

KNUSFORD BERHAD (380100-D)

Notes to the interim financial report – 31 December 2017

A1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property - Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018; and
- from the annual period beginning on 1 January 2019 for the accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019.

A1 Basis of preparation (continued)

The Group and the Company does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current year and prior year financial statements of the Group and the Company except as mentioned below:

i) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

ii) MFRS 15, Revenue from Contract with Customers

MFRS 15 will replace the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

iii) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

A2 Auditors' report

There was no qualification on the audited report of the Group's preceding annual financial statements.

A3 Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A4 Unusual items due to their nature, size or incidence

There were no unusual items for the year ended 31 December 2017.

A5 Changes in estimates

Not applicable.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and 12 months ended 31 December 2017.

A7 Dividends paid

No dividend was paid for the current quarter and 12 months ended 31 December 2017.

A8 Segmental information

Segmental information is presented in respect of the Group's business segment. Inter-segment pricing is determined based on negotiated terms.

Current quarter ("4Q 2017") against preceding year corresponding quarter ("4Q 2016")

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	31 December 2017 Revenue	31 December 2016 Revenue	Amount	%
	RM'000	RM'000	RM'000	
Trading and services	17,181	30,031	(12,850)	(42.8)
Property development	-	-	-	-
Construction	18,745	4,585	14,160	308.8
Investment Property	713	710	3	0.4
	36,639	35,326	1,313	3.7
Inter-segment elimination	(2,030)	(561)	(1,469)	(261.9)
	34,609	34,765	(156)	(0.4)

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	31 December 2017 Profit/(Loss) before tax	31 December 2016 Profit/(Loss) before tax	Amount	%
	RM'000	RM'000	RM'000	
Trading and services	(346)	3,257	(3,603)	(110.6)
Property development	3,431	(379)	3,810	1,005.3
Construction	(6,890)	(11,552)	4,662	40.4
Investment Property	709	399	310	77.7
	(3,096)	(8,275)	5,179	62.6
Elimination	10	(418)	428	102.4
Unallocated income	1,538	805	733	91.1
Unallocated expenses	(1,094)	(168)	(926)	(551.2)
	(2,642)	(8,056)	5,414	67.2

A8 Segmental information (continued)

Current year to date (“YTD 2017”) against preceding year corresponding year (“YTD 2016”)

	12 months ended	12 months ended	Changes	
	31 December 2017 Revenue	31 December 2016 Revenue	Amount	%
	RM'000	RM'000	RM'000	
Trading and services	89,440	111,005	(21,565)	(19.4)
Property development	6,671	-	6,671	100.0
Construction	49,555	17,570	31,985	182.0
Investment Property	3,028	2,857	171	6.0
	148,694	131,432	17,262	13.1
Inter-segment elimination	(7,843)	(1,599)	(6,244)	(390.5)
	140,851	129,833	11,018	8.5

	12 months ended	12 months ended	Changes	
	31 December 2017 Profit/(Loss) before tax	31 December 2016 Profit/(Loss) before tax	Amount	%
	RM'000	RM'000	RM'000	
Trading and services	(4,901)	(74)	(4,827)	(6,523.0)
Property development	3,763	(3,515)	7,278	207.1
Construction	(7,907)	(13,224)	5,317	40.2
Investment Property	1,050	588	462	78.6
	(7,995)	(16,225)	8,230	50.7
Elimination	(730)	(446)	(284)	(63.7)
Unallocated income	3,068	1,800	1,268	70.4
Unallocated expenses	(3,681)	(2,064)	(1,617)	(78.3)
	(9,338)	(16,935)	7,597	44.9

A9 Valuation of property, plant and equipment

Valuation of property, plant and equipment has been brought forward, without amendment from the preceding annual financial statements.

A10 Event subsequent to the balance sheet date

There were no material events subsequent to the balance sheet date.

A11 Changes in composition of the Group

Save as disclose below, there were no changes in the composition of the Group for the current quarter and 12 months ended 31 December 2017:

- 1) The Group had on 25 April 2017 announced that its wholly-owned subsidiary, Knusford Oil & Gas Sdn Bhd ("KOG") had on 25 April 2017 incorporated a new subsidiary company namely, Knusford International Pte Ltd ("KIPL") in Singapore.

