



TEX CYCLE

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

2 0 1 2

ANNUAL REPORT

contents

02	CORPORATE INFORMATION
03	DIRECTORS' PROFILE
05	CHAIRMAN'S STATEMENT
07	FINANCIAL HIGHLIGHTS
09	STATEMENT ON CORPORATE GOVERNANCE
18	AUDIT COMMITTEE REPORT
21	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
22	CORPORATE PROFILE
26	CORPORATE RESPONSIBILITY REPORT
37	SUSTAINABILITY REPORT
45	FINANCIAL STATEMENTS
108	STATEMENT OF DIRECTOR'S SHAREHOLDINGS
109	ANALYSIS ON SHAREHOLDINGS
111	LIST OF PROPERTIES
113	NOTICE OF ANNUAL GENERAL MEETING
119	ENCLOSED PROXY FORM

Corporate Information

Tex Cycle Technology (M) Berhad

Board Of Directors

Ho Siew Choong, Executive Chairman
Periasamy Sinakalai, Managing 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

HO SIEW CHOONG
Executive Chairman

61 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

62 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 the member of Working Group of Malaysian Standards for Scheduled Waste (SIRIM) and is the current President for the Association of Scheduled Waste Recyclers, Malaysia (ANSWERS).

HO SIEW CHEONG
Executive Director

51 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 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 has been appointed as the technical director of the Group and mainly be responsible for the R&D of the whole Group.

HO SIEW WENG
Executive Director

56 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

55 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

63 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 Audit Committee, Nomination Committee and Remuneration Committee

61 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

Tex Cycle Technology (M) Berhad

On behalf of The Board of Directors of Tex Cycle Technology (M) Berhad ("Tex Cycle"), I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended ("FYE") 31st December 2012.

Financial Review

For FYE 31 December 2012, the Group profit before taxation ("PBT") increased by 36%, from RM7.14 million to RM9.70 million. Accordingly, the Group profit after tax ("PAT") has increased by 61%, from RM4.89 million to RM7.87 million.

The notable increase in the PBT and PAT for the Group in the current year is mainly due to gain on disposal of two pieces of land located at Port Klang of approximately RM4.5 million.

Industry Trend

As an endeavour by our Government to encourage and promote protection and conservation of the environment and its habitants, a Bill to amend the Environment Quality Act 1974 was tabled in Parliament on the 19th of April 2012 by our Natural Resources and Environment Minister, Datuk Douglas Uggah Embas to include more stringent rules and heavier penalties to industries on improper disposal of toxic and industrial wastes. The amended Act was gazetted on 16th August 2012 and is now fully enforced from 2nd January 2013. The amendments to the principal Environment Quality Act 1974 allows the Director General of the Department of Environment to issue stop-work orders, the officers in the Department of Environment the power to arrest without warrant and to increase the fines for environmental damage from RM 100,000 to a hefty RM 500,000.

The Board of Directors have confidence that enforcement to the original amended Act is favourable to the recycling business of the Group.

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 RM853,965 (0.5 sen per share) in respect of the FYE 31 December 2012 subject to shareholders' approval at the forthcoming Annual General Meeting.

Research and Development

Much of the world's attention in recent times is being tuned to Energy Conservation slowly but surely. Being one step ahead in saving the natural resources, Tex Cycle continues its R & D on Energy Auditing which was undertaken the year before. We have ripened some fruits from the implementation of the device meant to audit the energy-electricity from the processes in the plant. Having zoomed in the areas of high electricity consumption and counteracting with daily plans to reduce energy-electricity specifically at certain times in a day, some significant reduction has been recorded. However, more analysis and studies are being continuously sought to further mark achievements. Tex Cycle believes that the change in climate can be substantially reduced through efficiency in energy usage which leads to reduced carbon emissions.

It is the view of Tex Cycle's Directors that capital expenditure incurred by the Group for R&D purposes and future allocations for R&D is not expected to have any material financial impact on the Group.

Corporate Responsibility

For Tex Cycle, Corporate Responsibility is the heart of our operations. As a responsible company, Tex Cycle continues to provide what people need. It operates in a manner conducive to the long term prosperity and well-being of the community. Deserving employees and their children are rewarded with education scholarships. Financial assistance is also given for school necessities. Tex Cycle also persists in its responsibility towards the less fortunate. We are still a main sponsor to a dialysis centre and devotedly continue to provide the much needed dialysis treatment to about 100 less privileged patients.

Chairman's Statement

Tex Cycle Technology (M) Berhad

The younger generations of today play a very important role in conserving the environment. The importance of natural resources, its protection, their responsibility towards their surroundings and the '4R' (Reduce, Reuse, Recover Recycle) was brought to young children of Fairview International School. The project also tapped their creativity in turning recyclable items into useful things. Tex Cycle also aided Sekolah Menengah Kebangsaan Desa Perdana. Tex Cycle sponsored gloves for the students in their quest to clean the school surroundings and stop the breeding of Aedes mosquitoes. In our duty towards the environment, Tex Cycle once again worked hand in hand to clean Zoo Negara. This voluntary project was aimed at caring for the animals and making their surroundings more comfortable.

Tex Cycle participated in the 10th Annual Waste Management Conference and Exhibition organized by Environmental Management and Research Association of Malaysia, (ENSEARCH). Tex Cycle aimed at providing awareness to industries and domestic users on the impact of wrongful disposal of fluorescent bulbs to the environment.

The Board of Directors and Management of Tex Cycle are committed to implement good corporate governance and best governance practices to ensure transparency and responsibility in managing the business of the Group.

Prospects for 2013

Notwithstanding the uncertain global economic environment in 2013, the Malaysian Government's implementation of the Economic Transformation Programme (ETP) and the Government Transformation Programme (GTP) to propel Malaysia into a developed nation by 2020 and with that the government is confident of achieving a 6% gross domestic product (GDP) for 2013 with strong domestic demand and consumption.

Tex Cycle (P2) Sdn Bhd a subsidiary of Tex Cycle has embarked on a two-phase expansion plan in setting up a RM50 million state-of-the-art waste recycling facility in Telok Gong, Selangor. The first phase is expected for completion in the later part of 2013 and the second phase in the early part of 2014. When the plant is fully operational, we will be able to collect and process 31 types of scheduled wastes for which the Environmental Impact Assessment (EIA) has been approved. Looking ahead, the prospect of Tex Cycle Group of companies is projected to be promising in the recycling industry.

Appreciation and Acknowledgement

On behalf of the Board of Directors, I would like to convey my appreciation to the Management and staff for their contribution and dedication during the financial year under review. I also wish to take this opportunity to thank the Board of Directors for its wise guidance and advice in directing the management throughout year 2012. My appreciation also goes to our customers and partners in business for their commitment and trust and last but not least our shareholders for their continuous support.

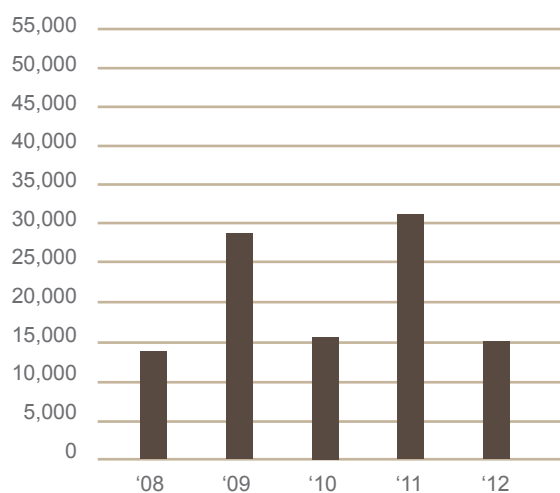
HO SIEW CHOONG
Executive Chairman
18 April 2013

Financial Highlights

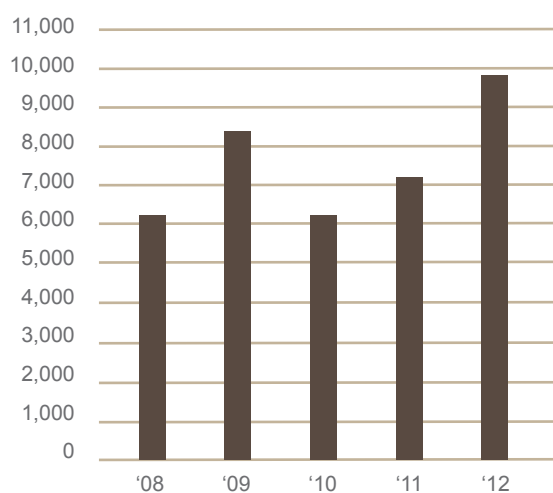
Tex Cycle Technology (M) Berhad

FYE 31 December	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Revenue	13,824	28,329	15,469	31,172	15,073
Profit before tax	6,113	8,461	6,254	7,140	9,704
Profit after tax	4,641	6,580	4,486	4,887	7,871
Net earnings per share (sen)	2.72	3.85	2.63	2.86	4.61

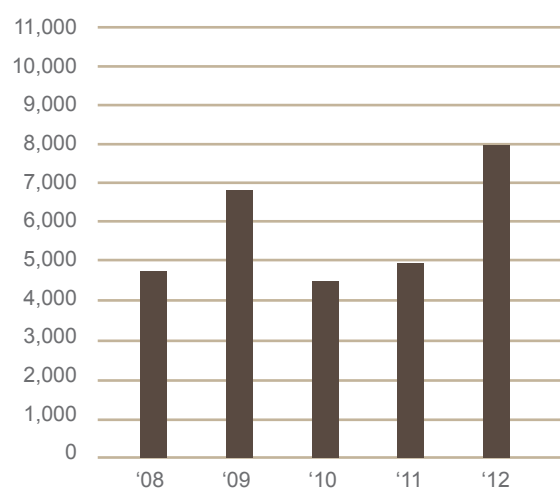
Revenue
RM (Million)



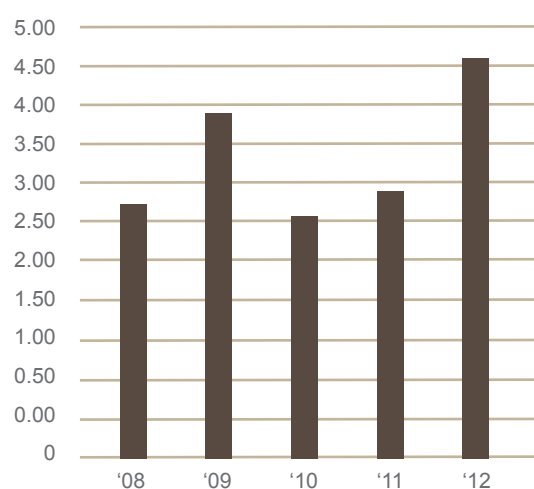
Profit Before Tax
RM (Million)



Profit After Tax
RM (Million)



Net Earnings Per share
SEN

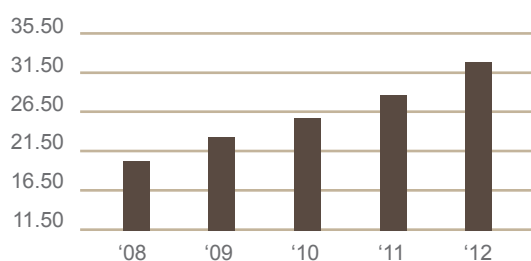


Financial Highlights

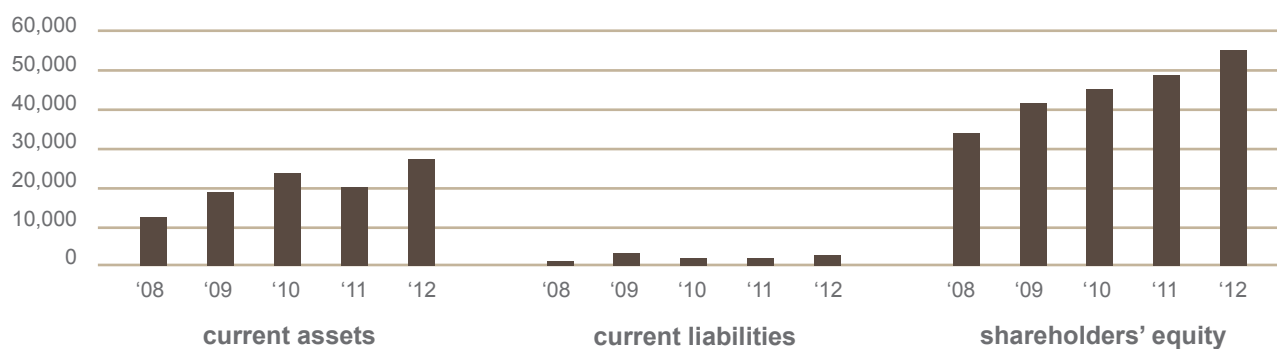
Tex Cycle Technology (M) Berhad

FYE 31 December	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Current assets	13,345	18,950	24,401	19,839	26,940
Current liabilities	1,259	3,575	1,972	2,052	2,495
Shareholders' equity	34,996	40,735	44,216	48,249	55,266
Net asset per share (sen)	20.49	23.85	25.89	28.25	32.36

Net asset per share SEN



RM'000



Statement on Corporate Governance

Tex Cycle Technology (M) Berhad

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 2012 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 under 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 seven (7) members, consisting of an Executive Chairman, a Managing Director, three (2) 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 4 of this Annual Report.

