Company No. 104212

CSF GROUP PLC

(Company No. 104212)
(Incorporated in Jersey)

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 31 2014

CSF GROUP PLC

Content

CSF GROUP PLC
Directors’ Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 31 March 2014. The Corporate Governance Statement forms part of this report.

Principal Activities

The principal activities of the Group comprise of the design, construction and installation of data centres on an outsourced basis, ongoing support and maintenance and rental of data centre space. The subsidiary undertakings principally affecting the financial results or net assets of the Group in the year are listed in the financial statements.

Results and Dividends

The results of trading of the Group for the year are set out in the consolidated statement of comprehensive income. The Board does not propose any payment of dividends in respect of the financial year ended 31 March 2014.

Directors

The Directors during the year and to the date of this report were as follows:

Lee King Loon
DatoôTing Heng Peng
Phil Cartmell
Dennis Kian Jing Ow
Richard King (ceased to be a director of the Group with effect from 3 July 2014)
Yong Kwet On (ceased to be a director of the Group with effect from 25 July 2013)

None of the Directors hold an interest in any material contract with the Company save for their Service Contracts or Letters of Appointment.

Directors’ Interests

The Directorsôinterests, including their connected parties were:-

Directors	***Company Shares 31 March 2014***	***Company Shares 31 March 2013***
Lee, King Loon	Nil	Nil
DatoôTing Heng Peng	Nil	Nil
Phil Cartmell	30,000	30,000
Dennis Kian Jing Ow	Nil	Nil
Richard King [1]	55,000	55,000

[1] Richard King ceased to be a director of the Group with effect from 3 July 2014.

Directors’ Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Supplier Payment Policy

The Groupôs policy is to set the terms of payment with suppliers when agreeing the terms of each transaction and abide by the terms of payment. Trade creditors of the Group at 31 March 2014 were equivalent to 95 (2013 - 106) daysôpurchases, based on the average daily amount invoiced by suppliers during the year.

Environment Matters

Following CX5 being awarded the provisional Green Building Index (GBI) Certified Rating in 2012, the Group continue looking at ways to improve energy savings, water savings, a healthier indoor environment, better connectivity to public transport, the adoption of recycling and greenery projects, and reducing impact on the environment.

Charitable and Political Contributions

During the year the Group made charitable donations of RM31,000 (£5,700), (2013: RM80,000 (£14,700) principally to local charities serving the communities in which the Group operates. The Group made no political contributions during the financial year.

Substantial Shareholdings

On 24 September 2014, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following investors who held 3% or more of the Company's issued share capital.

Name of holder	% of Ordinary Shares	No. of Ordinary Shares
Yong Kwet On [1]	27.01	43,220,500
Vidacos Nominees Limited	24.87	39,794,319
Huntress (CI) Nominees Limited [2]	20.44	32,707,095
Lynchwood Nominees Limited	3.38	5,415,428
	75.70	121,137,342

1 Of the 43,220,500 Ordinary Shares in respect of which Yong Kwet On holds legal title, (i) 39,769,824 Ordinary Shares are held legally and beneficially by him and (ii) 3,450,676 Ordinary Shares are held by him on trust pursuant to the employee benefit trust arrangements.

2 Of the 32,707,095 shares held by Huntress (CI) Nominees Limited, 23,488,680 Ordinary Shares are held in trust for Techsonic Limited which is a wholly owned company of Wong Chow Ming, a member of the Senior Management of CSF Group Plc.

As at the date referred to above, the Company is not aware of any person or entity that, directly or indirectly, jointly or severally, will or could exercise control of the Company.

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee Consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and consulted and discussed with the employees' representatives regularly on a wide range of matters affecting their current and future interests. This is achieved through formal and informal meetings and company's internal circulars.

Post Balance Sheet Events

Details of post balance sheet events are given in the notes to the financial statements.

Going Concern

The Directors have prepared financial projections, including cash flows, for a period up to 31 March 2017. Based on these projections and taking into account the financial position of the Group, including cash of RM19.9 million (£3.7 million) as at 31 March 2014 the directors have carried out an assessment of going concern, the details of which are included in Note 1 to the Financial Statements. 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 Financial Statements.

Annual General Meeting

The companyõs Annual General Meeting (ñAGMò) will be held in November 2014. The Notice to AGM will be posted in early November 2014.

Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far the director is aware, there is no relevant audit information of which the companyõs auditor is unaware; and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the companyõs auditor is aware of that information

Auditors

Deloitte LLP has expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board,

Lee, King Loon,
Director

26 September 2014

CSF GROUP PLC
Statement of Directors Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991, as amended.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in Jersey, Channel Islands, governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Under Article 105(11) of the Companies (Jersey) Law 1991 the directors of a holding company need not prepare separate accounts (i.e. company only accounts) if consolidated accounts for the company are prepared, unless required to do so by the members of the company by ordinary resolution. The members of the Company have not passed a resolution requiring separate accounts and, in the Directors' opinion, the Company meets the definition of a holding company. As permitted by the law, the Directors have elected not to prepare separate accounts.

<u>INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CSF GROUP PLC</u>

We have audited the financial statements of CSF Group plc for the year ended 31 March 2014 which comprise the Consolidated Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 45. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company’s members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

<u>Respective responsibilities of directors and auditor</u>

As explained more fully in the Directors’ Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group’s and the parent company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

<u>Opinion on financial statements</u>

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2014 and of the group’s and parent company’s loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

<u>Emphasis of matter ï Going concern and onerous lease provision</u>

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in notes 1 and 8 to the financial statements concerning the Groupøs ability to continue as a going concern and the basis of calculation of the onerous lease provision.

The Group is forecast to continue to make operating losses and have operating cash outflows for the foreseeable future and the financial projections show the Group needs to complete negotiations with its landlord to reduce the level of lease rental commitments on its data centres in order to have a sustainable business model. The Groupøs onerous lease provision has been calculated based on managementøs best estimate which assumes a reduction in the lease rental commitments on its data centres will be agreed. The ability of the Group to complete negotiations to reduce the level of lease rental commitments is inherently uncertain.

These conditions, along with the other matters explained in notes 1 and 8 to the financial statements, indicate the existence of a material uncertainty that:

- may cast significant doubt over the Groupøs ability to continue as a going concern; and
- may cause the companyøs future onerous lease obligations to be materially different from the amount provided.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directorsø remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Olsen FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, UK
26 September 2014

CSF GROUP PLC
Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000	Year ended 31 March 2014 £'000	Proforma Year ended 31 March 2013 £'000
Revenue	5,6	103,508	143,090	19,050	26,334
Cost of sales	6	(110,592)	(111,961)	(20,354)	(20,605)
Gross (loss)/ profit		(7,084)	31,129	(1,304)	5,729
Other operating income		1,030	1,187	190	219
Net gain on sale of property, plant and equipment		20	2,627	4	483
Gain on disposal of other investment		27	273	5	50
Share of loss after tax					
- associate	16	-	(144)	-	(27)
- joint venture	17	(7,660)	(6,122)	(1,410)	(1,127)
Administrative expenses		(20,574)	(20,979)	(3,786)	(3,860)
Share based payment	34	(728)	(1,248)	(134)	(230)
Net allowance for doubtful debts					
- others	7	3,992	(37,616)	735	(6,923)
- joint-venture	21	(20,909)	-	(3,848)	-
Impairment of tangible assets	15	(13,100)	-	(2,411)	-
Provision for onerous leases	8	(62,500)	-	(11,503)	-
Management restructuring cost		(1,724)	-	(317)	-
Total operating expenses		(115,543)	(59,843)	(21,264)	(11,013)
Operating loss		(129,210)	(30,893)	(23,779)	(5,686)
Finance income	9	1,051	1,159	193	213
Finance costs	9	(1,513)	(543)	(278)	(100)
Net foreign exchange (loss)/ gain		(173)	49	(32)	10
Loss before tax		(129,845)	(30,228)	(23,896)	(5,563)
Tax	12	(2,620)	(2,597)	(482)	(478)
Total comprehensive income for the financial year	7	(132,465)	(32,825)	(24,378)	(6,041)
EPS					
- Basic (Malaysian sen)	13	(82.78)	(20.51)	(15.23)p	(3.78)p
- Diluted (Malaysian sen)	13	(82.78)	(20.51)	(15.23)p	(3.78)p

All results derive from continuing operations.

