



KNM Group Berhad

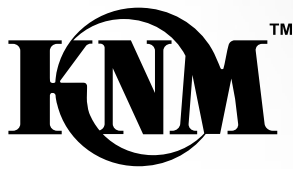
Registration No.: 200001018741 (521348-H)

ANNUAL REPORT 2024



Our Vision

To be a leading process
equipment manufacturer
and a modular process
systems provider for the
oil, gas, petrochemicals,
minerals, power,
environmental and
renewable energy sectors



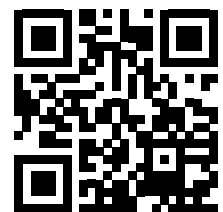
Our Mission

To be a one-stop-centre
for the provision of
process equipment
and process systems
with state-of-the-art
technology

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Form of Proxy



For more information,
please scan the QR Code
or
log on to our website:
www.knm-group.com

Corporate Information











DOMICILE

Malaysia


Legal Form & Place of Incorporation


A public listed company incorporated in Malaysia under the Companies Act 1965 and limited by shares.



Board of Directors


-  **Tunku Dato’ Yaacob Khyra**
Non-Executive Chairman
-  **James Beltran**
Non-Executive Vice / Deputy Chairman
-  **Ravindrasingham A/L Balasingham**
Group Chief Executive Officer / Executive Director
-  **Yee Hong Ho**
Senior Independent Non-Executive Director
-  **Ho Soo Woon**
Independent Non-Executive Director
-  **Thulasy Suppiah A/P Suppiah**
Independent Non-Executive Director
-  **Datuk Uwe Ahrens**
Non-Independent Non-Executive Director
-  **Dato’ Sri Naresh Mohan**
Non-Independent Non-Executive Director
-  **Dato’ Abd.Gani bin Yusof**
Independent Non-Executive Director
-  **Andrew Veno**
Independent Non-Executive Director



Board Committees


-  **Audit Committee**


 Chairman
Yee Hong Ho

 Members
Thulasy Suppiah A/P Suppiah
Ho Soo Woon
-  **Nomination Committee**

 Chairman
Thulasy Suppiah A/P Suppiah

 Members
Yee Hong Ho
Ho Soo Woon
-  **Remuneration Committee**

 Chairman
Yee Hong Ho

 Members
Thulasy Suppiah A/P Suppiah
Ho Soo Woon
James Beltran

Corporate Information

➤ Secretary

Kenneth Goh Kwan Weng
(CCM PC No.: 202408000226)
(BC/G/88)

➤ Auditors

Messrs. KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : +603 7721 3388
Facsimile No. : +603 7721 3399

➤ Principal Place of Business

15, Jalan Dagang SB 4/1
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan
Telephone No. : +603 8946 3000
Facsimile No. : +603 8945 7719

➤ Registered Office

15, Jalan Dagang SB 4/1
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan
Telephone No. : +603 8946 3000
Facsimile No. : +603 8945 7719

➤ Share Registrar

Symphony Corporate Services Sdn Bhd
(Registration No.: 201201037454 (1021936-V))
The Gamuda Biz Suites, S-4-04
Jalan Anggerik Vanilla 31/99
Kota Kemuning
40460 Shah Alam
Selangor Darul Ehsan
Telephone No. : +6016 4397 718
Facsimile No. : +603 5131 9134

➤ Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
(Listed since 11 August 2003)
Sector: Energy
Stock Name: KNM
Stock Code: 7164

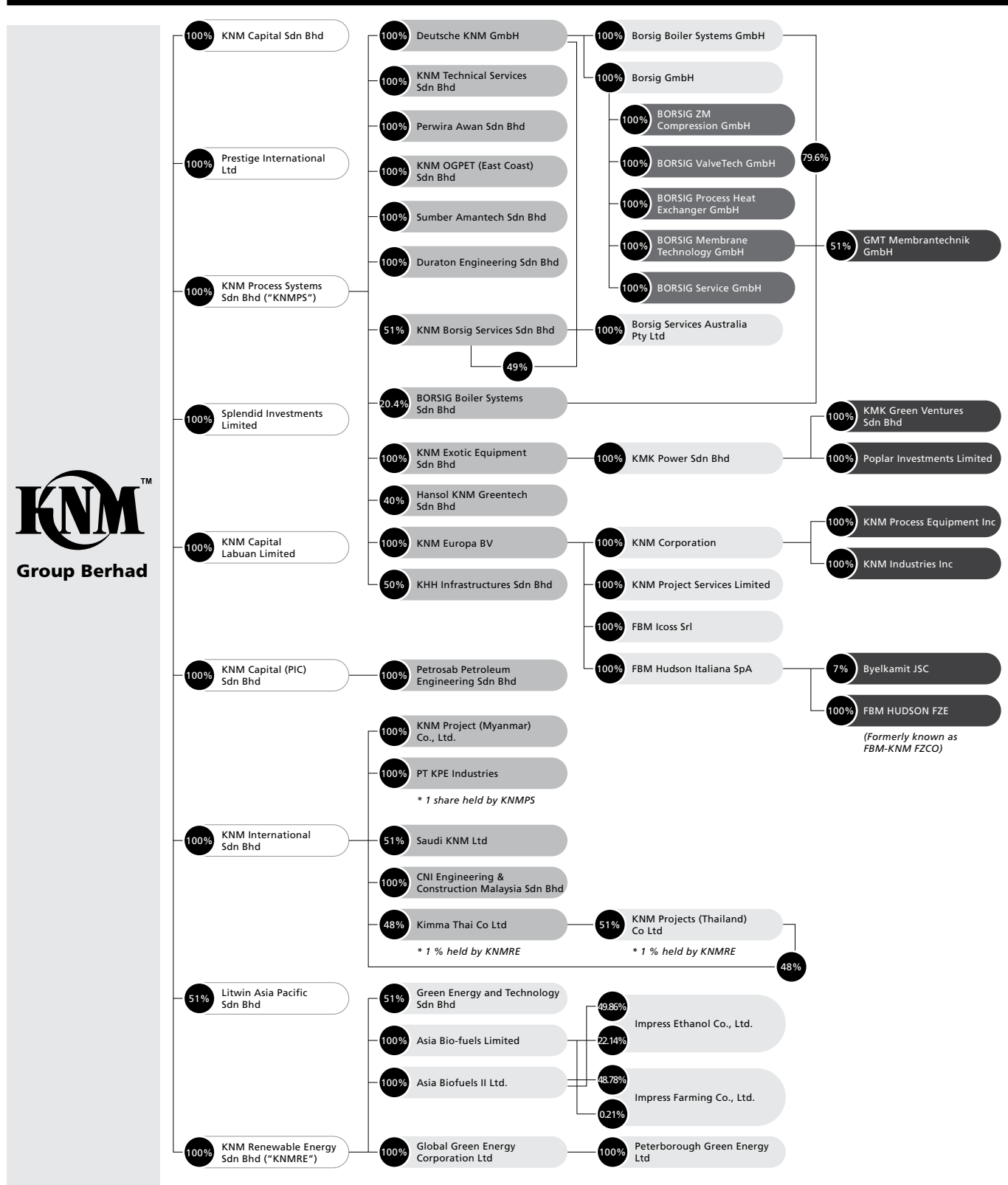
➤ Website

www.knm-group.com

Corporate Structure

KNM Group's Corporate Structure

as at 28 March 2025



KNM

At A Glance

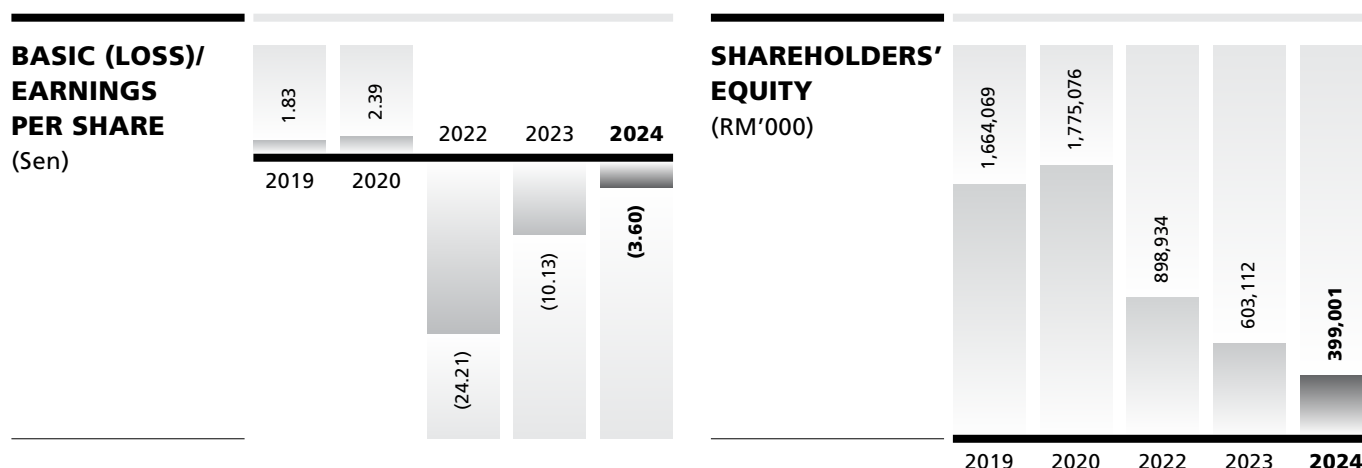
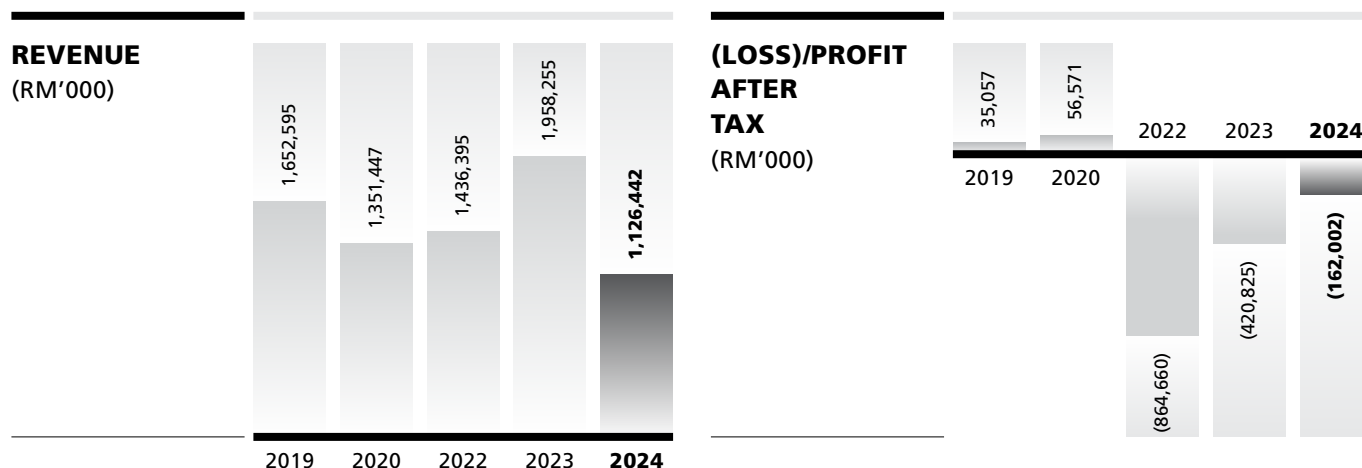


5-Year Group Financial Highlights

		2024	2023 (18 months)*	2022 (18 months)^	2020	2019
Revenue	RM'000	1,126,442	1,958,255	1,436,395	1,351,447	1,652,595
(Loss)/Profit Before Tax	RM'000	(138,063)	(368,672)	(844,811)	81,137	70,414
(Loss)/Profit After Tax	RM'000	(162,002)	(420,825)	(864,660)	56,571	35,057
(Loss)/Earnings Before Interest, Taxes, Depreciation and Amortisation	RM'000	49,800	(5,021)	(516,833)	244,984	239,780
Shareholders' Equity	RM'000	399,001	603,112	898,934	1,775,076	1,664,069
Basic (Loss)/Earnings Per Share	Sen	(3.60)	(10.13)	(24.21)	2.39	1.83
Net Assets Per Share	RM	0.07	0.12	0.23	0.60	0.64

[^] The Company had on 21 March 2022, announced that it had changed the financial year end of the Company from 31 December to 30 June. Consequently, the audited financial statements for FY2022 shall be made up from 1 January 2021 to 30 June 2022 covering a period of 18 months and subsequently, the financial year of the Company shall end on 30 June.

^{*} The Company had on 30 May 2023, announced that it had changed the financial year end of the Company from 30 June to 31 December. Consequently, the audited financial statements for FY2023 shall be made up from 1 July 2022 to 31 December 2023 covering a period of 18 months and subsequently, the financial year of the Company shall end on 31 December.



Chairman's Message

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report of KNM Group Berhad ("KNMG" or "the Company") and its subsidiaries (collectively referred to as "the Group") for the financial year ended 31 December 2024 ("FY2024").

OPERATING ENVIRONMENT

Malaysia's economy has shown remarkable resilience as the gross domestic product (GDP) growth for the fourth quarter of 2024 as well as the full year surpass advance estimates, amid strong domestic demand and a recovery in exports. This brings the full-year growth to 5.1%, faster than the 3.6% recorded in 2023.

Malaysia's GDP is expected to grow faster at 4.5% to 5.5% in 2025, driven by improved investment and external demand, despite a challenging external environment. However, the implementation of reciprocal tariffs by the United States is expected to have a direct impact on Malaysia's GDP growth.

In 2024, global oil prices exhibited volatility, with Brent crude averaging around USD83 per barrel, influenced by geopolitical tensions, economic policies, and a continued focus on energy transition.

Despite these challenges, the Board of Directors ("the Board") will continue to be cautious while continuing its efforts in implementing and executing the restructuring plans.

PERFORMANCE OF THE GROUP

In relation to the financial challenges of the Group during the last 12 months, the Board has worked closely with management on a comprehensive remediation and fund-raising plan. We believe the changes proposed under this plan will have a positive impact for the Group.

To address the Group's PN17 status, the Company has appointed KAF Investment Bank Berhad to be the principal adviser to help formulate a regularisation plan to be submitted to Bursa Malaysia.

We have appointed Ernst & Young (EY) as our financial consultant to advise the Company with scheme creditors in relation to the proposed debt restructuring (Scheme of Arrangement or "SOA") under the Restraining Order ("RO"). EY is currently in the process of formulating the SOA.

The Group is undergoing an extensive restructuring exercise and turnaround strategy where non-core businesses will be disposed and some of the core business too. The proceeds from these disposals will be used to reduce the Group's unsustainable debts to improve liquidity and enhance financial flexibility. On completion of this exercise, the Group's future business operations will focus on aggressively expanding its process equipment fabrication business in Malaysia, with a streamlined operation under KNM Process Systems Sdn Bhd ("KNMPS").

In FY2024, we achieved major milestones to galvanise our trajectory towards a greater resilience. Our efforts bore fruit when the Group announced that on 26 February 2025, KNMPS, a wholly-owned subsidiary of the Company, entered into a conditional sale, purchase and transfer agreement with NGK Insulators, Ltd for the proposed disposal of 1 share in Deutsche KNM GmbH ("DKNM") (the immediate holding company of the BORSIG Group), representing 100% equity interest in DKNM for a disposal consideration of EUR270.0 million (equivalent to approximately RM1,328 million) (the "BORSIG Disposal").

On 12 March 2025, the Court granted the Court Convened Creditors Meeting Order ("CO") to summon, convene and hold meetings with the respective creditors, for the purpose of considering the scheme of arrangement as the Court found that the proposed Scheme of Arrangement has evolved positively, providing a real prospect for the Group to continue its business. With this, we are able to move forward with the finalisation of the Proposed Restructuring Scheme ("PRS") ahead of the court convened meetings with creditors.

BORSIG Group

On 27 February 2025, the Group announced that its subsidiary, KNMPS entered into a conditional sale, purchase and transfer agreement with NGK Insulators, LTD for the proposed disposal of 1 share in Deutsche KNM GmbH ("DKNM"), representing 100% equity interest in DKNM for a disposal consideration of EUR270.00 million (equivalent to approximately RM1,328 million). DKNM is the holding company of BORSIG GmbH. It is worth noting that the disposal consideration for the BORSIG Disposal had increased significantly to EUR270.0 million (equivalent to approximately RM1,328 million) as compared to the previously proposed amount of EUR220.8 million in year 2022. In addition, we also successfully negotiated with NGK for a debt waiver of approximately EUR3.17 million on the inter-company balances as of 31 December 2024, which will be included as part of the disposal gain computation upon closure. Another noteworthy aspect of this transaction is that NGK is financially stable and capable of completing the deal without the need for external financing, allowing a quick settlement and further strengthening the deal's success. All these accomplishments demonstrate the Board's and Management's dedications in maximising both the shareholders' and creditors' values, as the proceeds raised from this disposal are intended to be utilised to settle the Group's indebtedness.

KNMPS Group

For the financial year under review, KNMPS continued to complete existing orders. As the Company is under PN17 and RO status, it was a challenging time without the support from financial institutions and working capital limitation to complete the orders at hand as well as obtaining new orders.

The efforts bore fruit on the Group's restructuring plan and turnover strategy; moving forward, the Group will maintain its focus on its core process equipment manufacturing business, with a particular emphasis on expanding its operations in Malaysia, considering the Group's extensive expertise and long-standing presence in the Malaysian process equipment manufacturing sector, where it has been a key industry player for over 30 years.

FBM Group

The Group had announced that the sub-subsidiary of the Group, KNM Europa B.V., had on 27 March 2024 entered into a Share Purchase Agreement with BM Carpenterie Oil & Gas S.r.l., and Officine Piccoli S.p.A. to dispose of its 100% equity in FBM Hudson Italian S.p.A., for an aggregate cash consideration of EUR 16,500,000.00. Subsequently on 6 June 2024, the Group announced that one of the conditions precedent for the proposed disposal was not fulfilled, as the Golden Power Clearance was rejected by the Italian Government. The Group has since then received offers of purchase from other interested parties and is currently negotiating the offers.

Chairman's Message

MOVING FORWARD

The divestment of BORSIG Group is a key component of our turnaround strategy, as the Group expects the transaction will unlock BORSIG's value and generate significant cash flow flexibility. This will enable the Group to reduce its indebtedness and strengthen its financial position moving forward. The deleveraging process is also anticipated to enhance the Group's ability to secure additional financing for future capital investments and/or strategic acquisitions and improving the Group's bottom line by lowering its financing costs with a total saving estimated at RM110 million annually. Furthermore, with majority of debts settled, the Group will be relieved from the prolonged and burdensome legal disputes initiated by the creditors, resulting in saving on legal and solicitor fees, as well as time costs. This will also enable the Group to redirect its focus and resources towards its core operations, driving improvements in both efficiency and future profitability.

Operationally, the Group will continue its existing process equipment manufacturing business following the divestment of BORSIG Group. The Group will prioritise its efforts towards expanding its process equipment fabrication business in Malaysia, which it currently operates through KNMPS's fabrication plants in Gebeng and Melaka. It is the intention of the Board to leverage on the expertise of its management in the process equipment business, which has been cultivated through the management's years of experience in the DKNM Group and its other process equipment businesses. With this, KNMPS has commenced tendering for process equipment projects, which may expand KNMPS' order book moving forward in order to become KNM Group's core business.

In FY2024, we demonstrated resilience and determination in overcoming challenges, to pave the way for recovery. Meanwhile, the Group is continuously finding ways to speed up the monetization process particularly investments in Thailand. The monetization exercises are ongoing with absolute transparency and valued by our existing creditors, where majority of the creditors support the Group's restructuring plan and turnaround strategy.

Moreover, the Group is also exploring the option on the development of a waste-to-energy plant project in UK and currently looking to undertake a feasibility study of such proposal.

Looking ahead, the Board and Management will continue to explore new ways to address the ongoing disruptions while remaining committed to its restructuring plan and turnaround strategy. However, the challenges for year 2025 remain uncertain amid the geopolitical tension and reciprocal tariffs implemented by the United States.

In conclusion, barring unforeseen circumstances, the Group aims for a positive performance following the successful implementation of its restructuring plan and turnaround strategy.

IN APPRECIATION

We express our heartfelt gratitude to the entire KNM family for your resilience and commitment to our restructuring plan and turnaround strategy and the continued support of KNM's customers, vendors and the other stakeholders.

**Tunku Dato'
Yaacob Khyra**

Chairman of the Board



Management Discussion & Analysis

The Board of Directors of KNM Group Berhad ("KNMG" or "the Company") and its subsidiaries ("the Group") would like to express our gratitude for your continuous trust and support.

Our Group is well diversified with core businesses in project management, engineering, manufacturing and maintenance of process equipment for the renewable energy, power, utilities, refining and petrochemical industries. We also provide one-stop process packages and integrated solutions for the oil and gas, power and renewable energy industries.

The financial year end of the Company and the Group has been changed from 30 June to 31 December as announced to the Bursa Malaysia Securities Berhad on 30 May 2023. As such, there is no comparative figure available for the corresponding period in the preceding year.

The outlook for the financial year ended 31 December 2024 remained challenging due to the Group's high level of indebtedness and past instances of default events, which led to the Group falling into PN17 status since 31 October 2022.

The significant debt burden has made it difficult for the Group to access new working capital and obtain bank guarantee facilities, which further hindered the Group's ability to secure new orders and adversely affecting its overall performance. Moreover, the high level of indebtedness has also contributed to higher financing costs, further diminishing the Group's profitability. With the ongoing restructuring plan and turnaround strategy efforts particularly upon the completion of Borsig divestment and resolving its outstanding debts through its proposed Scheme of Arrangement ("SOA"), the Board opines that the Group will eventually be able to turnaround and rebuild its fabrication business.

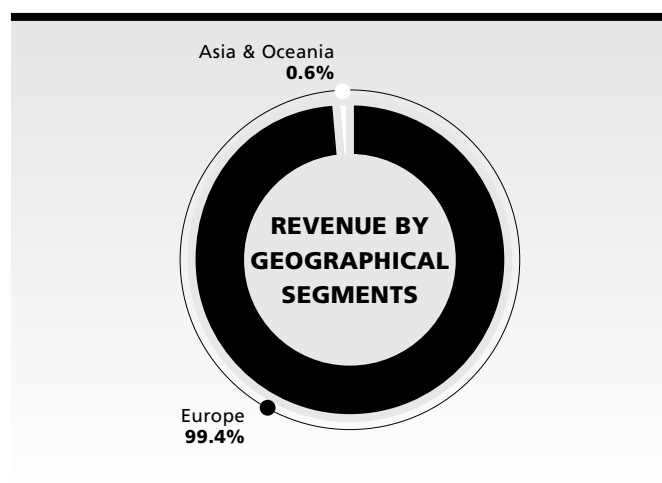
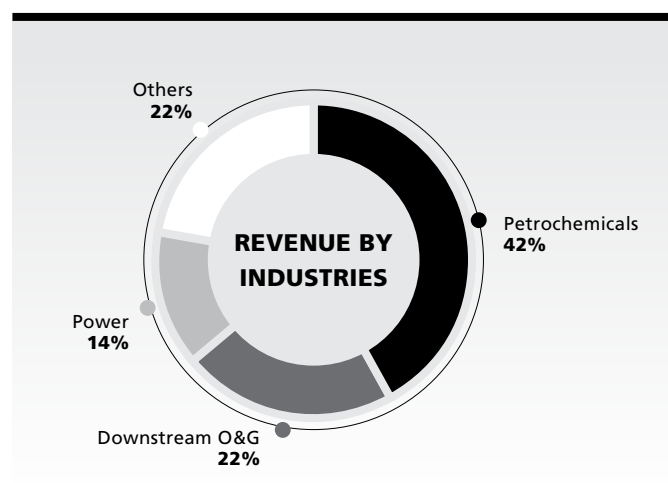
OVERVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 December 2024, the Group reported a revenue of RM1.13 billion, which was primarily driven by its Germany operations.

The Group's gross profit stood at RM268.30 million with an average gross profit margin of 23.8%, despite a higher production costs incurred to complete the ongoing projects due to supply chain constraints and limited working capital and bank guarantee facilities.

Consequently, the Group reported an Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of RM49.80 million including unrealised gain in foreign exchange incurred for the current financial period under review.

The Group reported a loss before tax ("LBT") of RM138.06 million in the current financial period, mainly due to the high finance costs incurred for certain capital assets under construction.



Management Discussion & Analysis

SEGMENTAL PERFORMANCE

Europe Segment

The Europe Segment posted a revenue recognition of RM1.12 billion, mainly contributed by our fabrication plants in Germany, namely BORSIG. BORSIG had contributed 82.20% to the consolidated revenue of the Group for the financial period under review.

This Segment contributed a gross profit of RM274.71 million to the Group and achieved an EBITDA of RM84.89 million inclusive of unrealised exchange gain incurred for the financial period under review.

On 26 May 2023, the Group announced the proposed disposal of 100% equity interest in its fabrication businesses and facility located at Italy and United Arab Emirates ("UAE") given its financial status which needs immediate restructuring and investment. On 27 March 2024, the Group had entered into a Share Purchase Agreement with buyers from Italy to dispose of its 100% equity in Italy and UAE for an aggregate cash consideration of EUR16,500,000. However, the Share Purchase Agreement subsequently expired on 30 June 2024. Since then, the Group has received indicative offers of purchase from other interested parties and is currently in negotiation of the offers.

On 27 February 2025, the Group announced that its subsidiary, KNM Process Systems Sdn Bhd ("KNMPS") entered into a conditional sale, purchase and transfer agreement with NGK Insulators, LTD for the proposed disposal of 1 share in Deutsche KNM GmbH ("DKNM"), representing 100% equity interest in DKNM for a disposal consideration of EUR270.00 million (equivalent to approximately RM1,328 million). DKNM is the holding company of BORSIG GmbH.

Asia & Oceania Segment

Our Asia & Oceania Segment was not spared from a challenging backdrop during the financial period under review. This Segment posted a revenue recognition of RM6.44 million to the Group from the fabrication business during the financial period under review following the Company fell into PN17 status with limited working capital and bank guarantee facilities, resulting in a lower overall project progress coupled with slow replenishment of new orders during this period and no contribution from Thailand's operations since October 2020.

This Segment reported a gross loss of RM6.41 million with an LBITDA of RM27.79 million mainly due to the fixed factory maintenance cost incurred for the fabrication plants in Malaysia and ethanol plant in Thailand.

The production of our bio-ethanol plant in Thailand ("IEL") was halted since October 2020 following the significant increase in the cassava chip prices in late 2018. Consequently, IEL had to gradually reduce its production activities in late 2019 to curb the operating loss while maintaining a minimal maintenance and running costs.

America Segment

This segment had ceased operations in the previous financial period and posted insignificant operating loss to the Group mainly arising from the unrealised foreign exchange loss.

Management Discussion & Analysis

FINANCIAL POSITION

Total Assets

At 31 December 2024, the total assets of our Group were reported lower at RM2.78 billion as against RM3.01 billion at 31 December 2023 mainly due to the adverse currency translation effects on the carrying value of intangible assets and goodwill.

The Group has recognised assets held for sale of RM1.85 billion in accordance with the Malaysia Financial Reporting Standard 5 Non-current Assets Held for Sale and Discontinued Operations in relation to the Proposed Disposals of FBM Hudson and DKNM Groups at 31 December 2024. As DKNM is classified as Assets Held for Sale and Discontinued Operations, the inclusion of these assets has significantly increase the current asset ratio of the Group from 0.48 time at 31 December 2023 to 0.76 time at 31 December 2024.

As certain property, plant and equipment (PPE) are not in use currently and there are several subsidiaries that were either dormant or loss-making, presenting indication of impairment over the carrying value PPE, cost of investment in subsidiaries and recoverability of amount due from subsidiaries. The Management are in negotiation with numerous parties in the process to monetize these assets/subsidiaries and in some instances, had received non-binding offers. Based on the negotiation or non-bidding offers, the Directors are of the view that no adjustment to the carrying value of these assets are necessary at this juncture as no value can be ascribed to the assets with absolute certainty. However, the Directors are confident of obtaining the aggregate values which are close to the aggregated carrying value. For instance, the disposal consideration for the Borsig Disposal had increased significantly to EUR270.0 million as compared to the previously proposed amount of EUR220.8 million in year 2022.

Total Liabilities

Total liabilities of our Group were slightly lower at RM2.50 billion as at 31 December 2024 as compared with RM2.51 billion at 31 December 2023, reflecting a minimal change.

Liquidity and Gearing Ratio

The Group's borrowings were reported higher at RM1.33 billion as at 31 December 2024 as compared with RM1.26 billion as at 31 December 2023. The gearing ratio of the Group increased from 2.53 times as at 31 December 2023 to 4.87 times as at 31 December 2024 mainly due to the reduction in equity as a result of losses in year 2024.

The Group has defaulted on the principal repayment of the following loans*:

Lenders	Borrowers	Principal Amount
Credit Guarantee and Investment Facility ("CGIF")	KNM Group Bhd ("KNMG")	THB2,780 million
Danos Limited ("Danos")	Peterborough Green Energy Ltd	EUR68.5 million
TransAsia Private Capital Limited, in its capacity as Manager, for and on behalf of the Asian Trade Finance Fund 2, a sub-fund of the TA Asian Multi-Finance Fund ("TA")	KNM Renewable Energy Sdn Bhd	USD13.0 million
TA	Splendid Investments Limited	USD10.0 million
MBSB Bank Berhad ("MBSB")	KNMPS	RM85.7 million
Malayan Banking Berhad ("MBB")	KNM Capital Sdn Bhd	RM68.2 million
Bank of China (Malaysia) Berhad ("BOC")	KNM Capital Labuan Limited	USD8.0 million
Affin Bank Berhad ("ABB")	KNMPS	RM12.5 million

* excluding bank guarantees

Management Discussion & Analysis

CGIF, TA/Danos and majority of the lenders are still working in close cooperation with the Group towards achieving a mutually acceptable resolution of the settlement of the monies due to the respective lenders from the monetization of non-core assets and the BORSIG Disposal.

In this respect, KNMG has been in continuous close discussion with the respective lenders on various measures to address the abovementioned events of default. The repayments will be dealt with, addressed and/or restructured under the SOA.

Consequently, the Group's current liabilities exceeded its current assets by RM599.47 million as at 31 December 2024 (31 December 2023: RM1.16 billion). The Directors acknowledged the current liquidity exposure of the Group and, on 16 December 2022 announced it had granted a Restraining Order ("RO") from High Court of Kuala Lumpur for a period of 3 months, enabling the Company to initiate the Scheme of Arrangement ("SOA") process with the Scheme Creditors. The RO was subsequently extended several times until 24 November 2023. However, a second RO was granted on 21 November 2023 by the High Court of Kuala Lumpur for a period of 3 months, subsequently extended to 26 April 2024. On 26 April 2024, the Company has filed an application to the High Court of Kuala Lumpur for a third RO with an automatic statutory moratorium of 2 months. On 25 June 2024, an ad interim Restraining Order was granted by the Kuala Lumpur High Court pending disposal of the Company application to the High Court for a 3 month Restraining Order and a Court Convened Creditors Meeting. On 12 March 2025, the Court granted the Company an order to summon a Court Convened Creditors Meeting Order ("CO") and hold meetings with the respective creditors of the Company for the purpose of considering the scheme of arrangement, as the Court found that the proposed Scheme of Arrangement had evolved positively, providing a real prospect for the Company to continue their business. However, the Court did not grant the RO. On 14 March 2025, the Company filed a Notice of Application for an Extension of the RO ("RO Extension Application") under Section 368(2) of the CA 2016 and/or under the Court's inherent powers pending the Court-convened creditors' meeting. On 26 March 2025, the Company successfully withdrew its RO Extension Application with no order as to costs. The Company, through its solicitors, have made an application for an Erinford Order to be granted to restrain all proceedings and/or enforcement actions by all creditors pending the disposal of the Company's appeal to the Court of Appeal. On 27 March 2025, the Company filed an appeal with the Court of Appeal against the High Court's decision on the RO. On the same day, the High Court granted the Company an Ad-Interim Restraining Order pending appeal, which will remain in effect until the Company's Section 44 Courts of Judicature Act 1964 application to the Court of Appeal is disposed of.

On 27 February 2025, KNMPS, a wholly-owned subsidiary of the Company, entered into a conditional sale, purchase and transfer agreement with NGK Insulators, Ltd for the proposed disposal of 1 share in Deutsche KNM GmbH ("DKNM") (the immediate holding company of the BORSIG Group), representing 100% equity interest in DKNM for a disposal consideration of EUR270.00 million (the "BORSIG Disposal"). This price is significantly higher than the previously proposed disposal amount of EUR220.80 million in year 2022. In addition, we also successfully negotiated with NGK for a debt waiver of approximately EUR3.17 million on the inter-company balances as of 31 December 2024, which will be included as part of the disposal gain computation upon transaction closure. Another noteworthy aspect of this transaction is that NGK is financially stable and capable of completing the deal without the need for external financing, allowing a quick settlement and further strengthening the deal's success. All these accomplishments demonstrate the Board and Management's dedication in maximising both the shareholders' and creditors' values, as the proceeds raised from this disposal are intended to be utilised to settle the Group's indebtedness.

As such, the Group undertakes several corporate exercises under the SOA and regularisation plan to enhance its financial position and eventually be lifted from PN17 status. In addition, the Group will continue to implement appropriate strategies so that the Group will be profitable in the future and enjoy continuous support from its stakeholders.

Management Discussion & Analysis

RISK EXPOSURE

KEY RISK	DESCRIPTION	MITIGATION MEASURES
Operational	<p>Operational risk relates to the frequency and timeliness of new order replenishment affecting consistency of revenue recognition.</p> <p>The risk arising from fluctuation in prices and supplies of raw materials such as steel for fabrication of process equipment and cassava chips for our Thailand bio-ethanol plant, due to seasonal, climate and market forces.</p> <p>Competition from local and overseas competitors who provide similar products and services offerings.</p>	<ul style="list-style-type: none"> The Group is developing recurring income businesses that would provide a more sustainable income stream over the long term. The Group ensures that prices of all major raw materials required are locked-in as soon as the process equipment contract is secured; and The Group has implemented disciplined and lean cost controls by consolidating its procurement to improve the price competitiveness and continue to uphold higher standard of quality of process equipment
Financial	<p>Financial risk involves the ability of the Group or the Company to meet its obligations under the credit facilities when they fall due.</p> <p>The Group's financial condition and its liquidity constraints remain a concern. The Group is undergoing negotiations with its lenders and creditors to meet its obligations. Delayed payments to trade creditors have impacted the ability to deliver on some projects.</p> <p>The factors above culminated in KNM being designated as a PN17 listed issuer.</p> <p>Without active resolution of the mentioned items, there could be material adverse impact to our future earnings, cash flows and financial condition, which could threaten the Group as a going concern.</p>	<ul style="list-style-type: none"> The financial risk of the Group is dependent on significantly improving its liquidity position. To this effect, the Board and the Management continue to undertake steps to regularise operations and the financial conditions of the Group with the following: <ol style="list-style-type: none"> Established a Board Restructuring Taskforce to steer and provide oversight on the regularisation plan, Appointed financial and legal advisors to assist in the debt restructuring exercise, and a principal advisor for the purpose of the PN17 Regularisation Plans, Applied and granted new convening and restraining orders, following the expiry of the same orders obtained last year, enabling KNM Group to continue negotiating a fair and equitable solution with all its stakeholders, without being distracted by the threat of legal proceedings. The Group is actively pursuing various opportunities to monetise its overseas investments as part of its strategy to strengthen its financial position.

Management Discussion & Analysis

OUTLOOK

Construction and Services

The Board anticipates that the outlook for the financial period will continue to remain challenging, given the global economic condition especially following reciprocal tariffs announced by the US against its trading partners where Malaysia will be imposed 24% tariff, and the various corporate actions still being executed to restructure the Group. Taking the impact of all these factors, the uncertainties in the short term are at an elevated level.

The immediate priority for the Group is to reduce its unsustainable debts with lenders and resolve overdue payments to its vendors. While we acknowledge the lengthy negotiations due to the sheer size and complexity of the debt restructuring exercise, we are determined to arrive at an amicable landing and ensure the interest of our stakeholders will be considered in a fair and equitable manner.

In line with our restructuring plan, we are looking to bring in fresh capital while paring down our debts through debt restructuring, commercial settlements, and the divestment of our interest within the Group. We will also need to embark upon recovering our access to credit lines and bank guarantees.

Besides, with our recent announcement regarding the Proposed Disposal of BORSIG, the Group expects the transaction will unlock Borsig's value and generate significant cash flow flexibility. This will enable the Group to reduce its indebtedness and strengthen its financial position moving forward. The deleveraging process is also anticipated to enhance the Group's ability to secure additional financing for future capital investments and/or strategic acquisitions and improving the Group's bottom line by lowering its financing costs. Furthermore, with majority of debts settled, the Group will be relieved from the prolonged and burdensome legal disputes initiated by the creditors, resulting in saving on legal and solicitor fees, as well as time costs. This will enable the Group to redirect its focus and resources towards its core operations, driving improvements in both efficiency and future profitability.