In line with the recommendations of the Code, the Board will formalise its ethical standards through a Code of Conduct.

The current composition of the Board is well balanced with the presence of Independent Non-Executive Directors of the necessary caliber to carry sufficient weight in the Board decision. All Independent Non-Executive Directors are independent of all the management duties and they do not have any family relationship with any of the Board members which could interfere with their exercise of independent judgement during the decision-making process of the Board or the ability to act in the best interest of the Company.

The Executive Director is responsible for the business direction and development of the Group whilst the Management is responsible for the day-to-day management of the operations of the Group.

The Code states that the Board must comprise a majority of independent directors where the Chairman is not an Independent Director. The Executive Chairman, Mr Ho Siew Choong was appointed after taking into account his vast experience in areas of business management such as Human Resource, Finance, Marketing, Research and Development, Sales and Distribution.

In spite of the Executive Chairman not being an Independent Director, the Board believes that the interest of the shareholders and the Company are protected by the strong presence of Independent Directors in the Board who neither have any family relationship with any Director and/or major shareholder of the Company nor have any conflict of interest with the Company.

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.

Statement on Corporate Governance

Tex Cycle Technology (M) Berhad

- 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 calibre of the Non-Executive Directors bring an independent judgment in the decision making process.
- f. Ensuring a proper succession plan is in place.

The Board had appropriately delegated specific task to three (3) Board Committees; namely Audit Committee, Nomination Committee and Remuneration Committee. These Board Committees have wide ranging authorities and make recommendations to the Board which holds the ultimate responsibility.

The Company has formalised a Board Charter which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance and will upload the Company's Board Charter to the Company's website at www.texcycle.com.my

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 five (5) times. The attendance of the Directors who held office during the financial year is set out below:

Name of Directors	Attendance at meeting	Percentage o Attendance (%)
<i>Executive Directors</i>		
Ho Siew Choong	5/5	100%
Periasamy Sinakalai	5/5	100%
Yusseri Bin Said (retired and not elected on 21.6.2012)	0/3	0%
Ho Siew Cheong	5/5	100%
Ho Siew Weng	5/5	100%
<i>Non-Executive Directors</i>		
Razali Bin Jantan	5/5	100%
Ravi Markandu	5/5	100%
Alagasan Varatharajoo	5/5	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.

Statement on Corporate Governance

Tex Cycle Technology (M) Berhad

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. The Company Secretary provides guidance to the Board on matters pertaining to the Board's responsibilities in order to ensure that they are effectively discharged within relevant legal and regulatory requirements. This includes updating the Board on the Listing Requirements, Companies Act, the Code and other regulatory developments and their impact on the Group and its business.

The Company Secretary or his representatives attends all Board Meetings and Board Committee meetings where he or his representatives records and circulates the minutes of the meetings. He is also responsible for the safekeeping of the minutes by ensuring that they are kept at the registered office of the Company and are available for inspection, if required.

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.

In line with the Code, the independence of the Board members is reviewed annually. The Code recommends that the tenure of an independent director should not exceed a cumulative nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to director's re-designation as a non-independent director. The Board must justify and seek shareholders' approval in the event that it intends to retain the person who has served in the capacity as independent director for more than (9) years.

RE – ELECTION OF DIRECTORS

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

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
- **Alagasan Varatharajoo**
Member, Independent Non-Executive Director

Statement on Corporate Governance

Tex Cycle Technology (M) Berhad

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:

- **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

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 calibre relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertaken 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 2012 are as follows:

Aggregate Remuneration categorized into appropriate components:

	Fees RM	Salaries and Allowances, inclusive of EPF contributions RM	Bonus RM	Benefit in-kind RM	Total RM
Executive Directors	169,000	901,060	132,000	-	1,202,060
Non-Executive Directors	60,000	21,250	-	-	81,250
Total	229,000	922,310	132,000	-	1,283,310

Statement on Corporate Governance

Tex Cycle Technology (M) Berhad

Remuneration Bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1-RM50,000	-	3	3
RM50,001-RM100,000	-	-	-
RM101,000-RM150,000	1	-	1
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	4	3	7

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
Ho Siew Choong	Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012	Enhance directors' awareness of current corporate governance trends and developments
	Latest Guidelines for Directors	Seminar on Corporate Governance issues & challenges, Corporate Disclosure, Disclosure & Transparency and Role of Gatekeepers & Influences
Periasamy Sinakalai	Seminar Pematuhan Akta Kualiti Alam Sekeliling, 1974 Perintah Kualiti Alam Sekeliling (Aktiviti Yang Ditetapkan) (Penilaian Kesan Kepada Alam Sekeliling), 1987	Seminar on Kualiti Alam's rules and regulations and compliance to the rules and regulations.
	Scheduled (Hazardous) Waste Management & Technical Visit to Kualiti Alam	Seminar on scheduled waste management
Ho Siew Weng	The key components of establishing and maintaining world-class audit committee reporting capabilities	Enhance directors' awareness of current corporate governance trends and developments
	Latest Guidelines for Directors	Seminar on Corporate Governance issues & challenges, Corporate Disclosure, Disclosure & Transparency and Role of Gatekeepers & Influences

Statement on Corporate Governance

Tex Cycle Technology (M) Berhad

Directors	Seminar / Conference / Workshop	Details of Programme
Ho Siew Cheong	Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012	Enhance directors' awareness of current corporate governance trends and developments
	Latest Guidelines for Directors	Seminar on Corporate Governance issues & challenges, Corporate Disclosure, Disclosure & Transparency and Role of Gatekeepers & Influences
Ravi Markandu	The key components of establishing and maintaining world-class audit committee reporting capabilities	Enhance directors' awareness of current corporate governance trends and developments
	Latest Guidelines for Directors	Seminar on Corporate Governance issues & challenges, Corporate Disclosure, Disclosure & Transparency and Role of Gatekeepers & Influences
Razali Bin Jantan	Latest Guidelines for Directors	Seminar on Corporate Governance issues & challenges, Corporate Disclosure, Disclosure & Transparency and Role of Gatekeepers & Influences
Alagasan Varatharajoo	Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies	Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies
	Latest Guidelines for Directors	Seminar on Corporate Governance issues & challenges, Corporate Disclosure, Disclosure & Transparency and Role of Gatekeepers & Influences

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 Nomination Committee Remuneration Committee	Ravi Markandu Razali Bin Jantan Razali Bin Jantan

Statement on Corporate Governance

Tex Cycle Technology (M) Berhad

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 Malaysian Financial Reporting Standard and International Financial Reporting Standards. 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 2012 can be found on pages 45 to 107 of the Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL

Information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control on page 21.

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 twice 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.

Statement on Corporate Governance

Tex Cycle Technology (M) Berhad

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 2012, the Board has:

- adopted suitable accounting policies 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 endeavours to broaden its scope of CSR initiatives over time and will plan accordingly.

The year 2012 saw us undertaking several impactful CR activities. Our efforts are presented on pages 26 to 44 of the Annual Report.

WHISTLE BLOWING POLICY

Following the introduction of the Whistleblower Protection Act, 2010, the Board has formalised its whistle-blowing policy to report on illegal or unethical practices. The Whistle Blowing Policy will be uploaded to the Company's website at www.texcycle.com.my.

COMPLIANCE WITH BEST PRACTICE

The Board is satisfied that the Company has, in all material aspects, complied with most of the principles of the Code and will continue to adopt the principles and recommendations of the Code. This Statement was approved by the Board on 18 April 2013.

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 2012.

Share Buy-back

The Company did not carry out any share buy-back during the financial year ended 31 December 2012.

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 2012.

Statement on Corporate Governance

Tex Cycle Technology (M) Berhad

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 2012.

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 2012.

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 2012 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 2012.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 31 December 2012.

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 2012 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 2012.

Audit Committee Report

Tex Cycle Technology (M) Berhad

MEMBERSHIP AND MEETINGS

The Audit Committee comprises the following members:

Chairman

Ravindran Markardu
Independent Non-Executive Director

Members

Razali Bin Jantan
Independent Non-Executive Director

Alagasan A/L Varatharajoo

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

During the year, the Audit Committee held a total of five (5). 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
Ravindran Markandu	5/5
Alagasan A/L Varatharajoo	5/5

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the Audit Committee during the financial year ended 31 December 2010 included the following:

- 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").
- Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2012.
- 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.
- Reviewed the internal audit plan;
- 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;
- Reviewed the effectiveness of the Group's system of internal control;
- Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- Reviewed the Company's compliance with the ACE Market Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements; and
- Report to the Board on its activities and significant findings and results;
- Met with the external auditors twice during the year without the presence of any executive board members or management; and
- Met with the internal auditors twice during the year without the presence of any executive board members or management.

Audit Committee Report

Tex Cycle Technology (M) Berhad

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 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 2012 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 Controller 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.

Audit Committee Report

Tex Cycle Technology (M) Berhad

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.

Statements On Risk Management And Internal Control

Tex Cycle Technology (M) Berhad

STATEMENT ON RISK MANAGEMENT AND 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 periodically 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 2012.

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 Group. The Managing Director is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner the Group 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.

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.

The internal audit fee incurred for the financial year ended 31 December 2012 was RM25,000.

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 Group.

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.

Assurance From The Management

The Board has also received reasonable assurance from the Managing Director and the Financial Controller, that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management model adopted by the Group.

CONCLUSION

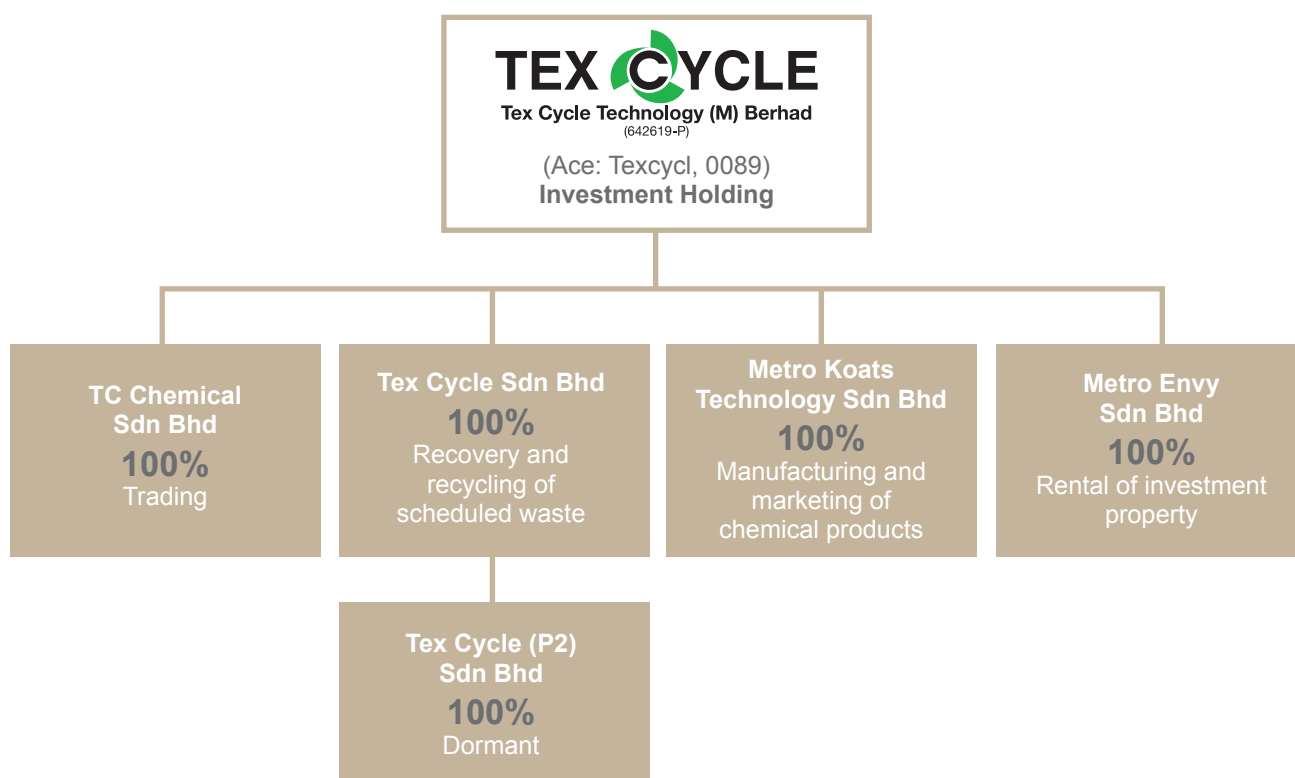
The Board is pleased to report that there were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. The Board is of the view that the existing system of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

This statement is made in accordance with the resolution of the Board of Directors dated 18 April 2013.