* *The translation of the financial statements into pro forma balances in pounds Sterling is included solely for convenience. The pro forma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all balances being translated from Ringgit Malaysia into pounds Sterling at the rate prevailing on 31 March 2014 of RM5.4336 : £1.00. This translation should not be construed as meaning that the Ringgit Malaysia amounts actually represent, or have been or could be translated into the stated number of pounds Sterling.*

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Consolidated Statement of Financial Position

	Note	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000	As at 31 March 2014 £'000	Proforma As at 31 March 2013 £'000
Non-current assets					
Property, plant and equipment	15	11,825	25,548	2,176	4,702
Interest in associate	16	-	-	-	-
Other Investments	18	172	213	32	39
Goodwill	19	3,750	3,750	690	690
Other receivables	21	-	74,890	-	13,783
Deferred tax asset	28	729	377	134	69
		16,476	104,778	3,032	19,283
Current assets					
Inventories	20	2,978	3,984	548	733
Trade and other receivables	21	137,740	77,235	25,351	14,214
Current tax assets		495	1,740	91	320
Restricted cash	22	13,231	13,109	2,435	2,413
Cash and cash equivalents	22	21,972	64,025	4,044	11,783
		176,416	160,093	32,469	29,463
Total assets		192,892	264,871	35,501	48,746
Current liabilities					
Trade and other payables	24	54,829	60,763	10,091	11,183
Current tax liabilities		491	212	90	39
Bank borrowings	25	3,213	-	592	-
Obligations under finance leases	27	140	90	26	16
Investment held for sale	23	6,392	-	1,176	-
		65,065	61,065	11,975	11,238
Non-current liabilities					
Interest in joint venture	17	-	7,758	-	1,428
Obligations under finance leases	27	445	285	82	52
Bank borrowings	25	225	3,213	41	591
Trade and other payables	24	16,679	12,835	3,069	2,362
Deferred tax liabilities	28	80	80	15	15
Onerous lease provision	8	62,500	-	11,503	-
		79,929	24,171	14,710	4,448
Total liabilities		144,994	85,236	26,685	15,686
Net assets		47,898	179,635	8,816	33,060
Equity					
Share capital	29	78,936	78,936	14,527	14,527
Share premium account	29	104,499	104,499	19,232	19,232
Shares held under Employee Benefit Trust	29	(2,300)	(2,300)	(423)	(423)
Other reserve	29	(66,153)	(66,153)	(12,175)	(12,175)
Share option reserve	29	4,117	3,389	758	624
(Accumulated loss)/ Retained earnings	29	(71,201)	61,264	(13,103)	11,275
Total equity		47,898	179,635	8,816	33,060

CSF GROUP PLC

Consolidated Statement of Financial Position *(Continued)*

The financial statements of CSF Group plc registered number 104212 were approved by the Board of Directors and authorised for issue on 26 September 2014.

They were signed on its behalf by:

Lee, King Loon,
Director
26 September 2014

CSF GROUP PLC

Consolidated Statement of Changes in Equity

	Share Capital RM'000	Share premium account RM'000	Shares held under Employee Benefit Trust RM'000	Other reserve RM'000	Share option reserve RM'000	(Accumulated loss) / Retained earnings RM'000	Total RM'000
At 1 April 2012	78,936	104,499	(2,300)	(66,153)	2,141	109,138	226,261
Total comprehensive income for the year	-	-	-	-	-	(32,825)	(32,825)
Share based payment	-	-	-	-	1,248	-	1,248
Dividend paid	-	-	-	-	-	(15,049)	(15,049)
At 31 March 2013	78,936	104,499	(2,300)	(66,153)	3,389	61,264	179,635
Total comprehensive income for the year	-	-	-	-	-	(132,465)	(132,465)
Share based payment	-	-	-	-	728	-	728
At 31 March 2014	78,936	104,499	(2,300)	(66,153)	4,117	(71,201)	47,898

CSF GROUP PLC

Consolidated Statement of Changes in Equity *(Continued)*

Proforma	Share Capital £'000	Share premium account £'000	Shares held under Employee Benefit Trust £'000	Other reserve £'000	Share option reserve £'000	(Accumulated loss) / Retained earnings £'000	Total £'000
At 1 April 2012	14,527	19,232	(423)	(12,175)	394	20,086	41,641
Total comprehensive income for the year	-	-	-	-	-	(6,041)	(6,041)
Share based payment	-	-	-	-	230	-	230
Dividend paid	-	-	-	-	-	(2,770)	(2,770)
At 31 March 2013	14,527	19,232	(423)	(12,175)	624	11,275	33,060
Total comprehensive income for the year	-	-	-	-	-	(24,378)	(24,378)
Share based payment	-	-	-	-	134	-	134
At 31 March 2014	14,527	19,232	(423)	(12,175)	758	(13,103)	8,816

CSF GROUP PLC
Consolidated Statement of Cash Flow

	Note	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000	Proforma Year ended 31 March 2014 £'000	Proforma Year ended 31 March 2013 £'000
Net cash (outflow)/ inflow from operating activities	30	(36,591)	24,299	(6,732)	4,472
Investing activities					
Interest received		1,051	1,159	193	213
Loans to the owner of a development project		-	(6,000)	-	(1,104)
Loans to joint venture		(2,980)	(21,885)	(549)	(4,028)
Repayment of advances from the owner of a development project		-	30,033	-	5,527
Additions to property, plant and equipment		(2,439)	(5,695)	(450)	(1,048)
Net proceeds from sale of property, plant and equipment		78	4,018	14	739
Proceeds from sale of other investment		27	273	5	50
Purchase of new subsidiary, net of cash	31	(1,200)	335	(221)	63
Net cash (used in) / generated by investing activities		(5,463)	2,238	(1,008)	412
Financing activities					
Repayments of obligations under finance leases		(140)	(92)	(26)	(16)
Increase in restricted cash		(122)	(5,481)	(23)	(1,009)
Drawdown of borrowings		225	3,213	41	591
Dividend paid	14	-	(15,049)	-	(2,770)
Net cash used in financing activities		(37)	(17,409)	(8)	(3,204)
Net (decrease)/ increase in cash and cash equivalents		(42,091)	9,128	(7,748)	1,680
Cash and cash equivalents at beginning of financial year		61,930	52,802	11,398	9,718
Cash and cash equivalents at end of financial year	22	19,839	61,930	3,650	11,398

1. GENERAL INFORMATION

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (ñIFRSò) as adopted by the EU. The financial statements are presented in Malaysian Ringgit which is the currency of the primary economic environment in which the Group operates.

The financial statements have been prepared on the historical cost basis, except for the valuation of listed investments. The principal accounting policies adopted are consistent with previous financial year, unless otherwise stated.

Pro forma balances

The inclusion of pro forma balances in pounds Sterling is included solely for convenience. The pro forma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all balances being translated from Malaysian Ringgits into pounds Sterling at the rate prevailing on 31 March 2014 of RM5.4336 : £1.00. This translation should not be construed as meaning that the Malaysian Ringgit amounts actually represent, or have been or could be converted into the stated number of pounds Sterling.

Going concern

The Groupôs business activities, together with the factors likely to affect the future development, performance and position are set out in the Interim Chairmanôs Statement. The financial position of the Group, its cash flows and liquidity positions are described in the Chief Financial Officerôs Statement. 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 31 March 2014, the Groupôs cash and cash equivalents excluding deposits held on behalf of the Employee Benefit Trust stand at RM19.8 million.

The Directors have prepared financial projections, including cash flows, for a period up to 31 March 2017. 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:

- 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 Groupôs 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 Groupôs 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 CX5 and is in active discussions with a number of other potential tenants to secure an adequate level of occupancy;
- Due to changes in the data centre rental market, current market rentals for the Group's data centre space are below the fixed costs of the Group's data centres. The Group is in active negotiations with the landlord of CX1, CX2 and CX5 to reduce the operating lease payments to a sustainable level, and is confident that a rent reduction will be agreed in the short term;
- The Group received significant cash receipts of RM20.0 million upon the completion of blocks B of CX5 in April 2014 and is to due to receive additional significant cash receipts of RM49.7 million on the completion of block C of CX5, which is expected to complete in winter 2014. This will provide a short term increase in cash reserves, however will increase the level of lease rental payments. Such receipts are governed by legal agreements between the Group, the developer and the freeholder;
- The proceeds received from disposal of the investment in PT Cyber CSF in May 2014;
- The funding requirements of existing and proposed new ventures and/or projects.

