

**SUREMAX GROUP BHD** (334228-K)

**QUARTERLY UNAUDITED RESULTS FOR THE GROUP  
FOR THE 3rd QUARTER ENDED 31.05.2006**

**A** **EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN ACCOUNTING STANDARD BOARD ("MASB") FRS 134, INTERIM FINANCIAL REPORTING**

**A1** **Annual Report**

The condensed financial statements are to be read in conjunction with the most recent annual financial statements for the year ended 31 August, 2005.

**A2** **Accounting Policies**

The interim financial statements have been prepared in compliance with FRS 134, Interim Financial Reporting of Malaysian Accounting Standard Board and Chapter 9 part K of the Listing Requirements of Kuala Lumpur Stock Exchange. The same accounting policies, methods of computation and basis of consolidation are followed in the interim financial statements as those used during the preparation of the most recent annual financial statements for the year ended 31 August, 2005.

**A3** **Audit Qualification**

There was no audit qualification in the auditors' report of the Company's previous annual financial statements for the financial year ended 31 August, 2005.

**A4** **Seasonal Or Cyclical Factors**

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

**A5** **Exceptional Transactions/Events**

There were no exceptional transactions/events that occurred during the quarter under review.

**A6** **Changes In Estimate**

There were no significant changes in the estimates or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

## A7 Changes In Share Capital

There were no issuance and repayment of debts and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period under review.

## A8 Dividends

There was no dividend paid for the current quarter ended 31 May, 2006.

## A9 Segmental Analysis - 3rd Quarter To 31.05.2006

	Management Services <u>RM'000</u>	Construction <u>RM'000</u>	Property Development <u>RM'000</u>	Trading & Sub- Contracting Works <u>RM'000</u>	Eliminations <u>RM'000</u>	Consol <u>RM'000</u>
<b>REVENUE</b>						
External revenue	36	nil	1,796	nil	-	1,832
Inter-segment revenue	79	-	-	-	(79)	-
	<u>115</u>	<u>-</u>	<u>1,796</u>	<u>-</u>	<u>(79)</u>	<u>1,832</u>
<b>RESULTS</b>						
Segment results	96	(532)	(939)	(17)		(1,392)
Interest revenue	-	-	-	-		-
Interest expense	(356)	(418)	(471)	(94)		(1,339)
Taxation						-
Minority interest						-
Profit/(Loss) attributable to shareholders						<u>(2,731)</u>
<b>OTHER INFORMATION</b>						
Segment asset	114	545	65,722	276		66,657
Fixed deposits	-	257	-	88		345
Other investments	115	209	-	-		324
Tax paid in advance	9	100	-	146		255
Consolidated total assets						<u>67,581</u>

	Management Services <u>RM'000</u>	Construction <u>RM'000</u>	Property Development <u>RM'000</u>	Trading & Sub- Contracting Works <u>RM'000</u>	Eliminations <u>RM'000</u>	Consol <u>RM'000</u>
Segment liabilities	772	5,291	8,555	1,397		16,015
Interest bearing liabilities	7,250	6,707	10,435	1,505		25,897
Taxation						
Consolidated total liabilities						<u>41,912</u>
Capital expenditure	-	-	-	-	-	-
Depreciation	-	7	131	1	-	139

#### OTHER INFORMATION

Significant non-cash expenses  
other than depreciation :-

Gain on disposal of property, plant & equipment	-	-	-	-	-	-
Allowance for doubtful debts	-	-	-	-	-	-
Provision for employee benefits	-	-	-	-	-	-

#### A10 Valuation Of Property, Plant And Equipment

The valuation of property, plant and equipment has been brought forward without amendments from the previous annual financial statements.

#### A11 Subsequent Material Events

There were no material events subsequent to the end of the reporting period that have not been reflected in the financial statements for the current quarter up to the date of this announcement.

#### A12 Effect Of Changes In The Composition Of The Group

There were no changes in the composition of the Group/Company for the current quarter under review.

#### A13 Contingent Liabilities

Contingent liabilities as at 26.07.2006 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) comprises Corporate Guarantees totaling RM15.78 million provided by the Company to various parties for banking and credit facilities granted to subsidiary companies in the normal course of business.

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS**

**B1 Review Of The Performance Of The Group**

Please refer to Para. B2 below.

