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KNM's FY2024 accounts flagged with material uncertainty

The Edge CEO Morning Brief, Malaysia

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KUALA LUMPUR (April 30): KNM Group Bhd's (KL:KNM) audited financial statement for the financial year ended Dec 31, 2024 (FY2024) has been flagged with material uncertainties by its external auditor, casting doubt over the Practice Note 17 (PN17) company's ability to continue as a going concern.

On KNM's audited accounts for FY2024, Messrs KPMG PLT highlighted that the group's current liabilities exceed current assets by RM449.7 million.

The audit firm said the group's default on loans and borrowings amounted to RM1.33 billion.

It also noted KNM's April 30 deadline to submit its regularisation plan to regulatory authorities, given its PN17 status. An extension application was submitted on April 24 for a further six-month extension to push the deadline to Oct 31.

KPMG also highlighted KNM's wholly owned unit KNM Process Systems Sdn Bhd's (KNMPS) ongoing scheme of arrangement proceedings.

It noted the Kuala Lumpur High Court granted a court-convened creditors' meeting order, but added that KNMPS' application for a three-month restraining order (RO) was dismissed.

KNMPS is appealing the High Court's decision to dismiss the RO application. A temporary RO is in place pending the appeal.

KPMG also listed KNM's plan to dispose of Deutsche KNM GmbH, FBM Hudson Italiana SpA and FBM Hudson FZE.

Back in February, the group entered into a deal to sell Deutsche KNM — the holding company of its main earnings contributor Borsig GmbH — to Japanese-based ceramic company NGK Insulators Ltd for €270 million (RM1.26 billion).

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Meanwhile, it has received indicative offers for FBM Hudson Italiana and FBM Hudson, according to KPMG.

“At the date of this report, the ability of the group and the company to continue as going concerns are highly dependent on the plans and factors disclosed.

“Accordingly, the financial statements of the group and company may require adjustments relating to the recoverability and classification of recorded assets and the classifica-

tion and additional amounts of liabilities should the group and the company [be] unable to successfully implement or achieve the outcomes of the said plans,” KPMG said.

Besides the above, KPMG also noted that due to the inability to obtain sufficient audit evidence, the firm was unable to determine the appropriateness of the carrying value of KNM's RM405.89 million in assets, carrying amount of interests in units amounting to RM1.98 billion, and the amount due from units of RM459.88 million, among others.

KPMG said it did not express an opinion on the financial statements.

Shares in KNM ended half a sen or 14.29% higher at four sen, valuing the company at RM141.61 million.



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SUMMARIES

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