



SIN HENG CHAN (MALAYA) BERHAD

(Reg. No. 196201000185 (4690-V))
(Incorporated in Malaysia)

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 March, 2022

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 MAR 2022 RM'000	PRECEDING YEAR QUARTER 31 MAR 2021 RM'000	CURRENT YEAR TO DATE 31 MAR 2022 RM'000	PRECEDING YEAR TO DATE 31 MAR 2021 RM'000
Revenue	13,905	11,095	13,905	11,095
Cost of Sales	(8,049)	(6,794)	(8,049)	(6,794)
Gross profit	5,856	4,301	5,856	4,301
Other income	1,004	929	1,004	929
Distribution cost	(236)	(271)	(236)	(271)
General and administrative expenses	(1,737)	(1,316)	(1,737)	(1,316)
Other operating expenses	(689)	(432)	(689)	(432)
	4,198	3,211	4,198	3,211
Finance cost	(2,357)	(1,580)	(2,357)	(1,580)
Share of profit of associates	3,551	-	3,551	-
Profit before tax	5,392	1,631	5,392	1,631
Tax (expenses) / credit	(74)	76	(74)	76
Profit from operations	5,318	1,707	5,318	1,707
Profit attributable to :				
Equity holders of the company	5,318	1,707	5,318	1,707
Earnings per share				
<i>Basic (sen)</i>	1.82	1.29	1.82	1.29
<i>Diluted (sen)</i>	1.29	1.29	1.29	1.29

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this report)

SIN HENG CHAN (MALAYA) BERHAD (Registration No. 196201000185 (4690-V))

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

(The figures have not been audited)

	AS AT 31 MAR 2022 RM'000	AS AT 31 DEC 2021 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	82,440	81,642
Investment Properties	354	356
Concession Financial Assets	48,223	48,223
Prepaid Lease Rental	16,289	16,406
Intangible Assets	22,693	22,843
Investment in Associates	246,522	242,971
	416,521	412,441
Current Assets		
Inventories	2,509	1,134
Concession Financial Assets	1,535	2,047
Trade Receivables	6,080	5,121
Other Receivables, Deposits and Prepayments	3,115	2,016
Biological Assets	1,408	1,408
Tax Recoverable	15	7
Other Investments	14,758	14,391
Fixed Deposits, Cash and Cash Balances	39,211	42,926
	68,631	69,050
TOTAL ASSETS	485,152	481,491
EQUITY & LIABILITIES		
Share Capital	181,355	181,355
Irredeemable Convertible Preference Shares	39,600	39,600
Reserves	78,814	73,496
Equity Attributable To Equity Holders Of The Company	299,769	294,451
Non-Current Liabilities		
Borrowings	149,876	149,635
Lease Liabilities	2,817	2,532
Other Payables	155	155
Deferred Tax Liability	8,005	7,931
	160,853	160,253
Current Liabilities		
Trade Payables	5,118	2,521
Other Payables and Accruals	3,569	4,666
Borrowings	15,125	18,669
Lease Liabilities	702	908
Tax liabilities	16	23
	24,530	26,787
TOTAL EQUITY AND LIABILITIES	485,152	481,491
Net assets per share (RM)	1.02	1.01
Number of ordinary shares ('000)	292,877	292,877

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this report)

SIN HENG CHAN (MALAYA) BERHAD (Registration No. 196201000185 (4690-V))

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

(The figures have not been audited)

	<----- Attributable to equity holders of the Company ----->			
	<----- Non-distributable ----->	<-- Distributable -->		Total RM'000
	Ordinary Share RM'000	Irredeemable Convertible Preference Share RM'000	Accumulated Profit / (Loss) RM'000	
<u>3 months quarter ended 31 March 2022</u>				
At 1 January 2022	181,355	39,600	73,496	294,451
Net profit for the financial period	-	-	5,318	5,318
At 31 March 2022	181,355	39,600	78,814	299,769
<u>3 months quarter ended 31 March 2021</u>				
At 1 January 2021	123,992	-	(38,334)	85,658
Net profit for the financial period	-	-	1,707	1,707
At 31 March 2021	123,992	-	(36,627)	87,365

