



CLOUDARON GROUP BERHAD

(Registration No. 201701016516 (1230681-M))

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR
ENDED 31 MARCH 2024**

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 2024⁽¹⁾

	As at 31.03.2024 Unaudited RM'000	As at 31.03.2023 Audited RM'000
ASSETS		
Non-current assets		
Plant and equipment	62	132
Intangible assets	35,006	56,305
Right-of-use assets	22	75
Trade and other receivables	-	2,641
Total non-current assets	35,090	59,153
Current assets		
Contract assets	4,854	2,550
Trade and other receivables	56,304	40,004
Tax recoverable	638	771
Cash and bank balances	7,079	5,597
Total current assets	68,875	48,922
Total assets	103,965	108,075
LIABILITIES AND EQUITY		
Equity		
Share capital	52,643	52,643
Merger reserve	(7,496)	(7,496)
Translation reserve	4,788	4,838
Retained earnings	11,485	28,763
	61,420	78,748
Non-controlling interest	1,729	1,513
Total equity	63,149	80,261
Non-current liabilities		
Lease liabilities	24	30
Borrowing	338	2,574
Deferred tax liabilities	245	289
Total non-current liabilities	607	2,893
Current liabilities		
Contract liabilities	6,590	4,326
Trade and other payables	31,231	18,183
Lease liabilities	6	54
Borrowing	2,271	2,250
Tax payable	111	108
Total current liabilities	40,209	24,921
Total liabilities and equity	103,965	108,075

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024⁽¹⁾ (CONT'D)

	As at 31.03.2024	As at 31.03.2023
	Unaudited	Audited
	RM'000	RM'000
Net assets per share (sen)⁽²⁾	7.60	9.66

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 2023 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 2024⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	49,641	58,553	163,759	103,849
Cost of sales	(39,581)	(52,577)	(147,243)	(90,790)
Gross profit	10,060	5,976	16,516	13,059
Other income	856	959	1,371	996
Administrative expenses	(7,155)	(9,833)	(11,841)	(14,591)
Selling and distribution expenses	897	745	(82)	(26)
Impairment loss on financial assets	(6,078)	(232)	(6,114)	(233)
Impairment loss on goodwill	(17,755)	-	(17,755)	-
Finance costs	(144)	(180)	(267)	(337)
Profit / (Loss) before taxation	(19,319)	(2,565)	(18,172)	(1,132)
Taxation	230	49	(262)	74
Net profit / (Loss) for the financial period	(19,089)	(2,516)	(18,434)	(1,058)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Exchange translation differences for foreign operations	378	1,673	1,322	3,649
Total comprehensive income for the financial period	(18,711)	(843)	(17,112)	2,591
Net profit / (loss) attributable to:				
Owners of the Company	(19,217)	(2,623)	(18,562)	(1,165)
Non-controlling interest	128	107	128	107
Net profit / (loss) for the financial period	(19,089)	(2,516)	(18,434)	(1,058)
Total comprehensive income attributable to:				
Owners of the Company	(18,927)	(1,052)	(17,328)	2,382
Non-controlling interest	216	209	216	209
Total comprehensive income for the financial period	(18,711)	(843)	(17,112)	2,591
Earnings per ordinary share ("EPS") (sen):				
- Basic	(2.31)	(0.32)	(2.23)	(0.14)
- Diluted	(2.31)	(0.32)	(2.23)	(0.14)

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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 2023 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 2024⁽¹⁾

	← 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 2023	52,643	(7,496)	4,838	28,763	1,513	80,261
Total comprehensive income for the financial period						
Loss for the financial period	-	-	-	(18,562)	128	(18,434)
Other comprehensive income for the financial period	-	-	(50)	1,284	88	1,322
Total	-	-	(50)	(17,278)	216	(17,112)
Transactions with owners, recognised directly in equity	-	-	-	-	-	-
Balance at 31 March 2024	52,643	(7,496)	4,788	11,485	1,729	63,149

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2024⁽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 2022	52,643	(7,496)	1,291	29,928	1,304	77,670
Total comprehensive income for the financial period						
Profit for the financial period	-	-	-	(1,165)	107	(1,058)
Other comprehensive income for the financial period	-	-	3,547	-	102	3,649
Total	-	-	3,547	(1,165)	209	2,591
Transactions with owners, recognised directly in equity	-	-	-	-	-	-
Balance at 31 March 2023	52,643	(7,496)	4,838	28,763	1,513	80,261

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 2023 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 2024⁽¹⁾

	12 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before taxation	(18,172)	(1,132)
Adjustments for:		
Amortisation of intangible assets	2,128	1,195
Depreciation of property, plant and equipment	87	63
Depreciation of right-of-use assets	47	77
Bad debts written off	96	432
Loss on disposal of intangible assets	-	268
Finance costs	214	337
Interest income	(907)	(137)
Impairment loss on trade receivables	3,753	-
Impairment loss on goodwill	17,755	-
Reversal of impairment losses on trade receivables	-	233
Unrealised gain on foreign exchange	-	(476)
Waiver on amount due to trade payables	-	(83)
	<u>5,001</u>	<u>777</u>
Operating profit before working capital changes		
Changes in working capital		
Contract assets/liabilities	(83)	(144)
Contract costs	(34)	(245)
Trade and other receivables	(16,495)	(418)
Trade and other payables	12,327	(6,706)
Cash (used in)/generated from operations	716	(6,736)
Income tax refunded	104	14
Income tax paid	(260)	(177)
Interest received	907	137
Interest paid	-	(337)
Net cash (used in)/generated from operating activities	<u>1,467</u>	<u>(7,099)</u>
Cash flows from investing activities		
Proceeds from disposal of intangible assets	-	10,588
Purchase of property, plant and equipment	(7)	(113)
Net cash used in investing activities	<u>(7)</u>	<u>10,475</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2024⁽¹⁾ (CONT'D)

