



VOLCANO BERHAD

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

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

VOLCANO BERHAD

(Incorporated in Malaysia)

Registration No: 201801004790 (1266804-D)

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

	Individual Quarter		Cumulative Period	
	Current Quarter 31.12.2022 (Unaudited) RM'000	Corresponding Preceding Quarter 31.12.2021 (Unaudited) RM'000	Current Year-To- Date 31.12.2022 (Unaudited) RM'000	Corresponding Preceding Year-To- Date 31.12.2021 (Audited) RM'000
Revenue	15,899	18,183	74,158	72,952
Cost of goods sold	(10,631)	(13,219)	(50,845)	(51,921)
Gross profit	5,268	4,964	23,313	21,031
Other income	260	-	663	840
Administrative and general expenses	(4,118)	(2,847)	(14,375)	(13,059)
Distribution expenses	(302)	(91)	(530)	(438)
Finance costs	(15)	-	(47)	(2)
Profit before tax	1,093	2,026	9,024	8,372
Tax expense	(256)	(10)	(1,928)	(1,775)
Profit for the period	837	2,016	7,096	6,597
Foreign currency translation	1,901	454	790	(3,202)
Total comprehensive income	2,738	2,470	7,886	3,395
Profit attributable to:				
Owners of the Company	837	2,016	7,096	6,597
Non-controlling interest	-	-	-	-
Profit for the period	837	2,016	7,096	6,597
Total comprehensive income attributable to:				
Owners of the Company	2,738	2,470	7,886	3,395
Non-controlling interest	-	-	-	-
Total comprehensive income	2,738	2,470	7,886	3,395
Earnings per share attributable to owners of the Company:				
Basic (sen)	0.51	1.27	4.30	4.16
Diluted (sen)	0.51	1.27	4.30	4.16

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 DECEMBER 2022

	As at 31.12.2022 (Unaudited) RM'000	As at 31.12.2021 (Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	37,932	31,837
Intangible assets	423	179
Deferred tax assets	-	63
TOTAL NON-CURRENT ASSETS	<u>38,355</u>	<u>32,079</u>
CURRENT ASSETS		
Inventories	25,181	24,737
Trade and other receivables	15,537	17,561
Derivative financial assets	69	68
Cash and short-term deposits	15,795	12,486
TOTAL CURRENT ASSETS	<u>56,582</u>	<u>54,852</u>
TOTAL ASSETS	<u>94,937</u>	<u>86,931</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of Volcano Berhad		
Share capital	78,750	78,750
Other reserves	(62,209)	(62,999)
Retained earnings	68,717	63,766
TOTAL EQUITY	<u>85,258</u>	<u>79,517</u>
NON-CURRENT LIABILITIES		
Employee benefits	251	182
Deferred tax liabilities	831	831
Lease liabilities	553	19
TOTAL NON-CURRENT LIABILITIES	<u>1,635</u>	<u>1,032</u>
CURRENT LIABILITIES		
Trade and other payables	6,832	6,271
Current tax liabilities	689	74
Bank borrowings	45	-
Lease liabilities	478	37
TOTAL CURRENT LIABILITIES	<u>8,044</u>	<u>6,382</u>
TOTAL LIABILITIES	<u>9,679</u>	<u>7,414</u>
TOTAL EQUITY AND LIABILITIES	<u>94,937</u>	<u>86,931</u>
Net assets per share (sen) (2)	51.67	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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Registration No: 201801004790 (1266804-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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	-	790	-	7,096	7,886
Final dividend	-	-	-	(2,145)	(2,145)
Balance as at 31 December 2022	<u>78,750</u>	<u>5,791</u>	<u>(68,000)</u>	<u>68,717</u>	<u>85,258</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 DECEMBER 2022

