



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

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR
ENDED 31 MARCH 2023**

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 2023⁽¹⁾

	As at 31.03.2023 Unaudited RM'000	As at 31.03.2022 Audited RM'000
ASSETS		
Non-current assets		
Plant and equipment	85	78
Intangible assets	56,318	65,418
Right-of-use assets	53	65
Deferred tax assets	-	-
Trade and other receivables	5,273	5,420
Total non-current assets	61,729	70,981
Current assets		
Contract assets	2,207	2,049
Trade and other receivables	37,060	36,196
Tax recoverable	757	623
Cash and bank balances	5,720	4,531
Total current assets	45,744	43,399
Total assets	107,473	114,380
LIABILITIES AND EQUITY		
Equity		
Share capital	52,643	52,643
Merger reserve	(7,496)	(7,496)
Translation reserve	4,844	1,292
Retained earnings	28,545	29,927
	78,536	76,366
Non-controlling interest	1,515	1,304
Total equity	80,051	77,670
Non-current liabilities		
Lease liabilities	34	40
Borrowing	2,574	4,743
Deferred tax liabilities	329	263
Total non-current liabilities	2,937	5,046
Current liabilities		
Contract liabilities	7,791	4,202
Trade and other payables	14,411	25,215
Lease liabilities	27	28
Borrowing	2,250	2,120
Tax payable	6	99
Total current liabilities	24,485	31,664
Total liabilities and equity	107,473	114,380

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023⁽¹⁾ (CONT'D)

	As at 31.03.2023	As at 31.03.2022
	Unaudited	Audited
	RM'000	RM'000
Net assets per share (sen)⁽²⁾	9.63	9.34

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 2022 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 2023⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	59,140	43,498	104,436	67,419
Cost of sales	(53,921)	(37,381)	(92,134)	(55,075)
Gross profit	5,219	6,117	12,302	12,344
Other income	898	42	935	306
Administrative expenses	(8,876)	(7,020)	(13,634)	(12,114)
Selling and distribution expenses	742	1,057	(29)	(22)
Impairment loss on financial assets	(658)	102	(659)	97
Finance costs	(148)	(271)	(305)	(344)
Profit / (Loss) before taxation	(2,823)	27	(1,390)	267
Taxation	92	164	117	172
Net profit / (Loss) for the financial period	(2,731)	191	(1,273)	439
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Exchange translation differences for foreign operations	1,678	(3)	3,654	(43)
Total comprehensive income for the financial period	(1,053)	188	2,381	396
Net profit / (loss) attributable to:				
Owners of the Company	(2,840)	171	(1,382)	419
Non-controlling interest	109	20	109	20
Net profit / (loss) for the financial period	(2,731)	191	(1,273)	439
Total comprehensive income attributable to:				
Owners of the Company	(1,162)	166	2,272	374
Non-controlling interest	109	22	109	22
Total comprehensive income for the financial period	(1,053)	188	2,381	396
Earnings per ordinary share ("EPS") (sen):				
- Basic	(0.34)	0.02	(0.17)	0.05
- Diluted	(0.34)	0.02	(0.17)	0.05

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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 2022 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 SECOND HALF-YEAR ENDED 31 MARCH 2023⁽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 2022	52,643	(7,496)	1,292	29,927	1,304	77,670
Total comprehensive income for the financial period						
Loss for the financial period	-	-	-	(1,382)	109	(1,273)
Other comprehensive income for the financial period	-	-	3,552	-	102	3,654
Total	-	-	3,552	(1,382)	211	2,381
Transactions with owners, recognised directly in equity	-	-	-	-	-	-
Balance at 31 March 2023	52,643	(7,496)	4,844	28,545	1,515	80,051

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2023⁽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 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	-	-	-	419	20	439
Other comprehensive income for the financial period	-	-	(45)	-	2	(43)
Total	-	-	(45)	419	22	396
Transactions with owners, recognised directly in equity	-	-	-	-	-	-
Balance at 31 March 2022	52,643	(7,496)	1,292	29,927	1,304	77,670

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 2022 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 2023⁽¹⁾

