

## **General Announcement**

Reference No **KG-110209-61956**

Company Name : **KNM GROUP BERHAD**  
Stock Name : **KNM**  
Date Announced : **09/02/2011**

Type : **Announcement**  
Subject : **OTHERS**  
Description : **INCORPORATION OF KNM PROJECT SERVICES LTD**

Announcement Details/Table Section :

### **1. INTRODUCTION**

The Board of Directors of KNM Group Berhad (“KNM” or “the Company”) is pleased to announce that a wholly-owned subsidiary of KNM, KNM Europa BV (“KNME”) had on 7 February 2011 newly incorporated and subscribed for 10,000 ordinary shares of GBP1.00 each in KNM Project Services Ltd (“KPSL”), representing 100% equity interest in KPSL for a total cash consideration of GBP10,000 (approximately RM49,100 based on the exchange rate of GBP1 : RM4.91) (“Investment”).

### **2. INFORMATION ON KPSL AND KNME**

KPSL was incorporated on 7 February 2011 as a private limited company under the laws of the United Kingdom and having its registered address at Ruthlyn House, 90 Lincoln Road, Peterborough, PE1 2SP, United Kingdom. Its issued and paid-up share capital is GBP10,000 comprising 10,000 ordinary shares of GBP1.00 each. KPSL will be principally involved in provision of project management services, operations and maintenance services for the oil, gas, petrochemicals, mineral, power, environmental, renewable energy and biotechnology industries. Upon completion of the Investment, KPSL will be 100% owned by KNM through KNME.

KNME was incorporated as a private limited company under the laws of Netherlands on 23 March 2006. Its registered address is at Burgemeester de Manlaan 2, 4837BN Breda, Netherlands. The principal activity of KNME is to act as a holding and financing company. Its authorised share capital is EUR720,000 divided into 720,000 ordinary shares of EUR1.00 each and its issued and paid-up capital is EUR180,000. KNME is a wholly-owned subsidiary of KNM.

### **3. DETAILS OF THE INVESTMENT**

The shares are subscribed for at par value of GBP1.00 each and the total consideration

of GBP10,000 and shall be fully settled in cash through internally generated funds and/or shareholders' advances.

There are no further liabilities to be assumed by KNME or KNM.

#### **4. RATIONALE FOR THE INVESTMENT**

The Investment will facilitate KNM Group of companies ("KNM Group") in venturing into its business in the United Kingdom which is in line with KNM's overall objective of expanding and growing the businesses of KNM and KNM Group worldwide.

#### **5. FINANCIAL EFFECTS OF THE INVESTMENT**

##### **5.1 Share Capital**

The Investment does not affect the share capital of KNM.

##### **5.2 Earnings**

The Investment is not expected to have any material effect on the consolidated earnings of KNM and KNM Group for the financial year ending 31 December 2011.

##### **5.3 Substantial Shareholders' Shareholdings**

The Investment does not affect the shareholdings of the substantial shareholders in KNM.

##### **5.4 Net Assets and Gearing**

The Investment will not have any material effect on the consolidated net assets and gearing of KNM and KNM Group for the year ending 31 December 2011.

#### **6. RISK FACTORS**

The Investment is subject to certain risks mainly in the oil, gas, petrochemicals, mineral, power, environmental, renewable energy and biotechnology industries in the market places. 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 Investment 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 KNME.

#### **7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors, major shareholders or persons connected to the Directors and/or major shareholders of the Company has any interest, direct or indirect, in the Investment.

#### **8. DIRECTORS' STATEMENT**

Having considered all aspects of the Investment, the Board of Directors is of the opinion that the Investment is in the best interest of the Company.

#### **9. CONDITION OF THE INVESTMENT**

The Investment is not subject to the approval of any governmental authority and/or the shareholders of KNM.

#### **10. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad applicable to the Investment is 0.002%.

This announcement is dated 9 February 2011.