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corporate information

Board Of Directors
Ho Siew Choong, Executive Chairman
Periasamy Sinakalai, Managing Director
Yusseri Bin Said, Executive Director
Ho Siew Cheong, Executive Director
Ho Siew Weng, Executive Director
Razali Bin Jantan, Independent Non-Executive Director
Ravi Markandu, Independent Non-Executive Director
Alagasan Varatharajoo, 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 : 03-78418000
Fax : 03-78418008

Registered Office
c/o Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7804 5929
Fax : 03-7805 2559

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

Stock Exchange Listing
ACE Market of Bursa Malaysia Securities Berhad,
Stock Name: Texcycl, Stock Code: 0089

directors' profile

HO SIEW CHOONG
Executive Chairman

60 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 in 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 Chairman of 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 includes Administration and Finance. He is also one of the members of Tex Cycle's Research and Development ("R&D") team which is working to enhance, improve, design & develop Tex Cycle's methods of recovery and recycling new products and services.

PERIASAMY SINAKALAI
Managing Director
Member of Remuneration Committee

61 years of age, Malaysian
Periasamy 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. S. Periasamy subsequently became a shareholder of Tex Cycle and was appointed the Executive Director of Tex Cycle on 21 April 1986. In addition to his role as a Marketing Manager, he has also been directly involved in Tex Cycle's Administration and is an integral part of Tex Cycle's R&D team. He was awarded the Pingat Masyarakat Cemerlang (PMC) by the Yang Dipertua Negeri Sembilan on 25 October 2001. He is also the member of Working Group of Malaysian Standards for Scheduled Waste (SIRIM).

YUSSERI BIN SAID
Executive Director

54 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

50 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

55 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.

RAZALI BIN JANTAN
Independent Non-Executive Director
Chairman of Nomination Committee and Remuneration Committee
Member of Audit Committee and Remuneration Committee

54 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 in the 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

62 years of age, Malaysian
Ravi Markandu was appointed to the Board of Tex Cycle Technology on 1 March 2007. He is a Fellow of the Institute of Chartered Accountants in England and Wales since 1976 and a member of the Malaysian Institute of Accountants. His previous employments include ten years with the UMW Group as Group Accountant initially and finally as Group Financial Controller of UMW Toyota Motor Sdn. Bhd., seven years with the Upali Group, the last position held being Executive Director, Malaysian Operations. In 1993 he accomplished a management buy-in of Bright Packaging Industry Berhad and successfully had the company listed on the Bursa Malaysia (Kuala Lumpur Stock Exchange) in 1995. He left Bright Packaging in 1998, after having sold a substantial portion of his stake.

He now provides financial consultancy and investment advisory services and through a family company, he is involved in real estate investment and property development. He is also involved in a number of not-for-profit organisations, namely 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.

ALAGASAN VARATHARAJOO
Independent Non-Executive Director
Member of Nomination Committee and Remuneration Committee

60 years of age, Malaysian
Alagasan Varatharajoo was appointed to the Board of Tex Cycle Technology on 31 October 2011. He started his career as a Printing Apprentice with the New Straits Times Group in 1970. He left for England to obtain a Certificate in Photolithographic at the London College of Printing in 1973. Soon after his return to Malaysia in 1975, he joined Rajiv Printers as a Production Supervisor. In 1982 he re-joined The New Straits Times Group as a Production Supervisor and retired after twenty five years as a Senior Production Manager.

He has been a member of the Institute of Printing, United Kingdom, Malaysia Branch since 1997 and at present hold the post as their Honorary Treasurer as well as a Lecturer cum Trainer for the Institute and conducts various printing courses. In addition, he's one of the founding Directors of Trendway Graphics Sdn Bhd which is involved in the sales and marketing of printing consumables.

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 (M) Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended ("FYE") 31st December 2011.

Overview

During the financial year under review, the Group's customer base achieved continuous growth in its recycling services. As at 31st December 2011, the Group has approximately 2,092 customers, an increase of approximately 5% as compared to its customer base of 1,996 customers as at 31st December 2010. For FYE 2011, the Company achieved profit before tax ("PBT") of RM7.13 million and profit after tax ("PAT") of RM4.88 million.

Industry Trend

According to the Tenth Malaysia Plan, the Government will place emphasis on strategies to ensure sustainable growth and mitigation to minimise pollution during the Tenth Malaysia Plan period (2011-2015). The government will introduce feed-in-tariff and other incentives to support renewable energy and green technology investments as well as promoting projects eligible for carbon credits, eco-tourism and public-private CSR (Corporate Social Responsibility) initiatives. In addition, AFFIRM Framework (of Awareness, Faculty, Finance, Infrastructure, Research and Marketing) has also been introduced by the Prime Minister to develop a complete ecosystem for environmental sustainability.

Based on the favourable Government policies and legislation, the outlook for the Scheduled Waste recycling industry is expected to be positive.

Financial Review

For FYE 31st December 2011, the group profit before tax ("PBT") increased by about 14.1%, from RM6.25 million for FYE 31st December 2010 to RM7.13 million for the FYE 31st December 2011. Inevitably, the Group's profit after tax ("PAT") increased by 8.69% from RM4.49 million to RM4.88 million.

The improvement in PBT and PAT was mainly attributed to increase in demand for the scheduled waste recycling services.

Dividends

A final single tier exempt dividend of 5% amounting to RM853,965 proposed in the previous financial year was paid by the Company during the financial year.

In recognition of the Group's satisfactory 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 31st December 2011 subject to shareholders' approval at the forthcoming Annual General Meeting.

Research and Development

Innovation, research and development, the lifeblood of Tex Cycle makes it possible to provide improvised products and manufacturing processes that enable us to maintain market leadership and underpins the future growth of our business. Having achieved the goal of our Research and Development ("R&D") from 2007 till 2010, our Company has moved on to Energy Auditing, our R&D for 2011 and ongoing. Much analysis and studies are continuously being undertaken to achieve our new objective. A device was installed to audit the energy-electricity and carbon footprint from the processes in the plant. The readings provide accurate and detailed information on the use of energy in real time, leading to informed decisions about how to manage and reduce energy usage. With efficiency in energy usage, a substantial reduction in carbon emissions can be achieved thus protecting the environment from further change in climate. The Directors of Tex Cycle are of the view that the capital expenditure incurred by the Group for R&D purposes and future allocations for R&D are not expected to have any material financial impact on the Group.

Corporate Responsibility

The Board takes its governance responsibilities very seriously. In this Annual Report, you will see that we continue making progress in the important area of corporate responsibility; both in terms of our own operations and the products we offer to customers. Education scholarships to deserving Employees, their children and financial assistance for school necessities are offered too. We also take our responsibility to the community seriously. Tex Cycle remains a major sponsor to Pusat Rawatan Dialisis Good Health and continues to play an important role in providing all required assistance to deserving poor kidney patients who has grown in significant number over the years at the centre.

Our children are our hope for the future. But we are their only hope for their present. Tex Cycle invested this year in providing children the needful. A school, SJK(T) Ladang Bukit Jalil was in need of financial assistance to set up a computer laboratory to help its students to perform better in the IT world. Tex Cycle contributed 5 computers complete with the required software applications to equip the children with modern technology and updated resources much needed to attain highest possible standards of education. Tex Cycle also sponsored all expenses involved to create a garden for the Students and Teachers of Sekolah Menengah Kebangsaan Sultan Abdul Samad, Klang. The creation of the garden motivated children to appreciate nature and protect the environment they live in. FAIRVIEW International School held a Paper Crane Folding Charity Drive in aid of the victims of the Japan disaster. The Students came together to fold paper cranes and the proceeds from the sale was donated to the victims of the Tsunami disaster. Tex Cycle was one of the contributors to the charity drive by providing cash and recycled papers.

Prospects for 2012

The Group anticipates further penetration into its renewable energy products and manufacturing sectors for its recycling business. Having received approvals from the regulatory bodies, the Group now treats additional waste categories. The new waste codes are expected to further improve the Group's revenue from the recycling business.

The Government has given important emphasis on strategies to ensure sustainable growth and mitigation to minimise pollution in the Tenth Malaysia Plan period (2011-2015). As such, the Group being in Scheduled Waste recycling business, its prospects are expected to be promising.

In August 2011, the subsidiary of Tex Cycle Technology, Tex Cycle (P2) Sdn Bhd had successfully acquired an equipment with a state-of-the-art technology to enable the commencement of business as an additional plant for the Group's recycling activities. The Waste Recovery System equipment promotes efficiency of production and will enable the Group to expand its waste recovery business.

Appreciation and Acknowledgement

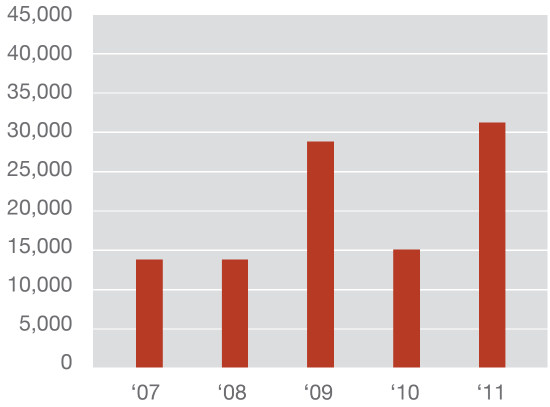
I have never ceased to be impressed by the enthusiasm, professionalism and dedication of Tex Cycle's Management and Staff. I take this opportunity to thank all of them for their reliability, unyielding commitment and contribution to the success of the Company. I too extend my sincere appreciation to the Share holders, Customers, Business Partners and Regulatory Bodies for their support and confidence in us. Last but not least, to my fellow colleagues on the Board, I thank them for their passion and dedication over the past year.

HO SIEW CHOONG
Executive Chairman
12 April 2012

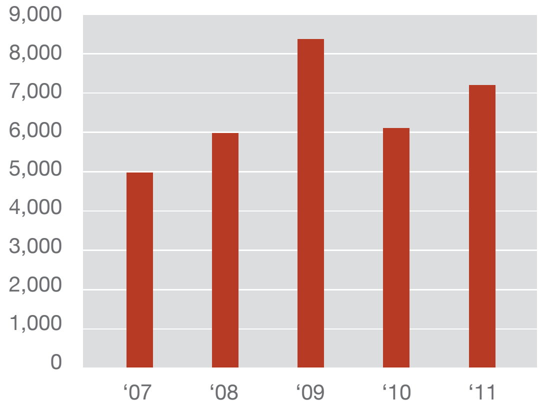
financialhighlights

FYE 31 December	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	13,690	13,824	28,329	15,469	31,171
Profit before tax	4,981	6,113	8,461	6,254	7,153
Profit after tax	3,550	4,641	6,580	4,486	4,887
Net earnings per share (sen)	2.08	2.72	3.85	2.63	2.86

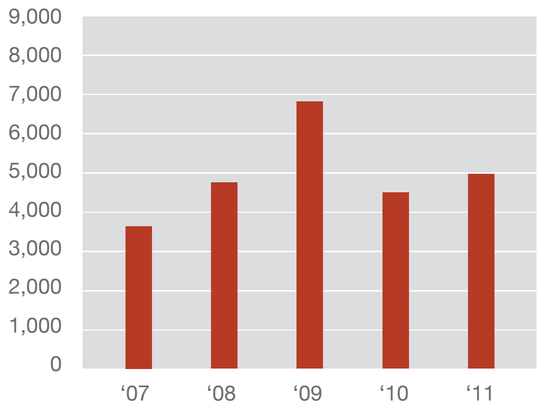
Revenue
RM (Million)



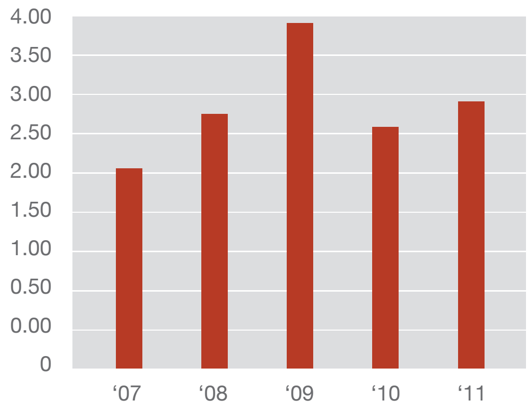
Profit Before Tax
RM (Million)



Profit After Tax
RM (Million)

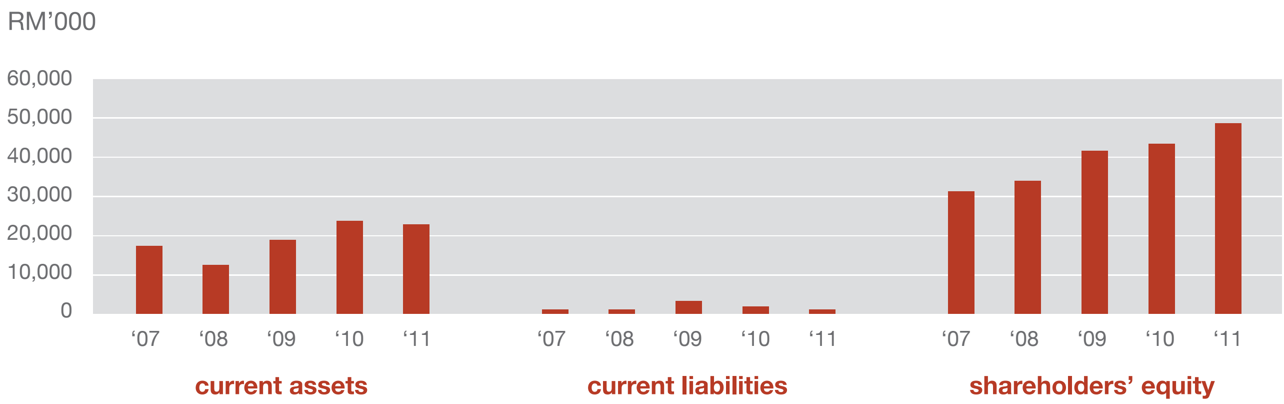


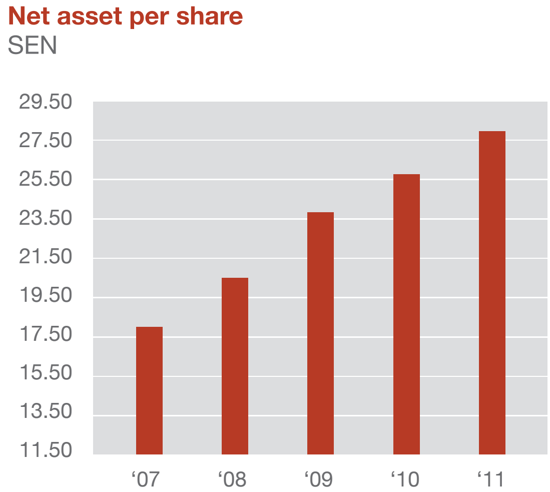
Net Earnings Per share
SEN



financialhighlights

FYE 31 December	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Current assets	16,232	13,345	18,950	24,401	24,115
Current liabilities	1,192	1,259	3,575	1,972	1,504
Shareholders' equity	30,987	34,996	40,735	44,216	48,249
Net asset per share (sen)	18.14	20.49	23.85	25.89	28.25





The Board of Directors ("the Board") of Tex Cycle Technology (M) Berhad ("Tex Cycle") believes that good corporate governance is fundamental to the Group's continued success. Therefore, the Board is committed to ensuring the highest standards of Corporate Governance are practiced throughout Tex Cycle, as a fundamental of discharging its responsibilities to protect and enhance the shareholders' value and financial performance of the organization.

