



VOLCANO BERHAD

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

**INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2022**

VOLCANO BERHAD

(Incorporated in Malaysia)

Registration No: 201801004790 (1266804-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022

	Individual Quarter		Cumulative Period	
	Corresponding		Current	Corresponding
	Current	Preceding	Year-To-	Preceding
	Quarter	Quarter	Year-To-	Year-To-
	31.3.2022	31.3.2021	Date	Date
	(Unaudited)	(Unaudited)	31.3.2022	31.3.2021
	RM'000	RM'000	(Unaudited)	(Unaudited)
Revenue	20,906	17,661	20,906	17,661
Cost of goods sold	(14,034)	(12,264)	(14,034)	(12,264)
Gross profit	6,872	5,397	6,872	5,397
Other income	296	354	296	354
Administrative and general expenses	(4,551)	(3,649)	(4,551)	(3,649)
Distribution expenses	(49)	(104)	(49)	(104)
Finance costs	(3)	(1)	(3)	(1)
Profit before tax	2,565	1,997	2,565	1,997
Tax expense	(578)	(583)	(578)	(583)
Profit for the period	1,987	1,414	1,987	1,414
Foreign currency translation	403	(568)	403	(568)
Total comprehensive income	2,390	846	2,390	846
Profit attributable to:				
Owners of the Company	1,987	1,414	1,987	1,414
Non-controlling interest	-	-	-	-
Profit for the period	1,987	1,414	1,987	1,414
Total comprehensive income attributable to:				
Owners of the Company	2,390	846	2,390	846
Non-controlling interest	-	-	-	-
Total comprehensive income	2,390	846	2,390	846
Earnings per share attributable to owners of the Company:				
Basic (sen)	1.20	1.01	1.20	1.01
Diluted (sen)	1.20	1.01	1.20	1.01

Note :

- (1) *The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of Volcano Berhad ("Company") and its subsidiary companies ("Group") for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.*

VOLCANO BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	As at 31.3.2022 (Unaudited) RM'000	As at 31.12.2021 (Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	31,790	31,837
Intangible assets	233	179
Deferred tax assets	-	63
TOTAL NON-CURRENT ASSETS	32,023	32,079
CURRENT ASSETS		
Inventories	25,085	24,737
Trade and other receivables	22,940	17,561
Current tax assets	-	-
Derivative financial assets	18	68
Cash and short-term deposits	13,006	12,486
TOTAL CURRENT ASSETS	61,049	54,852
TOTAL ASSETS	93,072	86,931
EQUITY AND LIABILITIES		
Equity attributable to owners of Volcano Berhad		
Share capital	78,750	78,750
Other reserves	(62,596)	(62,999)
Retained earnings	65,753	63,766
TOTAL EQUITY	81,907	79,517
NON-CURRENT LIABILITIES		
Employee benefits	200	182
Deferred tax liabilities	831	831
Lease liabilities	490	19
TOTAL NON-CURRENT LIABILITIES	1,521	1,032
CURRENT LIABILITIES		
Trade and other payables	9,027	6,271
Current tax liabilities	331	74
Lease liabilities	286	37
TOTAL CURRENT LIABILITIES	9,644	6,382
TOTAL LIABILITIES	11,165	7,414
TOTAL EQUITY AND LIABILITIES	93,072	86,931
Net assets per share (sen) (2)	49.64	48.19

Notes :

- (1) The Unaudited Condensed Consolidated Statements 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 interim financial report.
- (2) Net assets per share is calculated based the Company's share capital of 165,000,000 ordinary shares.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

	I----- Attributable to the owners of Volcano Berhad-----I				Total equity RM'000
	Share capital RM'000	Exchange reserve RM'000	Reorganistion reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2021	70,000	8,204	(68,000)	57,168	67,372
Issuance of shares	8,750	-	-	-	8,750
Total comprehensive income for the financial year	-	(3,203)	-	6,598	3,395
Balance as at 31 December 2021	<u>78,750</u>	<u>5,001</u>	<u>(68,000)</u>	<u>63,766</u>	<u>79,517</u>
Balance as at 1 January 2022	78,750	5,001	(68,000)	63,766	79,517
Total comprehensive income for the financial period	-	403	-	1,987	2,390
Balance as at 31 March 2022	<u>78,750</u>	<u>5,404</u>	<u>(68,000)</u>	<u>65,753</u>	<u>81,907</u>

