and returns.

Revenue in respect of provision of waste recovery and recycling services is recognised when the services are rendered.

Revenue in respect of rental of recycled products is recognised on an accrual basis.

Revenue in respect of sales of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed.

Dividend from subsidiary companies is recognised when the shareholder's right to receive payment is established.

Rental income from investment property is recognised on a straight-line basis over the lease term.

Interest income is recognised on an accrual basis.

Foreign Currencies

The financial statements of the Group and of the Company are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Company and its subsidiary companies operate (its functional currency).

In preparing the financial statements of Group and of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statements for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Employee Benefits

(a) Short-term employee benefits

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

(b) Post-employment benefits

Certain subsidiary companies make statutory contributions to an approved provident fund and contributions are charged to the income statements. Once the contributions have been paid, there are no further payment obligations. The approved provident fund is a defined contribution plan.

Income Tax

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

Deferred tax is provided for, using the “liability” method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. 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 the accounting profit nor taxable profit.

The carrying amount of deferred tax assets, if any, is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the asset to be recovered.



Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, Plant and Equipment

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

Freehold land and capital work-in-progress is not depreciated.

Other property, plant and equipment is depreciated on a straight-line method to write-off the cost of the various assets over their estimated useful lives at the following annual rates:

Buildings	1% - 2%
Office equipment and furniture and fittings	10% - 20%
Factory equipment and electrical installation	10% - 20%
Motor vehicles	20%
Computers	20% - 40%

At each balance sheet date, the residual values and useful lives of property, plant and equipment are reviewed and the effects of any changes are recognised prospectively.

Gain or loss arising on disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Prepaid Lease Payments

Leases of land where title is not expected to pass to lessee at the end of the lease term is classified as operating leases as land normally has an indefinite useful life. The upfront payments made on entering into or acquiring a leasehold land that is an operating lease represents prepaid lease payments which are amortised on a straight line basis over the lease term.

Investment Property

Investment property, comprising long-term leasehold land and building, is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Group.

Investment property is stated at fair value and changes in fair value will be recognised in the income statement in the period in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Property, Plant and Equipment under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Investment in Subsidiary Companies

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost less any impairment losses in the Company's financial statements.

Investment in Structured Funds

Investment in structured funds is stated at cost less impairment loss, if any.

Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Inventories

Inventories are valued at the lower of cost (determined on the "first-in, first-out" basis) and net realisable value. The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of work-in-progress and finished goods comprises the cost of raw materials, direct labour and a proportion of production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

In arriving at net realisable value, due allowance is made for damaged, obsolete or slow moving inventories.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts. Bad debts are written off in the year in which they are identified.

Payables

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

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to a present value where the effect is material.

At each balance sheet date, the provisions are revised by the directors and adjusted to reflect the current best estimate. The provisions are reversed if they are no longer probable that the Group and the Company will be required to settle the obligation.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to a known amount of cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period other than as follows:

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was RM583,937 and no impairment loss was recognised during the current financial year. Details of the value in use calculation are provided in Note 3.



5. REVENUE

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Provision of waste recovery and recycling services	10,506,052	10,743,937	-	-
Rental of recycled products	1,869,641	1,981,317	-	-
Sales of goods	1,448,790	964,954	-	-
Gross dividend income from subsidiary companies	-	-	1,377,000	1,183,500
	<u>13,824,483</u>	<u>13,690,208</u>	<u>1,377,000</u>	<u>1,183,500</u>

6. OPERATING COSTS APPLICABLE TO REVENUE

The operating costs, classified by nature, applicable to revenue are as follows:

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Direct costs on services rendered		3,064,617	3,167,274	-	-
Raw materials and consumables used		368,897	415,513	-	-
Changes in inventories of work-in-progress and finished goods		(17,655)	(52,368)	-	-
Directors' remuneration	9	837,258	731,298	88,000	34,000
Staff costs		1,803,878	1,646,333	-	-
Depreciation of property, plant and equipment	12	1,093,893	1,038,266	-	-
Amortisation of prepaid lease payments		86,518	29,400	-	-
Other operating expenses		<u>2,230,909</u>	<u>2,669,684</u>	<u>166,146</u>	<u>138,089</u>
		<u>9,468,315</u>	<u>9,645,400</u>	<u>254,146</u>	<u>172,089</u>

Staff costs include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF by the Group during the financial year amounted to RM130,165 (2007 : RM153,147).

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

7. PROFIT FROM OPERATIONS

Profit from operations is arrived at after the following charges/(credits):

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Allowance for doubtful debts	124,000	130,540	-	-
Auditors' remuneration:				
Statutory audit:				
Current year	60,500	60,000	25,000	20,000
Over provision in prior year	(2,000)	-	-	-
Other services	5,000	5,000	-	-
Rental of premises	17,900	16,200	-	-
Bad debts written off	10,432	13,810	-	-
Property, plant and equipment written off	-	11,359	-	-
Realised loss on foreign exchange	-	924	-	-
Rental income from investment property	(650,400)	(607,520)	-	-
Gain arising from insurance claim on loss of property, plant and equipment	(139,920)	-	-	-
Gain on disposal of property, plant and equipment	(54,910)	(6,919)	-	-
	<u>124,000</u>	<u>130,540</u>	<u>-</u>	<u>-</u>

