



VOLCANO BERHAD

(Registration No. 201801004790 (1266804-D))



Celebrating
25 *Years of*
Excellence

ANNUAL REPORT **2024**



Celebrating
25 *Years of*
Excellence

01

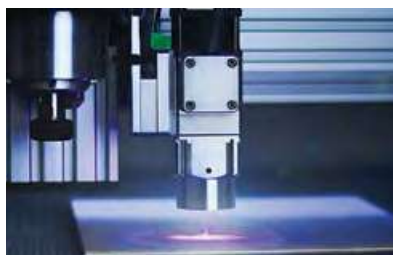
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WHAT'S
INSIDE

6th
Annual
General Meeting



Kelawai Room, Lobby, Gurney Bay Hotel,
53 Persiaran Gurney, 10250 George Town, Penang



Wednesday
20 November 2024



10.00 a.m

About Us

Leading Brand Identification & Injection Molding Solution Provider

Volcano Berhad and its subsidiaries ("Group" or "Volcano Group") is a leading manufacturer of parts and components including metal and non-metal nameplates and plastic injection moulded parts. We have manufacturing facilities in Malaysia and Thailand to serve multinational customers across various industries such as electrical and electronics, automotive, food, furniture, aerospace and label industries.

Over the years, we have established a good rapport with our long-term multinational customers and have a proven track record in the design and manufacturing of nameplates and plastic injection moulded parts that showcase our quality, reliability and service excellence.

We acknowledge that every component we manufacture appears on the surface or forms part of the customers' end product. Our research and development team strives to develop new products or processes and proposes innovative ideas that best suit our customers' product branding and functionality.

Being an integrated manufacturer of parts and components including nameplates and plastic injection moulded parts, we are in a better position to provide solutions to meet our customers' requirements as well as being able to price our products and services competitively.



OUR VISION

The Brand Behind All Brands

Volcano Group's vision is encapsulated in our motto "The Brand Behind All Brands". It is our vision to become the leading brand that supports global brands in achieving their vision by leveraging on our commitment to quality products, innovative solutions, latest technology and value creation.

OUR MISSION

Quality, Innovation, Technology and Value Creation

Volcano Group symbolises Quality, Innovation, Technology and Value Creation. We are fully committed to these values which shape the way we conduct our business for our stakeholders including customers, suppliers and employees as well as for the parts and components manufacturing industry in which we operate in.

QUALITY PRODUCTS

Brands are associated with quality. At Volcano Group, we employ stringent quality assurance and control systems. We have been awarded accreditations such as International Organisation for Standardisation ("ISO") and International Automotive Task Force ("IATF") quality certifications in recognition of our consistency in producing and delivering quality products to our customers.

INNOVATIVE SOLUTIONS

We provide innovative solutions to transform our customers' concepts into reality in a cost-effective manner. We conduct continuous development for our production processes to achieve higher efficiency in terms of time and cost.

LATEST TECHNOLOGIES

We continuously adapt to new technologies in response to changing customer requirements, evolving industry standards, new product innovations and enhancements.

VALUE CREATION

We create sustainable value for our customers and employees. At Volcano Group, we strive to deliver greater value with competitive pricing to meet the demands of our customers. We are also committed to provide a conducive environment for the long-term career development of our employees.

About Us



OUR PHILOSOPHY

Leading Manufacturer of Parts
and Components

As a leading manufacturer of parts and components used in the electrical & electronics and automotive industries such as metal and non-metal nameplates and plastic injection moulded parts, we strive to leverage on our technology, technical competencies and cutting-edge equipment to provide innovative solutions to enhance your brand presence.



Our Values

01

LEARNING ORGANISATION



To encourage and promote learning within the organization by improving and enhancing the skills and knowledge of the workforce. With this, the potential of our workforce is optimised to achieve long-term career goals.

02

THE SKY IS THE LIMIT



To continue growing as an innovative and dedicated manufacturer of electrical & electronics and automotive components such as nameplates and plastic injection moulded parts that provide innovative solutions to meet customer expectations.

03

TEAMWORK



To practice good communication among team members and to always work together in achieving the best results.

04

HONESTY AND INTEGRITY



To work ethically and practise transparency at all times.

Corporate Information

Board of Directors

Wong Wan Chin, D.J.N (f)Independent Non-Executive
Chairman**Datuk Ch'ng Huat Seng**

Managing Director

Dato' Wong Tze Peng

Executive Director

Gan Yew Thiam

Executive Director

Yeap Guan Seng

Executive Director

Andrew Su Meng KitExecutive Director
(Appointed on 21 February 2024)**Tan Yen Yeow**Independent Non-Executive
Director**Hing Poe Pyng (f)**Independent Non-Executive
Director**Khoo Boo Wui**Executive Director
(Resigned on 21 February 2024)/
Chief Financial Officer**Audit and Risk Management
Committee****Chairman:**

Tan Yen Yeow

Member:Wong Wan Chin, D.J.N (f)
Hing Poe Pyng (f)**Remuneration Committee****Chairman:**

Wong Wan Chin, D.J.N (f)

Member:Tan Yen Yeow
Hing Poe Pyng (f)**Nomination Committee****Chairman:**

Hing Poe Pyng (f)

Member:Wong Wan Chin, D.J.N (f)
Tan Yen Yeow**Employees' Share Option Scheme
("ESOS") Committee****Chairman:**

Wong Wan Chin, D.J.N (f)

Member:Tan Yen Yeow
Hing Poe Pyng (f)
Datuk Ch'ng Huat Seng
Khoo Boo Wui**Sustainability Committee****Chairman:**

Tan Yen Yeow

Member:Wong Wan Chin, D.J.N (f)
Hing Poe Pyng (f)
Yeap Guan Seng
Khoo Boo Wui**Company Secretary**Lim Yong Chiat
MAICSA 7060553
SSM Practising Certificate
No. 201908000066**Registered Office**9-1, 9th Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 George Town, Penang
Tel : (04) 226 1853
Fax : (04) 226 1873**Head Office and Factory**1411, Jalan Perusahaan
Kawasan Perusahaan Perai 1,
13600 Perai, Penang
Tel : (04) 399 1200
Fax : (04) 390 1200
Email : corporate@volcano.com.my
Website : www.volcano.com.my**Thailand Factory**7/298 Moo 6,
Amata City Industrial Estate,
Tambol Mabyangporn,
Amphur Pluakdaeng,
Rayong 21140,
Thailand
Tel : +66 (038) 650 138
Email : sales@volcano.co.th
Website : www.volcano.co.th**Indonesia Marketing Office**Ruko Plaza Menteng
Jalan MH Thamrin, Block C
No. 8, Lippo Cikarang, Cibatu
Cikarang Selatan, Kab. Bekasi
Jawa Barat 17532
Indonesia
Tel : (66) 98 2700083
E-mail : v-indo@volcano.co.th**Share Registrar**Tricor Investor & Issuing House
Services Sdn. Bhd. (197101000970 (11324-H))
Unit 32-01, Level 32,
Tower A Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : (03) 2783 9299
Fax : (03) 2783 9222**Sponsor**TA Securities Holdings Berhad
(197301001467 (14948-M))
32nd Floor, Menara TA One,
22, Jalan P. Ramlee,
50250 Kuala Lumpur
Tel : (03) 2072 1277
Fax : (03) 2026 0127**Auditors**Baker Tilly Monteiro Heng PLT
(201906000600 (LLP0019411-LCA & AF 0117))
Baker Tilly Tower, Level 10, Tower 1,
Avenue 5, Bangsar South City
59200 Kuala Lumpur
Tel : (03) 2297 1000
Fax : (03) 2282 9980**Principal Bankers**RHB Bank Berhad
(196501000373 (6171-M))
HSBC Bank Malaysia Berhad
(198401015221 (127776-V))**Stock Exchange Listing**ACE Market of Bursa Malaysia
Securities Berhad
Stock Name : Volcano
Stock Code : 0232
Sector : Industrial Products & Services

Corporate Structure

A Strong Corporate Structure

Volcano Berhad ("Volcano") was incorporated in Malaysia under the Companies Act, 2016 as a public limited company. Volcano is principally an investment holding company with three (3) subsidiaries, namely Volcano Name Plate Sdn. Bhd. ("VNP"), Volcano Tec (Thailand) Co., Ltd. ("VTT") and PT Volcano Tec Indonesia ("VTI") (collectively, "Group" or "Volcano Group"). The current group structure is as follows:



100%
Volcano Name Plate Sdn. Bhd.
199901001595 (476495-W)



100%
Volcano Tec (Thailand) Co., Ltd.
(0105551105252)



99.99%
PT Volcano Tec Indonesia
(4024032032104876)

The principal activities of our subsidiaries are as follows:

Companies	Date and Place of Incorporation	Principal activities
VNP	2 February 1999, Malaysia	Manufacturing of nameplates, electrical & electronics components and automotive components
VTT	16 September 2008, Thailand	Manufacturing of nameplates and plastic injection moulded parts
VTI	21 March 2024, Indonesia	Producing and trading of nameplates, die-cut parts and its related products (dormant in FYE 2024)

Our Group is principally involved in the manufacturing of parts and components used in the electrical and electronics ("E&E") and automotive industries. Our Group's active business divisions during the financial year ended 30 June 2024 ("FYE 2024") comprise the following:

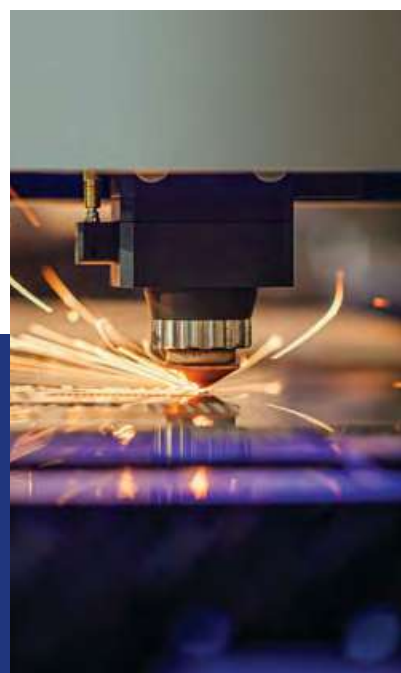
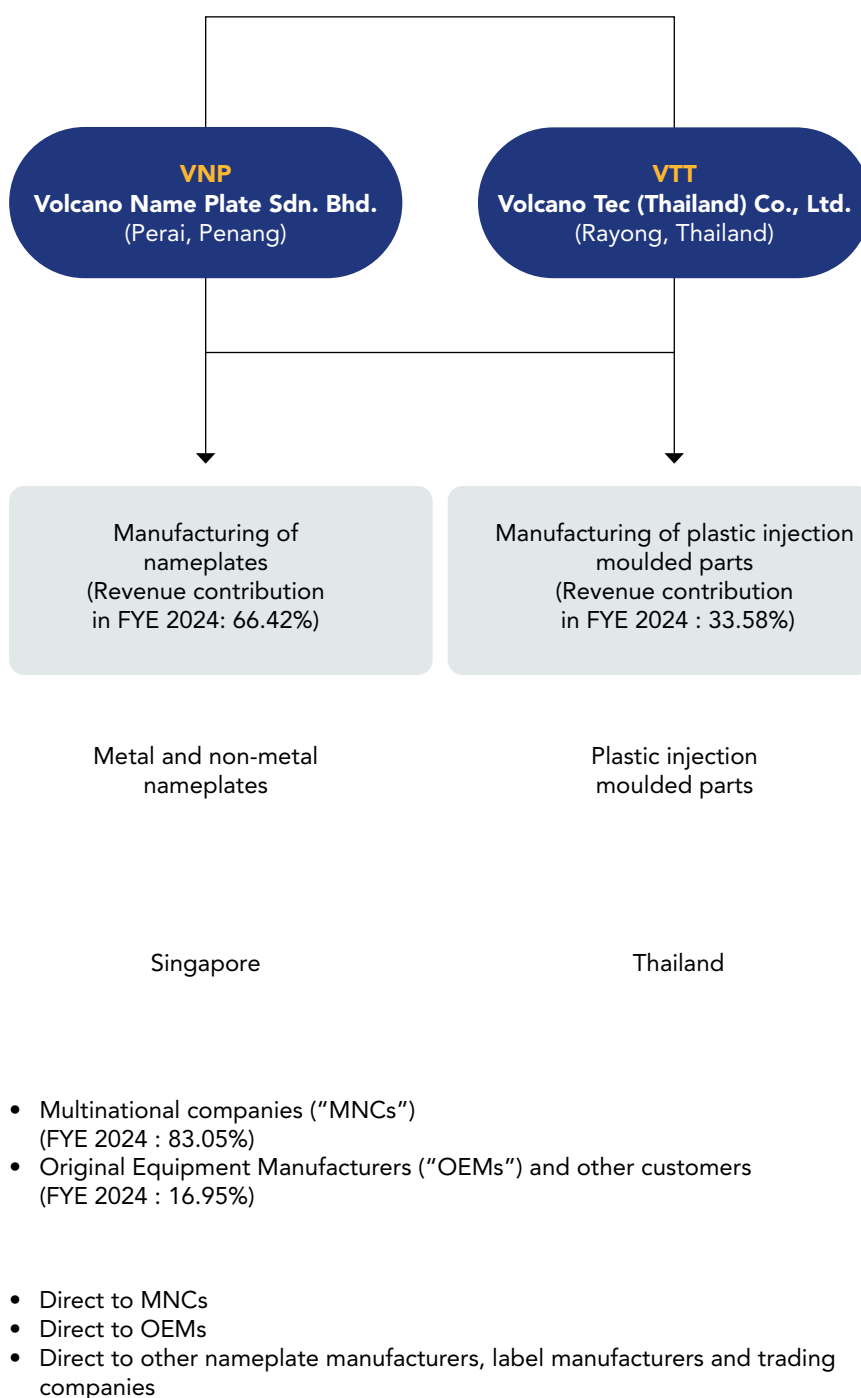
Manufacturing of
nameplates

Manufacturing of plastic injection
moulded parts

Corporate Structure

We carry out the manufacturing of nameplates at our head office and factory in Perai, Penang, Malaysia as well as at our factory in Rayong, Thailand. The manufacturing of plastic injection moulded parts is carried out at our factory in Rayong, Thailand.

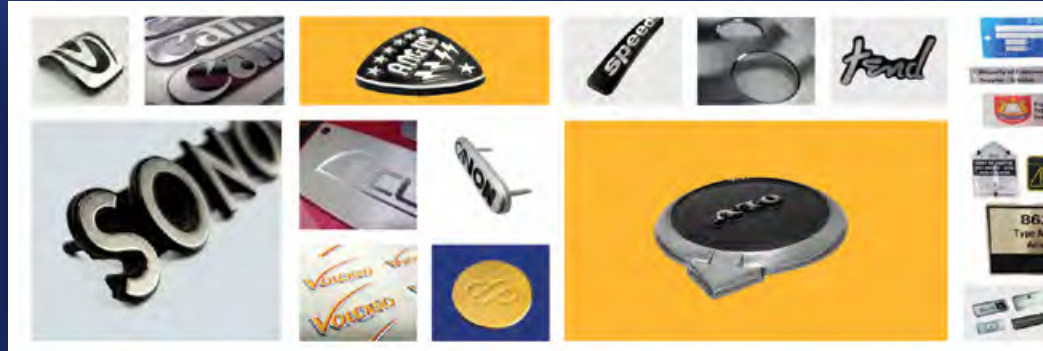
Set out below is further information on our Group's business model:

**Business segments****Products****Principal markets****Types of customers****Delivery channels**

Volcano Group's Products

Our Quality Product & Masterpiece

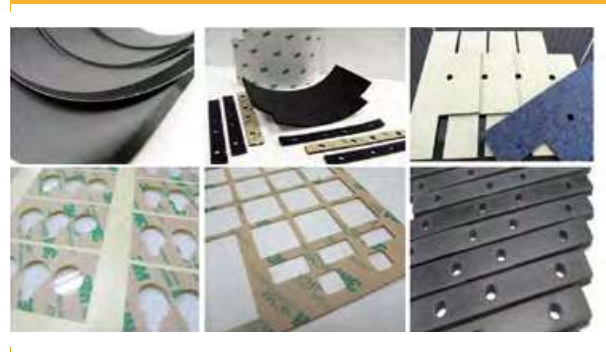
 Nameplates, Aluminium/
Stainless steel/Acrylic/PC/
PMMA Logos, Domed/Epoxy
Logos, Electroformed Nickel
Logos



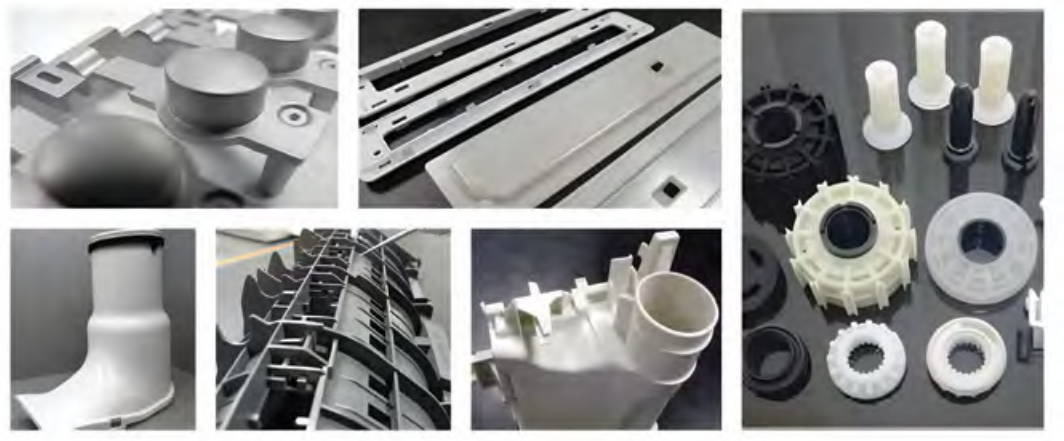
 Overlays, Control Panels, Inlays



 Converter – Adhesive Tapes, Plastic Foils, EPDM



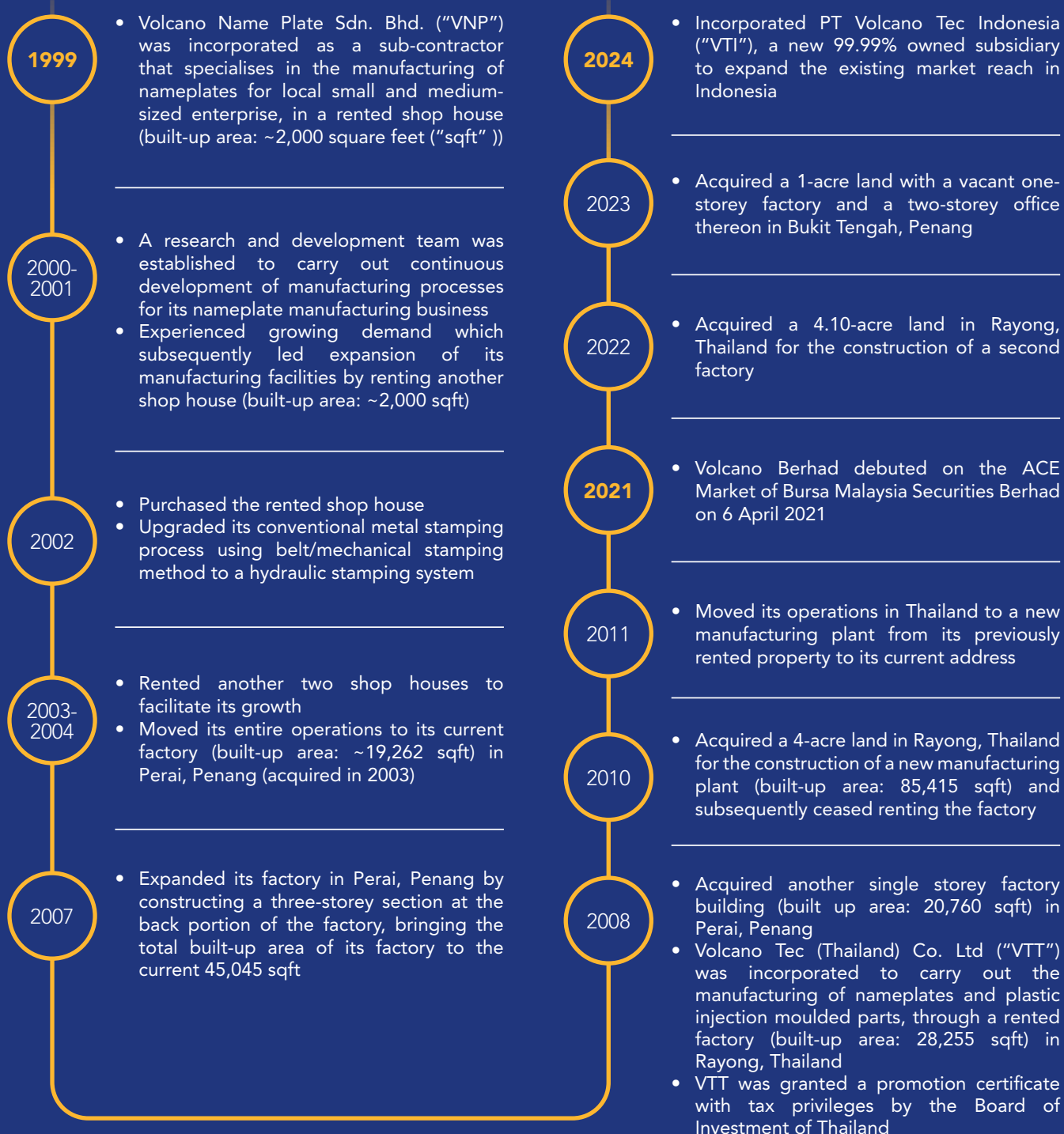
 Plastic Injection
Moulded Parts



Corporate Milestones

History of Our Growth
and Fulfilling Journey

The history of Volcano Group can be traced back to 1999 when our founders started a small nameplate facility in Butterworth, Penang. With the establishment of our R&D team focusing on improvising the design, reengineering of manufacturing process and introduction of cutting-edge technologies, the Group has continuously expanded to acquire customers within and outside Malaysia.

1999-
2024

Financial Highlights

	1.1.2019 to 31.12.2019 (12-month) 2019	1.1.2020 to 31.12.2020 (12-month) 2020	1.1.2021 to 31.12.2021 (12-month) 2021	1.1.2022 to 30.6.2023 (18-month) 2023	1.7.2023 to 30.6.2024 (12-month) 2024
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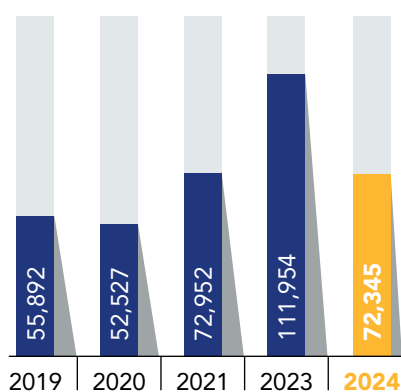
KEY FINANCIALS


Revenue (RM'000)	55,892	52,527	72,952	111,954	72,345
Gross Profit (GP) (RM'000)	17,131	15,139	21,032	33,352	21,998
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) (RM'000)	8,587	6,704	15,556	17,393	11,505
Profit Before Taxation (PBT) (RM'000)	6,481	4,257	12,589	11,654	7,103
Profit After Taxation (PAT) (RM'000)	4,780	3,382	10,068	9,059	5,231
Total Assets (RM'000)	74,550	74,404	86,931	98,923	118,677
Total Equity (RM'000)	67,646	67,372	79,443	85,656	103,407

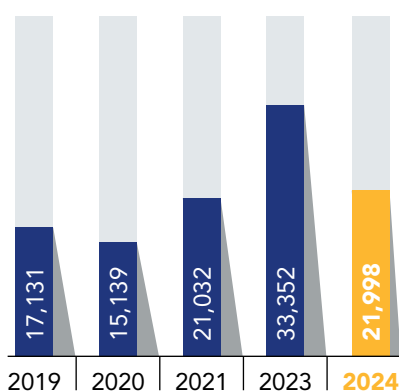
KEY RATIOS

GP Margin (%)	30.65	28.82	28.83	29.79	30.41
PBT Margin (%)	11.60	8.10	17.26	10.41	9.82
PAT Margin (%)	8.55	6.44	13.80	8.09	7.23
Basic Earnings Per Share (EPS) (sen)	3.41	2.42	6.35	5.49	3.02
Diluted EPS (sen)	2.90	2.05	6.35	5.49	3.02
Trade Receivable Turnover (days)	66	77	73	81	84
Trade Payable Turnover (days)	31	39	30	35	42
Inventory Turnover (days)	142	153	145	164	152
Current Ratio (times)	7.49	7.18	8.49	5.04	6.24

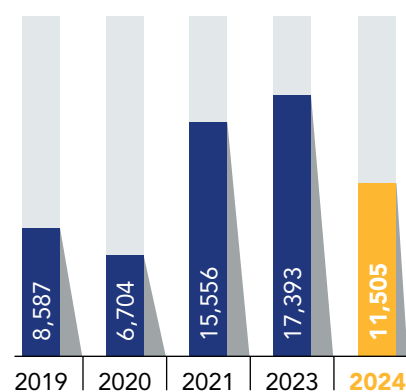
 Revenue (RM'000)




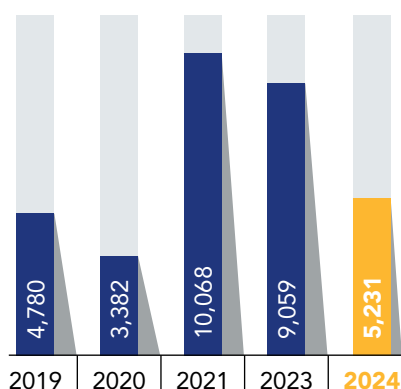
 Gross Profit (GP) (RM'000)



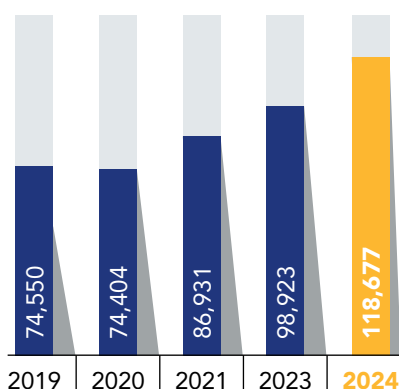
 EBITDA (RM'000)



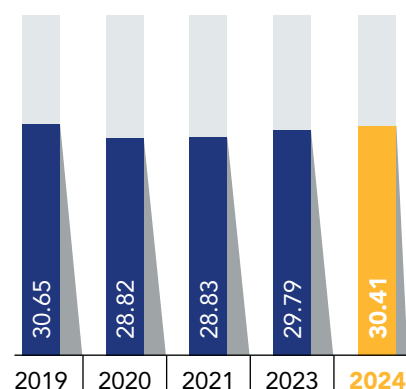
 Profit After Taxation (PAT) (RM'000)



 Total Assets (RM'000)



 GP Margin (%)



Profile of Directors

WONG WAN CHIN, D.J.N

Independent Non-Executive Chairman

Date of Appointment

26 March 2018

Gender

Female

Nationality

Malaysian

Age

49 years old

Wong Wan Chin, D.J.N was appointed to our Board of Directors ("Board") on 26 March 2018 and is the Chairman of our Remuneration Committee and ESOS Committee. She is also a member of our Audit and Risk Management Committee, Nomination Committee and Sustainability Committee. She has more than twenty years of working experience in the legal field. She graduated from the University of Malaya in 1999 with a second upper class honours in LL.B (Hons.) law degree.

Upon obtaining her Degree Certificate, she started her career as a legal assistant in the legal firm, Messrs. Wong-Chooi & Mohd Nor in 2000. In 2002, she became a partner of the firm until 2009. Thereafter, she spent approximately eight (8) years with the legal firm, Messrs. Lio & Partners as a partner where she was in charge of two (2) branches before she established the legal firm, Messrs. Wong & Loh, as a managing partner in 2017.

She was conferred the title Darjah Johan Negeri (D.J.N) by T.Y.T Yang Di-Pertua Negeri Pulau Pinang in July 2017. She is presently the legal advisor of Federation of Malaysian Foundry & Engineering Industries Associations and Penang Foundry & Engineering Industries Association and vice president of the Penang Chinese Chamber of Commerce. Her areas of practice include banking and finance, corporate and commercial, wills and trust administration and family office. She also sits on the board of directors of Iconic Worldwide Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"); LMS Compliance Ltd, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited; JCCW Trustee (M) Berhad, a trust company; Chemlite Innovation Berhad and several other private limited companies.

DATUK CH'NG HUAT SENG

Managing Director

Date of Appointment

2 March 2018

Gender

Male

Nationality

Malaysian

Age

62 years old

Datuk Ch'ng Huat Seng was appointed to our Board on 2 March 2018 and is responsible for the overall operations of VNP and overseeing the growth and overall strategic direction of our Group. He is also a member of ESOS Committee.

He completed his secondary education in 1977 and began his career as an operator in 1978. Subsequently, he joined several companies as technician/craftman and founded a partnership which was dissolved before leaving for Taiwan to join China Name Plate Co. Ltd, a manufacturer of nameplates, as an operator in 1989. During his employment with China Name Plate Co. Ltd, he was promoted to various management positions such as Printing Supervisor, Marketing Executive, Marketing and Production Manager and Operation Manager and was responsible for overseeing the sales and marketing, production planning and operations of China Name Plate Co. Ltd for two (2) years from 1989 to 1991.

In 1991, he joined Chin-I Name Plate (M) Sdn. Bhd., which is a family-owned related company of China Name Plate Co. Ltd. He was involved in setting up a nameplates printing factory in Penang and was responsible in implementing an ISO quality management system. Over the years, he has also expanded the China Name Plate Co. Ltd group of companies' manufacturing activities and was assigned to set up a factory in Bangkok for China Name Plate Co. Ltd in 1995. In January 1999, he resigned from his role as an Operations Manager from Chin-I Name Plate (M) Sdn. Bhd. after eight (8) years of service. He then co-founded VNP in February 1999 with Gan Yew Thiam, Yeap Guan Seng and Dato' Wong Tze Peng.

Datuk Ch'ng Huat Seng has been instrumental in the development and the success of our Group. Over the span of twenty-five (25) years, he has expanded our Group's operations from a small-scale nameplates manufacturer into a group of companies specialising in the manufacturing of nameplates and plastic injection moulded parts.

Driving
Prosperity
through
Excellence
Leadership



Profile of Directors



DATO' WONG TZE PENG

Executive Director

Date of Appointment

2 March 2018

Gender

Male

Nationality

Malaysian

Age

59 years old

Dato' Wong Tze Peng was appointed to our Board on 2 March 2018 and is responsible for overseeing the strategic planning and business development of our Group. He completed his Sijil Tinggi Persekolahan Malaysia in 1985.

He began his career in 1986 when he joined a multinational company, Bayer (M) Sdn. Bhd., which is engaged in the trading of fertiliser and pesticide, as a Store Clerk and was involved in warehouse management. After he left Bayer (M) Sdn. Bhd. in 1989, he joined several companies such as Auto Parts Manufacturers Co. Sdn. Bhd., a manufacturer of automobile parts in 1989, Century Container Industries Sdn. Bhd., a manufacturer of steel cargo containers in 1992 and Casio (M) Sdn. Bhd., a manufacturer of electronic products in 1995 where he was mainly involved in warehouse and purchasing management. During his employment with Casio (M) Sdn. Bhd., he concurrently founded W H Industrial Supply (M) Sdn. Bhd., a wholesaler and trader of industrial hardware as a Non-Executive Director where he provided advice to the management of the company.

In 1999, he co-founded VNP and has been in the nameplates manufacturing and plastic industries for twenty-five (25) years. His working experience which includes supply chain and material management coupled with business development skills acquired from his previous endeavours in other businesses has contributed towards our Group's progress over the years.

GAN YEW THIAM

Executive Director

Date of Appointment

2 March 2018

Gender

Male

Nationality

Malaysian

Age

51 years old

Gan Yew Thiam was appointed to our Board on 2 March 2018 and is responsible for overseeing the procurement and the operations of VTT.

Upon completing his secondary education in 1989, he began his nameplates manufacturing career by joining Chin-I Name Plate (M) Sdn. Bhd. as an operator responsible in stamping and tooling activities. He was promoted to supervisor in 1993 before assuming the position of Production Assistant Manager in 1996. In January 1998, he was seconded to Chin-I Name Plate (M) Sdn. Bhd.'s sister company, Xinhe Electronics Co. Ltd, a manufacturer of nameplates in Dongguan, China as a Production Manager for a period of one (1) year. During his tenure with Chin-I Name Plate (M) Sdn. Bhd. and secondment to China, he acquired valuable experience and knowledge in metal stamping and fabrication. He left the company in December 1998.

In 1999, he co-founded VNP and was responsible in overseeing the procurement of raw materials and administration and finance of VNP. In 2008, he was instrumental in setting up our Group's factory in Thailand which marked a major milestone to our Group in penetrating the international market.

Profile of Directors

YEAP GUAN SENG

Executive Director

Date of Appointment

2 March 2018

Gender

Male

Nationality

Malaysian

Age

51 years old

Yeap Guan Seng was appointed to our Board on 2 March 2018 and is responsible for the procurement and operations in VNP. He is also in charge in overseeing the operations and research and development ("R&D") of our Group. He is also a member of Sustainability Committee.

Upon completing his secondary education in 1989, he began his nameplates manufacturing career by joining TH Loy Sdn. Bhd., a manufacturer of speakers and nameplates as a QC personnel. In 1991, he joined Chin-I Name Plate (M) Sdn. Bhd. as a Production Leader and was responsible in overseeing the company's production planning and management. He was promoted to Supervisor in 1992 before assuming the position of Production Manager in 1994. In 1997, he was seconded to Chin-I Name Plate (M) Sdn. Bhd.'s sister company, Shanghai Keythai Name Plate Co. Ltd, a manufacturer of nameplates in Shanghai, China as a Factory Manager for a period of one (1) year before returning to Chin-I Name Plate (M) Sdn. Bhd.. During his overseas secondment, he acquired vast knowledge and experience in nameplates manufacturing.

In 1999, he co-founded VNP and is responsible in overseeing VNP's procurement and operations. He also heads our Group's R&D team which oversees our Group's development of new nameplate designs and artworks, production process and quality improvement.



ANDREW SU MENG KIT

Executive Director

Date of Appointment

21 February 2024

Gender

Male

Nationality

Malaysian

Age

53 years old

Andrew Su Meng Kit was appointed to our Board on 21 February 2024 and is responsible for the overall operations of VTT.

He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants since 1995 and 1996, respectively. In 1990, he started his career under articleship training with KPMG, an international accounting firm. After serving for four (4) years at the international accounting firm, he was subsequently involved in various companies and holding top management positions, amongst others, a wood-based furniture product manufacturing company, an internet-based company and several investment banks. He has more than twenty (20) years of experience in Corporate Finance.

He currently is a director and shareholder of Acme Sky Sdn. Bhd., an investment and consultancy company.



Profile of Directors

TAN YEN YEOW

Independent Non-Executive Director

Date of Appointment

5 April 2019

Gender

Male

Nationality

Malaysian

Age

54 years old

Tan Yen Yeow was appointed to our Board on 5 April 2019 and is also the Chairman of our Audit and Risk Management Committee, and Sustainability Committee. He is also a member of our Remuneration Committee, Nomination Committee and ESOS Committee.

He is a member of the Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia. He began his professional career with KPMG in 1990 as an articled student under the MICPA programme. After serving for nine (9) years at KPMG, he left and set up his audit firm, Tan Yen Yeow & Company in 2001. He has been involved in providing professional services which include auditing, internal auditing and risk management.

He currently sits on the board of directors of Skygate Solutions Berhad (formerly known as Ewein Berhad), a company listed on the Main Market of Bursa Securities and two (2) private companies.

HING POE PYNG

Independent Non-Executive Director

Date of Appointment

20 April 2018

Gender

Female

Nationality

Malaysian

Age

47 years old

Hing Poe Pyng was appointed to our Board on 20 April 2018. She is also the Chairman of our Nomination Committee, a member of our Audit and Risk Management Committee, Remuneration Committee, ESOS Committee and Sustainability Committee.

She obtained her Bachelor Degree in Commerce (First Class Honours) from Liverpool John Moores University, United Kingdom in 2003 and she is a fellow member of The Chartered Governance Institute (CGI)/ The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

She accumulated more than twenty (20) years of working experience in corporate secretary consulting and services and credit analysis in financial institutions.

She was a Manager of Boardroom Corporate Services (PG) Sdn. Bhd. from 2014 to 2017 and was responsible for providing corporate secretarial and advisory services in relation to prevailing legislations for both private and public companies. Presently, she is the Director of Braxton Consulting Sdn. Bhd. involved in the provision of corporate secretarial services, bookkeeping, payroll, share registrar and scrutineer services. She also sits on the board of directors of several other private limited companies.

ADDITIONAL INFORMATION ON THE DIRECTORS

- (i) Directorship in public companies and listed corporations

Save for Ms. Wong Wan Chin, D.J.N and Mr. Tan Yen Yeow as disclosed above, none of the Directors of our Company hold any directorship in public companies and listed corporations.

- (ii) Family relationship with any director and/or major shareholder

None of the Directors of our Company have any family relationship with other Directors and/or major shareholders of our Company.

- (iii) Conflict of Interest

Save as disclosed in Note 4 of the Additional Compliance Information, the Directors of our Company have not entered into any transaction, whether directly or indirectly, which has a conflict of interest with our Company.

- (iv) Other than traffic offences, none of the Directors of our Company have any convictions for offences within the past five (5) years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

All Executive Directors of our Company are key senior management of our Group. The profiles of other key senior management of our Group are set out below.

KHOO BOO WUI

Chief Financial Officer

Gender Male	
Nationality Malaysian	Age 51 years old

Khoo Boo Wui is responsible for the corporate affairs, financial reporting and business assessment of our Group. He is also a member of ESOS Committee and Sustainability Committee.

He is a member of CPA Australia since 2001 and Malaysian Institute of Accountants since 2015. He graduated from Deakin University, Australia in 1997 with a Bachelor of Commerce Degree majoring in Accounting and Management Information System. He has accumulated more than twenty (20) years of accounting and corporate finance experience.