Note :

(1) *The Unaudited Condensed Consolidated Statements 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 interim financial report.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2022

	Current Year-To-Date Ended 31.3.22 (Unaudited) RM'000	Corresponding Preceding Year-To-Date Ended 31.12.21 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,565	8,372
Adjustments for:-		
Amortisation and Depreciation	851	3,021
Interest income	(13)	(56)
Interest expense	4	2
Dividends income	-	(49)
Employee benefits	16	51
Loss on disposal on property, plant and equipment	6	4
Unrealised gain on foreign exchange	(336)	(520)
Fair value loss/(gain) on derivatives	50	(68)
Net impairment of inventories	35	682
Operating profit before working capital changes	<u>3,178</u>	<u>11,439</u>
Changes in:-		
Inventories	(383)	(8,919)
Receivables	(5,292)	(3,417)
Payables	<u>2,754</u>	<u>848</u>
Cash generated from/(used in) operations	<u>257</u>	<u>(49)</u>
Net income tax paid	(260)	(291)
Net cash used in operating activities	<u>(3)</u>	<u>(340)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	-	49
Interest received	13	56
Proceeds from disposal of property, plant and equipment	7	27
Purchase of property, plant and equipment	(1,439)	(7,561)
Purchase of intangible assets	(109)	(177)
Net cash used in investing activities	<u>(1,528)</u>	<u>(7,606)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in pledged deposit	(10)	1,988
Interests paid	(4)	(2)
Net change in lease liabilities	720	(37)
Proceeds from issuance of shares	-	8,750
Net cash generated from financing activities	<u>706</u>	<u>10,699</u>
Net (decrease)/increase in cash and cash equivalents	(825)	2,753
Cash and cash equivalents at the beginning of financial period	10,062	8,440
Effect of exchange rate changes on cash and cash equivalents	1,335	(1,131)
Cash and cash equivalents at the end of the financial period	<u>10,572</u>	<u>10,062</u>
Analysis of cash and cash equivalents		
Cash and short-term deposits	13,006	12,486
Less : Pledged deposits	<u>(2,434)</u>	<u>(2,424)</u>
	<u>10,572</u>	<u>10,062</u>

Note :

- (1) *The Unaudited Condensed Consolidated Statements of Cash Flows 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 interim financial report.*

VOLCANO BERHAD

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Registration No: 201801004790 (1266804-D)

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 Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report 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 interim financial report.

A2. Changes in Accounting Policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2021.

The amendments/improvements to the MFRS adopted by the Group with effect from 1 January 2022 are as follows:

MFRS 3 - Business Combinations

MFRS 9 - Financial Instruments

MFRS 116 - Property, Plant and Equipment

MFRS 137 - Provisions, Contingent Liabilities and Contingent Assets

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 2021.

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.

A7. Debt and Equity Securities

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

3 months ended 31 March 2022

	Nameplates	Plastic injection moulded parts	Total
	RM'000	RM'000	RM'000
Revenue	12,849	8,057	20,906
Results			
EBITDA*	1,750	1,785	3,535
Interest income	13	-	13
Interest expenses	(1)	(3)	(4)
Depreciation and amortisation	(539)	(312)	(851)
Tax expenses	(275)	(303)	(578)
Profit after tax	948	1,167	2,115
Holding company expenses			(128)
Total profit after tax			1,987

3 months 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
Interest income	12	-	12
Interest expenses	-	(1)	(1)
Depreciation and amortisation	(370)	(294)	(664)
Tax expenses	(563)	(20)	(583)
Profit after tax	1,913	275	2,188
Holding company expenses#			(774)
Total profit after tax			1,414

Notes :

* Earnings Before Interest, Tax, Depreciation and Amortisation.