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. Furthermore, the financial projections show that the Group needs to complete negotiations to reduce the level of lease rental commitments in order to have a sustainable business model and that the cash receipts from IDCB are required to enable the Group to continue to operate within its existing facilities in the short term. The directors note that the receipt of proceeds for block C of CX5 is governed by existing contractual arrangements and that based on the current status of the development and discussions with the freeholder they have no reason to believe that the receipt of proceeds will be subject to significant delay or other issue. The directors believe that they will be successful in negotiating a lease rental reduction and therefore reducing the cost base of the Group to a sustainable level, and that such rental reduction can be achieved without other adverse impacts on the Group. On this basis they continue to adopt the going concern basis. However, there is inherent uncertainty around the timing, amount and other impacts of any lease rental reduction, which is considered to represent a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

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 year ended 31 March 2014. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

2. NEW AND REVISED STANDARDS

Adoption of new and revised International Financial Accounting Standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year 31 March 2014 that have a material impact on the group. At the date of the authorisation of the financial statements, the following standards and interpretations, which have not been applied in the financial statements, were issued but not yet effective:

IFRS 9	-	Financial instruments (ii)
Amendments to IFRS 9 and IFRS 7	-	Mandatory effective date of IFRS 9 and transition disclosures (ii)

Amendment to IFRS 10, IFRS 12 and IAS27 - Investment entities (i)

Amendment to IAS32 - Offsetting financial assets and financial liabilities (i)

i. Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted
ii. Effective for annual periods beginning on or after 1 January 2015, with earlier application permitted

The Directors do not anticipate that the adoption of these standards and interpretations in future financial years will have a material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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 of liability is recognised in accordance with IAS39 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.

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.

The Group advanced cash loans to Integrated DC Builders SdnBhd (“IDCB”), the developer of the CX5 data centre. Such loans are either interest free or the effective interest rate is below a fair market rate. The notional interest income on the loan computed based on the difference between the effective rate and a fair market rate is included as a part of the contract revenue receivable by the Group relating to the Group’s services in connection with the development of CX5.

Retirement benefit costs

As required by Malaysian law, the Company makes contributions to the Employees Provident Fund. The Group pays a fixed contribution based on a set percentage of employee’s salary. The Group has no further legal or constructive obligations in respect of the retirement benefit costs. Payments to the Employee Provident Fund are recognised as an expense in the income statement as incurred.

Taxation

The tax expense represents the sum of the tax currently payable, and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Property, plant and equipment

Land is held at cost and is not depreciated. Property, plant and equipment is held at cost less accumulated depreciation and any recognised impairment loss. They are depreciated using the straight-line method over their expected useful lives as follows:

Buildings	-	2%
Plant and machinery	-	10%
Computer equipment	-	20%

Depreciation is charged in full in the month of acquisition and disposal. Assets held under finance lease are depreciated over their useful lives as set out above, or over the lease term if shorter.

The gain or loss arising on the disposal or retirement of an asset is recognised in the Consolidated Statement of Comprehensive Income determined as the difference between the sale proceeds and the carrying amount of the asset.

Intangible assets – Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Groupôs interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of property, plant and equipment. Other borrowing costs are recognised as an expense in the period in which they arise.

In accordance with the transitional provisions of IAS 23 ôBorrowing Costsô (Revised 2007), borrowing costs relating to qualifying assets for which the commencement date of capitalisation is prior to 1 April 2009 have been recognised as an expense in the period in which they arise.

Sale and leaseback transaction

The sale of assets under a sale and leaseback transaction is treated as a disposal of the assets after the transfers of substantially all the risk and rewards incidental to ownership of an asset concerned and any profit or loss arising from the transaction is recognised immediately in the income statement. The corresponding rentals payable are charged to income on a straight-line basis over the term of the relevant lease.

Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

Interest in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Interest in Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economy activity that is subject to joint control.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in investment in associates note above.

Other Investments

The Group has certain investments in listed and private companies. Investments include entities where the Group does not have the ability to exercise significant influence. The financial results of such entities are not included in the financial statements.

Investments in listed businesses are quoted on an active market and have been acquired principally for the purpose of investment. They are therefore classified as held for trading and are treated as *'at fair value through profit and loss'* (FVTPL). Listed investments are measured at each reporting date at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend earned on the investment.

Investments in private companies are held as non-current assets and are stated at cost less provision for any impairment. A provision is recognised when there is doubt over the future realisation of value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct material costs. Net realisable value represents the estimated selling price less all estimated costs of completion.

Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are presented separately in the statement of financial position.

Work in progress

Work in progress is valued at cost, plus attributable profits less foreseeable losses and progress billings received and receivable.

Contract costs include costs of direct material, sub-contract costs, other related costs and overhead expenses. When the outcome of a contract can be estimated reliably, contract costs are recognised as expenses by reference to the stage of completion of the contract activities at the balance sheet date, when it is probable that total contract costs will exceed total contract value, the expected loss is recognised as an expense immediately.

Liabilities directly associated with assets classified as held for sale

The fair values of liabilities classified as liabilities directly associated with assets classified as held for sale approximate to their carrying amounts.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provision of the instrument.

Trade and other receivables
Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and deposits held with banks with an original maturity date of three months or less.

Restricted cash
Restricted cash comprises fixed deposits with licensed banks which are pledged to the banks in guarantee for the bank borrowing. Restricted cash is not included in cash and cash equivalents.

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are amortised over the period in the Consolidated Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Consolidated Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directorsô best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Foreign currencies

Each of the active individual entities in the Group operates solely in Malaysia and each has a functional currency of Malaysian Ringgit. The presentational currency of the financial statements is also Malaysian Ringgit.

Transactions in currencies other than the Groupôs functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Groupôs estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions.

The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group’s accounting policies

In the process of applying the Group’s accounting policies, which are described in note 3, the Directors must make estimates and assumptions that affect the amounts recognised in the financial statements. Several of these estimates and judgments are related to matters that are inherently uncertain as they pertain to future events. These estimates and judgments are evaluated at each reporting date and are based on historical experience, internal controls, advice from external experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may vary from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Revenue recognition

Revenue from the installation, integration and fit-out of equipment is recognised over the period of the related fit-out activity, which requires the Directors to consider the costs incurred to the balance sheet date and estimate the costs to completion of the contract, as described in note 3. The estimation of costs to complete on contracts is judgemental and requires an estimate of the cost of materials, labour hours and cost, and time to complete. The estimate of the total costs to complete is based on historical experience and status of each project. The estimates are reviewed regularly and revised as necessary. Any significant change in these estimates will result in a change to the revenue recognition and the margin for future periods.

Revenue relating to the CX5 project management fee is recognised over the period of the project, which requires the Directors to consider the costs incurred to the balance sheet date and estimate the costs to completion of the contract. The estimation of costs to complete on contracts is judgemental and requires an estimate of the staff costs and time to complete. The estimate of the total costs to complete is based on historical experience and status of each project. The estimates are reviewed regularly and revised as necessary. Any significant change in these estimates will result in a change to the revenue recognition and the margin for future periods.

Provision for bad and doubtful debts

The provision for bad and doubtful debts includes the assessment of amounts receivable on an individual and collective basis. For individual provisions, events and circumstances such as breaching credit terms, evidence of the debtor experiencing financial difficulties, and potentially the probability of the debtor entering bankruptcy or financial reorganisation are considered. Based on these indicators a judgment is made whether a provision is required. In respect of a collective assessment, the estimation of the future settlement profile of trade receivables is judgemental and includes consideration of past experience in collecting payments, an increase in the number of delayed payments past the credit period as well as observable changes in the economic conditions that correlate with default on receivables.

Recoverability of amounts owing from PT Cyber CSF

Other receivables includes an amount owing from PT Cyber CSF, a joint venture of the Group as described in note 21. PT Cyber CSF was formed as a data centre operator in Jakarta, CXJ. This related company has been suffering financial losses since incorporation in June 2011 and requires a longer period to break even than earlier forecast.

On 24 March 214, the Group had entered into an agreement with a third party to dispose of its entire interest in PT Cyber CSF including the settlement of the net receivable owed by PT Cyber CSF to the Group for a net consideration USD2,732,483 (RM8,921,284) which was received in full by the Group on 22 May 2014. The Group has provided an allowance of RM20,909,000 for impairment of the remaining balance of unsecured advances to PT Cyber CSF.

Recoverability of amounts owing from IDCB

Trade and other receivables includes an aggregate amount of RM86.5m due from IDCB, the developer of the CX5 data centre, which is mainly due to be settled upon completion of blocks B and C of CX5 in accordance with the legal agreements in place between the Group, IDCB and PNB. Subsequent to the financial year end, the Group received RM20 million upon the completion of block B of CX5. The recoverability of the remaining amount due from IDCB is dependent on the completion of certain milestones anticipated in the legal agreements, which contemplates recovery over the next financial year. This represents a significant receivable on the Group's balance sheet, and, given the dependency on successful completion of Block C, there is inherent risk in both the recoverability of the receivables and the timing of associated receipts. However, given the current status of the construction project the Directors have concluded the receivables are not impaired.

Onerous lease assessment

The Group's business model is to lease data centres, and as such the Group is committed 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. If this is not the case, then the data centre lease rental contract could be onerous.

