



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

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR
ENDED 31 MARCH 2022**

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
(Registration No. 201701016516 (1230681-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022⁽¹⁾

	As at 31.03.2022 Unaudited RM'000	As at 31.03.2021 Audited RM'000
ASSETS		
Non-current assets		
Plant and equipment	78	135
Intangible assets	65,445	62,807
Right-of-use assets	65	49
Deferred tax assets	90	-
Trade and other receivables	5,420	8,469
Total non-current assets	71,098	71,460
Current assets		
Inventories	-	320
Contract assets	1,945	2,013
Trade and other receivables	38,574	20,508
Tax recoverable	582	177
Cash and bank balances	4,538	14,378
Total current assets	45,639	37,396
Total assets	116,737	108,856
LIABILITIES AND EQUITY		
Equity		
Share capital	52,643	52,643
Merger reserve	(7,496)	(7,496)
Translation reserve	1,474	1,337
Retained earnings	29,888	29,508
	76,509	75,992
Non-controlling interest	1,301	1,282
Total equity	77,810	77,274
Non-current liabilities		
Lease liabilities	24	17
Borrowing	4,744	5,689
Deferred tax liabilities	360	348
Total non-current liabilities	5,128	6,054
Current liabilities		
Contract liabilities	4,562	4,576
Trade and other payables	26,367	18,067
Lease liabilities	44	34
Borrowing	2,120	2,739
Tax payable	706	112
Total current liabilities	33,799	25,528
Total liabilities and equity	116,737	108,856

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022⁽¹⁾ (CONT'D)

	As at 31.03.2022	As at 31.03.2021
	Unaudited	Audited
	RM'000	RM'000
Net assets per share (sen)⁽²⁾	9.36	9.30

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 2021 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 SECOND HALF-YEAR ENDED 31 MARCH 2022⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	43,433	24,513	67,354	58,111
Cost of sales	(36,200)	(18,121)	(53,894)	(43,278)
Gross profit	7,233	6,392	13,460	14,833
Other income	169	1,447	433	2,775
Administrative expenses	(7,497)	(8,349)	(12,591)	(13,176)
Selling and distribution expenses	1,057	1,282	(22)	(32)
Impairment loss on financial assets	81	858	76	197
Finance costs	(271)	(920)	(344)	(1,045)
Profit before taxation ("PBT")	772	710	1,012	3,552
Taxation	(621)	370	(613)	(220)
Net profit for the financial period	151	1,080	399	3,332
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Exchange translation differences for foreign operations	177	267	137	288
Total comprehensive income for the financial period	328	1,347	536	3,620
Net profit attributable to:				
Owners of the Company	132	1,078	380	3,330
Non-controlling interest	19	2	19	2
Net profit for the financial period	151	1,080	399	3,332
Total comprehensive income attributable to:				
Owners of the Company	309	1,345	517	3,618
Non-controlling interest	19	2	19	2
Total comprehensive income for the financial period	328	1,347	536	3,620
Earnings per ordinary share ("EPS") (sen):				
- Basic	0.02	0.13	0.05	0.40
- Diluted	0.02	0.13	0.05	0.40

CLOUDARON GROUP BERHAD

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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 2021 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 SECOND HALF-YEAR ENDED 31 MARCH 2022⁽¹⁾

	← Non-distributable →			Distributable		
	Share capital	Merger reserve	Translation reserve	Retained earnings	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 April 2021	52,643	(7,496)	1,337	29,508	1,282	77,274
Total comprehensive income for the financial period						
Profit for the financial period	-	-	-	380	19	399
Other comprehensive income for the financial period	-	-	137	-	-	137
Total	-	-	137	380	19	536
Transactions with owners, recognised directly in equity	-	-	-	-	-	-
Balance at 31 March 2022	52,643	(7,496)	1,474	29,888	1,301	77,810

CLOUDARON GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2022⁽¹⁾ (CONT'D)

	← Non-distributable →			Distributable		Total equity RM'000
	Share capital	Merger reserve	Translation reserve	Retained earnings	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1 April 2020	52,643	(7,496)	1,049	27,463	(5)	73,654
Total comprehensive income for the financial period						
Profit for the financial period	-	-	-	3,330	2	3,332
Other comprehensive income for the financial period	-	-	288	-	-	288
Total	-	-	288	3,330	2	3,620
Transactions with owners, recognised directly in equity	-	-	-	(1,285)	1,285	-
Balance at 31 March 2021	52,643	(7,496)	1,337	29,508	1,282	77,274

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 2021 of the Company and the accompanying explanatory notes attached to this interim financial report.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2022⁽¹⁾

	12 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	1,012	3,552
Adjustments for:		
Amortisation of intangible assets	930	655
Depreciation of property, plant and equipment	73	106
Depreciation of right-of-use assets	39	16
Bad debts written off	134	41
Bad debts recovered	(30)	-
Gain arising from non-fulfillment of contingent consideration	-	(137)
Gain on disposal of property, plant and equipment	-	14
Impairment losses on trade receivables	-	136
Reversal of impairment losses on trade receivables	-	(131)
Reversal of impairment losses on other receivables	-	(202)
Unrealised gain on foreign exchange	-	(395)
Interest income	(2)	(1) ⁽²⁾
Interest expense	344	1,045
Operating profit before working capital changes	2,500	4,699
Changes in working capital		
Inventories	320	2,880
Contract assets/liabilities	54	4,528
Contract costs	281	163
Trade and other receivables	(15,402)	2,092
Trade and other payables	8,346	(6,168)
Cash (used in)/generated from operations	(3,901)	8,194
Income tax refunded	-	3
Income tax paid	(617)	(1,189)
Interest received	2	1 ⁽²⁾
Interest paid	-	(294)
Net cash (used in)/generated from operating activities	(4,516)	6,715
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	13
Purchase of property, plant and equipment	(17)	(123)
Acquisition of intangible assets	(3,086)	(245)
Net cash used in investing activities	(3,103)	(355)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2022⁽¹⁾ (CONT'D)

