

General Announcement

Reference No **KG-100325-61613**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **25/03/2010**

Type : Reply to query
Reply to Bursa : IJ-100324-38643
Malaysia's Query
Letter - Reference ID
Subject : Reply to Bursa Securities' queries dated 24 March 2010 on investment in Litwin Asia Pacific Sdn Bhd
Contents : In reply to the queries received from Bursa Securities Malaysia Berhad vide its letter dated 24 March 2010 (ref: IJ-100324-38643), the Company wishes to inform that:

Question 1. A brief history of Litwin SA and its commencement date of business.

Reply:

Litwin SA was incorporated in France on 6 July 1964 under the name of Litwin Engineering France. In 1968, the company changed its name to Litwin SA.

Litwin SA specializes in providing process services for refineries. With its 40 years of international experience in implementing complex industrial solutions, the company is now providing complete engineering services to its clients including engineering, procurement and construction ("EPC") lump sum turnkey projects for oil and gas, power and renewable energy, and environmental sectors worldwide

More details on Litwin SA and its group of companies can be gleaned from its website at www.litwin.fr.

Question 2. Description of the recent major contract/project undertaken or secured by Litwin SA and its total value.

Reply:

Some of the recent major contracts or projects undertaken or secured by Litwin SA are as follows:

(i) oil and gas sector –contract/project from GRTgaz for provision of EPC services for 5 gas compression stations in France amounting to 275 million Euros (project duration : 2007-2010);

(ii) oil and gas sector – contract/project from Horizon Tangiers Terminals SA for provision of EPC services for an oil storage terminal in the port of Tangiers in Morocco amounting to 82 million Euros (project duration : 2008-2010);

(iii) process sector – contract/project from MA'ADEN for provision of EPC services for a phosphoric acid plant in Saudi Arabia amounting to 400 million Euros (project duration : 2007-2010);

Question 3. The eventual percentage equity interest to be held by KNM Group Berhad (“KNM”) and Litwin SA in LAPSB.

Reply:

The eventual percentage equity to be held by KNM and Litwin SA will remain the same as announced on 23 March 2010, i.e. 51% (KNM):49% (Litwin SA).

Question 4. The estimated future capital and investment outlay by KNM in LAPSB.

Reply:

As at to-date, there are no projects secured by LAPSB. However, the parties estimated to increase the paid-up share capital of LAPSB from RM100.00 to RM750,000.00 by the middle of this year.

Question 5. The source of funds for financing the future investment in LAPSB and the breakdown thereof.

Reply:

The financing of the paid-up share capital will be from internally generated funds.

Question 6. The respective roles/contribution of both KNM and Litwin SA in LAPSB.

Reply:

Both parties shall cooperate with each other to develop the joint venture company into an EPC power and energy outfit in the Asia Pacific region. Litwin SA will contribute its expertise on engineering design and project management for oil and gas, power plant, environmental and process industry projects; whereas KNM will contribute its technical skills and experience on industrial manufacturing, installation and construction.

Query Letter
content

Question 7. Whether LAPSB has secured any contract to date and its total value (if any).

Reply:

Currently, there are no projects secured by LAPSB.

This announcement is dated 25 March 2010.

: We refer to your Company's announcements dated 23 March 2010, in respect of the aforesaid matter.

In this connection, kindly furnish Bursa Malaysia Securities Berhad ("Bursa Securities") with the following additional information for public release:-

A brief history of Litwin SA and its commencement date of business;
Description of the recent major contract/project undertaken or secured by

Litwin SA and its total value;

The eventual percentage equity interest to be held by KNM and Litwin SA in

LAPSB;

The estimated future capital and investment outlay by KNM in LAPSB;

The source of funds for financing the future investment in LAPSB and the

breakdown thereof;

The respective roles/contribution of both KNM and Litwin SA in LAPSB; and

Whether LAPSB has secured any contract to date and its total value (if any).

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

Yours faithfully

CHONG FUI TZY
Head, Issuers
Listing Division
Regulation

CFT/IJ

copy to:- Head, Market Surveillance, Securities Commission (via fax)

Announcement Details :