8. FINANCE COST

	The Group	
	2008 RM	2007 RM
Interest on hire-purchase	<u>18,548</u>	<u>21,787</u>

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive directors:				
Salaries and other emoluments	610,020	556,370	-	-
Contributions to EPF	65,238	44,928	-	-
Fees	98,000	96,000	24,000	-
Non-executive directors:				
Fees	<u>64,000</u>	<u>34,000</u>	<u>64,000</u>	<u>34,000</u>
	<u>837,258</u>	<u>731,298</u>	<u>88,000</u>	<u>34,000</u>



The number of directors of the Company whose total remuneration during the year falls within the following bands is as follows:

	Number of Directors	
	2008	2007
Executive directors:		
Above RM150,000	3	1
RM50,001 - RM150,000	2	4
Below RM50,000	1	1
	<u> </u>	<u> </u>
Non-executive directors:		
Below RM50,000	3	3
	<u> </u>	<u> </u>

10. INCOME TAX EXPENSE

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Estimated tax payable:				
Current year	1,497,665	1,361,409	344,250	318,710
Overprovision in prior year	(52,879)	(17,685)	(35,738)	(19,089)
	<u>1,444,786</u>	<u>1,343,724</u>	<u>308,512</u>	<u>299,621</u>
Deferred tax liabilities (Note 25):				
Current year	30,255	17,763	-	-
Underprovision in prior year	(3,180)	69,124	-	-
	<u>27,075</u>	<u>86,887</u>	<u>-</u>	<u>-</u>
	<u>1,471,861</u>	<u>1,430,611</u>	<u>308,512</u>	<u>299,621</u>

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

A numerical reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Profit before tax	<u>6,112,969</u>	<u>4,980,683</u>	<u>1,226,320</u>	<u>1,116,756</u>
Tax at the applicable tax rate of:				
- 26% (2007 : 27%)	1,459,372	1,209,784	318,843	301,524
- 20% (2007 : 20%) on the first RM500,000 chargeable income of subsidiary companies	100,000	100,000	-	-
Tax effect of:				
Expenses that are not deductible in determining taxable profit	34,548	69,388	25,407	17,186
Income not subject to tax	(66,000)	-	-	-
Under/(Over)provision in prior year:				
Current tax	(52,879)	(17,685)	(35,738)	(19,089)
Deferred tax	<u>(3,180)</u>	<u>69,124</u>	<u>-</u>	<u>-</u>
	<u>1,471,861</u>	<u>1,430,611</u>	<u>308,512</u>	<u>299,621</u>

11. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

Basic

	The Group	
	2008	2007
Profit for the year (RM)	<u>4,641,108</u>	<u>3,550,072</u>
Weighted average number of ordinary shares in issue (units of RM0.10 each)	<u>170,793,000</u>	<u>170,793,000</u>
Basic earnings per share (sen)	<u>2.72</u>	<u>2.08</u>

Diluted

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares.



12. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land and building RM	Leasehold building RM	Office equipment and furniture and fittings RM	Factory equipment and electrical installation RM	Motor vehicles RM	Computers RM	Capital work-in- progress RM	Total RM
Cost								
As of January 1, 2007	1,565,371	2,063,236	318,815	2,848,013	1,578,585	65,871	-	8,439,891
Additions	-	-	68,779	581,740	668,376	19,380	-	1,338,275
Disposals	-	-	(786)	(1,590)	(141,529)	-	-	(143,905)
Write-offs	-	-	(3,955)	(47,000)	(240,600)	(11,946)	-	(303,501)
As of December 31, 2007	1,565,371	2,063,236	382,853	3,381,163	1,864,832	73,305	-	9,330,760
As of January 1, 2008	1,565,371	2,063,236	382,853	3,381,163	1,864,832	73,305	-	9,330,760
Additions	-	-	13,984	184,150	946,979	28,590	15,361	1,189,064
Disposals	-	-	(1,300)	(14,980)	(246,048)	-	-	(262,328)
As of December 31, 2008	1,565,371	2,063,236	395,537	3,550,333	2,565,763	101,895	15,361	10,257,496

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

The Group	Freehold land and building RM	Leasehold building RM	Office equipment and furniture and fittings RM	Factory equipment and electrical installation RM	Motor vehicles RM	Computers RM	Capital work-in-progress RM	Total RM
Accumulated depreciation								
As of January 1, 2007	29,336	35,214	88,517	724,364	426,257	37,412	-	1,341,100
Charge for the year	14,668	21,555	56,059	426,800	499,604	19,580	-	1,038,266
Disposals	-	-	(367)	(429)	(141,529)	-	-	(142,325)
Write-offs	-	-	(1,072)	(47,000)	(232,579)	(11,491)	-	(292,142)
As of December 31, 2007	44,004	56,769	143,137	1,103,735	551,753	45,501	-	1,944,899
As of January 1, 2008	44,004	56,769	143,137	1,103,735	551,753	45,501	-	1,944,899
Charge for the year	14,668	21,556	49,757	467,886	515,778	24,248	-	1,093,893
Disposals	-	-	(1,300)	(7,640)	(246,048)	-	-	(254,988)
As of December 31, 2008	58,672	78,325	191,594	1,563,981	821,483	69,749	-	2,783,804
(Forward)								



The Group

	Freehold land and building RM	Leasehold building RM	Office equipment and furniture and fittings RM	Factory equipment and electrical installation RM	Motor vehicles RM	Computers RM	Capital work-in- progress RM	Total RM
Net book value								
As of December 31, 2008	1,506,699	1,984,911	203,943	1,986,352	1,744,280	32,146	15,361	7,473,692
As of December 31, 2007	1,521,367	2,006,467	239,716	2,277,428	1,313,079	27,804	-	7,385,861

Included in property, plant and equipment of the Group are motor vehicles acquired under hire-purchase arrangements with net book value amounting to RM773,347 (2007 : RM753,998).

