

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

NOTES TO THE FINANCIAL STATEMENTS
BURSA SECURITIES LISTING REQUIREMENTS

1 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Finance Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

The Group has earlier adopted the amendments to MFRS 101, *Presentation of Financial Statements* which is originally effective for annual periods beginning on or after 1 July 2012. The adoption of MFRS has no significant impact to the Group which is currently dormant.

2 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.

3 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.

4 Profit forecast

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

5 Taxation

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

6 Unquoted Securities

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

7 Quoted Securities

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

8 Material Litigations

(1) 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 Suit 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 8(1)(a) above, the Melaka High Court had on 4 November 2011 allowed Bintang-Bintang Sdn Bhd’s (1st Defendant) and Lee Fook Leong & Co’s (7th Defendant) applications to strike off the Company’s claim against them.

The Company’s solicitors filed notices of appeal on 16 November 2011. On 19 June 2012 the Court of Appeal dismissed the Company’s appeal. On 13 July 2012, the Company filed an application for leave to appeal to the Federal Court.

In respect of case 8(1)(b) above, trial at the High Court in Johor Bahru had taken place on 20 to 22 February 2012.

The Johor Bahru High Court had, on 28 May 2012, delivered judgment and given orders as summarized below:

- (i) The Court dismissed the Company’s claims against the 2nd, 3rd, 4th, 5th, 6th & 7th Defendants.
- (ii) The Court allowed the Company’s claim against the 1st Defendant on the below-mentioned terms:
 - (aa) declaration that the Land was unlawfully transferred to the 1st Defendant and the transfer is invalid and of no effect;
 - (bb) order directing the Registrar/Land Administrator, Johor to cancel the MOT and replace the name of the Company as the proprietor of the Land;
 - (cc) order that subject to item (iii) below, the 1st Defendant forthwith take all steps necessary to transfer the Land to the Company;
 - (dd) an injunction to restrain the 1st Defendant or their agents or servants from dealing with the Land by way of transfer or in any manner whatsoever; and damages to be assessed by the Deputy Registrar.

- (iii) The Court allowed the 1st Defendant's counter claim as follows:
- (aa) the Company is to refund to the 1st Defendant the purchase price of RM12,087,000; and
 - (bb) the Company is to reimburse the 1st Defendant the value of improvement and infrastructure, if any, made to the Land, such amount to be assessed by the Deputy Registrar.

The 1st Defendant has subsequently filed a Notice of Appeal to the Court of Appeal. The 1st Defendant has also filed application for stay and variation order with the Johor Bahru High Court which has subsequently fixed the hearing dated on 30 August 2012.

In respect of case 8(i)(c) above, trial at the High Court in Johor Bahru had taken place on 9 and 10 August 2011. On 25 November 2011, the Court delivered judgment and 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.

- (2) 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 next case management has been fixed on 8 October 2012. The case has also been fixed for trial on 10 May 2013, 13 May 2013 and 14 May 2013.

9 Regularization Plan

As stated in previous quarterly reports, 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 identified as Toptrans Berhad;
- (2) The Company and Toptrans becoming wholly-owned subsidiaries of the Toptrans Berhad;
- (3) Migration of the existing shareholders' shareholding in the Company to that of Toptrans Berhad; and
- (4) Transfer of the listing status of the Company to Toptrans Berhad.

On 16 December 2011, the SC approved the Company's Regularization Plan subject to certain terms and conditions.

The recent development in respect of the Court's order for the return of the Company's 711-acre land in Segamat, Johor as described under Item 8(1) (b) above has rendered the present restructuring scheme untenable. All parties concerned are now working out a revised scheme for submission to the SC.

10 Group's Properties (as at 30 June 2012)

Location	Description	Tenure	Existing use	Land area	Net Book Value as at 30.06.2012 RM'000	Last Date of Valuation
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 Buloh 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

11 Subsequent Events

On 18 July 2012 the Company entered into two separate Sale and Purchase Agreements both with JS Segamat Properties Sdn Bhd to sell the following properties:

- (1) Geran 20098 (Lot 299) and GM 1087 (Lot 300), Mukim of Ayer Panas, District of Jasin, Melaka for a total cash consideration of RM3,700,000; and
- (2) Geran 91988 (Lot 901), Mukim of Buloh Kasap, District of Segamat, Jasin for a cash consideration of RM4,800,000.

Both sales are conditional upon the Company obtaining shareholders' approval at an Extraordinary General Meeting to be convened.