

**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**

No transaction in the last quarter of 2005.

**6. Quoted Securities**

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

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**7. Status of Corporate Proposals**

The Company subject to its final Board of Directors approval is now expected to make official announcement and submission to the relevant authorities on its restructuring plan very soon. This restructuring plan has been formulated with the assistance of the Company's recently appointed adviser. The Company is currently finalizing this comprehensive plan to be rolled out for its final endorsement and approval. This comprehensive restructuring plan is aimed at addressing all issues on the Company's capital compliance to paragraph 8.16A of the listing requirement, sustainable future earning, redemption and amicable settlement of its existing debts and enhancement of shareholders values in the Company. In the meantime the Company is contemplating to abort the asset originally earmarked to be acquired under the Head Agreement entered by the Company sometime last year due to continued yield deficiencies. Appropriate official announcement will similarly be issued on this by the Company.

**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. Please refer Item 10.
Mortgage Loan	Nil	Redeemed on 17/12/05 with full and final settlement of RM4.0 million.

**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 three legal cases in the last quarter. The status of the three cases are as follows:-

		<u>Status</u>
(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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|--|---|
| <p>(ii) Danaharta Nasional Berhad<br/>Notice to Sell By Private Treaty<br/>Presentation No. 5648/94 Jilid 459 Folio 13</p> | <p>Pengurusan Danaharta 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.</p> |
| <p>(iii) Mirra Sdn Bhd<br/>Notice Pursuant to Section 218 of the Companies Act, 1965</p>                                   | <p>Mirra Sdn Bhd had on 8/12/05 served Notice Pursuant to Section 218 of the Companies Act 1965. The Company had appointed its Solicitor to defend the matter.</p>  |

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 31/12/2005</b>	<b>Current year todate 31/12//2005</b>
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Net profit/(loss) attributable to ordinary shareholders (RM'000)	14117	13261
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Number of ordinary shares in issue as of 31 December 2005	1,800	1,800
	-----	-----
Basic profit/(loss) per ordinary share (sen)	7.84	7.37
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**Diluted**

Net profit/(loss) attributable to ordinary shareholders (RM'000)	14117	13261
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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)	7.84	7.37
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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 cyclical.

**(d) Exceptional Item**

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

**(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.

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**(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 Fourth Financial Quarter 2005**

- (a) Pengurusan Danaharta Nasional Berhad had on 18 October 2004 disposed the Company's pledged asset measuring 323 acres of estate land located at Lot 3095 Mukim Kesang, Daerah Jasin Melaka for a total consideration of RM10,854,033.00. The Company had secured an undertaking with Danaharta on 24 June 2005 to settle any shortfall on the amount owing to them for the amount of RM2.0 million as the final and amicable settlement.
- (b) The final amicable settlement has now been fixed at RM4.0 million. The Company had secured a waiver of interest loan repayment from AmBank Berhad on 10 June 2005. On 29 August 2005 the Company had paid a sum of RM500,000.00 as part payment for the settlement. The balance of RM3.5 million is due for payment on 17 December 2005.

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- (c) The Company is expected to make appropriate announcement and submission on compliance to paragraph 8.16A of the Listing Requirements in the form of comprehensive restructuring plan soon.
- (d) Mirra Sdn Bhd had on 8 December 2005 instituted a Notice Pursuant to Section 218 of Companies Act 1965 towards the Company. The Petition is in respect of the claim for the sum of RM3,224,689.74 as at 8 December 2005. The claim relates to a Judgement in Default dated 22 November 2005 obtained by the Petitioner as consultant to change the condition of use of the lands belonging to the Company in 1996. The interest prayed under the statement of claim is at 8% per annum on the judgement sum of RM2,097,315.62 from 24 March 1999 up to full settlement.

The Company had at all material times since 1999 been in constant negotiation with the Petitioner to pay the amount allegedly owed to the Petitioner but taking into account the fact that the development plans by the Company which involved the conversion of land was aborted. Hence the Petitioner should not claim the contracted sum but rather abortive fees. Following the breakdown of negotiations, the winding-up petition was presented against the Company.

The Company has appointed its Solicitor to defend the said matter accordingly.

**(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**

There were no material changes in the contingent liabilities or contingent assets since the last annual balance sheet date.