



CLOUDARON GROUP BERHAD

(Company No. 1230681-M)

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 30 SEPTEMBER 2017**

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
(Company No. 1230681-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017⁽¹⁾

	As at 30.09.2017 Unaudited RM'000	As at 31.03.2017 Audited RM'000
ASSETS		
Non-current assets		
Plant and equipment	715	892
Intangible assets	26,261	22,568
Total non-current assets	<u>26,976</u>	<u>23,460</u>
Current assets		
Trade and other receivables	22,914	29,033
Deposits, cash and bank balances	7,984	5,063
Tax recoverable	-	197
Total current assets	<u>30,898</u>	<u>34,293</u>
Total assets	<u><u>57,874</u></u>	<u><u>57,753</u></u>
LIABILITIES AND EQUITY		
Equity		
Share capital	37,984	23,241
Capital reserve	-	194
Merger reserves	(7,496)	(107)
Translation reserve	1,265	1,855
Retained earnings	5,817	5,488
Total equity	<u>37,570</u>	<u>30,671</u>
Non-current liabilities		
Finance lease liabilities	10	11
Convertible loan notes	-	1,980
Derivative financial liabilities	-	50
Deferred tax liabilities	817	877
Total non-current liabilities	<u>827</u>	<u>2,918</u>
Current liabilities		
Finance lease liabilities	4	4
Trade and other payables	19,330	23,864
Derivative financial liabilities	83	173
Tax payable	60	123
Total current liabilities	<u>19,477</u>	<u>24,164</u>
Total liabilities and equity	<u><u>57,874</u></u>	<u><u>57,753</u></u>
Net assets per share (sen)⁽²⁾	4.85	4.23

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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 Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 25 August 2017 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 at the end of the reporting period. The Company's issued shares prior to the Excluded Issue (as defined in Note A6) of 725,267,102 were assumed to be issued during the relevant period.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017⁽¹⁾

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	27,397	20,114	27,397	20,114
Cost of sales	(18,838)	(18,202)	(18,838)	(18,202)
Gross profit	8,559	1,912	8,559	1,912
Other income	241	400	241	400
Administrative expenses	(6,564)	(5,891)	(6,564)	(5,891)
Other operating expenses	(96)	(99)	(96)	(99)
Listing expenses	(1,715)	-	(1,715)	-
Finance costs	(270)	(83)	(270)	(83)
Profit / (Loss) before tax	155	(3,761)	155	(3,761)
Taxation	(20)	43	(20)	43
Profit / (Loss) for the financial period	135	(3,718)	135	(3,718)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Exchange translation differences for foreign operations	(590)	658	(590)	658
Other comprehensive (loss) / income for the financial period, net of tax	(590)	658	(590)	658
Total comprehensive loss for the financial period	(455)	(3,060)	(455)	(3,060)
Profit / (Loss) for the financial period attributable to owners of the Company	135	(3,718)	135	(3,718)
Total comprehensive loss attributable to owners of the Company	(455)	(3,060)	(455)	(3,060)
Earnings / (Loss) per ordinary share ("EPS" / "LPS") (sen):				
- Basic	0.02	(0.51)	0.02	(0.51)
- Diluted	0.02	(0.51)	0.02	(0.51)

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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 Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 25 August 2017 and the accompanying explanatory notes attached to this interim financial report.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017⁽¹⁾

	← Non-distributable →				Distributable	Total equity RM'000
	Share capital RM'000	Capital reserves RM'000	Merger reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	
Balance at 1 April 2016	2,344	13,168	(107)	326	263	15,994
Total comprehensive income for the financial period						
Loss for the financial period	-	-	-	-	(3,718)	(3,718)
Other comprehensive income for the financial period	-	-	-	658	-	658
Total	-	-	-	658	(3,718)	(3,060)
Transaction with owners, recognised directly in equity						
Conversion of redeemable convertible preference shares	12,974	(12,974)	-	-	-	-
Total	12,974	(12,974)	-	-	-	-
Balance at 30 September 2016	15,318	194	(107)	984	(3,455)	12,934

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017⁽¹⁾ (CONT'D)

