



**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022**

27 February 2023

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**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022**

(These figures have not been audited)

RM'000	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Revenue	A7	61,030	64,286	212,008	205,436
Cost of sales		(44,462)	(51,195)	(166,786)	(163,552)
Gross profit		16,568	13,091	45,222	41,884
Other income		1,291	1,184	3,356	3,052
Selling and distribution expenses		(262)	(104)	(822)	(790)
Administration expenses		(4,527)	(4,506)	(16,417)	(15,483)
Other expenses		(3,540)	(724)	(3,901)	(1,472)
Finance costs		(167)	(212)	(520)	(499)
Shares of profit/(loss) in an associate		21	(26)	(5)	(127)
Profit before tax	B13	9,384	8,703	26,913	26,565
Tax expense	B5	(3,277)	(1,863)	(7,782)	(6,448)
<b>Profit for the period / year</b>		<b>6,107</b>	<b>6,840</b>	<b>19,131</b>	<b>20,117</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period / year</b>		<b>6,107</b>	<b>6,840</b>	<b>19,131</b>	<b>20,117</b>
<b>Profit attributable to:</b>					
Owners of the Company		6,539	5,553	18,196	16,590
Non-controlling interests		(432)	1,287	935	3,527
<b>Profit for the period / year</b>		<b>6,107</b>	<b>6,840</b>	<b>19,131</b>	<b>20,117</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		6,539	5,553	18,196	16,590
Non-controlling interests		(432)	1,287	935	3,527
<b>Total comprehensive income for the period / year</b>		<b>6,107</b>	<b>6,840</b>	<b>19,131</b>	<b>20,117</b>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	B10	1.5	1.7	4.4	5.2
Diluted (sen)	B10	n/a	1.4	n/a	4.3

n/a = not applicable

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

<b>RM'000</b>	<b>Note</b>	<b>As at 31.12.2022 Unaudited</b>	<b>As at 31.12.2021 Audited</b>
<b>Assets</b>			
Property, plant and equipment		76,532	62,500
Goodwill		1,978	1,978
Investment property		1,019	1,041
Investment in an associate		23	-
Deferred tax assets		11	119
Fixed deposits with licensed banks		407	400
<b>Non-current assets</b>		<b>79,970</b>	<b>66,038</b>
Inventories		46,555	40,988
Trade and other receivables		58,395	54,117
Amount due from an associate		468	184
Tax recoverable		687	586
Financial asset at fair value through profit or loss		3,774	3,690
Cash and cash equivalents		100,744	69,978
<b>Current assets</b>		<b>210,623</b>	<b>169,543</b>
<b>Total assets</b>		<b>290,593</b>	<b>235,581</b>
<b>Equity and liabilities</b>			
Share capital		110,397	77,302
Merger deficit		(41,477)	(41,477)
Retained earnings		132,226	121,948
Equity attributable to owners of the Company		201,146	157,773
Non-controlling interests		17,914	17,114
<b>Total equity</b>		<b>219,060</b>	<b>174,887</b>
Borrowings (secured)	B7	15,098	9,081
Deferred tax liabilities		2,294	2,442
<b>Non-current liabilities</b>		<b>17,392</b>	<b>11,523</b>
Trade and other payables		47,315	44,897
Borrowings (secured)	B7	3,690	3,340
Tax liabilities		3,136	934
<b>Current liabilities</b>		<b>54,141</b>	<b>49,171</b>
<b>Total liabilities</b>		<b>71,533</b>	<b>60,694</b>
<b>Total equity and liabilities</b>		<b>290,593</b>	<b>235,581</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>		<b>0.45</b>	<b>0.47</b>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(These figures have not been audited)

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Merger deficit	Other reserves	Retained earnings			
RM'000							
<b>At 1 January 2022</b>	77,302	(41,477)	-	121,948	157,773	17,114	174,887
Total comprehensive income for the year	-	-	-	18,196	18,196	935	19,131
Issuance of shares by the Company	33,095	-	-	-	33,095	-	33,095
Dividends	-	-	-	(7,918)	(7,918)	(135)	(8,053)
<b>At 31 December 2022</b>	110,397	(41,477)	-	132,226	201,146	17,914	219,060
<b>At 1 January 2021</b>	70,362	(41,477)	-	111,683	140,568	13,090	153,658
Total comprehensive income for the year	-	-	-	16,590	16,590	3,527	20,117
Acquisition of a subsidiary	-	-	-	-	-	632	632
Issuance of shares by the Company	6,940	-	-	-	6,940	-	6,940
Dividends	-	-	-	(6,325)	(6,325)	(135)	(6,460)
<b>At 31 December 2021</b>	77,302	(41,477)	-	121,948	157,773	17,114	174,887