He started his career as an audit assistant in Ernst & Young in 1997. In December 1999, he resigned from Ernst & Young as Senior Audit Assistant. Subsequently, in 2000, he joined Malaysian International Merchant Bankers Berhad as a Senior Executive in the corporate advisory and consultancy division. In 2004, he joined Alliance Merchant Bank Berhad as a Manager in the corporate advisory division and was subsequently promoted to Senior Manager before starting his own management consultancy services, Pink Guava Sdn. Bhd. in 2007, providing business restructuring services (which has been struck off by Registrar of Companies on 4 October 2016).

Thereafter, he was with several companies, in his individual capacity including, Liqua Health Corporation Berhad, a company involved in direct selling of healthcare products as an Executive Director from February 2008 to May 2008, SCAN Associates Berhad, an information and communication technology security solution provider as the Finance Manager from 2010 to 2011, Vision Technology Consulting Group Berhad, an investment holding company with its subsidiaries involved in the provision of Oracle technology implementation and Oracle-related outsourcing services as the Chief Financial Officer from 2012 to 2013 and Damar Global Holdings Berhad, an investment holding company with its subsidiary involved in manufacturing of synthetic resins as the Chief Financial Officer from 2014 to 2016. In November 2017, he joined our Group as the Chief Financial Officer. He was the Executive Director of Volcano Berhad from March 2018 to February 2024.



LIM KEE WEI

Quality Assurance ("QA") Manager for VNP based in Perai, Penang

Gender Female	
Nationality Malaysian	Age 52 years old

Lim Kee Wei is responsible for managing the quality assurance and control team in VNP.

She has accumulated more than twenty (20) years of working experience in the field of quality assurance and control in Malaysia. Upon receiving her Diploma Certificate in 1998 from Tunku Abdul Rahman College, she began her career as a QA Executive in Public Package Sdn. Bhd., a total package and display solutions provider in Malaysia. In February 2000, she left Public Package Sdn. Bhd. and undertook the role of a QA Officer for wire drawing process in Chin Herr Industries (M) Sdn. Bhd., a manufacturer of wire products and left the company in August 2000.

Subsequently, she joined Oriental Shimomura Drawing (M) Sdn. Bhd., a manufacturer of steel bars as a QA Executive in August 2000 in the quality assurance and control field of steel products for another three (3) years. In 2003, she resigned from Oriental Shimomura Drawing (M) Sdn. Bhd. and assumed the position of a QA Engineer in Regency Device Sdn. Bhd., a service provider involved in the inspection of high-quality semi-conductors to multinational companies in the region. Prior to joining our Group, she was a QA Executive in Amcor Fibre Sdn. Bhd., a manufacturer of packaging products from 2004 to 2006. Thereafter, in 2006, she joined our Group and assumed her current position as a QA Manager in VNP.

Profile of Key Senior Management



RAJENDRAN A/L MASILAMANY

Production Manager for VNP
based in Perai, Penang

Gender	
Male	
Nationality	Age
Malaysian	44 years old

Rajendran A/L Masilamany is responsible for handling the production in VNP and the R&D activities of our Group. He obtained a Sijil Kemahiran Malaysia from Sekolah Menengah Teknik Butterworth in 1997.

In 1998, he joined L.S Foo Mechanical, a manufacturer of machine tools as a Mechanician and was in charge of machining of components before commencing his career with VNP. In 2004, he left L.S Foo Mechanical and joined VNP as a Stamping Engineer and was responsible for tooling design and first article sample. After three (3) years, he was promoted to a Stamping Section Manager and R&D. He was promoted to his current position in 2012 to further improve our production efficiency and developments. He has vast experience in re-engineering of tooling to enhance production efficiency and plays an instrumental role in the implementation of laser cutting technology in our Group.



CHENG SU YING

Senior Operation Manager for VTT and is based in Rayong, Thailand

Gender	
Female	
Nationality	Age
Malaysian	41 years old

Cheng Su Ying obtained an Advanced Diploma in Accounting and Business from the Association of Chartered Certified Accountants in March 2017.

She began her career as an Accounts Clerk at Tejari Sdn. Bhd., a manufacturer of hydraulic automation system in 2004 and was subsequently promoted to Account Executive in 2007. In 2011, she joined VNP as an Assistant Accountant and was in charge of the company's day-to-day operations in the areas of accounting and finance.

She was subsequently transferred to VTT as a Finance and Administration Manager in 2013 and was promoted to her current position in 2021. Her responsibilities include overseeing the overall operations of VTT.

ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT

- (i) Directorship in public companies and listed corporations

None of the key senior management of our Group hold any directorship in public companies and listed corporations.

- (ii) Family relationship with any director and/or major shareholder

None of the key senior management of our Group have any family relationship with the Directors and/or major shareholders of our Company.

- (iii) Conflict of Interest

Save as disclosed in Note 4 of the Additional Compliance Information, the key senior management of our Group have not entered into any transaction, whether directly or indirectly, which has a conflict of interest with our Company.

- (iv) Other than traffic offences, none of the key senior management of our Group have any convictions for offences within the past five (5) years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Management Discussion and Analysis

BUSINESS OVERVIEW

Volcano Berhad ("Volcano" or "Company") is an investment holding company with three (3) subsidiaries namely, Volcano Name Plate Sdn. Bhd. ("VNP") in Perai, Penang, Malaysia (wholly-owned), Volcano Tec (Thailand) Co., Ltd. ("VTT") in Rayong, Thailand (wholly-owned) and PT Volcano Tec Indonesia ("VTI") in Cikarang, Indonesia (99.99% owned) (collectively, "Group"). VNP commenced operations in 1999 as a sub-contractor specialising in the manufacturing of nameplates and experienced sustained growth over the years. In 2008, our Company expanded our operations to Thailand via the incorporation of VTT, making a significant milestone in its expansion strategy. Subsequently, Volcano was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") in April 2021, enhancing our visibility and access to capital market. In 2024, VTI was set up to drive the growth in the Indonesian market.

Volcano's subsidiaries are primarily involved in the manufacturing and marketing of parts and components within the manufacturing value chain of the electrical and electronics ("E&E") and automotive industries, encompassing the manufacturing of nameplates and plastic injection moulded parts.

Nameplates are important for brand identification, displaying key information and instructions for consumer products and adds to its aesthetic appeal. These products are broadly categorised into metal and non-metal nameplates. The plastic injection moulded parts segment comprises the manufacturing of components that are made of plastics moulds and designs provided by our customers. Volcano's nameplates find application in various products including computers, printers, audio instruments, motor vehicles, communication devices, refrigerators, washing machines, and more. Meanwhile, its plastic injection moulded parts consist of components for amongst others, refrigerators, washing machines, sewing machines, power tools, air filters, other household and automotive appliances.

Our customers are predominantly multi-national companies ("MNCs") operating in the E&E and automotive sectors and Original Equipment Manufacturers ("OEMs") which are contract manufacturers appointed by the MNCs. Other customers comprise nameplate manufacturers, label manufacturers and trading companies who supply nameplates to their customers.

RM72.35 million

Revenue FYE 2024

RM5.23 million

Net Profit FYE 2024

3.02 sen

Earnings Per Share FYE 2024

FINANCIAL REVIEW

The financial year end of our Company and our Group has been changed from 31 December to 30 June as announced to Bursa Securities on 26 May 2022. The current financial year ended 30 June 2024 ("FYE 2024") is the first twelve-month financial year which now ends in June, as such, there are no comparative figures available for the corresponding period of preceding year. The figures for the eighteen-month financial period ended 30 June 2023 ("FPE 2023") were presented for disclosure purposes.

Despite the lacklustre performance of the E&E industry, our Group managed to achieve a revenue of RM72.35 million with net profit coming in at RM5.23 million for FYE 2024. The nameplates segment led the performance of our Group by contributing RM48.05 million or 66.42% of our Group's total revenue while the plastic injection moulded parts segment accounted for the remaining RM24.30 million or 33.58%. Accordingly, our Group reported earnings per share of 3.02 sen for FYE 2024.

Our Group's key financial highlights are as follows:

Financial Results	FYE 2024 RM'000	FPE 2023 RM'000
Revenue	72,345	111,954
Gross profit	21,998	33,352
Profit before tax	7,103	11,654
Profit after tax	5,231	9,059
Profit attributable to owners of the Company	5,231	9,059
Gross profit margin (%)	30.41	29.79
Net profit margin (%)	7.23	8.09



Management Discussion and Analysis

FINANCIAL REVIEW (CONT'D)

Further analysis of revenue by business segment is as follows:

Segmental Analysis of Revenue by Business Segment

	FYE 2024		FPE 2023	
	RM'000	%	RM'000	%
Nameplates	48,051	66.42	69,296	61.90
Plastic injection moulded parts	24,294	33.58	42,658	38.10
Total	72,345	100.00	111,954	100.00

Segmental Analysis of Revenue by Geographical Location of Customers

	FYE 2024		FPE 2023	
	RM'000	%	RM'000	%
Thailand	33,519	46.33	53,948	48.19
Singapore	29,405	40.65	44,751	39.97
Indonesia	1,701	2.35	2,647	2.36
United States of America	1,659	2.29	3,690	3.30
China	793	1.10	959	0.86
Others	1,613	2.23	589	0.52
Sub-total (Export)	68,690	94.95	106,584	95.20
Malaysia	3,655	5.05	5,370	4.80
Total	72,345	100.00	111,954	100.00

Our Group's operations predominantly focus on the export market, serving diverse MNCs customers. In FYE 2024, 94.95% of our Group's revenue was generated from overseas markets, with the remaining 5.05% attributed to the local market. Thailand and Singapore continued to be our key revenue contributors each accounting for 46.33% and 40.65% to our Group's revenue in FYE 2024 respectively.

Financial Position	FYE 2024 RM'000	FPE 2023 RM'000
Shareholders' equity	103,407	85,656
Total assets	118,677	98,923
Total liabilities	15,271	13,267
Total borrowings	4,303	953
Gearing (times)	0.04	0.01

As at 30 June 2024, the shareholders' equity of our Group improved to RM103.41 million with total assets of RM118.68 million. Meanwhile, our Group's total liabilities had risen slightly to RM15.27 million with higher total borrowings amounting to RM4.30 million, comprising term loan and lease liabilities. During FYE 2024, our Group used proceeds from private placement and bank borrowings to partially fund the capital expenditure needs of our Group's business operations. Through the private placement, our Company's share capital had increased by 16,630,000 new ordinary shares in our Company ("Shares"), raising RM15.133 million at an issue price of RM0.91 per Share.

Management Discussion and Analysis

FINANCIAL REVIEW (CONT'D)

Cash flows	FYE 2024 RM'000	FPE 2023 RM'000
Net cash from operating activities	12,640	18,919
Net cash used in investing activities	(16,379)	(9,611)
Net cash from/(used in) financing activities	12,821	(4,972)
Net changes in cash and cash equivalents	9,082	4,336
Cash and cash equivalents at the beginning of financial year/period	14,324	9,439
Effect of exchange rate changes on cash and cash equivalents	(491)	549
Cash and cash equivalents at the end of the financial year/period	22,915	14,324
Analysis of cash and cash equivalents:		
Cash and bank balances	22,915	14,324

During FYE 2024, our Group's cash and cash equivalents increased to RM22.92 million due to a positive cash surplus from operating activities and financing activities after offsetting net cash used in investing activities. Net cash generated from operating activities was RM12.64 million for FYE 2024. Additionally, net cash used in investing activities in FYE 2024 was RM16.38 million, mainly due to the acquisition of property, plant and equipment to enhance our Group's operating capacity and capability. Meanwhile, the net cash from financing activities for FYE 2024 was RM12.82 million, primarily attributed to RM15.13 million from private placement proceeds.

RM22.92 million

Cash and Cash Equivalents FYE 2024

OPERATIONS REVIEW

Our Group's performance in FYE 2024 remains resilient despite the increasing cost pressure and challenging economic conditions. We are dedicated to increase our production capacity and are proactively seeking new customers within the E&E and automotive industries.

During the current financial year, we undertook a private placement of up to 49,500,000 new Shares, representing up to 30% of Shares in issue (excluding treasury shares, if any) ("Private Placement"), and we managed to raise a total sum of RM15.133 million from the listing of the first and final tranche of 16,630,000 new Shares at RM0.91 per Share on the ACE Market of Bursa Securities on 6 September 2023. There was no further placement of new Shares thereafter, and the Private Placement was deemed completed on 5 July 2024. Bulk of the Private Placement proceeds was used to fund the construction of VTT's new factory in Thailand and the acquisition of a new factory in Penang.

Given our Group's expansion commitment and healthy balance sheet, we have also drawdown some bank borrowings to fund our Group's expansion plans during the current financial year as we are seeing positive business opportunities and believe that the added production capacity will enable us to seize more sales from potential customers in the United States of America and Europe.

Currently, the construction of our Group's second factory in Thailand and the renovation work for our second factory in Penang are in progress and are expected to be completed in mid-2025 and the first quarter of 2025 respectively. The second factory in Thailand comprises a 3-storey office, a single-storey factory and a single-storey warehouse with an estimated additional built-up area of approximately 134,869 square feet ("sq. ft."). The second factory in Penang comprises a 2-storey office, a single-storey factory and a 2-storey factory with an estimated additional built-up area of 32,450.77 sq. ft. built-up area. Upon completion, our Group's total production floor will be enlarged by approximately 111%.

On 21 March 2024, we incorporated a new 99.99% owned subsidiary, VTI, a limited liability company under the laws of Indonesia to expand our existing market reach in Indonesia and provide better support for the existing Indonesian customers.

Management Discussion and Analysis

KEY BUSINESS RISKS AND MITIGATION MEASURES

We have identified the following risks that affect our Group's operations as a manufacturer of metal and non-metal nameplates and plastic injection moulded parts:

01

Dependence on the continuous employment and performance of our Executive Directors and key senior management

Our Group's production operations are specialised and technical, requiring niche expertise and knowledge from our Executive Directors and key senior management members. These individuals are crucial to the continuity of our Group, and any potential loss of them could have a significant impact on our ability to effectively manage operations and remain competitive.

We address this risk by maintaining a management succession plan. We provide middle management with exposure to different aspects of the business to ensure they have the necessary skills to carry out their responsibilities effectively and to instil a sense of leadership.

02

Dependence on our major customers

For FYE 2024, our Group's top five (5) customers collectively contribute approximately 61.34% of our Group's revenue. As a result, the future performance of our Group is dependent on our ability to maintain our status as an approved supplier/vendor with these key customers. Despite the absence of long-term contracts, which is common in the industry, the potential loss of any of these major customers or the failure to secure new purchase orders from new clients could have an adverse impact on our Group's operating results.

To manage this risk, we focus on nurturing our current key customers connections while actively acquiring new customers. Our goal is to consistently meet and exceed customers' expectations, thereby fostering enduring and sustainable long-term business relationships with them.

03

Dependence on our ability to continuously and consistently meet customers' expectations

The industry in which we operate demands high-quality products and timely delivery. Any defect, error or delay in our products or services or any failure to meet customers' specifications or expectations could cause adverse customer reactions and claims by customers for damages against us which in turn, could result in loss of revenue, causing material adverse effect on our Group's business and financial conditions.

We remain dedicated to continuously improve our manufacturing technologies and providing comprehensive training for our employees to moderate this risk. This commitment ensures the consistent quality of our products and services, enabling us to maintain our Group's reputation for excellence.

04

Dependence on the growth of the end-user industries

Our Group's business closely relies on the growth and progress of the end-user industries of E&E and automotive. As a result, prevailing economic conditions significantly influence household disposable incomes, which in turn, impact the demand for end-user products and subsequently affect our Group's business. Any fluctuations in these conditions could potentially have adverse effects on our Group's profitability.

To address this risk, we prioritise the cultivation of long-term relationships with our major customers, reinforcing business continuity. Additionally, we proactively employ measures to diversify our customer base and place increased emphasis on digital marketing.

05

Fluctuations in raw materials prices

Our Group primarily uses stainless steel, aluminium, thermoplastic sheets, adhesive film, resin, and ink as raw materials sourced from Malaysia, China, Hong Kong, Singapore, and Thailand. The fluctuation in global supply and demand for these raw materials influence their prices, potentially leading to price hikes that could reduce our operating margin if we are unable to pass on the increased costs to the selling price of our finished products.

As part of our cost management initiatives, we continuously monitor price fluctuation and seek opportunities to minimise our cost of raw materials such as bulk purchases in order to maximise our profit.

06

Exposure to fluctuations in exchange rates

We are exposed to foreign currency exchange rate fluctuations as part of our Group's revenue and purchases are denominated in foreign currencies such as United States Dollar (USD), Singapore Dollar (SGD), China Yuan (CNY) and Japanese Yen (JPY). Any unfavourable movement of these foreign currency exchange rates may have negative impact on our Group's financial results.

In order to mitigate this risk, we employ natural hedging practices and proactively monitor the concerned foreign exchange rate fluctuations to assess the need for entering hedging contracts, when necessary.

Management Discussion and Analysis

FUTURE PROSPECTS AND OUTLOOK

Our products, namely nameplates and plastic injection moulded parts, are applied to a broad range of products, in particularly the E&E and automotive industries in the global market. The prospects and outlook of the global economy as well as the E&E and automotive industries are set out below:

According to the International Monetary Fund (IMF), global economic activity is showing surprising resilience with inflation returning to target. Despite significant central bank hikes aimed at restoring price stability, the global economy grew steadily, supported by favourable supply developments. Global growth, estimated at 3.2% in 2023, is projected to continue at the same pace in both 2024 and 2025. Meanwhile, global headline inflation is expected to fall from an annual average of 6.8% in 2023 to 5.9% in 2024 and to 4.5% in 2025.



<https://mediacenter.imf.org/news/imf---world-economic-outlook-april-2024/s/b5844e32-a21c-4a48-8665-00b667aeb68c>

The global E&E market size will grow from USD3,764.98 billion in 2023 to USD4,031.77 billion in 2024 at a compound annual growth rate (CAGR) of 7.1%. The growth in the historic period can be attributed to increased consumer electronics demand, globalisation of supply chains, trade policies and tariffs, miniaturisation of devices, and energy efficiency concerns. The E&E market size is expected to see strong growth in the next few years. It will grow to USD5,194.42 billion in 2028 at a CAGR of 6.5%.

<https://www.thebusinessresearchcompany.com/report/electrical-and-electronics-global-market-report>

The global automotive market, encompassing passenger vehicles, light commercial vehicles, and medium and heavy commercial vehicles, will expand from 88 million units in 2024 to a substantial 104 million units by 2030. This growth trajectory represents a CAGR of 2.4%, signalling a period of significant expansion and innovation in the sector.



<https://www.wionews.com/autonews/global-automotive-industry-set-to-reach-104-million-units-by-2030-735999>

Given the positive prospects of the global economy, E&E and automotive industries, we believe that there will be sustainable and new demand for our Group's products. We are committed to execute our organic growth plan to position our Group as a dominant component and parts manufacturer in the ASEAN region.

Besides our capacity expansion, we also focus on innovation and investment in new technology. Our plans include progressively upgrading existing machines, acquiring new machines and introducing new automation systems to enhance operational efficiency. With all the above, we expect our Group's capital expenditure will accelerate to facilitate business growth in the upcoming years.

DIVIDEND

In accordance with our dividend policy, which aims to distribute a minimum of 30% of our annual audited net profit to our shareholders, we declared a single-tier interim dividend of 0.50 sen per Share, totalling RM0.91 million, which was paid on 20 March 2024. Additionally, on 9 October 2024, we declared a final dividend of 0.50 sen per Share for FYE 2024, pending approval at the 6th Annual General Meeting. Consequently, the total dividend for FYE 2024 amounted to 1.00 sen per Share.

Minimum 30% Distribute our annual audited net profit to our shareholders

1.00 sen
Total Dividend FYE 2024

Sustainability Statement

INTRODUCTION

The Board of Directors ("Board") at Volcano Berhad ("Volcano" or the "Company") strongly believes that embedding sustainability into our core strategy is vital for the long-term success of Volcano and its subsidiaries ("Volcano Group" or "Group"). Our commitment goes beyond mere compliance; we aspire to set a benchmark by embracing practices that are environmentally sustainable, socially responsible, and governed by the highest standards of integrity. We understand the significant impact our actions have on the world, and we are determined to ensure that this impact is overwhelmingly positive, contributing to the well-being of both the planet and its people.

As we progress on our sustainability journey, we are actively implementing initiatives that reflect our vision of a greener, more equitable future. These efforts include minimizing our environmental impact, cultivating a culture of inclusivity and respect within our workforce, and conducting business with transparency and ethical integrity. By pursuing these goals, we not only enhance our operational efficiency but also strengthen and deepen our relationships with stakeholders. Our Sustainability Statement outlines these initiatives, showcasing the steps we are taking to reach our sustainability objectives and the progress we have made along the way.

At Volcano Group, we see sustainability not as a challenge but as an opportunity to innovate and foster positive change. We are committed to ongoing improvement, continuously reviewing and refining our sustainability strategies to address new challenges and seize emerging opportunities. Through this proactive approach, we aim to contribute to a more sustainable future, delivering lasting value to our stakeholders while actively supporting the global sustainability agenda.

This Sustainability Statement reflects our dedication and serves as an invitation to our stakeholders to join us in this crucial endeavour.

VOLCANO'S VISION AND MISSION

Vision: Volcano Group's vision is encapsulated in our motto 'The Brand Behind All Brands'.

It is our vision to become the leading brand that supports global brands in achieving their vision by leveraging on our commitment to quality products, innovative solutions, latest technology and value creation.

Mission: Volcano Group symbolises Quality, Innovation, Technology and Value Creation. We are fully committed to these values which shape the way we conduct our business for our stakeholders including customers, suppliers and employees as well as for the parts and components manufacturing industry in which we operate in.

AN OVERVIEW OF VOLCANO GROUP

Volcano is an investment holding company, which was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 6 April 2021. Volcano is the holding company of three (3) of our subsidiary companies, namely, Volcano Name Plate Sdn Bhd (Perai, Penang, Malaysia) ("VNP" or "Volcano Malaysia") (wholly-owned), Volcano Tec (Thailand) Co., Ltd. (Rayong, Thailand) ("VTT" or "Volcano Thailand") (wholly-owned) and PT Volcano Tec Indonesia ("VTI" or "Volcano Indonesia") (99.99%-owned).

Volcano Group is a leading manufacturer of parts and components including metal and non-metal nameplates and plastic injection moulded parts. We have manufacturing facilities located in Malaysia and Thailand to serve multinational customers across various industries such as electrical and electronic, automotive, food, furniture, aerospace and label industries.

Over the years, we have established a good rapport with our long-term multinational customers and have a proven track record in the design and manufacturing of nameplates plastic injection parts that showcase our quality, reliability and service excellence.

We acknowledge that every component we manufacture appear on the surface or form part of the customer's end product. Our research and development team strives to develop new products or processes and also proposes innovative ideas which will best suit our customers' product branding and functionality.

Being an integrated manufacturer of parts and components including nameplates and plastic injection moulded parts, we are in a better position to provide solutions to meet our customers' requirements as well as being able to price our products and services competitively.

Sustainability Statement

SCOPE BOUNDARIES

This Sustainability Statement is aligned with the guidelines set forth in the ACE Market Listing Requirements ("AMLR") of Bursa Securities, the Sustainability Reporting Guide – 2nd Edition issued by Bursa Securities, and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards). It provides an overview of the Group's sustainability performance and achievements for the financial year ended 30 June 2024 ("FYE 2024"). The contents of this Sustainability Statement cover the Group's key business operations at VNP (Perai, Penang, Malaysia) and VTT (Rayong, Thailand) for FYE 2024, focusing on the manufacturing of parts and components, including metal and non-metal name plates and plastic injection moulded parts. This statement underscores the Group's dedication to conducting business operations in a sustainable and responsible manner, with a keen awareness of the Environmental, Social, and Governance (ESG) implications we face.

Acknowledging that there is no one-size-fits-all approach to sustainability governance, Volcano Group has adopted a tailored strategy that effectively addresses its specific sustainability challenges and reporting obligations.

REPORTING TIME FRAME

In covering the reporting time frame for FYE 2024 which is from 1 July 2023 to 30 June 2024 for Volcano, it is crucial to highlight Volcano Group's strategic initiatives, financial performance, operational advancements and market position throughout the year. Volcano Group, a leading manufacturer specializing in high-quality metal and non-metal nameplates and plastic injection moulded parts, serving diverse global industries.

The financial year saw the Group implementing key strategies aimed at enhancing its core competencies, improving operational efficiency and expanding its market reach both domestically and internationally. Financially, the Group aimed to strengthen its profitability and shareholder value through prudent financial management and strategic investments. Operational milestones included the design and development of new products, entry into new markets and the adoption of sustainable practices to align with global environmental standards. The Group's performance in FYE 2024, amidst the challenges and opportunities presented by the global economic environment, reflects its resilience and commitment to growth.

ASSURANCE

There is no external assurance or independent evaluation of the performance data published in this Statement. All the data has been validated by the information owners. We shall consider the involvement of third parties for the external verification when necessary.

OUR REPORTING STANDARDS

We obtained our emissions data using relevant emission factors from the Department for Environment, Food & Rural Affairs (DEFRA) in the United Kingdom and the Malaysian Green Technology and Climate Change Centre. Our carbon footprint was calculated according to the GHG Protocol, a widely recognized standard for corporate accounting and reporting. This protocol is currently considered best practice for reporting organizational emissions.

STAKEHOLDER ENGAGEMENT

Volcano is committed to becoming the leading brand that helps global brands realize their visions, driving success while creating value for shareholders, employees, suppliers, customers, and the broader community. Central to our business strategy is our dedication to sustainability, which guides our responsible practices throughout our supply chain. By prioritizing sustainability, we aim to reduce our environmental impact, cultivate a positive workplace, and enhance the economic and social well-being of the communities we serve.

Recognizing the vital importance of effective communication, Volcano actively engages with all stakeholders to fully understand their needs and expectations. This ongoing dialogue is not just a corporate responsibility but a strategic approach to aligning our business objectives with the sustainable development goals of our stakeholders. By fostering open and transparent communication, we build trust and develop strong, mutually beneficial relationships. This engagement process helps us stay ahead of emerging sustainability trends and challenges, ensuring we remain responsive and adaptable in a rapidly evolving world.

Sustainability Statement

Our stakeholders engagement primarily are listed below: -

STAKEHOLDERS AREA OF FOCUS	/	ENGAGEMENT METHODS	FREQUENCY	KPI	STATUS
Shareholders Investors	and	Share Price	On Going	NTA >5%	Achieved (20.72%)
		Dividend	On Going	Min 30% of Net Profit	Achieved (30.09%)
		Business Growth	On Going	10 new customers	Achieved (50%)
Employees		Employees Turnover	Monthly	≤10 % monthly	Achieved (0.63%)
		OSHA Training per hour	Annually	2 hours per employee	Achieved 2 hours per year
		Employees' training hours	Annually	3 hours per employee	Achieved 1.02 hours per employee
Customer		Quality products	Audit and Evaluation	<5% Rejection Rate	Achieved (3%)
		On-Time Delivery	Monthly	100% On- Time Delivery	Achieved (100%)
		Manufacturing Capacity	On Going	>70% Utilisation Rate	Achieved (70.19%)
Suppliers		On -Time Delivery	Delivery Monitoring	>98%	Achieved (100%)
		Quality material (REJECTION RATE)	Audit and Evaluation	<3% Rejection Rate	Achieved (1%)
Analyst		Business Reporting	On Going	≥2	Achieved (100%)
Regulators		DOSH	On Going	No Compound	Achieved
		JKKP	Monthly	No Compound	Achieved
Local Communities		Job Creations	On Going	>80% Local Employees	Achieved (80%)
		CSR Activities	On Going	≥2	Achieved (100%)

The feedback and insights we gather from stakeholders are crucial to our sustainability journey. They help us identify new opportunities for sustainable growth and effectively manage potential risks. By incorporating this feedback into our strategic planning, we make informed decisions that align with stakeholder expectations and global market demands. This collaborative approach not only enhances our sustainability performance but also reinforces our competitive edge, positioning Volcano Group as a forward-thinking and responsible conglomerate dedicated to positively impacting society and the environment.

COMMITMENT INTO SUSTAINABILITY

Volcano Group is committed to building a sustainable future through responsible sourcing and supply chain management. Our focus on local suppliers, particularly in Thailand, emphasizes our dedication to supporting local communities and reducing our carbon footprint by minimizing transportation-related emissions. Simultaneously, our engagement with international suppliers allows us to leverage innovative practices and sustainable materials from around the world.

Our ongoing efforts include:

- **Supporting Local Economies:** We prioritize working with local suppliers whenever feasible, contributing to local economic development and ensuring that our operations benefit the communities where we are based.
- **Enhancing Supply Chain Sustainability:** By integrating international suppliers, we adopt global best practices and access cutting-edge sustainable materials and technologies that help us reduce our environmental impact.
- **Balancing Global and Local Sourcing:** We strive for a balanced approach that maximizes the benefits of both local and international sourcing, ensuring that our supply chain remains resilient, efficient, and sustainable.

The Board recognizes that sustainable business practices are essential in a rapidly changing environment, where external factors such as customer preferences, regulatory changes, and investor expectations evolve quickly. By understanding long-term trends, Volcano Group can seize new opportunities. The Group is dedicated to anticipating future customer needs, collaborating with regulators, enhancing its reputation, and motivating employees, all of which contribute to a strong business case.

Sustainability Statement

To bolster Volcano Group's reputation and goodwill, sustainability provides a framework for managing social and environmental changes, including advancements in technology, government policies, and customer demands. The Group has established Sustainability Policies and Guidelines for all Directors and employees, ensuring consistent implementation.

Acknowledging the impact of strong governance on environmental and social responsibilities, the Board is committed to aligning Volcano Group's corporate culture with forward-looking principles. A comprehensive strategy directs the Group in fulfilling its environmental, social, and governance commitments.

By identifying key sustainability issues critical to its operations, Volcano Group manages these concerns through four core components: economic, environmental, social, and governance. This proactive approach ensures effective management and attention to essential sustainability matters.



OUR SUSTAINABILITY JOURNEY FROM THE SUSTAINABILITY COMMITTEE

How does Volcano Group integrate sustainability into its core strategy?

Answer:

Volcano Group integrates sustainability by embedding environmental, social, and governance (ESG) and economic principles into its business strategy on top of economic factors. Our Board of Directors believes that sustainable practices are essential for long-term success. We focus on reducing our environmental impact, fostering inclusivity, and maintaining transparency and ethical integrity. Sustainability is viewed not as a challenge but as an opportunity to innovate and deliver lasting value to stakeholders while supporting the national sustainability goals and the global sustainability agenda.

What are Volcano Group's key environmental sustainability initiatives?

Answer:

Volcano Group's environmental initiatives include optimizing resource use, reducing emissions, and managing waste responsibly. We are committed to continuously upgrade our manufacturing facility with energy-efficient and automation features. In FYE 2024, we invested approximately RM10 million for the upgrading purpose. In addition to the existing solar systems in our current factories, our new factories in Malaysia and Thailand will also be equipped with solar systems. These efforts are part of our commitment to global climate goals and minimizing our environmental footprint.

Sustainability Statement

How does Volcano Group manage Scope 1 and Scope 2 emissions?

Answer:

Overall, Volcano Group's Scope 1 and Scope 2 emissions are considered at a low level, however, we will actively monitor and manage the Scope 1 emissions, which come from company-owned vehicles and machinery, and Scope 2 emissions, which result from electricity consumption. We are committed to improving operational efficiency and adopting sustainable practices across our manufacturing facilities.

What steps is Volcano Group taking to enhance social sustainability and employee well-being?

Answer:

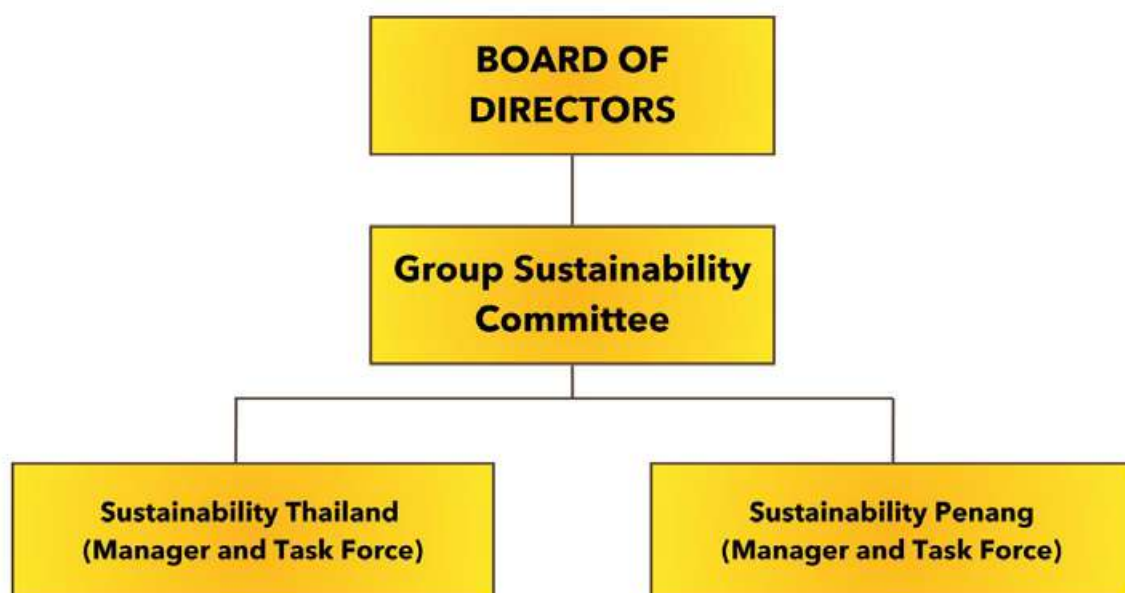
Volcano Group prioritizes the well-being of its employees through various programs promoting health, safety, diversity, and professional development. We have implemented occupational safety and health (OSH) systems, continuous learning initiatives, and a strong focus on mental and physical health. In FYE 2024, no work-related fatalities were recorded, and training hours for employees were significantly increased to support their growth and safety. Besides that, we have invested approximately RM1.00 million to establish a 4-storey hostel to provide a comfortable living quarter to our foreign staff in Penang, Malaysia.

How does Volcano Group ensure responsible supply chain management?

Answer:

Volcano Group balances local and international sourcing to build a sustainable and resilient supply chain. We prioritize local suppliers, particularly in Thailand, where 85% of our suppliers are local. This helps to support local economies and reduce transportation emissions. However, we also engage with international suppliers to access innovative materials and sustainable technologies. This balanced approach strengthens our commitment to sustainability in our supply chain management.

SUSTAINABILITY CORPORATE GOVERNANCE STRUCTURE



Our Group's sustainability governance structure is designed to ensure a cohesive and strategic approach to managing sustainability across all levels of the organization. The sustainability agenda is spearheaded by the Sustainability Committee under the stewardship of the Board, with a strong emphasis on aligning sustainability goals with our overall corporate strategy. This governance framework fosters effective oversight, coordination, and implementation of sustainability initiatives across our different operations, ensuring that our commitment to ESG (Environmental, Social, and Governance) principles is seamlessly integrated into our business processes.

Sustainability Statement

Board of Directors:

The Board holds the overall responsibility for overseeing the sustainability strategy and performance of the Group. It appoints the Group Sustainability Committee and ensures that sustainability goals are aligned with Volcano's strategic objectives. This involves setting the vision, approving key sustainability initiatives, and reviewing progress toward ESG goals across the organization.

Group Sustainability Committee:

This committee consists of members from the Board and senior executives with expertise in sustainability. The Committee plays a crucial role in guiding the implementation of sustainability initiatives across all operations. It monitors sustainability performance, ensures alignment with corporate goals, and provides guidance to the sustainability teams at both the Penang and Thailand plants.

Sustainability at the Thailand Plant:

Sustainability efforts at the Thailand plant are overseen by the Sustainability Manager, supported by the Sustainability Task Force (Thailand), which consists of representatives from various departments. This structure ensures the implementation of plant-specific sustainability initiatives and ensures compliance with local regulations. The Sustainability Task Force is responsible for executing specific sustainability programs, tracking progress, and reporting to the Sustainability Manager, who in turn reports to the Group Sustainability Committee.

Sustainability at the Penang Plant:

Similarly, the Penang plant has its own Sustainability Manager who leads sustainability efforts at the facility. The Sustainability Task Force (Penang) is made up of individuals from different departments and is tasked with implementing plant-level sustainability initiatives. This team monitors sustainability metrics ensures adherence to corporate sustainability policies, and reports on the plant's sustainability performance.

Sustainability Task Force:

Each plant operates with its own Sustainability Task Force, which is comprised of cross-functional teams from different departments. Their main responsibilities include executing sustainability programs, monitoring progress, and ensuring that the plant's sustainability efforts are aligned with corporate objectives. These task forces provide a hands-on approach to managing day-to-day sustainability activities, reporting directly to their respective Sustainability Managers.

ROLES AND RESPONSIBILITIES

Board of Directors:

- Sets the strategic direction and policies related to sustainability.
- Oversees the Group's sustainability performance, ensuring that risks are properly managed.
- Reviews and approves major sustainability initiatives, goals, and reports.

Group Sustainability Committee:

- Develops and implements the Group's sustainability strategy in line with the Volcano's long-term vision and values.
- Monitors sustainability performance across the Group's operations.
- Provides guidance to the Sustainability teams in Thailand and Penang and ensures consistent execution of initiatives.
- Regularly reports to the Board on sustainability matters, offering strategic advice and updates on progress.

Sustainability at the Thailand Plant:

- Develops plant-specific sustainability initiatives and ensures compliance with local environmental regulations.
- Tracks performance metrics related to sustainability, such as energy usage, waste management, and emissions reductions.
- Engages with local stakeholders, including government agencies and communities, to collaborate on sustainability-related issues.

Sustainability Statement

Sustainability at the Penang Plant:

- Ensures that plant-level sustainability efforts are aligned with both corporate and local environmental requirements.
- Monitors key sustainability indicators, implementing necessary improvements to meet sustainability goals.
- Coordinates with local communities and authorities to address sustainability concerns and initiatives.

Sustainability Manager (Thailand and Penang):

- Leads sustainability initiatives at the respective plant, ensuring that sustainability goals are met.
- Coordinates with the cross-functional Sustainability Task Force to implement sustainability action plans.
- Reports on progress, challenges, and achievements to the Group Sustainability Committee and senior management.

