

5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL

5.1 Promoters and Substantial Shareholders

5.1.1 Shareholdings of Promoters and Substantial Shareholders

The shareholdings of our promoters and substantial shareholders (holding 5% or more in the share capital) after the Public Issue are as follows:

Promoters

Name	Designation	< -----Direct----- >		< -----Indirect----- >	
		No. of Shares	%	No. of Shares	%
Can Cycle	N/A	87,104,559	51.0	-	-
Ho Siew Choong	Executive Chairman	7,818,803	4.58	87,104,559	*51.0
S. Perry	Managing Director	7,599,965	4.45	87,104,559	*51.0
Ho Siew Cheong	Executive Director	3,842,065	2.25	87,104,559	*51.0
Ho Siew Weng	Executive Director	2,087,597	1.22	87,104,559	*51.0
Ho Siew Kee	Shareholder	1,837,670	1.08	87,104,559	*51.0

Note

* Deemed interest by virtue of their interest in Can Cycle pursuant to Section 6A(4) of the Companies Act, 1965

Substantial Shareholders

Name	Designation	< -----Direct----- >		< -----Indirect----- >	
		No. of Shares	%	No. of Shares	%
Can Cycle	N/A	87,104,559	51.0	-	-
Ho Siew Choong	Executive Chairman	7,818,803	4.58	87,104,559	*51.0
S. Perry	Managing Director	7,599,965	4.45	87,104,559	*51.0
Ho Siew Cheong	Executive Director	3,842,065	2.25	87,104,559	*51.0
Ho Siew Weng	Executive Director	2,087,597	1.22	87,104,559	*51.0
Ho Siew Kee	Shareholder	1,837,670	1.08	87,104,559	*51.0

Note

* Deemed interest by virtue of their interest in Can Cycle pursuant to Section 6A(4) of the Companies Act, 1965

The shareholdings of our Promoters and Substantial Shareholders include the number of Shares to be allocated to them under the Pink Form Allocation assuming that they have fully subscribed for their respective entitlements.

5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

5.1.2 Information on Promoters

Our promoters are **Ho Siew Choong, S. Perry, Ho Siew Cheong, Ho Siew Weng, Ho Siew Kee and Can Cycle**.

Ho Siew Kee, aged 52, is one of our promoters. He graduated with a Certificate of Printing and Prepress Reproduction from Koyosha Inc, Japan in 1972. Upon his graduation, he joined Metro Engravers as Product Manager, and was involved in the production line of Metro Engravers. Subsequently in 1975, he was appointed to the Board of Metro Engravers. Currently, he is in charged of overall management and operations of Metro Engravers.

See Section 5.2.1 for the profiles of Ho Siew Cheong, S. Perry, Ho Siew Cheong and Ho Siew Weng.

Background Information on Can Cycle

Can Cycle was incorporated on 2 September 2002 in Malaysia under the Companies Act, 1965 as a private limited company. The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM10,000 comprising 10,000 ordinary shares of RM1.00 each have been issued and fully paid-up as at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus.

Can Cycle is principally an investment holding company.

The details of the Directors and shareholders of Can Cycle, all of whom are Malaysians, and their respective shareholdings in Can Cycle as at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus are as follows:

	Shareholdings upon completion of the Acquisitions			
	Direct		Indirect	
	No of shares held	%	No of shares held	%
Directors and shareholders				
Ho Siew Choong	2,949	29.49	-	-
S. Perry	3,036	30.36	-	-
Ho Siew Kee	1,307	13.07	-	-
Ho Siew Cheong	1,418	14.18	-	-
Ho Siew Weng	1,290	12.90	-	-
Total	10,000	100.00	-	-

5.1.3 Promoters' and substantial shareholders' directorships and substantial shareholdings in other public corporations for the past two (2) years

Our promoters or substantial shareholders do not have any directorships or substantial shareholdings (5% or more of the issued and paid-up share capital) in other corporations, which are public or publicly listed, in the past two (2) years preceding 16 June 2005, being the latest practicable date prior to the registration of this Prospectus.

5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

5.1.4 Significant changes in the substantial shareholdings of our promoters and substantial shareholders in Tex Cycle for the past three (3) years

Save as disclosed below, there have been no significant changes in the substantial shareholdings of our promoters and substantial shareholders in Tex Cycle for the past three (3) years up to 16 June 2005, being the latest practicable date prior to the registration of this Prospectus.

	< ----17 February 2004*----- >				< ----12 March 2004^----- >				< -----14 January 2005#----- >			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of shares '000	%	No of shares '000	%	No of shares '000	%	No of shares '000	%	No of shares '000	%	No of shares '000	%
Heah Kooi Teang	0.001	50.0	-	-	0.1	50.0	-	-	0.1	@	-	-
George Mathews	0.001	50.0	-	-	0.1	50.0	-	-	0.1	@	-	-
Can Cycle	-	-	-	-	-	-	-	-	87,105	69.3	-	-
Ho Siew Choong	-	-	-	-	-	-	-	-	7,259	5.8	87,105	&69.3
S. Perry	-	-	-	-	-	-	-	-	7,390	5.9	87,105	&69.3
Ho Siew Cheong	-	-	-	-	-	-	-	-	3,546	2.8	87,105	&69.3
Ho Siew Weng	-	-	-	-	-	-	-	-	1,792	1.4	87,105	&69.3
Ho Siew Kee	-	-	-	-	-	-	-	-	1,838	1.5	87,105	&69.3

Notes:

* *The date of incorporation of Tex Cycle*

^ *The date whereby additional shares in Tex Cycle were subscribed by the subscriber shareholders*

The date of allotment of Tex Cycle Shares to the vendors of TCSB, MKT and the Land but before the Public Issue

@ *Percentage is negligible*

& *Deemed interest by virtue of their interest in Can Cycle pursuant to Section 6A(4) of the Companies Act, 1965*

5.2 Directors

5.2.1 Profile

Ho Siew Choong, aged 53, is our Executive Chairman and was appointed to our Board on 13 May 2005. He obtained a Diploma of Graphic Reproduction from London College of Printing, United Kingdom in 1974 and a Diploma in Post Award Studies (graphic reproduction) in 1975. Upon his return from the United Kingdom, he joined Metro-Engravers and was involved in all areas of business management such as Human Resource, Finance, Marketing, R&D, Sales and Distribution. He was appointed as a Chairman in Metro-Engravers in 2000. He is the person responsible for advancing Metro-Engravers to a highly advanced field of pre-print electronic system. He was appointed as a director in TCSB in 1995 and has since been involved in various aspects of TCSB's business which includes Administration and Finance. He is also one of the three members of TCSB's R&D team to enhance and improve TCSB's methods of recovery and recycling as well as to design and develop new methods of recovery and recycling, as well as new products.

5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

S. Perry, aged 54, is our Managing Director and was appointed to our Board 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 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 5 years before he left in 1985 to join TCSB as a Marketing Manager. S. Perry subsequently became a shareholder of TCSB and was appointed the Executive Director of TCSB on 21 April 1986. In addition to his role as a Marketing Manager, he has also been directly involved in TCSB's Administration and is an integral part of TCSB's R&D team. He was awarded the Pingat Masyarakat Cemerlang (PMC) by the Yang Dipertua Negeri Sembilan on 25 October 2001.

Lt Gen (R) Dato' Jaffar Bin Mohamed, aged 70, is our Executive Director and was appointed to our Board on 13 May 2005. He graduated from the Royal Military Academy, Sandhurst, United Kingdom in December 1957. Upon graduation, he served the armed forces of Malaysia until 1990, where he retired as Lieutenant General. He was appointed as a Chairman of the Board of MKT in 1996. He is also currently the Chairman of Arimal Sdn. Bhd. and MJM Resources Sdn. Bhd.. He was a Director in Affin Finance Berhad from 1991 to 1998, a Chairman in Harper Wira Sdn. Bhd. from 1992 to 1998 and an Executive Director in Mafira Techniques Sdn. Bhd. from 1991 to 1999.

Yusseri Bin Said, aged 47, is our Executive Director and was appointed to our Board on 13 May 2005. He graduated from Universiti Sains Malaysia with a Bachelor of Science (Honours) in 1984. He started his career in the banking industry as a Trainee Officer in Malayan Banking Berhad. In 1995, he obtained a Masters in Business Administration from Ohio University, USA upon completion of the twinning programme at the Universiti Teknologi MARA (UiTM). He subsequently left Malayan Banking Berhad and was appointed as a Director in YNA Corporation Sdn. Bhd. In 1997, he was appointed to the Board of Directors of MKT.