This statement sets out the commitment of the Board of Tex Cycle towards the Malaysian Code on Corporate Governance ("Code") and describes how the Group has applied the principles laid down in the Code. Save where otherwise identified specifically, the Group has complied with the Best Practices of the Code throughout the financial year.

SECTION 1:
THE BOARD OF DIRECTORS

THE BOARD SIZE AND BALANCE

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.

COMPOSITION

The Board currently has eight (8) members, consisting of an Executive Chairman, a Managing Director, three (3) Executive Directors and three (3) Independent Non-Executive Directors. The Company complies with the criteria of Bursa Malaysia Securities Berhad's Listing Requirements ("Listing Requirements") of having at least one third (1/3) or two (2) of the Board members are Independent Non-Executive Directors. The profiles of each of the Directors are presented on pages 3 to 5 of this Annual Report.

DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board retains full and effective control over the affairs of the Company and the Group. This includes responsibility for determining the Company's and the Group's development and overall strategies direction which are as follows:

a. Reviewing and providing guidance on the Company's and Group's corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long range business plans, reviewing major capital expenditures, acquisition and disposal.

b. Monitoring corporate performance and the conduct of the Group's business and to ensure compliances to best practices and principles of corporate governance.

c. Identifying and implementing appropriate system to manage principal risks. The Board undertakes this responsibility through the Audit Committee.

d. Ensuring and reviewing the adequacy and soundness of the Group's financial system, internal control systems and management information system are in compliance with the applicable standards and laws and regulations.

e. Ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the caliber of the Non-Executive Directors bring an independent judgment in the decision making process.

BOARD MEETINGS

Board Meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of six (6) times. The attendance of the Directors who held office during the financial year is set out below:

Name of Directors	Attendance at meeting	Percentage of Attendance (%)
Executive Directors		
Ho Siew Choong	6/6	100%
Periasamy Sinakalai	6/6	100%
Yusseri Bin Said	6/6	100%
Ho Siew Cheong	6/6	100%
Ho Siew Weng	6/6	100%
Non-Executive Directors		
General Tan Sri Dato' Seri Che Md Noor Bin Mat Arshad (Rtd) *(Resigned on 1 August 2011)*	3/3	100%
Razali Bin Jantan	6/6	100%
Ravi Markandu	6/6	100%
Alagasan Varatharajoo *(Appointed on 31 October 2011)*	2/2	100%

SUPPLY OF INFORMATION

All directors are given complete and timely information before each Board Meeting to be convened together with an agenda and a set of Board papers. Board papers are circulated in sufficient time to enable directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting.

At least four (4) Board Meetings are held annually, each meeting being scheduled to be held within two (2) months after each quarter to consider the quarterly financial results and to review operational performance. Additional meetings are convened as and when necessary.

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.

APPOINTMENT OF DIRECTORS

The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Directors. In making these recommendations, factors such as mix of skills, experience, expertise and contribution to the Company will be considered before the recommendation for appointment of the proposed candidate is put forward to the Board for consideration and approval.

RE – ELECTION

In accordance with the Company's Articles of Association and in compliance with the Listing Requirements, all Directors are required to retire from office once at least in each three (3) years, and shall be eligible for re-election. The Articles of Association also requires that at least one third (1/3) of the Board of Directors shall retire at each Annual General meeting and may offer themselves for re-election.

AUDIT COMMITTEE

The Audit Committee was established on 22 July 2005, comprising three (3) Independent Non-Executive Directors. The composition, responsibilities, detailed terms of reference and the activities of the Audit Committee during the financial year are set out separately in the Audit Committee Report on pages 18 to 20 of the Annual Report.

NOMINATION COMMITTEE

The Nomination Committee was established on 19 December 2005. The Nomination Committee shall be responsible of reviewing the appropriate Board balance and size as well as ensuring that the Board possesses the required mix of responsibilities, skills and experience. The Nomination Committee shall conduct a review of the mix of skills, experience and other core competencies for the Board on an annual basis. The members of the Nomination Committee who served during the financial year are as follows:

- Razali Bin Jantan
  Chairman, Independent Non-Executive Director

- Ravi Markandu
  Member, Independent Non-Executive Director

- General Tan Sri Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)
  Member, Independent Non-Executive Director
  (Resigned on 1 August 2011)

- Alagasan Varatharajoo
  Member, Independent Non-Executive Director
  (Appointed on 12 April 2012)

REMUNERATION COMMITTEE

In line with the Best Practices of the Code, the Board has set up a Remuneration Committee on 19 December 2005 to assist the Board in determining the Executive Directors' remuneration. The Remuneration Committee meets at least once a year. The members of the Remuneration Committee who served during the financial year are as follows:

- General Tan Sri Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)
  Chairman, Independent Non-Executive Director
  (Resigned on 1 August 2011)

- Razali Bin Jantan
  Chairman, Independent Non-Executive Director
  (Appointed on 12 April 2012)

- Ravi Markandu
  Member, Independent Non-Executive Director

- Periasamy Sinakalai
  Member, Managing Director

- Alagasan Varatharajoo
  Member, Independent Non-Executive Director
  (Appointed on 12 April 2012)

The respective Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

DIRECTORS' REMUNERATION

The Company's remuneration policy for Director is formulated to attract and retain individuals of the necessary caliber relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The Remuneration Committee is entrusted with the responsibilities to make recommendations to the Board the remuneration package for the Executive Directors. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 31 December 2011 are as follows:

Aggregate Remuneration categorized into appropriate components:

	Fees (RM'000)	Salaries and Allowances, inclusive of EPF contributions (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	60,000	1,231,852	152,000	-	1,443,852
Non-Executive Directors	57,500	24,500	-	-	82,000
Total	117,500	1,256,352	152,200	-	1,525,852

Remuneration Bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1-RM50,000	-	-	-
RM50,001-RM100,000	-	3	3
RM101,000-RM150,000	2	-	2
RM150,001-RM200,000	-	-	-
RM200,001-RM250,000	-	-	-
RM250,001-RM300,000	-	-	-
RM300,001-RM350,000	1	-	1
RM350,001-RM400,000	2	-	2
Total	5	3	8

DIRECTORS' TRAINING AND EDUCATION

All Directors appointed to the Board have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Board has also completed other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

During the year, some Directors have pursued relevant courses and seminars to keep abreast with industry, regulatory and compliance issues trends and best practices.

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

Directors	Seminar / Conference / Workshop	Details of Programme
Periasamy Sinakalai	The CFO and Conflicts of Interest	Seminar on raising awareness of risks in corporate performance and corporate governance and ensure that appropriate processes, checks and balances are put in place.
	Bursa Malaysia Reporting on CG Practices	Seminar on what people want to know on Corporate Governance Practices.
	Bursa Malaysia Taking Socially Responsible Investment Practices Forward	
Ravi Markandu	Transition to IFRS	Course on latest update in financial reporting.
	Bursa Malaysia Sustainability program for Corporate Malaysia	Session on Trading Services & Industries Products, Consumer Products, Finance, Technology & Closed End Funds.
	The CFO and Conflicts of Interest	Seminar on raising awareness of risks in corporate performance and corporate governance and ensure that appropriate processes, checks and balances are put in place.
	Corporate Governance Blueprint	Session to provide the action plan to raise the standard of Corporate Governance in Malaysia.
	CSR Asia	Session on Bridging a gap in developing CSR capacity.
Ho Siew Weng	Bursa Malaysia-Governance Programme Series	Session on the board's responsibility for Corporate Culture.
Yusseri Bin Said	Bursa Malaysia-Governance Programme Series	Session on the board's responsibility for Corporate Culture.
Ho Siew Cheong	Bursa Malaysia-Governance Programme Series	Session on the board's responsibility for Corporate Culture.
Razali Bin Jantan	Bursa Malaysia-Governance Programme Series	Session on the board's responsibility for Corporate Culture.
General Tan Sri Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)	Bursa Malaysia-Governance Programme Series	Session on the board's responsibility for Corporate Culture.
	Managing Risk at Board Level	Seminar on risk management.
Ho Siew Choong	CSR Asia	Session on Bridging a gap in developing CSR capacity.

SECTION 2:
COMMITTEES OF THE BOARD

The Board has delegated certain responsibilities to several Committees, which operate within the clearly defined terms of reference. The Chairman of the various committees will report the outcome of the committee meetings to the Board and such reports are incorporated in the minutes of meeting. The various Committees are as follows;

Committee	Chairperson
Audit Committee	Ravi Markandu
Nomination Committee	Razali Bin Jantan
Remuneration Committee	*General Tan Sri Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)* *(Resigned on 1 August 2011)* Razali Bin Jantan *(Appointed on 12 April 2012)*

SECTION 3:
SHAREHOLDERS

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 all important issues and major developments of the Company and the information is communicated to them through the following documents:

- Annual Report;
- The various disclosures and announcements made to Bursa Malaysia Securities Berhad including the Quarterly Reports ;
- Annual Financial Statements; and
- Shareholders may obtain the Company's latest announcements via the Bursa Malaysia Securities Berhad's website at *www.bursamalaysia.com.*
- www.texcycle.com.my

ANNUAL GENERAL MEETING ("AGM")

Notice of AGM which is contained in the Annual Report is sent out at least twenty-one (21) days prior to the date of the meeting. There will be commentary by the Chairman at the AGM regarding the Company's performance for each financial year and a brief review on current business conditions. At each AGM, a platform is available to shareholders to participate in the question and answer session. Extraordinary General Meetings are held when required.

SECTION 4:
ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors are responsible to ensure that financial statements prepared are drawn up in accordance with the provision of the Companies Act 1965; and Applicable Accounting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistencies applied and supported by reasonable judgments and estimates.

The quarterly results were reviewed by the Audit Committee and approved by the Board before being released to the Bursa Malaysia Securities Berhad. By presenting the quarterly results and financial statements, the Company is mindful of the necessity to present a balanced assessment of the Group's financial position. The details of the Company and the Group's financial statements for the financial year ended 31 December 2011 can be found on pages 50 to 57 of the Annual Report.

INTERNAL CONTROL

Information on the Group's internal control is presented in the Statement on Internal Control on pages 21 and 22.

RELATIONSHIP WITH THE AUDITORS

The Board via the Audit Committee maintains an appropriate and transparent relationship with the Group's external auditors. The Audit committee meets with the external auditors at least once a year to review audit plans and to facilitate exchange of views on issues requiring attention. The role of Audit Committee in relation to the auditors is described in the Audit Committee Report set out on pages 18 to 20 of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Act. The Board is responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year then ended.

In preparing the financial statements of the Group and the Company for the year ended 31 December 2011, the Board has:

- adopted suitable accounting polices and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been followed.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

CORPORATE RESPONSIBILITY ("CR")

The Group is mindful of the need to be corporately responsible and recognise that for long term sustainability, its strategic orientation will need to look beyond the financial parameters. Hence, the Group supports important causes such as employees' welfare, community and environment protection. However, the Group endeavors to broaden its scope of CSR initiatives over time and will planned accordingly.

The year 2011 saw us undertaking several impactful CR activities. Our efforts are presented on pages 29 to 36 of the Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirement of Bursa Malaysia Securities Berhad:-

Status of Utilisation of Proceeds

There were no corporate proposals involving the raising of funds during the financial year ended 31 December 2011.

Share Buy-back

The Company did not carry out any share buy-back during the financial year ended 31 December 2011.

Options, Warrants or Convertible Securities

There was no exercise of Options or Convertible Securities or conversion of warrants during the financial year ended 31 December 2011.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2011.

Imposition of Sanctions/Penalties

There were no material sanction or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 31 December 2011.

Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 December 2011 amounted to RM5,000.

Variation in Results

There was no material variance between the financial results and the profit forecast or unaudited results previously made for the financial year ended 31 December 2011.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 31 December 2011.

Material Contracts

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year ended 31 December 2011 or entered into since the end of the previous financial year.

Profit Forecast Variance

There was no profit forecast issued in respect of the financial result ended 31 December 2011.

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

Alagasan Varatharajoo
Independent Non-Executive Director
(Appointed on 31 October 2011)

General Tan Sri Dato' Seri Che Md Noor Bin Mat Arshad (Rtd)
Independent Non-Executive Director
(Resigned on 1 August 2011)

During the year, the Audit Committee held a total of five (5) meetings. The Financial Controller, Internal Auditors and External Auditors, have been invited to attend the Audit Committee meetings.

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

Committee Members	Meeting Attendance
Razali Bin Jantan	5/5
Ravi Markandu	5/5
General Tan Sri Dato' Seri Che Md Noor Bin Mat Arshad (Rtd) *(Resigned on 1 August 2011)*	3/3
Alagasan Varatharajoo *(Appointed on 31 October 2011)*	2/2

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the Audit Committee during the financial year ended 31 December 2011 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 Berhad ("Bursa Securities").
b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2010.
c) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised and management letter together with management's response.
d) Reviewed the internal audit plan;
e) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
f) Reviewed the effectiveness of the Group's system of internal control;
g) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
h) Reviewed the Company's compliance with the ACE Market 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 twice during the year without the presence of any executive board members or management; and
k) Met with the internal auditors twice during the year without the presence of any executive board members or management.

