

**TEX CYCLE**

**Tex Cycle Technology (M) Berhad**  
(642619-P)

annual report

09



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# corporate information

## 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*

**Ravi Markandu**  
*Independent Non-Executive Director*

## auditors

Messrs Deloitte & Touche (AF: 0834)  
Chartered Accountants

## company secretary

Ng Yim Kong (LS 0009297)

## principal banker

Public Bank Berhad (6463-H)

## share registrar

Symphony Share Registrars Sdn. Bhd. (378993-D)  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7841 8000  
Fax: 03-7841 8008

## 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](mailto:texcycle@po.jaring.my)  
Website: [www.texcycle.com.my](http://www.texcycle.com.my)

## stock exchange listing

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



## HO SIEW CHOONG

*Executive Chairman  
58 years of age; Malaysian*

**Ho Siew Choong** was appointed to the Board of Tex Cycle Technology (M) Berhad ("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. ("Metro-Engravers") 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 in 2000. He is the person responsible for advancing Metro-Engravers to a highly advanced field of pre-print electronic system. He was appointed as a Director in Tex Cycle Sdn. Bhd. ("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  
Member of Remuneration Committee  
59 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.



## profile of directors (cont'd)

### **YUSSERI BIN SAID**

*Executive Director*

*52 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 was appointed to the Board of Directors of Metro Koats Technology Sdn. Bhd. ("Metro Koats").

### **HO SIEW CHEONG**

*Executive Director*

*48 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 in 1987. In 1995 he founded Metro Koats and has been an Executive 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 Metro Koats, 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.

### **HO SIEW WENG**

*Executive Director*

*53 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 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*

*Chairman of Remuneration Committee*

*Member of Audit Committee and Nomination Committee*

*67 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  
Chairman of Nomination Committee  
Member of Audit Committee and Remuneration Committee  
52 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  
Chairman of Audit Committee  
Member of Nomination Committee and Remuneration Committee  
60 years of age; Malaysian*

**Ravi Markandu** was appointed to the Board of Tex Cycle 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

On behalf of the Board of Directors of Tex Cycle Technology Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended ("FYE") 31st December 2009.

## Overview

During the financial year under review, the Group's Customer base achieved continuous growth in its recycling services. As at 31 December 2009, the Group has approximately 1,782 Customers, an increase of approximately 13.43% as compared to its Customer base of 1,571 Customers as at 31 December 2008. For FYE 2009, the Company achieved a profit before tax ("PBT") of RM8.46 million, an increase of 38.41% as compared to that of the previous financial year.

## Industry Trend

The outbreak of the global economic crisis since October 2008 which spilled into 2009 caused the Malaysian Economy to contract by 6.2% in its first quarter of 2009. Stimulus packages were quickly implemented by Governments worldwide to address the falling economy. By the fourth quarter, most Countries announced that the worst is over and economic recovery was in sight. Our Malaysian Government too implemented two stimulus packages of RM67 billion and 191.5 billion which resulted in the fourth quarters Gross Domestic Product ("GDP") growth of 4.5%. And, for the year 2009, the GDP only shrank by 1.7%; with this encouraging positive result, our Government forecast the Country's gross domestic product to expand by 5% for year 2010.

## Financial Review

For FYE 31st December 2009, the Group's PBT increased by about 22.73%, from RM6.11 million for FYE 31st December 2008 to RM8.46 million for the FYE 31st December 2009. In line with the increase in PBT, the Group's profit after tax ("PAT") increased by 41.78% from RM4.64million to RM6.58 million.

The improvement in PBT and PAT was mainly attributed to increase in demand for the scheduled waste recycling services, increased orders for chemical products as well as our new business in chemical trading.

## Dividends

A final dividend of 5% comprising 0.3% less 25% tax amounting to RM38,428 and a single tier exempt dividend of 4.7% amounting to RM802,727, 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 single tier exempt dividend of 5% per share on 170,793,000 ordinary shares, amounting to RM853,965 (0.5 sen per share) in respect of the FYE 31 December 2009 subject to shareholders' approval at the forthcoming Annual General Meeting.

## Research and Development

Innovation and creativity are constantly stimulated through Research and Development ("R&D") in every aspect of the Group's business for continued growth and success. Our Company's current R&D project is to convert waste to energy. More studies are being carried out to further test, analyze and unearth the precise methodology to bring this project to perfection. The project, once successful, will be implemented at our new recycling facility.

## Corporate Responsibility

Charity begins at home. Tex Cycle embodies the spirit of reinvesting in its workforce by providing education scholarships to deserving employees and their children. Further financial assistance for school necessities too, was made available from the fund for those in need. As gratitude for their loyalty towards the growth of the Company, retirement benefit scheme was given to Executives and even the new comers were not missed as babies born while mothers who are under our employment were given savings account to inculcate early saving habits. During the recession period, the Company implemented Cost Saving Plans to mitigate sustain the impact thereafter. Since the outcome of the implementation was a resounding success with full cooperation from all Employees, the Management handed out incentives to them in mid 2009 to share the savings as a sign of recognition and appreciation. We also take responsibility to our community seriously. Tex Cycle as the main sponsor to Pusat Rawatan Dialisis Good Health continues to contribute generously towards the centre, which should be operational by 2010 and it is also impressive to note that the Employees of Tex Cycle too, contributed sincerely towards the dialysis centre for a worthy cost.

## Prospects for 2010

The Group expects to make further in roads into the manufacturing sectors for its recycling business as well as for its chemical products and chemical trading business. However the performance of the Group hinges on the performance of the Malaysian Economy. The 2010 Budget will be the foundation for the development of the New Economic Policy and the formulation of the coming 10th Malaysian Plan. Its main focus is to achieve a high income economy, sustainable development and care for the welfare of its people. It is noted that the Government is setting up a fund of RM 1.5 Billion to provide soft loans to companies that supply and utilize green technology. The properties that was purchased in year 2008 to construct our new recovery and recycling plant is close to sumitting the environment impact assessment to the Department of Environment. The Group expects the new facility to be partially operational by year 2011. The Group is also exploring the possibility of treating other types of contaminated waste at the new facility. The Directors of Tex Cycle expect the Group's chemical trading and chemical products to continue achieving satisfactory performance for the financial year ended 31 December 2010.

## Appreciation and Acknowledgement

On behalf of the Board of Directors, I would like to express our sincere appreciation and thanks to the Management and Staffs for their loyalty, commitment and dedication. Also, many thanks to our Shareholders, Customers, Business Partners and regulatory bodies for their support and confidence in us. Last but not least, I would like to thank my fellow colleagues on the Board for their guidance, advice and encouragement throughout the financial year.

On behalf of the Board

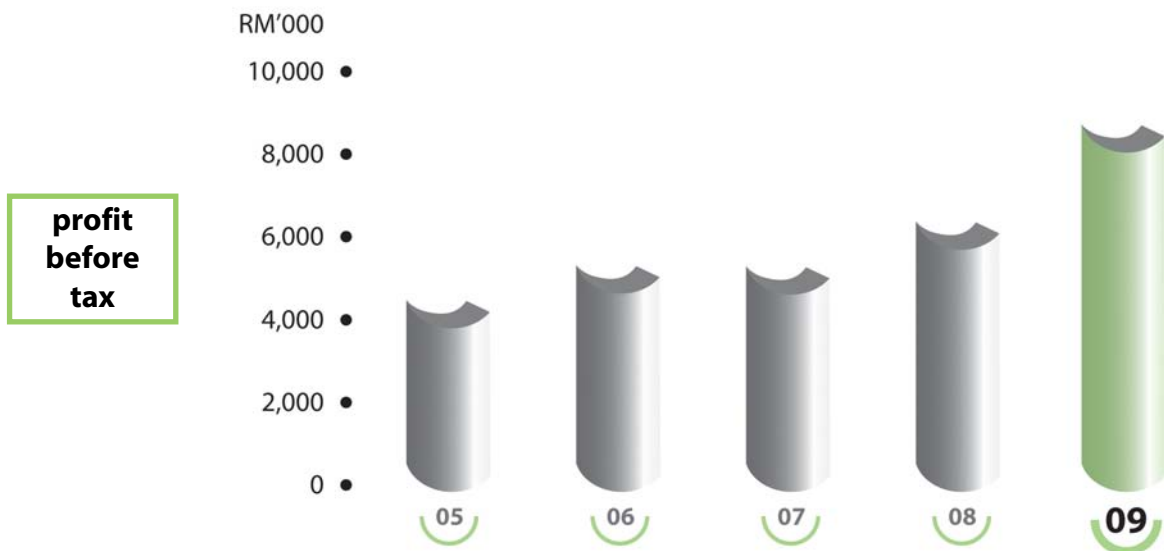
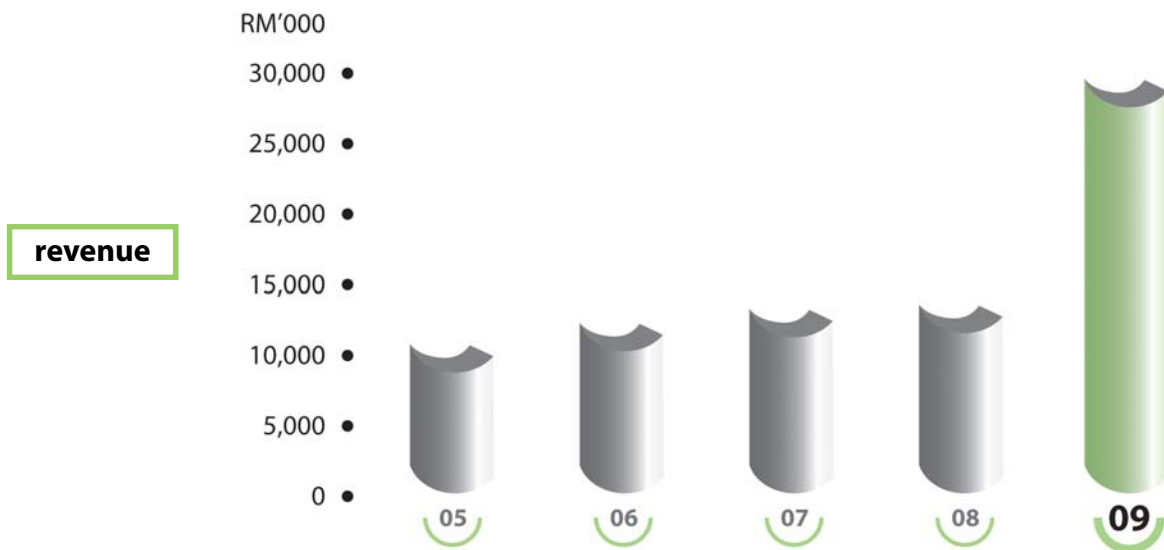
**Ho Siew Choong**  
*Executive Chairman*  
15 April 2010

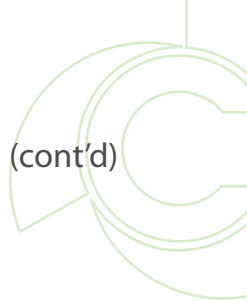


# financial highlights

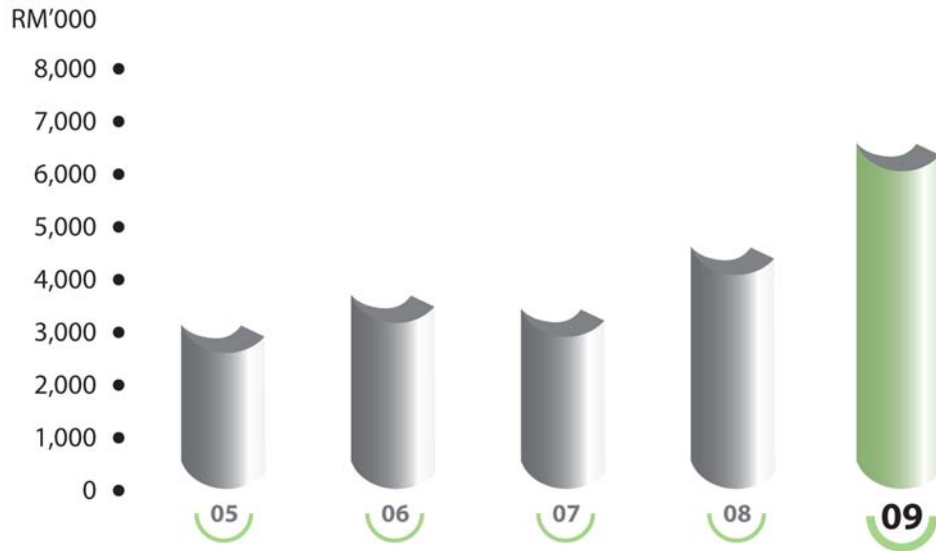
## SUMMARISED GROUP INCOME STATEMENT

FYE 31 December	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	10,806	12,450	13,690	13,824	28,329
Profit before tax	4,437	5,124	4,981	6,113	8,461
Profit after tax	3,184	3,784	3,550	4,641	6,580
Net earnings per share (sen)	1.86	2.22	2.08	2.72	3.85

