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This announcement contains inside information

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

FINAL RESULTS

CSF Group (AIM: CSFG), a leading provider of data centre facilities and services in South East Asia and the largest provider of data centre services in Malaysia, today announces its full year results for the year ended 31 March 2016.

Financial highlights:

- Group revenue of RM84.0m (£15.0m*) (FY2015: RM81.8m (£14.6m*))
- Loss before tax of RM33.0m (£5.9m*) compared to the loss before tax of RM31.8m (£5.7m*) in FY2015
- EPS loss of 22.70 sen (loss 4.04p*) per share (FY2015: loss 19.47 sen (loss 3.47p*) per share)
- Closing cash position as at 31 March 2016 of RM43.6m (£7.8m*) (FY2015: RM29.2m (£5.2m*))

Operational highlights:

- Completed negotiations with the freeholder of CX1, CX2 and CX5 data centres to restructure the lease rental payments in December 2015 and heads of terms agreed (announced on 14 December 2015)
- Currently finalizing a debt settlement agreement and supplement lease agreement to improve operating cash flow
- Continuing to pursue a pipeline of potential customers and marketing activities
    - Ongoing discussions with several potential customers
    - Enhanced marketing efforts focusing on potential customers and resellers

* *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 2016 of RM5.6130 : £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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CHAIRMAN'S STATEMENT

Overview of the Year

The Group incurred a loss for the financial year ended 31 March 2016 as both the CX2 and CX5 data centres have not yet attained the optimum level of occupancy. However, the Group achieved a significant improvement in reducing the gross loss from RM28.6m (£5.1m*) in FY2015 to RM1.5m (£0.3m*) in the current financial year. Notwithstanding the significant reduction in the gross loss, the Group reported a higher net loss of RM36.3m (£6.5m*) for the current year as compared to a net loss of RM31.2m (£5.6m*) in FY2015, which was mainly attributable to a general provision for doubtful debts to cover the inherent risks associated with trade receivables that are expected to be collected over a longer period of time, mitigated by a net decrease in the provision for onerous leases due to revisions in the outlook of the data centre rental business over the longer term.

The reduction in gross loss in the current year is mainly attributable to the management's commendable effort in completing the restructuring of the lease rental payments on CX1, CX2 and CX5, with the revised lease rental rates having commenced on 1 January 2016. In addition, additional rental revenues were contributed by a new customer at Block A of CX5 and an existing customer taking additional capacity at Block B of CX5.

The Group had a closing cash position of RM43.6m (£7.8m*) at the year end and approximately RM32.3m (£5.8m*) tied up as working capital relating to the development of CX5, which is expected to be collected progressively in line with the expiry of the warranty period of certain components of the fit-out works, up to the second quarter of calendar year 2017. The reasonably healthy cash reserve was mainly attributable to the repayment during the financial year of RM27.9m (£5.0m*) of the cash advances initially given by the Group to the developer of CX5.

As reported in the half year announcement, the Group has completed its negotiations with the freeholder of CX1, CX2 and CX5 data centres to restructure the lease rental payments in December 2015. The Group is in process of finalising the debt settlement agreement and the supplemental lease agreement. With the revised lease rental payment, operating cash flow is expected to improve significantly.

Current Trading

The Group's immediate focus is to fill the available capacity of the CX2 and CX5 data centres. The Board and management team continue to follow-up on a number of key strategic initiatives and pursue the pipeline of potential customers and business alliances. The Board believes that the key strategic initiatives that are being undertaken have positioned the business in the right direction and seen some positive development in the Group. The Board remains focused on these plans going forward.

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

In view of the accumulated losses of the Group, the Board is not recommending the payment of a dividend.

Data Centre Rental

The Group now has 406,000 sq ft of data centre space and more than 20 MW of IT power capacity in Malaysia.

During the year, a new tenancy contract was secured for Block A of CX5 and an existing customer commissioned additional capacity at Block B of CX5. The aforementioned events contributed positively to the Group’s financial results. The Group is actively pursuing new customers directly and working closely with a network of resellers and business partners to fill in the remaining available capacity at CX2 and CX5 to a sustainable level.

