



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

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR  
ENDED 31 MARCH 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**  
(Registration No. 201701016516 (1230681-M))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020<sup>(1)</sup>**

	As at 31.03.2020 Unaudited RM'000	As at 31.03.2019 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	144	360
Intangible assets	59,213	57,905
Deferred tax assets	5	-
Other non-current assets	1,313	-
<b>Total non-current assets</b>	<b>60,675</b>	<b>58,265</b>
<b>Current assets</b>		
Inventories	3,200	-
Contract assets	5,006	5,633
Trade and other receivables	30,445	23,356
Tax recoverable	144	-
Deposits, cash and bank balances	1,714	2,679
<b>Total current assets</b>	<b>40,509</b>	<b>31,668</b>
<b>Total assets</b>	<b>101,184</b>	<b>89,933</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>		
Share capital	52,643	52,643
Merger reserve	(7,496)	(7,496)
Translation reserve	1,061	778
Other reserve	-	3,164
Retained earnings	24,130	16,095
	70,338	65,184
Non-controlling interest	(5)	-
<b>Total equity</b>	<b>70,333</b>	<b>65,184</b>
<b>Non-current liabilities</b>		
Other payables	844	889
Finance lease liabilities	1	4
Borrowing	717	765
Deferred tax liabilities	527	864
<b>Total non-current liabilities</b>	<b>2,089</b>	<b>2,522</b>
<b>Current liabilities</b>		
Contract liabilities	3,048	2,263
Trade and other payables	23,360	18,078
Finance lease liabilities	4	3
Borrowing	1,554	1,265
Tax payable	796	618
<b>Total current liabilities</b>	<b>28,762</b>	<b>22,227</b>
<b>Total liabilities and equity</b>	<b>101,184</b>	<b>89,933</b>
<b>Net assets per share (sen)<sup>(2)</sup></b>	<b>8.46</b>	<b>7.84</b>

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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 2019 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 2020<sup>(1)</sup>**

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	40,594	32,885	66,602	63,160
Cost of sales	(33,306)	(20,938)	(51,401)	(43,285)
<b>Gross profit</b>	7,288	11,947	15,201	19,875
Other income	1,151	704	1,268	987
Administrative expenses	(4,804)	(5,001)	(9,272)	(10,530)
Selling and distribution expenses	(1,306)	(1,484)	(2,684)	(2,716)
Other operating expenses	(634)	517	(726)	(71)
Acquisition expenses	-	(87)	-	(496)
Impairment loss on financial assets	(133)	(610)	(133)	(610)
Finance costs	(50)	(322)	(353)	(582)
<b>Profit before tax</b>	1,512	5,664	3,301	5,857
Taxation	271	(604)	(511)	(665)
<b>Profit for the financial period</b>	1,783	5,060	2,790	5,192
<b>Other comprehensive income</b>				
Items that are or may be reclassified subsequently to profit or loss				
Exchange translation differences for foreign operations	(32)	170	283	898
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	(32)	170	283	898
<b>Total comprehensive income for the financial period</b>	1,751	5,230	3,073	6,090
<b>Profit for the financial period attributable to owners of the Company</b>	1,783	5,060	2,790	5,192
<b>Total comprehensive profit attributable to owners of the Company</b>	1,751	5,230	3,073	6,090
<b>Earnings per ordinary share ("EPS") (sen):</b>				
- Basic	0.21	0.61	0.34	0.64
- Diluted	0.21	0.61	0.34	0.64

**CLOUDARON GROUP BERHAD**

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*Note:*

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit and Loss and Other 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 2019 of the Company and the accompanying explanatory notes attached to this interim financial report.*

**CLOUDARON GROUP BERHAD**

(Registration No. 201701016516 (1230681-M))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2020<sup>(1)</sup>**

	Note	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	
<b>Balance at 1 April 2018</b>		37,984	(7,496)	(120)	-	10,906	41,274
Effect of adopting MFRS 9		-	-	-	-	(3)	(3)
<b>At 1 April 2018, as restated</b>		37,984	(7,496)	(120)	-	10,903	41,271
Total comprehensive income for the financial period							
Profit for the financial period		-	-	-	-	5,192	5,192
Other comprehensive income for the financial period		-	-	898	-	-	898
<b>Total</b>		-	-	898	-	5,192	6,090
Transaction with owners, recognised directly in equity							
Recognition of 2 <sup>nd</sup> tranche settlement value of contingent consideration shares upon fulfilment of guaranteed EBITDA		-	-	-	3,164	-	3,164
Issuance of ordinary shares arising from Realtors8 Acquisition and DACS Acquisition		14,659	-	-	-	-	14,659
<b>Total</b>		14,659	-	-	3,164	-	17,823
<b>Balance at 31 March 2019</b>		52,643	(7,496)	778	3,164	16,095	65,184

