



VOLCANO BERHAD

Registration No: 201801004790 (1266804-D)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

VOLCANO BERHAD

(Incorporated in Malaysia)

Registration No: 201801004790 (1266804-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Individual Quarter		Cumulative Period	
	Current Quarter	Corresponding Preceding Quarter	Current Year-To-Date	Corresponding Preceding Year-To-Date
	31.3.2021 (Unaudited) RM'000	31.3.2020 (Unaudited) RM'000	31.3.2021 (Unaudited) RM'000	31.3.2020 (Unaudited) RM'000
Revenue	17,661	N/A	17,661	N/A
Cost of goods sold	(12,264)	N/A	(12,264)	N/A
Gross profit	5,397	N/A	5,397	N/A
Other income	354	N/A	354	N/A
Administrative and general expenses	(3,649)	N/A	(3,649)	N/A
Distribution expenses	(104)	N/A	(104)	N/A
Finance costs	(1)	N/A	(1)	N/A
Profit before tax	1,997	N/A	1,997	N/A
Tax expense	(583)	N/A	(583)	N/A
Profit for the period	1,414	N/A	1,414	N/A
Foreign currency translation	(568)	N/A	(568)	N/A
Total comprehensive income	846	N/A	846	N/A
Profit attributable to:				
Owners of the Company	1,414	N/A	1,414	N/A
Non-controlling interest	-	N/A	-	N/A
Profit for the period	1,414	N/A	1,414	N/A
Total comprehensive income attributable to:				
Owners of the Company	846	N/A	846	N/A
Non-controlling interest	-	N/A	-	N/A
Total comprehensive income	846	N/A	846	N/A
Earnings per share				
attributable to owners of the Company:				
Basic #(sen)	1.01	N/A	1.01	N/A
Diluted #(sen)	1.01	N/A	1.01	N/A

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 16 March 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) No comparative figures for the preceding year's quarter and year-to-date are available as this is the Company's first interim financial report on its consolidated results for the first quarter ended 31 March 2021 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

N/A Not applicable

Based on PAT attributable to owners of the company divided by the number of 140,000,000 shares as at 31 March 2021.

VOLCANO BERHAD

(Incorporated in Malaysia)

Registration No: 201801004790 (1266804-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021

	As at 31.3.2021 (Unaudited) RM'000	As at 31.12.2020 (Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	29,179	28,892
Intangible assets	24	21
Deferred tax assets	594	631
TOTAL CURRENT ASSETS	<u>29,797</u>	<u>29,544</u>
CURRENT ASSETS		
Inventories	20,120	16,500
Trade and other receivables	16,984	14,022
Current tax assets	1,138	1,486
Cash and cash equivalents	11,560	12,852
TOTAL CURRENT ASSETS	<u>49,802</u>	<u>44,860</u>
TOTAL ASSETS	<u>79,599</u>	<u>74,404</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of Volcano		
Share capital	70,000	70,000
Exchange reserve	7,634	8,202
Reorganisation reserve	(68,000)	(68,000)
Retained earnings	58,584	57,170
TOTAL EQUITY	<u>68,218</u>	<u>67,372</u>
NON-CURRENT LIABILITIES		
Employee benefits	141	143
Deferred tax liabilities	642	642
TOTAL NON-CURRENT LIABILITIES	<u>783</u>	<u>785</u>
CURRENT LIABILITIES		
Trade and other payables	10,598	6,247
TOTAL CURRENT LIABILITIES	<u>10,598</u>	<u>6,247</u>
TOTAL LIABILITIES	<u>11,381</u>	<u>7,032</u>
TOTAL EQUITY AND LIABILITIES	<u>79,599</u>	<u>74,404</u>
Net assets		
Net assets per share (sen) (3)	48.73	48.12

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 16 March 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) The audited Condensed Consolidated Statements of Financial Position are in the Accountants' Report as disclosed in the Prospectus of the Company dated 16 March 2021.
- (3) Net assets per share is calculated based the Company's share capital of 140,000,000 ordinary shares as at 31 March 2021 and 31 December 2020 respectively.