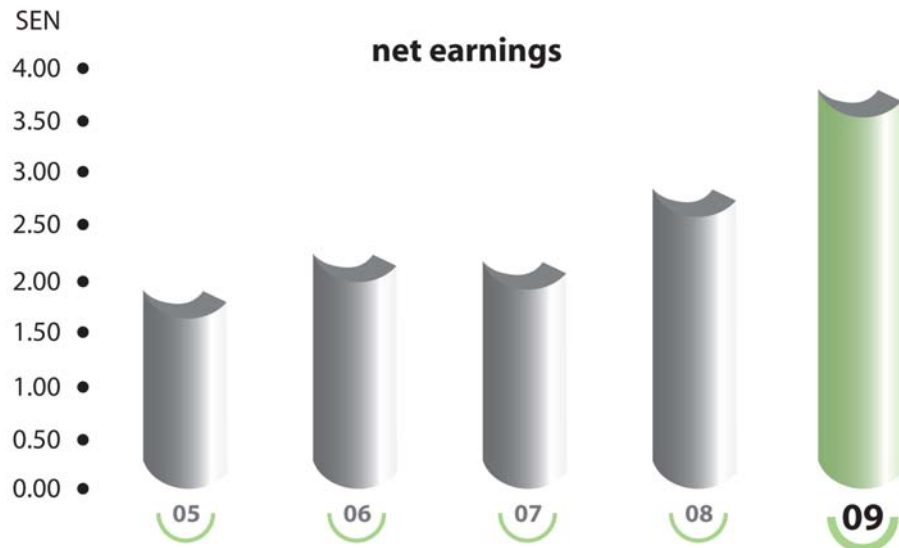




**profit  
after  
tax**

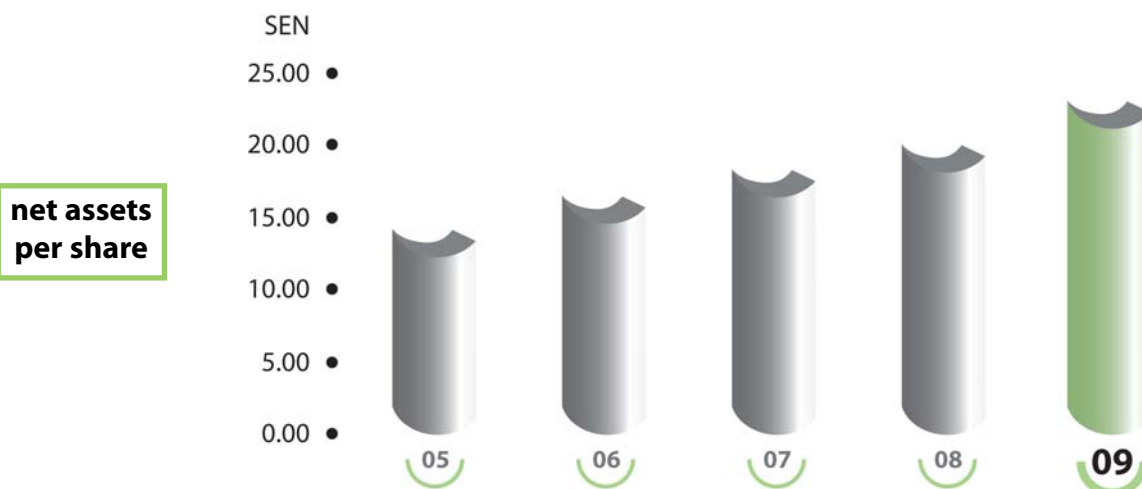
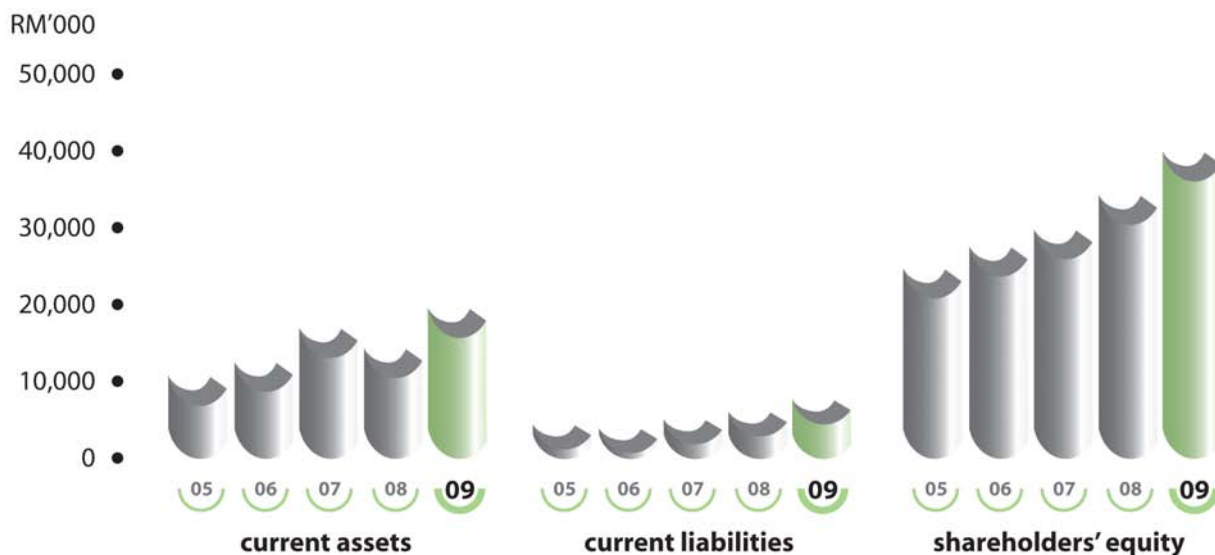


**net  
earnings  
per share**



## SUMMARISED GROUP BALANCE SHEET

FYE 31 December	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Current assets	10,139	13,316	16,232	13,345	18,950
Current liabilities	1,133	1,132	1,192	1,295	3,575
Shareholders' equity	24,891	28,061	30,987	34,996	40,735
Net assets per share (sen)	14.57	16.43	18.14	20.49	23.85



# statement on corporate governance

## 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 an Executive Chairman, a Managing Director and 6 directors, of whom 3 are independent directors. The roles of the Executive Chairman of the Board and Managing Director are segregated. Tex Cycle complies with the ACE 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 2009, the Board met a total of 5 times. Details of the meetings are as follows:

	Attendance
<b>Executive Directors</b>	
Ho Siew Choong	5/5
Periasamy A/L Sinakalai	5/5
Yusseri Bin Said	4/5
Ho Siew Cheong	5/5
Ho Siew Weng	5/5
<b>Non-Executive Directors</b>	
General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	5/5
Razali Bin Jantan	5/5
Ravi Markandu	5/5

The meetings were held on 24 February 2009, 29 April 2009, 26 May 2009, 26 August 2009, 17 November 2009.

The agenda and issues discussed were prepared and circulated before each meeting. Minutes of the Board meetings are prepared and 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 with sufficient time to enable the directors to obtain further explanation 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 a 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 Nominating Committee of the Company are:

- i. Razali Bin Jantan (Chairman)
- ii. General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)
- iii. Ravi Markandu (appointed on 12 November 2009)

**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 2009 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 12 November 2009

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
- iv. Ravi Markandu (appointed on 12 November 2009)

### 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 2009 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
Periasamy A/L Sinakalai	1	1

### Note

\* The meeting was held on 12 November 2009

The remuneration package of Executive Directors during the financial year ended 31 December 2009 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)	Allowance (RM)	Fee (RM)
789,560	0	121,000	10,500	70,250

RM	Number Of Directors	
	Executive	Non-Executive
Below 50,000	0	3
50,001-150,000	2	0
Above 150,000	3	0

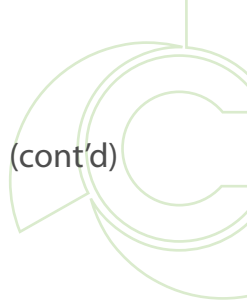
### g) Directors' Training

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 (cont'd)

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

Directors	Seminar / Conference / Workshop	Details of Programme
Ho Siew Choong	Seminar on "Waste to Energy"	Talks on waste to Energy
Ho Siew Choong	Seminar Post Mini Budget Seminar 2009	Talks on Mini Budget 2009, Grant and Incentive and Micro Credit
Ho Siew Choong	Seminar Recent Stimulus Package announced by the Government	Presentation on the stimulus Package announced by the Government
Ho Siew Choong	Forum on Governance and Sustainability Reporting: Is there a link?	Forum session on Corporate Governance and sustainability report
Ho Siew Choong	Seminar on Main Market Listing Requirement	Briefing on new framework on Main Market Listing Requirement
Ho Siew Choong	Seminar on the Corporate Governance Guide – Towards Boardroom Excellence	Briefing on the Corporate Governance Guide issued by the Bursa Malaysia Securities Berhad
Periasamy A/L Sinakalai	Seminar on The Spirit of Corporate Governance in Body Corporate	Presentation on the key components of corporate governance in the effective running of meetings.
Periasamy A/L Sinakalai	Seminar on Malaysian Standard for Waste Management	Seminar to introduce on the newly published Malaysian Standards on waste management
Periasamy A/L Sinakalai	National seminar – Workshop on Corporate Responsibility 2009	Seminar to focus on steering business towards corporate responsibility
Periasamy A/L Sinakalai	CSR roundtable themed "Is the Green Economy Coming?"	A roundtable to share on the global trends, challenges and best practices towards the development of a green economy framework
Periasamy A/L Sinakalai	Seminar on the Corporate Governance Guide – Towards Boardroom Excellence	Briefing on the Corporate Governance Guide issued by the Bursa Malaysia Securities Berhad
Yusseri Bin Said	Launch of Malaysian CG Index (MCG Index) 2009	Presentation on the MCG Index and the role of market players in influencing good corporate Government practices among public listed companies
Yusseri Bin Said	Towards Enhancing Corporate Integrity – From Roots to Fruits session	Speaks on Corporate Integrity
Yusseri Bin Said	Strengthening the Financial Reporting Chain in Enhancing Corporate Governance session	Session on financial reporting and Corporate Governance
Yusseri Bin Said	Seminar on the Corporate Governance Guide – Towards Boardroom Excellence	Briefing on the Corporate Governance Guide issued by the Bursa Malaysia Securities Berhad
Ho Siew Cheong	Forum on Governance and Sustainability Reporting: Is there a link?	Forum session on Corporate Governance and sustainability report
Ho Siew Cheong	Seminar on the Corporate Governance Guide – Towards Boardroom Excellence	Briefing on the Corporate Governance Guide issued by the Bursa Malaysia Securities Berhad
Ho Siew Weng	Seminar on Achieving New Heights In Corporate Enforcement: THE SSM's Balanced Enforcement Approach	Seminar to gives an insight into the role of Companies Commission of Malaysia as corporate regulatory agency and the sharing of the "balanced Enforcement" approach in achieving voluntary and continuous compliance.
Ho Siew Weng	Seminar on the Corporate Governance Guide – Towards Boardroom Excellence	Briefing on the Corporate Governance Guide issued by the Bursa Malaysia Securities Berhad
General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	Seminar on CEO And Board Succession Planning	Presentation on succession planning for the board
General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	Seminar on the Corporate Governance Guide – Towards Boardroom Excellence	Briefing on the Corporate Governance Guide issued by the Bursa Malaysia Securities Berhad
Razali Bin Jantan	Seminar on the Corporate Governance Guide – Towards Boardroom Excellence	Briefing on the Corporate Governance Guide issued by the Bursa Malaysia Securities Berhad
Razali Bin Jantan	Asia-Pacific Aquaculture Conference	Sessions and workshop covers all aspects of aquaculture in Malaysia as well as Southeast Asia
Ravi Markandu	Internal Auditing: Assurance and Value Creation session	Forum on internal audit assurance and value creation
Ravi Markandu	Forum on Corporate Governance Best Practices	Forum on Corporate Governance Best Practices
Ravi Markandu	Forum on Raising the Bar for Corporate Directors Toward Global Competitiveness	Forum on Corporate Directors Toward Global Competitiveness
Ravi Markandu	Seminar on ACE Market Listing Requirement	Briefing on new framework on ACE Market Listing Requirement
Ravi Markandu	Seminar on the Corporate Governance Guide – Towards Boardroom Excellence	Briefing on the Corporate Governance Guide issued by the Bursa Malaysia Securities Berhad



## 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](http://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.

## 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 2009 are set out on pages 46 to 88.

### 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 20 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 gives 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 2009 that 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) Share Buybacks**

There was no share buyback during the financial year.

**b) Options or Convertible Securities**

No options or convertible securities were issued during the financial year.

**c) 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.

**d) Imposition of Sanctions and Penalties**

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

**e) Non Audit Fees**

Non audit fees paid to external auditors for the financial year was RM5,000.

**f) 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 25 February 2010.

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

**g) Profit Forecast and Profit Guarantees**

The Company did not issue any profit forecast or profit guarantee for the year ended 31 December 2009.

**h) Material Contracts**

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

**i) 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 to the Financial Statements.

**j) 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.

**k) Imposition of Sanctions/ Penalties**

During the FYE 31 December 2009, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

## MEMBERSHIP AND MEETINGS

The Audit Committee comprises the following members:

### Chairman

Ravi 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 17 February 2009, 27 April 2009, 21 May 2009, 24 August 2009 and 12 November 2009 respectively. The Financial Controller, Internal Auditors and External Auditors, have been invited to attend the Audit Committee meetings.

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

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

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the Audit Committee during the Financial Year Ended 31 December 2009 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 2009.
- (c) Reviewed and discussed with the external auditors their audit findings including 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 ACE Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements; and
- (i) Report to the Board on its activities and significant findings and results;
- (j) Met with the external auditors once during the year without the presence of any executive board members and management; and
- (k) Met with the internal auditors once during the year without the presence of any executive board members and management.

## INTERNAL AUDIT FUNCTION

Tex Cycle 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 shall 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.

### Meetings and Minutes

Meetings shall be held not less than four (4) times a year and normally be attended by the 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 with the Audit Committee 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 the 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.

### 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 acknowledges that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The system is designed to provide reasonable assurance of effective operations and compliance with laws and regulations. The Board ensures the effectiveness of the system through periodic reviews.

The system of Internal control is designed to manage rather than eliminate the risk failures to achieve business objectives, and as such can only provide reasonable but 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 2009.