Ho Siew Cheong, aged 43, is our Executive Director and was appointed to our Board 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 MKT and has been a director in MKT ever since. He is also the Head of R&D in MKT where he is responsible for the development and invention of all the products of MKT, including camouflage paint and chemical formulae/solutions for the process of treatment of contaminated waste and effluent. Due to his expertise in developing chemical formulae/solution, he is also a member of TCSB's R&D team, focusing on the development of TCSB's waste treatment system.

Ho Siew Weng, aged 48, is our Executive Director and was appointed to our Board on 13 May 2005. He was appointed to the Board of TCSB in 13 August 2001. He has been directly involved in various areas of TCSB's business management, particularly Marketing, Sales and Distribution. Prior to his appointment to the Board of TCSB, he was attached to Metro-Engravers and was involved mainly in the sales and marketing department. TCSB 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.

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5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

General (R) Dato' Seri Che Md Noor Bin Mat Arshad, aged 62, is our Independent Non-Executive Director and was appointed to our Board on 13 May 2005. He graduated from the Royal Military College in 1961 and subsequently joined the Royal Malaysian Armed Forces as an officer. During his attachment with the Royal Malaysian Armed Forces, he also managed to obtain a Master's Degree in International Relation and Strategic Studies from Lancaster University, United Kingdom in 1983. He served the Royal Malaysian Armed Forces until 1997, where he retired as the Chief of the Armed Forces, the highest recognition in the Royal Malaysian Armed Forces. He is currently also the chairman for Zenith Network Sdn. Bhd., YWC Engineers & Construction Sdn. Bhd., and Jendela Hikmat Sdn. Bhd.

Razali Bin Jantan, aged 47, is our Independent Non-Executive Director and was appointed to our Board on 13 May 2005. He graduated with a Diploma in Business from Stamford College in 1982 and subsequently joined Modern Commodities Trading as a dealer. From 1983 to 1992, he was attached to Malaysian Tobacco Company Berhad as a Marketing Executive. 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.

5.2.2 Directors' Shareholdings

Our Directors' interests in our Shares after the Public Issue are as follows:

	< -----Direct----- >		< -----Indirect----- >	
	No. of shares	%	No. of shares	%
Ho Siew Choong	7,818,803	4.58	87,104,559	*51.0
S. Perry	7,599,965	4.45	87,104,559	*51.0
Li Gen (R) Dato' Jaffar Bin Mohamed	5,805,840	3.40	-	-
Yusseri Bin Said	4,350,130	2.55	-	-
Ho Siew Cheong	3,842,065	2.25	87,104,559	*51.0
Ho Siew Weng	2,087,597	1.22	87,104,559	*51.0
General (R) Dato' Seri Che Md Noor Bin Mat Arshad	-	-	-	-
Razali Bin Jantan	-	-	-	-

Note

* Deemed interest by virtue of their interest in Can Cycle pursuant to Section 6A(4) of the Companies Act, 1965

The shareholdings of our Directors include the number of Shares to be allocated to them under the Pink Form Allocation assuming that they have fully subscribed for their respective entitlements.

5.2.3 Directors' Directorships and Substantial Shareholdings in Other Public Corporations for the Past Two (2) Years

None of our Directors has any other directorships and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in other corporations which are public or publicly listed, for the past two (2) years preceding 16 June 2005, being the latest practicable date prior to the registration of this Prospectus.

6.0 APPROVALS AND CONDITIONS

5.2.4 Directors' Remuneration and Benefits

The remuneration and benefits paid to our Directors for services rendered in all capacities to our Group for the FYE 31 December 2004 amounted to approximately RM382,500. For the FYE 31 December 2005, the amount payable to the our Directors is estimated at RM680,000.

	< -----No of Directors* ----- >	
	FYE 31.12.2004	FYE 31.12.2005
Below RM100,000	5	3
RM100,000 – RM200,000	1	3

Note:

* Excluding independent directors

5.3 Audit Committee

We have set up an Audit Committee on 13 May 2005 which comprises the following Board Members:

Name	Designation	Directorship
Ho Siew Choong	Executive Chairman	Company Director
General (R) Dato' Seri Che Md Noor Bin Mat Arshad	Independent Non-Executive Director	Company Director
Razali Bin Jantan	Independent Non-Excutive Director	Company Director

Our Audit Committee is responsible for the recommendations to our Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by our external auditors. It is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests, and reviews and evaluates our Group's internal audit and control functions. Our Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

5.4 Key Management Personnel

5.4.1 Profile

Balasubramaniam s/o Shanmugam, aged 53, joined TCSB in 2000 as a Production Manager. He has more than 33 years of experience in the production lines of various companies. He obtained a Diploma in Engineering from the Federal Institute of Engineering in 1972. He started work in Boral Concrete Sdn Bhd in 1972 as a Plant Superintendent. In 1997 he joined Selangor Industries Corporation Sdn. Bhd. as the Factory Manager. Subsequently, in 2000, he joined Concrete Pavers Industries Sdn. Bhd., a sister-company of Selangor Industries Corporation Sdn. Bhd., as the Factory Manager. He is responsible for the facilities production (material and containers) as well as machine maintenance of TCSB.

6.0 APPROVALS AND CONDITIONS

George Mathews, aged 57, joined TCSB in 1999 as the Plant Maintenance Manager. He has more than 21 years experience in the maintenance of production machines. He started work in Times Packaging Sdn Bhd in 1967 as a machine assistant until 1988 where his work duties involved the maintenance of complex printing machines. In 1992 he ventured into marketing and joined Web Printers Sdn Bhd as a marketing executive, and was promoted as Head of Sales and Marketing in 1999. His job responsibility includes attending to all malfunction and taking preventive measures to reduce the down time of TCSB's machines.

Heah Kooi Teang, aged 57, joined TCSB in 1999 as an Office Manager. He joined Sime Bank Berhad in 1968 as a bank officer. He worked in Sime Bank Berhad for more than thirty (30) years and was promoted up the ranks where his last position was as Assistant Branch Manager. His job responsibility in TCSB includes administration, preparing records and reports for TCSB's accounts and handling other financial matters related to TCSB.

John Thomas, aged 58, is the Head of Logistics of TCSB. He has 20 years of experience in logistics control. In 1964, he joined Times Packaging Sdn. Bhd. as a printing assistant and was promoted to Assistant Printer in 1971. He joined TCSB as Head of Logistics in 2000. His job responsibility includes supervising the receiving of and transportation of used materials, used containers and raw materials as well as the supervision of TCSB's lorries and drivers.

5.4.2 Key Management Personnel's Shareholdings

Our key management personnel's interest in our Shares after the Public Issue, are as follows:

	< -----Direct----- >		< -----Indirect----- >	
	No. of shares	%	No. of shares	%
Balasubramaniam s/o Shanmugam	30,000	0.02	-	-
George Mathews	100,100	0.06	-	-
Heah Kooi Teang	400,100	0.23	-	-
John Thomas	10,000	*	-	-

The shareholdings of our Key Management Personnel include the number of Shares to be allocated to them under the Pink Form Allocation assuming that they have fully subscribed for their respective entitlements.

Note:

* *less than 0.01%*

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6.0 APPROVALS AND CONDITIONS

5.5 Involvement of Executive Directors or Key Management Personnel in Other Businesses or Corporations

None of our Executive Directors are involved in other businesses or corporations save for the following:

Executive Director/key management	Name of Company in which Executive Director is involved in	Principal Activities of Company/Nature of Business	Designation	Involvement/ Participation
Ho Siew Choong	Metro Engravers	Pre-press	Director/ Shareholder	Minimal participation
Ho Siew Cheong	Metro Engravers	Pre-press	Shareholder	Minimal participation
Ho Siew Weng	Metro Engravers	Pre-press	Director/ Shareholder	Minimal participation
Lt. Gen. (R) Dato' Jaffar Bin Mohamed	Artimal Sdn Bhd	General trading and assets management	Director/ Shareholder	Minimal participation
	MJM Resources Sdn Bhd	Trading in defence equipment	Shareholder	Minimal participation
Yusseri Bin Said	YNA Corporation Sdn Bhd	General trading	Director/ Shareholder	Minimal participation

None of our key management personnel are involved in other businesses or corporations.

5.6 Declarations of Directors and Key Management Personnel

None of our Directors or key management personnel are or was involved in the following events (whether inside or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- (ii) Conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) The subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

5.7 Family Relationship & Associations

Save for Ho Siew Choong, Ho Siew Weng, Ho Siew Cheong and Ho Siew Kee who are siblings, there are no other relationships or associations amongst our substantial shareholders, promoters, Directors and key management personnel.

6.0 APPROVALS AND CONDITIONS

5.8 Service Agreements

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, there are no existing or proposed service agreements between our Group and our Directors or key management personnel.