	12 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Cash flows from financing activities		
Net changes in amount due to Directors	(224)	(285)
Repayments of lease liabilities	(56)	(66)
Repayment of term loans	(2,155)	(2,098)
Interest paid	(212)	-
Net cash generated from/(used in) financing activities	<u>(2,647)</u>	<u>(2,449)</u>
Net increase/(decrease) in cash and cash equivalents	(1,187)	927
Effect of exchange translation differences on cash and cash equivalents	2,729	79
Cash and cash equivalents at beginning of the financial year	<u>5,537</u>	<u>4,531</u>
Cash and cash equivalents at end of the financial year	<u>7,079</u>	<u>5,537</u>
Represented by:		
Cash and bank balances	7,079	5,597
Bank overdraft	-	(60)
	<u>7,079</u>	<u>5,537</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 2023 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 2024

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 2024 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 2023 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 2023 except for the following:

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 112 International Tax Reform – Pillar Two Model Rules 2023	1 January 2023

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

Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121 Lack of Exchangeability	1 January 2025
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 2024 (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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Enterprise solutions	25,641	18,009	35,800	29,457
Infrastructure services	1,099	1,204	2,238	2,509
Digital platforms	22,901	39,340	125,721	71,883
Total	49,641	58,553	163,759	103,849

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 MARCH 2024 (CONT'D)

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

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Singapore	36,262	46,194	146,264	66,479
Malaysia	12,548	7,407	15,666	31,271
People's Republic of China	-	3,800	-	3,800
North America	831	753	1,829	1,900
Thailand	-	393	-	393
Others	-	6	-	6
Total	49,641	58,553	163,759	103,849

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 RM163.76 million for the current financial year ended 31 March 2024, as compared to RM103.85 million in the previous financial year, representing an increase of RM59.91 million or 57.69%.

The revenue increase is primarily driven by the digital platform business, which grew by approximately RM53.84 million or 74.9% compared to the previous financial year. This growth is mainly attributed to new projects.

The Group recorded an exceptional loss before taxation (“LBT”) of RM18.17 million for the financial year ended 31 March 2024 as compared to an LBT of RM1.13 million in the previous financial year. This represents an increase of RM17.04 million or 1,508.0%.

The exceptional increase in LBT was mainly due to a non-cash goodwill impairment of RM17.75 million and a trade receivables impairment of RM3.75 million. However, excluding these impairments, the Group delivered a resilient performance, recording a profit before tax of RM3.33 million, driven by increased revenue from the digital platform business.

b) Current Period vs. Previous Year Corresponding Period

The Group recorded a revenue of RM49.64 million for the current financial period ended 31 March 2024, as compared to RM58.55 million in the previous year corresponding period, representing a decrease of RM8.91 million or 15.2% mainly due to securing fewer projects.

The Group recorded an LBT of RM19.32 million for the current financial period as compared to an LBT of RM2.57 million in the previous year corresponding period. This increase of RM16.75 million or 651.8%, is mainly due to non-cash impairments on goodwill and trade receivables, as mentioned above.

c) Current Period vs. Immediate Preceding Period

The Group recorded revenue of RM49.64 million for the current financial period ended 31 March 2024, compared to RM114.12 million in the immediate preceding period. This represents a decrease of RM64.48 million or 56.5%, mainly due to securing fewer projects.

The Group recorded an LBT of RM19.32 million for the current financial period as compared to a profit before tax (“PBT”) of RM1.15 million in the immediate preceding period. This represents a decrease of RM20.47 million or 1,780.0%, mainly due to non-cash impairments on goodwill and trade receivables, as mentioned above.

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

On 19 December 2023, the Company announced that it had entered into a share sale agreement (“SSA”) with Solsisnet Sdn. Bhd. (Registration No. 198801002561(169918-P)) (“Purchaser”), a wholly-owned subsidiary of Dataprep Holdings Bhd. (Registration No. 198901005754 (183059-H)) (“Dataprep”) for the proposed disposal of 70,000 ordinary shares of DACS Network Solutions Sdn. Bhd. (“Dacs Network” or “the Company”), representing 70% equity in Dacs Network for a total disposal consideration of RM10,500,000.00 (“Disposal Consideration”) to be satisfied via issuance of 82,677,165 new ordinary shares in Dataprep (“Dataprep Shares” or “Shares”) (“Consideration Shares”) at an issue price of RM0.1270 per Consideration Shares.

Save for the proposed share sale, there were no other corporate proposals which have been announced but pending completion as of the date of this 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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	(19,217)	(2,623)	(18,562)	(1,165)
Weighted average number of ordinary shares in issue ('000)	831,188	831,188	831,188	831,188
Basic earnings per share (sen)	(2.31)	(0.32)	(2.23)	(0.14)

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