

THE AYER MOLEK RUBBER COMPANY BERHAD (1292-P)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Performance

The Company and its subsidiaries did not carry on any business operations during the period under review as the plantation lands had been disposed off by the former directors. This position would continue until the Group's Regularization Plan as announced on 8 November 2010 is approved and implemented.

2. Prospects for the current Financial Year

The prospects for the current financial year would remain unchanged until the Group's Regularization Plan as announced on 8 November 2010 is approved and implemented.

3. Profit forecast

Not applicable as no profit forecast has been published for the period.

4. Taxation

There was no provision for taxation or adjustment of deferred taxation as the Group was dormant during the period under review.

5. Unquoted Securities

The Group did not purchase or dispose off any unquoted securities during the period.

6. Quoted Securities

The Group did not purchase or dispose off any quoted securities during the period.

7. Material Contracts

Sale and Purchase Agreement dated 21 October 2011 between the Company and Empang Setia Sdn Bhd for the purchase by the Company from the latter of a piece of freehold and vacant plantation land measuring approximately 41.6449 acres known as GRN 91988 Lot 901, Mukim of Buluh Kasap, District of Segamat, Johor for a total cash consideration of RM670,000.

8. Material Litigations

- i) As reported in previous Annual Reports and quarterly reports, certain landed properties of the Company had been unlawfully disposed and transferred. The Company has since commenced legal actions in the High Court of Malaysia seeking to set aside the disposal and transfer of the said properties. The relevant legal actions are set out below:
 - a. High Court in Melaka Civil Suit No: 22-127-2010 The Ayer Molek Rubber Company Berhad vs Bintang-Bintang Sdn Bhd & 6 others in respect of "Jasin Lands";

- b. High Court in Johor Bahru Civil Suit No: 22-217-2009 The Ayer Molek Rubber Company Berhad vs Bintang-Bintang Sdn Bhd & 6 others in respect of “Segamat Land”; and
- c. High Court in Johor Bahru Civil No: 22-216-2009 The Ayer Molek Rubber Company Berhad vs Ropie Subari and 4 others in respect of “Jementah Land”.

In respect of case i) a. above, the Melaka High Court had on 4 November 2011 allowed Bintang-Bintang Sdn Bhd’s (1st Defendant) application to strike off the Company’s claim against them but gave no reasons for allowing the application. The Company will appeal against the decision and will file Notice of Appeal in due course.

In respect of case i) b. above, mediation took place on 22 July 2011 and 19 September 2011 but was unsuccessful. Final pre-trial case management has been fixed on 31 January 2012. Trial date has been fixed on 20 to 23 February 2012.

In respect of case i) c. above, mediation took place on 17 June 2011 and 27 July 2011 but was unsuccessful. The case went on trial on 9 and 10 August 2011. The Court’s decision, which was originally scheduled to be delivered on 7 October 2011, has been postponed to 25 November 2011.

- ii) Civil Suit No: S 22-441-2010 The Ayer Molek Rubber Company Berhad vs Abdul Halim Yahya & Co. filed in the High Court in Kuala Lumpur for the return of the Company’s monies held by the Defendant as stakeholder in respect of the sale of the Segamat Land.

The case is now at case management stage. The next case management has been fixed on 11 January 2012.

- iii) Civil Suit No: 52-20343-2011 Systems & Securities Sdn Bhd vs The Ayer Molek Rubber Company Berhad filed in the High Court Kuala Lumpur claiming the payment of RM 196,970.80 plus interests thereon and costs.

The claim is purportedly in respect of secretarial and share registration fees and disbursements incurred during the tenure of the old management, some of which would appear to have been outstanding for more than ten years.

The Company has engaged the services of a legal firm to defend the Company against the claim. The Company’s solicitors have filed an application to the Court to obtain further and better particulars of the Plaintiff’s claim. The hearing date of the Company’s application has been fixed on 17 November 2011.

9. Regularization Plan

As stated in the previous quarterly report, the Company had on 31 March 2011, submitted through its advisers, a Regularization Plan to the Securities Commission (“SC”) which would, upon approval and implementation, result in:

- 1. Reverse takeover of the Company by vendors of the Toptrans Engineering Sdn Bhd (“Toptrans”) via a Newco;
- 2. The Company and Toptrans becoming wholly-owned subsidiaries of the Newco;

3. Migration of the existing shareholders' shareholding in the Company to that of the Newco;
and
4. Transfer of the listing status of the Company to the Newco.

The proposed Regularization Plan is now awaiting approval of the SC.