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6.0 APPROVALS AND CONDITIONS

6.1 Conditions of Approvals

The Public Issue was approved by the SC and the FIC's Guideline on the Acquisition of Interest, Mergers and Take-overs by Local and Foreign Interests on 4 January 2005, Bursa Securities on 10 January 2005 and MITI on 5 May 2004, subject to the following conditions:

Authority	Details of conditions imposed	Status of compliance
Bursa Securities	<p>(i) Tex Cycle to include the details of the transaction on proposed acquisition of land from Metro Engravers Sdn Bhd and the legal opinion from Zul Rafique & partners in respect of the transaction;</p> <p>(ii) Tex Cycle to submit to the Bursa Securities letters in conformity with Appendix 2H, 2I and 2J of the Bursa Malaysia Securities Berhad for the MESDAQ Market ("MMLR") prior to the issuance of prospectus;</p> <p>(iii) Tex Cycle to inform Bursa Securities on the appointment of independent directors and to provide confirmation that they qualify as independent directors as defined in the MMLR;</p> <p>(iv) Tex Cycle and the Adviser to provide confirmation that the members of Audit committee comply with the requirement in the MMLR; and</p> <p>(v) Tex Cycle to include a negative statement in its prospectus on the exclusion of profit forecast and projections from the prospectus and the reasons thereof;</p>	<p>Complied with. Please refer to Section 4.1.2 of this Prospectus.</p> <p>Complied with. Hwang-DBS, on behalf of our Company, had on 15 June 2005 submitted the relevant letters to Bursa Securities.</p> <p>Complied with. Hwang-DBS, on behalf of our Company, had on 15 June 2005 submitted the relevant confirmations to Bursa Securities.</p> <p>Complied with. Hwang-DBS, on behalf of our Company, had on 15 June 2005 submitted the relevant confirmations to Bursa Securities.</p> <p>Not applicable. Our profit forecast is set out in Section 9 of this Prospectus.</p>
SC and the FIC's Guideline on the Acquisition of Interest, Mergers and Take-overs by Local and Foreign Interests	<p>(i) Tex Cycle to disclose the status of utilisation of public-issue proceeds in its periodic and annual reports until the proceeds are fully utilised;</p> <p>(ii) Tex Cycle to increase its Bumiputera equity by 24.12% of its enlarged issued share capital within one year after it has achieved the profit record required for a listing on the Second Board of Bursa Securities or five (5) years after being listed on the MESDAQ Market, which ever is the earlier, in which the shares are to be allocated to Bumiputera investors approved by the MITI;</p> <p>(iii) Hwang-DBS/Tex Cycle to submit a preliminary proposal to SC on how Tex Cycle intends to meet the Bumiputera equity condition six months before the expiry date of compliance;</p>	<p>To be complied with.</p> <p>To be complied with.</p> <p>To be complied with.</p>

6.0 APPROVALS AND CONDITIONS (Cont'd)

Authority	Details of conditions imposed	Status of compliance														
SC and the FIC's Guideline on the Acquisition of Interest, Mergers and Take-overs by Local and Foreign Interests (cont'd)	<p>(iv) In respect of the landed property located at Lot 35604, Mukim and District of Kuala Lumpur, Wilayah Persekutuan (a 3-storey factory cum office building bearing postal address No. 35604, Jalan Kuchai Lama, Kuala Lumpur), Tex Cycle is to:</p> <p>(a) undertake to use its best endeavour to obtain approval for the unapproved structures within one (1) year of the date of SC's approval letter;</p> <p>(b) make quarterly announcements on the status of application for the above approval to Bursa Securities; and</p> <p>(c) update the SC on the status of the application when such announcements are made to Bursa Securities; and</p> <p>(v) Hwang-DBS/Tex Cycle to inform SC upon completion of the proposed flotation.</p>	<p>Not applicable. Hwang-DBS, on behalf of our Company had, vide its letters dated 17 June 2005 and 21 June 2005 informed the SC that the unapproved structures have been demolished.</p> <p>Not applicable.</p> <p>Not applicable.</p> <p>To be complied with</p>														
	<p>(vi) The equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in Tex Cycle would change arising from the implementation of the flotation proposal as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Before Proposal (%)</th> <th style="text-align: center;">After Proposal (%)</th> </tr> </thead> <tbody> <tr> <td>Bumiputera</td> <td style="text-align: center;">-</td> <td style="text-align: center;">5.88</td> </tr> <tr> <td>Non-Bumiputera</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">94.12</td> </tr> <tr> <td>Foreign</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">100.00</td> </tr> </tbody> </table>		Before Proposal (%)	After Proposal (%)	Bumiputera	-	5.88	Non-Bumiputera	100.00	94.12	Foreign	-	-	Total	100.00	100.00
	Before Proposal (%)	After Proposal (%)														
Bumiputera	-	5.88														
Non-Bumiputera	100.00	94.12														
Foreign	-	-														
Total	100.00	100.00														
MITI	<p>(i) Tex Cycle to increase its bumiputera equity to 30% of its issued and paid-up capital within five (5) years after being listed or within one (1) year after it has achieved the criteria for listing on the Second Board of Bursa Securities, whichever is the earlier;</p> <p>(ii) The allocation of shares to bumiputera in accordance to paragraph (i) above is subject to MITI's approval;</p> <p>(iii) To obtain the approval of the SC for the listing scheme and compliance with the guidelines for the Acquisition of Interest, Mergers and Take-overs; and</p>	<p>To be complied with.</p> <p>To be complied with.</p> <p>Complied with. We obtained the approval of the SC on 4 January 2005</p>														

6.0 APPROVALS AND CONDITIONS (Cont'd)

Authority	Details of conditions imposed	Status of compliance												
MITI (cont'd)	<p>(iv) To obtain the approval of MESDAQ.</p> <p>MITI has recognised the following as Bumiputera shareholders of Tex Cycle:</p> <table border="1"> <thead> <tr> <th>Shareholders</th> <th>No. of Tex Cycle Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Lt. Gen. (R) Dato' Jaffar Bin Mohamed</td> <td>5,738,840</td> <td>3.36</td> </tr> <tr> <td>Yusseri Bin Said</td> <td>4,304,130</td> <td>2.52</td> </tr> <tr> <td>Total</td> <td>10,042,970</td> <td>5.88</td> </tr> </tbody> </table> <p>subject to the condition that 30% of the said Bumiputera shareholding is allowed to be disposed of within 3 months after the listing of the Company and the remaining 70% is allowed to be disposed of in stages subject to MITI's prior approval.</p>	Shareholders	No. of Tex Cycle Shares	%	Lt. Gen. (R) Dato' Jaffar Bin Mohamed	5,738,840	3.36	Yusseri Bin Said	4,304,130	2.52	Total	10,042,970	5.88	<p>Complied with. We obtained the approval of Bursa Securities on 10 January 2005.</p> <p>To be complied with.</p>
Shareholders	No. of Tex Cycle Shares	%												
Lt. Gen. (R) Dato' Jaffar Bin Mohamed	5,738,840	3.36												
Yusseri Bin Said	4,304,130	2.52												
Total	10,042,970	5.88												

6.2 Moratorium on the Sale of Shares

Pursuant to the Listing Requirements of the MESDAQ Market, shares held by our promoters amounting to 45% of the issued and paid-up capital of our Company at the date of admission of our Company to the Official List of the MESDAQ Market are to be placed under moratorium. In this respect, our promoters have agreed that the moratorium shall be applicable to Can Cycle as follows:

Promoter	No. of Shares	%
Can Cycle	76,856,850	45.0*

Note:

* Based on our enlarged share capital of 170,793,000 Tex Cycle Shares

Can Cycle has fully accepted the moratorium. It will not be allowed to sell, transfer or otherwise dispose of any part of its interest in our Shares under moratorium within one (1) year from the date of our admission of to the Official List of the MESDAQ Market. Thereafter, it is permitted to sell, transfer or otherwise dispose of up to a maximum of one-third per annum on a straight line basis of its shareholding in our Company which is under moratorium.

The restriction is specifically endorsed on the notice of allotment representing the respective shareholdings of Can Cycle which are under moratorium to ensure that our Registrar shall not register any transfer which does not comply with the above restriction.

7.0 RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

7.1 Interest in Similar Business

None of our Directors or substantial shareholders has any interest, direct or indirect, in any business carrying on a similar trade as our Group.

7.2 Related Party Transactions

Save as disclosed below, there are no on-going or potential related party transactions and/or conflict of interests between our Group and our Directors, substantial shareholders and/or persons connected with such a director or substantial shareholder, as defined under Section 122A of the Companies Act, 1965:

Metro-Engravers, a party connected to some of our Directors and substantial shareholders under Section 122A of the Companies Act, 1965, namely, Ho Siew Choong, Ho Siew Cheong, Ho Siew Weng and Ho Siew Kee, is a customer of TCSB. Metro-Engravers contributed less than 0.01% of TCSB's revenue for FYE 2004.

