

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

**NOTES TO INTERIM FINANCIAL REPORTING**  
**BURSA MALAYSIA LISTING REQUIREMENTS**

**1. Review of Performance**

The performance of the Company and its subsidiaries will remain the same for the time being as there will not be any material factors that are likely to affect the earnings or revenue of the Company and the Group.

**2. Prospects for the Current Financial Year**

That deems to be no other factors that are likely to influence the Company's prospects until the end of the next quarter.

**3. Variance of Actual Profit from Forecast Profit**

The Group has not issued any forecast covering the results of the current financial year. The Group's results for the year have not been covered by any profit guarantee.

**4. Taxation**

There were no deferred tax and adjustment of under or over provision for taxation in respect of prior years and there were no similar adjustment for the current quarter and financial year to date.

**5. Unquoted Securities and / or Properties**

The Company through its subsidiary, The Ayer Molek Plantation Sdn Bhd (formerly known as Gateway Heritage Sdn Bhd) has made an official announcement on March 15, 2006 to acquire 30% equity interest in the company known as PT Varita Majutama on a willing buyer-willing seller basis. Full details of the announcement has been disclosed to Bursa Malaysia Securities Berhad.

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**6. Quoted Securities**

There were no purchases or disposal of quoted securities by the group during the current financial year to date.

**7. Status of Corporate Proposals**

The Company has made an official announcement on March 15, 2006 on the Company's restructuring plan. Details of the announcement has been disclosed to Bursa Malaysia Securities Berhad.

**8. Group Borrowings**

The group borrowings as at the end of the first quarter are as follows :

Revolving Loan	RM2,000,000.00	Secured basis. Pengurusan Danahrata had on 18 October 2004 disposed the pledged asset to a third party for a total consideration of RM10,854,033.00. The Company had obtained a waiver and the final settlement for the shortfall is limited to RM2.0 million by 30/9/2005. The Company is yet to make the final payment.
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**9. Financial Instruments with Off Balance Sheet Risks**

There were no financial instruments being held by the company and the Groups for the current quarter and financial year to date.

**10. Material Litigation**

There are two legal cases pending in the last quarter. The status of the two cases are as follows:-

**Status**

(i)	Crestbeam Sdn Bhd Summons no. 1-52-8831-02	The Company had filed another application to strike out this suit and it shall be heard at a new date to be fixed.
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Status

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| (ii) Mirra Sdn Bhd<br>Notice Pursuant to Section 218 of the<br>Companies Act, 1965 | Mirra Sdn Bhd had obtained<br>Judgement in Default against<br>the Company on 22/11/ 2005<br>for the sum of RM2,097,315.62.<br>Mirra Sdn Bhd had on 8/12/05<br>served Notice Pursuant to<br>Section 218 of the Companies<br>Act 1965. The Company had<br>appointed its Solicitor to defend<br>the matter and the said matter<br>is pending for hearing. |
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The abovementioned legal cases are still pending and their financial effects are immaterial as far as the performance of the Company and its subsidiaries are concerned.

**11. Dividend**

No dividend has been paid or proposed.

**12. Earnings per Share**

<b>Basic</b>	<b>Current quarter ended 31/03/2006</b>	<b>Current year todate 31/03/2006</b>
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Net profit/(loss) attributable to ordinary shareholders (RM'000)	(281)	(281)
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Number of ordinary shares in issue as of 31 March 2006	1,800	1,800
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Basic profit/(loss) per ordinary share (sen)	(15.61)	(15.61)
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**Diluted**

Net profit/(loss) attributable to ordinary shareholders (RM'000)	(281)	(281)
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Weighted average number of ordinary shares in issue	1,800	1,800
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Diluted profit(loss) per ordinary share (sen)	(15.61)	(15.61)
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**MASB 26 DISCLOSURE REQUIREMENTS**

**(a) Accounting Policies**

There have been no changes in the accounting policies and methods of computation as compared to the audited accounts for the previous financial year.

**(b) Audit Qualification**

The Company and its subsidiary companies preceding annual audit reports were not qualified.

**(c) Seasonal or Cyclical Factors**

The interim operations of the company and the Group were not affected by nature of seasonality or cyclicity.

**(d) Exceptional Item**

There were no unusual items which were due to affect the assets, liabilities, equity, net income and cash flows.

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**(e) Nature and Amount of Changes in Estimates**

A slight change in estimate of amount was reported in the last quarter of prior financial year due to year ending audit adjustment which has no material effect in the current interim period.

**(f) Issuances, Cancellation, Repurchases, Resale and Repayment of Debt and Equity Securities**

There were no assurance, issuance of equity securities, share buy backs, share cancellation, share held as treasury and resale of treasury shares for the current quarter and the financial year to date. On 17 December 2005 the Company had amicably settled the debt with Ambank Berhad in relation to Lot 542 Mukim Kesang which was charged to the Bank.

**(g) Dividends Paid**

No dividend has been paid or proposed.

**(h) Segmental Reporting**

Due to the pending restructuring exercise, the Company had ceased to lease the estate to 3<sup>rd</sup> party. The current total acreage of land owned by the Company is now considered small and insignificant, thusfar making it not viable for any third party to manage.

**(i) Valuation of Property, Plant and Equipment**

There were no amendments made to the valuation of our freehold plantation for the current quarter and the financial year to date.

**(j) Material Events Subsequent to First Financial Quarter 2006**

(a) On 13 April 2006 Mirra Sdn Bhd had obtained Winding-Up Order against the Company pursuant to Section 218. Nevertheless, on May 17, the Company was granted a Stay Order against the execution of the said Winding-Up Order. The Company has also deposited payment equivalent to the Judgement sum as security deposit.

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The Company has filed an application to set aside the Judgement in Default dated 22 November 2005 and hearing of the said application has been fixed for 14 June 2006. The Company has initiated an application with the Court of Appeal to quash the Winding-Up Order dated 13 April 2006.

- (b) The Company had on 12 April 2006 executed a Sale and Purchase Agreement with Bintang-Bintang Sdn Bhd for the disposal of the Company's agricultural land namely Lot 2203 Grant No. 20419 in Mukim of Buloh Kasap, District of Segamat, State of Johor Darul Takzim for a total consideration of RM12,087,000.00.

**(k) Changes in the Composition of the Group**

There were no changes in the composition of the Group including business combination, requisition or disposed of subsidiaries and long term investment, restructuring and discontinuing operations during the current quarter and the financial year to date.

**(l) Contingent Liabilities**

Besides the legal action by Mirra Sdn Bhd, there were no material changes in the contingent liabilities or contingent assets since the last annual balance sheet date.