INTERNAL AUDIT FUNCTION

The Company has appointed Messrs. Smart 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 Audit Committee with independent and objective reports on the system and state of internal controls of the Company.

The internal audit fee incurred for the financial year ended 31 December 2011 was RM25,000.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

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

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

Qualification

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

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:

- he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
- he/she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- fulfils such other requirement as prescribed by the Bursa Securities.

Meeting and Minutes

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

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 Audit 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 the resignation or dismissal of external auditors;

i) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;

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.

Introduction

In accordance Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Listing Requirements requires the Board to include in its Company Annual Report a statement about the state of its internal control. We the internal auditors confirm that the internal controls implemented in Tex Cycle Technology (M) Berhad are adequate.

The revised Malaysian Code on Corporate Governance (2007) requires all listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.

We are pleased to provide the Statement on Internal Control ("Statement") that was prepared in accordance with the "Guidance for Directors of Public Listed Company" issued by Bursa Malaysia Securities Berhad which outlines the processes that the Board has adopted in reviewing the adequacy and integrity of the system of internal control of the Group.

RESPONSIBILITY

We acknowledge its overall responsibility for maintaining sound internal control systems to safeguard the shareholders' interest and the Group's assets. It is viewed that the internal control framework is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of management and financial information or against financial losses and fraud.

The Company has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to suit the changes in the business environment and this on-going process has been in place for the whole financial year under review.

CONTROL STRUCTURE

The company has established an organization structure with clearly defined lines of responsibility, authority limits and accountability aligned to business and operations requirements which support the maintenance of a strong control environment. It has extended the responsibilities of the Audit Committee to include the assessment of internal controls, through the Internal Audit ("IA") function.

RESULT BUSINESS CONSULTING
Smart Business Consulting
Focus Internal Audit Solution

Reliance On External Auditors Work

The external auditors review the Statement on Internal Control for inclusion in the annual report annually.

The review is conducted in accordance with the "Recommended Practice Guide 5: Guidance for Auditors on the Review of Directors' Statement on Internal Control" ("RPG 5") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls of the Group.

RPG 5 does not require the external auditors to consider whether the Directors' Statement on Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems.

This statement is based on the consideration of the audit work performed by both the External Auditors and the Internal Auditors on financial and non-financial matters.

Thank you.

Yours faithfully,

Dr. Bala Sekar Nadarajan
Chief Executive Officer
Smart Business Consulting

statement of 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 2011.

(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 2011 was RM25,000.

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 at the Board of Director's meeting held on 12 April 2012.

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 Securities Malaysia 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

TEX CYCLE
Tex Cycle Technology (M) Berhad
(642619-P)
(Ace: Texcycl, 0089)
Investment Holding

TC Chemical Sdn Bhd
100%
Trading

Tex Cycle Sdn Bhd
100%
Recovery and recycling of schedule waste

Tex Cycle (P2) Sdn Bhd
100%
Dormant

Metro Koats Technology Sdn Bhd
100%
Manufacturing and marketing of chemical products

Metro Envy Sdn Bhd
100%
Rental of investment property

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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 was incorporated on 22 June 2009. The principal activity of the Company is trading.

METRO KOATS TECHNOLOGY SDN. BHD.

Metro Koats Technology Sdn Bhd was incorporated in 1995. The principal activity is to develop and manufacture camouflage products.

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

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, accesses 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.
- Chairs the Environmental Management Review.
- Active in the R&D contribution, ideas and activities carried out in Tex Cycle.
- Ensures that Environmental Management System requirements are established, implemented and maintained in accordance with ISO 14001 standards.

Environmental Management Representatives (EMR)

- Co-ordinate & liaise for initiation of Environmental Activities.
- Provide information to all members regarding environmental issues.
- Plan, co-ordinate and control Environmental Management System including internal audits to ensure compliance.
- Support the Managing Director on Environmental Management.
- Provide report to the Managing Director on EMS performance.
- Promote Environmental Awareness Activities among the staff.
- Plan and co-ordinate the Environmental Education and Training requirement.
- Centralize the control of the environmental documents and records.
- Establish a proper document control system and filing of environmental data.
- Check and control the data changes or revision and co-ordinate with the respective section.
- Liaise with local environmental bodies with regards to environmental issues.
- Ensure execution of the Environmental Management Operations and compliance of Management Operation to ISO14001.

Section Head

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

Employees

- 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.

Environment Management Systems Approval Certificate


IQNet
THE INTERNATIONAL CERTIFICATION NETWORK

CERTIFICATE

IQNet and SIRIM QAS International Sdn. Bhd.
hereby certify that

TEX CYCLE SDN. BHD.
NO. 8, JALAN TPK 2/3
TAMAN PERINDUSTRIAN KINRARA
47100 PUCHONG
SELANGOR DARUL EHSAN
MALAYSIA

has implemented and maintains a

ENVIRONMENTAL MANAGEMENT SYSTEM

which fulfills the requirements of the following standard

ISO 14001 : 2004

for the following field of activities

PROVISION FOR TRANSPORTATION, COLLECTION AND RECYCLING OF SCHEDULED WASTES.

Issued on : 13 March 2009
Validity date : 07 March 2012

Certification Number : MY-ER 0291

Rene Wasmer
President of IQNet

Dato' Mariani Mohammad
Managing Director
SIRIM QAS International Sdn Bhd


SIRIM QAS INTERNATIONAL

CERTIFICATE

SIRIM QAS International Sdn. Bhd. hereby certifies that

TEX CYCLE SDN. BHD.
NO. 8, JALAN TPK 2/3
TAMAN PERINDUSTRIAN KINRARA
47100 PUCHONG
SELANGOR DARUL EHSAN
MALAYSIA

has implemented an Environmental Management Systems complying with

ISO 14001 : 2004
Environmental Management Systems - Requirements with Guidance for Use

Scope of Certification

PROVISION FOR TRANSPORTATION, COLLECTION AND RECYCLING OF SCHEDULED WASTES.

Original Certification Date : 08 March 2003
Issue Date : 13 March 2009
Expiry Date : 07 March 2012
Certification No. : ER 0291

Dato' Mariani Mohammad
Managing Director
SIRIM QAS International Sdn. Bhd.

Ir. Hj. Yahaya Ahmad
Chairman
SIRIM QAS International Sdn. Bhd.

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 continuous commitment in ensuring that its Employees work in a safe environment and return to their families safely. The Employees are Tex Cycle's most valuable asset and they are given utmost priority. Customer satisfaction is also given crucial 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 relation ships.

TEX CYCLE'S GROWTH STRATEGY

The Board of Directors and its principal shareholders are committed toward the growth of the Company. This aim is being achieved through:

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

Corporate Responsibility of Tex Cycle

Corporate Responsibility (CR) to Tex Cycle is the basis of what we are and do. 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 improvement for maximization of its stakeholders' interest. Corporate Responsibility is also our Boardroom discussion.

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.

STAKEHOLDER ENGAGEMENT

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 of 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.

It has always been Tex Cycle's belief that the most important investment that a company could make is the one that it makes in its people. Corporate Responsibility means doing business profitably by first, taking care of the welfare of employees and then followed by providing the best service to customers while preserving the environment. 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.

Tex Cycle believes in rewarding and recognizing employees' contribution on a continuous basis 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
- Family Day gathering and activities / Recycling Day / Safety Week






Recreation: It was time of the year again to have a celebration with the bigger family of Tex Cycle; with families of the Directors and Employees getting together as one. There were entertaining performances by each department and the winners received cash gifts. Winners of Sports Day were also awarded with trophies and medals. Employees of the Quarter by department and Employee of the Year were rewarded with certificates and cash gifts.

- Competition on Environmental, Safety and Health issues after trainings
- Award given to the section/area which comply to the audit checklist
- Promotions / bonus
- Incentives for full attendance
- Competition and activities involving staff members and their family




Tex Cycle had its first ever Sports Day this year. Three activities were held, namely football, badminton and tug-of war. All employees, the locals and the foreign workers joined together in this exciting event. It was a memorable day filled with positive energy, teamwork and excitement.

- Recognition of staffs with long service
- Employees children are given financial assistance for school necessities
- Adequate insurance coverage

Annual medical health-check for Employees

- Heart Disease and Diabetic Talk
- First Aid Training
- Stress Management Talk

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 also given brochures explaining the activities, products and services, environmental programmes and further information regarding Scheduled Waste Management and regulations.
- Tex Cycle too engages in joint activities with Customer's EMP projects.

Community

Environmental programmes are organized to encourage the Community especially students to practice 4Rs in schools and at home. It is important to instil environmental values to individuals at a young age so that they carry its value for life. Tex Cycle also often receives visits from Students of higher institutions for exposure on Waste Management.

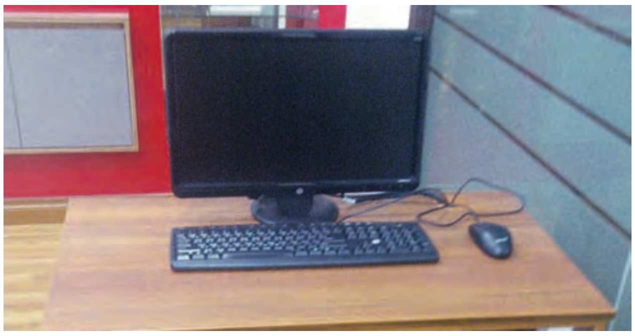
Dialysis Centre

Current lifestyles have changed dramatically as much as the standards of living has gone higher as the nation's economy continues to develop and progress further. Hectic demands of modern lifestyles have resulted in frequent dining out and excessive eating coupled with lack of exercise. This has not only resulted in an increase of the two most common diseases, diabetes and hypertension but is also the most common contributors to End-Stage Renal Disease (ESRD) – in simpler terms, end-stage kidney failure. In collaboration with an NGO, Tex Cycle acts as the main sponsor and strives to provide the required medical needs to the less fortunate of the Dialysis Centre situated at Klang Valley together with continuous support of kind donors. The Centre has grown to cater for almost 54 less privileged patients now who are in need of dialysis. Tex Cycle too shares its profits generously on a continuous basis with many other charitable organizations to help the needy and the less fortunate.

Paper Crane Folding Charity Drive

FAIRVIEW International School held a Paper Crane Folding Charity Drive in aid of the victims of the Japan disaster. Students aged between four and 17 came together to fold a minimum of 30 paper cranes each from recycled paper within four hours at a cost RM1 per paper crane. Tex Cycle was one of the contributors to the charity drive by providing old magazines contributed by its employees. Additionally, Tex Cycle too donated cash to aid the victims of the Tsunami disaster.

Computer Lab and Library Sponsorship to School



SJK(T) Ladang Bukit Jalil was in need of financial assistance to set up a library & computer laboratory to help its students to perform better in their studies. Tex Cycle contributed 5 computers complete with the required software applications to equip children with modern technology and updated resources much needed to attain highest possible standards of education.

Sponsorship of Garden to School

(before)

(after)

(after)

Tex Cycle sponsored all expenses incurred to create a garden for the Students and Teachers of Sekolah Menengah Kebangsaan Sultan Abdul Samad, Klang. The creation of the garden has motivated children to appreciate nature and protect the environment they live in. The garden, which attracts many birds and insects are also used as a base to do still life drawing and improve the art skills of the students.

Regulators

Tex Cycle often receives 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. We too 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 visitors as well.

Mini Carnival by DOE

The Department of Environment (Selangor) organised a mini carnival in conjunction with World Environmental Day. Tex Cycle chose Green Theme and decorated the booth with many colourful plants and gave away various varieties of fruits as gifts to visitors. Tex Cycle won the best booth exhibition and received an award and a hamper for the team effort.

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.

Tex Cycle's SHE Department ensures that Contractors attend briefing and trainings on a continuous basis 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.

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 has successfully completed its R&D from 2007 to 2010 and minimized the amount of waste disposed from the plant to a 3% only. However, research and development are continuously exploited to improve its systems on a continuous basis and find ways and means to further reduce waste and manage it in a manner profitable to both the Company and the environment. For 2011 and ongoing, the R&D is on energy auditing which embarks on saving of energy and money, reducing waste and carbon footprint and preserving world's natural resources.

External Assurance

Most of the participants who come to Tex Cycle tend to carry the mindset that Tex Cycle is a large launderette due to the existence of a large number of industrial washing machines and a collection of contaminated wipes, rags and gloves in the main production area. They assume that these contaminated rags, gloves and wipes are washed similarly to household laundry system but on 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 the collected contaminated materials. Depending on the group, the questions varies from technical to very basic questions but through these question and answer sessions, the participants are able to get 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 were initially 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 programs 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 trainings 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

Through Management and Environmental Awards, 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 proofs themselves that Tex Cycle is aiming high to be a role model in the Scheduled Waste Management Industry.

Awards Achieved Prior 2011

ISO 14001 – Tex Cycle was first awarded with the ISO 14001 certification in March 2003 and has been recertified to-date.

Prime Minister Hibiscus Awards

Tex Cycle was 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)
- Prime Minister Hibiscus Award 2006/2007 Selangor Government
- Prime Minister Hibiscus Award 2006/2007 SME Special Award
- Prime Minister Hibiscus Award 2006/2007 Exceptional Achievement in Environmental Performance
- Prime Minister Hibiscus Award 2008/2009 for Notable Achievement in Environmental Performance

Malaysian Canadian Business Council

- Malaysian Canadian Business Council (MCBC) Silver Award in Industrial Excellence in Professional Services Award 2006
- Malaysia Canada Business Council (MCBC) Company of the Year Award under Business Excellence Awards 2008
- Malaysia Canada Business Council (MCBC) Talisman Malaysia Limited Award Industry Excellence for Environment under Business Excellence Awards 2008

ACCA

- ACCA – MESRA First Time Reporting 2006
- ACCA Malaysia Sustainability Reporting Awards for Transparency (MaSRA) 2009 (shortlisted)

National Award for Management Accounting

- Practice Solution Award 2008 under Non-listed SME Category from National Award for Management Accounting (NAfMA)
- Practice Solution Award 2009 under Non-listed SME Category from National Award for Management Accounting (NAfMA)
- Practice Solution Award 2010 under Non-listed SME Category from National Award for Management Accounting (NAfMA)

Star Biz ICR Malaysia

- Corporate Responsibility Award 2008 for Environment Category for market capitalization below RM1billion from Star Biz ICR Malaysia
- Corporate Responsibility Award 2009 for Marketplace Category for market capitalization below RM1billion from Star Biz ICR Malaysia
- Corporate Responsibility Award 2010 for Marketplace Category for market capitalization below RM1billion from Star Biz ICR Malaysia

KPMG Shareholder Value Award 2010 – Winner for Infrastructure

Tex Cycle received KPMG Award for the first time in 2010. We were one of the winners in this industry sector amongst top 100 lists of companies ranked by Shareholder Value Creation. The coveted award was designed to promote corporate excellence through enhancing levels of disclosure and setting exemplary industry good practice.