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 Envoy Sdn. Bhd., Tex Cycle (P2) Sdn. Bhd. and TC Chemical Sdn. Bhd. The Company is primarily engaged in an environmentally friendly Waste Management Business which provides professional services preferred by companies from the various industries in accordance with Environmental Quality Act. Conversely, we also supply specialized products for the Defense industry and further endow chemical products for related industries. Our systems and procedures are technologically advanced and upgraded frequently. This allows us to offer one-stop solution to our valued Customers with economical products and services in total compliance.

The Group’s Corporate Structure and Principle Activities



METRO ENVY SDN. BHD.

Metro Envoy 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 of chemical and other related products.

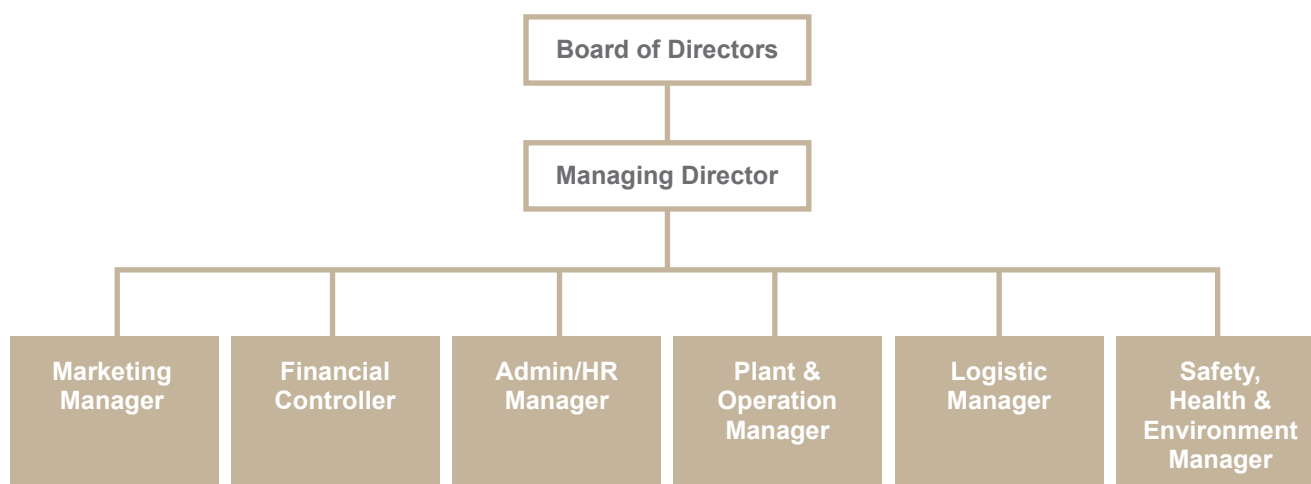
METRO KOATS TECHNOLOGY SDN. BHD.

Metro Koats Technology Sdn Bhd was incorporated in 1995. The principal activity is manufacture and marketing of chemical 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.

Tex Cycle Technology (M) Berhad

- 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



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 relationships.

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 Report

Tex Cycle Technology (M) Berhad

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 engaged 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

Tex Cycle is one of a growing number that acknowledges the importance of sustainability. As a sustainable company, we continue to provide what people need and operate in a manner conducive to the long term prosperity and well-being of the communities we serve. For us, stakeholder engagement is at the heart of sustainability. It gives us great source of knowledge to help improve business processes and is a future-proof the business.

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 Malaysia
- Family Day gathering and activities / Recycling Day / Safety Week

• Staff Recreation



Corporate Responsibility Report

Tex Cycle Technology (M) Berhad



The Directors and Employees of Tex Cycle gathered for an annual event, a dinner celebration as one family. The dinner proceeded with the yearly agenda of rewarding employees for their commitment and performance with certificates and cash as well as winners of numerous events with trophies and medals.

• Paper Bag Project



In an effort to encourage reusing material available around us, the staffs of Tex Cycle gathered to make paper bags from old newspapers. The used newspapers and magazines were brought by staffs from their homes for this project. The finished paper bags will be used by management when giving tokens to visitors and customers which will highlight our effort in reusing things around us to maximize its value and reduce waste.

Corporate Responsibility Report

Tex Cycle Technology (M) Berhad

• Overseas Vacation Trips



Recreation: Tex Cycle's 2012 biennial Company outing was to the incredible India, a land full of colour, culture and art. Deserving employees enjoyed the fully paid luxurious trip visiting Agra, Jaipur and Delhi. We visited the great legendary site, Taj Mahal which was an experience to cherish a lifetime. The trip included authentic Indian food, the great elephant rides and adventurous trishaw rides. India was definitely an experience never to be forgotten.

Corporate Responsibility Report

Tex Cycle Technology (M) Berhad

• Competition on Environmental, Safety and Health issues after trainings



Recycling Campaign: The recycling campaigns and contests held almost every year was planned again in 2012. The competition of department as well as individual level was very successful. All employees participated and produced many unique and interesting items both usable and for display. Amongst the creation was a mop created from recycled rags, a look-alike of Twin Tower made from used filters, coffee table set made from used pellets, decorative items, picture frames, robots, costume, miniatures and many more. The independent Directors were invited to judge based on certain criteria and winners were chosen. This campaign not only inspires creativity but also promotes unity and teamwork.

- 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

Corporate Responsibility Report

Tex Cycle Technology (M) Berhad

• Sports Day



It was time again for the much anticipated Sports Day. A jog-a-thon of approximately 3.4 km was organised for 2 categories, the ladies and men. It was followed by Tele-match event the same day. Four (4) interesting and fun games namely running with the ball, fishing the can, jumping in gunny sack and bursting the water balloon has held. Unity and teamwork, discipline and morale was cultivated that day. Two of the previous year's activities, badminton and football were held earlier with the challenge trophies to compete for again.

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

Corporate Responsibility Report

Tex Cycle Technology (M) Berhad

• Medical Health Check For Employees



Medical Surveillance for the employees was conducted by an Occupational Health Doctor to optimize Employees health.

- 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 also 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



Tex Cycle as the main sponsor and with the collaboration of an NGO, devotedly continues to provide the much needed medical requirement to the less fortunate patients of the Dialysis Centre. The centre which is situated at Klang Valley also receives the much needed support from kind donors. The centre caters for about 100 less privileged patients who are in crucial need of dialysis. Tex Cycle also distributes its profits generously on a continuous basis to other charitable organizations with the aim to lessen poverty and extend help to the needy and the less fortunate.

Corporate Responsibility Report

Tex Cycle Technology (M) Berhad

• Recycling Awareness



The awareness to 4R; Reduce, Reuse, Recovery and Recycle was brought to some children of Fairview International School. The project was carried out by Tex Cycle's SHE Team. The project began with introduction to the environment, the elements therein and then to the basis of '4R'. An interesting question-answer session followed thereafter. Games and competition was included as well to motivate participation. The finale of the day was a project to create useful things from recyclable items and exchange of old newspapers for cash.

• Sponsorship of Gloves



Tex Cycle continuously shares not only its knowledge but also extends its resources to the younger generation so that they may do their part for the environment. Tex Cycle sponsored gloves to the students of Sekolah Menengah Kebangsaan Desa Perdana for their project in cleaning the school surroundings and stopping the breeding of Aedes mosquitoes. Tex Cycle often sponsors gloves in small and big volumes to students and organizations as a way of supporting environmental works.

Corporate Responsibility Report

Tex Cycle Technology (M) Berhad

• Zoo Negara



Tex Cycle once again rendered its service to fauna. The Employees and Directors of Tex Cycle carried out the voluntary project to clean Zoo Negara and show their care and love for the animals there. Besides cleaning activities, the volunteers were also given the opportunity to prepare meals and feed some animals which was very interesting. While strengthening the bond between humans and animals through this project, moral values were also fostered among the Employees.

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 also 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.

• Waste Management Conference and Exhibition by ENSEARCH



Environmental Management and Research Association of Malaysia, (ENSEARCH) organized the Annual Waste Management Conference and Exhibition for the 10th time. Tex Cycle joined many other Regulators, Industry players, Businesses, Researchers, Governments, NGO's and Analysts in this environmental event. The awareness on the impact of wrongful disposal of fluorescent bulbs to the environment was the highlight at Tex Cycle's booth and it aimed to bring this awareness not only to industries but to the domestic users as well.

Corporate Responsibility Report

Tex Cycle Technology (M) Berhad

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.

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.

Corporate Responsibility Report

Tex Cycle Technology (M) Berhad

R&D Involvement towards Environmental Innovation

Tex Cycle continues its R & D on Energy Auditing which was undertaken the year before. We have ripened some fruits from the implementation of the device meant to audit the energy-electricity from the processes in the plant. Having zoomed in the areas of high electricity consumption and counteracting with daily plans to reduce energy-electricity specifically at certain times in a day, some significant reduction has been recorded. However, more analysis and studies are being continuously sought to further mark achievements. Tex Cycle believes that the change in climate can be substantially reduced through efficiency in energy usage which leads to reduced carbon emissions.

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 these contaminated materials. Depending on the group, the questions varies from technical questions 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 initially were 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

Management and Environmental Award Tex Cycle aims to change the perspective of the public regarding the image of a Scheduled Waste recycling and recovery plant. Tex Cycle has practiced pollution control, waste minimization, cleaner production and promoting environmental awareness as part of the company's policy. The awards achieved are 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

Corporate Responsibility Report

Tex Cycle Technology (M) Berhad

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)
- ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2011 – (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 Malaysia

- KPMG Shareholder Value Award 2010 – Winner for Infrastructure

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 of 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 provided an overview of the energy and water usage patterns which assists us to reduce the impact of our operations to the environment.