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2020<sup>(1)</sup> (CONT'D)**

	Note	← Non-distributable →				Distributable	Equity	Non-Controlling interest	Total equity
		Share capital	Merger reserve	Translation reserve	Other reserve	Retained earnings	distributable to owners of the parent		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
<b>Balance at 1 April 2019</b>		52,643	(7,496)	778	3,164	16,095	65,184	-	65,184
Total comprehensive income for the financial period									
Profit for the financial period		-	-	-	-	2,790	2,790	-	2,790
Other comprehensive income for the financial period		-	-	283	-	-	283	-	283
<b>Total</b>		<b>-</b>	<b>-</b>	<b>283</b>	<b>-</b>	<b>2,790</b>	<b>3,073</b>	<b>-</b>	<b>3,073</b>
Transaction with owners, recognised directly in equity									
Acquisition of a subsidiary	A9	-	-	-	-	-	-	(5)	(5)
Reversal of 2nd tranche settlement value of contingent consideration shares due to non-fulfilment of guaranteed EBITDA		-	-	-	(3,164)	-	(3,164)	-	(3,164)
Waiver of dividend payable to previous owner of a subsidiary		-	-	-	-	5,245	5,245	-	5,245
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,164)</b>	<b>5,245</b>	<b>2,081</b>	<b>(5)</b>	<b>2,076</b>
<b>Balance at 31 March 2020</b>		<b>52,643</b>	<b>(7,496)</b>	<b>1,061</b>	<b>-</b>	<b>24,130</b>	<b>70,338</b>	<b>(5)</b>	<b>70,333</b>

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 2019 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 2020<sup>(1)</sup>**

	12 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	3,301	5,857
Adjustments for:		
Amortisation of intangible assets	579	570
Bad debts written off	24	21
Depreciation of plant and equipment	309	407
Fair value gain on derivative financial liabilities	-	(3)
Fair value loss on other receivable	240	-
Gain on disposal of plant and equipment	(1)	-
Impairment losses on trade receivables	143	613
Reversal of impairment loss on trade receivables	(10)	(3)
Unrealised loss on foreign exchange		53
Interest income	(9)	(15)
Interest expense	113	582
Operating profit before working capital changes	4,689	8,082
Changes in working capital		
Contract assets	627	(5,624)
Trade and other receivables	(13,070)	13,784
Contract liabilities	785	2,265
Trade and other payables	10,383	(11,435)
Cash generated from operations	3,414	7,072
Income tax refunded	115	95
Income tax paid	(906)	(400)
Interest received	9	15
Interest paid	(113)	(6)
Net cash generated from operating activities	2,519	6,776
<b>Cash flows from investing activities</b>		
Net cash outflows from acquisition of subsidiary companies	10	(69)
Purchase of plant and equipment	(23)	(106)
Proceeds from disposal of plant and equipment	1	5
Software development expenditure	(3,718)	(12,009)
Net cash used in investing activities	(3,730)	(12,179)
<b>Cash flows from financing activities</b>		
Draw down of trade financing loan	1,311	1,987
Repayment of trade financing loan	(1,082)	-
Net changes in amount due to Directors	(1)	(8)
Repayment of finance lease liabilities	(3)	(110)
Net cash generated from financing activities	225	1,869



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2020<sup>(1)</sup> (CONT'D)**

	12 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Net decrease in cash and cash equivalents	(986)	(3,534)
Effect of exchange translation differences on cash and cash equivalents	21	296
Cash and cash equivalents at the beginning of the financial year	<u>2,679</u>	<u>5,917</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u><u>1,714</u></u>	<u><u>2,679</u></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 Financial Statements for the financial year ended 31 March 2019 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 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 second half-year ended 31 March 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 2019 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 Financial Statements for the financial year ended 31 March 2019.

During the financial year, the Group and the Company have adopted the following new MFRSs, new interpretations and amendments to MFRSs issued by the Malaysian Accounting Standards Board (“**MASB**”) that are mandatory for current financial year:

**MFRSs, interpretations and amendments effective for annual period beginning on or after 1 January 2019:**

MFRS 16 Leases  
IC Interpretation 23 Uncertainty over Income Tax Treatments  
Amendments to MFRS 9 Prepayment Features with Negative Compensation  
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement  
Amendments to MFRS 128 Long-term interests in Associates and Joint Ventures  
Annual Improvements to MFRSs 2014 – 2017 Cycle:  
· Amendments to MFRS 3  
· Amendments to MFRS 11  
· Amendments to MFRS 112  
· Amendments to MFRS 123

