



CLOUDARON GROUP BERHAD
(Registration No. 201701016516 (1230681-M))
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR
ENDED 30 SEPTEMBER 2020**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY CLOUDARON GROUP BERHAD (“CLOUDARON” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

CLOUDARON GROUP BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020⁽¹⁾

	As at 30.09.2020 Unaudited RM'000	As at 31.03.2020 Audited RM'000
ASSETS		
Non-current assets		
Plant and equipment	105	144
Intangible assets	62,565	62,481
Right-of-use assets	2,625	-
Trade and other receivables	8,313	1,351
Total non-current assets	73,608	63,976
Current assets		
Inventories	3,200	3,200
Contract assets	6,568	5,006
Trade and other receivables	23,357	30,453
Tax recoverable	58	75
Cash and bank balances	3,887	1,715
Total current assets	37,070	40,449
Total assets	110,678	104,425
LIABILITIES AND EQUITY		
Equity		
Share capital	52,643	52,643
Merger reserve	(7,496)	(7,496)
Translation reserve	1,070	1,049
Retained earnings	29,715	27,463
	75,932	73,659
Non-controlling interest	(5)	(5)
Total equity	75,927	73,654
Non-current liabilities		
Lease liabilities	1,974	1
Borrowing	6,756	717
Deferred tax liabilities	471	513
Total non-current liabilities	9,201	1,231
Current liabilities		
Contract liabilities	5,175	3,036
Trade and other payables	16,392	24,149
Lease liabilities	663	4
Borrowing	2,516	1,554
Tax payable	804	797
Total current liabilities	25,550	29,540
Total liabilities and equity	110,678	104,425
Net assets per share (sen)⁽²⁾	9.13	8.86

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Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020 of the Company and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net assets per share is calculated based on the Company's number of ordinary shares in issue of 831,188,488 as at the end of the financial reporting period.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2020⁽¹⁾

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	33,598	26,008	33,598	26,008
Cost of sales	(25,157)	(18,095)	(25,157)	(18,095)
Gross profit	8,441	7,913	8,441	7,913
Other income	1,328	117	1,328	117
Administrative expenses	(4,827)	(4,468)	(4,827)	(4,468)
Selling and distribution expenses	(1,314)	(1,378)	(1,314)	(1,378)
Impairment loss on financial assets	(661)	-	(661)	-
Other operating expenses	-	(92)	-	(92)
Finance costs	(125)	(303)	(125)	(303)
Profit before taxation ("PBT")	2,842	1,789	2,842	1,789
Taxation	(590)	(782)	(590)	(782)
Net profit for the financial period	2,252	1,007	2,252	1,007
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Exchange translation differences for foreign operations	21	315	21	315
Total comprehensive income for the financial period	2,273	1,322	2,273	1,322
Net profit attributable to:				
Owners of the Company	2,252	1,007	2,252	1,007
Non-controlling interest	-	-	-	-
Net profit for the financial period	2,252	1,007	2,252	1,007
Total comprehensive income attributable to:				
Owners of the Company	2,273	1,322	2,273	1,322
Non-controlling interest	-	-	-	-
Total comprehensive income for the financial period	2,273	1,322	2,273	1,322
Earnings per ordinary share ("EPS") (sen):				
- Basic	0.27	0.12	0.27	0.12
- Diluted	0.27	0.12	0.27	0.12

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Note:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020 of the Company and the accompanying explanatory notes attached to this interim financial report.*

CLOUDARON GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2020⁽¹⁾

	← Non-distributable →			Distributable				
	Note	Share capital RM'000	Merger reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Equity distributable to owners of the parent RM'000	Non-Controlling interest	Total equity RM'000
Balance at 1 April 2020		52,643	(7,496)	1,049	27,463	73,659	(5)	73,654
Total comprehensive income for the financial period								
Profit for the financial period		-	-	-	2,252	2,252	-	2,252
Other comprehensive income for the financial period		-	-	21	-	21	-	21
Total		-	-	21	2,252	2,273	-	2,273
Transaction with owners, recognised directly in equity		-	-	-	-	-	-	-
Balance at 30 September 2020		52,643	(7,496)	1,070	29,715	75,932	(5)	75,927

