



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

**FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR
ENDED 30 SEPTEMBER 2021**

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 30 SEPTEMBER 2021⁽¹⁾

	As at 30.09.2021 Unaudited RM'000	As at 31.03.2021 Audited RM'000
<u>ASSETS</u>		
Non-current assets		
Plant and equipment	103	135
Intangible assets	65,523	62,807
Right-of-use assets	33	49
Deferred tax assets	99	-
Trade and other receivables	8,468	8,469
Total non-current assets	74,226	71,460
Current assets		
Inventories	320	320
Contract assets	1,702	2,013
Trade and other receivables	18,844	20,508
Tax recoverable	522	177
Cash and bank balances	5,274	14,378
Total current assets	26,662	37,396
Total assets	100,888	108,856
<u>LIABILITIES AND EQUITY</u>		
Equity		
Share capital	52,643	52,643
Merger reserve	(7,496)	(7,496)
Translation reserve	1,297	1,337
Retained earnings	29,950	29,508
	76,394	75,992
Non-controlling interest	1,088	1,282
Total equity	77,482	77,274
Non-current liabilities		
Lease liabilities	17	17
Borrowing	5,689	5,689
Deferred tax liabilities	402	348
Total non-current liabilities	6,108	6,054
Current liabilities		
Contract liabilities	4,432	4,576
Trade and other payables	11,071	18,067
Lease liabilities	20	34
Borrowing	1,676	2,739
Tax payable	99	112
Total current liabilities	17,298	25,528
Total liabilities and equity	100,888	108,856
Net assets per share (sen)⁽²⁾	9.32	9.30

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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 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 FIRST HALF-YEAR ENDED 30 SEPTEMBER 2021⁽¹⁾

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	23,921	33,598	23,921	33,598
Cost of sales	(17,694)	(25,157)	(17,694)	(25,157)
Gross profit	6,227	8,441	6,227	8,441
Other income	264	1,328	264	1,328
Administrative expenses	(5,094)	(4,827)	(5,094)	(4,827)
Selling and distribution expenses	(1,079)	(1,314)	(1,079)	(1,314)
Impairment loss on financial assets	(5)	(661)	(5)	(661)
Finance costs	(73)	(125)	(73)	(125)
Profit before taxation ("PBT")	240	2,842	240	2,842
Taxation	8	(590)	8	(590)
Net profit for the financial period	248	2,252	248	2,252
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Exchange translation differences for foreign operations	(40)	21	(40)	21
Total comprehensive income for the financial period	208	2,273	208	2,273
Net profit attributable to:				
Owners of the Company	248	2,252	248	2,252
Non-controlling interest	-	-	-	-
Net profit for the financial period	248	2,252	248	2,252
Total comprehensive income attributable to:				
Owners of the Company	208	2,273	208	2,273
Non-controlling interest	-	-	-	-
Total comprehensive income for the financial period	208	2,273	208	2,273
Earnings per ordinary share ("EPS") (sen):				
- Basic	0.03	0.27	0.03	0.27
- Diluted	0.03	0.27	0.03	0.27

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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.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2021⁽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 2021		52,643	(7,496)	1,337	29,508	75,992	1,282	77,274
Total comprehensive income for the financial period								
Profit for the financial period		-	-	-	248	248	-	248
Other comprehensive income for the financial period		-	-	(40)	-	(40)	-	(40)
Total		-	-	(40)	248	208	-	208
Transaction with owners, recognised directly in equity		-	-	-	194	194	(194)	-
Balance at 30 September 2021		52,643	(7,496)	1,297	29,950	76,394	1,088	77,482

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2021⁽¹⁾ (CONT'D)

	Note	← Non-distributable →			Distributable		Non-Controlling interest	Total equity RM'000
		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		
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

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 FIRST HALF-YEAR ENDED 30 SEPTEMBER 2021⁽¹⁾