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(These figures have not been audited)

<b>RM'000</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Cash flows from operating activities</b>		
Profit before tax	26,913	26,565
Adjustments for:		
Non-cash items	7,172	4,132
Non-operating items	(97)	(82)
Interest income	(1,033)	(589)
Interest expense	520	498
Operating profit before working capital changes	33,475	30,524
Changes in working capital:		
Inventories	(5,566)	(421)
Receivables	(8,215)	(5,794)
Payables	2,701	3,968
Cash generated from operations	22,395	28,277
Interest paid	(520)	(498)
Net tax paid	(5,721)	(7,077)
<b>Net cash from operating activities</b>	<b>16,154</b>	<b>20,702</b>
<b>Cash flows from investing activities</b>		
Interest received	1,033	589
(Placement) / Withdrawal of fixed deposits	(22,636)	(7,613)
Placement of financial asset at fair value through profit or loss	(79)	(18)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	(931)
Acquisition of additional shares in an associate	(28)	-
Purchase of property, plant and equipment	(8,793)	(815)
Proceeds from disposal of property, plant and equipment	52	17
<b>Net cash used in investing activities</b>	<b>(30,451)</b>	<b>(8,771)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	33,095	6,940
Dividends paid	(8,053)	(6,460)
Placement of pledged fixed deposits	(3,558)	(739)
Net repayment of borrowings	(2,718)	(2,686)
<b>Net cash from/(used in) financing activities</b>	<b>18,766</b>	<b>(2,945)</b>
<b>Net changes in cash and cash equivalents</b>	<b>4,469</b>	<b>8,986</b>
Translation differences	111	80
Cash and cash equivalents at the beginning of financial year	38,878	29,812
<b>Cash and cash equivalents at the end of financial year</b>	<b>43,458</b>	<b>38,878</b>
<b>Analysis of cash and cash equivalents</b>		
Fixed deposits with licensed banks	60,256	37,574
Cash and bank balances	40,895	32,804
	101,151	70,378
Less: Fixed deposits pledged with licensed banks	(6,743)	(3,186)
Less: Fixed deposits as investing purposes	(50,950)	(28,314)
	43,458	38,878

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1 Basis of Preparation**

These unaudited interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021.

The accounting policies adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 December 2021 except for the adoption of the new MFRS, Amendments to MFRS and IC Interpretations that are mandatory for annual financial periods beginning on or after 1 January 2022.

The adoption of the above MFRS, Amendments and IC Interpretations does not have any material impact on the financial statements of the Group.

**A2 Seasonality or Cyclicity of Operations**

The business operations of the Group were not materially affected by any seasonal or cyclical factor during the current quarter under review.

**A3 Unusual Items due to Their Nature, Size or Incidence**

Save as disclosed in this report, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

**A4 Significant Estimates and Changes In Estimates**

There were no changes in estimates that had any material effects during the current quarter under review.

**A5 Debt and Equity Securities**

There were no issuances, repurchases or repayments of debt and equity securities by the Company during the current quarter under review.

**A6 Dividends Paid**

No dividend was paid during the current quarter under review.

## A7 Segmental Information

The Group is principally involved in (i) the trading and distribution of process control equipment, measurement instruments and industrial pumps ("Trading"); (ii) the manufacture of industrial pumps ("Pump Manufacturing"); (iii) the provision of material handling system solutions ("MHS Solutions"); (iv) the production of metal stamping parts and components, and design and manufacture of tools and dies ("Metal Stamping"); and (v) electrical, electronic and instrumentation engineering, contracting, commissioning and servicing ("E&E Engineering") (via the acquisition of 55% equity interest in UTC Engineering Sdn Bhd ("UTC") on 15 April 2021).