Our Directors are of the opinion that the transaction above has been entered into in the normal course of business and has been established on terms that are not more favourable than those generally available to the public and are conducted on arm's length basis.

There are no outstanding loans (including guarantees of any kind) made by our Group to or for the benefit of any related parties.

There are no existing or potential related party transactions between our Group and our key management personnel.

Save as disclosed in Section 4.1.2 of this Prospectus, none of our Directors or substantial shareholders have any interest, direct or indirect, in the promotion of any material assets acquired or proposed to be acquired or material assets disposed of or proposed to be disposed of by our Company or our subsidiaries within the two (2) years preceding the date of this Prospectus.

7.3 Declaration by Experts

Hwang-DBS confirms that there is no existing or potential conflict of interest in its capacity as the Adviser, Underwriter, Placement Agent & Sponsor for the Public Issue.

Messrs Ernst & Young confirms that there is no conflict of interest in their capacity as the Auditors and Reporting Accountants for the Public Issue.

Messrs Zul Rafique & partners confirms that there is no conflict of interest in their capacity as the solicitors for the Public Issue.

Infocredit D&B confirms that there is no conflict of interest in their capacity as the Independent Market Research Consultant for the Public Issue.

City Valuers and Consultants Sdn Bhd confirms that there is no conflict of interest in their capacity as the Valuer for the Public Issue.

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8.0 OTHER INFORMATION CONCERNING OUR GROUP

8.1 Licences and Permits

We hold the following licences and permits which are required for the purposes of conducting our business:

Licences	Authority	Approval period/date	Salient Conditions	Company	Status of Compliance
Off-Site Storage and Recovery Facility Licence No. 000500	DOE	1 May 2005 up to 30 April 2006	<ol style="list-style-type: none"> Type, code and quantity of Scheduled Waste: (a) rags or filters which are contaminated with paint, ink or organic solvent or chemical residues except cyanide and mercury, Code S251, up to a maximum of 62,400 kg (b) used containers which are contaminated with paint, ink or organic solvent or chemical residues except cyanide, mercury, arsenic, polychlorinated biphenyl (BFT) and polychlorinated triphenyl (TFT), Code N023, N271 and S261, up to a maximum quantity of 10,000 kg Location of premise for washing materials and contaminated container: TCSB, No 7, Jalan TPK 2/4 and No 8, Jalan TPK 2/3, both in Taman Perindustrian Kinrara, 58200 Puchong Selangor Darul Ehsan . Effluent control: the drainage for rain and effluent system have to be separate and the drawing must be verified by a professional engineer and premise owner and sent to the DOE 2 months from date of issuance of licence. End product of the recycled effluent must be in accordance with Schedule B of the EQSI. Inventory record: Must be accurate and updated on the type, quantity and source of Scheduled Waste, which are accepted, stored and obtained, in accordance with Regulation 6 of the EQPP Regulations. Disposal of waste: Residue from recycling process must be sent to integrated waste management center in Bukit Nenas, Port Dickson, Negeri Sembilan, which is managed by Kualiti Alam. 	TCSB	Complied

8.0 OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Licences	Authority	Approval period/date	Salient Conditions	Company	Status of Compliance
Off-Site Storage, Collection and Transportation Facility Licence No. 000501	DOE	1 May 2005 up to 30 April 2006	<p>1. Type, code and quantity of Scheduled Waste: (a) rags or filter which are contaminated with paint, ink or organic solvent or chemical residues except cyanide and mercury, Code S251, up to a maximum of 62,400 kg (b) used containers which are contaminated with paint, ink or organic solvent or chemical residues except cyanide, mercury, arsenic, polychlorinated biphenyl (BFT) and polychlorinated triphenyl (TFT), Code N023, N271 and S261, up to a maximum quantity of 10,000 kg 2. Waste destination: Must be from the source premises to TCSB. 3. Method of transfer: Must be from the source premises to TCSB, without any temporary storage outside the premises of the waste generator 4. Place of storage: in container or drums until washed or processed.</p>	TCSB	Complied.
Business Licence Licence No. 186561087A	Subang Jaya Municipal Council	Up to 31 December 2005	For horizontal advertising/ non fluorescent and other related business	TCSB	Complied.

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8.0 OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Licences	Authority	Approval period/date	Salient Conditions	Company	Status of Compliance
Declaration of Contractor Registration	Ministry of Finance	14 August 2003 up to 13 August 2006	<p>Registered good/services: (a) tarpauline and canvas (b) manufacturer of infra-red reflective paint and normal paint</p> <p>Registration will be suspended/cancelled if: (a) the company/ owner/ partners/ directors is involved in any illegal activities/ criminal and is charged and found guilty by the courts in Malaysia or overseas (b) the company retracts the offer before the tender is conceded or rejects the offer which has been made (c) the company fails to perform the contracts which has been executed with the Government (d) Amendment to the approval letter with the intention to fraud or others (e) the company allows the registration letter to be misused by any other individual or company (f) the company is found to have made price pact with other companies when applying for tender</p>	MKT	Complied

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8.0 OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Licences	Authority	Approval period/date	Salient Conditions	Company	Status of Compliance
Declaration of Bumiputra Contractor Registration	Ministry of Finance	24 September 2004 up to 13 August 2006	<p>Registration will be suspended/cancelled if:</p> <p>(a) the company/ owner/ partners/ directors is involved in any illegal activities/ criminal and is charged and found guilty by the courts in Malaysia or overseas</p> <p>(b) the company retracts the offer before the tender is conceded or rejects the offer which has been made</p> <p>(c) the company fails to perform the contracts which has been executed with the Government</p> <p>(d) amendment to the approval letter with the intention to fraud or others</p> <p>(e) the company allows the registration letter to be misused by any other individual or company</p> <p>(f) the company is found to have made price packed with other companies when applying for tender</p>	MKT	Complied

Please refer to Section 3.1.3 of this Prospectus for more information on our dependency on the above licences.

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8.0 OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

8.2 Properties

8.2.1 As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, we own the following properties:

Name of registered owner/ Location	Description/ Existing use	Land area (square metres)	Built-up area (square metres)	Approximate age of building	Tenure	Audited net book value as at 31 December 2004/valuation RM	Certificate of Fitness
TCSB No. 8, Jalan TPK 2/3, Taman Perindustrian Kinrara, 47100 Puchong, Selangor Darul Ehsan (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	9 years	99 years leasehold up to 18 January 2093	4,864,295	29 January 1996
No. 7, Jalan TPK 2/4, Taman Perindustrian Kinrara, 47100 Puchong, Selangor Darul Ehsan (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	9 years	99 years leasehold up to 18 January 2093		
MKT No. 13, Jalan BP 4/1, Pusat Perindustrian Bukit Puchong, Bandar Bukit Puchong, 47100 Puchong, Selangor Darul Ehsan (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	2033	550	1 year	Freehold	1,565,371	11 January 2005

8.0 OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Name of registered owner/ Location	Description/ Existing use	Land area (square metres)	Built-up area (square metres)	Approximate age of building	Tenure	Audited net book value as at 31 December 2003/valuation RM	Certificate of Fitness
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 / Storage facility	4822.7	3,668.65	9 years	99 years leasehold up to 25 May 2065	5,500,000*	25 May 1998

Note:

* Market value as at 29 December 2003, based on the valuation report done for the purposes of the Land Acquisition. Further details on the valuation are set out in Section 12 of this Prospectus. This valuation does not require the approval of the SC.