Looking ahead, the Group will maintain its focus on its core process equipment manufacturing business, with a particular emphasis on expanding its operations aggressively in Malaysia, considering the Group's extensive expertise and long-standing presence in the Malaysian process equipment manufacturing sector, where it has been a key industry player for over 30 years. Additionally, the Group is also exploring the potential monetisation of its other assets such as Thailand and United Kingdom to further raise funds for future business plans and working capital needs.

Barring any unforeseen circumstances, the Group aims for positive performance following the successful implementation of its restructuring plan and turnaround strategy.

Profile of Directors

► Tunku Dato' Yaacob Khyra

Non-Executive Chairman

Aged 64 | Malaysian | Male

Tunku Dato' Yaacob Khyra was appointed to the Board as a Non-Independent Non-Executive Director on 1 November 2021 and was subsequently redesignated as Non-Executive Chairman on 9 February 2023.

Tunku Dato' Yaacob graduated with a Bachelor of Science (Hons) Degree in Economics and Accounting from City University, London. An accountant by training, he is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

Tunku Dato' Yaacob started his career as an Auditor with Price Waterhouse in London from 1982 to 1985 and subsequently, employed by the same firm in Kuala Lumpur from 1986 to 1987. Tunku Dato' Yaacob joined Malaysian Assurance Alliance Berhad (now known as Zurich Life Insurance Malaysia Berhad) in 1987 until October 2006.

Currently, Tunku Dato' Yaacob is the Executive Chairman of MAA Group Berhad, Melewar Industrial Group Berhad and Mycron Steel Berhad. He is a Board Member of Melewar Group Berhad, Khyra Legacy Berhad, Yayasan Khyra, MAA Bancwell Trustee Berhad, Ithmaar Holding B.S.C. (listed in Bahrain), Ithmaar Bank B.S.C. (Closed), Altech Batteries Limited (listed in Australia), Chase Perdana Sdn Bhd and several other private limited companies. His shareholdings in the Company is disclosed on page 186 of the Annual Report.

Tunku Dato' Yaacob is also the Chairman of the Board of Trustees of Yayasan Amal Maaedicare, The Budimas Charitable Foundation and Registered Trustees of the Joseph William Yee Eu Foundation.

Tunku Dato' Yaacob does not have any personal interest in any business arrangements involving the Company nor any conflict of interest with the Company except for common directorship with those companies disclosed in the Circular to Shareholders dated 30 April 2025 in relation to Recurrent Related Party Transactions and he has no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

► James Beltran

Non-Executive Vice / Deputy Chairman

Aged 59 | Malaysian | Male

Mr James Beltran was appointed to the Board as a Non-Independent Non-Executive Director on 1 December 2021. Mr James holds a Bachelor of Laws awarded by University of West London, United Kingdom and completed his Certificate of Legal Practice from the University of Malaya. He is a qualified lawyer by profession. He is also a Certified Financial Planner and a founder member of the Financial Planners Association of Malaysia.

He is a Board Member of Langkawi Yacht City Berhad and an Independent Board Director of DFNN Inc, a public listed technology company in the Philippines and had served as Chairman of its Risk Committee. He currently holds various directorships within the Melewar Group of Companies involved at Group level matters across the spectrum of groups business activities.

He is a former Independent Board Member at Solidarity Group Holdings, a Bahrain Headquartered Insurance Group with multiple listed operational financial institutional entities across the Middle East and was Chairman of the group Audit Committee for 8 years. He was also a former Independent Board Member of Arshiya International, an Indian public listed logistics and integrated supply chain company operating across India. In addition, he is also a former Group Head of MAA International responsible for oversight of insurance operations in Philippines, Indonesia and Thailand for MAA Group.

He currently sits as an advisor to two sustainability focused organisations namely The Lost Food Project and Thought For Food SEA.

He has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

He does not have any personal interest in any business arrangements involving the Company.

He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Directors

► Ravindrasingham A/L Balasingham

Group Chief Executive Officer / Executive Director

Aged 60 | Malaysian | Male

Mr Ravindrasingham A/L Balasingham was appointed to the Board as Non-Independent Non-Executive Director on 1 December 2021 and was subsequently redesignated as Group Chief Executive Officer/Executive Director on 8 November 2022.

Mr Ravindrasingham Balasingham, known to many as Mr Ravi, is a veteran professional and has come a long way from his chartered accountancy background, with experience spanning from investment banking to corporate restructuring over a globe-trotting career.

Beginning in public practice in the UK paved the way for his chartered accountancy, and a return to Malaysia with Ernst and Young chartered accountants. At Kinta Kellas PLC, his leading role in the group's restructuring enabled a broader, more ambitious portfolio involving multiple national megaprojects. At RHB Investment Bank, he had a key hand in landmark projects including the IPO of Petronas Gas Bhd which involved the first use of a sizeable Islamic debt issuance. While at RHB, he was also involved in the privatisation of PERNAS, and was a member of the advisory consortium for the restructuring of Tenaga Nasional Bhd, as well as advising Hong Leong Group for an extensive bond and equity fund raising exercise. Achievements as these led to an appointment as Vice-President of Melewar Group.

A return to Europe and investment banking saw Mr Ravi lead the financial operations of the London office of Bank Labouchere NV (investment banking arm of Aegon NV), a role he continued to play following its takeover by Dexia Bank, and then again he was actively involved as Group CFO in the Management Buy Out of the stockbroking and research operations to form a boutique pan-European stockbroking firm, Independent Minds Ltd. Mr Ravi then returned to Malaysia again for a successful turnaround of Malaysian Merchant Marine Bhd via maximising and streamlining an extensive portfolio of struggling assets and rebuilding trust in the firm. Mr Ravi followed this with a significant high valued listing of engineering and construction firm, Eversendai Bhd, as Group CFO, at an exceptional 13 times PE multiple valuation.

Since then, Mr Ravi has been committed to successive consultancy and interim roles involving restructuring, turnarounds, M&A and IPO; such is the breadth and depth of international, multi-industry experience that Mr Ravi brings to his role at KNM. A First Class Honours Degree holder from Salford University, Manchester, UK, and is a Fellow of the ICAEW (Institute of Chartered Accountants of England and Wales), and has attained SFA professional qualifications too.

He has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

He does not have any personal interest in any business arrangements involving the Company.

He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

► Yee Hong Ho

Senior Independent Non-Executive Director

Aged 55 | Malaysian | Male

Mr Yee Hong Ho was appointed to the Board as an Independent Non-Executive Director of the Company on 15 March 2023. He began his career with Kassim Chan & Co (now known as Deloitte) in 1994 and later joined KPMG in 2005 before he left as Audit Director in 2012.

He has over 18 years of experience in providing audit and business advisory services to clients in a wide range of industries. His portfolio of clients included major public listed companies and local subsidiaries of multinational corporations operating in various industries, including banking and financial services, manufacturing and trading, construction contracts, engineering, consultancy services, logistic and transportation, oil and gas, hospitality and other service industries.

His experience also includes financial due diligence reviews for the acquisition of business entity, reporting accountants for purposes of IPO, and review of profit forecasts in connection with rights issue exercises. He currently holds various directorships within the RFY Group of Companies involved at Group level matters across the spectrum of group business activities, such as Finance, Corporate Affairs, Risk Management, People Management and Regulatory Compliance functions of the Group.

He is a Fellow Member of the Association of Chartered Certified Accountants and a Member of the Malaysian Institute of Accountants.

He has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

He does not have any personal interest in any business arrangements involving the Company.

He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Directors

► Ho Soo Woon

Independent Non-Executive Director

Aged 62 | Malaysian | Male

Mr Ho Soo Woon ("Steve Ho") was re-appointed to the Board as an Independent Non-Executive Director on 3 November 2023. Mr Steve Ho graduated with a Bachelor of Business Administration (Banking & Finance) from the National University of Singapore on a Singapore Government's scholarship in 1985.

Mr Steve Ho is the founder and Managing Director of Tesoro Capital Sdn Bhd a corporate consultancy outfit which specialises in initial public offerings, secondary capital and debt fund raisings, reverse takeovers, mergers and acquisition exercises.

Mr Steve Ho has over 36 years of experience in the corporate, commercial, financial and operational matters spanning across various business sectors including banking, manufacturing, real estate, healthcare, oil & gas and mining.

Mr Steve Ho started his career as a bank executive in 1985 with the Arab Malaysian Banking Group. Subsequently in 1987 he was recruited by the Hong Leong Banking Group as one of their pioneer team members in the Corporate Division to spearhead the Bank's new strategic focus to grow its small & medium enterprises loan portfolio in Malaysia.

Mr Steve Ho currently serves on the Boards of several public and private companies where he advises on their corporate strategies and financing. He is also on the Board of Avillion Berhad.

He has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

He does not have any personal interest in any business arrangements involving the Company.

He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

► Thulasy Suppiah A/P Suppiah

Independent Non-Executive Director

Aged 41 | Malaysian | Female

Ms Thulasy Suppiah was appointed as an Independent Non-Executive Director of the Company on 15 March 2023. She is a lawyer specializing in Artificial Intelligence (AI), emerging technologies, and regulatory compliance, advising businesses on navigating legal, ethical, and socio-economic implications of rapid technological advancements.

She holds an LL.B (Hons) from the University of London, UK and was called to the Bar of England & Wales (Lincoln's Inn) in 2013 before being admitted to the Malaysian Bar in 2014. She is the Managing Partner of her law firm, where she leads its litigation and advisory practice, focusing on AI-related regulatory frameworks, governance, and corporate risk management.

Prior to her legal career, Ms Thulasy Suppiah earned a B.Eng (Computer Engineering) from the National University of Singapore (2007) and worked at Oracle Corporation (Singapore) as a Solutions Consultant specializing in human capital management systems. Her technology background provides her with a unique perspective in bridging the gap between law, business, and emerging technologies. Beyond her legal practice, she is actively involved in professional advocacy. She was the Chairperson of the Gender Equality & Diversity Committee and the Professional Development Committee of the KL Bar and remains a member of the Kuala Lumpur Bar Committee. She has contributed to legal scholarship, including the annotation of the LexisNexis Annotated Statutes of Malaysia: Mental Health Act 2001.

Ms Thulasy Suppiah is also a regular commentator on AI, technology law, and governance, with her insights frequently published by The Star and other media outlets. Her writing focuses on the intersection of law, ethics, and emerging technologies, contributing to public discourse on responsible AI adoption and regulatory developments. Through her governance role, she brings expertise in risk management, regulatory adaptation, and sustainability in tech-driven industries.

She has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

She does not have any personal interest in any business arrangements involving the Company.

She does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Directors

► Dato' Abd.Gani Bin Yusof

Independent Non-Executive Director

Aged 70 | Malaysian | Male

Dato' Abd.Gani was appointed to the Board as an Independent Non-Executive Director of the Company on 20 March 2024. He holds a Bachelor of Science Degree (Housing, Building & Planning) BSc. Hons. from University Sains Malaysia, Penang.

He has been in the multi discipline industry for more than 40 years having started his career in 1980 with Peremba Berhad as Project Manager, Property Investment Company. During his tenure in Peremba Berhad, he led the construction and completion of the Saujana Golf & Country Club, a renowned golf resort development.

He left Peremba Berhad and joined United Engineers (M) Bhd ("UEM") in 1988 as a General Manager until 1991 when he was promoted to Project Director. While in UEM he also served as Managing Director of Linkedua Construction of the Malaysia-Singapore Second Link Project and the development of the Nusajaya Township.

He left UEM to pursue his private investment opportunities and he established Magna Prima Berhad (MPB), a property development company and Metronic Global Berhad, an engineering and IT based conglomerate. Both corporations are listed on Bursa Malaysia.

He also sat on a number of committees at national and international level. His directorships in public listed companies include as Executive Vice Chairman of Metronic Global Berhad (2004-2012), Chairman of Magna Prima Berhad (1996-2006), Director of Road Builders Berhad (1997-2002), Kuantan Flour Mills Bhd (2000-2002), Berger International Ltd (1991-1995), Ho Hup Construction Berhad (1991-1995), Kejora Harta Berhad (1995-1997) and Managing Owner and Director of Cosmo Restaurant Sdn Bhd 'Franchisees of Burger King for Malaysia' (1997-2011).

He has since formed his privately owned group of companies, Danivest Sdn Bhd whose core competencies are in Turnkey Project, Land and Property Development, Civil Engineering & Construction as well as Project Management.

He has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

He does not have any personal interest in any business arrangements involving the Company.

He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

► Andrew Veno

Independent Non-Executive Director

Aged 63 | Malaysian | Male

Mr Andrew Veno was appointed to the Board as an Independent Non-Executive Director of the Company on 25 March 2024. Mr Andrew holds a Master of Laws (LLM) in Business Law and Bachelor of Laws (Honours) awarded by International Islamic University Malaysia. He is also a member of Certified Financial Investigation.

Mr Andrew started his career in the Royal Malaysia Police Force as an Inspector of Investigation Officer & Senior Investigation Officer at Georgetown Police District Headquarters, Penang in 1983. Upon completion of his training, he was appointed as Chief Inspector - Serious Crime Investigation Officer, Crime Investigation Department ("CID") Kuala Lumpur Police and then promoted as Chief Inspector - Assistant Registrar of Criminal Malaysia & Singapore / Finger Print Expert CID Bukit Aman.

Throughout the years, he was promoted and appointed in various position, among others, as an Assistant Superintendant - Corporate Crime Investigation, Commercial Crime Investigation Department ("CCID") Bukit Aman, Deputy Superintendant - Head of International Cooperation CCID Bukit Aman and also as Superintendant - Special Investigation Anti Money Laundering (AMLA) Inspector-General of Police (Malaysia) (IGP) Secretariate Bukit Aman.

He also has served as Assistant Commissioner, Head of CCID Kuala Lumpur and subsequently Assistant Commissioner, Head of Legal / Secretariate CCID Bukit Aman before he retired in 2021.

During his services as a senior police officer, he was bestowed Pingat Setia Pasukan Polis (PSPP), Pingat Jasa Pahlawan Negara (PJPN), Kesatria Mangku Wilayah (KMW), Ahli Mangku Negara (AMN) and Pingat Pahlawan Polis (PPP) by His Majesty Yang di-Pertuan Agong, King of Malaysia.

He has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

He does not have any personal interest in any business arrangements involving the Company.

He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Directors

► Datuk Uwe Ahrens

Non-Independent Non-Executive Director

Aged 60 | Germany | Male

Datuk Uwe Ahrens was appointed to the Board as Non-Independent Non-Executive Director on 21 October 2021.

Datuk Ahrens holds Masters in both Mechanical Engineering and Business Administration from the Technical University Darmstadt, Germany.

Upon graduation, Datuk Ahrens joined the international engineering and industrial plant supplier, KOCH Transporttechnik GmbH in Germany, now belonging to FLSmidth Group, where Datuk Ahrens held a senior management position for 12 years.

Datuk Ahrens joined Melewar Group in 2022 and has held senior management positions including Group Chief Technical Officer and Director of Melewar Industrial Group Berhad from 2012 - 2017. Datuk Ahrens is the Managing Director of MIE Tech Sdn Bhd which is involved in the business of engineering consultancy and advisory role.

Datuk Ahrens is CEO & Director of Altech Advanced Materials AG listed in Germany and the Alternate Non-Executive Director to Tunku Dato' Yaacob Khyra in Altech Batteries Limited, listed in Australia.

He has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

He does not have any personal interest in any business arrangements involving the Company.

He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

► Dato' Sri Naresh Mohan

Non-Independent Non-Executive Director

Aged 59 | Singaporean | Male

Dato' Sri Naresh Mohan was appointed to the Board as a Non-Independent Non-Executive Director on 1 December 2021.

Dato' Sri Naresh started his career in the family business representing textile mills in Europe for South East Asian markets in year 1986. In 1994, Dato' Sri Naresh formed a partnership to create a diversified trading company called Glorient Trading Sdn Bhd and the group was sold in 2001.

Dato' Sri Naresh currently holds the position of Group Chief Executive Officer of Hospitality 360 Sdn Bhd. Dato' Sri Naresh is a member of Malaysian Association of Hotels, Malaysia India Business Council and SKAL International Kuala Lumpur-Club 179. Dato' Sri Naresh was also an Advisor to Pahang Tourism for Visit Pahang Year 2017, Vice-Chancellor of Chaine Des Rotisseurs and EXCO member of Kuala Lumpur Tourism Association. Dato' Sri Naresh is also a panel member of Perunding Wilayah Incorporated.

Dato' Sri Naresh currently sits on the Board of Yayasan Tunku Naquiyuddin and Board of Governors of Budimas Education Charity Fund.

He has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

He does not have any personal interest in any business arrangements involving the Company.

He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

► Cha Fui Min

Group Chief Financial Officer

Aged 50 | Malaysian | Male

Mr Cha Fui Min was appointed as Group Chief Financial Officer of the Company on 11 April 2023.

Mr. Cha holds a Bachelor of Commerce (Accounting) awarded by Nelson Marlborough Institute of Technology, New Zealand in 1999. He is also a fellow member of the Association of Chartered Certified Accountants, United Kingdom and member of Malaysian Institute of Accountants.

Mr. Cha has more than 20 years of working experience in various industries including auditing, manufacturing, education, and medical services. He started his career as an external auditor in 2000 with experience in the areas of auditing, accounting, treasury, operations and management of the companies.

Mr. Cha also serves on the Boards of several private limited companies in the group. He is not a Director of any public or public listed companies.

Mr. Cha has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr. Cha does not have any personal interest in any business arrangements involving the Company.

Mr. Cha does not have any conflict of interest with the Company and he has no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

► Jürgen Stegger

Managing Director,
BORSIG Group

Aged 62 | German | Male

Mr. Jürgen Stegger was recruited in 1999 as General Manager under BORSIG Group and subsequently, appointed as Managing Director of BORSIG Group in September 2018.

Mr. Stegger has undergone various extra postgraduate training, among others inclusive of PLC Engineering, HAZOP, International Contracting and others in addition to graduating from RWTH Aachen in Germany.

Mr. Stegger started his career as Project & Service Engineer at PREUSSAG Anlagenbau in Essen, Germany in 1992 and then became a General Manager of the Engineering Department, PREUSSAG Anlagenbau in 1994, prior to joining Borsig Group.

Mr. Stegger also sits on the Board of the subsidiaries of BORSIG Group. He is not a Director of any public or public listed companies.

Mr. Stegger has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr. Stegger does not have any personal interest in any business arrangements involving the Company.

Mr. Stegger does not have any conflict of interest with the Company and he has no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

► Felix Wong Yeen Kee

Managing Director /
Chief Executive Officer,
FBM HUDSON ITALIANA S.P.A.

Aged 49 | Malaysian | Male

Mr. Felix Wong Yeen Kee joined FBM HUDSON ITALIANA S.P.A. as Chief Executive Officer in August 2024.

Mr. Wong is a qualified Member of the Malaysian Institute of Certified Public Accountants (MICPA) and brings over 20 years of extensive experience in the Oil & Gas industry, with expertise in management, finance, business reorganization and structuring, including mergers and acquisitions.

Throughout his career, Mr. Wong held key leadership roles, including assignments in Italy, Germany, and Brazil during his tenure at KNM Group. In 2006, he led the operational and financial restructuring of FBM Hudson Group as Chief Financial Officer and later returned as Managing Director/Chief Executive Officer in 2011. From 2008 to 2018, he served as the joint Managing Director of Borsig Group.

He is not a Director of any public or public listed companies.

Mr. Wong has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr. Wong does not have any personal interest in any business arrangements involving the Company.

Mr. Wong does not have any conflict of interest with the Company and he has no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Corporate Governance Overview Statement

INTRODUCTION

The Board of Directors ("Board") of KNM Group Berhad ("KNM" or "the Company") recognises the importance in applying the Principles and Practices stipulated in the Malaysian Code on Corporate Governance 2021 ("MCCG") issued by the Securities Commission Malaysia throughout the Company and its subsidiaries ("the Group"). The Company has used its best endeavors to enhance its policies and procedures in order to apply the principles of the MCCG.

The Board will continue to undertake review of its corporate governance practices and developments in order to ensure that the Group's corporate governance remain relevant and appropriate for a Group of our size.

This Corporate Governance Overview Statement ("CG Overview Statement") is prepared in compliance with Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and it is to be read together with the Corporate Governance Report 2024 ("CG Report") of the Company which is available on the Company's website at <https://www.knm-group.com> and Bursa Securities' website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is responsible to oversee and manage the overall performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board is comprised of experienced and knowledgeable Directors, offering the Company essential core competencies and leadership to drive the Group towards achieving its business objectives and goals.

Throughout the financial year ended 31 December 2024, the Board has continued to lead and provide direction to management directly as well as indirectly through its committees in relation to the Group's strategic direction and business. These have been further detailed under the Company's Management Discussion and Analysis section of this Annual Report.

In its exercise of oversight of the Company, the Board has met thirteen (13) times during the financial year ended 31 December 2024 to monitor the Group's operational and financial performance and to deliberate on the Group's corporate and business matters which require consideration, direction and decision of the Board.

The Board has established three (3) Board Committees, namely the Audit Committee ("AC"), Nomination Committee ("NC"), and Remuneration Committee ("RC"), each operating within defined Terms of Reference ("TOR"). The composition of the respective Board Committees is presented on page 01 of this Annual Report, while the TOR of the respective Board Committees are available on the Company's website.

Corporate Governance Overview Statement

To date, the Board has approved and adopted the revisions and enhancements of Board Charter and other related framework/policies that are in line with the principles and practices under the MCCG such as:

- (i) Sustainability Statement
- (ii) Code of Conduct and Ethics
- (iii) Whistleblowing Policy
- (iv) Anti-Bribery & Anti-Corruption Policy Statement
- (v) Fit and Proper Policy
- (vi) Directors' Conflict of Interest Policy

The objective of the Board Committees is to deliberate and oversee areas defined within their TORs and to recommend actions to the Board for decisions. Notwithstanding the existence of the Board Committees, the Board is ultimately responsible for the oversight areas and functions of the Board Committees. The Board keeps itself abreast of the significant matters and resolutions deliberated by each Board Committee based on the reports presented to the Board Committees and the minutes of meetings and circular resolutions passed by them.

However, certain key matters are reserved to be determined by the Board. These stewardship responsibilities include, determining overall corporate strategy and business direction, determining funding needs and capital expenditure, approving financial plans and budgets, reviewing financial statements and financial performance of the Company, ensuring necessary financial and other resources allocation to the management to facilitate successful strategy implementation as well as undertaking of corporate exercises involving mergers and acquisitions, new issues of securities, fund raising activities and so on. The Board empowers the Management to operate within defined limits of authority as approved by the Board to ensure efficiency in carrying out day-to-day operations of the Company.

During the financial period covering 1 January 2024 to 31 December 2024 under review, thirteen (13) Board meetings were held. The attendance of each Director at the Board meetings is as set out below:-

	No. of Attendance	%
Non-Executive Chairman		
Tunku Dato' Yaacob Khyra	12/13	92
Non-Executive Vice / Deputy Chairman		
James Beltran	13/13	100
Group Chief Executive Officer / Executive Director		
Ravindrasingham A/L Balasingham	13/13	100
Independent Non-Executive Directors		
Yee Hong Ho	13/13	100
Ho Soo Woon	13/13	100
Thulasy Suppiah A/P Suppiah	13/13	100
Dato' Abd.Gani bin Yusof (<i>Appointed on 20 March 2024</i>)	12/13	92
Andrew Veno (<i>Appointed on 25 March 2024</i>)	9/13	69
Non-Independent Non-Executive Directors		
Datuk Uwe Ahrens	13/13	100
Dato' Sri Naresh Mohan	12/13	92

Corporate Governance Overview Statement

In order to fulfil the Board's roles and responsibilities, the Board members have also attended and participated in various programmes and forums to keep abreast of the current trends/issues while enabling them to stay updated on the latest developments and equip them with the essential skills and knowledge pertinent to their responsibilities.

The training programmes or forums attended by Directors include the following:

Members of the Board	List of Training Programmes/Seminars/Conferences Attended
Tunku Dato' Yaacob Khyra	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Bursa Academy: Conflict of Interest ("COI") and Governance of COI • Corporate Restructuring: Dubai World Case Study • Essential Information Security Awareness
James Beltran	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Ravindrasingham A/L Balasingham	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Yee Hong Ho	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Ho Soo Woon	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Thulasy Suppiah A/P Suppiah	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Bursa Academy: Conflict of Interest ("COI") and Governance of COI
Dato' Abd.Gani bin Yusof	<ul style="list-style-type: none"> • Bursa Malaysia Mandatory Accreditation Programme (MAP)
Andrew Venio	<ul style="list-style-type: none"> • Bursa Malaysia Mandatory Accreditation Programme (MAP)
Datuk Uwe Ahrens	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Dato' Sri Naresh Mohan	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

Board Composition

The Board composition influences the ability of the Board to fulfil its oversight responsibilities. Currently, the Board comprises Directors with diverse mix of skills, knowledge, experience and professional background. The current Board of Directors provides sufficient diversity and independence as well as differing point of views in the decision-making process.

The Company's Constitution stipulates that the minimum and maximum number of Directors on the Board shall not be less than two (2) nor more than twenty (20).

As at the date of this CG Overview Statement, the Board, consists of ten (10) members as follows:

- one (1) Non-Executive Chairman;
- one (1) Non-Executive Vice/Deputy Chairman;
- one (1) Executive Director;
- two (2) Non-Independent Non-Executive Directors; and
- five (5) Independent Non-Executive Directors.

The Board composition is in compliance with Paragraph 3.04(1) and Paragraph 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two Directors or 1/3 of the Board, whichever is higher, must be Independent Directors. Details of the Directors are set out in the Board of Directors' Profiles section in this Annual Report.

Any queries or concerns regarding the Group may be conveyed to Yee Hong Ho as the Senior Independent Non-Executive Director or any other Board member of the Company.

Corporate Governance Overview Statement

Appointments to the Board and Re-election of Directors

All appointments to the Board and its various Board Committees together with senior management are assessed and considered by the NC. In making these recommendations, due consideration is given to the required mix of skills, knowledge, expertise, experience, professionalism and integrity that the proposed candidate(s) shall bring to complement the Board and/or Board Committees. The Board may also consider and exercise judgment in determining the appropriate number and size of the Board relative to the level of investment by the shareholders in the Company.

In compliance with the MMLR of Bursa Securities and the provisions of the Company's Constitution, all Directors of the Company shall retire from office at least once in every three (3) years but shall be eligible for re-election at the annual general meeting. New Director(s) appointed during any year shall retire and seek re-election at the next annual general meeting. This provides an opportunity for shareholders to renew their mandates and ensures that shareholders have a regular opportunity to re-assess the composition of the Board.

At the 22nd Annual General Meeting ("AGM"), James Beltran, Ravindrasingham A/L Balasingham and Dato' Sri Naresh Mohan are due for retirement by rotation and being eligible, have offered themselves for re-election.

Upon review, the NC was satisfied with the performance of the abovementioned Directors and recommended their re-election to the Board for approval. The Board has in turn, recommended the same to be considered for re-election by the shareholders at the forthcoming 22nd AGM of the Company.

During the financial year under review, the NC also recommended two (2) new appointments; Dato' Abd.Gani bin Yusof and Andrew Veno, who were appointed as Independent Non-Executive Directors on 20 March 2024 and 25 March 2024 respectively. They retired at the 21st AGM held on 6 June 2024 and were re-elected to the Board of Directors of the Company in accordance with Article 112 of the Company's Constitution.

Remuneration Framework

The RC reviews annually the salaries of the Executive Director(s) and formulates recommendations to the Board for approval. The individuals concerned will abstain from all deliberation and decisions affecting his or her remuneration and that of the persons deemed connected to him or her.

The Board will subsequently recommend the total Directors' fees and other benefits payable to Directors to the shareholders for approval at the annual general meeting of the Company.

Corporate Governance Overview Statement

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 31 December 2024 are as follows:

Received from Company

	Salary (RM)	Bonus (RM)	Benefits- in-Kind* (RM)	Fees (RM)	Meeting Allowance (RM)	Others** (RM)
Non-Executive Chairman						
Tunku Dato' Yaacob Khyra	-	-	-	60,000	-	-
Non-Executive Vice / Deputy Chairman						
James Beltran	-	-	-	60,000	-	-
Group Chief Executive Officer / Executive Director						
Ravindrasingham A/L Balasingham	180,000	-	32,583	60,000	-	41,760
Independent Non-Executive Directors						
Yee Hong Ho	-	-	-	60,000	-	-
Ho Soo Woon	-	-	-	60,000	-	-
Thulasy Suppiah A/P Suppiah	-	-	-	60,000	-	-
Dato' Abd.Gani bin Yusof	-	-	-	46,774	-	-
Andrew Venio	-	-	-	46,129	-	-
Non-Independent Non-Executive Directors						
Datuk Uwe Ahrens	-	-	-	60,000	-	-
Dato' Sri Naresh Mohan	-	-	-	60,000	-	-

Corporate Governance Overview Statement

Received from Group

	Salary (RM)	Bonus (RM)	Benefits- in-Kind* (RM)	Fees (RM)	Meeting Allowance (RM)	Others** (RM)
Non-Executive Chairman						
Tunku Dato' Yaacob Khyra	-	-	-	-	-	-
Non-Executive Vice / Deputy Chairman						
James Beltran	-	-	-	-	-	-
Group Chief Executive Officer / Executive Director						
Ravindrasingham A/L Balasingham	-	-	-	-	-	-
Independent Non-Executive Directors						
Yee Hong Ho	-	-	-	-	-	-
Ho Soo Woon	-	-	-	-	-	-
Thulasy Suppiah A/P Suppiah	-	-	-	-	-	-
Dato' Abd.Gani bin Yusof	-	-	-	-	-	-
Andrew Venio	-	-	-	-	-	-
Non-Independent Non-Executive Directors						
Datuk Uwe Ahrens	-	-	-	-	-	-
Dato' Sri Naresh Mohan	-	-	-	-	-	-

* Benefits-in-kind include company car, driver, club membership subscription and medical insurance benefits.

** Others include car allowance, provision for Directors' leave pay, travelling allowances and EPF.

Nomination Committee

The NC comprises three (3) members, all of whom are Independent Non-Executive Directors. As at the date of this CG Overview Statement, the members of the NC are as follows:

Chairman: **Thulasy Suppiah A/P Suppiah**
Independent Non-Executive Director

Members: **Yee Hong Ho**
Senior Independent Non-Executive Director

Ho Soo Woon
Independent Non-Executive Director

Corporate Governance Overview Statement

The NC is mainly responsible for assessing and recommending candidates with the required mix of skills and attributes to fill Board, Board Committees and senior management vacancies as well as review or evaluate the appropriate balance, gender diversification, size, optimum mix of skills, experience and other qualities including core competencies which Non-Executive Directors will bring to the Board. The NC recommends to the Board, those Directors who are seeking approvals from the Company's shareholders at annual general meetings to be re-elected or re-appointed. The NC also assesses on an annual basis the effectiveness of the Board as a whole and the Board Committees as well as the respective individual Directors' performance and contribution. All assessments and evaluations are duly discussed and recorded in the minutes of meeting.

The NC meets at least once a year or whenever required and the quorum for a meeting of the NC shall consist of not less than two (2) members, majority of members present must be Independent and Non-Executive Directors.

The TOR of the NC which is in the Board Charter can be viewed at the Company's website at <https://www.knm-group.com>.

The NC met twice during the financial period. The summary of activities undertaken by the NC included the following:

- Assessed and recommended to the Board, the nomination of candidates for appointment of Board members. In making its recommendation, the NC took into consideration the candidates' skills, knowledge, expertise, fit and properness, professionalism, time commitment to effectively discharge his/her role as Director, and ability to understand financial statements, amongst others;
- The Board is required to complete their Performance Evaluation Forms on an annual basis and submit to the NC for assessment. The Board is also required to declare any conflict of interest in the Company as well as their directorship in other public companies and other listed issuers;
- Reviewed annually, the term of office and performance of the Board Committees and each of their members, and determined whether the Board Committees and members have carried out their duties in accordance with their respective TOR;
- Reviewed annually and assessed the effectiveness and performance of the Board of Directors, Board Committees and contribution/performance of each individual Director including the Group Chief Executive Officer and Chairman, and subsequently recommended the outcome of the annual assessment to the Board of Directors concerning the areas for continuous improvement, if any; and
- Reviewed and recommended to the Board of Directors, the re-election of Directors who retire by rotation. Each Director must retire from office at least once in every three (3) years and can offer himself/herself for re-election. Directors who are appointed by the Board are subject to re-election by the shareholders at the next AGM held following their appointment.

Corporate Governance Overview Statement

Remuneration Committee

The RC currently comprises four (4) members with a majority of them being Independent Non-Executive Directors. The composition of the RC are as follows:

Chairman: **Yee Hong Ho**
Senior Independent Non-Executive Director

Members: **Thulasy Suppiah A/P Suppiah**
Independent Non-Executive Director

James Beltran
Non-Executive Vice/Deputy Chairman

Ho Soo Woon
Independent Non-Executive Director

The RC is responsible to recommend to the Board, inter alia, the remuneration of all applicable Directors pertaining to set annual fees and allowances and this includes remuneration packages of the Executive Directors and senior management, in all its forms, drawing from external advice where necessary. With the availability of Directors' remuneration policy and market survey information from external sources or human resources consultants, the RC ensures that the remuneration packages recommended are appropriate and competitive. All recommendations of the RC in respect of remuneration packages of all Directors and the senior management are recommended to the Board for approval.

The Company's remuneration scheme is linked to performance, service seniority, experience and scope of responsibilities. The RC had discussed the remuneration package of the Group Chief Executive Officer/Executive Director ("GCEO/ED") in accordance with the Company's policy guidelines that link remuneration to performance and was of the view that his remuneration package is justified and deemed appropriate which commensurate with the challenges and issues that he has to manage on a daily basis as the GCEO/ ED of the Company.

Determination of Directors remuneration packages, be it that of the Executive Directors or the Non-Executive Directors, is a matter for the Board as a whole. No Director shall take part in any discussion or decision concerning his or her remuneration. Fees are paid to the Directors subject to the approval of shareholders at the annual general meeting.

During the financial year, the RC met three times, attended by all the members, to consider the remuneration package for the Executive Board members as well as fees and benefits payable for all Directors. All deliberations of the RC are properly documented in the minutes of Committee meetings and recommendations are reported by the RC Chairman at Board meetings.

The TOR of the RC which is echoed in the Board Charter can be viewed at the Company's website at <https://www.knm-group.com>.

Standards of Conduct and Best Practices

The Standards of Conduct and Best Practices as approved by the Board for the members' observance are as set out in the Board Charter which is published in the Company's website at <https://www.knm-group.com>.

Corporate Governance Overview Statement

Whistleblowing Policy & Guidelines

In line with good corporate governance practices, the Whistleblowing Policy & Guidelines (“the Whistleblowing Policy”) was established to encourage its employees, Directors and stakeholders to commit to the highest possible standards of integrity in the conduct of the Group’s business activities. Consistent with this commitment, the Whistleblowing Policy aims to support good management practices and sound corporate governance practices within the Group.

The Whistleblowing Policy aims to provide a structured mechanism for its employees, Directors and associates to rise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company included but not limited to as set out hereunder to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith:

- Fraud, bribery, corruption/corrupt practices, forgery, cheating and malpractices;
- Non-disclosure of conflict of interest situation;
- Misappropriation of unauthorised use of the Group’s funds or assets;
- Sale of proprietary information and/or collusion with competitors;
- Failure to comply with legal obligations or regulatory requirements;
- Criminal breach of trust or offence;
- Collusion and money laundering;
- Misuse or abuse of the Group’s funds or assets or assets misappropriation;
- Financial irregularity or financial fraudulent within the Group;
- Breach of the Group’s standard operating procedures and financial authority limit;
- Repeated ill treatment of a client/customer/supplier despite a complaint being made;
- Activities, which otherwise amount to serious misconduct or transgression, including the code of conduct, company policies and human resource policies of the Group;
- Actions which endanger the health or safety of employees or the public and the environment;
- Actions which endanger national and public interest;
- Gross mismanagement within the Group;
- Illegal or unlawful conduct or failure to comply with the provisions of the laws and regulations where the wrongdoer, knowingly, disregards or does not comply with such provisions;
- Sexual harassment;
- Knowingly directing or advising a person to commit any of the above wrongdoings; and
- Any action which is intended to conceal any of the above.

The in-depth information on the Whistleblowing Policy is available for reference at the Company’s website at <https://www.knm-group.com>.

Anti-Bribery & Anti-Corruption Policy Statement

The Company strives to uphold its commitment to prohibit bribery and corruption in the business conduct within the Group. Anti-Bribery & Anti-Corruption Policy Statement (“ABAC Policy”) aims to support good management practices and sound corporate governance practices within the Company. The ABAC Policy aims to set guided principles for its employees, Directors and associates within the Group in relation to dealing with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The in-depth information on the ABAC Policy may be accessed from the Company’s website.

On 29 February 2024, the Company had adopted a Directors Conflict of Interest Policy (“DCOI Policy”). With the adoption of the DCOI Policy, a Director is required to always declare and notify the nature and extent of any conflict of interest, such as name of the company, number of shares, percentage of shareholding, relationship, in which the Director has conflict of interest to the AC and the Company Secretary in writing or electronic means such as email as soon as practicable, whether direct or indirect or whether actual or potential, with the Company or its subsidiaries. Thereafter, the Company Secretary is to table the conflict of interest matter to the AC/Board at its meeting. A Director is required to make an annual declaration of conflict of interest via the Annual Declaration Form.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Directors' Responsibilities for the Financial Statements

Pursuant to the Companies Act 2016 ("the Act"), the Directors are required to prepare and ensure that financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act so as to give a true and fair view of the state of affairs of the Company and the Group for each financial year.

