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")

13 December 2017

CSF Group plc
("CSF" or "the Group")

HALF-YEAR RESULTS
For the six months ended 30 September 2017

CSF Group plc (AIM: CSFG), a provider of data centre facilities and services in South East Asia, today announces its unaudited half-year results for the six months ended 30 September 2017.

Financial highlights:

- Group revenue of RM39.5m (£7.0m*) (H1 2017#: RM37.4m (£6.7m*)). The Group revenue comprises revenue from continuing operations and discontinued operations of RM11.8m (£2.1m*) and RM27.7m (£4.9m*), respectively.

- The gross profit margin from continuing operations of 13.5% and gross loss margin from discontinued operations of 24.4%, giving rise to an overall higher gross loss margin of 10.9% (H1 2017#: gross loss margin of 7.3%).

- Loss before tax of RM13.3m* (£2.4m*) (H1 2017#: loss before tax of RM6.2m** (£1.1m*)). The loss before tax comprises profit before tax from continuing operations of RM2.0m (£0.3m*) and loss before tax from discontinued operations of RM15.3m (£2.7m*)

- Earnings per share: loss of 8.75 sen (1.56p*) per share (H1 2017#: loss of 4.46 sen (0.79p*) per share).

- Net cash generated from operating activities of RM4.3m (£0.8m*), mainly due to the deferment of lease rental payments during the negotiations relating to the disposal of CSF CX Sdn Bhd as discussed under "Operational highlights" below (H1 2017#: net operating cash inflow of RM0.6m (£0.1m*)).

- Closing unrestricted cash position as at 30 September 2017 of RM60.8m (£10.8m*) (31 March 2017: RM58.0m (£10.3m*)).

- Net liabilities as at 30 September 2017 of RM69.1m (£12.3m*) (31 March 2017: RM55.2m (£9.8m*)).

Operational highlights:

- Entered into a Share Purchase Agreement (the "Share SPA") on 28 September 2017 to dispose of CSF CX Sdn Bhd (the "Disposal"), the tenant and operator of the Group's CX2 and CX5 data centres. Pursuant to the Share SPA, the transfer of the Group's shareholdings in CSF CX to the Purchaser ("Share Transfer") has occurred. As announced on 1 November 2017, the completion of the Share SPA remains conditional upon a number of outstanding conditions being satisfied including, *inter alia*, the receipt of various regulatory consents and certain restructuring activities being undertaken in CSF CX following the Share Transfer.

- Continuing to work with the Purchaser of CSF CX towards achieving completion of the Share SPA.

- Continuing to focus, pursue and follow up on a pipeline of potential customers and marketing activities in the Company's remaining business.

- Undertaken an internal strategic review of the Group's remaining assets and subsidiaries, in order to examine alternative operating structures for the Group's overall business. This process is ongoing; and

- Re-organisation of the Group's management to increase focus on the maintenance and data centre design and development business, the provision of data centre services via our CX1 data centre, and corporate advisory business.

* *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 2017 of RM5.6213 : £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 RM11.70m (£2.1m*) and provision for doubtful debts of RM0.8m (£0.1m*).*

\# *The 6-month financial period from 1 April 2016 to 30 September 2016.*

For further information:

CSF Group plc Phil Cartmell, Chairman	+603 8318 1313
Allenby Capital Limited (Nominated Adviser & Broker) Nick Naylor / Alex Brearley	+44 (0)20 3328 5656

CHAIRMAN'S STATEMENT

Overview of the six months ended 30 September 2017

The Group entered into a Share Purchase Agreement (the "**Share SPA**") on 28 September 2017 to dispose of CSF CX (the "**Disposal**") and is working with the Purchaser to fulfill the remaining conditions to the agreement. The Board expects that the Disposal will improve the Group's financial position, principally due to the elimination of the net liabilities of CSF CX and the elimination of the Group's obligations on the leases payable, and the return of cash deposits pledged for banking facilities and rental deposits (approximately RM6m (£1.1m*)) in connection with CX2 and CX5. As noted below, the revenue attributable to CSF CX for the period under review has been classified as revenue from discontinued operations and amounts to RM27.7m. On this basis, and barring any significant increases in the revenue from the Group's remaining businesses, the Group's revenue is expected to be significantly lower after the completion of the Disposal. The Group intends to apply the returned cash deposits towards its working capital.