## (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 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.

The internal audit fee incurred for the financial year ended 31 December 2009 was RM15,000.

## 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 15 April 2010.

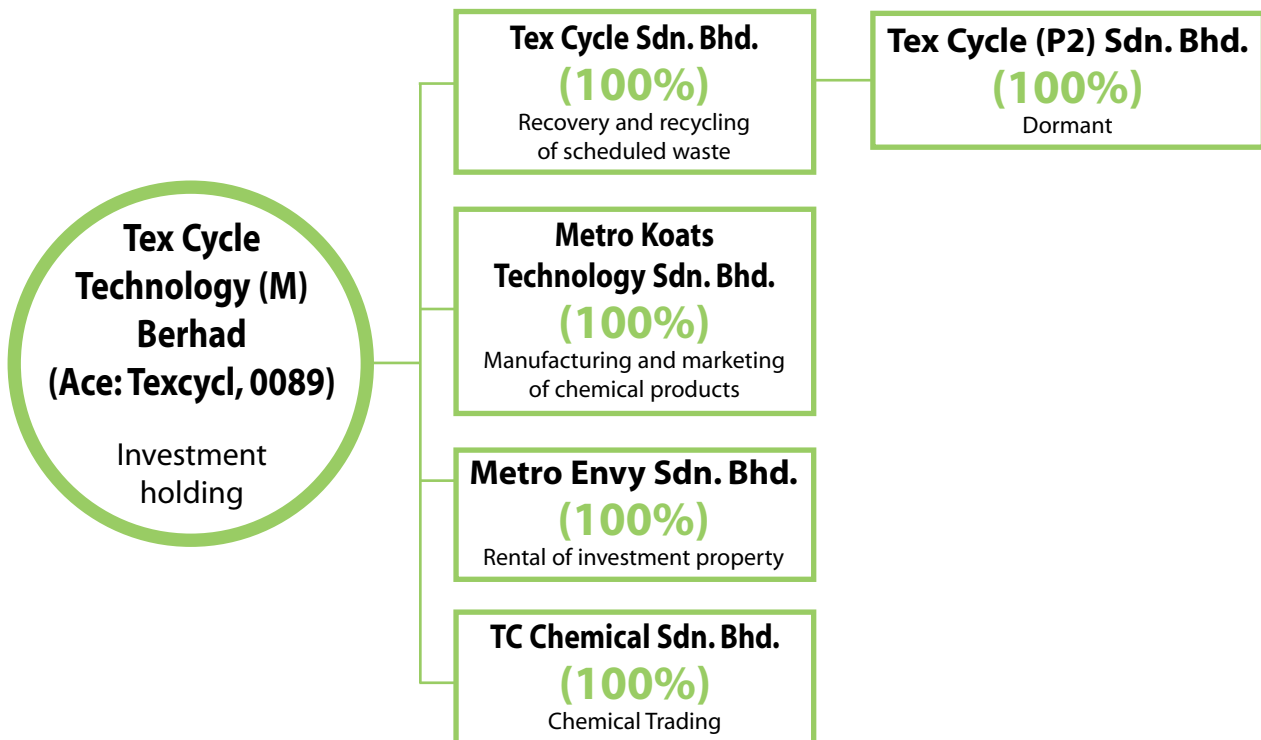
## TEX CYCLE TECHNOLOGY (M) BERHAD

Tex Cycle Technology (M) Berhad ("Tex Cycle Technology" or "the Company") is an investment holding Company which was listed on the ACE Market of Bursa Malaysia Securities Berhad on 27 July 2005. Today, Tex Cycle Technology is the holding Company of Tex Cycle Sdn. Bhd., Metro Koats Technology Sdn. Bhd., Metro Envy Sdn. Bhd., Tex Cycle (P2) Sdn. Bhd. and TC Chemical Sdn. Bhd.

The Company is primarily engaged in an environmentally friendly Waste Management Business which provides professional services preferred by companies from the various industries in accordance with Environmental Quality Act. Conversely, we also supply specialized products for the Defense industry and further endow chemical products for related industries.

Our systems and procedures are technologically advanced and upgraded frequently. This allows us to offer one-stop solution to our valued Customers with economical products and services in total compliance.

## THE GROUP'S CORPORATE STRUCTURE AND PRINCIPLE ACTIVITIES



### METRO ENVY SDN. BHD.

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.

### TC CHEMICAL SDN. BHD.

TC Chemical Sdn. Bhd. ("TC Chemical") was incorporated on 22 June 2009. The principal activity of the Company will be chemical trading business.

## METRO KOATS TECHNOLOGY SDN. BHD.

### Mission

- To be recognized internationally as a premier camouflage company.
- To continually develop more unique camouflage products.
- To assist the Defence Ministry's call for more locally developed and manufactured defence related products.

### Introduction

An all-Malaysian company, Metro Koats Technology Sdn Bhd was incorporated in 1995 to manufacture specialized paint. Noting a general absence of homegrown defence products, Metro Koats devoted its resources to the development of camouflage products for tactical military applications. Specifically, developing and manufacturing camouflage products that are fully acclimatized to our tropical environment; immediately benefiting the Malaysian Armed Forces.

### The Challenge

In view of today's advanced technology in electronic surveillance and image enhancers, the ability to detect beyond the visual range of the human eye (400-740 nm) has become the norm. For even the simplest and the most widely used electronic visual enhancer in the battlefield, the night-vision goggles has a detection range that is well beyond the human visual range. On the extreme end, electromagnetic radar wave has the ability to penetrate not just through darkness and atmospheric impedance but also through materials. The urgent need to counter these devices is evermore crucial in deciding the outcome of a conflict.

Today, with strong encouragement and support from the Ministry of Defence, Metro Koats has further strengthen its position in this specialized field of tactical military camouflage by developing a whole range of products working in a broadband electromagnetic spectrum.

Metro Koats whole range of products seamlessly combine to form an integrated broadband camouflage system (Metro Koats Total Camouflage System) which when used in service will seriously hinder the effectiveness of today's electronic detectors and weapon system - giving that decisive edge needed.

### VISUAL AND NEAR INFRA RED REFLECTING CAMOUFLAGE PAINT

- Fast drying time – 10 minutes
- "wet-on-wet" application
- 2 component polyurethane system, fully tropicalized
- Visual and Near infrared camouflaging characteristics
- Dead matt surface

same infra-red reflection for both trees and KT1000 vehicle

note how the infra-red is absorbed by ordinary paint, hence leaving it as a black patch as compared to the trees in the background.



note how the roof and fence shows up clearly on infra-red

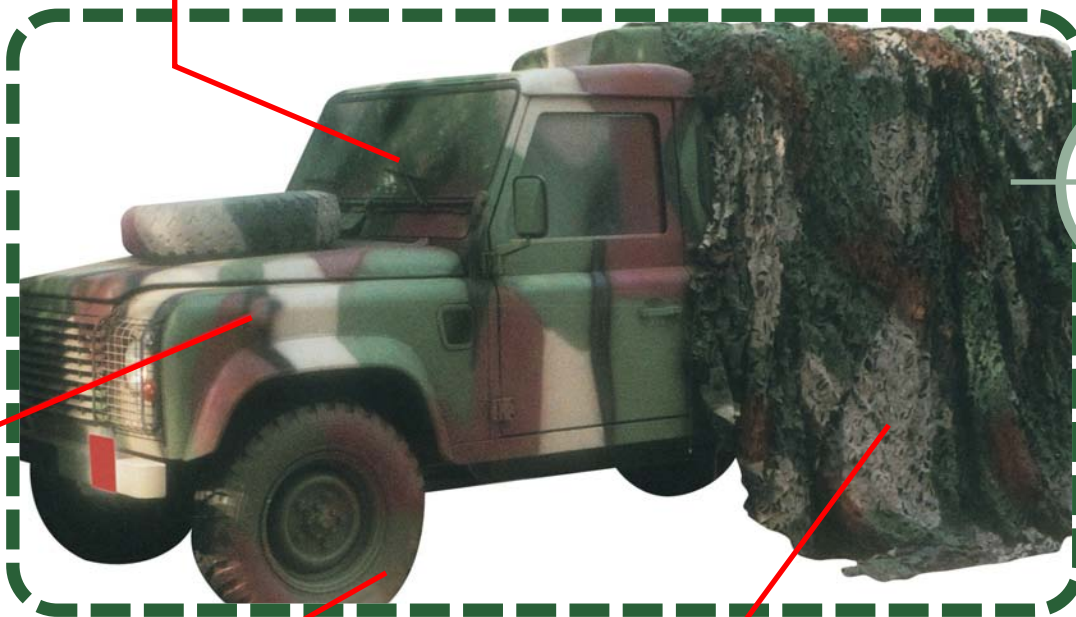
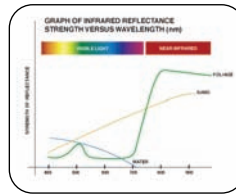


# METRO KOATS'S TOTAL CAMOUFLAGE SYSTEM

A COMPLETE SOLUTION TO ALL TACTICAL MILITARY VISUAL, INFRA-RED AND RADAR CAMOUFLAGE REQUIREMENTS

## WINDSCREEN CAMOUFLAGE

- Pre-matched colors
- Visual and infrared camouflaging
- See-through
- Glint reduction



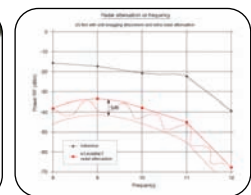
## FLEXIBLE SURFACE CAMOUFLAGE

- Ready to use
- Matching colors to the body paint
- Visual and infrared camouflaging



## BROADBAND CAMOUFLAGE NETS

- 100% rot proof
- No metal parts
- Camouflage in visual, near infra, far infra-red
- Radar scattering capability up to millimeter wave
- Dead matt surface

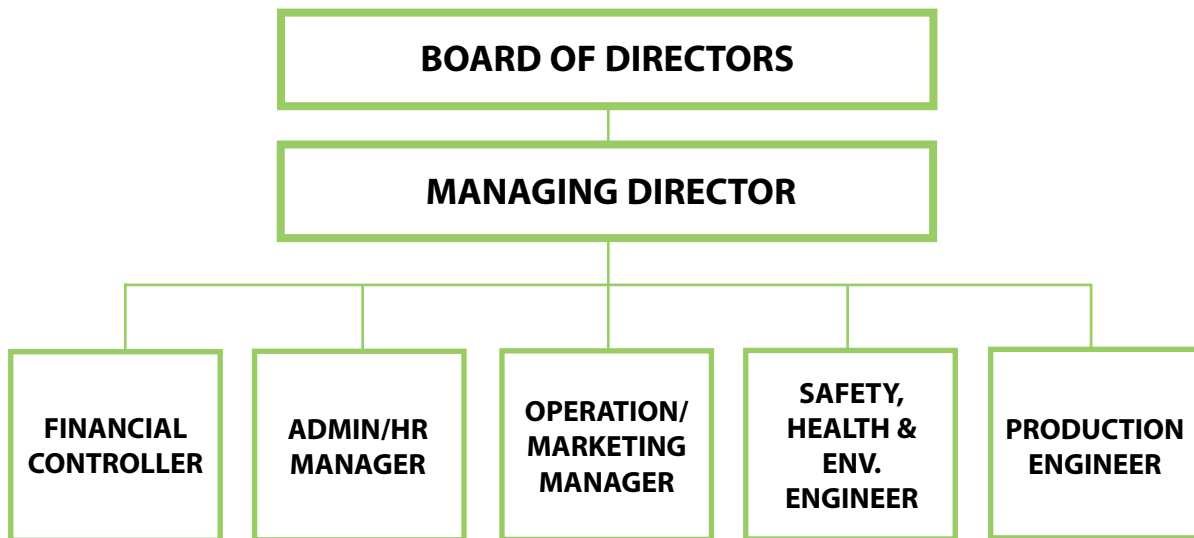




**TEX CYCLE SDN BHD**

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 are much preferred by our Customers. Our systems are in accordance with ISO 14001 which assures complete professional services and products in total compliance.