	12 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Cash flows from financing activities		
Drawdown of trade financing loan	-	8,570
Repayment of trade financing loan	(653)	(1,608)
Net changes in amount due to Directors	(46)	298
Repayments of lease liabilities	(44)	(19)
Repayment of term loans	(1,046)	(835)
Interest paid	(183)	-
Net cash generated from/(used in) financing activities	<u>(1,972)</u>	<u>6,406</u>
Net increase/(decrease) in cash and cash equivalents	(9,591)	12,766
Effect of exchange translation differences on cash and cash equivalents	(249)	(103)
Cash and cash equivalents at beginning of the financial year	<u>14,378</u>	<u>1,715</u>
Cash and cash equivalents at end of the financial year	<u>4,538</u>	<u>14,378</u>

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 2021 of the Company and the accompanying explanatory notes attached to this interim financial report.*

(2) *Less than RM1,000.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2022

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 second half-year ended 31 March 2022 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 2021 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 2021 except for the following:

	Effective date
Amendments to MFRS 16 Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

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.

The Group has not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by Malaysian Accounting Standard Board but are not yet effective for the Group:

MFRSs	Effective date
Annual Improvements to MFRS Standards 2018–2020 – <ul style="list-style-type: none">• Amendments to MFRS 1,• Amendments to MFRS 9• Amendments to Illustrative Examples accompanying MFRS 16• Amendments to MFRS 141	1 January 2022
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts–Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101 Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2022 (CONT'D)

MFRSs	Effective date
Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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 estimates in the current financial period.

A6. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period and financial year-to-date under review:

A7. SEGMENTAL INFORMATION

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

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Enterprise solutions	16,135	13,605	26,598	32,431
Infrastructure services	1,687	4,670	3,554	17,873
Digital platforms	25,611	6,238	37,202	7,807
Total	43,433	24,513	67,354	58,111

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2022 (CONT'D)

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

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Singapore	19,924	13,822	37,222	31,799
Malaysia	22,474	9,616	27,817	23,099
North America	1,035	1,078	2,315	2,295
Thailand	-	(3)	-	918
Total	43,433	24,513	67,354	58,111

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) Financial Year-to-date vs. Previous Financial Year-to-date

The Group recorded a revenue of RM67.35 million for the current financial year ended 31 March 2022, as compared to RM58.11 million in the previous financial year, representing an increase of RM9.24 million or 15.9%.

The revenue of the Group for the financial year ended 31 March 2022 can be analysed as follows:

- (i) enterprise solutions business' revenue decreased by approximately RM5.83 million or 18.0% as compared to the financial year ended 31 March 2021, was mainly due to transition to managed services based project during the current financial period;
- (ii) infrastructure services business' revenue decreased by approximately RM14.32 million or 80.1% as compared to last financial year; this was mainly due to the loss of some recurring business and no new projects secured during the current financial period; and
- (iii) digital platform business' revenue increased by approximately RM29.39 million or 376.3% as compared to last financial year, mainly due to various Enterprise Buy Now Pay Later (eBNPL) projects secured during the current financial period.

The Group recorded a profit before taxation ("PBT") of RM1.01 million for the financial year ended 31 March 2022 as compared to a PBT of RM3.55 million in the previous financial year, representing a decrease of RM2.54 million or 71.5%. The decrease in PBT was mainly due to lower revenue and lower margin from enterprise solutions and infrastructure services businesses.

b) Current Period vs. Previous Year Corresponding Period

The Group recorded a revenue of RM43.43 million for the current financial period ended 31 March 2022, as compared to RM24.51 million in the previous year corresponding period, representing an increase of RM18.92 million or 77.2% was mainly due to various projects secured by the digital platform eBNPL business.

The Group recorded a PBT of RM0.77 million for the current financial period ended 31 March 2022 as compared to RM0.71 million in the previous year corresponding period, representing an increase of RM0.06 million or 8.5% mainly due to lower margin attained and lower administrative expenses incurred.

c) Current Period vs. Immediate Preceding Period

The Group recorded a revenue of RM43.43 million for the current financial period ended 31 March 2022, as compared to RM23.92 million in the immediate preceding period, representing an increase of RM19.51 million or 81.6% was mainly due to digital platform business secured eBNPL project supplying for IT infrastructure and datacenter services during the current period.

The Group recorded a PBT of RM0.77 million for the current financial period ended 31 March 2022 compared to RM0.24 million in the immediate preceding period, representing an increase of RM0.53 million or 220.8% mainly due to higher revenue during the current period.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B2. PROSPECTS

In line with the Group's overall strategy, the Group continues to expand its digital platform services unit, especially the growing eBNPL business. These will support its shift to higher growth business.

The Board of Directors of the Company ("Board") have closely monitored the development of the outbreak of COVID-19 that affects the business operations, financial performance and financial position of the Group. As at the date announcement of this report has not significantly affected the Group's business operations, and for at least the coming year, is not expected to materially dampen revenue. Under the foregoing circumstances, the Board is of view that the financial performance of the Group will remain challenging for the financial year ending 31 March 2023. As such, the Board will continue to closely monitor the situation and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

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 12 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	132	1,078	380	3,330
Weighted average number of ordinary shares in issue ('000)	831,188	831,188	831,188	831,188
Basic earnings per share (sen)	0.02	0.13	0.05	0.40

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