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8.0 OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

8.2.2 Conditions/Restrictions Imposed on Our Properties

The conditions/restrictions imposed on our properties and the status of compliance is as follows:

Description of property	Conditions/restrictions imposed	Compliance
No. 8, Jalan TPK 2/3, Taman Perindustrian Kinrara, 47100 Puchong, Selangor Darul Ehsan (PT 24401, HSM 23155, Mukim and District of Petaling, Selangor).	Land shall not be transferred, leased or charged, except with the consent by the State Authority	To be complied
No. 7, Jalan TPK 2/4, Taman Perindustrian Kinrara, 47100 Puchong, Selangor Darul Ehsan (PT 24405, HSM 23159, Mukim and District of Petaling, Selangor).	Land shall not be transferred, leased or charged, except with the consent by the State Authority	To be complied
No. 13, Jalan BP 4/1, Pusat Perindustrian Bukit Puchong, Bandar Bukit Puchong, 47100 Puchong, Selangor Darul Ehsan (PT 43325, HSD 128758, Mukim and District of Petaling, Selangor).	None	Not applicable
Lot 35604, Jalan Kuchai Lama, 58200 Kuala Lumpur (PN 1433, Lot 35604, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan).	• The land shall be used for business purposes, and not for other purposes;	Complied
	• Existing buildings on the land and any new building which will be erected shall follow the design plan approved by the authority, and the land owner shall maintain the land according to the State Authority's requirements;	Complied
	• The land owner shall pay and settle all taxes, evaluation payments and any payment that may be imposed from time to time on the said land or part of the land or any building erected on the land, either by the Municipal Council or any other authorities;	Complied
	• The land owner shall ensure that 40% of its employees working on the land are Malays	Complied

8.0 OTHER INFORMATION CONCERNING OUR GROUP *(Cont'd)*

8.2.3 Encumbrances on Our Properties

Description of property	Encumbrances	Date registered
No. 8, Jalan TPK 2/3, Taman Perindustrian Kinrara, 47100 Puchong, Selangor Darul Ehsan (PT 24401, HSM 23155, Mukim and District of Petaling, Selangor).	The land is charged to Hong Leong Bank Berhad	6 February 2003
No. 7, Jalan TPK 2/4, Taman Perindustrian Kinrara, 47100 Puchong, Selangor Darul Ehsan (PT 24405, HSM 23159, Mukim and District of Petaling, Selangor).	The land is charged to Public Bank Berhad	1 February 2000
No. 13, Jalan BP 4/1, Pusat Perindustrian Bukit Puchong, Bandar Bukit Puchong, 47100 Puchong, Selangor Darul Ehsan (PT 43325 HSD 128758, Mukim and District of Petaling, Selangor).	The land is charged to Malayan Banking Berhad	29 April 2003
Lot 35604, Jalan Kuchai Lama, 58200 Kuala Lumpur (PN 1433, Lot 35604, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan).	Nil	

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9.0 FINANCIAL INFORMATION

9.1 Historical Financial Information

The following is a summary of our proforma consolidated results for the past five (5) financial years ended 31 December 2004, and are provided for illustration purposes based on the audited financial statements of our subsidiaries, prepared on the assumption that our existing group structure had been in existence throughout the financial years under review:

	<-----Years ended 31 December----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue	6,333	7,203	8,415	8,400	9,246
EBITDA	2,151	2,767	2,522	3,338	3,857
Finance income	7	8	18	6	7
Finance cost	(140)	(109)	(60)	(91)	(116)
Depreciation	(365)	(408)	(476)	(625)	(694)
PBT	1,653	2,258	2,004	2,628	3,054
Taxation	(461)	(650)	(660)	(899)	(933)
PAT	1,192	1,608	1,344	1,729	2,121
No. of ordinary shares in issue *('000)	125,793	125,793	125,793	125,793	125,793
Gross EPS (sen)	1.31	1.80	1.59	2.09	2.43
Net EPS (sen)	0.95	1.28	1.07	1.37	1.69
Net dividend rate (%)	-	-	-	-	-

Notes:

* *Based on the number of ordinary shares assumed in issue after the Acquisitions but before the Public Issue*

1. *The proforma historical track record of our Group is presented for illustrative purposes only. The above performance indices are based on the audited financial statements of Tex Cycle, Metro Envy, TCSB and MKT and have been presented on the basis that the consolidation had been in effect throughout the relevant periods under review. The results of MKT have been pro-rated to align with our Group's financial year end as at 31 December.*
2. *There were no amortisation, exceptional or extraordinary items, share of profits from associated company and minority interest during the financial years under review*

Please see Section 10 of this Prospectus for further details on our Group's historical performance.

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9.0 FINANCIAL INFORMATION (Cont'd)

9.2 Segmental Analysis of Financial Information

Revenue by Segment	<-----Proforma----->				
	<----- Years ended 31 December ----->				
	2000	2001	2002	2003	2004
	RM	RM	RM	RM	RM
Recycling of waste	4,235,269	4,712,744	5,516,663	6,011,757	8,083,400
Chemical products	2,097,637	2,489,759	2,898,465	2,540,803	1,323,511
Total	6,332,906	7,202,503	8,415,128	8,552,560	9,406,911
Less: Inter-company revenues	-	-	-	(152,620)	(161,316)
Proforma Group	6,332,906	7,202,503	8,415,128	8,399,940	9,245,595
Revenue Contribution by Percentage (%)					
Recycling of waste	66.88	65.43	65.56	71.57	87.43
Chemical products	33.12	34.57	34.44	28.43	12.57
Proforma Group	100.00	100.00	100.00	100.00	100.00

Commentary on financial performance

1. *The revenue from recycling of waste is derived from TCSB while the revenue from chemical products, mainly camouflage paints, is derived from MKT. For all the financial years under review, more than 60% of our Group's revenue was contributed by TCSB.*
2. *We recorded a significant increase in revenue of approximately RM2.4 million or 59.2% in financial year 2000 mainly due to the expansion of TCSB's business activities as a result of the increase in factory capacity as well as the increase in awareness of waste recycling and stronger enforcement of environmental legislations on waste management by the Government. MKT's contribution to the revenue of our Group was 7.9% higher than the preceding financial year.*
3. *In financial year 2001, we recorded a 13.7% increase in revenue mainly due to the continuous publicity on waste management and enforcement of environmental legislations by the DOE which created an awareness on waste management among companies targeting for ISO 14001 certification. In addition, TCSB's number of customers increased by approximately 65 customers from financial year 2000.*
4. *Our Proforma Group revenue increased by approximately RM1.2 million or 16.8% in financial year 2002. A "Nationwide Recycling Campaign" was organised by the Housing and Local Authority during this financial year. TCSB benefited from this campaign, which aided in increasing their customer base by 14.6%. MKT recorded a further increase in revenue of approximately 16.4% in financial year 2002 as it continued to supply bulk orders to the defence industry. Furthermore, MKT also derived revenue from the sale of samples of paints to British Aerospace during this financial year.*
5. *The decrease in revenue of the Proforma Group by approximately 0.2% in financial year 2003 was mainly attributable to the decrease in MKT's revenue as a result of an overall reduction in spending by our defence industry customers.*
6. *In financial year 2004, we recorded an increase of approximately 10% in our Proforma Group revenue. It was mainly due to the commencement of the new container cleaning business in TCSB, which contributed approximately 12% to the total revenue of our Proforma Group.*

9.0 FINANCIAL INFORMATION (Cont'd)

9.3 Factors Affecting Our Financial Performance, Position and Operations

Save as disclosed in Section 3 of this Prospectus, our financial performance, position and operations are not materially affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to have a material favourable or unfavourable impact on our financial performance, position and operations;
- (ii) Material commitments for capital expenditure;
- (iii) Unusual or infrequent events or transactions or any significant economic changes that materially affected our financial performance, position and operations; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical statements not indicative of our future financial performance and position.

9.4 Working Capital, Borrowings, Material Litigation, Contingent Liabilities and Capital Commitments

(i) Working Capital

Our Directors are of the opinion that after taking into account our cashflow position including the proceeds from the Public Issue and the banking facilities available, our working capital will be adequate for a period of twelve (12) months from 16 June 2005, being the latest practicable date prior to the registration of this Prospectus.

(ii) Borrowings

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, our total bank borrowings amounted to RM1,627,942 as follows:

Facilities	RM
<u>TCSB</u>	
• Short Term	189,745
• Long Term	1,097,626
<u>MKT</u>	
• Short Term	15,531
• Long Term	325,040
Total	<u>1,627,942</u>

All the above facilities are interest bearing. Save as disclosed above, we do not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings on that date.

We have not defaulted on any interest and/or principal payments in respect of any borrowings throughout the past one (1) year preceding 16 June 2005, being the latest practicable date prior to the registration of this Prospectus.

9.0 FINANCIAL INFORMATION (Cont'd)

(iii) Material Litigation

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, we are not engaged in any litigation, either as plaintiff or defendant. Our Directors have no knowledge of any proceedings pending or threatened against us which might materially and adversely affect our business and financial position. Our Directors are also not aware of any facts likely to give rise to such proceedings.

(iv) Contingent Liabilities

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, our Directors are not aware of any contingent liabilities, which, upon becoming enforceable, may have a material impact on our profit or net assets value.

(v) Capital Commitments

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, we have not contracted any capital commitments, which, upon becoming enforceable, may have a material impact on our profit or net assets value.