The Group commissioned a fibre optic cable linking CX1, CX2 and CX5 during the year, thereby enhancing the connectivity of the Group’s data centres which is expected to create more opportunities to market the Group’s data centre capacity. The management is now exploring the formation of business alliances to further enhance and extend the connectivity of the Group’s data centres.

Maintenance, Design and Fit-out of Data Centres

The management continues to pursue new contracts to enhance our recurring maintenance revenue streams and other design and fit-out projects revenue.

Outlook

The Board will continue to support the efforts of the management in implementing its stated business strategies which it believes will place the Group on a solid foundation from which it can return to profitability in the future.

The Board believes that the initiative to secure customers for the data centre rental business is absolutely critical to the viability of the Group’s business. In this regard, the Board will support the management’s efforts in marketing and securing the remaining space available at the Group’s data centres.

The priority for the Board and management is to conserve the Group’s cash reserves, secure customers for the data centre rental business, and strive to improve operational efficiency in order to reduce costs.

The Board is cautiously optimistic that the Group’s financial results will improve in the next financial year.

Phil Cartmell
Chairman
22 July 2016

CHIEF FINANCIAL OFFICER'S REVIEW

Introduction

The Group incurred a net loss of RM36.3m (£6.5m*) for FY2016 as compared to a net loss of RM31.2 (£5.6m*) in FY2015 which translated to basic loss per share ("LPS") of 22.70 sen (4.04p*) as compared to a basic ("LPS") of 19.47 sen (3.47p*) in FY2015.

The higher net loss for FY2016 included higher bad debt provisions of RM30.0m (£5.4m*) as compared to RM0.8m (£0.2m*) in FY2015 mainly due to a general provision for doubtful debts to cover the inherent risks associated with trade receivables that are expected to be collected over a longer period of time. In addition, there was a net decrease in the provision for onerous leases of RM10.9m (£1.9m*) in FY2016 as compared to a decrease of RM9.1m (£1.6m*) in FY2015 due to revisions in the outlook of the data centre rental business over the longer term.

The Group's closing cash position increased from RM29.2m (£5.2m*) as at 31 March 2015 to RM43.6m (£7.8m*) as at the year-end, mainly due to the repayment of RM27.9m (£5.0m*) of the cash advances by the developer of CX5 upon the completion of Block C of CX5.

Based on the Group's unrestricted cash and bank balances at the financial year end of RM43.6m (£7.8m*), the restricted cash of RM14.1m (£2.5m*) and the net current assets balance of RM95.7m (£17.0m*) and taking into consideration the financial projections, including cash flows, for the period up to 31 March 2018, the Board believes that the Group has adequate resources to continue in operational existence for the foreseeable future.

Financial results

The financial results of the Group are summarised below:

	2016 RM'000	2015 RM'000	Proforma* 2016 £'000	Proforma* 2015 £'000
Total Group Revenue	**83,987**	81,790	**14,963**	**14,572**
Gross loss	(1,529)	(28,637)	(272)	(5,101)
Gain on disposal of joint venture	-	17,002	-	3,029
Allowance for doubtful debts, net	(30,050)	(842)	(5,354)	(150)
Reduction of contingent consideration	950	910	169	162
Impairment of goodwill	-	(3,750)	-	(668)
Impairment of tangible assets reversal	13,100	-	2,334	-
Net movement on onerous leases	10,950	9,113	1,951	1,624
Share of loss after tax of jointly-controlled entity	-	(1,309)	-	(233)
Loss from operations	**(25,910)**	**(24,792)**	**(4,616)**	**(4,416)**
Net finance income/ (cost)	274	777	49	138
Unwinding of discounts on provision	(7,650)	(7,813)	(1,363)	(1,392)
Net foreign exchange gain / (loss)	291	(12)	52	(2)
Loss before tax	**(32,995)**	**(31,840)**	**(5,878)**	**(5,672)**
Tax	(3,331)	686	(593)	122
Foreign currency translation	(363)	(182)	(65)	(32)
Total comprehensive loss for the financial year	**(36,689)**	**(31,336)**	**(6,536)**	**(5,582)**
Basic LPS	**(22.70 sen)**	**(19.47 sen)**	**(4.04p)**	**(3.47p)**
Weighted average number of ordinary shares for basic EPS ('000)	160,029	160,029	160,029	160,029