The Group and the Purchaser continue to work together towards achieving completion of the Disposal, which is expected to occur within a deadline that falls in early May of 2018.

The Group's unaudited half-year results are presented in a form that segregates continuing operations and discontinued operations. The results from discontinued operations refer to the financial results of CSF CX, which is in the process of being disposed, as elaborated above. Consequently, the assets and liabilities of CSF CX are classified as assets and liabilities held for sale on the balance sheet.

The Group continued to incur a gross loss (comprising gross profit of RM5.4m (£1.0m*) from continuing operations and gross loss of RM9.7m (£1.7m*) from discontinued operations) during the six months ended 30 September 2017, as both the CX2 and CX5 data centres have not yet attained an optimum level of occupancy.

Loss for the financial period (comprising profit from continuing operations of RM1.3m (£0.2m*) and loss from discontinued operations of RM15.3m (£2.7m*)) amounted to RM14.0m** (£2.5m*) (H1 2017: RM7.1m (£1.3m*) comprising profit from continuing operations of RM1.4m (£0.2m*) and loss from discontinued operations of RM8.5m (£1.5m*)). The lower loss in H1 2017 was mainly attributable to a net reversal of provision for onerous leases of RM11.7m (£2.1m*), a net reversal of allowance for doubtful debts of RM0.8m (£0.1m*) and a reversal of restructuring costs of RM0.3m (£0.05m*).

As at 30 September 2017, the Group had cash and cash equivalents of RM60.8m (£10.8m*) (31 March 2017: RM58.0m (£10.3m*)). This represents the cash that is available to the Group, and excludes restricted cash items, such as fixed deposits pledged for banking facilities and deposits held on behalf of the Company's Employee Benefit Trust.

Current trading

As highlighted in the Group's results for the year ended 31 March 2017, which were announced in September 2017, the Group continues to follow-up on a number of key strategic initiatives and pursue a pipeline of potential customers and business alliances, and remains focused on these plans going forward.

The Board and management will continue to implement measures to reduce the burn rate of the Group's cash reserves. The Board will continue to ensure that there is no significant cash outlay other than the sums required to cover the committed lease rentals and other necessary operating overheads, subject to any further capital or operating expenditure that may be required in relation to tenancy contracts.

The Board and management have also undertaken a number of strategic initiatives to seek to improve the Group's 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 remain focused on completing the Disposal and in implementing 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 2017.

Phil Cartmell
Chairman
CSF Group plc

* *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 2017 of RM5.6213 : £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 RM11.70m (£2.1m*) and provision for doubtful debts of RM0.8m (£0.1m*).*

CHIEF FINANCIAL OFFICER'S REVIEW

Introduction

The Group recorded basic loss per share ("LPS") of 8.75 sen (1.56p*) (H1 2017: 4.46 sen (0.79p*)).