Sustainability Task Force (Thailand and Penang):

- Consists of representatives from different departments at each plant, working together to execute sustainability projects.
- Responsible for gathering data, monitoring performance, and providing regular updates on sustainability metrics.
Identifies opportunities for improvement and develops actionable solutions to enhance sustainability outcomes.

Ensuring Integration and Accountability

This governance structure ensures that sustainability is a core part of the decision-making process within our organization. With dedicated oversight at both the Group and plant levels, we ensure that sustainability goals are consistently pursued across all of our operations. The close coordination between the Group Sustainability Committee and the Sustainability teams at the Thailand and Penang plants guarantees that our sustainability initiatives are effectively executed and that performance is regularly monitored.

By embedding sustainability across all levels of the Group, we are able to achieve long-term environmental, social, and economic value, positioning Volcano as a responsible and forward-thinking leader in our industry.

MATERIALITY ASSESSMENT PROCESS

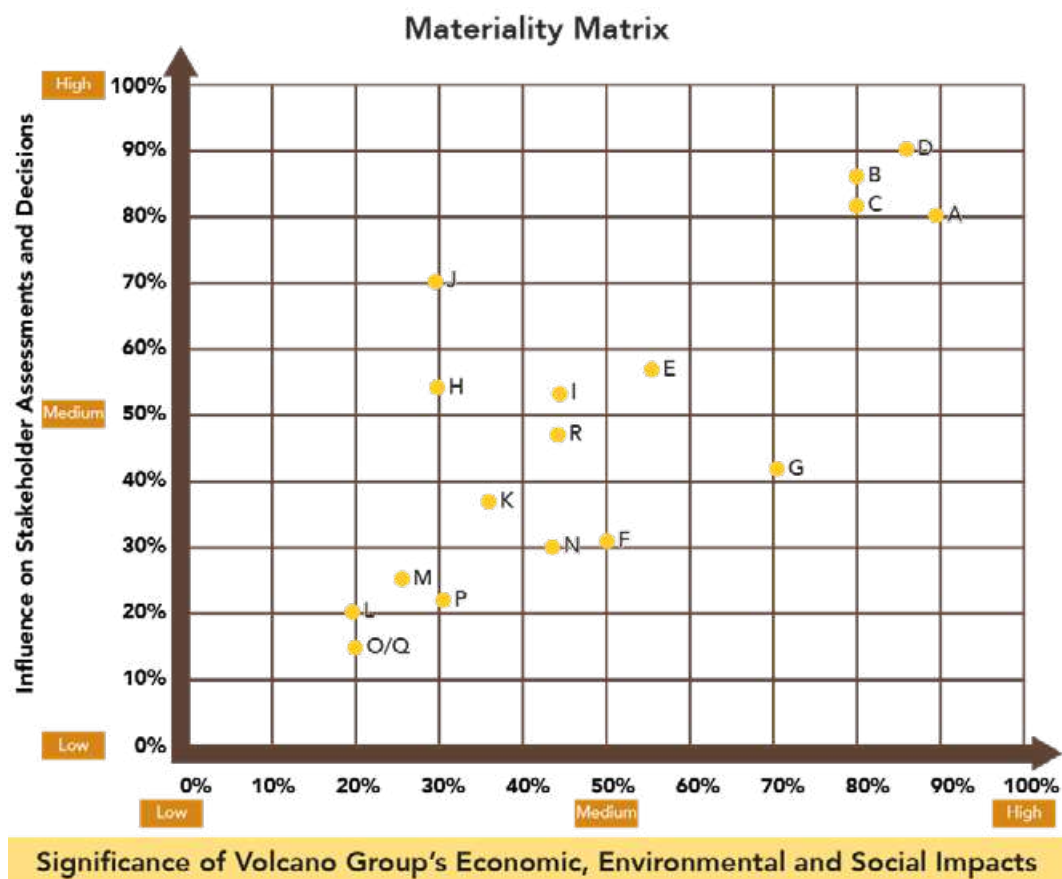
Volcano Group identifies its sustainability issues by evaluating the significance and materiality of each concern based on its impact and influence on the Group. This assessment considers current economic, environmental, and social trends both locally and globally. The internal materiality assessment conducted during the financial year helps Volcano Group pinpoint and prioritize key sustainability risks and opportunities that could affect business operations and key stakeholders.

The materiality assessment process for sustainability matters at Volcano Group is outlined below:



Sustainability Statement

ECONOMIC	ENVIRONMENTAL	SOCIAL	GOVERNANCE
<p>A. Customer Demand Based Business Model / Product Innovation</p> <p>B. Quality Commitment</p> <p>C. Supply Chain Management System</p> <p>E. Strategic Partners</p>	<p>F. Energy Management and Resource Conservation</p> <p>G. Responsibilities on Discharges to Air, Water and Land</p> <p>H. Active Role and Role Model</p>	<p>I. Leadership and People Interaction</p> <p>J. Trainings</p> <p>K. Safe Working Environment</p> <p>L. Creating a Sense of Belonging</p> <p>M. Conducive Workplace</p> <p>N. Employees Welfare and Workforce Diversity</p> <p>O. A pledge to the Triple Bottom Line</p> <p>P. Contribution to the Industrial Fraternity</p> <p>Q. Community Cohesion</p> <p>R. Healthy Lifestyle</p>	<p>D. Business Integrity/Governance</p>



Sustainability Statement

GOVERNANCE MATTERS

Volcano Group is dedicated to maintaining the highest standards of integrity, honesty, and fairness in all its business operations. This commitment is evident in the Group's strict adherence to all relevant laws and regulations, ensuring that its activities are conducted with transparency and ethical principles. By delivering accurate and timely information to stakeholders - including investors, employees, customers, and the public - Volcano Group fosters a culture of transparency and trust. The Group values the rights, dignity, and diversity of individuals, recognizing their essential contributions to its success. This ethos is central to establishing robust corporate governance structures that promote accountability and ethical decision-making throughout the organization.

In its pursuit of sustainability, Volcano Group emphasizes practices that reduce environmental impact and enhance societal well-being. The Group actively supports initiatives that address social challenges and promote community development, reflecting its dedication to corporate social responsibility. By integrating sustainable practices into its business model, Volcano Group not only reduces its environmental footprint but also sets a standard for responsible business conduct in the industry. This approach highlights the Group's commitment to balancing economic success with environmental stewardship and social equity.

Additionally, Volcano Group prioritizes delivering high-quality products and services that meet and exceed customer expectations, ensuring customer satisfaction is a key focus of its business strategy. The well-being of its employees is also a top priority, with the Group providing a supportive work environment, fair compensation, and opportunities for professional growth. Financial integrity and accountability are maintained through meticulous financial reporting and responsible resource management, ensuring the Group's long-term sustainability and profitability. Through these comprehensive measures, Volcano Group showcases its unwavering commitment to ethical business practices, environmental conservation, and social responsibility, setting a benchmark for excellence in corporate governance.

ANTI BRIBERY AND CORRUPTION POLICY

Business integrity and ethics are fundamental to Volcano Group's ongoing success, with a strong focus on ethical conduct and a steadfast commitment to maintaining high standards of corporate ethics. This dedication includes strict adherence to all relevant laws and regulations governing our business practices. The Audit Committee, led by an experienced Independent Non-Executive Director, is instrumental in identifying and managing potential risks to Volcano Group's operations.

Volcano Group strictly enforces the Malaysian Anti-Corruption Commission (Amendment) Act 2018, ensuring full compliance with its provisions. We have adopted a comprehensive Anti-Bribery and Corruption Policy that reflects our zero-tolerance stance on bribery and corruption in all aspects of our operations. Additionally, a "No Gift" Policy has been implemented, prohibiting employees from accepting or giving gifts, except under specific procedures and exceptional circumstances, with a detailed gift register maintained for monitoring and evaluation of gift transactions.

In terms of anti-corruption measures, Volcano Group has reported no substantiated complaints related to Anti-Bribery & Corruption or gift-giving incidents for financial year ended 31 December 2021 ("FYE 2021"), 18-month financial period ended 30 June 2023 ("FPE 2023") and FYE 2024, meeting our KPI target of zero complaints. This achievement highlights our unwavering commitment to maintaining a corruption-free environment across all our business operations.

Anti - Corruption	FYE 2021	FPE 2023	FYE 2024	Target (s)
Substantiated complaints pertaining to Anti-Bribery & Corruption and gift giving incidents	0 case	0 case	0 case	0 case

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ZERO of confirmed incidents of corruption and action taken in FYE 2024

To further amplify Volcano's commitment towards its Anti-Bribery and Corruption Policy, the Group has mandated all staff to undergo its yearly Anti-Bribery and Anti-Corruption training. Below are the percentages of staff undergoing the Anti-Bribery and Anti-Corruption (ABAC) training.

Percentage of employees who have received ABAC Training in Volcano



Volcano Group mandates that all contractors and suppliers implement and strictly adhere to comprehensive Anti-Bribery and Anti-Corruption policies, underscoring our commitment to ethical business practices and integrity. This requirement is communicated to all contractors and suppliers through relevant documentation.

Risk assessments are conducted across various operational areas as part of our daily business operations. Due diligence checks are performed on potential business partners, and employees are trained to recognize and report suspicious behaviour. Overall, our risk management framework has successfully achieved commendable targets across all areas of operation.

WHISTLEBLOWING POLICY

Volcano Group is dedicated to upholding the highest standards of ethical conduct, integrity, and transparency across all its business operations. To support this commitment, we have established a Whistleblowing Policy that provides a secure and confidential channel for employees and stakeholders to report any concerns about potential wrongdoing within the Group.

This policy applies to all employees, contractors, suppliers, customers, and other stakeholders associated with Volcano Group. It addresses any suspected or actual misconduct, fraud, corruption, unethical behaviour, or violations of laws, regulations, or company policies that may occur within Volcano Group or in relation to its business activities.

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Additionally, Volcano Group has implemented robust Whistleblowing Policies and Procedures to ensure that stakeholders can report suspicions of corruption, malpractice, or misconduct safely and without fear of retaliation. To further mitigate conflicts of interest, all employees are required to complete a Conflict-of-Interest Declaration Form annually, reaffirming their commitment to the highest levels of integrity and transparency.

Individuals who become aware of or suspect misconduct within Volcano Group are encouraged to report their concerns promptly. Reports can be made anonymously through designated whistleblowing channels, including:

Email	Letter
corporate@volcano.com.my	Human Resource Department Volcano Berhad 1411, Jalan Perusahaan Kawasan Perusahaan Perai 1, 13600 Perai, Penang, Malaysia

Reports should provide detailed information, including the nature of the concern, relevant dates, individuals involved, and any supporting evidence, to enable a thorough investigation and resolution.

Confidentiality is crucial in the whistleblowing process. Volcano Group ensures that all reports are handled with the highest level of confidentiality, fully protecting the identity of the whistleblower possible, in accordance with legal requirements and investigative needs.

By fostering a culture of transparency and accountability, Volcano Group reaffirms its commitment to maintaining ethical standards and building trust within the organization.

DATA PRIVACY AND BREACH

To ensure fair and ethical practices across its operations, the Human Resource Department at Volcano Group plays a crucial role in maintaining the highest standards of integrity and compliance. This commitment is further supported by the Group's adherence to strict personal data protection guidelines, in line with the Personal Data Protection Act 2010. The organization is devoted to protecting personal and sensitive information, implementing robust data security measures to prevent unauthorized access or disclosure. Furthermore, Volcano Group ensures that all critical documents, such as authority-approved blueprints and pricing information, are securely stored in locations accessible only to authorized personnel, underscoring the Group's commitment to confidentiality and the protection of sensitive data.

Data privacy and security	FYE 2021	FPE 2023	FYE 2024	Target (s)
No. of complaints on breach data	0 case	0 case	0 case	0 case

SUSTAINABILITY POLICY

Volcano, a prominent name in the manufacturing of nameplates in Malaysia, alongside its subsidiary companies, recognizes the importance of addressing the environmental, social, and governance (ESG) impacts of its operations. The Group is deeply committed to ensuring that its business activities align with responsible corporate behavior while pursuing economic success. The Board understands that long-term sustainable growth is essential to creating value for both shareholders and stakeholders, and this can only be achieved through the integration of ESG principles into the Group's framework.

- **Objectives**

The sustainability policy of Volcano aims to create a comprehensive framework that integrates sustainability into all operational aspects. The key objectives of this policy include:

- Embedding sustainability principles within the Group's strategies, policies, and procedures.
- Advocating and implementing sustainable practices across the Group's operations.
- Surpassing legal requirements, regulations, and codes of practice whenever possible.

Sustainability Statement

- Ensuring the Board and senior management are actively involved in the review and implementation of sustainability performance.
- Cultivating a culture of sustainability within the Group and the broader community, emphasizing ESG considerations in decision-making processes.

• **Social Sustainability**

Volcano acknowledges the social impact of its business on the communities in which it operates. To uphold social sustainability, the Group is committed to:

- Maintaining a safe and healthy working environment for all employees.
- Supporting employee development through professional training to enhance their skills and productivity.
- Eradicating workplace discrimination and promoting inclusivity.
- Preventing sexual harassment and safeguarding women's rights, particularly their reproductive rights, within the workplace.
- Prioritizing the hiring of local citizens over foreign nationals.
- Upholding ethical business practices across all areas of operation.

• **Environmental Sustainability**

Recognizing the environmental implications of its business activities, Volcano strives to minimize its environmental footprint. The Group is committed to:

- Optimizing the efficient use of non-renewable resources and minimizing waste production.
- Promoting and adopting the use of renewable resources wherever possible.
- Reducing air and water pollutants resulting from operational activities.
- Ensuring full compliance with environmental regulations and legal obligations.

• **Governance Sustainability**

Strong governance is crucial to effective risk management and fostering trust among investors and stakeholders. Volcano is committed to integrating governance responsibilities into its operations through:

- Engaging with stakeholders actively and transparently.
- Integrating sustainability principles into long-term strategic planning.
- Regularly updating sustainability strategies, policies, and procedures, along with conducting relevant training.
- Continuously improving governance structures and processes to ensure alignment with sustainability goals.
- Assessing the impact of sustainability initiatives on both the business and its stakeholders.
- Allocating human and financial resources for long-term sustainability.

• **Reports and Disclosures**

Volcano places a high priority on transparency in its sustainability efforts. The Group will disclose relevant environmental, social, and governance aspects of its business in its annual reports and corporate website, demonstrating the implementation of sustainability initiatives.

Sustainability Statement

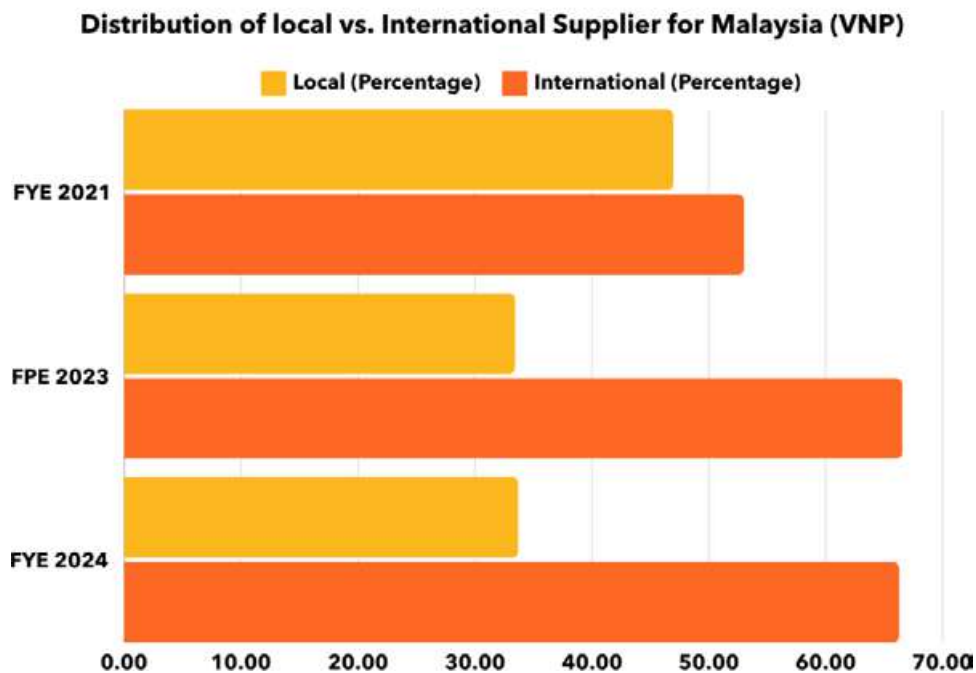
- **Administration**

The Board is responsible for administering, revising, and interpreting this sustainability policy. To ensure it remains relevant and effective, the policy will be reviewed at least once every two years. By adhering to these sustainability principles, Volcano aims to become a leader in sustainable business practices, creating positive impacts for stakeholders, communities, and the environment, while fostering long-term growth.

Through this policy, Volcano is committed to advancing sustainability at every level of its operations, ensuring that both the present and future needs of the Group and its stakeholders are met responsibly.

BALANCING GLOBAL AND LOCAL SOURCING FOR SUSTAINABLE SUPPLY CHAIN MANAGEMENT

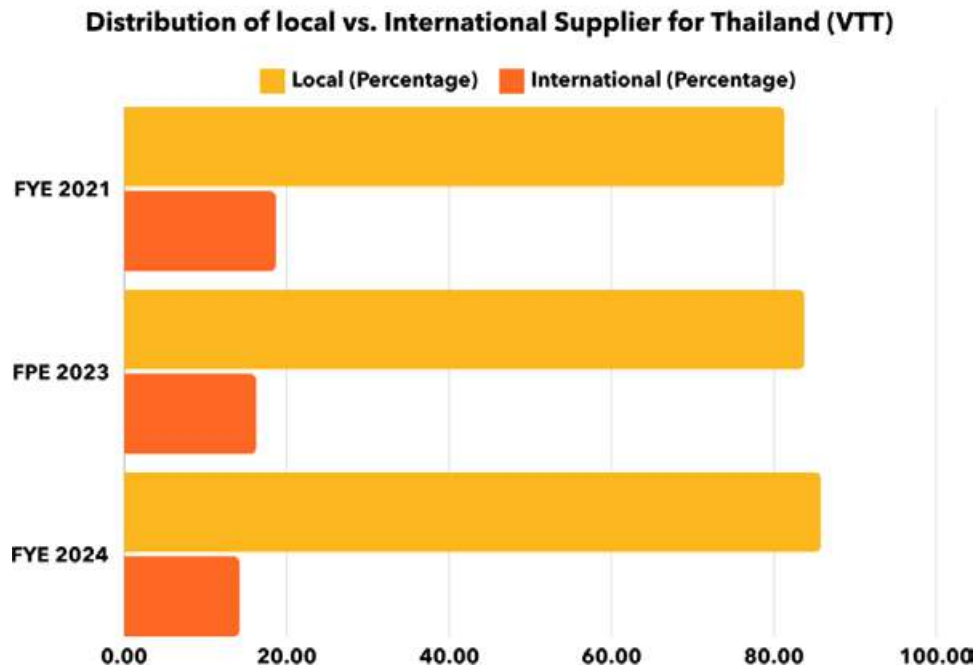
At Volcano Group, we recognize the critical role that our supply chain plays in our sustainability efforts. We are committed to fostering a resilient and sustainable business model by carefully balancing our use of local and international suppliers. This approach not only supports the local economies where we operate but also allows us to source the best materials and services globally, ensuring high-quality products while minimizing our environmental impact.



- Distribution of local vs. International Supplier for Malaysia (VNP)

Year	Local (Percentage)	International (Percentage)
FYE 2021	46.97%	53.03%
FPE 2023	33.44%	66.56%
FYE 2024	33.71%	66.29%

Sustainability Statement



- Distribution of local vs. International Supplier for Thailand (VTT)

Year	Local (Percentage)	International (Percentage)
FYE 2021	81.31%	18.69%
FPE 2023	83.75%	16.25%
FYE 2024	85.79%	14.21%

Malaysia has seen a steady shift towards international suppliers over the past three years. In 2022, 46.97% of our suppliers were local, while 53.03% were international. By 2024, the proportion of international suppliers increased to 66.29%, reflecting our strategic decision to expand our global sourcing capabilities. Despite this shift, we continue to support local suppliers, maintaining a balanced approach that aligns with our sustainability goals.

However, for Thailand division (VTT) from FYE 2021 to FYE 2024 reveals a clear shift towards increased reliance on local suppliers. In FYE 2021, local suppliers constituted 81.31% of the total, rising to 83.75% in FPE 2023 and further to 85.79% in FYE 2024, reflecting a consistent increase of 4.48% over the period. Conversely, the proportion of international suppliers declined from 18.69% in FYE 2021 to 14.21% in FYE 2024, indicating a reduction in VTT's reliance on overseas sourcing. This shift towards local suppliers suggests a strategic move to support domestic industries, reduce supply chain risks, lower logistics costs, and potentially minimize environmental impact by shortening transportation distances. The trend aligns with broader regionalization efforts within the industry and may be driven by factors such as cost efficiency, supply chain stability, and sustainability initiatives.

Sustainability Statement

ENVIRONMENTAL MATTERS

At Volcano, environmental sustainability is a fundamental commitment integrated into our operations and strategic planning. We understand the importance of minimizing our environmental impact and continuously strive to reduce



emissions, manage waste responsibly, and optimize resource usage throughout our operations. Our approach focuses on several key areas, including Scope 1 and Scope 2 emissions, waste management, water consumption, employee commuting, and business travel.

SCOPE 1 EMISSIONS

Scope 1 emissions, which refer to direct emissions from owned or controlled sources, constitute a significant aspect of Volcano group's environmental impact. These emissions primarily arise from the use of petrol and diesel in company-owned vehicles and machinery operating in Malaysia (VNP) and Thailand (VTT).

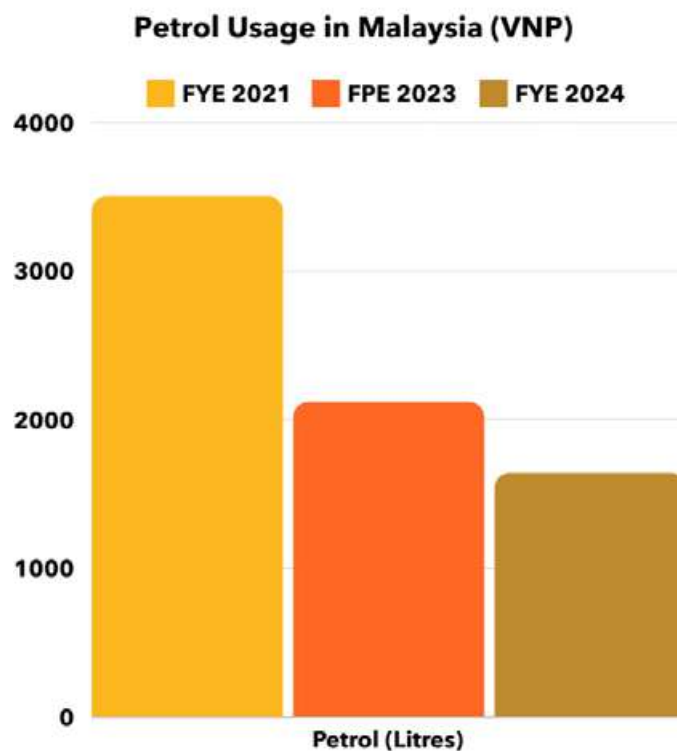


Sustainability Statement

Malaysia:

In Malaysia, VNP's Scope 1 petrol usage has been recorded consistently over the past three financial years/period, reflecting VNP's operational fuel consumption. In FYE 2021, VNP used a total of 3,505.26 litres of petrol. This figure was updated for the subsequent financial period, with FPE 2023 reporting a petrol usage of 2,118.44 litres, marking the fuel consumption for this extended period. For FYE 2024, petrol usage continued to be tracked, with VNP consuming 1,643.07 litres.

However, for diesel consumption over three financial years/period has been as follows: In FYE 2021, 228.27 litres of petrol were used. During the FPE 2023, petrol usage was 2,696.09 litres, and in FYE 2024, the recorded consumption was 1,961.66 litres. These figures provide insight into the fuel demands of the VNP's operations over time, as they monitor and report on their environmental footprint.



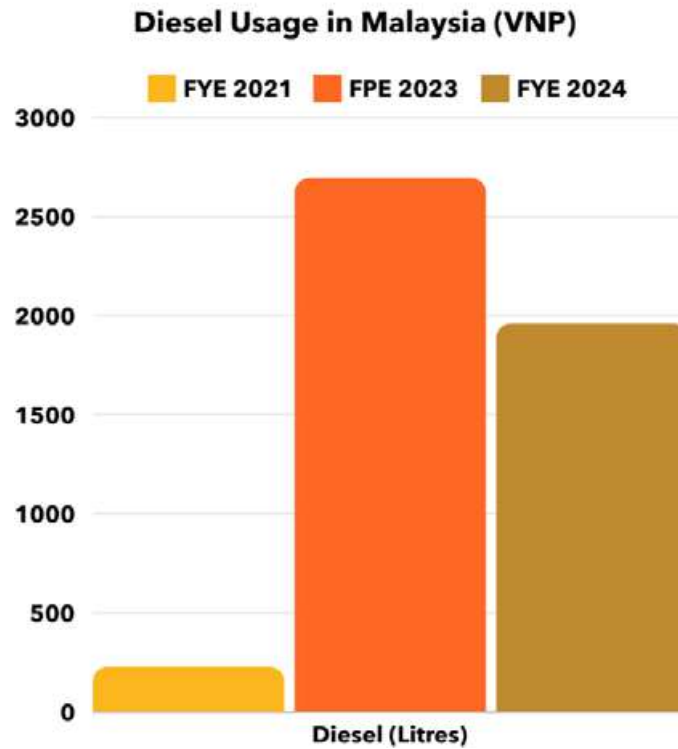
- Petrol Usage in Malaysia (VNP)

Year	Litres	Total CO ₂ Emission ¹ (kg)
FYE 2021	3,505.26	8,250.401
FPE 2023	2,118.44	4,986.215
FYE 2024	1,643.07	3,867.327

¹ Department for Environment, Food & Rural affairs (DEFRA). (n.d.). Fuel CO₂ emissions.
<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>

Petrol: 2.35372 kg CO₂e per litre
 Diesel: 2.66155 kg CO₂e per litre

Sustainability Statement



- Diesel Usage in Malaysia (VNP)

Year	Litres	Total CO ₂ Emission (kg)
FYE 2021	228.27	607.552
FPE 2023	2,696.09	7,175.778
FYE 2024	1,961.66	5,221.056

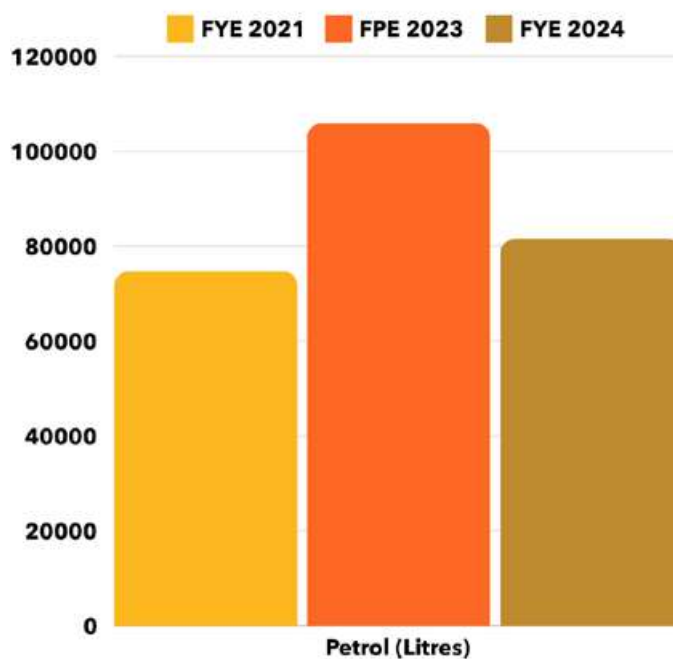
Thailand:

In Thailand, VTT's Scope 1 petrol consumption over three financial years/period is as follows: In FYE 2021, 74,730.08 litres of petrol were consumed. During FPE 2023, the petrol usage was 105,904.46 litres, and in FYE 2024, it amounted to 81,493.47 litres.

The diesel consumption for VTT's Scope 1 is reported for three financial years/period. In FYE 2021, VTT used 27,407.85 litres of diesel. For the FPE 2023 period, the diesel consumption rose to 41,078.43 litres. In FYE 2024, the total diesel usage was 29,405.61 litres.

Sustainability Statement

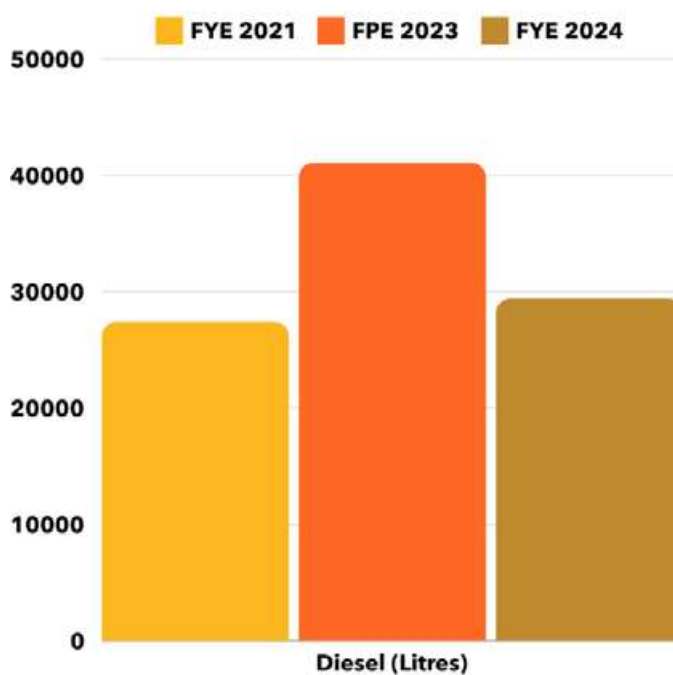
Petrol Usage in Thailand (VTT)



- Petrol Usage in Thailand (VTT)

Year	Litres	Total CO ₂ Emission (kg)
FYE 2021	74,730.08	175,893.684
FPE 2023	105,904.46	249,269.446
FYE 2024	81,493.47	191,812.810

Diesel Usage in Thailand (VTT)



Sustainability Statement

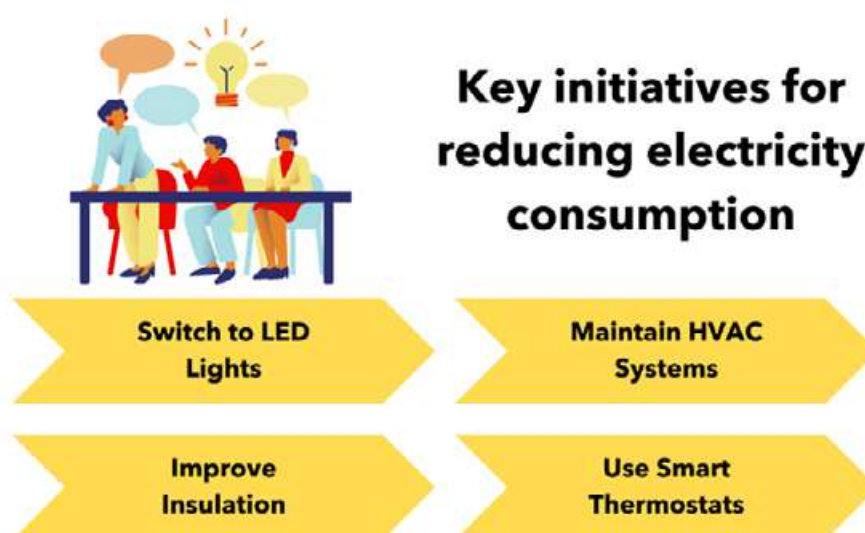
- Diesel Usage in Thailand (VTT)

Year	Litres	Total CO ₂ Emission (kg)
FYE 2021	27,407.85	72,947.363
FPE 2023	41,078.43	109,332.295
FYE 2024	29,405.61	78,264.501

Volcano Group is committed to optimise its operations and enhancing energy efficiency. By consistently monitoring and managing fuel usage, the Group underscores its dedication to sustainability and its role in addressing global climate change, aligning with its environmental objectives and long-term sustainability goals.

SCOPE 2 EMISSIONS

Scope 2 emissions, which relate to indirect emissions from the consumption of purchased electricity, are a significant focus for Volcano Group in managing its environmental impact. These emissions arise from the electricity used in the Group's operations across its facilities in Malaysia (VNP) and Thailand (VTT).

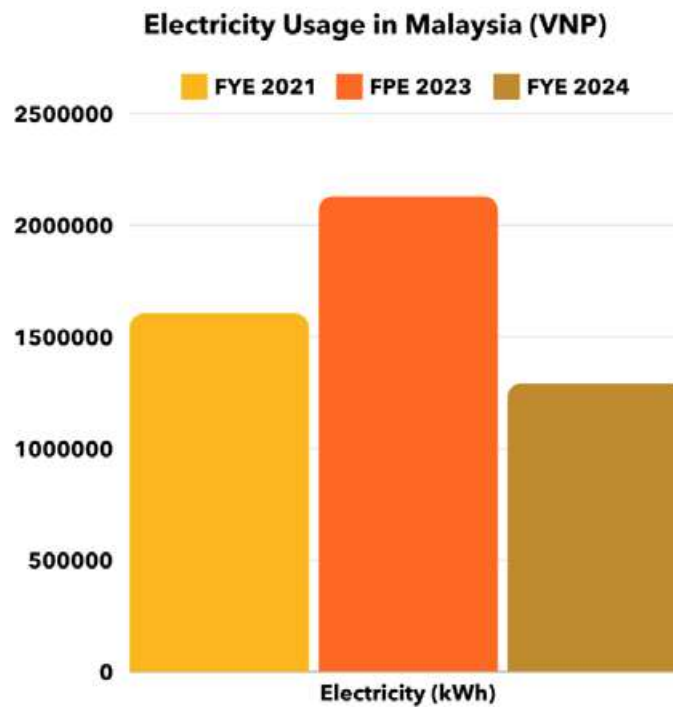


Malaysia:

In Malaysia, VNP's electricity consumption for FYE 2021 was recorded at 1,605,153 kWh, reflecting VNP's energy usage during that financial year based on its operational activities and production requirements.

During the extended FPE 2023 period, VNP utilized 2,130,292 kWh of electricity, indicating a notable level of energy consumption likely influenced by production demands or expansion initiatives. By FYE 2024, electricity consumption was recorded at 1,292,140 kWh, suggesting the implementation of effective energy-saving measures or improvements in operational efficiency, contributing to a more sustainable energy profile for the organization.

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- Electricity Usage in Malaysia (VNP)

Year	Electricity Usage (kWh)	Total CO ₂ Emission ² (kg)
FYE 2021	1,605,153	1,216,705.974
FPE 2023	2,130,292	1,614,761.336
FYE 2024	1,292,140	979,442.120

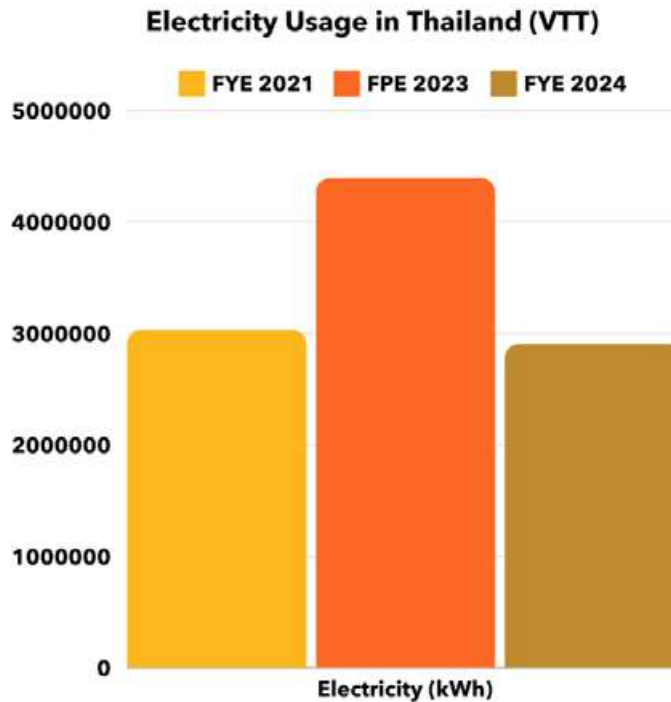
Thailand:

In Thailand, electricity consumption of VTT for FYE 2021 was recorded at 3,033,300 kWh. During the extended FPE 2023 period, the electricity usage reached 4,393,362 kWh. By FYE 2024, the electricity consumption was noted at 2,905,650 kWh.

This data emphasizes energy consumption trends in VTT during the reporting years/period, reflecting how the energy landscape corresponds to VTT's operational activities and requirements.

² The emission factor is obtained from Grid Emission Factor (GEF) in Malaysia 2017-2021 <https://meih.st.gov.my/>.
The factor used for Malaysia is 0.758 Gg CO₂e/GWh.

Sustainability Statement



- Electricity Usage in Thailand (VTT)

Year	Electricity Usage (kWh)	Total CO ₂ Emission ³ (kg)
FYE 2021	3,033,300	1,334,955
FPE 2023	4,393,362	1,933,519
FYE 2024	2,905,650	1,278,777

The data shows that Volcano Group has made significant strides in managing its Scope 2 emissions. The total CO₂ emissions recorded in FYE 2024 stand at 2,258,219 kg CO₂. This figure reflects the Group's ongoing commitment to enhancing energy efficiency and reducing its overall environmental impact through various initiatives.

Volcano Group's ongoing efforts to monitor and reduce electricity consumption underscore its dedication to minimizing indirect emissions and enhancing overall sustainability. By prioritizing energy efficiency and exploring renewable energy options, Volcano Group is making significant strides in reducing its carbon footprint and contributing to global climate change mitigation efforts.