The Directors have overall responsibility for taking steps that are reasonably open to them to safeguard the assets of the Group, and to detect and prevent frauds or other irregularities. The Directors are also responsible for ensuring that the Company keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Group and in compliance with the applicable approved accounting standards and the provisions of the Act.

The annual financial statements are audited by External Auditors in accordance with the approved standards on auditing in Malaysia and they continue to remain independent throughout the conduct of their audit engagement. In conducting the audit, the External Auditors will obtain reasonable assurance that the financial statements are free from material misstatements. The External Auditors assess the accounting principles used and significant estimates made by Directors in addition to evaluate the overall presentation of the financial statements.

Financial Reporting

Shareholders are provided with fair assessments on the Company's financial performance and prospects vide timely issuance of all quarterly reports, annual audited financial statements and announcements on significant developments affecting the Company in compliance with MMLR of Bursa Securities and/or the Act (wherever applicable). The financial statements for the financial year ended 31 December 2024 is prepared in accordance with the Act. The Board is assisted by the auditors, the Company Secretarial team and the AC to scrutinise information for disclosure to ensure its timeliness, accuracy and adequacy.

Audit Committee

The AC comprises three (3) members, all of whom are Independent Directors. The AC is chaired by the Senior Independent Non-Executive Director, Yee Hong Ho, who is not the Chairman of the Board which therefore is in compliance with Practice 9.1 of the MCCG. The composition and activities of the AC during the financial period under review are set out in the AC Report.

The AC has explicit authority from the Board to investigate any matter and is given full responsibility within its TOR and necessary resources which it needs to do so and full access to information. During the financial year ended 31 December 2024, the AC also met twice with the External Auditors without the presence of the Executive Board members and Management.

Risk Management and Internal Control Framework

The Board of Directors is responsible for the Company's risk management and internal control systems. The Company has set up a Risk Management Committee comprising of Management involved in overseeing this function to provide oversight of risk management systems and corruption risk assessment of the Group.

Corporate Governance Overview Statement

Internal Control

The Statement of Risk Management & Internal Control furnished on pages 61 to 63 of the Annual Report provides an overview of the internal controls within the Group.

Internal Audit Function

Internal audit function is established by the Board for the Group to review the adequacy of operational controls system, and in identifying, evaluating, monitoring and managing risks to provide reasonable assurance that such system will continue to operate satisfactorily and effectively in the Group. The internal audit function adds value and improves the Group's operations and assists the AC to effectively discharge its duties by providing independent and objective assurance.

The internal audit function is currently managed and performed in-house and fortified with the assistance of an independent external firm of professional Internal Auditors, Axcelasia Sdn Bhd and the costs attributable to the discharge of duties and performance of the internal audit function of the Company are included in the financial year ended 31 December 2024.

Relationship with the External Auditors

The Company maintains a transparent and professional relationship with its External Auditors at all times. Under its TOR, the AC has explicit authority to communicate directly with the Company's External Auditors. The AC reviews the appointment of the Company's External Auditors and the fees payable to them on an annual basis. Meetings with the senior management, Internal and/or External Auditors are held as appropriate to discuss any issues arising from the interim and final audits, audit plans, audit findings and any other matters of concern that the Internal and/or External Auditors may wish to discuss.

The re-appointment of Messrs. KPMG PLT as the External Auditors of the Company for the financial year ended 31 December 2024 was recommended by the AC to the Board. The Board shall seek shareholders' approval for their re-appointment at the 22nd AGM.

The AC also receives other information such as that of the non-audit services provided by the External Auditors. Based on such information, the AC has no reason to believe that such engagements have impaired or would impair the independence of the External Auditors.

Further details of the TOR of the AC are set out in the Board Charter and the activities of the AC during the financial period under review are as set out in the AC Report.

Corporate Governance Overview Statement

PRINCIPLE C: REPORTING AND RELATIONSHIP WITH STAKEHOLDERS

Shareholder meetings, especially the AGMs, represent an important platform and forum for dialogue and interaction between the Company and its shareholders. Such general meetings are normally attended by all Directors. Explanations are provided during shareholders' meetings in relation to any queries that are posted by shareholders and clarification made to proposed resolutions on key corporate proposals to enable shareholders to make informed decisions.

The Company utilised the following key investor relations activities to update and engage with its investors:-

- (i) holding briefings, plant visits, conference calls and meetings with the shareholders, institutional fund managers and financial analysts; and
- (ii) establishing a corporate website for easy access and dissemination of the Group's corporate information, quarterly and annual financial results, annual reports, announcements to Bursa Securities, news and latest happenings.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. Utilisation of Proceeds from Corporate Proposal

On 20 April 2023 and 7 June 2023, the Company completed the private placement with the listing of and quotation for 37,500,000 and 330,142,100 Placement Shares on the Main Market of Bursa Securities respectively. As at 28 March 2025, the status of the utilisation of the proceeds from the private placement was as follows:

	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Available for Utilisation (RM'000)
Purpose			
Working Capital Requirements	16,292	16,292	-
Expenses for Restructuring and Formulation of Regularisation Plan	3,000	2,728	272
Expenses for the Private Placement	444	444	-
Total	19,736	19,464	272

2. Audit and Non-Audit Fees

During the financial year, the amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for the financial year ended 31 December 2024 were as follows:

	Company (RM'000)	Group (RM'000)
Audit Services Rendered	265	1,860
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	10	10
(b) Other Services	-	343
Total	275	2,213

Corporate Governance Overview Statement

3. Material Contracts involving Directors' and Major Shareholders' Interests

Other than those disclosed in the financial statements, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 December 2024.

4. Contracts Related to Loans

There were no material contracts related to loans entered into by the Company and/or its subsidiary companies involving the Company's Directors and/or major shareholder's interests during the financial period under review.

5. Related Party Transactions

(i) Corporate Secretarial Services Agreement with Trace Management Services Sdn Bhd

The Company had entered into a Corporate Secretarial Services Agreement with Trace Management Services Sdn Bhd ("Trace") on 17 May 2023 to provide and support the Group with corporate secretarial requirements. Trace is a wholly-owned subsidiary of Melewar Group Berhad which is a company owned by the family of Tunku Dato' Yaacob Khyra ("TY") which therefore is considered a related party to the Company.

The Company made announcement on 7 March 2025 as the aggregate value of the related party transactions for the period from 17 May 2023 to 7 March 2025 was at the percentage ratio of 0.25%. The Company will be seeking shareholders' mandate for the related party transactions with Trace at its forthcoming annual general meeting.

(ii) Reimbursement Agreement with MAA Group Berhad

(a) The Company entered into a Reimbursement Agreement with MAA Group Berhad ("MAAG") on 23 February 2024 for the reimbursement of salaries made by MAAG to the GCEO/ED covering the period from 1 July 2023 till the expiry of the contract of the GCEO/ED in November 2024, which is deemed as a Provision of Financial Assistance by MAAG to the Company.

(b) TY is the Chairman and has an indirect interest in KNM via his interests in MAAG, Imperium Edumaax Sdn Bhd as well as in Melewar Industrial Group Berhad, and is therefore deemed interested in the Provision of Financial Assistance.

(c) On 9 May 2024, MAA Credit Berhad, a sub-subsidiary of MAAG, provided a loan of up to RM13,500,000 to KNM Process Systems Sdn Bhd, for funding the KNM Group's working capital requirement.

(d) The highest percentage ratio applicable to the aggregate amount of financial assistance in items (a) and (c) for the preceding 12 months, amounting to approximately RM15,600,000, as per paragraph 10.02(g) of the MMLR of Bursa Securities, was approximately 3.99%.

Sustainability Report

OUR SUSTAINABILITY COMMITMENT

KNM Group Berhad (“KNM Group” or “the Company”), and its subsidiaries, (collectively referred to as “the Group” or “we” or “our”), is a well-diversified multinational group with core businesses in project management, engineering, manufacturing and construction for the renewable energy, power, utilities, refining and petrochemical industries.

Guided by three key pillars — economic viability, environmental stewardship, and social responsibility — we are committed to delivering long-term value for our stakeholders while contributing to a sustainable future.

Aligned with our mission to be a one-stop centre for process equipment and systems with state-of-the-art technology, we strive to enhance stakeholder value through sustainability initiatives. At the same time, we prioritise customer satisfaction through quality improvement, robust safety standards, and environmental protection while ensuring timely project delivery.

In this report, we present the Group’s Sustainability Statement for Financial Year 2024 (“FY2024”), outlining our progress and initiatives in integrating sustainability into our operations. We strive to be recognised for our commitment to sustainability and our positive impact on the industry and environment.

REPORTING COVERAGE AND PERIOD

This Sustainability Statement covers the sustainability activities and performance of KNM Group Berhad during the period from 1 January 2024 to 31 December 2024, for the financial year ended (“FYE”) 31 December 2024. This report covers KNM Group’s material operating units over which we have direct operational control. Unless otherwise stated, the information presented in this report covers our operating units in Malaysia, Germany, Italy and United Arab Emirates (“UAE”).

REPORTING FRAMEWORKS AND STANDARDS

We have been guided by the following best practice guidelines, standards, and frameworks when preparing for the Statement:



- Practice Note 9 of the Main Market Listing Requirements
- Sustainability Reporting Guide, 3rd Edition (“SRG”)



- Malaysian Code of Corporate Governance (“MCCG”), Updated April 2021



- Global Reporting Initiative (“GRI”), 2021

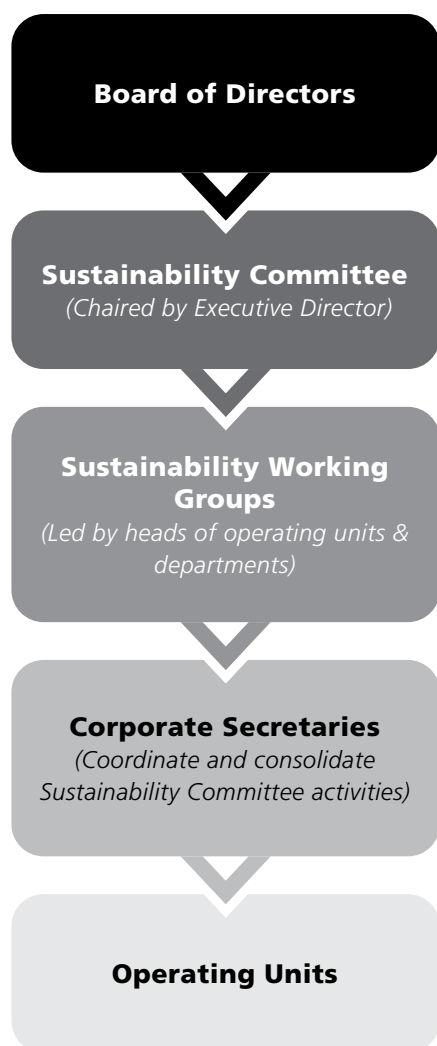
FEEDBACK

We appreciate and value the feedback, suggestions, and input from our stakeholders regarding this Statement. Your insights on any aspect of our sustainability practices and performance are welcome. For any comments, queries or suggestions regarding the content of this Statement, please email us at knm@knm-group.com.

Sustainability Report

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance



Our commitment to sustainability is integrated into our governance structure, which is essential for driving our ongoing sustainability efforts. This structure is led by the Board of Directors ("Board"), who oversee the overall sustainability strategy. The Board is supported by the KNM Group Sustainability Committee ("KNMG SC"), led by the Executive Director ("ED"). This committee oversees the implementation and monitoring of the Group's sustainability agenda. Comprising senior management members, the KNMG SC is further supported by business units and group support functions across our global operations.

The KNM Group Sustainability Committee ("KNMG SC") conducts periodic reviews to ensure that sustainability issues across the organization are effectively addressed. Decisions made by the Board are then communicated to the Executive Director ("ED"), who, together with the Group's senior management team, is responsible for executing and implementing these decisions. Senior management actively engages in sustainability efforts through KNMG SC meetings, quarterly Global Executive Committee meetings, and international conferences. These forums address business developments, regulatory changes, and best practices while fostering knowledge-sharing among employees.

The Board oversees risk management and sustainability governance, ensuring responsible growth amid evolving business environments. Given the Group's global presence, sustainability strategies are tailored to local regulations, cultures, and climate conditions, with subsidiaries adapting initiatives accordingly. The Group is committed to creating long-term value by balancing economic, environmental, and social priorities, aligning these principles with corporate values and decision-making.

Further details can be found in the Corporate Governance Overview Statement and the Statement on Risk Management and Internal Control in the Annual Report 2024.

POLICIES AND PROCEDURES FOR EXCELLENT GOVERNANCE

At KNM Group, we are committed to maintaining the highest standards of corporate governance throughout the organisation. Our approach to sustainability is guided by a robust framework of policies and guidelines that address our economic, environmental, and social responsibilities. These include, but are not limited to:



Anti-Bribery and Anti-Corruption Policy



Health & Safety Policy



Whistleblowing Policy



Conflict of Interest Policy



Code of Conduct and Ethics









Sexual Harassment Policy



Sustainability Report

STAKEHOLDER ENGAGEMENT

We actively engage with stakeholders through various communication platforms to understand their views on Economic, Environmental, Social (“EES”) aspects, address concerns, and create sustainable value. Our engagement focuses on identifying and prioritising material issues while ensuring accurate, timely, and regulatory-compliant information dissemination. The Group maintains strong stakeholder relationships—including investors, analysts, government bodies, and corporate clients—through briefings, meetings, and facility visits. Employees in sales, marketing, and production serve as key interfaces, reinforcing our commitment to business, environmental, and social responsibilities.

Stakeholders	Methods of Engagement	Relevant Material Sustainability Matters (MSM)	Frequency
 Principal Partners & Suppliers	<ul style="list-style-type: none"> Prequalification registrations, exhibitions, congress, seminars, conference Project meetings and site visits Product launches and roadshows Supplier meetings and audits 	<ul style="list-style-type: none"> Anti-Corruption Supply Chain Management Labour practices and standards 	As and when required
 Customers	<ul style="list-style-type: none"> Exhibitions, Congress, Conference Customer Satisfaction Survey Customer feedback / complaints channel by emails, phone-in and face to face meetings Customer visit / audit to manufacturing facilities Face-to-face technical and commercial meeting 	<ul style="list-style-type: none"> Data privacy and security Supply Chain Management Energy management Water Waste Management 	Project by project
 Industry Practitioners	<ul style="list-style-type: none"> Meeting of environmental experts hosted by Chamber of Commerce and Industry Industry conferences, seminars, networking events 	<ul style="list-style-type: none"> Anti-Corruption Supply Chain Management Labour practices and standards 	As and when required
 Investors, financial institutions & shareholders	<ul style="list-style-type: none"> Annual General Meeting Extraordinary General Meeting Analysts meeting Announcements to Bursa Malaysia Securities Berhad KNM corporate website Investors briefings 	<ul style="list-style-type: none"> Anti-Corruption Supply Chain Management Data privacy and security 	Annually / As and when required
 Employees	<ul style="list-style-type: none"> Performance appraisal Newsletter & internal memorandum Annual reports KNM corporate website Trainings Townhalls 	<ul style="list-style-type: none"> Anti-Corruption Labour practices and standards Diversity Health and Safety 	Annually / As and when required
 Government & Regulators	<ul style="list-style-type: none"> Official meetings and visits Industry dialogues, events and seminars Reports, compliance reviews, audits 	<ul style="list-style-type: none"> Anti-Corruption Health and Safety Labour practices and standards 	As and when required

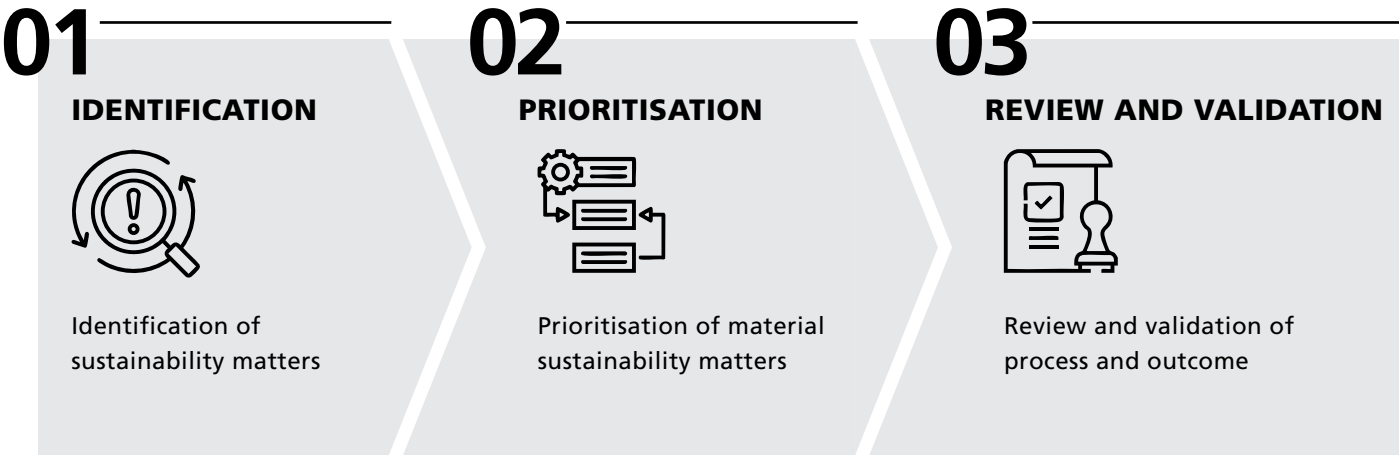
Sustainability Report

Stakeholders	Methods of Engagement	Relevant Material Sustainability Matters (MSM)	Frequency
<div> Media</div>	<ul style="list-style-type: none">• Press releases• Official launches and corporate events• Website and social media	<ul style="list-style-type: none">• Anti-Corruption• Health and Safety• Labour practices and standards	As and when required
<div> Communities</div>	<ul style="list-style-type: none">• Community outreach programmes• Charitable contributions• Internship	<ul style="list-style-type: none">• Community/Society• Labour practices and standards	As and when required

MATERIALITY ASSESSMENT

We believe that embedding materiality considerations into our decision-making processes not only drives positive impact but also supports the transition toward a more sustainable future. The materiality assessment is a critical tool for identifying and evaluating key risks and opportunities related to economic, environmental, and social (“EES”) issues, focusing on those most relevant and impactful for both the Group and its stakeholders.

MATERIALITY ASSESSMENT PROCESS



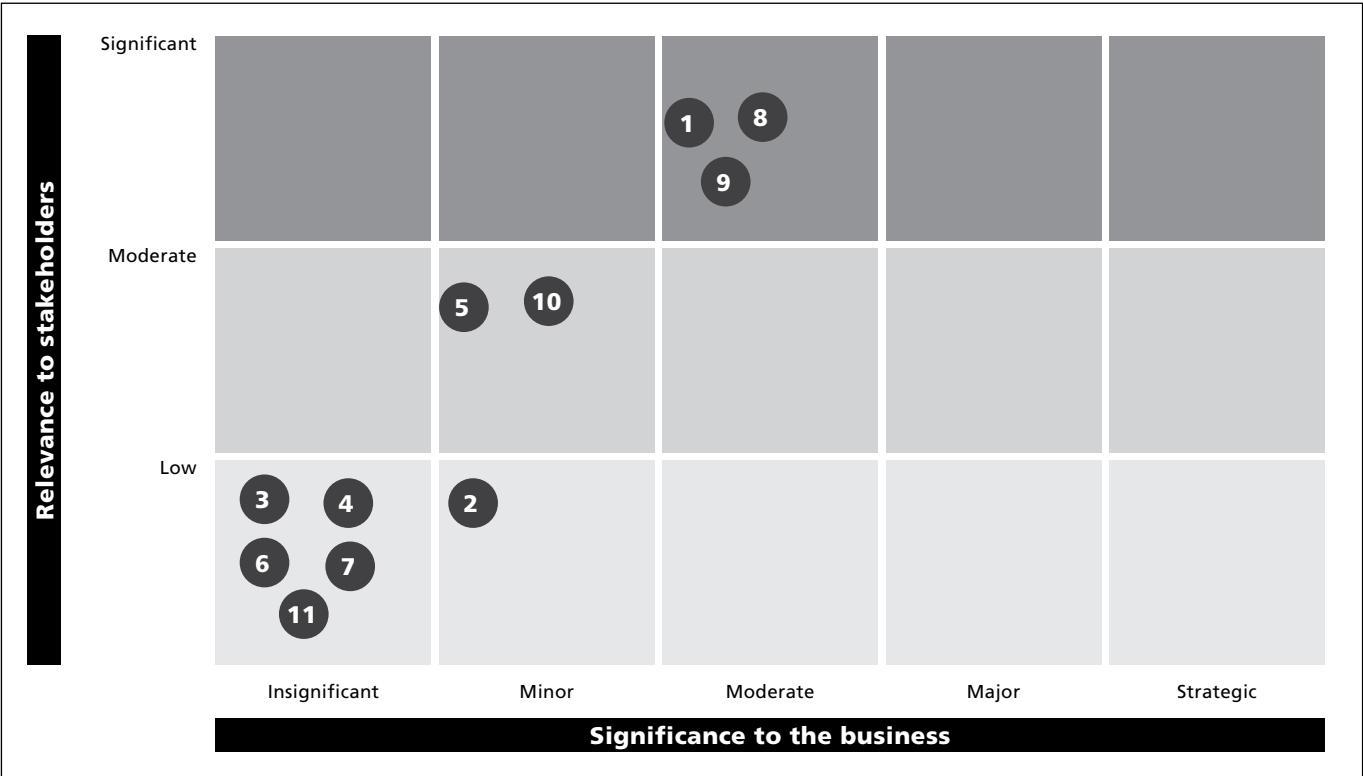
In FY2024, the Group conducted a review of the material matters to gauge the significance of key sustainability matters identified for both the Group and stakeholders. This review was conducted following the guidance of the Sustainability Reporting Guide (3rd Edition), ensuring alignment with our evolving business landscape. Our methodology involved garnering perspectives from a broad spectrum, incorporating insights from both internal and external stakeholders. We are committed to conducting annual reviews to assess the ongoing significance of prioritised economic, environmental, and social (“EES”) impacts arising from our operations.

Sustainability
Report

MATERIALITY MATRIX FY2024

Our methodology involved gathering insights from a diverse range of perspectives, incorporating feedback from both internal and external stakeholders.

This matrix underscores the importance of each aspect, considering both its relevance to the Group and its perceived significance to stakeholders.



ECONOMIC

- 1. Anti-corruption
- 2. Supply Chain Management



ENVIRONMENT

- 3. Energy Management
- 4. Water
- 5. Waste Management
- 6. Emissions Management





SOCIAL

- 7. Diversity
- 8. Health & Safety
- 9. Labour Practices & Standards
- 10. Data Privacy & Security
- 11. Community / Society



Sustainability Report

RISKS, OPPORTUNITIES AND MANAGEMENT APPROACH


Identifying material issues is essential for shaping our strategy, enabling us to recognise both risks and opportunities. By gaining a comprehensive understanding of their impact, we can establish strategic targets and implement action plans to mitigate risks while capitalising on emerging opportunities.

Materiality Matters	Risks & Opportunities	Management Approach
 ECONOMIC		
Anti-Corruption	Risks <ul style="list-style-type: none"> Integrity risk Opportunities <ul style="list-style-type: none"> Enhance transparency and reporting Improve the corporate governance practices of the Group 	<ul style="list-style-type: none"> Embed effective corporate governance practices in business operations Perform due diligence on existing and potential business associates Implement awareness training and/or communication on anti-bribery and corruption for employees and business associates
Supply Chain Management	Risks <ul style="list-style-type: none"> Non-performing suppliers Disruption in the supply chain leading to delays Quality issues and increased cost Opportunities <ul style="list-style-type: none"> Strengthening supplier relationships 	<ul style="list-style-type: none"> Continuously source alternative suppliers Schedule regular audit on suppliers Develop and formalise contracts and agreements that clearly define organisational requirements and expectations
 ENVIRONMENTAL		
Energy Management	Risks <ul style="list-style-type: none"> High energy consumption due to outdated equipment or inefficient processes Opportunities <ul style="list-style-type: none"> Encourage innovation in energy-efficient technologies and practices 	<ul style="list-style-type: none"> Enhancing energy efficiency (by optimising energy consumption) across the company's operations, including data centers and office spaces Cultivate an energy-efficient culture within the organisation Embrace new ideas and processes that can drive a reduction in energy consumption
Water	Risks <ul style="list-style-type: none"> Water scarcity and supply disruption Water pollution Opportunities <ul style="list-style-type: none"> Sustainable water sourcing 	<ul style="list-style-type: none"> Install water treatment equipment in all fabrication plants Environmental Science team conducts annual testing on the discharged water Cultivate a water-conservation culture within the organisation

Sustainability Report

Materiality Matters	Risks & Opportunities	Management Approach
 ENVIRONMENTAL		
Waste Management	Risks <ul style="list-style-type: none"> Increased waste disposal costs and landfill restrictions Environmental pollution Opportunities <ul style="list-style-type: none"> Circular economy opportunities by repurposing waste materials 	<ul style="list-style-type: none"> Implement waste segregation and recycling programs
Emissions Management	Risks <ul style="list-style-type: none"> Stricter regulations on greenhouse gas (GHG) emissions Opportunities <ul style="list-style-type: none"> Minimise emissions generation 	<ul style="list-style-type: none"> Monitor and report emissions data in line with regulatory requirements Transition to renewable energy sources where feasible
 SOCIAL		
Diversity	Risks <ul style="list-style-type: none"> Workplace discrimination Difficulty in attracting and retaining diverse talent Opportunities <ul style="list-style-type: none"> Ability to contribute diverse ideas, improving quality of decisions 	<ul style="list-style-type: none"> Implement fair hiring, promotion, and equal pay practices Incorporate a zero-tolerance policy against discrimination in any form Provide training on unconscious bias and inclusive leadership Foster an inclusive workplace culture through employee resource groups
Health & Safety	Risks <ul style="list-style-type: none"> Workplace accidents leading to financial and reputational damage Reduced productivity due to absenteeism and injuries Opportunities <ul style="list-style-type: none"> Improved employee well-being and productivity Enhanced compliance with health and safety regulations 	<ul style="list-style-type: none"> Conduct regular safety training and emergency drills Implement a robust Occupational Health & Safety ("OHS") management system Perform workplace risk assessments and audits Provide personal protective equipment ("PPE") and promote a safety-first culture
Labour Practices & Standards	Risks <ul style="list-style-type: none"> Lack of competent / skilled employees Challenge to attract talent Opportunities <ul style="list-style-type: none"> Talent retention Improved productivity and employees' performance 	<ul style="list-style-type: none"> Conduct training need analysis on an annual basis Develop talent management

Sustainability
Report

Materiality Matters	Risks & Opportunities		Management Approach
<div> SOCIAL</div>			
Data Privacy & Security	Risks <ul style="list-style-type: none">• Cybersecurity threats leading to data breaches• Non-compliance with data protection regulations	Opportunities <ul style="list-style-type: none">• Improved operational efficiency and streamline data management process	<ul style="list-style-type: none">• Implement robust cybersecurity measures and encryption protocols• Perform routine security audits and vulnerability assessments• Conduct regular employee training on data protection
Community/Society	Risks <ul style="list-style-type: none">• Community dissatisfaction	Opportunities <ul style="list-style-type: none">• Strengthened community relations and brand reputation• Increased employee engagement through volunteerism and social initiatives	<ul style="list-style-type: none">• Implement responsible corporate philanthropy and volunteering initiatives

FY2024 KEY SUSTAINABILITY HIGHLIGHTS



ZERO
corruption cases



ZERO
fatalities



ZERO
data breaches

Sustainability Report

KEY PERFORMANCE INDICATORS ("KPI")

Our Key Performance Indicators ("KPIs") serve as a strategic framework to drive sustainability performance across the organisation. By tracking these indicators, we can assess progress, identify areas for improvement, and implement targeted initiatives to align with our long-term sustainability goals.

Materiality Matters	FY2024 Performance	Sustainability Target FY2025
Anti-Corruption	<ul style="list-style-type: none"> Zero (0) reported corruption and bribery cases 	<ul style="list-style-type: none"> To maintain zero (0) reported corruption and bribery cases Achieve 100% employee attendance in the annual awareness session on the ABAC Policy
Supply Chain Management	<ul style="list-style-type: none"> Achieved 47.25% local spending on suppliers 	<ul style="list-style-type: none"> To achieve 50% local spending on suppliers
Energy Management	<ul style="list-style-type: none"> Total energy consumed: 7,501,565 kWh 	<ul style="list-style-type: none"> To achieve 3% reduction in energy consumption from FY2024
Water	<ul style="list-style-type: none"> Total water consumed: 94,380 m³ 	<ul style="list-style-type: none"> To achieve 3% reduction in water consumption from FY2024
Waste Management	<ul style="list-style-type: none"> Total waste generated: 1847 MT. 	<ul style="list-style-type: none"> To achieve 3% reduction in waste generated from FY2024
Emissions Management	<ul style="list-style-type: none"> The data related to GHG emissions are currently not available 	<ul style="list-style-type: none"> To monitor and disclose GHG emissions
Diversity	<ul style="list-style-type: none"> Percentage of gender ratio of male-to-female employees are 83.58%:16.42% 	<ul style="list-style-type: none"> To maintain at least 20% of female employee within the Group
Health & Safety	<ul style="list-style-type: none"> Achieved 0 case of fatalities 20 number of accident cases 	<ul style="list-style-type: none"> To maintain zero (0) case of fatalities To maintain below 20 number of accident cases
Labour practices & standards	<ul style="list-style-type: none"> Achieved total 8,127.5 hours of training completed by employees 	<ul style="list-style-type: none"> Increase the total hours of training completed by 5%
Data privacy & security	<ul style="list-style-type: none"> 0 reported data breaches 	<ul style="list-style-type: none"> To maintain zero reported data breaches and unauthorised access incidents
Community/Society	<ul style="list-style-type: none"> No CSR activity was carried out 	<ul style="list-style-type: none"> The Group aims to explore opportunities to resume CSR initiatives as part of its long-term sustainability commitments

Sustainability Report



ECONOMIC

ANTI-CORRUPTION

Implementation of Anti-Bribery and Anti-Corruption (ABAC) and Whistleblowing Policy

The Group acknowledges the profound influence businesses have on society and is steadfast in its commitment to driving positive economic, social, and environmental outcomes. As part of our sustainable business strategy, the Group integrates robust governance measures to uphold the principles of Anti-Bribery and Anti-Corruption (ABAC) and Whistleblowing policies. The Group remains vigilant in fostering a culture of integrity and accountability.

To safeguard long-term business resilience, the Group performs corruption risk assessment on an annual basis, continuously monitors the effectiveness of its sustainability initiatives, ensuring that short-term financial gains do not translate into long-term risks. To reinforce ethical business conduct, the Group upholds stringent ABAC and Whistleblowing policies, embedding integrity and transparency into its corporate framework.

Our Approach

The Group upholds the highest standards of integrity, transparency, and ethical business conduct through the implementation of a robust Anti-Bribery and Anti-Corruption (ABAC) framework as shown in the table below.

FRAMEWORK/POLICIES	DESCRIPTION
ANTI-BRIBERY AND CORRUPTION ("ABAC") POLICY	<p>The Group is committed to complying with all relevant laws and regulations, including the Malaysian Anti-Corruption Commission (MACC) Act 2009 guidelines.</p> <p>By embedding ABAC principles into our business operations and decision-making processes, we ensure accountability at all levels while fostering a responsible and sustainable corporate culture. The Standard Operating Procedures and guidelines under ABAC are as follows:</p> <ul style="list-style-type: none"> • Guideline on Due Diligence • Guideline on Purchase of Gift and Corporate Hospitality • Guideline on Gift and Entertainment Acceptance • Guideline on Facilitation Payment • Guideline on Donation and Sponsorship • Guideline on Reporting Procedure • Guideline on Record Keeping and Documentation <p>The Group has made efforts in communicating to the Board of Directors, Senior Management, and Middle-Management in regard to the ABAC policy. In FY2024, there are no instances of corruption or bribery reported.</p> <p>The ABAC Policy is available on our corporate website at https://www.knm-group.com/.</p>

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FRAMEWORK/POLICIES	DESCRIPTION
WHISTLEBLOWING POLICY & GUIDELINES	<p>The Group is committed to maintaining the highest standards of integrity, transparency, and ethical conduct by providing a secure and confidential platform for employees and stakeholders to report any unethical or unlawful activities. Our Whistleblowing Policy aims to provide a structured mechanism for reporting individual to raise or report suspected and/or known misconduct.</p> <p>By embedding whistleblowing mechanisms into our corporate governance framework, The Group encourages the early detection and reporting of misconduct, fraud, or any violations of company policies. The Whistleblowing Procedures include clear guidelines on the reporting process and how concerns should be raised.</p> <p>A qualified disclosure includes, but is not limited to, the following:</p> <ul style="list-style-type: none"> a. Fraud, bribery, corruption/corrupt practices, forgery, cheating and malpractices; b. Non-disclosure of conflict of interest situation; c. Misappropriation of unauthorised use of the Group's funds or assets; d. Criminal breach of trust or offence; e. Collusion and money laundering; f. Financial irregularity or financial fraudulent within KNM Group; g. Gross mismanagement within the Group; h. Sexual harassment; <p>The above list is not exhaustive, and there may be instances where whistleblowers need to exercise judgment.</p> <p>Detailed information on the Whistleblowing Policy can be accessed on the Company's official website: https://www.knm-group.com.</p>

Our Performance

The Group has reported that no misconduct related to bribery and corruption was reported in FY2024. Awareness of the Anti-Bribery and Anti-Corruption (ABAC) and Whistleblowing Policy is integrated into the induction program for all new employees and directors. Additionally, existing employees and directors will undergo annual training tailored to the bribery and corruption risks associated with their respective roles.

Country	No. of corruption cases reported	No. of participants for awareness training sessions
Malaysia	0	1
Germany	0	256
Italy	0	N/A
UAE	0	57

Sustainability Report

SUPPLY CHAIN MANAGEMENT

Responsible & Sustainable Procurement Practices

The Group is committed to implementing a comprehensive Procurement SOP (Procedure for Procurement Control & Procedure for Vendor Selection & Evaluation) that defines the ethical standards governing every stage of the procurement process.

Our Approach

We integrate sustainability into our supply chain through responsible and transparent procurement. We source goods and services via Request for Quotation (RFQ) for new purchases and Direct Purchase for recurring or emergency needs. RFQs require at least three vendor quotations to ensure competitive pricing and quality, with any deviations requiring approval.

Vendor selection is managed by respective business units with oversight from Management. All procurement communications involve relevant stakeholders, ensuring transparency. An engagement letter or similar contract is required to clearly define responsibilities and deliverables, preventing misunderstandings.

To uphold quality, we conduct an annual Vendor Performance Evaluation led by the Procurement Manager (PM) and business unit heads. Vendors are assessed based on pricing, delivery time, technical capability, and responsiveness. The Vendor Appraisal Report (VAR) is used to determine vendor retention. Maintenance work is only outsourced when internal resources are insufficient.

By embedding sustainability, transparency, and ethical procurement practices, KNM Group ensures responsible vendor management and long-term operational excellence.

The Group strives to reduce its environmental footprint by prioritising local suppliers over overseas vendors whenever feasible, minimising carbon emissions from transportation while supporting the local economy.

Our Performance

Financial Year 2024 (FY2024)				
Suppliers (%)	Malaysia	Germany	Italy	UAE
Local	4%	69%	78%	38%
Overseas	96%	31%	22%	62%

As an EPC company, we prioritise sustainability and ethical business practices in our vendor supplier relationships. We conduct regular annual 'Vendor Performance Evaluation' and reviews to ensure compliance with quality standards, ethical procurement practices, and regulatory requirements. This includes evaluating the environmental risks associated with both potential and existing vendors.



ENVIRONMENT

ENERGY MANAGEMENT

Commitment to Energy Efficiency and Renewable Integration

The Group recognises that energy conservation not only leads to substantial cost savings but also enhances our reputation as an energy-conscious organisation, helping to minimise our carbon footprint and advance sustainability. The Group’s Health, Safety, and Environment (HSE) Division is responsible for developing, implementing, and enforcing relevant environmental policies, guidelines, and regulations across the organisation. To align with our carbon reduction commitments, we continuously implement energy-saving initiatives across our operations.

Our Approach

The Group’s approach encompasses actively monitoring electricity usage, improving equipment performance through systematic and efficient maintenance planning, and actively exploring opportunities to incorporate renewable energy sources.

Our Performance

Country	Total energy consumption (kWh)
Malaysia	813,712
Germany	3,304,928
Italy	2,129,925
UAE	1,253,000

WATER MANAGEMENT

Enhancing Water Efficiency and Conservation

KNM Group is dedicated to responsible water management as a core component of its sustainability initiatives. Recognising the importance of water as a valuable resource, the Group aims to minimise its environmental footprint by adopting effective water conservation practices in its operations.