In order to calculate onerous lease obligations the directors are required to estimate the future tenancy profile of a data centre, which is inherently judgemental as the unexpired terms of the leases range from 8 to 10 years and the estimate may vary as a result of changes in the utilisation and price of a data centre's space. The onerous lease provision included in long term liabilities as set out in note 8 has been calculated on the assumption that the Group will agree a reduction in ongoing lease rental costs in respect of certain of its data centres. Whilst the directors expect such a lease rental reduction to be successfully negotiated, there is no legal agreement in place as at the date of approval of these financial statements, and it is inherently uncertain whether such a legal agreement will be achieved. If such an agreement is not reached then the onerous lease provision would be increased from RM62.5 million to RM161.3 million. This is a significant judgment which is considered to represent a significant material uncertainty.

IMPAIRMENT OF PROPERTY PLANT AND EQUIPMENT

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, the directors are required to estimate the expected future cash flows from the assets or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flow. The estimate may vary depends on the market interest rate, utilisation and price of the data centre space.

Deferred tax asset recognition

The Group recognises deferred tax assets to the extent that it is probable that taxable profits will be available to utilise the asset. At each balance sheet date, the Directors review the forecast taxable profits of the Group to assess the recoverability of the deferred tax asset. To the extent that it is no longer probable that sufficient taxable profits will be available, the carrying amount of the deferred tax asset is reduced.

5. REVENUE

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Data centre rental income	61,901	102,622
Maintenance income	9,648	8,862
	71,549	111,484
Design and development of data centre facilities income	31,959	31,606
	103,508	143,090

Revenue from design and development of data centre facilities includes imputed interest of RM Nil (2013: RM999,254) on loans advanced to IDCB, the developer of the CX5 data centre.

6. REPORTING SEGMENTS

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 centre facilities.

Year ended 31 March 2014	Data centre rental RM'000	Maintenance RM'000	Design and development of data centre facilities RM'000	Consolidated RM'000
Revenue	61,901	9,648	31,959	103,508
Cost of sales	(82,264)	(4,193)	(24,135)	(110,592)
Gross profit / (loss)	(20,363)	5,455	7,824	(7,084)
Other operating income	-	-	1,029	1,029
Administrative cost	(3,719)	(463)	(1,598)	(5,780)
Allowance for doubtful debts	2,192	(212)	2,012	3,992
Allowance for slowing stock	-	-	(39)	(39)
Allowance for diminution of investment	-	-	(41)	(41)
Bad debts written off	-	-	(194)	(194)
Onerous leases	(62,500)	-	-	(62,500)
Staff costs	(4,410)	(838)	(2,628)	(7,876)
Segment depreciation	(44)	(20)	(69)	(133)
Segment result	(88,844)	3,922	6,296	(78,626)
Allowance for doubtful debts - joint venture				(20,909)
Management restructuring costs				(1,724)
Impairment of tangible assets				(13,100)
Corporate cost				(7,238)
Finance income				1,051
Net foreign exchange loss				(173)
Gain on disposal of property, plant and equipment				20
Gain on disposal of other investment				27
Share of loss of jointly controlled entity				(7,660)
Finance costs				(1,513)
Loss before tax				(129,845)
Tax				(2,620)
Loss after tax				(132,465)

Year ended 31 March 2013	Data centre rental RM'000	Maintenance RM'000	Design and development of data centre facilities RM'000	Consolidated RM'000
Revenue	102,622	8,862	31,606	143,090
Cost of sales	(80,593)	(4,934)	(26,434)	(111,961)
Gross profit	22,029	3,928	5,172	31,129
Other operating income	821	-	366	1,187
Administrative cost	(2,575)	(318)	(1,705)	(4,598)
Allowance for doubtful debts	(37,254)	(29)	(333)	(37,616)
Staff costs	(5,631)	(891)	(2,630)	(9,152)
Segment depreciation	(40)	(17)	(63)	(120)
Segment result	(22,650)	2,673	807	(19,170)
Corporate cost				(8,357)
Finance income				1,159
Net foreign exchange gain				49
Gain on disposal of property, plant and equipment				2,627
Gain on disposal of other investment				273
Share of loss of associate				(144)
Share of loss of jointly controlled entity				(6,122)
Finance costs				(543)
Loss before tax				(30,228)
Tax				(2,597)
Loss after tax				(32,825)

Information about major customers

There is a concentration of revenue from certain customers in each year. However due to the nature of design and development of data centre facilities, these customers vary from year to year. Revenues include amounts arising from the following customers:

	Year ended 31 March 2014 RM'000	**Year ended 31 March 2013 RM'000**
Data centre rental		
Customer A	13,540	19,720
Customer B	6,872	6,872
Customer C	-	9,204
Customer D	-	29,406
Design and development of data centre facilities		
Customer E	16,807	14,613

7. LOSS FOR THE FINANCIAL YEAR

Loss for the financial year has been arrived at after charging/(crediting):

	Note	**Year ended 31 March 2014 RM'000**	**Year ended 31 March 2013 RM'000**
Allowance for slow moving inventories		39	216
Allowance for diminution of investment		41	-
Allowance for doubtful debts			
- Others		(3,992)	37,616
- Joint venture	21	20,909	-
Bad debts written off		194	-
Management restructuring cost		1,724	-
Impairment of tangible assets	15	13,100	-
Depreciation of property, plant and equipment	15	3,353	2,986
Staff costs	11	15,550	17,864
Net foreign exchange gain/losses		173	(49)
Operating lease rentals		51,006	48,932
Provision of onerous leases	8	62,500	-
Net gain on sale of property, plant and equipment		(20)	(2,627)
Gain on disposal of other investment		(27)	(273)

Management restructuring cost represents cost incurred to develop a detailed plan to improve the Group performance.

In 2013, the allowance for doubtful debts of RM37,616,000 are mainly pertaining to two key tenants totalling RM34,200,000 whom have approached the Group to settle the amounts owed over an extended period of time, negotiate for temporary suspension of the contract and non-renewal of contract. Taking into consideration the aforementioned factors, a full allowance was provided for doubtful debts in respect of these outstanding amounts.

8. ONEROUS LEASES PROVISION

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Movement in provision of onerous leases		
At start of financial year	-	-
Additional provision during the financial year	62,500	-
Provision no longer required	-	-
At end of financial year	62,500	-

The Groupôs business model is to lease data centres and committed 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 of 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 range from 8 to 10 years.

The onerous lease provision included in long term liabilities has been calculated on the assumption that the Group will agree a reduction in ongoing lease rental costs in respect of certain of its data centres. Whilst the directors expect such a lease rental reduction to be successfully negotiated, there is no legal agreement in place as at the date of approval of these financial statements, and it is inherently uncertain whether such a legal agreement will be achieved. If such an agreement is not reached then the onerous lease provision would be increased from RM62.5 million to RM161.3 million. This is a significant judgment which is considered to represent a significant material uncertainty.

9. NET FINANCE (COST) / INCOME

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Interest receivable on bank deposits	1,051	1,159
Interest payable on bank loans, overdrafts and finance leases	(1,513)	(543)
Net finance (cost) / income	(462)	616

10. AUDITORS' REMUNERATION

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Audit services		
Group	667	613
Subsidiaries	132	103
Non-audit services		
Tax compliance services	53	43
	852	759

11. STAFF COSTS

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Wages and salaries	13,420	15,243
Statutory contribution	1,479	1,821
Other staff benefits	651	800
	15,550	17,864

The number of staff is as follows:-

	Year ended 31 March 2014	Year ended 31 March 2013
Administrative and finance	39	55
Operations and maintenance	142	151
	181	206

12. TAX

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Tax on current financial year	3,025	1,523
Tax in respect of prior financial years	(53)	(60)
Total current tax	2,972	1,463
Deferred tax liability (Note 28)	(352)	(1,341)
Deferred tax asset (Note 28)	-	2,475
Total tax charge	2,620	2,597

Malaysian corporation tax is calculated for the year ended 31 March 2014 at a rate of 25 per cent (2013: 25 per cent).

The tax charge for the financial year can be reconciled to the loss in the Consolidated Statement of Comprehensive Income as follows:-

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Loss before tax	(129,845)	(30,228)
Malaysian corporation tax rate	25%	25%
Tax at the Malaysian corporate tax rate	(32,461)	(7,557)
Tax effect of:		
Expenses of share of results of associated company and jointly controlled entity	1,732	1,566
Expenses that are not deductible in determining taxable profit	26,406	2,146
Income that is not taxable in determining taxable profit	(450)	(1,351)
Realisation of deferred tax not previously recognized	(286)	-
Deferred tax assets not recognised	8,084	7,886
Over provision in prior year		
- Current tax	(53)	(60)
- Deferred tax	(352)	(33)
	2,620	2,597

13. EARNINGS PER SHARE

The calculations for earnings per share, based on the weighted average number of shares, are shown in the table below.

