The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR")

8 December 2016

CSF Group plc
(“CSF” or “the Group”)

HALF-YEAR RESULTS
For the six months ended 30 September 2016

CSF Group plc (AIM: CSFG), a leading provider of data centre facilities and services in South East Asia and the largest provider of data centre services in Malaysia, today announces its unaudited half-year results for the six months ended 30 September 2016.

Financial highlights:

- Group revenue of RM37.4m (£7.0m*) (H1 2016#: RM34.1m (£6.4m*)).
- Lower gross loss margin of 7.3% (H1 2016#: gross loss margin of 66.2%).
- Loss before tax of RM6.2m* (£1.2m*) (H1 2016#: profit before tax of RM1.8m** (£0.3m*)).
- Earnings per share: loss of 4.46 sen (0.83p*) per share (H1 2016#: earnings of 0.72 sen (0.14p*) per share).
- Net cash generated from operating activities of RM0.6m (£0.1m*), mainly due to improved collection of overdue receivables (H1 2016#: net operating cash outflow of RM6.6m (£1.2m*)).
- Closing cash and cash equivalents position as at 30 September 2016 of RM42.0m (£7.8m*) (31 March 2016: RM43.6m (£8.1m*)).
- Net liabilities as at 30 September 2016 of RM27.5m (£5.1m*) (31 March 2016: RM20.1m (£3.8m*)).

Operational highlights:

- Ongoing fit-out works for a new tenancy contract at CX2 for commencement in H2 2017.
- Enhancing the connectivity at CX1, CX2 and CX5 to create additional revenue streams and provide additional opportunities for marketing the Group’s data centres.
- The debt settlement agreement has been finalised with the freeholder of CX1, CX2 and CX5 whilst the supplemental lease agreements are being finalised, to improve operating cash flow.
- Continuing to focus, pursue and follow up on a pipeline of potential customers and marketing activities.

* *The proforma balances in pounds Sterling are included solely for convenience. The proforma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all current and prior year balances being translated from Malaysian Ringgits into pounds Sterling at the rate prevailing on 30 September 2016 of RM5.3602 : £1.00. This translation should not be construed as meaning that the Malaysian Ringgit amounts actually represent, have been, or could be converted into the stated number of pounds Sterling.*

** *Includes a reversal and utilisation of provision for onerous leases of RM23.0m (£4.3m*) and reversal of impairment of tangible assets of RM13.1m (£2.4m*).*

The 6-month financial period from 1 April 2015 to 30 September 2015.

For further information:

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Phil Cartmell, Chairman

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Nick Naylor / Alex Brearley

CHAIRMAN'S STATEMENT

Overview of the six months ended 30 September 2016

The Group continued to incur a gross loss during the six months ended 30 September 2016, as both the CX2 and CX5 data centres have not yet attained an optimum level of occupancy. Fit-out works for a new tenancy contract are ongoing, but will only start to generate rental revenue in the second half of the 2017 financial year.

The loss before tax for the six month period was RM6.2m (£1.2m*), compared to the profit before tax in the corresponding period in the previous financial year of RM1.8m (£0.3m*). This was mainly due to the inclusion of the following items in the results for the previous six month period:

(i) reversal and utilisation of a provision of onerous lease of RM23.0m (£4.3m*); and

(ii) reversal of impairment of tangible assets of RM13.1m (£2.4m*).

As at 30 September 2016, the Group had cash and cash equivalents of RM42.0m (£7.8m*) (31 March 2016: RM43.6m (£8.1m*)). This represents cash that is available to the Group, and excludes restricted cash items, such as deposits held on behalf of the Company's Employee Benefit Trust.

Progress with the restructuring of the lease rental payments has, to a certain extent, reduced the burden on operating cash flow, thereby allowing the Group to focus on securing new tenancy contracts. The Group has executed a debt settlement agreement with the freeholder of CX1, CX2 and CX5 and is in the process of finalising revised lease agreements. The Board looks forward to making further announcements in respect of formal revised lease agreements as and when appropriate.