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2020⁽¹⁾ (CONT'D)

	← Non-distributable →			Distributable		Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	
Balance at 1 April 2019	52,643	(7,496)	778	3,164	16,095	65,184
Total comprehensive income for the financial period						
Profit for the financial period	-	-	-	-	1,007	1,007
Other comprehensive income for the financial period	-	-	295	20	-	315
Total	-	-	295	20	1,007	1,322
Transaction with owners, recognised directly in equity	-	-	-	-	-	-
Balance at 30 September 2019	52,643	(7,496)	1,073	3,184	17,102	66,506

Note:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020 of the Company and the accompanying explanatory notes attached to this interim financial report.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2020⁽¹⁾

	6 months ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash flows from operating activities		
PBT	2,842	1,789
Adjustments for:		
Amortisation of intangible assets	328	295
Depreciation of plant and equipment	49	209
Depreciation of right-of-use assets	112	-
Bad debts written off	8	-
Impairment loss on trade receivables	653	-
Loss on disposal of plant and equipment	14	-
Lease interest expense	20	-
Interest income	-	(3)
Interest expense	52	303
Operating profit before working capital changes	4,078	2,593
Changes in working capital		
Contract assets	(1,562)	1,069
Trade and other receivables	(526)	1,636
Contract liabilities	2,139	(498)
Trade and other payables	(7,757)	(2,194)
Cash (used in)/generated from operations	(3,628)	2,606
Income tax refunded	-	115
Income tax paid	(615)	(220)
Interest received	-	3
Interest paid	-	(30)
Net cash (used in)/generated from operating activities	(4,243)	2,474
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	13	-
Purchase of plant and equipment	(23)	(14)
Software development expenditure	(246)	(1,766)
Net cash used in investing activities	(256)	(1,780)
Cash flows from financing activities		
Drawdown of term loan	8,600	-
Repayment of trade financing loan	(1,506)	(1,295)
Net changes in amount due to Directors	-	(1)
Payment of lease liabilities	(104)	-
Interest paid	(126)	-
Net cash generated from/(used in) financing activities	6,864	(1,296)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2020⁽¹⁾ (CONT'D)

	6 months ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	2,365	(602)
Effect of exchange translation differences on cash and cash equivalents	(192)	(128)
Cash and cash equivalents at beginning of the financial period	1,714	2,679
Cash and cash equivalents at end of the financial period	3,887	1,949

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Report and Financial Statements for the financial year ended 31 March 2020 of the Company and the accompanying explanatory notes attached to this interim financial report.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2020

A1. BASIS OF PREPARATION

The interim financial statements of Cloudaron and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

This is the interim financial report on the consolidated results for the first half-year ended 30 September 2020 announced by the Company in compliance with Rule 6.12 of the LEAP Market Listing Requirements of Bursa Securities (“**Listing Requirements**”).

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited consolidated financial statements for the financial year ended 31 March 2020 except for the following:

	Effective date
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework for Financial Reporting (the Conceptual Framework)	1 January 2020

The initial application of the above-mentioned standards and amendments do not have any material impacts to the current and prior period financial statements upon their first adoption.

A3. SEASONAL OR CYCLICAL FACTORS

Based on previous years’ record, the revenues are generally stronger for the second half of the financial year due to clients utilising the remainder of their annual IT budgets.

A4. UNUSUAL ITEMS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in accounting estimates in the current financial period.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2020 (CONT'D)

A6. DEBT AND EQUITY SECURITIES

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period.