	2016	2015	Proforma* 2016	Proforma* 2015
Key Performance Indicators				
Gross loss margin	(1.8%)	(35.0%)	(1.8%)	(35.0%)
(Loss) / Profit from operations (excluding gain on sale of property, plant and equipment, gain on disposal of joint venture, allowance for doubtful debts, impairment of tangible assets, net movement on onerous leases and share of loss after tax of jointly-controlled entity and associate) margin	(23.7%)	(56.2%)	(23.7%)	(56.2%)
Trade receivables turnover (days)	442	460	442	460
Trade payables turnover (days)	84	86	84	86
Quick ratio	7.0	4.8	7.0	4.8

Revenue

			Proforma*	
	2016	2015	2016	2015
	RM'000	RM'000	£'000	£'000
Data centre rental income	63,959	58,604	11,395	10,441
Maintenance income	8,579	11,254	1,528	2,005
	72,538	69,858	12,923	12,446
Design and development of data centre facilities income	11,449	11,932	2,040	2,126
Total Group revenue	**83,987**	**81,790**	**14,963**	**14,572**

The total revenue recorded remained broadly unchanged at RM84.0m (£15.0m*) as compared to RM81.8m (£14.6m*) in FY2015.

The increase in data centre rental revenue of RM5.4m (£0.9m*) was mainly attributable to new customers secured during the year and a higher utilization of data centre capacity by certain existing customers. The decrease in maintenance revenue of RM2.7m (£0.5m*) was mainly attributable to the non-renewal of a comprehensive maintenance contract which expired in the second quarter of the financial year.

Gross loss

The Group recorded a gross loss margin of 1.8% in the current financial year as compared to a gross loss margin of 35.01% in FY2015. This gross loss margin was mainly attributable to the data centre rental segment as tabulated below:

			Proforma*	
	2016	**2016**	**2016**	**2015**
	RM'000	**RM'000**	**£'000**	**£'000**
Data centre rental revenue	**63,959**	**58,604**	**11,395**	**10,441**
Direct expenses	**(77,518)**	**(95,829)**	**(13,810)**	**(17,073)**
Gross loss on data centre rental	**(13,559)**	**(37,225)**	**(2,415)**	**(6,632)**
Gross loss margin on data centre rental	**(21.2%)**	**(63.5%)**	**(21.2%)**	**(63.5%)**

The lower gross loss margin on data centre rental of 21.2% as compared to 63.5% in FY2015 was mainly due to the lower lease rental cost recorded after the Group completed the restructuring of the lease rental payments.

Loss from operations

The Group recorded a loss from operations of RM25.9m (£4.6m*) compared to a loss from operations of RM24.8m (£4.4m*) in 2015, as analysed below:

			Proforma*	
	2016 RM'000	2015 RM'000	2016 £'000	2015 £'000
Operating loss from data centre rental, maintenance, and design and development of data centre facilities	(20,860)	(45,916)	(3,716)	(8,180)
Gain on disposal of joint venture	-	17,002	-	3,029
Allowance for doubtful debts, net	(30,050)	(842)	(5,354)	(150)
Reduction of contingent consideration	950	910	169	162
Impairment of goodwill	-	(3,750)	-	(668)
Impairment of tangible assets reversal	13,100	-	2,334	-
Net movement on onerous leases	10,950	9,113	1,951	1,624
Share of loss after tax of jointly-controlled entity	-	(1,309)	-	(233)
Total operating loss	**(25,910)**	**(24,792)**	**(4,616)**	**(4,416)**

Notwithstanding the lower gross loss as explained above, the operating loss was higher mainly due to general provision for doubtful debts of RM30.0m (£5.4m*) to cover the inherent risks associated with trade receivables that are expected to be collected over a longer period and decrease in net provision for onerous leases of RM10.9m (£1.9m*) in FY2016 due to revisions in the longer-term outlook of the data centre rental business. In addition, the Group recorded a reversal of impairment of tangible assets of RM13.1m (£2.3m*) as a consequence of the restructured lease rental terms of CX2.

