**THE AYER MOLEK RUBBER COMPANY BERHAD (1292-P)**

**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS**

**BURSA SECURITIES LISTING REQUIREMENTS**

**1 Basis of preparatio**n

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.

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 successful recovery of the Company’s plantation land that had been improperly disposed off.

1. **Prospects for the current Financial Year**

The prospects for the current financial year would remain unchanged until successful recovery of the Company’s plantation land that had been improperly disposed off.

1. **Profit forecast**

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

1. **Taxation**

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

1. **Unquoted Securities**

Investment:

OPUS Fixed Income Fund – Cost: RM5,000,000

1. **Quoted Securities**

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

1. **Material Litigations**
2. As reported in previous Annual Reports and quarterly reports, certain landed properties of the Company had been improperly disposed off 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:
3. 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”;
4. 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
5. 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 in 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 following which the Company had filed notices of appeal to the Court of Appeal.

In June 2012 the Court of Appeal dismissed the Company’s appeal. In July 2012, the Company filed an application for leave to appeal to the Federal Court. In November 2012, the Federal Court dismissed the Company’s application for leave to appeal.

In February 2013, the Company filed a fresh suit in the Melaka High Court. Subsequently in March 2013 the suit was withdrawn with liberty in view of the decision of Court of Appeal in February 2013 in setting aside the earlier decision in favour of the Company granted by Johor Bahru High Court in May 2012 in respect of the Segamat Land.

In respect of case 8(1)(b) above, trial at the High Court in Johor Bahru took place in February 2012.

In May 2012, the Johor Bahru High Court delivered decision in favour of the Company and ordered the 1st Defendant to return to the Company the Segamat Land (711acres) and ordered the Company to return to the 1st Defendant the purchase price of RM12,087,000 and 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 had subsequently filed a Notice of Appeal to the Court of Appeal. The 1st Defendant had also filed application for stay and variation order with the Johor Bahru High Court. In August 2012, the Johor Bahru High Court allowed the 1st Defendant’s application for stay until disposal of the 1st Defendant’s appeal to the Court of Appeal.

Hearing at the Court of Appeal had taken place in February 2013 and the Court of Appeal had decided to set aside the earlier judgment in fovour of the Company granted by the Johor Bahru High Court in May 2012.

In March 2013, the Company filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal. The hearing date for the application for leave to appeal to the Federal Court has been fixed on 27 August 2013.

In respect of case 8(1)(c) above, trial at the High Court in Johor Bahru had taken place in August 2011. In November 2011, the Court delivered judgment and dismissed the Company’s claims against the first Defendant with costs.

The Company has filed a notice of appeal to appeal to the Court of Appeal. The appeal has yet to be filed as the written judgment from the Johor Bahru High Court has not been obtained due to transfer of the presiding judge to another state. In the meantime, the Court has fixed the next case management on 29 August 2013.

1. 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.

Hearing took place in January 2013. On 29 March 2013, the Kuala Lumpur High Court delivered decision in favour of the Company and ordered the Defendant to return to the Company the balance of the stakeholder sum amounting to RM1,211,940.25 and pay interest at the rate of 5% per annum on the judgment sum from the date of judgment until full and final settlement of the judgment sum. The Defendant has filed a notice of appeal to appeal to the Court of Appeal.

1. **Corporate Proposals**

Regularization Plan

The approval of the Securities Commission (“SC”) for the restructuring scheme involving the Toptrans Group of Companies as announced and reported earlier had lapsed in December 2012.

The Company was not able to implement the restructuring scheme as approved by the SC within the time frame because of the need to review the approved scheme following the Johor Bahru High Court’s judgment in favour of the Company in respect of the 711-acre land in Segamat as the approved scheme did not take into account the return of the land. The Company subsequently submitted an application for an extension of time to submit a revised restructuring scheme which takes into consideration the return of the 711-acre land in Segamat. The application was turned down by the SC on the basis that the SC only considered an application for extension of time for purpose of implementing an approved scheme and not for submission of revised scheme.

Following the SC’s rejection, Bursa Malaysia Securities Berhad (“Bursa Securities”) had, in January 2013, issued a delisting notice against the Company. The Company subsequently filed an appeal to Bursa Securities against the delisting but was turned down by Bursa Securities on 26 March 2013.

The Company is required to convene an extraordinary general meeting within three months from 26 March 2013 to seek shareholders’ decision on the utilization of the Company’s cash and short term investments. The Company’s shares would be delisted two market days after the convening of the extraordinary meeting.