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this report)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

(The figures have not been audited)

	3 MONTHS PERIOD ENDED 31 MAR 2022 RM'000	3 MONTHS PERIOD ENDED 31 MAR 2021 RM'000
Profit before tax	5,392	1,631
Adjustment for :		
Amortisation of prepaid lease and intangible assets	269	269
Depreciation of property, plant & equipment	1,550	1,376
Share of result in associate company	(3,551)	-
Finance costs	2,357	1,580
Fair value movement on other investment	(139)	-
Finance income from concession financial asset	(788)	(818)
Interest income	(181)	(65)
Dividend income	(10)	-
Operating Profit before working capital changes	<u>4,899</u>	<u>3,973</u>
Decrease in concession financial assets	1,300	1,300
(Increase) / Decrease in inventories	(1,375)	97
Increase in trade and other receivables	(2,058)	(873)
Increase in trade and other payables	1,500	190
Cash from operations	<u>4,266</u>	<u>4,687</u>
Interest paid	(50)	(36)
Tax paid	(15)	(7)
Net cash from operating activities	<u>4,201</u>	<u>4,644</u>
Cash flows from/(used in) investing activities		
Purchase of other investment	(228)	-
Purchase of property, plant and equipment	(2,348)	(2,539)
Dividend received from investment	10	-
Interest received	181	65
Net (cash used) in investing activities	<u>(2,385)</u>	<u>(2,474)</u>
Cash flows from/(used in) financing activities		
Proceeds from long term borrowings	-	2,000
Repayment of term loan	(922)	(827)
Proceed/(Repayment) of hire-purchase - net	78	912
Interest paid	(2,066)	(1,544)
Net cash from/(used in) financing activities	<u>(2,910)</u>	<u>541</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,094)	2,711
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	33,669	21,782
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>32,575</u>	<u>24,493</u>
Cash and Cash Equivalents at end of period consist of:-	-	-
Deposits with licensed banks	38,922	25,090
Cash and bank balances	289	637
Less : Bank Overdrafts	<u>(6,636)</u>	<u>(1,234)</u>
	32,575	24,493
Less : Deposits pledged as security	<u>(2,000)</u>	<u>(2,000)</u>
	<u>30,575</u>	<u>22,493</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this report)

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2021.

In conjunction with the planned convergence of Financial Reporting Standards (“FRS”) with International Financial Reporting Standard as issued by the International Accounting Standards Board, the MASB issued a new approved accounting standard framework, the MFRSs, for application in the annual periods beginning on or after 1st January 2012.

The MFRS Framework is a mandatory for adoption by all Entities Other Than Private Entities, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreement for the Construction of Real Estate (“Transitioning Entities”). The Group falls within the definition of Transitioning Entities and the financial statements for the annual period beginning on 1 January 2017 will be prepared in accordance with the MFRS and International Financial Reporting Standards.

The significant accounting policies and methods of computation adopted are consistent with those of the most recent audited financial statements for the year ended 31 December 2021 except for the adoption of new and amended FRSs, IC Interpretations and new MFRSs which are relevant to its operations and effective for the financial periods beginning on or after 1 January 2022. The standards and amendments that have been issued and effectively beginning on or after 1 January 2022 are as follows:

- a) **Standards, amendments to published standards and interpretations that are effective and adopted during the financial year**
- Amendments to MFRS 141, “Measurement of Fair Value”
 - Amendments to MFRS 3, “Reference to Conceptual Framework”
 - Amendments to MFRS 116, “Proceeds Before Intended Use”
 - Amendments to MFRS 137, “Onerous Contracts – Cost of Fulfilling a Contract”
 - Amendments to MFRS 9, “Fees in the 10% Test for Derecognition of Financial Liabilities”
 - Amendments to MFRS 1, “Measurement of Cumulative Translation Differences for Foreign Operation”

A1 Basis of preparation (Cont'd)

b) Standards and amendments that have been issued but not yet effective

Effective for financial year beginning on or after 1 January 2023

- Amendments to MFRS 101, "Classification of Liabilities as Current or Non-Current"
- Amendments to MFRS 101, "Disclosure of Accounting Policies"
- Amendments to MFRS 108, "Definition of Accounting Estimates"
- Amendments to MFRS 112, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

Effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The above procurements are either not relevant or do not have any impact on the financial statements of the Company.