WATER USAGE

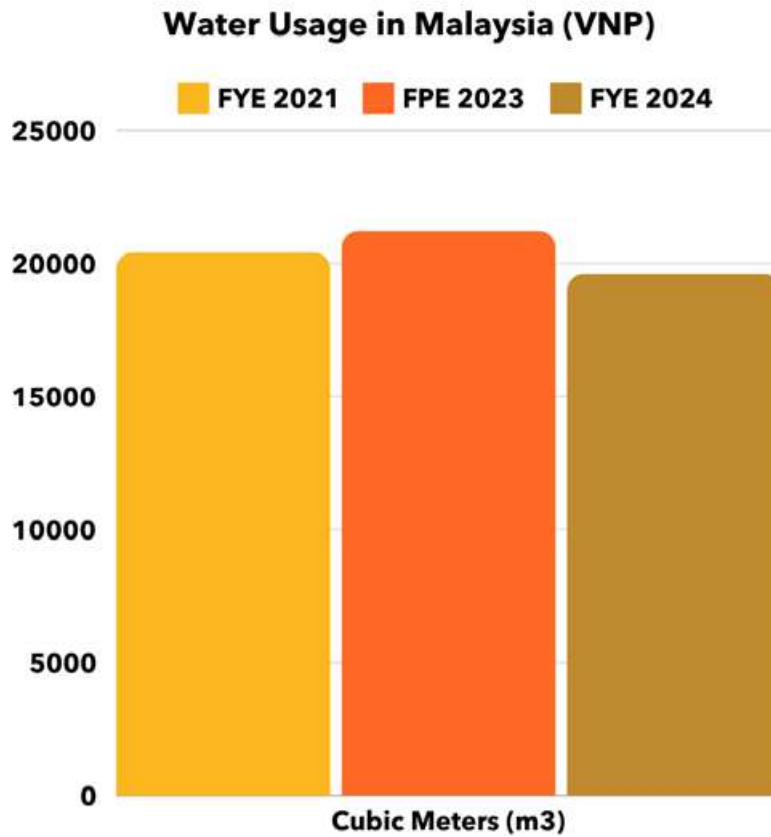
Water stewardship is a key pillar of Volcano Group's sustainability agenda, underscoring our commitment to responsible resource management. Recognizing the vital importance of water as a shared and finite resource, we are dedicated to minimizing our water footprint across all operations while supporting global efforts to ensure the sustainable use of water.

Malaysia:

In our Malaysian operations, water consumption data for the reporting years/period is as follows: In FYE 2021, water usage was recorded at 20,423 cubic meters. During the extended FPE 2023 period, water consumption was 21,229 cubic meters. By FYE 2024, the total water usage was 19,607 cubic meters. These figures reflect our ongoing focus on optimizing water usage while maintaining operational efficiency.

³ The emission factor is obtained from Thailand Greenhouse Gas Management Organization 2018-2021. <https://ghgreduction.tgo.or.th/en/premium-t-ver-download/download/6966/3801/32.html>
The factor used for Thailand is 0.4401 kg CO₂e/GWh

Sustainability Statement



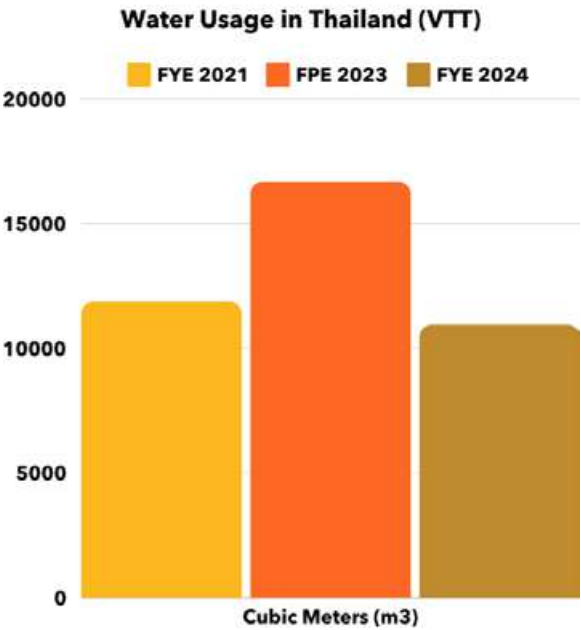
- Water Usage in Malaysia (VNP)

Year	Water Usage (m3)
FYE 2021	20,423
FPE 2023	21,229
FYE 2024	19,607

Thailand:

In our operations in Thailand, water consumption figures for the specified financial years/period are as follows: In FYE 2021, total water usage was 11,877 cubic meters. During the extended FPE 2023 period, water consumption was 16,689 cubic meters. By FYE 2024, water usage was recorded at 10,951 cubic meters. These figures highlight our commitment to responsible water usage and our ongoing efforts to implement sustainable water management practices, which include adopting water-efficient technologies and processes that minimize waste and optimize resource consumption.

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- Water Usage in Thailand (VTT)

Year	Water Usage (m3)
FYE 2021	11,877
FPE 2023	16,689
FYE 2024	10,951

Our ongoing efforts to manage and reduce water consumption across all our operations are integral to Volcano Group’s broader sustainability objectives. By prioritizing water efficiency and conservation, we are not only safeguarding this vital resource for future generations but also strengthening our operational resilience. As water scarcity becomes an increasingly pressing global challenge, Volcano Group remains committed to leading by example in sustainable water management, ensuring that our practices contribute positively to the environments and communities in which we operate.

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WASTE MANAGEMENT

Volcano Group has demonstrated a strong commitment to sustainability through significant advancements in waste management across its operations in Malaysia (VNP) and Thailand (VTT) from 2021 to 2024. These efforts reflect our dedication to minimizing environmental impact and promoting responsible resource use.

Malaysia:

In Malaysia, VNP has made considerable strides in reducing waste generation and optimizing waste management. The waste data for FPE 2023 and FYE 2024 reflect notable variations in the types and quantities of waste handled. Scheduled waste, such as contaminated cloth and rags, containers, and spent mineral oils, were consistently managed through recovery methods, although quantities varied each year. Overall, VNP has demonstrated a strong emphasis on recovery processes, particularly for hazardous and recyclable materials.

- Waste Management in Malaysia (VNP)

Type of Waste	FYE 2021 Quantity (kg)	FYE 2021 Amount	FPE 2023 Quantity (kg)	FPE 2023 Amount	FYE 2024 Quantity (kg)	FYE 2024 Amount	Type of Disposal
Contamination Cloth & Rags	1,500	3,000	1,142.5	2,284	1,200	2,400	Recovery
Contamination Container	142	88.4	69.5	90.35	277	360.1	Recovery
Waste Inks, Paints, Pigments or Vanish	413	1,073.8	562.5	1,462.5	199.2	517.92	Recovery
Spent Mineral Oil - Water Emulsion	4,000	5,200	6,000	7,800	1,000	1,300	Recovery
Resin Waste	123	307.5	31	77.5	173.5	433.75	Recovery
Total Schedule Waste (for DOSH)	6,178	9,669.7	7,805.5	11,714.35	2,849.7	5,011.77	-
Aluminium	0	0	3,687	23,271.8	1,885	11,310	-
Stainless Steel	0	0	6,545	40,680.25	3,082	15,410	-
Carton	4,253	1,701.2	10,858	1,720.8	2,254	687	-
PC/PET/PMMA	15,000	850	26,466	3,249.6	15,000	1,200	-
Iron	0	0	0	0	0	0	-
Copper	0	0	0	0	0	0	-
General Waste (No. of Trip x Size)	15 x 1MT	13,795.75	58 x 1MT	17,960.5	48 x 1MT	11,270	-

Sustainability Statement

Thailand:

In VTT, the total waste generated reflects the scale of operations and VTT's waste management processes. For the extended FPE 2023 period, the total waste generated was 378,184.00 kg. This figure encompasses various types of waste produced through VTT's operational activities, including both hazardous and non-hazardous materials.

By FYE 2024, the total waste generated amounted to 84,149.00 kg. This data underscores VTT's waste management efforts in handling the materials resulting from its production processes. Waste management practices at VTT continue to focus on efficient handling, recycling, and disposal, in line with VTT's commitment to minimizing environmental impact and adhering to sustainable business operations.

- Waste Management in Thailand (VTT)

Type of Waste	FPE 2023 (kg)	FYE 2024 (kg)	Type of Disposal
Paper	64,916.00	12,353.00	Recycle
Plastic	124,078.00	31,808.00	Recycle
Metal	17,630.00	2,172.00	Recycle
Used oil	800.00	450.00	Recycle
Pallet	6,615.00	510.00	Waste
Plastic	28,303.00	5,560.00	Waste
Paper	26,912.00	5,556.00	Waste
Plastic Resin Sack	3,594.00	1,600.00	Waste
General Waste	64,350.00	16,170.00	Waste
Hazardous Waste	40,986.00	7,970.00	Waste

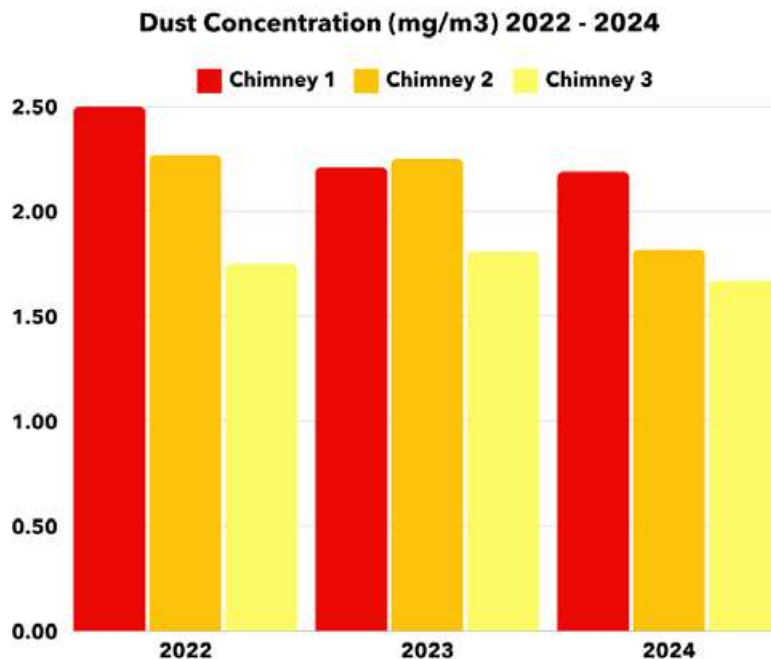
One potential waste management initiative for Volcano Group could be the implementation of a **Zero Waste to Landfill Program**. This initiative would focus on diverting all operational waste away from landfills by enhancing recycling efforts, encouraging reuse, and optimizing waste recovery. Here's how it could work:

- 1. Waste Segregation & Recycling:** Introduce stringent waste segregation at all production sites, with dedicated bins and processes for recycling materials like metal, plastic, paper, and electronic waste. Partner with certified recyclers to ensure proper disposal and reprocessing.
- 2. Waste-to-Energy Conversion:** Explore partnerships with waste-to-energy plants where non-recyclable waste can be converted into energy through incineration, reducing the need for landfills while generating power.
- 3. Employee Engagement & Awareness:** Launch educational programs to involve employees in waste reduction strategies. This can include workshops on minimizing waste in daily operations, encouraging material reuse, and fostering innovation in waste reduction solutions.
- 4. Supplier Collaboration:** Work closely with suppliers to minimize packaging waste and promote the use of sustainable materials, as well as incentivize returning packaging for reuse or recycling.
- 5. Tracking & Reporting:** Implement a robust tracking system for monitoring waste streams in real time. This will provide insights into the types and volumes of waste generated, enabling the Group to adjust strategies as needed and set measurable reduction goals.

By adopting this initiative, Volcano Group would not only reduce its environmental footprint but also contribute to cost savings, improved operational efficiency, and enhanced reputation as a sustainability leader in its industry.

Sustainability Statement

DUST CONCENTRATION



Year	Chimney 1 (mg/m ³)	Chimney 2 (mg/m ³)	Chimney 3 (mg/m ³)
2022	2.50	2.27	1.75
2023	2.21	2.25	1.81
2024	2.19	1.82	1.67

The graph presents dust concentration levels in milligrams per cubic meter (mg/m³) measured across three components: Chimney 1, Chimney 2, and Scrubber 3, over the years 2022, 2023, and 2024 for VNP. The linear trend lines for each component are also included to indicate patterns over time.

2022 Dust Concentration:

- **Chimney 1:** Recorded the highest dust concentration in 2022 at **2.5 mg/m³**, with a linear trend showing a slight decline to **2.21 mg/m³** by the end of the year.
- **Chimney 2:** The dust concentration was measured at **2.27 mg/m³**, followed by a minor decrease to **2.25 mg/m³**.
- **Scrubber 3:** Showed the lowest concentration among the three at **1.82 mg/m³**, with the trend line indicating a consistent performance in dust reduction.

2023 Dust Concentration:

- **Chimney 1:** The dust concentration dropped to **2.27 mg/m³** from its 2022 levels. The linear trend for Chimney 1 remained relatively stable at **2.25 mg/m³**, suggesting minor improvement.
- **Chimney 2:** Maintained consistency, with dust concentration reducing slightly from **2.25 mg/m³** to **1.82 mg/m³** by the end of the year, reflecting a downward trend.
- **Scrubber 3:** Improved performance, with a dust concentration of **1.81 mg/m³**, continuing its efficient dust reduction process.

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2024 Dust Concentration:

- **Chimney 1:** The dust concentration for Chimney 1 further reduced to **1.75 mg/m³**. The linear trend for the year shows a positive improvement, suggesting ongoing efforts to control emissions.
- **Chimney 2:** The dust concentration improved marginally from **1.82 mg/m³** to **1.81 mg/m³**, demonstrating stability in dust control.
- **Scrubber 3:** The concentration saw a further reduction to **1.67 mg/m³**, marking continuous progress in dust filtration.

The dust concentration across all three components has shown a positive reduction trend over the three years, particularly in **Chimney 1** and **Scrubber 3**, where significant improvements have been made. The linear trends for all components indicate that dust management practices are becoming more effective, with continuous improvements each year.

SCOPE 3 EMISSIONS



Key initiatives for reducing Scope 3 emission

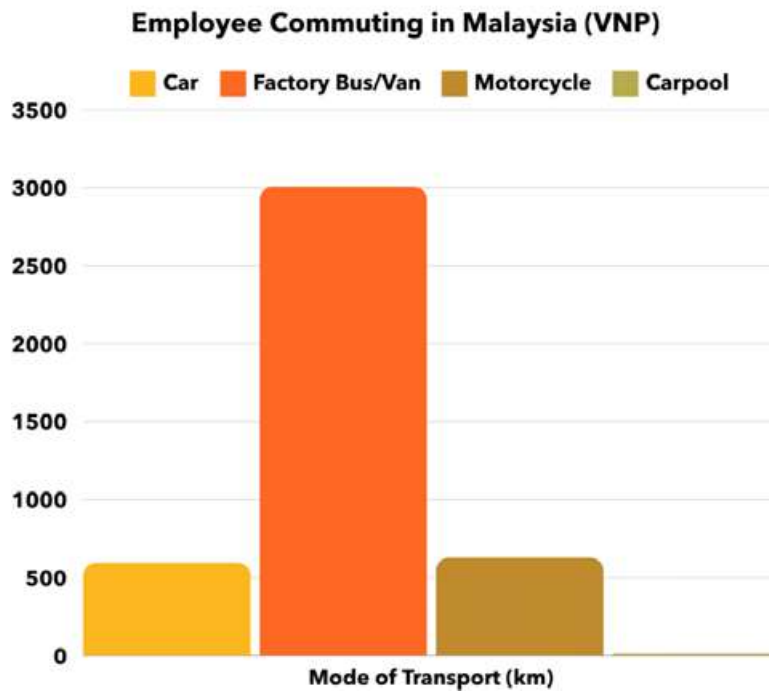
Scope 3 emissions for Volcano Group include indirect emissions resulting from employee commuting and business travel, both of which contribute to the Group's overall carbon footprint. These emissions represent a significant portion of the environmental impact associated with daily operations, even though they are generated by activities outside the direct control of the Group. Employee commuting involves the transportation of workers between their homes and the workplace, while business travel, particularly by air, involves long-distance travel required for meetings, conferences, and business dealings. Both activities contribute to carbon emissions, making it essential for the Group to account for and manage these sources as part of its broader sustainability efforts.

To mitigate the environmental impact of Scope 3 emissions, Volcano Group can explore initiatives such as promoting the use of public transport, carpooling, or remote working for employee commuting, as well as optimizing travel policies to reduce unnecessary flights. Additionally, adopting virtual meeting platforms could help minimize the need for long-distance travel, aligning with the Group's commitment to environmental stewardship and reducing its overall carbon footprint.

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Employee Commuting

For employee commuting, data shows varied transportation patterns. In VNP, employees traveled 596.5 kilometers by car, 3,009 kilometers by factory bus or van, 630.7 kilometers by motorcycle, and 15 kilometers via carpooling. In Thailand, the distances covered were 1,937.9 kilometers by car, 3,085.4 kilometers by motorcycle, and 3.5 kilometers by electric motorcycle. These diverse modes of transportation highlight the different commuting practices within the Group's operations.



- Employee Commuting in Malaysia (VNP)

Mode of Transport	Total Distance (km)	Total CO ₂ Emission ⁴ (kg)
Car	596.5	98.124
Factory Bus/Van	3,009	270.810
Motorcycle	630.7	71.692
Carpool	15	0.617

⁴Source:

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>

DEFRA 2024 Greenhouse Gas Reporting Conversion Factors

Petrol Car: 0.1645 kgCO₂e/km (The emission factor for motorcycles can vary significantly depending on engine size and fuel type. For this analysis, we based on an average emission factor)

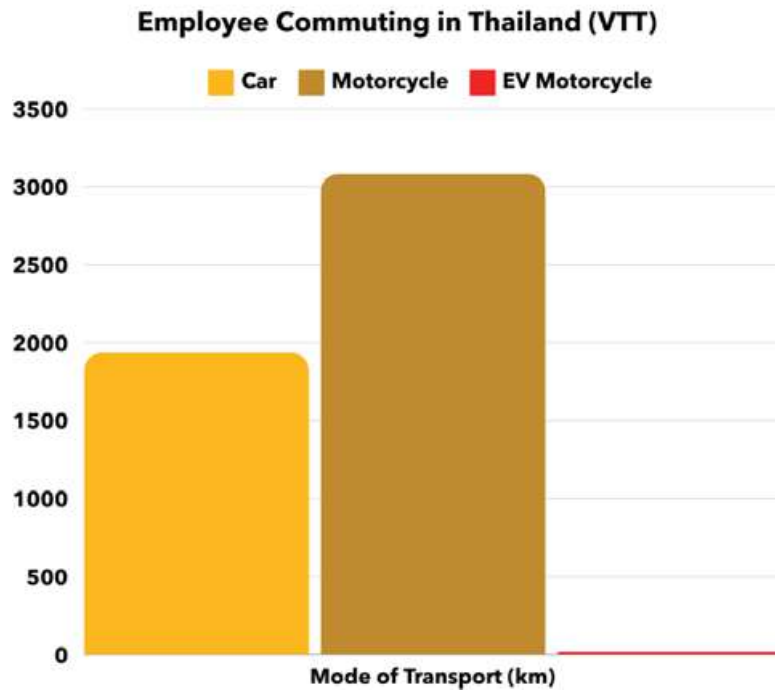
Factory Buses: 0.09 kgCO₂e/km (Assumed to be more efficient than local buses due to optimized routes and potentially better load factors, resulting in a slightly lower emission factor)

Motorcycles: 0.11367 kgCO₂e/km (The emission factor for motorcycles can vary significantly depending on engine size and fuel type. For this analysis, we based on an average emission factor)

EV Motorcycles : 0.02996 kgCO₂e/km

Carpool: 0.04113 kgCO₂e/km (Based on average petrol car emission factor of 0.1645kgCO₂e/km with the assumption of four people share the ride)

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- Employee Commuting in Thailand (VTT)

Mode of Transport	Total Distance (km)	Total CO ₂ Emission (kg)
Car	1,937.9	318.785
Motorcycle	3,085.4	350.717
EV Motorcycle	3.5	0.105

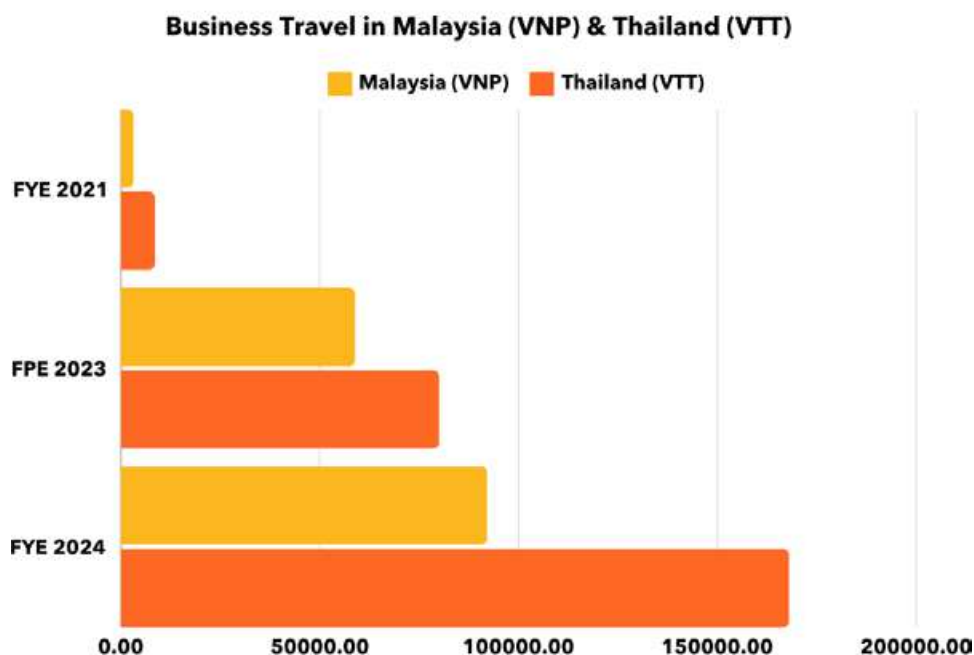
BUSINESS TRAVEL (By Flight)

In the reporting years/period, VNP recorded the following data for Scope 3 business travel by flight. For FYE 2021, employees traveled a total distance of 3,148 kilometers for business-related flights. This reflects the travel required to support operations and engagement with stakeholders during that financial year.

During the extended FPE 2023, business travel by flight covered a total of 58,873 kilometers. For FYE 2024, the total distance travelled is 92,073 kilometers. The data highlights VNP's reliance on air travel as part of its business activities across various regions.

Similarly, in Thailand, VTT recorded a total of 8,542 kilometers, 80,026 kilometers and 168,037 kilometers for the FYE 2021, FPE 2023 and FYE 2024 respectively on the expansion of marketing activities.

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- Business Travel in Malaysia (VNP)

Year	Mode of Transport	Total Distance (km)	Total CO ₂ Emission ⁵ (kg)
FYE 2021	Airplane	3,148	497.384
FPE 2023	Airplane	58,873	9,300.134
FYE 2024	Airplane	92,073	14,548.634

- Business Travel in Thailand (VTT)

Year	Mode of Transport	Total Distance (km)	Total CO ₂ Emission (kg)
FYE 2021	Airplane	8,542	1,350.636
FPE 2023	Airplane	80,026	12,604.108
FYE 2024	Airplane	168,037	26,731.846

⁵ To estimate CO₂ emissions for business travel, the following emission factor was used: For short-haul flights in economy class, the factor is approximately 0.15 kg CO₂ per passenger kilometer. This emission factor was applied to calculate the CO₂ emissions for domestic flights, such as those from Penang to Kuala Lumpur, which have an average distance of 350 kilometers. This factor reflects the typical CO₂ emissions for economy class passengers on short-haul flights, commonly encountered in domestic business travel. Falk MT, Hagsten E. Determinants of CO₂ emissions generated by air travel vary across reasons for the trip. Environ Sci Pollut Res Int. 2021 May;28(18):22969-22980. doi: 10.1007/s11356-020-12219-4. Epub 2021 Jan 12. PMID: 33438122; PMCID: PMC7802810.

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There is a growing trend in business travel highlights the increasing operational demands on Volcano Group. However, it also points to a rising environmental impact, necessitating a focus on more sustainable travel practices. Strategies such as promoting virtual meetings, optimizing travel itineraries, and encouraging the use of lower-emission transportation options can help in mitigating the environmental impact associated with business travel.

Volcano Group is committed to addressing these challenges and is actively exploring opportunities to integrate more sustainable practices into its operations. By prioritizing emission reductions and sustainability in travel practices, we aim to minimize its overall environmental impact and contribute positively to global climate goals.

ADVANCING SUSTAINABILITY THROUGH CLEAN ENERGY AND ENVIRONMENTAL MANAGEMENT

As part of our ongoing commitment to sustainability and reducing our environmental footprint, Volcano has implemented several key initiatives to contribute to a greener future. We have begun integrating **solar energy** into our operations, which allows us to reduce our reliance on non-renewable energy sources and lower carbon emissions. This move towards clean energy aligns with our broader environmental goals.



In addition, we have adopted the use of **recycled packaging materials** in our production processes, significantly reducing waste and promoting the circular economy. This shift underscores our dedication to minimizing the environmental impact of our products throughout their lifecycle.

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These initiatives reflect Volcano Group's commitment to integrating sustainable practices across our operations, as we continue to strive for environmental stewardship and corporate responsibility

CONCLUSION FOR ENVIRONMENTAL MATTERS

Volcano Group is steadfast in our commitment to making a substantial and positive environmental impact. We understand the critical importance of responsible management in key areas such as emissions, waste, water usage, and employee-related activities. Our goal extends beyond mere compliance; we strive to set a benchmark for environmental stewardship.

We are dedicated to continuously enhancing our environmental practices by adopting innovative solutions and embedding sustainability into every facet of our business strategy. This proactive stance not only reduces our environmental footprint but also supports the health and sustainability of our planet.

Our efforts stem from the conviction that a healthy environment is vital for the long-term success of our business and the well-being of future generations. By integrating sustainability at the core of our operations, we aim to lead by example, inspire meaningful change, and ensure a brighter future for both our Group and the world we inhabit.

Sustainability Statement

SOCIAL MATTERS

PUTTING OUR PEOPLE FIRST

At Volcano, we believe in the transformative potential of our business, extending our focus beyond profits to build resilient communities where every individual can thrive. Our dedication to social responsibility permeates every aspect of our operations, from fostering inclusive workplaces to championing local empowerment initiatives. Through collaborative partnerships and sustainable practices, we aim to create a meaningful, lasting impact that transcends business boundaries. Join us as we share our journey, achievements, and ongoing efforts in nurturing a more equitable and prosperous society.

SOCIAL SUSTAINABILITY AT VOLCANO GROUP

Volcano understands that our long-term success is deeply intertwined with the well-being and resilience of the communities we serve, the people we employ, and the partnerships we forge. Our commitment to social sustainability is anchored in our core values of integrity, inclusivity, and innovation, ensuring that we operate responsibly and contribute positively to society.



Empowering Our Workforce

Our employees are the cornerstone of our business, and their growth and well-being are our top priorities. We invest in continuous learning and development programs, cultivating a culture of safety, diversity, and inclusion. By providing a supportive and dynamic work environment, we empower our employees to realize their full potential and contribute meaningfully to our collective success.

Engaging with Communities

Volcano is dedicated to making a positive difference in the communities where we operate. Through strategic partnerships, volunteerism, and community investment initiatives, we address local needs and promote sustainable development. Our community engagement focuses on education, health, and environmental conservation, reflecting our commitment to creating shared value for all stakeholders.

Upholding Human Rights and Ethical Practices

We are committed to upholding the highest standards of human rights and ethical practices throughout our operations and supply chain. By adhering to rigorous policies and guidelines, we ensure that all individuals are treated with respect and dignity. Our ethical framework guides our interactions with employees, suppliers, customers, and communities, fostering trust and transparency in all our endeavors.

Sustainability Statement

Aligning with the TCFD Initiative

As part of our comprehensive sustainability strategy, Volcano actively aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Recognizing the interconnection of social and environmental issues, we integrate climate-related risks and opportunities into our business strategy and decision-making processes. By enhancing our climate resilience, we safeguard not only our business but also the communities and ecosystems that depend on us.

Looking Ahead

Our journey toward social sustainability is ongoing, and we are committed to continuous improvement. We will continue to engage with our stakeholders, refine our practices, and report transparently on our progress. At Volcano, we believe that by prioritizing social sustainability, we can drive positive change and build a more resilient and equitable future for all.

OCCUPATIONAL SAFETY AND HEALTH

The safety and health of our employees are of paramount importance. We are committed to providing a safe and healthy working environment that not only complies with all regulatory requirements but also exceeds industry standards. Our proactive approach to occupational safety and health (OSH) ensures that every employee can perform their duties in a secure and supportive environment.

Comprehensive Safety Management System

We have implemented a comprehensive Safety Management System (SMS) that encompasses all aspects of our operations. This system is designed to identify, assess, and mitigate potential hazards, ensuring that risks are effectively managed. Key components of our SMS include:

- **Risk Assessments:** Regular and thorough risk assessments are conducted to identify potential hazards in the workplace. These assessments help us to implement appropriate control measures and ensure a safe working environment.
- **Safety Policies and Procedures:** We have established clear and comprehensive safety policies and procedures that guide our operations. These documents are regularly reviewed and updated to reflect best practices and regulatory changes.
- **Incident Reporting and Investigation:** A robust incident reporting and investigation process is in place to promptly address any safety concerns. This allows us to learn from incidents and prevent future occurrences.

Training and Education

Education and training are critical to maintaining a safe workplace. Volcano provides ongoing safety training programs to all employees, ensuring they are equipped with the knowledge and skills necessary to perform their tasks safely. These programs include:

- **Induction Training:** All new employees undergo comprehensive induction training, which covers our safety policies, procedures, and expectations.
- **Continuous Learning:** Regular refresher courses and specialized training sessions are provided to keep employees up to date with the latest safety practices and technologies.
- **Emergency Preparedness:** Training in emergency response procedures, including fire drills and evacuation plans, ensures that employees are prepared to respond effectively in case of an emergency.

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Promoting a Safety Culture

Volcano believes that a strong safety culture is essential to achieving our OSH goals. We actively promote a culture of safety through various initiatives:

- **Employee Involvement:** Employees are encouraged to participate in safety committees and contribute to safety improvement initiatives. Their feedback and suggestions are valued and implemented where appropriate.
- **Safety Campaigns:** Regular safety campaigns and awareness programs are conducted to reinforce the importance of safety and health in the workplace.
- **Recognition and Rewards:** We recognize and reward employees who demonstrate exemplary safety behavior and contribute to creating a safer work environment.

Monitoring and Continuous Improvement



ZERO case of work-related
fatalities reported in FYE 2024

We continuously monitor our safety performance through regular audits, inspections, and performance reviews. These activities help us to identify areas for improvement and implement corrective actions promptly. Our commitment to continuous improvement ensures that our safety practices evolve and adapt to changing conditions and emerging risks.

- Lost Time Incident Rate (LTIR)

Company	FYE 2021	FPE 2023	FYE E 2024
Volcano Malaysia (VNP)	8.33	16.13	0
Volcano Thailand (VTT)	0	0	0

- Number of work-related fatalities

Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	0	0	0
Volcano Thailand (VTT)	0	0	0

Commitment to Compliance and Beyond

Volcano is fully committed to complying with all relevant occupational safety and health regulations. However, our commitment goes beyond mere compliance. We strive to be a leader in workplace safety by adopting best practices and innovative approaches to OSH.

As we move forward, Volcano remains dedicated to enhancing our occupational safety and health practices. We will continue to invest in our people, processes, and technologies to ensure a safe and healthy workplace for all employees. Our goal is to create an environment where safety is ingrained in our culture and every employee returns home safely at the end of each day.

By prioritizing occupational safety and health, Volcano not only protects its workforce but also fosters a culture of trust, responsibility, and excellence.

UPHOLDING HUMAN RIGHTS AND LABOR STANDARDS

Volcano is deeply committed to upholding human rights and ensuring fair labor practices across all our operations. We believe that respect for human rights and adherence to high labor standards are fundamental to our business integrity and sustainability. Our approach is guided by international frameworks and principles, ensuring that our practices align with global standards and contribute to positive social impacts.

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Commitment to Human Rights

Our commitment to human rights is embedded in our corporate values and is reflected in our policies and practices. We adhere to the United Nations Guiding Principles on Business and Human Rights, which outline our responsibilities to respect, protect, and remedy human rights within our sphere of influence. Key elements of our human rights commitment include:

- **Non-Discrimination:** We ensure a workplace free from discrimination and harassment, promoting equality and diversity. Our policies strictly prohibit discrimination based on race, gender, age, religion, disability, or any other characteristic.
- **Freedom of Association:** We respect our employees' right to freedom of association and collective bargaining. We engage constructively with employee representatives and labor unions to address workplace issues and enhance employee well-being.
- **Safe and Healthy Working Conditions:** We provide a safe and healthy working environment, as outlined in our occupational safety and health policies. Employees are empowered to report unsafe conditions without fear of retaliation.

Adherence to Labour Standards

Volcano is committed to upholding high labor standards, ensuring that our workforce is treated with dignity and respect. Our labor practices are aligned with the International Labour Organization (ILO) conventions and local labor laws. Key aspects of our labor standards include:

- **Fair Wages and Benefits:** We provide fair and competitive wages, along with comprehensive benefits that support the well-being of our employees and their families. Our compensation practices are regularly reviewed to ensure equity and compliance with legal requirements.
- **Prohibition of Child and Forced Labour:** We have a zero-tolerance policy for child labor and forced labor. Our recruitment and employment practices are designed to prevent exploitation and ensure that all work is performed voluntarily.
- **Work-Life Balance:** We recognize the importance of work-life balance and strive to provide flexible working arrangements where possible. Our policies support employees in managing their professional and personal responsibilities effectively.

Human Rights Due Diligence

To uphold our commitment to human rights and labor standards, we conduct regular human rights due diligence across our operations and supply chains. This process involves:

- **Risk Assessments:** Identifying and assessing potential human rights risks in our operations and supply chains. We prioritize areas with higher risks and take proactive measures to mitigate them.
- **Stakeholder Engagement:** Engaging with stakeholders, including employees, communities, and suppliers, to understand their concerns and perspectives on human rights issues. Their input helps us to refine our policies and practices.
- **Monitoring and Auditing:** Conducting regular audits and assessments to ensure compliance with our human rights and labor standards. We work closely with suppliers to address any identified gaps and promote continuous improvement.

Training and Awareness

Education and awareness are crucial to fostering a culture of respect for human rights and labor standards. Volcano provides ongoing training and awareness programs for employees, suppliers, and partners. These programs cover:

- **Human Rights Principles:** Training in the principles and importance of human rights, ensuring that employees understand their rights and responsibilities.
- **Ethical Conduct:** Guidance on ethical conduct, including anti-corruption, anti-bribery, and fair labor practices.
- **Reporting Mechanisms:** Information on reporting mechanisms and grievance procedures, empowering employees to voice concerns and seek redress.

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Transparent Reporting and Accountability



We are committed to transparency and accountability in our human rights and labor practices. We regularly report on our progress and performance in our sustainability reports, providing stakeholders with insights into our efforts and achievements. Our reporting aligns with recognized standards and frameworks, ensuring credibility and comparability.

Continuous Improvement

Our journey to uphold human rights and labor standards is ongoing. We are committed to continuous improvement, learning from our experiences, and adapting our practices to emerging challenges and opportunities. By fostering a culture of respect and responsibility, we aim to create a positive and inclusive environment for all our stakeholders.

At Volcano, our unwavering commitment to social responsibility is deeply woven into every aspect of our operations. We understand that our success is closely tied to the well-being of our employees, the communities we serve, and the ethical standards we maintain. By fostering a safe and inclusive work environment, upholding human rights, and adhering to rigorous labor standards, we strive to make a lasting, positive impact beyond our business. As we continue to grow, our focus remains on engaging with stakeholders, refining our practices, and transparently reporting our progress, ensuring that we contribute to a more equitable and resilient future for all.

EMPLOYEE WELLBEING AND WELFARE



Approach on Employee Wellbeing and Welfare



At Volcano, the wellbeing and welfare of our employees are at the heart of our organizational values. We understand that a healthy, satisfied, and motivated workforce is essential to achieving our business goals and maintaining a positive and productive work environment. Our commitment to employee wellbeing and welfare encompasses a holistic approach that addresses physical, mental, and social aspects of our employees' lives.

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Holistic Wellbeing Programs

We have implemented a range of programs and initiatives designed to promote the overall wellbeing of our employees. These programs are tailored to meet the diverse needs of our workforce and foster a culture of health and wellness.

- **Physical Health:** We offer comprehensive health and wellness programs that include regular health screenings, fitness activities, and nutritional guidance. Our on-site fitness centres and wellness workshops encourage employees to adopt healthy lifestyles.
- **Mental Health:** Recognizing the importance of mental health, we provide access to confidential counselling services, stress management programs, and mental health awareness campaigns. Our Employee Assistance Program (EAP) offers support for employees dealing with personal or work-related challenges.
- **Work-Life Balance:** We promote a healthy work-life balance through flexible working arrangements, such as remote work options and flexible hours. Our leave policies, including parental leave and personal time off, support employees in managing their personal and professional responsibilities.

Comprehensive Benefits Package

Our benefits package is designed to support the diverse needs of our employees and their families. We regularly review and update our benefits to ensure they remain competitive and relevant.

- **Health and Wellness:** Employees receive comprehensive health insurance coverage, including medical, dental, and vision care. We also offer wellness incentives and access to wellness resources.
- **Financial Security:** Our retirement savings plans, life insurance, and disability coverage provide financial security and peace of mind for our employees and their families.
- **Professional Development:** We invest in our employees' growth through continuous learning opportunities, career development programs, and tuition assistance for further education.

Fostering a Positive Work Environment

Creating a positive and inclusive work environment is essential to employee welfare. We strive to build a workplace where employees feel valued, respected, and empowered.

- **Recognition and Rewards:** We recognize and reward employees' contributions and achievements through various programs, including performance bonuses, employee awards, and recognition events.
- **Employee Engagement:** Regular employee surveys, feedback mechanisms, and open communication channels ensure that employees' voices are heard, and their concerns addressed. We encourage active participation in company initiatives and decision-making processes.
- **Team Building and Social Activities:** We organize team-building events, social gatherings, and community service activities that foster camaraderie and strengthen relationships among employees.