Financial results

			Proforma	
	6 months ended 30 September 2017 RM'000 (unaudited)	**6 months ended 30 September 2016 RM'000 (unaudited)**	**6 months ended 30 September 2017 £'000 (unaudited)**	**6 months ended 30 September 2016 £'000 (unaudited)**
Group revenue from continuing operations	11,858	13,882	2,109	2,470
Revenue from discontinued operations	27,684	23,566	4,925	4,192
Total Group revenue	**39,542**	**37,448**	**7,034**	**6,662**
Continuing Operations:				
Gross profit	5,352	7,005	952	1,246
Other operating income	734	-	131	-
Administrative expenses	(4,878)	(5,624)	(867)	(1,000)
Net allowance for doubtful debts	257	33	46	6
Reversal of restructuring costs	-	332	-	59
Operating profit from continuing operations	**1,465**	**1,746**	**262**	**311**
Net finance income	673	605	120	108
Foreign exchange losses	(126)	-	(22)	-
Profit before tax of continuing operations	**2,012**	**2,351**	**360**	**419**
Tax	(712)	(949)	(127)	(169)
Profit from continuing operations	**1,300**	**1,402**	**233**	**250**
Discontinued Operations:				
Gross loss	(9,664)	(9,736)	(1,719)	(1,732)
Other operating income	36	95	6	17
Administrative expenses	(2,837)	(2,634)	(505)	(469)
Allowance for doubtful debts	(546)	724	(97)	128
Provision for onerous leases	3,140	11,738	559	2,088
Operating (loss) / profit from discontinued operations	(9,871)	187	(1,756)	32
Net finance cost	(5,439)	(8,725)	(968)	(1,552)
Loss from discontinued operations	**(15,310)**	**(8,538)**	**(2,724)**	**(1,520)**
Loss for the financial period	**(14,010)**	**(7,136)**	**(2,491)**	**(1,270)**
Foreign currency translation	102	(237)	18	(42)
Total comprehensive loss for the period	**(13,908)**	**(7,373)**	**(2,473)**	**(1,312)**
Basic EPS for continuing operations	0.81 sen	0.88 sen	0.14p	0.16p
Basic LPS for discontinued operations	(9.56 sen)	(5.34 sen)	(1.70p)	(0.95p)
Basic LPS for the Group	**(8.75 sen)**	**(4.46 sen)**	**(1.56p)**	**(0.79p)**

Revenue

			Proforma	
	6 months ended 30 September 2017 RM'000 (unaudited)	6 months ended 30 September 2016 RM'000 (unaudited)	6 months ended 30 September 2017 £'000 (unaudited)	6 months ended 30 September 2016 £'000 (unaudited)
Data centre rental income				
- Continuing operations	6,063	9,535	1,078	1,696
- Discontinued operations	27,684	23,566	4,925	4,192
Total data centre rental income	**33,747**	**33,101**	**6,003**	**5,888**
Maintenance income	2,989	3,356	532	597
Sub-total	**36,736**	**36,457**	**6,535**	**6,486**
Design and fit-out of data centre facilities	2,531	991	450	176
Consultancy	275	-	49	-
Total Group revenue	**39,542**	**37,448**	**7,034**	**6,662**

Data centre rental revenue increased by 1.9% from RM33.1m (£5.9m*) in H1 2017 to RM33.7m (£6.0m*) in the six months under review, mainly due to the increase in consumption of electricity by certain customers. There have not been any significant tenancy contracts won or lost during the period under review.

The decrease in maintenance revenue by RM0.4m (£0.07m*) was mainly attributable to the non-renewal of certain maintenance contracts which expired during H1 2017.

Gross profit / (loss) margin

In respect of the continuing operations, the Group recorded a lower gross profit margin of 46.2% compared to 50.5% in H1 2017, mainly due to lower data centre rental income from the CX1 data centre, and lower maintenance revenue. The lower data centre revenue from CX1 was mainly due to the downward revision of rental rates upon the renewal of tenancy agreements with certain customers. In respect of the discontinued operations, the Group incurred a lower gross loss margin of 34.9% (H1 2017: gross loss margin of 41.3%) mainly due to higher data centre rental income from the CX2 and CX5 data centres from increased occupancy.

(Loss) / Profit from operations

In respect of the continuing operations, the Group's profit was similar to that of the corresponding period.