9.5 Future Financial Information

9.5.1 Consolidated Profit Forecast

Our Directors forecast that, the consolidated profit before and after taxation and minority interests of our Group for the FYE 31 December 2005 will be as follows:

	RM'000
Revenue	11,046
Consolidated PBT	4,812
Less: Taxation	1,424
Consolidated PAT	<u>3,388</u>
Less: Pre-acquisition profit*	126
Consolidated PAT attributable to our shareholders	<u><u>3,262</u></u>

Note:

* *The TCSB Acquisition and the MKT Acquisition were completed on 14 January 2005.*

Based on the enlarged issued and paid-up share capital of 170,793,000 Shares:

Gross EPS (sen)#	2.8
Gross PE Multiple based on the issue price of RM0.22 per Share (times)	7.9
Net EPS (sen)^	2.0
Net PE Multiple based on the issue price of RM0.22 per Share (times)	11.0

Notes:

Based on the consolidated PBT

^ *Based on the consolidated PAT but before pre-acquisition profit*

9.0 FINANCIAL INFORMATION (Cont'd)

9.5.2 Auditors' Letter on the Consolidated Profit Forecast

(Prepared for inclusion in this Prospectus)



AF: 0039

■ Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

■ Phone : (03) 2087-7000
Fax : (03) 2095-5332
(General Line)
(03) 2095-9076
(03) 2095-9078
www.ey.com/my

Reporting Accountants' Report on Profit Forecast (Prepared for inclusion in the Prospectus to be dated 29 June 2005)

21 June 2005

The Board of Directors
Tex Cycle Technology (M) Berhad
No. 8, Jalan TPK 2/3,
Taman Perindustrian Kinrara,
58200 Puchong,
Selangor Darul Ehsan.

Dear Sirs

TEX CYCLE TECHNOLOGY (M) BERHAD CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2005

We have reviewed the accounting policies and calculations for the proforma consolidated profit forecast of Tex Cycle Technology (M) Berhad ("Tex Cycle" or "the Company") and its subsidiaries, Metro Envy Sdn. Bhd. ("Metro Envy"), Tex Cycle Sdn. Bhd. ("TCSB") and Metro Koats Technology Sdn. Bhd. ("MKT") (collectively known as "the Tex Cycle Group"), for which the Directors are solely responsible, for the financial year ending 31 December 2005 as set out in the accompanying statement which we have stamped for the purpose of identification in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The proforma consolidated profit forecast has been prepared in connection with the proposed listing and quotation of the shares in Tex Cycle on the Malaysian Exchange of Securities Dealing & Automated Quotation ("MESDAQ") Market of Bursa Malaysia Securities Berhad ("Bursa Securities") for inclusion in the Prospectus to be dated 29 June 2005.

A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material.

In our opinion, the proforma consolidated profit forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the accompanying statement, and are presented on a basis consistent with the accounting policies normally adopted by the Tex Cycle Group.

9.0 FINANCIAL INFORMATION (Cont'd)



AF: 0039

Without qualifying our opinion, we draw attention to paragraph 5 of the specific assumptions set out in the accompanying statement. The profit forecast for the new container-cleaning business operation of TCSB which commenced operations in financial year 2004, has been prepared using assumptions about future events that are subjective. The actual results of this business operation are likely to be different from forecast results because events and circumstances frequently do not occur as expected.

The accompanying proforma consolidated profit forecast and this letter have been prepared for inclusion in the Prospectus in connection with the aforementioned proposal. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

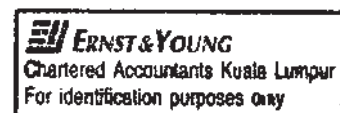
A handwritten signature in black ink, appearing to read 'Ernst & Young'.

ERNST & YOUNG
AF: 0039
Chartered Accountants
Kuala Lumpur, Malaysia

A handwritten signature in black ink, appearing to read 'Tan Soo Yan'.

Tan Soo Yan
1307/03/06(J/PH)
Partner

9.0 FINANCIAL INFORMATION (Cont'd)



**TEX CYCLE TECHNOLOGY (M) BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2005**

The directors of Tex Cycle forecast that the consolidated profit forecast of the Tex Cycle Group for the financial year ending 31 December 2005 will approximate the following:

	Forecast 2005 RM
Revenue	11,046,343
Consolidated profit before taxation	4,811,586
Less: Taxation	<u>1,423,559</u>
Consolidated profit after taxation	3,388,027
Less: Pre-acquisition profit	<u>(126,419)*</u>
Consolidated profit after taxation attributable to our shareholders	<u>3,261,608</u>

* The acquisitions of TCSB and MKT were completed on 14 January 2005.

Based on the enlarged issued and paid-up share capital of 170,793,000 Shares:

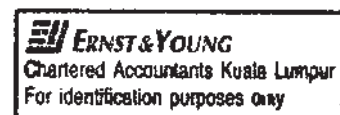
Gross EPS (sen)#	2.8
Gross PE Multiple based on the issue price of RM0.22 per Share (times)	7.9
Net EPS (sen)^	2.0
Net PE Multiple based on the issue price of RM0.22 per Share (times)	11.0

Based on the consolidated PBT

^ Based on the consolidated PAT but before pre-acquisition profit

The consolidated profit forecast is based on a set of assumptions which include significant assumptions about future events and outlook that may not necessarily occur. The forecast is dependent on the achievability of the specific assumptions set out in the accompanying statement. Future results will be materially affected should actual events differ from the specific assumptions as well as changes in the economic and other circumstances, and for these reasons, the actual results may vary considerably from the forecast.

9.0 FINANCIAL INFORMATION (Cont'd)



**TEX CYCLE TECHNOLOGY (M) BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2005**

Specific Assumptions

1. Proposed Listing Scheme

Tex Cycle proposes to seek a listing of and quotation for 170,793,000 ordinary shares of RM0.10 each in Tex Cycle ("Tex Cycle Shares") representing its entire enlarged issued and paid-up share capital on the MESDAQ Market through the implementation of the following:

(a) Acquisitions

(i) MKT Acquisition

The acquisition by Tex Cycle of the entire issued and paid-up share capital in MKT comprising 1,000,000 ordinary shares of RM1.00 each in MKT for a purchase consideration of RM1,434,710 fully satisfied by the issuance of 14,347,100 new Tex Cycle Shares at par to the vendors of MKT.

The MKT Acquisition was completed on 14 January 2005.

(ii) TCSB Acquisition

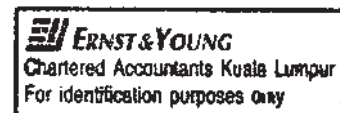
The acquisition by Tex Cycle of the entire issued and paid-up share capital in TCSB comprising 500,000 ordinary shares of RM1.00 each in TCSB for a purchase consideration of RM9,144,570 fully satisfied by the issuance of 91,445,700 new Tex Cycle Shares at par to the vendors of TCSB.

The TCSB Acquisition was completed on 14 January 2005.

(iii) Land Acquisition

The acquisition by Metro Envy of the leasehold industrial land contained in the parcel known as Lot 35604, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur which is 4,822.7 square metres in size erected upon which a 3-storey factory cum office building located along Jalan Kuchai Lama in Kuala Lumpur ("Land"), from Metro-Engravers Sdn. Bhd., for a purchase consideration of RM5,500,000 is to be satisfied partly by a cash payment of RM3,500,000 and the balance by the issuance of 20,000,000 new Tex Cycle Shares at par.

9.0 FINANCIAL INFORMATION (Cont'd)



**TEX CYCLE TECHNOLOGY (M) BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2005**

Specific Assumptions (Contd.)**1. Proposed Listing Scheme (Contd.)****(a) Acquisitions (Contd.)**

The Land was transferred from Metro-Engravers Sdn. Bhd. to Metro Envy on 19 April 2005 ("Transfer of the Land").

Upon completion of the TCSB Acquisition and the MKT Acquisition, and the Transfer of the Land as set out above, the issued and paid-up share capital of Tex Cycle increased from RM20 comprising 200 Tex Cycle Shares to RM12,579,300 comprising 125,793,000 Tex Cycle Shares.

(b) Proposed Public Issue

In conjunction with the proposed listing of Tex Cycle on the MESDAQ Market, the Company will be implementing a public issue of 45,000,000 new Tex Cycle Shares at an indicative issue price of RM0.22 each.

Upon completion of the Proposed Public Issue, the issued and paid-up share capital of Tex Cycle will increase from RM12,579,300 comprising 125,793,000 Tex Cycle Shares to RM17,079,300 comprising 170,793,000 Tex Cycle Shares.

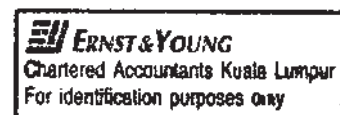
The premium arising from the Proposed Public Issue of RM5,400,000 will be credited to the share premium account.

(c) Proposed Listing

Pursuant to the Proposed Public Issue, Tex Cycle will seek admission to the Official List of Bursa Securities and the listing of and quotation for its entire enlarged issued and paid-up share capital of RM17,079,300 comprising 170,793,000 Tex Cycle Shares on the MESDAQ Market.