	Current Year-To-Date Ended 31.12.22 (Unaudited) RM'000	Corresponding Preceding Year-To-Date Ended 31.12.21 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,024	8,372
Adjustments for:-		
Amortisation and Depreciation	3,731	3,021
Interest income	(138)	(56)
Interest expense	47	2
Dividends income	(1)	(49)
Employee benefits	64	51
(Gain)/Loss on disposal on property, plant and equipment	(10)	4
Unrealised loss/(gain) on foreign exchange	243	(520)
Fair value gain on derivatives	(1)	(68)
Net impairment of inventories	119	682
Operating profit before working capital changes	13,078	11,439
Changes in:-		
Inventories	(563)	(8,919)
Receivables	1,916	(3,417)
Payables	1,214	848
Cash generated from/(used in) operations	15,645	(49)
Net income tax paid	(1,770)	(291)
Net cash from/(used in) operating activities	13,875	(340)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	1	49
Interest received	138	56
Proceeds from disposal of property, plant and equipment	24	27
Purchase of property, plant and equipment	(8,416)	(7,561)
Purchase of intangible assets	(275)	(177)
Net cash used in investing activities	(8,528)	(7,606)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in pledged deposit	(40)	1,988
Interests paid	(47)	(2)
Net change in lease liabilities	(415)	(37)
Net change in bank borrowings	(21)	-
Proceeds from issuance of shares	-	8,750
Dividend paid	(2,145)	-
Net cash (used in)/ from financing activities	(2,668)	10,699
Net increase in cash and cash equivalents	2,679	2,753
Cash and cash equivalents at the beginning of financial period/year	10,062	8,440
Effect of exchange rate changes on cash and cash equivalents	587	(1,131)
Cash and cash equivalents at the end of the financial period/year	13,328	10,062
Analysis of cash and cash equivalents		
Cash and short-term deposits	15,795	12,486
Less : Pledged deposits	(2,467)	(2,424)
	13,328	10,062

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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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

12 months ended 31 December 2022

	Nameplates RM'000	Plastic injection moulded parts RM'000	Total RM'000
Revenue	45,276	28,882	74,158
Results			
EBITDA*	7,938	5,217	13,155
Interest income	134	4	138
Interest expenses	(9)	(38)	(47)
Depreciation and amortisation	(2,272)	(1,459)	(3,731)
Tax expenses	(1,171)	(757)	(1,928)
Profit after tax	4,620	2,967	7,587
Holding company expenses			(491)
Total profit after tax			7,096

12 months ended 31 December 2021

	Nameplates RM'000	Plastic injection moulded parts RM'000	Total RM'000
Revenue	45,678	27,274	72,952
Results			
EBITDA*	8,093	4,088	12,181
Interest income	51	5	56
Interest expenses	(1)	(1)	(2)
Depreciation and amortisation	(1,844)	(1,177)	(3,021)
Tax expenses	(1,499)	(276)	(1,775)
Profit after tax	4,800	2,639	7,439
Holding company expenses			(842)
Total profit after tax			6,597

Note :

* Earnings Before Interest, Tax, Depreciation and Amortisation.

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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 31.12.2022	Corresponding Preceding Quarter 31.12.2021	Current Year- To-Date 31.12.2022	Corresponding Year-To-Date 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Thailand	7,619	8,804	36,138	34,078
Singapore	6,515	6,752	29,268	30,334
Malaysia	704	1,327	3,740	4,060
United States of America	441	384	2,401	1,416
Indonesia	436	493	1,619	1,613
China	118	190	668	880
Others	66	233	324	571
	15,899	18,183	74,158	72,952

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 31.12.2022	Corresponding Preceding Quarter 31.12.2021	Current Year-To- Date 31.12.2022	Corresponding Year-To-Date 31.12.2021
	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	12	8
Related party transaction with a Director : - Acquisition of one unit of used motor vehicle	-	-	-	53

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 31.12.2022 (Unaudited) RM'000
Approved and contracted for: Purchase of property, plant and equipment	372
Approved and not contracted for: Purchase of property, plant and equipment	148

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 31.12.2022 RM'000	Fair Value Asset as at 31.12.2022 RM'000
Foreign exchange contracts - Less than 1 year	2,262	69

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 of Thai Baht 64 million 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

There were no 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			Current Year-To-Date	Preceding Year-To-Date		
	31.12.2022	31.12.2021			31.12.2022	31.12.2021		
	(Unaudited)	(Unaudited)	Variance		(Unaudited)	(Audited)	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	15,899	18,183	(2,284)	(12.56%)	74,158	72,952	1,206	1.65%
Profit before tax	1,093	2,026	(933)	(46.05%)	9,024	8,372	652	7.79%
Profit for the period	837	2,016	(1,179)	(58.48%)	7,096	6,597	499	7.56%
Profit attributable to the owners of the Company	837	2,016	(1,179)	(58.48%)	7,096	6,597	499	7.56%

For the current quarter under review, the Group recorded revenue of RM15.90 million and profit after tax of RM0.84 million. The nameplates segment and the plastic injection moulded parts segment contributed revenue of RM10.01 million (62.96%) and RM5.89 million (37.04%) respectively.

The Group's revenue and profit after tax for the current quarter under review decreased by 12.56% and 58.48% compared with the corresponding quarter of preceding financial year. This was mainly due to lower sales of our products in both segments to our key customers in the electrical & electronics industry and foreign exchange loss as a result of weakening of USD against RM during the quarter.

For the 12 months cumulative period, the Group recorded revenue of RM74.16 million and profit after tax of RM7.10 million, representing an increase of 1.65% and 7.56% respectively. This was mainly due to higher sales of our plastic injection products in the current year and the absence of initial public offering expenses which were incurred in the corresponding preceding year but not in the current year.

