

# AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN : MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

## KNM GROUP BERHAD

Type	Announcement
Subject	AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN MATERIAL UNCERTAINTY RELATED TO GOING CONCERN
Description	MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of KNM Group Berhad ("the Company") wishes to announce that the Company's External Auditors, Messrs. KPMG PLT had indicated the existence of a material uncertainty related to going concern in respect of the financial period ended 30 June 2022

### A. OPINION OF AUDITORS

The details of the Material Uncertainty Related to Going Concern as disclosed in the Independent Auditors' Report is reproduced as follows:-

#### Material Uncertainty Related to Going Concern

We draw your attention to Note 1(b) to the financial statements which indicate that the Group and the Company have incurred a net loss of RM864,660,000 and RM167,910,000 respectively, for the financial period ended 30 June 2022. As of 30 June 2022, the Group's and the Company's current liabilities exceeded its current assets by RM110,779,000 and RM76,929,000 respectively. As stated in Note 1(b), these events and conditions, along with the matters set forth in Note 1(b)(i), (ii) and (iii) indicate that material uncertainties exist that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns. Our opinion is not modified in respect of these matters.

#### B. Steps taken or proposed to be taken to address those key audit matters that relate to the modified opinion or material uncertainty related to going concern

The Board has since December 2021 identified certain assets within the Group suitable for monetisation in order to address the financial constraints of the Group, which include the proposed disposal of Borsig GmbH for a total consideration of EUR220.8 million and the proposed flotation of the Company's indirect wholly-owned subsidiaries, FBM Hudson Italiana SpA and FBM-KNM FZCO (collectively as the "FBM Group") on the Catalist Board of the Singapore Stock Exchange Securities Trading Limited.

The Board will announce details of the various corporate exercises at an appropriate juncture pursuant to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

#### C. the timeline for the steps referred to in sub-paragraph (b) above

The Board intends to complete the corporate exercises above within next 12 months.

#### D. All key audit matters disclosure in the external Auditors' Report

For details on the key audit matters, please refer to the Independent Auditors' Report as attached.

This announcement is dated 31 October 2022.

Please refer attachment below.

**Attachments**

[KNMG Auditors report FP2022.pdf](#)  
356.0 kB

---

**Announcement Info**

<b>Company Name</b>	KNM GROUP BERHAD
<b>Stock Name</b>	KNM
<b>Date Announced</b>	31 Oct 2022
<b>Category</b>	General Announcement for PLC
<b>Reference Number</b>	GA1-31102022-00065