**B2 Material Changes In The Quarterly Reports Compared To The Results Of The Immediate Preceding Quarter**

Turnover for the Group for the current quarter has increased marginally from RM1.82 million in the last quarter to RM 1.83 million for the current quarter and the loss before taxation has increased from RM1.32 million in the preceding quarter to RM 2.73 million in this quarter.

**B3 Prospect For The Forthcoming Financial Period**

Apart from the recent Government's announcement of the proposal to implement projects worth about RM2 billion, no other major economic signals, which would indicate the robust turnaround of the construction sector, is likely to be observed until the next quarter.

With the injection of the projects and other short-tem policy measures by the Government to overcome the sluggishness, it is hoped that the construction industry (and consequently our construction division) will experience a slight upturn in term of order value.

Despite facing tough competition in the bidding for the jobs, the division is expected to secure the jobs internally when the next phase of Taman Seri Mambau is launched. This would help reduce the impact of current industry condition on the future earnings of the division.

On the property development division, it has obtained Certificate of Fitness from local authorities in respect of Taman Seri Mambau Phase 1. With the success of Phase 1, the division is highly optimistic of receiving good response to the new launching as this will create confidence among prospective buyers. The division envisaged that the houses it will launch will be affordably priced and further boosted by the offer of better house designs and the availability of innovative financing packages.

**B4 Variance Of Actual Profit From Forecast Profit**

Not applicable.

**B5 Taxation**

	Current Quarter Ended 31.05.2006 RM'000	Current Year To Date Ended 31.05.2006 RM'000
Current	-	-
Under-provision in prior year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**B6 Profit/Loss On Sales Of Unquoted Investments And/Or Properties**

There was no purchase or disposal of investments and/or properties during the quarter under review except for those arising from the ordinary course of business on sale of properties in the property development subsidiary.

**B7 Quoted Securities**

The Company has not made any purchase nor disposal of its own shares for the current quarter under review.

**B8 Status Of Corporate Proposals**

There is no fresh development as the Company has still not identified a suitable new Advisor to proceed with the Proposed ESOS and the Proposed Amendment.

**B9 Group Borrowing And Debt Securities**Amount payable within 12 months

	Secured RM'000	Unsecured RM'000	Total RM'000
Bank overdrafts	3,995	4,920	8,915
Revolving credits	1,787	6,650	8,437
Term loans	3,861	-	3,861
Bridging loans	-	-	-
Total	<u>9,643</u>	<u>11,570</u>	<u>21,213</u>

Amount payable after 12 months

	Secured RM'000	Unsecured RM'000	Total RM'000
Revolving credits	-	-	-
Term loans	4,685	-	4,685
Total	<u>4,685</u>	<u>-</u>	<u>4,685</u>
<b>Total Borrowings</b>	<b><u>14,328</u></b>	<b><u>11,570</u></b>	<b><u>25,898</u></b>

All the above borrowings are denominated in Ringgit Malaysia.

## **B10 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at 26.07.2006, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

## **B11 Material Litigation**

Latest development on four of the legal cases mentioned previously is as follows :-

- i) Timbora Sdn Bhd (plaintiff) against Pembinaan Jaya Teknik Sdn Bhd and Suremax Builders Sdn Bhd (defendants)

The solicitors are still awaiting the court to fix the date for the trial.

- ii) Ling (Liang) Ah Chai and Another against Suremax Land Sdn. Bhd.

Full trial was conducted on 29 November 2005 at Seremban High Court wherein the said Court has found Suremax Land to be liable. Assessment of damages is to be fixed on 23 January 2006. However, our Solicitors have filed a Notice of Appeal to the Court of Appeal.

- iii) Suremax Builders Sdn. Bhd. vs Dominant Equities Sdn. Bhd.  
(Civil Suit No. MT3-22-725-2004)

We made a company search on Dominant Equities Sdn. Bhd. ("DE"). Based on documents extracted from the Companies Commission of Malaysia, DE's paid-up capital is RM2.00 and has no assets. Moreover, a petition for winding up DE has been taken out by one Syarikat Perniagaan Yu Lee vide Companies (Winding-Up) No. D5-28-624-2003 dated 25 June 2003. In view of the aforementioned development, the Board of Directors of Suremax Group Bhd. is currently exploring the viability of pursuing further recovery action against DE or any other connected parties.

