

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 and approved by the Securities Commission on 16 December 2011 is implemented and completed.

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 and approved by the Securities Commission on 16 December 2011 is implemented and completed.

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 41.145 acres known as GRN 91988 Lot 901, Mukim of Buluh Kasap, District of Segamat, Johor for a total cash consideration of RM670,000.

The above transaction had been fully completed during the quarter.

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's solicitors have filed a notice of appeal on 16 November 2011.

In respect of case i) b. trial at the High Court in Johor Bahru took place on 20 to 22 February 2012. The case is now awaiting the decision of the High Court.

In respect of case i) c. above, trial at the High Court in Johor Bahru took place on 9 and 10 August 2011. On 25 November 2011, the Court dismissed the Company's claims against the first Defendant with costs. On 16 December 2011, the Company's solicitors filed a notice of appeal to the Court of Appeal.

- 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 8 March 2012.

- iii) Civil Suit No: 52-20343-2011 Systems & Securities Sdn Bhd (“SSSB”) 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 in earlier years.

On 17 January 2012, SSSB and the Company agreed to an amicable settlement of the case whereby the Company was to pay SSSB the sum of RM120,000 as full and final settlement of their claims against the Company and SSSB was to return to the Company all secretarial records and other statutory documents belonging to the Company which were in their possession. The amicable settlement was completed on 20 January 2012 and the case is now considered closed.

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.

On 16 December 2011, the SC approved the Company’s Regularization Plan subject to certain terms and conditions one of which is the requirement for the Company to submit to the SC for final approval revised terms and conditions such as pricing, exchange price and etc., which are to be based on special audits of both the Company and Toptrans. Both the Company and Toptrans are in the process of undertaking their respective audits for the financial year ended 31 December 2011 upon completion of which revised terms and conditions would be submitted to the SC for final approval.

10. Group’s Properties (as at 31 December 2011)

Location	Description	Tenure	Existing use	Land area	Net Book	Last Date of Valuation
					Value as at 31.12.2011 RM’000	
GRN 20098 (Lot 299) & GM 1087 (Lot 300), Mukim of Ayer Panas, District of Jasin, Melaka	Plantation land	Freehold	Vacant	23.5878 acres	3,480	03.01.2012 ⁱ
GRN 91988 (Lot 901), Mukim of Buluh Kasap, District of Segamat, Johor	Plantation land	Freehold	Vacant	41.145 acres	4,800	19.12.2011 ⁱⁱ

ⁱ Valued at RM3,480,000 on 3 January 2012 by C H Williams, Talhar & Wong Sdn Bhd

ⁱⁱ Valued at RM4,800,000 on 19 December 2011 by Jones Lang Wootton