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment with an aggregate cost of approximately RM2,317,900 (2007 : RM1,974,700) which are still in use as of December 31, 2008.



NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

13. PREPAID LEASE PAYMENTS

	The Group	
	2008	2007
	RM	RM
Cost		
At beginning of year	2,747,632	2,747,632
Addition	5,583,283	-
At end of year	8,330,915	2,747,632
Accumulated amortisation		
At beginning of year	29,400	-
Charge for the year	86,518	29,400
At end of year	115,918	29,400
Net	<u>8,214,997</u>	<u>2,718,232</u>

As of December 31, 2008, the titles to the leasehold lands have yet to be transferred to the Company.

As of December 31, 2008, the unexpired lease periods of the said leasehold lands range from 84 years to 97 years.

14. INVESTMENT PROPERTY

	The Group	
	2008	2007
	RM	RM
At fair value:		
At beginning of year	5,900,000	5,900,000
Changes in fair value	330,000	-
At end of the year	<u>6,230,000</u>	<u>5,900,000</u>

The fair value of the investment property was estimated at RM6,230,000 (2007 : RM5,900,000) based on a valuation by an independent professional firm of valuers, City Valuers & Consultants Sdn. Bhd. dated December 31, 2008. The valuation was based on current prices in an active market for the property.

Rental income from investment property of the Group has been disclosed in Note 7. Direct operating expenses arising on the investment property of the Group during the financial year amounted to RM42,767 (2007 : RM42,767).



15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2008	2007
	RM	RM
Unquoted shares - at cost	<u>10,579,282</u>	<u>10,579,282</u>

Details of the subsidiary companies, which are all incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2008	2007	
	%	%	
Tex Cycle Sdn. Bhd. (TCSB)	100	100	Recovery and recycling of Scheduled Waste
Metro Koats Technology Sdn. Bhd.	100	100	Manufacturing and marketing of chemical products
Metro Envy Sdn. Bhd.	100	100	Rental of investment property
Tex Cycle (P2) Sdn. Bhd. (TCP2SB)	100	100	Dormant

During the previous financial year, TCSB acquired the entire equity interest comprising 2 shares of RM1 each of TCP2SB for a total consideration of RM2.

The effects of this acquisition on the financial results of the Group for the previous year are as follows:

Post-acquisition results of subsidiary company acquired:

	The Group
	2007
	RM
Revenue	-
Loss before tax	<u>(3,961)</u>
Loss for the period June 4, 2007 (date of incorporation) to December 31, 2007	<u>(3,961)</u>



NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

The effects of this acquisition on the financial position of the Group as of December 31, 2007 are as follows:

	The Group 2007 RM
Other receivables and prepaid expenses	697,646
Other payables and accrued expenses	<u>(701,605)</u>
Group's share of net liabilities	<u>(3,959)</u>

16. GOODWILL ON CONSOLIDATION

	The Group	
	2008 RM	2007 RM
At beginning and end of year	<u>583,937</u>	<u>583,937</u>

17. INVESTMENT IN STRUCTURED FUNDS

	The Group	
	2008 RM	2007 RM
Investment in structured funds - Cost	<u>1,000,000</u>	<u>-</u>
Investment in structured funds - Fair value	<u>956,751</u>	<u>-</u>

The investment in structured funds earns interest at rate of 6.00% (2007 : Nil) per annum. The structured funds have a maturity of 2 years (2007 : Nil).

18. INVENTORIES

	The Group	
	2008 RM	2007 RM
At cost:		
Raw materials	379,307	225,056
Work-in-progress	9,857	4,125
Finished goods	<u>109,364</u>	<u>97,441</u>
	<u>498,528</u>	<u>326,622</u>



19. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables consist of:

	The Group	
	2008	2007
	RM	RM
Trade receivables	4,521,711	3,966,949
Less: Allowance for doubtful debts	<u>(311,414)</u>	<u>(187,414)</u>
	<u>4,210,297</u>	<u>3,779,535</u>

Trade receivables represent amounts receivable for provision of waste recovery and recycling services, rental of recycled products and sales of goods. The credit period granted to customers ranges from 30 to 90 days (2007: 30 to 90 days).

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Other receivables	228,241	763,773	-	-
Refundable deposits	16,707	46,557	1,000	1,000
Prepaid expenses	<u>6,875</u>	<u>34,875</u>	<u>-</u>	<u>28,000</u>
	<u>251,823</u>	<u>845,205</u>	<u>1,000</u>	<u>29,000</u>

20. RELATED PARTY TRANSACTIONS

Amount owing by subsidiary companies, which arose mainly from advances and payments on behalf, is unsecured, interest-free and has no fixed terms of repayment.