A2 Auditors' Report on Preceding Annual Financial Statements

There was no qualification in the audit report of the preceding annual financial statements.

A3 Seasonal or cyclical factors of the Group's operations

The prices for the Group's plantation products are not within the control of the Group but are determined by the price of Crude Palm Oil (CPO), which in turn depends on several factors including the global supply and demand of competing vegetable oils, crude oil prices, and general global economic growth conditions.

Crop production is seasonal. Based on statistics, the Group's production of Fresh Fruit Bunches (FFB) gradually increases in the second quarter and reaches its peak during the third and fourth quarters. This pattern can be affected by rainfall in the Group's estates and severe global weather conditions such as El-Nino and La Nina.

The profits for this segment of the Group are primarily determined by the price of FFB and the volume of production from the Group's estates.

The Group's other businesses in energy and facilities management are not affected by seasonal or cyclical factors.

A4 Unusual items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence in the current quarter.

A5 Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter.

A6 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

A7 Dividend

There was no dividend paid, declared or proposed in the current quarter.

A8 Segmental analysis

The Group is organised into the following operating divisions:

- (i) Oil Palm Plantations
- (ii) Energy and Facilities Management
- (iii) Investment Holding
- (iv) Others

The Segmental Information for the year ended 31 Mar 2022 :

	Oil Palm Plantations	Energy & Facilities Management	Investment Holding	Others	Elimination	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	10,515	3,390	-	-	-	13,905
<u>Segment results</u>						
Profit / (loss) from operations	3,764	1,491	(312)	(10)	(735)	4,198
Finance cost	(556)	(1,459)	(761)	-	419	(2,357)
Share profit of associates	-	3,551	-	-	-	3,551
Profit / (Loss) before tax	3,208	3,583	(1,073)	(10)	(316)	5,392
Tax credit / (expenses)	-	(150)	-	-	76	(74)
Profit / (Loss) for the period	3,208	3,433	(1,073)	(10)	(240)	5,318

A9 Valuations of property, plant and equipment

There were no amendments in the valuations of property, plant and equipment during the financial period. The valuations have been brought forward without adjustment from the audited financial statements for the year ended 31 December 2021.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 March 2022 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations for the current quarter.

A12 Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2022.

A13 Capital Commitments

There are no capital commitments approved or contracted as at 31 March 2022.

**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S LISTING REQUIREMENTS**

B1 Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Change	Current Year Quarter	Preceding Year Corresponding Quarter	Change
	31 Mar 2022 RM '000	31 Mar 2021 RM '000		31 Mar 2022 RM '000	31 Mar 2021 RM '000	
Revenue						
Oil Palm Plantations	10,515	7,992	31.6%	10,515	7,992	31.6%
Energy and Facility Management	3,390	3,103	9.2%	3,390	3,103	9.2%
Total Revenue	13,905	11,095	25.3%	13,905	11,095	25.3%
Segment results						
Oil Palm Plantations	3,208	1,860	72.5%	3,208	1,860	72.5%
Energy and Facility Management	3,583	391	816.4%	3,583	391	816.4%
Investment Holding	(1,073)	(296)	-262.5%	(1,073)	(296)	-262.5%
Others	(10)	(7)	-42.9%	(10)	(7)	-42.9%
Eliminations	(316)	(317)	0.3%	(316)	(317)	0.3%
Profit Before Tax	5,392	1,631	230.6%	5,392	1,631	230.6%
Operational Statistics						
Production (MT)	8,269	10,070	-17.9%	8,269	10,070	-17.9%
Ave. CPO Price*	6,058	3,896	55.5%	6,058	3,896	55.5%
Ave. FFB Price	1,276	792	61.1%	1,276	792	61.1%

*Extracted from MPOB Peninsular Malaysia Average

(A) Performance of the current quarter and financial year-to-date

Revenue

The Group's total revenue for the current quarter ended 31 March 2022 was RM13.91 million, representing an increase of 25.3% when compared to the revenue of RM11.10 million in the preceding year corresponding quarter ended 31 March 2021. The increase in revenue was mainly driven by an increase in revenue from the oil palm plantations segment and also from an improved performance in the energy and facility management segment.