VOLCANO BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	I----- Attributable to the owners of Volcano Berhad-----I				
	Share capital RM'000	Exchange reserve RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2021	70,000	8,202	(68,000)	57,170	67,372
Total comprehensive income for the financial period	-	(568)	-	1,414	846
Balance as at 31 March 2021	<u>70,000</u>	<u>7,634</u>	<u>(68,000)</u>	<u>58,584</u>	<u>68,218</u>

Notes:

- The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 16 March 2021 and the accompanying explanatory notes attached to this interim financial report.*
- No comparative figures for the preceding quarter are available as this is the Company's first interim financial report on its consolidated results for the first quarter ended 31 March 2021 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.*

VOLCANO BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Current Year-To-Date Ended 31.3.21 (Unaudited) RM'000	Corresponding Preceding Year-To-Date Ended 31.3.20 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,997	N/A
Adjustments for:-		
Amortisation and Depreciation	664	N/A
Interest income	(12)	N/A
Interest expense	1	N/A
Dividend income	(2)	N/A
Unrealised loss/(gain) on foreign exchange	(337)	N/A
Operating profit before working capital changes	<u>2,311</u>	<u>N/A</u>
Changes in:-		
Inventories	(3,620)	N/A
Receivables and prepayments	(2,833)	N/A
Payables	4,528	N/A
Cash generated from operations	<u>386</u>	<u>N/A</u>
Tax paid	(206)	N/A
Net cash from operating activities	<u>180</u>	<u>N/A</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	2	N/A
Interest received	12	N/A
Purchase of property, plant and equipments	(1,216)	N/A
Net cash used in investing activities	<u>(1,202)</u>	<u>N/A</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in pledged deposit	(17)	N/A
Net cash used in financing activities	<u>(17)</u>	<u>N/A</u>
Net decrease in cash and cash equivalents	(1,039)	N/A
Cash and cash equivalents at the beginning of financial period	8,440	N/A
Effect of exchange rate changes on cash and cash equivalents	(235)	N/A
Cash and cash equivalents at the end of the financial period	<u>7,166</u>	<u>N/A</u>
Analysis of cash and cash equivalents		
Fixed deposits placed with licenced banks	5,008	N/A
Less : Pledged deposits	(4,394)	N/A
	<u>614</u>	<u>NA</u>
Cash and bank balances	<u>6,552</u>	<u>N/A</u>
	<u>7,166</u>	<u>N/A</u>

Notes:

1 *The above Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 16 March 2021 and the accompanying explanatory notes attached to this interim financial report.*

2 *No comparative figures for the preceding quarter are available as this is the Company's first interim financial report on its consolidated results for the first quarter ended 31 March 2021 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.*

N/A *Not applicable*

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation of Financial Statements

This interim financial report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 16 March 2021 and the accompanying explanatory notes attached to this interim financial report.

This is the Company's first interim financial report on its consolidated results for the first quarter ended 31 March 2021 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and as such, there are no comparative figures for the preceding year's corresponding period.

A2. Changes in Accounting Policies

The accounting policies adopted by the Company and its subsidiaries ("the Group") in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2020.

The amendments/improvements to the Malaysian Financial Reporting Standards (MFRS) adopted by the Group with effect from 1 January 2021 are as follows:

MFRS 4 - Insurance Contracts

MFRS 7 - Financial Instruments: Disclosures

MFRS 9 - Financial Instruments

MFRS 16 - Leases – Interest Rate Benchmark Reform – Phase 2

MFRS 139 - Financial Instruments: Recognition and Measurement

The adoption of the above MFRSs did not have any material impact to the consolidated financial statements of the Group

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

A4. Seasonal or Cyclical Factors

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

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

A6. Changes in Estimates

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A7. Debt and Equity Securities

There were no issuances, repurchases or repayments of debt and equity securities during/subsequent to the current quarter under review except for new shares issued under the Public Issue subsequent to the current quarter as follows:

	No. of shares	RM
No. of issued shares as at 1 January 2021/31 March 2021	140,000,000	70,000,000
No. of shares issued under the Public Issue*	25,000,000	8,750,000
	165,000,000	78,750,000

Note:-

* Subsequent to the current quarter ended 31 March 2021, 25,000,000 new ordinary shares of the Company were issued pursuant to the Listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 6 April 2021.