Current trading

As highlighted in the Group's results for the year ended 31 March 2016, which were announced in July 2016, the Group remains focused on filling the remaining capacity at its CX2 and CX5 data centres. It has also undertaken a number of strategic initiatives to improve its cash reserves, secure new customers, create additional revenue streams and strive to improve operational efficiency in order to reduce costs.

The Board has also recently undertaken an internal strategic review of the Group's assets and subsidiaries, in order to examine alternative operating structures for the Group's overall business. This process is ongoing.

Outlook

The Board and management team remains focused on its key strategies, as outlined above, and on pursuing the pipeline of potential customers and business alliances. An update will be made to shareholders on this progress in due course.

Dividends

The Board does not propose any payment of dividends in respect of the six month period ended 30 September 2016.

Phil Cartmell
Chairman
CSF Group plc

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CHIEF FINANCIAL OFFICER'S REVIEW

Introduction

The Group recorded basic earnings per share ("EPS") loss of 4.46 sen (0.83p*) (H1 2016: profit of 0.72 sen (0.14 p*)).

Financial results

			Proforma	
	6 months ended 30 September 2016 RM'000 (unaudited)	**6 months ended 30 September 2015 RM'000 (unaudited)**	**6 months ended 30 September 2016 £'000 (unaudited)**	**6 months ended 30 September 2015 £'000 (unaudited)**
Total Group revenue	**37,448**	**34,072**	**6,986**	**6,356**
Gross loss	(2,731)	(22,550)	(510)	(4,207)
Other operating income	95	8	18	1
Administrative expenses	(8,258)	(8,088)	(1,541)	(1,509)
Bad debts written off	-	(51)	-	(10)
Net allowance for doubtful debts	757	(1,160)	141	(216)
Reversal of impairment of tangible assets	-	13,100	-	2,444
Reversal of restructuring cost	332	-	62	-
Reduction of contingent consideration	-	950	-	177
Provision for onerous leases	11,738	23,025	2,190	4,296
Profit from operations	**1,933**	**5,234**	**360**	**976**
Net finance income / (cost)	(882)	369	(164)	69
Unwinding of discounts on provision	(7,238)	(3,825)	(1,350)	(714)
Loss / (profit) before tax	**(6,187)**	**1,778**	**(1,154)**	**331**
Tax	(949)	(619)	(177)	(115)
Loss / (profit) for the financial period	**(7,136)**	**1,159**	**(1,331)**	**216**
Foreign currency translation	(237)	(704)	(44)	(131)
Total comprehensive (loss) / income for the period	**(7,373)**	**455**	**(1,375)**	**85**
Basic (LPS) / EPS	(4.46 sen)	0.72 sen	(0.83p)	0.14p

Revenue

			Proforma	
	6 months ended 30 September 2016 RM'000 (unaudited)	6 months ended 30 September 2015 RM'000 (unaudited)	6 months ended 30 September 2016 £'000 (unaudited)	6 months ended 30 September 2015 £'000 (unaudited)
Data centre rental income	33,101	26,826	6,175	5,005
Maintenance income	3,356	4,794	626	894
	36,457	31,620	6,801	5,899
Design and fit-out of data centre facilities	991	2,452	185	457
Total Group revenue	**37,448**	**34,072**	**6,986**	**6,356**

Data centre rental revenue increased by 23.4% from RM26.8m (£5.0m*) in H1 2016 to RM33.1m (£6.2m*) in the six months under review, mainly due to the commencement of two new tenancy contracts at CX5 which commenced in July 2015 and October 2015 respectively. The aforementioned contracts were signed several months before the commencement of the respective tenancy periods as fit-out works had to be carried out before the customers commence to pay rental.

The decrease in maintenance revenue by RM1.4m (£0.3m*) was mainly attributable to the non-renewal of a comprehensive maintenance contract which expired in H1 2016.

Gross loss margin

The Group incurred a lower gross loss margin of 7.3% (H1 2016: gross loss margin of 66.2%), mainly due to lower lease rental expenses on CX1, CX2 and CX5 resulting from the restructuring of the lease rental payments with the freeholder, effective from January 2016.