Award Achieved in 2011

ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2011 - Shortlisted

SUSTAINABILITY REPORT

For Tex Cycle, Sustainability Report is developing a strategy that gives the company competitive advantage and create value. That leads to building a company that will endure a sustainable business operating in a sustainable world.

Processes

Tex Cycle has its Standard Operating Procedures which are adhered to by the relevant departments in order to provide the best products and services which are 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 which has Solid & Liquid Form and 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 provides an overview of the energy and water usage patterns which assists us to reduce the impact of our operations to the environment.

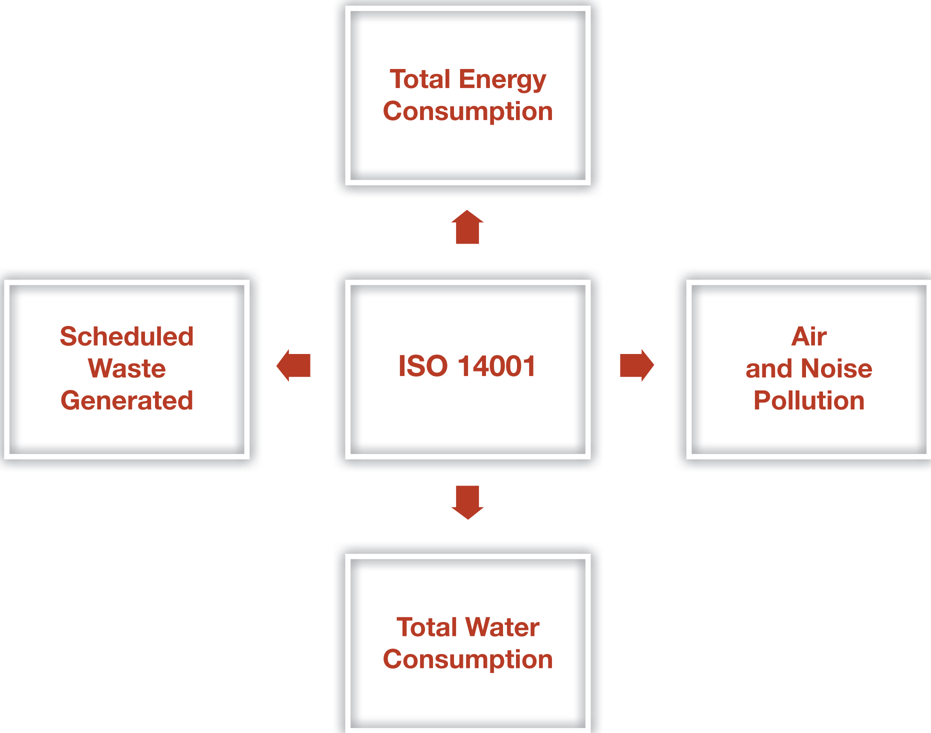
In addition, the (LCA) analysis provides insight to the following:

- 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.

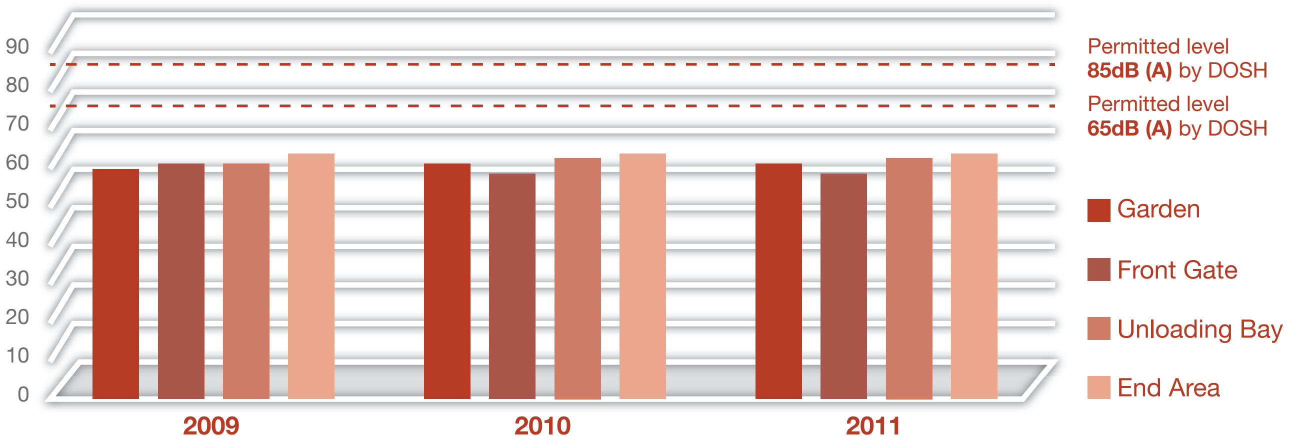
Operational Monitored Activities



2011	Unit	A1 Garden	A2 Production Area	Malaysian Ambient Air Quality Guidelines
Particulate matter as PM 10	µg/m3	56.6	53	150
Nitrogen Dioxide, NO2	µg/m3	ND <2	ND <2	320
Sulphur Dioxide, SO2	µg/m3	ND<0.59	ND<0.59	350
Carbon Monoxide, CO	µg/m3	0	0	30

Pollution Control Monitoring – Ambient Air

Noise Level Comparison from 2009 - 2011



Pollution Control Monitoring – Boundary Noise

	Unit	Raw Effluent	1999	2010	2011	Std. B	Sd. A
pH Value	-	6.8	6.4	7.61	7.01	5.5-9.0	6.0-9.0
COD	mg/l	29400.0	160.0	2.0	6.0	100	50
BOD at 20 ^{0}C	mg/l	3140.0	50.0	<2	<2	50	20
Oil & Grease	mg/l	372.0	4.0	<1	<1	10	0.0
Arsenic	mg/l	0.1	<0.01	0.0	<0.001	0.1	0.05
Boron	mg/l	0.2	<0.01	<0.1	<0.1	4	1
Suspended Solid	mg/l	1390.0	50.0	6.0	2.0	100	50
Cadmium	mg/l	<0.001	0.0	<0.005	<0.005	0.02	0.01
Chromium, Cr+6	mg/l	<0.05	<0.01	<0.003	<0.003	0.05	0.05
Chromium, Cd+3	mg/l	<0.05	<0.01	<0.02	<0.02	1.0	0.2
Copper	mg/l	0.8	0.1	0.0	<0.01	1	0.2
Cyanide	mg/l	0.1	<0.01	<0.02	0.005	0.1	0.05
Free Chlorine	mg/l	<0.1	<0.01	<0.04	<0.04	2	1
Iron (Fe)	mg/l	1.8	3.7	0.2	<0.01	5	1
Lead	mg/l	<0.05	0.2	0.1	<0.01	0.5	0.1
Manganese	mg/l	0.1	4.2	0.2	0.11	1.0	0.2
Mercury	mg/l	<0.001	<0.01	<0.002	<0.002	0.05	0.005
Nickel	mg/l	<0.01	0.10	0.1	<0.01	1.00	0.20
Phenol	mg/l	0.4	<0.01	<0.0005	<0.0005	1	0.001
Sulphide	mg/l	<0.01	<0.1	<0.1	<0.1	0.5	0.5
Tin	mg/l	<0.1	<0.01	0.0	0.001	1	0.2
Zinc	mg/l	0.4	0.3	0.1	0.03	2	2

Treated Wastewater Quality Analysis

Corporate Governance

The Board of Directors believe that strong corporate governance not only enhances sustainable control of an organization but is essential in 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

Annual Report that summarizes Financial Report and Corporate Responsibility (CR) activities

Sustainability Report (Environmental Report) according to ACCA guidelines

Exhibition and road shows on environmental awareness and community projects

Website provides more information on activities, products, community services and events

Waste as Resource

Tex Cycle only generates approximately 3% residue as waste through our processes. The remaining 97% are reused, recovered or recycled. Tex Cycle practices waste minimization and implements 4Rs (Reduce, Reuse, Recover, Recycle) throughout the processes with the intention of conserving the environment.

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 plans/ maps with safety indications of first aid boxes, fire extinguishers, emergency routes, spillage kits, eye washes 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 for Tex Cycle Employees

- Causes of fire, safety tips, extinguishers and practical training
- 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, treatments and procedures
- Training on proper usage PPE, benefits and dangers if not used

Waste as Communication

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 help 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 upper secondary schools 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 support the universities by providing research funds and required information for the research related with the industry and accept 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. In collaboration with Selangor DOE, an environmental camp during the State Environmental Week was jointly organized.

financialstatements

The directors of **TEX CYCLE TECHNOLOGY (M) BERHAD** ("the Company") 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, 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Profit before tax	7,139,930	955,092
Tax expense	(2,253,269)	(181,824)
Profit for the year	4,886,661	773,268

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 first and final single tier tax exempt dividend of 5.0% amounting to RM853,965 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, 2012.

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 statements of comprehensive income and statements of financial position 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 Sinakalai
Yusseri bin Said
Ho Siew Cheong
Ho Siew Weng
Razali bin Jantan
Ravi Markandu
Alagasan Varatharajoo (appointed on 31.10.2011)
General Tan Sri Dato' Seri Che Md Noor bin Mat Arshad (Rtd) (resigned on 1.8.2011)

In accordance with Article 80 of the Company's Articles of Association,Mr. Periasamy Sinakalai and Encik Yusseri bin Said retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Mr Alagasan Varatharajoo, who was appointed to the Board since the last Annual General Meeting, retires in accordance with Article 85 of the Company's Articles of Association at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each			
	Balance as of 1.1.2011/ date of appointment	**Bought**	**Sold**	**Balance as of 31.12.2011**
Shares in the Company				
Yusseri bin Said				
- Direct	4,350,130	-	-	4,350,130
Ho Siew Cheong				
- Direct	4,195,465	89,500	-	4,284,965
- Deemed (Note 1)	82,104,559	262,500	-	82,367,059
Ho Siew Choong				
- Direct	7,962,803	92,000	-	8,054,803
- Deemed (Note 1)	82,104,559	262,500	-	82,367,059
- Indirect (Note 2)	192,000	-	-	192,000
Ho Siew Weng				
- Direct	2,168,597	15,000	-	2,183,597
- Deemed (Note 1)	82,104,559	262,500	-	82,367,059
- Indirect (Note 2)	397,500	-	-	397,500
Periasamy Sinakalai				
- Direct	7,609,965	49,900	-	7,659,865
- Deemed (Note 1)	82,104,559	262,500	-	82,367,059
- Indirect (Note 2)	604,500	-	-	604,500

Ravi Markandu				
- Direct	160,000	15,000	-	175,000
- Indirect (Note 2)	3,000	-	-	3,000
Alagasan Varatharajoo				
- Direct	5,000	-	-	5,000

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/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 21 to the Financial Statements.

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

AUDITORS

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

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

PERIASAMY SINAKALAI

HO SIEW CHOONG

Puchong
April 12, 2012

Report on the Financial Statements

We have audited the financial statements of **TEX CYCLE TECHNOLOGY (M) BERHAD**, which comprise the statements of financial position of the Group and of the Company as of December 31, 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 100.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 of the financial statements that give a true and fair view 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, 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 36 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

DELOITTE & TOUCHE
AF 0834
Chartered Accountants

HIEW KIM TIAM
Partner - 1717/08/13 (J)
Chartered Accountant

April 12, 2012

statements of comprehensive income for the year ended december 31, 2011

	Note(s)	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
Revenue	5 & 6	31,172,170	15,649,209	1,125,000	1,200,000
Cost of sales		(18,888,643)	(4,685,131)	-	-
Gross profit		12,283,527	10,964,078	1,125,000	1,200,000
Other operating income		2,444,998	1,335,958	81,854	52,847
Selling and distribution costs		(604,385)	(560,491)	-	-
Administrative expenses		(4,588,482)	(4,079,032)	(268,192)	(265,908)
Other operating expenses		(2,464,366)	(1,763,588)	(714)	(25)
Profit from operations		7,071,292	5,896,925	937,948	986,914
Finance costs	8	(30,104)	(13,686)	-	-
Interest income		98,742	370,741	17,144	91,452
Profit before tax	7	7,139,930	6,253,980	955,092	1,078,366
Tax expense	10	(2,253,269)	(1,768,422)	(181,824)	(261,847)
Profit for the year/ Total comprehensive income for the year		4,886,661	4,485,558	773,268	816,519
Earnings per ordinary share					
Basic and diluted (sen)	11	2.86	2.63		

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

statements of financial position as of december 31, 2011

	Note	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	12	13,599,736	7,069,334	-	-
Prepaid lease payments	13	12,389,557	8,041,961	-	-
Investment property	14	7,340,000	7,340,000	-	-
Investment in subsidiary companies	15	-	-	10,829,282	10,579,285
Goodwill on consolidation	16	583,937	583,937	-	-
Total Non-current Assets		33,913,230	23,035,232	10,829,282	10,579,285
Current Assets					
Inventories	17	473,786	639,662	-	-
Trade receivables	18	8,829,858	5,132,928	-	-
Other receivables and prepaid expenses	18	563,401	3,867,696	1,000	1,000
Investment in unit trusts	19	4,337,808	4,114,526	1,634,552	1,552,698
Investment in perpetual bond fund	20	-	3,468,198	-	-
Amount owing by subsidiary companies	21	-	-	10,275,413	7,346,978
Tax recoverable		723,847	479,920	220,421	152,245
Cash and bank balances	30	4,910,347	6,697,851	320,448	3,716,781
Total Current Assets		19,839,047	24,400,781	12,451,834	12,769,702
Total Assets		53,752,277	47,436,013	23,281,116	23,348,987