TRAINING AND DEVELOPMENT



Average training hours per employee in FYE 2024 is approximately 1.204 hours

Volcano believe that our employees are the cornerstone of our success and the most valuable asset we have. Their unique talents, expertise, and dedication are key drivers of our growth and competitiveness within the industry.

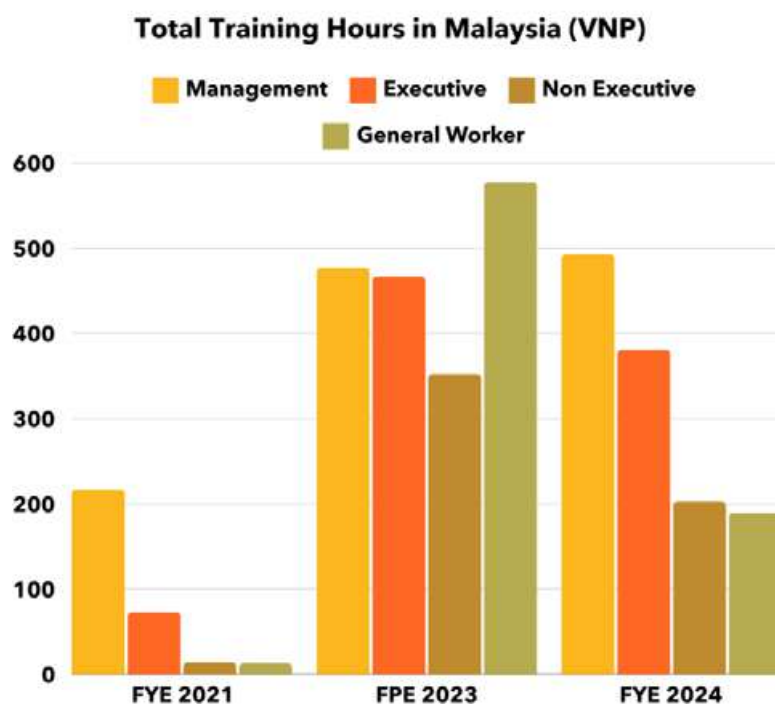
Sustainability Statement

Recognizing this, we are wholeheartedly committed to fostering a workplace culture that prioritizes continuous learning and professional development.

We emphasize on providing training and development opportunities that help our employees grow both professionally and personally. By offering the tools and knowledge they need, we aim to ensure they are well-prepared for today's challenges and ready to take on future opportunities.

Our goal is to cultivate an environment where each individual feels supported and motivated to thrive, encouraging a mindset of lifelong learning and innovation. We believe that by nurturing their potential, we are not only enriching their careers but also strengthening the overall performance and resilience of Volcano Group.

Below, we highlight the training hours recorded over the past three financial years for both countries, reflecting our ongoing dedication to the growth and development of our employees.

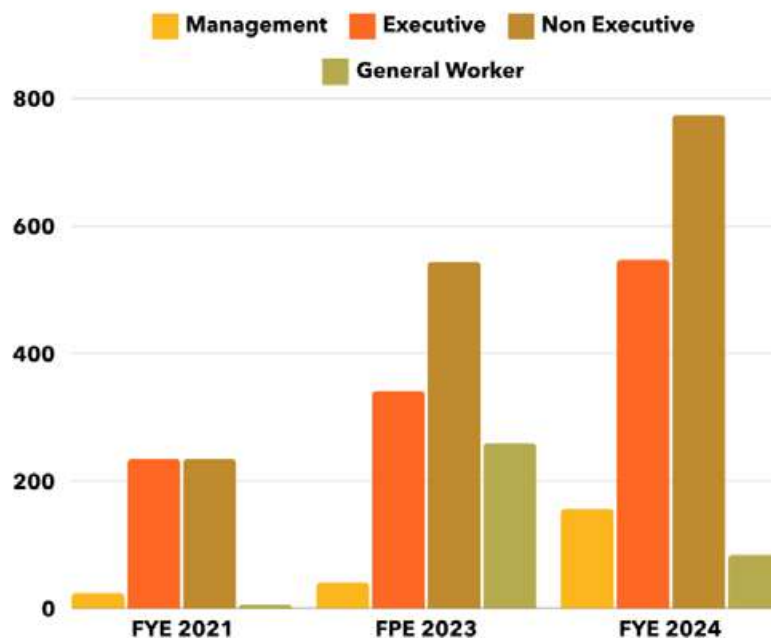


- Total Training Hours in Malaysia (VNP)

Employee Category	FYE 2021	FPE 2023	FYE 2024
Management	217	477	493
Executive	73	467	380.5
Non-Executive	14	352.5	202.5
General Worker	13	577.5	189.5

Sustainability Statement

Total Training Hours in Thailand (VTT)



- Total Training Hours in Thailand (VTT)

Employee Category	FYE 2021	FPE 2023	FYE 2024
Management	24	40	156
Executive	234	341	547
Non-Executive	234	544	774
General Worker	6	259	84



Sustainability Statement



Sustainability Statement



55. Training

DIVERSITY, EQUITY, AND INCLUSION

Volcano is deeply committed to fostering a diverse, equitable, and inclusive workplace. We believe that diversity is not just about numbers but about creating an environment where all individuals feel valued, respected, and empowered to bring their whole selves to work. Our company recognizes that a diverse workforce, encompassing a range of experiences, perspectives, and backgrounds, is crucial to driving innovation and success.

We understand that diversity goes beyond gender, age, and other visible attributes. It includes the many unique qualities and experiences that each employee brings to our team. By embracing these differences, we cultivate a culture of inclusion where everyone has the opportunity to thrive and contribute meaningfully to our shared goals. At Volcano, we are proud of our commitment to diversity, equity, and inclusion, and we continuously strive to create a workplace that reflects these values.

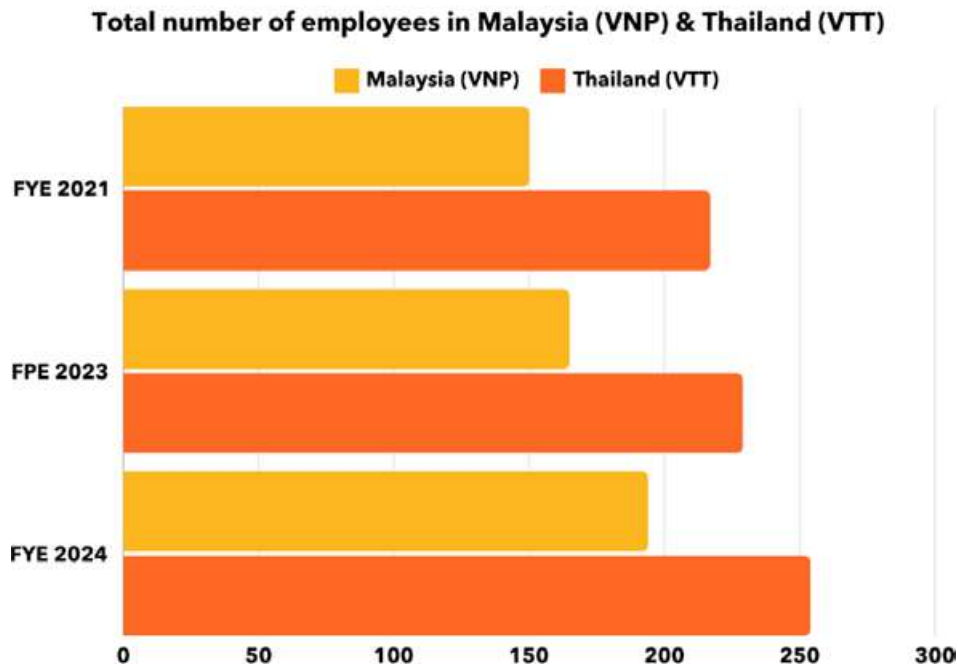
Sustainability Statement

Here's a closer look at our workforce diversity:

Total Employee

In FYE 2024, Volcano employed a total of 448 individuals across its operations in Malaysia and Thailand. In Malaysia, we have a dedicated team of 194 employees, while our Thailand operations are supported by 254 employees. This diverse and skilled workforce is a key driver of our Group's success and innovation.

Here's a breakdown of our employee numbers by country:



Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	150	167	194
Volcano Thailand (VTT)	217	230	254
Total	367	397	448

Gender Diversity



60% of Volcano Berhad employees are female in FYE 2024

At Volcano, we deeply value diversity and inclusivity as core principles that drive innovation, collaboration, and a positive work environment. We believe that a diverse workforce brings a rich variety of perspectives, experiences, and ideas, which are crucial in fostering creativity and achieving excellence across all levels of our organization. Our commitment to these principles extends beyond just policies—it is woven into the fabric of how we operate, ensuring that all employees, regardless of their background, are respected, valued, and given the opportunity to succeed.

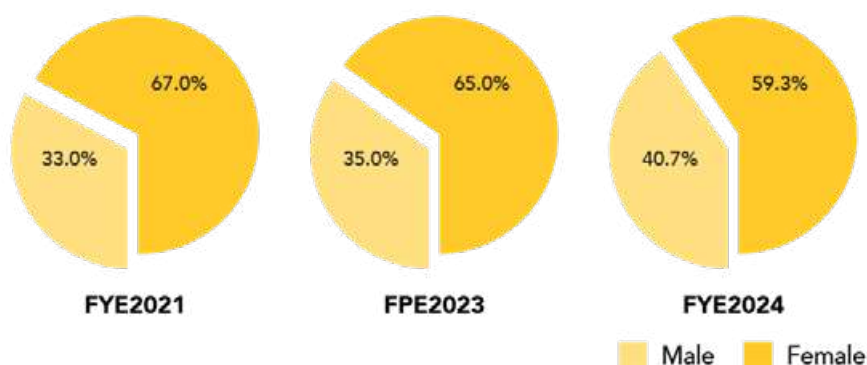
Sustainability Statement

In FYE 2024, we demonstrated our dedication to gender diversity through tangible results in our operations across Malaysia and Thailand. We understand that gender balance is not just a social responsibility, but also a business imperative that enhances decision-making, improves employee satisfaction, and leads to stronger organizational performance. This year, our teams in both countries reflected a significant focus on creating gender-inclusive work environments where opportunities for growth, leadership, and development are accessible to all, irrespective of gender.

In Malaysia, we proudly fostered an equitable distribution of opportunities across male and female employees, with women playing key roles in various capacities, from management to operational roles. Similarly, in Thailand, we have continuously made strides in promoting gender equality by ensuring that women are represented across different functions, including leadership positions and technical roles traditionally dominated by men. This approach not only supports our internal gender diversity goals but also aligns with our broader ESG (Environmental, Social, and Governance) commitments, as we strive to contribute positively to the communities and industries in which we operate.

Our progress in gender diversity is a reflection of our belief that every employee, regardless of their gender, has the potential to contribute meaningfully to the success of Volcano Group. We actively encourage an inclusive culture where diverse viewpoints are celebrated, and where gender equality is seen as a catalyst for growth and innovation. By fostering a gender-diverse workforce, we are not only enhancing our own organizational capabilities but also setting an example for the industry, reinforcing our position as a forward-thinking and socially responsible company.

Gender Distribution at Volcano Berhad



- Male

Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	62	76	108
Volcano Thailand (VTT)	59	63	75
Total	121	139	183

- Female

Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	88	91	86
Volcano Thailand (VTT)	158	167	179
Total	246	258	265

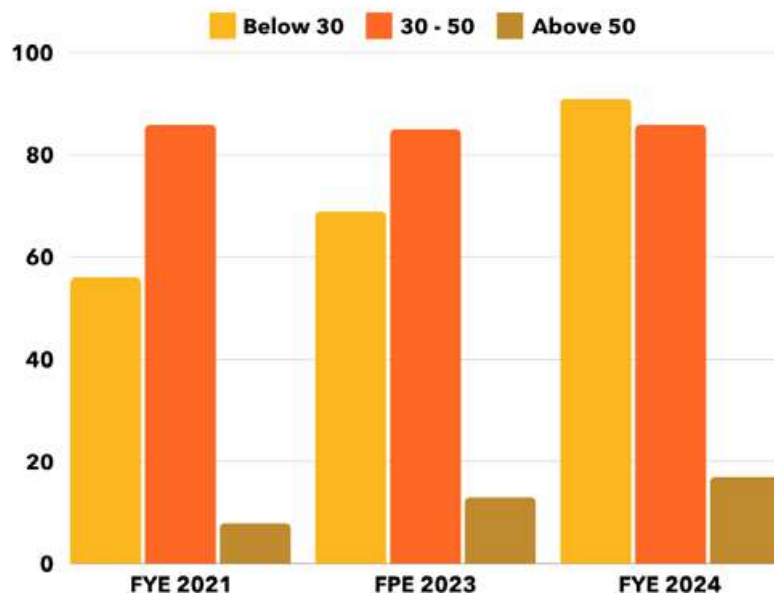
Looking ahead, we remain committed to building on these achievements by continuously improving our diversity and inclusion efforts. We will continue to promote gender balance in hiring, leadership development, and career advancement opportunities, ensuring that Volcano remains a place where everyone can thrive, contribute, and grow together. Our goal is to create a workplace where diversity and inclusion are not only embraced but are foundational to the way we work, ensuring a sustainable and equitable future for all.

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Age Diversity

Volcano value having a workforce that includes people from various age groups. Each age group brings unique experiences, knowledge, and perspectives, which are essential for driving innovation and growth within our Group. Here's an overview of the age diversity in our organization:

Employees by age group in Malaysia (VNP)



Employees by age group in Thailand (VTT)



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- **Under 30:** This group comprises a significant portion of our workforce, bringing fresh ideas and a strong grasp of the latest trends and technologies.

Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	56	69	91
Volcano Thailand (VTT)	80	79	119
Total	136	148	210

- **30-50:** Employees in this age group often bring a blend of experience and energy, with many years of professional expertise and a forward-looking approach to their work.

Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	86	85	86
Volcano Thailand (VTT)	132	141	126
Total	218	226	212

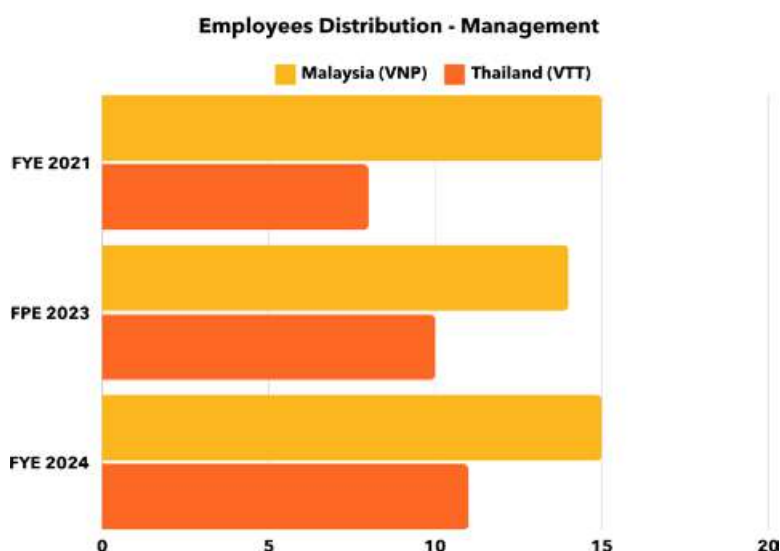
- **Over 50:** Our seasoned professionals provide invaluable insights and mentorship, drawing from their extensive experience to guide and inspire younger team members.

Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	8	13	17
Volcano Thailand (VTT)	5	10	9
Total	13	23	26

We believe that a diverse age range enriches our workplace, fostering creativity and collaboration across generations. We are committed to creating an inclusive environment where all age groups can thrive and contribute to our collective success.

Employee Distribution

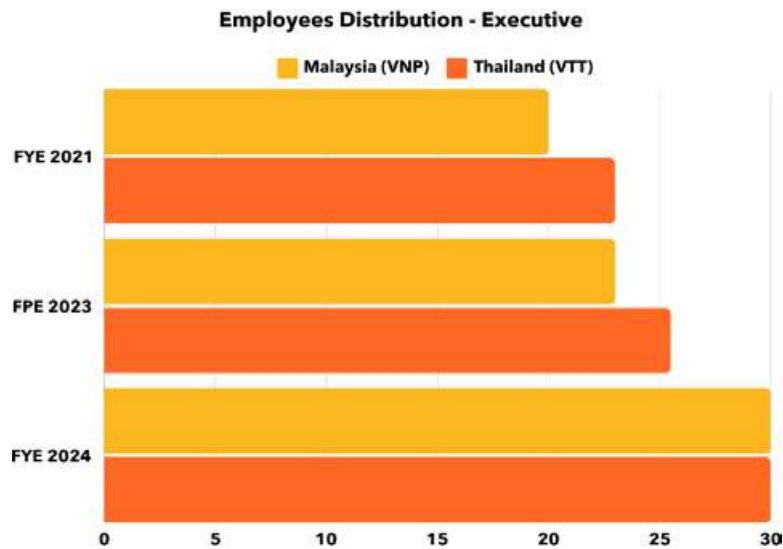
At Volcano, the employees are organized into four main categories, each with its own set of responsibilities. This structure helps Volcano Group manage its workforce and ensure everything runs smoothly. Here's a look at each category:



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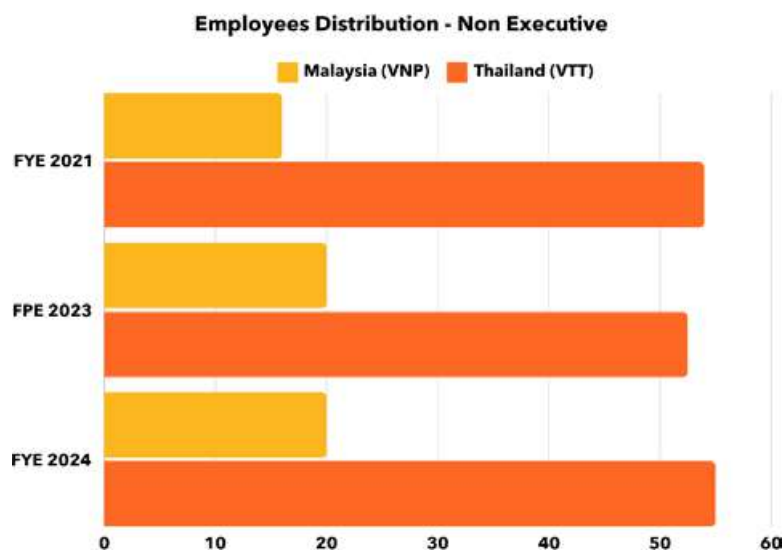
- **Management:** These are the top-level leaders who make big decisions and set the direction for Volcano Group. They include senior executives and department heads. Their job is to plan and guide Volcano Group's growth and make sure everything is going according to organisation's goals.

Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	15	14	15
Volcano Thailand (VTT)	8	10	11
Total	23	24	26



- **Executives:** Executives are responsible for carrying out the plans made by the management team. They handle important functions like finance, operations, and marketing. They make sure that Volcano Group's strategies are put into action and help to achieve our objectives.

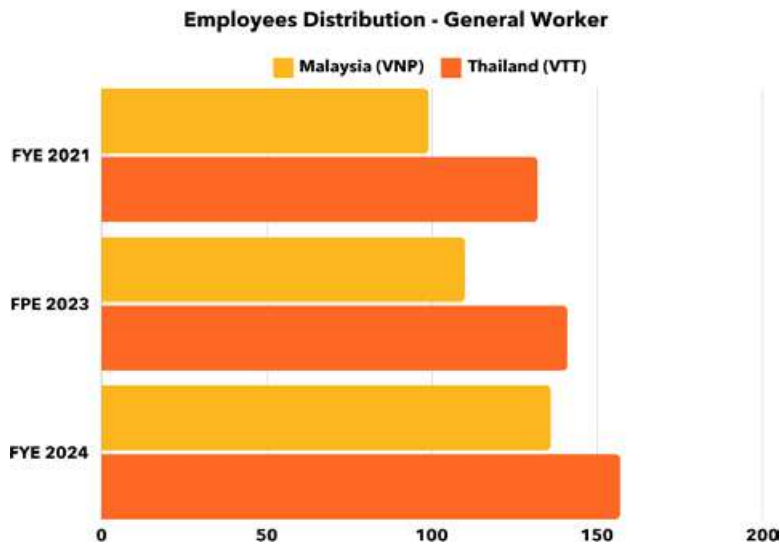
Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	20	23	30
Volcano Thailand (VTT)	23	26	30
Total	43	49	60



Sustainability Statement

- **Non-Executives:** Non-executives are employees who don't hold top positions but still play a key role in Volcano Group. They work in various departments and handle important tasks that keep the Group running smoothly every day.

Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	16	20	20
Volcano Thailand (VTT)	54	53	55
Total	70	73	75



General Workers: General workers take care of the daily operational tasks that are crucial for the Group's functioning. This includes roles in production, maintenance, and other routine activities that support the main operations of the Group.

Company	FYE 2021	FPE 2023	FYE 2024
Volcano Malaysia (VNP)	99	110	129
Volcano Thailand (VTT)	132	141	158
Total	231	251	287

By organizing employees in this way, Volcano creates a clear structure where everyone knows their role and how it fits into the bigger picture. This clarity not only helps the Group manage its resources better but also encourages teamwork and a shared sense of purpose. In the end, this approach helps the Group stay competitive and succeed in the long run.

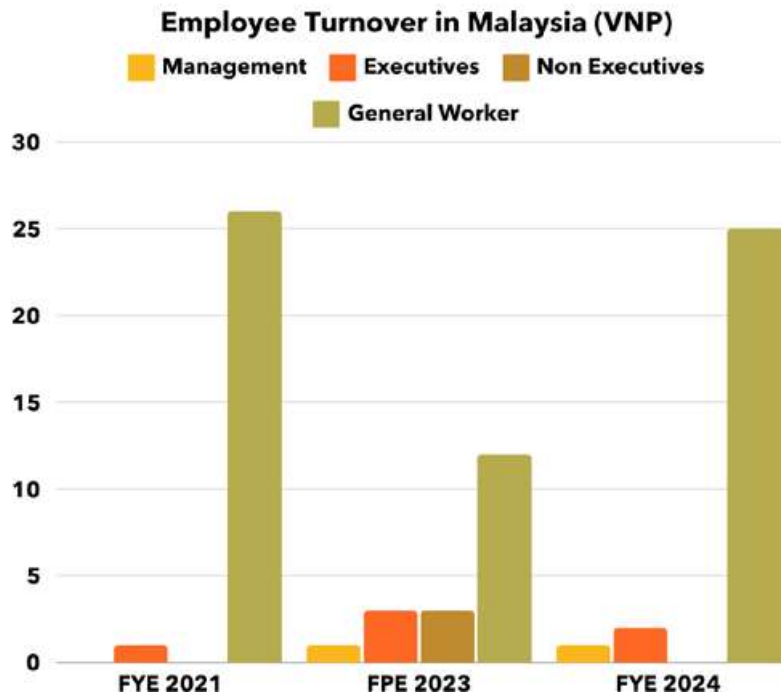
Employee Turnover and New Hires

Volcano places great emphasis on maintaining a supportive and engaging work environment, which is reflected in our employee turnover and new hire practices. Here's an overview of our current situation:

- **Employee Turnover**

We closely monitor our employee turnover rate to ensure we are retaining top talent and addressing any potential issues that may lead to turnover. Our turnover rate is a key indicator of employee satisfaction and engagement. We strive to keep this rate low by offering competitive compensation, career development opportunities, and a positive workplace culture.

Sustainability Statement



- Malaysia (VNP)

Employee Category	FYE 2021	FPE 2023	FYE 2024
Management	0	1	1
Executive	1	3	2
Non-Executive	0	3	0
General Worker	26	12	25
Total	27	19	28



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- Thailand (VTT)

Employee Category	FYE 2021	FPE 2023	FYE 2024
Management	0	1	0
Executive	3	5	4
Non-Executive	12	19	5
General Worker	85	78	69
Total	100	103	78

- **New Hires**

We are continually looking to grow and diversify our team with talented individuals who bring fresh ideas and perspectives. Our recruitment process focuses on finding the right fit for both the candidate and the Group, ensuring that new hires align with our values and contribute positively to our culture. We prioritize inclusivity in our hiring practices to build a team that reflects the diversity of our community and customers.

At Volcano, we understand that our people are our greatest asset, and we are committed to creating an environment where every employee can thrive and grow with the Group.

COMMUNITY ENGAGEMENT

In FYE 2024, we continued our commitment to community engagement through a variety of Corporate Social Responsibility (CSR) activities. Our focus was on environmental stewardship, health awareness, and supporting vulnerable groups. These initiatives were designed to strengthen our relationships with the communities where we operate and to contribute meaningfully to their well-being and development.

Corporate Gardening and First Aid Awareness in Malaysia

At Volcano Malaysia, we launched two significant CSR initiatives: a corporate gardening project and a first aid awareness campaign. The corporate gardening project focused on promoting environmental sustainability by creating green spaces within the community. Our employees volunteered to plant trees and establish community gardens, providing both a source of fresh produce and a pleasant environment for local residents. This effort not only beautified the area but also heightened awareness about the importance of environmental conservation.

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In parallel, we organized a first aid awareness campaign aimed at educating our employees and community members on basic first aid techniques and emergency response procedures. Certified trainers led workshops covering essential skills like CPR, wound care, and managing medical emergencies. This initiative was designed to equip participants with the knowledge and confidence to respond effectively in critical situations, thereby enhancing community safety and resilience.

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First Aid Programme

Food Drive at a Local Orphanage in Thailand

In Thailand, VTT took a proactive role in addressing the needs of vulnerable children by organizing a significant food drive for a local orphanage in FPE 2023. This initiative reinforced our broader commitment to social welfare and demonstrated our dedication to supporting those in need. Recognizing the critical importance of providing proper nutrition to children, our employees actively participated by collecting and donating a wide variety of non-perishable food items. These contributions included essentials such as rice, canned goods, dried fruits, and other staples, ensuring that the orphanage had a steady supply of nutritious meals for the children.

The food drive went beyond merely meeting immediate needs. It also highlighted the importance of empathy, community involvement, and corporate responsibility. By mobilizing our employees and partnering with local stakeholders, this initiative fostered a sense of unity and collective action. Employees from different departments came together to contribute not just food but also their time and energy, further solidifying the company's culture of giving back to society.

The collaborative effort between our staff and local partners demonstrated how small actions can create a ripple effect, inspiring others in the community to participate and give back. The orphanage expressed heartfelt gratitude for our contributions, and the event served as a powerful reminder of the positive, lasting impact that corporations can make when they prioritize social responsibility.

Moreover, this initiative is a testament to Volcano's broader mission of community engagement, showing that we are not only focused on our business objectives but also on the well-being of those around us. By addressing food insecurity and offering tangible support to vulnerable children, we reaffirmed our commitment to fostering sustainable communities and enhancing the quality of life for those in need. As a company, we understand that these acts of compassion contribute to a stronger, more empathetic society, and we are proud to play a part in this ongoing effort.

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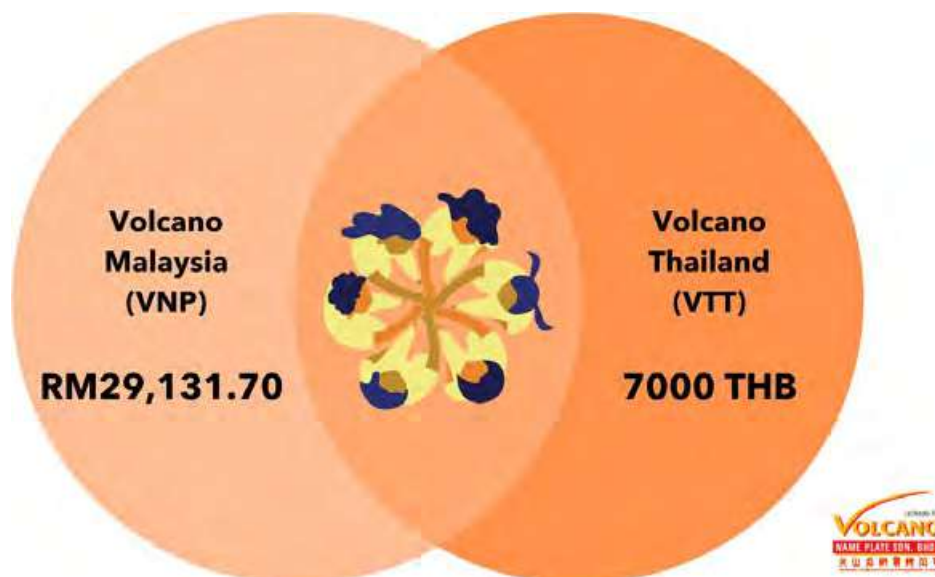


In conclusion, Volcano's CSR initiatives in FYE2024 and FPE 2023 reflect a strong commitment to making a meaningful impact on the communities where we operate. Through diverse efforts such as corporate gardening in Malaysia, first aid awareness campaigns, and a food drive in Thailand, we focused on key areas like environmental sustainability, health education, and social welfare. These activities not only improved the well-being of the communities we engaged with but also fostered a sense of responsibility and collaboration among our employees. By aligning our corporate actions with our values of sustainability, compassion, and community support, we have reinforced our role as a responsible and caring organization. These initiatives are a testament to our dedication to building long-term, positive relationships with the communities we serve, and we look forward to continuing this momentum in the future.

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DONATIONS TOWARD THE COMMUNITY

In FYE 2024, Volcano underscored its commitment to corporate social responsibility by making significant donations in both Malaysia and Thailand. The Group contributed a total of RM29,131.70 in Malaysia and THB7,000 (RM898.77) in Thailand, supporting a range of community initiatives and benefiting four recipient entities.



No.	Recipient	Giver	Amount
1.	Pertubuhan Penganut Dewa Heng Len Tuah	VNP (Malaysia)	RM 4,500.00
2.	Taiwan Lungshan Temple	VNP (Malaysia)	RM 4,631.70
3.	Yayasan Amal Tuan Yang Terutama Yang Di-Pertua Negeri Pulau Pinang	VNP (Malaysia)	RM 20,000.00
4.	Mabtoey School	VTT (Thailand)	THB 7,000.00

In Malaysia, these funds were allocated to various projects that provided vital support in education, healthcare, and social welfare, addressing both immediate needs and contributing to long-term community development. In Thailand, the donations were directed toward improving the quality of life for residents through targeted programs and essential services.

These contributions reflect Volcano Group's dedication to making a positive impact and embody the Group's core values of compassion and responsibility. By supporting these four beneficiary entities, Volcano continues to demonstrate its role as a responsible corporate citizen, committed to fostering social good and creating a supportive environment for all.

OVERALL CONCLUSION

In conclusion, Volcano's Sustainability Statement reflects our unwavering commitment to responsible corporate citizenship and environmental stewardship. Through comprehensive initiatives, robust policies, and ongoing engagement, we continue to make strides towards achieving our sustainability goals and creating positive impacts within our organisation and the communities we serve.

Our dedication to sustainability is evident in every aspect of our operations, from resource management and emissions reduction to employee well-being and community engagement. As we move forward, we remain steadfast in our pursuit of sustainability excellence, striving to innovate, collaborate, and lead by example in building a more sustainable future for generations to come.

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BURSA KPI LIST

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100
Executive	Percentage	100
Non-executive/Technical Staff	Percentage	100
General Workers	Percentage	100
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	30,019.08
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0
Management Between 30-50	Percentage	46.15
Management Above 50	Percentage	53.85
Executive Under 30	Percentage	20.76
Executive Between 30-50	Percentage	75.47
Executive Above 50	Percentage	3.77
Non-executive/Technical Staff Under 30	Percentage	44
Non-executive/Technical Staff Between 30-50	Percentage	49.33
Non-executive/Technical Staff Above 50	Percentage	6.67
General Workers Under 30	Percentage	56.31
General Workers Between 30-50	Percentage	41.98
General Workers Above 50	Percentage	1.71
Gender Group by Employee Category		
Management Male	Percentage	65.39
Management Female	Percentage	34.61
Executive Male	Percentage	32.08
Executive Female	Percentage	67.92
Non-executive/Technical Staff Male	Percentage	42.67
Non-executive/Technical Staff Female	Percentage	57.33
General Workers Male	Percentage	39.59

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General Workers Female	Percentage	60.41
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	77.78
Female	Percentage	22.22
Under 30	Percentage	0
Between 30-50	Percentage	22.22
Above 50	Percentage	77.78
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	4,197.79
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	16.13
Bursa C5(c) Number of employees trained on health and safety standards	Number	63
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	649
Executive	Hours	927.5
Non-executive/Technical Staff	Hours	976.5
General Workers	Hours	273.5
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	15
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	1
Executive	Number	6
Non-executive/Technical Staff	Number	5
General Workers	Number	94
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	59.37
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	0.030558

(*) Restated

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Corporate Governance Overview Statement

The Board strives to ensure the principles and practices as prescribed in the Malaysian Code on Corporate Governance dated 28 April 2021 ("MCCG") are in place and practiced throughout the Group to protect and enhance shareholders' value and stakeholders' interests.

This Corporate Governance Overview Statement ("CG Statement") provides an overview of the application of the principles set out in the MCCG throughout the FYE 2024 with reference to the following three (3) principles set out in the MCCG:

Principle A: Board leadership and effectiveness;

Principle B: Effective audit and risk management; and

Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

Details of the Group's application of each practice set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Company's website at www.volcano.com.my and through the announcement published on the website of Bursa Malaysia Securities Berhad ("Bursa Securities").

This CG Statement is prepared in compliance with Rule 15.25 of the ACE Market Listing Requirements of Bursa Securities ("AMLR"). The corporate governance practices of the Volcano Group during the FYE 2024 are summarised as follows:

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

1.1 Functions of the Board

The Board is responsible for the overall performance of the Group and oversees the Group's goals, strategies, directions, performance, risk management and internal control system, standards of conduct and policies. The Board has the fiduciary duties to exercise due care in managing the Group's operations and ensure effective allocation of resources to meet the Group's objectives and goals.

1.2 Board Charter

The Board has formalised a Board Charter to delineate the roles of the Board, Board Committees and management of boardroom activities in order to provide a structured guidance regarding their various responsibilities. The Board is guided by the Board Charter in discharging the functions and responsibilities of the Board. The Board Charter is available on the Company's website at www.volcano.com.my.

1.3 Board Committees

In order to facilitate the Board in discharging its roles on specific areas, the Board has established and delegated its specific responsibilities to the following five (5) Board Committees:

- Audit and Risk Management Committee ("ARMC")
- Nomination Committee
- Remuneration Committee
- Sustainability Committee
- Employees' Share Option Scheme Committee

The Board Committees operate within respective Terms of Reference which spell out the authorities and functions of each committee. The Terms of Reference of the Board Committees will be reviewed periodically and is available on the Company's website at www.volcano.com.my. The Chairman of the respective Board Committees will report to the Board the outcome and decision of the respective Board Committee meetings which will be recorded in the minutes of the Board meeting. The Board will be responsible for making the ultimate decision making.

1.4 Code of Ethics

The Board is committed to inculcating a corporate culture that engenders ethical conduct. A Code of Ethics has been established to instil the principles of integrity, responsibility, sincerity and corporate social responsibility on each Director. The Code of Ethics is available on the Company's website at www.volcano.com.my.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

1.5 Separation of positions of Chairman and Managing Director

The roles and responsibilities of the Chairman of the Board and the Managing Director are clearly defined and the positions are held by two (2) separate individuals. This is to promote accountability and ensure a balance of power and authority in line with good corporate practices.

The Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board whilst the Managing Director has overall responsibility for overseeing the day-to-day management of the business and operations of the Group as well as the implementation of the Board's policies, directives, strategies and decisions. The Board has formalised the Limits of Authority ("LOA") Manual to delegate certain authorities and discretion to the management personnel of the Group ("Management").

1.6 Roles of Company Secretary

The Board is supported by a Company Secretary, who is qualified, competent and experienced. The Company Secretary of the Company is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. As a practicing company secretary, she has also attended continuous professional development programmes as required by MAICSA.

The Company Secretary advises the Board on rules and regulations pertaining to the duties and responsibilities of Directors, together with corporate compliance requirements. The Company Secretary also ensures that all Board meetings are properly convened and that proper and accurate records of proceedings, deliberations are minuted and resolutions passed are documented and statutory registers are properly maintained at the registered office of the Company.

1.7 Dissemination of Information

All Directors of the Company have the same right of access to all information within the Group and may seek the advice of Management on matters under discussion or request further information on the Group's business activities. In addition, the Board, in order to discharge its duties and responsibilities effectively, has unrestricted and timely access to the advice and services of the Company Secretary and, if deemed necessary, other independent professionals at the expense of the Company in the discharge of its duties. The notices for Board and Board Committees meetings together with relevant materials are circulated to the Directors within seven (7) business days prior to each meeting to allow sufficient time for the Directors to review, consider and deliberate on matters.

All matters raised, including discussion, deliberations, decisions and conclusions were recorded in the minutes of meetings. The meetings minutes, together with the decisions made by way of Directors' written resolutions shall be circulated to the Board timely and accordingly.

1.8 Whistleblowing Policy

The Company has formalised a Whistleblowing Policy which allows the whistle-blower(s) to raise genuine concerns about actual or potential corporate fraud or breach of ethics involving any officers of the Group. The policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Group. The Whistleblowing Policy provides assurance on confidentiality to the whistle-blower who has acted in good faith. The Whistleblowing Policy is available on the Company's website at www.volcano.com.my.

1.9 Anti-Bribery and Anti-Corruption Policy

It is our policy to conduct all of the Group's business in an honest and ethical manner, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009, the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. Hence, an Anti-Bribery and Anti-Corruption Policy was established to provide guidance to the Directors, employees and business associates of the Group in observing and upholding our position on bribery and corruption as well as providing information on how to recognise and to deal with this issue. The Anti-Bribery and Anti-Corruption Policy is available on the Company's website at www.volcano.com.my.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1. Board Responsibilities (Cont'd)****1.10 Directors' Fit and Proper Policy**

The Company has adopted a Directors' Fit and Proper Policy in line with Rule 15.01A of the AMLR. The policy serves as a reference for the Nomination Committee and the Board to evaluate and assess potential candidates for appointment to the Board and retiring Directors seeking re-election at the Annual General Meeting ("AGM") of the Company.

The policy establishes stringent criteria for the assessment of candidates by the Nomination Committee and the Board. This assists in the identification of Directors who possess the necessary qualifications, expertise, and ethical standards to effectively serve on the Board. The Directors' Fit and Proper Policy is available on the Company's website at www.volcano.com.my.