In respect of the discontinued operations, the Group incurred a loss of RM15.3m (£2.7m*) compared to a loss of RM8.5m (£1.5m*) in the corresponding period, mainly due to the following factors:

(i) net increase in allowance for doubtful debts of RM0.55m (£0.1m*) as compared to a net decrease in allowance for doubtful debts of RM0.72m (£0.13m*), representing an adverse variance of RM1.27m (£0.23m*);

(ii) reversal of restructuring costs in the corresponding period of RM0.3m (£0.06m*) which did not recur in the current period;

(iii) the lower net utilisation of provisions for onerous leases of RM3.1m (£0.6m*) as compared to RM11.7m (£2.1m*) in the corresponding period, which led to an adverse variance of RM8.6m (£1.5m*); and

(iv) lower net finance cost of RM5.4m (£0.97m*) as compared to RM8.7m (£1.55m*) in the corresponding period, a favorable variance of RM3.3m (£0.58m*).

Cash and working capital

As at 30 September 2017 the Group had cash and cash equivalents (excluding fixed deposits pledged for banking facilities and deposits held on behalf of the Employee Benefit Trust) of RM60.8m (£10.8m*). The Group recorded net cash generated from operating activities of RM4.3m (£0.8m*), compared to a net operating cash inflow of RM0.6m (£0.1m*) in H1 2017. The higher net cash generated from operating activities is mainly due to the deferment of lease rental payments during the negotiations relating to the disposal of CSF CX Sdn Bhd as elaborated in Note 8 below.

The net cash outflow from investing activities of RM1.7m (£0.3m*) was mainly due to the purchase of additional plant and equipment of RM2.5m (£0.5m*) for the refurbishment and the upgrading of infrastructure at CX1, CX2 and CX5.

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 38 to 40 of the Group's Annual Report for the year ended 31 March 2017 remain valid for the six months ended 30 September 2017.

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.

Lee King Loon
Chief Financial Officer
CSF Group plc

* *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 2017 of RM5.6213 : £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.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 30 September 2017

	Note	6 months to 30 September 2017 RM'000 (unaudited)	6 months to 30 September 2016 RM'000 (unaudited)	Proforma 6 months to 30 September 2017 £'000 (unaudited)	Proforma 6 months to 30 September 2016 £'000 (unaudited)
Continuing operations:					
Revenue		11,858	13,882	2,109	2,470
Cost of sales		(6,506)	(6,877)	(1,157)	(1,224)
Gross loss		5,352	7,005	952	1,246
Other operating income		734	-	131	-
Administrative expenses		(4,878)	(5,624)	(867)	(1,000)
Net allowance for doubtful debts		257	33	46	6
Reversal of restructuring costs		-	332	-	59
Total operating expenses		(4,621)	(5,259)	(821)	(935)
Operating profit		1,465	1,746	262	311
Finance income		680	624	121	111
Finance costs		(7)	(19)	(11)	(3)
Foreign exchange losses		(126)	-	(22)	-
Profit before tax		2,012	2,351	360	419
Tax		(712)	(949)	(127)	(169)
Profit from continuing operations		1,300	1,402	233	250
Loss from discontinued operations	6	(15,310)	(8,538)	(2,724)	(1,312)
Loss for the financial period		(14,010)	(7,136)	(2,491)	(1,270)
Other comprehensive income / (loss)					
Foreign currency translation		102	(237)	18	(42)
Total comprehensive loss for the period		(13,908)	(7,373)	(2,473)	(1,312)
Earnings per share for continuing operations					
- Basic (sen)	7	0.81	0.88	0.14p	0.16p
- Diluted (sen)	7	0.81	0.88	0.14p	0.16p
Loss per share for discontinued operations					
- Basic (sen)	7	(9.56)	(5.34)	(1.70)p	(0.95)p
- Diluted (sen)	7	(9.56)	(5.34)	(1.70)p	(0.95)p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2017