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

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

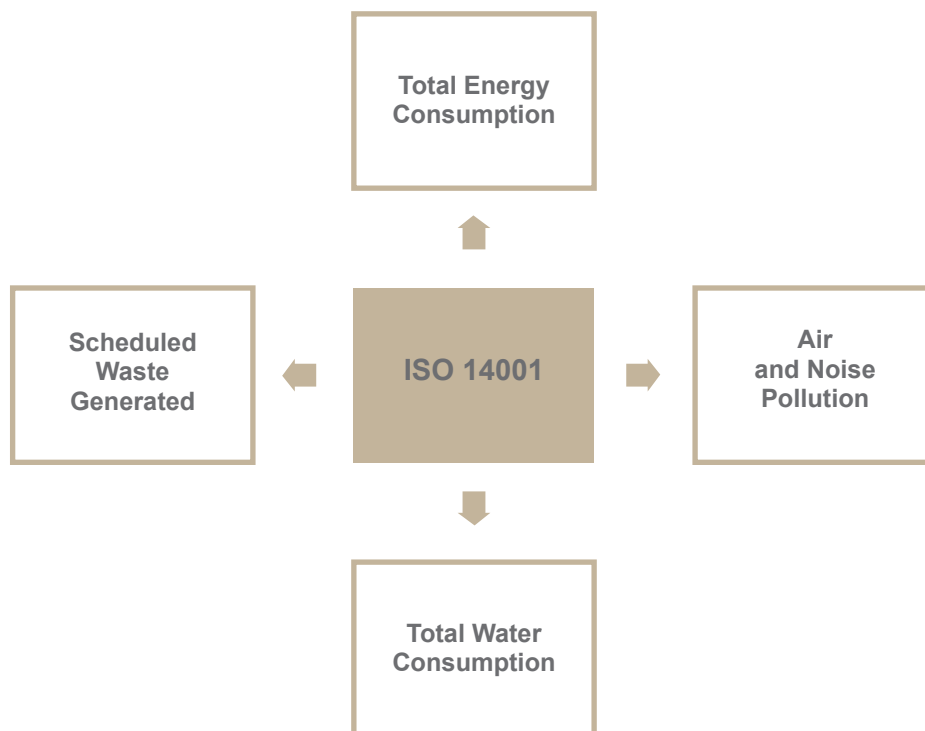
Sustainability Report

Tex Cycle Technology (M) Berhad

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



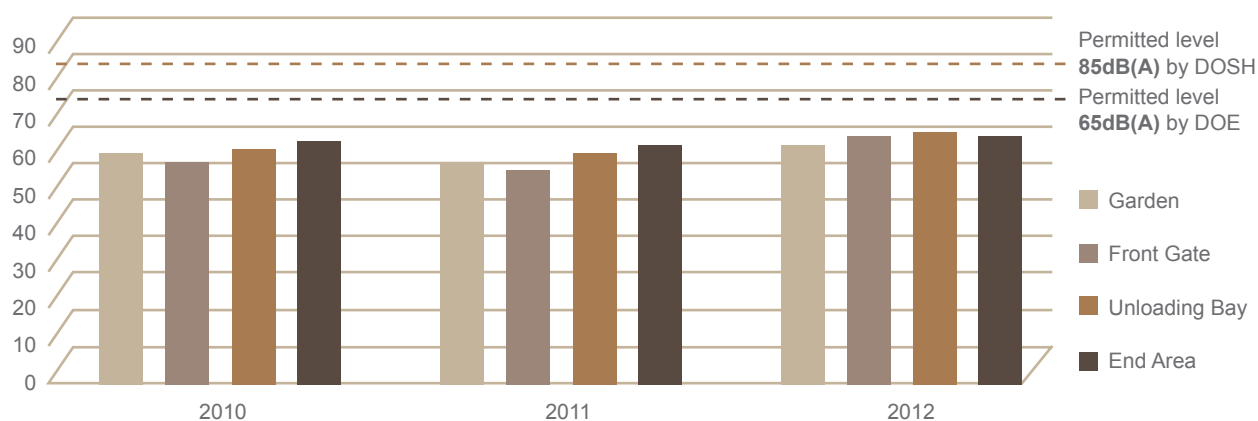
2012	Unit	A1 Garden	A2 Production Area	Malaysian Ambient Air Quality Guidelines
Particulate matter as PM 10	µg/m3	43	47	150
Nitrogen Dioxide, NO2	µg/m3	ND <2	ND <2	320
Sulphur Dioxide, SO2	µg/m3	ND<0.59	ND<0.59	350
Carbon Monoxide, CO	µg/m3	0	0	30

Pollution Control Monitoring – Ambient Air

Sustainability Report

Tex Cycle Technology (M) Berhad

Noise Level Comparison from 2010 - 2012



Pollution Control Monitoring – Boundary Noise

	Unit	Raw Effluent	1999	2011	2012	Std. B	Std. A
pH Value	-	6.8	6.4	7.01	6	5.5 - 9.0	6.0 - 9.0
COD	mg/l	29400.0	160.0	6.0	5	100	50
BOD at 20 °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	<0.001	<0.001	0.1	0.05
Boron	mg/l	0.2	<0.01	<0.1	<0.1	4	1
SuspendedSolid	mg/l	1390.0	50.0	2.0	6	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	<0.01	<0.01	1	0.2
Cyanide	mg/l	0.1	<0.01	0.005	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	<0.01	0.28	5	1
Lead	mg/l	<0.05	0.2	<0.01	<0.01	0.5	0.1
Manganese	mg/l	0.1	4.2	0.11	0.01	1.0	0.2
Mercury	mg/l	<0.001	<0.01	<0.002	<0.002	0.05	0.05
Nickel	mg/l	<0.01	0.10	<0.01	<0.01	1.00	0.20
Phenol	mg/l	0.4	<0.01	<0.0005	<0.0005	1	0.001
Sulphine	mg/l	<0.01	<0.1	<0.1	<0.1	0.5	0.5
Tin	mg/l	<0.1	<0.01	0.001	0.001	1	0.2
Zinc	mg/l	0.4	0.3	0.03	0.03	2	2

Treated Wastewater Quality Analysis

Sustainability Report

Tex Cycle Technology (M) Berhad

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:



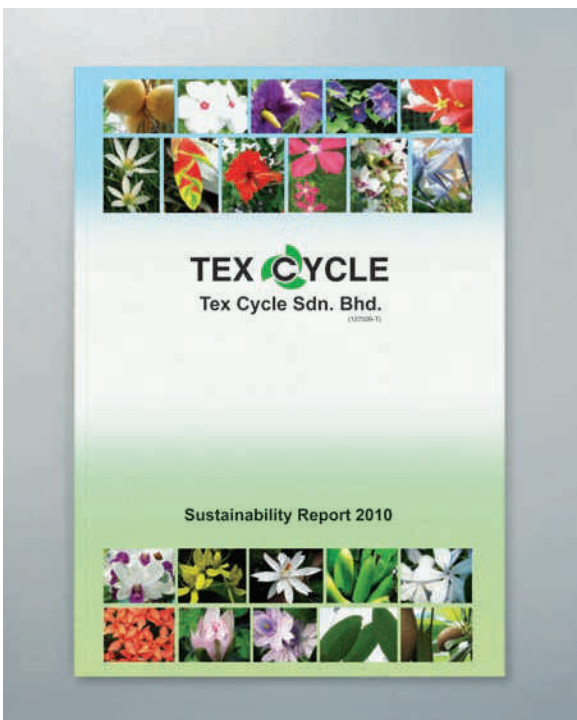
Brochures on products, services, activities and environmental objectives



Exhibition and road shows on environmental awareness and community projects



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



Sustainability Report (Environmental Report) according to ACCA guidelines



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

Waste as Resource

Tex Cycle only generates 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



Sustainability Report

Tex Cycle Technology (M) Berhad

- Causes of fire, safety tips, extinguishers and practical training



- Practical training with BOMBA



- Training on maintenance of trucks and tips on driving safely
- Briefing on LPG use, nature of gas, leakage and action

Sustainability Report

Tex Cycle Technology (M) Berhad

- Training by First Aider on methods, mock emergency medical conditions, treatments and procedures



- Training on proper usage of PPE, benefits and hazards on non-PPE by a PPE Supplier. Also a training on safety, health and welfare of people at work as well as protecting other people from the safety and health hazards arising from the industrial activities was presented by DOSH



Commitments

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.

financial statements

46	:	REPORT OF THE DIRECTORS
50	:	INDEPENDENT AUDITOR'S REPORT
52	:	STATEMENTS OF COMPREHENSIVE INCOME
53	:	STATEMENTS OF FINANCIAL POSITION
56	:	STATEMENTS OF CHANGES IN EQUITY
58	:	STATEMENTS OF CASH FLOWS
61	:	NOTES TO THE FINANCIAL STATEMENTS
107	:	STATEMENT BY DIRECTORS AND DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

Report Of The Directors

Tex Cycle Technology (M) Berhad

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, 2012.

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	9,704,465	1,032,724
Tax expense	<u>(1,833,835)</u>	<u>(299,290)</u>
Profit for the year	<u><u>7,870,630</u></u>	<u><u>733,434</u></u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the gain on disposal of prepaid lease payment of RM4,535,004 as disclosed in Note 8 to the Financial Statements.

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, 2013.

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 which 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.

Report Of The Directors

Tex Cycle Technology (M) Berhad

DIRECTORS

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

Ho Siew Choong
Periasamy Sinakalai
Ho Siew Cheong
Ho Siew Weng
Razali bin Jantan
Ravindran Markandu
Alagasan Varatharajoo
Yusseri bin Said (retired and not elected on 21.6.2012)

In accordance with Article 80 of the Company's Articles of Association, Mr. Ho Siew Choong and Mr. Ravindran Markandu retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company and in the 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 1.1.2012	Bought	Sold	Balance as of 31.12.2012
Shares in the Company				
Ho Siew Choong				
- Direct	8,054,803	15,100	-	8,069,903
- Deemed (Note 1)	82,367,059	25,900	-	82,392,959
- Indirect (Note 2)	192,000	-	-	192,000
Periasamy Sinakalai				
- Direct	7,659,865	-	-	7,659,865
- Deemed (Note 1)	82,367,059	25,900	-	82,392,959
- Indirect (Note 2)	604,500	-	-	604,500
Ho Siew Cheong				
- Direct	4,284,965	-	-	4,284,965
- Deemed (Note 1)	82,367,059	25,900	-	82,392,959
Ho Siew Weng				
- Direct	2,183,597	-	-	2,183,597
- Deemed (Note 1)	82,367,059	25,900	-	82,392,959
- Indirect (Note 2)	397,500	-	-	397,500
Ravindran Markandu				
- Direct	175,000	-	-	175,000
- Indirect (Note 2)	3,000	-	-	3,000
Alagasan Varatharajoo				
- Direct	5,000	-	-	5,000

Report Of The Directors

Tex Cycle Technology (M) Berhad

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.

By virtue of the above directors' interest in the shares of the Company, the abovementioned directors are deemed to have an interest in the shares of the subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during or at the beginning and end of the financial year.

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 18, 2013

Independent Auditors' Report To The Members Of Texcycle Technology(m) Berhad

Tex Cycle Technology (M) Berhad

Report on the Financial Statements

We have audited the financial statements of **TEX CYCLE TECHNOLOGY (M) BERHAD**, which comprise the statements of financial position of the Group and of the Company as of December 31, 2012, 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 52 to 106.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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' judgement, 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 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 give a true and fair view of the financial position of the Group and of the Company as of December 31, 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

Independent Auditors' Report To The Members Of Texcycle Technology(m) Berhad

Tex Cycle Technology (M) Berhad

Other Reporting Responsibilities

The supplementary information set out in Note 37 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

1. As stated in Note 2.1 to the Financial Statements, the Group and the Company adopted Malaysian Financial Reporting Standards on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended December 31, 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at January 1, 2012 do not contain misstatements that materially affect the financial position as of December 31, 2012 and financial performance and cash flows for the year then ended.
2. 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

HUANG KHEAN YEONG
Partner - 2993/05/14 (J)
Chartered Accountant

April 18, 2013

Statements Of Comprehensive Income For The Year Ended December 31, 2012

Tex Cycle Technology (M) Berhad

	Note(s)	The Group		The Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	5 & 6	15,073,329	31,172,170	1,200,000	1,125,000
Cost of sales		(4,250,297)	(18,888,643)	-	-
Gross profit		10,823,032	12,283,527	1,200,000	1,125,000
Other operating income		7,223,329	2,444,998	183,233	81,854
Selling and distribution costs		(352,548)	(604,385)	-	-
Administrative expenses		(4,816,263)	(4,588,482)	(273,378)	(268,192)
Other operating expenses		(3,158,085)	(2,464,366)	(87,452)	(714)
Profit from operations		9,719,465	7,071,292	1,022,403	937,948
Finance costs	7	(68,817)	(30,104)	-	-
Interest income		53,817	98,742	10,321	17,144
Profit before tax	8	9,704,465	7,139,930	1,032,724	955,092
Income tax expense	10	(1,833,835)	(2,253,269)	(299,290)	(181,824)
Profit for the year		7,870,630	4,886,661	733,434	773,268
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		7,870,630	4,886,661	733,434	773,268
Earnings per ordinary share					
Basic and diluted (sen)	11	4.61	2.86		

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

Statements Of Financial Position As Of December 31, 2012

Tex Cycle Technology (M) Berhad

The Group	Note	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM
ASSETS				
Non-current Assets				
Property, plant and equipment	12	16,636,236	13,599,736	7,069,334
Prepaid lease payments	13	13,629,801	12,389,557	8,041,961
Investment property	14	7,620,000	7,340,000	7,340,000
Goodwill on consolidation	16	583,937	583,937	583,937
Total Non-current Assets		38,469,974	33,913,230	23,035,232
Current Assets				
Inventories	17	389,099	473,786	639,662
Trade receivables	18	7,029,265	8,829,858	5,132,928
Other receivables and prepaid expenses	18	457,754	563,401	3,867,696
Investment in unit trusts	19	4,928,494	4,337,808	4,114,526
Investment in perpetual bond fund	20	-	-	3,468,198
Tax recoverable		841,236	723,847	479,920
Cash and bank balances	30	13,294,379	4,910,347	6,697,851
Total Current Assets		26,940,227	19,839,047	24,400,781
Total Assets		65,410,201	53,752,277	47,436,013

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

Statements Of Financial Position As Of December 31, 2012

Tex Cycle Technology (M) Berhad

The Group	Note	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM
EQUITY AND LIABILITIES				
Capital and Reserves				
Issued capital	22	17,079,300	17,079,300	17,079,300
Reserves	23	38,186,366	31,169,701	27,137,005
Total Equity		55,265,666	48,249,001	44,216,305
Non-current Liabilities				
Hire-purchase payables - non-current portion	24	295,499	562,213	188,134
Term loans - non-current portion	25	7,210,598	2,541,957	-
Deferred tax liabilities	26	143,388	347,109	439,828
Deferred income - non-current portion	27	-	-	620,000
Total Non-current Liabilities		7,649,485	3,451,279	1,247,962
Current Liabilities				
Trade payables	28	87,280	76,708	121,160
Deferred income - current portion	27	-	-	240,000
Other payables and accrued expenses	28	1,182,746	1,222,802	1,534,949
Hire-purchase payables - current portion	24	266,714	253,050	63,166
Term loans - current portion	25	939,876	488,244	-
Tax liabilities		18,434	11,193	12,471
Total Current Liabilities		2,495,050	2,051,997	1,971,746
Total Liabilities		10,144,535	5,503,276	3,219,708
Total Equity and Liabilities		65,410,201	53,752,277	47,436,013