Our Approach

The Group has installed water treatment equipment in all fabrication plants to ensure that any discharged water meets stringent environmental standards and does not contribute to pollution. To further safeguard environmental integrity, the Group’s Environmental Science team conducts annual testing of the discharged water to verify compliance with regulatory and environmental requirements. In addition, the Group is actively cultivating a culture of water conservation within the Group to encourage all employees to adopt water-saving practices and contribute to minimising water wastage.

Our Performance

Country	Total water consumption (m³)
Malaysia	35,876
Germany	17,583
Italy	32,876
UAE	8,045

The variation in water usage across different regions reflects the scale of operations, local water availability, and operational needs. We remain committed to enhancing water efficiency by implementing conservation measures and optimising resource management to reduce our overall environmental impact.

Sustainability Report

WASTE MANAGEMENT

Waste & Resources Management

The Group conducts its business operations with a focus on minimising environmental impact while ensuring compliance with all applicable environmental regulations in resource consumption and waste management.

Our Approach

The Group works closely with licensed and qualified waste collectors to ensure that all waste is properly handled, stored and disposed of in accordance with regulatory requirements. This partnership ensures the safe and efficient management of waste across our operations. Additionally, KNM is committed to recycling whenever possible to reduce the overall environmental footprint. By implementing these practices, the Group strives to minimise waste generation and promote sustainability, contributing to a cleaner and more sustainable future.

Our Performance

In FY2024, approximately 1847 MT million metric tonnes (FY2023: 5.3 million metric tonnes) of solid waste were generated by our process equipment fabrication plants. This resulted in a 983.29 MT waste that was successfully recycled, reflecting our commitment to resource conservation. The Group continued exploration of innovative waste management solutions to further optimise processes and reduce environmental footprints.

Country	Total Waste (MT)	Total Non-Hazardous Waste (MT)	Total Scheduled Waste (MT)	Waste Diverted from Landfill which was Recycled (MT)
Malaysia	30.73	29.59	1.14	30.73
Germany	883.02	863.71	19.31	19.31
Italy	455.71	418.58	37.13	455.71
UAE	477.54	464.92	12.62	477.54
Total	1847	1776.8	70.2	983.29

EMISSION MANAGEMENT

Emissions & Climate Impact Management

The Group recognises the importance of addressing emissions management as part of its commitment to sustainability and its role in supporting Malaysia's aspiration to achieve net-zero greenhouse gas (GHG) emissions by 2050. Effective emissions management is essential in mitigating climate change and aligning with global and national sustainability goals.

For FY2024, the Group has not disclosed emissions-related data due to challenges in data collection, monitoring, and readiness to report such information. We acknowledge the significance of transparent reporting and have begun laying the groundwork to enhance our data management systems. This effort will enable the Group to monitor, measure, and disclose emissions data effectively in the near future.

Our Approach

Looking ahead, the Group is committed to addressing these gaps and plans to disclose emissions data in the FY2025 Annual Report. This step reflects our dedication to integrating sustainable practices into our operations and aligning with Malaysia's climate agenda, ensuring that we contribute to the broader transition towards a low-carbon economy.

By taking a phased and measured approach, we aim to strengthen our capabilities in emissions management, ensuring that future disclosures are accurate, meaningful, and aligned with stakeholders' expectations.

Sustainability Report



SOCIAL

DIVERSITY

Diversity & Inclusion

At KNM, we are committed to fostering a safe and supportive work environment for all employees. It upholds a non-discriminatory approach, ensuring equal treatment regardless of gender, age, race, religion, culture, or nationality. The Group values workplace diversity as a positive indicator of a healthy work culture that enhances both employee well-being and business performance.

Our Approach

The Group is committed to embedding gender diversity into its operational practices, ensuring equal opportunities and representation throughout the organisation.

Our Performance

KNM Group has one female director in Malaysia. The total number of female employees across different locations are as follows:

Country	Female Employees	Male Employees
Malaysia	25	79
Italy	26	103
UAE	6	241
Germany	108	417
Total (%) of employees by gender	16.42%	83.58%

The table below summarises the age group of all the employees across different locations:

Country	<30 years old	30 – 50 years old	> 50 years old
Malaysia	0	56	48
Italy	13	61	55
UAE	22	183	42
Germany	58	262	205

Sustainability Report

LABOUR PRACTICES & STANDARDS

Talent Retention

We are committed to cultivating a workplace that promotes employee loyalty and long-term retention. Additionally, nurturing local talent is crucial for strengthening our talent pool and driving sustainable economic growth and development.

Our Approach

We are committed to fostering a stable and engaged workforce by creating an environment that promotes employee retention, loyalty, and professional growth. We emphasise the development of local talent to strengthen our talent pipeline, ensuring long-term business sustainability and contributing to economic growth. Additionally, we strive to maintain a diverse and inclusive workforce while implementing policies that support employee well-being and career advancement.

Our Performance

In FY2024, KNM Group hired a total of 97 new employees across its global operations, demonstrating our commitment to talent acquisition and workforce expansion. However, the overall employee turnover rate stood at 61.5%, with notable variations across regions. Malaysia recorded the highest turnover rate at 97.1%, primarily due to the Group's extensive restructuring.

In contrast, Germany maintained relatively lower turnover rates at 39.5%, reflecting more balanced workforce transitions. While employee retention remains a challenge, we continue to focus on strengthening engagement initiatives, career development programs, and competitive benefits to enhance workforce stability.

Employee Turnover (Resignation) 2024

Country	Male	Female	Total
Malaysia	52	14	66
Germany	38	7	45
Italy	20	3	23
UAE	21	0	21

New Hire 2024

Country	Male	Female	Total
Malaysia	2	0	2
Germany	58	11	69
Italy	6	5	11
UAE	15	0	15

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Employee Turnover Rate (Resign) (%) in FY2024

Country	Employee Turnover	New Hires	Turnover Rate (%)
Malaysia	66	2	97.06%
Germany	45	69	39.47%
Italy	23	11	67.65%
UAE	21	15	58.33%

High turnover in Malaysia, Italy and UAE suggests a significant workforce change with minimal new hires. Germany has more balanced turnover rates, indicating better employee replacement.

Employee Training and Development

We recognise the importance of continuous learning and development in enhancing employee capabilities and ensuring business sustainability. Our training initiatives align with our commitment to upskilling our workforce, improving operational efficiency, and maintaining compliance with industry standards.

Our Approach

Our employee training programs are categorised into two main areas:

- Technical Training:** These programs focus on enhancing employees’ technical expertise in their respective fields. Key training sessions include:
 - Cybersecurity & Compliance (e.g., Network Penetration Testing, ISMS Online Learning)
 - Software Proficiency (e.g., Microsoft Excel Intermediate & Advanced)
 - Engineering & Technical Skills (e.g., CAD Design, Integrated Engineering Workshops)
- Non-Technical Training:** These sessions support employees in developing leadership, communication, and problem-solving skills. Examples include:
 - Strength-Based Leadership Modules
 - Management & Soft Skills Development

Our Performance

In the reporting period, our employees actively participated in various training programs facilitated by both internal and external trainers. These sessions were conducted through in-person workshops, virtual learning, and hands-on practical training.

The table below summarises the total training hours attended by our employees across various locations:

Country	Total training hours
Malaysia	345
Germany	3,616
Italy	3,541
UAE	625.5

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Report

DATA PRIVACY & SECURITY

Personal Data Policy

KNM Group is committed to protecting the privacy and security of personal data. The Company ensures that all personal information collected, used, and disclosed is handled responsibly and in compliance with relevant data protection regulations.

Our Approach

At KNM Group, we recognise the importance of safeguarding personal and corporate data in line with relevant data protection laws and cybersecurity best practices. In an era of escalating cyber threats and digital vulnerabilities, we uphold the highest standards of data privacy and security to protect the integrity, confidentiality, and availability of personal and corporate information.

KNM Group adheres to the Personal Data Protection Act (PDPA) 2010 and other relevant regulations to ensure that personal data is handled responsibly. Our Information and Communications Technology ("ICT") Policy and Manual outlines key data privacy measures, including user access management, incident reporting, and backup procedures to protect sensitive information.

Cybersecurity Practices

While KNM Group does not currently have a formal cybersecurity framework or recovery plan, the company has implemented fundamental security controls, including:

- **Anti-virus and firewall management** to prevent unauthorized access and malware threats.
- **User access control** policies to restrict data access based on role-based permissions.
- **Data backup and recovery procedures** to minimize data loss and ensure business continuity.

Incident Response & Future Enhancements

KNM Group’s Problem / Incident Management & Escalation Procedures provide a structured approach to identifying, reporting, and addressing ICT-related issues. Moving forward, KNM Group acknowledges the need to enhance its cybersecurity capabilities and may explore upgrading or replacing existing systems to implement a comprehensive cybersecurity framework and incident response plan.

Our Performance

Country	Malaysia	Germany	Italy	UAE
Number of reported data breaches and incidents	0	0	0	0
Number/Percentage of employees trained on cybersecurity	0 (0%)	0 (0%)	0 (0%)	0 (0%)

Sustainability Report

COMMUNITY & SOCIETY

Strengthening Communities Through Social Commitment

KNM Group recognises the importance of contributing to the communities where it operates. While the Group's social initiatives have been limited in the current year, it remains committed to fostering positive community engagement and will continue to explore opportunities to support social well-being as part of its long-term sustainability efforts.

Our Approach

The Group aims to support community well-being through meaningful initiatives such as charitable contributions, education, and skills development programs. While there were no corporate social responsibility ("CSR") activities carried out in the current year, KNM remains committed to fostering positive social impact and will explore opportunities for future community engagement as part of its long-term sustainability efforts.

HEALTH AND SAFETY

Health & Safety

The Group prioritises the health, safety, and well-being of our employees, contractors, and stakeholders by fostering a safe and compliant work environment. Our Health, Safety, and Environment (HSE) Division is responsible for developing, implementing, and enforcing workplace safety policies, guidelines, and regulations. Through proactive risk management, continuous training, and strict adherence to occupational safety standards, we strive to prevent workplace incidents and promote a culture of safety across all operations.

Our Approach

The Group's Health, Safety, and Environment (HSE) Division implements policies and procedures to foster a strong safety culture. This includes promoting fire prevention practices, providing safety gear, conducting safety talks, and offering training programs to achieve zero lost-time injury hours at manufacturing facilities.

The Group prioritises workplace safety by ensuring compliance with local HSE regulations and international standards such as ISO 14001. Regular training sessions are conducted to enhance employee awareness and adherence to HSE protocols.

In FY2024, our HSE Committee played a key role in strengthening safety standards by conducting Health & Safety trainings. The total of training hours conducted on health and safety were 44 hours (Malaysia), 949 hours (Italy), 618 hours (UAE), and 1,568 hours (Germany).

Sustainability Report

Our Performance

During the financial period under review, two customers conducted quality and HSE audits at the Group’s plants in Malaysia. Additionally, the Group successfully completed the ISO 9001, 14001, and 45001 recertifications, demonstrating its commitment to maintaining high safety and quality standards across its operations. Continuous monitoring and employee recognition programs further reinforce compliance and safety excellence.

The records for FY2024 are as follows:

Financial Year 2024 (FY2024)	Malaysia	Germany	Italy	UAE
Number of work-related fatalities	0	0	0	0
Total man hours worked	206,336	927,895	262,128	311,071
Lost time incident rate	0	25.4339	3.0519	0
Frequency rate	0.00	27.41	11.64	0.00

MOVING FORWARD

KNM Group remains committed to ensuring full compliance with all regulatory and sustainability requirements. While the Group continues to focus on business recovery, we will assess opportunities for enhanced ESG contributions. Once financial stability is restored, we aim to expand our sustainability initiatives to create long-term value for its stakeholders.

ASSURANCE STATEMENT

This Sustainability Statement has not been subjected to an assurance process.

Sustainability Report

GRI CONTENT INDEX

Statement of use: KNM Group Berhad has reported information cited in this GRI content index for the period of 1 January 2024 to 31 December 2024 in accordance with the GRI Standards.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE ITEM	REFERENCE PAGES(S) IN ANNUAL REPORT
GRI 2: General Disclosures 2021		
2-1	Organisation details	01-02
2-2	Entities included in the organisation's sustainability reporting	03
2-3	Reporting period, frequency and contact point	33
2-4	Restatement of information	N/A
2-5	External assurance	N/A
2-6	Activities, value chain and other business relationship	03
2-7	Employees	47-49
2-8	Workers who are not employees	N/A
2-9	Governance structure and composition	22
2-10	Nomination and selection of highest governance body	22-32
2-11	Chair of the highest governance body	01
2-12	Role of the highest governance body in overseeing the management of impacts	20-21
2-13	Delegation of responsibility for managing impacts	08-13, 38-40
2-14	Role of the highest governance body in sustainability reporting	34
2-15	Conflict of interest	14-19, 59
2-16	Communication of critical concerns	28
2-17	Collective knowledge of the highest governance body	N/A
2-18	Evaluation of the performance of the highest governance body	26
2-19	Remuneration policies	23
2-20	Process to determine remuneration	27
2-21	Annual total compensation ratio	N/A
2-22	Statement on sustainable development strategy	N/A
2-23	Policy commitments	42-43
2-24	Embedding policy commitments	43
2-25	Processes to remediate negative impacts	43
2-26	Mechanism for seeking advice and raise concerns	43
2-27	Compliance with laws and regulations	61-63
2-28	Membership associations	N/A
2-29	Approach to stakeholder engagement	35-36
2-30	Collective bargaining agreements	N/A
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	36
3-2	List of material topics	37
3-3	Management of material topics	36-37

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GRI STANDARD/ OTHER SOURCE	DISCLOSURE ITEM	REFERENCE PAGES(S) IN ANNUAL REPORT
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	44
GRI 205: Anti-corruption 2016		
205-1	Operation assessed for risks related to corruption	43
205-2	Communication and training about anti-corruption policies and procedures	43
205-3	Confirmed incidents of corruption and actions taken	43
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	45
302-4	Reduction of Energy Consumption	45
GRI 303: Water and Effluents 2018		
303-5	Water consumption	45
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	48
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A
401-3	Parental leave	N/A
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	51-52
403-2	Hazard identification, risk assessment, and incident investigation	51-52
403-3	Occupational health services	51-52
403-4	Worker participation, consultation, and communication on occupational health and safety	N/A
403-5	Worker training on occupational health and safety	51-52
403-6	Promotion of worker health	N/A
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	49
404-2	Programs for upgrading employee skills and transition assistance programs	49
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	47
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	N/A
413-2	Operations with significant actual and potential negative impacts on local communities	N/A
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	50

Audit Committee Report

The Board of Directors ("Board") of KNM Group Berhad ("KNM" or "the Company") is pleased to present the Audit Committee Report including a summary of the activities of the Audit Committee ("AC") which provides insights into the manner in which the AC discharged its function for the Group for the financial year ended 31 December 2024 in the areas of corporate governance, internal controls and financial reporting.

TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the AC is guided by its Terms of Reference ("TOR"). The TOR of the AC, was last reviewed and approved by the Board on 27 October 2022, a copy of which is available on the Company's website at <https://www.knm-group.com>.

COMPOSITION OF AUDIT COMMITTEE

The AC comprises three (3) Independent Non-Executive Directors. This is in compliance with Paragraph 15.09 (1) (a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Practice 9.4 of the Malaysian Code on Corporate Governance ("MCCG") 2021. No Alternate Director is appointed as a member of the AC.

The current composition of the AC of KNM and their respective designations are as follows:

Chairman: **Yee Hong Ho**
Senior Independent Non-Executive Director

Members: **Thulasy Suppiah A/P Suppiah**
Independent Non-Executive Director

Ho Soo Woon
Independent Non-Executive Director

The Chairman of the AC, Mr Yee Hong Ho, is an Associate Member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, fulfilling the requisite qualifications under Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

In compliance with Practice 9.1 of the MCCG, the Chairman of the AC is not the Chairman of the Board of Directors of the Company.

FORMER KEY AUDIT PARTNER

The AC has adopted a policy whereby no former partner of the external audit firm of the Company shall be appointed as a member of the AC before observing a cooling-off period of at least three (3) years. This policy had been codified in the TOR of the AC. The TOR of the AC is available for reference on the Company's website.

Currently, none of the members of the Board nor the AC of the Company were former Key Audit Partners of the External Auditors appointed by the Group.

Audit Committee Report

FINANCIAL LITERACY OF THE AC MEMBERS

The AC members possess the necessary experience and expertise in finance and accounting, and have fulfilled their responsibilities in alignment with the TOR outlined for the AC. The qualifications and experience of each individual AC member are detailed in the Directors' Profiles set out on pages 15 to 16 in this Annual Report.

During the financial year 2024, all members of the AC had undertaken the relevant training programmes to keep themselves abreast of the latest development in statutory laws, regulations and best practices to enable them to effectively discharge their duties. The list of trainings attended is disclosed in the Corporate Governance Overview Statement in this Annual Report.

MEETINGS AND ATTENDANCE

The AC meets at least four (4) times annually or more frequently as circumstances dictate. The Group Chief Executive Officer/Executive Director ("GCEO/ED") was invited to all AC meetings to provide further clarifications on the operations of the Group, the risk management and internal control systems. The Group Chief Financial Officer ("GCFO") also attended all meetings of the AC to present all financial results and to clarify any issues relating to financial reporting. Other Board members, employees, and representatives of the External and Internal Auditors attended meetings upon the invitation of the AC.

The Company Secretary shall be the secretary to the AC. All deliberations during the AC meetings, including the issues tabled and decisions based on justified substantiated rationale were properly recorded. Minutes of the AC meetings were tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

The AC Chairman also conveys to the Board key matters deliberated at the AC meetings and matters of significant concerns as and when raised by the External Auditors or Internal Auditors and those matters which require the decision and/or approval of the Board.

A total of eight (8) AC meetings were held during the financial year ended 31 December 2024. The details of the attendance of the AC Members are as follows:

Name of Members	Number of AC Meetings held during Directors' tenure of office
Yee Hong Ho	8/8
Thulasy Suppiah A/P Suppiah	8/8
Ho Soo Woon	8/8

The AC meetings of the Company were convened with proper notices and agenda and these were distributed to all members of the AC before the meetings at a stipulated time.

At the meeting, matters to be addressed by Management are issued by the Company Secretary on the decisions made and action required. These are then circulated to Management for their onward action.

The AC conducted its meetings in an open and constructive manner and encouraged focused discussions, questions and expressions of differing opinions.

Audit Committee Report

The External Auditors were also invited to present to the AC the audit plan, the audit findings, the independent auditors' report, as well as any other matters which they considered were important for the AC's attention.

The AC met twice with the External Auditors during the financial year ended 31 December 2024, on 29 February 2024 and 26 November 2024 without the presence of the executive board members and management, to allow the External Auditors to discuss any issues arising from the audit assignment and any other issues deemed necessary.

In compliance with Paragraph 15.20 of the MMLR of Bursa Securities, the term of office and performance of the AC and each of its members are being assessed by the Nomination Committee ("NC") prior to recommending to the Board for notation.

The NC had on 24 February 2025 assessed the performance of the AC and its members through an annual board committee effectiveness evaluation. The NC is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's TOR and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

The Board was satisfied with the performance of the AC and its members based on the assessment carried out.

SUMMARY OF ACTIVITIES DURING THE YEAR

During the financial period under review, the AC carried out the following activities in the discharge of its duties and functions:

(a) Financial Reporting

- (i) Reviewed quarterly unaudited financial results of the Group before recommending to the Board of Directors for approval and onward announcement to Bursa Securities;
- (ii) Reviewed the Company's compliance, in particular, the quarterly and year-end financial statements, with the MMLR of Bursa Securities, applicable approved accounting standards of the Malaysian Accounting Standards Board and other relevant legal and statutory requirements; and
- (iii) Reviewed pertinent issues, which had significant impact on the results of the Group, including bank borrowings and investments and strategic operations of subsidiaries.
- (iv) Sought clarification from Management of the Group on the following information of the overall state of the financial position of the Company:
 - Performance of the key divisions of the Company including the variance and contributing factors to the performance;
 - Foreign exchange exposure;
 - Cash flow position of the Group with specific details on the compliance to the financial covenants with the various financial institutions who had granted facilities to the Group; and
 - Position of the gearing ratio of the Company.

Audit Committee Report

(b) Oversight of External Audit

- (i) Reviewed on 26 November 2024, the Audit Plan before the commencement of audit. The External Auditors' engagement partner was invited to present to the AC the audited financial statements ("AFS") for the financial year ending 31 December 2024. The following matters were highlighted and discussed as follows:-

- (a) Audit scope;
- (b) Audit methodology and timing of audit;
- (c) Audit highlights – potential key audit matter;
- (d) Materiality level for the financial statements as a whole and misstatements;
- (e) Significant risks;
- (f) Group audit – revised requirements;
- (g) Issuance of auditors' report;
- (h) Newly effective standards, non-assurance services pre-approval;
- (i) Bursa's sustainability disclosure requirements;
- (j) Responsibilities of external auditors and directors in relation to the AFS; and
- (k) Auditor's independence in relation to the performance of audit in accordance with MIA By-laws;

KPMG had also briefed the AC on KPMG's Transparency Report 2023.

- (ii) Received KPMG's updates on the General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures, and changes to relevant guidelines on the statutory and regulatory requirements.
- (iii) Received KPMG's report of its audit findings on the outcome of their audit in relation to the financial positions of the Company and the Group. At the AC Meeting held on 24 February 2025, the AC considered and discussed the areas of audit focus as reported by the external auditors as follows:
- (a) Ongoing concern assessment;
 - (b) Valuation on property, plant and equipment;
 - (c) Valuation of goodwill and other intangible assets;
 - (d) Recoverability of interests in subsidiaries and amount due from subsidiaries (Company level);
 - (e) Construction contracts revenue and profits;
 - (f) Recoverability of contract assets;
 - (g) Recoverability of trade receivables; and
 - (h) Management override of controls
- (iv) Reviewed the AFS of the Company and the Group prior to the submission to the Board for their consideration and approval (to ensure that the AFS were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Financial Reporting Standards in Malaysia).
- (v) Reviewed the non-audit services rendered by the External Auditors to the Group for the financial year under review prior to engagement. The External Auditors also reported to the AC their policies and measures taken to ensure independence and objectivity are maintained.

Audit Committee Report

- (vi) Undertook annual assessment of the performance and independence of the External Auditors via an evaluation survey questionnaire based on competency, efficiency and transparency as demonstrated by the External Auditors during their audit. The Group's External Auditors also confirmed their independence and the AC, having been satisfied with the independence, stability and performance of the External Auditors, made recommendations to the Board on the re-appointment of External Auditors.
- (vii) Met with the External Auditors without the presence of Executive Directors and the management team of the Company to discuss the issues of concern to the External Auditors arising from the annual audit. There was no major issue raised during the meetings.

(c) Oversight of Internal Audit

- (i) Reviewed and approved the risk-based annual audit plan to ensure adequate scope and coverage on the activities of the Company and the Group.
- (ii) Reviewed the internal audit reports and assessed the internal auditors' findings, recommendations, together with Management's responses and/or actions taken thereto, and ensure that material findings were satisfactorily addressed by Management.
- (iii) Discussed the actions taken to improve the internal control system based on improvement opportunities identified in the internal audit reports with Management.
- (iv) Evaluated the services rendered by Axcelasia Sdn Bhd who are engaged to perform the internal audit function of the Group.

(d) Review of Related Party Transaction

Monitored and reviewed the related party transaction with Trace Management Services Sdn Bhd.

(e) Conflict of Interest ("COI")

- (i) Reviewed the COI Policy;
- (ii) Reviewed the COI disclosures submitted by the Company's Directors.
- (iii) Reviewed and monitored COI situations within the Group. COI situations reported during FY2024 due to the common directorships and involvement in the related companies were only in relation to Tunku Dato' Yaacob ("TY") which the Group will be seeking the shareholders' approval at the forthcoming AGM to enter into Recurrent Related Party Transactions with those companies related to him. Other than TY, there was no other Director who had any COI situations with the Group. The AC concluded that no further action was necessary on the disclosures.

The Directors of KNM will undertake to inform the Company immediately if and when they become aware of any COI or potential COI situations and abstain from engaging in all deliberations and decisions where such conflict may arise.

(f) Others

- (i) Reviewed the Corporate Governance Overview Statement, Corporate Governance Report, AC Report and Statement on Risk Management and Internal Control before recommending them to the Board for approval and publication in the Annual Report.
- (ii) Discussed and approved the draft circular to shareholders in relation to proposed new shareholders' mandate for recurrent related party transaction of a revenue or trading nature.

Audit Committee Report

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional firm, Axcelasia Sdn Bhd (Axcelasia) (formerly known as Tricor Axcelasia Sdn Bhd).

Axcelasia is an independent professional consultancy firm which provides the Group with independent, objective, and systematic reviews of the Group's internal control system. In performing of the internal audit work, Axcelasia is guided by the International Professional Practices Framework issued by the Institute of Internal Auditors as their basis when evaluating the Group's internal control system.

The key personnel and his qualifications of the professional firm are as follows:-

Name of Members	Designation	Role	Qualifications
David Low	Executive Director of Axcelasia Sdn Bhd (formerly known as Tricor Axcelasia Sdn Bhd).	Engagement Director	<ul style="list-style-type: none"> Chartered Accountant ("CA") Chartered Internal Auditor ("CIA")

The outsourced internal audit team comprises three (3) team members allocated for the internal audit reviews. The staff involved in the internal audit possesses professional qualification and/or a university degree.

Axcelasia conducted one (1) internal audit cycle covering the major operating locations of the Group.

During the financial year under review, the Internal Auditors undertook the following activities based on the approved audit plan:

Name of Entity Audited	Audited Areas	Reporting Date
Internal Audit Focus –	Strategic Management	19 November 2024
(i) KNM Group Berhad	<ul style="list-style-type: none"> Strategic business planning Enterprise risk management 	
(ii) KNM Process Systems Sdn Bhd	<ul style="list-style-type: none"> Environment, Social and Governance ("ESG") framework; Sales and business development 	
	Financial Management	
	<ul style="list-style-type: none"> Foreign currency management and hedging Cash flow planning Budgetary control Procurement to payment processing 	
	Production	
	<ul style="list-style-type: none"> Production planning and control Material consumption and wastage monitoring Production costing and monitoring 	

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2024 was RM25,000.00.

The Group's internal coordination of internal audit key activities is managed by the in-house internal audit team.

Statement on Risk Management and Internal Control

The Board of Directors ("the Board") of KNM Group Berhad ("KNM" or "the Company") is pleased to provide the following statement on Risk Management and Internal Control (the "Statement"), which outlines the nature and scope of its Risk Management and Internal Control of the Group during the financial year ended 31 December 2024 under review and up to the date of this Statement. This Statement also takes into account the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers released by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Internal Control Statement pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Securities for Main Market, the Malaysian Code on Corporate Governance ("MCCG") and guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

THE BOARD'S RESPONSIBILITY

The Board and the Management acknowledge its overall responsibility of a sound system of internal control and effective risk management for the Company and its subsidiaries ("Group") and for reviewing its adequacy, effectiveness and integrity and so as to safeguard the shareholders' investment and the Group's assets. Such systems cover financial controls, operational and compliance controls and risk management procedures.

The Board, through the Audit Committee ("AC"), ensures effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations through regular reviews and is guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

The risk management and internal control system are subject to the Board's review via the independent internal audit function with a view towards appraising and ascertaining the relevance, adequacy and effectiveness of the controls in place in key operational and business areas as identified in the annual audit plan.

Annually, the Board receives assurances from the Group Chief Executive Officer/Executive Director and Group Chief Financial Officer on the efficacy of the risk management and internal control system and that it sufficiently safeguards the interests of the Group.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for implementing the Group's policies and procedures on risk management and internal controls by identifying and evaluating risks faced and monitoring the achievement of business goals and objectives within the risk appetite parameters. Its roles include:

- Formulating relevant policies and procedures to manage these risks;
- Designing, implementing and monitoring the effective implementation of risk management framework and internal control system;
- Implementing the policies approved by the Board; and
- Reporting in a timely manner to the AC any changes to the risks and the corrective actions taken.

RISK MANAGEMENT

The Board has established and put in place an enterprise-wide risk management system to identify the key risks faced by the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level. Such a system is designed to identify, evaluate and manage the significant risks faced by the Group to achieve its objectives and strategies. A process has been put in place for the year under review and up to the date of this Statement.

Statement on Risk Management and Internal Control

Ongoing reviews are carried out on a timely basis by the Risk Management Committee ("RMC"). RMC, chaired by the Group Chief Financial Officer, is to assist the facilitation of the continuous monitoring and evaluating of the Group's risk management system and reports to AC and the Board to achieve the Group's business objective and to ensure that the Group is always vigilant to any situation that might affect its assets, income and profits. The AC is entrusted by the Board to oversee the overall management of all identified risks of the Group and overall compliance with applicable laws and regulations, internal policies and approved limits.

The risks are identified through a series of discussions with the key personnel and management of the Group, which is then documented into a Key Risk Profile that includes details on the nature of the risk as well as the severity. The Key Risk Profile is updated by the respective Heads of Departments/Risk Owners and submitted to the Risk Manager via email. The information is consolidated to provide an enterprise overview of material risks faced by the Group and the associated risk mitigation plans, which are tracked and reviewed. The Key Risk Profile serves as a tool for heads of departments or business units to manage key risks applicable to their areas of business activities on a continual basis.

Through these mechanisms, key risks identified in the Key Risk Profile are assessed and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

INTERNAL CONTROL

The Board acknowledges the importance of the internal audit function and is committed to articulating, implementing and reviewing the Group's system of internal control. The internal audit function has been outsourced to an independent professional service provider, Axcelasia Sdn Bhd to assist the AC in discharging its responsibilities and duties. To ensure independence, the Internal Auditors report directly to the AC.

The outsourced Internal Auditors carried out internal control reviews on the financial and operating activities of the Group based on an annual plan that was presented and approved by the AC. The Internal Auditors are reporting directly to the AC and they are independent.

The key elements of certain operating activities of the Group's system of internal control are as follows: -

- Group organisational structures with formal defined lines of responsibility and delegation of authority that act as a control mechanism in terms of lines of reporting and accountability.
- All departments and divisions of the Group having documented policies and procedures incorporating control and scope of responsibilities.
- The Financial Authority Limits which delineate authorisation limits of various activities of the Group for each level of management to ensure proper identification of accountabilities, segregation of duties and effective risk management. The Financial Authority Limits are periodically reviewed and updated so as to ensure their suitability for implementation.
- The Quality Assurance department conducting internal quality audits to monitor compliance with ISO requirements at respective subsidiaries with ISO accreditation.
- The Health, Safety and Environment department at the fabrication facilities carrying out health, safety and environment activities to promote staff safety awareness and compliance.

Statement on Risk Management and Internal Control

- A cash flow projection adopted by the Board to facilitate the review of the Group's business and financial performance. The Board reviewed and monitored the achievements of the Group's performance on a quarterly basis.
- The Board and AC reviewed the operational and financial performance at quarterly Board and AC meetings.
- Awareness of the Group's policies and guidelines in relation to subsection (5) of the new section 17A of Malaysian Anti-Corruption Commission Act 2009 (MACC Act) introduced via Section 4 of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and provision of continuous training to the employees of the Group.
- Awareness of the Whistleblowing policy and guidelines for reporting of potential rule breaking in the Group.

MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF SYSTEMS OF RISK MANAGEMENT AND INTERNAL CONTROL

The process adopted to monitor and review the adequacy and integrity of the systems of risk management and internal control include:

- Periodic confirmation by the reporting unit heads on the effectiveness of the systems of risk management and internal control, highlighting any weaknesses and changes in risk profile.
- Periodic examination of business processes and state of internal controls by internal audit function. Reports on the reviews carried out by the internal audit function are submitted on an annual basis to the AC.

The monitoring, reviewing and reporting arrangements in place provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances. The Board is of the view that the systems of risk management and internal control in place for the year under review are sound and sufficient to safeguard shareholders' investment, stakeholders' interest and the Group's assets.

Pursuant to Paragraph 15.23 of the Bursa Securities' Main Market Listing Requirements, the External Auditors had reviewed the Statement on Risk Management and Internal Control and reported the results thereof to the Board of KNM Group.

ASSOCIATES AND JOINT VENTURES

The Group's systems of risk management and internal control do not include the state of risk management and internal controls in associates and joint ventures.

ASSURANCE

The Board has received reasonable assurance from the Group Chief Executive Officer/Executive Director and Group Chief Financial Officer that the Group's systems of risk management framework and internal control are operating adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

The Board is of view that the Group's systems of risk management and internal control of the Group are satisfactory. The Board and Management continuously take pertinent measures to sustain and, where required, to improve the existing systems risk management and internal control of the Group.



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Directors' Report

for the year ended 31 December 2024

The Directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2024.

Principal activities

The Company is principally engaged in investment holding activities and the provision of management services, while the principal activities of the subsidiaries are as stated in Note 33 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 33 to the financial statements.

Results

	Group RM'000	Company RM'000
(Loss)/Profit for the period attributable to:		
Owners of the Company	(145,520)	13,796
Non-controlling interests	<u>(16,482)</u>	<u>-</u>
	<u>(162,002)</u>	<u>13,796</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors' Report

for the year ended 31 December 2024

Directors of the Company

Directors who served during the financial year and until the date of this report are:

Tunku Dato' Yaacob Khyra	
Ravindrasingham A/L Balasingham	
Datuk Uwe Ahrens	
Dato Indera Naresh Mohan	
James Beltran	
Yee Hong Ho	
Thulasy Suppiah A/P Suppiah	
Ho Soo Woon	
Dato' Abd. Gani bin Yusof	(Appointed on 20 March 2024)
Andrew Veno	(Appointed on 25 March 2024)

List of directors of subsidiaries

Pursuant to Section 253 of the Companies Act 2016, the list of directors of the subsidiaries (excluding directors who are also Directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of this Report are:

Abdullatif Mohammed Salem Al Barrak	
Arnold Mendoza	
Andi Ziermann	
Carsten Birk	
Dr. Thomas Beeskow	
Gregory Douglas Mallam	(Ceased on 13 Feb 2025)
Housnabee Mohungoo Sham	
Johan Nor Zaimi Bin Johari	(Resigned on 30 March 2024)
Johannes Wilhelmus Petrus Jansen	
Jürgen Stegger	
Markus Becker	
Marcus Friedrichs	(Revoked on 11 Oct 2023)
Marlito Manuel	(Ceased on 24 July 2024)
Mohammed Nasser Hazza Al Fehaid Al Subaei	
Thanika Chintanapunt	
Vandana Jhupsee-Ramooah	
Benjamin Kutscher	
Cha Fui Min	
Franz Osthoff	
Prabu A/L Dato' Ramah Murugaraw	
Roman Dominik Brück	
Dato' Wong Kit Leong	
Felix Wong Yeen Kee	(Appointed on 28 Nov 2024)
Wu Yuyou	(Appointed on 13 Feb 2025)

Directors' Report

for the year ended 31 December 2024

Directors' interests

The interests and deemed interests in the shares, warrants and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interest of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2024
	At 1.1.2024	Bought	Sold	
Shareholdings in which Directors have interests in the Company				
<u>Indirect interests</u>				
Tunku Dato’ Yaacob Khyra	384.201.800	399.334.100	-	783.535.900

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

The directors' benefits paid to or receivable by directors in respect of the financial year ended are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	573	-
Remuneration	222	-
Estimated money value of any other benefits	32	-
	<u>827</u>	<u>-</u>

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

for the year ended 31 December 2024

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No option was granted to any person to take up unissued shares of the Company during the financial year apart from the issuance of the options pursuant to the ESOS.

Employee Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 18 April 2014, the Company's shareholders approved the establishment of an ESOS not exceeding 15% of the issued and paid-up share capital of the Company (excluding treasury shares) at any time during the existence of the ESOS, to the eligible Directors and employees of the Group and the Company.

The salient features of the ESOS are as follows:

- i) Subject to the discretion of the ESOS Committee, any employee of at least eighteen (18) years of age on the date of offer, shall be eligible to participate.
- ii) The option is personal to the grantee and is non-assignable, non-transferable and non-disposable.
- iii) The option price shall be determined by the weighted average of the market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) Market Days immediately preceding the dates of offer subject to a discount of not more than ten percent (10%) thereto to be decided by the ESOS committee or at the par value of the share, whichever is higher.
- iv) The options shall not carry any right to vote at any general meeting of the Company and the grantee shall not be entitled to any dividends, rights, allotments and or other distributions on his/her unexercised options.
- v) The options granted may be exercised in respect of such lesser number of new shares as the grantee may decide provided that the number shall be in multiples of and not less than one hundred (100) new shares.
- vi) The new shares to be allotted and issued upon any exercise of the options will upon such allotment and issuance, rank *pari passu* in all respect with the then existing issued and fully paid-up shares.

Directors' Report

for the year ended 31 December 2024

Options granted over unissued shares (continued)**Employee Share Option Scheme ("ESOS") (continued)**

The options offered to take up unissued ordinary shares and the option prices at are as follows:

Grant date	Expiry date	Exercise price RM	At 1.1.2024	Expired/Lapsed during the financial year	At 31.12.2024
14.01.2021	19.05.2024	0.165	9,830,500	(9,830,500)	-
19.08.2021	19.05.2024	0.19	14,591,200	(14,591,200)	-
			<u>24,421,700</u>	<u>(24,421,700)</u>	<u>-</u>

All ESOS has expired or lapsed on 19 May 2024 and accordingly, the ESOS committee established to administer the ESOS has dissolved on the same day.