- (iv) Suremax Marketing Sdn. Bhd. vs Dominant Equities Sdn. Bhd.  
(Civil Suit No. MT3-22-724-2004)

We made a company search on Dominant Equities Sdn. Bhd. ("DE"). Based on documents extracted from the Companies Commission of Malaysia, DE's paid-up capital is RM2.00 and has no assets. Moreover, a petition for winding up DE has been taken out by one Syarikat Perniagaan Yu Lee vide Companies (Winding-Up) No. D5-28-624-2003 dated 25 June 2003. In view of the aforementioned development, the Board of Directors of Suremax Group Bhd. is currently exploring the viability of pursuing further recovery action against DE or any other connected parties.

- (v) Suremax Builders Sdn. Bhd. vs Grand Nexus Development Sdn. Bhd.

The solicitors have filed the Summons and Statement of Claim dated 7 July 2005 and are currently awaiting to extract the sealed copy of the said Summons and Statement of Claims.

- (vi) Suremax Concrete Sdn. Bhd. vs. Grand Nexus Development Sdn. Bhd.

The solicitors have filed the Summons and Statement of Claim dated 7 July 2005 and are currently awaiting to extract the sealed copy of the said Summons and Statement of Claims.

- (vii) Suremax Marketing Sdn. Bhd. vs Grand Nexus Development Sdn. Bhd.

The solicitors have filed the Summons and Statement of Claim dated 7 July 2005 and are currently awaiting to extract the sealed copy of the said Summons and Statement of Claims.

- (viii) Suremax Land Sdn. Bhd. vs. Grand Nexus Development Sdn. Bhd.

The solicitors have filed the Summons and Statement of Claim dated 7 July 2005 and are currently awaiting to extract the sealed copy of the said Summons and Statement of Claims.

- (ix) Suremax Marketing Sdn. Bhd. vs Malwah Construction Products Sdn. Bhd.

Suremax Marketing Sdn. Bhd. ("SMSB") is currently suing Malwah Construction Products Sdn. Bhd. ("MCP") for the principal sum of RM77,149.70 being unpaid invoices arising from the supply of building materials. The solicitors have since filed the Summons and Statement of Claim dated 11 July 2005 and are currently awaiting to extract the sealed copy of the said Summons and Statement of Claim.

- (x) Lodgement of Lien - Holders's caveat over HSD 120519 PT5114 Mukim Rantau Daerah Seremban by Suremax Builders Sdn. Bhd.

The proprietor of the land, Grand Nexus Development Sdn. Bhd. have issued a notice through their Solicitors indicating their intention to have the the caveat removed under Section 331(4) of the National Land Code (by virtue of an application to the Court). The reply has been given by Suremax Builders Sdn. Bhd. to resist any application to remove the caveat.

- (xi) Lodgement of Lien - Holders's caveat over HSD 292399 LTD 156609 Mukim Plentong by Suremax Builders Sdn. Bhd.

The proprietor of the land , Grand Nexus Development Sdn. Bhd. have issued a notice through their Solicitors indicating their intention to have the the caveat removed under Section 331(4) of the National Land Code (by virtue of an application to the Registrar).

The reply has been given by Suremax Builders Sdn. Bhd. to resist any application to remove the caveat.

- (xii) Am Merchant Bank Berhad v Suremax Builders Sdn Bhd & Suremax Group Berhad (KLSC, Summons No. S9-52-1315-2006)

Claim by the Plaintiff for the Banking Facilities granted. Hearing for application 26A and Discharge fixed on 06 September 2006.

- (xiii) Success Earthworks & Construction Sdn Bhd v Suremax Land Sdn Bhd (Seremban HC, MT2-22-45-2006)

Claim by Plaintiff for specific performance. Statement of Defence has been filed to resist claim.

New material litigations occurred during the current financial year.

- (i) Alliance Merchant Bank Bhd vs Suremax Group Bhd (KLHC, Summons D5-22-559-2006)

Claim by the Plaintiff for Banking Facilities granted. Judgment In Default was entered against us on 30 May 2006. An application to set a side the Default Judgement has been filed on 14 July 2006 and waiting for our application to be seal by the court.

## **B12 Dividend**

The Board of Directors does not recommend any payment of dividend for the current financial quarter ended 31 May, 2006.

## **B13 Earnings/Loss Per Ordinary Shares**

The basic loss per ordinary share of the Group for the current quarter is calculated based on the loss after taxation and minority interest of RM2,730,509 divided by the number of ordinary shares of RM1.00 each in issue of 66,000,000 shares.