KIPL, a wholly-owned subsidiary of KOG, has an issued and paid-up share capital of SGD2.00 comprising of 2 ordinary shares issued at SGD1.00 each. The principal activity of KIPL is investment holding.

- 2) The Group had on 14 November 2017 announced that Knusford International Pte Ltd ("KIPL"), a wholly-owned subsidiary of Knusford Oil & Gas Sdn Bhd ("KOG") had on 13 November 2017 incorporated a new subsidiary company namely, Knusford Ventures Pte Ltd ("KVPL") in Singapore.

KVPL, a wholly-owned subsidiary of KIPL, has an issued and paid-up share capital of SGD2.00 comprising of 2 ordinary shares issued at SGD1.00 each. The principal activity of KVPL is property development, oil & gas, construction, services and hospitality.

A12 Changes in contingent liabilities

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	As at 31 December 2017
	RM'000
Guarantees and contingencies relating to Borrowings of subsidiaries (unsecured)	12,329 =====

A13 Significant Related Party Transactions

The group has significant related party transactions with companies in which certain directors of the Company have interest, as follows: -

	12 months ended
	31 December 2017
	RM'000
With companies in which certain Directors of the Company, have interests:	
Aramijaya Sdn Bhd	984
Danga Bay Sdn Bhd	499
Ekoriver Construction Sdn Bhd	2,178
Ekovest Construction Sdn Bhd	20,479
Ekovest Holdings Sdn Bhd	(118)
Ekovest Properties Sdn Bhd	(164)
Iskandar Waterfront Sdn Bhd	14,525
Pembinaan KS Tebrau Sdn Bhd	(204)
Rampai Fokus Sdn Bhd	2,848
Iskandar Waterfront City Berhad and its subsidiaries	1,920

B1 Detailed analysis of the performance of all operating segment of the Group**Financial review for current quarter**

	Individual Period (4 th Quarter)		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter	Amount	%
	31 December 2017 RM'000	31 December 2016 RM'000	RM'000	
Revenue	34,609	34,765	(156)	(0.4)
Gross Profit/(Loss)	(1,121)	1,319	(2,440)	(185.0)
Loss Before Interest and Tax	(3,887)	(8,767)	4,880	55.7
Share of Profit of Equity-Accounted Investments, Net of Tax	1,374	679	695	102.4
Loss Before Tax	(2,642)	(8,056)	5,414	67.2
Loss After Tax	(2,784)	(7,388)	4,604	62.3
Loss Attributable to Ordinary Equity Holders of Parent	(2,778)	(7,388)	4,610	62.4

Current quarter (“4Q 2017”) against preceding year corresponding quarter (“4Q 2016”)

For the 4Q 2017, the Group registered revenue of RM34.609 million and loss before tax of RM2.642 million as compared to revenue of RM34.765 million and loss before tax of RM8.056 million reported in the 4Q 2016. Although the revenue is comparable to the previous year, lower loss is reported due to lesser provision for and write off of receivables and provision for foreseeable loss, summarised as below:

	Individual Period (4 th Quarter)	
	Current Year Quarter	Preceding Year Corresponding Quarter
	31 December 2017 RM'000	31 December 2016 RM'000
Loss before tax, before provision for and write off of receivables and provision for foreseeable loss	(4,357)	(2,366)
Add:		
Reversal of provision for and write off of receivables	222	-
Provision for doubtful debts written back	478	3,286
Reversal of provision for foreseeable loss	1,015	-
	1,715	3,286
Less:		
Provision for and write off of receivables	-	(8,901)
Provision for foreseeable loss	-	(75)
	-	(8,976)
Loss before tax	(2,642)	(8,056)

The performance of the respective operating business segments for the 4Q 2017 under review as compared to the 4Q 2016 is analysed as follow:

Trading and services

The trading sector reported a lower revenue of RM17.181 million for the 4Q 2017 as compared to RM30.031 million in 4Q 2016, mainly due to lesser sales volume. The loss before tax of RM0.346 million in 4Q 2017 as compared to profit before tax of RM3.257 million in 4Q 2016 is mainly due to lesser sales volume.

Financial review for current quarter (continued)

Property development

The increase in profit for the 4Q 2017 is mainly due to reversal of provision for foreseeable loss on affordable housing project for an amount of RM3.908 million.