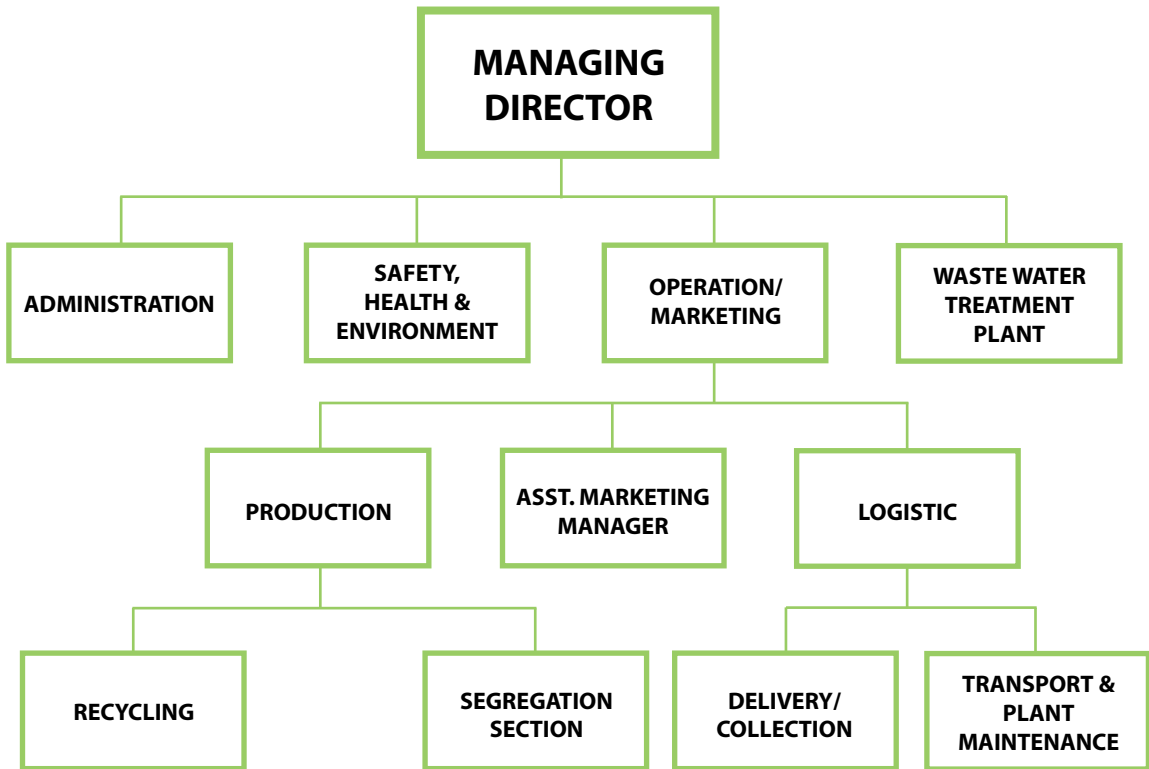
**ORGANIZATION CHART**



**ENVIRONMENTAL MANAGEMENT SYSTEMS APPROVAL CERTIFICATE**



**ISO 14001 ORGANIZATION CHART**



Tex Cycle Management & Staff

### **RESPONSIBILITIES**

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

#### **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 program.

#### **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 audits 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**

Tex Cycle pursues its mission with complete commitment in ensuring that its Employees work in a safe environment and return to their families safely. The Employees are its most valuable asset and they are given top priority. Customer satisfaction is also given utmost importance with loyal and professional advice and exceptional customer service at all times. Tex Cycle believes in constantly and continually upgrading its Technologies for more effective operations, practically and technically. It yearns to provide and uphold a safe, healthy, clean and conducive Environment and also inspire awareness on protecting the environment. Innovation and creativity is stimulated through R & D in every possible aspect of business for continued success. Through Corporate Responsibility, Tex Cycle extends awareness on environmental protection to the community around it, educates the future generation on importance of caring for the environment and readily extends 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 each 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**

- Adhering to all regulations wherever we operate
- Practicing high ethical standards and sincerity in our business
- Protecting the environment and community in all our actions
- Respecting diversity and individual growth of Employees
- Creating higher value through technology, creativity and innovation
- More than meeting the expectations of Customers and Shareholders and building mutually profitable relationships

**TEX CYCLE'S GROWTH STRATEGY**

The Board of Directors and its principal shareholders are committed to growing the Company. This intention is being achieved 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

**SERVICES**

As a professional recycler, Tex Cycle collects used materials directly from Companies of various industries where scheduled wastes are used/ produced 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. 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.



# corporate responsibility report

## 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 – Solid and Liquid Form
- Process Flow for Waste Water Treatment

## Key Impacts

### Environmental Issues and the Preventive / Control Measures

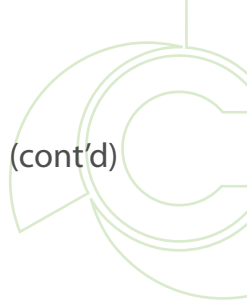
Many areas are constantly monitored according to legal requirement, regulations and Company policies. The major factors are air pollution, odour & noise, chemical spillage, effluent from processes, segregation of solid waste and disposal of Scheduled Waste.

### 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 and processes 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.

In addition, the (LCA) analysis provides insight to the following:

- provide a complete picture of how 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 products and services.
- contribute understanding of the overall consequences of 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 that requires to be monitored according to ISO 14001 are as follows:

- Total energy consumption
- Total water consumption
- Scheduled waste generated
- Air and Noise Pollution

## 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% are reused, recovered or recycled.

## 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. All employees are informed and made to understand the outcome of these audits, whether good or bad.

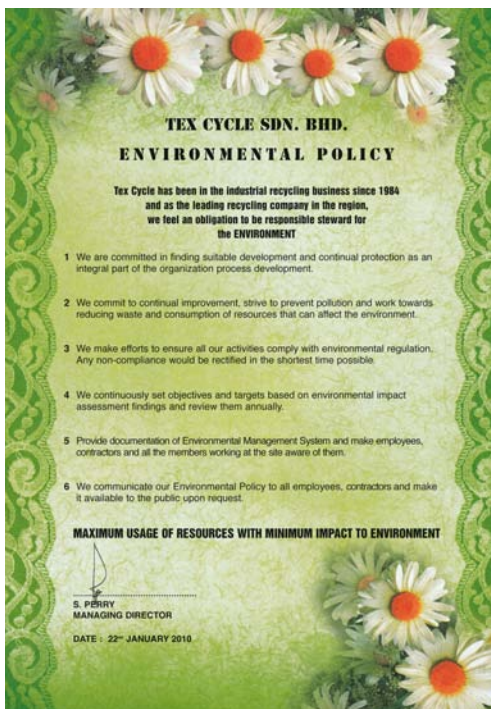
The review system includes visits/ audits from the following parties:

### Checking/ Review system

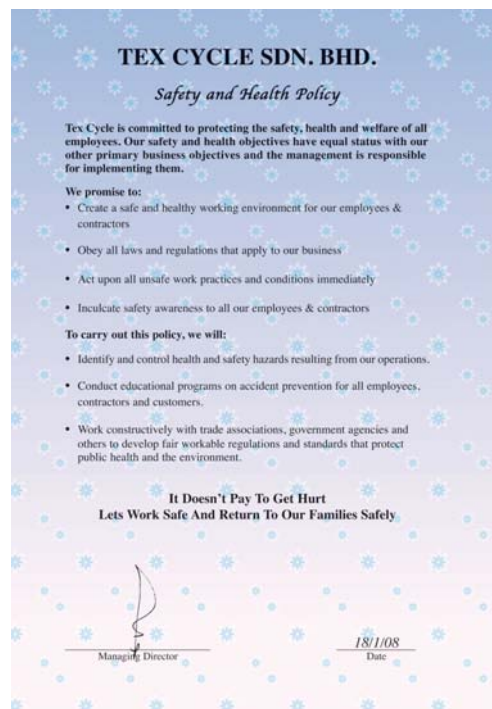
- Customer audits/visits
- Official audits from SIRIM / Department of Environment (DOE) / Department of Safety & Health (DOSH) / BOMBA / Clients
- Internal Audits by certified Tex Cycle personnel
- EiMAS, new DOE Officers
- Risk Management audit (3rd party audit)
- International visits by environmental 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 contribute exchange of ideas and educate stakeholders on the importance of scheduled waste management.

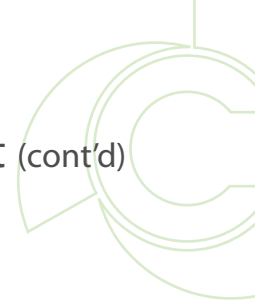
## Management System and Procedures



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 be implemented accordingly. This procedure is followed by approval process from various levels. Counter measures are taken to minimize or eliminate the reoccurrence with continuous follow-up by the audit team member until report is 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 carefully and thoroughly identified from the processes and products/ materials used throughout the plant. Risks that may exist while transporting are also identified. Appropriate procedures and environmental operating instructions are in place to ensure fast and effective response if any of the potential environmental emergencies that have been outlined arises. All Employees are trained by ERT Team on Standard Operating Procedures (SOP) for emergency situations with frequent 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.

#### 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 for 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 trainings 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.

### The rewards and recognition given to employees are as outlined below:

- Eligible Employees are given education scholarships to pursue higher studies in fields related to their jobs
- 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

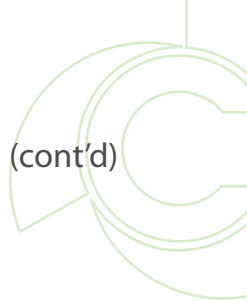
Besides many activities that are implemented for staff participation as a part of resource conservation programme, Tex Cycle also has ongoing programs to convert all wastes to useful products.

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 products 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**

Tex Cycle is the main sponsor for a Dialysis Centre situated at Klang Valley in partnership with an NGO for the poor and less fortunate kidney patients who require the treatments to stay alive. With continuous support by Tex Cycle and through kind donors, Tex Cycle aims to assist the less fortunate in their medical needs. Tex Cycle also shares its profits on a regular basis with many other charitable organisations to provide help to those who are in need of assistance.

Tex Cycle believes that education is the frontier to many opportunities. Tex Cycle recently awarded education scholarship to Employees and extended its funds to Employees children who are in need of financial assistance to further their studies as well.

## 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's main aim is to minimize the amount of waste disposed from the plant. Research and development are continuously exploited to generate useful products from waste. Tex Cycle strives to improve its systems on a continuous basis and find ways and means to reduce waste and manage it in a manner profitable to both the Company and the environment.

## 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 laundrette 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.

**Awards Achieved Prior 2009**

- 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
- 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 RM1 billion from Star Biz ICR Malaysia

**Awards Achieved in 2009**

- Prime Minister Hibiscus Award 2008/2009 for Notable Achievement in Environmental Performance
- Practice Solution Award 2009 under Non-listed SME Category from National Award for Management Accounting (NAfMA)
- Corporate Responsibility Award 2009 for Marketplace Category for market capitalization below RM1 billion from Star Biz ICR Malaysia
- ACCA Malaysia Sustainability Reporting Awards for Transparency (MaSRA) 2009 (shortlisted)



# 2009 milestone

## 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.

Below are some valuable visits from Government Bodies and Educational Institutions.

### JANUARY 2009

- Institute of Biological Science, University of Malaya
- SIRIM Recertification Audit

### MARCH 2009

- Ambassador of Slovak Republic



### MAY 2009

- UNIDO Thailand



- EiMAS (Environmental Institute of Malaysia)



**JULY 2009**

- Petronas Regional Environmental Workshop



**AUGUST 2009**

- Universiti Sains Malaysia



**OCTOBER 2009**

- Universiti Malaysia Terengganu



# 2009 milestone (cont'd)

Customers are significant and most important asset to the Company. Following are some of the Customer Audits at Tex Cycle.



**EVENTS/ACTIVITIES**

Besides the various Audits/Visits, Tex Cycle also implemented many Corporate Responsibility activities.

**COMPANY**

**Prime Minister's Hibiscus Award**

Having received various awards under the Prime Minister Award over the years, in 2009 Tex Cycle Sdn Bhd received the Prime Minister Hibiscus Award 2008/2009 for Notable Achievement in Environmental Performance after an arduous and intense competition among the participants. Being in the Environment business, any awards received are seen as encouragement to the Management and Employees of Tex Cycle to achieve the vision and mission of the Company.



**National Award for Management Accounting (NAfMA)**

Tex Cycle Sdn Bhd proudly received the Practice Solution Award 2009 under SME Category from National Award for Management Accounting (NAfMA). NAfMA presents this award to recognise and promote the use of best practices in Management Accounting towards world-class business performance amongst organisations in Malaysia. This was the second time Tex Cycle Sdn Bhd was selected as the winner for SME Category.



**Star Biz ICR Malaysia**

Having received the Finalist Award for Community Category and the Winner Award for the Environment Category last year, it was uplifting for Tex Cycle Sdn Bhd to receive the Winner Award for Marketplace Category for market capitalization below RM1billion. This is the second year Tex Cycle is receiving Corporate Responsibility Award from Star Biz ICR Malaysia.



## ACCA Malaysia Sustainability Reporting Award

Tex Cycle Sdn Bhd was shortlisted for the ACCA Malaysia Sustainability Reporting Awards for Transparency (MaSRA) 2009. The aim of this award is to identify and reward innovative attempts to communicate corporate performance as well excellence in transparent environmental, social and sustainability reporting.

## Safety Month 2009

Many programs were planned and executed for the Safety Month in June 2009. The programs were initiated with the intention to provide knowledge and stimulate responsiveness on the safety elements of each Employee while they are at work and prepare them for emergency situations in the event of an occurrence. Tex Cycle's utmost priority is the safety of the Employees and that they return to their families safely each day.

## Health Talk

In 2009, the whole world was hit by a pandemic flu activity, H1N1. The Health Training covered general health topics at home, workplace and public and occupational safety measures. Employees were also briefed on H1N1 disease; the common symptoms, how it spreads, healthcare guidance, safety measures and the current global updates on the seriousness of the illness.



## First Aid

2009's First Aid training was organized in an even more sophisticated manner than the previous years. After theoretical training was given, the Employees were asked to do a role play in groups to act out scenarios that were given to them without providing time for them to discuss the necessary treatments required. Selected Employees were given 'make-up' to show bloody wounds that looked real in a separate room. They were then placed in an open area in varied positions. Their other group members were then called in and were required to attend to their fellow colleague who is in need of first aid immediately while all other Employees watched the role play. The right and wrong do's and don'ts of first aid was discussed at the end of the training.



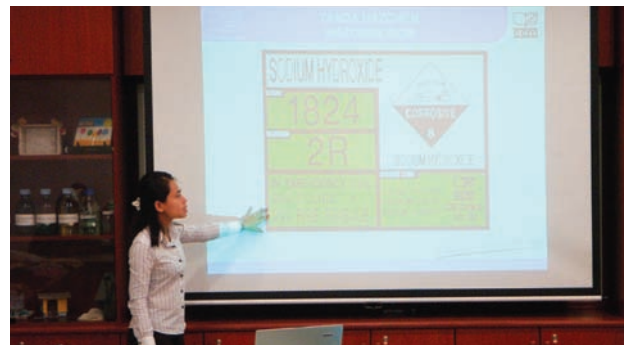
**Chemical Handling**

Chemicals are commonly used in this industry for the purpose of cleaning and many Customers send their wastes that may be contaminated with it. The Chemical Handling Training was presented to refresh the information provided to Employees on proper handling of chemicals which are present around them at all times and to ensure priority is given to safety while performing their duties



**LPG Gas Safety**

The training on LPG Gas Safety highlighted the safety measures that must be adhered to when handling gas and the emergency response plan in the event of a leakage.



