

General Announcement

Reference No **KG-060630-53777**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **30/06/2006**

Type : **Reply to query**
Reply to : **MM-060629-41683**
Bursa
Malaysia's
Query
Letter -
Reference
ID
Subject : **Article entitled "KNM expects revenue to double this year"**

Contents :

We refer to the letter dated 29 June 2006 by Bursa Malaysia Berhad on the news article appearing in The Star, Star Biz Section, page B7, on 29 June 2006, and in particular, the sentence, "KNM Group Bhd expects its revenue to double this year...":

We wish to clarify that the statement was made based on developments at KNM whereby the production capacity is expected to double from 41,000 metric tonnes per annum (mt/pa) in 2005 to 87,000 mt/pa by the end of this year, with current capacity standing at 73,000 mt/pa, as well as considering our Group's current order book of RM1.2 billion compared to RM450.0 million as at June 2005.

We further wish to confirm that the bases and assumptions in deriving the revenue contribution are based on management estimations and have not been reviewed by the external auditors.

We trust the above meets your requirement.

Query Letter content :

We refer to the above news articles appearing in The Star ,Star Biz section, Page B7, Thursday, 29 June 2006 , a copy of which is enclosed for your reference.

In particular, we would like to draw your attention to the underlined sentence, which is reproduced as follows:-

"KNM Group Bhd expects its revenue to double this year..."

In accordance with the Exchange's Corporate Disclosure Policy, you are requested to furnish the Exchange with an announcement for public release

confirming or denying the above reported article and in particular the underlined sentence after due and diligent enquiry with all the directors, major shareholders and all such other persons reasonably familiar with the matters about which the disclosure is to be made in this respect. In the event you deny the above sentence or any other part of the above reported article, you are required to set forth facts sufficient to clarify any misleading aspects of the same. In the event you confirm the above sentence or any other part of the above reported article, you are required to set forth facts sufficient to support the same, including the relevant bases and assumptions in arriving at the above forecast. In this respect, you are also required to confirm whether the accounting bases, calculations and assumptions have been reviewed by the external auditors.

Please furnish the Exchange with your reply within one (1) market day from the date hereof.

Yours faithfully

HENG TECK HENG

Senior Manager, Issues & Listing

Group Regulations

HTH/MZM

c.c. Chung Tin Fah, Securities Commission (via fax)