	Note	As at 30 September 2017 RM'000 (unaudited)	As at 31 March 2017 RM'000 (audited)	Proforma As at 30 September 2017 £'000 (unaudited)	Proforma As at 31 March 2017 £'000 (unaudited)
Non-current assets					
Property, plant and equipment		2,619	27,318	466	4,860
Other investments		21	20	4	4
Trade and other receivables		123	210	22	37
Deferred tax asset		137	137	24	24
		2,900	27,685	516	4,925
Current assets					
Inventories		719	667	128	119
Trade and other receivables		4,907	39,209	873	6,975
Current tax assets		373	329	66	59
Restricted cash		3,782	14,056	673	2,500
Cash and cash equivalents	10	62,997	60,313	11,207	10,729
Assets classified as held for sale	8	64,657	-	11,502	-
		137,435	114,574	24,449	20,383
Total assets		140,335	142,259	24,964	25,307
Current liabilities					
Trade and other payables		19,670	42,134	3,499	7,495
Bank borrowings		986	1,260	175	224
Obligations under finance leases		-	50	-	9
Liabilities directly associated with assets classified as held for sale	8	187,174	-	33,297	-
		207,830	43,444	36,971	7,728
Non-current liabilities					
Obligations under finance leases		-	100	-	18
Trade and other payables		1,641	80,643	292	14,346
Provision for onerous leases	5	-	73,300	-	13,040
		1,641	154,043	292	27,404
Total liabilities		209,471	197,487	37,263	35,132
Net liabilities		(69,136)	(55,228)	(12,299)	(9,825)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
As at 30 September 2017

	Note	As at 30 September 2017 RM'000 (unaudited)	As at 31 March 2017 RM'000 (audited)	Proforma As at 30 September 2017 £'000 (unaudited)	Proforma As at 31 March 2017 £'000 (unaudited)
Equity / (deficit)					
Share capital		78,936	78,936	14,042	14,042
Share premium		104,499	104,499	18,590	18,590
Shares held under Employee Benefit Trust		(2,300)	(2,300)	(409)	(409)
Other reserve		(66,153)	(66,153)	(11,768)	(11,768)
Translation reserve		(1,144)	(1,246)	(204)	(222)
Accumulated loss		(182,974)	(168,964)	(32,550)	(30,058)
Total capital deficit		(69,136)	(55,228)	(12,299)	(9,825)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended 30 September 2017

	6 months ended 30 September 2017 RM'000 (unaudited)	6 months ended 30 September 2016 RM'000 (unaudited)	Proforma 6 months ended 30 September 2017 £'000 (unaudited)	Proforma 6 months ended 30 September 2016 £'000 (unaudited)
Net cash generated from operating activities **(Note 9)**	4,298	596	765	106
Investing activities				
Interest received	838	626	149	111
Capital expenditure	(2,541)	(2,084)	(452)	(371)
Net cash used in investing activities	(1,703)	(1,458)	(303)	(260)
Financing activities				
Borrowing from revolving line of credit	60	-	11	-
Repayment of obligations under finance leases	(25)	(70)	(4)	(12)
Decrease / (increase) in restricted cash	1,098	(76)	195	(14)
Repayment of borrowings	(334)	(582)	(59)	(104)
Net cash used in / (generated from) financing activities	799	(728)	143	(130)
Net increase / (decrease) in cash and cash equivalents	3,394	(1,590)	605	(284)
Cash and cash equivalents classified under assets held for sale **(Note 8)**	(554)	-	(99)	-
Cash and cash equivalents at beginning of financial period **(Note 9)**	57,998	43,572	10,318	7,751
Cash and cash equivalents at end of financial period **(Note 9)**	60,838	41,982	10,824	7,467

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 September 2017

	Share capital RM'000 (unaudited)	Share premium RM'000 (unaudited)	Shares held under Employee Benefit Trust RM'000 (unaudited)	Other reserve RM'000 (unaudited)	Accumulated loss RM'000 (unaudited)	Translation reserve RM'000 (unaudited)	Total RM'000 (unaudited)
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)
At 1 April 2017	78,936	104,499	(2,300)	(66,153)	(168,964)	(1,246)	(55,228)
Loss for the period	-	-	-	-	(14,010)	102	(13,908)
At 30 September 2017	78,936	104,499	(2,300)	(66,153)	(182,974)	(1,144)	(69,136)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 September 2017