**Fire Fighting**

Both theory and practical sessions of the Fire fighting training were conducted to enhance their knowledge, 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.

The above trainings assisted in educating employees on workplace safety and hazards that they might face while at work. It also establishes safety culture in which Employees themselves help promote proper safety procedures while working. These trainings encourage participation and cooperation amongst workers and minimize on-the-job accident and indirectly maximizes productivity.



### Contractors Training

As Contractors provide their products and services to Tex Cycle, they are frequently seen in the Company's premise. Thus, the Contractors are given a training to brief and refresh them on the Company's regulations with regard to their safety and the safety of the Company staffs while they are at work. Rules and steps to follow pertaining to the delivery of their products specially chemicals are emphasized.



### EMPLOYEE

### Cost Reduction/Minimization of Waste

During the recession in 2008, the Company took many measures of precaution to minimize the effects of the economic slowdown on the Employees and the Company as a whole. Many strategies were planned and implemented. One of it was Cost Reduction/ Minimization of Waste whereby each Employee was given the opportunity to give suggestions on cost saving which would benefit the Company in general. The Management assured that, if this becomes a success with a significant reduction in costs and wastes, Employees will be given an incentive to divide the savings among every Employee. Every Employee participated and different tactics were followed by each department in making this proposal a success. And so, in July 2009, an equal amount of incentive was given to all Employees as an appreciation for their creativity, cooperation, commitment and above all support the decisions of the Management.



**25th Anniversary of Company**

Tex Cycle Sdn Bhd was incorporated on 18th September, 1984; 25 years ago. Since then, Tex Cycle has grown tremendously and positively in every way possible. Tex Cycle celebrated its Silver Jubilee with the Board of Directors and all the Employees of Tex Cycle together with their family members. The gala dinner with sumptuous food was also in conjunction with Hari Raya and Deepavali festivals which was around the same time. The event was in celebration of the Company's achievement and accomplishment with the people who've made it possible. Tex Cycle Management and Staffs awarded '25 years of Excellent Leadership' Award to Mr. Perry, the Managing Director of the Company for his boundless dedication to Tex Cycle. Employee of the Year Award was presented to express appreciation and encourage sincerity and commitment from each Employee. To commemorate the event, babies born while mothers were under employment in Tex Cycle were given savings account to inculcate saving habits. Birds were released to symbolize continued peace, tranquility and harmony among the family members of Tex Cycle. It was a dazzling night to remember with balloons, sparkling fireworks, dance and music throughout the night with lots of cash to be won as lucky draws.



**COMMUNITY**

**Dialysis Centre**

In partnership with non-profit health organizations, Tex Cycle Sdn Bhd aims to provide the much required dialysis treatment, crucial for kidney failure patients to stay alive while creating public awareness on kidney related issues and healthcare on a continuous manner.

The centre, Pusat Dialisis Good Health NKF, which is in the vicinity of Klang Valley is in the final stage of acquiring the necessary permits from Ministry of Health before operation which is expected to start in May 2010. With continuous immeasurable support by Tex Cycle and through kind donors, Tex Cycle aspires to diminish the burden of the hard core poor patients in obtaining the medical assistance they need to lead a normal life.



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# 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, 2009.

## 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
<b>Profit before tax</b>	8,461,256	1,701,987
<b>Income tax expense</b>	(1,881,282)	(391,836)
<b>Profit for the year</b>	6,579,974	1,310,151

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 5.0%, comprising 0.3% less 25% tax, amounting to RM38,428 and single tier exempt dividend of 4.7% amounting to RM802,727, 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 single tier tax exempt dividend of 5.0% amounting to RM853,965 in respect of the current financial year. The proposed final dividend is subject to 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, 2010.

## 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 STATUTORY 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
- (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. Yusseri Bin Said, General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd) and Ravindran Markandu 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:

Shares in the Company	Number of ordinary shares of RM0.10 each			Balance as of 31.12.2009
	Balance as of 1.1.2009	Bought	Sold	
Yusseri Bin Said				
- Direct	4,350,130	-	-	4,350,130
Ho Siew Cheong				
- Direct	4,038,265	92,200	-	4,130,465
- Deemed (Note 1)	82,104,559	-	-	82,104,559
Ho Siew Choong				
- Direct	7,818,803	34,000	-	7,852,803
- Deemed (Note 1)	82,104,559	-	-	82,104,559
- Indirect (Note 2)	62,000	-	-	62,000
Ho Siew Weng				
- Direct	2,149,597	19,000	-	2,168,597
- Deemed (Note 1)	82,104,559	-	-	82,104,559
- Indirect (Note 2)	-	397,500	-	397,500
Periasamy A/L Sinakalai				
- Direct	7,599,965	10,000	-	7,609,965
- Deemed (Note 1)	82,104,559	-	-	82,104,559
- Indirect (Note 2)	8,000	596,500	-	604,500
Ravindran Markandu				
- Direct	125,000	20,000	-	145,000
- 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 pursuant to Section 134(12)(c) of the Companies Act, 1965.

**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,




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**PERIASAMY A/L SINAKALAI**




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**HO SIEW CHOONG**

Puchong  
April 15, 2010



# independent auditors' report

## to the members of **TEX CYCLE TECHNOLOGY (M) BERHAD**

### **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, 2009 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 52 to 87.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2009 and of their financial performance and cash flows for the year then ended.

independent auditors' report  
to the members of **TEX CYCLE TECHNOLOGY (M) BERHAD** (cont'd)

**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 report 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 - 1717/08/11 (J)**  
**Chartered Accountant**

April 15, 2010

# income statements

For the year ended December 31, 2009

	Note(s)	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	5 & 6	<b>28,329,166</b>	13,824,483	<b>1,818,200</b>	1,377,000
Cost of sales		<b>(17,058,561)</b>	(4,507,892)	-	-
<b>Gross profit</b>		<b>11,270,605</b>	9,316,591	<b>1,818,200</b>	1,377,000
Other operating income		<b>1,241,394</b>	1,255,209	-	-
Changes in fair value of investment property	14	<b>1,110,000</b>	330,000	-	-
Selling and distribution costs		<b>(413,723)</b>	(328,571)	-	-
Administrative expenses		<b>(3,520,644)</b>	(3,565,219)	<b>(224,625)</b>	(254,146)
Other operating expenses		<b>(1,513,905)</b>	(1,066,633)	-	-
<b>Profit from operations</b>	7	<b>8,173,727</b>	5,941,377	<b>1,593,575</b>	1,122,854
Finance cost	8	<b>(13,566)</b>	(18,548)	-	-
Interest income		<b>301,095</b>	190,140	<b>108,412</b>	103,466
<b>Profit before tax</b>		<b>8,461,256</b>	6,112,969	<b>1,701,987</b>	1,226,320
Income tax expense	10	<b>(1,881,282)</b>	(1,471,861)	<b>(391,836)</b>	(308,512)
<b>Profit for the year</b>		<b>6,579,974</b>	4,641,108	<b>1,310,151</b>	917,808
<b>Earnings per ordinary share</b>					
Basic and diluted (sen)	11	<b>3.85</b>	2.72		

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

	Note(s)	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	12	<b>7,671,146</b>	7,473,692	-	-
Prepaid lease payments	13	<b>8,128,479</b>	8,214,997	-	-
Investment property	14	<b>7,340,000</b>	6,230,000	-	-
Investment in subsidiary companies	15	-	-	<b>10,579,285</b>	10,579,282
Goodwill on consolidation	16	<b>583,937</b>	583,937	-	-
Investment in structured funds	17	<b>3,000,000</b>	1,000,000	<b>1,500,000</b>	-
Total Non-current Assets		<b>26,723,562</b>	23,502,626	<b>12,079,285</b>	10,579,282
<b>Current Assets</b>					
Inventories	18	<b>612,369</b>	498,528	-	-
Trade receivables	19	<b>4,659,636</b>	4,210,297	-	-
Other receivables and prepaid expenses	19	<b>1,212,746</b>	251,823	<b>1,000</b>	1,000
Investment in structured funds	17	<b>1,000,000</b>	-	-	-
Amount owing by subsidiary companies	20	-	-	<b>9,465,981</b>	9,963,604
Tax recoverable		<b>114,092</b>	512,122	<b>114,092</b>	51,056
Cash and bank balances	28	<b>11,350,985</b>	7,872,699	<b>1,723,034</b>	2,320,704
Total Current Assets		<b>18,949,828</b>	13,345,469	<b>11,304,107</b>	12,336,364
<b>Total Assets</b>		<b>45,673,390</b>	36,848,095	<b>23,383,392</b>	22,915,646
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Issued capital	21	<b>17,079,300</b>	17,079,300	<b>17,079,300</b>	17,079,300
Reserves	22	<b>23,655,926</b>	17,917,107	<b>6,275,792</b>	5,806,796
Total Equity		<b>40,735,226</b>	34,996,407	<b>23,355,092</b>	22,886,096
<b>Non-current Liabilities</b>					
Hire-purchase payables - non-current portion	23	<b>36,033</b>	110,900	-	-
Deferred tax liabilities	24	<b>466,886</b>	445,632	-	-
Deferred income - non-current portion	25	<b>860,000</b>	-	-	-
Total Non-current Liabilities		<b>1,362,919</b>	556,532	-	-
<b>Current Liabilities</b>					
Trade payables	26	<b>112,629</b>	121,640	-	-
Deferred income - current portion	25	<b>1,682,660</b>	-	-	-
Other payables and accrued expenses	26	<b>1,536,193</b>	891,403	<b>28,300</b>	29,550
Hire-purchase payables - current portion	23	<b>74,867</b>	246,310	-	-
Tax liabilities		<b>168,896</b>	35,803	-	-
Total Current Liabilities		<b>3,575,245</b>	1,295,156	<b>28,300</b>	29,550
<b>Total Liabilities</b>		<b>4,938,164</b>	1,851,688	<b>28,300</b>	29,550
<b>Total Equity and Liabilities</b>		<b>45,673,390</b>	36,848,095	<b>23,383,392</b>	22,915,646

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

# statements of changes in equity

For the year ended December 31, 2009

<b>THE GROUP</b>	<b>Note</b>	<b>Issued capital RM</b>	<b>Non - Distributable reserve - Share premium RM</b>	<b>Distributable reserve - Retained earnings RM</b>	<b>Total RM</b>
<b>Balance as of January 1, 2008</b>		17,079,300	4,521,517	9,386,416	30,987,233
Dividends paid		-	-	(631,934)	(631,934)
Profit for the year		-	-	4,641,108	4,641,108
<b>Balance as of December 31, 2008</b>		17,079,300	4,521,517	13,395,590	34,996,407
<b>Balance as of January 1, 2009</b>		<b>17,079,300</b>	<b>4,521,517</b>	<b>13,395,590</b>	<b>34,996,407</b>
Dividends paid	27	-	-	(841,155)	(841,155)
Profit for the year		-	-	6,579,974	6,579,974
<b>Balance as of December 31, 2009</b>		<b>17,079,300</b>	<b>4,521,517</b>	<b>19,134,409</b>	<b>40,735,226</b>
<b>THE COMPANY</b>					
<b>As of January 1, 2008</b>		17,079,300	4,521,517	999,405	22,600,222
Dividends paid		-	-	(631,934)	(631,934)
Profit for the year		-	-	917,808	917,808
<b>As of December 31, 2008</b>		17,079,300	4,521,517	1,285,279	22,886,096
<b>As of January 1, 2009</b>		<b>17,079,300</b>	<b>4,521,517</b>	<b>1,285,279</b>	<b>22,886,096</b>
Dividends paid	27	-	-	(841,155)	(841,155)
Profit for the year		-	-	1,310,151	1,310,151
<b>As of December 31, 2009</b>		<b>17,079,300</b>	<b>4,521,517</b>	<b>1,754,275</b>	<b>23,355,092</b>

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

# cash flow statements

For the year ended December 31, 2009

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>				
Profit for the year	<b>6,579,974</b>	4,641,108	<b>1,310,151</b>	917,808
Adjustments for:				
Income tax expense recognised in income statement	<b>1,881,282</b>	1,471,861	<b>391,836</b>	308,512
Depreciation of property, plant and equipment	<b>1,251,121</b>	1,093,893	-	-
Allowance for doubtful debts	<b>218,600</b>	124,000	-	-
Amortisation of prepaid lease payments	<b>86,518</b>	86,518	-	-
Bad debts written off	<b>27,566</b>	10,432	-	-
Finance cost	<b>13,566</b>	18,548	-	-
Unrealised loss on foreign exchange	<b>2,868</b>	-	-	-
Changes in fair value of investment property	<b>(1,110,000)</b>	(330,000)	-	-
Interest income	<b>(301,095)</b>	(190,140)	<b>(108,412)</b>	(103,466)
Amortisation of deferred income	<b>(100,000)</b>	-	-	-
Gain on disposal of property, plant and equipment	-	(54,910)	-	-
Dividend income	-	-	<b>(1,818,200)</b>	(1,377,000)
Operating Profit/(Loss) Before Working Capital Changes	<b>8,550,400</b>	6,871,310	<b>(224,625)</b>	(254,146)
(Increase)/Decrease in:				
Inventories	<b>(113,841)</b>	(171,906)	-	-
Trade receivables	<b>(698,373)</b>	(565,194)	-	-
Other receivables and prepaid expenses	<b>(960,923)</b>	593,382	-	28,000
Increase/(Decrease) in:				
Trade payables	<b>(9,011)</b>	27,190	-	-
Other payables and accrued expenses	<b>644,790</b>	(11,488)	<b>(1,250)</b>	(2,000)
Deferred income	<b>1,442,660</b>	-	-	-
Cash Generated From/(Used In) Operations	<b>8,855,702</b>	6,743,294	<b>(225,875)</b>	(228,146)
Income tax paid	<b>(1,328,905)</b>	(1,511,013)	<b>(322)</b>	(1,445)
Finance cost paid	<b>(13,566)</b>	(18,548)	-	-
Net Cash From/(Used In) Operating Activities	<b>7,513,231</b>	5,213,733	<b>(226,197)</b>	(229,591)