	Year ended 31 March 2014	Year ended 31 March 2013
Net loss for the financial year after taxation attributable to members (RM'000)	(132,465)	(32,825)
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 the net loss per share. As the Group is currently in a loss making position 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.

14. DIVIDEND

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Amounts recognised as distributions to equity holders in the year:		
Dividend paid	-	15,049

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM'000	Plant and machinery RM'000	Computer equipment RM'000	Total RM'000
Cost:				
At 1 April 2012	3,379	22,559	3,114	29,052
Additions	-	5,418	277	5,695
Disposals	-	(384)	-	(384)
Reclassified as assets held for sale	(130)	-	-	(130)
At 1 April 2013	3,249	27,593	3,391	34,233
Additions	-	2,516	273	2,789
Disposals	-	(173)	(4)	(177)
At 31 March 2014	3,249	29,936	3,660	36,845
Accumulated depreciation and impairment losses:				
At April 2012	962	2,835	2,223	6,020
Charge for the year	397	2,225	364	2,986
Disposal	-	(192)	-	(192)
Written off	(129)	-	-	(129)
At 1 April 2013	1,230	4,868	2,587	8,685
Charge for the year	397	2,569	387	3,353
Disposals	-	(118)	-	(118)
Impairment loss	-	13,100	-	13,100
At 31 March 2014	1,627	20,419	2,974	25,020
Net Book Value:				
At 31 March 2013	2,019	22,725	804	25,548
At 31 March 2014	1,622	9,517	686	11,825

In 2014, the Group has assessed the onerous leases and recoverable amount of the property, plant and equipment due to low occupancy on its existing data centres. The Group tested the plant and machinery for impairment and recognised an impairment loss of RM13,100,000.

The Groupȇs obligations under finance leases (Note 27) are secured by the lessorsȇ title to the leased assets which have the carrying values as set out below.

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Plant and machinery	770	496

16. INTEREST IN ASSOCIATE

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Investment, at cost	685	685
Group share of post acquisition loss	(685)	(685)
	-	-

Details of the Group's associate are as follows:

Name	Principal activity	Place of incorporation	Proportion of ownership interest	
			2014	2013
Hanel CSF Co. Ltd.	Construction of owned data centres and subsequent rental on a tenancy basis	Vietnam	20%	20%

Summarised financial information of the Group's associate is set out below.

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Total assets	2,004	2,292
Total liabilities	(3,402)	(2,819)
Net liabilities	(1,398)	(527)
Group's share of net assets of associate	-	-
Total revenue	371	251
Total loss for the year	(1,102)	(996)
Group's share of loss of associate	-	(144)

17. INTEREST IN JOINT VENTURE

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Investment, at cost	-	388
Group share of post acquisition loss	-	(8,146)
	-	(7,758)

Details of the Group's joint venture are as follows

Name	Principal activity	Place of incorporation	Proportion of ownership interest	
			2014	2013
PT Cyber CSF	Construction of owned data centres and subsequent rental on a tenancy basis	Jakarta, Indonesia	49%	49%

Summarised financial information of the Group's jointly controlled entity is set out below.

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Total assets	25,489	28,474
Total liabilities	(55,195)	(44,354)
Net liabilities	(29,706)	(15,880)
Group's share of net liabilities of jointly controlled entity	(14,554)	(7,781)
Total revenue	3,221	1,250
Total loss for the year	(15,632)	(12,493)
Group's share of loss of jointly controlled entity	(7,660)	(6,122)

As at 31 March 2014, the Group has reclassified the interest in joint venture to investment held for sale. On 24 March 2014, the Group had entered into an agreement with a third party to dispose of its entire interest in PT Cyber CSF including the settlement of the net receivable owed by PT Cyber CSF to the Group for a net consideration USD2,732,483 (RM8,921,284) which was received in full by the Group on 22 May 2014.

18. OTHER INVESTMENTS

The Group's investments comprise:

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Investment in listed entities	36	77
Other investments	136	136
	172	213

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Brought forward at start of financial year	213	263
Transfer to income statement	(41)	(50)
Carried forward at end of financial year	172	213

The investments in listed businesses are listed on the Malaysian Stock Exchange.

The other investments comprise of investments in businesses incorporated in Vietnam and Thailand. The Group owns 20% (2013: 20%) of a business incorporated in Vietnam which designs, constructs and installs data centres. The Group does not have any influence over the operation or financial decisions of the business.

In 2013, the Group has disposed its entire interest in the business incorporated in Thailand, which supplies batteries for use in IT hardware and equipment.

19. GOODWILL

Cost	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
At start of financial year	3,750	-
Recognise on acquisition of a subsidiary	-	3,750
At end of financial year	3,750	3,750
Carrying value	3,750	3,750

The carrying amount represents the goodwill acquired from the acqusition of Third Wave Infrasys Sdn Bhd ("TWSB"). Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The Group has conducted a sensitivity analysis on the impairment test of each CGUs carrying value. A cut in the growth rate by 10% percentage points would result in the carrying value of goodwill being reduced to its recoverable amount.

The Group prepared cash flow forecasts derived from the financial budgets approved by management from 1 April 2012 up to 31 March 2015 and extrapolated cash flows over the aforesaid financial period based on an estimated growth rate of 20 per cent which represents the increase in the profit guaranteed by the former shareholders of TWSB from 1 April 2012 up to the financial year ended 31 March 2015. The rate used to discount the forecast cash flows is 8% per cent.

20. INVENTORIES

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Hardware and spares	2,004	2,352
Contract work-in-progress	1,229	1,848
	3,233	4,200
Allowance for slow moving inventories	(255)	(216)
	2,978	3,984

21. TRADE AND OTHER RECEIVABLES

Other receivables (non-current)	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Loans to Integrated DC Builders Sdn Bhd ("IDCB") for the development of CX5 data centre	-	47,936
Loan to PT Cyber CSF	-	26,954
	-	74,890
IDCB		
At start of financial year	47,936	41,969
Loans to IDCB during the financial year	-	6,000
Repayment from IDCB during the financial year	-	(33)
Reclassified to other receivables (current)	(47,936)	-
	-	47,936
PT Cyber CSF		
At start of financial year	26,954	5,069
Loans to PT Cyber CSF during the financial year	2,980	21,885
Allowance for doubtful debts	(20,909)	-
Reclassified to investment held for sale (note 23)	(9,025)	-
	-	26,954

The loan to IDCB is unsecured and interest free and repayable upon the completion and sale of Phase 2 and Phase 3 of the CX5 data centre by IDCB. In April 2014, IDCB repaid RM20,000,000 in line with the completion of the sale of Block B at CX5.

Amount owing by joint venture represents amount owing by PT Cyber CSF, Indonesia. The said amount, which arose mainly to fund its capital expenditure and working capital requirement. As at 31 March 2014, the Group has reclassified the loans to investment held for sale. On 24 March 2014, the Group entered into an agreement with a third party to dispose of its entire interest in PT Cyber CSF.

Trade and other receivables (current)	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Trade receivables	107,371	104,283
Allowance for doubtful debts	(37,389)	(41,381)
	69,982	62,902
Other receivables	50,831	1,736
Allowance for doubtful debts	(293)	(293)
	50,538	1,443
Deposits	15,942	11,250
Prepayments and accrued income	1,278	1,640
	137,740	77,235

Trade receivables

Trade receivables are shown after deducting a provision for bad and doubtful debts. The carrying amount of financial assets recorded in the Financial Statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group's credit risk is primarily attributable to its trade and other receivables. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

The average credit period taken on sales was as follows:

	Year ended 31 March 2014 Days	Year ended 31 March 2013 Days
Average credit period	374	262

Before accepting any new customer, the Directors of the Group consider the customer and its trading history.

The age of trade receivables past due is as follows:

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Ageing of past due but not impaired receivables		
31 - 60 days	9,852	15,692
61 - 90 days	6,534	11,823
90+ days	42,645	25,358
	59,031	52,873

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Movement in the allowance for doubtful debts		
At start of financial year	41,381	3,765
Additional allowance during the financial year	766	37,723
Allowance no longer required	(4,758)	(107)
At end of financial year	37,389	41,381

In determining the recoverability of trade receivables the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

All amounts considered doubtful are included in the 90+ days aging category.

Other receivables

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Amount owing by related companies	293	293
Loans to Integrated DC Builders SdnBhd (“IDCB”) for the development of CX5 data centre	47,936	-
Other receivables	2,602	1,443
	50,831	1,736
Movement in the allowance for doubtful debts		
At start of financial year	293	293
Additional allowance during the financial year	-	-
At end of financial year	293	293

Amount owing by other related companies represents unsecured advances which are interest free and repayable on demand.