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

Statements Of Financial Position As Of December 31, 2012

Tex Cycle Technology (M) Berhad

The Company	Note	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM
ASSETS				
Non-current Asset				
Investment in subsidiary companies	15	<u>10,829,282</u>	<u>10,829,282</u>	<u>10,579,285</u>
Current Assets				
Other receivables and prepaid expenses	18	1,000	1,000	1,000
Investment in unit trusts	19	1,817,785	1,634,552	1,552,698
Amount owing by subsidiary companies	21	9,947,925	10,275,413	7,346,978
Tax recoverable		184,015	220,421	152,245
Cash and bank balances	30	<u>374,052</u>	<u>320,448</u>	<u>3,716,781</u>
Total Current Assets		<u>12,324,777</u>	<u>12,451,834</u>	<u>12,769,702</u>
Total Assets		<u>23,154,059</u>	<u>23,281,116</u>	<u>23,348,987</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Issued capital	22	17,079,300	17,079,300	17,079,300
Reserves	23	<u>6,043,159</u>	<u>6,163,690</u>	<u>6,244,387</u>
Total Equity		<u>23,122,459</u>	<u>23,242,990</u>	<u>23,323,687</u>
Current Liability				
Other payables and accrued expenses	28	<u>31,600</u>	<u>38,126</u>	<u>25,300</u>
Total Equity and Liabilities		<u>23,154,059</u>	<u>23,281,116</u>	<u>23,348,987</u>

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

Statements Of Changes In Equity For The Year Ended December 31, 2012

Tex Cycle Technology (M) Berhad

The Group	Note	Issued capital RM	Non-distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total RM
Balance as of January 1, 2011		17,079,300	4,521,517	22,615,488	44,216,305
Total comprehensive income for the year	29	-	-	4,886,661	4,886,661
Dividend paid		-	-	(853,965)	(853,965)
Balance as of December 31, 2011		17,079,300	4,521,517	26,648,184	48,249,001
Balance as of January 1, 2012		17,079,300	4,521,517	26,648,184	48,249,001
Total comprehensive income for the year	29	-	-	7,870,630	7,870,630
Dividend paid		-	-	(853,965)	(853,965)
Balance as of December 31, 2012		17,079,300	4,521,517	33,664,849	55,265,666

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

Statements Of Changes In Equity For The Year Ended December 31, 2012

Tex Cycle Technology (M) Berhad

The Company	Note	Issued capital RM	Non-distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total RM
Balance as of January 1, 2011					
Total comprehensive income for the year		17,079,300	4,521,517	1,722,870	23,323,687
Dividend paid	29	-	-	773,268 (853,965)	773,268 (853,965)
Balance as of December 31, 2011		<u>17,079,300</u>	<u>4,521,517</u>	<u>1,642,173</u>	<u>23,242,990</u>
Balance as of January 1, 2012					
Total comprehensive income for the year		17,079,300	4,521,517	1,642,173	23,242,990
Dividend paid	29	-	-	733,434 (853,965)	733,434 (853,965)
Balance as of December 31, 2012		<u>17,079,300</u>	<u>4,521,517</u>	<u>1,521,642</u>	<u>23,122,459</u>

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

Statements Of Cash Flow For The Year Ended December 31, 2012

Tex Cycle Technology (M) Berhad

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	7,870,630	4,886,661	733,434	773,268
Adjustments for:				
Tax expense recognised in profit or loss	1,833,835	2,253,269	299,290	181,824
Allowance for doubtful debts - net	1,310,229	647,611	-	-
Depreciation of property, plant and equipment	1,239,910	1,432,214	-	-
Amortisation of prepaid lease payments	130,790	152,404	-	-
Bad debts written off	74,536	16,075	-	-
Finance costs	68,817	30,104	-	-
Gain on disposal of prepaid lease payment	(4,535,004)	-	-	-
Changes in fair value of:				
Unit trusts	(427,243)	(44,925)	(111,922)	(13,386)
Perpetual bond fund	-	(89,990)	-	-
Changes in fair value of investment property	(280,000)	-	-	-
Gain on investment in:				
Unit trusts	(163,443)	(7,635)	(71,311)	(68,468)
Perpetual bond fund	-	(44,882)	-	-
Interest income	(53,817)	(98,742)	(10,321)	(17,144)
Gain on disposal of property, plant and equipment	(4,000)	-	-	-
Impairment of property, plant and equipment	-	628,254	-	-
Allowance for slow moving inventories	-	247,880	-	-
Property, plant and equipment written off	-	34,667	-	-
Amortisation of deferred income	-	(860,000)	-	-
Dividend income	-	-	(1,200,000)	(1,125,000)
Operating Profit/(Loss) Before Working Capital Changes	7,065,240	9,182,965	(360,830)	(268,906)

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

Statements Of Cash Flow For The Year Ended December 31, 2012

Tex Cycle Technology (M) Berhad

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
(Increase)/Decrease in:				
Inventories	84,687	(82,004)	-	-
Trade receivables	415,828	(4,360,616)	-	-
Other receivables and prepaid expenses	105,647	78,501	-	-
Increase/(Decrease) in:				
Trade payables	10,572	(44,452)	-	-
Other payables and accrued expenses	(254,123)	(312,147)	(6,526)	12,826
Cash Generated From/(Used In) Operations	7,427,851	4,462,247	(367,356)	(256,080)
Income tax paid	(2,269,190)	(2,591,193)	(300,000)	(250,000)
Income tax refund	335,553	-	37,116	-
Finance costs paid	(68,817)	(30,104)	-	-
Net Cash From/(Used In) Operating Activities	5,425,397	1,840,950	(630,240)	(506,080)

CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES

Proceeds from disposal of prepaid lease payment	10,070,000	-	-	-
Interest received	53,817	98,742	10,321	17,144
Investment in unit trusts	-	(170,722)	-	-
Proceeds from disposal of property, plant and equipment	4,000	-	-	-
Purchase of leasehold land	(6,709,165)	(1,274,206)	-	-
Acquisition of property, plant and equipment (Note)	(4,473,275)	(7,931,537)	-	-
Increase in short-term deposits pledged	(9,993)	(4,270)	-	-
Proceeds from redemption of investment in perpetual bond fund	-	3,603,070	-	-
(Increase)/Decrease in amount owing by subsidiary companies	-	-	1,527,488	(1,803,435)
Subscription of new shares issued by a wholly-owned subsidiary company	-	-	-	(249,997)
Net Cash (Used In)/From Investing Activities	(1,064,616)	(5,678,923)	1,537,809	(2,036,288)

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

Statements Of Cash Flow For The Year Ended December 31, 2012

Tex Cycle Technology (M) Berhad

	Note	The Group		The Company	
		2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Drawdown of term loan		6,000,000	3,300,000	-	-
Dividends paid		(853,965)	(853,965)	(853,965)	(853,965)
Repayment of term loan		(879,727)	(269,799)	-	-
Payment of hire-purchase payables		(253,050)	(130,037)	-	-
Net Cash From/(Used In) Financing Activities		4,013,258	2,046,199	(853,965)	(853,965)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		8,374,039	(1,791,774)	53,604	(3,396,333)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,666,382	6,458,156	320,448	3,716,781
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	13,040,421	4,666,382	374,052	320,448

Note:

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

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Payment by cash	4,473,275	7,931,537	-	-
Financed by hire-purchase	-	694,000	-	-
	4,473,275	8,625,537	-	-

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

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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 18, 2013.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

2.1 Adoption of Malaysian Financial Reporting Standards

The Group and the Company's financial statements for the financial year ended December 31, 2012 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, with January 1, 2011 as the date of transition. The transition to MFRSs does not have any impact on the reported financial position, financial performance and cash flows of the Group and of the Company as of December 31, 2011 and January 1, 2011.

2.2 Standards and Amendments in issue but not effective

At the date of authorisation for issue these financial statements, the new and revised Standards and Amendments relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

MFRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures] ¹
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities) ²
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ³
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ³
MFRS 10	Consolidated Financial Statements ²
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance) ²
MFRS 13	Fair Value Measurement ²
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income) ⁴

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011) ²
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) ²
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ⁵
Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 cycle ²	

¹ Effective immediately on issuance date of March 1, 2012

² Effective for annual periods beginning on or after January 1, 2013

³ Effective for annual periods beginning on or after January 1, 2015 instead of January 1, 2013 immediately upon the issuance of Amendments to MFRS9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and MFRS 7 relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" on March 1, 2012

⁴ Effective for annual periods beginning on or after 1 July 2012

⁵ Effective for annual periods beginning on or after January 1, 2014

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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 using the effective interest rate method.

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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

(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 period 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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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 of property, plant and equipment are reviewed at the end of each reporting period, 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.

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.

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.

Investment in Subsidiary Companies

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

Investment in Structured Funds

Investment in structured funds is stated at fair value.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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 the 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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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 assets and financial liabilities are recognised when, and only when, the Group and the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

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.

(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 MFRS 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.

(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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

(i) **Classification as 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'.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. The Group's and the Company's pany's significant financial liabilities are classified as other financial liabilities.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

(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, to the net carrying amount on initial recognition.

(v) Derecognition of Financial Liabilities

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

The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

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 of the Group and of the Company.

(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 (2011: RM583,937) and no impairment loss was recognised during the current financial year. Details of the value-in-use calculation are provided in Note 16.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

Fair Value of Investment Property

As of December 31, 2012, the fair value of the investment property was estimated at RM7,620,000 (2011: RM7,340,000). The directors of the Company assessed the fair value of the investment property based on the income approach and after taking into consideration of 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. The income approach considers future income and expense data relating to the subject property being valued and estimates its current fair value through a discounting process. In arriving at the fair value, the directors have applied a discount rate of 8.3%. The directors are of the view that the carrying amount of the investment property 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Provision of waste recovery and recycling services	13,231,819	15,470,916	-	-
Sales of goods	726,460	249,260	-	-
Rental of recycled products	955,139	257,483	-	-
Trading of chemicals and other products	159,911	15,194,511	-	-
Gross dividend income from subsidiary companies	-	-	1,200,000	1,125,000
	<u>15,073,329</u>	<u>31,172,170</u>	<u>1,200,000</u>	<u>1,125,000</u>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

6. OPERATING COSTS APPLICABLE TO REVENUE

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

	Note	The Group		The Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Other operating expenses		5,493,492	3,643,144	229,580	127,906
Direct costs on services rendered		3,062,366	3,362,274	-	-
Directors' remuneration	9	1,283,310	1,528,306	131,250	141,000
Depreciation of property, plant and equipment	12	1,239,910	1,432,214	-	-
Staff costs		1,192,385	1,817,050	-	-
Raw materials and consumables used		187,695	145,223	-	-
Amortisation of prepaid lease payments	13	130,790	152,404	-	-
Costs of chemicals and other products sold		33,139	13,858,770	-	-
Changes in inventories of work-in-progress and finished goods		(45,894)	(21,763)	-	-
Impairment of property, plant and equipment	12	-	628,254	-	-
		<u>12,577,193</u>	<u>26,545,876</u>	<u>360,830</u>	<u>268,906</u>

Staff costs include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF by the Group during the financial year amounted to RM185,935 (2011: RM189,534).