A7. SEGMENTAL INFORMATION

The Group's revenue based on its activities is presented as follows:

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Enterprise solutions	18,826	18,088	18,826	18,088
Infrastructure services	13,203	2,807	13,203	2,807
Digital platforms	1,569	5,113	1,569	5,113
Total	33,598	26,008	33,598	26,008

The Group's revenue based on geographical location is presented as follows:

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Singapore	17,977	20,017	17,977	20,017
Malaysia	13,483	3,400	13,483	3,400
North America	1,217	1,371	1,217	1,371
Hong Kong/China	-	441	-	441
Philippines	-	260	-	260
Others	921	519	921	519
Total	33,598	26,008	33,598	26,008

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2020 (CONT'D)

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial period.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

A11. CAPITAL COMMITMENTS

There were no material capital commitments in respect of property, plant and equipment as at the end of the current financial period.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

a) Current Period vs. Previous Year Corresponding Period

The Group recorded a revenue of RM33.60 million for the financial period ended (“FPE”) 30 September 2020, as compared to RM26.01 million achieved in FPE 30 September 2019, representing an increase of RM7.59 million or 29.2%.

The revenue of the Group for the FPE 30 September 2020 can be analysed as follows:

- (i) enterprise solutions business’ revenue increased by approximately RM0.74 million or 4.1% as compared to FPE 30 September 2019, was mainly attributed to an increase in customer demand in Singapore;
- (ii) infrastructure services business’ revenue increased by approximately RM10.4 million or 370.4% as compared to FPE 30 September 2019; was mainly due to a project secured for supply of IT equipment in Malaysia; and
- (iii) digital platform business’ revenue decreased by RM3.54 million or 69.3% as compared to FPE 30 September 2019, was mainly due to the economic downturn which led to no new digital platform projects secured during the current financial period.

The Group recorded a PBT of RM2.84 million during FPE 30 September 2020 as compared to a PBT of RM1.79 million in FPE 30 September 2019, representing an increase of RM1.05 million or 58.7%. The increase in PBT was mainly due to higher revenue achieved and Covid-19 wage subsidies received from the governments of Malaysia, Singapore and Canada during the current financial period.

Profit after taxation (“PAT”) recorded for the current financial period was RM2.25 million as compared to a PAT of RM1.01 million in FPE 30 September 2019, representing an increase of 1.24 million or 122.8% was mainly due to the Covid-19 wage subsidies received during the current financial period.

b) Current Period vs. Immediate Preceding Period

The Group recorded a revenue of RM33.60 million for the FPE 30 September 2020, as compared to RM40.61 million in the immediate preceding period, representing a decrease of RM7.01 million or 17.3% was mainly due to the AI Smart Cloud platform project secured by the Group’s enterprise solutions business during the immediate preceding period.

The Group recorded a PBT of RM2.84 million for the FPE 30 September 2020 as compared to RM1.70 million in the immediate preceding period, representing an increase of RM1.14 million or 67.1% was mainly due to the higher margin projects secured and Covid-19 wage subsidies received from the governments of Malaysia, Singapore and Canada during the current financial period.

PAT recorded for the current FPE was RM2.25 million as compared to a PAT of RM1.95 million in the immediate preceding period, representing an increase of 0.30 million or 15.4% was mainly due to the higher margin projects secured and Covid-19 wage subsidies as mentioned above.

B2. PROSPECTS

In line with the Group's overall strategy, the Group continues to expand its digital platform services unit, with the Ubertor platform together with its expansion to the American market. In addition, the Group will also continue to expand its enterprise services unit into AI Smart Cloud platform. These will support its shift to higher margin projects.

The Covid-19 pandemic continues to raise demand concerns, especially the Group's customers in the education and hospitality segments. It is still uncertain to predict the impact it has on the Group's key customer segments as well as the impact on the demand for the Group's services. The Group will closely monitor and assess the impact of Covid-19.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

C OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but pending completion as at the date of this financial report.

C2. MATERIAL LITIGATION

There are no material litigations pending as at the date of this financial report.

C3. DIVIDENDS

The Board does not propose any interim dividend payment for the current financial period.

C4. EARNINGS PER SHARE

(i) The basic earnings per share for the current financial period and financial year-to-date are computed as follows:

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	2,252	1,007	2,252	1,007
Weighted average number of ordinary shares in issue ('000)	831,188	831,188	831,188	831,188
Basic earnings per share (sen)	0.27	0.12	0.27	0.12

(ii) Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive instruments.