The loan to IDCB is unsecured and interest free and repayable upon the completion and sale of Phase 2 and Phase 3 of the CX5 data centre by IDCB. In April 2014, IDCB repaid RM20,000,000 in line with the completion of the sale of Block B at CX5 and is expected to repay the balance of advances by next financial year.

22. CASH AND CASH EQUIVALENTS

	As at 31 March 2014 RM'000	**As at 31 March 2013 RM'000**
Fixed deposits with licensed banks	11,015	41,780
Cash and bank balances	16,687	26,549
Bank overdraft	(5,730)	(4,304)
Cash and cash equivalents ï balance sheet	21,972	64,025
Deposits held on behalf of the Employee Benefit Trust	(2,133)	(2,095)
Cash and cash equivalents ï cash flow	19,839	61,930

Cash and cash equivalents comprise of cash and short term deposits with daily interest, maturity of three months or less, net of outstanding bank overdraft. The carrying amount of these assets is approximately equal to their fair value.

Cash and cash equivalents do not include restricted cash. Restricted cash comprises fixed deposits with licensed banks which are pledged to the banks in guarantee for bank borrowings.

23. INVESTMENT HELD FOR SALE

	As at 31 March 2014 RM'000	**As at 31 March 2013 RM'000**
Investment, at cost	388	-
Group share of post acquisition loss	(15,805)	-
Interest in joint venture ï PT Cyber CSF	(15,417)	-
Loan to PT Cyber CSF	9,025	-
	(6,392)	-

The investment held for sale was reclassified from Interest in Joint Venture and Other Receivables. The Group has entered into an agreement to divest the entire 49% interest in PT Cyber CSF to a third party. Further details are provided in Note 17.

24. TRADE AND OTHER PAYABLES

Non current	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Rental payables	14,957	9,907
Contingent consideration	1,722	2,928
	16,679	12,835

Rental payables consist of rental of CX1, CX2 and CX5 which are not payable within the next 12 months.

Contingent consideration comprise of amount payable to the outgoing shareholders of Third Wave Infrasys Sdn Bhd.

Current	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Trade payables	28,833	32,433
Other payables	1,170	92
Contingent consideration	1,440	1,200
Deposits received	13,661	17,280
Deposits held on behalf of Employee Benefit Trust	2,133	2,095
Accruals and deferred income	7,592	7,663
	54,829	60,763

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade payables at 31 March 2014 is 95 days (31 March 2013 ï 106 days).

The Directors consider that the carrying amount of trade and other payables approximates their fair value for the Group. The Groupôs financial liabilities are carried at amortised cost.

Contingent consideration comprise of payable amount on the acquisition of Third Wave Infrasys Sdn Bhd to the outgoing shareholders of Third Wave Infrasys Sdn Bhd.

25. BANK BORROWINGS

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Current liabilities ï term loan	3,213	-
Non-current liabilities- term loan	225	3,213

The maturity of the term loan is set out below:

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Within one year	3,213	-
One to two years	225	3,213
	3,438	3,213

The term loan is secured, bearing interest rate at 0.50% above base lending rate (effective rate: 7.10%) and repayable by installment on the twenty-fifth month from the date of first drawdown.

The term loan is subject to restrictive covenants, including up-stamping of existing open all monies facilities agreement, joint and several personal guarantee by 2 major shareholders of the Group and assignment of rental proceeds.

26. BANK FACILITIES

The Group has undrawn committed loan facilities in Malaysian Ringgit at the financial year end as shown below:

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Undrawn committed facilities	29,911	37,738

The undrawn committed facilities are subject to restrictive covenants, including disposal of assets and provision of financial statements to the banks.

The undrawn committed facilities mature within one year at both 31 March 2014 and 31 March 2013.

27. OBLIGATIONS UNDER FINANCE LEASES

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Current finance leases	140	90
Non-current finance leases	445	285
	585	375

The fair value of the finance leases approximates their carrying amount.

The maturity of finance leases is set out below:

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Within one year	140	90
One to two years	285	180
Two to five years	160	105
	585	375

Obligations under finance lease and hire purchase contracts are secured on the related assets.

	As at 31 March 2014 RM' 000	As at 31 March 2013 RM' 000
Minimum lease payments		
Amounts payable under finance leases:		
Within one year	140	90
In the second to fifth years inclusive	567	383
	707	473
Less: future finance charges	(122)	(98)
Present value of lease obligations	585	375
Present value of lease payments		
Amounts payable under finance leases:		
Within one year	140	90
In the second to fifth years inclusive	567	383
	707	473
Less: future finance charges	(122)	(98)
Present value of lease obligations	585	375
Less: amount due for settlement within 12 months (shown under current liabilities)	(140)	(90)
Amount due for settlement after 12 months	445	285

28. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the periods shown:

	(Liability) Capital allowances and other timing differences RM'000	(Asset) Investment tax allowance RM'000
As at 1 April 2012	(1,421)	2,852
Charge to income	1,341	(2,475)
As at 31 March 2013	(80)	377
Credit to income	-	352
As at 31 March 2014	(80)	729

The deferred tax assets of approximate RM17,2540,000 (2013: RM7,800,000) of certain subsidiaries have not been recognised in respect of current financial year as it is not probable that taxable profit of the subsidiaries will be available against which the temporary differences can be utilised.

29. EQUITY AND RESERVES

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Share capital		
Authorised:		
1billion ordinary shares of £0.10 each		
(2013: 1 billion shares of £0.10 each)	5,433,600	5,433,600
Issued and fully paid:		
160 million shares of £0.10 each		
(2013: 160 million shares of £0.10 each)	78,936	78,936

The Company has one class of ordinary shares which carry no right to fixed income.

Share premium account	As at 31 March 2014 RM’000	As at 31 March 2013 RM’000
At start and end of financial year	104,499	104,499

Shares held under Employee Benefit Trust	As at 31 March 2014 RM’000	As at 31 March 2013 RM’000
At start of financial year	(2,300)	(2,300)
Disposed during the financial year	-	-
At end of financial year	(2,300)	(2,300)

Pursuant to a declarations of trust dated 12 March 2010, Yong Kwet On holds 3,450,676 ordinary shares on trust for the beneficiaries of the Employee Benefit Trust (“the Trust”) established by CSF Group plc, whilst 1,213,219 ordinary shares are directly held by the Trust.

Pursuant to a trust deed made on 12 March 2010 between CSF Group plc, Yong Kwet On and Wong Chow Ming, Yong Kwet On and Wong Chow Ming are the trustees of the Employee Benefit Trust established by CSF Group plc. The Trust deed provides that the Trust constitutes and remains a scheme for encouraging or facilitating the holding of shares in the Company by or for the benefit of bona fide employees or former employees of the Group or the spouses, civil partners, surviving spouses, surviving civil partners or minor children or step-children of such employees or former employees.

	As at 31 March 2014 RM’000	As at 31 March 2013 RM’000
Other reserve		
At start and end of financial year	(66,153)	(66,153)

For the purposes of the IPO onto AIM during the year ended 31 March 2010 there was a reorganisation of the Group including the acquisition of companies previously under common control.

The consolidated accounts have been prepared as if each of the entities within the Group at 12 March 2010 had been held by CSF Group plc from 1 April 2008. The other reserves comprise the elimination of investments and share capital of subsidiary companies on initial consolidation.

	As at 31 March 2014 RM’000	As at 31 March 2013 RM’000
Share option reserve		
At start of financial year	3,389	2,141
Share based payment	728	1,248
At end of financial year	4,117	3,389

The share option reserve relates to share options granted to employees under the Companyφs Employee Share Option Plan. Further information about the share-based payments to employees is set out in Note 34.