7. FINANCE COSTS

	The Group	
	2012 RM	2011 RM
Interest expense on:		
Hire-purchase	36,965	25,068
Term loan	31,852	5,036
	<u>68,817</u>	<u>30,104</u>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

8. PROFIT BEFORE TAX

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

	Note	The Group		The Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Allowance for doubtful debts - net		1,310,229	647,611	-	-
Rental of premises		78,700	300,720	-	-
Bad debts written off		74,536	16,075	-	-
Auditors' remuneration:					
Current year		73,500	73,000	25,000	25,000
Other services		5,000	5,000	5,000	-
Underprovision in prior year		4,500	5,500	500	1,500
Direct operating expenses arising from investment property	14	45,048	51,427	-	-
Gain arising from disposal of prepaid lease payment		(4,535,004)	-	-	-
Rental income from investment property	14	(817,833)	(780,480)	-	-
Changes in fair value of:					
Unit trusts		(427,243)	(44,925)	(111,922)	(13,386)
Perpetual bond fund		-	(89,990)	-	-
Changes in revaluation of investment property		(280,000)	-	-	-
Gain on investment in:					
Unit trust		(163,443)	(7,635)	(71,311)	(68,468)
Perpetual bond fund		-	(44,882)	-	-
Insurance claim on loss of property, plant and equipment		(67,658)	-	-	-
Interest income from:					
Fixed deposits		(53,817)	(52,667)	(10,321)	(17,144)
Investment in perpetual bond fund		-	(46,075)	-	-
Gain arising from disposal of property, plant and equipment		(4,000)	-	-	-
Realised gain on foreign exchange		(2,873)	(47,812)	-	-
Allowance for slow moving inventories		-	247,880	-	-
Property, plant and equipment written off		-	34,667	-	-
Government grant recognised relating to property, plant and equipment		-	(860,000)	-	-

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive directors:				
<i>Paid by the Company:</i>				
Fees	36,000	36,000	36,000	36,000
Other emoluments	14,000	23,000	14,000	23,000
	50,000	59,000	50,000	59,000
<i>Paid by the subsidiary companies:</i>				
Fees	133,000	24,000	-	-
Salaries and other emoluments	876,620	1,212,674	-	-
Contributions to EPF	142,440	150,632	-	-
	1,152,060	1,387,306	-	-
Non-executive directors:				
Fees	60,000	57,500	60,000	57,500
Other emoluments	21,250	24,500	21,250	24,500
	81,250	82,000	81,250	82,000
Total	1,283,310	1,528,306	131,250	141,000

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

	Number of Directors	
	2012	2011
Executive directors:		
Above RM150,000	3	3
RM50,001 to RM150,000	1	2
Non-executive directors:		
Below RM50,000	3	3

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

10. INCOME TAX EXPENSE

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Estimated tax payable:				
Current year	2,129,648	2,269,000	300,000	250,000
(Over)/Under provision in prior years	(92,092)	76,988	(710)	(68,176)
	2,037,556	2,345,988	299,290	181,824
Deferred tax liabilities (Note 26):				
Current year	(109,360)	(127,092)	-	-
(Over)/Under provision in prior years	(94,361)	34,373	-	-
	(203,721)	(92,719)	-	-
	<u>1,833,835</u>	<u>2,253,269</u>	<u>299,290</u>	<u>181,824</u>

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		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before tax	<u>9,704,465</u>	<u>7,139,930</u>	<u>1,032,724</u>	<u>955,092</u>
Tax at the applicable tax rate of 25%	2,426,116	1,784,983	258,181	238,773
Tax effects of:				
Non-deductible expenses	670,216	241,823	44,399	18,859
Income not subject to tax	(1,234,605)	(56,949)	(2,580)	(7,632)
Real property gain tax	214,067	-	-	-
Utilisation of deferred tax not recognised previously	(55,506)	-	-	-
Deferred tax assets not recognised	-	172,051	-	-
(Over)/Under provision of in prior years:				
Current tax	(92,092)	76,988	(710)	(68,176)
Deferred tax	(94,361)	34,373	-	-
	<u>1,833,835</u>	<u>2,253,269</u>	<u>299,290</u>	<u>181,824</u>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

As mentioned in Note 3, the deductible temporary differences, unused tax losses and unused tax credits, which would give rise to 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, 2012, the deductible temporary differences, unused tax losses and unabsorbed capital allowances 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	
	2012 RM	2011 RM
Temporary differences arising from:		
Trade receivables	18,937	-
Inventories	247,880	99,270
Unused tax losses	436,012	682,472
Unabsorbed capital allowances	3,223	146,334
	<u>706,052</u>	<u>928,076</u>

The unused tax losses and unabsorbed capital allowances are subject to agreement by 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	
	2012 RM	2011 RM
Profit for the year (RM)	<u>7,870,630</u>	<u>4,886,661</u>
Weighted average number of ordinary shares in issue (units of RM0.10 each)	<u>170,793,000</u>	<u>170,793,000</u>
Basic earnings per share (sen)	<u>4.61</u>	<u>2.86</u>

Diluted

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

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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, 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
As of January 1, 2012	1,565,371	4,089,030	827,823	5,345,691	4,032,544	129,765	4,472,520	20,462,744
Additions	-	-	34,785	65,000	-	190,371	4,183,119	4,473,275
Disposals	-	-	-	-	(201,500)	-	(196,865)	(398,365)
As of December 31, 2012	1,565,371	4,089,030	862,608	5,410,691	3,831,044	320,136	8,458,774	24,537,654

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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, 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
Disposals	-	-	(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
As of January 1, 2012	102,675	172,647	348,860	3,372,557	2,137,633	100,382	-	6,234,754
Charge for the year	14,667	57,146	110,767	430,330	553,174	73,826	-	1,239,910
Disposals	-	-	-	-	(201,500)	-	-	(201,500)
As of December 31, 2012	117,342	229,793	459,627	3,802,887	2,489,307	174,208	-	7,273,164

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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
As of January 1, 2012 and December 31, 2012	-	-	-	628,254	-	-	-	628,254

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

The Group	Freehold land and building RM	Leasehold building RM	Office equipment, furniture and fittings renovation RM	Factory equipment and electrical installation RM	Motor vehicles RM	Computers RM	Capital work-in-progress RM	Total RM
Net book value								
As of December 31, 2012	1,448,029	3,859,237	402,981	979,550	1,341,737	145,928	8,458,774	16,636,236
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 January 1, 2011	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 RM556,331 (2011: RM727,039).

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

Included in property, plant and equipment of the Group as of December 31, 2012 are fully depreciated property, plant and equipment with an aggregate cost of approximately RM5,735,000 (2011: RM3,986,000) which are still in use.

As of December 31, 2012, leasehold building with a net book value amounting to RM3,859,237 (2011: RM1,996,134) 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 RM1,448,030 (2011: RM1,462,698) 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 not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

The accumulated impairment losses, which were recognised by the directors in 2011, were based on the review of the estimated recoverable amounts of the assets of whose profitability were significantly below acceptable levels as determined by the Group.

13. PREPAID LEASE PAYMENTS

	December 31, 2012 RM	The Group December 31, 2011 RM	January 1, 2011 RM
Cost			
At beginning of year	12,830,915	8,330,915	8,330,915
Addition	6,709,165	4,500,000	-
Disposal	(5,583,283)	-	-
At end of year	13,956,797	12,830,915	8,330,915
Accumulated amortisation			
At beginning of year	441,358	288,954	202,436
Amortisation for the year	130,790	152,404	86,518
Disposal	(245,152)	-	-
At end of year	326,996	441,358	288,954
Net	13,629,801	12,389,557	8,041,961

As of December 31, 2012, the unexpired lease periods of the said leasehold land range from 56 years to 99 years (2011: 81 years to 94 years).

As of December 31, 2012, leasehold land with a carrying amount of RM6,926,283 (2011: RM4,434,114) 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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

14. INVESTMENT PROPERTY

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
At fair value:			
At beginning of year	7,340,000	7,340,000	7,340,000
Changes in fair value of investment property	280,000	-	-
At end of year	7,620,000	7,340,000	7,340,000

As of December 31, 2012, the fair value of the investment property was estimated at RM7,620,000. The directors of the Company assessed the fair value of the investment property based on the income approach and after taking into consideration of 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. The income approach considers future income and expense data relating to the subject property being valued and estimates its current fair value through a discounting process. In arriving at the fair value, the directors have applied a discount rate of 8.3%. The directors are of the view that the carrying amount of the investment property approximates its current fair value.

Rental income and direct operating expenses arising from investment property of the Company has been disclosed in Note 8.

15. INVESTMENT IN SUBSIDIARY COMPANIES

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Unquoted shares - at cost	10,829,282	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		Principal Activities
	2012 %	2011 %	
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.
Metro Envy Sdn. Bhd.	100	100	Rental of investment property
Tex Cycle (P2) Sdn. Bhd.	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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

16. GOODWILL ON CONSOLIDATION

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
At beginning and end of year	583,937	583,937	583,937

Goodwill acquired in business combinations is allocated, at acquisition date, to cash-generating units ("CGU") that are expected to benefit from that business combination. Goodwill has been allocated to the recovery and recycling services operations of the Group.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rate that 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 2 years and extrapolates cash flows for the following 3 years based on estimated growth rate of 5% (2011: 5%) per annum. The discount rate used is 4.4% (2011: 4.6%) per annum.

17. INVENTORIES

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Raw materials	504,489	543,282	483,041
Work-in-progress	9,594	10,987	11,877
Finished goods	122,896	167,397	144,744
	636,979	721,666	639,662
Less: Allowance for slow-moving inventories	(247,880)	(247,880)	-
	389,099	473,786	639,662

18. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables consist of:

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Trade receivables	9,609,295	10,176,259	5,831,718
Less: Allowance for doubtful debts	(2,580,030)	(1,346,401)	(698,790)
	7,029,265	8,829,858	5,132,928

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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 (2011: 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 debts 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 with no prospect of recovery and other estimated irrecoverable amounts. It does not hold any collateral over these impaired balances. The average age of these receivables is 232 days (2011: 119 days).

Ageing of past due but not impaired

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
61 - 90 days	1,040,010	1,824,194	873,408
91 - 120 days	665,397	778,990	946,330
121 - 150 days	280,612	283,719	391,149
151 - 180 days	303,179	238,399	200,962
181 - 210 days	200,813	273,061	100,145
211 - 240 days	276,673	123,791	138,402
241 - 270 days	100,050	85,274	52,388
271 - 300 days	104,030	188,817	68,281
301 - 330 days	68,379	130,756	64,012
331 - 365 days	99,216	64,611	19,795
> 365 days	1,500,000	-	-
	<u>4,638,359</u>	<u>3,991,612</u>	<u>2,854,872</u>

Movement in allowance for doubtful debts

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
At beginning of year	1,346,401	698,790	650,373
Impairment written off	(21,600)	-	-
Impairment loss recognised	1,255,229	647,611	48,417
At end of year	<u>2,580,030</u>	<u>1,346,401</u>	<u>698,790</u>

Ageing of impaired trade receivables

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
> 365 days	<u>2,580,030</u>	<u>1,346,401</u>	<u>698,790</u>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

Other receivables and prepaid expenses consist of:

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Other receivables	278,325	140,659	3,667,751
Refundable deposits	204,317	395,434	181,557
Prepaid expenses	30,112	27,308	18,388
	512,754	563,401	3,867,696
Less: Allowance for doubtful debts	(55,000)	-	-
	457,754	563,401	3,867,696

	December 31, 2012	The Company December 31, 2011	January 1, 2011
	RM	RM	RM
Refundable deposits	1,000	1,000	1,000

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

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Ringgit Malaysia	457,754	563,401	3,710,699
United States Dollar	-	-	156,997
	457,754	563,401	3,867,696

19. INVESTMENT IN UNIT TRUSTS

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
At Fair Value:			
At beginning of year	4,337,808	4,114,526	-
Additions	163,443	178,357	4,114,226
Changes in fair value (Note 8)	427,243	44,925	300
At end of year	4,928,494	4,337,808	4,114,526

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

	December 31, 2012	The Company December 31, 2011	January 1, 2011
	RM	RM	RM
At Fair Value:			
At beginning of year	1,634,552	1,552,698	-
Additions	71,311	68,468	1,539,683
Changes in fair value (Note 8)	111,922	13,386	13,015
At end of year	<u>1,817,785</u>	<u>1,634,552</u>	<u>1,522,698</u>

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

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
At Fair Value:			
At beginning of year	-	3,468,198	-
Additions	-	-	3,603,070
Changes in fair value (Note 8)	-	89,990	(134,872)
Redeemed	-	(3,558,188)	-
At end of year	<u>-</u>	<u>-</u>	<u>3,468,198</u>

The investment in perpetual bond fund with a local financial institution, which was callable on a quarterly basis, was redeemed as at December 31, 2011. The said perpetual bond fund earned interest at an average rate of 8.44% per annum in 2011. The said investment was denominated in United States Dollar.