# cash flow statements (cont'd)

For the year ended December 31, 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>				
Interest received	301,095	190,140	108,412	103,466
Increase in investment in structured funds	(3,000,000)	(1,000,000)	(1,500,000)	-
Additions to property, plant and equipment (Note)	(1,448,575)	(1,039,064)	-	-
Increase in short-term deposits pledged	(4,245)	(88,674)	-	-
Proceeds from disposal of property, plant and equipment	-	62,250	-	-
Purchase of leasehold land	-	(5,583,283)	-	-
Net cash outflow from acquisition of a subsidiary company (Note 15)	-	-	(3)	-
Decrease/(Increase) in amount owing by subsidiary companies	-	-	1,861,273	(204,061)
Net Cash (Used in)/From Investing Activities	(4,151,725)	(7,458,631)	469,682	(100,595)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>				
Government grant received	1,200,000	-	-	-
Dividends paid	(841,155)	(631,934)	(841,155)	(631,934)
Payment of hire-purchase payables	(246,310)	(210,000)	-	-
Net Cash From/(Used In) Financing Activities	112,535	(841,934)	(841,155)	(631,934)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,474,041</b>	<b>(3,086,832)</b>	<b>(597,670)</b>	<b>(962,120)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>7,646,180</b>	10,733,012	<b>2,320,704</b>	3,282,824
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>11,120,221</b>	7,646,180	<b>1,723,034</b>	2,320,704

**Note:**

Additions to property, plant and equipment during the financial year were financed as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Payment by government grant	1,200,000	-	-	-
Payment by cash	248,575	1,039,064	-	-
Financed by hire-purchase	-	150,000	-	-
	<b>1,448,575</b>	1,189,064	-	-

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

# 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 ACE 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 15, 2010.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the provisions of the Companies Act, 1965 Malaysia.

### Accounting Standards and IC Interpretations Issued but Not Yet Effective

As of the date of issuing the financial statements, the following new/revised FRSs, Issue Committee Interpretation ("IC Int.") and amendments to FRSs and IC Int. which were issued but not yet effective are as follows:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) <sup>2</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) <sup>3</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters) <sup>4</sup>
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations) <sup>2</sup>
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) <sup>3</sup>
FRS 3	Business Combinations (Revised in 2010) <sup>3</sup>
FRS 4	Insurance Contracts <sup>2</sup>
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary) <sup>3</sup>
FRS 7	Financial Instruments: Disclosures <sup>2</sup>
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition) <sup>2</sup>
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) <sup>4</sup>
FRS 8	Operating Segments <sup>1</sup>
FRS 101	Presentation of Financial Statements (Revised in 2009) <sup>2</sup>
FRS 123	Borrowing Costs (Revised) <sup>2</sup>
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) <sup>2</sup>
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010) <sup>3</sup>
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound instruments) <sup>2</sup>
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue) <sup>5</sup>
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3) <sup>3</sup>

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets - effective date and transition, embedded derivatives and revised FRS 3 and revised FRS 127)<sup>2</sup>

Improvements to FRSs (2009)<sup>2</sup>

IC Int. 9 Reassessment of Embedded Derivatives<sup>2</sup>

IC Int. 9 Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)<sup>2</sup>

IC Int. 9 Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3)<sup>3</sup>

IC Int. 10 Interim Financial Reporting and Impairment<sup>2</sup>

IC Int. 11 FRS 2 - Group and Treasury Share Transactions<sup>2</sup>

IC Int. 12 Service Concession Arrangements<sup>3</sup>

IC Int. 13 Customer Loyalty Programmes<sup>2</sup>

IC Int. 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction<sup>2</sup>

IC Int. 15 Agreements for the Construction of Real Estate<sup>3</sup>

IC Int. 16 Hedges of a Net Investment in a Foreign Operation<sup>3</sup>

IC Int. 17 Distributions of Non-cash Assets to Owners<sup>3</sup>

<sup>1</sup> Effective for annual period beginning on or after July 1, 2009

<sup>2</sup> Effective for annual period beginning on or after January 1, 2010

<sup>3</sup> Effective for annual period beginning on or after July 1, 2010

<sup>4</sup> Effective for annual period beginning on or after January 1, 2011

<sup>5</sup> Effective for annual period beginning on or after March 1, 2010

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

The directors anticipate that all the above new/revised FRSs, IC Int. and amendments to FRSs and IC Int. applicable to the Group and the Company will be adopted in the annual financial statements when they become effective and that the adoption of these new/revised FRSs, IC Int. and amendments to FRSs and IC Int. will have no material impact on the financial statements of the Group and the Company in the period of initial application except as disclosed below:

### **FRS 7 - Financial Instruments: Disclosures**

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

### **FRS 7 - Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)**

The amendments to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

### **FRS 101 - Presentation of Financial Statements**

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group and the Company's financial statements as this change in accounting policy affects only the presentation of the Group and the Company's financial statements.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

### FRS 139 - Financial Instruments: Recognition and Measurement

This new standards establishes principles for recognition and measuring financial assets and financial liabilities. The Group and the Company will apply this standard for financial year ending 31 December 2010.

By virtue of the exemption provided in paragraph 44AB of FRS 7 and paragraph 103AB of FRS 139, the impact of applying FRS 7 and FRS 139 on the financial statements of the Group and the Company upon initial application 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 incorporate the audited financial statements of the Company and all its subsidiary companies controlled by the Company made up to the end of the financial year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiary companies are consolidated using the purchase 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 a subsidiary company, Tex Cycle Sdn. Bhd., as one single CGU.

The recoverable amount of the CGU is determined from a 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 reflects 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 3.70%. 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.

### -3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 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, trading of chemical, 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 and trading of chemicals is recognised upon delivery of products and when the risks and rewards of ownership have passed.

Dividends from subsidiary companies are 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 leave, 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 Employee Provident Fund ("EPF") and contributions are charged to the income statement. Once the contributions have been paid, there are no further payment obligations. The approved provident fund is a defined contribution plan.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Government Grant

Government grant whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets is recognised as deferred income in the balance sheet and transferred to the income statement on a systematic and rational basis over the useful lives of the related assets. Other government grant is recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grant that is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs is recognised in the income statement in the period in which they become receivable.

Government grant is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grant will be received.

#### 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 period 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, other than freehold land and capital work-in-progress which are not depreciated, are stated at cost less accumulated depreciation and any impairment losses.

Other property, plant and equipment are depreciated on the 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%

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for 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 the lessee at the end of the lease term are 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

#### **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.

#### **Goodwill on Consolidation**

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Impairment of Assets Excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible 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.

#### 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, 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.

#### Provisions

Provisions are made when the Group and the Company has 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, provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligations.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 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.

#### 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.

#### 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 year 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	
	2009 RM	2008 RM	2009 RM	2008 RM
Trading of chemicals	12,677,894	-	-	-
Provision of waste recovery and recycling services	11,267,559	10,506,052	-	-
Sales of goods	2,807,801	1,448,790	-	-
Rental of recycled products	1,575,912	1,869,641	-	-
Gross dividend income from subsidiary companies	-	-	1,818,200	1,377,000
	<b>28,329,166</b>	13,824,483	<b>1,818,200</b>	1,377,000

6. OPERATING COSTS APPLICABLE TO REVENUE

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

	Note	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Direct costs on services rendered		2,589,860	3,064,617	-	-
Purchase of chemicals		12,031,244	-	-	-
Raw materials and consumables used		1,199,403	368,897	-	-
Changes in inventories of work-in-progress and finished goods		652	(17,655)	-	-
Directors' remuneration	9	991,310	837,258	116,250	88,000
Staff costs		1,666,453	1,803,878	-	-
Depreciation of property, plant and equipment	12	1,251,121	1,093,893	-	-
Amortisation of prepaid lease payments	13	86,518	86,518	-	-
Other operating expenses		2,690,272	2,230,909	108,375	166,146
		<b>22,506,833</b>	9,468,315	<b>224,625</b>	254,146

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 RM200,986 (2008 : RM130,165).

**7. PROFIT FROM OPERATIONS**

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

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Allowance for doubtful debts	<b>218,600</b>	124,000	-	-
Auditors' remuneration:				
Current year	<b>62,500</b>	60,500	<b>23,000</b>	25,000
Overprovision in prior year	-	(2,000)	-	-
Other services	<b>5,000</b>	5,000	-	-
Rental of premises	<b>15,020</b>	17,900	-	-
Bad debts written off	<b>27,566</b>	10,432	-	-
Loss on foreign exchange:				
Realised	<b>238,644</b>	-	-	-
Unrealised	<b>2,868</b>	-	-	-
Rental income from investment property	<b>(676,800)</b>	(650,400)	-	-
Government grant recognised:				
Relating to property, plant and equipment	<b>(100,000)</b>	-	-	-
Relating to prescribed expenditure	<b>(303,340)</b>	-	-	-
Interest income from:				
Investment in structured funds	<b>(214,918)</b>	-	<b>(77,459)</b>	-
Fixed deposits	<b>(86,177)</b>	-	<b>(30,953)</b>	-
Gain arising from insurance claim on loss of property, plant and equipment	<b>(89,150)</b>	(139,920)	-	-
Gain on disposal of property, plant and equipment	-	(54,910)	-	-

**8. FINANCE COST**

	Group	
	2009 RM	2008 RM
Interest on hire-purchase	<b>13,566</b>	18,548

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Executive directors:</b>				
<i>Directors of the Company:</i>				
Salaries and other emoluments	10,500	–	10,500	–
Fees	25,000	24,000	25,000	24,000
	<b>35,500</b>	24,000	<b>35,500</b>	24,000
<i>Directors of the subsidiary companies:</i>				
Salaries and other emoluments	723,620	610,020	–	–
Fees	96,000	74,000	–	–
Contributions to EPF	55,440	65,238	–	–
	<b>875,060</b>	749,258	–	–
<b>Non-executive directors:</b>				
Fees	70,250	64,000	70,250	64,000
Other emoluments	10,500	–	10,500	–
	<b>80,750</b>	64,000	<b>80,750</b>	64,000
Total	<b>991,310</b>	837,258	<b>116,250</b>	88,000

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

	Number of Directors	
	2009 RM	2008 RM
<b>Executive directors:</b>		
Above RM150,000	3	3
RM50,001 to RM150,000	2	2
Below RM50,000	–	1
<b>Non-executive directors:</b>		
Below RM50,000	3	3

## notes to the financial statements (cont'd)

### 10. INCOME TAX EXPENSE

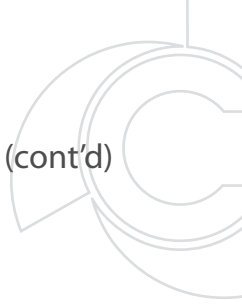
	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Estimated tax payable:				
Current year	<b>1,898,500</b>	1,497,665	<b>419,550</b>	344,250
Overprovision in prior years	<b>(38,472)</b>	(52,879)	<b>(27,714)</b>	(35,738)
	<b>1,860,028</b>	1,444,786	<b>391,836</b>	308,512
Deferred tax liabilities (Note 24):				
Current year	<b>14,645</b>	30,255	-	-
Under/(Over)provision in prior years	<b>6,609</b>	(3,180)	-	-
	<b>21,254</b>	27,075	-	-
	<b>1,881,282</b>	1,471,861	<b>391,836</b>	308,512

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	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax	<b>8,461,256</b>	6,112,969	<b>1,701,987</b>	1,226,320
Tax at the applicable tax rate of:				
- 25% (2008: 26%)	<b>2,115,314</b>	1,459,372	<b>425,497</b>	318,843
- 20% on the first RM500,000 chargeable income of subsidiary companies	-	100,000	-	-
Tax effect of:				
Expenses that are not deductible in determining taxable profit	<b>129,060</b>	34,548	<b>18,847</b>	25,407
Income not subject to tax	<b>(331,229)</b>	(66,000)	<b>(24,794)</b>	-
Overprovision of current tax in prior years	<b>(38,472)</b>	(52,879)	<b>(27,714)</b>	(35,738)
Under/(Over)provision of deferred tax in prior years	<b>6,609</b>	(3,180)	-	-
	<b>1,881,282</b>	1,471,861	<b>319,836</b>	308,512

In year of assessment 2008, tax in respect of small and medium scale companies with paid-up capital of RM2,500,000 and below was calculated at the rate of 20% on chargeable income up to RM500,000. For chargeable income in excess of RM500,000, the statutory tax rate of 26% was applicable. However, with effect from year of assessment 2009, this preferential tax rate is no longer applicable for companies that control or are controlled directly or indirectly by another company that has a paid-up ordinary share capital of more than RM2,500,000. Hence, with effect from 1 January 2009, the Group and the Company are subject to the normal statutory tax rate.

The statutory tax rate has been reduced to 25% from the previous year's tax rate of 26%.