During the financial year, significant related party transactions which are negotiated on a basis determined between the parties, are as follows:

	The Company	
	2008	2007
	RM	RM
Advances to subsidiary companies:		
Tex Cycle Sdn. Bhd. for acquisition of plant and machinery	-	156,000
Tex Cycle (P2) Sdn. Bhd. for acquisition of leasehold land	<u>-</u>	<u>701,305</u>

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

**The Group and
The Company**
2008 **2007**
RM **RM**

Related party transaction:

Printing cost payable to a company in which certain directors of the Company are also directors and have substantial financial interests
- Metro Engravers Sdn Bhd

29,970 61,719

Compensation of key management personnel

The remuneration of key management personnel (excluding directors) during the financial year is as follows:

The Group
2008 **2007**
RM **RM**

Short-term employee benefits
Contributions to EPF

274,805 267,788
32,300 31,948

307,105 299,736

21. **CASH AND BANK BALANCES**

The Group **The Company**
2008 **2007** **2008** **2007**
RM **RM** **RM** **RM**

Cash on hand and at banks	846,860	1,270,931	31,323	42,081
Short-term deposits with:				
Licensed investment bank	6,799,320	9,462,081	2,289,381	3,240,743
Licensed bank	<u>226,519</u>	<u>137,845</u>	<u>-</u>	<u>-</u>
	<u>7,872,699</u>	<u>10,870,857</u>	<u>2,320,704</u>	<u>3,282,824</u>

Short-term deposits with a licensed bank of the Group amounting to RM226,519 (2007 : RM137,845) are pledged as security for bank guarantees issued by the bank on behalf of certain subsidiary companies amounting to RM158,244 (2007 : RM74,244) as of December 31, 2008.

The short-term deposits with licensed investment bank and licensed bank earn interest at rates ranging from 2.65% to 4.00% (2007 : 2.65% to 3.70%) per annum and have maturity periods ranging from 7 to 365 days (2007 : 7 to 365 days).



22. SHARE CAPITAL

	The Group and The Company	
	2008	2007
	RM	RM
Authorised:		
200,000,000 ordinary shares of RM0.10 each	<u>20,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
170,793,000 ordinary shares of RM0.10 each	<u>17,079,300</u>	<u>17,079,300</u>

23. RESERVES

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Non-Distributable:				
Share premium	4,521,517	4,521,517	4,521,517	4,521,517
Distributable:				
Retained earnings	<u>13,395,590</u>	<u>9,386,416</u>	<u>1,285,279</u>	<u>999,405</u>
	<u>17,917,107</u>	<u>13,907,933</u>	<u>5,806,796</u>	<u>5,520,922</u>

Share Premium

	The Group and The Company	
	2008	2007
	RM	RM
Public issue of 45,000,000 new ordinary shares of RM0.10 each at a premium of RM0.12 each per share in 2005	5,400,000	5,400,000
Listing expenses	<u>(878,483)</u>	<u>(878,483)</u>
	<u>4,521,517</u>	<u>4,521,517</u>



NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

Unappropriated profit

In accordance with the Finance Act 2007, the single tier tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies without Section 108 tax credit balance will automatically move to the single tier tax system on January 1, 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier tax system and disregard the tax credit or to continue to use the tax credit under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending December 31, 2013 or until the tax credits are fully utilised, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be in the new system on January 1, 2014.

Upon payment of the proposed first and final dividend of 5.0%, comprising 0.3% less 25% tax, amounting to RM38,428 and single tier exempt dividend of 4.7% amounting to RM802,727, the Company would as such fully utilised its Section 108 tax credits and move to single tier tax system.

24. HIRE-PURCHASE PAYABLES

	The Group	
	2008	2007
	RM	RM
Total outstanding	376,003	438,396
Less: Interest-in-suspense	<u>(18,793)</u>	<u>(21,186)</u>
Principal outstanding	357,210	417,210
Less: Amount due within 12 months (shown under current liabilities)	<u>(246,310)</u>	<u>(194,883)</u>
Non-current portion	<u>110,900</u>	<u>222,327</u>



The non-current portion is payable as follows:

	The Group	
	2008	2007
	RM	RM
Financial years ending December 31:		
2009	-	198,631
2010	74,867	23,696
2011	36,033	-
	<u>110,900</u>	<u>222,327</u>

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term of hire-purchase is about 3 years. For the financial year ended December 31, 2008, the effective borrowing rate ranged from 4.61% to 6.76% (2007 : 4.61% to 6.23%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase.

25. DEFERRED TAX LIABILITIES

	The Group	
	2008	2007
	RM	RM
At beginning of year	418,557	331,670
Transfer from income statements (Note 10)	27,075	86,887
At end of year	<u>445,632</u>	<u>418,557</u>

The deferred tax liabilities represent the tax effects of the following:

	Deferred Tax	
	(Asset)/Liability	
	The Group	
	2008	2007
	RM	RM
Temporary differences arising from:		
Property, plant and equipment	510,882	454,957
Trade receivables	(65,250)	(36,400)
	<u>445,632</u>	<u>418,557</u>



NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 30 to 90 days (2007: 30 to 90 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Other payables	318,277	457,301	29,550	31,550
Accrued expenses	284,852	95,066	-	-
Amount owing to directors	288,274	350,524	-	-
	<u>891,403</u>	<u>902,891</u>	<u>29,550</u>	<u>31,550</u>

Amount owing to directors, which arose mainly from advances and payments on behalf, is unsecured, interest-free and has no fixed terms of repayment.