Oil Palm Plantations

For the current quarter under review, the Group's oil palm plantations segment recorded a total revenue of RM10.52 million, a 31.6% increase when compared to the preceding year corresponding quarter. This was mainly due to significant increases in the average prices of CPO and FFB, which increased by 55.5% and 61.1% respectively compared to the preceding year corresponding quarter. The increases in prices have mitigated the reduction in FFB production from the Group's estates which declined by 17.9% compared to the preceding year corresponding quarter. The decline in the Group's FFB production compared to the preceding year corresponding quarter was due to the shortage of labour and adverse weather conditions experienced by the Group's estates in the quarter under review.

B1 Review of Performance (continued)

(A) Performance of the current quarter and financial year-to-date (cont'd)

Energy and Facilities Management

For the current quarter under review, this segment contributed RM3.39 million to the Group's revenue, representing an increase of 9.2% as compared to RM3.10 million in the preceding year corresponding quarter. The higher revenue was due to an increase in consumption of chilled water from the Group's cooling system in Melaka.

Profit / (Loss) before tax

For the quarter ended 31 March 2022, the Group recorded a profit before tax of RM5.39 million as compared to a profit before tax of RM1.63 million in the preceding year corresponding quarter ended 31 March 2021. This increase was driven by improved financial performances from both of the Group's core business segments.

For the current quarter, the oil palm plantation segment registered a profit of RM3.21 million compared to a profit of RM1.86 million in the corresponding quarter in 2021, which was mainly due to the significant increases in the average prices of CPO and FFB over the same period.

Profits from the energy and facility management segment increased by 816.4% to RM3.58 million. Compared to the previous year, the significant increase in profit of this segment reflects the consolidation of results from the Group's newly acquired subsidiary Tunas Selatan Pagoh Sdn Bhd, which was completed on 21 May 2021.

B2 Material Changes in Current Quarter Results Compared with Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	31 Mar 2022 RM'000	31 Dec 2021 RM'000	Amount RM'000	%
Production (MT)	8,269	9,839	(1,570)	-16.0%
Ave. CPO Price*	6,058	5,157	901	17.5%
Ave. FFB Price	1,276	1,073	203	18.9%
<u>Revenue</u>				
Oil Palm Plantations	10,515	10,550	(35)	-0.3%
Energy and Facility Management	3,390	3,438	(48)	-1.4%
Total Revenue	13,905	13,988	(83)	-0.6%
<u>Segment results</u>				
Oil Palm Plantations	3,208	3,413	(205)	-6.0%
Energy and Facility Management	3,583	4,122	(539)	-13.1%
Investment Holding	(1,073)	(987)	(86)	-8.7%
Others	(10)	(9)	(1)	-11.1%
Eliminations	(316)	(456)	140	30.7%
Profit before tax	5,392	6,083	(691)	-11.4%

For the three months period ended 31 March 2022, the Group recorded revenue of RM13.91 million as compared to RM13.99 million recorded in the immediate preceding quarter ended 31 December 2021.

The marginal decrease in revenue in the oil palm plantations segment can be attributed to drop in FFB production of 1,570 mt which was offset by the higher CPO and FFB prices which increased by 17.5% and 18.9% respectively compared to the immediate preceding quarter.

As a result of this, the Group recorded a profit before tax of RM5.39 million for the current quarter as compared to a profit before tax of RM6.08 million in the immediate preceding quarter ended 31 December 2021.

B3 Profit Forecast or Profit Guarantee

The Group has not issued any profit forecasts for the quarter under review.

B4 Dividends

No interim dividend has been paid, declared or proposed for the period ending 31 March 2022.