Share buy-back

There was no share buy-back transaction during the financial year.

As at 31 December 2024, the Company held 1,841,275 ordinary shares as treasury shares out of its total issued and paid-up share capital. Hence, the number of outstanding shares in issue and paid-up after deducting treasury shares as at 31 December 2024 is 4,044,064,080 ordinary shares. The treasury shares have no rights to voting, dividends or participation in other distribution.

Indemnity and insurance costs

During the financial year, the total amount of indemnity coverage given to Directors and officers of the Group pursuant to a Directors and Officers Liability Insurance is RM20,000,000 at a cost of RM205,849. There is no indemnity or insurance effected for the auditors of the Group and of the Company.

Directors' Report

for the year ended 31 December 2024

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report

for the year ended 31 December 2024

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the financial year are RM1,860,000 and RM265,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Tunku Dato' Yaacob Khyra
Chairman

.....
Ravindrasingham A/L Balasingham
Director

Kuala Lumpur,

Date: 30 April 2025

Statements of Financial Position

as at 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets					
Property, plant and equipment	3	879,653	1,056,574	-	-
Right-of-use assets	4	2,082	72,638	-	-
Goodwill	5	-	452,916	-	-
Other intangible assets	5	-	346,587	-	-
Interests in subsidiaries	6	-	-	1,983,889	1,990,490
Investments in associates	7	-	-	-	-
Investments in joint ventures	8	-	-	-	-
Deferred tax assets	9	55	56	-	-
Total non-current assets		<u>881,790</u>	<u>1,928,771</u>	<u>1,983,889</u>	<u>1,990,490</u>
Inventories	10	2,649	63,215	-	-
Current tax assets		399	31,599	152	404
Contract assets	11	6,430	139,855	-	-
Trade and other receivables	12	10,679	235,332	459,902	407,174
Derivative financial assets		-	6,045	-	-
Cash and cash equivalents	13	23,892	169,498	100	81
		<u>44,049</u>	<u>645,544</u>	<u>460,154</u>	<u>407,659</u>
Assets classified as held-for-sale	14	1,852,132	436,349	-	-
Total current assets		<u>1,896,181</u>	<u>1,081,893</u>	<u>460,154</u>	<u>407,659</u>
Total assets		<u>2,777,971</u>	<u>3,010,664</u>	<u>2,444,043</u>	<u>2,398,149</u>
Equity					
Share capital		2,125,969	2,125,969	2,125,969	2,125,969
Treasury shares		(4,215)	(4,215)	(4,215)	(4,215)
Reserves		<u>(1,722,753)</u>	<u>(1,518,642)</u>	<u>(287,633)</u>	<u>(301,429)</u>
Equity attributable to owners of the Company	15	399,001	603,112	1,834,121	1,820,325
Non-controlling interests		<u>(125,328)</u>	<u>(105,759)</u>	<u>-</u>	<u>-</u>
Total equity		<u>273,673</u>	<u>497,353</u>	<u>1,834,121</u>	<u>1,820,325</u>

Statements of Financial Position

as at 31 December 2024

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Liabilities					
Loans and borrowings	16	-	6,069	-	-
Lease liabilities		732	65,619	-	-
Long term payables	18	815	837	-	-
Long service leave liability		297	303	-	-
Deferred tax liabilities	9	6,806	198,743	-	-
Total non-current liabilities		<u>8,650</u>	<u>271,571</u>	<u>-</u>	<u>-</u>
Loans and borrowings	16	1,332,415	1,253,134	491,949	456,256
Lease liabilities		1,297	11,712	-	-
Current tax liabilities		806	834	-	-
Contract liabilities	11	35,151	143,403	-	-
Trade and other payables	19	287,638	390,952	117,973	121,568
		<u>1,657,307</u>	<u>1,800,035</u>	<u>609,922</u>	<u>577,824</u>
Liabilities classified as held-for-sale	14	838,341	441,705	-	-
Total current liabilities		<u>2,495,648</u>	<u>2,241,740</u>	<u>609,922</u>	<u>577,824</u>
Total liabilities		<u>2,504,298</u>	<u>2,513,311</u>	<u>609,922</u>	<u>577,824</u>
Total equity and liabilities		<u>2,777,971</u>	<u>3,010,664</u>	<u>2,444,043</u>	<u>2,398,149</u>

The notes on pages 84 to 174 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

		Group		Company	
	Note	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000 Restated	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
Continuing operations					
Revenue	20	6,444	63,213	3,150	3,552
Contract costs recognised as an expense		(12,852)	(94,179)	-	-
Gross (loss)/profit		(6,408)	(30,966)	3,150	3,552
Administrative expenses		(25,240)	(75,522)	(5,791)	(11,623)
Other income		18,104	28,698	15,305	29,609
Net (loss)/reversal on impairment of financial instruments		(12,939)	(32,499)	1,036	-
Other operating expenses		(48,361)	(75,245)	(8,638)	(35,196)
Results from operating activities		(74,844)	(185,534)	5,062	(13,658)
Finance costs	21	(112,639)	(228,743)	(40,780)	(58,058)
Finance income	22	327	6,120	49,514	80,209
(Loss)/Profit before tax		(187,156)	(408,157)	13,796	8,493
Tax (expense)/income	23	(134)	25,584	-	-
(Loss)/Profit from continuing operations		(187,290)	(382,573)	13,796	8,493
Discontinued operations					
Profit/(Loss) from discontinued operations, net of tax	24	25,288	(38,252)	-	-
(Loss)/Profit for the year/period	25	(162,002)	(420,825)	13,796	8,493

The notes on pages 84 to 174 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

		Group		Company	
	Note	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000 Restated	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
Other comprehensive (expense)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge		(5,241)	6,184	-	-
Foreign currency translation differences for foreign operations		(47,338)	56,858	-	-
Hedge of net investment in subsidiaries		(13,108)	14,810	-	-
Impairment loss on property, plant and equipment previously revalued		-	(3,209)	-	-
Revaluation of property, plant and equipment		8,995	-	-	-
Other comprehensive (expense)/income for the year/period, net of tax	26	(56,692)	74,643	-	-
Total comprehensive (expense)/income for the year/period		(218,694)	(346,182)	13,796	8,493
(Loss)/Profit attributable to:					
Owners of the Company		(145,520)	(394,071)	13,796	8,493
Non-controlling interests		(16,482)	(26,754)	-	-
(Loss)/Profit for the year/period		(162,002)	(420,825)	13,796	8,493
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(204,111)	(315,802)	13,796	8,493
Non-controlling interests		(14,583)	(30,380)	-	-
Total comprehensive (expense)/income for the year/period		(218,694)	(346,182)	13,796	8,493
Basic/Diluted (loss)/gain per ordinary share (Sen)					
from continuing operations		(4.22)	(9.15)		
from discontinued operations		0.63	(0.98)		
	27	(3.60)	(10.13)		

The notes on pages 84 to 174 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

Group	Attributable to owners of the Company									
	Non-distributable									
	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Share option reserve RM'000	Hedging reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2022	2,061,878	(4,215)	133,176	(458,902)	5,429	567	(838,999)	898,934	(66,678)	832,256
Foreign currency translation differences for foreign operations	-	-	-	60,484	-	-	-	60,484	(3,626)	56,858
Hedge of net investment in subsidiaries	-	-	-	14,810	-	-	-	14,810	-	14,810
Cash flow hedge	-	-	-	-	-	6,184	-	6,184	-	6,184
Impairment loss on property, plant and equipment	-	-	(3,209)	-	-	-	-	(3,209)	-	(3,209)
Other comprehensive (expense)/income for the period	-	-	(3,209)	75,294	-	6,184	-	78,269	(3,626)	74,643
Loss for the period	-	-	-	-	-	-	(394,071)	(394,071)	(26,754)	(420,825)
Total comprehensive (expense)/income for the period	-	-	(3,209)	75,294	-	6,184	(394,071)	(315,802)	(30,380)	(346,182)
Contributions by and distributions to owners of the Company										
- Reclassification of loss on treasury shares sold in prior period	44,788	-	-	-	-	-	(44,788)	-	-	-
- Share-based payment	-	-	-	-	677	-	-	677	-	677
- Share options lapsed	-	-	-	-	(4,148)	-	4,148	-	-	-
- Share issuance arising from private placements	19,303	-	-	-	-	-	-	19,303	-	19,303
- Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(8,701)	(8,701)
Total transactions with owners of the Company	64,091	-	-	-	(3,471)	-	(40,640)	19,980	(8,701)	11,279
At 31 December 2023	2,125,969	(4,215)	129,967	(383,608)	1,958	6,751	(1,273,710)	603,112	(105,759)	497,353

Note 15.1 Note 15.2 Note 15.3 Note 15.4 Note 15.5 Note 15.6

Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

	Attributable to owners of the Company									
	Non-distributable					Non-controlling interests				
Group (continued)	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Share option reserve RM'000	Hedging reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2024	2,125,969	(4,215)	129,967	(383,608)	1,958	6,751	(1,273,710)	603,112	(105,759)	497,353
Foreign currency translation differences for foreign operations	-	-	-	(49,237)	-	-	-	(49,237)	1,899	(47,338)
Hedge of net investment in subsidiaries	-	-	-	(13,108)	-	-	-	(13,108)	-	(13,108)
Cash flow hedge	-	-	-	-	-	(5,241)	-	(5,241)	-	(5,241)
Revaluation of property, plant and equipment	-	-	8,995	-	-	-	-	8,995	-	8,995
Other comprehensive (expense)/income for the year	-	-	8,995	(62,345)	-	(5,241)	-	(58,591)	1,899	(56,692)
Loss for the year	-	-	-	-	-	-	(145,520)	(145,520)	(16,482)	(162,002)
Total comprehensive income/(expense) for the year	-	-	8,995	(62,345)	-	(5,241)	(145,520)	(204,111)	(14,583)	(218,694)
Contributions by and distributions to owners of the Company	-	-	-	-	(1,958)	-	1,958	-	(4,986)	(4,986)
- Share options lapsed	-	-	-	-	-	-	-	-	-	-
- Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(4,986)	(4,986)
Total transactions with owners of the Company	-	-	-	-	(1,958)	-	1,958	-	(4,986)	(4,986)
At 31 December 2024	2,125,969	(4,215)	138,962	(445,953)	-	1,510	(1,417,272)	399,001	(125,328)	273,673
	Note 15.1	Note 15.2	Note 15.3	Note 15.4	Note 15.5	Note 15.6				

Statement of Changes in Equity

for the year ended 31 December 2024

Attributable to owners of the Company				
Non-distributable				
Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total RM'000
2,061,878	(4,215)	5,429	(271,240)	1,791,852
-	-	-	8,493	8,493
44,788	-	-	(44,788)	-
-	-	677	-	677
-	-	(4,148)	4,148	-
19,303	-	-	-	19,303
64,091	-	(3,471)	(40,640)	19,980
2,125,969	(4,215)	1,958	(303,387)	1,820,325
-	-	-	13,796	13,796
-	-	(1,958)	1,958	-
-	-	(1,958)	1,958	-
2,125,969	(4,215)	-	(287,633)	1,834,121
Note 15.1	Note 15.2	Note 15.5		

Company

At 1 July 2022

Loss and total comprehensive expense for the period

Contributions by and distributions to owners of the Company

- Reclassification of loss on treasury shares sold in prior period
- Share-based payment
- Share options lapsed
- Share issuance arising from private placements

Total transactions with owners of the Company

At 31 December 2023/1 January 2024

Profit and total comprehensive income for the year

Contributions by and distributions to owners of the Company

- Share options lapsed

Total transactions with owners of the Company

At 31 December 2024

The notes on pages 84 to 174 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2024

	Group		Company	
Note	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
Cash flows from operating activities				
(Loss)/Profit before tax from:				
Continuing operations	(187,156)	(408,157)	13,796	8,493
Discontinued operation	49,093	39,485	-	-
	(138,063)	(368,672)	13,796	8,493
Adjustments for:				
Amortisation of intangible assets	12,768	34,231	-	-
Change in fair value				
- Forward contracts	(5,138)	81	-	-
Depreciation of property, plant and equipment	17,332	28,125	-	-
Depreciation of right-of-use assets	4,133	7,981	-	-
Gain on disposal of:				
- Property, plant and equipment	(535)	(2,587)	-	-
Interest expense	119,683	245,626	40,780	58,058
Interest income	(3,148)	(7,873)	(49,514)	(80,209)
Provision for/(Reversal of):				
- Late delivery charges	3,158	54,079	-	-
- Warranty	10,237	(5,880)	-	-
- Project claims	-	4,388	-	-
(Reversal of)/Provision for impairment loss on:				
- Property, plant and equipment	3.6	28,807	-	-
- Goodwill	-	4,447	-	-
- Interests in subsidiaries	-	-	(1,758)	-
- Trade receivables	(2,094)	20,734	-	-
- Other receivables	15,069	11,765	-	-
- Amounts due from subsidiaries	-	-	(1,036)	-
Bad debts recovered	(36)	-	-	-
Share-based payments	17	677	-	1,877
Unrealised (gain)/loss on foreign exchange	(34,987)	(86,092)	(4,924)	4,957
Write off:				
- Property, plant and equipment	-	51	-	-
Operating loss before changes in working capital	(1,621)	(30,112)	(2,656)	(6,824)

Statements of Cash Flows

for the year ended 31 December 2024

	Group		Company	
Note	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
Changes in working capital:				
Inventories	(1,456)	34,623	-	-
Contract assets	(11,770)	81,349	-	-
Contract liabilities	(62,709)	102,876	-	-
Trade and other receivables	54,152	1,476	(8,922)	(88,954)
Trade and other payables	73,361	26,181	6,624	85,155
Cash generated from/(used in) operations	49,957	216,393	(4,954)	(10,623)
Tax paid	(15,593)	(66,053)	-	(216)
Tax refunded	-	-	251	644
Interest paid	(174)	(146)	-	-
Interest received	3,148	7,873	-	-
Net cash generated from/ (used in) operating activities	37,338	158,067	(4,703)	(10,195)
Cash flows from investing activities				
Acquisition of other intangible assets	(1,376)	(800)	-	-
Acquisition of property, plant and equipment	(15,413)	(40,735)	-	-
Fund received from subsidiaries	-	-	4,722	-
Proceeds from disposal of plant and equipment	613	5,771	-	-
Derecognition of lease liabilities	250	119	-	-
Advances to subsidiaries	-	-	-	(9,090)
Net cash (used in)/generated from investing activities	(15,926)	(35,645)	4,722	(9,090)
Cash flows from financing activities				
Interest paid	(3,491)	(14,369)	-	-
Payments for lease liabilities	(25,734)	(21,343)	-	-
Net proceeds from/(repayments of)				
- Bills payable	-	(18,205)	-	-
- Hire purchase liabilities (a)	(818)	(3,468)	-	-
- Term loans, bond and revolving credits (a)	266	(132,807)	-	-
Proceeds from share issuance arising from private placement	-	19,303	-	19,303
Dividends paid to NCI	(4,986)	(8,701)	-	-
Net cash (used in)/generated from financing activities	(34,763)	(179,590)	-	19,303

Statements of Cash Flows

for the year ended 31 December 2024

	Group		Company	
Note	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
Net (decrease)/increase in cash and cash equivalents	(13,351)	(57,168)	19	18
Effect of foreign currency translation	24,045	(14,519)	-	-
Cash and cash equivalents at beginning of year/period	174,427	246,114	81	63
Cash and cash equivalents at end of year/period	(b) 185,121	174,427	100	81

Notes to statements of cash flows:**(a) Reconciliation of liabilities arising from financing activities**

The following tables illustrated the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year of the Group and of the Company:

Group	Lease liabilities RM'000
At 1 July 2022	29,402
Acquisition of right-of-use assets	5,865
Transfer to asset held-for-sale	(23,117)
Reclassified from held-for-sale to held-for-use	78,881
Payment of lease liabilities	(21,343)
Effect of foreign currency translation	7,643
At 31 December 2023/1 January 2024	77,331
Acquisition of right-of-use assets	5,718
Transfer to asset held-for-sale	(63,680)
Payment of lease liabilities	(14,007)
Effect of foreign currency translation	(3,333)
At 31 December 2024	2,029

Statements of Cash Flows

for the year ended 31 December 2024

Notes to statements of cash flows (continued):

(a) Reconciliation of liabilities arising from financing activities (continued)

Group	Bills payable RM'000	Term loans RM'000	Revolving credits RM'000	Hire purchase liabilities RM'000
At 1 July 2022	14,439	1,167,177	59,843	3,005
Transfer to asset held-for-sale	-	(41,575)	(26,761)	(1,160)
Reclassified from asset held-for-sale to held-for-use	-	-	-	8,014
Interest expense	-	236,061	2,525	7
Interest paid	-	(4,950)	(2,525)	(7)
Net repayments	(18,205)	(108,842)	(23,965)	(3,468)
Unrealised loss on foreign exchange	-	(62,218)	-	-
Effect of foreign currency translation	3,766	41,946	6,804	933
At 31 December 2023/1 January 2024	-	1,227,599	15,921	7,324
Transfer to asset held-for-sale	-	(17,395)	-	(6,505)
Interest expense	-	109,169	3,351	1
Net proceeds/(repayments)	-	28,930	(2,156)	(146)
Unrealised loss on foreign exchange	-	(33,364)	-	-
Effect of foreign currency translation	-	(21,563)	(417)	(588)
At 31 December 2024	-	1,293,376	16,699	86

Note:

Included in the cash flow from financing activities also consists net repayment/proceeds from term loans, revolving credits and hire purchase liabilities by FBM Hudson Italiana SpA and FBM Hudson FZE (formerly known as FBM-KNM FZCO), who are currently classified as held for sale:

Group	Bills payable RM'000	Term loans RM'000	Revolving credits RM'000	Hire purchase liabilities RM'000
Net repayments	-	(10,988)	(15,520)	(672)

Statements of Cash Flows

for the year ended 31 December 2024

Notes to statements of cash flows (continued):

(a) Reconciliation of liabilities arising from financing activities (continued)

Company	Fixed rate Guaranteed Thai Baht Bond	
	2024 RM'000	2023 RM'000
At 1 January 2024/1 July 2022	456,256	347,027
Interest expense	50,958	82,459
Unrealised (gain)/loss on foreign exchange	(15,265)	26,770
At 31 December 2024/31 December 2023	<u>491,949</u>	<u>456,256</u>

(b) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Continuing operations					
Cash and bank balances	13	1,830	145,798	100	81
Deposits with licensed banks	13	22,062	23,700	-	-
Less: Bank overdrafts	16	(22,254)	(8,359)	-	-
		<u>1,638</u>	<u>161,139</u>	<u>100</u>	<u>81</u>
Discontinued operations					
Cash and bank balances		183,011	12,634	-	-
Deposits with licensed banks		<u>472</u>	<u>654</u>	<u>-</u>	<u>-</u>
	14	<u>183,483</u>	<u>13,288</u>	<u>-</u>	<u>-</u>
		<u>185,121</u>	<u>174,427</u>	<u>100</u>	<u>81</u>

Notes to the Financial Statements

KNM Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office is as follows:

Principal place of business and registered office

15, Jalan Dagang SB 4/1
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2024 do not include other entities.

The Company is principally engaged in investment holding activities and the provision of management services, while the principal activities of the other Group entities are as stated in Note 33 to the financial statements.

These financial statements were authorised for issuance by the Board of Directors on 30 April 2025.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Notes to the Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial years when the abovementioned accounting standards, interpretations and amendments become effective, where applicable.

Notes to the Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the abovementioned accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company, except as mentioned below:

MFRS 18, *Presentation and Disclosure in Financial Statements*

MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal.
- Management - defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Company are currently assessing the impact of adopting MFRS 18.

Notes to the Financial Statements

1. Basis of preparation (continued)

(b) Basis of measurement

The Group and the Company report the following:

- i) the Group incurred net losses of RM162,002,000 for the financial year ended 31 December 2024 and as at that date, the current liabilities of the Group and of the Company exceeded their current assets by RM599,467,000 and RM149,768,000, respectively.
- ii) The Company had on 31 October 2022 triggered the criteria pursuant to Paragraphs 2.1(e) of Practice Note No. 17 ("PN17") of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") and classified as a PN17 Company on 1 November 2022. On 5 January 2024, an extension of time was granted to the Company to submit its regularisation plan to relevant regulatory authorities for approval before 30 April 2024 of which a further extension was granted to the Company up to 30 April 2025. The Company had on 24 April 2025, submitted an application to Bursa Securities for a further extension of 6 months up to 31 October 2025 to submit its regularisation plan.
- iii) The Group and the Company have defaulted various loans and borrowings to banks and financial institutions which amounting to RM1,332,329,000 and RM491,949,000 respectively. These loans and borrowings are currently classified as current liabilities in the financial statements.
- iv) A subsidiary of the Company, KNM Process Systems Sdn. Bhd. ("KNMPS") had been served with winding-up petitions by their creditors ("Scheme Creditors"). On 15 December 2022, the High Court of Kuala Lumpur ("High Court") has granted the Company and KNMPS a Restraining Order ("RO") to allow the Company and KNMPS to negotiate and finalise the terms of the Scheme of Arrangement ("SOA") with its Scheme Creditors without the potential threat of any proceedings and actions being brought against the Company and KNMPS in the interim. The RO had expired on 2 November 2023 and on 21 November 2023, the High Court then granted a new RO to the Company and KNMPS until 20 February 2024. The Company and KNMPS have filed a request for an extension of time for the RO and while the request is being reviewed, an ad interim RO was granted by the High Court on 19 February 2024 until the next hearing that was scheduled on 7 March 2024. The ad interim RO was further extended to 13 March 2024, 8 April 2024 and 26 April 2024. On 26 April 2024, the Company and KNMPS had filed an application to the High Court to sanction a new SOA with its creditors and for a new RO.

Notes to the Financial Statements

1. Basis of preparation (continued)

(b) Basis of measurement (continued)

On 25 June 2024, the Company was granted an ad interim Restraining Order by the High Court pending disposal of the Company and KNMPS's application to the High Court for a 3-month RO and a Court Convened Creditors Meeting Order ("CO"). The Court fixed the hearing of the RO and CO for 21 January 2025 and the hearing of the RO and CO took place at the High Court on 21 January 2025, 23 January 2025 and 24 January 2025, respectively. The High Court delivered its decision on 12 March 2025 regarding the Company's and KNMPS's application for the CO and RO. The Court granted the CO to summon, convene and hold meetings with the respective creditors of the Applicants, for the purpose of considering the scheme of arrangement as the Court found that the proposed SOA has evolved positively. However, the RO was not granted. The Company and KNMPS have filed the appeal to the Court of Appeal against the RO decision of the High Court.

- v) On 26 March 2025, the Company and KNMPS, through its solicitors, made an application for an Erinford Order to be granted to restrain all proceedings and/or enforcements by all creditors pending the disposal of the appeal to the Court of Appeal and on 27 March 2025, the High Court granted the Company and KNMPS an ad interim RO pending appeal, until the Section 44 Courts of Judicature Act 1964 application to the Court of Appeal is disposed of.

These events and conditions indicate that material uncertainties exist that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and therefore, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Notwithstanding the above, the financial statements of the Group and of the Company have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis were not appropriate. The Directors acknowledged the current liquidity exposure of the Group and the Company and have initiated plans to dispose the Company's investment in Germany, Italy and the United Arab Emirates as disclosed in Note 14. The Directors are also exploring opportunities to monetise the Group's other overseas investments and non-core assets.

The going concern assumption is highly dependent on their ability to obtain further extension of the ad interim RO, the successful formulation, approval and implementation of a regularisation plan, which includes successful monetisation of overseas investments of the Group and its non-core assets, continued support from lenders and creditors, and the ability of the Group and the Company to attain profitable, sustainable and viable operations so as to generate sufficient cash flows to fulfil their obligations as and when they fall due.

Notes to the Financial Statements

1. Basis of preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - Revaluation of properties

The Group revalues its freehold land, leasehold land and buildings every 5 years. The freehold land, leasehold land and buildings are stated at Directors' valuation based on professional valuation on the open market basis conducted during the financial year.

- Note 4 - Extension options and incremental borrowing rate in relation to leases

The Group assesses at lease commencement by applying significant judgements whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgements and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

Notes to the Financial Statements

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

- Note 5 - Measurement of the recoverable amounts of cash-generating units

The Group assesses goodwill and other intangible assets with indefinite useful lives for impairment annually. The other intangible assets with finite useful lives are amortised and assessed for impairment if there is an indication for impairment. The recoverable amounts of the cash-generating units ("CGUs") were determined based on the greater of the fair value less costs of disposal and value in use. The calculation of value in use requires the use of estimates and assumptions as set out in Note 5 to the financial statements.

- Note 11 - Recoverability of contract assets and receivables, and
Note 12 - Impairment of intercompany receivables

The Group and the Company applies the MFRS 9 simplified approach to recognise ECL for receivables as well as contract assets and updates the amount of ECL recognized at each reporting date to reflect changes in the credit risk of financial assets. The impairment standards applied measure ECL based on reasonable and supportable information that includes historical, current and forecast information, thus considering possible future credit loss events in different scenarios

- Note 20 - Construction contracts revenue, costs and profits

The Group recognises revenue when (or as) it transfers control of goods or services to a customer at a point in time, unless the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. In this case, the Group recognises construction contracts revenue based on the percentage of completion method, determined based on surveys of work performed/completion of a physical proportion of contract work. Judgement is required in the estimation of physical proportion of contract work. Where actual differs from the estimated physical proportion, such difference will impact the contract costs and profits recognised.

Notes to the Financial Statements

3. Property, plant and equipment

Group	Land RM'000	Buildings RM'000	Building improve- ments RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Cost/Valuation								
At 1 July 2022	289,243	595,304	1,319	449,316	10,100	41,289	402,582	1,789,153
Additions	-	-	1,169	8,721	855	11,094	18,896	40,735
Disposals	-	-	-	(47,543)	(582)	(564)	-	(48,689)
Write-offs	-	-	-	(1,101)	(78)	(1,005)	-	(2,184)
Classified as held-for-sale	(103,250)	(124,725)	-	(211,832)	(5,714)	(7,653)	(3,073)	(456,247)
Reclassified from held-for-sale to held-for-use	38,949	46,290	5,614	90,536	4,947	62,248	2,485	251,069
Effect of movements in exchange rates	24,530	42,346	578	38,727	1,230	8,304	(28,877)	86,838
At 31 December 2023/1 January 2024	249,472	559,215	8,680	326,824	10,758	113,713	392,013	1,660,675
Additions	-	2,772	2,115	2,817	103	5,745	-	13,552
Disposals	-	-	(87)	(2,840)	(251)	(2,062)	-	(5,240)
Revaluation (Note 26)	(7,417)	(30,176)	-	-	-	-	-	(37,593)
Reclassification	-	16,761	-	-	-	-	(16,761)	-
Write-offs	-	-	-	-	(85)	(1,195)	-	(1,280)
Classified as held-for-sale	(8,995)	(64,581)	(8,856)	(114,543)	(5,674)	(76,254)	(2,771)	(281,674)
Effect of movements in exchange rates	(8,200)	(15,651)	(640)	(14,746)	(979)	(7,378)	(18,743)	(66,337)
At 31 December 2024	224,860	468,340	1,212	197,512	3,872	32,569	353,738	1,282,103

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Group	Land RM'000	Buildings RM'000	Building improve- ments RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
At 1 July 2022								
Accumulated depreciation	2,577	83,005	483	401,630	9,238	38,181	-	535,114
Accumulated impairment loss	-	17,715	30	852	-	129	65,608	84,334
Depreciation for the period	2,577	100,720	513	402,482	9,238	38,310	65,608	619,448
Disposals	1,563	28,851	2,576	23,622	1,020	9,794	-	67,426
Write-offs	-	-	-	(44,483)	(458)	(564)	-	(45,505)
Classified as held-for-sale	-	-	-	(1,075)	(78)	(980)	-	(2,133)
Reclassified from held-for-sale to held-for-use	-	(17,185)	-	(76,500)	(107,424)	(6,728)	(4,349)	(212,186)
Impairment loss for the period	-	5,287	688	71,046	3,844	49,228	-	130,093
Effect of movements in exchange rates	-	1,959	-	-	-	-	30,057	32,016
Accumulated depreciation	41	6,860	(1,254)	(73,628)	103,083	6,798	-	41,900
Accumulated impairment loss	-	953	2	36	-	6	(27,955)	(26,958)
At 31 December 2023								
Accumulated depreciation	4,181	106,818	2,493	300,612	9,225	95,729	-	519,058
Accumulated impairment loss	-	20,627	32	888	-	135	63,361	85,043
	4,181	127,445	2,525	301,500	9,225	95,864	63,361	604,101

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Group (continued)	Land RM'000	Buildings RM'000	Building improve- ments RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
At 1 January 2024	4,181	106,818	2,493	300,612	9,225	95,729	-	519,058
Accumulated depreciation	-	20,627	32	888	-	135	63,361	85,043
Accumulated impairment loss								
Depreciation for the year	4,181	127,445	2,525	301,500	9,225	95,864	63,361	604,101
Disposals	1,044	15,896	927	6,357	450	6,326	-	31,000
Revaluation (Note 26)	-	-	(42)	(2,838)	(251)	(2,053)	-	(5,184)
Write-offs	(3,954)	(13,364)	-	-	-	-	-	(17,318)
Classified as held-for-sale	-	-	-	-	(85)	(1,195)	-	(1,280)
Effect of movements in exchange rates	-	(8,494)	(2,417)	(99,626)	(4,574)	(61,102)	-	(176,213)
Accumulated depreciation	(47)	(1,480)	(191)	(13,784)	(893)	(6,330)	-	(22,725)
Accumulated impairment loss	-	(177)	-	(26)	-	(3)	(9,725)	(9,931)
At 31 December 2024	1,224	99,376	770	190,721	3,872	31,375	-	327,338
Accumulated depreciation	-	20,450	32	862	-	132	53,636	75,112
Accumulated impairment loss	1,224	119,826	802	191,583	3,872	31,507	53,636	402,450
Carrying amounts								
At 30 June 2022/1 July 2022	286,666	494,584	806	46,834	862	2,979	336,974	1,169,705
At 31 December 2023	245,291	431,770	6,155	25,324	1,533	17,849	328,652	1,056,574
At 31 December 2024	223,636	348,514	410	5,929	-	1,062	300,102	879,653

Notes to the Financial Statements

3. Property, plant and equipment (continued)

3.1 Depreciation charge for the period is allocated as follows:

	Note	Group 2024 RM'000	Group 2023 RM'000
Construction work-in-progress	11.1	13,772	39,301
Profit or loss		<u>17,228</u>	<u>28,125</u>
		<u>31,000</u>	<u>67,426</u>

3.2 Revaluation

The lands and buildings have been revalued by external independent valuers using the comparison method/replacement cost method of valuation during the financial year, except for lands and buildings with carrying amount of RM405,896,000. No revaluation were performed on these assets as the directors are currently exploring opportunities to monetise these assets.

Had the lands and buildings been carried at historical cost less accumulated depreciation and impairment losses, the carrying amount of the lands and buildings that would have been included in the financial statements at the end of the period would be as follows:

	Group 2024 RM'000	Group 2023 RM'000
Lands	154,726	226,062
Buildings	<u>277,338</u>	<u>386,248</u>
	<u>432,064</u>	<u>612,310</u>

3.3 Security

Certain lands and buildings of subsidiaries costing/valued at RM158,028,000 (2023: RM209,321,000) are charged to financial institutions as security for facilities granted to the subsidiaries of the Company (see Note 16.1).

Notes to the Financial Statements

3. Property, plant and equipment (continued)

3.4 Assets acquired under hire purchase

The carrying amounts of property, plant and equipment acquired under hire purchase agreements are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Freehold land	-	5,882
Buildings	-	16,307
Plant and machineries	-	5,049
Motor vehicles	-	54
	<u>-</u>	<u>27,292</u>

3.5 Capital work-in-progress

Included in carrying amounts of capital work-in-progress are costs of self-constructed assets of RM300,102,000 (2023: RM307,884,000).

3.6 Impairment loss

During the current financial year and prior financial period, certain property, plant and equipment has not been in used. However, the recoverable amount of these property, plant and equipment that has not been in used amounting to carrying amounts of RM708,224,000 could not be reasonably determined. The Directors are currently exploring opportunities to monetise these assets.

3.7 Material accounting policy information

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group and Company revalue its lands and buildings every five years and at shorter interval whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to their revaluation are stated in the financial statements at costs until the next revaluation exercise.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognized in profit or loss. When revalued assets are sold, the amounts included in the revaluation surpluses reserve are transferred to retained earnings.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

3.7 Material accounting policy information (continued)

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	22 - 75 years
• Buildings	20 - 60 years
• Building improvements	5 - 15 years
• Plant and machineries	4 - 20 years
• Motor vehicles	3 - 10 years
• Furniture, fittings and equipment	2.5 - 10 years

Notes to the Financial Statements

4. Right-of-use assets

Group	Land	Buildings	Plant and machineries	Motor vehicles	Furniture, fittings and equipment	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2022	29,331	4,718	819	1,425	1,498	37,791
Additions	301	2,896	86	2,582	-	5,865
Classified as held-for-sale	(35,100)	(59)	(895)	(1,568)	(192)	(37,814)
Reclassified from held-for-sale to held-for-use	1,166	91,473	2,789	4,554	5,707	105,689
Derecognition	-	(17,629)	(1,001)	(1,117)	(262)	(20,009)
Effect of movements in exchange rates	11,001	9,418	157	600	679	21,855
At 31 December 2023/1 January 2024	6,699	90,817	1,955	6,476	7,430	113,377
Additions	759	3,019	-	1,517	423	5,718
Classified as held-for-sale	(1,177)	(79,442)	(1,871)	(6,056)	(5,735)	(94,281)
Derecognition	-	(482)	(27)	(1,403)	(270)	(2,182)
Effect of movements in exchange rates	(275)	(7,258)	(54)	(534)	(567)	(8,688)
At 31 December 2024	6,006	6,654	3	-	1,281	13,944
Depreciation						
At 1 July 2022	3,866	3,184	614	955	1,308	9,927
Depreciation for the period	5,462	14,342	909	2,127	1,401	24,241
Classified as held-for-sale	(14,159)	(59)	(829)	(1,253)	(168)	(16,468)
Reclassified from held-for-sale to held-for-use	77	19,429	1,900	3,289	4,406	29,101
Derecognition	-	(17,629)	(1,001)	(1,034)	(226)	(19,890)
Effect of movements in exchange rates	9,867	2,595	291	520	555	13,828
At 31 December 2023/1 January 2024	5,113	21,862	1,884	4,604	7,276	40,739
Depreciation for the period	903	9,839	254	1,392	263	12,651
Classified as held-for-sale	(133)	(24,449)	(1,871)	(4,182)	(5,432)	(36,067)
Derecognition	-	(460)	(27)	(1,356)	(270)	(2,113)
Effect of movements in exchange rates	(120)	(1,977)	(237)	(458)	(556)	(3,348)
At 31 December 2024	5,763	4,815	3	-	1,281	11,862

Notes to the Financial Statements

4. Right-of-use assets (continued)

Group (continued) Carrying amounts

	Land RM'000	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
At 1 July 2022	25,465	1,534	205	470	190	27,864
At 31 December 2023	1,586	68,955	71	1,872	154	72,638
At 31 December 2024	243	1,839	-	-	-	2,082

Notes to the Financial Statements

4. Right-of-use assets (continued)

4.1 Depreciation of right-of-use assets charged for the year is allocated as follows:

Group	Note	2024 RM'000	2023 RM'000
Construction work-in-progress	11.1	8,518	16,260
Profit or loss	25	<u>4,133</u>	<u>7,981</u>
		<u>12,651</u>	<u>24,241</u>

4.2 Extension options

Certain lease contracts contain extension option exercisable before the end of the non-cancellable contract period. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

4.3 Material accounting policy information

(a) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Notes to the Financial Statements

4. Right-of-use assets (continued)

4.4 Material accounting policy information (continued)

(b) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

5. Intangible assets

Group	Goodwill RM'000	Other intangible assets RM'000	Total RM'000
Cost			
At 1 July 2022	32,410	-	32,410
Additions	-	800	800
Reclassified from held-for-sale to held-for-use	841,187	847,074	1,688,261
Effect of movements in exchange rates	84,484	84,241	168,725
At 31 December 2023/1 January 2024	958,081	932,115	1,890,196
Additions	-	1,376	1,376
Classified as held-for-sale	(849,690)	(856,561)	(1,706,251)
Effect of movements in exchange rates	(76,347)	(76,930)	(153,277)
At 31 December 2024	32,044	-	32,044
	Note 5.1	Note 5.2	

Notes to the Financial Statements

5. Intangible assets (continued)

Group	Goodwill RM'000	Other intangible assets RM'000	Total RM'000
Amortisation and impairment loss			
At 1 July 2022			
Accumulated amortisation	-	-	-
Accumulated impairment loss	32,410	-	32,410
	32,410	-	32,410
Amortisation for the period	-	34,231	34,231
Impairment loss	4,447	-	4,447
Amortisation reclassified from held-for-sale to held-for-use	-	500,297	500,297
Impairment loss reclassified from held-for-sale to held-for-use	442,292	-	442,292
Effect of movements in exchange rates	26,016	51,000	77,016
At 31 December 2023/1 January 2024			
Accumulated amortisation	-	585,528	585,528
Accumulated impairment loss	505,165	-	505,165
	505,165	585,528	1,090,693
Amortisation for the year	-	12,768	12,768
Classified as held-for-sale	(441,338)	(549,258)	(990,596)
Effect of movements in exchange rates	(31,783)	(49,038)	(80,821)
At 31 December 2024			
Accumulated amortisation	-	-	-
Accumulated impairment loss	32,044	-	32,044
	32,044	-	32,044
Carrying amounts			
At 1 July 2022	-	-	-
At 31 December 2023	452,916	346,587	799,503
At 31 December 2024	-	-	-
	Note 5.1	Note 5.2	

5.1 Goodwill

The goodwill recognised on acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the companies into the Group's existing oil, gas, petrochemical and renewable energy industry.