27. DIVIDENDS

A final dividend of 5%, less 26% tax amounting to RM631,934, proposed in respect of the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year. Gross dividend per share during the year is 0.5 sen (2007: 0.5 sen).

The directors have proposed a first and final dividend of 5.0%, comprising 0.3% less 25% tax, amounting to RM38,428 and single tier exempt dividend of 4.7% amounting to RM802,727 in respect of the current financial year. The proposed final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2009.



28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash on hand and at banks	846,860	1,270,931	31,323	42,081
Short-term deposits with:				
Licensed investment				
bank	6,799,320	9,462,081	2,289,381	3,240,743
Licensed bank	226,519	137,845	-	-
	<u>7,872,699</u>	<u>10,870,857</u>	<u>2,320,704</u>	<u>3,282,824</u>
Less: Non cash equivalents				
Fixed deposits				
pledged (Note 21)	(226,519)	(137,845)	-	-
	<u>7,646,180</u>	<u>10,733,012</u>	<u>2,320,704</u>	<u>3,282,824</u>

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

(i) Foreign currency risk

The Group undertakes transactions in foreign currencies with certain foreign entities and therefore is exposed to foreign currency risk.

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on investment in structured funds and short-term deposits. The interest rates for investment in structured funds and short-term deposits are disclosed in Notes 17 and 21 respectively. The interest rates for the hire-purchase payables, which are fixed at the inception of the hire-purchase arrangements, are disclosed in Note 24.

(iii) **Credit risk**

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based on careful evaluation of the customers' financial condition and credit history.

The credit risk of a subsidiary company is concentrated on a single defence industry customer. The said subsidiary company is dependent on the defence industry customer for the purchase of its chemical products and due to this dependency on the defence industry customer for revenue, any late or non-payment by the defence industry customer may have an adverse impact on the cash flows and/or profits of the Group.

(iv) **Liquidity risk**

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities.

(v) **Cash flow risk**

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The Group's principal financial assets are investment in structured funds, trade and other receivables, and cash and bank balances.

The Company's principal financial assets also include amount owing by subsidiary companies.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities of the Group include trade and other payables, and hire-purchase payables which are stated at their nominal values.

Equity instruments are recorded at the proceeds received net of direct issue costs.



Fair Values

The carrying amounts of financial assets and financial liabilities, approximate their fair values because of the short maturity period for these instruments or the discount rate based on the prevailing market interest rate used in estimating fair value has not changed significantly.

29. SEGMENT INFORMATION

Business Segments

For management purposes, the Group is organised into the following operating divisions:

Industry Segment	Description
Investment holding	Investment activities in investment property and unquoted securities held by the Group on a long-term basis
Recovery and recycling services	Provision of waste recovery and recycling services, and rental of recycled products
Manufacturing	Manufacturing and marketing of chemical products
Others	Rental of investment property

Geographical Segments

No information on geographical segments is presented as the Group operates solely in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

The Group 2008	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Others RM	Eliminations RM	Total RM
Revenue						
External customers	-	12,375,693	1,448,790	-	-	13,824,483
Inter-segment sales	1,377,000	-	144,614	-	(1,521,614)	-
Total revenue	1,377,000	12,375,693	1,593,404	-	(1,521,614)	13,824,483
Results						
Segment results	(254,146)	5,008,635	367,061	819,827	-	5,941,377
Finance cost						(18,548)
Interest income						190,140
Profit before tax						6,112,969
Income tax expense						(1,471,861)
Net profit for the year						4,641,108
(Forward)						

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)



The Group 2008	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Others RM	Eliminations RM	Total RM
Consolidated Balance Sheet						
Assets						
Segment assets	22,864,590	29,185,030	3,512,430	6,482,246	(25,708,323)	36,335,973
Unallocated corporate assets						512,122
Consolidated total assets						36,848,095
Liabilities						
Segment liabilities	29,550	11,344,624	1,058,639	4,650,416	(15,712,976)	1,370,253
Unallocated corporate liabilities						481,435
Consolidated total liabilities						1,851,688
Other Information						
Capital expenditure (Note 12)	-	1,181,617	7,447	-	-	1,189,064
Depreciation (Note 12)	-	988,832	60,919	44,142	-	1,093,893

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

The Group 2007	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Others RM	Eliminations RM	Total RM
Revenue						
External customers	-	12,725,254	964,954	-	-	13,690,208
Inter-segment sales	1,183,500	-	221,991	-	(1,405,491)	-
Total revenue	1,183,500	12,725,254	1,186,945	-	(1,405,491)	13,690,208
Results						
Segment results	(155,056)	4,651,431	(183,949)	464,834	-	4,777,260
Finance cost						(21,787)
Interest income						225,210
Profit before tax						4,980,683
Income tax expense						(1,430,611)
Net profit for the year						3,550,072
(Forward)						

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)



The Group 2007	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Others RM	Eliminations RM	Total RM
Consolidated Balance Sheet						
Assets						
Segment assets	22,617,899	19,921,147	3,078,416	6,336,352	(19,543,565)	32,410,249
Unallocated corporate assets						410,092
Consolidated total assets						32,820,341
Liabilities						
Segment liabilities	31,550	4,728,627	995,782	5,213,010	(9,554,418)	1,414,551
Unallocated corporate liabilities						418,557
Consolidated total liabilities						1,833,108
Other Information						
Capital expenditure (Note 12)	-	1,212,260	126,015	-	-	1,338,275
Depreciation (Note 12)	-	914,197	79,926	44,143	-	1,038,266



NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2008

(continued)

31. CAPITAL COMMITMENTS

As of December 31, 2008, the Group has the following capital commitments:

	The Group	
	2008	2007
	RM	RM
Approved and contracted for purchase of leasehold land	-	4,885,636

32. RENTAL COMMITMENT

The Group leases premises under cancellable rental agreements. The Company is required to give 2 months notice for the termination of those agreements. The commitment in respect of the 2 months notice amounted to RM79,300 (2007: RM82,350).

STATEMENT BY DIRECTORS AND DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

Annual Report 2008



TEX CYCLE TECHNOLOGY (M) BERHAD (Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **TEX CYCLE TECHNOLOGY (M) BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting 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 of December 31, 2008 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

PERIASAMY A/L SINAKALAI

HO SIEW CHOONG

Puchong
April 29, 2009

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **GERALDINE HII SIAW WEI**, the Officer primarily responsible for the financial management of **TEX CYCLE TECHNOLOGY (M) BERHAD**, do solemnly and sincerely declare that the accompanying balance sheet and statements of income, cash flows and changes in equity are, in my opinion, 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.

GERALDINE HII SIAW WEI

Subscribed and solemnly declared by the
abovenamed **GERALDINE HII SIAW WEI**
at

Before me,

COMMISSIONER FOR OATHS

STATEMENTS OF DIRECTORS SHAREHOLDINGS

Annual Report 2008

Statement of Directors' Shareholdings As at 30 April 2009

The interest of the Directors in the shares of the Company (both direct and indirect) as at 30 April 2009 are as follows:

Name of Directors	< -----Direct----- >		< -----Indirect----- >	
	No. of Shares	%	No. of Shares	%
Ho Siew Choong	7,818,803	4.58	82,166,559	*48.11
Periasamy A/L Sinakalai	7,599,965	4.45	82,112,559	^48.08
Yusseri Bin Said	4,350,130	2.55	-	-
Ho Siew Cheong	4,035,465	2.36	82,104,559	#48.07
Ho Siew Weng	2,154,597	1.26	82,104,559	#48.07
Ravindran Markandu	145,000	0.08	3,000	###0.001

* Deemed interest by virtue of his interests in Can Cycle Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965 and his children's direct shareholdings in Tex Cycle Technology (M) Berhad by virtue of Section 134(12)(c) of the Companies Act, 1965.

^ Deemed interest by virtue of his interests in Can Cycle Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965 and his spouse's direct shareholdings in Tex Cycle Technology (M) Berhad by virtue of Section 134(12)(c) of the Companies Act, 1965.

Deemed interest by virtue of his interests in Can Cycle Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.

Deemed interest by virtue of his spouse's direct shareholdings in Tex Cycle Technology (M) Berhad by virtue of Section 134(12)(c) of the Companies Act, 1965.



Analysis on Shareholdings As at 30 April 2009

SHARE CAPITAL

Authorised Share Capital	: RM20,000,000.00
Issued and Fully Paid Share Capital	: RM17,079,300.00
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Rights	: One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	3	0.26	171	0.00
100 to 1,000	95	8.46	72,500	0.04
1,001 to 10,000	551	49.07	3,000,100	1.76
10,001 to 100,000	383	34.11	13,363,400	7.83
100,001 to less than 5% of issued shares	90	8.01	72,252,270	42.30
5% and above of issued shares	1	0.09	82,104,559	48.07
	<u>1,123</u>	<u>100.00</u>	<u>170,793,000</u>	<u>100.00</u>

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDINGS AS AT 30 APRIL 2009

Name of Directors	< -----Direct----- >		< -----Indirect----- >	
	No. of Shares	%	No. of Shares	%
Can Cycle Sdn. Bhd.	82,104,559	48.07	-	-
Ho Siew Choong	7,818,803	4.58	82,166,559	*48.11
Periasamy A/L Sinakalai	7,599,965	4.45	82,112,559	^48.08
Ho Siew Cheong	4,035,465	2.36	82,104,559	#48.07
Ho Siew Weng	2,154,597	1.26	82,104,559	#48.07

* Deemed interest by virtue of his interests in Can Cycle Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965 and his children's direct shareholdings in Tex Cycle Technology (M) Berhad by virtue of Section 134(12)(c) of the Companies Act, 1965.

^ Deemed interest by virtue of his interests in Can Cycle Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965 and his spouse's direct shareholdings in Tex Cycle Technology (M) Berhad by virtue of Section 134(12)(c) of the Companies Act, 1965.

Deemed interest by virtue of his interests in Can Cycle Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.