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

statements of financial position as of december 31, 2011

	Note	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	22	17,079,300	17,079,300	17,079,300	17,079,300
Reserves	23	31,169,701	27,137,005	6,163,690	6,244,387
Total Equity		48,249,001	44,216,305	23,242,990	23,323,687
Non-current Liabilities					
Hire-purchase payables - non-current portion	24	562,213	188,134	-	-
Term loan - non-current portion	25	2,541,957	-	-	-
Deferred tax liabilities	26	347,109	439,828	-	-
Deferred income - non-current portion	27	-	620,000	-	-
Total Non-current Liabilities		3,451,279	1,247,962	-	-
Current Liabilities					
Trade payables	28	76,708	121,160	-	-
Deferred income - current portion	27	-	240,000	-	-
Other payables and accrued expenses	28	1,222,802	1,534,949	38,126	25,300
Hire-purchase payables - current portion	24	253,050	63,166	-	-
Term loan - current portion	25	488,244	-	-	-
Tax liabilities		11,193	12,471	-	-
Total Current Liabilities		2,051,997	1,971,746	38,126	25,300
Total Liabilities		5,503,276	3,219,708	38,126	25,300
Total Equity and Liabilities		53,752,277	47,436,013	23,281,116	23,348,987

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

The Group	Note	Issued capital RM	Non-distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total RM
Balance as of January 1, 2010		17,079,300	4,521,517	18,983,895	40,584,712
Total comprehensive income for the year		-	-	4,485,558	4,485,558
Dividend paid	29	-	-	(853,965)	(853,965)
Balance as of December 31, 2010		17,079,300	4,521,517	22,615,488	44,216,305
Balance as of January 1, 2011		17,079,300	4,521,517	22,615,488	44,216,305
Total comprehensive income for the year		-	-	4,886,661	4,886,661
Dividend paid	29	-	-	(853,965)	(853,965)
Balance as of December 31, 2011		17,079,300	4,521,517	26,648,184	48,249,001

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

The Company	Note	Issued capital RM	Non-distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total RM
Balance as of January 1, 2010		17,079,300	4,521,517	1,760,316	23,361,133
Total comprehensive income for the year		-	-	816,519	816,519
Dividend paid	29	-	-	(853,965)	(853,965)
Balance as of December 31, 2010		17,079,300	4,521,517	1,722,870	23,323,687
Balance as of January 1, 2011		17,079,300	4,521,517	1,722,870	23,323,687
Total comprehensive income for the year		-	-	773,268	773,268
Dividend paid	29	-	-	(853,965)	(853,965)
Balance as of December 31, 2011		17,079,300	4,521,517	1,642,173	23,242,990

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

statements of cash flow for the year ended december 31, 2011

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
CASH FLOWS FROM/ OPERATING ACTIVITIES				
Profit for the year	4,886,661	4,485,558	773,268	816,519
Adjustments for:				
Tax expense recognised in profit or loss	2,253,269	1,768,422	181,824	261,847
Depreciation of property, plant and equipment	1,432,214	1,353,013	-	-
Allowance for doubtful debts - net	647,611	48,417	-	-
Impairment of property, plant and equipment	628,254	-	-	-
Allowance for slow moving inventories	247,880	-	-	-
Amortisation of prepaid lease payments	152,404	86,518	-	-
Property, plant and equipment written off	34,667	4,419	-	-
Finance costs	30,104	13,686	-	-
Bad debts written off	16,075	44,648	-	-
Amortisation of deferred income	(860,000)	(240,000)	-	-
Interest income	(98,742)	(370,741)	(17,144)	(91,452)
Gain on investment in:				
Unit trusts	(7,635)	(135,899)	(68,468)	(39,683)
Perpetual bond fund	(44,882)	-	-	-
(Increase)/Decrease in fair value of:				
Structured fund	-	(4,697)	-	-
Unit trusts	(44,925)	(300)	(13,386)	(13,015)
Perpetual bond fund	(89,990)	134,872	-	-
Loss on investment in structured funds	-	5,429	-	(148)
Unrealised loss on foreign exchange	-	2,455	-	-
Dividend income	-	-	(1,125,000)	(1,200,000)
Operating Profit/(Loss) Before Working Capital Changes	9,182,965	7,195,800	(268,906)	(265,932)

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

statements of cash flow for the year ended december 31, 2011

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
(Increase)/Decrease in:				
Inventories	(82,004)	(27,293)	-	-
Trade receivables	(4,360,616)	(729,833)	-	-
Other receivables and prepaid expenses	78,501	570,844	-	-
Increase/(Decrease) in:				
Trade payables	(44,452)	8,531	-	-
Other payables and accrued expenses	(312,147)	(1,244)	12,826	(3,000)
Deferred income	-	(1,442,660)	-	-
Cash Generated From Operations	4,462,247	5,574,145	(256,080)	(268,932)
Income tax paid	(2,591,193)	(2,317,733)	(250,000)	-
Finance costs paid	(30,104)	(13,686)	-	-
Net Cash From/(Used In) Operating Activities	1,840,950	3,242,726	(506,080)	(268,932)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES				
Interest received	98,742	370,741	17,144	91,452
Proceeds from withdrawal of investment in structured funds	-	4,012,230	-	1,506,189
Investment in unit trusts	(170,722)	(3,978,327)	-	(1,500,000)
Investment in perpetual bond fund	-	(3,605,525)	-	-
Proceeds from redemption of investment in perpetual bond fund	3,603,070	-	-	-
Partial payments relating to purchase of land and building	-	(3,225,794)	-	-
Acquisition of property, plant and equipment (Note)	(7,931,537)	(525,620)	-	-
Payment of prepaid lease	(1,274,206)	-	-	-
Increase in short-term deposits pledged	(4,270)	(8,931)	-	-
Subscription of new shares issued by a wholly-owned subsidiary company	-	-	(249,997)	-
Decrease in amount owing by subsidiary companies	-	-	(1,803,435)	3,019,003
Net Cash From/(Used In) Investing Activities	(5,678,923)	(6,961,226)	(2,036,288)	3,116,644

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

	Note	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Dividends paid		(853,965)	(853,965)	(853,965)	(853,965)
Drawdown of term loan		3,300,000	-	-	-
Repayment of term loan		(269,799)	-	-	-
Payment of hire-purchase payables		(130,037)	-	-	-
Net Cash From/(Used In) Financing Activities		2,046,199	(943,565)	(853,965)	(853,965)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(1,791,774)	(4,662,065)	(3,396,333)	1,993,747
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,458,156	11,120,221	3,716,781	1,723,034
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	4,666,382	6,458,156	320,448	3,716,781

Note:

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

	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
Payment by cash	7,931,537	525,620	-	-
Financed by hire-purchase	694,000	230,000	-	-
	8,625,537	755,620	-	-

The accompanying Notes form an integral part of 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, Persoft Tower, 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 12, 2012.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

2.1 Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised Standards and Issues Committee Interpretations ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2011 as follows:

FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions)
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
FRS 127	Consolidated and Separate Financial Statements (revised)
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127)
Improvements to FRSs 2010	
IC Int. 4	Determining whether an Arrangement contains a Lease

The adoption of these new and revised Standards and IC Interpretations have not affected the amounts reported on the financial statements of the Group and of the Company except for those Standards as set out below. Details of other new and revised Standards and IC Interpretations applied in the financial statements of the Group and of the Company that have had no material effect on the amounts reported but may affect the accounting for future transactions or arrangements are as set out in section 2.2.

In addition, on November 19, 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on January 1, 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after January 1, 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate* are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after January 1, 2012.

Accordingly, the Group and the Company which are not Transitioning Entities will be required to apply MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* (MFRS 1) in their financial statements for the financial year ending December 31, 2012, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

2.1.1 Standards and IC Interpretations Affecting Presentation and Disclosure only

Amendments to FRS 7 Financial Instruments: Disclosures (Improving disclosures about financial instruments)

The amendments to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

2.2 Standards and IC Interpretations Adopted with No Effect on Financial Statements

The following new and revised Standards and IC Interpretations have also been adopted in the financial statements of the Group and of the Company. The application of these new Standards and Interpretations has not had any material impact on the amounts reported in the financial statements of the Group and of the Company for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to FRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions	The amendments clarify the scope of FRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

FRS 127 (revised in 2010) Consolidated and Separate Financial Statements	The revised Standard has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries. The application of this Standard does not have any financial impact on the Group as there were no changes in ownership interests in its subsidiaries during the current financial year.
IC Int. 4 Determining whether an Arrangement contains a Lease	The Interpretation clarifies that when the fulfillment of an arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, then the arrangement should be accounted for as a lease under FRS 117, even though it does not take the legal form of a lease.
Improvements to FRSs issued in 2010	The application of Improvements to FRSs issued in 2010 has not had any material effect on amounts reported in the financial statements of the Group and the Company.

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. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 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 profit or loss.

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.

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

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, renewable energy product and trading of chemicals is recognised upon delivery of products and when the risks and rewards of ownership have passed.

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 the 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. 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 profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

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 profit or loss. Once the contributions have been paid, there are no further payment obligations. The approved provident fund is a defined contribution plan.

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 statements of financial position and transferred to profit or loss 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 profit or loss 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 year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for, using the "liability" method, on temporary differences at the end of the reporting period 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 the end of each reporting period 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 end of the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in other comprehensive income, in which case the deferred tax is also charged or credited directly in other comprehensive income, 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, furniture and fittings and renovation	10% - 20%
Factory equipment and electrical installation	10% - 20%
Motor vehicles	20%
Computers	20% - 40%

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 profit or loss.

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 except for leasehold land classified as investment property.

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 profit or loss 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 from the statements of financial position. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

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 profit or loss 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 fair value.

Investment in Unit Trusts

Investment in unit trusts is stated at fair value.

Investment in Perpetual Bond Fund

Investment in perpetual bond fund is stated at fair value.

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 ("CGU") expected to benefit from the synergies of the combination. CGU 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 CGU 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.

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 one year and extrapolates cash flows for the following two years based on estimated growth rate of 5.20%. 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.

Impairment of Non-financial Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets excluding goodwill 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, 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 CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

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 end of the reporting period, and are discounted to a present value where the effect is material.

At the end of each reporting period, 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.

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(ii) Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

(iii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period ranges from 30 to 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(v) Derecognition of Financial Assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity Instruments Issued by the Group and the Company

(i) Classification of Debt or Equity

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

(ii) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(iii) Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(iv) Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(v) Derecognition of Financial Liabilities

The Group derecognises financial liabilities when and only when, the Group's obligations are discharged, cancelled or expired.

Statements of Cash Flows

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

Cash equivalents are short-term, highly liquid investments that 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 end of the reporting period, 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 CGU 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 CGU and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was RM583,937 (2010: RM583,937) and no impairment loss was ecognized during the current financial year. Details of the value-in-use calculation are provided in Note 3.

Fair Value of Investment Property

The fair value of the investment property of the Group as disclosed in Note 14 was estimated at RM7,340,000 (2010: RM7,340,000) 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. As of December 31, 2011, the directors of the Company assessed the fair value of the investment property of the Group based on the current prices in the market for properties with similar conditions and locations and the directors are of the view that the carrying amount of the investment property of the Group approximates its current fair value.

Allowance for Doubtful Debts

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

5. REVENUE

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Provision of waste recovery and recycling services	15,470,916	14,416,044	-	-
Sales of goods	249,260	323,595	-	-
Rental of recycled products	257,483	887,144	-	-
Trading of chemicals and other products	15,194,511	22,426	-	-
Gross dividend income from subsidiary companies	-	-	1,125,000	1,200,000
	31,172,170	15,649,209	1,125,000	1,200,000

6. OPERATING COSTS APPLICABLE TO REVENUE

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

		The Group		The Company	
	Note(s)	2011 RM	2010 RM	2011 RM	2010 RM
Direct costs on services rendered		3,362,274	3,260,440	-	-
Costs of chemicals and other products sold		13,858,770	-	-	-
Raw materials and consumables used		145,223	198,460	-	-
Changes in inventories of work-in-progress and finished goods		(21,763)	(38,052)	-	-
Directors' remuneration	9	1,528,306	1,135,672	141,000	126,250
Staff costs		1,817,050	1,819,018	-	-
Depreciation of property, plant and equipment	12	1,432,214	1,353,013	-	-
Amortisation of prepaid lease payments	13	152,404	86,518	-	-
Impairment of property, plant and equipment	12	628,254	-	-	-
Other operating expenses		3,643,144	3,273,173	127,906	139,683
		26,545,876	11,088,242	268,906	265,933

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 RM189,534 (2010: RM154,114).