B2. Performance Review - Comparison with Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.12.2022	30.9.2022		
	(Unaudited)	(Unaudited)	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	15,899	19,432	(3,533)	(18.18)
Profit before tax	1,093	3,047	(1,954)	(64.13)
Profit for the period	837	2,423	(1,586)	(65.46)
Profit attributable to the owners of the Company	837	2,423	(1,586)	(65.46)

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

The Group's revenue for the current quarter decreased by RM3.53 million or 18.18% from RM19.43 million in the previous quarter to RM15.90 million in the current quarter. This was mainly due to the lower sales of our products in both segments to our key customers in the electrical & electronics industry.

The Group's profit after tax for the current quarter decreased by RM1.59 million or 65.46% from RM2.42 million in the previous quarter to RM0.84 million in the current quarter in tandem with the lower revenue generated as well as foreign exchange loss incurred as a result of weakening of USD against RM during the quarter.

B3. Commentary on Prospects

The sales demand for the nameplates segment and the plastic injection moulding parts segment is expected to be challenging amid the rising global economic concerns over inflation and softening demand from our products' end-user industries. Barring any unforeseen circumstances such as disruption to supply chain and potential economic slowdown, we are of the opinion that our financial results for the financial year ending 30 June 2024 will remain favourable.

B4. Profit Forecast

Not applicable.

B5. Tax Expense

	Current Quarter 31.12.2022 RM'000	Year -To-Date 31.12.2022 RM'000
Income tax	256	1,928
Total tax expense	256	1,928
Effective tax rate (%)	23.42	21.37

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.

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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 31.12.2022 (Unaudited) RM'000	As at 31.12.2021 (Audited) RM'000
Trade receivables	13,763	16,125
Less : Allowance for impairment	-	-
	13,763	16,125
Other receivables	1,774	1,436
Total	15,537	17,561
<u>Ageing analysis of trade receivables</u>		
Neither past due nor impaired	11,607	13,910
1 – 30 days	1,538	1,443
31 – 60 days	180	649
61 – 90 days	42	102
91 – 120 days	9	21
More than 120 days	387	-
	13,763	16,125
Less : Allowance for impairment	-	-
Total	13,763	16,125

B8. Borrowings

	As at 31.12.2022 (Unaudited) RM'000	As at 31.12.2021 (Audited) RM'000
Secured:		
Term loan	45	-
Lease liabilities	1,031	56
	1,076	56
Disclosed as:		
Current liabilities	523	37
Non-current liabilities	553	19
	1,076	56
Currency profile:		
Thai Baht	1,076	56

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The secured term loan is secured against the land bearing title deed no. 15241, Tambol Mabyangporn, Amphur Pluakdaeng, Rayong, Thailand owned by Volcano Tec (Thailand) Co. Ltd. (a wholly-owned subsidiary of the Company) with buildings erected thereon and a corporate guarantee by the Company. The effective interest rate of the borrowings ranged from 2.50% to 3.875% per annum (31 December 2021 : 3.00%).

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

The Board of Directors has on 15 February 2023 declared a single-tier interim dividend of 1.30 sen per ordinary share in respect of financial year ending 30 June 2023. The details of the entitlement and payment date of the aforesaid dividend will be determined and announced at a later date.

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 31.12.2022	Corresponding Preceding Quarter 31.12.2021	Current Year-To-Date 31.12.2022	Corresponding Year-To-Date 31.12.2021
Profit attributable to Owners of the Company (RM'000)	837	2,016	7,096	6,597
Weighted average number of ordinary shares in issue ('000)	165,000	158,493	165,000	158,493
Basic EPS (sen) ⁽¹⁾	0.51	1.27	4.30	4.16
Diluted EPS (sen) ⁽²⁾	0.51	1.27	4.30	4.16

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 31.12.2022 RM'000	Corresponding Preceding Quarter 31.12.2021 RM'000	Current Year To-date 31.12.2022 RM'000	Corresponding Year To-date 31.12.2021 RM'000
Interest expenses	15	-	47	2
Interest income	(76)	(18)	(138)	(56)
Dividend income	-	(18)	(1)	(49)
Depreciation and amortisation	1,023	888	3,731	3,021
Net impairment of inventories	85	679	119	682
(Gain)/Loss on disposal of property, plant and equipment	(15)	16	(10)	4
(Gain)/Loss on foreign exchange:				
- realised	(146)	18	(466)	(119)
- unrealised	1,415	(2)	243	(520)
Fair value (gain)/loss on derivatives	(138)	25	(1)	(68)

By Order of the Board
15 February 2023