Proforma	**Share capital £'000 (unaudited)**	**Share premium £'000 (unaudited)**	**Shares held under Employee Benefit Trust £'000 (unaudited)**	**Other reserve £'000 (unaudited)**	**Accumulated loss £'000 (unaudited)**	**Translation reserve £'000 (unaudited)**	**Total £'000 (unaudited)**
At 1 April 2016	14,042	18,590	(409)	(11,768)	(23,899)	(136)	(3,580)
Loss for the period	-	-	-	-	(1,269)	(42)	(1,311)
At 30 September 2016	14,042	18,590	(409)	(11,768)	(25,168)	(178)	(4,891)
At 1 April 2017	14,042	18,590	(409)	(11,768)	(30,058)	(222)	(9,825)
Loss for the period	-	-	-	-	(2,492)	18	(2,474)
At 30 September 2017	14,042	18,590	(409)	(11,768)	(32,550)	(204)	(12,299)

Notes 1 to 12 form an integral part of the condensed consolidated interim financial results.

1. General information

This announcement of condensed consolidated interim financial results was approved for issue by the Board of Directors on 13 December 2017 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 2017, the Group published full financial statements for the year ended 31 March 2017 that comply with IFRSs, which were delivered to the Jersey Registrar of Companies in October 2017.

(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 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

(ii) Proforma Sterling figures

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 2017 of RM5.6213 : £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 2017, 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 Group's business activities, together with the factors likely to affect the future development, performance and position are set out in the Chairman's Statement. The financial position of the Group, its cash flows and liquidity positions are described in the Chief Financial Officer's Review. In addition, the notes to financial statements include foreign currency risk management, interest rate risk management, credit risk management and liquidity risk management.

As at 30 September 2017, the Group's cash and cash equivalents excluding deposits held on behalf of the Employee Benefit Trust stand at RM60.8 million.

The Directors have prepared financial projections, including cash flows, for a period up to 31 March 2019 which include a scenario that assumes that the Disposal of CSF CX completes in accordance with the terms of the Share SPA. The Disposal of CSF CX is discussed in Note 8 below. Under this scenario, the Group's operating losses and cash outflows are forecast to significantly reduce. As disclosed in Note 6 below, the revenue attributable to CSF CX (classified as revenue from discontinued operations) for the period under review amounts to RM27.7m. On this basis, and barring any significant increases in the revenue from the Group's remaining businesses, the Group's revenue is expected to be significantly lower after the completion of the Disposal.

The projections include sensitivity testing to consider a reasonable worst case scenario which also assumes that the Disposal of CSF CX does not complete.

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:

- 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 outright ownership. 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;

(v) Going concern (Cont'd)

- Pursuant to the Disposal of CSF CX, the administration and operations of CX2 and CX5 are currently under the purview of the Purchaser of CSF CX, although the Group still provides assistance to the Purchaser on certain aspects of the business of CSF CX which include ongoing negotiations with potential customers that were already in the pipeline prior to the Disposal;

- Due to changes in the data centre rental market, current market rentals have declined. In this regard the group are monitoring closely its cost and looking at ways to improve the operation and procurement process including working closely with its suppliers to reduce the overall cost;

- 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 is currently being restructured between CSF CX (under the ownership of the Purchaser) and the freeholder as a condition to the Disposal of CSF CX; and

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

Given prevailing market conditions and the current level of revenue for the Group's remaining businesses (after the Disposal of CSF CX), the Group is forecast to continue to make operating losses and have operating cash outflows, albeit at significantly reduced amounts. The Board is continuing to review the Group's business model with the aim of establishing sustainable profitable trading.

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 financial statements for the period ended 30 September 2017.

It should be noted that if the Disposal of CSF CX does not complete and the Group were to continue in its current state with no change to its customer base or further reduction in the freeholder lease rentals, its cash reserves would be depleted by the end of the 1st quarter of the financial year ending 2020.

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.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes in fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value on non-controlling interest over the net identifiable assets acquired and liabilities assumed.