1.11 Sustainability Governance

The Board and Management acknowledge the significance of sustainable business practices in creating lasting value and are of the opinion that responsible business operations are crucial in attaining operational excellence.

We continuously evaluate sustainability issues, align our approaches, and integrate sustainability principles into the Group's business operations. Details of the Group's sustainability initiatives and performance are disclosed in the Sustainability Statement in this Annual Report.

2. Board Composition**2.1 Board Composition**

The Board currently consists of eight (8) members of whom five (5) are Executive Directors and three (3) are Independent Non-Executive Directors. This is in compliance with Rule 15.02 of the AMLR. Among the Board members, two (2) are female Directors.

The Board has a mix of qualified and experienced Directors with diverse experiences and professionalism in areas such as technical, marketing, legal, finance, corporate and secretarial. As such, we have a variety of professional opinions to drive the growth of the Group. The profile of each Board member is set out in this Annual Report.

2.2 Gender Diversity

The Board acknowledges the importance of gender diversity and has established a Gender Diversity Policy which provides a framework for the Group to improve its gender diversity. However, the Board has not set gender diversity targets as of this reporting year. For the FYE 2024, two (2) out of eight (8) of the Directors of the Company are female Directors.

2.3 Tenure of Independent Director

Currently, there are no Independent Non-Executive Directors who have served on the Board for more than nine (9) years as the Company was listed on the ACE Market of Bursa Securities on 6 April 2021. If the Board wishes to retain an Independent Non-Executive Director who has served for more than nine (9) years, the Company must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting. However, the cumulative term of an Independent Non-Executive Director is up to twelve (12) years from the date of his/her first appointment as an Independent Non-Executive Director of the Company or in any one or more of its related corporations. The Independent Non-Executive Directors concerned may be re-appointed thereafter, but are required to observe the requisite three (3) years cooling-off period. Where the Board is of the view that the Independent Non-Executive Director may be re-appointed after the cooling-off period, it must justify the re-appointment of such individual as an Independent Non-Executive Director and explain why there is no other eligible candidate.

Based on the assessment conducted during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

2.4 Board Meeting

The Board and the ARMC convene their meetings every quarter while the Remuneration Committee, Nomination Committee and Sustainability Committee will meet at least once a year or as and when the need arises.

The number of meetings of the Board and Board Committees held during the FYE 2024 are as follows:

Board meeting	-	five (5) meetings
ARMC	-	five (5) meetings
Remuneration Committee	-	three (3) meetings
Nomination Committee	-	two (2) meetings
Sustainability Committee	-	one (1) meeting

Details of the attendance for the Board meetings and other Board committees' meetings held during the FYE 2024 are as follows:

Director	Board Meeting	Number of meeting attended/ held			
		ARMC	Remuneration Committee	Nomination Committee	Sustainability Committee
Wong Wan Chin, D.J.N	5/5	5/5	3/3	2/2	1/1
Datuk Ch'ng Huat Seng	5/5	-	-	-	-
Dato' Wong Tze Peng	5/5	-	-	-	-
Gan Yew Thiam	5/5	-	-	-	-
Yeap Guan Seng	5/5	-	-	-	1/1
Andrew Su Meng Kit (Appointed on 21 February 2024)	1/1	-	-	-	-
Tan Yen Yeow	5/5	5/5	3/3	2/2	1/1
Hing Poe Pyng	5/5	5/5	3/3	2/2	1/1
Khoo Boo Wui (Resigned on 21 February 2024)	4/4	-	-	-	1/1

There were no Employees' Share Option Scheme Committee meetings held during the FYE 2024 as there were no allocations, grants and/or exercises of options during the current financial year.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**2. Board Composition (Cont'd)****2.5 Directors' training**

The Board encourages its members to undergo continuous training to enhance their knowledge, expertise and professionalism in discharging their duties. In accordance with Rule 15.08(3) of the AMLR, the Board has attended various training programmes during the FYE 2024 as follows:

Director	Training Programme Title
Wong Wan Chin, D.J.N	- Mandatory Accreditation Programme Part II: Leading for Impact
Datuk Ch'ng Huat Seng	- Mandatory Accreditation Programme Part II: Leading for Impact
Dato' Wong Tze Peng	- Mandatory Accreditation Programme Part II: Leading for Impact
Gan Yew Thiam	- Mandatory Accreditation Programme Part II: Leading for Impact
Yeap Guan Seng	- Mandatory Accreditation Programme Part II: Leading for Impact
Andrew Su Meng Kit (Appointed on 21 February 2024)	- Mandatory Accreditation Programme Part II: Leading for Impact
Tan Yen Yeow	- Mandatory Accreditation Programme Part II: Leading for Impact - Session on MFRS Application and Implementation Committee - Ethics for Internal Auditors Workshop - Case Study-Based MFRS Webinar : Reporting Financial Performance for Public and Private Entities - Management of Cyber Risk - IFRS S1 and S2 : Are We Ready?
Hing Poe Pyng	- Mandatory Accreditation Programme Part II: Leading for Impact
Khoo Boo Wui (Resigned on 21 February 2024)	- Mandatory Accreditation Programme Part II: Leading for Impact

The Nomination Committee is to ensure that all members of the Board undergo appropriate board induction and training programmes. The Board through the Nomination Committee, has assumed the duty of determining and overseeing the training needs of the Directors of the Company. The Directors of the Company are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to effectively discharge their responsibilities and are encouraged to attend forums, training and seminars in accordance with their respective needs in discharging their duties as Directors of the Company. All the Directors of the Company have completed the Mandatory Accreditation Program Part I and Part II prescribed by Bursa Securities.

2.6 Nomination Committee ("NC")

The current NC consists of three (3) members, all of whom are Independent Non-Executive Directors. The NC is established to ensure that there is a formal procedure for the selection and appraisal of directors and senior management of the Group. Besides taking into consideration the composition and size of the Board, the NC has to ensure that the selection and appraisal are based on objective criteria, merits such as character and integrity, experience and competence, time commitment and with due regard for diversity in skills, experience, age, cultural background and gender.

The following works were undertaken by the NC for the FYE 2024 :

- (i) Reviewed the annual performance evaluation of the Board, Board Committees, ARMC members and individual Directors and senior management of the Group.
- (ii) Reviewed the training needs of and training programmes attended by the Directors of the Company.
- (iii) Reviewed the required mix of skills, experience, gender diversity and other qualities of the Board.
- (iv) Assessed the performance and contribution of the Directors of the Company who are standing for re-election at the AGM of the Company and recommended the same to the Board for approval.

The Terms of Reference of the NC is available on the Company's website at www.volcano.com.my.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

2.7 Election of Directors

At each AGM of the Company, one-third (1/3) of the Directors of the Company for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office provided always that all Directors of the Company shall retire from office once at least in every three (3) years but shall be eligible for re-election. The Director of the Company who is subject to re-election and/or re-appointment at next AGM of the Company is assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/ or reappointment. Appropriate assessment and recommendation by the NC are based on the yearly assessment conducted.

3. Level and Composition of Remuneration

3.1 Remuneration Policy

The Board has put in place a Remuneration Policy to determine the remuneration package of Directors and senior management of the Group.

This Remuneration Policy is established with the aims of among others, to determine the level of remuneration package that is commensurate with the responsibilities of their position, reflecting their contributions for the year and which are competitive, to attract, develop, motivate and retain the Directors and senior management of the Group.

The Remuneration Policy is available on the Company's website at www.volcano.com.my.

3.2 Details of Directors' remuneration

The Board has delegated to the Remuneration Committee the responsibility to set the principles, parameters and framework relating to the Group's remuneration matters for Directors and senior management of the Group.

The remuneration for Executive Directors is based on the performances of the Group and individual Director, whilst the remuneration of the Independent Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. The remuneration of Executive Directors is reviewed by the Remuneration Committee annually. The remuneration of Independent Non-Executive Directors is subject to shareholders' approval at an AGM. The interested Directors will abstain from participating in deliberations and decisions regarding their remuneration. The details of the Directors' remuneration for the FYE 2024 are as follows:

(a) Company

Name of Directors	Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	Other emoluments* (RM'000)	Total (RM'000)
Independent Non-Executive Directors					
Wong Wan Chin, D.J.N	60	-	-	3.5	63.5
Tan Yen Yeow	60	-	-	3.5	63.5
Hing Poe Pyng	36	-	-	3.5	39.5
Executive Directors					
Datuk Ch'ng Huat Seng	-	-	-	-	-
Dato' Wong Tze Peng	-	-	-	-	-
Gan Yew Thiam	-	-	-	-	-
Yeap Guan Seng	-	-	-	-	-
Andrew Su Meng Kit (Appointed on 21.2.2024)	-	-	-	-	-
Khoo Boo Wui (Resigned on 21.2.2024)	-	-	-	-	-

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**3. Level and Composition of Remuneration (Cont'd)**

3.2 Details of Directors' remuneration (Cont'd)

(b) Group

Name of Directors	Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	Other emoluments* (RM'000)	Total (RM'000)
Independent Non-Executive Directors					
Wong Wan Chin, D.J.N	60	-	-	3.5	63.5
Tan Yen Yeow	60	-	-	3.5	63.5
Hing Poe Pyng	36	-	-	3.5	39.5
Executive Directors					
Datuk Ch'ng Huat Seng	-	1,008	371	287	1,666
Dato' Wong Tze Peng	-	302	131	99	532
Gan Yew Thiam	-	345	137	87	569
Yeap Guan Seng	-	973	358	278	1,609
Andrew Su Meng Kit (Appointed on 21.2.2024)	-	314	-	46	360
Khoo Boo Wui (Resigned on 21.2.2024)	-	331	60	76	467

* Other emoluments mainly consist of allowances and defined contribution plans.

The Remuneration Policy is available on the Company's website at www.volcano.com.my.

3.3 Top 5 Key Senior Management's remuneration

The detailed remuneration on a named basis of top five (5) key senior management of the Group who are also the Executive Directors of the Company is disclosed in Item 3.2 above. With regard to the disclosure of remuneration of the Group's other key senior management, the Board is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Group's other key senior management personnel who are not Executive Directors of the Company. In view of the competitive nature of the human resource market in the industries that the Group operates, the Company should protect the confidentiality and sensitivity of employees' remuneration package.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT**1. ARMC**

1.1 Composition of the ARMC

The ARMC comprises three (3) Independent Non-Executive Directors of the Company with professional experience in financial, legal and corporate secretarial matters. The Chairman of the ARMC is different from the Chairman of the Board. None of the ARMC members were former partners of the Group's existing External Auditors within the previous two (2) years as outlined in the Terms of Reference of the ARMC. The ARMC composition meets the requirements of Rule 15.09(1) of the AMLR.

The composition, roles and responsibilities and key activities of the ARMC are set out in the Audit and Risk Management Committee Report of this Annual Report. The Terms of Reference of the ARMC is available on the Company's website at www.volcano.com.my.

Corporate Governance Overview Statement

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

1. ARMC (Cont'd)

1.2 Relationship with the External Auditors

The Board, through the ARMC, maintains a formal and transparent relationship with its External Auditors. The ARMC ensured that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The ARMC assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence. Based on the assessment during the current financial year, the Board was satisfied with the performance and effectiveness of the External Auditors.

In the course of their audit, the External Auditors highlighted to the ARMC matters pertaining to the financial reporting. The ARMC had two (2) meeting sessions with the External Auditors during the current financial year, including one (1) private meeting without the presence of the management of the Group and Executive Directors, to discuss any issues that may require the attention of the ARMC.

Further information on the ARMC and External Auditors is detailed in the Audit and Risk Management Committee Report of this Annual Report.

2. Risk Management and Internal Audit

2.1 Risk Management Framework

The Group has formalised the risk management process of the Group through the Risk Management Handbook. The ARMC is tasked to undertake regular reviews on the Group's risk management framework and internal control system. Risk Register which documented identified risks, relevant risk ratings, mitigation plans/actions and relevant key person-in-charge was tabled to the ARMC during the current financial year. The ARMC reported the findings to the Board subsequently. The Risk Register is reviewed and updated periodically to remain relevant in line with the ever-changing business environment.

The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal control within the Group is set out in this Annual Report.

2.2 Internal Audit Function

The Board has established an internal audit function which is currently outsourced to a professional firm. The Internal Auditors continuously provide an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control. Functionally, the Internal Auditors report to the ARMC directly. The Internal Auditors have unrestricted access to the relevant records, personnel and physical properties of the Group in carrying out their assessment.

Further information on the Internal Auditors is detailed in the Audit and Risk Management Committee Report and the Statement of Risk Management and Internal Control in this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

1.1 Continuous communication between Company and stakeholders

The Group disseminates information in relation to its financial performance, operations and corporate developments through its annual report, circulars, quarterly reports and various announcements. These reports and announcements are released through Bursa Securities' website. The Company has also established a corporate website at www.volcano.com.my to serve as a useful reference source of information to the shareholders and other stakeholders.

2. Conduct of General Meetings

2.1 Notice for AGM

The notice and agenda of the AGM together with the proxy form are dispatched to the shareholders at least 28 days prior to the date of the AGM. This will give the shareholders adequate time to consider the resolutions to be tabled at the AGM and make the necessary arrangements to attend in person and submit the proxy forms. The Notice of AGM is accompanied by explanatory notes which provide further explanation on each resolution proposed to facilitate informed decision-making by the shareholders.

2.2 Attendance of Directors

All the Directors of the Company had attended the 5th AGM held on 16 November 2023.

2.3 Conduct of General Meetings

The Board always ensures the general meetings of the Company be held at an easily accessible venue to facilitate shareholders' participation. In the event that shareholders are unable to attend the AGM of the Company in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his/her stead. All resolutions set out in the notice of the AGM will be put to vote by poll and the votes cast will be validated by an independent scrutineer appointed by the Company. The outcome of the AGM of the Company will be announced to Bursa Securities on the same day, which is also accessible on the Company's website.

2.4 Shareholders' Engagement

The AGM of the Company serves as a principal forum for Directors of the Company to communicate with the shareholders. Shareholders are able to participate, engage the Board effectively and make informed voting decisions. The Board welcomes questions and feedback from the shareholders during and at the end of shareholders' meetings and ensures their queries are responded to properly and systematically.

The Board had ensured that a reasonable time is provided to the shareholders for discussion at the AGM of the Company before each resolution is proposed. The summary of the key matters discussed at the AGM of the Company will be published on the Company's website at www.volcano.com.my for the shareholders' information.

Statement on Compliance

This Statement is prepared in compliance with Rule 15.25 of the AMLR and it is advised to be read together with the Corporate Governance Report of the Company.

Moving forward with the enhanced Corporate Governance Guide (4th Edition) issued on 15 December 2021 which complemented the Malaysian Code on Corporate Governance dated 28 April 2021 and Corporate Governance Strategies Priorities 2021-2023 dated 24 November 2021, the Company will continue to refine and seek to build upon the enhanced corporate governance practices and procedures in delivering the sustainable performance of the Group over the long term.

The Group has complied in all material aspects of the corporate governance principles and practices, except for the departures addressed in the Corporate Governance Report of the Company.

The Corporate Governance Overview Statement and the Corporate Governance Report are issued in accordance with a Board resolution dated 9 October 2024.

Audit and Risk Management Committee Report

The Board is pleased to present the Audit and Risk Management Committee ("ARMC") report for the FYE 2024 as follows:

1. COMPOSITION OF ARMC

The ARMC is chaired by an Independent Non-Executive Director of the Company and comprises two (2) members, all of whom are Independent Non-Executive Directors of the Company. The current composition of ARMC meets the requirements of Rules 15.09 and 15.10 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("AMLR"). The ARMC comprises the following Directors during the FYE 2024 and as of the date of this report:

Chairman	: Mr. Tan Yen Yeow (Independent Non-Executive Director)
Member	: Ms. Wong Wan Chin, D.J.N (Independent Non-Executive Chairman)
Member	: Ms. Hing Poe Pyng (Independent Non-Executive Director)

Mr. Tan Yen Yeow is a member of the Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia. Accordingly, the Company is in compliance with Rule 15.09 (1)(c) of the AMLR.

2. MEETINGS AND ATTENDANCE

There were five (5) ARMC meetings held during the FYE 2024. The record of attendance is as follows:

Name of member	Number of meeting attended/ held
Mr. Tan Yen Yeow	5/5
Ms. Wong Wan Chin, D.J.N	5/5
Ms. Hing Poe Pyng	5/5

In carrying out its duties, the ARMC reported to and updated the Board on significant issues and concerns discussed during the ARMC meetings and where appropriate, made necessary recommendations to the Board.

During the FYE 2024, the representatives from the External Auditors attended three (3) ARMC meetings and the Internal Auditors attended four (4) ARMC meetings to present their reports.

3. SUMMARY OF ACTIVITIES

- (i) Overview of Financial Performance and Reporting
 - Reviewed the unaudited quarterly financial results and recommended the same for the Board's approval.
 - Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the AMLR on a quarterly basis and reported the same to the Board.
 - Reviewed the annual audited financial statements and recommended the same for the Board's approval.
 - Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.
- (ii) Oversight of External Auditors
 - Reviewed the Audit Plan, outlining the audit scope, audit process and areas of emphasis.
 - Reviewed the evaluation of the system of internal controls.
 - Reviewed the Audit Committee Memorandum (as prepared by the External Auditors) covering audit scope and approach, significant audit findings, potential key audit matters, matters for control improvements, significant outstanding matters from the audit field works and level of assistance given by the employees of the Group to the External Auditors.
 - Convened one (1) meeting with the External Auditors without the presence of the management of the Group and Executive Directors of the Company to facilitate discussions of additional matters in relation to audit issues noted in the course of their audit.
 - Reviewed the performance, effectiveness and independence of the External Auditors in the provision of statutory audit services vide a formalised "External Auditors Assessment".
 - Reviewed and recommended to the Board for approval on the re-appointment of Messrs Baker Tilly Monteiro Heng PLT as External Auditors of the Company.
 - Reviewed and discussed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board, including any significant issues and concerns arising from the audit.

Audit and Risk Management Committee Report

3. SUMMARY OF ACTIVITIES (CONT'D)

- (iii) Oversight of Internal Auditors
 - Reviewed the profile and proposal for the provision of outsourced internal audit services to the Group.
 - Recommended the appointment of Sterling Business Alignment Consulting Sdn. Bhd. as Internal Auditors of the Group.
 - Reviewed the internal audit plan for the Group.
 - Reviewed the Internal Audit Reports and assessed the major findings by the Internal Auditors and evaluated the management's response.
- (iv) Oversight of Risk Management
 - Reviewed and assessed the adequacy of risk management policies and framework in identifying, measuring, monitoring and managing risk and ensuring adequate infrastructure, resources and systems are in place for risk management.
 - Reviewed the results of risk assessment with all significant risks identified.
- (v) Oversight of Related Party Transactions
 - Reviewed the related party transactions and conflict of interest situations that arise within the Group on a quarterly basis, including any transaction, procedure or course of conduct that raises questions on management integrity.
- (vi) Oversight of Internal Control Matters
 - Reviewed the disclosures in the ARMC report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement for inclusion in the Annual Report as well as the Corporate Governance Report and recommended the same for the Board's approval.
 - Reviewed and confirmed the minutes of the ARMC meetings.
 - Reviewed the progress of the utilisation of proceeds from the Company's fund-raising exercise.

4. TERMS OF REFERENCE

The terms of reference of the ARMC is available for viewing at the Company's website at www.volcano.com.my.

5. RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION

The internal audit function plays an important role in providing the Board, through the ARMC, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To ensure that the responsibilities of Internal Auditors are fully discharged, the ARMC reviews the adequacy of the scope, functions and resources of the internal audit function as well as the competency of the Internal Auditors.

The internal audit function is outsourced to an independent professional services firm, namely, Sterling Business Alignment Consulting Sdn. Bhd., to carry out internal audit services for the Group. Internal audit reports will be presented directly, together with management's response and proposed action plans to the ARMC for deliberation.

During the FYE 2024, internal audit reviews and follow-up status reviews were carried out by the Internal Auditors on the following functions of Volcano Name Plate Sdn. Bhd. ("VNP") and Volcano Tec (Thailand) Co. Ltd. ("VTT"):

	VNP	VTT
Internal audit reviews	-	<ul style="list-style-type: none"> • Sales and marketing • Procurement and sourcing
Follow-up audit reviews	<ul style="list-style-type: none"> • Procurement • Safety and health • Sales and marketing • Anti-bribery management system assessment • Quality assurance and control, production and maintenance 	<ul style="list-style-type: none"> • Sales and marketing

Concerned areas identified during the internal audit reviews together with the improvement measures to strengthen the internal controls were reported accordingly. Further details of the risk management and internal audit activities are stated in the Statement of Risk Management and Internal Control.

The total cost of the internal audit function incurred in respect of the FYE 2024 amounted to RM48,643.

This Report was reviewed and approved by the ARMC and the Board on 9 October 2024.

Additional Compliance Information

The following disclosures are made in accordance with Part A of Appendix 9C of the AMLR:

1. Statement of Directors' Responsibility in respect of the Financial Statements

The Directors of the Company are required by the Companies Act, 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs, the results and cash flows of the Company, and of the Group for the financial year then ended.

The Directors of the Company are satisfied that the Company and the Group have used the appropriate accounting policies and applied them consistently and prudently in preparing the Company's and Group's financial statements for the FYE 2024. The Directors of the Company also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

2. Material Contracts/ Contracts Related to Loan Involving Directors, Chief Executive and/or Major Shareholders

During the FYE 2024, there were no material contracts outside the ordinary course of business of the Group/ contracts related to loans entered into by the Company and the Group involving the interest of the Directors, chief executive, and/or major shareholders of the Company.

3. Employees' Share Option Scheme ("ESOS")

There were no ESOS options allocated, granted, and/or exercised during the FYE 2024 under the ESOS which took effect on 29 June 2021.

4. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT") and Related Party Transactions ("RPT")

There were no RRPT or RPT entered into by the Group that involved the interest of the Directors and major shareholders of the Company, and/or person connected with the Directors or major shareholders of our Company in the FYE 2024 except as disclosed below :

Related Party	Nature of Relationship	Nature of RRPT/RPT	Total Transaction Amount RM'000
W H Hardware Sdn. Bhd. ("WH")	Dato' Wong Tze Peng is the common Director and major shareholder of WH and Volcano Sdn. Bhd. to WH Berhad	Payment of rental of marketing office by Volcano Name Plate	12

5. Audit and Non-Audit Fees

The amount of audit and non-audit fees payable to the External Auditors for the services rendered to the Company and the Group for the FYE 2024 are as follows:

	Company RM'000	Group RM'000
Audit Fees	81	212
Non-Audit Fees	9	9
Total	90	221

Additional Compliance Information

6. Utilisation of Proceeds

The Company had obtained approval from its shareholders for the private placement of up to 49,500,000 new ordinary shares in the Company ("Shares"), representing up to 30% of Shares in issue (excluding treasury shares, if any) ("Private Placement") at an extraordinary general meeting held on 15 August 2023. The Company had raised RM15.133 million through the placement of 16,630,000 new Shares at an issue price of RM0.91 per Share on 4 September 2023. There was no further placement of new Shares thereafter, and the Private Placement was deemed completed on 5 July 2024.

The status of utilisation of proceeds from the Private Placement as at 30 September 2024 is as follows:

Details of utilisation	Proposed utilisation RM'000*	Proceeds from the Private Placement RM'000^ (A)	Actual utilisation RM'000 (B)	Balance unutilised RM'000 (A-B)	Estimated timeframe for utilisation@
Construction of a factory by Volcano Tec (Thailand) Co., Ltd.	32,800		(7,500)		Within 24 months
Proposed acquisition of a property by Volcano Name Plate Sdn. Bhd.	5,200		(5,200)		Within 12 months
Working capital	3,328		(2,039)		Within 24 months
Estimated expenses for the Private Placement	1,440		(394)		Within 1 month
Total	42,768	15,133	15,133	-	

Notes:

* Based on the indicative issue price of RM0.8640 per Share as set out in the circular to shareholders dated 26 July 2023 in relation to the Private Placement ("Circular").

^ Based on issue price of RM0.91 per Share.

@ From the date of completion of the Private Placement on 5 July 2024.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Circular.

Statement on Risk Management and Internal Control

Introduction

Pursuant to Rule 15.26(b) of the AMLR and as guided by the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance (as at 28 April 2021), the Board is pleased to provide the Group's Statement on Risk Management and Internal Control ("Statement") in this Annual Report.

Board's Responsibilities

The Board acknowledges the importance of the risk management and internal control system and recognises its responsibility to maintain a sound risk management framework and internal control system. However, the risk management and internal control system are designed to manage risks within an acceptable risk profile, it would not be able to entirely eliminate them and provide exhaustive assurance against any misstatement, loss or fraud.

The Board is assisted by the ARMC which comprises of Independent Non-Executive Directors of the Company in reviewing the adequacy and effectiveness of the risk management and internal control system. The Board is kept informed of all potential risks and internal control issues brought to the attention of the ARMC by the management of the Group, the Internal Auditors and also the External Auditors. The Board works closely with the ARMC to review and improve the internal controls as well as address potential risks from time to time.

Risk Management Framework and Key Elements of Internal Control System

The Group has in place a risk management framework to identify, evaluate, prioritise and manage risks. The management of the Group is responsible for the risk management and reports to the ARMC. The Board, through the ARMC, periodically reviews the Group's risk profiles and evaluates measures taken for risk mitigation to ensure that the risks are managed within the Group's risk appetites. The risk management process involves identifying the risks, assessing the likelihood of the occurrence and severity of the risks, formulating controls and action plans to mitigate the risks to an acceptable level. During the FYE 2024, the Risk Register of the Group is compiled and tabled to the ARMC and the Board for deliberation and adoption on 21 February 2024.

The key elements of the Group's internal control system include:

- (i) A clear group organisational structure taking into account the subsidiaries and business divisions of the Group which outlines the lines of responsibilities and hierarchical structure for planning, executing, controlling and monitoring the business operations.
- (ii) Policies and procedures are properly documented for guidance and compliance. These include, amongst others, Board Charter, Code of Ethics, Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy, Related Party Transactions and Recurrent Related Party Transaction Policy, Succession Planning Policy, Group Limits of Authority and Vendor Code of Conduct. These policies and procedures are regularly reviewed by the ARMC to ensure they remain relevant.
- (iii) Documented quality management system accredited by the International Organisation for Standardisation (ISO) certification body on the manufacturing activities.
- (iv) Board meetings and ARMC meetings are held at least four times a year in accordance with the Board Charter and Terms of Reference of ARMC. In addition, additional meetings may be called by the Chairman of the Board and the ARMC at any time.
- (v) Quarterly financial reports are reviewed by the ARMC prior to the approval by the Board.
- (vi) Internal control reports and follow-up audit reports on the adequacy of internal controls were prepared by the outsourced Internal Auditors and tabled to the ARMC for deliberation.
- (vii) Sufficient insurance coverage and physical safeguards are in-place to ensure the Group's assets are adequately covered against any mishap that could result in material loss.

Internal Audit Function

The Group's internal audit function is outsourced to an external consultant, namely Sterling Business Alignment Consulting Sdn. Bhd.. The Internal Auditors carried out the scheduled internal audit reviews based on the annual audit plan approved by the ARMC. On a quarterly basis, the Internal Auditors present the internal audit reports independently to the ARMC. The Internal Auditors use the Committee of Sponsoring Organizations of the Treadway Commission - Internal Control (COSO - IC) Integrated Framework as a basis for evaluating the effectiveness of the internal control system. In carrying out their activities, the Internal Auditors have unrestricted access to the relevant records, personnel and physical properties of the Group.

Statement on Risk Management and Internal Control

Internal Audit Function (Cont'd)

The internal audit function assists the Board and the management team of the Group in providing an independent assessment of the effectiveness and adequacy of the Group's system of internal controls. The assessment of the adequacy and effectiveness of internal controls established in mitigating risks is carried out through interviews and discussion with the management team of the Group, reviewing of relevant established policies and procedures and authority limits, and observing and testing of the internal controls on a sampling basis. The internal audit reviews have resulted in an improvement action plan to be taken by the Group to address the concerned areas. The concerned areas are followed up closely by the management team of the Group and the ARMC to determine the extent of the recommendations that need to be improved and implemented by the management of the Group.

During the FYE 2024, internal audit reviews and follow-up audit reviews were carried out by the Internal Auditors on the following functions of Volcano Name Plate Sdn. Bhd. ("VNP") and Volcano Tec (Thailand) Co. Ltd. ("VTT"):

	VNP	VTT
Internal audit reviews	-	<ul style="list-style-type: none"> • Sales and marketing • Procurement and sourcing
Follow-up audit reviews	<ul style="list-style-type: none"> • Procurement • Safety and health • Sales and marketing • Anti-bribery management system assessment • Quality assurance and control, production and maintenance 	<ul style="list-style-type: none"> • Sales and marketing

Concerned areas identified during the internal audit reviews together with the recommended improvement measures to strengthen the internal controls were reported accordingly. Follow-up audit reviews were conducted subsequent to the earlier internal audit review to ensure that management of the Group has implemented the recommended improvement measures to address all risks highlighted in the reports from preview audits.

Review of the Statement by External Auditors

Pursuant to Rule 15.23 of AMLR, the External Auditors have reviewed this Statement for inclusion in the Company's Annual Report for the FYE 2024. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process and the review adopted by the Board on the adequacy and integrity of the risk management and internal control of the Group.

Board Assurance

The Board has received assurance from the Managing Director and Executive Directors of the Company that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, for the financial year under review and up to date as of this Statement.

During the FYE 2024, the Board, through the ARMC, has reviewed the adequacy and effectiveness of the risk management and internal control system of the Group and was satisfied that the existing level of risk management and internal control system of the Group are adequate and effective to enable the Group to achieve its business objectives.

The Board remains committed to continuously improve the Group's risk management and internal control system with the evolving business development.

This Statement is made in accordance with a Board resolution dated 9 October 2024.

Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries include manufacturing of nameplates, electrical & electronics component, automotive components and plastic injection moulded parts, producing and trading of nameplates, die-cut parts and its related products.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	5,230,903	785,036
Attributable to:		
Owners of the Company	5,230,903	785,036

DIVIDENDS

The amounts of dividends declared and paid by the Company since the end of the previous financial period were as follows:

	RM
Single-tier final dividend of 0.32 sen per ordinary share in respect of the financial period ended 30 June 2023, paid on 15 December 2023	581,216
Single-tier interim dividend of 0.50 sen per ordinary share in respect of the financial year ended 30 June 2024, paid on 20 March 2024	908,150
	<u>1,489,366</u>

At the forthcoming Annual General Meeting, a single tier final dividend of 0.50 sen per ordinary share in respect of the current financial year will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such a dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2025.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts to be written off and no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

Directors' Report

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and of the Company during the financial year were RM211,565 and RM81,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

Directors' Report

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 16,630,000 new ordinary shares through private placement at an issue price of RM0.91 per ordinary share for total consideration of RM15,133,300 for working capital purposes.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

During the financial year, no new issue of debenture was made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Ch'ng Huat Seng *

Dato' Wong Tze Peng *

Gan Yew Thiam *

Yeap Guan Seng *

Wong Wan Chin, D.J.N

Hing Poe Pyng

Tan Yen Yeow

Andrew Su Meng Kit * (Appointed on 21 February 2024)

Khoo Boo Wui (Resigned on 21 February 2024)

* Directors of the Company and certain subsidiaries

Directors' Report

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	At date of appointment/ 30.6.2023	Number of ordinary shares		
		Bought	Sold	At 30.6.2024
Direct interests:				
Datuk Ch'ng Huat Seng	28,000,000	200,000	-	28,200,000
Dato' Wong Tze Peng	24,500,000	100,000	-	24,600,000
Gan Yew Thiam	21,000,000	200,000	-	21,200,000
Yeap Guan Seng	10,600,000	153,300	-	10,753,300
Wong Wan Chin, D.J.N	200,000	50,000	-	250,000
Hing Poe Pyng	115,000	-	-	115,000
Tan Yen Yeow	50,000	-	-	50,000
Andrew Su Meng Kit	200,000	2,500,000	-	2,700,000
Indirect interests:				
Andrew Su Meng Kit	85,000	14,015,000 ⁽¹⁾	-	14,100,000 ⁽¹⁾

⁽¹⁾ Shares held through company in which the director has substantial financial interest.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than any deemed benefit which arise from transactions as shown below.

The directors' benefits of the Group and of the Company were as follows:

	Group RM	Company RM
Director of the Company		
Non-executive directors		
- Directors' fee	156,000	156,000
- other emoluments	10,500	10,500
	<u>166,500</u>	<u>166,500</u>
Executive directors		
- other emoluments	4,034,534	-
	<u>4,201,034</u>	<u>166,500</u>

Neither during, nor at the end of the financial year, was the Company a party to any arrangement where the object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to, or insurance effected for any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
Direct subsidiaries				
Volcano Name Plate Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of nameplates, electrical & electronics component and automotive components.
Volcano Tec (Thailand) Co., Ltd. *	Thailand	99.99% ⁽¹⁾	99.99% ⁽¹⁾	Manufacturing of nameplates and plastic injection moulded parts.
PT Volcano Tec Indonesia	Indonesia	99.99% ⁽²⁾	-	Producing and trading of nameplates, die-cut parts and its related products.

* Audited by an independent member firm of Baker Tilly International.

⁽¹⁾ In compliance with the Civil and Commercial Code of Thailand which requires a private company to have at least three (3) shareholders. Two (2) of the directors of the Company act as trustees, each holds one (1) share in Volcano Tec (Thailand) Co., Ltd. in trust for the Company.

⁽²⁾ The Company had on 21 March 2024 incorporated a new 99.99% owned subsidiary, PT Volcano Tec Indonesia, a limited liability company under the laws of Indonesia. As of 30 June 2024, the subsidiary has not yet issued any shares. Consequently, the Group has not recognized any capital investment in the newly incorporated subsidiary during the reporting period. The subscription of shares and capital injection will occur in the subsequent financial year as per the planned business structure.

The available auditors' reports on the accounts of subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Private placement exercise

The Company had on 15 March 2023, announced a proposed private placement of up to 49,500,000 new ordinary shares in the Company ("Shares"), representing up to 30% of Shares in issue (excluding treasury shares, if any) ("30% Private Placement"). The 30% Private Placement was approved by Bursa Securities on 6 July 2023 and shareholders of the Company at an extraordinary general meeting held on 15 August 2023. On 4 September 2023, the Company had issued and allotted the first tranche of 16,630,000 new Shares at an issue price of RM0.91 per Share, which was listed on the ACE Market of Bursa Securities on 6 September 2023. There was no further placement of new Shares thereafter, and the 30% Private Placement was deemed completed on 5 July 2024.

(b) Purchase of property by Volcano Name Plate Sdn. Bhd. ("VNP")

On 25 May 2023, VNP had entered into a conditional sale and purchase agreement with G2 Gold (M) Sdn. Bhd. to purchase a parcel of leasehold industrial land identified as Lot 5999 (PN 7074), Mukim 11, District of Seberang Perai Tengah, Penang together with a 1-storey factory and 2-storey office for a total cash consideration of RM10,200,000.

The transaction was completed on 28 November 2023, in accordance with the terms of the Agreement.

Directors' Report

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(c) Incorporation of new subsidiary in Indonesia

The Company had on 21 March 2024 incorporated a new 99.99% owned subsidiary, PT Volcano Tec Indonesia ("VTI"), a limited liability company under the laws of Indonesia.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in the office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

.....
DATUK CH'NG HUAT SENG

Director

.....
ANDREW SU MENG KIT

Director

Date: 9 October 2024

Statements of Financial Position

As at 30 June 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	52,533,917	38,993,252	-	-
Investment in subsidiaries	6	-	-	98,981,065	91,776,065
Intangible assets	7	318,610	389,003	-	-
Deferred tax assets	8	80,645	222,844	-	-
Total non-current assets		52,933,172	39,605,099	98,981,065	91,776,065
Current assets					
Inventories	9	19,506,807	22,380,105	-	-
Current tax assets		129,350	81,423	-	-
Trade and other receivables	10	17,793,629	19,169,535	943,992	943,992
Prepayments		981,279	863,047	-	-
Short-term investment	11	1,860,868	-	-	-
Cash and short-term deposits	12	25,472,331	16,823,567	284,131	114,244
Total current assets		65,744,264	59,317,677	1,228,123	1,058,236
TOTAL ASSETS		118,677,436	98,922,776	100,209,188	92,834,301
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	93,642,681	78,750,000	93,642,681	78,750,000
Other reserves	14	(66,057,573)	(65,099,886)	-	-
Retained earnings/(Accumulated losses)		75,821,561	72,005,925	(4,849,137)	(4,144,807)
TOTAL EQUITY		103,406,669	85,656,039	88,793,544	74,605,193
Non-current liabilities					
Loans and borrowings	15	3,383,746	348,598	-	-
Lease liabilities	16	-	17,732	-	-
Employee benefits	17	250,188	301,712	-	-
Deferred tax liabilities	8	1,102,813	840,467	-	-
Total non-current liabilities		4,736,747	1,508,509	-	-
Current liabilities					
Loans and borrowings	15	901,605	546,184	-	-
Lease liabilities	16	17,732	40,105	-	-
Current tax liabilities		454,580	738,283	419	-
Derivative financial liabilities	18	-	379,900	-	-
Trade and other payables	19	9,160,103	10,053,756	11,415,225	18,229,108
Total current liabilities		10,534,020	11,758,228	11,415,644	18,229,108
TOTAL LIABILITIES		15,270,767	13,266,737	11,415,644	18,229,108
TOTAL EQUITY AND LIABILITIES		118,677,436	98,922,776	100,209,188	92,834,301

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 30 June 2024

		Group		Company	
		1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
	Note				
Revenue	20	72,345,123	111,954,467	1,581,216	2,145,000
Cost of sales		(50,347,010)	(78,601,982)	-	-
Gross profit		21,998,113	33,352,485	1,581,216	2,145,000
Other income	21	1,842,898	2,642,572	5,808	-
Administrative expenses		(16,071,823)	(23,557,539)	(800,594)	(903,630)
Distribution expenses		(534,001)	(708,927)	-	-
Operating profit		7,235,187	11,728,591	786,430	1,241,370
Finance costs	22	(132,311)	(74,181)	-	-
Profit before tax	23	7,102,876	11,654,410	786,430	1,241,370
Income tax (expense)/credit	25	(1,871,973)	(2,595,248)	(1,394)	10,602
Profit for the financial year/period		5,230,903	9,059,162	785,036	1,251,972
Other comprehensive (loss)/income, net of tax					
<i>Items that will not be reclassified subsequently to profit and loss</i>					
Remeasurement of defined benefit plans		74,099	-	-	-
<i>Items that may be reclassified subsequently to profit and loss</i>					
Exchange differences on translation of foreign operations		(957,687)	1,444,178	-	-
Other comprehensive (loss)/income for the financial year/period		(883,588)	1,444,178	-	-
Total comprehensive income for the financial year/period		4,347,315	10,503,340	785,036	1,251,972
Profit attributable to:					
Owners of the Company		5,230,903	9,059,162	785,036	1,251,972
Total comprehensive income attributable to:					
Owners of the Company		4,347,315	10,503,340	785,036	1,251,972
Basic earnings per share (sen):	26	3.02	5.49		
Diluted earnings per share (sen):	26	3.02	5.49		

The accompanying notes form an integral part of these financial statements.