	Individual Period (4 th Quarter)	
	Current Year Quarter	Preceding Year Corresponding Quarter
	31 December 2017 RM'000	31 December 2016 RM'000
Revenue	-	-
Loss before interest and tax, before provision for foreseeable loss	(477)	(379)
Add:		
Reversal of provision for foreseeable loss	3,908	-
Profit/(Loss) Before Interest and Tax	3,431	(379)

Construction

The construction sector registered a higher revenue of RM18.745 million in 4Q 2017 as compared to RM4.585 million in 4Q 2016. The increase in revenue for 4Q 2017 was mainly due to increase in work done for our construction projects. The construction sector recorded loss of RM6.890 million compared to loss before tax of RM11.552 million in 4Q 2016. The lower loss was mainly due to a higher provision of receivables and provision for foreseeable loss in the preceding year corresponding quarter as summarised below:

	Individual Period (4 th Quarter)	
	Current Year Quarter	Preceding Year Corresponding Quarter
	31 December 2017 RM'000	31 December 2016 RM'000
Revenue	18,745	4,585
Loss before interest and tax, before provision for and write off of receivables and provision for foreseeable loss	(3,964)	(1,567)
Less:		
Provision for and write off of receivables	(33)	(9,910)
Provision for foreseeable loss on construction projects	(2,893)	(75)
	(2,926)	(9,985)
Loss Before Interest and Tax	(6,890)	(11,552)

Investment property

Revenue for the current quarter increased marginally by 0.4% from RM0.710 million to RM0.713 million. This sector recorded profit before tax of RM0.709 million for the 4Q 2017 compared to profit before tax of RM0.399 million in 4Q 2016 due to gain on disposal of investment property in 4Q 2017.

Financial review for financial year to date

	Cumulative Period		Changes	
	Current Year To-Date	Preceding Year To-Date	Amount	%
	31 December 2017 RM'000	31 December 2016 RM'000	RM'000	
Revenue	140,851	129,833	11,018	8.5
Gross Profit	6,153	4,163	1,990	47.8
Loss Before Interest and Tax	(11,270)	(17,969)	6,699	37.3
Share of Profit of Equity-Accounted Investments, Net of Tax	2,251	947	1,304	137.7
Loss before Tax	(9,338)	(16,935)	7,597	44.9
Loss After Tax	(11,393)	(16,137)	4,744	29.4
Loss Attributable to Ordinary Equity Holders of Parent	(11,387)	(16,137)	4,750	29.4

Current year to date (“YTD 2017”) against preceding year to date (“YTD 2016”)

For the YTD 2017, the Group recorded revenue of RM140.851 million, an increase of RM11.018 million or 8.5% from RM129.833 million in YTD 2016. The Group also recorded loss before tax of RM9.338 million. The increase in total revenue was mainly due to increase in work done for our construction projects and sale of completed development units. The lower Group’s loss before tax by 44.9% in YTD 2017 as compared to YTD 2016 was mainly due to lesser provisions in YTD 2017 as summarised below:

	Cumulative Period	
	Current Year To- Date	Preceding Year To-Date
	31 December 2017 RM'000	31 December 2016 RM'000
Loss before tax, before provision for and write off of receivables and provision for foreseeable loss	(6,678)	(10,236)
Add:		
Provision for doubtful debts written back	478	3,286
Less:		
Provision for and write off of receivables	(245)	(9,910)
Provision for foreseeable loss	(2,893)	(75)
	(3,138)	(9,985)
Loss Before Tax	(9,338)	(16,935)

The performance of the respective operating business segments for the YTD 2017 under review as compared to the YTD 2016 is analysed as follow:

Trading and services

The trading sector reported a lower revenue of RM89.440 million for the YTD 2017 as compared to RM111.005 million in YTD 2016. The decrease in revenue was mainly due to the decrease in demand from existing key customers. The higher loss before tax of RM4.901 million in YTD 2017 as compared to loss before tax of RM0.074 million in YTD 2016 was mainly due to lesser sales volume.

Property development

The property development sector registered a profit before tax of RM3.763 million on the revenue of RM6.671 million, due to sale of completed units during the year, decreased in sales & marketing expenses and non-claimable GST expenses for residential property.