A8. Dividends Paid

No dividend was paid during the current quarter under review.

A9. Segmental Information

The Group is organised into business units based on their nature of business and has the following operating segments:

- (i) Nameplates
- (ii) Plastic injection moulded parts

Current quarter ended 31 March 2021/ Current year-to-date ended 31 March 2021

	Nameplates	Plastic injection moulded parts	Total
	RM'000	RM'000	RM'000
Revenue	10,860	6,801	17,661
Results			
EBITDA*	2,834	590	3,424
Depreciation and amortisation	(370)	(294)	(664)
Interest expenses	-	(1)	(1)
Tax expenses	(563)	(20)	(583)
Interest income	12	-	12
Profit after tax	1,913	275	2,188
Holding company expenses#			(774)
Total profit after tax			1,414

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

The segmental information of the Group by geographical location of its assets is as follows:

Current quarter ended 31 March 2021/ Current year-to-date ended 31 March 2021

	Malaysia	Thailand	Total
	RM'000	RM'000	RM'000
Revenue	8,045	9,616	17,661
Results			
EBITDA*	2,511	913	3,424
Depreciation and amortisation	(218)	(446)	(664)
Interest expenses	-	(1)	(1)
Tax expenses	(553)	(30)	(583)
Interest income	12	-	12
Profit after tax	1,752	436	2,188
Holding company expenses#			(774)
Total profit after tax			1,414

Notes:-

* *Earnings Before Interest, Depreciation, Tax and Amortisation..*

Includes IPO expenses of RM0.76 million.

N/A *Not applicable*

There are no comparative figures for the preceding quarter as this is the Company's first interim financial report on its consolidated results for the first quarter ended 31 March 2021 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

A10. Related Party Disclosures

There were no related party transactions during the current quarter under review.

A11. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the current quarter under review.

A12. Capital Commitments

There were no material capital commitments in respect of property, plant and equipment as at the end of the reporting quarter under review.

	As at 31.3.2021
Approved and contracted for: Purchase of machines	RM'000 1,946

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A13. Derivatives Financial Instruments

There were no outstanding derivatives financial instruments entered into by the Group as at the date of this interim financial report.

A14. Contingent Assets and Liabilities

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A15. Changes in Composition of The Group

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

A16. Material Events Subsequent to The End of The Current Quarter

- (a) On 16 March 2021, the Group had issued its Prospectus and undertook a public issue of 25,000,000 new ordinary share and offer for sales of 35,000,000 existing ordinary shares of the Company at an issue/offer price of RM0.35 per share.

The listing of and quotation for the entire enlarged issued share capital of RM78,750,000 comprising 165,000,000 ordinary shares of the Company on the ACE Market of Bursa Securities Berhad had been completed on 6 April 2021.

- (b) Reference is made to the announcement on 10 May 2021 and the disclosure in Section 7.21.2 (ii) of the Company's Prospectus dated 16 March 2021 regarding the disposal of a freehold land and factory building bearing address No. 9, Jalan Anggerik Mokara 31/48, Kota Kemuning Industrial Park, 40460 Shah Alam, Selangor on 14 March 2014 ("Disposal").

Volcano Name Plate Sdn Bhd had on 7 May 2021 received a letter from the Inland Revenue Board ("IRB") that the gain from the Disposal should be taxed under corporate income tax instead of real property gains tax ("RPGT")

The financial impact of the assessment is the additional tax and 10% penalty claimed by the IRB amounting to RM965,605.03 whereby RM116,216.82 had been paid under RPGT (which can be utilised to partially set off against the final assessment amount of RM965,605.03). There is no operational impact from the assessment as the Disposal was completed in 2014.

The Company will proceed to settle the additional tax and penalty upon the receipt of Notice of Additional Assessment from the IRB.

Save as disclosed above, there were no other material events subsequent to the end of the current quarter under review.