B5 Prospects

For 2022, the Group's performance in the plantation segment will be primarily influenced by CPO and Palm Kernel prices. These are in turn affected by a myriad of factors influencing the supply and demand of CPO such as global weather conditions, prices and production of substitute vegetable oils, crude oil prices, and general global economic conditions. Of significance will be the persistence of the labour shortage in the industry which has become acute. The reopening of borders and cessation of the suspension in foreign worker intake will abate the labour shortage. As economies around the world achieve higher rates of vaccination and return to full output, it is hoped that general demand conditions will further improve.

However, the breakout of the war in Ukraine in February 2022 will have significant economic implications for the global economy. As Russia and Ukraine are both large exporters of key food items, mineral fertiliser, and energy, the war has resulted in an especially sizeable shock to the commodity markets. Prices of all commodities have soared, including oil, gas, wheat and CPO. If sustained, such high prices could induce recessions in Russia, parts of Europe and reduce global GDP growth.

Notwithstanding this, the Group will continue to focus on increasing the production of FFB from its estates in order to take advantage of high CPO prices while navigating higher cost inputs. The Group remains fundamentally optimistic about the long-term prospects of the palm oil industry. It is the most efficiently produced vegetable oil in the world, and therefore more competitive than other vegetable oils. Owing to its versatility, it is used in a wide variety of products. In periods of high crude oil prices, biodiesel-driven demand for palm oil is expected to increase.

The energy and facilities management segment is expected to continue contribute strong and recurring earnings to the Group, led by the encouraging performance of its newly acquired subsidiary, Tunas Selatan Pagoh Sdn Bhd. The Group will continue to focus on cost and operational efficiencies, as well as to evaluate potential new projects to further improve the segment's performance.

Moving forward, the Group continues to prospect for new opportunities and sustainable businesses which can grow shareholder value in the long run.

B6 Taxation

	Current Quarter 31.03.2022 RM'000	Cumulative Quarter 31.03.2022 RM'000
On current year's results		
- Transfer to deferred taxation	(74)	(74)
	<u>(74)</u>	<u>(74)</u>

B7 Group Borrowings

Details of the Group's borrowings as at 31 March 2022 were as follows:-

Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	<u>15,125</u>	<u>149,876</u>	<u>165,001</u>

The credit facilities of the group are obtained by a charge over all its assets and corporate guarantee. Borrowings are denominated in Ringgit Malaysia.

B8 Material litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the Group for the current financial year.

B9 Status of Corporate Proposals

(i) Private Placement of Up To 20% of the Total Number of Issued Shares of SHC

On 5 November 2021, the Company announced that it proposes to undertake a Private Placement of up to 20% of the total number of issued shares of SHC to third party investors to be identified at a later date.

On 10 November 2021, a listing application in relation to the Proposed Private Placement was submitted to Bursa Malaysia Securities Berhad.

On 12 November 2021, additional information in relation to the Proposed Private Placement was announced.

On 15 November 2021, Bursa Malaysia Securities Berhad has resolved to approve the listing of and quotation for up to 61,824,077 new Shares to be issued pursuant to the Proposed Private Placement, subject to the conditions as listed in the Company announcement on 16 November 2021.

On 10 December 2021, the Company announced that 37,824,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, which marks the completion of the Private Placement.

The status of the utilisation of the proceeds as at 26 May 2022 arising from the private placement is as follows:

Purpose	Estimated timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation		Deviation		Explanations
			RM'000	%	RM'000	%	
Business expansion for plantations segment	36 months	12,559	6,500	51.76	6,059	48.24	On going
Working capital	12 months	2,500	0	0	2,500	100.0	On going
Estimated expenses for Proposed Private Placement	Upon completion	70	70	100.0	0	0	Completed
Total		15,129	6,570	43.43	8,559	56.57	

B10 Basic/Diluted earnings / (loss) per share (EPS)

The basic EPS is calculated based on the Group's profit attributable to the ordinary equity holders of the Company of RM5.32 million for the financial year by the weighted average number of ordinary shares of 292,877,387 in issue during the financial year; whereas diluted earnings per share is calculated based on the weighted average number of shares plus weighted average irredeemable convertible preference shares of 120,000,000.

B11 Gains / (losses) arising from fair value changes of financial liabilities

There were no gains / (losses) during this quarter arising from fair value changes of financial liabilities.