Financial review for financial year to date (continued)

Construction

The construction sector registered a higher revenue of RM49,555 million in YTD 2017 as compared to RM17,570 million in YTD 2016. The sector also registered a lower loss before tax of RM7,907 million was mainly due to decrease in provision for receivables and provision for foreseeable loss as summarised below:

	Cumulative Period	
	Current Year To-Date	Preceding Year To-Date
	31 December 2017 RM'000	31 December 2016 RM'000
Revenue	49,555	17,570
Loss before interest and tax, before provision for and write off of receivables and provision for foreseeable loss	(4,805)	(3,239)
Less:		
Provision for and write off of receivables	(209)	(9,910)
Provision for foreseeable loss on construction projects	(2,893)	(75)
	(3,102)	(9,985)
Loss before interest and tax	(7,907)	(13,224)

Investment property

The investment property sector reported an increased revenue by 6.0% from RM2.857 million to RM3.028 million due to new tenancies for certain investment properties. This sector recorded profit before tax of RM1.050 million for the YTD 2017 compared to profit before tax of RM0.588 million in YTD 2016 substantially due to gain on disposal of investment property in YTD 2017.

B2 Comparison with preceding quarter results

Current quarter (4Q 2017) against immediate preceding quarter (3Q 2017)

	Current Quarter	Immediate Preceding Quarter	Changes	
	31 December 2017	30 September 2017	Amount	%
	RM'000	RM'000	RM'000	
Revenue	34,609	38,284	(3,675)	(9.6)
Gross (Loss)/Profit	(1,121)	1,677	(2,798)	(166.8)
Loss Before Interest and Tax	(3,887)	(3,295)	(592)	(18.0)
Share of Profit of Equity-Accounted Investments, Net of Tax	1,374	657	717	109.1
Loss before Tax	(2,642)	(2,596)	(46)	(1.8)
Loss After Tax	(2,784)	(3,608)	824	22.8
Loss Attributable to Ordinary Equity Holders of Parent	(2,778)	(3,608)	830	23.0

The revenue for 4Q 2017 would have been comparable to 3Q 2017 if not for the sale of a completed development unit in 3Q 2017 of RM4.033 million. Despite a decrease in revenue, the loss before tax increase marginally as there was provision of foreseeable loss made in 3Q 2017.

B3 Prospects

The sluggish outlook for the construction and property development industry where the Group business substantially depends on, is expected to prolong and remain challenging to the Group's performance. Moving forward, the Group expects to increase its construction order book which currently stand at RM83.842 million and enhance its trading activities. The Group will continue to look for new business opportunities in Malaysia and abroad, in its effort to strive for a commendable performance for the next financial year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Taxation

	Current quarter ended 31 December 2017 RM '000	12 months ended 31 December 2017 RM '000
Income tax		
Current provision	316	3,668
Deferred tax	(174)	(1,613)
	<u>142</u>	<u>2,055</u>

B6 Corporate proposals

There were no corporate proposals announced or pending completion as at the date of this report.

B7 Group borrowings

	As at 4 th Quarter ended 2017		
	Long term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
Revolving credit	-	500	500
Unsecured			
Revolving credit	-	16,300	16,300
Finance lease liabilities	1,987	1,110	3,097
	<u>1,987</u>	<u>17,910</u>	<u>19,897</u>
As at 4th Quarter ended 2016			
	Long term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
Revolving credit	-	2,000	2,000
Unsecured			
Revolving credit	-	4,000	4,000
Finance lease liabilities	1,407	1,261	2,668
	<u>1,407</u>	<u>7,261</u>	<u>8,668</u>

The increase in borrowing is mainly for the purpose of working capital requirement.

B8 Changes in material litigation.

Save as disclosed below, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board are not aware and do not have any knowledge of any proceedings, pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and its subsidiaries:

The wholly-owned subsidiary of Knusford Berhad (“KB”), Knusford Marketing Sdn Bhd (“KMKS B”) had served a notice under Section 218(1)(e) & 218(2)(a) of the Companies Act 1965 (collectively “Notices”) on Kinsteel Berhad (“KINSB”) and Kin Kee Marketing Sdn Bhd (“KKMSB”) on 25 November 2016 for failing to deliver steel bars (“Agreement”) for an outstanding sum of RM19,574,186.09 (after netting off the RM500,000 collected on 23 September 2016).