Profit from operations

Profit from operations for the financial period amounted to RM1.9m** (£0.4m*) (H1 2016: RM5.2m (£1.0m*)). The profit in H1 2016 was mainly attributable to a reversal and utilisation of a provision for onerous leases of RM23.0m (£4.3m*) and reversal of impairment of tangible assets of RM13.1m (£2.4m*).

Cash and working capital

As at 30 September 2016 the Group had cash and cash equivalents (excluding deposits held on behalf of the Employee Benefit Trust) of RM42.0m (£7.8m*). The Group recorded net cash generated from operating activities of RM0.6m (£0.1m*), compared to a net operating cash outflow of RM6.6m (£1.2m*) in H1 2016, which was mainly due to improved collection of overdue receivables.

The net cash outflow generated from investing activities of RM1.5m (£0.3m*) was mainly due to the purchase of additional plant and equipment of RM2.1m (£0.4m) for the refurbishment and the upgrading of infrastructure at CX1 and CX2.

Critical accounting judgment and key sources of estimation uncertainty

The areas of critical accounting judgment and key sources of estimation uncertainty as disclosed on pages 37 to 39 of the Group's Annual Report for the year ended 31 March 2016 remain valid for the six months ended 30 September 2016.

Going concern

These financial statements have been prepared on a going concern basis. The directors' consideration of going concern and the associated uncertainties are provided in Note 1 (below).

Lee King Loon
Chief Financial Officer
CSF Group plc

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 30 September 2016

	Note	6 months to 30 September 2016 RM'000 (unaudited)	6 months to 30 September 2015 RM'000 (unaudited)	Proforma 6 months to 30 September 2016 £'000 (unaudited)	Proforma 6 months to 30 September 2015 £'000 (unaudited)
Revenue		37,448	34,072	6,986	6,356
Cost of sales		(40,179)	(56,622)	(7,496)	(10,563)
Gross loss		(2,731)	(22,550)	(510)	(4,207)
Other operating income		95	8	18	1
Administrative expenses		(8,258)	(8,088)	(1,541)	(1,509)
Net allowance for doubtful debts		757	(1,160)	141	(216)
Bad debts written off		-	(51)	-	(10)
Reversal of impairment of tangible assets		-	13,100	-	2,444
Reversal of restructuring cost		332	-	62	-
Reduction of contingent consideration		-	950	-	177
Provision for onerous leases	5	11,738	23,025	2,190	4,296
Total operating expenses		4,569	27,776	852	5,182
Operating profit		1,933	5,234	360	976
Finance income		626	686	117	128
Interest payable on bank loans, overdrafts and finance leases		(1,508)	(317)	(281)	(59)
Unwinding of discounts on provisions		(7,238)	(3,825)	(1,350)	(714)
Finance costs		(8,746)	(4,142)	(1,631)	(773)
(Loss) / profit before tax		(6,187)	1,778	(1,154)	331
Tax		(949)	(619)	(177)	(115)
(Loss) / profit for the financial period		(7,136)	1,159	(1,331)	216
Other comprehensive loss					
Foreign currency translation		(237)	(704)	(44)	(131)
Total comprehensive (loss) / income for the period		(7,373)	455	(1,375)	85
(LPS) / EPS					
- Basic (sen)	6	(4.46)	0.72	(0.83) p	0.14 p
- Diluted (sen)	6	(4.46)	0.72	(0.83) P	0.14 P

