

**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 Company is able to work out and implement a fresh regularization/self-resuscitation plan or manages to recover its plantation land that had been improperly disposed off.

**3 Prospects for the current Financial Year**

The prospects for the current financial year would remain unchanged until the Company is able to work out and implement a fresh regularization/self-resuscitation plan or manages to recover its plantation land that had been improperly disposed off.

**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 improperly 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 (1<sup>st</sup> Defendant) and Lee Fook Leong & Co's (7<sup>th</sup> 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 which subsequently on 19 November 2012 dismissed the Company's application for leave to appeal.

On 6 February 2013, the Company filed a fresh suit No. 22NCVC-29-02/2013 in the Melaka High Court against Bintang-Bintang Sdn Bhd and 4 others for the recovery of the “Jasin Land”).

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 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> & 7<sup>th</sup> Defendants.
- (ii) The Court allowed the Company's claim against the 1<sup>st</sup> Defendant on the below-mentioned terms:
  - (aa) declaration that the Land was unlawfully transferred to the 1<sup>st</sup> 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 1<sup>st</sup> Defendant forthwith take all steps necessary to transfer the Land to the Company;
  - (dd) an injunction to restrain the 1<sup>st</sup> 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 1<sup>st</sup> Defendant's counter claim as follows:
- (aa) the Company is to refund to the 1<sup>st</sup> Defendant the purchase price of RM12,087,000; and
  - (bb) the Company is to reimburse the 1<sup>st</sup> Defendant the value of improvement and infrastructure, if any, made to the Land, such amount to be assessed by the Deputy Registrar.

The 1<sup>st</sup> Defendant had subsequently filed a Notice of Appeal to the Court of Appeal. The 1<sup>st</sup> Defendant had also filed application for stay and variation order with the Johor Bahru High Court.

On 30 August 2012, the Johor Bahru High Court allowed the 1<sup>st</sup> Defendant's application for stay until disposal of the 1<sup>st</sup> Defendant's appeal to the Court of Appeal. The Court also allowed the 1<sup>st</sup> Defendant's application for variation order as follows:

The Company's claims against Bintang-Bintang Sdn Bhd to be allowed on the following terms:-

-A declaration that the Land was unlawfully transferred to Bintang-Bintang Sdn Bhd and the transfer is invalid and of no effect;

-Order directing the Registrar/Land Administrator, Johor to cancel the MOT and replace the name of the Company as the proprietor of the Land; and

-Order that subject to the Company refunding Bintang-Bintang Sdn Bhd the purchase price of RM12,087,000 and reimburse the value of the improvement and infrastructure, if any, made to the Land, such amount to be assessed by the Deputy Registrar, the Registrar/Land Administrator, Johor is to cancel the MOT and replace the name of the Company as the proprietor of the Land.

On 25 February 2013, the Court of Appeal allowed Bintang-Bintang Sdn Bhd's appeal against the decision of the High Court mentioned above. The Court of Appeal's decision is:

- (a) That the disposal of property of AMolek is valid; and
- (b) Consequential order made were:
  - (i) That the decision of the High Court be set aside; and
  - (ii) Costs of RM50,000 to Bintang-Bintang Sdn Bhd.

The Company would be filing the Notice of Motion in the Federal Court seeking leave to appeal to the Federal Court against the decision of the Court of Appeal.

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. No hearing date has been fixed.

- (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 trial had taken place on 14, 17 and 18 January 2013. The Court is expected to deliver decision on 28 February 2013.

## **9 Corporate Proposals**

### **(1) 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:

- (i) Reverse takeover of the Company by vendors of the Toptrans Engineering Sdn Bhd ("Toptrans") via a Newco identified as Toptrans Berhad;
- (ii) The Company and Toptrans becoming wholly-owned subsidiaries of the Toptrans Berhad;
- (iii) Migration of the existing shareholders' shareholding in the Company to that of Toptrans Berhad; and
- (iv) 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 necessitated a revision in the existing scheme so as to ensure that it is equitable to all parties concerned.

On 30 November 2012 the advisers, on behalf of the Company, applied to the SC for an extension of time to submit a revision to the restructuring scheme approved by the SC on 16 December 2011.

On 7 January 2013, the SC rejected the Company's application for the extension of time.

Following the SC's rejection, Bursa Malaysia Securities Berhad ("Bursa Securities") had, on 9 January 2013, issued a delisting notice of the Company's shares effective from 21 January 2013 unless the Company made an appeal on or before 16 January 2013.

On 16 January 2013, the Company lodged an appeal to Bursa Securities. The appeal is awaiting Bursa Securities' decision.

(2) Disposal of assets

As reported in the last quarterly report, on 18 July 2012, the Company had entered into two separate Sale and Purchase Agreements both with JS Segamat Properties Sdn Bhd to sell approximately 9.5455 hectares of land in Ayer Panas, Jasin, Melaka and approximately 17.7935 hectares of land in Buluh Kasap, Segamat, Johor for a total cash consideration of RM8.5 million. The sale of the land had been approved by shareholders of the Company at the Extraordinary General Meeting held on 4 December 2012. The sale proceeds had been fully received by the Company.