

General Announcement

Reference No **KG-061009-63374**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **09/10/2006**

Type : **Announcement**
Subject : **Substantial orders secured by subsidiaries of KNM Group Berhad**

Contents :

1. Introduction

KNM Group Berhad (**KNM**) is pleased to announce that KNM Process Systems Sdn Bhd (**KNMPS**), KNM Special Process Equipment (Changshu) Co Ltd (**KNMSPEC**) and FBM Hudson Italiana SpA (**FBM**) secured new orders in September 2006 from its international clients for domestic and international projects.

KNMPS is a direct wholly-owned subsidiary of KNM. KNMSPEC and FBM are indirect wholly-owned subsidiaries of KNM. KNMSPEC was incorporated in China while FBM was incorporated in Italy.

2. The secured orders

In September 2006, KNM's above subsidiaries secured the following substantial orders -

- (i) FBM, from El Andalus LNG SpA for air finned coolers for the Gassi Touil LNG Plant in Arzew in Nigeria.
- (ii) KNMPS, from CTCI Corporation, to design, manufacture and supply large diameter tower and vessels for a propane dehydrogenation project in Thailand;
- (iii) KNMPS, from Charville-Consultores e Servicos, Lda, a company jointly owned by Kellogg Brown & Root Inc and Snamprogetti SpA, to design, manufacture and supply carbon steel clad towers for the Escravos Gas to Liquids project in Nigeria;
- (iv) KNMPS, from Charville-Consultores e Servicos, Lda, to design, manufacture and supply WTU reaction vessels for the Escravos Gas to Liquids project in Nigeria;
- (v) KNMPS, from Lurgi AG, to design, manufacture and supply separators and vessels for the MG3 Lube Oil Project in Melaka, Malaysia.
- (vi) KNMSPEC, from CTCI Overseas Corp Ltd to design, manufacture and supply columns and drums for the Bangchak Petroleum Product Quality Improvement Project in Thailand.

The combined value of the above substantial orders secured amounts to approximately RM120.0 million.

3. Information on KNMPS

KNMPS is a process equipment manufacturer and storage facilities provider, which undertakes the design, manufacture and supply of process equipment, mounded bullets, pressure vessels, heat exchangers, skid mounded assemblies, process piping systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas, petrochemicals and minerals processing industries. Its major products include process vessels, storage facilities, LPG mounded bullets, heat exchangers and air coolers, and specialised steel structural systems. KNMPS also provides its customers with maintenance services as an after sales service.

4. Information on KNMSPEC

KNMSPEC is a process equipment manufacturer and storage facilities provider and undertakes the design, manufacture and supply of process equipment, mounded bullets, pressure vessels, heat exchangers, skid mounded assemblies, process piping systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas, petrochemicals and minerals processing industries.

5. Information on FBM

FBM is a process equipment manufacturer which undertakes the design and manufacture of air cooled heat exchangers, specialty shell and tube heat exchangers and process gas waste heat boilers for the oil, gas, petrochemicals and desalination industries.

6. Approvals

The award is not subject to the approval of the shareholders of KNM, KNMPS, KNMSPEC or FBM or any regulatory authority in Malaysia or elsewhere.

7. Directors' and major shareholders' interest

None of the directors or substantial shareholders of KNM, or any persons connected to them, has any direct or indirect interest in the above secured orders.

8. Effects of the orders

The above orders are expected to contribute positively to the KNM Group's earnings and net tangible assets for the financial years ending 31 December 2007 and 31 December 2008.

This announcement is dated 9 October 2006.