7. PROFIT BEFORE TAX

Profit before tax is arrived at after the following charges/(credits):

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Allowance for doubtful debts - net	647,611	48,417	-	-
Rental of premises	300,720	300,720	-	-
Allowance for slow moving inventories	247,880	-	-	-
Auditors' remuneration:				
Current year	73,000	62,500	25,000	23,000
Underprovision in prior year	5,500	-	1,500	-
Other services	5,000	5,000	-	-
Property, plant and equipment written off	34,667	4,419	-	-
Bad debts written off	16,075	44,648	-	-
Loss on investment in structured funds	-	5,429	-	(148)
Government grant recognised relating to property, plant and equipment	(860,000)	(240,000)	-	-
Rental income from investment property	(780,480)	(729,024)	-	-
Increase in fair value of:				
Perpetual bond fund	(89,990)	134,872	-	-
Unit trusts	(44,925)	(300)	(13,386)	(13,015)
Structured fund	-	(4,697)	-	-
Interest income from:				
Fixed deposits	(52,667)	(157,323)	(17,144)	(68,265)
Investment in perpetual bond fund	(46,075)	(79,800)	-	-
(Gain)/Loss on foreign exchange:				
Realised	(47,812)	457,275	-	-
Unrealised	-	2,455	-	-
(Gain)/Loss on investment in:				
Perpetual bond fund	(44,882)	-	-	-
Unit trusts	(7,635)	(135,899)	(68,468)	(39,683)
Structured funds	-	(133,618)	-	(23,187)
Gain arising from insurance claim on loss of property, plant and equipment	-	(1,185)	-	-

8. FINANCE COSTS

	The Group	
	2011 RM	2010 RM
Interest on:		
Hire-purchase	25,068	13,686
Term loan	5,036	-
	30,104	13,686

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Executive directors:				
Directors of the Company:				
Fees	36,000	25,500	36,000	25,500
Other emoluments	23,000	16,000	23,000	16,000
	59,000	41,500	59,000	41,500
Directors of the subsidiary companies:				
Fees	24,000	24,000	-	-
Salaries and other emoluments	1,212,674	886,470	-	-
Contributions to EPF	150,632	98,952	-	-
	1,387,306	1,009,422	-	-
Non-executive directors:				
Fees	57,500	62,250	57,500	62,250
Other emoluments	24,500	22,500	24,500	22,500
	82,000	84,750	82,000	84,750
Total	1,528,306	1,135,672	141,000	126,250

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

	Number of Directors	
	2011	2010
Executive directors:		
Above RM150,000	3	3
RM50,001 to RM150,000	2	2
Non-executive directors:		
Below RM50,000	3	3

10. TAX EXPENSE

	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
Estimated tax payable:				
Current year	2,269,000	1,728,848	250,000	261,847
Under/(Over)provision in prior years	76,988	66,632	(68,176)	-
	2,345,988	1,795,480	181,824	261,847
Deferred tax liabilities (Note 26):				
Current year	(127,092)	(18,086)	-	-
Under/(Over)provision in prior years	34,373	(8,972)	-	-
	(92,719)	(27,058)	-	-
	2,253,269	1,768,422	181,824	261,847

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

	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
Profit before tax	7,139,930	6,253,980	955,092	1,078,366
Tax at the applicable tax rate of 25%	1,784,983	1,563,495	238,773	269,592
Tax effect of:				
Non-deductible expenses	241,823	179,180	18,859	25,423
Income not subject to tax	(56,949)	(124,365)	(7,632)	(33,168)
Deferred tax assets not recognised	172,051	92,452	-	-
Under/(Over)provision of in prior years:				
Current tax	76,988	66,632	(68,176)	-
Deferred tax liabilities	34,373	(8,972)	-	-
	2,253,269	1,768,422	181,824	261,847

As mentioned in Note 3, the deductible temporary differences, unused tax losses and unused tax credits, which would give rise to net deferred tax assets are recognised 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. As of December 31, 2011, the deductible temporary differences, unused tax losses and unabsorbed capital allowances of the Group for which the related deferred tax assets have not been recognised in the financial statements due to uncertainty of their realisation are as follows:

	The Group	
	2011	2010
Temporary difference arising from inventories	99,270	-
Unused tax losses	682,472	239,874
Unabsorbed capital allowances	146,334	-
	928,076	239,874

The unused tax losses and unabsorbed capital allowances are subject to agreement with the tax authorities.

11. EARNINGS PER SHARE

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

Basic

	The Group	
	2011	2010
Profit for the year (RM)	4,886,661	4,485,558
Weighted average number of ordinary shares in issue (units of RM0.10 each)	170,793,000	170,793,000
Basic earnings per share (sen)	2.86	2.63

Diluted

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

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land and building RM	Leasehold building RM	Office equipment, furniture and fittings and renovation RM	Factory equipment and electrical installation RM	Motor vehicles RM	Computers RM	Capital work-in-progress RM	Total RM
Cost								
As of January 1, 2010	1,565,371	2,063,236	439,116	4,934,032	2,565,763	113,166	15,361	11,696,045
Additions	-	-	49,860	368,342	278,262	9,572	49,584	755,620
Write-offs	-	-	(8,788)	(178,457)	(296,580)	(7,545)	-	(491,370)
As of December 31, 2010	1,565,371	2,063,236	480,188	5,123,917	2,547,445	115,193	64,945	11,960,295
As of January 1, 2011	1,565,371	2,063,236	480,188	5,123,917	2,547,445	115,193	64,945	11,960,295
Additions	-	2,025,794	352,250	221,774	1,589,099	29,045	4,407,575	8,625,537
Write-offs	-	-	(4,615)	-	(104,000)	(14,473)	-	(123,088)
As of December 31, 2011	1,565,371	4,089,030	827,823	5,345,691	4,032,544	129,765	4,472,520	20,462,744

The Group	Freehold land and building RM	Leasehold building RM	Office equipment, furniture and fittings and renovation RM	Factory equipment and electrical installation RM	Motor vehicles RM	Computers RM	Capital work-in-progress RM	Total RM
Accumulated depreciation								
As of January 1, 2010	73,340	99,879	241,474	2,143,379	1,384,467	82,360	-	4,024,899
Charge for the year	14,668	21,554	54,315	718,358	525,006	19,112	-	1,353,013
Disposals	-	-	(8,788)	(174,037)	(296,580)	(7,546)	-	(486,951)
As of December 31, 2010	88,008	121,433	287,001	2,687,700	1,612,893	93,926	-	4,890,961
As of January 1, 2011	88,008	121,433	287,001	2,687,700	1,612,893	93,926	-	4,890,961
Charge for the year	14,667	51,214	66,474	684,857	594,073	20,929	-	1,432,214
Write-offs	-	-	(4,615)	-	(69,333)	(14,473)	-	(88,421)
As of December 31, 2011	102,675	172,647	348,860	3,372,557	2,137,633	100,382	-	6,234,754

The Group	Freehold land and building RM	Leasehold building RM	Office equipment, furniture and fittings and renovation RM	Factory equipment and electrical installation RM	Motor vehicles RM	Computers RM	Capital work-in-progress RM	Total RM
Accumulated impairment								
As of January 1, 2011	-	-	-	-	-	-	-	-
Impaired during the year	-	-	-	628,254	-	-	-	628,254
As of December 31, 2011	-	-	-	628,254	-	-	-	628,254
Net book value								
As of December 31, 2011	1,462,696	3,916,383	478,963	1,344,880	1,894,911	29,383	4,472,520	13,599,736
As of December 31, 2010	1,477,363	1,941,803	193,187	2,436,217	934,552	21,267	64,945	7,069,334

Included in property, plant and equipment of the Group are motor vehicles acquired under hire-purchase arrangements with net book value amounting to RM727,039 (2010 : RM359,943).

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment with an aggregate cost of approximately RM3,986,000 (2010: RM3,402,968) which are still in use as of December 31, 2011.

As of December 31, 2011, leasehold building with a net book value amounting to RM1,996,134 (2010: Nil) has been pledged as security for the term loan obtained from a licensed bank during the year as mentioned in Note 25.

In addition, freehold land and building with a net book value amounting to RM1,462,698 (2010: RM1,477,365) had been pledged as security to a licensed bank for bank guarantee issued to the government in previous years to carry out the project as mentioned under Note 27. The Group is in the midst of getting the freehold land and building discharged following the completion of the project in 2010.

The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

13. PREPAID LEASE PAYMENTS

	The Group	
	2011 RM	2010 RM
Cost		
At beginning of year	8,330,915	8,330,915
Addition	4,500,000	-
At end of year	12,830,915	8,330,915
Accumulated amortisation		
At beginning of year	288,954	202,436
Charge for the year	152,404	86,518
At end of year	441,358	288,954
Net	12,389,557	8,041,961

As of December 31, 2011, the unexpired lease periods of the said leasehold lands range from 81 years to 94 years (2010: 82 years to 95 years).

As of December 31, 2011, leasehold land with a carrying amount of RM4,434,114 (2010: Nil) has been pledged as security for the term loan obtained from a licensed bank during the year as mentioned in Note 25. The Group is not allowed to pledge the said leasehold land as security for other borrowings or to sell them to another entity.

14. INVESTMENT PROPERTY

	The Group	
	2011 RM	2010 RM
At fair value:		
At beginning and end of year	7,340,000	7,340,000

The fair value of the investment property was estimated at RM7,340,000 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. As of December 31, 2011, the directors of the Company assessed the fair value of the investment property of the Group based on the current prices in the market of properties of similar conditions and locations and the directors are of the view that the carrying amount of the investment property of the Group approximates its current fair value.

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 RM51,427 (2010: RM67,469).

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2011 RM	2010 RM
Unquoted shares - at cost	10,829,282	10,579,285

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

Name of Company	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Tex Cycle Sdn. Bhd.	100	100	Recovery and recycling of Scheduled Waste and trading of chemicals.
Metro Koats Technology Sdn. Bhd.	100	100	Manufacturing and marketing of chemical products. Ceased operations on December 31, 2011.

Name of Company	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Metro Envy Sdn. Bhd.	100	100	Rental of investment property
Tex Cycle (P2) Sdn. Bhd. ("TC (P2)")	100	100	Inactive
TC Chemical Sdn. Bhd. ("TCCSB")	100	100	Trading of chemicals and other products

In 2011, the Company has subscribed for all the additional share capital issued by a wholly-owned subsidiary company, TCCSB, comprising 249,997 new ordinary shares of RM1.00 each issued at par value.

16. GOODWILL ON CONSOLIDATION

	The Group	
	2011	2010
	RM	RM
At beginning and end of year	583,937	583,937

17. INVENTORIES

	The Group	
	2011	2010
	RM	RM
Raw materials	543,282	483,041
Work-in-progress	10,987	11,877
Finished goods	167,397	144,744
	721,666	639,662
Less: Provision for slow-moving inventories	(247,880)	-
	473,786	639,662

18. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables consist of:

	The Group	
	2011	2010
	RM	RM
Trade receivables	10,176,259	5,831,718
Less: Allowance for doubtful debts	(1,346,401)	(698,790)
	8,829,858	5,132,928

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 (2010: 30 to 90 days).

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but where the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group fully impaired all receivables due for more than one year and other estimated irrecoverable amounts. It does not hold any collateral over these impaired balances. The average age of these receivables is 119 days (2010: 116 days).

Ageing of past due but not impaired

	The Group 2011 RM	The Group 2010 RM
61 - 90 days	1,824,194	873,408
91 - 120 days	778,990	946,330
121 - 150 days	283,719	391,149
151 - 180 days	238,399	200,962
181 - 210 days	273,061	100,145
211 - 240 days	123,791	138,402
241 - 270 days	85,274	52,388
271 - 300 days	188,817	68,281
301 - 330 days	130,756	64,012
331 - 365 days	64,611	19,795
	3,991,612	2,854,872

Movement in allowance for doubtful receivables

	The Group 2011 RM	The Group 2010 RM
At beginning of year	698,790	650,373
Impairment loss recognised	647,611	48,417
At end of year	1,346,401	698,790

Ageing of impaired trade receivables

	The Group 2011 RM	The Group 2010 RM
> 365 days	1,346,401	698,790

Other receivables and prepaid expenses consist of:

	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
Other receivables	140,659	3,667,751	-	-
Refundable deposits	395,434	181,557	1,000	1,000
Prepaid expenses	27,308	18,388	-	-
	563,401	3,867,696	1,000	1,000

Included in other receivables in 2010 was a down payment amounting to RM3,225,794 paid by a subsidiary company to acquire a piece of leasehold land and building. The related capital commitment thereon amounting to RM3,300,000 in 2010 is disclosed in Note 34. The acquisition was completed in 2011.

The foreign currency exposure profile of other receivables and prepaid expenses is as follows:

	The Group	
	2011 RM	2010 RM
Ringgit Malaysia	563,401	3,710,699
United States Dollar	-	156,997
	563,401	3,867,696

19. INVESTMENT IN UNIT TRUSTS

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At Fair Value:				
At beginning of year	4,114,526	-	1,552,698	-
Additions	178,357	4,114,226	68,468	1,539,683
Changes in fair value (Note 7)	44,925	300	13,386	13,015
At end of year	4,337,808	4,114,526	1,634,552	1,552,698

Investment in unit trusts is managed by a local financial institution, where approximately 69.8% to 99.8% of the unit trust's net asset value will be invested in medium to long-term government bonds, private debt securities and fixed income instruments. The balance shall be allocated to equity instruments, cash deposits and short-term money market instruments.

20. INVESTMENT IN PERPETUAL BOND FUND

	The Group	
	2011 RM	2010 RM
At Fair Value:		
At beginning of year	3,468,198	-
Additions	-	3,603,070
Changes in fair value (Note 7)	89,990	(134,872)
Redeemed	(3,558,188)	-
At end of year	-	3,468,198

The investment in perpetual bond fund with a local financial institution, which was callable on a quarterly basis, was redeemed in 2011. The said perpetual bond fund earned interest at an average rate of 8.44% per annum in prior year and interest for 2011 is calculated based on US LIBOR plus 3.60%. The said investment was denominated in United States Dollar.

21. RELATED PARTY TRANSACTIONS

Amount owing by subsidiary companies arose mainly from advances and payments on behalf, is unsecured, interest-free and repayable on demand.

During the financial year, significant related party transactions which are negotiated on agreed terms and conditions between the parties, are as follows:

	The Group and The Company	
	2011	2010
	RM	RM
Related party transaction:		
Printing cost payable to a company in which certain directors of the Company are also directors and have substantial financial interests - Metro Engravers Sdn. Bhd.	3,927	42,749

Compensation of key management personnel

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

	The Group	
	2011	2010
	RM	RM
Short-term employee benefits	320,450	310,699
Contributions to EPF	38,456	36,912
	358,906	347,611

22. SHARE CAPITAL

	The Group and The Company	
	2011	2010
	RM	RM
Authorised:		
200,000,000 ordinary shares of RM0.10 each	20,000,000	20,000,000
Issued and fully paid:		
170,793,000 ordinary shares of RM0.10 each	17,079,300	17,079,300

23. RESERVES

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Non-Distributable:				
Share premium	4,521,517	4,521,517	4,521,517	4,521,517
Distributable:				
Retained earnings	26,648,184	22,615,488	1,642,173	1,722,870
	31,169,701	27,137,005	6,163,690	6,244,387

	The Group and The Company	
	2011	2010
	RM	RM
Share Premium		
Public issue of 45,000,000 new ordinary shares of RM0.10 each at a premium of RM0.12 each per share in 2005	5,400,000	5,400,000
Listing expenses	(878,483)	(878,483)
	4,521,517	4,521,517

Retained earnings

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.