5.2 Other intangible assets

Other intangible assets comprise technology including patents and software, customers related intangibles including customer contracts and supply agreement and marketing related intangibles including tradenames. The intangible assets with finite useful lives are amortised over their useful lives ranging from 1 to 20 years. Tradenames with indefinite useful lives are tested for impairment annually or shorter if there is an indication of impairment.

Notes to the Financial Statements

5. Intangible assets (continued)

5.3 Amortisation

Amortisation of technology and customers related intangible assets is included as other operating expenses in profit or loss.

5.4 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's geographical unit which represents the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Germany unit	408,352	452,916
Classified as held-for-sale	(408,352)	-
Germany unit	<u>-</u>	<u>452,916</u>

Germany unit

For current financial year, the recoverable amounts of the cash-generating units ("CGU") were based on fair value less costs of disposal derived from the consideration of EUR270,000,000 as disclosed in Note 14.1. The receivable amount exceeded the carrying amount of the CGU hence did not give rise to impairment losses.

Notes to the Financial Statements

5. Intangible asset (continued)

5.4 Impairment testing for cash-generating units containing goodwill (continued)

Germany unit (continued)

In prior financial period, the recoverable amounts was determined by discounting the future cash flows generated from the continuing use of the unit approved by management covering a five-year detailed planning and a five-year gross planning period. The estimated EBITDA margin used for the five-year period averages 12.6% and based on the following key assumptions:

- (i) The determination of the budgeted EBITDA margin was based on the estimated achievable margin of on-going projects and the estimated margins of new projects to be secured for the budgeted years.
- (ii) The after-tax discount rate used was 9.82%.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and were based on both external and internal sources (historical data).

The estimates are particularly sensitive in the following areas:

- An increase of 1.00% in the discount rate used would result in an impairment loss of RM160.4 million.
- A decrease of 2.00% in the EBITDA margin used would result in an impairment loss of RM233.2 million.

In prior financial period ended 31 December 2023, the Group has impaired the carrying amount of the goodwill arose from the acquisition of the Germany unit by RM4,447,000 due to decline in the business performance in one of the business unit.

5.5 Material accounting policy information

(a) Recognition and measurement

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Notes to the Financial Statements

6. Interests in subsidiaries

	Company	
	2024	2023
	RM'000	RM'000
Unquoted shares - at cost	1,657,172	1,658,930
Amounts receivable from subsidiaries	352,292	358,894
Less: Impairment loss	(25,575)	(27,334)
	<u>1,983,889</u>	<u>1,990,490</u>

The amounts receivable from subsidiaries relate to advances which are unsecured, non-repayable and interest free except for RM352,292,000 (2023: RM358,894,000) due from a subsidiary which is subject to interest at rate of 6.25% (2023: 6.25%) per annum. As these advances are for capital investment purposes and the repayment is neither planned nor likely to occur in the foreseeable future, these advances are recognised as the Company's interests in subsidiaries.

There are several subsidiaries that were either dormant or loss-making. The recoverable amounts of these subsidiaries could not be reasonably determined as the Company is currently formulating its regularisation plan to monetise the subsidiaries which include disposal of its investment in Germany.

Details of the subsidiaries are shown in Note 33 to the financial statements.

Notes to the Financial Statements

6. Interests in subsidiaries (continued)**Non-controlling interests in subsidiaries**

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Impress Ethanol Co., Ltd RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2024			
NCI percentage of ownership interest and voting interest	28%		
Carrying amount of NCI	(108,298)	(17,030)	(125,328)
(Loss)/Profit allocated to NCI	(20,763)	4,281	(16,482)

2023			
NCI percentage of ownership interest and voting interest	28%		
Carrying amount of NCI	(89,733)	(16,026)	(105,759)
(Loss)/Profit allocated to NCI	(30,938)	4,184	(26,754)

Summarised financial information before intra-group elimination

2024	
Non-current assets	478,533
Current assets	4,100
Non-current liabilities	(694,523)
Current liabilities	(174,888)
Net liabilities	(386,778)

2024	
Loss for the year	(74,152)
Total comprehensive expense	(74,240)

Cash flows used in operating activities	(52,543)
Cash flows from financing activities	49,505
Net decrease in cash and cash equivalents	(3,038)
Dividends paid to NCI	-

Notes to the Financial Statements

6. Interests in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

	Impress Ethanol Co., Ltd RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
Summarised financial information before intra-group elimination			
As at 31 December 2023			
Non-current assets	473,732		
Current assets	8,632		
Non-current liabilities	(634,579)		
Current liabilities	(168,259)		
Net liabilities	(320,474)		
1.7.2022 to 31.12.2023			
Loss for the period	(110,493)		
Total comprehensive expense	(124,430)		
Cash flows used in operating activities	(52,877)		
Cash flows from financing activities	55,903		
Net increase in cash and cash equivalents	3,026		
Dividends paid to NCI	-		

7. Investments in associates

	Group	
	2024 RM'000	2023 RM'000
Unquoted shares - at cost	47	47
Share of post-acquisition reserve	(47)	(47)
	-	-

Notes to the Financial Statements

7. Investments in associates (continued)

Details of the associates are as follows:

Name of company	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2024 %	2023 %
Impress Farming Co., Ltd	Plantation and distributor of cassava	Thailand	49	49

7.1 Material accounting policy information

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses.

7.2 Unrecognised share of losses

The Group has not recognised losses related to Impress Farming Co., Ltd, totalling RM1,903,000 cumulatively, since the Group has no obligation in respect of these losses.

8. Investments in joint ventures

	Group	
	2024 RM'000	2023 RM'000
Unquoted shares – at cost	898	913
Share of post-acquisition reserve	(894)	(943)
Effect of movements in exchange rates	(4)	30
	<u>-</u>	<u>-</u>

Name of Company	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2024 %	2023 %
ADAP KNM (S) Sdn. Bhd. &	Dormant (dissolved on 9 December 2024)	Malaysia	-	49

Notes to the Financial Statements

8. Investments in joint ventures (continued)

Name of Company	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2024 %	2023 %
KHH Infrastructures Sdn. Bhd.*	Engineering works and providing consultancy services	Malaysia	50	50
Hansol KNM Greentech Sdn. Bhd.*#	Engineering, Procurement, Construction, Commissioning ("EPCC") contractor	Malaysia	40	40

* Audited by another firm of accountants.

The company is in the process of liquidation.

& Pursuant to the shareholders agreement, the Group was not having full control over ADAP KNM (S) Sdn. Bhd. ("ADAP") in the context of MFRS 10 but has joint control in ADAP. Accordingly, ADAP was being classified as a joint venture of the Group in accordance with MFRS 11. This resulted in ADAP being equity-accounted instead of consolidated.

8.1 Material accounting policy information

Investments in joint ventures are measured in the Company's statement of financial position at cost less any impairment losses.

8.2 Unrecognised share of losses

The Group has not recognised losses related to KHH Infrastructures Sdn. Bhd. and Hansol KNM Greentech Sdn. Bhd. of RM13,000 and RM2,600,000 respectively, since the Group has no obligation in respect of these losses.

Notes to the Financial Statements

9. Deferred tax assets/(liabilities)**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Property, plant and equipment	-	-	(2,572)	(2,637)	(2,572)	(2,637)
Revaluation*	-	-	(4,262)	(197,710)	(4,262)	(197,710)
Other items	83	1,660	-	-	83	1,660
Tax assets/(liabilities)	83	1,660	(6,834)	(200,347)	(6,751)	(198,687)
Set off of tax	(28)	(1,604)	28	1,604	-	-
Net tax assets/(liabilities)	55	56	(6,806)	(198,743)	(6,751)	(198,687)

* Includes deferred tax arising from revaluation of property, plant and equipment and fair value adjustment in purchase price allocation exercise.

Notes to the Financial Statements

9. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tax loss carry-forwards	2,523,217	2,369,334	12,371	12,584
Unutilised capital allowances	63,775	57,733	-	-
Other deductible temporary differences	30,256	34,495	-	-
	<u>2,617,248</u>	<u>2,461,562</u>	<u>12,371</u>	<u>12,584</u>

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

Due to tax legislation in certain countries, the tax loss carry-forward of certain Group entities are subject to expiry as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Subject to expiry in:				
- Year of Assessment 2023	-	839	-	-
- Year of Assessment 2024	-	749	-	-
- Year of Assessment 2025	1,270	2,826	2,294	2,294
- Year of Assessment 2026	153	153	1,062	1,062
- Year of Assessment 2027	130	130	1,146	1,146
- Year of Assessment 2028	1,805,870	1,805,935	1,884	3,872
- Year of Assessment 2029	13,923	13,923	1,988	4,210
- Year of Assessment 2030	12,640	12,640	3,709	-
- Year of Assessment 2031	35,277	35,324	288	-
- Year of Assessment 2032	64,423	64,423	-	-
- Year of Assessment 2033	117,881	117,881	-	-
- Year of Assessment 2034	68,058	23	-	-
- Year of Assessment 2035	775	765	-	-
	<u>2,120,400</u>	<u>2,055,611</u>	<u>12,371</u>	<u>12,584</u>
Not subject to expiry	<u>402,817</u>	<u>313,723</u>	<u>-</u>	<u>-</u>
	<u>2,523,217</u>	<u>2,369,334</u>	<u>12,371</u>	<u>12,584</u>

Unrecognised deferred tax assets in respect of the unutilised capital allowances, other incentives and other deductible temporary differences are not subject to expiry.

Notes to the Financial Statements

9. Deferred tax assets/(liabilities) (continued)**Movement in temporary differences during the financial year**

Group	At 1.7.2022 RM'000	Recognised in profit or loss (Note 23) RM'000	Included in asset held-for- sale RM'000	Reclassified from held- for-sale to held-for-use RM'000	Effect of movements in exchange rates RM'000	At 31.12.2023/ 1.1.2024 RM'000	Recognised in profit or loss (Note 23) RM'000	Recognised in other comprehensive income (Note 26) RM'000	Included in asset held-for- sale RM'000	Effect of movements in exchange rates RM'000	At 31.12.2024 RM'000
Property, plant and equipment	(14,997)	5,823	9,267	-	(2,730)	(2,637)	-	-	-	65	(2,572)
Revaluation *	(38,459)	(25,983)	21,723	(139,288)	(15,703)	(197,710)	34,198	(5,262)	144,068	20,444	(4,262)
Provisions	5,259	(5,527)	-	-	268	-	-	-	-	-	-
Other items	(4,161)	(4,341)	5,700	4,940	(478)	1,660	6,600	-	(1,055)	(7,122)	83
Tax loss carry- forward and unutilised capital allowance	9,600	(10,090)	-	-	490	-	-	-	-	-	-
	(42,758)	(40,118)	36,690	(134,348)	(18,153)	(198,687)	40,798	(5,262)	143,013	13,387	(6,751)

* Includes deferred tax arising from revaluation of property, plant and equipment and fair value adjustment in purchase price allocation exercise.

Notes to the Financial Statements

10. Inventories

	Group	
	2024 RM'000	2023 RM'000
At cost:		
Raw materials	-	16,071
Tools and consumables	1,449	13,716
Work-in-progress	-	30,499
Finished goods	1,043	1,063
	<u>2,492</u>	<u>61,349</u>
At net realisable value:		
Raw materials	157	247
Tools and consumables	-	1,619
	<u>2,649</u>	<u>63,215</u>
Recognised in profit or loss:		
Inventories written down to net realisable value	<u>-</u>	<u>(6,948)</u>

10.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

11. Contract assets/(liabilities)

		Group	
	Note	2024 RM'000	2023 RM'000
Contract assets	11.1	<u>6,430</u>	<u>139,855</u>
Contract liabilities	11.1	(35,151)	(143,403)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 90 days and payment is expected within 30 to 90 days.

The contract liabilities primarily relate to the advance consideration received from customers for construction contracts which revenue is recognised over time during the construction period. The contract liabilities are expected to be recognised as revenue over a period of 90 days.

Notes to the Financial Statements

11. Contract assets/(liabilities) (continued)**11.1 Construction work-in-progress**

	Group	
	2024 RM'000	2023 RM'000
Aggregate costs incurred to date	416,521	643,938
Add: Attributable profits	56,687	33,799
	<u>473,208</u>	<u>677,737</u>
Less: Progress billings	(501,929)	(681,285)
	<u>(28,721)</u>	<u>(3,548)</u>
Represented by:		
Contract assets	6,430	139,855
Contract liabilities	(35,151)	(143,403)
	<u>(28,721)</u>	<u>(3,548)</u>

Additions to aggregate costs incurred during the financial year include:

	Note	Group	
		2024 RM'000	2023 RM'000
Depreciation of property, plant and equipment	3.1	13,772	39,301
Depreciation of right-of-use assets	4.1	8,518	16,260
Hire of plant and machinery		19	17,047
Staff costs		<u>1,530</u>	<u>282,900</u>

12. Trade and other receivables

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade					
Trade receivables		2,303	111,955	-	-
Amounts due from - subsidiaries	12.1	<u>-</u>	<u>-</u>	<u>15,184</u>	<u>12,221</u>
		<u>2,303</u>	<u>111,955</u>	<u>15,184</u>	<u>12,221</u>
Non-trade					
Amounts due from - subsidiaries	12.1	-	-	444,699	394,934
Other receivables	12.2	4,230	31,061	-	-
Deposits		1,834	1,928	19	19
Prepayments	12.3	<u>2,312</u>	<u>90,388</u>	<u>-</u>	<u>-</u>
		<u>8,376</u>	<u>123,377</u>	<u>444,718</u>	<u>394,953</u>
		<u>10,679</u>	<u>235,332</u>	<u>459,902</u>	<u>407,174</u>

Notes to the Financial Statements

12. Trade and other receivables (continued)

12.1 Amounts due from subsidiaries

The trade amounts due from subsidiaries are subject to normal trade terms. The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand.

There are several subsidiaries that were either dormant or loss-making. The recoverable amounts of subsidiaries could not be reasonably determined as the Company is currently formulating its regularisation plan to monetise the subsidiaries.

12.2 Other receivables

Included in other receivables of the Group are Sales and Services Tax ("SST") and Value Added Tax ("VAT") receivables amounting to RM17,000 (2023: RM14,285,000).

12.3 Prepayments

Included in the prepayments of the Group are advance payments to suppliers of Nil (2023: RM84,294,000).

13. Cash and cash equivalents

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	1,830	145,798	100	81
Short-term deposits with licensed banks	22,062	23,700	-	-
	<u>23,892</u>	<u>169,498</u>	<u>100</u>	<u>81</u>

Included in the deposits placed with licensed banks of the Group is RM22,062,000 (2023: RM23,700,000) pledged for bank facilities granted to the subsidiaries of the Company.

Notes to the Financial Statements

14. Disposal group held-for-sale

14.1 Deutsche KNM GmbH (“DKNM”)

Deutsche KNM GmbH (“DKNM”) is presented as a disposal group held for sale following the commitment of the Group to dispose the subsidiaries in December 2024. Efforts to sell the dispose group have commenced and on 26 February 2025, the Group has entered into a conditional sale, purchase and transfer agreement (“SSA”) with NGK Insulators, Ltd. (“Purchaser”) for the proposed disposal of the entire shareholdings DKNM, for a consideration of EUR270,000,000 (“Proposed Disposal”). The conditions precedent stipulated in the SSA are as follows:

- (a) receipt of the approvals or deemed approvals of the Proposed Disposal by the following authorities: German Federal Cartel Office (Bundeskartellamt), whether or not conditions or obligations are imposed which could affect the Purchaser and/or DKNM following the Scheduled Closing Date, and/or expiry of the applicable waiting periods without the Transaction being prohibited by the relevant authority;
- (b) receipt by the Parties (i) of the court order under section 368(4) of the Malaysian Companies Act 2016 including the approval of the Proposed Disposal (including for the disposal of DKNM by the Group) by the Malaysian High Court and (ii) of the approval by the creditors of the Group under the Proposed Scheme of Arrangement;
- (c) receipt by the Parties of Bursa Malaysia Securities Berhad’s and shareholder’s approval of the regularisation plan of the Group and the Proposed Disposal;
- (d) receipt of the approval of the Proposed Disposal by DKNM’s shareholders in a general meeting;
- (e) the Group’s completion of the steps described in the Carve-Out Plan and the receipt of the Carve-Out Notification by the Purchaser;
- (f) the receipt by the Purchaser of the Final 2024 DKNM Reporting Accounts; and

Notes to the Financial Statements

14. Disposal group held-for-sale (continued)

14.1 Deutsche KNM GmbH ("DKNM") (continued)

(g) evidence reasonably satisfactory to the Purchaser that:

- all lenders under the Finance Agreements have agreed not to exercise their right under cl. 9.2 of the Facility Agreement or equivalent provisions to cancel the commitments under the Finance Agreements and declare all amounts outstanding under the Finance Agreements immediately due and payable where such right would arise as a result of the transfer of the share to the Purchaser;
- the required parties to the relevant Finance Agreements have amended the Finance Agreements such that from and after the Closing Date, (A) DKNM is not bound by information undertakings regarding information pertaining to the Group or any of its Affiliates (B) the Group shall be released from the Subordination Agreement going forward and (C) the termination of the Trust Agreement does not constitute an event of default under any Finance Agreement; and
- the Trust Agreement has been terminated without consideration and without any cost for DKNM.

14.2 FBM Hudson Italiana SpA and FBM Hudson FZE (Formerly known as FBM-KNM FZCO)

On 26 May 2023, the Board has announced the proposed disposal of 100% equity interest in FBM Hudson Italiana SpA and FBM Hudson FZE (Formerly known as FBM-KNM FZCO) given its financial status which needs immediate restructuring and investment. On 27 March 2024, the Group had entered into a Share Purchase Agreement ("SPA") with buyers from Italy to dispose of its 100% equity in Italy and UAE for an aggregate cash consideration of EUR16,500,000. On 6 June 2024, the Company announced that one of the conditions precedent in the SPA for the proposed disposal was not fulfilled, as the Golden Power Clearance was rejected by the Italian Government. Subsequently, the SPA had expired on 30 June 2024. The disposal group has remained on held for sale as the Board remains committed to dispose its investment in Italy and UAE. The Company has received new indicative offers in December 2024 from various interested parties and is currently in negotiation of the offers with the interested parties and Italian Government.

Notes to the Financial Statements

14. Disposal group held-for-sale (continued)

- 14.3** The above sale transactions are expected to complete within 12 months after the end of the financial year. The assets and liabilities of the disposal groups are as follows:

	Note	Group 2024 RM'000	2023 RM'000
Assets classified as held-for-sale			
Property, plant and equipment	3	356,167	244,061
Right-of-use assets	4	75,658	21,346
Goodwill	5	408,352	-
Other intangible assets	5	307,303	-
Other investments		1,443	192
Inventories		75,280	19,631
Current tax assets		1,794	2,206
Contract assets		193,770	30,513
Trade and other receivables		248,882	104,399
Derivative financial assets		-	713
Cash and cash equivalents		183,483	13,288
		<u>1,852,132</u>	<u>436,349</u>
Liabilities classified as held-for-sale			
Non-current loans and borrowings		(37,213)	(29,600)
Non-current lease liabilities		(69,864)	(21,301)
Long term payables		(4,061)	(4,561)
Long service leave liabilities		(10,117)	(9,077)
Deferred tax liabilities	9	(180,566)	(36,690)
Current loans and borrowings		(28,188)	(39,896)
Current lease liabilities		(13,252)	(1,816)
Current tax liabilities		(17,560)	-
Contract liabilities		(130,942)	(97,924)
Trade and other payables		(346,578)	(200,840)
		<u>(838,341)</u>	<u>(441,705)</u>

The carrying values of the disposal group are equivalent to its carrying value before they were being reclassified to current assets.

Notes to the Financial Statements

15. Capital and reserves

15.1 Share capital

	Group and Company			
	2024		2023	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid shares:				
At 1 January	4,045,905	2,125,969	3,678,263	2,061,878
Issuance arising from private placement (Note 15.1a)	-	-	367,642	19,303
Reclassification of loss on disposal of treasury shares in prior period to accumulated losses	-	-	-	44,788
At 31 December	<u>4,045,905</u>	<u>2,125,969</u>	<u>4,045,905</u>	<u>2,125,969</u>

(a) In prior financial period, the Company issued 367,642,100 new ordinary shares via a private placements to eligible investors for a net cash consideration of RM19,303,000. There is no further issuance of shares during current financial year.

15.2 Treasury shares

As at 31 December 2024, the Company held 1,841,275 (2023: 1,841,275) ordinary shares as treasury shares out of its total issued and paid-up share capital. Hence, the number of outstanding shares in issue and paid-up after deducting treasury shares as at 31 December 2024 is 4,044,064,080 (2023: 4,044,064,080) ordinary shares. The treasury shares have no rights to voting, dividends or participation in other distribution.

15.3 Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings.

15.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currency other than RM as well as the exchange differences arising from monetary items that in substance form the Company's net investment in subsidiaries.

15.5 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in Note 17.

Notes to the Financial Statements

15. Capital and reserves (continued)

15.6 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

16. Loans and borrowings

		Note	Group	
			2024 RM'000	2023 RM'000
Non-current				
Fixed rate hire purchase liabilities		16.5	-	6,069
			-	6,069
Current				
Bank overdrafts	- secured	16.1	22,254	8,359
Floating rate term loans	- secured	16.2	187,138	159,075
Fixed rate term loans	- secured	16.2	124,567	118,043
	- unsecured	16.3	489,722	494,225
Revolving credits	- secured	16.4	16,699	15,921
Fixed rate hire purchase liabilities		16.5	86	1,255
Fixed rate Thai Baht loan		16.6	491,949	456,256
			1,332,415	1,253,134
			1,332,415	1,259,203
		Note	Company	
			2024 RM'000	2023 RM'000
Current				
Fixed rate Thai Baht loan		16.7	491,949	456,256

16.1 Bank overdrafts

The secured trade facilities of the Group are secured by way of:

- (i) Legal charge over the industrial land and buildings of certain subsidiaries of the Company (see Note 3.3).
- (ii) Pledge of the Group's shares in a foreign subsidiary, including assignment over all dividend payments arising therefrom.
- (iii) In connection with the trade facilities, the significant covenants, among others:

In respect of the Group for the financial year ended 31 December 2024:

- a. Minimum consolidated total net worth of RM1.5 billion (2023: RM1.5 billion).
- b. The Group's consolidated debt to equity shall not be more than 1.0 time (2023: 1.0 time) at all times.

Notes to the Financial Statements

16. Loans and borrowings (continued)

16.1 Bank overdrafts (continued)

- c. The Group's consolidated secured debt to consolidated total assets shall not be more than 0.4 time (2023: 0.4 time).
- d. The Group's consolidated EBITDA over interest expense shall not be less than 2.0 times (2023: 2.0 times).

16.2 Secured floating term loans and secured fixed term loans

The secured term loans of the Group are secured by way of:

- (i) Legal charge over the industrial land and buildings of certain subsidiaries of the Company (see Note 3.3).
- (ii) Pledge of the Group's shares in a foreign subsidiary, including assignment over all dividend payments arising therefrom.
- (iii) Assignment over proceeds accounts of certain projects of a subsidiary.

In respect of a foreign subsidiary, the covenants as disclosed in Note 16.1(iii) are also applicable.

16.3 Unsecured fixed term loans

The unsecured term loans of the Group are supported by way of corporate guarantee from the Company.

In respect of a local subsidiary, the covenants as disclosed in Note 16.1(iii)(a) are also applicable.

The following covenants relate to a foreign subsidiary to be assessed in accordance to the audited financials prepared using the local Generally Accepted Accounting Principles in that country:

- a. The interest cover ratio for periods ending on or after 31 December 2024 shall exceed a ratio of 4.5 times (2023: 4.5 times).
- b. Maintenance of leverage ratio of not more than 2.0 times (2023: 2.0 times) for the financial year ended 31 December 2024.
- c. Working capital cover ratio for periods ending on or after 31 December 2024 shall be equal to or more than 120% (2023: 120%).
- d. Minimum equity for the financial year ended 31 December 2024 shall not be less than 35% (2023: 35%).

16.4 Secured revolving credits

The secured revolving credits of the Group are supported mainly by way of corporate guarantee from the Company and a first party pledge of fixed deposit and a debenture over the entire assets of a subsidiary specifically formed to undertake such secured revolving credits.

Notes to the Financial Statements

16. Loans and borrowings (continued)

16.5 Fixed rate hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	2024			2023		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	89	(3)	86	1,512	(257)	1,255
Between one and five years	-	-	-	5,083	(594)	4,489
More than five years	-	-	-	1,605	(25)	1,580
	<u>89</u>	<u>(3)</u>	<u>86</u>	<u>8,200</u>	<u>(876)</u>	<u>7,324</u>

The hire purchase liabilities are subject to interest at rates ranging from 3.16% to 4.42% (2023: 3.16% to 4.42%) per annum.

16.6 Fixed rate guaranteed Thai Baht Bond

The Thai Baht denominated bond was guaranteed by a Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank, and fully underwritten by United Overseas Bank (Thai) Public Company Limited ("Guaranteed Thai Baht Bond"). The Guaranteed Thai Baht Bond has a tenure of 5 years from its issuance in 2016. Proceeds from the Guaranteed Thai Baht Bond were utilised by a subsidiary, Impress Ethanol Co., Ltd., to refinance its existing term loan, finance plant expansion and for working capital. The Guaranteed Thai Baht Bond has matured on 18 November 2022 and the guarantor has redeemed the Thai Baht Bond on behalf of the Group and the Company.

16.7 Defaulted loans

The Group and the Company have defaulted various loans and borrowings to banks and financial institutions which amounting to RM1,332,329,000 and RM491,949,000 respectively. These loans and borrowings are currently classified as current liabilities. Certain defaulted loans and borrowings were supported by corporate guarantee issued by the Company. The provision for corporate guarantee has not been provided for as expected recoverable amount of underlying securities could not be reasonably determined as the Directors are currently exploring opportunities to monetise these assets.

Notes to the Financial Statements

17. Employee benefits

Share-based payment arrangement

On 18 April 2014, the Company's shareholders approved the establishment of an ESOS to all eligible employees including Directors of the Company and its subsidiaries. In accordance with the ESOS, holders of vested ESOS options are entitled to purchase the Company's shares at the market price of the shares at the date of grant.

a) Options allocated on 16.11.2020

Grant date	Number of options '000	Vesting conditions	Contractual life of options
Options granted on 16.11.2020	141,130	Employee in service on grant date	3.5 years

The number and weighted average exercise price of share options are as follows:

	2024		2023	
	Exercise price	Number of options '000	Exercise price	Number of options '000
Outstanding at the beginning of the year	RM0.165	9,830	RM0.165	40,728
Granted during the year	RM0.165	-	RM0.165	-
Expired/Lapsed during the year	RM0.165	(9,830)	RM0.165	(30,898)
Exercised during the year	RM0.165	-	RM0.165	-
Outstanding at the end of the year	RM0.165	-	RM0.165	9,830
Vested and exercisable at the end of the year	RM0.165	-	RM0.165	9,830

The options have expired on 19 May 2024 and the ESOS Committee established to administer the ESOS had been dissolved on the same day.

Notes to the Financial Statements

17. Employee benefits (continued)

Share-based payment arrangement (continued)

b) Options allocated on 19.8.2021

Grant date	Number of options '000	Vesting conditions	Contractual life of options
Options granted on 19.8.2021	103,946	Employee in service on grant date	3 years

The number and weighted average exercise price of share options are as follows:

	2024		2023	
	Exercise price	Number of options '000	Exercise price	Number of options '000
Outstanding at the beginning of the year	RM0.19	14,591	RM0.19	96,226
Granted during the year	RM0.19	-	RM0.19	-
Expired/Lapsed during the year	RM0.19	(14,591)	RM0.19	(81,635)
Exercised during the year	RM0.19	-	RM0.19	-
Outstanding at the end of the year	RM0.19	-	RM0.19	14,591
Vested and exercisable at the end of the year	RM0.19	-	RM0.19	14,591

The options have expired on 19 May 2024.

Value of employee services received for issue of share options

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Total expense recognised as share-based payments	-	677	-	1,877

18. Long term payables

The long term payables of the Group are amounts payable to social security institutions of foreign subsidiaries which are unsecured, interest free and not repayable within the next twelve months.

Notes to the Financial Statements

19. Trade and other payables

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade					
Trade payables		116,052	167,722	-	-
Non-trade					
Amounts due to					
- subsidiaries	19.1	-	-	106,699	110,758
- associates	19.1	1,931	1,894	2,311	795
- joint ventures	19.1	737	731	-	-
- related parties	19.1	25,753	9,937	-	-
Other payables	19.2	53,197	64,255	4,601	4,023
Accrued expenses	19.3	89,968	146,413	4,362	5,992
		<u>171,586</u>	<u>223,230</u>	<u>117,973</u>	<u>121,568</u>
		<u>287,638</u>	<u>390,952</u>	<u>117,973</u>	<u>121,568</u>

19.1 Amounts due to subsidiaries, associates, joint ventures and related parties

The amounts due to subsidiaries, associates, joint ventures and related parties in which certain Directors have substantial financial interest are unsecured, interest free and repayable on demand, except for balances with related parties of RM16,856,000 is subject to interest at 5%-12% per annum.

19.2 Other payables

Included in other payables of the Group are Sales and Services Tax ("SST") and Value Added Tax ("VAT") payable amounting to RM3,772,000 (2023: RM3,978,000).

19.3 Accrued expenses

Included in accrued expenses of the Group are provision for warranty of NIL (2023: RM8,006,930). Provision for warranty is made for remedies required for certain construction contracts.

Notes to the Financial Statements

20. Revenue

Group	Continuing Operations		Discontinued Operations		Total	
	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000 Restated	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000 Restated	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
Construction contract						
- In time	922	311	139,733	211,903	140,655	212,214
- Over time	4,261	58,928	953,915	1,662,608	958,176	1,721,536
Sales of goods	1,261	3,917	26,350	20,531	27,611	24,448
Services	-	57	-	-	-	57
	<u>6,444</u>	<u>63,213</u>	<u>1,119,998</u>	<u>1,895,042</u>	<u>1,126,442</u>	<u>1,958,255</u>
Major products and services lines						
- Construction contracts	5,183	49,499	874,735	1,455,035	879,918	1,504,534
- Renewable energy	-	9,740	918	1,156	918	10,896
- Others	<u>1,261</u>	<u>3,974</u>	<u>244,345</u>	<u>438,851</u>	<u>245,606</u>	<u>442,825</u>
	<u>6,444</u>	<u>63,213</u>	<u>1,119,998</u>	<u>1,895,042</u>	<u>1,126,442</u>	<u>1,958,255</u>
Company						
Management fees	<u>3,150</u>	<u>3,552</u>				
Major products and services lines						
- Others	<u>3,150</u>	<u>3,552</u>				

Notes to the Financial Statements

20. Revenue (continued)

Nature of goods and services provided

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Warranty
Construction contracts	As mentioned below, revenue is recognised over time based on output method, assessed by reference to surveys of work performed or completion of a physical proportion of contract work. For contracts whereby revenue is recognised at a point in time, this mainly involve spare parts projects. Revenue is recognised 100% upon delivery or completion of the single obligation.	Based on agreed milestones.	Not applicable.	Bank guarantees may be given to customers.
Sale of goods	Revenue is recognised when or as control of the goods is transferred to the customer.	Credit period of 30 to 90 days from invoice date.	Not applicable.	Not applicable.
Services, management fee (applicable to the Company only)	Revenue is recognised at a point in time once services has been provided to the customer.	Credit period of 30 to 90 days from invoice date.	Not applicable.	Not applicable.

Notes to the Financial Statements

20. Revenue (continued)

Nature of goods and services provided (continued)

Remaining performance obligations of the Group and of the Company are not disclosed as the Group and the Company recognise revenue from the satisfaction of the performance obligation and has a right to consideration from customers in an amount that corresponds directly with the value to the customers of the Group or the Company's performance completed to date.

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For construction contracts, the Group recognises construction contracts revenue based on the percentage of completion method, determined based on surveys of work performed/completion of a physical proportion of contract work. Judgements is required in the estimation of physical proportion of contract work. Where actual differs from the estimated physical proportion, such difference will impact the revenue recognised.

Notes to the Financial Statements

21. Finance costs

Group	Continuing Operations		Discontinued Operations		Total	
	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000 Restated	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000 Restated	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	112,223	227,202	4,058	14,484	116,281	241,686
Interest expense on lease liabilities	310	480	2,181	124	2,491	604
Other finance costs	106	1,061	805	2,275	911	3,336
	<u>112,639</u>	<u>228,743</u>	<u>7,044</u>	<u>16,883</u>	<u>119,683</u>	<u>245,626</u>
Recognised in profit or loss	112,639	228,743	7,044	16,883	119,683	245,626
Company	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000				
Interest expense of financial liabilities that are not at fair value through profit or loss	40,775	58,051				
Other finance costs	5	7				
	<u>40,780</u>	<u>58,058</u>				
Recognised in profit or loss	40,780	58,058				

Notes to the Financial Statements

22. Finance income**Group**

	Continuing Operations		Discontinued Operations		Total	
	1.1.2024 to 31.12.2024	1.7.2022 to 31.12.2023	1.1.2024 to 31.12.2024	1.7.2022 to 31.12.2023	1.1.2024 to 31.12.2024	1.7.2022 to 31.12.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost:	327	6,120	2,821	1,753	3,148	7,873
		Restated		Restated		

Company

	Continuing Operations		Discontinued Operations		Total	
	1.1.2024 to 31.12.2024	1.7.2022 to 31.12.2023	1.1.2024 to 31.12.2024	1.7.2022 to 31.12.2023	1.1.2024 to 31.12.2024	1.7.2022 to 31.12.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost:	49,514	80,209	-	-	49,514	80,209

Notes to the Financial Statements

23. Tax expense

	Group		Company	
	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000 Restated	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
Income tax expense/(income) on continuing operations	134	(25,584)	-	-
Income tax expense on discontinued operation	23,805	77,737	-	-
Total income tax expense	23,939	52,153	-	-
Current tax expense				
- Current year	64,271	15,564	-	-
- Under/(Over) provision in prior year	466	(3,529)	-	-
Total current tax recognised in profit or loss	64,737	12,035	-	-
Deferred tax expense				
- Current year	(40,798)	40,118	-	-
Total deferred tax recognised in profit or loss	(40,798)	40,118	-	-
Total income tax expense	23,939	52,153	-	-
Reconciliation of tax expense				
(Loss)/Profit for the year	(162,002)	(420,825)	13,796	8,493
Total tax expense	23,939	52,153	-	-
(Loss)/Profit before tax	(138,063)	(368,672)	13,796	8,493
Income tax using Malaysian tax rate of 24% (2023: 24%)	(33,135)	(88,481)	3,311	2,038
Effect of tax rates in foreign jurisdictions*	12,298	38,920	-	-
Non-deductible expenses	36,133	114,012	(3,260)	16,207
Tax exempt income	(29,710)	(29,868)	-	(19,256)
Recognition of previously unrecognised tax losses	-	-	(51)	-
Effect of deferred tax assets not recognised	37,887	21,099	-	1,011
	23,473	55,682	-	-
Under/(Over) provision in prior year				
- Income tax expense	466	(3,529)	-	-
- Deferred tax expense	-	-	-	-
	23,939	52,153	-	-

* Tax rates in several foreign jurisdictions are different from the tax rates in Malaysia.

Notes to the Financial Statements

24. Discontinued operations

24.1 Deutsche KNM GmbH (“DKNM”)

Deutsche KNM GmbH (“DKNM”) is presented as a disposal group held for sale following the commitment of the Group management to a plan to dispose the subsidiaries in December 2024. Efforts to sell the dispose group have commenced and on 26 February 2025, the Group has entered into a conditional sale, purchase and transfer agreement with NGK Insulators, Ltd. for the proposed disposal of the entire shareholdings DKNM, for a consideration of EUR270,000,000.

24.2 FBM Hudson Italiana SpA and FBM Hudson FZE (Formerly known as FBM-KNM FZCO)

In prior financial period on 26 May 2023, the Board has announced the proposed disposal of 100% equity interest in FBM Hudson Italiana SpA and FBM Hudson FZE (Formerly known as FBM-KNM FZCO), its fabrication businesses and facility located at Italy and United Arab Emirates (“UAE”) given its financial status which needs immediate restructuring and investment. On 27 March 2024, the Group had entered into a Share Purchase Agreement (“SPA”) with buyers from Italy to dispose of its 100% equity in Italy and UAE for an aggregate cash consideration of EUR16,500,000. On 6 June 2024, the Company announced that one of the conditions precedent in the SPA for the proposed disposal was not fulfilled, as the Golden Power Clearance was rejected by the Italian Government. Subsequently, the SPA had expired on 30 June 2024. The disposal group has remained on held for sale as the Board remains committed to dispose its investment in Italy and UAE. The Company has received new indicative offers from various interested parties and is currently in negotiation of the offers with the interested parties and Italian Government.