Includes IPO expenses of RM0.76 million.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

The Group generates revenue from the following geographical location of customers:

	Individual Quarter		Cumulative Period	
	Current Quarter 31.3.2022	Corresponding Preceding Quarter 31.3.2021	Current Year- To-Date 31.3.2022	Corresponding Year-To-Date 31.3.2021
	RM'000	RM'000	RM'000	RM'000
Thailand	9,906	8,942	9,906	8,942
Singapore	8,438	7,128	8,438	7,128
Malaysia	1,077	666	1,077	666
Indonesia	804	358	804	358
China	301	251	301	251
United States of America	255	223	255	223
Others	125	93	125	93
	20,906	17,661	20,906	17,661

A10. Related Party Transaction Disclosures

Save as disclosed below, there were no related party transactions during the current quarter under review.

	Individual Quarter		Cumulative Period	
	Current Quarter 31.3.2022	Corresponding Preceding Quarter 31.3.2021	Current Year-To- Date 31.3.2022	Corresponding Year-To-Date 31.3.2021
	RM'000	RM'000	RM'000	RM'000
Recurrent related party transaction with a company which is controlled by a Director : - rental of marketing space at a monthly rental of RM1,000	3	-	3	-

A11. Valuation of Property, Plant and Equipment

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A12. 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 reporting quarter under review.

	As at 31.3.2022 (Unaudited) RM'000
Approved and contracted for: Purchase of property, plant and equipment	4,910

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 save for the forward exchange contracts to hedge our foreign currency exposure against the United States Dollar ("USD") as below:

	Notional Value as at 31.3.2022 RM'000	Fair Value Asset as at 31.3.2022 RM'000
Foreign exchange contracts - Less than 1 year	3,592	18

There was no change to the cash requirements of the derivatives, related accounting policies, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the previous financial year.

A14. Contingent Assets and Liabilities

Save for the corporate guarantee provided by the Company to a bank for its subsidiary's banking facilities, 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

Save for the change in the Group's financial year end from 31 December to 30 June (as announced on 26 May 2022), 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

	Individual Quarter				Cumulative Period			
	Corresponding				Corresponding			
	Current Quarter	Preceding Quarter	Variance		Current Year-To-Date	Preceding Year-To-Date	Variance	
	31.3.2022 (Unaudited) RM'000	31.3.2021 (Unaudited) RM'000	RM'000	%	31.3.2022 (Unaudited) RM'000	31.3.2021 (Audited) RM'000	RM'000	%
Revenue	20,906	17,661	3,245	18.37%	20,906	17,661	3,245	18.37%
Profit before tax	2,565	1,997	568	28.44%	2,565	1,997	568	28.44%
Profit for the period	1,987	1,414	573	40.52%	1,987	1,414	573	40.52%
Profit attributable to the owners of the Company	1,987	1,414	573	40.52%	1,987	1,414	573	40.52%

For the current quarter under review, the Group recorded revenue of RM20.91 million and profit after tax of RM1.99 million. The nameplates segment and the plastic injection moulded parts segment contributed revenue of RM12.85 million (61.45%) and RM8.06 million (38.55%) respectively.

The Group's revenue and profit after tax have increased by 18.37% and 40.52% respectively compared with the corresponding period of preceding financial year. The better performance was mainly due to the higher demand across the key customers from both the nameplates segment and the plastic injection moulded parts segment as compared to the corresponding quarter of preceding financial year.

B2. Performance Review - Comparison with Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.3.2022 (Unaudited) RM'000	31.12.2021 (Unaudited) RM'000	RM'000	%
Revenue	20,906	18,183	2,723	14.98
Profit before tax	2,565	2,026	539	26.60
Profit for the period	1,987	2,016	(29)	(1.44)
Profit attributable to the owners of the Company	1,987	2,016	(29)	(1.44)

The Group's revenue for the current quarter increased by RM2.72 million or 14.98% from RM18.18 million in the previous quarter to RM20.91 million in the current quarter. This was mainly due to the gradual recovery in demand for the nameplates products despite the ongoing chips shortage that affects the electrical & electronics industry and higher orders for the plastic injection moulded parts from the key customers.

The Group's profit after tax for the current quarter decreased slightly by RM0.03 million or 1.44% from RM2.02 million in the previous quarter to RM1.99 million in the current quarter mainly due to the overprovision of tax in the previous quarter.