Statements of Changes In Equity

For the financial year ended 30 June 2024

Group	Note	Attributable to the owners of the Company				Total equity RM
		Share capital RM	Exchange reserve RM	Reorganisation reserve RM	Retained earnings RM	
At 1 July 2023		78,750,000	2,900,114	(68,000,000)	72,005,925	85,656,039
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	5,230,903	5,230,903
Other comprehensive (loss)/income for the financial year		-	(957,687)	-	74,099	(883,588)
Total comprehensive income for the financial year		-	(957,687)	-	5,305,002	4,347,315
Transaction with owners						
Issue of ordinary shares	13	15,133,300	-	-	-	15,133,300
Transaction cost of share issue	13	(240,619)	-	-	-	(240,619)
Dividends paid on shares	27	-	-	-	(1,489,366)	(1,489,366)
Total transactions with owners		14,892,681	-	-	(1,489,366)	13,403,315
At 30 June 2024		93,642,681	1,942,427	(68,000,000)	75,821,561	103,406,669

Group	Note	Attributable to the owners of the Company				Total equity RM
		Share capital RM	Exchange reserve RM	Reorganisation reserve RM	Retained earnings RM	
At 1 January 2022		78,750,000	1,455,936	(68,000,000)	67,236,763	79,442,699
Total comprehensive income for the financial period						
Profit for the financial period		-	-	-	9,059,162	9,059,162
Other comprehensive loss for the financial period		-	1,444,178	-	-	1,444,178
Total comprehensive income for the financial period		-	1,444,178	-	9,059,162	10,503,340
Transaction with owners						
Dividends paid on shares	27	-	-	-	(4,290,000)	(4,290,000)
At 30 June 2023		78,750,000	2,900,114	(68,000,000)	72,005,925	85,656,039

Statements of Changes In Equity

For the financial year ended 30 June 2024

Company	Note	Attributable to the owners of the Company		Total equity RM
		Share capital RM	Accumulated losses RM	
At 1 January 2022		78,750,000	(1,106,779)	77,643,221
Total comprehensive income for the financial period				
Profit for the financial period, representing total comprehensive income		-	1,251,972	1,251,972
Transaction with owners				
Dividends paid on shares	27	-	(4,290,000)	(4,290,000)
Total transaction with owners		-	(4,290,000)	(4,290,000)
At 30 June 2023		78,750,000	(4,144,807)	74,605,193
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income		-	785,036	785,036
Transaction with owners				
Issue of ordinary shares	13	15,133,300	-	15,133,300
Transaction cost of share issue	13	(240,619)	-	(240,619)
Dividends paid on shares	27	-	(1,489,366)	(1,489,366)
Total transaction with owners		14,892,681	(1,489,366)	13,403,315
At 30 June 2024		93,642,681	(4,849,137)	88,793,544

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

For the financial year ended 30 June 2024

	Group		Company	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Note				
Cash flows from operating activities				
Profit before tax	7,102,876	11,654,410	786,430	1,241,370
Adjustments for:				
Amortisation of intangible assets	108,976	90,291	-	-
Depreciation of property, plant and equipment and right-of-use assets	4,792,537	5,907,705	-	-
Dividend income	(225,868)	-	(1,581,216)	(2,145,000)
Employee benefits	81,912	107,069	-	-
(Gain)/Loss on disposal of property, plant and equipment	(28,213)	688	-	-
Inventories written down	-	1,048,825	-	-
Interest income	(631,740)	(332,954)	(5,808)	-
Interest expense	132,311	74,181	-	-
Net fair value (gain)/loss on derivatives	(379,900)	448,150	-	-
Reversal of written down inventories	(730,539)	-	-	-
Unrealised loss/(gain) on foreign exchange	1,113,470	(1,121,467)	-	-
Write off of property, plant and equipment	-	9,555	-	-
Operating profit/(loss) before changes in working capital	11,335,822	17,886,453	(800,594)	(903,630)
<u>Changes in working capital:</u>				
Inventories	3,603,837	1,308,605	-	-
Receivables	927,643	(1,580,368)	-	2,200,000
Prepayments	(113,655)	(393,897)	-	-
Payables	(1,280,222)	3,861,016	(13,883)	(2,982)
Employee benefit	(34,672)	-	-	-
Net cash from/(used in) from operations	14,438,753	21,081,809	(814,477)	1,293,388
Income tax paid	(1,799,057)	(2,162,772)	(975)	(198)
Net cash from/(used in) operating activities	12,639,696	18,919,037	(815,452)	1,293,190

Statements of Cash Flows

For the financial year ended 30 June 2024

		Group		Company	
		1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
	Note				
Cash flows from investing activities					
Addition investment in a subsidiary		-	-	(7,205,000)	-
Change in deposits placed with licensed banks		(58,061)	546,908	-	-
Dividends received		-	-	1,581,216	2,145,000
Interest received		631,740	332,954	5,808	-
Net change in amount owing to a subsidiary		-	-	(6,800,000)	500,000
Purchase of property, plant and equipment	(a)	(15,333,209)	(10,315,744)	-	-
Proceeds from disposal of property, plant and equipment		61,627	110,549	-	-
Proceeds from disposal of short-term investment		7,500,000	-	-	-
Purchase of short-term investment		(9,135,000)	-	-	-
Purchase of intangible assets		(46,409)	(285,580)	-	-
Net cash (used in)/from investing activities		(16,379,312)	(9,610,913)	(12,417,976)	2,645,000
Cash flows from financing activities					
Dividends paid		(1,489,366)	(4,290,000)	(1,489,366)	(4,290,000)
Drawdown of trust receipts	(b)	644,685	-	-	-
Drawdown of term loans	(b)	-	68,460	-	-
Proceeds from issuance of ordinary shares		15,133,300	-	15,133,300	-
Payment of transaction cost of share issue		(240,619)	-	(240,619)	-
Repayment of hire purchase liabilities	(a)	(558,558)	(599,433)	-	-
Repayment of lease liabilities	(b)	(42,000)	(105,267)	-	-
Repayment of term loans	(b)	(228,292)	(46,197)	-	-
Repayment of trust receipts	(b)	(397,682)	-	-	-
Net cash from/(used in) financing activities		12,821,468	(4,972,437)	13,403,315	(4,290,000)

Statements of Cash Flows

For the financial year ended 30 June 2024

		Group		Company	
		1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
	Note				
Net increase/(decrease) in cash and cash equivalents		9,081,852	4,335,687	169,887	(351,810)
Cash and cash equivalents at the beginning of the financial year/period		14,324,018	9,439,149	114,244	466,054
Effects of exchange rate changes on cash and cash equivalents		(491,149)	549,182	-	-
Cash and cash equivalents at the end of the financial year/period	12	22,914,721	14,324,018	284,131	114,244

- (a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment.

	Group	
	2024 RM	2023 RM
Purchase of property, plant and equipment	19,133,209	11,820,726
Operating lease recognised as right-of-use assets	-	(102,309)
Financed by way of term loans	(3,800,000)	(1,402,673)
	15,333,209	10,315,744

- (b) Reconciliation of liabilities arising from financing activities:

	At 1 July 2023 RM	Non-cash Interest RM	Drawdown RM	Cash flows RM	At 30 June 2024 RM
Group					
Bills payables	-	1,627	644,685	(397,682)	248,630
Term loans	24,301	100,387	3,800,000	(228,292)	3,696,396
Hire purchase liabilities	870,481	28,402	-	(558,558)	340,325
Lease liabilities	57,837	1,895	-	(42,000)	17,732
	952,619	132,311	4,444,685	(1,226,532)	4,303,083

	At 1 January 2022 RM	Non-cash Addition RM	Interest RM	Cash flows RM	At 30 June 2023 RM
Group					
Term loans	-	-	2,038	22,263	24,301
Hire purchase liabilities	-	1,402,673	67,241	(599,433)	870,481
Lease liabilities	55,893	102,309	4,902	(105,267)	57,837
	55,893	1,504,982	74,181	(682,437)	952,619

- (c) During the financial year, the Group had total cash outflows for leases of RM249,344 (2023: RM366,417).

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Volcano Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 9-1, 9th Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 George Town, Penang. The principal place of business of the Company is located at No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Penang.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9 October 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and the requirement of the Companies Act 2016 in Malaysia.

2.2 Adoption of new MFRS and amendments to MFRSs

The Group and the Company have adopted the following new MFRS and amendments to MFRSs for the current financial year:

New MFRS

MFRS 17	Insurance Contracts
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Amendments to MFRSs

MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

Notes to the Financial Statements

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments to MFRSs that have been issued, but are yet to be effective

- (a) The Group and the Company have not adopted the following new MFRS and amendments to MFRS that have been issued, but are yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2024/ 1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024/ 1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces *MFRS 101 Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

Notes to the Financial Statements

2. BASIS OF PREPARATION (CONT'D)**2.3 New MFRS and amendments to MFRSs that have been issued, but are yet to be effective (Cont'd)**

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs are summarised below. (Cont'd)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the classification and measurement requirements, including:

- clarify how the contractual cash flows on financial assets with environmental, social and corporate governance and similar features should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as results of a currency being not exchangeable into another currency.

- (c) The Group and the Company are currently performing a detailed analysis to determine the selection of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRS and amendments to MFRSs.

Notes to the Financial Statements

2. BASIS OF PREPARATION (CONT'D)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on a historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following accounting policy has been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

(b) Reorganisation

The acquisition of Volcano Name Plate Sdn. Bhd. and Volcano Tec. (Thailand) Co., Ltd. have been accounted for as a business combination amongst entities under common control. Accordingly, the financial statements of Volcano Berhad have been consolidated using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

Acquisition of entities under a reorganization scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- The assets and liabilities of the acquired entity are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- The retained earnings and the other equity balances of acquired entity immediately before the business combination are those of the Group; and
- The equity structure, however, reflects the equity structure of the Company and the differences arising from the change in the equity structure of the Group will be accounted for in other reserves.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**3.3 Financial instruments****Financial assets – subsequent measurement and gains and losses**Financial assets at fair value through profit or loss

The Group and the Company subsequently measure these assets at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

The Group and the Company classify the financial liabilities at amortised cost or fair value through profit or loss. Financial liabilities are classified as fair value through profit or loss if it is classified as held for trading, it is a derivative, it is contingent consideration of an acquirer in a business combination or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives as follows:

	Useful lives (years)
Freehold buildings	50
Leasehold land	25 to 68
Leasehold buildings	50
Factory equipment, plant and machinery	2 to 20
Electrical installation	10
Motor vehicles	3 to 5
Office equipment, furniture and fittings	3 to 10
Computer equipment	2.5
Renovations	5 to 10

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.5 Leases

Lessee accounting

The Group presents right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 to the financial statements and lease liabilities as separate line in Note 16 in the statements of financial position.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3.6 Intangible assets

Computer software that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation methods used, and the estimated useful lives are as follows:

	Method	Useful lives (years)
Computer software	Straight-line	3

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in-first out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**3.8 Revenue and other income**Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods to the customer and payment by the customer will be one year or less.

(a) Sales of goods

The Group manufactures and distributes name plates and plastic injection products. Revenue from sales of manufactured goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 days to 120 days, therefore no element of financing is deemed present. Receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract.

The Group's customary business practice is to allow a customer to return any unused product within 7 days and receive a full refund. The Group uses its experience in estimating returns for this product and the customer class. With that, upon transfer the control of the product, the Group does not recognise revenue for products that it is highly probable to be returned.

Where consideration is collected from the customer in advance for the sale of manufactured good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

4.1 Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risks of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of the counterparty's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets is disclosed in Note 28(b)(i) to the financial statements.

4.2 Valuation of inventories

The cost of inventories comprises of costs of purchase of raw materials, direct labour plus conversion costs such as fixed and variable overhead and other costs incurred in bringing the inventories to their present location and condition. The allocation of raw materials cost and overhead, including fixed and variable cost, to the inventories' costing involves estimation and judgement made by the directors based on previous experience and historical data. The inaccurate allocation will cause inaccurate inventories balances as at the financial year end.

The Group writes down its obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trends and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

The carrying amount of the Group's inventories is disclosed in Note 9 to the financial statements.

Notes to the Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Freehold buildings RM	Leasehold buildings RM	Factory equipment, plant and machinery RM	Electrical installation RM	Motor vehicles RM	Office equipments, furniture and fittings RM	Computer equipment RM	Renovations RM	Right-of-use assets RM	Capital work-in-progress RM	Total RM
Cost												
At 1 July 2023	8,272,641	15,038,928	4,188,984	33,034,942	1,582,210	2,156,809	4,437,880	593,899	4,859,355	1,174,300	330,561	75,670,509
Additions	7,679	988,074	5,297,814	1,922,442	99,842	220,513	334,778	39,168	606,720	5,500,000	4,116,179	19,133,209
Disposals	-	-	-	(117,448)	-	-	(1,825)	-	-	-	-	(119,273)
Write off	-	-	-	-	-	-	(32,722)	(1,860)	-	-	-	(34,582)
Derecognition	-	-	-	-	-	-	-	-	-	(45,470)	-	(45,470)
Reclassification	-	-	-	3,673	-	-	39,377	-	215,866	-	(258,916)	-
Exchange differences	(196,497)	(356,901)	-	(434,475)	-	(47,294)	(78,437)	-	(94,934)	-	(94,527)	(1,303,065)
At 30 June 2024	8,083,823	15,670,101	9,486,798	34,409,134	1,682,052	2,330,028	4,699,051	631,207	5,587,007	6,628,830	4,093,297	93,301,328
At 1 July 2023	-	3,383,052	1,684,312	21,832,118	1,192,255	969,269	3,176,060	580,227	3,430,093	429,871	-	36,677,257
Depreciation for the financial year	-	310,874	204,234	2,732,257	77,927	331,292	417,427	16,277	537,644	164,605	-	4,792,537
Disposals	-	-	-	(84,034)	-	-	(1,825)	-	-	-	-	(85,859)
Write off	-	-	-	-	-	-	(32,722)	(1,860)	-	-	-	(34,582)
Derecognition	-	-	-	-	-	-	-	-	-	(45,470)	-	(45,470)
Exchange differences	-	(87,051)	-	(312,588)	-	(22,736)	(53,125)	-	(60,972)	-	-	(536,472)
At 30 June 2024	-	3,606,875	1,888,546	24,167,753	1,270,182	1,277,825	3,505,815	594,644	3,906,765	549,006	-	40,767,411
Net carrying amount												
At 30 June 2024	8,083,823	12,063,226	7,598,252	10,241,381	411,870	1,052,203	1,193,236	36,563	1,680,242	6,079,824	4,093,297	52,533,917

Notes to the Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Freehold buildings RM	Leasehold Buildings RM	Factory equipment, plant and machinery RM	Electrical installation RM	Motor vehicles RM	Office equipments, furniture and fittings RM	Computer equipment RM	Renovations RM	Right-of- use assets RM Note(b)	Capital work- in-progress RM	Total RM
Group												
Cost												
At 1 January 2022	2,265,168	14,267,110	4,188,984	28,941,946	1,578,330	1,185,752	3,407,660	579,630	4,026,286	1,181,591	710,912	62,333,369
Additions	5,170,276	-	-	3,388,823	3,880	1,148,005	854,067	14,269	653,655	102,309	485,442	11,820,726
Disposals	-	-	-	(231,854)	-	(259,620)	(115,844)	-	(10,244)	-	-	(617,562)
Write off	-	-	-	(3,491)	-	-	(11,375)	-	(4,468)	-	(7,364)	(26,698)
Derecognition	-	-	-	-	-	-	-	-	-	(112,565)	-	(112,565)
Reclassification	563,646	-	-	38,886	-	13,700	178,750	-	31,527	-	(826,509)	-
Exchange differences	273,551	771,818	-	900,632	-	68,972	124,622	-	162,599	2,965	(31,920)	2,273,239
At 30 June 2023	8,272,641	15,038,928	4,188,984	33,034,942	1,582,210	2,156,809	4,437,880	593,899	4,859,355	1,174,300	330,561	75,670,509
At 1 January 2022	-	2,782,062	1,527,496	17,728,142	1,072,727	892,637	2,782,468	550,264	2,753,377	407,216	-	30,496,389
Depreciation for the financial period	-	438,926	156,816	3,746,254	119,528	252,804	431,109	34,431	594,098	133,739	-	5,907,705
Disposals	-	-	-	(172,457)	-	(208,399)	(115,225)	-	(10,244)	-	-	(506,325)
Write off	-	-	-	(1,387)	-	-	(11,288)	(4,468)	-	-	-	(17,143)
Derecognition	-	-	-	-	-	-	-	-	-	(112,565)	-	(112,565)
Exchange differences	-	162,064	-	531,566	-	32,227	88,996	-	92,862	1,481	-	909,196
At 30 June 2023	-	3,383,052	1,684,312	21,832,118	1,192,255	969,269	3,176,060	580,227	3,430,093	429,871	-	36,677,257
Net carrying amount												
At 30 June 2023	8,272,641	11,655,876	2,504,672	11,202,824	389,955	1,187,540	1,261,820	13,672	1,429,262	744,429	330,561	38,993,252

Notes to the Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**(a) Assets pledged as security**

Freehold land, leasehold land and buildings with total carrying amount of RM 25,416,415 (2023: RM14,043,583) has been pledged as securities to secure banking facilities of the Group as disclosed in Note 15 to the financial statements.

Motor vehicles and machinery with carrying amounts of RM948,285 (2023: RM1,333,437) have been pledged as security for hire purchase arrangements as disclosed in Note 15(a) to the financial statements.

(b) Right-of-use assets

The Group leases leasehold land, hostels and forklifts for its operations.

Information about leases for which the Group is a lessee is presented below:

	Leasehold land RM	Hostels RM	Forklifts RM	Total RM
Group				
Cost				
At 1 July 2023	1,071,991	102,309	-	1,174,300
Additions	5,500,000	-	-	5,500,000
Derecognition	-	(45,470)	-	(45,470)
At 30 June 2024	6,571,991	56,839	-	6,628,830
Accumulated depreciation				
At 1 July 2023	384,401	45,470	-	429,871
Depreciation for the financial year	124,819	39,786	-	164,605
Derecognition	-	(45,470)	-	(45,470)
At 30 June 2024	509,220	39,786	-	549,006
Net carrying amount				
At 30 June 2024	6,062,771	17,053	-	6,079,824

Notes to the Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Right-of-use assets (Cont'd)

	Leasehold land RM	Hostels RM	Forklifts RM	Total RM
Group				
Cost				
At 1 January 2022	1,071,991	-	109,600	1,181,591
Additions	-	102,309	-	102,309
Derecognition	-	-	(112,565)	(112,565)
Exchange differences	-	-	2,965	2,965
At 30 June 2023	1,071,991	102,309	-	1,174,300
Accumulated depreciation				
At 1 January 2022	352,415	-	54,801	407,216
Depreciation for the financial period	31,986	45,470	56,283	133,739
Derecognition	-	-	(112,565)	(112,565)
Exchange differences	-	-	1,481	1,481
At 30 June 2023	384,401	45,470	-	429,871
Net carrying amount				
At 30 June 2023	687,590	56,839	-	744,429

The Group leases land for its office space and operation with lease terms of twenty-five (25) to sixty-eight (68) years.

The Group also leases hostels and forklifts with lease terms of two (2) to three (3) years.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2024 RM	2023 RM
At cost		
Unquoted shares	98,981,065	91,776,065

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:

Name of company	Principal place of business/country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
Direct subsidiaries				
Volcano Name Plate Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of nameplates, electrical & electronics component and automotive components.
Volcano Tec (Thailand) Co., Ltd. *	Thailand	99.99% ⁽¹⁾	99.99% ⁽¹⁾	Manufacturing of nameplates and plastic injection moulded parts.
PT Volcano Tec Indonesia	Indonesia	99.99% ⁽²⁾	-	Producing and trading of nameplates, die-cut parts and its related products.

* Audited by an independent member firm of Baker Tilly International.

⁽¹⁾ In compliance with the Civil and Commercial Code of Thailand which requires a private company to have at least three (3) shareholders. Two (2) of the directors of the Company act as trustees, each holds one (1) share in Volcano Tec (Thailand) Co., Ltd. in trust for the Company.

⁽²⁾ The Company had on 21 March 2024 incorporated a new 99.99% owned subsidiary, PT Volcano Tec Indonesia, a limited liability company under the laws of Indonesia. As of 30 June 2024, the subsidiary has not yet issued any shares. Consequently, the Group has not recognized any capital investment in the newly incorporated subsidiary during the reporting period. The subscription of shares and capital injection will occur in the subsequent financial year as per the planned business structure.

(a) Acquisition of additional interest in Volcano Tec (Thailand) Co. Ltd.

On 30 May 2024, the Company subscribed an additional of 550,000 shares in Volcano Tec (Thailand) Co. Ltd., a subsidiary of the Group at a price of 100 Thai Baht per share. There is no change in the Company's effective ownership of Volcano Tec (Thailand) Co. Ltd. as a result of the additional shares subscribed.

(b) Incorporation of new subsidiary in Indonesia

As of 30 June 2024, the subsidiary has not yet issued or subscribed any shares. Consequently, the Group has not recognized any capital investment in the newly incorporated subsidiary during the reporting period. The subscription of shares will occur in the subsequent year as part of planned business structure.

Notes to the Financial Statements

7. INTANGIBLE ASSETS

	Group RM
Software licenses	
Cost	
At 1 January 2022	362,764
Additions	285,580
Write off	(8,316)
Exchange differences	41,052
At 30 June 2023	681,080
Additions	46,409
Exchange differences	(30,996)
At 30 June 2024	696,493
Accumulated amortisation	
At 1 January 2022	183,871
Amortisation charge for the financial period	90,291
Write off	(8,316)
Exchange differences	26,231
At 30 June 2023	292,077
Amortisation charge for the financial year	108,976
Exchange differences	(23,170)
At 30 June 2024	377,883
Net carrying amount	
At 30 June 2023	389,003
At 30 June 2024	318,610

8. DEFERRED TAX ASSETS/(LIABILITIES)

	2024 RM	Group 2023 RM
Deferred tax assets		
At the beginning of the financial year/period	222,844	62,976
Recognised in:		
- profit or loss	(121,533)	152,446
- other comprehensive income	(18,525)	-
Exchanges difference	(2,141)	7,422
At the end of the financial year/period	80,645	222,844
Deferred tax liabilities		
At the beginning of the financial year/period	(840,467)	(830,900)
Recognised in profit or loss	(262,346)	(9,567)
At the end of the financial year/period	(1,102,813)	(840,467)
Net balances	(1,022,168)	(617,623)

Notes to the Financial Statements

9. INVENTORIES

	Group	
	2024 RM	2023 RM
Current		
Raw materials	11,869,987	13,927,275
Work-in-progress	966,351	901,479
Finished goods	6,670,469	7,551,351
	19,506,807	22,380,105

- (a) The cost of inventories of the Group recognised as an expense in the cost of sales during the financial year/period was RM36,636,221 (2023: RM50,840,203).
- (b) The cost of inventories of the Group recognised as an expense in the cost of sales in the previous financial period in respect of write-down of inventories to its net realisable values was RM1,048,825.
- (c) During the financial year, the Group reversed the previous inventories written down with the value of RM730,539 as a result of the subsequent sale of these inventories. The amount of the reversal was included in the cost of sales.

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Current:					
Trade					
Trade receivables					
- Third parties	(a)	16,471,666	17,016,335	-	-
Non-trade					
Other receivables		262,156	344,860	-	-
Value added tax refundable		906,342	611,778	-	-
Amount owing by subsidiaries	(b)	-	-	943,992	943,992
Deposits		153,465	1,196,562	-	-
		1,321,963	2,153,200	943,992	943,992
Total trade and other receivables (current)		17,793,629	19,169,535	943,992	943,992

(a) Trade receivables

Trade receivables are non-interest bearings and normal credit terms offered by the Group range from 30 to 150 days (2023: 30 to 150 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

(b) Amount owing by subsidiaries

The amounts owing by subsidiaries are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

The information about the credit exposures is disclosed in Note 28(b)(i) to the financial statements.

Notes to the Financial Statements

11. SHORT-TERM INVESTMENT

	Group	
	2024 RM	2023 RM
Financial asset at fair value through profit or loss:		
- Investment in money market fund		
At the beginning of the financial year/period	-	-
Additions	9,135,000	-
Disposal	(7,500,000)	-
Dividend received and re-invested	225,868	-
At the end of the financial year/period	1,860,868	-

12. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Short-term deposits placed with licensed banks	2,557,610	2,499,549	-	-
Cash and bank balances	22,914,721	14,324,018	284,131	114,244
	25,472,331	16,823,567	284,131	114,244

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Short-term deposits placed with licensed banks	2,557,610	2,499,549	-	-
Less: Pledged deposits	(2,557,610)	(2,499,549)	-	-
	-	-	-	-
Cash and bank balances	22,914,721	14,324,018	284,131	114,244
	22,914,721	14,324,018	284,131	114,244

The fixed deposits placed with licensed banks have maturity dates ranging from 1 month to 24 months (2023: 1 month to 24 months), which bear interest rates range from of 0.85% to 2.4% (2023: 2.65%) per annum.

Included in short-term deposits placed with licensed banks is an amount of RM2,557,610 (2023: RM2,499,549) which have been pledged to licensed banks to secure credit facilities granted to the Group.

Notes to the Financial Statements

13. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2024 Unit	2023 Unit	2024 RM	2023 RM
Ordinary shares				
Issued and fully paid up (no par value):				
At the beginning of the financial year/period	165,000,000	165,000,000	78,750,000	78,750,000
Issue of ordinary shares	16,630,000	-	15,133,300	-
Transaction cost of share issue	-	-	(240,619)	-
At the end of the financial year/period	181,630,000	165,000,000	93,642,681	78,750,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

During the financial year, the Company issued 16,630,000 new ordinary shares through private placement at an issue price of RM0.91 per ordinary share for total consideration of RM15,133,300 for working capital purposes.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

14. OTHER RESERVES

	Note	Group	
		2024 RM	2023 RM
Exchange reserve	(a)	1,942,427	2,900,114
Reorganisation reserve	(b)	(68,000,000)	(68,000,000)
		(66,057,573)	(65,099,886)

(a) Exchange reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

(b) Reorganisation reserve

The reorganisation reserve resulted from the difference between the carrying amount of the investment in subsidiaries and the nominal value of the shares of the Company's subsidiaries upon consolidation under the reorganisation scheme.

Notes to the Financial Statements

15. LOANS AND BORROWINGS

	Note	2024 RM	Group 2023 RM
Non-current:			
Hire purchase liabilities	(a)	-	348,598
Term loans	(b)	3,383,746	-
		3,383,746	348,598
Current:			
Hire purchase liabilities	(a)	340,325	521,883
Term loans	(b)	312,650	24,301
Trust receipts	(c)	248,630	-
		901,605	546,184
Total loans and borrowings:			
Hire purchase liabilities	(a)	340,325	870,481
Term loans	(b)	3,696,396	24,301
Trust receipts	(c)	248,630	-
		4,285,351	894,782

(a) Hire purchase liabilities

Hire purchase liabilities of the Group of RM340,325 (2023: RM870,481) bears interest ranging from 2.35% to 2.50% per annum and secured by the Group's motor vehicle and machineries under hire purchase arrangements as disclosed in Note 5(a) to the financial statements.

Future minimum lease payments under finance lease together with the present value of net minimum lease payments are as follows:

	2024 RM	Group 2023 RM
Minimum lease payments:		
- not later than one year	346,078	550,322
- later than one year and not later than five years	-	354,490
	346,078	904,812
Less: Future finance charges	(5,753)	(34,331)
Present value of minimum lease payments	340,325	870,481
Present value of minimum lease payments payable:		
- not later than one year	340,325	521,883
- later than one year and not later than five years	-	348,598
	340,325	870,481
Less: Amount due within twelve months	(340,325)	(521,883)
Amount due after twelve months	-	348,598

Notes to the Financial Statements

15. LOANS AND BORROWINGS (CONT'D)

(b) Term loans

Term loan 1 of a subsidiary of Nil (2023: RM24,301) was secured and supported as follows:

- (i) Mortgage of one of the land and buildings owned by the subsidiary situated at 7/298, Moo 6, Amata City Industrial Estate Mabyangporn, Pluakdaeng, Rayong 21140 Thailand; and
- (ii) Corporate guarantee by the Company.

Term loan 2 of a subsidiary of RM3,696,396 (2023: Nil) bears interest at 3.98% (2023: Nil) per annum and is repayable by monthly instalment of RM39,383 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the leasehold land and building of the subsidiary; and
- (ii) Corporate guarantee by the Company.

(c) Trust receipts

The trust receipts of the Group are secured by way of:

- (i) Legal charge over the freehold land and building of the subsidiary; and
- (ii) Corporate guarantee by the Company.

16. LEASE LIABILITIES

	Group	
	2024 RM	2023 RM
Non-current:		
Lease liabilities	-	17,732
Current:		
Lease liabilities	17,732	40,105
	17,732	57,837

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2024 RM	2023 RM
Minimum lease payments:		
- not later than one year	18,000	42,000
- later than one year and not later than five years	-	18,000
	18,000	60,000
Less: Future finance charges	(268)	(2,163)
Present value of minimum lease payments	17,732	57,837
Present value of minimum lease payments payable:		
- not later than one year	17,732	40,105
- later than one year and not later than five years	-	17,732
	17,732	57,837
Less: Amount due within twelve months	(17,732)	(40,105)
Amount due after twelve months	-	17,732

The lease liabilities bear interest rates of 5.72% (2023: 5.72%) per annum.

Notes to The Financial Statements

17. EMPLOYEE BENEFITS

	Group	
	2024 RM	2023 RM
Liability:		
Defined benefit plan	250,188	301,712
Included in profit or loss:		
Defined benefit plan	81,912	107,069

Defined benefit plan

Defined benefit plan arose from Volcano Tec (Thailand) Co., Ltd. In Thailand, companies are required to provide legal severance pay benefit for their employees upon termination of employment. This benefit is payable on retirement at a fixed retirement age and involuntary leaving service.

The provision requirements are based on the actuarial measurement framework set out in accordance with the legal severance pay benefits prescribed under chapter 11 in section 118 of Thai Labour Protection Act 1998 (Revised 2010). Employees are not required to contribute to the plans.

Movement in the net defined benefit liability

The following table illustrates a reconciliation of the net defined benefit liability and its components:

	Group	
	2024 RM	2023 RM
At the beginning of the financial year/period	301,712	181,979
Included in profit or loss		
Current service cost	81,912	107,069
Included in other comprehensive income		
Remeasurement gain of the net defined benefit liability		
- Actuarial loss/(gain) arising from changes in:		
(a) Demographic assumptions	17,813	-
(b) Financial assumption	(110,437)	-
Others		
- Effects of changes in foreign currency exchange rates	(6,140)	12,664
- Benefit payments	(34,672)	-
At the end of the financial year/period	250,188	301,712

Notes to The Financial Statements

17. EMPLOYEE BENEFITS (CONT'D)Significant actuarial assumptions

The significant actuarial assumptions applied in the measurement of defined benefit pension plan are as follows:

	Group	
	2024 Thailand %	2023 Thailand %
Discount rate	3.3	1.5
Future salary growth	5.0	5.0

Assumptions on future mortality are determined based on the published past statistics and actual experience in each jurisdiction. The measurements assume an average life expectancy of 28 years (2023: 29 years) for an employee retiring at age 60.

Sensitivity analysis

The sensitivity of the defined benefit obligation to the significant actuarial assumptions at the end of reporting period are shown below:

	Reasonably possible change in assumption %	Effect of defined benefit obligation RM	Reasonably possible change in assumption %	Effect of defined benefit obligation RM
2024				
Discount rate	1.0	(25,790)	-1.0	29,767
Future salary growth	1.0	28,484	-1.0	(25,148)
2023				
Discount rate	1.0	(47,577)	-1.0	56,382
Future salary growth	1.0	64,794	-1.0	(55,331)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as results of reasonable changes in significant actuarial assumptions occurring at the end of reporting period.

18. DERIVATIVE FINANCIAL LIABILITIES

	Group	
	2024 RM	2023 RM
Derivative used for hedging		
Forward foreign exchange contracts	-	379,900

Forward exchange contracts are used to manage foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of the Group's entities. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity. The notional principal amounts of the Group's outstanding forward foreign exchange contract as at 30 June 2024 were Nil (2023: RM5,593,200).

Notes to The Financial Statements

19. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Current					
Trade					
Trade payables	(a)	5,888,677	5,670,792	-	-
Non-trade					
Other payables		574,147	434,898	8,038	21,921
Accruals		2,597,225	3,859,299	103,000	103,000
Deposits		100,054	88,767	-	-
Amount owing to a subsidiary	(b)	-	-	11,304,187	18,104,187
		3,271,426	4,382,964	11,415,225	18,229,108
Total trade and other payables (current)		9,160,103	10,053,756	11,415,225	18,229,108

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 15 to 90 days (2023: 30 to 90 days).

(b) Amount owing to a subsidiary

The amount owing to a subsidiary is non-trade in nature, non-interest bearing, repayable on demand and is expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 28(b)(ii) to the financial statements.

20. REVENUE

	Group		Company	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Revenue from contract customers:				
Sale of goods	72,345,123	111,954,467	-	-
Revenue from other source:				
Dividend income received from subsidiaries	-	-	1,581,216	2,145,000
	72,345,123	111,954,467	1,581,216	2,145,000
Timing of revenue recognition:				
At a point in time	72,345,123	111,954,467	-	-

Notes to The Financial Statements

20. REVENUE (CONT'D)

(a) Disaggregation of revenue

The Group reports the following major segment: manufacturing of nameplate and plastic injection moulded parts in accordance with MFRS 8 *Operating Segments*. For purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods, timing of revenue recognition (i.e. goods transferred at a point in time).

	Group	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Major goods:		
Nameplate	48,051,080	69,296,555
Plastic injection	24,294,043	42,657,912
	72,345,123	111,954,467
Timing of revenue recognition:		
At a point in time	72,345,123	111,954,467

For information about disaggregation of revenue into primary geographical market, refer to Note 32 to the financial statements.

(b) Transaction price allocated to the remaining performance obligation

The Group and the Company apply the practical expedient in Paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

21. OTHER INCOME

	Group		Company	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Dividend income from short-term investment	225,868	-	-	-
Net fair value gain on derivatives	379,900	-	-	-
Gain on disposal of property, plant and equipment	28,213	-	-	-
Interest income	631,740	332,954	5,808	-
Net realised gain on foreign exchange	526,522	1,084,563	-	-
Unrealised gain on foreign exchange	-	1,121,467	-	-
Others	50,655	103,588	-	-
	1,842,898	2,642,572	5,808	-

Notes to The Financial Statements

22. FINANCE COSTS

	Group	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Interest expenses on:		
- trust receipts	1,627	-
- lease liabilities	1,895	4,902
- hire purchase liabilities	28,402	67,241
- term loans	100,387	2,038
	132,311	74,181

23. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

		Group		Company	
	Note	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Amortisation of intangible assets		108,976	90,291	-	-
Auditors' remuneration:					
- statutory audit:					
- Baker Tilly Monteiro Heng PLT		163,000	163,000	81,000	81,000
- Member firms of Baker Tilly International		48,565	67,869	-	-
Other services:					
- Baker Tilly Monteiro Heng PLT		9,000	9,000	9,000	9,000
- Member firms of Baker Tilly International		26,000	13,500	4,000	2,000
- Other auditors		40,000	73,832	40,000	73,832
Depreciation of property, plant and equipment and right-of-use assets		4,792,537	5,907,705	-	-
Employee benefits expenses	24	17,711,359	30,168,582	166,500	234,000
Expenses relating to:					
- lease of low value assets		10,916	13,405	-	-
- short-term leases		196,428	247,745	-	-
(Gain)/Loss on disposal of property, plant and equipment		(28,213)	688	-	-
Inventories written down		-	1,048,825	-	-
Net fair value (gain)/loss on derivatives		(379,900)	448,150	-	-
Reversal of inventories written down		(730,539)	-	-	-
Unrealised loss on foreign exchange		1,113,470	-	-	-
Written off of property, plant and equipment		-	9,555	-	-

Notes to The Financial Statements

24. EMPLOYEE BENEFIT EXPENSE

	Group		Company	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Salaries, allowances and bonuses	15,942,845	27,578,654	166,500	234,000
Defined contribution plans	1,256,435	1,907,255	-	-
Defined benefit plans	81,912	107,069	-	-
Other staff related expenses	430,167	575,604	-	-
	17,711,359	30,168,582	166,500	234,000
Included in employee benefits expenses are:				
Directors' fee	156,000	234,000	156,000	234,000
Directors' other emoluments	4,045,034	9,321,749	10,500	-
	4,201,034	9,555,749	166,500	234,000

25. INCOME TAX EXPENSE/(CREDIT)

The major components of income tax expense/(credit) for the financial year/period ended 30 June 2024 and 30 June 2023 are as follows

	Group		Company	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	1,873,049	3,041,851	1,394	-
- Adjustment in respect of prior years	(384,955)	(303,724)	-	(10,602)
	1,488,094	2,738,127	1,394	(10,602)
Deferred tax:				
- Origination of temporary differences	46,547	(236,318)	-	-
- Adjustment in respect of prior years	337,332	93,439	-	-
	383,879	(142,879)	-	-
Income tax expense/(credit) recognised in profit or loss	1,871,973	2,595,248	1,394	(10,602)

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2023: 24%) of the estimated assessable profit for the financial year/period.