	12 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before taxation	(1,390)	267
Adjustments for:		
Amortisation of intangible assets	1,195	696
Depreciation of property, plant and equipment	65	73
Depreciation of right-of-use assets	41	39
Bad debts written off	24	40
Gain on disposal of intangible assets	262	-
Gain on disposal of property, plant and equipment	15	-
Impairment losses on trade receivables	-	19
Reversal of impairment losses on trade receivables	-	(116)
Unrealised gain on foreign exchange	-	(34)
Interest income	(5)	(1)
Interest expense	305	344
Operating profit before working capital changes	512	1,327
Changes in working capital		
Inventories	-	320
Contract assets/liabilities	3,335	(321)
Contract costs	96	283
Trade and other receivables	(740)	(12,864)
Trade and other payables	(10,563)	6,855
Cash (used in)/generated from operations	(7,360)	(4,400)
Income tax refunded	81	5
Income tax paid	(246)	(654)
Interest received	5	1
Interest paid	-	(344)
Net cash (used in)/generated from operating activities	(7,520)	(5,392)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	15	-
Proceeds from disposal of intangible assets	10,588	-
Purchase of property, plant and equipment	(58)	(17)
Acquisition of right-of-use assets	-	(2)
Acquisition of intangible assets	-	(3,044)
Net cash used in investing activities	10,545	(3,063)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2023⁽¹⁾ (CONT'D)

	12 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Cash flows from financing activities		
Repayment of trade financing loan	-	(692)
Net changes in amount due to Directors	(243)	226
Repayments of lease liabilities	(45)	(34)
Repayment of term loans	(2,098)	(873)
Interest paid	(302)	-
Net cash generated from/(used in) financing activities	<u>(2,688)</u>	<u>(1,373)</u>
Net increase/(decrease) in cash and cash equivalents	337	(9,828)
Effect of exchange translation differences on cash and cash equivalents	852	(19)
Cash and cash equivalents at beginning of the financial year	<u>4,531</u>	<u>14,378</u>
Cash and cash equivalents at end of the financial year	<u>5,720</u>	<u>4,531</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 2022 of the Company and the accompanying explanatory notes attached to this interim financial report.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2023

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 2023 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 2022 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 2022 except for the following:

	Effective date
Annual Improvements to MFRS Standards 2018–2020	1 January 2022
• Amendments to MFRS 1	
• Amendments to MFRS 9	
• Amendments to Illustrative Examples accompanying MFRS 16	
• Amendments to MFRS 141	
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

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
MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information	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
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
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

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2023 (CONT'D)

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	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Enterprise solutions	18,069	16,137	29,517	26,600
Infrastructure services	1,365	1,687	2,670	3,554
Digital platforms	39,706	25,674	72,249	37,265
Total	59,140	43,498	104,436	67,419

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2023 (CONT'D)

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

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Singapore	40,009	25,062	60,294	42,360
Malaysia	18,123	17,307	41,987	22,650
North America	1,008	801	2,155	2,081
Thailand	-	306	-	306
Indonesia	-	22	-	22
Total	59,140	43,498	104,436	67,419

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 RM104.44 million for the current financial year ended 31 March 2023, as compared to RM67.42 million in the previous financial year, representing an increase of RM37.02 million or 54.9%.

The digital platform business' revenue increased by approximately RM34.98 million or 93.9% 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 loss before taxation ("LBT") of RM1.39 million for the financial year ended 31 March 2023 as compared to a profit before tax ("PBT") of RM0.27 million in the previous financial year, representing a decrease of RM1.66 million or 614.8%. The decrease in PBT was mainly attributed to higher administrative expenses from providing one-off adjustments for foreign exchange loss and impairment loss on financial assets.

b) Current Period vs. Previous Year Corresponding Period

The Group recorded a revenue of RM59.14 million for the current financial period ended 31 March 2023, as compared to RM43.50 million in the previous year corresponding period, representing an increase of RM15.64 million or 35.9% was mainly due to various projects secured by the digital platform eBNPL business.

The Group recorded a LBT of RM2.82 million for the current financial period ended 31 March 2023 as compared to RM0.03 million in the previous year corresponding period, representing a decrease of RM2.85 million or 9,500% was mainly attributed to higher administrative expenses from providing one-off adjustments for foreign exchange loss and impairment loss on financial assets.

c) Current Period vs. Immediate Preceding Period

The Group recorded a revenue of RM59.14 million for the current financial period ended 31 March 2023, as compared to RM45.30 million in the immediate preceding period, representing an increase of RM13.84 million or 30.5% mainly due to digital platform business secured eBNPL project during the current period.

The Group recorded a LBT of RM2.82 million for the current financial period ended 31 March 2023 compared to PBT of RM1.43 million in the immediate preceding period, representing a decrease of RM4.25 million or 297.2% was mainly attributed to higher administrative expenses from providing one-off adjustments for foreign exchange loss and impairment loss on financial assets.

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") is cautious about the lingering impact of the potential onset of market uncertainties, and therefore the Group has embarked on a series of business strategies and future plans to manage the Group's business with vigilance during this uncertain period.

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	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	(2,840)	171	(1,382)	419
Weighted average number of ordinary shares in issue ('000)	831,188	831,188	831,188	831,188
Basic earnings per share (sen)	(0.34)	0.02	(0.17)	0.05

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