ANALYSIS ON SHAREHOLDINGS

Annual Report 2008

(continued)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS As at 30 April 2009

No.	Name of Shareholders	No. of Shares	%
1	Can Cycle Sdn. Bhd.	82,104,559	48.07
2	Ho Siew Choong	7,818,803	4.58
3	Periasamy A/L Sinakalai	7,599,965	4.45
4	Soong Ik Lin	6,519,600	3.82
5	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jaffar bin Mohamed	5,305,840	3.11
6	Yusseri Bin Said	4,350,130	2.55
7	Abdul Aziz bin Hashim	4,000,000	2.34
8	Cimsec Nomnees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Siew Cheong	3,739,465	2.19
9	Ho Mah Lee @ Ho Chwee Keng	3,301,000	1.93
10	Aiza Binti Abdul Aziz	3,000,000	1.76
11	M & A Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fready a/l Joseph (M&A)	2,370,000	1.39
12	Lee Yuen Kong	1,992,600	1.17
13	Cimsec Nomnees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Siew Weng	1,858,597	1.09
14	Cimsec Nomnees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Siew Kee	1,837,670	1.08
15	Affin Nomnees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Meng Leng (TAN0950C)	1,457,500	0.85
16	TA Nomnees (Tempatan) Sdn Bhd Pledged Securities Account for Toh May Fook	1,000,000	0.59
17	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Azril Akmar Bin Attan Akmar (CTS-AAA0006C)	785,000	0.46
18	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Kamaluddin bin Abdullah (PB)	670,000	0.39
19	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Crescendo Assets Limited (PB-IU)	670,000	0.39
20	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Marinah binti Mahathir (PB-IU)	655,000	0.38
21	Cheong Yoke Sim	622,800	0.36
22	Yong Chee Foong	500,000	0.29
23	Fong Yuet Siong	448,400	0.26
24	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chai Yee Wah (M09)	443,200	0.26
25	Ho Mei Ling	396,400	0.23
26	Ho Mei Wah	388,400	0.23
27	See Kien Leong	332,000	0.19
28	Chai Yee Wah	300,000	0.18
29	Ho Siew Cheong	296,000	0.17
30	Chuah Kooi Peng	270,800	0.16



List of Properties As at 31 December 2008

Location	Description/ Existing Use	Land Area (Square Metres)	Built-up Area (Square Metres)	Approximate Age of Building	Tenure	Net Book Value @ 31 December 2008 RM	Year of Acquisition	Last Date of Valuation
Tex Cycle Sdn Bhd No. 8 Jalan TPK 2/3, Taman Perindustrian Kinrara, 47100 Puchong, Selangor (PT 24401, HSM 23155 Mukim and District of Petaling, Selangor)	Double storey factory, where the upper level is used as office space / TCSB's headquarters and recycling facility	2,108.29	1,100	12 years	99 years leasehold up to 18 January 2093	2,125,505	1999	N/A
No. 7, Jalan TPK 2/4, Taman Perindustrian Kinrara, 47100 Puchong, Selangor (PT 24405, HSM 23159, Mukim and District of Petaling, Selangor)	Double storey fully enclosed factory / Recycling and storage facility	1,980.34	1,980.34	12 years	99 years leasehold up to 18 January 2093	2,548,240	2002	N/A
Metro Koats Technology Sdn Bhd No. 13 Jalan BP 4/1, Pusat Perindustrian Bukit Puchong, Bandar Bukit Puchong, 47100 Puchong, Selangor (PT 43325, HSD 128758, Mukim and District of Petaling, Selangor)	Single storey factory with a double storey office building / MKT's headquarters, manufacturing and storage facility	2,033	550	4 year	Freehold	1,506,700	2003	N/A

LIST OF PROPERTIES

Annual Report 2008

(continued)

List of Properties (continued)
As at 31 December 2008

Location	Description/ Existing Use	Land Area (Square Metres)	Built-up Area (Square Metres)	Approximate Age of Building	Tenure	Net Book Value @ 31 December 2008 RM	Year of Acquisition	Last Date of Valuation
Metro Envv Lot 35604, Jalan Kuchai Lama, 58200 Kuala Lumpur (PN 1433, Lot 35604, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan)	Triple storey factory cum office building / Rented to third party [^]	4,822.7	3,668.65	12 years	99 years leasehold up to 25 May 2065	6,230,000	2005	31.12.2008
Tex Cycle (P2) Sdn Bhd PT No. 119972 HS(D) 117489 Mukim and Daerah Klang Negeri Selangor	Vacant leasehold land/intended to be the Group's 2 nd recycling facility	9,651	N/A	N/A	99 years leasehold up to 11 September 2105	2,786,619	2008	N/A
PT No. 119973 HS(D) 117490 Mukim and Daerah Klang Negeri Selangor	Vacant leasehold land/intended to be the Group's 2 nd recycling facility	9,482	N/A	N/A	99 years leasehold up to 11 September 2105	2,739,546	2008	N/A

[^] Rented for RM56,400 per month. Pursuant to the tenancy agreements, the tenants covenant at all times to keep the demised premises and the appurtenances thereof including the doors plate glass and other windows fixtures fastenings wires waste water drain and other pipes and sanitary and water apparatus therein in good and substantial repair and condition throughout the tenancy period (damage by fire and such other shall be irrecoverable in consequence of any act or default of the tenant their servants or agents only excepted) and to renew and replace from time to time all fixtures fittings and appurtenances in the demised premises and the aforesaid court which may become or be beyond repair at any time during or at the expiration be sooner determination of the tenancy period.

