

General Announcement
Reference No **KG-101118-64208**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **18/11/2010**

Type : **Announcement**
Subject : **Material Contract secured by KNM Group Berhad's subsidiary amounting to approximately RM680 million**
Contents : **1. Introduction**

KNM Group Berhad ("KNM") is pleased to announce that its wholly owned subsidiary, KNM Process Systems Sdn Bhd ("KNMPS"), had on 16 November 2010 received notification that it had won the bid for the supply of Technical Documentation, Equipment and Services for the development of gas condensate fields i.e. Adamtash, Gumbulak and Djarkuduk Yangi Kizilcha in the Republic of Uzbekistan amounting to about USD216 million (equivalent to approximately RM680 million based on the exchange rate of USD1.00 : RM3.14) and for a contract duration of about 2 years from Lukoil Uzbekistan Operating Company ("the Project"), subject to the execution of contract agreements.

2. Information on KNMPS

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. 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 finned 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 the oil, gas, petrochemicals, minerals processing and renewable energy industries worldwide.

3. 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 above

Project.

4. Effect of the Project

The Project is not expected to have any material impact to KNM Group's financial performance for year ending 31 December 2010. However, it is expected to contribute positively to KNM Group's earnings for the financial years ending 31 December 2011 and 31 December 2012.

5. Risk Factors

The Project is subject to certain risks mainly in the oil, gas, petrochemical, and energy industries in the Republic of Uzbekistan. These 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 Project does not alter the risk profile of KNM as KNM Group is already operating in these industries 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 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 and/or KNMPS.

This announcement is dated 18 November 2010.

Announcement Details :