	6 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Cash flows from operating activities		
PBT	240	2,842
Adjustments for:		
Amortisation of intangible assets	331	328
Depreciation of plant and equipment	44	49
Depreciation of right-of-use assets	16	112
Bad debts written off	16	8
Impairment loss on trade receivables	-	653
Loss on disposal of plant and equipment	-	14
Lease interest expense	- (2)	20
Interest income	- (2)	-
Interest expense	73	52
Operating profit before working capital changes	720	4,078
Changes in working capital		
Contract assets	167	(1,562)
Trade and other receivables	1,920	(526)
Contract liabilities	(272)	2,139
Trade and other payables	(6,944)	(7,757)
Cash (used in)/generated from operations	(4,409)	(3,628)
Income tax paid	(397)	(615)
Interest received	- (2)	-
Net cash (used in)/generated from operating activities	(4,806)	(4,243)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	13
Purchase of plant and equipment	(12)	(23)
Software development expenditure	(3,086)	(246)
Net cash used in investing activities	(3,098)	(256)
Cash flows from financing activities		
Drawdown of term loan	-	8,600
Repayment of trade financing loan	(654)	(1,506)
Repayment of trade term loan	(506)	-
Net changes in amount due to Directors	(51)	-
Payment of lease liabilities	(15)	(104)
Interest paid	(99)	(126)
Net cash generated from/(used in) financing activities	(1,325)	6,864

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2021⁽¹⁾ (CONT'D)

	6 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	(9,229)	2,365
Effect of exchange translation differences on cash and cash equivalents	125	(192)
Cash and cash equivalents at beginning of the financial period	14,378	1,714
Cash and cash equivalents at end of the financial period	5,274	3,887

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 FIRST HALF-YEAR ENDED 30 SEPTEMBER 2021

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 2021 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 FIRST HALF-YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

MFRSs	Effective date
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 accounting estimates in the current financial period.

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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Enterprise solutions	10,463	18,826	10,463	18,826
Infrastructure services	1,867	13,203	1,867	13,203
Digital platforms	11,591	1,569	11,591	1,569
Total	23,921	33,598	23,921	33,598

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

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

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Singapore	17,298	17,977	17,298	17,977
Malaysia	5,343	13,483	5,343	13,483
North America	1,280	1,217	1,280	1,217
Others	-	921	-	921
Total	23,921	33,598	23,921	33,598

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

The Group recorded a revenue of RM23.92 million for the current financial period, representing a decrease of RM9.68 million or 28.8% compared to RM33.60 million in the corresponding period of the previous year.

The revenue of the Group can be analysed as follows:

- (i) enterprise solutions business recorded a decrease in revenue by approximately RM8.37 million or 44.4%, mainly due to fewer projects secured during the current financial period;
- (ii) infrastructure services business recorded a decrease in revenue by approximately RM11.33 million or 85.8%, was mainly due to no new Infrastructure project secured during the current financial period; and
- (iii) digital platform business recorded an increase in revenue by RM10.02 million or 638.2%, mainly due to new digital platform projects secured during the current financial period.

The Group recorded a profit before taxation ("PBT") of RM0.24 million for the current financial period, representing a decrease of RM2.60 million or 91.5% compared to RM2.84 million in the corresponding period of the previous year. The decrease in PBT was mainly due to lower revenue and Covid-19 wage subsidies received during the corresponding period of the previous year.

B2. PROSPECTS

In line with the Group's overall strategy, the Group continues to expand its digital platform services unit, securing new infrastructure service projects and growing its enterprise solutions business managed services projects.

The Covid-19 pandemic continues to raise demand concerns, especially the Group's customers in the education and hospitality segments, and with the imposition of travel restrictions and border control has delayed implementation of projects. 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 2022. 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 6 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	248	2,252	248	2,252
Weighted average number of ordinary shares in issue ('000)	831,188	831,188	831,188	831,188
Basic earnings per share (sen)	0.03	0.27	0.03	0.27

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