NOTICE OF ANNUAL GENERAL MEETING

Annual Report 2008



TEX CYCLE TECHNOLOGY (M) BERHAD (Company No.: 642619-P)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of TEX CYCLE TECHNOLOGY (M) BERHAD (Company No.: 642619-P) will be held at 9.00 a.m. on Thursday, 18 June 2009 at the Bukit Jalil Golf & Country Resort, Perdana Room 3, Jalan 3/155B, Bukit Jalil, 57100 Kuala Lumpur for the following purposes:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.
2. To declare a First and Final Dividend of 5% per share comprising of 0.3% less income tax of 25% and single tier exempt dividend of 4.7% in respect of the financial year ended 31 December 2008. *Resolution 1*
3. To approve the payment of Directors' fee for the financial year ended 31 December 2008. *Resolution 2*
4. To re-elect the following Directors who are retiring under Article 80 of the Articles of Association:
 - a) Mr. Ho Siew Choong *Resolution 3*
 - b) Mr. Periasamy a/l Sinakalai *Resolution 4*
 - c) Encik Razali bin Jantan *Resolution 5*
5. To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. *Resolution 6*

SPECIAL BUSINESS:

6. To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution: *Resolution 7*

Ordinary Resolution

- **Authority to Directors to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities."

ANY OTHER BUSINESS:

7. To transact any other business for which due notice shall have been given in accordance with the Articles of Association and the Companies Act, 1965. *Resolution 8*



NOTICE OF ANNUAL GENERAL MEETING

Annual Report 2008

(continued)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Dividend of 5% per share comprising of 0.3% less income tax of 25% and single tier exempt dividend of 4.7% in respect of the financial year ended 31 December 2008 will be payable on 24 July 2009 to Depositors registered in the Record of Depositors at the close of business on 10 July 2009.

A Depositor shall qualify for entitlement only in respect of:

- a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 10 July 2009 in respect of ordinary transfers; and
- b. Share bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

NG YIM KONG (LS 0009297)
WONG YOUN KIM (MAICSA 7018778)
Company Secretaries

Petaling Jaya
27 May 2009

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.*
4. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company Secretary's Office at Strategy Corporate Secretariat Sdn. Bhd., Unit 07-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
5. **Explanatory Notes on Special Business**

Resolution pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 6, if passed will give the Directors of the Company from the date of the above Meeting, authority to allot and issue ordinary shares for the unissued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Fifth Annual General Meeting are as follows:

- i. Mr. Ho Siew Choong
- ii. Mr. Periasamy a/l Sinakalai
- iii. Encik Razali bin Jantan

The profiles of the Directors who are standing for re-election are set out on page 4 to page 5 of this Annual Report.

2. The details of attendance of the Directors of the Company at Board of Directors' Meeting held during the financial year ended 31 December 2008 are disclosed in the Statement on Corporate Governance set out in page 14 of this Annual Report.

3. The details of the Fifth Annual General Meeting are as follows:

Place : Bukit Jalil Golf & Country Resort, Perdana Room 3,
Jalan 3/155B, Bukit Jalil, 57100 Kuala Lumpur

Date : Thursday, 18 June 2009

Time : 9.00 a.m.



TEX CYCLE TECHNOLOGY (M) BERHAD

(Company No. 642619-P)
(Incorporated in Malaysia)

FORM OF PROXY

Fifth Annual General Meeting

I/We, _____
of _____
being a member/members of **TEX CYCLE TECHNOLOGY (M) BERHAD** hereby appoint* the Chairman of the meeting
or _____
of _____
or failing whom
of _____
as my/our proxy(ies) to vote for me/us and on my/our behalf at the Fifth Annual General Meeting of the Company to be held at 9.00 a.m. on Thursday, 18 June 2009 at the Bukit Jalil Golf & Country Resort, Perdana Room 3, Jalan 3/155B, Bukit Jalil, 57100 Kuala Lumpur and at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

Resolutions		For	Against
ORDINARY BUSINESS			
1.	To declare a First and Final Dividend of 5% per share comprising of 0.3% less income tax of 25% and single tier exempt dividend of 4.7% in respect of the financial year ended 31 December 2008.	<i>Ordinary Resolution 1</i>	
2.	To approve the payment of Directors' fee for the financial year ended 31 December 2008.	<i>Ordinary Resolution 2</i>	
3.	To re-elect the following Directors who are retiring under Article 80 of the Company's Articles of Association:- a) Mr. Ho Siew Choong b) Mr. Periasamy a/l Sinakalai c) Encik Razali bin Jantan	<i>Ordinary Resolution 3</i> <i>Ordinary Resolution 4</i> <i>Ordinary Resolution 5</i>	
4.	To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.	<i>Ordinary Resolution 6</i>	
SPECIAL BUSINESS			
5.	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.	<i>Ordinary Resolution 7</i>	

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion]

Number of ordinary shares held :

Dated thisday of.....2009

Signature/Common Seal of Shareholder(s)

[* Delete if not applicable]

Notes:-

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A 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.
2. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions 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 an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company Secretary's Office at Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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STAMP

The Company Secretary
TEX CYCLE TECHNOLOGY (M) BERHAD (642619-P)
Unit 07-02, Level 7, Menara Luxor
6B Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan

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TEX CYCLE TECHNOLOGY (M) BERHAD

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Taman Perindustrian Kinrara,
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Selangor Darul Ehsan.
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Fax: 03 8076 3817
e-mail: texcycle@po.jaring.my
www.texcycle.com.my