	← Non-distributable →			Distributable		Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Merger reserves RM'000	Translation reserve RM'000	Retained earnings RM'000	
Balance at 1 April 2017	23,241	194	(107)	1,855	5,488	30,671
Total comprehensive income for the financial period						
Profit for the financial period	-	-	-	-	135	135
Other comprehensive loss for the financial period	-	-	-	(590)	-	(590)
Total	-	-	-	(590)	135	(455)
Transaction with owners, recognised directly in equity						
Termination of share warrants	-	(194)	-	-	194	-
Conversion of convertible loan notes	2,007	-	-	-	-	2,007
Merger reserve arising from restructuring before listing	7,389	-	(7,389)	-	-	-
Issuance of ordinary shares arising from Excluded Issue (as defined in Note A6)	5,500	-	-	-	-	5,500
Listing expenses	(153)	-	-	-	-	(153)
Total	14,743	(194)	(7,389)	-	194	7,354
Balance at 30 September 2017	37,984	-	(7,496)	1,265	5,817	37,570

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 Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 25 August 2017 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017⁽¹⁾

	6 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000
Cash flows from operating activities		
Profit / (Loss) before income tax	155	(3,761)
Adjustments for:		
Depreciation of plant and equipment	235	83
Amortisation of intangible assets	275	256
Fair value gain on derivative financial instruments	(87)	-
Listing expenses	1,715	-
Interest income	(1)	-
Interest expense	270	150
Operating profit / (loss) before working capital changes	2,562	(3,272)
Changes in working capital		
Trade and other receivables	6,119	6,792
Trade and other payables	(5,479)	(3,521)
Cash generated from / (used in) operations	3,202	(1)
Income tax refunded / (paid)	100	(61)
Interest received	1	-
Net cash generated from / (used in) operating activities	3,303	(62)
Cash flows from investing activities		
Purchase of plant and equipment	(35)	(321)
Software development expenditure	(4,367)	-
Net cash used in investing activities	(4,402)	(321)
Cash flows from financing activities		
Draw down of banking facilities	-	1,310
Proceeds from issue of new shares	5,500	-
Listing expenses ⁽²⁾	(922)	-
Dividend paid	-	(1,338)
Repayment of finance lease liabilities	(2)	(1)
Interest paid	(270)	(82)
Net cash generated from / (used in) financing activities	4,306	(111)
Net increase /(decrease) in cash and cash equivalents	3,207	(494)
Effect of exchange translation differences on cash and cash equivalents	(286)	(97)
Cash and cash equivalents at the beginning of the financial period	5,063	3,446
Cash and cash equivalents at the end of the financial period	7,984	2,855

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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 Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 25 August 2017 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *During the financial period, the Group incurred listing expenses of RM1.87 million, of which RM0.95 million remained unpaid as at 30 September 2017.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

A1. BASIS OF PREPARATION

Cloudaron Group Berhad was incorporated in Malaysia on 12 May 2017 under the Companies Act 2016 with an issued share capital of RM2.00 comprising two (2) ordinary shares. On 17 July 2017, it was converted into a public limited company with its registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia.

On 24 July 2017, there was a capital restructuring whereby Cloudaron Group Berhad obtained full control of Cloudaron Pte. Ltd., a company incorporated in Singapore, by issuing 725,267,100 new ordinary shares of Cloudaron Group Berhad for a total purchase consideration of RM32,637,020 to the original shareholders, in exchange for the shares in Cloudaron Pte. Ltd. The original shareholders have the same interest in Cloudaron Group Berhad as they had in Cloudaron Pte. Ltd. and there is no change to the assets and liabilities as a result of the establishment of Cloudaron Group Berhad.

On 3 October 2017, Cloudaron Group Berhad's entire enlarged issued share capital of RM38,137,022 comprising of 775,267,102 ordinary shares were listed on the LEAP Market of Bursa Securities.

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 first interim financial report on the consolidated results for the half-year ended 30 September 2017 announced by the Company in compliance with the LEAP Market Listing Requirements of Bursa Securities ("**Listing Requirements**"). The comparative figures have been presented as if the combination has occurred from the date when the combining entities first came under common control.

The interim financial report should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 25 August 2017 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 Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 25 August 2017, except for the following:

MFRSs	Effective date
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Annual Improvements to FRS Standards 2014 – 2016 Cycle:	
• Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities</i>	1 January 2017

The adoption of the above amendments to MFRSs do not have any significant financial impact on the results and financial position of the Group for the current period.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

A3. SEASONAL OR CYCLICAL FACTORS

Based on previous years, 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.