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2016

	Note	As at 30 September 2016 RM'000 (unaudited)	As at 31 March 2016 RM'000 (audited)	Proforma As at 30 September 2016 £'000 (unaudited)	Proforma As at 31 March 2016 £'000 (unaudited)
Non-current assets					
Property, plant and equipment		25,140	25,640	4,690	4,783
Interest in associate		-	-	-	-
Other investments		155	155	29	29
Trade and other receivables		323	360	60	67
		25,618	26,155	4,779	4,879
Current assets					
Inventories		1,016	1,781	190	332
Trade and other receivables		55,180	64,503	10,294	12,034
Current tax assets		265	175	49	33
Restricted cash		14,131	14,055	2,636	2,622
Cash and cash equivalents	8	44,269	45,823	8,259	8,549
		114,861	126,337	21,428	23,570
Total assets		140,479	152,492	26,207	28,449
Current liabilities					
Trade and other payables		38,541	44,338	7,190	8,272
Current tax liabilities		1,779	854	332	159
Bank borrowings		916	1,164	171	217
Obligations under finance leases		110	140	21	26
		41,346	46,496	7,714	8,674
Non-current liabilities					
Obligations under finance leases		125	165	23	31
Bank borrowings		-	334	-	62
Trade and other payables		72,876	67,492	13,596	12,593
Deferred tax liabilities		232	232	43	43
Provision for onerous leases	5	53,400	57,900	9,962	10,802
		126,633	126,123	23,624	23,531
Total liabilities		167,979	172,619	31,338	32,205
Net liabilities		(27,500)	(20,127)	(5,131)	(3,756)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2016

	Note	As at 30 September 2016 RM'000 (unaudited)	As at 31 March 2016 RM'000 (audited)	Proforma As at 30 September 2016 £'000 (unaudited)	Proforma As at 31 March 2016 £'000 (unaudited)
Equity/ (deficit)					
Share capital		78,936	78,936	14,726	14,726
Share premium		104,499	104,499	19,495	19,495
Shares held under Employee Benefit Trust		(2,300)	(2,300)	(429)	(429)
Other reserve		(66,153)	(66,153)	(12,342)	(12,342)
Translation reserve		(1,003)	(766)	(187)	(143)
Accumulated loss		(141,479)	(134,343)	(26,394)	(25,063)
Total capital deficit		(27,500)	(20,127)	(5,131)	(3,756)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended 30 September 2016

	6 months ended 30 September 2016 RM'000 (unaudited)	6 months ended 30 September 2015 RM'000 (unaudited)	Proforma 6 months ended 30 September 2016 £'000 (unaudited)	Proforma 6 months ended 30 September 2015 £'000 (unaudited)
Net cash generated from / (used in) operating activities **(Note 7)**	596	(6,601)	111	(1,231)
Investing activities				
Interest received	626	686	117	128
Capital expenditure	(2,084)	(1,485)	(389)	(277)
Repayment of advances from the owner of a development project	-	27,936	-	5,212
Net cash generated from investing activities	(1,458)	27,137	(272)	5,063
Financing activities				
Repayment of obligations under finance leases	(70)	(82)	(13)	(15)
Increase in restricted cash	(76)	(2,339)	(14)	(437)
Repayment of borrowings	(582)	(582)	(109)	(109)
Net cash used in financing activities	(728)	(3,003)	(136)	(561)
Net (decrease) / increase in cash and cash equivalents	(1,590)	17,533	(297)	3,271
Cash and cash equivalents at beginning of financial period **(Note 8)**	43,572	29,182	8,129	5,444
Cash and cash equivalents at end of financial period **(Note 8)**	41,982	46,715	7,832	8,715

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 September 2016

	Share capital RM'000 (unaudited)	Share premium RM'000 (unaudited)	Shares held under Employee Benefit Trust RM'000 (unaudited)	Other reserve RM'000 (unaudited)	Share option reserve RM'000 (unaudited)	Accumulated loss RM'000 (unaudited)	Translation reserve RM'000 (unaudited)	Total RM'000 (unaudited)
At 1 April 2015	78,936	104,499	(2,300)	(66,153)	4,117	(102,134)	(403)	16,562
Profit for the period	-	-	-	-	-	1,159	(704)	455
At 30 September 2015	78,936	104,499	(2,300)	(66,153)	4,117	(100,975)	(1,107)	17,017
At 1 April 2016	78,936	104,499	(2,300)	(66,153)	-	(134,343)	(766)	(20,127)
Loss for the period	-	-	-	-	-	(7,136)	(237)	(7,373)
At 30 September 2016	78,936	104,499	(2,300)	(66,153)	-	(141,479)	(1,003)	(27,500)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 September 2016