2. It is assumed that the Proposed Public Issue and Proposed Listing will be implemented on 30 June 2005.

9.0 FINANCIAL INFORMATION (Cont'd)



**TEX CYCLE TECHNOLOGY (M) BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2005**

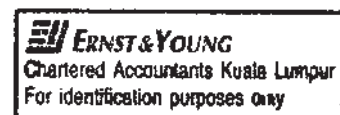
Specific Assumptions (Contd.)

3. It is assumed that proceeds from the Proposed Listing will be RM9.90 million, which will be utilised as follows:

	RM'000
Cash portion of the consideration for the Land Acquisition	3,500
Capital expenditure for expansion	2,870
Repayment of bank borrowings	1,320
Working capital	710
Estimated listing expenses	1,500
	9,900

4. The actual listing expenses of RM487,236 which were incurred in financial year ended 31 December 2004 have been recognised in the income statement for that financial year. The remaining RM1,012,764 of the estimated listing expenses will be set-off against share premium reserve.
5. TCSB ventured into a new container-cleaning business operation in financial year 31 December 2004. TCSB expects to collect 115,200 containers in financial year ending 31 December 2005. The percentage of containers that can be resold after cleaning is assumed to be 85% of the number of containers collected per annum. The expected revenue which will be generated from the cleaning and subsequent resale of the containers is assumed to increase in line with the increase in number of containers collected.
6. Existing tenants of the building proposed to be acquired by Metro Envy will continue their tenancies at the existing rates.
7. There will be no acquisition of subsidiaries other than those planned and those subsidiaries acquired as planned will remain in operation throughout the forecast period.
8. All secured projects will commence and be completed as planned.
9. Capital expenditure programmes will be implemented on schedule and there will be no material acquisitions or disposals of property, plant and equipment other than those planned. Depreciation rates of property, plant and equipment will not differ from those currently applied.
10. Staff costs and other operating expenses will not differ significantly from those forecasted.
11. All existing agreements and contracts from the existing customers will not be terminated at dates earlier than specified in the terms and conditions of those agreements and contracts.
12. Licensed software from third parties will continue to be supported and maintained.

9.0 FINANCIAL INFORMATION (Cont'd)



**TEX CYCLE TECHNOLOGY (M) BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2005**

General Assumptions

1. There will be no material changes in the structure and principal activities of the Tex Cycle Group.
2. There will be no significant changes in the management, trading and accounting policies currently adopted by the Tex Cycle Group.
3. There will be no significant changes in the current demand and in prevailing market conditions in Malaysia which will adversely affect the Tex Cycle Group's performance and the businesses of its major suppliers.
4. There will be no material changes in the present legislation or regulations, rates and basis of duties, levies and other taxes affecting the Tex Cycle Group's activities.
5. There will be no major industrial disputes, litigation, economic and political changes or any abnormal circumstances that will adversely affect the operations of the Tex Cycle Group.
6. Existing and future financing facilities will remain available to the Tex Cycle Group and interest rates will not change significantly from those presently prevailing.
7. There will be no significant changes in the present inflation rate and exchange rates of foreign currencies against Ringgit Malaysia.
8. Taxation will be provided in accordance with current legislation.

9.0 FINANCIAL INFORMATION (Cont'd)

9.5.3 Directors' Commentary on Profit Forecast

Our Directors have reviewed and analysed the reasonableness of the bases and assumptions stated herein after due and careful inquiry in arriving at the consolidated profit forecast for the FYE 31 December 2005. The consolidated profit forecast for the FYE 31 December 2005 has been prepared on the bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements. Our Directors are of the opinion that the consolidated profit forecast are reasonable and fair in the light of the future prospects of the Scheduled Waste laundering business, our future plans and strategies and after taking into consideration our forecast level of gearing, liquidity and working capital requirements.

Consolidated profit forecast for FYE 31 December 2005

For the FYE 31 December 2005, our Directors expect to penetrate further into the printing, electrical, chemical, aviation and oil and gas industries for its recycling business. We expect our revenue to improve by approximately RM1.8 million or 19.5% as compared to the revenue in FYE 2004 of RM9.2 million. The higher expected revenue will be driven by our container cleaning business which is expected to almost double its revenue from RM1.3 million in FYE 2004 to approximately RM2.1 million for FYE 2005.

This is in line with the expected expansion in capacity for our container cleaning business mainly due to the acquisition of additional container cleaning machines from the monies to be raised from the Public Issue. The new machines will enable TCSB to increase its capacity from 6,867 drums per month to 9,600 drums per month.

Our PBT is expected to increase by approximately RM1.8 million or 57.6% as compared to the PBT in FYE 2004 of RM3.1 million. The increase in PBT is in line with the increase in revenue in particular the expected increase in activities for our container cleaning business.

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9.0 FINANCIAL INFORMATION *(Cont'd)*

9.5.4 Dividend Forecast and Policy

Based on our profit forecast for the FYE 31 December 2005, our Directors expect to recommend a dividend rate of 5% less tax for the FYE 31 December 2005, based on our enlarged share capital of 170,793,000 Shares.

The intended appropriation of the profit before taxation for the FYE 31 December 2005 will be as follows:

	RM'000
Consolidated PBT	4,812
Less: Taxation	1,424
Consolidated PAT	<u>3,388</u>
Less: Pre-acquisition profit*	<u>(126)</u>
Profit attributable to shareholders	<u>3,262</u>
Enlarged issued and paid-up share capital ('000)	170,793
Gross dividend per share (%)	5.0
Net dividend per share (%)	3.6
Gross dividend yield based on Public Issue Price of RM0.22 per Share (%)	2.3
Net dividend yield based on the issue price of RM0.22 per share (%)	1.6
Net dividend cover (times)^	5.5

Notes:

* *The TCSB Acquisition and the MKT Acquisition were completed on 14 January 2005.*

^ *Based on consolidated PAT but before pre-acquisition profit*

Any variation from our dividend forecast would depend on our financial performance, financial condition and other factors deemed relevant by our Board.

It will be our policy to pay reasonable dividends to allow shareholders to participate in the our profits whilst ensuring that there are adequate reserves for our future growth. The declaration, amount and payment of dividend are subject to the approval of our Board.

Future dividends may be waived in the event of the following circumstances:

- (i) In the event we have insufficient retained profits to declare as dividends;
- (ii) In the event we have insufficient tax credits to frank our dividends; or
- (iii) In the event we have insufficient cashflow to pay dividends.

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9.0 FINANCIAL INFORMATION (Cont'd)

9.6 Auditors' Letter on the Proforma Consolidated Balance Sheets

(Prepared for inclusion in this Prospectus)



AF: 0039

■ Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

■ Phone : (03) 2087-7000
Fax : (03) 2095-5332
(General Line)
(03) 2095-9076
(03) 2095-9078
www.ey.com/my

Reporting Accountants' Report on Proforma Consolidated Balance Sheets (Prepared for inclusion in the Prospectus to be dated 29 June 2005)

21 June 2005

The Board of Directors
Tex Cycle Technology (M) Berhad
No. 8, Jalan TPK 2/3,
Taman Perindustrian Kinrara,
58200 Puchong,
Selangor Darul Ehsan.

Dear Sirs

TEX CYCLE TECHNOLOGY (M) BERHAD PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004

We report on the proforma consolidated balance sheets as set out in the accompanying statement which we have stamped for the purpose of identification, which have been prepared for illustrative purposes only, to provide information about how the consolidated balance sheet of Tex Cycle Technology (M) Berhad ("Tex Cycle" or "the Company") and its subsidiaries, Metro Envy Sdn. Bhd. ("Metro Envy"), Tex Cycle Sdn. Bhd. ("TCSB") and Metro Koats Technology Sdn. Bhd. ("MKT") (collectively known as "the Tex Cycle Group") as at 31 December 2004 that has been presented might have been affected by the proposed listing and quotation of the shares in Tex Cycle on the Malaysian Exchange of Securities Dealing & Automated Quotation ("MESDAQ") Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Listing Scheme") had the proposal been completed on that date.

It is the responsibility solely of the directors of Tex Cycle to prepare the proforma consolidated balance sheets in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated balance sheets with the responsible officers of Tex Cycle. Our work involved no independent examination of any of the underlying financial information other than our audit of the financial statements of Tex Cycle, its subsidiaries, Metro Envy, TCSB and MKT as at 31 December 2004, on which we reported to the members of the companies as of the date of our report.

9.0 FINANCIAL INFORMATION (Cont'd)



In our opinion:

- (a) the proforma consolidated balance sheets have been properly compiled on the bases stated; and
- (b) within the context of the assumed date of the proposal:
 - (i) such bases are consistent with the accounting policies of Tex Cycle; and
 - (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to the Guidelines.