24.3 Profit/(loss) attributable to the discontinued operations were as follows:

	Group	
	1.1.2024 to 31.12.2024	1.7.2022 to 31.12.2023
	RM'000	RM'000
Results of discontinued operation		Restated
Revenue	1,119,998	1,895,042
Other income	22,130	44,090
Expenses	(1,093,035)	(1,899,647)
Results from operating activities	49,093	39,485
Tax expense	(23,805)	(77,737)
Profit/(Loss) for the period	25,288	(38,252)

The profit of RM25,288,000 (2023: Loss of RM38,252,000) from the discontinued operations are attributable entirely to the owners of the Company.

Notes to the Financial Statements

24. Discontinued operations (continued)

24.4 Cash flows flows from disposal of subsidiaries were as follows:

	Group	
	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000 Restated
Cash flows from disposal of subsidiaries		
Net cash from operating activities	14,118	83,492
Net cash (used in)/from investing activities	(22,026)	31,702
Net cash from/(used in) financing activities	<u>55,877</u>	<u>(157,970)</u>
Effect on cash flows	<u>47,969</u>	<u>42,776</u>

The effect of FBM Group and DKNM Group classified as asset held-for-sale on the financial position of the Group is disclosed under Note 14.

Notes to the Financial Statements

25. (Loss)/Profit for the year/period

	Group		Company	
	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
(Loss)/Profit for the year/period is arrived at after charging:				
Auditors' remuneration:				
Audit fees:				
KPMG in Malaysia:				
- Current year	530	530	265	215
Overseas affiliates of KPMG in Malaysia	1,186	2,833	-	-
Other auditors	144	241	-	-
Non-audit fees:				
KPMG in Malaysia	10	10	10	10
Local affiliates of KPMG in Malaysia	97	97	-	-
Overseas affiliates of KPMG in Malaysia	244	85	-	-
Other auditors	2	76	-	-
Depreciation of property, plant and equipment	17,332	28,125	-	-
Depreciation of right-of-use assets (Note 4.1)	4,133	7,981	-	-
Amortisation of intangible assets (Note 5)	12,768	34,231	-	-
Impairment loss on:				
- Goodwill	-	4,447	-	-
- Property, plant and equipment (Note 3.6)	-	28,807	-	-
- Trade receivables	-	20,734	-	-
- Other receivables	15,069	12,322	-	-
Written off:				
- Amounts due from subsidiaries	-	-	-	18
Personnel expenses:				
- Contribution to Employees' Provident Fund	10,630	14,295	-	-
- Share-based payments	-	677	-	1,877
- Wages, salaries and others	76,669	104,559	-	-
Provision for:				
- Project closure	-	4,388	-	-
- Late delivery charges	3,158	54,079	-	-
- Warranty	10,237	-	-	-
Unrealised loss on foreign exchange	-	-	-	4,957
Property, plant and equipment written off	-	51	-	-

Notes to the Financial Statements

25. (Loss)/Profit for the year/period (continued)

	Group		Company	
	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
and after crediting:				
Gain on disposal:				
- Property, plant and equipment	535	2,587	-	-
Unrealised gain on foreign exchange	34,987	86,092	4,924	-
Reversal of provision for:				
- Warranty	-	5,880	-	-
Reversal of impairment loss:				
- Interests in subsidiaries	-	-	1,758	-
- Amounts due from subsidiary	-	-	1,036	-
- Trade receivables	2,094	-	-	-
- Other receivables	-	557	-	-
Bad debts recovered	36	-	-	-
	<u>19,231</u>	<u>28,087</u>	<u>-</u>	<u>-</u>
Expenses arising from leases:				
Expenses relating to short-term leases	19,231	28,087	-	-

26. Other comprehensive (expense)/income

	1.1.2024-31.12.2024			1.7.2022-31.12.2023		
	Before tax RM'000	Tax expense RM'000	Net of tax RM'000	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Group						
Items that are or may be reclassified subsequently to profit or loss						
Cash flow hedge	(5,241)	-	(5,241)	6,184	-	6,184
Foreign currency translation differences for foreign operations	(47,338)	-	(47,338)	56,858	-	56,858
Hedge of net investment in subsidiaries	(13,108)	-	(13,108)	14,810	-	14,810
Impairment loss on property, plant and equipment previously revalued	-	-	-	(3,209)	-	(3,209)
Revaluation of property, plant and equipment	14,257	(5,262)	8,995	-	-	-
	<u>(51,430)</u>	<u>(5,262)</u>	<u>(56,692)</u>	<u>74,643</u>	<u>-</u>	<u>74,643</u>

Notes to the Financial Statements

27. (Loss)/Gain per ordinary share**Basic (loss)/gain per ordinary share**

The calculation of basic (loss)/gain per ordinary share at 31 December 2024 was based on the (loss)/gain attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(Loss)/Gain attributable to ordinary shareholders

Group	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
1.1.2024 to 31.12.2024			
(Loss)/Gain attributable to ordinary shareholders	(170,808)	25,288	(145,520)
1.7.2022 to 31.12.2023 (Restated)			
Loss attributable to ordinary shareholders	(355,819)	(38,252)	(394,071)

	Group	
	1.1.2024 to 31.12.2024 '000	1.7.2022 to 31.12.2023 '000
Issued ordinary shares at beginning of the year	4,045,905	3,678,263
Share issuance arising from private placement	-	214,437
Effect of treasury shares held	(1,841)	(1,841)
Weighted average number of ordinary shares	4,044,064	3,890,859
	1.1.2024 to 31.12.2024 Sen	1.7.2022 to 31.12.2023 Sen Restated
From continuing operations	(4.22)	(9.15)
From discontinued operation	0.63	(0.98)
Basic loss per ordinary share	(3.60)	(10.13)

Diluted loss per ordinary share

The Group's diluted earnings per ordinary share for the financial year approximates its basic earnings per ordinary share.

28. Commitments

	Group	
	2024 RM'000	2023 RM'000
Capital commitments:		
Property, plant and equipment		
- Contracted but not provided for in the financial statements	-	37,329

Notes to the Financial Statements

29. Related parties

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below:

	Group		Company	
	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000	1.1.2024 to 31.12.2024 RM'000	1.7.2022 to 31.12.2023 RM'000
A. Subsidiaries				
Management fees received	-	-	3,150	3,552
Loan interest received	-	-	49,514	80,209
ESOS payable	-	-	-	1,200
	<u>-</u>	<u>-</u>	<u>52,664</u>	<u>84,961</u>
B. Key management personnel				
Directors				
- Fees	573	1,287	573	1,287
- Remuneration	391	2,550	222	2,018
- Employee benefits (including estimated monetary value of benefit-in-kind)	40	96	32	85
- Manpower supply	1,514	783	1,514	783
	<u>2,518</u>	<u>4,716</u>	<u>2,341</u>	<u>4,173</u>
Subsidiaries directors				
- Remuneration	20,273	11,168	-	-
- Short-term employee benefits	63	1,120	-	-
- Share-based payments	-	43	-	-
	<u>20,336</u>	<u>12,331</u>	<u>-</u>	<u>-</u>
Other key management personnel				
- Remuneration	433	801	-	-
- Short-term employee benefits	-	37	-	-
- Share-based payments	-	516	-	-
	<u>433</u>	<u>1,354</u>	<u>-</u>	<u>-</u>
	<u>23,287</u>	<u>18,401</u>	<u>2,341</u>	<u>4,173</u>

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Significant related party balances related to the above transactions are disclosed in Notes 6, 12 and 19.

Notes to the Financial Statements

30. Financial instruments

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through profit or loss ("FVTPL");
- Mandatorily required by MFRS 9; and
- (b) Amortised cost ("AC").

	Carrying amount RM'000	AC RM'000	Derivatives used for hedging RM'000
2024			
Financial assets			
Group			
Trade and other receivables, less prepayments and SST receivable	8,350	8,350	-
Cash and cash equivalents	23,892	23,892	-
	<u>32,242</u>	<u>32,242</u>	<u>-</u>
Company			
Trade and other receivables, less prepayments	459,902	459,902	-
Cash and cash equivalents	100	100	-
	<u>460,002</u>	<u>460,002</u>	<u>-</u>
2023			
Financial assets			
Group			
Trade and other receivables, less prepayments and SST receivable	130,659	130,659	-
Derivative financial assets	6,045	-	6,045
Cash and cash equivalents	169,498	169,498	-
	<u>306,202</u>	<u>300,157</u>	<u>6,045</u>
Company			
Trade and other receivables, less prepayments	407,174	407,174	-
Cash and cash equivalents	81	81	-
	<u>407,255</u>	<u>407,255</u>	<u>-</u>

Notes to the Financial Statements

30. Financial instruments (continued)

30.1 Categories of financial instruments (continued)

2024	Carrying amount RM'000	AC RM'000
Financial liabilities		
Group		
Loan and borrowings	(1,332,415)	(1,332,415)
Trade and other payables, less SST and VAT payable	(284,681)	(284,681)
	<u>(1,617,096)</u>	<u>(1,617,096)</u>
Company		
Loan and borrowing	(491,949)	(491,949)
Trade and other payables	(117,973)	(117,973)
	<u>(609,922)</u>	<u>(609,922)</u>
2023		
Financial liabilities		
Group		
Loan and borrowings	(1,259,203)	(1,259,203)
Trade and other payables, less SST and VAT payable	(387,811)	(387,811)
	<u>(1,647,014)</u>	<u>(1,647,014)</u>
Company		
Loan and borrowing	(456,256)	(456,256)
Trade and other payables	(121,568)	(121,568)
	<u>(577,824)</u>	<u>(577,824)</u>

Notes to the Financial Statements

30. Financial instruments (continued)

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains arising on:				
Financial assets measured at fair value through profit or loss	(103)	(5,977)	-	-
Financial assets measured at amortised cost	2,184	(15,047)	39,128	102,251
Financial liabilities measured at amortised cost	(101,757)	(166,066)	(25,475)	(85,068)
	<u>(99,676)</u>	<u>(187,090)</u>	<u>13,653</u>	<u>17,183</u>
Net gain/(loss) on impairment of financial assets at amortised cost	<u>(12,939)</u>	<u>(32,499)</u>	<u>1,036</u>	<u>-</u>

30.3 Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Foreign currency risk
- Interest rate risk

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from its exposure to fluctuations in financial risks.

30.4 Credit risk

The Group's exposure to credit risk arises mainly from external counter-party risk on contracts and on monetary financial assets; whilst, at Company level mainly from internal counter-party risk on financial guarantees, loans and advances extended to its subsidiaries.

The Group's objective on credit risk management is to avoid significant exposure to any individual counter-party and to minimise concentration of credit risk. The Group achieves this through its operating units' practices on credit assessment, and performs central monitoring such as on credit risk concentration, credit evaluation, and credit impairment; whilst, the business units are responsible for their respective day-to-day credit risk management.

Notes to the Financial Statements

30. Financial instruments (continued)

30.4 Credit risk (continued)

Policies and processes

Policies and processes in managing credit risk varies with the classes of counter-parties as outlined below:

(i) Contract customers

Process & Specialised Equipment & Turnkey Contracts

These orders are attributable to the Group's construction contracts, which duration ranges from 12 to 36 months, where billings are based on the progress milestones which typically are divided into four or more stages of a project's life cycle. For large orders such as Engineering, Procurement and Constructions, billings are negotiated to closely mirror the cash flow requirements in contract execution. An advance from the customers would normally be required before the commencement of work, and the customer would demand a Bank or Corporate Guarantee in return as a form of guaranteeing performance. Customers' orders are usually components of a larger project which has secured financing. As such, credit risk exposure is typically low at the early and mid-stages of a project life cycle, but increases towards the last milestone payment arising from possible variation or contractual disputes. This tail-end risk is managed or mitigated with one or more of the following:

- Professional lien on goods and materials
- Transactional credit documents (i.e. Letter of Credit) on export delivery
- Contract customers are assessed on credit, and sovereign nation risks where applicable, on both quantitative and qualitative elements
- Credit exposure is monitored on the aging of receivables, and the projects' progression and variations

(ii) Financial institutions

The Group places its funds in banks in countries in which it has business presence. The Group also enters into forward foreign exchange contracts with licensed financial institutions for hedging purposes. Credit risk is generally low as the counter-parties are all reputable licensed institutions. Where financial derivatives are involved, mandatory International Swaps and Derivatives Association (ISDA) agreements are incepted where necessary.

Notes to the Financial Statements

30. Financial instruments (continued)

30.4 Credit risk (continued)

Policies and processes (continued)

(iii) Financial guarantees and advances for subsidiaries

The Group through wholly-owned subsidiaries serves as central treasury to certain subsidiaries without external credit facilities by extending term loan, advances and banking trade facilities. For subsidiaries with their own credit facilities, the Company is often required to provide corporate guarantee to the said banks extending such credit facilities. On the former, the Group enters into formal agreement on pricing and repayment schedule, and continuously monitors the subsidiaries' performances, cash-flows and repayment. On the latter, the Company continuously monitors the subsidiaries' performance and ability to service their credit obligations.

The Group receives financial guarantees given by banks in managing exposure to credit risks. At the end of the reporting period, financial guarantees received by the Group amounted to NIL (2023: RM28,106,000) in respect of trade receivables of RM2,303,000 (2023: RM111,955,000). The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

Credit risk exposures and concentration

The Group's credit risks are mainly on its contract assets and financial assets relating to receivables, and cash and bank balances as summarised in the table below for both the Group and Company level.

Group	Maximum exposure	
	2024 RM'000	2023 RM'000
Financial assets		
Trade receivables	2,303	111,955
Contract assets	6,430	139,855
Other receivables and deposits	6,064	18,704
Short-term deposits with licensed banks	22,062	23,700
Cash and bank balances	1,830	145,798
	<u>38,689</u>	<u>440,012</u>

Notes to the Financial Statements

30. Financial instruments (continued)

30.4 Credit risk (continued)

Credit risk exposures and concentration (continued)

The Group's credit risks are mainly on its contract assets and financial assets relating to receivables, and cash and bank balances as summarised in the table below for both the Group and Company level.

Company	Maximum exposure	
	2024 RM'000	2023 RM'000
Financial assets		
Amounts due from subsidiaries	459,883	407,155
Other receivables and deposits	19	19
Cash and bank balances	100	81
	<u>460,002</u>	<u>407,255</u>

Trade receivables and contract assets

Concentration of credit risk

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic location was:

	2024		2023	
	RM'000	%	RM'000	%
Asia and Oceania	8,485	97	13,397	5
Europe	248	3	238,413	95
	<u>8,733</u>	<u>100</u>	<u>251,810</u>	<u>100</u>

Recognition and measurement of impairment loss

Most orders are construction contracts and specific in nature. The Group assesses the credit risk of each customer individually based on project status and past trend of payments.

The Group does not maintain ageing for contract assets. For trade receivables, the Group uses ageing analysis as the primary reporting tool to monitor the credit quality of trade receivables. Amounts past due 60 days are monitored more regularly on the collection efforts.

Notes to the Financial Statements

30. Financial instruments (continued)

30.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Impairment loss allowance RM'000	Net RM'000
2024			
Past due 31 – 60 days	272	-	272
Past due 61 – 120 days	85	-	85
Past due more than 120 days	42,225	(40,279)	1,946
	<u>42,582</u>	<u>(40,279)</u>	<u>2,303</u>
2023			
Not past due	80,623	-	80,623
Past due 0 – 30 days	15,750	-	15,750
Past due 31 – 60 days	4,125	-	4,125
Past due 61 – 120 days	1,690	-	1,690
Past due more than 120 days	59,947	(50,180)	9,767
	<u>162,135</u>	<u>(50,180)</u>	<u>111,955</u>

The allowance account in respect of trade receivables is used to record impairment loss where the Group is doubtful of the collection. Doubtful amount will be written off against the allowance account if recovery channels are exhausted.

No impairment loss was provided for remaining balance of trade receivables which was past due for more than 120 days as negotiations with the customers are on-going to recover the outstanding amounts.

The movements in the allowance for impairment loss of trade receivables during the financial year were:

	Group	
	2024 RM'000	2023 RM'000
At the beginning of the year	50,180	39,692
Impairment loss recognised	-	20,734
Impairment loss reversed	(2,094)	-
Impairment loss written off	1,767	1,636
Classified as held-for-sale	-	1,420
Effect on the movement of exchange rate	<u>(9,574)</u>	<u>(13,302)</u>
At the end of the year	<u>40,279</u>	<u>50,180</u>

Notes to the Financial Statements

30. Financial instruments (continued)

30.4 Credit risk (continued)

Amounts due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provide unsecured loans and advances to subsidiaries, where applicable. The Company also trades with related parties which certain Directors have substantial interest.

The Company monitor the ability of the counterparty to repay the balances on an individual basis. Generally, the Company consider that these receivables have low credit risk, as the Company are able to determine the timing of payments of these balances when they are payable.

Using internal information available, the Company assume that there is a significant increase in credit risk when the counterparty's financial position deteriorates significantly, and consider receivables to be in default when the counterparties are not able to pay when demanded.

Recognition and measurement of impairment loss

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for amounts due from subsidiaries, joint ventures and a related party. The Company do not specifically monitor the ageing of these receivables.

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2024			
Low credit risk	459,883	-	459,883
Credit impaired	311,784	(311,784)	-
	<u>771,667</u>	<u>(311,784)</u>	<u>459,883</u>
2023			
Low credit risk	407,155	-	407,155
Credit impaired	320,599	(320,599)	-
	<u>727,754</u>	<u>(320,599)</u>	<u>407,155</u>

Notes to the Financial Statements

30. Financial instruments (continued)

30.4 Credit risk (continued)

Amounts due from subsidiaries (continued)

Recognition and measurement of impairment loss (continued)

The movements in the allowance for impairment losses are as follows:

	Company	
	2024	2023
	RM'000	RM'000
At 1 January	320,599	280,934
Impairment loss reversed	(1,036)	-
Unrealised (loss)/gain on foreign exchange	(7,779)	39,665
At 31 December 2024	<u>311,784</u>	<u>320,599</u>

Other receivables and deposits

Other receivables mainly relate to transactions outside trade activities and advances provided to employees. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. At each reporting date, the Group and the Company assess whether any of the other receivables are credit impaired.

The movements in the allowance for impairment losses are as follows:

	Group	
	2024	2023
	RM'000	RM'000
At 1 January	20,192	8,534
Impairment loss recognised	15,069	11,765
Effect on the movement of exchange rate	51	(107)
At 31 December	<u>35,312</u>	<u>20,192</u>

Credit risks on deposits are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group and the Company manage the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Notes to the Financial Statements

30. Financial instruments (continued)

30.4 Credit risk (continued)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due and relies on the completion of plans/activities as disclosed in Note 1(b) to the financial statements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

30. Financial instruments (continued)**30.5 Liquidity risk (continued)**

Maturity analysis

The table below set out the contractual maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual payment – which would be met with a combination of matching maturity financial assets, operational cash inflows, and roll-over of current liabilities such as trade facilities.

Group	Carrying amount RM'000	Contractual interest/profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2024							
<i>Non-derivative financial liabilities</i>							
Term loans – secured							
- RM	212,594	6.50-11.4	231,356	231,356	-	-	-
- USD	95,852	4.35-14	106,829	106,829	-	-	-
- THB	3,259	5.25	3,430	3,430	-	-	-
Term loans – unsecured							
- EUR	371,790	11.5	414,546	414,546	-	-	-
- RM	20,578	18	20,814	20,814	-	-	-
- USD	97,354	10.5	107,576	107,576	-	-	-
Fixed rate Thai Baht loan							
- THB	491,949	10.25	542,373	542,373	-	-	-
Revolving credits – secured							
- USD	16,699	4.35	17,426	17,426	-	-	-
Hire purchase and lease creditors							
- THB	86	3.16-4.42	89	89	-	-	-

Notes to the Financial Statements

30. Financial instruments (continued)

30.5 Liquidity risk (continued)

Maturity analysis (continued)

Group (continued)	Carrying amount RM'000	Contractual interest/profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2024							
<i>Non-derivative financial liabilities (continued)</i>							
Bank overdrafts – secured – RM	22,254	8.15-9.31	24,259	24,259	-	-	-
Lease liabilities – RM	2,029	4.40-7.70	2,335	1,485	850	-	-
Trade and other payables	284,681	-	284,681	284,681	-	-	-
	<u>1,619,125</u>		<u>1,755,714</u>	<u>1,754,864</u>	<u>850</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

30. Financial instruments (continued)**30.5 Liquidity risk (continued)**

Maturity analysis (continued)

Group	Carrying amount RM'000	Contractual interest/profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2023							
<i>Non-derivative financial liabilities</i>							
Term loans – secured							
- RM	184,565	6.50 - 10.4	200,479	200,479	-	-	-
- USD	88,833	4.35 - 14	100,259	100,259	-	-	-
- THB	3,720	5.25	3,916	3,916	-	-	-
Term loans – unsecured							
- EUR	391,026	11.5	435,995	435,995	-	-	-
- RM	14,810	18	18,346	18,346	-	-	-
- USD	88,389	10.5	97,670	97,670	-	-	-
Fixed rate Thai Baht loan							
- THB	456,256	10.25	503,022	503,022	-	-	-
Revolving credits – secured							
- USD	15,921	10.25	16,614	16,614	-	-	-
Hire purchase and lease creditors							
- EUR	7,089	3.75	7,958	1,270	1,270	3,813	1,605
- RM	61	3.44 - 4.1	62	62	-	-	-
- THB	174	3.16 - 4.42	180	180	-	-	-

Notes to the Financial Statements

30. Financial instruments (continued)

30.5 Liquidity risk (continued)

Maturity analysis (continued)

Group (continued)	Carrying amount RM'000	Contractual interest/profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2023							
<i>Non-derivative financial liabilities (continued)</i>							
Hire purchase and lease creditors							
Bank overdrafts – secured							
- RM	8,359	4.02 - 8.15	8,916	8,916	-	-	-
Lease liabilities							
- EUR	76,539	0.06 - 7.4	86,780	13,317	11,674	31,502	30,287
- RM	792	4.40 - 7.7	832	555	277	-	-
Trade and other payables	387,811		387,811				
	<u>1,724,345</u>		<u>1,868,840</u>	<u>1,788,412</u>	<u>13,221</u>	<u>35,315</u>	<u>31,892</u>
<i>Derivative financial liabilities</i>							
Forward exchange contracts							
(gross settled):							
Outflow	-		87,893	87,893	-	-	-
Inflow	(6,045)		(93,938)	(93,938)	-	-	-
	<u>(6,045)</u>		<u>(6,045)</u>	<u>(6,045)</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>1,862,795</u>	<u>1,782,367</u>	<u>13,221</u>	<u>35,315</u>	<u>31,892</u>

Notes to the Financial Statements

30. Financial instruments (continued)

30.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest/ profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000
2024				
<i>Non-derivative financial liabilities</i>				
Fixed rate Thai Baht Loan - THB	491,949	3.00-10.25	542,373	542,373
Trade and other payables	117,973	-	117,973	117,973
Financial guarantee	-	-	757,793	757,793
	<u>609,922</u>		<u>1,418,139</u>	<u>1,418,139</u>
2023				
<i>Non-derivative financial liabilities</i>				
Fixed rate Thai Baht Loan - THB	456,256	3.00-10.25	503,022	503,022
Trade and other payables	121,568	-	121,568	121,568
Financial guarantee	-	-	793,820	793,820
	<u>577,824</u>		<u>1,418,410</u>	<u>1,418,410</u>

Financial guarantees

The Group and the Company provide guarantees relating to borrowings and performance obligation of subsidiaries of RM757,793,000 (2023: RM793,820,000).

Certain defaulted loans and borrowings were supported by corporate guarantee issued by the Company. The provision for corporate guarantee has not been provided for as expected recoverable amount of underlying securities could not be reasonably determined as the Directors are currently exploring opportunities to monetise these assets.

30.6 Foreign currency risk

The Group is exposed to various currencies that gives rise to foreign exchange (FX) risk from the translation of its foreign investments and from FX transactions on its sales and purchases denominated in foreign currency. The Group's main foreign currency exposure is in USD Dollar ("USD"), EUR Dollar ("EUR"), Thai Baht ("THB") and Ringgit Malaysia ("RM"). RM exposure is attributed to certain subsidiaries located in Malaysia but adopting USD as their functional currency.

Notes to the Financial Statements

30. Financial instruments (continued)

30.6 Foreign currency risk (continued)

The Group's foreign currency risk management objective is to minimise transactional FX exposure that gives rise to economic impact.

Policies and Processes

i) Transactional forward obligations or rights denominated in foreign currency

Transactional FX risk arises mainly from contracted projects' future monetary obligation and rights denominated in a currency other than the transaction originating currency. These highly probable future cash flows in foreign currency are first netted based on matching FX risk characteristics for natural hedge, with any net balance exposure being further hedge off with FX Forward Contracts. It is the Group's policy to attain best full hedge in transactional FX risk.

ii) Net investment in Foreign Operations

The Group considers matching foreign currency borrowing with the functional currency of its foreign operations in mitigating FX translation gain/loss that are recognised in a separate component of equity. However, this decision is driven by feasibility factors such as the ability to time the future cash flows, availability of foreign currency debt funding, and the foreign currencies' fiscal position and borrowing cost.

Where circumstances permit, FX hedges on the abovementioned would be designated for hedge accounting either as cash-flow hedges, fair value hedges, or net investment hedges.

The table below sets out the Group's significant financial assets' and liabilities' FX exposure based on the notional or contractual amount for USD, EUR, THB and RM which is different from the reporting functional currency of the respective subsidiaries.

	Denominated in			
	USD RM'000	EUR RM'000	THB RM'000	RM RM'000
Group 2024				
Trade receivables	-	-	-	1,771
Other receivables	-	720	-	5,914
Cash and bank balances	782	34	3	49
Deposits with licensed banks	-	-	-	6,759
Trade payables	(20,419)	(41,162)	(10,146)	(30,165)
Other payables and accruals	(191)	(194)	(229)	(23,547)
Term loans	(153,302)	(391,027)	(64,400)	(145,421)
Bank overdraft	-	-	-	(16,426)
Lease liabilities	-	-	-	(2,029)
Net exposure in the statement of financial position	(173,130)	(431,629)	(74,772)	(203,095)

Notes to the Financial Statements

30. Financial instruments (continued)**30.6 Foreign currency risk (continued)**

The table below sets out the Group's significant financial assets' and liabilities' FX exposure based on the notional or contractual amount for USD, EUR, THB and RM which is different from the reporting functional currency of the respective subsidiaries.

	Denominated in			
	USD RM'000	EUR RM'000	THB RM'000	RM RM'000
Group				
2023				
Trade receivables	28,072	704	-	1,971
Other receivables	2,716	1,439	-	5,914
Cash and bank balances	2,365	41	26	129
Deposits with licensed banks	-	-	-	6,688
Trade payables	(4,813)	(40,514)	-	(27,262)
Other payables and accruals	(285)	(216)	(222)	(22,168)
Term loans	(153,302)	(391,027)	(456,256)	(121,683)
Bank overdraft	-	-	-	(2,989)
Lease liabilities	-	-	-	(770)
Finance lease liabilities	-	-	-	(60)
Forward exchange contracts	(6,044)	-	-	-
Net exposure in the statement of financial position	(131,291)	(429,573)	(456,452)	(160,230)

Company	USD RM'000	THB RM'000
2024		
Cash and bank balances	2	26
Trade and other receivables	-	487,864
Borrowing	-	(491,949)
Net exposure in the statement of financial position	2	(4,059)
2023		
Cash and bank balances	2	26
Trade and other receivables	-	482,903
Borrowing	-	(456,256)
Net exposure in the statement of financial position	2	26,673

A 5 percent strengthening of RM against the USD, EUR and THB at the end of the reporting period would have (decreased)/increased equity and pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

Notes to the Financial Statements

30. Financial instruments (continued)

30.6 Foreign currency risk (continued)

Group	Equity		Profit or loss	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
USD	(9,246)	(10,335)	(8,656)	(6,565)
EUR	(21,599)	(25,947)	(21,581)	(21,479)
THB	(4,030)	(4,878)	(3,739)	(22,823)
RM	<u>(10,291)</u>	<u>(9,260)</u>	<u>(10,155)</u>	<u>(8,011)</u>

Company	Profit or loss	
	2024 RM'000	2023 RM'000
THB	<u>(203)</u>	<u>1,334</u>

A 5 percent weakening of RM against the USD, EUR and THB at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

30.7 Interest rate risk

The Group's interest rate risk arises from its interest-bearing financial instruments that could impact fair value and future cash-flows due to fluctuation in market interest rates. The Group's objective on interest rate risk management is to achieve a balance in re-pricing risk and the optimisation of pricing whilst ensuring sufficient liquidity to meet funding needs.

Policies and processes

Interest bearing financial assets are mainly temporary surpluses or funds held for liquidity purposes and are placed on short-term or on demand basis. Interest bearing financial liabilities are mixture of short-term trade/credit facilities with re-pricing exposure, and long-term loans with fixed pricing. The Group constantly reviews its portfolio of interest-bearing financial liabilities with the view to mitigate as much as possible its re-pricing risk taking into account the nature and requirement of its businesses, and availability from issuers of such financial liabilities.

Notes to the Financial Statements

30. Financial instruments (continued)**30.7 Interest rate risk (continued)**

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	22,062	23,700	-	-
Financial liabilities	(1,106,324)	(1,075,848)	(491,949)	(456,256)
Lease liabilities	(2,029)	(77,331)	-	-
	<u>(1,086,291)</u>	<u>(1,129,479)</u>	<u>(491,949)</u>	<u>(456,256)</u>
Floating rate instruments				
Financial liabilities	(226,091)	(183,355)	-	-
	<u>(226,091)</u>	<u>(183,355)</u>	<u>-</u>	<u>-</u>

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 25 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

	Group	
	Profit or loss	
	25 bp	25 bp
	increase	(decrease)
	RM'000	RM'000
2024		
Floating rate instruments	<u>565</u>	<u>(565)</u>
2023		
Floating rate instruments	<u>458</u>	<u>(458)</u>

Notes to the Financial Statements

30. Financial instruments (continued)

30.8 Fair value of financial instruments

The carrying amounts of cash and bank balances, short-term deposits with licensed banks, trade and other receivables, trade and other payables, and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments.

The carrying amounts of the floating rate term loans and hire purchase liabilities approximate fair values as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at the end of the reporting period.

The fair values of the abovementioned financial assets and liabilities are as disclosed in the respective notes to the financial statements, together with the carrying amounts shown in the statements of financial position.

Notes to the Financial Statements

30.8 Fair value of financial instruments (continued)

Other than those mentioned above, the table below analyses financial instruments carried at fair value and those not carried at fair value for which fair values are disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2024										
Group										
Financial liabilities										
Long term payables	-	-	-	-	-	-	(815)	(815)	(815)	(815)
Long service leave liability	-	-	-	-	-	-	(297)	(297)	(297)	(297)
	-	-	-	-	-	-	(1,112)	(1,112)	(1,112)	(1,112)
2023										
Financial assets										
Forward exchange contracts	-	6,045	-	6,045	-	-	-	-	6,045	6,045
Financial liabilities										
Fixed rate hire purchase liabilities	-	-	-	-	-	-	(2,457)	(2,457)	(2,457)	(6,069)
Long term payables	-	-	-	-	-	-	(837)	(837)	(837)	(837)
Long service leave liability	-	-	-	-	-	-	(303)	(303)	(303)	(303)
	-	-	-	-	-	-	(3,597)	(3,597)	(3,597)	(7,209)

Notes to the Financial Statements

30. Financial instruments (continued)

30.8 Fair value of financial instruments (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs (e.g. changes in market interest rates) for the financial assets and liabilities. The fair values were determined using discounted cash flows based on current market rate at reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting year.

Interest rates used to determine fair value

	2024	2023
Group		
Fixed rate hire purchase liabilities	-	1.50% - 8.08%

Notes to the Financial Statements

30. Financial instruments (continued)

30.8 Fair value of financial instruments (continued)

Sensitivity analysis and inter-relationship between unobservable inputs and fair value measurement.

The fair values would increase if the interest rates are higher. The Directors are of the view that the changes are not significant and hence the sensitivity analysis is not presented.

31. Capital management

The debt-to-equity ratios at 31 December 2024 and at 31 December 2023 were as follows:

	Group	
	2024 RM'000	2023 RM'000
Total loans and borrowings (see Note 16)	<u>1,332,415</u>	<u>1,259,203</u>
Total equity	<u>273,673</u>	<u>497,353</u>
DER	<u>4.87</u>	<u>2.53</u>

There was no change in the Group's approach to capital management during the financial year.

The Group is required to maintain a maximum debt-to-equity ratio of 1.0 to comply with a bank covenant, failing which, the bank may call an event of default. The Group has breached this covenant. The Group is also required to maintain certain financial covenant ratios as disclosed in Note 16.

Notes to the Financial Statements

32. Operating segment

The Group's resources allocation is assessed on a quarterly basis or as needed basis in accordance to the business performance and requirements of the respective geographical's operating unit as reviewed and determined by the Group's Chief Operating Decision Maker ("CODM") whom is also the Chief Executive Officer of the Group. Hence, segment information is presented by geographical locations that the Group operates in. The format of the geographical segments is based on the Group's operation management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Reporting on segmental profit, assets and liabilities include items directly attributable to geographical segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Notes to the Financial Statements

32. Operating segment (continued)**Geographical segments**

The segments are classified into geographical presence as follows:

Geographical segment	Countries	Asia and Oceania		Europe		America		Consolidated	
		2024	2023	2024	2023	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Asia and Oceania	Malaysia, Thailand, Indonesia, Myanmar, Australia and Mauritius								
Europe	Germany, Italy, United Arab Emirates, United Kingdom, British Virgin Islands, Netherlands, Saudi Arabia, and Isle of Man								
America	United States of America and Canada								
Revenue		6,444	63,213	1,119,998	1,895,042	-	-	1,126,442	1,958,255
Cost of sales		(12,852)	(94,179)	(845,291)	(1,524,658)	-	-	(858,143)	(1,618,837)
Gross profit		(6,408)	(30,966)	274,707	370,384	-	-	268,299	339,418
Administration expenses and others		(65,031)	(161,750)	(217,491)	(314,556)	(7,305)	5,969	(289,827)	(470,337)
Operating loss		(71,439)	(192,716)	57,216	55,828	(7,305)	5,969	(21,528)	(130,919)
Add: Depreciation and amortisation		43,651	31,242	27,677	94,656	-	-	71,328	125,898
Segment (loss)/profit		(27,788)	(161,474)	84,893	150,484	(7,305)	5,969	49,800	(5,021)
Less: Depreciation and amortisation								(71,328)	(125,898)
Finance costs								(21,528)	(130,919)
Finance income								(119,683)	(245,626)
Loss before tax								3,148	7,873
								(138,063)	(368,672)

Geographical segments (continued)

The Group does not have any customers where the Group generates revenue equal to or more than 10% of the Group's total revenue.