	Proforma							
	Share capital £'000 (unaudited)	Share premium £'000 (unaudited)	Shares held under Employee Benefit Trust £'000 (unaudited)	Other reserve £'000 (unaudited)	Share option reserve £'000 (unaudited)	Accumulated loss £'000 (unaudited)	Translation reserve £'000 (unaudited)	Total £'000 (unaudited)
At 1 April 2015	14,726	19,495	(429)	(12,342)	768	(19,054)	(75)	3,089
Profit for the period	-	-	-	-	-	216	(131)	85
At 30 September 2015	14,726	19,495	(429)	(12,342)	768	(18,838)	(206)	3,174
At 1 April 2016	14,726	19,495	(429)	(12,342)	-	(25,063)	(143)	(3,756)
Loss for the period	-	-	-	-	-	(1,331)	(44)	(1,375)
At 30 September 2016	14,726	19,495	(429)	(12,342)	-	(26,394)	(187)	(5,131)

Notes 1 to 10 form an integral part of the condensed consolidated interim financial results.

1. General information

This preliminary announcement of condensed consolidated interim financial results was approved for issue by the Board of Directors on 8 December 2016 and is unaudited.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. In September 2016, the Group published full financial statements for the year ended 31 March 2016 that comply with IFRSs, which were delivered to the Jersey Registrar of Companies in September 2016.

(i) Basis of preparation

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial results have been prepared in accordance with the accounting policies the Group intends to use in preparing its next annual financial statements. The condensed consolidated interim financial results should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

(ii) Proforma

The proforma balances in pounds Sterling are included solely for convenience. The proforma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all current and prior year balances being translated from Malaysian Ringgits into pounds Sterling at the rate prevailing on 30 September 2016 of RM5.3602 : £1.00 This translation should not be construed as meaning that the Malaysian Ringgit amounts actually represent, have been or could be converted into the stated number of pounds Sterling.

(iii) Basis of accounting

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in those financial statements.

Taxes on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

1. General information (Cont'd)

(iv) Forward-looking statements

Certain statements in these condensed consolidated interim financial results are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

(v) Going concern

The Directors have prepared financial projections, including cash flows, for a period up to 31 March 2018. The projections include sensitivity testing to consider a reasonable worst case scenario. Based on these projections and taking into consideration the current financial position of the Group and future capital and lease commitments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. In reaching this conclusion the Directors have paid particular attention to the following factors:

- As at 30 September 2016, the Group's cash and cash equivalents, excluding deposits held on behalf of the Employee Benefit Trust, stand at RM42.0 million;

- The positive progress that is already being made in restructuring the business and the heightened focus on cash management;

- The existing cash reserves of the business, and the fact that the Group has low levels of bank borrowings with low financial covenants;

- The Group's business model is to lease its data centres as opposed to having outright ownership of its data centres. As a result, the Group is committed to regular lease rental payments, which constitute a significant proportion of the Group's cost base. The Group therefore needs to achieve a certain level of tenant occupancy to cover the minimum lease and other costs of ownership of a given data centre;

- The Group has already secured new tenants for part of CX2 and is in active discussions with a number of other potential tenants to secure an adequate level of occupancy;

- The Group has completed the restructuring with the freeholder on the lease rental payments on CX1, CX2 and CX5, with the revised lease rental rates commencing on 1 January 2016 whereby the lease rental payments shall be lower in the earlier years and progressively increasing thereafter. The outstanding lease rental accrued up to 31 December 2015 will be settled over an extended period;

- The funding requirements of existing and proposed new ventures and/or projects.

1. General information (Cont'd)

(v) Going concern (Cont'd)

Given prevailing market conditions and the current levels of occupancy in the Group's data centres, the Group is forecast to continue to make operating losses and have operating cash outflows. The Board is continuing to review the Group's business model with the aim of establishing sustainable profitable trading. Notwithstanding the foregoing, the financial projections show that with the completion of the restructuring of the lease rental commitments, the Group will be able to sustain its working capital requirements for a period of not less than 18 months. However, the Group will need to secure additional revenues in order to achieve a sustainable business model.

Notwithstanding the above and taking into consideration the current financial position, future capital and lease commitments of the Group, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated half-yearly financial statements for the period ended 30 September 2016.