A winding up petition had subsequently been served on both Companies, KINSB and KKMSB on 22 December 2016. The Notice of Appointment pursuant to Rule 32 Companies (Winding Up) Rules 1972 was fixed on 8 March 2017.

The winding up petition hearing continue to be postponed several times due to multiple Restraining Orders (“ROs”) filed in different states.

The following is a summary of the latest winding up petition hearing on 18 January 2018 and 22 January 2018 at the Kuantan High Court:-

KMKS B v KKMSB, Winding Up Petition No. 28NCC-49-12/2016

The Court proceeded with the Hearing in the absence of the KKMSB and/or its solicitors, and granted as follows:-

- KKMSB be wound up pursuant to winding up petition
- Baltasar bin Maskor appointed as the private liquidator

KMKS B v KINSB, Winding Up Petition No. 28NCC-50-12/2016

KINSB’s Chief Executive Officer (“CEO”) sought for an adjournment of the hearing due to KINSB appointing new solicitors. The Court, in the interest of justice, had adjourned the hearing to 22 January 2018.

B8 Changes in material litigation. (continued)

On 22 January 2018, the Court rejected KINSB's CEO request for another adjournment to appoint new solicitors, and thereafter proceeded to hear the winding up petition hearing proper. The Court ordered as follows:

- a) KINSB be wound up pursuant to the winding up petition;
- b) Duar Tun Kiat be appointed as Private Liquidator of KINSB as he gathers the majority creditors' consent.

KINSB has filed a Notice of Motion to stay the Winding Up Order. The hearing of the Notice of Motion is fixed on 8 March 2018.

KINSB has also lodged an appeal to the Court of Appeal against the Winding Up Order and the Case Management for the Appeal is now fixed on 1 March 2018 at the Court of Appeal, Putrajaya.

The Board is of the opinion that the claim will not have any material adverse financial or operational impact as the Agreement was carried out on a back-to-back basis with KMKS B's customer who has paid for the steel bars and agreed not to hold KMKS B accountable nor liable for any losses suffered as a consequence of the said summon.

B9 Dividends declared

No interim dividend has been declared for the current quarter ended 31 December 2017.

B10 Earnings per share

	Current quarter ended 31 December 2017 RM '000	Preceding year corresponding quarter ended 31 December 2016 RM '000	Cumulative 12 months ended 31 December 2017 RM '000	Cumulative 12 months ended 31 December 2016 RM '000
Loss	(2,784)	(7,388)	(11,393)	(16,137)
Issued ordinary shares at beginning of period	99,645	99,645	99,645	99,645
Effect of shares issued for the period	-	-	-	-
Weighted average number of shares at end of period	99,645	99,645	99,645	99,645
Basic loss per ordinary shares (sen)	(2.79)	(7.41)	(11.43)	(16.19)
Diluted earning per ordinary shares (sen)	N/A	N/A	N/A	N/A

B11 Notes to the statement of profit or loss and other comprehensive income

	Current quarter ended 31 December 2017 RM'000	12 months ended 31 December 2017 RM'000
Loss before tax is arrived at after (crediting)/charging :		
Interest income	(164)	(817)
Other income including investment income	(1,698)	(2,551)
Interest expense	293	1,136
Depreciation and amortization	1,038	4,140
Provision for and write off of receivables	(222)	245
Provision for and write off of inventories	-	-
Provision for doubtful debt written back	(478)	(478)
(Reversal of)/Provision for foreseeable loss	(1,015)	2,893
Provision for liquidated ascertained damages	139	227
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or loss	-	-
Gain or loss on derivatives	-	-
Exceptional items (with details)	-	-

B12 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. Accordingly, the fair values and fair value hierarchy levels have not been presented for these instruments.

Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical financial assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liabilities, either directly or indirectly

Level 3 – Inputs for the financial asset or liabilities that are not based on observable market data

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
31 December 2017					
Financial liabilities					
Finance lease liabilities	-	-	3,255	3,255	3,097
<hr/>					
31 December 2016					
Financial liabilities					
Finance lease liabilities	-	-	2,839	2,839	2,668
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