In the prior year, the Group recorded a gain of RM17.0m (£3.0m*) on the disposal of an interest in a jointly-controlled entity.

Net finance cost

Net finance cost increased from RM7.0m (£1.3m) to RM7.4m (£1.3m) as a result of the interest incurred to the freeholder for the debt settlement (as described above).

Taxation

The Group recorded a tax charge for the year in spite of reporting a loss for the year mainly due to tax payable by a profitable subsidiary which was not subject to group tax relief.

Earnings per share

Basic and diluted loss per share ("LPS") was 22.70 sen (4.04p*) compared to a LPS of 19.47 sen (3.47p*) in 2017. The weighted average number of shares during the year used for both the basic and diluted LPS calculations is 160,028,667 (2015: 160,028,667).

Dividends

The Board does not propose any payment of dividends in respect of the current financial year.

Cash and treasury

			Proforma*	
	2016 RM'000	2015 RM'000	2016 £'000	2015 £'000
Cash used in operations before working capital movements and net finance income / cost	(23,559)	(49,785)	(4,197)	(8,870)
Working capital movements	7,500	29,417	1,336	5,241
Net finance cost / income	7,376	7,036	1,314	1,254
	(8,683)	(13,332)	(1,547)	(2,375)
Repayment of loans by the owner of a development project	27,936	20,000	4,977	3,563
Repayment by the jointly-controlled entity	-	8,921	-	1,589
Capital expenditure	(4,083)	(5,792)	(727)	(1,032)
Acquisition of a subsidiary	-	(1,440)	-	(256)
Net cash from other investing activities	1,484	1,766	264	314
Net cash inflow before financing activities	16,654	10,123	2,967	1,803
Net cash from financing activities	(2,264)	(780)	(403)	(139)
Net cash inflow	14,390	9,343	2,564	1,664

The Group recorded a lower net cash used by operations before working capital movements and net finance cost of RM23.6m (£4.2m*) and positive movement in working capital of RM7.5m (£1.3m*), which was mainly due to lower lease rental payments on CX1, CX2 and CX5 in line with the restructured lease rental terms, whereby the lease rental payments shall be lower in the earlier years and progressively increasing thereafter.

The balance of the trade receivable relating to the CX5 project of RM32.3m (£5.8m*) million is due to be received progressively in line with the expiry of the warranty period of certain components of the fit-out works, which is expected to end in the second quarter of calendar year 2017. The Group provided for an allowance for doubtful debts for all long outstanding receivables exceeding six months based on Group policy. The provision also includes a portion of the receivable outstanding in respect of the CX5 project.

The developer of CX5 repaid the final RM27.9m (£5.0m*) of the cash advances provided by CSF in June 2015.

Post Balance Sheet Events

The revised lease rental agreement and the debts settlement agreement with the freeholder is in the process of being finalised as at date of this report.

Critical accounting judgement and key sources of estimation uncertainty

The areas of critical accounting judgement and key sources of estimation uncertainty are disclosed in Note 1 (vi) as below.