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, the maintenance of data centres and imputed interest on loans to data centre developers.

Revenue from contract works 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.

Revenue on design and development activity is 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 where sales invoiced exceed the cost 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 2017	Data centre rental RM'000 (unaudited)	Maintenance RM'000 (unaudited)	Design and development of data centres RM'000 (unaudited)	Consultancy RM'000 (unaudited)	Consolidated RM'000 (unaudited)
Revenue	33,747	2,989	2,531	275	39,542
Cost of Sales	(38,097)	(1,327)	(3,837)	(593)	(43,854)
Gross (loss) / profit	(4,350)	1,662	(1,306)	(318)	(4,312)
Other operating income	46	-	724	-	770
Provision for onerous leases	3,140	-	-	-	3,140
Administrative cost	(3,906)	(4)	5	-	(3,905)
Allowance for doubtful debts	(539)	-	-	-	(539)
Write back of doubtful debts	-	-	250	-	250
Staff costs	(991)	(235)	(103)	-	(1,329)
Segment depreciation	(7)	(5)	(21)	-	(33)
Segment result	(2,397)	1,418	(451)	(318)	(5,958)
Corporate costs					(2,448)
Gain on foreign exchange					(126)
Finance income					838
Finance cost					(5,604)
Loss before tax					(13,298)
Tax					(712)
Loss for the financial period					(14,010)

4. Segment reporting (Cont'd)

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)	Consultancy 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)
Allowance for doubtful debts	-	-	-	-	-
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)

5. Provision for onerous leases

Movement in provision for onerous leases	As at 30 September 2017 RM'000 (unaudited)	As at 31 March 2017 RM'000 (audited)
At start of financial period / year	73,300	57,900
Additional provision	5,590	24,250
Utilisation of provision	(8,730)	(16,087)
Net (utilisation) / additional provision	(3,140)	8,163
Unwinding of discount	4,220	7,237
Re-classification to liabilities directly associated with assets classified as held for sale	(74,380)	-
At end of financial period / year	-	73,300

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 nine (9) years with an option to extend by an additional sixteen (16) years.

The provision for onerous leases are in respect of CSF CX Sdn Bhd ("CSF CX"), a wholly-owned subsidiary of the Group. The Group is in the process of completing the disposal of CSF CX as discussed in Note 8 below. Hence, the provision for onerous leases have been re-classified to liabilities directly associated with assets classified as held for sale.

6. Discontinued operations

	Note	6 months ended 30 September 2017 RM'000 (unaudited)	6 months ended 30 September 2016 RM'000 (unaudited)
Revenue		27,684	23,566
Cost of sales		(37,348)	(33,302)
Gross loss		(9,664)	(9,736)
Other operating income		36	95
Administrative expenses		(2,837)	(2,634)
Net allowance for doubtful debts		(546)	724
Provision for onerous leases	5	3,140	11,738
Total operating expenses		(243)	9,828
Operating loss		(9,871)	187
Finance income		158	2
Interest payable on bank loans, overdraft and finance leases		(1,377)	(1,489)
Unwinding of discounts on provisions		(4,220)	(7,238)
Finance cost		(5,597)	(8,727)
Loss for the period from discontinued operations		(15,310)	(8,538)

Net cash (used in) / generated from operating activities	(6,333)	1,805
Net cash used in investing activities	(717)	(1,673)
Net cash generated from / (used in) financing activities	725	(1,207)
Decrease in cash and cash equivalents	(6,325)	(1,075)

The results of the discontinued operations are in respect of CSF CX Sdn Bhd ("CSF CX"), a wholly-owned subsidiary of the Group. The Group is in the process of completing the disposal of CSF CX as discussed in Note 8 below.

7. Earnings / Loss per share

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

	6 months ended 30 September 2017 (unaudited)	6 months ended 30 September 2016 (unaudited)
Net profit from continuing operations (RM'000)	1,300	1,402
Net loss from discontinued operations (RM'000)	(15,310)	(8,538)
Net loss for the financial period after taxation attributable to members (RM'000)	(14,010)	(7,136)
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 / loss per share is the weighted average number of ordinary shares of CSF Group plc in issue.