The segmental information of the Group by business activity is as follows:

### Current financial quarter ended 31 December 2022

RM'000	Trading	Pump		Metal Stamping	E&E		Total
		Manufacturing	MHS Solutions		Engineering	Elimination	
Revenue	23,701	1,300	-	33,787	3,157	(915)	61,030
Cost of sales	(13,902)	(1,160)	1,901	(30,087)	(2,129)	915	(44,462)
Gross profit	9,799	140	1,901	3,700	1,028	-	16,568
Add/(Less):							
Other income							1,291
Selling and distribution expenses							(262)
Administration expenses							(4,527)
Other expenses							(3,540)
Finance costs							(167)
Share of profit in an associate							21
Profit before tax							9,384

### Preceding financial year's corresponding quarter ended 31 December 2021

RM'000	Trading	Pump		Metal Stamping	E&E		Total
		Manufacturing	MHS Solutions		Engineering	Elimination	
Revenue	21,964	1,137	12,080	26,170	3,712	(777)	64,286
Cost of sales	(16,117)	(755)	(10,245)	(22,477)	(2,378)	777	(51,195)
Gross profit	5,847	382	1,835	3,693	1,334	-	13,091
Add/(Less):							
Other income							1,184
Selling and distribution expenses							(104)
Administration expenses							(4,506)
Other expenses							(724)
Finance costs							(212)
Share of loss in an associate							(26)
Profit before tax							8,703

**Current financial year-to-date ended 31 December 2022**

RM'000	Trading	Pump			E&E		Total
		Manufacturing	MHS Solutions	Metal Stamping	Engineering	Elimination	
Revenue	76,378	4,761	-	124,707	9,998	(3,836)	212,008
Cost of sales	(48,883)	(4,128)	1,901	(112,784)	(6,728)	3,836	(166,786)
Gross profit	27,495	633	1,901	11,923	3,270	-	45,222
Add/(Less):							
Other income							3,356
Selling and distribution expenses							(822)
Administration expenses							(16,417)
Other expenses							(3,901)
Finance costs							(520)
Share of loss in an associate							(5)
Profit before tax							26,913

**Preceding financial year's corresponding year-to-date ended 31 December 2021**

RM'000	Trading	Pump			E&E		Total
		Manufacturing	MHS Solutions	Metal Stamping	Engineering	Elimination	
Revenue	82,746	4,306	36,263	77,467	7,946	(3,292)	205,436
Cost of sales	(59,888)	(3,160)	(30,111)	(67,978)	(5,707)	3,292	(163,552)
Gross profit	22,858	1,146	6,152	9,489	2,239	-	41,884
Add/(Less):							
Other income							3,052
Selling and distribution expenses							(790)
Administration expenses							(15,483)
Other expenses							(1,472)
Finance costs							(499)
Share of loss in an associate							(127)
Profit before tax							26,565

A breakdown of the Group's revenue by geographical location of the sales derived from, is as follows:

RM'000	3 months ended			12 months ended		
	31.12.2022	31.12.2021	Changes	31.12.2022	31.12.2021	Changes
Malaysia	58,081	47,593	10,488	196,719	148,178	48,541
Indonesia	2,331	3,624	(1,293)	13,214	16,494	(3,280)
Others	618	13,069	(12,451)	2,075	40,764	(38,689)
<b>Total</b>	<b>61,030</b>	<b>64,286</b>	<b>(3,256)</b>	<b>212,008</b>	<b>205,436</b>	<b>6,572</b>

**A8 Related Party Disclosures**

Related party transactions of the Group are as follows:

RM'000	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Companies in which certain Directors of the Company have interests:				
Sales of goods and services	17	571	236	633
Purchase of goods	-	-	1	74
Companies in which certain Directors of subsidiaries of the Company have interests:				
Sales of goods	312	206	641	1,095
Purchase of goods	4	4,577	42	15,587
Management fee received	-	3	7	12
Rental paid to certain Directors of a subsidiary of the Company	104	104	416	356

All related party transactions had been entered into in the ordinary course of business and were carried out on normal commercial terms.



**A9 Valuation of Property, Plant and Equipment**

There were no valuations on property, plant and equipment during the current quarter under review.