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
(Accumulated loss) / Retained earnings		
At start of financial year	61,264	109,138
Loss for the financial year	(132,465)	(32,825)
Dividend paid	-	(15,049)
At end of financial year	(71,201)	61,264

30. NOTE TO THE CASH FLOW STATEMENT

			Proforma	
	Year ended 31 March 2014 RM'000	**Year ended 31 March 2013 RM'000**	**Year ended 31 March 2014 £'000**	**Year ended 31 March 2013 £'000**
Loss for the financial year	(132,465)	(32,825)	(24,378)	(6,041)
Adjustments for:				
Allowance for slow moving inventories	39	216	7	40
Allowance for diminution of investment	41	-	8	-
Allowance for doubtful debts:				
- Others	766	37,616	141	6,923
- Joint venture	20,909	-	3,848	-
Allowance for doubtful debts written back	(4,758)	-	(876)	-
Bad debts written off	194	-	36	-
Depreciation of property, plant and equipment	3,353	2,986	617	550
Impairment of tangible assets	13,100	-	2,411	-
Interest expense	1,513	543	278	100
Interest income	(1,051)	(1,159)	(193)	(213)
Impairment of investment	-	50	-	9
Net gain on sale of property, plant and equipment	(20)	(2,627)	(4)	(483)
Gain on disposal of other investment	(27)	(273)	(5)	(50)
Property, plant and equipment written off	-	1	-	-
Share based payment	728	1,248	134	230
Share of loss after tax of associate	-	144	-	27
Share of loss after tax of jointly controlled entity	7,660	6,122	1,410	1,127
Onerous leases	62,500	-	11,503	-
Tax	2,620	2,597	482	478
Operating cash (outflows) / inflows before movements in working capital	(24,898)	14,639	(4,581)	2,697
Decrease in inventories	967	189	178	35
(Increase)/Decrease in receivables	(8,748)	15,631	(1,610)	2,874
Decrease in payables	(1,475)	(2,014)	(271)	(371)
Cash (used in) / generated by operations	(34,154)	28,445	(6,284)	5,235
Interest paid	(973)	(543)	(179)	(100)
Income taxes paid	(1,464)	(3,603)	(269)	(663)
Net cash (outflow) / inflow from operating activities	(36,591)	24,299	(6,732)	4,472

31. ACQUISITION OF SUBSIDIARY

On 1 April 2012 the Group completed the acquisition of 100% of the equity interest of Third Wave Infrasys Sdn Bhd (ñTWSBò) for RM5.0m, payable over the next 3 financial years. The Group has made the initial payment of RM500,000 and the second payment of RM1,200,000 according to the acquisition contract. TWSB is expected to achieve synergies with the Groupôs operation and continue to contribute positively to the financial results of the Group.

Details of the fair value of the assets, liabilities and net cash outflow as at 1 April 2012 arising from the acquisition of the subsidiary were as follows:

	RMô000
Property, plant and equipment	1
Goodwill	3,750
Inventories	220
Trade and other receivables	1,493
Cash and cash equivalent	835
Trade and other payables	(1,446)
Bank borrowing	(531)
Total contingent consideration	4,322
Cash and cash equivalent paid to outgoing shareholders	(500)
Cash and cash equivalent acquired as at 1 April 2012	835
Net cash inflow on acquisition	335

The cost of investment in subsidiary recognised as at the acquisition date is RM4,322,207. The rate used to discount the forecast cash flows is 8 per cent. The amount is payable entirely by cash as follows:

Financial year ended	Amount payable RMô000	Profit guarantee RMô000
31 March 2013	1,200	800
31 March 2014	1,440	960
31 March 2015	1,860	1,240
Total	4,500	3,000

The goodwill of RM3,750,000 arising from the acquisition consists of profit guaranteed. None of the goodwill is expected to be deductible for income tax purposes. Further details on the goodwill are provided in note 19.

Summarised financial information of TWSB as set out below.

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Total assets	3,466	1,876
Total liabilities	(842)	(355)
Net assets	2,624	1,521
Total revenue for the financial year	5,813	3,755
Total profit for the financial year	1,103	949

By virtue of Wong Chow Ming, being a substantial shareholder of CSF Group Plc and key member of the management team of the Group, director and substantial shareholder as at 1 April 2012 holding of 60% of the shares in TWSB, the transaction is deemed to be related party transaction.

32. OPERATING LEASE ARRANGEMENTS

The lease payments under operating leases recognised as an expense in the year is disclosed in Note 7.

As at 31 March 2014, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Within one year	61,429	45,721
In the second to fifth years inclusive	258,758	189,676
After five years	326,967	292,739
	647,154	528,136

Operating lease payments represent rentals payable by the Group in respect of the CX1, CX2 and CX5 data centres that are under the Group's management and maintenance. The lease term of the operating lease is up to 10 years.

33. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below.

Transactions between the Group and its Directors and shareholders are advances and loans. Transactions with entities that its Directors and shareholders control, jointly control or significantly influence are part of normal trading.

The sales and purchases of goods and services to/(from) these related parties were made at prices comparable with those paid by the Group for similar services from unrelated parties. The amounts owed by/(to) related parties were unsecured, interest-free and are subject to repayment on demand.

Transactions

During the financial year, Group subsidiaries entered into the following transactions with related parties which are not members of the Group:

Year ended 31 March 2014

	Note	Advances RM'000	Amounts owed by related parties RM'000
PT Cyber CSF	21	2,980	29,934

Year ended 31 March 2013

	Note	Advances RM'000	Amounts owed by related parties RM'000
PT Cyber CSF	21	21,885	26,954

Remuneration of key management personnel

The aggregate remuneration of the Directors and other key management personnel of the Group, is set out below, as required by IAS 24 ôRelated Party Disclosuresô Further information about the remuneration of individual directors is provided in the audited part of the DirectorsôRemuneration Report.

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Short term employee benefits	2,974	4,818
Non-recurring advisory fees	603	-
	3,577	4,818

34. SHARE BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option plan for all employees of the Group and also for the Non-Executive Directors. Options are exercisable at a price equal to the average quoted market price of the Companyôs shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options granted to the Non-Executive Directors during the year and outstanding at the end of the year are as follows:

	2014 Number of share options	2013 Number of share options
As at 1 April 2013/2012	1,000,000	1,000,000
Granted during the period	-	-
Forfeited during the period	-	-
Expired during the period	-	-
Outstanding as at 31 March	1,000,000	1,000,000
Exercisable as at 31 March	916,666	916,666

The option outstanding have exercise price ranging from RM2.99 (55p) to RM3.75 (69p).

Details of the share options granted to the employees during the year and outstanding at the end of the year are as follows:

	2014 Number of share options	2013 Number of share options
As at 1 April 2013/2012	4,922,323	6,000,323
Granted during the period	-	-
Forfeited during the period	(1,000,000)	(1,078,000)
Exercised during the period	-	-
Expired during the period	-	-
Outstanding as at 31 March	3,922,323	4,922,323
Exercisable as at 31 March	3,737,325	583,333

The option outstanding have exercise price ranging from RM2.99 (55p) to RM3.86 (71p)

The inputs into the Black-Scholes model are as follows:

Weighted average share price	286	Sen
Fixed exercise price	266	Sen
Expected volatility	20.9	%
Expected life	10	years
Risk-free rate	3.21	%
Expected dividend yield	3.20	%

Due to a lack of a sufficiently long term record, the volatility has been based on share price volatility experienced by other companies in a comparable sector in the period August 2008 to August 2010. The expected life used in the model has been adjusted, based on managementọs best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

35. FINANCIAL INSTRUMENTS

Capital risk management

The Group and Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of debt which includes the borrowings and equity directly attributable to equity holders of the parent, comprising issued capital, other reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

Gearing ratio

The gearing ratio at the financial year end is as follows:

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Finance leases	585	375
Term loan	3,438	3,213
Cash and cash equivalents	(21,972)	(64,025)
Net liquidity	(17,949)	(60,437)
Equity	47,898	179,635
Net liquidity to equity ratio	(0.37)	(0.34)

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the Financial statements.

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loan and receivables (L&R)
(b) Fair value Through profit or loss (FVTPL)
(c) Available for sale financial assets (AFS)
(d) Held to maturity invesments (HTM)
(e) Other liabilities (OL)

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Financial assets		
Other investments (FVTPL)	172	213
Trade and other receivables (L&R)	120,520	139,235
Restricted cash (L&R)	13,231	13,109
Cash and cash equivalents (L&R)	21,972	64,025
	155,895	216,582
Financial liabilities		
Trade and other payables (OL)	134,008	73,598
Obligations under finance leases (OL)	585	375
Term loan (OL)	3,438	3,213
	138,031	77,186

Financial risk management objectives

The Group's financial instruments comprise bank loans, finance leases, investments, trade receivables and trade payables that arise already from its operations. The purpose of the instruments is to raise finance for Group's activities and capital investments.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

The Group, primarily operates in Malaysian Ringgit, however it undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by periodically entering into foreign exchange contracts.