8. Assets and liabilities classified as held for sale

	As at 30 September 2017 RM'000 (unaudited)	As at 31 March 2017 RM'000 (audited)
Assets classified as held for sale		
Property, plant and equipment	24,502	-
Trade and other receivables	30,423	-
Restricted cash	9,178	-
Cash and cash equivalents	554	-
Total assets of subsidiary held for sale	64,657	-
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	112,794	-
Provision for onerous leases	74,380	-
Total liabilities of subsidiary held for sale	187,174	-

The assets and liabilities classified as held for sale are in respect of CSF CX Sdn Bhd ("CSF CX"), a wholly-owned subsidiary of the Group. The Group is in the process of completing the disposal of CSF CX pursuant to the Share Purchase Agreement (the "Share SPA") entered into between CSF International Limited ("CSFI"), a wholly-owned subsidiary of CSF Group Plc and BDC AssetCo Pte Ltd ("BAC", or the "Purchaser"), an investee company of Bain Capital Partners Asia Fund III and Bridge Data Centres (International) Pte Ltd, on 28 September 2017.

On 1 November 2017, CSFI completed the transfer (the “Share Transfer”) of its shareholdings in CSF CX to Bridge Data Centres Malaysia Holdings Sdn Bhd, a wholly-owned subsidiary of BAC, in exchange for the consideration of RM2.00 (being approximately £0.36).

The completion of the Share SPA remains conditional upon a number of outstanding conditions being satisfied including, *inter alia*, the receipt of various regulatory consents and certain restructuring activities being undertaken in CSF CX following the Share Transfer. The Group and the Purchaser continue to work together towards achieving completion of the Disposal, which is expected to occur within a deadline that falls in early May of 2018.

9. Note to the Cash Flow Statement

	6 months ended 30 September 2017 RM'000 (unaudited)	6 months ended 30 September 2016 RM'000 (unaudited)
Loss for the financial period	(14,010)	(7,136)
Adjustments for:		
Allowance for doubtful debts	539	-
Allowance for doubtful debts written back	(250)	(757)
Depreciation of property, plant and equipment	2,737	2,586
Foreign currency translation	102	(237)
Interest expense	5,604	8,746
Interest income	(838)	(626)
Reversal of restructuring cost	-	(332)
Provision for onerous leases	(3,140)	(11,738)
Tax	712	949
Operating cash outflow before movements in working capital	(8,544)	(8,545)
(Increase) / decrease in inventories	(52)	765
Decrease in receivables	3,500	10,117
Increase / (decrease) in payables	10,260	(1,409)
Cash generated from operations	5,164	928
Interest paid	(111)	(217)
Income taxes paid	(755)	(115)
Net cash generated from operating activities	4,298	596

10. Cash and cash equivalents

	As at 31 March 2017 RM'000 (unaudited)	As at 31 March 2016 RM'000 (unaudited)
Cash and cash equivalents- statement of financial position	60,313	45,823
Deposit held on behalf of employee benefit trust	(2,315)	(2,251)
Cash and cash equivalents at beginning of the financial period – cash flow	57,998	43,572

	As at 30 September 2017 RM'000 (unaudited)	As at 30 September 2016 RM'000 (audited)
Cash and cash equivalents- statement of financial position	62,997	44,269
Deposit held on behalf of employee benefit trust	(2,159)	(2,287)
Cash and cash equivalents at the end of the financial period – cash flow	60,838	41,982

11. Dividend

The Board does not propose any payment of dividends in respect of the six month period to 30 September 2017 (H1 2017: Nil).

12. Contingencies

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

	As at 30 September 2017 RM'000 (unaudited)	As at 31 March 2017 RM'000 (audited)
Banking guarantees	28,000	28,000

-ends-