	Group					
	2024		2023			
	RM'000		RM'000		RM'000	
Total loss for reportable segments before tax (Profit)/loss on discontinued operation	(138,063)		(368,672)			
	(49,093)		(39,485)			
Consolidated loss (excluding tax and discontinued operation)	(187,156)		(408,157)			
	Asia and Oceania		Europe		America	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	642,016	136,190	2,125,974	2,874,368	9,981	106
Segment liabilities	993,827	968,210	1,495,636	1,528,483	14,835	16,618
Capital expenditure	17	39,814	14,895	41,495	-	-
Depreciation and amortisation charged to profit or loss	21,361	25,913	12,872	44,424	-	-
Non-cash (income)/expenses other than depreciation and amortisation	(18,605)	58,877	64,899	30,231	-	-
					2,777,971	3,010,664
					2,504,298	2,513,311
					14,912	81,309
					34,233	70,337
					46,294	89,108

Notes to the Financial Statements

33. Subsidiaries

The principal activities of the subsidiaries, their places of incorporation and the interests of KNM Group Berhad are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2024 %	2023 %
Subsidiaries of the Company				
KNM Process Systems Sdn. Bhd.	Design, manufacture, assembly and commissioning of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas and petrochemical industries	Malaysia	100	100
KNM International Sdn. Bhd. **	Provision of management, technical advisory, license and trademark services to international related companies and related international investments	Malaysia	100	100
KNM Capital Sdn. Bhd.	Provision of funding and treasury services and all related functions	Malaysia	100	100
KNM Renewable Energy Sdn. Bhd.	Provision of process technology for the biofuels and seeds extraction plants, provision of turnkey services, including operation and maintenance services for biofuels and seeds extraction plants and related investments in the renewable energy industries	Malaysia	100	100

Notes to the Financial Statements

33. Subsidiaries (continued)

			Effective ownership interest and voting interest	
			2024	2023
Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	%	%
Subsidiaries of the Company (continued)				
KNM Capital Labuan Limited	Provision of funding and treasury services and all related functions	Labuan	100	100
Litwin Asia Pacific Sdn. Bhd. **	Dormant	Malaysia	51	51
Prestige International Ltd. **	Provision of funding and treasury services and all related functions	Labuan	100	100
KNM Capital (PIC) Sdn. Bhd. **	Dormant	Malaysia	100	100
Splendid Investments Limited	Dormant	Labuan	100	100
Subsidiary of KNM Capital (PIC) Sdn. Bhd.				
Petrosab Petroleum Engineering Sdn. Bhd. **	Provision of services relating to the arrangement of design, engineering, procurement, construction testing and other kinds of services relating to oil, gas, petrochemical, minerals, biofuel and energy industries	Malaysia	100	100
Subsidiaries of KNM Process Systems Sdn. Bhd.				
KNM OGPET (East Coast) Sdn. Bhd. **	Property investment	Malaysia	100	100
Duraton Engineering Sdn. Bhd. **	Provision of non-destructive testing services	Malaysia	100	100
Perwira Awan Sdn. Bhd. **	Property investment	Malaysia	100	100

Notes to the Financial Statements

33. Subsidiaries (continued)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2024 %	2023 %
Subsidiaries of KNM Process Systems Sdn. Bhd. (continued)				
KNM Technical Services Sdn. Bhd. **	Provision of project management and technical services	Malaysia	100	100
Sumber Amantech Sdn. Bhd. **	Provision of project management and technical services	Malaysia	100	100
KNM Exotic Equipment Sdn. Bhd.	Design, manufacture, assembly and commissioning of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas and petrochemical industries	Malaysia	100	100
KNM Europa BV	Investment holding, financing, marketing and business development services to the related companies of KNM Group in Europe	Netherlands	100	100
KNM BORSIG Services Sdn. Bhd. **	Contractor for oil and gas industries and provision of technical services	Malaysia	100	100
Deutsche KNM GmbH *	Investment holding	Germany	100	100

Notes to the Financial Statements

33. Subsidiaries (continued)

			Effective ownership interest and voting interest	
		Principal place of business/ Country of incorporation	2024 %	2023 %
Name of subsidiary	Principal activities			
Subsidiaries of KNM Renewable Energy Sdn. Bhd.				
Global Green Energy Corporation Ltd. **	Investment holding	Isle of Man	100	100
Green Energy and Technology Sdn. Bhd. **	Investment holding and design, engineer, construct, commission and operate waste to energy plants	Malaysia	51	51
Asia Bio-fuels Limited.**	Investment holding	Republic of Mauritius	100	100
Asia Biofuels II Ltd. **	Investment holding	Republic of Mauritius	100	100
Subsidiaries of KNM International Sdn. Bhd.				
Kimma Thai Co., Ltd. **	Investment holding	Thailand	49	49
PT KPE Industries **	An asset holding company and shall own the land, manufacturing plant and machinery in relation to the Group's intended manufacturing facility at the Kabil Industrial Estate in Batam, Indonesia	Indonesia	100	100

Notes to the Financial Statements

33. Subsidiaries (continued)

			Effective ownership interest and voting interest	
		Principal place of business/ Country of incorporation	2024 %	2023 %
Name of subsidiary	Principal activities			
Subsidiaries of KNM International Sdn. Bhd. (continued)				
Saudi KNM Ltd.	Dormant	Saudi Arabia	51	51
KNM Project (Myanmar) Co. Ltd. **	Repair and installation of machinery and equipment and construction of buildings	Myanmar	100	100
CNI Engineering & Construction Malaysia Sdn. Bhd.**	Engineering, procurement, construction, service fabrication and maintenance works for mechanical, electrical and erection related to oil and gas, power, petrochemical and renewable energy industries	Malaysia	100	100
Subsidiary of KNM BORSIG Services Sdn. Bhd.				
BORSIG Services Australia Pty. Ltd.	Contractor for the oil and gas industry and provision of technical and maintenance services	Australia	100	100
Subsidiary of KNM Exotic Equipment Sdn. Bhd.				
KMK Power Sdn. Bhd. **	Investment holding	Malaysia	100	100
Subsidiaries of KNM Europa BV				
FBM Hudson Italiana SpA*	Design and manufacture of air-cooled heat exchangers, specialty shell and tube heat exchangers and process gas waste heat boilers for the oil, gas, petrochemical and desalination industries	Italy	100	100
KNM Corporation	Investment holding	Canada	100	100

Notes to the Financial Statements

33. Subsidiaries (continued)

			Effective ownership interest and voting interest	
		Principal place of business/ Country of incorporation	2024 %	2023 %
Name of subsidiary	Principal activities			
Subsidiaries of KNM Europa BV (continued)				
KNM Project Services Limited **	Project management and services and provision of process technology for oil and gas, biomass, biofuels, waste to energy and power plants as well as provision of turnkey services including operation and maintenance services	United Kingdom	100	100
FBM Icos S.r.l *	Design and construction of fully welded plate type heat exchanger plates, bundle exchangers and jacketed pressure vessels for different fields such as chemical, petrochemical, textile, pharmaceutical, food industry, aerospace and research industries	Italy	100	100
Subsidiary of FBM Hudson Italiana SpA				
FBM Hudson FZE * (formerly known as FBM-KNM FZCO)	Provision of manufacture of air cooled heat exchangers, shell and tube heat exchangers, process gas waste heat recovery systems, heavy duty heat exchangers, columns, towers, reactors and other pressure vessels for the oil, gas, petrochemicals and desalination industries	United Arab Emirates	100	100

Notes to the Financial Statements

33. Subsidiaries (continued)

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
Name of subsidiary	Principal activities		2024 %	2023 %
Subsidiary of Kimma Thai Co., Ltd.				
KNM Projects (Thailand) Co., Ltd. **	Operate the business of providing the services relating to the arrangement of design, engineering, procurement, construction testing and other kinds of services relating to oil, gas, petrochemical, minerals, biofuel and energy industries	Thailand	100	74
Subsidiary of Global Green Energy Corporation Ltd.				
Peterborough Green Energy Ltd. **	Develop, build, own and operate the total capacity of 80MW Biomass Waste to Energy Power Plant Project in Peterborough, United Kingdom	United Kingdom	100	100
Subsidiary of Asia Bio-fuels Limited & Asia Biofuels II Ltd.				
Impress Ethanol Co., Ltd. *	Manufacturer and distributor of alcohol/ethanol or fuel from agricultural products	Thailand	72	72
Subsidiaries of KNM Corporation				
KNM Industries Inc	An asset holding company and shall own the land, manufacturing plant and machinery in relation to the Group's manufacturing facility in Edmonton, Alberta, Canada	Canada	100	100

Notes to the Financial Statements

33. Subsidiaries (continued)

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
Name of subsidiary	Principal activities		2024 %	2023 %
Subsidiaries of KNM Corporation (continued)				
KNM Process Equipment Inc	Design, manufacture, procurement and manufacturing of process equipment, including without limitation pressure vessels, reactors, column and towers, drums, heat exchangers, air fin coolers, process gas waste heat boilers, specialised shell, tube heat exchangers, condensers, spheres, process tanks, mounded bullets, process skid packages and turnkey storage facilities for the oil, gas, petrochemicals and mineral processing industries in Canada and the North America Region	Canada	100	100
Subsidiaries of KMK Power Sdn. Bhd.				
Poplar Investments Limited **	Property investment	Isle of Man	100	100
KMK Green Ventures Sdn. Bhd. **	Dormant	Malaysia	100	100

Notes to the Financial Statements

33. Subsidiaries (continued)

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
Name of subsidiary	Principal activities		2024 %	2023 %
Subsidiaries of Deutsche KNM GmbH				
BORSIG GmbH *	Advisory and administration services as well as acquisition of and holding shares in other companies on behalf and/or its own account, in particular for and to companies of the BORSIG Group	Germany	100	100
BORSIG Boiler Systems GmbH *	Planning, delivery, installation, and implementation of constructions for generating plants as well as provision of maintenance and other services for such constructions	Germany	100	100
Subsidiaries of BORSIG GmbH				
BORSIG Process Heat Exchanger GmbH *	Processing, planning, fabrication and distribution of and the trading with machines, assets, apparatuses and miscellaneous components, particularly for generating plant, petrochemical and chemical industries	Germany	100	100
BORSIG ZM Compression GmbH *	System engineering, industrial fabrication, assembly services as well as the sale of machines and constructions of compressors, containers, silo and conveyor technique	Germany	100	100

Notes to the Financial Statements

33. Subsidiaries (continued)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2024 %	2023 %
Subsidiaries of BORSIG GmbH (continued)				
BORSIG Membrane Technology GmbH *	Processing, planning, fabrication and distribution of and trading with machines and construction of apparatuses and miscellaneous components in the field of membrane technique	Germany	100	100
BORSIG Service GmbH *	Provides installation, maintenance and other industrial services of machines and construction of apparatuses and other components	Germany	100	100
BORSIG ValveTech GmbH *	Development, production and distribution of valves, compressor parts, monitoring systems for compressors, provision of maintenance and repair works of compressors and other assets	Germany	100	100
Subsidiary of BORSIG Boiler Systems GmbH				
BORSIG Boiler Systems Sdn. Bhd.*	Sales and marketing, design, fabrication and manufacturing of high capacity industrial boilers, heat recovery steam generators and waste heat boiler for oil, gas, petrochemicals, minerals processing and energy industries	Malaysia	100	100
Subsidiary of BORSIG Membrane Technology GmbH				
GMT Membrantechnik GmbH *	Development, processing and distribution of membranes, membrane modules and membrane components	Germany	51	51

Notes to the Financial Statements

33. Subsidiaries (continued)

For financial year ended 31.12.2024:

- * Audited by a member firm of KPMG.
- ** Audited by another firm of accountants.
- % The subsidiary is in the progress of striking-off.
- # The subsidiary is dissolved and struck off during the year.

Kimma Thai Co., Ltd.

Although the Group owns less than half of the ownership interest in Kimma Thai Co., Ltd. and less than half of the voting power of this entity, the Directors have determined that the Group controls this entity. By virtue of an agreement with its other investor, the Group has de facto control over Kimma Thai Co., Ltd. on the basis that the Group has the ability to direct the activities of Kimma Thai Co., Ltd. that significantly affect the return of Kimma Thai Co., Ltd..

34. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2024 RM'000	2023 RM'000
Contingent liabilities not considered remote		
<i>Litigation</i>		

A subsidiary is defending actions brought by customers and suppliers. While liabilities are not admitted, if defence against these actions are unsuccessful, then claims and legal costs could amount to RM85,303,000 (2023: RM270,428,000). Based on legal advice, the subsidiary stands a fairly good chance in defending against these claims.

In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interest of the Group.

85,303	270,428
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- (a) On 6 November 2024, the subsidiary, KNMPS has reached an amicable settlement with a final agreed amount of RM13,250,000 in relation to the dispute between KNMPS and its contract customer, Cypark Sdn. Bhd. ("Cypark"). Cypark has previously asserted claims amounting to RM109,905,000 for liquidated ascertained damages (LAD) and RM75,220,000 for outstanding work completion costs and an unquantified claim related to defective works rendered by KNMPS. On 12 November 2024, the amount has been paid out to Cypark by Affin Bank Berhad using the proceeds from the Performance Bank Guarantee. The project has been terminated and this marks the end of the dispute among the parties involved. The contract assets relating to Cypark has been fully provided in the previous financial year.

Notes to the Financial Statements

35. Comparatives

In prior financial period, the Group and the Company have changed the year end from 30 June 2023 to 31 December 2023. Accordingly, the financial statements of the Group and of the Company for the current financial year ended 31 December 2024 covers a 12 months period compared to a 18 months period for the previous financial period. The comparative amounts are therefore not comparable for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related notes of current financial year.

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 72 to 174 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Tunku Dato' Yaacob Khyra
Chairman

.....
Ravindrasingham A/L Balasingham
Director

Kuala Lumpur,

Date: 30 April 2025

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Cha Fui Min**, the officer primarily responsible for the financial management of KNM Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 72 to 174 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Cha Fui Min (MIA No. CA27861), at Kuala Lumpur in the Federal Territory on 30 April 2025

.....
Cha Fui Min

Before me:

Independent Auditors' Report

To the members of KNM Group Berhad (Company No. 200001018741 (521348-H))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of KNM Group Berhad, which comprise the statements of financial position as at 31 December 2024, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 72 to 174.

We do not express an opinion on the accompanying financial statements of the Group and the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion after considering the implications of the following matters:

1. As disclosed in Note 1(b) to the financial statements, the following events and conditions indicate that material uncertainties exist that may cast significant doubt on the Group's and the Company's ability to continue as going concerns:
 - The Group incurred net losses of RM162,002,000 for the financial year ended 31 December 2024 and as at that date, the current liabilities of the Group and of the Company exceeded their current assets by RM599,467,000 and RM149,768,000, respectively.
 - The Company has been classified as a PN17 Company on 1 November 2022 and required to submit its regularisation plan to relevant regulatory authorities for approval before 30 April 2025. The Company had on 24 April 2025 submitted an application to Bursa Securities for a further extension of 6 months up to 31 October 2025 to submit its regularisation plan;
 - The Group and the Company have defaulted various loans and borrowings amounting to RM1,332,329,000 and RM491,949,000 respectively;

Independent Auditors' Report

To the members of KNM Group Berhad (Company No. 200001018741 (521348-H))
(Incorporated in Malaysia)

Basis for Disclaimer of Opinion (continued)

- A subsidiary of the Company, KNM Process Systems Sdn. Bhd. ("KNMPS") had been served with winding-up petitions by their creditors ("Scheme Creditors"). On 15 December 2022, the High Court of Kuala Lumpur ("High Court") has granted the Company and KNMPS a Restraining Order ("RO") to allow the Company and KNMPS to negotiate and finalise the terms of the Scheme of Arrangement ("SOA") with its Scheme Creditors without the potential threat of any proceedings and actions being brought against the Company and KNMPS in the interim. The RO had expired on 20 February 2024 and an ad interim RO has been granted to the Company and KNMPS until 26 April 2024. On 26 April 2024, the Company and KNMPS had filed an application to the High Court to sanction a new SOA with its creditors and for a new RO. On 25 June 2024, the Company was granted an ad interim Restraining Order by the High Court pending disposal of the Company and KNMPS's application to the High Court for a 3-month RO and a Court Convened Creditors Meeting Order ("CO"). The Court fixed the hearing of the RO and CO for 21 January 2025 and the hearing of the RO and CO took place at the High Court on 21 January 2025, 23 January 2025 and 24 January 2025, respectively.

The High Court delivered its decision on 12 March 2025 regarding the Company and KNMPS's application for the CO and RO. The Court granted the CO to summon, convene and hold meetings with the respective creditors of the Applicants, for the purpose of considering the scheme of arrangement. However, the RO was not granted. The Company and KNMPS have filed the appeal to the Court of Appeal against the RO decision of the High Court. On 26 March 2025, the Company and KNMPS, through its solicitors, made an application for an Erinford Order to be granted to restrain all proceedings and/or enforcements by all creditors pending the disposal of the appeal to the Court of Appeal and on 27 March 2025, the High Court granted the Company and KNMPS an ad interim RO pending appeal, until the Section 44 Courts of Judicature Act 1964 application to the Court of Appeal is disposed of.

Notwithstanding the above, the financial statements of the Group and of the Company have been prepared on a going concern basis. As disclosed in Note 14, the Directors have entered into conditional sale, purchase and transfer agreement to dispose Deutsche KNM GmbH and received indicative offers to dispose FBM Hudson Italiana SpA and FBM Hudson FZE. The Directors are also exploring opportunities to monetise the Group's other overseas investments and non-core assets. As of the date of this report, other than the ongoing exercise to dispose its investments in Germany, Italy and the United Arab Emirates as disclosed in Note 14, the remaining plans are still at its preliminary stages.

At the date of this report, the ability of the Group and the Company to continue as going concerns are highly dependent on the plans and factors as disclosed in Note 1(b). Accordingly, the financial statements of the Group and the Company may require adjustments relating to the recoverability and classification of recorded assets and to the classification and additional amounts of liabilities should the Group and the Company are unable to successfully implement or achieve the outcomes of the said plans.

In view of that the disposal of investment in Germany is subject to terms and conditions as disclosed in Note 14 and uncertainties involving the timing of disposal of other investments and non-core assets, we were not able to obtain sufficient appropriate audit evidence to determine whether the Group's use of going concern basis of accounting was appropriate.

Independent Auditors' Report

To the members of KNM Group Berhad (Company No. 200001018741 (521348-H))
(Incorporated in Malaysia)

Basis for Disclaimer of Opinion (continued)

2. As disclosed in Note 3.2 to the financial statements, the Group revalues its lands and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. These assets are due for revaluation in the current financial year. We were not provided with the supporting documentation for the fair values of certain lands and buildings, with carrying amount of RM405,896,000, to determine the appropriateness of the fair value as the revaluation were not performed nor were we able to perform alternative audit procedures. As a result, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the carrying amount of these assets and to determine whether any adjustments were necessary in respect of the Group's property, plant and equipment and the elements making up the statement of profit or loss and other comprehensive income and changes in equity.
3. We were not provided with the fair value less cost of disposal or value in use of property, plant and equipment of the Group which have not been in use amounting to RM708,224,000 as disclosed in Note 3.6 to the financial statements (which include the lands and buildings amounted to RM405,896,000 as discussed in item 2 above) to determine the recoverable amount of the said property, plant and equipment nor were we able to perform alternative audit procedures. Accordingly, we were unable to ascertain whether any adjustments were necessary in respect of the Group's property, plant and equipment carrying amount and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.
4. The carrying amount of interests in subsidiaries of the Company and amount due from subsidiaries as at 31 December 2024 amounted to RM1,983,889,000 and RM459,883,000 respectively. As disclosed in Note 6 and Note 12.1 to the financial statements, we were not provided with the supporting documentation for the fair value less cost of disposal or value in use to determine the recoverable amount of the interests in subsidiaries and amounts due from subsidiaries nor were we able to perform alternative audit procedures. As a result, we were unable to obtain sufficient appropriate audit evidence to determine the carrying amount of interests in subsidiaries of the Company and amount due from subsidiaries and to determine whether any adjustments were necessary in respect of the Company's interests in subsidiaries and amount due from subsidiaries and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.
5. Certain subsidiaries have defaulted loans and borrowings supported by corporate guarantee issued by the Company during the financial year. As disclosed in Note 16.7, we were not provided with the expected recoverable amount of the underlying securities nor were we able to perform alternative audit procedures. As a result, we were unable to obtain sufficient appropriate audit evidence to determine whether a provision for corporate guarantee is required for the Company and to determine whether any adjustments were necessary in respect of the provision for corporate guarantee and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.
6. Our independent auditors' report dated 30 April 2024 contains a disclaimer of opinion on the financial statements for the previous financial period ended 31 December 2023. Consequently, certain matters referred to in the aforementioned disclaimer of opinion are included in the opening balances for the financial year ended 31 December 2024 and we were unable to satisfy ourselves that any subsequent transactions affecting these opening balances do not contain material misstatements that affect the current year's financial statements. Accordingly, the possible effects of these matters render uncertainty on the comparability of the current year's figures with the comparative figures.

The matters above formed the basis of our disclaimer of opinion on the financial statements of the Group and the Company for the financial year ended 31 December 2024.

Independent Auditors' Report

To the members of KNM Group Berhad (Company No. 200001018741 (521348-H))
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group and of the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

- (a) Except as disclosed in the *Basis for Disclaimer of Opinion* section, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company has been properly kept in accordance with the provision of the Act.
- (b) We have not obtained all the information and explanations that we required for the matters as described in the *Basis for Disclaimer of Opinion* section.
- (c) The subsidiaries of which we have not acted as auditors are disclosed in Note 33 to the financial statements.

Independent Auditors' Report

To the members of KNM Group Berhad (Company No. 200001018741 (521348-H))
(Incorporated in Malaysia)

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 30 April 2025

Ooi Eng Siong
Approval Number: 03240/02/2026 J
Chartered Accountant

List of Top 10 Major Properties

Held by the Group as at 31 December 2024

Location	Existing Use	Tenure	Land Area	Built-up Area	Approximate Age of The Building	Date of Acquisition/ Revaluation	2024 Net Book Value (RM'000)
279 Moo 13 Khao Hin Sorn, Chachoengsao Thailand	(i) Industrial land	Freehold	758,688 m ²	-	-	07/03/2022	253,178
	(ii) Factory			66,780 m ²	16 - 32 years	07/03/2022	
Via Valtrighe, 5 & 6 24030 Terno d'Isola (BG); Italy	(i) Fabrication plant	-	-	48,937 m ²	58 years (First Phase) 33 years (Second phase)	31/01/2025	186,950
	(ii) Staff house	-	-	396 m ²		31/01/2025	
	(iii) Staff house	-	-	120 m ²	43 years	31/01/2025	
Via Italia 24030 Mapello (BG) Italy	(iv) Industrial area	-	65,550 m ²	-	-	31/01/2025	
	(v) Industrial area	-	144,819 m ²	-	-	31/01/2025	
	(vi) Reserved area	-	3,225 m ²	-	-	31/01/2025	
Plot U13 Storey's Bar Road Peterborough United Kingdom	Vacant land	Freehold	218,530 m ²	-	-	03/01/2024	146,876
Seiferitzer Allee 26 Meerane, Germany	(i) Fabrication plant and office	Leasehold (66 years) expiring on 26/7/2071	12,000 m ²	5,470 m ²	19 years/17 years (due to extension of the building)	31/12/2024	65,133
Egelisstraße 21 Berlin Germany	(ii) Fabrication plant and office (extension on adjacent land)	Leasehold (66 years) expiring on 18/2/2075	10,422 m ²	5,566 m ²	16 years/15 years	31/12/2024	
Bottroper Strasse 279 Gladbeck, Germany	(iii) Fabrication plant & office	Freehold, upon rights to purchase	26,290 m ²	9,412 m ²	up to 60 years "different erection dates"	31/12/2024	
Jebel Ali Free Zone, Dubai, UAE	Fabrication plant and office building	Leasehold expires on 31/10/2030 (Renewable for every 10 th years)	90,000 m ²	23,000 m ²	33 years	30/01/2025	36,951

List of Top 10 Major Properties

Held by the Group as at 31 December 2024

Location	Existing Use	Tenure	Land Area	Built-up Area	Approximate Age of The Building	Date of Acquisition/ Revaluation	2024 Net Book Value (RM'000)
Lot 208, Jalan PBR 19 and Lots 2835 & 2836, Jalan PBR 22, Bukit Rambai Industrial Estate, Tanjong Minyak, Melaka Malaysia	(i) Industrial land	Leasehold (99 years) expires on 28/5/2094	5,857 m ²	-	-	31/12/2024	36,279
	(ii) Industrial land		5,042 m ²	-	-	31/12/2024	
	(iii) Industrial land		17,769 m ²	-	-	31/12/2024	
	(iv) Fabrication plant and office building		-	6,369 m ²	21 years	31/12/2024	
	(iv) Fabrication plant and office building		-	9,879 m ²	33 years	31/12/2024	
Lot 75, Jalan Gebeng 1/6, Kawasan Perindustrian Gebeng, Mukim Sungai Karang 26080 Kuantan Malaysia	(i) Industrial land	Leasehold (66 years) expires on 1/6/2064	42,230 m ²	-	-	31/12/2024	35,027
	(ii) Fabrication plant and office building	-	-	15,230 m ²	20 years	31/12/2024	
Kawasan Industri Terpadu Kabil (KITK) Jl. Hang Kesturi I Kav. A21 Kelurahan Batu Besar, Kecamatan Nongsa Batam 29467 Indonesia	(i) Industrial land	Leasehold (30 years) expires on 13/8/2036	82,824 m ²	-	-	21/03/2025	33,232
	(ii) Fabrication plant and office building	-	-	22,401 m ²	18 years	21/03/2025	
Lot 105 & 106 Jalan Gebeng 1/6 Gebeng Industrial Estate 26080 Kuantan Pahang Darul Makmur Malaysia	(i) Industrial land	Leasehold (66 years) expires on 1/6/2064	36,420 m ²	-	-	31/12/2024	31,400
	(ii) Fabrication plant and office building	-	-	13,854 m ²	24 years	31/12/2024	
Lot 1593 & 1594, Kampung Lepau, Pengerang, Johor	Fabrication plant & office building	Rental (yearly basis)	40,050 m ²	21,428.6 m ² (based on approved building plan)	Under Construction since 2015	15/03/2025	15,709

Analysis of Shareholdings

as at 28 March 2025

Total Number of Issued Shares : 4,045,905,355*
 Class of Shares : Ordinary shares
 Voting Rights : One (1) vote per ordinary share held

Note:

* Inclusive of 1,841,275 treasury shares

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,896	5.67	87,328	0.00
100 - 1,000	3,949	11.81	2,283,441	0.06
1,001 - 10,000	12,458	37.27	63,980,474	1.58
10,001 - 100,000	11,773	35.22	454,985,119	11.25
100,001 and below 5% of issued shares	3,349	10.02	2,587,955,263	63.99
5% and above of issued shares	3	0.01	934,772,455	23.12
Total	33,428	100.00	4,044,064,080	100.00

THIRTY LARGEST SHAREHOLDERS
(as at 28 March 2025)

No.	Name of Shareholders	No. of Shares Held	%
1.	MAA GROUP BERHAD	399,334,100	9.87
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (EXEMPT AN FOR KENANGA INVESTORS BHD)	269,438,355	6.66
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR MAA GROUP BERHAD)	266,000,000	6.58
4.	ARANEUM SDN BHD	147,874,000	3.66
5.	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD (EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.) (RETAIL CLIENTS)	121,985,805	3.02
6.	CARTABAN NOMINEES (TEMPATAN) SDN BHD (RHB TRUSTEES BERHAD FOR KENANGA ISLAMIC ABSOLUTE RETURN FUND)	95,238,095	2.36
7.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR INTER MERGER SDN BHD)	90,125,218	2.23

Analysis of Shareholdings

as at 28 March 2025

THIRTY LARGEST SHAREHOLDERS (CONT'D) (as at 28 March 2025)

No.	Name of Shareholders	No. of Shares Held	%
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR IMPERIUM EDUMAAX SDN BHD)	80,000,000	1.98
9.	GAN SIEW LIAT	74,296,250	1.84
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB FOR METTIZ CAPITAL SDN BHD (PB))	55,914,700	1.38
11.	OOI CHEOW HAR	52,990,300	1.31
12.	SENG SIAW WEI	40,000,000	0.99
13.	MELEWAR INDUSTRIAL GROUP BERHAD	38,200,000	0.94
14.	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH))	33,800,000	0.84
15.	AFFIN HWANG NOMINEES (ASING) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR AVEDA ASSETS CAPITAL INC.)	33,694,700	0.83
16.	LEE KEK MING	30,000,000	0.74
17.	ONG HUNG HOCK	30,000,000	0.74
18.	HLB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO)	26,700,000	0.66
19.	ONG NGOH ING @ ONG CHONG OON	20,000,000	0.49
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TRISTAN HILARY THOMAS)	18,321,600	0.45
21.	M & A NOMINEE (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR GENTING UTAMA SDN BHD (M&A))	16,000,000	0.39
22.	TAY SWEE IMM	13,392,300	0.33
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR CHONG VUN KON @ CHUNG VUN KON) (E-TWU)	12,470,000	0.31
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD (ANDREW ONG LIEN SENG)	10,900,000	0.27
25.	CITIGROUP NOMINEES (ASING) SDN BHD (CBHK PBGSG FOR CORNELIUS ASSETS INC.)	10,750,000	0.27
26.	TEO TUAN KWEE	10,500,000	0.26
27.	CHONG TONG SIEW	10,000,000	0.25
28.	GOKKULAKRISHNAN A/L BALAKRISHNAN	10,000,000	0.25
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD (RAKUTEN TRADE SDN BHD FOR WOO SIEW HOE)	9,500,000	0.23
30.	SIA TIAN POH	8,500,000	0.21
Total		2,035,925,423	50.34

Analysis of Shareholdings

as at 28 March 2025

LIST OF SUBSTANTIAL SHAREHOLDERS (as at 28 March 2025)

Name	Number of Shares Held			
	Direct	% ^(a)	Indirect	% ^(a)
Tunku Dato' Yaacob Khyra ("TY")	-	-	783,535,900 ⁽¹⁾	19.37
MAA Group Berhad ("MAAG")	665,335,900	16.45	80,000,000 ⁽²⁾	1.98

DIRECTOR SHAREHOLDINGS (as at 28 March 2025)

Name	Number of Shares Held			
	Direct	% ^(a)	Indirect	% ^(a)
TY	-	-	783,535,900 ⁽¹⁾	19.37

Notes:

- ^(a) The percentages of shareholdings of the Major/Substantial Shareholders are calculated by dividing the shares held by the respective Major/Substantial Shareholders with the total number of issued shares (excluding 1,841,275 treasury shares).
- ⁽¹⁾ TY is deemed interested by virtue of his indirect interest in MAAG, Imperium Edumaax Sdn Bhd ("IESB") and Melewar Industrial Group Berhad.
- ⁽²⁾ MAAG is deemed indirect interest, as it is the ultimate holding company of IESB. IESB is a wholly owned subsidiary of Edumaax Sdn Bhd, which in turn is a wholly owned subsidiary of MAA Corporation Sdn Bhd, which in turn is a wholly owned subsidiary of MAAG.

Notice of 22nd Annual General Meeting

NOTICE IS HEREBY GIVEN that the 22ND ANNUAL GENERAL MEETING ("AGM") of the Company will be held at the Royal Ballroom 3, Palace of the Golden Horses, Jalan Kuda Emas, MINES Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 5 June 2025 at 10.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

RESOLUTION

- | | |
|---|---|
| (1) To receive the Audited Financial Statements for the financial period ended 31 December 2024 together with the Reports of the Directors and Auditors thereon.
<i>[Please refer to Explanatory Note A]</i> | |
| (2) To approve the payment of Directors' fees of RM600,000.00 to the Directors of the Company for the period from 1 June 2025 until 30 June 2026. | 1 |
| (3) To approve an amount of up to RM180,000.00 as benefits payable to the Directors of the Company for the period from 1 June 2025 until 30 June 2026.
<i>[Please refer to Explanatory Note B]</i> | 2 |
| (4) To re-elect the following Directors who are retiring in accordance with Article 113 of the Company's Constitution and who, being eligible, offer themselves for re-election: | |
| (i) Ravindrasingham A/L Balasingham | 3 |
| (ii) Dato' Sri Naresh Mohan | 4 |
| (iii) James Beltran | 5 |
| (5) To re-appoint Messrs. KPMG PLT as Auditors of the Company, to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration. | 6 |

AS SPECIAL BUSINESS

- | | |
|---|---|
| (6) To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions: - | |
| (a) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 | 7 |

"THAT, subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued."

Notice of 22nd Annual General Meeting

RESOLUTION

8

(b) Proposed New Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature with Trace Management Services Sdn Bhd ("Proposed New Shareholders' Mandate")

"THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries ("the Group") to enter into recurrent related party transaction of a revenue or trading nature with Trace Management Services Sdn Bhd, details as set out in the Circular to Shareholders of the Company dated 30 April 2025, which are necessary for the Group's day-to-day operations, in its ordinary course of business, made on an arm's length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company.

THAT the Proposed New Shareholders' Mandate is subject to annual review and any authority conferred by the Proposed New Shareholders' Mandate, shall only continue to be in force until: -

- (i) the conclusion of the next AGM of the Company, following this AGM at which such mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting of the Company;

whichever is the earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to this resolution."

(7) To transact any other business of which due notice shall have been given.

By Order of the Board

KENNETH GOH KWAN WENG (BC/G/88)

Company Secretary

Seri Kembangan,
Selangor Darul Ehsan
30 April 2025

Notice of 22nd Annual General Meeting

NOTES: -

1. *The 22nd AGM of the Company will be held physically whereby shareholders/proxies/corporate representatives will have to be physically present at the Meeting Venue and there will be no option for shareholders to participate virtually.*
2. *A member entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy (must be in hard copy) must be deposited at the Company's Registered Office, 15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof.*
6. *Any alteration in the Form of Proxy must be initialled.*
7. *Form of Proxy sent through facsimile transmission shall not be accepted.*
8. *For the purpose of determining a member who shall be entitled to attend this 22nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 78(i), 78(ii) and 78(iii) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 29 May 2025. Only a depositor whose name appears on the Record of Depositors as at 29 May 2025 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*
9. *Explanatory Notes to the Agenda:*

(A) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

(B) Benefits Payable to the Directors of the Company (Ordinary Resolution 2)

Section 230(1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 2 is to seek shareholders' approval for payment of Directors' benefits (excluding Directors' fees) to the Directors of the Company for the period from 1 June 2025 until 30 June 2026.

Notice of 22nd Annual General Meeting

The benefits comprises the meeting allowances, benefits-in-kind and other emoluments payable to the Directors of the Company.

In determining the estimated total amount of remuneration (excluding Directors' fees) for the Directors of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Directors involved in these meetings.

The Board is of the view that it is just and equitable for the Directors to be paid the Directors' remuneration (excluding Directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the relevant period.

10. Explanatory Notes to Special Business of Agenda 6:

(C) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 7)

The Ordinary Resolution proposed under Resolution 7 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 7, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, there were no new shares issued pursuant to the Mandate granted to the Directors at the 21st AGM held on 6 June 2024 and which will lapse at the conclusion of the 22nd AGM to be held on 5 June 2025.

(D) Proposed New Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature

The proposed Resolution No. 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading in nature which are necessary for KNM Group's day to day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval.

The details on the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders' dated 30 April 2025.

11. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of the 22nd AGM will be put to vote by way of poll.

Notice of 22nd Annual General Meeting

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or re-appointment in Agenda 4 of the Notice of the 22nd AGM of the Company are set out in the Directors' Profile on pages 14 to 18 of this Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities are set out under Note C of the Notice of the 22nd AGM of the Company.

**KNM GROUP BERHAD**Registration No.: 200001018741 (521348-H)
Incorporated In Malaysia

Form of Proxy

(please refer to the notes behind)

No. of Shares Held	
CDS Account No.	

I/We _____ NRIC No. /Passport No./Reg. No.: _____
(Full Name as per NRIC / Passport / Certificate of Incorporation in Capital Letters)of _____
(Full Address and Contact No.)being a member/members of **KNM GROUP BERHAD** hereby appoint * **Chairman of the meeting** or

Name of Proxy		NRIC No./ Passport No. of Proxy	
Full Address		Contact No. & Email Address	

or failing him/her

Name of Proxy		NRIC No./ Passport No. of Proxy	
Full Address		Contact No. & Email Address	

as ***my/our** proxy to vote for ***me/us** and on ***my/our** behalf at the 22nd Annual General Meeting ("AGM") of the Company to be held at the **Royal Ballroom 3, Palace of the Golden Horses, Jalan Kuda Emas, MINES Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 5 June 2025 at 10.30 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of the 22nd AGM. ***My/our** proxy is to vote as indicated below:

Resolution	Ordinary Business	FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
1.	To approve the payment of Directors' fees of RM600,000.00 to the Directors of the Company for the period from 1 June 2025 until 30 June 2026.				
2.	To approve the Benefits amounting to RM180,000.00 payable to the Directors of the Company for the period from 1 June 2025 until 30 June 2026.				
	To re-elect the following Directors who are retiring in accordance with Article 113 of the Company's Constitution and who, being eligible, offer themselves for re-election:				
3.	(i) Ravindrasingham A/L Balasingham				
4.	(ii) Dato' Sri Naresh Mohan				
5.	(iii) James Beltran				
6.	To re-appoint Messrs. KPMG PLT as Auditors of the Company, to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration.				
	Special Business				
7.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				
8.	Proposed New Shareholders' Mandate with Trace Management Services Sdn Bhd for Recurrent Related Party Transaction of a Revenue or Trading Nature.				

[Please indicate with a "√" or "X" in the spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy/Proxies will vote or abstain from voting on the resolutions at his/her discretion]

The proportion of my holdings to be represented by my ***proxy/proxies** are as follows:

	Number of Shares	Percentage
First Proxy		%
Second Proxy		%
Total		100%

Dated this _____ day of _____ 2025

Signature of Shareholder(s)/Common Seal

Notes:-

- 1. The 22nd AGM of the Company will be held physically whereby shareholders/proxies/corporate representatives will have to be physically present at the Meeting Venue and there will be no option for shareholders to participate virtually.
- 2. A member entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- 3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 4. The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.
- 5. The instrument appointing a proxy (must be in hard copy) must be deposited at the Company's Registered Office, **15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan** not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof.
- 6. Any alteration in the Form of Proxy must be initialled.
- 7. Form of Proxy sent through facsimile transmission shall not be accepted.
- 8. For the purpose of determining a member who shall be entitled to attend this 22nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 78(i), 78(ii) and 78(iii) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 29 May 2025. Only a depositor whose name appears on the Record of Depositors as at 29 May 2025 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

* Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit).

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The Secretary
KNM GROUP BERHAD
15 Jalan Dagang SB 4/1
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan

Fold here

NOTICE
There will be no distribution of door gift

KNM Global Contacts:



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Impress Ethanol Co., Ltd.

Impress Farming Co., Ltd.
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KNM Group Berhad

Registration No.: 200001018741 (521348-H)

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