A6. DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period:

- (i) On 24 July 2017, the Company entered into a Share Purchase Agreement with the shareholders of Cloudaron Pte Ltd to acquire the entire issued share capital of Cloudaron Pte Ltd for a total purchase consideration of RM32,637,020, which was wholly satisfied by issuance of 725,267,100 new ordinary shares of the Company.
- (ii) On 29 September 2017, 50,000,000 new ordinary shares of the Company were issued pursuant to the excluded issue at an issue price of RM0.11 per ordinary share to sophisticated investors within the meanings of Section 229 and 230 of the Capital Markets and Services Act 2017 ("**Excluded Issue**").

Subsequently, on 3 October 2017, the Company's entire enlarged issued share capital of RM38,137,022 comprising of 775,267,102 ordinary shares were listed on the LEAP Market of Bursa Securities.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

A7. SEGMENTAL INFORMATION

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

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Infrastructure and solution transformation	22,345	19,611	22,345	19,611
Workspace transformation	5,052	489	5,052	489
Cyber security	-	14	-	14
Total	27,397	20,114	27,397	20,114

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

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Singapore	22,306	19,604	22,306	19,604
Indonesia	670	-	670	-
Malaysia	571	467	571	467
Philippines	3,850	29	3,850	29
Others	-	14	-	14
Total	27,397	20,114	27,397	20,114

The Group recorded a revenue of RM27.40 million for the current financial period ended 30 September 2017, an increase of RM7.29 million or 36.25% as compared with RM20.11 million in the corresponding period of the preceding year. The increase was mainly coming from its infrastructure and solution transformation business and workspace transformation business.

The infrastructure and solution transformation business increased by approximately RM2.73 million mainly coming from stronger demand from the public sector in Singapore.

The workspace transformation business increased by approximately RM4.56 million mainly due to expansion into the Philippines and Indonesia market.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

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

Save as disclosed below, there were no material events subsequent to the end of the current financial period:

- (i) On 3 October 2017, the Company was successfully admitted to the Official List of Bursa Securities with the listing of and quotation for its entire enlarged issued share capital of RM38,137,022 comprising of 775,267,102 ordinary shares on the LEAP Market of Bursa Securities; and
- (ii) On 3 November 2017, the Group completed the acquisition of 3,050,000 ordinary shares or 10% of the issued capital of Realtors8 Pte Ltd from 8common Limited for SGD470,000. The details of the acquisition are disclosed in Section 9.1(iv) of the Information Memorandum dated 25 August 2017.

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 plant and equipment as at the end of the current financial period.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group recorded a profit before taxation of RM0.16 million for the current financial period ended 30 September 2017, an improvement of RM3.92 million as compared with a loss before taxation of RM3.76 million in the corresponding period of the preceding year. The improvement in profit before taxation was mainly due to a higher gross profit of RM6.65 million, which was mainly driven by higher margins for the workspace transformation business.

Excluding the one-off listing expenses, the profit before taxation for the current financial period on an operational basis was RM1.87 million as compared to a loss before taxation of RM3.76 million in the corresponding period.

B2. PROSPECTS

As disclosed in the Company's Information Memorandum dated 25 August 2017, the Group has started and is maintaining its plans and strategies to expand its geographical reach in ASEAN and increase the range of market offerings to include digital asset management services and digital business platforms. Barring any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 March 2018 will remain favourable.

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 report.

C2. UTILISATION OF PROCEEDS

The status of utilisation of the proceeds from the Excluded Issue of RM5.50 million are as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation ⁽¹⁾ RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Overseas establishment costs	2,400	(162)	-	2,238	Within 24 months
Working capital	1,900	(943)	-	957	Within 24 months
Estimated listing expenses ⁽²⁾	1,200	(1,200)	-	-	Immediate
Total	5,500	(2,305)	-	3,195	

Notes:

(1) Utilisation as at 30 November 2017.

(2) The Group incurred listing expenses of RM1.87 million, of which RM0.67 million came from internally generated funds.

C3. MATERIAL LITIGATION

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

C4. DIVIDENDS

The Board does not recommend any dividend for the current period.

C OTHER INFORMATION (CONT'D)

C5. EARNINGS / (LOSS) PER SHARE

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

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) attributable to owners of the parent	135	(3,718)	135	(3,718)
Weighted average number of ordinary shares in issue ('000)	725,814	725,267	725,814	725,267
Basic earnings / (loss) per share (sen)	0.02	(0.51)	0.02	(0.51)

The earnings per share for the financial period ended 30 September 2017 and 2016 were computed based on weighted average number of shares adjusted to take into account the issuance of new shares. The Company's issued shares prior to Excluded Issue of 725,267,102 were assumed to be issued during the relevant periods.

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