2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets acquired, liabilities incurred or assumed and equity instruments issued at the date of exchange. The excess of acquisition cost over the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill, while the shortfall is immediately credited to the consolidated statement of comprehensive income.

Goodwill is reviewed annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

3. Revenue recognition and contract accounting

Revenue represents amounts receivable for work carried out in the rental of data centre space (including reimbursement for electricity consumed by customers), design and development of data centre facilities and the maintenance of data centres.

Revenue from design and development is recognised in the consolidated statement of comprehensive income based on the stage of completion which is determined based on the contract costs incurred for work performed to date in proportion to the estimated total contract costs and recognised over the period of the activity and in accordance with the underlying contract. Revenue is measured by reference to the fair value of consideration received or receivable from customers. Cost overspends on design and development are recognised as they arise and cost under-spends recognised when it is known with reasonable certainty the final position of the relevant contract. Where design and development projects are in progress and sales invoiced exceed the value of work completed, the excess is shown as deferred income, within other financial assets. When it is probable that total fit-out costs will exceed contract revenue, the expected loss is recognised as an expense immediately.

Income from support and maintenance agreements and the rental of data centre space is recognised on a straight line basis over the period of the related activity. Data centre space is rented out under operating leases.

4. Segment reporting

The management regularly reviews segment information based on the key products and services provided to its customers; rental of data centre space, maintenance including support of data centres, and the design and development of data centres.

6 months ended 30 September 2016	**Data centre rental RM'000 (unaudited)**	**Maintenance RM'000 (unaudited)**	**Design and development of data centres RM'000 (unaudited)**	**Consolidated RM'000 (unaudited)**
Revenue	33,101	3,356	991	37,448
Cost of Sales	(38,489)	(1,279)	(411)	(40,179)
Gross (loss) / profit	(5,388)	2,077	580	(2,731)
Other operating income	95	-	-	95
Provision for onerous leases	11,738	-	-	11,738
Administrative cost	(2,368)	(208)	(60)	(2,636)
Write back of doubtful debts	753	-	4	757
Staff costs	(2,717)	(257)	(79)	(3,053)
Segment depreciation	(7)	(6)	(24)	(37)
Segment result	2,106	1,606	421	4,133
Corporate costs				(2,858)
Reversal of restructuring cost				332
Gain on foreign exchange				326
Finance income				626
Finance cost				(8,746)
Loss before tax				(6,187)
Tax				(949)
Loss for the financial period				(7,136)
Other comprehensive loss				
Foreign currency translation				(237)
Total comprehensive loss for the period				(7,373)

4. Segment reporting (continued)

6 months ended 30 September 2015	Data centre rental RM'000 (unaudited)	Maintenance RM'000 (unaudited)	Design and development of data centres RM'000 (unaudited)	Consolidated RM'000 (unaudited)
Revenue	26,826	4,794	2,452	34,072
Cost of Sales	(53,669)	(1,289)	(1,664)	(56,622)
Gross (loss) / profit	(26,843)	3,505	788	(22,550)
Other operating income	6	-	2	8
Provision for onerous leases	23,025	-	-	23,025
Administrative cost	(2,324)	(594)	(169)	(3,087)
Allowance for doubtful debts	(804)	-	(647)	(1,451)
Write back of doubtful debts	-	-	291	291
Bad debts written off	-	-	(165)	(165)
Staff costs	(2,417)	(404)	(129)	(2,950)
Segment depreciation	(10)	(8)	(34)	(52)
Segment result	(9,367)	2,499	(63)	(6,931)
Bad debts written back				114
Corporate costs				(2,809)
Reversal of impairment of tangible assets				13,100
Reduction of contingent consideration				950
Gain on foreign exchange				810
Finance income				686
Finance cost				(4,142)
Profit before tax				1,778
Tax				(619)
Profit for the financial period				1,159
Other comprehensive loss				
Foreign currency translation				(704)
Total comprehensive income for the period				455

5. Provision for onerous leases

Movement in provision for onerous leases	As at 30 September 2016 RM'000 (unaudited)	As at 31 March 2016 RM'000 (audited)
At start of financial period/ year	57,900	61,200
Additional provision	4,350	26,063
Utilisation of provision	(16,088)	(37,013)
Unwinding of discount	7,238	7,650
At end of financial period/ year	53,400	57,900

The Group's business model is to lease data centres and commit to lease rentals and certain other costs of ownership. As such, the Group needs to achieve a certain level of rental income from tenants over the life of the data centre lease such that revenue received will exceed costs.