The accompanying proforma balance sheets and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned proposal. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

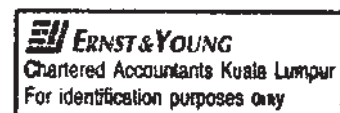
Yours faithfully

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

ERNST & YOUNG
AF: 0039
Chartered Accountants
Kuala Lumpur, Malaysia

A handwritten signature in black ink, appearing to read 'Tan Soo Yan'.

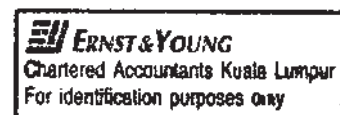
Tan Soo Yan
1307/03/06(J/PH)
Partner

9.0 FINANCIAL INFORMATION (Cont'd)

**TEX CYCLE TECHNOLOGY (M) BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004**

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only to show the effects on the unaudited consolidated balance sheet of the Tex Cycle Group as at 31 December 2004 had the Proposed Listing Scheme been effected on that date:

	←	←	→	→
	Tex Cycle Audited as at 31 December 2004	After Acquisitions	Tex Cycle Group After (I) and Proposed Public Issue	After (I) and (II) and the Utilisation of Proceeds from Proposed Public Issue
	RM	(I) RM	(II) RM	(III) RM
NON-CURRENT ASSETS				
Property, plant and equipment	-	14,745,343	14,745,343	17,615,343
Investment in subsidiary	2	-	-	-
Goodwill	-	621,582	621,582	621,582
	2	15,366,925	15,366,925	18,236,925
CURRENT ASSETS				
Inventories	-	222,366	222,366	222,366
Trade receivables	-	2,009,563	2,009,563	2,009,563
Other receivables	20	133,592	133,592	133,592
Fixed deposits with licensed banks	-	325,892	325,892	325,892
Cash and bank balances	-	699,590	10,599,590	1,896,738
	20	3,391,003	13,291,003	4,588,151
CURRENT LIABILITIES				
Short-term borrowings	-	288,122	288,122	177,213
Trade payables	-	84,241	84,241	84,241
Other payables	487,238	4,221,444	4,221,444	721,444
Provision for taxation	-	21,857	21,857	21,857
	487,238	4,615,664	4,615,664	1,004,755
NET CURRENT (LIABILITIES)/ASSETS				
	(487,218)	(1,224,661)	8,675,339	3,583,396
	(487,216)	14,142,264	24,042,264	21,820,321
FINANCED BY:				
Share capital	20	12,579,300	17,079,300	17,079,300
Share premium	-	-	5,400,000	4,387,236
Reserve on consolidation	-	589,547	589,547	589,547
Accumulated losses	(487,236)	(489,911)	(489,911)	(489,911)
	(487,216)	12,678,936	22,578,936	21,566,172
Borrowings	-	1,344,728	1,344,728	135,549
Deferred taxation	-	118,600	118,600	118,600
	(487,216)	14,142,264	24,042,264	21,820,321
No. of ordinary shares of RM0.10 each	200	125,793,000	170,793,000	170,793,000
Net tangible assets ("NTA") (RM)	N/A	12,057,354	21,957,354	20,944,590
NTA per share (<i>sen</i>)	N/A	9.6	12.86	12.26

9.0 FINANCIAL INFORMATION (Cont'd)



**TEX CYCLE TECHNOLOGY (M) BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004**

Notes to the Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets have been prepared on accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements. These have been prepared based on the audited balance sheets of the Company, Metro Envy, TCSB and MKT as at 31 December 2004.

1. Acquisitions

Tex Cycle proposes to seek a listing of and quotation for 170,793,000 ordinary shares of RM0.10 each in Tex Cycle ("Tex Cycle Shares") representing its entire enlarged issued and paid-up share capital on the MESDAQ Market through the implementation of the following:

(a) MKT Acquisition

The acquisition by Tex Cycle of the entire issued and paid-up share capital in MKT comprising 1,000,000 MKT Shares for a purchase consideration of RM1,434,710 fully satisfied by the issuance of 14,347,100 new Tex Cycle Shares at par to the vendors of MKT.

The purchase consideration of RM1,434,710 for the Proposed MKT Acquisition was arrived at after taking into consideration the audited NTA of MKT as on 31 December 2003 and the attributable profit to the enlarged Tex Cycle Group.

The MKT Acquisition was completed on 14 January 2005.

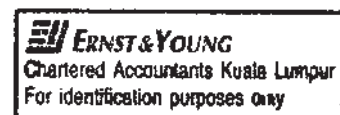
(b) TCSB Acquisition

The acquisition by Tex Cycle of the entire issued and paid-up share capital in TCSB comprising 500,000 TCSB Shares for a purchase consideration of RM9,144,570 fully satisfied by the issuance of 91,445,700 new Tex Cycle Shares at par to the vendors of TCSB.

The purchase consideration of RM9,144,570 for the Proposed TCSB Acquisition was arrived at after taking into consideration the audited NTA of TCSB as on 31 December 2003 and the attributable profit of TCSB to the enlarged Tex Cycle Group.

The TCSB Acquisition was completed on 14 January 2005.

9.0 FINANCIAL INFORMATION (Cont'd)

**TEX CYCLE TECHNOLOGY (M) BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004**

Notes to the Proforma Consolidated Balance Sheets (Contd.)

1. Acquisitions (Contd.)

(c) Land Acquisition

The acquisition by Metro Envy of the leasehold industrial land contained in the parcel known as Lot 35604, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur which is 4,822.7 square metres in size erected upon which a 3-storey factory cum office building located along Jalan Kuchai Lama in Kuala Lumpur ("Land"), from Metro-Engravers Sdn. Bhd., for a purchase consideration of RM5,500,000 is to be satisfied partly by a cash payment of RM3,500,000 and the balance by the issuance of 20,000,000 new Tex Cycle Shares at par.

The purchase consideration of RM5,500,000 for the Land Acquisition was arrived at after taking into account the open market value of the Property of RM5,500,000 as appraised by Messrs City Valuers & Consultants Sdn Bhd, an independent property valuers as stated in its report dated 7 January 2004.

The Land was transferred from Metro-Engravers Sdn. Bhd. to Metro Envy on 19 April 2005 ("Transfer of the Land").

Upon completion of the TCSB Acquisition and MKT Acquisition, and the Transfer of the Land as set out above, the issued and paid-up share capital of Tex Cycle increased from RM20 comprising 200 Tex Cycle Shares to RM12,579,300 comprising 125,793,000 Tex Cycle Shares.

2. Proposed Public Issue

In conjunction with the proposed listing of Tex Cycle on the MESDAQ Market, the Company will be implementing a public issue of 45,000,000 new Tex Cycle Shares at an indicative issue price of RM0.22 each.

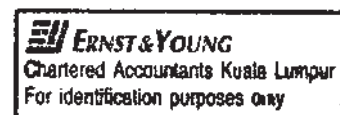
Upon completion of the Proposed Public Issue, the issued and paid-up share capital of Tex Cycle will increase from RM12,579,300 comprising 125,793,000 Tex Cycle Shares to RM17,079,300 comprising 170,793,000 Tex Cycle Shares.

The premium arising from the Proposed Public Issue of RM5,400,000 will be credited to the share premium account.

3. Proposed Listing

Pursuant to the Proposed Public Issue, Tex Cycle will seek admission to the Official List of Bursa Securities and the listing of and quotation for its entire enlarged issued and paid-up share capital of RM17,079,300 comprising 170,793,000 Tex Cycle Shares on the MESDAQ Market.

9.0 FINANCIAL INFORMATION (Cont'd)



**TEX CYCLE TECHNOLOGY (M) BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004**

Notes to the Proforma Consolidated Balance Sheets (Contd.)

4. It is assumed that proceeds from the Proposed Listing will be RM9.90 million, which will be utilised as follows:

	RM'000
Cash portion of the consideration for the Land Acquisition	3,500
Capital expenditure for expansion	2,870
Repayment of bank borrowings	1,320
Working capital	710
Estimated listing expenses	1,500
	9,900

- * As the Proposed Listing is scheduled to be implemented in 2005, the repayment of term loan for TCSB and MKT will be for the amounts outstanding as at completion of the Proposed Public Issue. However, for the purposes of the Proforma Consolidated Balance Sheets as at 31 December 2004, it is assumed that the repayment of term loan is for amounts outstanding as at 31 December 2004.

5. The movement in the share premium account is as follows:

	RM'000
Share premium arising from Proposed Public Issue	5,400
Less: Estimated listing expenses	(1,013) #
	4,387

- # The actual listing expenses of RM487,236 which were incurred in financial year ended 31 December 2004 have been recognised in the income statement for that financial year. The remaining RM1,012,764 of the estimated listing expenses will be set-off against share premium reserve.