**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**

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Profit for the year (RM)	<b>6,579,974</b>	4,641,108
Weighted average number of ordinary shares in issue (units of RM0.10 each)	<b>170,793,000</b>	170,793,000
Basic earnings per share (sen)	<b>3.85</b>	2.72

**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
<b>Cost</b>								
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
As of January 1, 2009	1,565,371	2,063,236	395,537	3,550,333	2,565,763	101,895	15,361	10,257,496
Additions	-	-	43,579	1,383,699	-	21,297	-	1,448,575
Write-offs	-	-	-	-	-	(10,026)	-	(10,026)
As of December 31, 2009	1,565,371	2,063,236	439,116	4,934,032	2,565,763	113,166	15,361	11,696,045
<b>Accumulated depreciation</b>								
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
As of January 1, 2009	58,672	78,325	191,594	1,563,981	821,483	69,749	-	2,783,804
Charge for the year	14,668	21,554	49,880	579,398	562,984	22,637	-	1,251,121
Write-offs	-	-	-	-	-	(10,026)	-	(10,026)
As of December 31, 2009	73,340	99,879	241,474	2,143,379	1,384,467	82,360	-	4,024,899

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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
<b>Net book value</b>								
As of December 31, 2009	1,492,031	1,963,357	197,642	2,790,653	1,181,296	30,806	15,361	7,671,146
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

Included in property, plant and equipment of the Group are motor vehicles acquired under hire-purchase arrangements with net book value amounting to RM463,504 (2008 : RM773,347).

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment with an aggregate cost of approximately RM2,460,519 (2008 : RM2,317,900) which are still in use as of December 31, 2009.



13. PREPAID LEASE PAYMENTS

	The Group	
	2009 RM	2008 RM
<b>Cost</b>		
At beginning of year	8,330,915	2,747,632
Addition	-	5,583,283
At end of year	<b>8,330,915</b>	8,330,915
<b>Accumulated amortisation</b>		
At beginning of year	115,918	29,400
Charge for the year	86,518	86,518
At end of year	<b>202,436</b>	115,918
<b>Net</b>	<b>8,128,479</b>	8,214,997

As of December 31, 2009, the titles to the leasehold lands have yet to be transferred to the Group.

As of December 31, 2009, the unexpired lease periods of the said leasehold lands range from 83 years to 96 years (2008 : 84 years to 97 years)

14. INVESTMENT PROPERTY

	The Group	
	2009 RM	2008 RM
<b>At fair value:</b>		
At beginning of year	6,230,000	5,900,000
Changes in fair value	1,110,000	330,000
At end of the year	<b>7,340,000</b>	6,230,000

The fair value of the investment property was estimated at RM7,340,000 (2008 : RM6,230,000) based on a valuation by an independent professional firm of valuers, City Valuers & Consultants Sdn. Bhd. dated December 31, 2009. 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 RM43,388 (2008: RM42,767).

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2009 RM	2008 RM
Unquoted shares - at cost	<b>10,579,285</b>	10,579,282

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

Name of Company	Effective Equity Interest		Principal Activities
	2009 %	2008 %	
Tex Cycle Sdn. Bhd.	<b>100</b>	100	Recovery and recycling of Scheduled Waste and trading of chemicals
Metro Koats Technology Sdn. Bhd.	<b>100</b>	100	Manufacturing and marketing of chemical products
Metro Envy Sdn. Bhd.	<b>100</b>	100	Rental of investment property
Tex Cycle (P2) Sdn. Bhd.	<b>100</b>	100	Dormant
TC Chemical Sdn. Bhd. ("TCCSB")	<b>100</b>	-	Dormant

During the financial year, the Company incorporated a new subsidiary company, TCCSB, with an issued and fully paid share capital, comprising 3 ordinary shares of RM1.00 each issued at par.

Analysis of assets and liabilities of subsidiary company acquired are as follows:

	The Company 2009 RM
Net assets acquired:	
Amount owing by directors	<b>3</b>
Total consideration satisfied by cash	<b>3</b>
Cash flow on acquisition, net of cash and cash equivalents acquired	<b>3</b>

The acquisition effects of the above acquired subsidiary company as of acquisition date are not separately disclosed due to the immateriality of TCCSB's net liabilities acquired.

**16. GOODWILL ON CONSOLIDATION**

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
At beginning and end of year	<b>583,937</b>	583,937

**17. INVESTMENT IN STRUCTURED FUNDS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Investment in structured funds - Cost	<b>4,000,000</b>	1,000,000	<b>1,500,000</b>	-
Less: Amount maturing within 12 months (shown under current assets)	<b>(1,000,000)</b>	-	-	-
Non-current portion	<b>3,000,000</b>	1,000,000	<b>1,500,000</b>	-
Investment in structured funds - Fair value	<b>4,012,963</b>	956,751	<b>1,506,041</b>	-

The investment in structured funds earns average interest rate of 6.10% (2008: 6.00%) per annum. The non-current portion of structured funds has a maturity of 2 years (2008: 2 years).

**18. INVENTORIES**

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Raw materials	<b>493,800</b>	379,307
Work-in-progress	<b>9,587</b>	9,857
Finished goods	<b>108,982</b>	109,364
	<b>612,369</b>	498,528

**19. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES**

Trade receivables consist of:

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	<b>5,146,533</b>	4,521,711
Less: Allowance for doubtful debts	<b>(486,897)</b>	(311,414)
	<b>4,659,636</b>	4,210,297

During the financial year, bad debts of RM43,117 (2008: RMNil) has been written off against allowance for doubtful debts.

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 (2008: 30 to 90 days).

The foreign currency exposure profile of trade receivables is as follows:

	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	<b>5,069,362</b>	4,521,711
United States Dollar	<b>77,171</b>	-
	<b>5,146,533</b>	4,521,711

Other receivables and prepaid expenses consist of:

	<b>The Group</b>		<b>The Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Government grant receivable	<b>970,800</b>	-	-	-
Refundable deposits	<b>124,824</b>	16,707	<b>1,000</b>	1,000
Other receivables	<b>83,992</b>	228,241	-	-
Prepaid expenses	<b>33,130</b>	6,875	-	-
	<b>1,212,746</b>	251,823	<b>1,000</b>	1,000

## 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:

	<b>The Group and The Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
<b>Related party transaction:</b>		
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.	<b>26,460</b>	29,970

### Compensation of key management personnel

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

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Short-term employee benefits	<b>276,530</b>	274,805
Contributions to EPF	<b>32,832</b>	32,300
	<b>309,362</b>	307,105

## 21. SHARE CAPITAL

	<b>The Group and The Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
<b>Authorised:</b>		
200,000,000 ordinary shares of RM0.10 each	<b>20,000,000</b>	20,000,000
<b>Issued and fully paid:</b>		
170,793,000 ordinary shares of RM0.10 each	<b>17,079,300</b>	17,079,300

22. RESERVES

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Non-Distributable:</b>				
Share premium	<b>4,521,517</b>	4,521,517	<b>4,521,517</b>	4,521,517
<b>Distributable:</b>				
Retained earnings	<b>19,134,409</b>	13,395,590	<b>1,754,275</b>	1,285,279
	<b>23,655,926</b>	17,917,107	<b>6,275,792</b>	5,806,796

	The Group and The Company	
	2009 RM	2008 RM
<b>Share Premium</b>		
Public issue of 45,000,000 new ordinary shares of RM0.10 each at a premium of RM0.12 each per share in 2005	<b>5,400,000</b>	5,400,000
Listing expenses	<b>(878,483)</b>	(878,483)
	<b>4,521,517</b>	4,521,517

**Unappropriated profit**

In accordance with the Finance Act 2007, the single tier income 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 income tax system on January 1, 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier income tax system and disregard the tax credit or to continue to use the tax credits 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.

During the year, the Company elected to switch to the single tier income tax system.

**23. HIRE-PURCHASE PAYABLES**

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Total outstanding	<b>116,127</b>	376,003
Less: Interest-in-suspense	<b>(5,227)</b>	(18,793)
Principal outstanding	<b>110,900</b>	357,210
Less: Amount due within 12 months (shown under current liabilities)	<b>(74,867)</b>	(246,310)
Non-current portion	<b>36,033</b>	110,900

The non-current portion is payable as follows:

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Financial years ending December 31:		
2010	-	74,867
2011	<b>36,033</b>	36,033
	<b>36,033</b>	110,900

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 approximately 3 years. For the financial year ended December 31, 2009, the effective borrowing rate ranged from 4.61% to 6.76% (2008: 4.61% to 6.76%) 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.

**24. DEFERRED TAX LIABILITIES**

Deferred tax asset and liability are offset when there is a legally enforceable right to set off current tax asset against current tax liability and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Deferred tax asset	<b>(116,492)</b>	(65,250)
Deferred tax liability	<b>583,378</b>	510,882
At end of year	<b>466,886</b>	445,632

The movements during the financial year relating to deferred tax are as follows:

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
At beginning of year	<b>445,632</b>	418,557
Transfer from/(to) income statement (Note 10):		
Property, plant and equipment	<b>72,496</b>	55,925
Trade receivables	<b>(51,242)</b>	(28,850)
	<b>21,254</b>	27,075
At end of year	<b>466,886</b>	445,632

The movements in deferred tax asset and liability during the year (prior to offsetting of balances) comprise the following:

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
<b>Deferred tax asset (before offsetting):</b>		
Trade receivables	<b>(116,492)</b>	(65,250)
Offsetting	<b>116,492</b>	65,250
<b>Deferred tax asset (after offsetting)</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liability (before offsetting):</b>		
Property, plant and equipment	<b>583,378</b>	510,882
Offsetting	<b>(116,492)</b>	(65,250)
<b>Deferred tax liability (after offsetting)</b>	<b>466,886</b>	445,632



**25. DEFERRED INCOME**

	The Group	
	2009 RM	2008 RM
<b>Government grant relating to property, plant and equipment</b>	<b>1,200,000</b>	–
<b>Accumulated Accretion</b>		
At beginning of year	–	–
Transfer to income statement (Note 7)	<b>(100,000)</b>	–
At end of year	<b>(100,000)</b>	–
<b>Net</b>	<b>1,100,000</b>	–
Less: Current portion (shown under current liabilities)	<b>(240,000)</b>	–
Non-current portion	<b>860,000</b>	–
<b>Government grant relating to prescribed expenditure</b>	<b>1,746,000</b>	–
Less: Transfer to income statement (Note 7)	<b>(303,340)</b>	–
<b>Net</b>	<b>1,442,660</b>	–
Total Current Portion	<b>1,682,660</b>	–

Under an agreement dated May 21, 2009, the Ministry of Science, Technology and Innovation approved an allocation of RM2,946,000 in the form of capital and expenditure grant to a subsidiary company for the purpose of promoting the development of new products or improve the existing products, processes or services either with innovation elements for commercialisation or for the improvement of the quality of life of communities.

As at December 31, 2009, the amount of government grant receivable is RM970,800 as disclosed in Note 19.

**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 (2008: 30 to 90 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	<b>932,186</b>	153,777	<b>28,300</b>	29,550
Refundable deposits from tenants	<b>164,500</b>	164,500	–	–
Accrued expenses	<b>255,644</b>	389,263	–	–
Amount owing to directors	<b>183,863</b>	183,863	–	–
	<b>1,536,193</b>	891,403	<b>28,300</b>	29,550

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 5.0%, comprising 0.3% less 25% tax, amounting to RM38,428 and single tier exempt dividend of 4.7% amounting to RM802,727, 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 (2008: 0.5 sen).

The directors have proposed a first and final single tier tax exempt dividend of 5.0% amounting to RM853,965 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, 2010.

## 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	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash on hand and at banks	<b>7,981,512</b>	846,860	<b>33,179</b>	31,323
Short-term deposits with:				
Licensed investment bank	<b>3,138,709</b>	6,799,320	<b>1,689,855</b>	2,289,381
Licensed bank	<b>230,764</b>	226,519	–	–
	<b>11,350,985</b>	7,872,699	<b>1,723,034</b>	2,320,704
Less: Non cash equivalents fixed deposits pledged	<b>(230,764)</b>	(226,519)	–	–
	<b>11,120,221</b>	7,646,180	<b>1,723,034</b>	2,320,704

Short-term deposits with a licensed bank of the Group amounting to RM230,764 (2008: RM226,519) are pledged as security for bank guarantees issued by the bank on behalf of certain subsidiary companies amounting to RM158,244 as of December 31, 2009 (2008: RM158,244).

The short-term deposits with licensed investment bank earn interest at an average rate of 2.50% (2008: 2.65%) per annum and have maturity periods ranging from 7 to 30 days (2008: 7 to 30 days).

The short-term deposits pledged with licensed bank earn interest at rate ranging from 2.00% to 2.50% (2008: 3.00% to 3.70%) per annum and have maturity periods ranging from 30 to 365 days (2008: 30 to 365 days).

## 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 is exposed to foreign currency risk through trade sales to overseas customers quoted in United States Dollar and is therefore exposed to foreign exchange risk. The Group reviews the position of amounts owing by these foreign currency denominated transactions periodically so as to mitigate the negative impact arises from fluctuation in exchange rates on a timely basis.

**29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**

**(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 28 respectively. The interest rates for the hire-purchase payables, which are fixed at the inception of the hire-purchase arrangements, are disclosed in Note 23.

**(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.

**Fair Values of Financial Assets and Financial Liabilities**

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.