Notes to The Financial Statements

25. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

The reconciliation from the tax amount at the statutory income tax rate to the Group's and the Company's tax expenses/(credit) are as follows:

	Group		Company	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Profit before tax	7,102,876	11,654,410	786,430	1,241,370
Tax at Malaysian statutory income tax rate of 24%	1,704,690	2,797,058	188,743	297,929
Different tax rates in other countries	(140,716)	(312,854)	-	-
Adjustments:				
Income not subject to tax	(374,244)	(357,450)	(379,492)	(514,800)
Non-deductible expenses	756,518	716,724	192,143	216,871
Tax incentive	(26,652)	(37,945)	-	-
Adjustment in respect of current income tax of prior years	(384,955)	(303,724)	-	(10,602)
Adjustment in respect of deferred tax of prior years	337,332	93,439	-	-
	1,871,973	2,595,248	1,394	(10,602)

Volcano Tec (Thailand) Co., Ltd., has been granted certain promotional privileges under the Investment Promotion Act B.E. 2520 of Thailand with 100% tax exemption on its statutory income for a period of 8 years and 50% tax exemption on its statutory income for further 5 years commencing 7 January 2009.

26. EARNINGS PER SHARE**(a) Basic earnings per ordinary share**

Basic earnings per share are based on the profit for the financial year/period attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year/period, calculated as follows:

	Group	
	2024 RM	2023 RM
Profit attributable to the owners of the Company	5,230,903	9,059,162
Weighted average number of ordinary shares for basic earnings per share	173,315,000	165,000,000
Basic earnings per ordinary share (sen)	3.02	5.49

(b) Diluted earnings per ordinary share

The diluted earnings per share are equivalent to the basic earnings per share as the Group and the Company do not have any potential ordinary shares outstanding and have no dilutive potential ordinary shares at the end of the reporting period.

Notes to The Financial Statements

27. DIVIDEND

	Group and Company	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Recognised during the financial year/period:		
Dividend on ordinary shares:		
- Single-tier first and final dividend for the financial year ended 31 December 2021: 1.30 sen per ordinary share	-	2,145,000
- Single-tier interim dividend for the financial period ended 30 June 2023: 1.30 sen per ordinary share	-	2,145,000
- Single-tier final dividend for the financial period ended 30 June 2023: 0.32 sen per ordinary share	581,216	-
- Single-tier interim dividend for the financial year ended 30 June 2024: 0.50 sen per ordinary share	908,150	-
	1,489,366	4,290,000

At the forthcoming Annual General Meeting, a single tier final dividend of 0.50 sen per ordinary share in respect of the current financial year will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such a dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2025.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Amortised cost ("AC"); and
- (ii) Fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVTPL RM
At 30 June 2024			
Financial assets			
Group			
Trade and other receivables *	16,887,287	16,887,287	-
Short-term investment	1,860,868	-	1,860,868
Cash and short-term deposits	25,472,331	25,472,331	-
	44,220,486	42,359,618	1,860,868
Company			
Other receivables	943,992	943,992	-
Cash and bank balances	284,131	284,131	-
	1,228,123	1,228,123	-
Financial liabilities			
Group			
Loans and borrowings	(4,285,351)	(4,285,351)	-
Trade and other payables	(9,160,103)	(9,160,103)	-
	(13,445,454)	(13,445,454)	-
Company			
Other payables and accruals	(11,415,225)	(11,415,225)	-

Notes to The Financial Statements

28. FINANCIAL INSTRUMENTS (CONT'D)**(a) Categories of financial instruments (Cont'd)**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (Cont'd)

	Carrying amount RM	AC RM	FVTPL RM
At 30 June 2023			
Financial assets			
Group			
Trade and other receivables *	18,557,757	18,557,757	-
Cash and short-term deposits	16,823,567	16,823,567	-
	<u>35,381,324</u>	<u>35,381,324</u>	<u>-</u>
Company			
Other receivables	943,992	943,992	-
Cash and bank balances	114,244	114,244	-
	<u>1,058,236</u>	<u>1,058,236</u>	<u>-</u>
Financial liabilities			
Group			
Loans and borrowings	(894,782)	(894,782)	-
Derivative financial liabilities	(379,900)	-	(379,900)
Trade and other payables	(10,053,756)	(10,053,756)	-
	<u>(11,328,438)</u>	<u>(10,948,538)</u>	<u>(379,900)</u>
Company			
Other payables and accruals	(18,229,108)	(18,229,108)	-

* Excluded value added tax refundable.

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group used derivative financial instruments such as forward exchange contracts to hedge certain exposure.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's and the Company's senior management.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 30 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to The Financial Statements

28. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (Cont'd)****(i) Credit risk (Cont'd)**

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the counterparty does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amounts of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

At the end of the financial year, the Group has a significant concentration of credit risk in the form of five (5) (2023: five (5)) trade receivables, representing approximately 64% (2023: 75%) of the Group's trade receivables.

The Company has no trade receivables.

The Group applies the simplified approach to provide impairment losses provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward-looking information.

The information about the credit risk exposure of the Group's trade receivables are as follows:

Group	Trade receivables					Total RM
	Current RM	1 to 30 days past due RM	> 30 days past due RM	> 60 days past due RM	> 90 days past due RM	
At 30 June 2024						
Gross carrying amount	11,498,842	4,263,346	481,715	186,031	41,732	16,471,666
At 30 June 2023						
Gross carrying amount	10,843,433	4,331,503	1,826,103	3,609	11,687	17,016,335

Notes to The Financial Statements

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including short-term investment, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM3,945,026 (2023: RM24,301) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 28(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

Notes to The Financial Statements

28. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (Cont'd)****(ii) Liquidity risk (Cont'd)**

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise costs on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date is based on contractual undiscounted repayment obligations as follows:

	Contractual cash flows				
	Carrying amount RM	On demand or within one year RM	Between one to five years RM	More than five years RM	Total RM
Group					
At 30 June 2024					
Trade and other payables	9,160,103	9,160,103	-	-	9,160,103
Trust receipts	248,630	248,630	-	-	248,630
Hire purchase liabilities	340,325	346,078	-	-	346,078
Term loans	3,696,396	472,591	1,890,365	2,152,393	4,515,349
Lease liabilities	17,732	18,000	-	-	18,000
	13,463,186	10,245,402	1,890,365	2,152,393	14,288,160
At 30 June 2023					
Trade and other payables	10,053,756	10,053,756	-	-	10,053,756
Derivatives financial liabilities	379,900	379,900	-	-	379,900
Hire purchase liabilities	870,481	550,322	354,490	-	904,812
Term loan	24,301	24,696	-	-	24,696
Lease liabilities	57,837	42,000	18,000	-	60,000
	11,386,275	11,050,674	372,490	-	11,423,164
Company					
At 30 June 2024					
Other payables	11,415,225	11,415,225	-	-	11,415,225
Financial guarantee contracts	-	3,945,026	-	-	3,945,026
	11,415,225	15,360,251	-	-	15,360,251
30 June 2023					
Other payables	18,229,108	18,229,108	-	-	18,229,108
Financial guarantee contracts	-	24,301	-	-	24,301
	18,229,108	18,253,409	-	-	18,253,409

Notes to The Financial Statements

28. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (Cont'd)****(iii) Foreign currency risk**

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as results of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investment in foreign subsidiaries.

The Group's hedged certain foreign currency exposures arising from its transactions and balances using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Thai Baht ("THB"), Singapore Dollar ("SGD"), Euro ("EURO"), Japanese Yen ("JPY"), Chinese Yuan ("CNY"), New Zealand Dollar ("NZD") and New Taiwan Dollar ("TWD").

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group	
	2024 RM	2023 RM
Financial assets and liabilities not held in functional currencies		
<u>Trade receivables</u>		
USD	7,920,212	9,096,704
<u>Other receivables</u>		
USD	-	259,058
<u>Cash and bank balances</u>		
USD	9,124,370	9,530,641
SGD	322,153	305,786
JPY	47,647	52,377
CNY	724	7,719
EURO	16	26
	9,494,910	9,896,549
<u>Trade payables</u>		
USD	(739,732)	(3,454,993)
JPY	(63,692)	(90,027)
CNY	(94,481)	(123,016)
NZD	-	(109,347)
TWD	-	(789)
	(897,905)	(3,778,172)
<u>Other payable</u>		
USD	(7,083)	-
CNY	(1,534)	(983)
	(8,617)	(983)

Notes to The Financial Statements

28. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (Cont'd)****(iii) Foreign currency risk (Cont'd)**Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to foreign currencies as stated below. The following table demonstrates the sensitivity to a reasonably possible change in the currencies below with all other variables held constant on the Group's total equity and profit for the financial year/period.

	Changes in rate %	Effect on profit for the financial year RM	Effect on equity RM
30 June 2024			
USD	+5%	619,315	619,315
	-5%	(619,315)	(619,315)
SGD	+5%	12,242	12,242
	-5%	(12,242)	(12,242)
JPY	+5%	(610)	(610)
	-5%	610	610
CNY	+5%	(3,621)	(3,621)
	-5%	3,621	3,621
30 June 2023			
USD	+5%	586,394	586,394
	-5%	(586,394)	(586,394)
SGD	+5%	11,620	11,620
	-5%	(11,620)	(11,620)
JPY	+5%	(1,431)	(1,431)
	-5%	1,431	1,431
CNY	+5%	(4,419)	(4,419)
	-5%	4,419	4,419
NZD	+5%	(4,155)	(4,155)
	-5%	4,155	4,155

Notes to The Financial Statements

28. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (Cont'd)****(iv) Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as results of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates. The Group and the Company manage net exposure to interest rate risk by monitoring the exposure to such risk on ongoing basis. The Group and the Company do not use derivative financial instruments to hedge interest risk.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amount as at reporting date is as follows:

	2024 RM	2023 RM
Group		
Fixed rate instruments		
Financial liabilities	(588,955)	(894,782)
Floating rate instruments		
Financial liabilities	(3,696,396)	-

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rates as at the reporting period would not affect the profit or loss.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial year.

	Changes in basis points	Effect on profit for the financial year/period RM	Effect on equity RM
Group:			
30 June 2024	+100	(28,093)	(28,093)
	-100	28,093	28,093
30 June 2023	+100	-	-
	-100	-	-

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables, payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

As the financial assets and financial liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy is not presented.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year (2023: no transfers in either direction).

Notes to The Financial Statements

29. RELATED PARTIES

(a) Identification of related parties

Parties are considered related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entity in which a director has substantial interests; and
- (iii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Dividend received				
A subsidiary	-	-	1,581,216	2,145,000
Rental expenses paid to				
Entity in which a director has substantial interests	12,000	18,000	-	-

(c) Compensation of key management personnel

	Group		Company	
	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM	1.7.2023 to 30.6.2024 (12 months) RM	1.1.2022 to 30.6.2023 (18 months) RM
Salaries, allowances and bonuses	5,300,646	8,546,748	10,500	-
Defined contribution plan	829,834	1,336,495	-	-
Directors' fee	156,000	234,000	156,000	234,000
	6,286,480	10,117,243	166,500	234,000

30. COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
	2024 RM	2023 RM
Property, plant and equipment	28,079,522	10,257,758

Notes to The Financial Statements

31. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and processes during the financial year/period under review.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by equity attributable to the owners of the Group and the Company. The gearing ratio as at 30 June 2024 and 30 June 2023 are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade and other payables	9,160,103	10,053,756	11,415,225	18,229,108
Loans and borrowings	4,285,351	894,782	-	-
Total debts	13,445,454	10,948,538	11,415,225	18,229,108
Total equity	103,406,669	85,656,039	88,793,544	74,605,193
Gearing ratio (times)	0.13	0.13	0.13	0.24

There were no changes in the Group's and the Company's approach to capital management during the financial year/period under review.

The Group and the Company are not subject to externally imposed capital requirements.

32. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Managing Director for the purpose of making decisions about resource allocation and performance assessment.

The two reportable segments are as follows:

<u>Segments</u>	<u>Products and services</u>
Name plate	Manufacturing of nameplates.
Plastic injection	Manufacturing of nameplates and plastic injection moulded parts.

Inter-segment pricing is determined on a negotiated basis.

Factors used to identify reportable segments

The Group is organised into business units based on its business segment purposes.

Segment profit

Segment performance is used to measure performance as the Group's Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Notes to The Financial Statements

32. SEGMENT INFORMATION (CONT'D)Segment assets

The total segment assets are measured based on all assets of a segment, as included in the internal reports that are reviewed by the Group's Managing Director.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group's Managing Director. Hence, no disclosures are made on segment liabilities.

	Note	Nameplate RM	Plastic injection RM	Others RM	Adjustments and eliminations RM	Total RM
Group						
30 June 2024						
Revenue:						
Revenue from external customers		48,051,080	24,294,043	-	-	72,345,123
Inter-segment revenue		1,768,820	-	1,581,216	(3,350,036)	-
	(a)	49,819,900	24,294,043	1,581,216	(3,350,036)	72,345,123
Results:						
<i>Included in the measure of segment profit are:</i>						
Interest income		612,560	19,180	-	-	631,740
Unrealised loss on foreign exchange		(818,602)	(294,868)	-	-	(1,113,470)
Interest expense		(107,260)	(25,051)	-	-	(132,311)
Depreciation and amortisation		(3,043,385)	(1,858,128)	-	-	(4,901,513)
Dividend income		225,868	-	-	-	225,868
Net fair value gain on derivatives		379,900	-	-	-	379,900
Reversal of inventories written down		604,778	125,761	-	-	730,539
Segment profit/(loss)	(b)	7,048,851	848,811	786,430	(1,581,216)	7,102,876
Income tax expenses		(1,709,834)	(160,745)	(1,394)	-	(1,871,973)
Profit for the financial year	(b)	5,339,017	688,066	785,036	(1,581,216)	5,230,903
Assets:						
Additions to non-current assets		15,263,934	3,915,684	-	-	19,179,618
Segment assets	(c)	107,925,840	37,617,508	100,209,187	(127,075,099)	118,677,436

Notes to The Financial Statements

32. SEGMENT INFORMATION (CONT'D)

	Note	Nameplate RM	Plastic injection RM	Others RM	Adjustments and eliminations RM	Total RM
Group						
30 June 2023						
Revenue:						
Revenue from external customers		69,296,555	42,657,912	-	-	111,954,467
Inter-segment revenue		3,151,573	-	2,145,000	(5,296,573)	-
	(a)	<u>72,448,128</u>	<u>42,657,912</u>	<u>2,145,000</u>	<u>(5,296,573)</u>	<u>111,954,467</u>
Results:						
<i>Included in the measure of segment profit are:</i>						
Interest income		322,987	9,967	-	-	332,954
Unrealised gain on foreign exchange		913,437	208,030	-	-	1,121,467
Interest expense		(15,954)	(58,227)	-	-	(74,181)
Depreciation and amortisation		(3,642,343)	(2,355,653)	-	-	(5,997,996)
Inventories written down		(965,905)	(82,920)	-	-	(1,048,825)
Net fair value loss on derivatives		(448,150)	-	-	-	(448,150)
Segment profit	(b)	<u>7,121,253</u>	<u>5,139,466</u>	<u>1,241,370</u>	<u>(1,847,679)</u>	<u>11,654,410</u>
Income tax (expense)/ credit		(1,069,870)	(1,535,980)	10,602	-	(2,595,248)
Profit/(Loss) for the financial period	(b)	<u>6,051,383</u>	<u>3,603,486</u>	<u>1,251,972</u>	<u>(1,847,679)</u>	<u>9,059,162</u>
Assets:						
Additions to non-current assets		4,219,362	7,886,944	-	-	12,106,306
Segment assets	(c)	<u>95,881,974</u>	<u>37,523,112</u>	<u>92,834,302</u>	<u>(127,316,612)</u>	<u>98,922,776</u>

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities and other material items are as follows:

- (a) Inter-segment revenues are eliminated on consolidation;
- (b) Inter-segment income and expenses are eliminated on consolidation; and
- (c) Inter-segment assets are eliminated on consolidation.

Notes to The Financial Statements

32. SEGMENT INFORMATION (CONT'D)Geographical information

Revenue and non-current assets (excluding financial instruments and deferred tax assets) information based on the geographical location of customers are as follows:

	Revenue RM	Non-current assets RM
30 June 2024		
Thailand	33,518,904	31,865,326
Singapore	29,404,401	-
Malaysia	3,655,232	17,854,695
Indonesia	1,700,732	-
China	793,250	15,736
United States of America	1,659,365	3,116,770
Other countries	1,613,239	-
	72,345,123	52,852,527
30 June 2023		
Thailand	53,947,967	30,100,382
Singapore	44,751,331	-
Malaysia	5,370,343	9,281,873
Indonesia	2,647,428	-
China	958,603	-
United States of America	3,689,918	-
Other countries	588,877	-
	111,954,467	39,382,255

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Group 1.7.2023 to 30.6.2024 (12 months) RM	Group 1.1.2022 to 30.6.2023 (18 months) RM
Revenue from contract customers		
Customer A	27,979,084	43,686,498
Customer B	5,914,683	14,899,218
	33,893,767	58,585,716

Notes to The Financial Statements

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Private placement exercise

The Company had on 15 March 2023, announced a proposed private placement of up to 49,500,000 new ordinary shares in the Company ("Shares"), representing up to 30% of Shares in issue (excluding treasury shares, if any) ("30% Private Placement"). The 30% Private Placement was approved by Bursa Securities on 6 July 2023 and shareholders of the Company at an extraordinary general meeting held on 15 August 2023. On 4 September 2023, the Company had issued and allotted the first tranche of 16,630,000 new Shares at an issue price of RM0.91 per Share, which was listed on the ACE Market of Bursa Securities on 6 September 2023. There was no further placement of new Shares thereafter, and the 30% Private Placement was deemed completed on 5 July 2024.

(b) Purchase of property by Volcano Name Plate Sdn. Bhd. ("VNP")

On 25 May 2023, VNP had entered into a conditional sale and purchase agreement with G2 Gold (M) Sdn. Bhd. to purchase a parcel of leasehold industrial land identified as Lot 5999 (PN 7074), Mukim 11, District of Seberang Perai Tengah, Penang together with a 1-storey factory and 2-storey office for a total cash consideration of RM10,200,000.

The transaction was completed on 28 November 2023, in accordance with the terms of the Agreement.

(c) Incorporation of new subsidiary in Indonesia

The Company had on 21 March 2024 incorporated a new 99.99% owned subsidiary, PT Volcano Tec Indonesia ("VTI"), a limited liability company under the laws of Indonesia.

Statement by Directors

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **DATUK CH'NG HUAT SENG** and **ANDREW SU MENG KIT**, being two of the directors of VOLCANO BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 103 to 149 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
DATUK CH'NG HUAT SENG

Director

.....
ANDREW SU MENG KIT

Director

Penang

Date: 9 October 2024

Statutory Declaration

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **KHOO BOO WUI**, being the officer primarily responsible for the financial management of VOLCANO BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 103 to 149 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

.....
KHOO BOO WUI
(MIA Membership No.: 40213)
Officer

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 9 October 2024.

Before me,

.....
HAJI MOHAMED YUSOFF BIN MOHD IBRAHIM (P156)
Commissioner for Oaths

Independent Auditors' Report

To The Members of Volcano Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Volcano Berhad, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 103 to 149.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2024, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Inventories (Note 4.2 and 9 to the financial statements)

Inventories comprise of costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The allocation of raw material costs and overheads, including fixed and variable costs to the inventories costing involves estimation made by the directors based on previous experience and historical data. We focused on this area because the review of the salability and valuation of these inventories at the lower of cost and net realisable value by the Group are a major source of estimation uncertainty.

Our response:

Our audit procedures included, among others:

- observing year end physical inventory count to observe physical existence and condition of the inventories and understanding the design and implementation of controls during the count;
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable values on selected inventory items;
- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost; and
- reviewing inventory costing and management explanations on changes made to the costing and whether the fixed and variable costs are reasonably allocated to inventories.

Independent Auditors' Report To The Members of Volcano Berhad

Key Audit Matters (Cont'd)

Group and Company

Trade and other receivables (Note 4.1 and 10 to the financial statements)

The Group and the Company have significant trade and other receivables as at 30 June 2024 which included certain amounts which are long outstanding. We focused on this area because the Group and the Company made significant judgements over assumptions about the risk of default and expected loss rate. In making the assumptions, the Group and the Company selected inputs for the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding of the significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports;
- obtaining confirmation of balances from selected receivables; and
- reviewing subsequent receipts, customer correspondences and considering the levels of activity with the customers and directors' explanation on recoverability with significantly past due balances.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group and of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report To The Members of Volcano Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Independent Auditors' Report To The Members of Volcano Berhad

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2024 J
Chartered Accountant

Kuala Lumpur

Date: 9 October 2024

List of Properties

Registered/ Beneficial Owner/ Title/Address	Description/ Existing Use	Tenure of Property/ Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Audited Net Book Value as at 30.6.2024 (RM'000)	Date of Last Revaluation (R)/ Acquisition (A)
VNP					
Title H.S. (D) 44425 PT 2, Mukim 01, Daerah Seberang Perai Tengah, Penang Address No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Penang	A piece of industrial land comprising: - (i) a one-half storey office building; (ii) a single-storey factory; (iii) a three-storey factory; and (iv) ancillary facilities comprising a single- storey guard house, a single-storey storage warehouse, car parking shed and landscaping area /Used for the manufacturing of nameplates. Approximate age of building : 18 years	Leasehold for 99 years expiring on 1 November 2071.	43,560/ 45,045	2,561	Nil (R)/ 8 September 2003 (A)
Title H.S. (D) 44449 PT 2824, Mukim 01, Daerah Seberang Perai Tengah, Penang Address No. 2048, Kompleks Industri, Solok Perusahaan 2, Kawasan Perusahaan Perai 1, 13600 Perai, Penang	A piece of industrial land comprising: - (i) two (2) units of single-storey detached factory; and (ii) ancillary facilities comprising a single-storey waste material warehouse, a single-storey general storage warehouse, canteen, car parking shed and landscaping area /Used for storage warehouse, canteen and car park. Approximate age of building : 14 years	Leasehold for 60 years expiring on 27 July 2034.	49,092/ 20,760	505	Nil (R)/ 5 November 2008 (A)

List of Properties

Registered/ Beneficial Owner/ Title/Address	Description/ Existing Use	Tenure of Property/ Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Audited Net Book Value as at 30.6.2024 (RM'000)	Date of Last Revaluation (R)/ Acquisition (A)
VNP					
Title PN 7074, Lot 5999, Mukim 11, Daerah Seberang Perai Tengah, Penang	A piece of industrial land comprising: - (i) a two (2)-storey office building; and (ii) a single-storey factory	Leasehold for 60 years expiring on 6 October 2054.	43,637/ 29,753	10,595	Nil (R)/ 25 May 2023 (A)
Address No. 1589, Lorong Perusahaan Utama 2, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Mertajam, Penang	/Vacant. Approximate age of buildings: 27 years and 21 years				
Title Geran 60387/M1/27, 60387/ M1/68, 60387/M1/110, 60387/ M1/152, Lot No.2887, Bandar Prai, Daerah Seberang Perai Tengah, Penang	One unit of four (4)-storey shop office /Used as a hostel for employees. Approximate age of buildings: 26 years	Freehold	1,600/ 4,949	978	Nil (R)/ 12 January 2024(A)
Address No. 2802, Jalan Chain Ferry, Taman Inderawasih, 13600 Perai, Penang					

List of Properties

Registered/ Beneficial Owner/ Title/Address	Description/ Existing Use	Tenure of Property/ Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Audited Net Book Value as at 30.6.2024 (RM'000)	Date of Last Revaluation (R)/ Acquisition (A)
VTT					
Title Title deed no. 15241 Tambol Mabyangporn Amphur Pluakdaeng Rayong Province, Thailand Address 7/298, Moo 6, Amata City Industrial Estate Mabyangporn, Pluakdaeng Rayong 21140 Thailand	A piece of industrial land comprising: - (i) a two (2)-storey office building; (ii) a single-storey factory; and (iii) a single-storey detached warehouse /Used for the manufacturing of nameplates and plastic injection moulded products. Approximately age of building : 14 years	Freehold	174,240/ 85,415	14,822	Nil (R)/ 1 December 2010 (A)
Title Title deed no. 75041, Tambol Mabyangporn Amphur Pluakdaeng, Rayong Province, Thailand Address -	A piece of vacant industrial land.	Freehold	178,767/ -	5,753	Nil (R)/ 28 October 2022 (A)

Analysis of Shareholdings

As at 24 September 2024

Total Number of Issued Shares : 181,630,000 ordinary shares
Class of Shares : Ordinary shares
Voting Rights : One (1) vote per ordinary share

DISTRIBUTION TABLE ACCORDING TO THE NUMBER OF SECURITIES HELD IN RESPECT OF ORDINARY SHARES

Size of Holdings	No. of Holder	%	No. of Shares	%
1 – 99	2	0.184	100	0.00
100 – 1000	209	19.262	120,400	0.066
1,001 – 10,000	428	39.447	2,310,100	1.271
10,001 – 100,000	353	32.534	13,028,200	7.172
100,001 – less than 5% of issued shares	88	8.110	67,517,900	37.173
5% and above of issued shares	5	0.460	98,653,300	54.315

DIRECTORS' SHAREHOLDINGS

Name	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
Wong Wan Chin, D.J.N	250,000	0.138	-	-
Datuk Ch'ng Huat Seng	28,200,000	15.526	-	-
Dato' Wong Tze Peng	24,600,000	13.544	-	-
Gan Yew Thiam	21,200,000	11.672	-	-
Yeap Guan Seng	10,753,300	5.920	-	-
Andrew Su Meng Kit	2,700,000	1.487	14,100,000*	7.763*
Tan Yen Yeow	50,000	0.028	-	-
Hing Poe Pyng	115,000	0.063	-	-

* Interest via Acme Sky Sdn. Bhd. (pursuant to Section 8 of the Companies Act, 2016)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
Datuk Ch'ng Huat Seng	28,200,000	15.526	-	-
Dato' Wong Tze Peng	24,600,000	13.544	-	-
Gan Yew Thiam	21,200,000	11.672	-	-
CGS International Nominees Malaysia (Tempatan) Sdn Bhd, Pledged Securities Account For Yeap Guan Seng	10,753,300	5.920	-	-
Andrew Su Meng Kit	2,700,000	1.487	14,100,000*	7.763*
Acme Sky Sdn Bhd	14,100,000	7.763	-	-

* Interest via Acme Sky Sdn. Bhd. (pursuant to Section 8 of the Companies Act, 2016)

Analysis of Shareholdings

As at 24 September 2024

THIRTY (30) LARGEST SHAREHOLDERS AS AT 24 SEPTEMBER 2024

No.	Name	No. of Share	%
1	Ch'ng Huat Seng	28,200,000	15.526
2	Wong Tze Peng	24,600,000	13.544
3	Gan Yew Thiam	21,200,000	11.672
4	Acme Sky Sdn Bhd	14,100,000	7.763
5	CGS International Nominees Malaysia (Tempatan) Sdn Bhd Pledged Securities Account for Yeap Guan Seng (Penang-CL)	10,753,300	5.920
6	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 22)	5,280,000	2.907
7	Maybank Nominees (Tempatan) Sdn Bhd Exempt An For Areca Capital Sdn Bhd (Clients' Account)	4,948,100	2.724
8	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Khoo Boo Wui	4,500,000	2.477
9	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Son Tong Leong (MY1225)	3,788,500	2.085
10	Khaw Seang Chuan	3,786,800	2.084
11	Maybank Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad For Areca Value Fund (440967)	3,490,200	1.921
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Am Inv)	3,375,600	1.858
13	Chong Hah	3,044,800	1.676
14	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Andrew Su Meng Kit	2,500,000	1.376
15	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Kim Heung (MY1989)	1,831,000	1.008
16	Lee Yau Haung	1,758,500	0.968
17	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lai Cheng Kuan (8058893)	1,625,000	0.894
18	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lai Cheng Kuan (8070081)	1,625,000	0.894
19	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rickoh Corporation Sdn. Bhd.	1,500,000	0.825
20	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yiew Peng Cheng	1,125,000	0.619
21	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goh Peng Seng (Ccts)	1,075,000	0.591
22	Ting Chek Hua	1,043,100	0.574
23	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Koh Chen Foong (MY1718)	1,000,000	0.550
24	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yiew Peng Cheng	1,000,000	0.550
25	Tham Kin Yee	980,700	0.539
26	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For United Malaysia Fund	880,000	0.484
27	Sim Keng Hwa	700,000	0.385
28	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hor Chin Siang (E-Pra/Jru)	690,000	0.379
29	Leong Soo Moi	670,000	0.368
30	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Areca Aggressive Alpha Fund (452333)	610,000	0.335

Notice of Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting ("6th AGM") of Volcano Berhad ("the Company") will be held at Kelawai Room, Lobby, Gurney Bay Hotel, 53 Persiaran Gurney, 10250 George Town, Penang on Wednesday, 20 November 2024 at 10.00 a.m. or at any adjournment thereof for the following purposes :

A G E N D A

AS ORDINARY BUSINESS

- | | | |
|----|---|--------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors' and Auditors' thereon. | Please refer to Explanatory Note (a) |
| 2. | To approve the payment of Directors' fees amounting to RM156,000.00 payable to Non-Executive Directors of the Company for the period from 1 December 2024 until the next Annual General Meeting. | Resolution 1 |
| 3. | To approve the payment of Directors' benefits (excluding Directors' fees) amounting to RM12,000.00 payable to Non-Executive Directors of the Company for the period from 1 December 2024 until the next Annual General Meeting. | Resolution 2 |
| 4. | To re-elect the following Directors who retire pursuant to the Clause 98(1)(b) of the Company's Constitution and who being eligible, offer themselves for re-election:
(a) Datuk Ch'ng Huat Seng
(b) Mr. Yeap Guan Seng | Resolution 3
Resolution 4 |
| 5. | To re-elect Mr. Andrew Su Meng Kit, who retires pursuant to the Clause 104 of the Company's Constitution and who being eligible, offers himself for re-election. | Resolution 5 |
| 6. | To approve the payment of the final dividend of 0.50 sen per ordinary share of the Company in respect of the financial year ended 30 June 2024. | Resolution 6 |
| 7. | To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | Resolution 7 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

- | | | |
|----|---|--------------|
| 8. | AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | Resolution 8 |
|----|---|--------------|

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant government and/or regulatory authorities, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company at any time to such persons, upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution must not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time;

THAT in connection with the above, pursuant to Section 85 of the Act to be read together with Clause 58(1) of the Constitution of the Company, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares in the Company arising from any issuance of such new shares in the Company pursuant to Sections 75 and 76 of the Act AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company;

THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares of the Company so issued on Bursa Securities;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Sixth Annual General Meeting

AS SPECIAL BUSINESS (Cont'd)

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

9. To transact any other businesses for which due notice shall have been given in accordance with the Act.

By Order of the Board

LIM YONG CHIAT
(MAICSA7060553)
SSM Practising Certificate No. 201908000066
Company Secretary

Penang

Date: 18 October 2024

NOTES:

- a) A shareholder who is entitled to attend and vote at the Meeting shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his stead. Where a shareholder appoints two (2) proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.
- b) In accordance with Clause 65(2) of the Company's Constitution to issue a General Meeting Record of Depositors as at 14 November 2024, only members whose names appear in the General Meeting Record of Depositors as at 14 November 2024 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- c) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member of the Company to speak at the Meeting.
- d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or by at least two (2) authorised officers, one of whom shall be director (or in the case of a sole director, by that director in the presence of a witness who attests the signature) or under the hand of an officer or attorney duly authorised.
- e) Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- f) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- g) The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- h) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least 48 hours before the time appointed for holding the Meeting or adjourned meeting at which person named in the instrument purposes to vote.

i) In hard copy form

The Proxy Form must be deposited at the poll administrator's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii) By electronic means

The Proxy Form can be electronically lodged with the poll administrator via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the 6th AGM on the procedures for electronic lodgement of Proxy Form.

Notice of Sixth Annual General Meeting

EXPLANATORY NOTES:

a) **Item 1 of the Agenda**

This agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval from shareholders for the Audited Financial Statements. Hence, Agenda No. 1 is not put forward for voting.

b) **Items 2 and 3 of the Agenda**

Section 230(1) of the Act provides that the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The Company is seeking the shareholders' approval for the payment of Directors' fees and benefits for an amount of RM156,000.00 and RM12,000.00, payable to the Non-Executive Directors of the Company for the period from 1 December 2024 until the next Annual General Meeting of the Company under Ordinary Resolutions 1 and 2 respectively. The estimated Directors' fees and benefits proposed for the period from 1 December 2024 until the next Annual General Meeting of the Company are derived based on the current Board size and number of scheduled Board and Board Committees meetings to be held. The Ordinary Resolutions 1 and 2 are to facilitate payment of Directors' fees and benefits for the financial year ending 30 June 2025.

c) **Item 8 of the Agenda**

The Ordinary Resolution 8, if passed, will grant a renewed general mandate ("Mandate 2024") and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of total number of issued shares of the Company from time to time and for such purposes as the Directors of the Company consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval for the Mandate 2024. This authority will, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Mandate 2024 will provide flexibility to the Company for issuance and allotment of new ordinary shares of the Company for any possible fund-raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company has not issued any new ordinary shares of the Company pursuant to the mandate granted.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 6th AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 6th AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 6th AGM of the Company (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company (or its agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement Accompanying Notice of Sixth Annual General Meeting ("Notice of 6th AGM")

The following Directors of the Company are seeking for re-election as Directors of the Company as per Agendas No. 4 and 5 of the Notice of 6th AGM:

- (a) Datuk Ch'ng Huat Seng
- (b) Mr. Yeap Guan Seng
- (c) Mr. Andrew Su Meng Kit

The profiles of the above directors are stated in pages 10 and 12 of this Annual Report.

GENERAL MANDATE FOR ISSUANCE OF SHARES

Kindly refer the explanatory notes on Special Business – Authority for the directors to allot and issue shares under Explanatory Notes, item (c) for Item 8 of the Notice of 6th AGM.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 30 JUNE 2024 AND DETAILS OF DIRECTORS' ATTENDANCE

Details of attendance of Directors of the Company at the Board Meetings held during the financial year ended 30 June 2024 are as follows:

Director	Number of meeting attended/ held
Wong Wan Chin, D.J.N	5/5
Datuk Ch'ng Huat Seng	5/5
Dato' Wong Tze Peng	5/5
Gan Yew Thiam	5/5
Yeap Guan Seng	5/5
Tan Yen Yeow	5/5
Hing Poe Pyng	5/5
Andrew Su Meng Kit (Appointed on 21 February 2024)	1/1
Khoo Boo Wui (Resigned on 21 February 2024)	4/4

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 6th AGM of the Company, the final single tier dividend of 0.50 sen per ordinary share of the Company in respect of the financial year ended 30 June 2024 will be payable on 16 December 2024 to depositors registered in the Records of Depositors of the Company at the close of business on 2 December 2024. A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) shares transferred into the depositor's securities account before 4.30 p.m. on 2 December 2024 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Depository Sdn. Bhd.

By Order of the Board

LIM YONG CHIAT
(MAICSA7060553)
SSM Practicing Certificate No. 201908000066
Company Secretary

Penang

Date: 18 October 2024

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Proxy Form

No. of ordinary shares held	
Contact No.	
CDS Account No.	
Email address	



*I/We, _____ (NRIC/ Passport No.) _____
(Full Name in Capital Letters)

of _____
(Full address in Capital Letters)

being a Member of Volcano Berhad ("Company") hereby appoint (Proxy 1) _____

(NRIC No. _____ of _____

and/failing him* (Proxy 2), _____ (NRIC No. _____)

of _____

and*/ or failing him*, the Chairman of the Meeting, as my/our proxy(ies), to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Kelawai Room, Lobby, Gurney Bay Hotel, 53 Persiaran Gurney, 10250 George Town, Penang on Wednesday, 20 November 2024 at 10.00 a.m. or at any adjournment thereof as indicated below:-

The proportions of *my/our holdings to be represented by *my/our proxy(ies) are as follows:-

Proxy 1	%	Proxy 2	%
Email Address		Email Address	
Contact No.		Contact No.	

*I/We hereby indicate with an "X" in the spaces provided how *I/we wish *my/our votes to be casted. (Unless otherwise instructed, the proxy may vote, as he/she thinks fit)

*strike out whichever is inapplicable

		For	Against
	Ordinary Resolutions		
1.	To approve the payment of Directors' fees amounting to RM156,000.00 payable to the Non- Executive Directors of the Company for the period from 1 December 2024 until the next Annual General Meeting of the Company		
2.	To approve the payment of Directors' benefits (excluding Directors' fees) amounting to RM12,000.00 payable to Non- Executive Directors of the Company for the period from 1 December 2024 until the next Annual General Meeting of the Company		
	To re-elect the following Directors who retire pursuant to Clause 98(1)(b) of the Company's Constitutions and who being eligible, offer themselves for re-election:		
3.	Datuk Ch'ng Huat Seng		
4.	Mr. Yeap Guan Seng		
5.	To re-elect Mr. Andrew Su Meng Kit, who retires pursuant to the Clause 104 of the Company's Constitution and who being eligible, offers himself for re-election		
6.	To approve the payment of the final dividend of 0.50 sen per ordinary share of the Company in respect of the financial year ended 30 June 2024		
7.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration		
	Special Business:-		
8.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		



Signed this _____ day of _____, 2024.

Signature of Member: _____

NOTES:

- a) A shareholder who is entitled to attend and vote at the Meeting shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his stead. Where a shareholder appoints two (2) proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.
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- d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or by at least two (2) authorised officers, one of whom shall be director (or in the case of a sole director, by that director in the presence of a witness who attests the signature) or under the hand of an officer or attorney duly authorised.
- e) Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- f) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- g) The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- h) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least 48 hours before the time appointed for holding the Meeting or adjourned meeting at which person named in the instrument purposes to vote.
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- The Proxy Form must be deposited at the poll administrator's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- ii) By electronic means
- The Proxy Form can be electronically lodged with the poll administrator via TIH Online website at <https://tjih.online>. Please refer to the Administrative Guide for the 6th AGM on the procedures for electronic lodgement of Proxy Form.

Please fold here to seal

STAMP

The Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

Please fold here to seal

VOLCANO BERHAD

(Registration No. 201801004790 (1266804-D))

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