The provision for onerous leases in the financial statements represents the present value of the future lease payments that the Group is presently obliged to make under non-cancellable operating lease contracts, less revenue expected to be earned on the lease. The estimate may vary as a result of changes in the utilisation of the data centres. The unexpired terms of the leases is 9 years with an option to extend by an additional 16 years.

6. (Loss) / Earnings per share

The calculation for (loss) / earnings per share, based on the weighted average number of shares, is shown in the table below:

	6 months ended 30 September 2016 (unaudited)	6 months ended 30 September 2015 (unaudited)
Net (loss) / profit for the financial period after taxation attributable to members (RM'000)	(7,136)	1,159
Weighted average number of ordinary shares for basic earnings per share ('000)	160,029	160,029
Weighted average number of ordinary shares for diluted earnings per share ('000)	160,029	160,029

The number of ordinary shares for diluted earnings per share is the weighted average number of ordinary shares of CSF Group plc that would have been in issue. The calculation of the diluted earnings per share does not assume conversion, exercise or other issue of potential ordinary shares that would increase the net profit or decrease to the net loss per share. As the Group is currently in a loss making position change the inclusion of potential ordinary shares associated with share options in the diluted loss per share calculation would serve to decrease the net loss per share. On that basis, no adjustment has been made for diluted loss per share.

7. Note to the Cash Flow Statement

	6 months ended 30 September 2016 RM'000 (unaudited)	6 months ended 30 September 2015 RM'000 (unaudited)
(Loss) / profit for the financial period	(7,136)	1,159
Adjustments for:		
Allowance for doubtful debts	-	1,451
Allowance for doubtful debts written back	(757)	(291)
Bad debts written off	-	51
Depreciation of property, plant and equipment	2,586	2,315
Foreign currency translation	(237)	(704)
Interest expense	8,746	4,142
Interest income	(626)	(686)
Reversal of impairment of tangible assets	-	(13,100)
Reduction of contingent consideration	-	(950)
Reversal of restructuring cost	(332)	-
Provision for onerous leases	(11,738)	(23,025)
Tax	949	619
Operating cash outflow before movements in working capital	(8,545)	(29,019)
Decrease / (increase) in inventories	765	(301)
Decrease / (increase) in receivables	10,117	(2,308)
(Decrease) / increase in payables	(1,409)	25,570
Cash generated from / (used in) operations	928	(6,058)
Interest paid	(217)	(317)
Income taxes paid	(115)	(226)
Net cash generated from (used in) operating activities	596	(6,601)

8. Cash and cash equivalents

	As at 30 September 2016 RM'000 (unaudited)	As at 30 September 2015 RM'000 (unaudited)
Cash and cash equivalents- statement of financial position	45,823	31,379
Deposit held on behalf of employee benefit trust	(2,251)	(2,197)
Cash and cash equivalents at beginning of the financial period – cash flow	43,572	29,182

	As at 30 September 2016 RM'000 (unaudited)	As at 31 March 2016 RM'000 (audited)
Cash and cash equivalents- statement of financial position	44,269	45,823
Deposit held on behalf of employee benefit trust	(2,287)	(2,251)
Cash and cash equivalents at the end of the financial period – cash flow	41,982	43,572

9. Dividend

The Board does not propose any payment of dividends in respect of the six month period to 30 September 2016 (H1 2016: Nil).

10. Contingencies

The Group holds a number of guarantees with various banks in respect of banking facilities as follows:

	As at 30 September 2016 RM'000 (unaudited)	As at 31 March 2016 RM'000 (audited)
Banking guarantees	21,487	25,037

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