The adoption of the new MFRSs, new interpretation and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

**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.

**A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2020 (CONT'D)**

**A5. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in accounting 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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Enterprise solutions	37,401	21,634	55,489	46,018
Infrastructure services	2,019	3,013	4,826	4,456
Digital platform	1,174	8,038	6,287	12,486
Others	-	200	-	200
<b>Total</b>	<b>40,594</b>	<b>32,885</b>	<b>66,602</b>	<b>63,160</b>

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

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Singapore	37,046	21,634	57,063	46,018
Malaysia	2,056	5,168	5,456	7,010
North America	1,136	1,546	2,507	2,355
Hong Kong/China	-	189	441	3,429
Philippines	-	3,000	260	3,000
Others	356	1,348	875	1,348
<b>Total</b>	<b>40,594</b>	<b>32,885</b>	<b>66,602</b>	<b>63,160</b>

**A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2020 (CONT'D)**

**A7. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

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

**A8. CHANGES IN THE COMPOSITION OF THE GROUP**

On 31 March 2020, the Company's wholly-owned subsidiary, Pro-Datech Systems Pte. Ltd., completed the acquisition of 99% equity interest in PT. Prodatech Solusi Indonesia for a consideration of IDR2,475,000,000 (approximately RM654,000). PT. Prodatech Solusi Indonesia is principally involved in sales of computer hardware and software as well as provision of computer system integration and IT infrastructure solution services on a fee or contract basis.

**A9. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

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

**A10. 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 RM66.60 million for the current financial year ended 31 March 2020, as compared to RM63.16 million in the previous financial year, representing an increase of RM3.44 million or 5.4%.

The revenue of the Group for the financial year ended 31 March 2020 can be analysed as follows:

- (i) enterprise solutions business' revenue increased by approximately RM9.47 million or 20.6% as compared to financial year ended 31 March 2019, was mainly attributed to new AI Smart Cloud platform project secured in Singapore;
- (ii) infrastructure services business' revenue increased slightly by approximately RM0.37 million or 8.3% as compared to last financial year; was mainly due to increase in customer demand for network connectivity services in Malaysia; and
- (iii) digital platform business' revenue decreased by RM6.20 million or 49.6% as compared to last financial year, was mainly due to lower spending of IT budgets by our private sector customer during second half of its financial year.

The Group recorded a profit before taxation ("**PBT**") of RM3.30 million for the financial year ended 31 March 2020 as compared to a PBT of RM5.86 million in the previous financial year, representing a decrease of RM2.56 million or 43.6%. The decrease in PBT was mainly due to the lower margin projects secured during the financial year.

b) Current Period vs. Previous Year Corresponding Period

The Group recorded a revenue of RM40.59 million for the current financial period ended 31 March 2020, as compared to RM32.89 million in the previous year corresponding period, representing an increase of RM7.70 million or 23.4% was mainly attributed to new AI Smart Cloud platform project secured in Singapore.

The Group recorded a PBT of RM1.51 million for the current financial period ended 31 March 2020 as compared to RM5.66 million in the previous year corresponding period, representing a decrease of RM4.15 million or 73.3%. The decrease was mainly due to lower margin projects secured during the financial period.

c) Current Period vs. Immediate Preceding Period

The Group recorded a revenue of RM40.59 million for the current financial period ended 31 March 2020, as compared to RM26.01 million in the immediate preceding period, representing an increase of RM14.59 million or 56.1% mainly from the Group's enterprise solutions businesses.

The enterprise solutions business increased by approximately RM19.31 million or 106.8%, which was mainly attributed to new AI Smart Cloud platform project secured in Singapore.

The Group recorded a PBT of RM1.51 million for the current financial period ended 31 March 2020 as compared to RM1.79 million in the immediate preceding period, representing a decrease of RM0.28 million or 15.5% mainly due to lower margin projects secured during the financial period.

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

**B2. PROSPECTS**

In line with our overall strategy, we continue to expand our digital platform services unit, with the Ubertor platform and its expansion to the North America market. In addition, we will also continue to expand our enterprise services unit into AI Smart Cloud platform. These will support our shift to higher margin projects.

The Covid-19 pandemic continues to raise concern and 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 report.

**C2. MATERIAL LITIGATION**

There are no material litigations pending as at the date of this 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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	1,783	5,060	2,790	5,192
Weighted average number of ordinary shares in issue ('000)	831,188	831,188	831,188	813,457
Basic earnings per share (sen)	0.21	0.61	0.34	0.64

The earnings per share for the financial period/year ended 31 March 2020 and 31 March 2019 were computed based on weighted average number of shares adjusted to take into account the issuance of new shares.

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