

## **General Announcement**

Reference No **KG-100708-62963**

Company Name : **KNM GROUP BERHAD**  
Stock Name : **KNM**  
Date Announced : **08/07/2010**

Type : **Announcement**  
Subject : **Substantial new orders secured by subsidiaries of KNM Group Berhad amounting to approximately RM288.8 million**

Contents : **1. INTRODUCTION**

KNM Group Berhad (“KNM”) is pleased to announce that its wholly-owned subsidiaries, KNM Process Systems Sdn Bhd (“KNMPS”), FBM Hudson Italiana SpA (“FBM”) and BORSIG Process Heat Exchanger GmbH (“BORSIG PHE”) had collectively secured substantial new orders (“the Orders”) from international clients for overseas projects.

### **2. THE ORDERS**

From 24 June 2010 until to-date, KNMPS, FBM and BORSIG PHE have secured the following substantial new orders:

(i) KNMPS, from Prosernat SA:

(a) for molecular sieve adsorbers, dry gas dust filters, regeneration gas separators, regeneration gas filters and mercury adsorbers with associated accessories for the Bariven San Joaquin, Tren IV Project in Venezuela; and

(b) for skidded GSU (gas separation units) and SRU (sulphur removal units) for the Kharyaga Project in Russia;

(ii) KNMPS, from Malaysia Marine & Heavy Engineering Sdn Bhd, for provision of labour, tools, equipment and consumables for the Turkmenistan Block 1 Development Project in Turkmenistan;

(iii) FBM, from Consorcio CNCC for ACHE (air cooled heat exchangers) for the RNEST Refinaria do Nordeste Abreu e Lima – Petrobras Project in Brazil;

(iv) FBM, from Turbine Air Systems Ltd for AFC (air fin coolers) for the Queensland Curtis LNG Project in Australia; and

(v) BORSIG PHE, from Mississippi Power Company for primary

syngas coolers for the Kemper County Integrated Gassification Combined Cycle Project in the USA.

The total value of the Orders amounts to approximately RM288.8 million.

### 3. INFORMATION ON KNMPS, FBM AND BORSIG PHE

KNMPS was incorporated as a private limited company under the laws of Malaysia on 28 June 1990. Its registered address is at 15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia. KNMPS is principally involved in the design, engineering, procurement and manufacturing of process equipment, including without limitation pressure vessels, reactors, columns and towers, drums, heat exchangers, air fin coolers, process gas waste heat boilers and specialised shell and tube heat exchangers, condensers, spheres, process tanks, mounded bullets, process skid packages and turnkey storage facilities as well as technical and project management services in relation to process equipment, plant facilities and general facilities for oil, gas, petrochemicals, minerals processing and renewable energy industries worldwide. Its authorised share capital is RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each and its issued and paid-up is RM3,100,000. KNMPS is a wholly-owned subsidiary of KNM.

FBM was incorporated as a private limited company under the laws of Italy on 27 October 1992. Its business address is at Via Valtrighe 5 – 24030 Terno d'Isola (BG), Italy. It is mainly involved in design and manufacturing of air-cooled heat exchangers, specialty shell and tube heat exchangers and process gas waste heat boilers for oil, gas, petrochemical and desalination industries. Its authorised share capital is EUR746,501 divided into 746,501 ordinary shares of EUR1.00 each and its issued and paid-up is EUR746,501. FBM is a wholly-owned subsidiary of KNM Europa BV, which in turn is ultimately owned by KNM via KNMPS.

BORSIG PHE was incorporated as a private limited company under the laws of Germany on 5 June 2002. Its registered address and principal place of business are at Egellsstrasse 21, 13507 Berlin, Germany. It is mainly involved in processing, planning, fabrication and distribution of and the trading with machines, assets, apparatuses and miscellaneous components, particularly for generating plant, petrochemical and chemical industries. Its

authorised and paid-up capital is EUR1,901,000. BORSIG PHE is a wholly-owned subsidiary of BORSIG GmbH, which in turn is ultimately owned by KNM via BORSIG Beteiligungsverwaltungsgesellschaft mbH, Deutsche KNM GmbH and KNMPS.

#### 4. RISK FACTORS

Risk factors affecting the Orders include changes in general economic conditions such as, but not limited to inflation, taxation, foreign exchanges, interest rates, labour and material supply, changes in business and operating conditions such as, but not limited to government and statutory regulations and deterioration in prevailing market conditions.

The Orders do not alter the risk profile of KNM as KNM Group is already operating in the oil and gas industry and hence would continue to be exposed to risk factors that they currently face whilst operating in the industry.

Although KNM Group with its vast oil and gas experience may undertake efforts to mitigate the various risks, there is no assurance that any change in the above factors will not have a material adverse effect on the business and operations of KNM Group.

#### 5. APPROVALS

The Orders are not subject to the approval of the shareholders of KNM or any regulatory authority in Malaysia or elsewhere.

#### 6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors or major shareholders of KNM, or any persons connected to them, has any direct or indirect interest in the Orders.

#### 7. EFFECTS OF THE ORDERS

The Orders are expected to contribute positively to the KNM Group's earnings for the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012.

This announcement is dated 8 July 2010.

Announcement Details :