Going concern

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

Lee, King Loon
Chief Financial Officer
22 July 2016

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2016

	Note	Year ended 31 March 2016 RM'000	Year ended 31 March 2015 RM'000	Proforma Year ended 31 March 2016 £'000	Proforma Year ended 31 March 2015 £'000
Revenue		83,987	81,790	14,963	14,572
Cost of sales		(85,516)	(110,427)	(15,235)	(19,673)
Gross loss		(1,529)	(28,637)	(272)	(5,101)
Other operating income		105	266	18	47
Net loss on sale of property, plant and equipment		-	(46)	-	(8)
Gain on disposal of other investment		3	-	1	-
Gain on disposal of joint venture		-	17,002	-	3,029
Share of loss after tax					
- joint venture		-	(1,309)	-	(233)
Administrative expenses		(19,388)	(16,966)	(3,454)	(3,023)
Bad debts written off		(51)	(301)	(9)	(54)
Net allowance for doubtful debts		(30,050)	(842)	(5,354)	(150)
Impairment of goodwill		-	(3,750)	-	(668)
Reduction of contingent consideration		950	910	169	162
Impairment of tangible assets reversal		13,100	-	2,334	-
Net movement on onerous leases	4	10,950	9,113	1,951	1,624
Management restructuring cost		-	(232)	-	(41)
Total operating expenses		(24,489)	(12,068)	(4,363)	(2,150)
Operating loss		(25,910)	(24,792)	(4,616)	(4,416)
Finance income		1,481	1,748	264	311
Net foreign exchange gain/(loss)		291	(12)	52	(2)
Interest payable on bank loans, overdrafts and finance lease		(1,207)	(971)	(215)	(173)
Unwinding of discounts on provisions	4	(7,650)	(7,813)	(1,363)	(1,392)
Finance costs		(8,857)	(8,784)	(1,578)	(1,565)
Loss before tax		(32,995)	(31,840)	(5,878)	(5,672)
Tax		(3,331)	686	(593)	122
Loss for the financial year		(36,326)	(31,154)	(6,471)	(5,550)
Other comprehensive income					
Foreign currency translation		(363)	(182)	(65)	(32)
Total comprehensive loss for the financial year		(36,689)	(31,336)	(6,536)	(5,582)
EPS					
- Basic (Malaysian sen)		(22.70)	(19.47)	(4.04)p	(3.47)p
- Diluted (Malaysian sen)		(22.70)	(19.47)	(4.04)p	(3.47)p

All results derive from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

			Proforma	
	As at 31 March 2016 RM'000	**As at 31 March 2015 RM'000**	**As at 31 March 2016 £'000**	**As at 31 March 2015 £'000**
Non-current assets				
Property, plant and equipment	25,640	13,446	4,568	2,396
Interest in associate	-	-	-	-
Other Investments	155	153	28	27
Goodwill	-	-	-	-
Trade receivables	360	566	64	101
Deferred tax asset	-	1,969	-	351
	26,155	16,134	4,660	2,875
Current assets				
Inventories	1,781	2,054	317	366
Trade and other receivables	64,503	108,925	11,491	19,406
Current tax assets	175	242	31	43
Restricted cash	14,055	13,095	2,504	2,333
Cash and cash equivalents	45,823	31,379	8,164	5,590
	126,337	155,695	22,507	27,738
Total assets	152,492	171,829	27,167	30,613
Current liabilities				
Trade and other payables	44,338	73,130	7,899	13,029
Current tax liabilities	854	-	152	-
Bank borrowings	1,164	1,164	207	207
Obligations under finance leases	140	140	25	25
	46,496	74,434	8,283	13,261
Non-current liabilities				
Obligations under finance leases	165	305	29	54
Bank borrowings	334	1,498	60	267
Trade and other payables	67,492	17,830	12,024	3,177
Deferred tax liabilities	232	-	41	-
Onerous lease provision	57,900	61,200	10,315	10.903
	126,123	80,833	22,469	14,401
Total liabilities	172,619	155,267	30,752	27,662
Net (liabilities)/assets	(20,127)	16,562	(3,585)	2,951
Equity				
Share capital	78,936	78,936	14,063	14,063
Share premium account	104,499	104,499	18,617	18,617
Shares held under Employee Benefit Trust	(2,300)	(2,300)	(410)	(410)
Other reserve	(66,153)	(66,153)	(11,785)	(11,785)
Share option reserve	-	4,117	-	733
Translation reserve	(766)	(403)	(137)	(72)
Accumulated loss	(134,343)	(102,134)	(23,933)	(18,195)
Total (capital deficiency)/equity	(20,127)	16,562	(3,585)	2,951

CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended 31 March 2016

	Year ended 31 March 2016 RM'000	Year ended 31 March 2015 RM'000	Proforma Year ended 31 March 2016 £'000	Proforma Year ended 31 March 2015 £'000
Net cash used in operating activities	(8,683)	(13,332)	(1,547)	(2,375)
Investing activities				
Interest received	1,481	1,748	264	311
Repayment of advances from joint venture	-	8,921	-	1,589
Repayment of advances from the owner of a development project	27,936	20,000	4,977	3,563
Additions to property, plant and equipment	(4,083)	(5,792)	(727)	(1,032)
Net proceeds from sale of property, plant and equipment	-	18	-	3
Proceeds from sale of other investment	3	-	-	-
Purchase of new subsidiary, net of cash	-	(1,440)	-	(256)
Net cash generated from investing activities	25,337	23,455	4,514	4,178
Financing activities				
Repayments of obligations under finance leases	(140)	(140)	(25)	(25)
(Increase)/Decrease in restricted cash	(960)	136	(171)	24
Repayment of borrowings	(1,164)	(776)	(207)	(138)
Net cash used in financing activities	(2,264)	(780)	(403)	(139)
Net increase in cash and cash equivalents	14,390	9,343	2,564	1,664
Cash and cash equivalents at beginning of financial year	29,182	19,839	5,199	3,534
Cash and cash equivalents at end of financial year	43,572	29,182	7,763	5,198

CONSOLIDATED STATEMENT OF CASH FLOW (Cont'd)
For the year ended 31 March 2016

	Year ended 31 March 2016 RM'000	Year ended 31 March 2015 RM'000	Proforma Year ended 31 March 2016 £'000	Proforma Year ended 31 March 2015 £'000
Loss for the financial year	(36,326)	(31,154)	(6,471)	(5,550)
Adjustments for:				
Allowance for slow moving inventories	482	361	86	64
Allowance for diminution of investment	(2)	19	-	3
Allowance for doubtful debts	30,050	842	5,354	150
Bad debts written off	51	301	9	54
Depreciation of property, plant and equipment	4,989	4,107	889	732
Impairment of goodwill	-	3,750	-	668
Reduction of contingent consideration	(950)	(910)	(169)	(162)
Reversal of impairment of tangible assets	(13,100)	-	(2,334)	-
Interest expense	8,857	8,784	1,578	1,565
Interest income	(1,481)	(1,748)	(264)	(311)
Gain on disposal of joint venture	-	(17,002)	-	(3,029)
Net loss on sale of property, plant and equipment	-	46	-	8
Gain on disposal of other investment	(3)	-	(1)	-
Foreign currency translation	(363)	(182)	(65)	(32)
Share of loss after tax of jointly controlled entity	-	1,309	-	233
Onerous leases	(10,950)	(9,113)	(1,951)	(1,623)
Tax	3,331	(686)	593	(122)
Operating cash outflows before movements in working capital	(15,415)	(41,276)	(2,746)	(7,352)
(Increase)/Decrease in inventories	(209)	563	(37)	100
(Increase)/Decrease in receivables	(13,411)	7,484	(2,389)	1,333
Increase in payables	21,120	21,370	3,762	3,807
Cash used in operations	(7,915)	(11,859)	(1,410)	(2,112)
Interest paid	(559)	(599)	(100)	(107)
Income taxes paid	(209)	(874)	(37)	(156)
Net cash used in operating activities	(8,683)	(13,332)	(1,547)	(2,375)

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	Translation reserve RM'000	Accumulated loss RM'000	Total RM'000
At 1 April 2014	78,936	104,499	(2,300)	(66,153)	4,117	(221)	(70,980)	47,898
Total comprehensive loss for the year	-	-	-	-	-	(182)	(31,154)	(31,336)
At 31 March 2015	78,936	104,499	(2,300)	(66,153)	4,117	(403)	(102,134)	16,562
Expiry of share options	-	-	-	-	(4,117)	-	4,117	-
Total comprehensive loss for the year	-	-	-	-	-	(363)	(36,326)	(36,689)
At 31 March 2016	78,936	104,499	(2,300)	(66,153)	-	(766)	(134,343)	(20,127)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
PROFORMA