**A10 Capital Commitments**

Save as disclosed below, there were no material capital commitments in respect of property, plant and equipment as at the end of the current quarter under review:

<b>RM'000</b>	<b>As at 31.12.2022</b>
Approved but not contracted for	1,369
Contracted but not provided for	330

**A11 Contingent Assets and Liabilities**

There were no contingent liabilities and contingent assets during the current quarter under review.

**A12 Changes in Composition of the Group**

There were no changes in the composition of the Group during the quarter under review.

**A13 Material Events Subsequent to the End of the Current Quarter**

There were no material events subsequent to the end of the current quarter.

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**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 Performance Review - Comparison with Preceding Year Corresponding Quarter**

RM'000	3 months ended			12 months ended		
	31.12.2022	31.12.2021	Changes	31.12.2022	31.12.2021	Changes
Revenue	61,030	64,286	(3,256)	212,008	205,436	6,572
Profit before tax	9,384	8,703	681	26,913	26,565	348

The Group's revenue showed a small decline of 5.1% from RM64.29 million in the corresponding quarter of the preceding year ("Q4 FYE 2021") to RM61.03 million in the current quarter under review ("Q4 FYE 2022"), mainly due to the drop in the revenue contribution from our MHS Solutions business given that its project at Jurong Port, Singapore (as announced by the Company to Bursa Malaysia Securities Berhad on 7 September 2020), has been completed. However, this was partly offset by the higher revenue contribution from our Metal Stamping business (due to pent-up demand from its customers) and Trading business (due to improving market conditions). Notwithstanding the small decline in revenue, the Group recorded higher profit before tax (i.e. an increase of 7.8%) in Q4 FYE 2022 vis-a-vis Q4 FYE 2021, mainly due to the higher revenue and profit margin recorded by our Trading business.

The Group's revenue increased marginally by 3.2% from RM205.44 million in the financial year ended 31 December 2021 ("FYE 2021") to RM212.01 million in the financial year ended 31 December 2022 ("FYE 2022"), mainly owing to the higher revenue contribution from our Metal Stamping business (due to the reason mentioned above). However, this was partly offset by the drop in the revenue recorded by our MHS Solutions business (due to the reason mentioned above) and our Trading business (due to overall lower demand in FYE 2022). In line with the increase in revenue, the Group recorded a marginal increase of 1.3% in the profit before tax from RM26.56 million in FYE 2021 to RM26.91 million in FYE 2022.

**B2 Comparison with Immediate Preceding Quarter**

RM'000	3 months ended		
	31.12.2022	30.09.2022	Changes
Revenue	61,030	56,455	4,575
Profit before tax	9,384	7,336	2,048

The Group's revenue increased by 8.1% from RM56.45 million in the immediate preceding quarter ("Q3 FYE 2022") to RM61.03 million in Q4 FYE 2022 mainly due to the stronger sales recorded by our Trading business. Arising from the higher revenue and profit margin recorded by our Trading business, the Group's profit before tax increased by 27.8% from RM7.34 million in Q3 FYE 2022 to RM9.38 million in Q4 FYE 2022.

**B3 Commentary on Prospects**

Notwithstanding the uncertainties and challenges faced by the Group in the domestic and overseas markets arising from the prevailing global economic and political headwinds, the Group has managed to continue recording growth in revenue and profits in FYE 2022, due to the stronger performances posted by our Metal Stamping, Trading and E&E Engineering businesses.

The Group foresees the domestic and overseas market conditions to remain challenging in the coming financial year ending 31 Dec 2023 ("FYE 2023"). Nonetheless, the Group will continue to strive hard to pursue sales while taking steps to address the market uncertainties and challenges. In addition, driven by the encouraging performances shown by our Metal Stamping and E&E Engineering businesses post our acquisitions, the Group will continue to seek and explore opportunities for acquisitions and collaborations in order to enhance our profitability.

Premised on the above and barring any unforeseen circumstances, the Group expects our prospects and performance for FYE 2023 to be satisfactory.

**B4 Profit Forecast**

Not applicable.