21. RELATED PARTY TRANSACTIONS

Amount owing by subsidiary companies which 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 2012 RM	2011 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.	<u>7,673</u>	<u>3,927</u>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

Compensation of key management personnel

The remuneration of key management personnel (excluding directors whose remuneration are disclosed in Note 9) during the financial year is as follows:

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Short-term employee benefits	439,900	320,450	310,699
Contributions to EPF	54,988	38,456	36,912
	<u>494,888</u>	<u>358,906</u>	<u>347,611</u>

22. SHARE CAPITAL

	December 31, 2012	The Group and The Company December 31, 2011	January 1, 2011
	RM	RM	RM
Authorised:			
200,000,000 ordinary shares of RM0.10 each	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Issued and fully paid:			
170,793,000 ordinary shares of RM0.10 each	<u>17,079,300</u>	<u>17,079,300</u>	<u>17,079,300</u>

23. RESERVES

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Non-Distributable:			
Share premium	4,521,517	4,521,517	4,521,517
Distributable:			
Retained earnings	<u>33,664,849</u>	<u>26,648,184</u>	<u>22,615,488</u>
	<u>38,186,366</u>	<u>31,169,701</u>	<u>27,137,005</u>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

	December 31, 2012 RM	The Company December 31, 2011 RM	January 1, 2011 RM
Non-Distributable:			
Share premium	4,521,517	4,521,517	4,521,517
Distributable:			
Retained earnings	1,521,642	1,642,173	1,722,870
	<u>6,043,159</u>	<u>6,163,690</u>	<u>6,244,387</u>

	December 31, 2012 RM	The Group and the Company December 31, 2011 RM	January 1, 2011 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	5,400,000
Listing expenses	(878,483)	(878,483)	(878,483)
	<u>4,521,517</u>	<u>4,521,517</u>	<u>4,521,517</u>

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, 2012.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

24. HIRE-PURCHASE PAYABLES

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Total outstanding	602,715	892,730	301,606
Less: Interest-in-suspense	(40,502)	(77,467)	(50,306)
Principal outstanding	562,213	815,263	251,300
Less: Amount due within 12 months (shown under current liabilities)	(266,714)	(253,050)	(63,166)
Non-current portion	295,499	562,213	188,134

The non-current portion is payable as follows:

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Financial years ending December 31:			
2012	-	-	29,503
2013	-	266,714	31,873
2014	202,983	202,983	34,244
2015	36,614	36,614	36,614
2016 - 2017	55,902	55,902	55,900
	295,499	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, 2012, the effective borrowing rate ranged from 2.50% to 7.59% (2011: 2.50% 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

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Principal outstanding	8,150,474	3,030,201	-
Less: Amount due within 12 months	(939,876)	(488,244)	-
Non-current portion	7,210,598	2,541,957	-

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

The non-current portion is repayable as follows:

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Between 1 - 2 years	1,879,752	976,488	-
Between 2 - 4 years	1,879,752	976,488	-
Between 4 - 8 years	3,451,094	588,981	-
	<u>7,210,598</u>	<u>2,541,957</u>	<u>-</u>

During the financial year, the Group obtained a term loan amounting to RM6,000,000, an addition to its existing term loan facility of RM3,300,000 obtained in 2011 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 4.4% (2011: 4.6%) per annum.

The term loan facilities are 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:

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
At beginning of year	347,109	439,828	466,886
Charge/(Credit) to profit or loss (Note 10):			
Temporary differences arising from:			
Property, plant and equipment	(99,910)	66,501	(61,193)
Investment property	(94,361)	-	94,361
Inventories	37,153	(37,153)	-
Trade receivables	(46,603)	(131,362)	(50,931)
Unabsorbed capital allowances	-	9,295	(9,295)
	<u>(203,721)</u>	<u>(92,719)</u>	<u>(27,058)</u>
At end of year	<u>143,388</u>	<u>347,109</u>	<u>439,828</u>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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

	December 31, 2012 RM	The Group December 31, 2011 RM	January 1, 2011 RM
Deferred tax assets (before offsetting):			
Temporary differences arising from:			
Trade receivables	346,338	(298,785)	(167,423)
Inventories	-	(37,153)	-
Unabsorbed capital allowances	-	-	(9,295)
	<hr/>	<hr/>	<hr/>
Offsetting	(346,338)	(335,938) 335,938	(176,718) 176,718
	<hr/>	<hr/>	<hr/>
Deferred tax assets (after offsetting)	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Deferred tax liabilities (before offsetting):			
Temporary differences arising from:			
Property, plant and equipment	489,726	588,686	522,185
Investment property	-	94,361	94,361
	<hr/>	<hr/>	<hr/>
Offsetting	489,726 (346,338)	683,047 (335,938)	616,546 (176,718)
	<hr/>	<hr/>	<hr/>
Deferred tax liabilities (after offsetting)	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

27. DEFERRED INCOME

	December 31, 2012 RM	The Group December 31, 2011 RM	January 1, 2011 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 8)	-	(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	-	-	-

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 had 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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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 (2011: 30 to 90 days).

Other payables and accrued expenses consist of:

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Other payables	617,429	198,218	873,420
Refundable deposits from tenants	236,442	225,792	164,500
Accrued expenses	140,918	453,579	350,228
Amount owing to directors	187,957	345,213	146,801
	<u>1,182,746</u>	<u>1,222,802</u>	<u>1,534,949</u>

	December 31, 2012	The Company December 31, 2011	January 1, 2011
	RM	RM	RM
Other payables	<u>31,600</u>	<u>38,126</u>	<u>25,300</u>

Included in other payables of the Group as at January 1, 2011 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:

	December 31, 2012	The Group December 31, 2011	January 1, 2011
	RM	RM	RM
Ringgit Malaysia	1,182,746	1,222,802	1,529,946
United States Dollar	-	-	5,003
	<u>1,182,746</u>	<u>1,222,802</u>	<u>1,534,949</u>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

29. DIVIDENDS

A first and final single tier tax exempt dividend of 5% 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 (2011: 0.5 sen).

The directors have proposed a first and final single tier tax exempt dividend of 5% 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, 2013.

30. CASH AND CASH EQUIVALENTS

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

	December 31, 2012 RM	The Group December 31, 2011 RM	January 1, 2011 RM
Cash on hand and at banks	11,513,594	3,394,267	2,151,415
Short-term deposits with:			
Licensed investment bank	1,526,827	1,272,115	4,306,741
Licensed bank	253,958	243,965	239,695
	<u>13,294,379</u>	<u>4,910,347</u>	<u>6,697,851</u>
Less: Non-cash equivalents fixed deposits pledged	<u>(253,958)</u>	<u>(243,965)</u>	<u>(239,695)</u>
	<u>13,040,421</u>	<u>4,666,382</u>	<u>6,458,156</u>
	December 31, 2012 RM	The Company December 31, 2011 RM	January 1, 2011 RM
Cash on hand and at banks	29,155	25,361	65,256
Short-term deposits with licensed investment bank	<u>344,897</u>	<u>295,087</u>	<u>3,651,525</u>
	<u>374,052</u>	<u>320,448</u>	<u>3,716,781</u>

Short-term deposits with a licensed bank of the Group amounting to RM253,958 (2011: RM243,965) 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, 2012 (2011: RM158,244).

The short-term deposits with licensed investment bank earn interest at an average rate of 2.75% (2011: 2.57%) per annum and have maturity periods ranging from 7 to 30 days (2011: 7 to 30 days).

The short-term deposits pledged with licensed bank earn interest at rate ranging from 3% to 3.15% (2011: 2.75% to 3.00%) per annum and have maturity periods ranging from 30 to 365 days (2011: 30 to 365 days).

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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

	December 31, 2012 RM	The Group December 31, 2011 RM	January 1, 2011 RM
Ringgit Malaysia	13,285,430	4,900,933	6,441,439
United States Dollar	8,949	9,414	256,412
	<u>13,294,379</u>	<u>4,910,347</u>	<u>6,697,851</u>

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.

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, 2012.

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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

Categories of financial instruments

	December 31, 2012 RM	The Group December 31, 2011 RM	January 1, 2011 RM
Financial assets			
Cash and cash equivalents	13,294,379	4,910,347	6,697,851
Designated as at FVTPL:			
Investment in unit trusts	4,928,494	4,337,808	4,114,526
Investment in perpetual bond fund	-	-	3,468,198
	4,928,494	4,337,808	7,582,724
Loans and receivables:			
Trade receivables	7,029,265	8,829,858	5,132,928
Other receivables and refundable deposits	427,642	536,093	3,849,308
Amount owing by subsidiary companies	-	-	-
	7,456,907	9,365,951	8,982,236
Financial liabilities			
Amortised cost:			
Trade payables	87,280	76,708	121,160
Other payables and accrued expenses	758,347	651,489	1,375,819
Amount owing to directors	187,957	345,213	146,801
Hire-purchase payables	562,213	815,263	251,300
Term loan	8,150,474	3,030,201	-
	9,746,271	4,918,874	1,895,080
	December 31, 2012 RM	The Company December 31, 2011 RM	January 1, 2011 RM
Financial assets			
Cash and cash equivalents	374,052	320,448	3,716,781
Designated as at FVTPL:			
Investment in unit trusts	1,817,785	1,634,552	1,552,698
Loans and receivables:			
Other receivables and refundable deposits	1,000	1,000	1,000
Amount owing by subsidiary companies	9,947,925	10,275,413	7,346,978
	9,948,925	10,276,413	7,346,978
Financial liabilities			
Amortised cost:			
Other payables	31,600	38,126	25,300

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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:

	December 31, 2012 RM	The Group December 31, 2011 RM	January 1, 2011 RM
Assets:			
Investment in perpetual bond fund	-	-	3,468,198
Cash and bank balances	8,949	9,414	256,412
Other receivables	-	-	156,997
	<u>8,949</u>	<u>9,414</u>	<u>3,881,607</u>
Liabilities:			
Other payables	-	-	5,003
	<u>-</u>	<u>-</u>	<u>5,003</u>

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/(negative) number below indicates an increase/(decrease) in profit and other equity where the relevant currency strengthens/(weakens) by 10% against the Ringgit Malaysia.

	December 31, 2012 RM	USD Impact The Group December 31, 2011 RM	January 1, 2011 RM
Profit or loss	<u>895</u>	<u>941</u>	<u>387,660</u>

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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, 2012 would decrease/increase by approximately RM44,000 (2011: RM15,000). This is mainly attributable to the Group's exposure to interest rates on its term loan.

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.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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).

December 31, 2012	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
The Group				
Financial assets at FVTPL				
Investment in unit trusts	4,928,494	-	-	4,928,494
The Company				
Financial assets at FVTPL				
Investment in unit trusts	1,817,785	-	-	1,817,785

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

December 31, 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
January 1, 2011				
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
The Group				
Financial assets at FVTPL				
Investment in unit trusts	4,114,526	-	-	4,114,526
Investment in perpetual bond fund	3,468,198	-	-	3,468,198
The Company				
Financial assets at FVTPL				
Investment in unit trusts	1,552,698	-	-	1,552,698

There were no transfers 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 related products
Others	Rental of investment property

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

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

The Group 2012	Investment holding RM	Recovery and recycling services RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Total RM
Revenue							
External sales	-	14,186,958	726,460	159,911	-	-	15,073,329
Inter-segment sales	1,200,000	-	5,880	-	-	(1,205,880)	-
Total revenue	1,200,000	14,186,958	732,340	159,911	-	(1,205,880)	15,073,329
Results							
Segment results	(177,597)	10,706,869	322,840	(2,104,554)	971,907	-	9,719,465
Finance costs							(68,817)
Interest income							53,817
Profit before tax							9,704,465
Tax expense							(1,833,835)
Profit for the year							7,870,630

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

The Group 2012	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	22,970,044	51,537,304	2,637,843	18,098,607	7,998,818	(38,673,651)	64,568,965
Unallocated corporate assets							841,236
Consolidated total assets							65,410,201
Liabilities							
Segment liabilities	31,600	14,935,335	720,868	19,620,601	3,102,614	(28,428,305)	9,982,713
Unallocated corporate liabilities							161,822
Consolidated total liabilities							10,144,535
Other Information							
Additions to capital expenditure (Notes 12 and 13)	-	4,468,457	-	6,713,983	-	-	11,182,440
Depreciation and amortisation (Notes 12 and 13)	-	1,054,861	81,514	234,325	-	-	1,370,700

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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 costs							(30,104)
Interest income							98,742
Profit before tax							7,139,930
Tax expense							(2,253,269)
Profit for the year							4,886,661

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

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

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

33. RENTAL COMMITMENT

As of December 31, 2012, the Group has outstanding rental commitments under non-cancellable operating leases as follows:

	The Group	
	2012 RM	2011 RM
Within one year	-	75,000

34. CAPITAL COMMITMENT

As of December 31, 2012, the Group has the following capital commitments:

	The Group	
	2012 RM	2011 RM
Approved and contracted for:		
Acquisition of factory plant and equipment	-	2,523,995
	-	2,523,995

35. OPERATING LEASE ARRANGEMENTS

The Company has entered into a commercial property lease on its investment property. This lease is non-cancellable and has a remaining lease term of between 2 to 3 years. The lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Future minimum rental income earned by the Company from its investment property under this non-cancellable operating lease, is as follows:

	2012 RM	2011 RM
Not later than 1 year	498,816	812,160
Later than 1 year and no longer than 5 years	190,080	688,896
	688,896	1,501,056

36. MATERIAL LITIGATION

On October 12, 2012, Metro Koats Technology Sdn. Bhd. ("MKTSB"), a wholly-owned subsidiary of the Company, had filed a claim against Encik Yusseri bin Said ("Encik Yusseri") to retrieve a vehicle owned by MKTSB, which was in possession of Encik Yusseri after he resigned as a director of MKTSB according to the minutes of the special board meeting of the Company dated December 23, 2011.