A sensitivity analysis has been performed on the outstanding foreign currency denominated monetary balances of the Group as at 31 March 2014. If the following currencies were to strengthen or weaken by 5% against the Malaysian Ringgit, the credit/(charge) to the Comprehensive Income Statement would be:

Year ended 31 March 2014	**US Dollars**	**Pounds Sterling**
	RM'000	**RM'000**
Strengthen against Malaysian Ringgit by 5%	1,261	3
Weaken against Malaysian Ringgit by 5%	(1,261)	(3)

Year ended 31 March 2013	**US Dollars**	**Pounds Sterling**
	RM'000	**RM'000**
Strengthen against Malaysian Ringgit by 5%	1,833	27
Weaken against Malaysian Ringgit by 5%	(1,833)	(27)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The Group manages interest rate risk by:

- maintaining an appropriate mix of floating rate borrowings to manage cash flows; and
- entering into sale and leaseback transactions of the data centres to reduce the Group's borrowings and interest.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this Note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates of deposits and borrowings during the financial year. The credit/(charge) to the Comprehensive Income Statement following a 1% increase or decrease in interest rates would be:

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Increase in interest rate by 1%	160	510
Decrease in interest rate by 1%	(160)	(510)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group only transacts with major high street banks.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not have any significant credit risk exposure to a single counterparty (the details are disclosed in Note 20).

The credit risk on liquid funds is concentrated as the majority of the Group's cash is held by Affin Bank. The banks in which the Group's cash are held are all licensed by Bank Negara Malaysia (the Central Bank of Malaysia) and are therefore guaranteed by the Malaysian Government.

Liquidity risk management

The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and undrawn committed borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following table details the Groupŏs remaining contractual maturity for its borrowings. The tables have been drawn up based on the undiscounted cash flows of borrowings based on the earliest dates on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
31 March 2014 Maturity						
Finance lease liability	4.2	140	280	165	-	585
Term loan	7.1	3,213	225	-	-	3,438
		3,353	505	165	-	4,023

	Weighted average effective interest rate %	Less than one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
31 March 2013 Maturity						
Finance lease liability	4.2	90	180	105	-	375
Term loan	7.1	-	3,213	-	-	3,213
		90	3,393	105	-	3,588

36. CONTINGENCIES

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

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Banking guarantees	25,507	19,922

37. COMMITMENT

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Commitment for a loan to IDCB for development of CX5 data centre	2,030	2,030

The commitment amount as disclosed above represents the remaining balance of a loan of RM80,000,000 to IDCB for development of the CX5 data centre. As at 31 March 2014, the Group has loaned RM77,970,000 to IDCB.

38. POST BALANCE SHEET EVENTS

The Group completed the sale of its investment in PT Cyber CSF, the joint-venture in Jakarta, Indonesia and received net proceeds of RM8.9m (£1.6m*) in May 2014.

The Group commenced discussion with the freeholder of the CX1, CX2 and CX5 data centres which encompassed a revision of the terms of the lease agreements pertaining to the aforementioned data centres. The discussions are still ongoing, the Board is cautiously optimistic that the outcome will be favourable

Company Statement of Comprehensive Income

	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Revenue	3,681	-
Cost of sales	(3,503)	-
Gross profit	178	-
Administrative expenses	(2,865)	(2,707)
Allowance for doubtful debts	(59,390)	-
Impairment of investment	(13,554)	-
Management restructuring costs	(1,724)	-
Share based payment	(728)	(1,248)
Operating loss	(78,083)	(3,955)
Finance income	171	403
Net foreign exchange (loss) / gain	(24)	80
Loss before tax	(77,936)	(3,472)
Tax	1	(25)
Total comprehensive income for the financial year	(77,935)	(3,497)

Company Statement of Financial Position

As at 31 March 2014

	Note	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Non-current assets			
Investment in subsidiaries	40	39,049	52,603
Current assets			
Amount owing from subsidiaries	41	45,647	76,584
Other receivable		9,465	27,463
Current tax asset		234	167
Cash and cash equivalents	42	4,056	17,976
		59,402	122,190
Total assets		98,451	174,793
Current liabilities			
Other payables		3,315	2,450
Total liabilities		3,315	2,450
Net assets		95,136	172,343
Equity			
Share capital	43	78,936	78,936
Share premium account	43	104,499	104,499
Shares held under Employee Benefit Trust	43	(2,300)	(2,300)
Share option reserve	43	4,117	3,389
Accumulated losses	44	(90,116)	(12,181)
		95,136	172,343

The financial statements of CSF Group plc registered number 104212 were approved by the Board of Directors and authorised for issue on 26 September 2014. They were signed on its behalf by:

Lee, King Loon,
Director
26 September 2014

CSF GROUP PLC

Company Statement of Changes in Equity

Company Statement of Changes in Equity

	Share capital	Share premium Account	Shares held under Employee Benefit Trust	Share Option reserve	Accumulated profit	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2012	78,936	104,499	(2,300)	2,141	6,365	189,641
Profit for the year	-	-	-	-	(3,497)	(3,497)
Share based payment	-	-	-	1,248	-	1,248
Dividend paid	-	-	-	-	(15,049)	(15,049)
At 31 March 2013	78,936	104,499	(2,300)	3,389	(12,181)	172,343
Loss for the year	-	-	-	-	(77,935)	(77,935)
Shares based payment	-	-	-	728	-	728
At 31 March 2014	78,936	104,499	(2,300)	4,117	(90,116)	95,136

CSF GROUP PLC

Company Statement of Cash Flow

Company Statement of Cash Flow

	Note	Year ended 31 March 2014 RM'000	Year ended 31 March 2013 RM'000
Loss for the financial year	44	(77,935)	(3,497)
Adjustments for:			
Interest income		(171)	(403)
Allowance for doubtful debts		59,390	-
Impairment of investment		13,554	-
Share based payment charge	34	728	1,248
Tax		(1)	25
Operating cash outflows before movements in working capital		(4,435)	(2,627)
Increase in receivables		(2,911)	(144)
Increase in payables		865	418
Cash used in operations		(6,481)	(2,353)
Tax paid		(66)	(195)
Net cash outflow from operating activities		(6,547)	(2,548)
Investing activities			
Advances to subsidiaries		(7,544)	-
Repayment from subsidiaries		-	3,266
Repayment from related companies		-	5,724
Interest received		171	403
Net cash (used in) / from investing activities		(7,373)	9,393
Financing activities			
Dividend paid		-	(15,049)
Net cash generated from financing activities		-	(15,049)
Net decrease in cash and cash equivalents		(13,920)	(8,204)
Cash and cash equivalents at beginning of year		17,976	26,180
Cash and cash equivalents at end of year		4,056	17,976

39. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

40. SUBSIDIARIES

Details of the Company¢s subsidiaries at 31 March 2014 are as follows:

Name of Company	Activity	Proportion of ownership interest %	Country of incorporation and operation
CSF International Limited	Holding company	100	Jersey
CSF Advisers SdnBhd	Provision of on-going support and maintenance for data centres	100	Malaysia
Atlas CSF SdnBhd	Design, construction, installation, and initiation of data centres on an outsourced basis	100	Malaysia
CSF CX SdnBhd	Construction of owned data centres, and subsequent rental on a tenancy basis	100	Malaysia
Third Wave InfrasysSdnBhd	Computer supply, system development and maintenance	100	Malaysia
CSF Asia Pte Ltd	Construction of owned data centres, and subsequent rental on a tenancy basis	100	Singapore

The investments in subsidiaries are all stated at cost.

* CSF CX Sdn Bhd is fully impaired during the year.

41. AMOUNT OWING FROM SUBSIDIARIES

The amount owing from subsidiaries, CSF Advisers Sdn Bhd, CSF CX Sdn Bhd, CSF Asia Pte Ltd, Atlas CSF Sdn Bhd and CSF International Limited approximates its fair value.

42. CASH AND CASH EQUIVALENTS

These comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

43. SHARE CAPITAL, SHARE PREMIUM ACCOUNT, SHARE OPTION RESERVE, SHARES HELD UNDER EMPLOYEE BENEFIT TRUST

The movements on these items are disclosed in Note 29 of the Consolidated Financial Statements.

44. RETAINED EARNINGS

	RM'000
Balance at 31 March 2012	6,365
Net loss for the year	(3,497)
Dividend	(15,049)
Balance at 31 March 2013	(12,181)
Net loss for the year	(77,935)
Balance at 31 March 2014	(90,116)

45. RELATED PARTY TRANSACTIONS

	Year ended 31 March 2014 RM'000	**Year ended 31 March 2013 RM'000**
Advances to CSF Advisers Sdn Bhd	42,888	43,975
Advances to CSF CX Sdn Bhd	30,976	19,842
Advances to CSF Asia Pte Ltd	1,561	3,809
Advances to Atlas CSF Sdn Bhd	697	1,840
Sales to CSF Advisers Sdn Bhd	643	-
Sales to CSF CX Sdn Bhd	1,269	-
Sales to Atlas CSF Sdn Bhd	1,769	-

The outstanding amount from CSF Advisers SdnBhd, CSF CX SdnBhd, CSF Asia Pte Ltd, Atlas CSF SdnBhd and CSF International Limited are unsecured, interest-free and not subject to fixed repayment term.