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PART B: EXPLANATORY NOTES PURSUANT TO 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 & electronics industry which is expected to register positive growth. For the nameplate segment, there is a gradual recovery in demand despite the ongoing chips shortage that is affecting the electrical & electronics industry. For the plastic injection moulding segment, the orders across key customers are expected to remain positive for this financial year. Barring any unforeseen circumstances such as disruption to supply chain due to the lockdown in certain cities in China arising from Covid-19, we are of the opinion that our financial results for this financial year will remain favourable.

B4. Profit Forecast

Not applicable

B5. Tax Expense

	Current Quarter 31.3.2022 RM'000	Year -To-Date 31.3.2022 RM'000
Income tax	578	578
Deferred tax	-	-
Total tax expense	578	578
Effective tax rate (%)	22.53	22.53

The effective tax rate of the Group for the financial year-to-date was within the range of Thailand statutory tax rate of 20% and Malaysia statutory tax rate of 24%.

B6. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this interim financial report except for the following:

On 28 February 2022, Volcano Tec (Thailand) Co., Ltd., a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with a third party to acquire a piece of freehold land held under Plot AC418 located at Amata City Rayong, for a total purchase consideration of RM5,679,704. The transaction is pending settlement of balance purchase sum and transfer of title deed to Volcano Tec (Thailand) Co., Ltd.

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

B7. Trade and Other Receivables

The Group grants credit on various terms. Trade receivables disclosed below include amounts that are past due at the end of the reporting period but have not been recognised as receivables subject to impairment as there has not been a significant change in credit quality and are still considered recoverable by the management.

	As at 31.3.2022 (Unaudited) RM'000	As at 31.12.2021 (Audited) RM'000
Trade receivables	18,993	16,125
Less : Allowance for impairment	-	-
	18,993	16,125
Other receivables	3,947	1,436
Total	22,940	17,561
<u>Ageing analysis of trade receivables</u>		
Neither past due nor impaired	16,766	13,910
1 – 30 days	2,051	1,443
31 – 60 days	137	649
61 – 90 days	39	102
91 – 120 days	-	21
More than 120 days	-	-
	18,993	16,125
Less : Allowance for impairment	-	-
Total	18,993	16,125

B8. Borrowings

There were no borrowings as at the end of the reporting quarter under review except for the financing lease liability of RM0.78 million.

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. On 13 April 2022, the Board of Directors of the Company proposed a first and final single-tier dividend of 1.3 sen on 165,000,000 ordinary shares, amounting to RM2,145,000 in respect of the financial year ended 31 December 2021. This dividend was approved by the shareholders at the fourth Annual General Meeting of the Company on 26 May 2022.

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

B11. Fair Value Changes of Financial Liabilities

Except for the derivate financial instruments as set out in A13 above, there were no gains/losses arising from fair value changes of financial liabilities for the current quarter and financial year-to-date under review.

B12. Earnings Per Share (“EPS”)

	Individual Quarter		Cumulative Period	
	Current Quarter 31.3.2022	Corresponding Preceding Quarter 31.3.2021	Current Year-To-Date 31.3.2022	Corresponding Year-To-Date 31.3.2021
Profit attributable to Owners of the Company (RM'000)	1,987	1,414	1,987	1,414
Weighted average number of ordinary shares in issue ('000)	165,000	140,000	165,000	140,000
Basic EPS (sen) ⁽¹⁾	1.20	1.01	1.20	1.01
Diluted EPS (sen) ⁽²⁾	1.20	1.01	1.20	1.01

Notes :

- (1) Basic EPS is calculated by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.
- (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.

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

B13. Notes to the Profit Before Tax

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

	Individual Quarter		Cumulative Period	
	Current Quarter 31.3.2022 RM'000	Corresponding Preceding Quarter 31.3.2021 RM'000	Current Year To-date 31.3.2022 RM'000	Corresponding Year To-date 31.3.2021 RM'000
Interest expenses	4	1	4	1
Interest income	(13)	(12)	(13)	(12)
Depreciation and amortisation	851	664	851	664
Net impairment of inventories	35	-	35	-
Loss on disposal of property, plant and equipment	6	-	6	-
(Gain)/Loss on foreign exchange:				
- realised	33	77	33	77
- unrealised	(336)	(337)	(336)	(337)
Fair value loss on derivatives	50	-	50	-

By Order of the Board
26 May 2022