Proforma	**Share Capital £'000**	**Share premium account £'000**	**Shares held under Employee Benefit Trust £'000**	**Other reserve £'000**	**Share option reserve £'000**	**Translation reserve £'000**	**Accumulated loss £'000**	**Total £'000**
At 1 April 2014	14,063	18,617	(410)	(11,785)	733	(40)	(12,645)	8,533
Total comprehensive loss for the year	-	-	-	-	-	(32)	(5,550)	(5,582)
At 31 March 2015	14,063	18,617	(410)	(11,785)	733	(72)	(18,195)	2,951
Expiry of share options	-	-	-	-	(733)	-	733	-
Total comprehensive loss for the year	-	-	-	-	-	(65)	(6,471)	(6,536)
At 31 March 2016	14,063	18,617	(410)	(11,785)	-	(137)	(23,933)	(3,585)

1. General information

The Preliminary Announcement and the final accounts of the Group were approved by the Board of Directors on 22 July 2016. The financial information set out in this Preliminary Announcement does not constitute the Group's statutory accounts for the year ended 31 March 2016 but is derived from those accounts. The statutory accounts for 2016 will be delivered to the Jersey Registrar of Companies in September 2016. The auditors have reported on the 2016 accounts and their report was unqualified and did not draw attention to any matters by way of emphasis.

(i) Basis of preparation

The consolidated financial statements of CSF Group plc, for the year ended 31 March 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRS on or before 30 September 2016.

(ii) Pro forma

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 2016 of RM5.6130: £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.

(iii) Basis of accounting

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

(iv) Forward-looking statements

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

(v) Going concern

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

As at 31 March 2016, the Group's cash and cash equivalents excluding deposits held on behalf of the Employee Benefit Trust stand at RM43.6 million.

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

- The positive progress that is already being made in restructuring the business and the heightened focus on cash management;
- The existing cash reserves of the business, and the fact that the Group has low levels of bank borrowings with low financial covenants;
- The Group's business model is to lease its data centres as opposed to outright ownership. As a result, the Group is committed to regular lease rental payments, which constitute a significant proportion of the Group's cost base. The Group therefore needs to achieve a certain level of tenant occupancy to cover the minimum lease and other costs of ownership of a given data centre;
- 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 have declined. In this regard the group are monitoring closely its cost and looking at ways to improve the operation and procurement process including working closely with its suppliers to reduce the overall cost;
- The Group has completed the restructuring with the freeholder on the lease rental payments on CX1, CX2 and CX5, with the revised lease rental rates commencing on 1 January 2016 whereby the lease rental payments shall be lower in the earlier years and progressively increasing thereafter. The outstanding lease rental accrued up to 31 December 2015 will be settled over an extended period;

- The Group received significant cash receipts of RM31.4 million upon the completion of block C of CX5 in June 2015 and progressively received RM6.0 million of trade receivables relating to the CX5 project during the year. The balance of amounts receivable relating to the CX5 project of RM32.3 million is due to be received progressively in line with the expiry of the warranty period of certain components of the fit-out works relating to CX5, which is expected to end in the second quarter of calendar year 2017. The directors note that the receipt of proceeds of the remaining balance of CX5 project is governed by existing contractual arrangements;
- 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.

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 2016.

(vi) 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, 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. 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.

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.

The Group made general allowance for doubtful debts pertaining to trade receivables aged six months and above.

Recoverability of amounts owing from IDCB

Trade receivables includes an aggregate amount of RM32.3m due from IDCB, the developer of the CX5 data centre. Subsequent to the financial year end, the Group received RM3.0 million. The balance of cash receipts of RM29.3 million is due to receive progressively in line with the expiry of the warranty period of certain components of the fit-out works relating to CX5, which is expected to end second quarter of calendar year 2017. 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, there is inherent risk in both the recoverability of the receivables and the timing of associated receipts.

The Group has made provision for doubtful debts pertaining to trade receivables aged six months and above including IDCB to cover the inherent risks associated with trade receivables that are expected to be collected over a longer period of time.