**B5 Tax Expense**

RM'000	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Income tax	3,317	1,865	7,822	6,450
Deferred tax	(40)	(2)	(40)	(2)
<b>Total tax expense</b>	<b>3,277</b>	<b>1,863</b>	<b>7,782</b>	<b>6,448</b>

The effective tax rate of the Group for the current quarter under review and the financial year ended 31 December 2022 was higher than the statutory tax rate of 24% mainly due to the non-tax deductibility of certain expenses.

**B6 Corporate Proposals**

As at the date of this report:

**(i) Proposed Acquisition of 70% Equity Interest in JusEV Charging Network Sdn Bhd ("JusEV")**

The Company and our 55%-owned subsidiary, UTC, have, on 17 February 2023, approved the acquisition of 51,000 ordinary shares (representing 51% equity interest) and 19,000 ordinary shares (representing 19% equity interest) (collectively, the "Sale Shares") in JusEV, from Yew Teik Choon for a cash consideration of RM51,000 and RM19,000, respectively (collectively, the "Proposed Acquisition") subject to the completion of the transfers of the Sale Shares in JusEV to the Company and UTC respectively pursuant to Sections 105 and 106 of the Companies Act 2016. The Proposed Acquisition is currently pending completion.

(ii) all proceeds from corporate proposals implemented by the Company in the past have been fully utilised.

**B7 Borrowings (secured)**

RM'000	As at	As at
	31.12.2022	31.12.2021
Lease liabilities	2,221	1,946
Term loans	12,877	7,135
<b>Long term borrowings</b>	<b>15,098</b>	<b>9,081</b>
Bankers' acceptance	805	830
Lease liabilities	1,115	893
Term loans	1,770	1,617
<b>Short term borrowings</b>	<b>3,690</b>	<b>3,340</b>
<b>Total borrowings</b>	<b>18,788</b>	<b>12,421</b>

All the borrowings are denominated in Ringgit Malaysia. Overall, the increase in the borrowings of RM6.37 million was mainly due to the term loan taken by our 70%-owned subsidiary, MTL Engineering Sdn Bhd, for the acquisition of a property for business expansion.

**B8 Changes in Material Litigation**

As at the date of this report, the Group is not involved in any material litigation.

**B9 Proposed Dividends**

On 27 February 2023, the Board has declared and approved the payment of a second single-tier dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 December 2022. The dividend will be paid on 31 March 2023 to shareholders registered in the Record of Depositors as at 17 March 2023. With this payment of second dividend, the total payment of dividends by the Company for the financial year ended 31 December 2022 amounts to 2 sen per ordinary share.

**B10 Earnings Per Share ("EPS")**

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit attributable to owners of the Company (RM'000)	6,539	5,553	18,196	16,590
Weighted average number of ordinary shares in issue ('000)	442,550	330,127	411,874	317,403
Effect of warrants outstanding ('000)	n/a	58,830	n/a	65,626
Weighted average number of ordinary shares assumed in issue ('000)	442,550	388,957	411,874	383,029
<b>Basic EPS (sen)</b>	<b>1.5</b>	<b>1.7</b>	<b>4.4</b>	<b>5.2</b>
<b>Diluted EPS (sen)</b>	<b>n/a</b>	<b>1.4</b>	<b>n/a</b>	<b>4.3</b>

Diluted earnings per share was not computed for the current quarter under review and the current financial year as the Company does not have any potential dilutive ordinary shares in issue as at 31 December 2022.

**B11 Financial Instruments**

As at the date of this report, the Group has not entered into any derivatives.

**B12 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2021 was unqualified.

**B13 Profit Before Tax**

RM'000	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
<b>Profit before tax is arrived at after crediting/(charging):</b>				
Interest income	611	201	1,033	589
Interest expense	(167)	(211)	(520)	(498)
Depreciation	(1,339)	(1,220)	(3,908)	(3,802)
Net provision for expected credit losses	(2,088)	(303)	(1,833)	(316)
Bad debt written off	(9)	(7)	(9)	(7)
Impairment of contract assets	(1,533)	-	(1,533)	-
Inventories written down	-	(50)	-	(50)
Gain on disposal of property, plant and equipment	-	17	52	17
Realised (loss)/gain on foreign exchange	(129)	25	(195)	16
Unrealised gain/(loss) on foreign exchange	165	(20)	115	170

Save as disclosed above, there were no material provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investment or real properties, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter under review.