**30. SEGMENT INFORMATION**

**Business Segments**

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

<b>Industry Segment</b>	<b>Descriptions</b>
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
Trading	Trading of chemicals
Others	Rental of investment property

**Geographical Segments**

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

30. SEGMENT INFORMATION (cont'd)

The Group 2009	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Chemical trading RM	Others RM	Eliminations RM	Total RM
<b>Revenue</b>							
External customers	-	12,843,471	2,807,801	12,677,894	-	-	28,329,166
Inter-segment sales	1,818,200	-	102,062	-	-	(1,920,262)	-
Total revenue	1,818,200	12,843,471	2,909,863	12,677,894	-	(1,920,262)	28,329,166
<b>Results</b>							
Segment results	(224,625)	5,292,488	1,096,435	382,067	1,627,362	-	8,173,727
Finance cost							(13,566)
Interest income							301,095
Profit before tax							8,461,256
Income tax expense							(1,881,282)
Profit for the year							6,579,974

## notes to the financial statements (cont'd)

### 30. SEGMENT INFORMATION (cont'd)

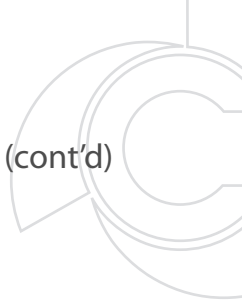
The Group 2009	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Chemical trading RM	Others RM	Eliminations RM	Total RM
<b>Consolidated Balance Sheet</b>							
<b>Assets</b>							
Segment assets	23,269,300	28,016,992	7,155,136	4,806,758	7,475,948	(25,165,836)	45,559,298
Unallocated corporate assets	-	-	-	-	-	-	114,092
Consolidated total assets							<u>45,673,390</u>
<b>Liabilities</b>							
Segment liabilities	28,300	11,487,499	3,762,729	10,525	4,182,815	(15,169,486)	4,302,382
Unallocated corporate liabilities	-	-	-	-	-	-	635,782
Consolidated total liabilities							<u>4,938,164</u>
<b>Other Information</b>							
Capital expenditure (Note 12)	-	205,817	1,242,758	-	-	-	1,448,575
Depreciation (Note 12)	-	1,043,339	163,639	-	44,143	-	1,251,121

30. SEGMENT INFORMATION (cont'd)

The Group 2008	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Others RM	Eliminations RM	Total RM
<b>Revenue</b>						
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
<b>Results</b>						
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)
Profit for the year						4,641,108

30. SEGMENT INFORMATION (cont'd)

The Group 2008	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Others RM	Eliminations RM	Total RM
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
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
<b>Liabilities</b>						
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
<b>Other Information</b>						
Capital expenditure (Note 12)	-	1,181,617	7,447	-	-	1,189,064
Depreciation (Note 12)	-	988,832	60,919	44,142	-	1,093,893



**31. RENTAL COMMITMENT**

At the balance sheet date, the Group has outstanding commitments under cancellable operating leases, which fall due as follows:

	<b>The Group Future Minimum Lease Payments</b>	
	<b>2009 RM</b>	<b>2008 RM</b>
Within one year	<b>300,000</b>	79,300
In the second to fifth years inclusive	<b>300,000</b>	-
	<b>600,000</b>	79,300





# statement by directors

The directors of **TEX CYCLE TECHNOLOGY (M) BERHAD** state that, in their opinion, the accompanying balance sheets and income statements, cash flow statements and statements of changes in equity are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 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, 2009 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 on behalf of the Board  
in accordance with a resolution of the Directors,



**PERIASAMY A/L SINAKALAI**



**HO SIEW CHOONG**

Puchong  
April 15, 2010

## 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 sheets and income statements, cash flow statements and statements of 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 PUCHONG this 15th day of April, 2010.

Before me,

### **COMMISSIONER FOR OATHS**

# statement of directors' shareholdings

As at 30 April 2010

The interest of the Directors in the shares of the Company (both direct and indirect) as at 30 April 2010 are as follows:

Name of Directors	< -----Direct----- >		< -----Indirect----- >	
	No. of Shares	%	No. of Shares	%
Ho Siew Choong	7,852,803	4.60	82,166,559	*48.11
Periasamy A/L Sinakalai	7,609,965	4.46	82,709,059	^48.43
Yusseri Bin Said	4,350,130	2.55	-	-
Ho Siew Cheong	4,165,465	2.44	82,104,559	#48.07
Ho Siew Weng	2,168,597	1.27	82,502,059	^48.31
Ravi Markandu	125,000	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.

# analysis on shareholdings

As at 30 April 2010

## 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	0.28	171	0.00
100 to 1,000	94	8.80	69,600	0.04
1,001 to 10,000	518	48.50	2,858,800	1.67
10,001 to 100,000	362	33.90	12,915,000	7.56
100,001 to less than 5% of issued shares	90	8.43	72,844,870	42.65
5% and above of issued shares	1	0.09	82,104,559	48.07
	1,068	100.00	170,793,000	100.00

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDINGS AS AT 30 APRIL 2010

Name of Directors	< -----Direct----- >		< ----Indirect----- >	
	No. of Shares	%	No. of Shares	%
Can Cycle Sdn. Bhd.	82,104,559	48.07	-	-
Ho Siew Choong	7,852,803	4.60	82,166,559	*48.11
Periasamy A/L Sinakalai	7,609,965	4.46	82,709,059	^48.43
Ho Siew Cheong	4,165,465	2.44	82,104,559	#48.07
Ho Siew Weng	2,168,597	1.27	82,502,059	^48.31

\* 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.

**THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 APRIL 2010**

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	7,609,965	4.46
4	Soong Ik Lin	5,499,600	3.22
5	ECML Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Jaffar 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 Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Ho Siew Cheong)	3,869,465	2.27
9	Ho Wah Lee @ Ho Chwee Keng	3,301,000	1.93
10	Aiza Binti Abdul Aziz	3,000,000	1.76
11	Fready A/L Joseph	2,437,600	1.43
12	Lee Yuen Kong	1,992,600	1.17
13	Cimsec Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Ho Siew Weng)	1,867,597	1.09
14	Cimsec Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Ho Siew Kee)	1,837,670	1.08
15	Affin Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Tan Meng Leng (TAN0950C))	1,457,500	0.85
16	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Azril Akmar Bin Attan Akmar (CTS-AAA0006C))	785,000	0.46
17	Soong Ik Lin	780,000	0.46
18	Cimsec Nominees (Tempatan) Sdn. Bhd. (CIMB for Kamaluddin Bin Abdullah (PB))	670,000	0.39
19	Cimsec Nominees (Asing) Sdn. Bhd. (CIMB for Crescendo Assets Limited (PB-IU))	670,000	0.39
20	Cimsec Nominees (Asing) Sdn. Bhd. (CIMB for Marinah Binti Mahathir (PB-IU))	655,000	0.38
21	Cheong Yoke Sim	622,800	0.36
22	Dato' Ng Aik Kee	555,400	0.33
23	Fong Yuet Siong	548,400	0.32
24	Yong Chee Foong	500,000	0.29
25	HDM Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Chai Yee Wah)	443,200	0.26
26	Teh Siew Lan	397,500	0.23
27	Ho Mei Ling	396,400	0.23
28	Ho Mei Wah	388,400	0.23
29	Chuah Kooi Peng	370,800	0.22
30	See Kien Leong	332,000	0.19

# list of properties

as at 31 December 2009

Location	Description/ Existing Use	Land Area (Square Metres)	Built-up Area (Square Metres)	Approximate Age of Building	Tenure	Net Book Value @ 31 December 2009 RM	Year of Acquisition	Last Date of Valuation
<b>Tex Cycle Sdn Bhd</b> 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	13 years	99 years leasehold up to 18 January 2093	2,101,862	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	13 years	99 years leasehold up to 18 January 2093	2,520,928	2002	N/A
<b>Metro Koats Technology Sdn Bhd</b> 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	5 years	Freehold	1,492,033	2003	N/A

## list of properties (cont'd)

as at 31 December 2009

Location	Description/ Existing Use	Land Area (Square Metres)	Built-up Area (Square Metres)	Approximate Age of Building	Tenure	Net Book Value @ 31 December 2009 RM	Year of Acquisition	Last Date of Valuation
<b>Metro Envy</b> 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 <sup>^</sup>	4,822.7	3,668.65	13 years	99 years leasehold up to to 25 May 2065	7,340,000	2005	31.12.2009
<b>Tex Cycle (P2) Sdn Bhd</b> PT No. 119972 HS(D) 117489 Mukim and Daerah Klang Negeri Selangor	Vacant leasehold land/Intended to be the Group's 2nd recycling facility	9,651	N/A	N/A	99 years leasehold up to 11 September 2105	2,757,817	2008	N/A
PT No. 119973 HS(D) 117490 Mukim and Daerah Klang Negeri Selangor	Vacant leasehold land/Intended to be the Group's 2nd recycling facility	9,482	N/A	N/A	99 years leasehold up to 11 September 2105	2,711,230	2008	N/A

<sup>^</sup> Rented for RM156,400 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 or at the determination of the tenancy period.

# notice of annual general meeting

**NOTICE IS HEREBY GIVEN THAT** the Sixth Annual General Meeting of TEX CYCLE TECHNOLOGY (M) BERHAD (Company No.: 642619-P) will be held at 9.00 a.m. on Wednesday, 23 June 2010 at the Bukit Jalil Golf & Country Resort, Langkawi Room, 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 2009 together with the Reports of the Directors and Auditors thereon.
2. To declare a First and Final Single Tier Exempt Dividend of 5% per share in respect of the financial year ended 31 December 2009.
3. To approve the payment of Directors' fee for the financial year ended 31 December 2009.
4. To re-elect the following Directors who are retiring under Article 80 of the Articles of Association:
  - a) General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)
  - b) Encik Yusseri Bin Said
  - c) Mr. Ravi Markandu
5. To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.

## SPECIAL BUSINESS:

6. To consider and, if thought fit, pass with or without modifications, the following Resolutions:

### 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."

### Ordinary Resolution

- **Proposed Shareholders' Mandate for Share Buy-Back**

"**THAT** subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised purchase and/or hold up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the best interest of the Company and an amount not exceeding the retained profits and share premium reserves of the Company, be allocated by the Company for the Proposed Share Buy-Back. The retained profits and share premium reserves of the Company stood at RM4,521,517-00 and RM1,754,275-00 respectively for the financial year ended 31 December 2009."

RESOLUTION 1

RESOLUTION 2

RESOLUTION 3

RESOLUTION 4

RESOLUTION 5

RESOLUTION 6

RESOLUTION 7

RESOLUTION 8

**AND THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel such shares or retain such shares as the Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three.

**AND FURTHER THAT** the Directors of the Company be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of the Company deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

#### **Special Resolution**

##### **• Amendment to Articles of Association**

"**THAT** the existing Article 128 in the Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:

#### **New Article 128 – Dividend payable**

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the holder or person entitled thereto, or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be sent made payable to the order of the person to whom it is sent, or such person as the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited to the member's bank account at the risk of the person entitled to the money represented thereto. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends into the member's bank account."

#### **ANY OTHER BUSINESS:**

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

RESOLUTION 9



# notice of annual general meeting (cont'd)

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN THAT** a First and Final Single Tier Exempt Dividend of 5% per share in respect of the financial year ended 31 December 2009 will be payable on 16 July 2010 to Depositors registered in the Record of Depositors at the close of business on 8 July 2010.

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 8 July 2010 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)**

**Company Secretary**

Petaling Jaya

1 June 2010

### 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 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 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 Registered 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

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

The Resolution 7 proposed under item 6, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company and also to empower Directors to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for additional shares issued. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought to grant authority to Directors to allot and issue of shares is a renewal of the mandate that was approved by the shareholders at the Fifth Annual General Meeting held on 18 June 2009. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

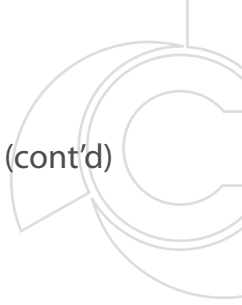
Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Fifth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

#### Ordinary Resolution pursuant to the Proposed Shareholders' Mandate for Share Buy-Back

The Resolution 8 proposed under item 6, is to seek the authority for the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad. For further information on the Proposed Shareholders' Mandate for Share Buy-Back, please refer to the Circular to Shareholders dated 1 June 2010 enclosed together with the Company's 2009 Annual Report.

#### Special Resolution pursuant to Amendment to Articles of Association

The Proposed Special Resolution will render the Company's Articles of Association to be in line with the Main Market Listing Requirements and to enable the Company to implement the Electronic Dividend payment ("eDividend").



**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

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

- i. General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)
- ii. Encik Yusseri Bin Said
- iii. Mr. Ravi Markandu

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 2009 are disclosed in the Statement on Corporate Governance set out in page 11 of this Annual Report.

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

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

Date : Wednesday, 23 June 2010

Time : 9.00 a.m.

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## Sixth 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 Sixth Annual General Meeting of the Company to be held at 9.00 a.m. on Wednesday, 23 June 2010 at the Bukit Jalil Golf & Country Resort, Langkawi Room, 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
<b>ORDINARY BUSINESS</b>			
1. To declare a First and Final Single Tier Exempt Dividend of 5% per share in respect of the financial year ended 31 December 2009.	Resolution 1		
2. To approve the payment of Directors' fee for the financial year ended 31 December 2009.	Resolution 2		
3. To re-elect the following Directors who are retiring under Article 80 of the Company's Articles of Association:-			
a) General Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	Resolution 3		
b) Encik Yusseri Bin Said	Resolution 4		
c) Mr. Ravi Markandu	Resolution 5		
4. To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.	Resolution 6		
<b>SPECIAL BUSINESS</b>			
5. Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.	Resolution 7		
6. Shareholders' Mandate for Share Buy-Back	Resolution 8		
7. Amendment to Articles of Association	Resolution 9		

*[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 :

### 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 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 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 Registered 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.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

\_\_\_\_\_  
Signature/Common Seal of Shareholder(s)

(\* Delete if not applicable)

*Please Fold here*

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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**

8, Jalan TPK 2/3  
Taman Perindustrian Kinrara  
47100 Puchong  
Selangor Darul Ehsan

**t** : 03 8076 3816/19/21/23

**f** : 03 8076 3817

**e** : [texcycle@po.jaring.my](mailto:texcycle@po.jaring.my)

**w** : [www.texcycle.com.my](http://www.texcycle.com.my)