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

B1. Review of Performance - Comparison with Corresponding Preceding Quarter and Cumulative Period

For the current quarter under review, the Group recorded revenue of RM17.66 million and profit after tax of RM1.41 million. The nameplates segment and the plastic injection moulded parts segment contributed RM10.86 million and RM6.80 million respectively.

There are no comparative figures for the preceding year corresponding quarter's results as this is the first interim financial report being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

B2. Performance Review - Comparison with Immediate Preceding Quarter

There are no comparative figures for the preceding quarter's results as this is the first interim financial report being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

B3. Commentary on Prospects

We are cautiously optimistic about the outlook for our products' end-user industries such as electrical & electronic industry with the overall market recovery in the current financial year. Barring any unforeseen circumstances such as the impact of Covid-19, we are of the opinion that our financial results for the financial year ending 31 December 2021 will remain favourable.

B4. Profit Forecast

Not applicable

B5. Tax Expense

	Current Quarter 31.3.2021	Year-To-Date 31.3.2021
	RM'000	RM'000
Income tax	583	N/A
Deferred tax	-	N/A
Total tax expense	583	N/A

Notes:-

* No comparative figures for the preceding quarter are available as this is the Company's first interim financial report on its consolidated results for the first quarter ended 31 March 2021 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

N/A Not applicable

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

B6. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this interim financial report.

B7. Utilisation of Proceeds from Public Issue

As at the date of this interim financial report, the status of utilisation of proceeds from the Public Issue amounting to RM8.75 million is as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Balance to be utilised RM'000	Estimated Timeframe for Utilisation (from date of listing)
Purchase of machineries and equipment	5,550	(739)	4,811	Within 24 months
Estimated listing expenses	3,200	(2,879)	321	Immediate
Total	8,750	(3,618)	5,132	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 16 March 2021.

B8. Borrowings

There were no borrowings as at the end of the reporting quarter under review.

B9. Changes in Material Litigation

As at the date of this interim financial report, there is no litigation or arbitration against the Group, which has a material effect on the financial position of the Group, and the Board is not aware of any material proceedings pending or of any fact likely to give rise to any proceedings.

B10. Dividend

No dividend has been declared or recommended for payment during the current quarter under review.

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

B11. Earnings Per Share (“EPS”)

	Individual Quarter		Cumulative Period	
	Current Quarter 31.3.2021	Corresponding Preceding Quarter 31.3.2020	Current Year-To-Date 31.3.2021	Corresponding Year-To-Date 31.3.2020
Profit attributable to Owners of the Company (RM'000)	1,414	N/A	1,414	N/A
Weighted average number of ordinary shares in issue ('000)	140,000	N/A	140,000	N/A
Basic EPS (sen) (1)	1.01	N/A	1.01	N/A
Diluted EPS (sen) (2)	1.01	N/A	1.01	N/A

Notes:-

* *No comparative figures for the preceding quarter are available as this is the Company's first interim financial report on its consolidated results for the first quarter ended 31 March 2021 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.*

(1) *Basic EPS is calculated by dividing profit attributable to owners of the Company by the number of ordinary shares in issue as at 31 March 2021.*

(2) *Diluted EPS is equivalent to the basic EPS as the Company did not have dilutive potential ordinary shares during the current quarter under review.*

N/A Not applicable

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

B12. Notes to the Profit before tax

Profit before tax is arrived at after charging/ (crediting):

	Individual Quarter		Cumulative Period	
	Current Quarter 31.3.2021 RM'000	Corresponding Preceding Quarter 31.3.2020 RM'000	Current Year-To-Date 31.3.2021 RM'000	Corresponding Year-To-Date 31.3.2020 (M'000)
Interest income	(12)	N/A	(12)	N/A
Interest expenses	1	N/A	1	N/A
Depreciation and amortisation	664	N/A	664	N/A
(Gain)/Loss on foreign exchange:				
- realised	77	N/A	77	N/A
- unrealised	(337)	N/A	(337)	N/A

Notes:-

* No comparative figures for the preceding quarter are available as this is the Company's first interim financial report on its consolidated results for the first quarter ended 31 March 2021 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

N/A Not applicable

By Order of the Board
20 May 2021