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 for nine years and the estimate may vary as a result of changes in the utilisation and price of a data centre's space.

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.

2. 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 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.

3. Segment reporting

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

Year ended 31 March 2016	Data centre rental RM'000	Maintenance RM'000	Design and development of data centre facilities RM'000	Consolidated RM'000
Revenue	63,959	8,579	11,449	83,987
Cost of sales	(77,518)	(2,733)	(5,265)	(85,516)
Gross profit / (loss)	(13,559)	5,846	6,184	(1,529)
Other operating income	65	-	40	105
Administrative cost	(5,081)	(655)	(618)	(6,354)
Allowance for doubtful debts	(571)	-	(29,479)	(30,050)
Allowance for slowing stock	-	-	(482)	(482)
Allowance for diminution of investment	-	-	2	2
Bad debts written off	-	-	(165)	(165)
Unwinding of discounts on provision	(7,650)	-	-	(7,650)
Onerous leases	10,950	-	-	10,950
Staff costs	(4,746)	(645)	(863)	(6,254)
Segment depreciation	(21)	(16)	(68)	(105)
Segment result	(20,613)	4,530	(25,449)	(41,532)
Non-trade bad debts written back				114
Reduction of contingent consideration				950
Corporate cost				(6,195)
Finance income				1,481
Gain on disposal of other investment				3
Reversal of impairment loss				13,100
Net foreign exchange gain				291
Finance costs				(1,207)
Loss before tax				(32,995)
Tax				(3,331)
Loss for the financial year				(36,326)
Other comprehensive income				
Foreign currency translation				(363)
Total comprehensive loss for the financial year				(36,689)

Year ended 31 March 2015	Data centre rental RM'000	Maintenance RM'000	Design and development of data centre facilities RM'000	Consolidated RM'000
Revenue	58,604	11,254	11,932	81,790
Cost of sales	(95,829)	(5,313)	(9,285)	(110,427)
Gross profit / (loss)	(37,225)	5,941	2,647	(28,637)
Other operating income	-	-	266	266
Administrative cost	(3,635)	(572)	(635)	(4,842)
Allowance for doubtful debts	(655)	-	(187)	(842)
Allowance for slowing stock	-	-	(361)	(361)
Allowance for diminution of investment	-	-	(19)	(19)
Unwinding of discounts on provision	(7,813)	-	-	(7,813)
Onerous leases	9,113	-	-	9,113
Staff costs	(4,132)	(938)	(981)	(6,051)
Segment depreciation	(31)	(23)	(100)	(154)
Segment result	(44,378)	4,408	630	(39,340)
Bad debts written off				(301)
Impairment of goodwill				(3,750)
Reduction of contingent consideration				910
Management restructuring costs				(232)
Corporate cost				(5,539)
Finance income				1,748
Gain on disposal of joint venture				17,002
Net foreign exchange loss				(12)
Loss on disposal of property, plant and equipment				(46)
Share of loss of jointly controlled entity				(1,309)
Finance costs				(971)
Loss before tax				(31,840)
Tax				686
Loss for the financial year				(31,154)
Other comprehensive income				
Foreign currency translation				(182)
Total comprehensive loss for the financial year				(31,336)

4. Onerous leases

	As at 31 March 2016 RM'000	As at 31 March 2015 RM'000
Movement in provision of onerous leases		
At start of financial year	61,200	62,500
Additional provision during the financial year	26,063	29,025
Utilisation of provision	(37,013)	(38,138)
Unwinding of discount	7,650	7,813
At end of financial year	57,900	61,200

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

The provision 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 is nine years with an option to extend by an additional 16 years.

5. 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 2016	Year ended 31 March 2015
Net loss for the financial year after taxation attributable to members (RM'000)	(36,326)	(31,154)
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.

6. Dividend

The Board does not propose any payment of dividends in respect of the current financial year.

7. Contingencies

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

	As at 31 March 2016 RM'000	**As at 31 March 2015 RM'000**
Bank guarantees	25,037	27,549

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