In 2009, the Company elected to switch to the single tier income tax system and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as of December 31, 2011.

24. HIRE-PURCHASE PAYABLES

	The Group	
	2011	2010
	RM	RM
Total outstanding	892,730	301,606
Less: Interest-in-suspense	(77,467)	(50,306)
Principal outstanding	815,263	251,300
Less: Amount due within 12 months (shown under current liabilities)	(253,050)	(63,166)
Non-current portion	562,213	188,134

The non-current portion is payable as follows:

	The Group	
	2011	2010
	RM	RM
Financial years ending December 31:		
2013	266,714	29,503
2014	202,983	31,873
2015	36,614	34,244
2016 - 2017	55,902	92,514
	562,213	188,134

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, 2011, the effective borrowing rate ranged from 2.50% to 6.76% (2010: 6.70% 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.

25. TERM LOAN - SECURED

	The Group	
	2011	2010
	RM	RM
Principal outstanding	3,030,201	-
Less: Amount due within 12 months	(488,244)	-
Non-current portion	2,541,957	-

The non-current portion is repayable as follows:

	The Group	
	2011	2010
	RM	RM
Between 1 - 2 years	976,488	-
Between 2 - 4 years	976,488	-
Between 4 - 8 years	588,981	-
	2,541,957	-

The Group obtained a term loan amounting to RM3,300,000 from a local licensed bank to acquire a piece of leasehold land and a building thereon. The weighted average effective interest rate on the loan is 4.3% (2010: Nil) per annum. The said loan is secured by:

(i) A registered open all monies First Party charge stamped nominally over the leasehold land and building as mentioned under Notes 12 and 13; and

(ii) A corporate guarantee by the Company.

26. DEFERRED TAX LIABILITIES

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

	The Group	
	2011 RM	2010 RM
At beginning of year	439,828	466,886
Transfer from/(to) profit or loss (Note 10):		
Temporary differences arising from:		
Property, plant and equipment	66,501	(61,193)
Investment property	-	94,361
Inventories	(37,153)	-
Trade receivables	(131,362)	(50,931)
Unabsorbed capital allowances	9,295	(9,295)
	(92,719)	(27,058)
At end of year	347,109	439,828

Deferred tax assets and liabilities provided in the financial statements are in respect of the tax effects of the following:

	The Group	
	2011 RM	2010 RM
Deferred tax assets (before offsetting):		
Temporary differences arising from:		
Trade receivables	(298,785)	(167,423)
Inventories	(37,153)	-
Unabsorbed capital allowances	-	(9,295)
	(335,938)	(176,718)
Offsetting	335,938	176,718
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting):		
Temporary differences arising from:		
Property, plant and equipment	588,686	522,185
Investment property	94,361	94,361
	683,047	616,546
Offsetting	(335,938)	(176,718)
Deferred tax liabilities (after offsetting)	347,109	439,828

27. DEFERRED INCOME

	The Group	
	2011 RM	2010 RM
Government grant relating to property, plant and equipment	1,200,000	1,200,000
Accumulated Accretion		
At beginning of year	(340,000)	(100,000)
Transfer to profit or loss (Note 7)	(860,000)	(240,000)
At end of year	(1,200,000)	(340,000)
Net	-	860,000
Less: Current portion (shown under current liabilities)	-	(240,000)
Non-current portion	-	620,000
Government grant relating to prescribed expenditure		
At beginning of year	-	1,442,660
Less: Reversal of government grant receivable in prior year	-	(970,800)
Unutilised balance to be refunded (Note 28)	-	(471,860)
At end of year	-	-
Total Current Portion	-	240,000

Under an agreement dated May 21, 2009, the Ministry of Science, Technology and Innovation ("the MOSTI") 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 ("the Project").

In 2010, the subsidiary company completed the Project and, on January 7, 2010, the MOSTI instructed the subsidiary company to refund the unutilised balance, amounting to RM471,860. As of December 31, 2010, the government grant receivable of RM970,800 had been reversed by the subsidiary company because the Project was completed.

In 2011, the subsidiary company has recognised the remaining portion of government grant to profit or loss in view that it has fully impaired the property, plant and equipment funded by the said government grant as disclosed in Note 12.

28. 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 (2010: 30 to 90 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Other payables	198,218	873,420	38,126	25,300
Refundable deposits from tenants	225,792	164,500	-	-
Accrued expenses	453,579	350,228	-	-
Amount owing to directors	345,213	146,801	-	-
	1,222,802	1,534,949	38,126	25,300

Included in other payables in 2010 was an amount of RM471,860 representing the unutilised balance of government grant to be refunded as disclosed in Note 27. The said amount has been refunded to MOSTI in 2011.

Amount owing to directors, which arose mainly from advances and payments on behalf, is unsecured, interest-free and repayable on demand.

The foreign currency exposure profile of other payables and accrued expenses is as follows:

	The Group	
	2011 RM	2010 RM
Ringgit Malaysia	1,222,802	1,529,946
United States Dollar	-	5,003
	1,222,802	1,534,949

29. DIVIDENDS

A first and final single tier tax exempt dividend of 5.0% amounting to RM853,965 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 (2010: 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, 2012.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash on hand and at banks	3,394,267	2,151,415	25,361	65,256
Short-term deposits with:				
Licensed investment bank	1,272,115	4,306,741	295,087	3,651,525
Licensed bank	243,965	239,695	-	-
	4,910,347	6,697,851	320,448	3,716,781
Less: Non-cash equivalents fixed deposits pledged	(243,965)	(239,695)	-	-
	4,666,382	6,458,156	320,448	3,716,781

Short-term deposits with a licensed bank of the Group amounting to RM243,965 (2010: RM239,695) 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, 2011 (2010: RM158,244).

The short-term deposits with licensed investment bank earn interest at an average rate of 2.57% (2010: 2.80%) per annum and have maturity periods ranging from 7 to 30 days (2010: 7 to 30 days).

The short-term deposits pledged with licensed bank earn interest at rate ranging from 2.75% to 3.00% (2010: 2.75% to 2.85%) per annum and have maturity periods ranging from 30 to 365 days (2010: 30 to 365 days).

The foreign currency exposure profile of cash and bank balances is as follows:

	The Group	
	2011	2010
	RM	RM
Ringgit Malaysia	4,900,933	6,441,439
United States Dollar	9,414	256,412
	4,910,347	6,697,851

31. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The capital structure of the Group comprises issued capital and retained earnings.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended December 31, 2011.

Under the requirement of Bursa Malaysia Guidance Note No. 3, the Group is required to maintain consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares). The Group has complied with this requirement.

Categories of financial instruments

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Financial assets				
Cash and cash equivalents	4,910,347	6,697,851	320,448	3,716,781
Designated as at FVTPL:				
Investment in unit trusts	4,337,808	4,114,526	1,634,552	1,552,698
Investment in perpetual bond fund	-	3,468,198	-	-
	4,337,808	7,582,724	1,634,552	1,552,698
Loans and receivables:				
Trade receivables	8,829,858	5,132,928	-	-
Other receivables and refundable deposits	536,093	3,849,308	1,000	1,000
Amount owing by subsidiary companies	-	-	10,275,413	7,346,978
	9,365,951	8,982,236	10,276,413	7,347,978
Financial liabilities				
Amortised cost:				
Trade payables	76,708	121,160	-	-
Other payables and refundable deposits from tenants	651,489	1,375,819	38,126	25,300
Amount owing to directors	345,213	146,801	-	-
Hire-purchase payables	815,263	251,300	-	-
Term loan	3,030,201	-	-	-
	4,918,874	1,895,080	38,126	25,300

Financial risk management objectives and policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities.

Various risk management policies are formulated for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

Foreign currency risk management

The Group is exposed to foreign exchange rate risk as certain non-trade transactions and investments are denominated in foreign currencies. Exchange rate exposures are managed by maintaining a foreign currency bank account and closely monitoring the fluctuation of the rate.

The carrying amount of the Group's foreign currency denominated in United States Dollar ("USD") monetary assets and liabilities at the reporting date are as follows:

	Assets		Liability	
	2011 RM	2010 RM	2011 RM	2010 RM
Investment in perpetual bond fund	-	3,468,198	-	-
Cash and bank balances	9,414	256,412	-	-
Other receivables	-	156,997	-	-
Other payables	-	-	-	5,003
	9,414	3,881,607	-	5,003

Foreign currency sensitivity

The Company is mainly exposed to USD.

The following table details the Group's sensitivity to a 10 per cent increase in Ringgit Malaysia against the foreign currency. The 10 per cent is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10 per cent change in foreign currency rates. A positive number below indicates an increase in profit where the Ringgit Malaysia weakens 10 per cent against the relevant currency. For a 10 per cent strengthening for the Ringgit Malaysia against the relevant currency, there would be an equal and opposite impact on profit or loss, and the balances below would be negative.

	USD Impact The Group	
	2011 RM	2010 RM
Profit or loss	941	387,660

Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on investment in bond, short-term deposits, hire-purchase arrangements and term loan.

The interest rates of the Group's investment in bond, term loan and short-term deposits are disclosed in Notes 18, 25 and 30 respectively. Interest rates of short-term deposits are fixed at the inception of term deposits. Interest rates of hire-purchase payables, which are fixed at the inception of the hire-purchase arrangements, are disclosed in Note 24.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate interest bearing borrowings and is prepared assuming the amount of liability outstanding at the reporting period end date was outstanding for the whole year. A 50 basis point increase or decrease is used.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended December 31, 2011 would decrease/increase by approximately RM15,000. This is mainly attributable to the Group's exposure to interest rates on its term loan.

No interest rate sensitivity analysis is presented on the Group's investment in bond as management is of the opinion that the impact will not be significant.

Credit risk management

The Group's and the Company's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets are the carrying amounts as presented in the statements of financial position.

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

Liquidity risk management

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities. The Group's and the Company's holding of cash and cash equivalents is expected to be sufficient to cover its cash flow needs in the next financial year.

Financial liabilities

The Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods are disclosed in Note 24 for hire-purchase payables and Note 25 for term loan.

All other financial liabilities are repayable on demand or due within one year from the end of the reporting period.

Fair Values of Financial Assets and Financial Liabilities

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group are as follows:

- **Cash and bank balances, trade and other receivables, refundable deposits, trade and other payables and amount owing to directors:** The carrying amounts are considered to approximate the fair values as they are either within the normal credit terms or they have short-term maturity period.

- **Other financial assets:** The fair value of investment in unit trusts is calculated based on net asset value published by the fund management.

- **Hire-purchase payables and term loan:** As the hire purchase payables and term loan are obtained from approved banks at the prevailing market rate, the carrying value of these financial liabilities approximates their fair value.

Fair value measurements recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2011	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
The Group				
Financial assets at FVTPL				
Investment in unit trusts	4,337,808	-	-	4,337,808
The Company				
Financial assets at FVTPL				
Investment in unit trusts	1,634,552	-	-	1,634,552

There were no transfer between Levels 1 and 2 during in the year.

32. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

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

Reportable Segments	**Descriptions**
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 and other products
Others	Rental of investment property

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

The Group 2011	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Total RM
Revenue							
External sales	-	15,728,399	249,260	15,194,511	-	-	31,172,170
Inter-segment sales	1,125,000	-	24,276	-	-	(1,149,276)	-
Total revenue	1,125,000	15,728,399	273,536	15,194,511	-	(1,149,276)	31,172,170
Results							
Segment results	(187,052)	6,181,495	(767,445)	1,153,457	690,837	-	7,071,292
Finance cost							(30,104)
Interest income							98,742
Profit before tax							7,139,930
Tax expense							(2,253,269)
Profit for the year							4,886,661

The Group 2011	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Total RM
Consolidated Statements of Financial Position							
Assets							
Segment assets	23,060,695	42,872,256	2,588,489	13,113,028	7,628,299	(36,234,337)	53,028,430
Unallocated corporate assets							723,847
Consolidated total assets							53,752,277
Liabilities							
Segment liabilities	38,126	14,380,338	976,228	12,214,542	3,524,730	(25,988,990)	5,144,974
Unallocated corporate liabilities							358,302
Consolidated total liabilities							5,503,276
Other Information							
Additions to capital expenditure (Notes 12 and 13)	-	6,033,644	-	7,091,893	-	-	13,125,537
Depreciation and amortisation (Notes 12 and 13)	-	1,084,425	344,602	118,806	36,785	-	1,584,618
Impairment (Note 12)	-	-	628,254	-	-	-	628,254

The Group 2010	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Total RM
Revenue							
External sales	-	15,303,188	323,595	22,426	-	-	15,649,209
Inter-segment sales	1,200,000	-	55,533	-	-	(1,255,533)	-
Total revenue	1,200,000	15,303,188	379,128	22,426	-	(1,255,533)	15,649,209
Results							
Segment results	(213,086)	6,149,297	(598,505)	12,131	547,088	-	5,896,925
Finance cost							(13,686)
Interest income							370,741
Profit before tax							6,253,980
Tax expense							(1,768,422)
Profit for the year							4,485,558

The Group 2010	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Total RM
Consolidated Statements of Financial Position							
Assets							
Segment assets	23,196,742	34,429,691	4,812,664	3,253,310	7,457,981	(26,194,295)	46,956,093
Unallocated corporate assets							479,920
Consolidated total assets							47,436,013
Liabilities							
Segment liabilities	25,300	9,560,085	2,333,388	3,252,730	3,794,851	(16,198,945)	2,767,409
Unallocated corporate liabilities							452,299
Consolidated total liabilities							3,219,708
Other Information							
Additions to capital expenditure (Note 12)	-	476,078	279,542	-	-	-	755,620
Depreciation and amortisation (Notes 12 and 13)	-	1,059,438	335,951	-	44,142	-	1,439,531

33. RENTAL COMMITMENT

As of December 31, the Group has outstanding rental commitments under non-cancellable operating leases as follows:

	The Group	
	2011	2010
	RM	RM
Within one year	75,000	300,000

34. CAPITAL COMMITMENT

As of December 31, 2011, the Group has the following capital commitments:

	The Group	
	2011	2010
	RM	RM
Approved and contracted for:		
Acquisition of land and building (Note 20)	-	3,300,000
Acquisition of factory plant and equipment	2,523,995	-
	2,523,995	3,300,000

35. EVENTS AFTER THE REPORTING PERIOD

On March 12, 2012, TC (P2) entered into a Sale and Purchase Agreement with a third party to dispose off a leasehold industrial land for a total consideration of RM4,990,000. Net book value of the leasehold land, which has been classified under prepaid lease payments, as of December 31, 2011 is RM2,654,599. Barring any unforeseen circumstances, the said disposal is expected to be completed by the second quarter of the financial year ending December 31, 2012.

36. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS/ LOSSES

On March 25, 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of the Bursa Securities ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On December 20, 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of December 31, 2011 into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total retained earnings of the Company and its subsidiaries				
Realised	33,470,670	29,665,606	1,615,774	1,709,855
Unrealised	1,672,859	1,445,227	26,399	13,015
	35,143,529	31,110,833	1,642,173	1,722,870
Less: Consolidation adjustments	(8,495,345)	(8,495,345)	-	-
Total retained earnings as per statements of financial position	26,648,184	22,615,488	1,642,173	1,722,870

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2011. A charge or a credit to the profit or loss of a legal entity is deemed realised when it arises from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

The directors of **TEX CYCLE TECHNOLOGY (M) BERHAD** state that, in their opinion, the accompanying financial statements 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, 2011 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.

The supplementary information set out in Note 35 to the Financial Statements, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

PERIASAMY SINAKALAI

HO SIEW CHOONG

Puchong
April 12, 2012

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 financial statements, 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 **PETALING JAYA** this 12th day of April, 2012.

Before me,

COMMISSIONER FOR OATHS

statement of director's shareholdings

	< -------Direct-------- >		< -----Indirect------ >	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Ho Siew Choong	8,059,803	4.72	82,584,959	*48.36
Periasamy Sinakalai	7,659,865	4.48	82,997,459	^48.59
Yusseri Bin Said	4,350,130	2.55	-	-
Ho Siew Cheong	4,284,965	2.51	83,392,959	#48.24
Ho Siew Weng	2,183,597	1.28	82,790,459	##48.47
Ravi Markandu	175,000	0.10	3,000	###0.001
Alagasan Varatharajoo	5,000	Neg	-	-

Notes:-

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

analysis of shareholdings as at 30 april 2012

SHARE CAPITAL

Authorised Share Capital	: RM20,000,000.00 (200,000,000 Ordinary Shares of RM0.10 each)
Issued and Fully Paid Share Capital	: RM17,079,300.00 (170,793,000 Ordinary Shares of RM0.10 each)
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	4	0.42	211	0.00
100 to 1,000	86	9.08	60,600	0.04
1,001 to 10,000	450	47.52	2,464,700	1.44
10,001 to 100,000	313	33.05	11,067,100	6.48
100,001 to less than 5% of issued shares	93	9.82	74,807,430	43.80
5% and above of issued shares	1	0.11	82,392,959	48.24
Total	**947**	**100.00**	**170,793,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	< -------Direct-------- >		< -----Indirect------ >	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Can Cycle Sdn. Bhd.	82,392,959	48.24	-	-
Ho Siew Choong	8,059,803	4.72	82,584,959	*48.36
Periasamy Sinakalai	7,659,865	4.48	82,997,459	^48.59
Ho Siew Cheong	4,284,965	2.51	83,392,959	#48.24
Ho Siew Weng	2,183,597	1.28	82,790,459	##48.47

Notes:-

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

thirty (30) largest shareholders as at 30april2012

No.	Name of Shareholders	No. of Shares	%
1	Can Cycle Sdn. Bhd.	82,392,959	48.24
2	Ho Siew Choong	7,818,803	4.58
3	Periasamy A/L Sinakalai	7,659,865	4.48
4	Soong Ik Lin	5,429,600	3.18
5	Teo Kwee Hock	5,112,200	2.99
6	Yusseri Bin Said	4,350,130	2.55
7	Abdul Aziz Bin Hashim	4,000,000	2.34
8	Ho Siew Cheong	3,988,965	2.34
9	Ho Wah Lee @ Ho Chwee Keng	3,301,000	1.93
10	Aiza Binti Abdul Aziz	3,000,000	1.76
11	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (Margin)	2,614,800	1.53
12	Fready A/L Joseph	2,436,900	1.43
13	Lee Yuen Kong	1,925,900	1.13
14	Ho Siew Weng	1,867,597	1.09
15	Ho Siew Kee	1,837,670	1.08
16	Affin Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Meng Leng (TAN0950C)	1,457,500	0.85
17	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Azril Akmar Bin Attan Akmar (CTS-AAA0006C)	785,000	0.46
18	Soong Ik Lin	780,000	0.46
19	Cimsec Nominees (Asing) Sdn. Bhd. CIMB for Crescendo Assets Limited	670,000	0.39
20	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Marinah Binti Mahathir	655,000	0.38
21	Cheong Yoke Sim	622,800	0.36
22	Fong Yuet Siong	613,400	0.36
23	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Heng Aik Fong (MY0245)	500,000	0.29
24	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chai Yee Wah (M09)	443,200	0.26
25	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Wing Hoong	423,500	0.25
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
	Total	**82,392,959**	**48.24**

list of properties as at 31 december 2011

Location	Description/ Existing Use	Land Area (Square Metres)	Built-up Area (Square Metres)	Approximate Age of Building	Tenure	Net Book Value @ 31 December 2011 RM	Year of Acquisition	Last Date of Valuation
Tex Cycle Sdn Bhd No. 8 Jalan TPK 2/3, Taman Perindustrian Kinrara, 47100 Puchong, Selangor (PT 24401, HSM 23155 Mukim and District of Petaling, Selangor)	Double storey factory, where the upper level is used as office space / TCSB's headquarters and recycling facility	2,108.29	1,100	14 years	99 years leasehold up to 18 January 2093	2,054,577	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	14 years	99 years leasehold up to 18 January 2093	2,466,305	2002	N/A
Metro Koats Technology Sdn Bhd No. 13 Jalan BP 4/1, Pusat Perindustrian Bukit Puchong, Bandar Bukit Puchong, 47100 Puchong, Selangor (PT 43325, HSD 128758, Mukim and District of Petaling, Selangor)	Single storey factory with a double storey office building / MKT's headquarters, manufacturing and storage facility	2,033	550	6 year	Freehold	1,462,696	2003	N/A

Location	Description/ Existing Use	Land Area (Square Metres)	Built-up Area (Square Metres)	Approximate Age of Building	Tenure	Net Book Value @ 31 December 2011 RM	Year of Acquisition	Last Date of Valuation
Metro Envy Lot 35604, Jalan Kuchai Lama, 58200 Kuala Lumpur (PN 1433, Lot 35604, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan)	Triple storey factory cum office building / Rented to third party^	4,822.7	3,668.65	14 years	99 years leasehold up to 25 May 2065	7,340,000	2005	31.12.2010
Tex Cycle (P2) Sdn Bhd PT No. 119972 HS(D) 117489 Mukim and Daerah Klang Negeri Selangor	Vacant leasehold land/Intended to be the Group's 2nd recycling facility	9,651	N/A	N/A	99 years leasehold up to 11 September 2105	2,700,212	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	2,654,599	2008	N/A
TC Chemical Sdn Bhd PT No. 8942 HS(M) 1528 Mukim Klang Negeri Selangor	Single storey detached factory / Recycling and storage facility	12,000	7,708.49	5 years	99 years leasehold up to 28 January 2068	6,430,248	2011	N/A

^ *Rented for RM67,680 per month. Pursuant to the tenancy agreements, the tenants covenant at all times to keep the demised premises and the appurtenances thereof including the doors plate glass and other windows fixtures fastenings wires waste water drain and other pipes and sanitary and water apparatus therein in good and substantial repair and condition throughout the tenancy period (damage by fire and such other shall be irrecoverable in consequence of any act or default of the tenant their servants or agents only excepted) and to renew and replace from time to time all fixtures fittings and appurtenances in the demised premises and the aforesaid court which may become or be beyond repair at any time during or at the expiration be sooner determination of the tenancy period.*

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of TEX CYCLE TECHNOLOGY (M) BERHAD (Company No.: 642619-P) will be held at the Bukit Jalil Golf & Country Resort, Langkawi Room, Jalan 3/155B, Bukit Jalil, 57100 Kuala Lumpur on Thursday, 21 June 2012 at 9.30 a.m. for the following purposes:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 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 2011. *Resolution 1*

3. To approve the payment of Directors' fee for the financial year ended 31 December 2011. *Resolution 2*

4. To re-elect the following Directors who are retiring under Article 80 of the Company's Articles of Association:

   a) Periasamy Sinakalai *Resolution 3*

   b) Yusseri Bin Said *Resolution 4*

5. To re-elect the following Director who is retiring under Article 85 of the Company's Articles of Association:

   a) Alagasan Varatharajoo *Resolution 5*

6. To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. *Resolution 6*

SPECIAL BUSINESS:

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

Ordinary Resolution *Resolution 7*

- **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 *Resolution 8*

- **Proposed Renewal 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 RM1,642,173 and RM4,521,517 respectively for the financial year ended 31 December 2011.

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."

8. **Special Resolution** *Resolution 9*
Proposed Amendments to the Company's Articles of Association

"**THAT** the proposed amendments to the Articles of Association of the Company as contained in Appendix I of the Annual Report 2011 ("Proposed Amendments") be and are hereby approved and adopted."

ANY OTHER BUSINESS:

9. 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.

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 2011 will be payable on 23 July, 2012 to Depositors registered in the Record of Depositors at the close of business on 9 July 2012.

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 9 July, 2012 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

Selangor Darul Ehsan
30 May 2012

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, Persoft Tower, 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 Seventh Annual General Meeting held on 22 June 2011. 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 Seventh 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 Renewal 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 30 May 2012 enclosed together with the Company's 2011 Annual Report.

Special Resolution - Proposed Amendments to the Company's Articles of Association

The Resolution 9 proposed under item 6, is to amend the Company's Articles of Association to be in line with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad. The details of the Proposed Amendments are as set out in Appendix I of this Annual Report.

6. ***General Meeting Record of Depositors***

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 60(1) of the Company's Articles of Association and Section 55(3) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 14th June 2012. Only a depositor whose name appears on the Record of Depositors as at 14th June 2012 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

   i. Periasamy Sinakalai
   ii. Yusseri Bin Said
   iii. Alagasan Varatharajoo

   The profiles of the Directors who are standing for re-election are set out on page 3 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 2011 are disclosed in the Statement on Corporate Governance set out on page 11 of this Annual Report.

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

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

   Date : Thursday, 21 June 2012

   Time : 9.30 a.m.

THAT the Articles of Association of the Company be amended in the following manner:-

Article No.	Existing Articles		Amended Articles	
2	**WORDS**	**MEANINGS**	**WORDS**	**MEANINGS**
Interpretation	-	No Provision	**Exempt Authorised Nominee**	**An authorised nominee defined under the Central Depositories Act which is exempted from compliance with provisions of subsection 25A(1) of the Central Depositories Act.**
66 Right to vote	Subject to any rights or restrictions for the time being attaching to any class orclasses of shares, at meetings of Members or of classes of members, each Member entitled to vote may vote in person or by proxy or by attorney or by representative and on a show of hands every person present who is a Member or a representative or a proxy or an attorney of a Member shall have one vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for every such share he holds.		Subject to any rights or restrictions for the time being attaching to any class or classes of shares, at meetings of Members or of classes of members, each Member entitled to **be present and** vote may vote in person or by proxy or by attorney or by representative and **on a resolution to be decided by** on a show of hands every person present who is a Member or a representative or a proxy or an attorney of a Member shall have one **(1)** vote, and **on a resolution to be decided by** a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one **(1)** vote for every such share he holds. **A proxy appointed to attend and vote at the meeting of the Company shall have the same rights as the Member to speak at the meeting.**	
71 Number of proxy	A Member may appoint more than two (2) proxy to attend the same meeting. Where a Member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.		A Member may appoint more than two (2) **proxies** to attend the same meeting. Where a Member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. **Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.**	
72 Proxy to be in writing	The instrument appointing a proxy shall be in writing (in the common seal or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.		The instrument appointing a proxy shall be in writing (in the common seal or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company. **There shall be no restriction as to the qualification of the proxy** and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	

Article No.	Existing Articles	Amended Articles
74 Instrument appointing proxy to be deposited	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified of that power or authority shall be deposited at the registered offer of the Company, or at such other place within Malaysia as is specified for the purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified of that power or authority shall be deposited at the registered offer of the Company, or at such other place within Malaysia as is specified for the purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. **The completed instrument appointing a proxy once deposited will not preclude the Member from attending and voting in person at the general meeting should the Member subsequently wish to do so.**

form of proxy

Eighth 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 Eighth Annual General Meeting of the Company to be held at the Bukit Jalil Golf & Country Resort, Langkawi Room, Jalan 3/155B, Bukit Jalil, 57100 Kuala Lumpur on Thursday, 21 June 2012 at 9.30 a.m. and at any adjournment thereof.

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

	Resolutions		For	Against
ORDINARY BUSINESS				
1.	To approve the payment of Directors' fee for the financial year ended 31 December 2011	*Resolution 1*		
2.	To approve the payment of Directors' fee for the financial year ended 31 December 2010.	*Resolution 2*		
3.	To re-elect the following Directors who are retiring under Article 80 of the Company's Articles of Association:- a) Periasamy Sinakalai b) Yusseri Bin Said	 *Resolution 3* *Resolution 4*		
4.	To re-elect the following Director who is retiring under Article 85 of the Company's Articles of Association:- a) Alagasan Varatharajoo	 *Resolution 5*		
5.	To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Board of Directors to fix their remuneration	*Resolution 6*		
6.	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965	*Resolution 7*		
SPECIAL BUSINESS				
7.	Shareholders' Mandate for Share Buy-Back	*Resolution 8*		
8.	Proposed Amendments to the Company's 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 :

Dated this ....day of...........................2012

Signature/Common Seal of Shareholder(s)

*[* Delete if not applicable]*

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, Persoft Tower, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

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The Company Secretary

TEX CYCLE TECHNOLOGY (M) BERHAD (642619-P)
Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan

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