On December 3, 2012, Encik Yusseri had filed a counterclaim against MKTSB at the High Court of Malaysia for an arbitrary sum of RM500,000 as compensation for his alleged removal as a director of MKTSB, a sum of RM45,255 being amount owing to him which has already been provided for in the financial statements of the Group and legal costs amounting to RM2,018. A full trial was heard on April 3, 2013 with judgement reserved to May 17, 2013.

Notes To The Financial Statements

Tex Cycle Technology (M) Berhad

An identical claim was also filed by Encik Yusseri against the Company in another court of the High Court of Malaysia on December 13, 2012 which resulted in a judgement in default served to the Company on April 1, 2013. On April 4, 2013, the Company's lawyers had successfully obtained a stay of execution whereby the judgement in default cannot be exercised until the setting aside of the application is heard and decided by the Courts on May 29, 2013.

The directors believe that the action can be successfully defended and therefore no losses (including for costs) will be incurred other than for the amount owing to Encik Yusseri which has already been provided for in the financial statements of the Group.

37. 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, 2012 into realised and unrealised profits, pursuant to the directive, is as follows:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained earnings of the Company and its subsidiaries				
Realised	39,663,902	33,470,670	1,383,321	1,615,774
Unrealised	2,496,290	1,672,859	138,321	26,399
	42,160,192	35,143,529	1,521,642	1,642,173
Less: Consolidation adjustments	(8,495,343)	(8,495,345)	-	-
Total retained earnings as per statements of financial position	33,664,849	26,648,184	1,521,642	1,642,173

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.

Statement By Directors And Declaration By The Officer Primarily Responsible For The Financial Management Of The Company

Tex Cycle Technology (M) Berhad

STATEMENT BY DIRECTORS

The directors of **TEX CYCLE TECHNOLOGY (M) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International 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, 2012 and of the results of the 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 37 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 18, 2013

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 18th day of April, 2013.

Before me,

COMMISSIONER FOR OATHS

Statement of Director's Shareholdings

Tex Cycle Technology (M) Berhad

Name of Directors	< -----Direct----- >		< -----Indirect----- >	
	No. of Shares	%	No. of Shares	%
Ho Siew Choong	8,069,903	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	82,392,959	#48.24
Ho Siew Weng	2,183,597	1.28	82,790,459	##48.47
Ravindran Markandu	175,000	0.10	3,000	###0.001
Alagasan Varatharajoo	5,000	0.003	-	-
Razali Bin Jantan	-	-	-	-

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 2013

Tex Cycle Technology (M) Berhad

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	0.47	211	0.00
100 to 1,000	79	9.29	53,600	0.03
1,001 to 10,000	411	48.35	2,261,200	1.33
10,001 to 100,000	272	32.00	9,640,100	5.64
100,001 to less than 5% of issued shares	83	9.76	76,444,930	44.76
5% and above of issued shares	1	0.12	82,392,959	48.24
Total	850	100.00	170,793,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	< -----Direct----- >		< -----Indirect----- >	
	No. of Shares	%	No. of Shares	%
Can Cycle Sdn. Bhd.	82,392,959	48.24	-	-
Ho Siew Choong	8,069,903	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	82,392,959	#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 30 April 2013

Tex Cycle Technology (M) Berhad

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	5,899,600	3.45
5	Teo Kwee Hock	5,110,600	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 Mah Lee @ Ho Chwee Keng	3,301,000	1.93
10	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (Margin)	3,053,000	1.79
11	Aiza Binti Abdul Aziz	3,000,000	1.76
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	Lye Kok Loong	1,410,200	0.83
18	Fong Yuet Siong	1,280,100	0.75
19	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Azril Akmar Bin Attan Akmar (CTS-AAA0006C)	785,000	0.46
20	Soong Ik Lin	780,000	0.46
21	Cimsec Nominees (Asing) Sdn. Bhd. CIMB for Crescendo Assets Limited (PB)	670,000	0.39
22	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Marinah Binti Mahathir (PB)	635,000	0.37
23	Cheong Yoke Sim	622,800	0.36
24	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Heng Aik Fong (MY0245)	540,000	0.32
25	Chuah Kooi Peng	470,800	0.28
26	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chai Yee Wah (MO9)	443,200	0.26
27	Teh Siew Lan	397,500	0.23
28	Ho Mei Ling	396,400	0.23
29	Cimsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ho Siew Kee (MCFO PJ-CL)	392,800	0.23
30	Ho Mei Wah	388,400	0.23
Total		149,312,689	87.42

List Of Properties As At 31 December 2011

Tex Cycle Technology (M) Berhad

Location	Description/ Existing Use	Land Area (Square Metres)	Built-up Area (Square Metres)	Approximate Age of Building	Tenure	Net Book Value @ 31 December 2012 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	15 years	99 years leasehold up to 18 January 2093	2,030,935	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	15 years	99 years leasehold up to 18 January 2093	2,438,993	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	9 year	Freehold	1,448,030	2003	N/A

List Of Properties As At 31 December 2011

Tex Cycle Technology (M) Berhad

Location	Description/ Existing Use	Land Area (Square Metres)	Built-up Area (Square Metres)	Approximate Age of Building	Tenure	Net Book Value @ 31 December 2012 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	17 years	99 years leasehold up to 25 May 2065	7,620,000	2005	31.12.2009
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	6 years	99 years leasehold up to 28 January 2068	6,315,593	2011	N/A
PT 8960 HS(M) 1380, Mukim Klang, Daerah Klang, Negeri Selangor	Vacant leasehold land	19,906	N/A	N/A	99 years leasehold up to 17 December 1968	6,703,518	2012	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 Of Annual General Meeting

Tex Cycle Technology (M) Berhad

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of TEX CYCLE TECHNOLOGY (M) BERHAD will be held at the Bukit Jalil Golf & Country Resort, Perdana 3 Room, Jalan 3/155B, Bukit Jalil, 57100 Kuala Lumpur on Tuesday, 25 June 2013 at 9.00 a.m. for the following purposes:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. *Note B*
2. To declare a First and Final Single Tier Exempt Dividend of 5% per share in respect of the financial year ended 31 December 2012. *Resolution 1*
3. To approve the payment of Directors' fees for the financial year ended 31 December 2012. *Resolution 2*
4. To re-elect the following Directors who are retiring under Article 80 of the Company's Articles of Association:
 - a) Ho Siew Choong *Resolution 3*
 - b) Ravindran Markandu *Resolution 4*
5. To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. *Resolution 5*

SPECIAL BUSINESS:

6. To consider and, if thought fit, pass with or without modifications, the following Resolutions:
 - (a) **Ordinary Resolution 1** *Resolution 6*
 - **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 **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
 - (b) **Ordinary Resolution 2** *Resolution 7*
 - **Proposed Renewal of 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 RM1,521,642 and RM4,521,517 respectively for the financial year ended 31 December 2012."

Notice Of Annual General Meeting

Tex Cycle Technology (M) Berhad

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."

- (c) **Special Resolution 1**
Proposed Amendments to the Company's Articles of Association

Resolution 8

"**THAT** the proposed amendments to the Articles of Association of the Company as contained in Appendix I of the Annual Report 2012 ("Proposed Amendments") be and are hereby approved and adopted **AND THAT** the Directors and Secretary be and are hereby authorised to carry all the necessary steps to effect to the amendments."

ANY OTHER BUSINESS:

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

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 2012 will be payable on 23 July 2013 to depositors registered in the Record of Depositors at the close of business on 9 July 2013.

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 2013 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
3 June 2013

Notice Of Annual General Meeting

Tex Cycle Technology (M) Berhad

Notes:

A. Proxy

1. In respect of the deposited securities, only Members whose name appear in the Record of Depositors on 18 June 2013 shall be eligible to attend the Meeting.
2. 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.
3. 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.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company or 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.
5. 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.
6. 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.

B. Audited Financial Statements for the financial year ended 31 December 2012

The agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the said Audited Financial Statements by the shareholders. Hence, this agenda item is not subject to voting by the shareholders.

C. Explanatory Notes on Special Business

Ordinary Resolution 1 - Section 132D of the Companies Act, 1965

The Resolution 6(a) proposed under item 6, if passed, will give 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 Eighth Annual General Meeting held on 21 June 2012. 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 Eighth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

Ordinary Resolution 2 - Proposed Renewal of Shareholders' Mandate for Share Buy-Back

The Resolution 7 proposed under item 6(b), 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 Renewal of Shareholders' Mandate for Share Buy-Back, please refer to the Circular to Shareholders dated 3 June 2013 enclosed together with the Company's 2012 Annual Report.

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

The Resolution 8 under item 6(c), is to amend the Company's Articles of Association to be in line with the recent amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The details of the Proposed Amendments are as set out in Appendix I on page 116 and 117 of this Annual Report.

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

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

Article No.	Existing Articles	Amended Articles
2	INTERPRETATIONS WORDS MEANINGS	WORDS MEANINGS
	<p>-</p> <p>No definition for "Cash Distributions"</p> <p>Share Scheme for Employees</p> <p>A share scheme involving a new issue of shares to employees and/or Directors</p>	<p>Cash Distributions - Cash payment made by the Company in respect of its securities which are listed and quoted for trading on Bursa Securities, as prescribed by Bursa Securities from time to time which include:-</p> <p>a) Cash dividends;</p> <p>b) Payment of interest or profit rates on debt securities or sukuk respectively;</p> <p>c) Capital repayments; and</p> <p>d) Cash payments in lieu of odd lots arising from distributions in specie.</p> <p>Share Issuance Scheme A new scheme involving a new issue of shares to employees and/or Directors.</p>
6.	<p>Shares may be issued subject to different conditions</p> <p>b) No Director shall participate in a <u>Share Scheme for Employees</u> unless shareholders in general meeting have approved the allotment to be made to such Director.</p>	<p>Shares may be issued subject to different conditions</p> <p>b) No Director shall participate in a <u>Share Issuance Scheme</u> unless shareholders in general meeting have approved the allotment to be made to such Director</p>

Article No.	Existing Articles	Amended Articles
128.	<p>Dividend Payable</p> <p>Any dividend, interest or other money payable in cash or in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the holder or person entitled thereto, or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be sent made payable to the order of the person to whom it is sent, or such person as the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited to the member's bank account at the risk of the person entitled to the money represented thereto. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends into the member's bank accounts.</p>	<p>Cash Distributions</p> <p><u>All cash distributions</u> in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the holder or person entitled thereto, or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be sent made payable to the order of the person to whom it is sent, or such person as the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited to the member's bank account at the risk of the person entitled to the money represented thereto. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the <u>cash distribution</u> into the member's bank accounts.</p>

The page is purposely left blank.

Form Of Proxy

Tex Cycle Technology (M) Berhad

Ninth 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 Ninth Annual General Meeting of the
Company to be held at the Bukit Jalil Golf & Country Resort, Perdana 3 Room, Jalan 3/155B, Bukit Jalil, 57100 Kuala
Lumpur on Tuesday, 25 June 2013 at 9.00 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 declare a First and Final Single Tier Exempt Dividend of 5% per share in respect of the financial year ended 31 December 2012.	Resolution 1		
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2012.	Resolution 2		
3.	To re-elect the following Directors who are retiring under Article 80 of the Company's Articles of Association:- a) Ho Siew Choong b) Ravindran Markandu	Resolution 3 Resolution 4		
4.	To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.	Resolution 5		
SPECIAL BUSINESS				
5.	Ordinary Resolution 1 - Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.	Resolution 6		
6.	Ordinary Resolution 2 - Shareholders' Mandate for Share Buy-Back.	Resolution 7		
7.	Special Resolution 1 - Proposed Amendments to the Company's Articles of Association.	Resolution 8		

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

Number of ordinary shares held :

Notes:-

- In respect of the deposited securities, only Members whose names appear in the Record of Depositors on 18 June 2013 shall be eligible to attend the Meeting.
- 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.
- 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.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company or 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.
- The instrument appointing a proxy in the case of an individual shall be signed by the apointer 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.
- 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.

Dated thisday of.....2013

Signature/Common Seal of Shareholder(s)
[* Delete if not applicable]

Please fold here

STAMP

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
Malaysia

Please fold here

TEX CYCLE TECHNOLOGY (M) BERHAD (642619-P)

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

Tel :: 603 8076 3816 / 19 / 21 / 23

Fax :: 603 8076 3817

www.texcycle.com.my