Embargoed until 7am 29 September 2017

CSF Group plc
(“CSF” or “the Group”)

FINAL RESULTS

CSF Group (AIM: CSFG), a provider of data centre facilities and services in South East Asia, today announces its full year results for the year ended 31 March 2017.

Financial highlights:

- Group revenue of RM82.4m (£15.0m*) (FY2016: RM84.0m (£15.3m*))
- Loss before tax of RM33.2m (£6.0m*) compared to the loss before tax of RM33.0m (£6.0m*) in FY2016
- EPS loss of 21.63 sen (loss 3.93p*) per share (FY2016: EPS loss 22.70 sen (loss 4.12p*) per share)
- Closing unrestricted cash position as at 31 March 2017 of RM58.0m (£10.5m*) (FY2016: RM43.6m (£7.9m*))

Operational highlights:

- Increase in the Group’s cash position due to efforts in implementing tighter credit control and revised lease payments
- Finalised debt settlement agreement improving 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
- Post period, the Group recently entered into a conditional agreement to dispose of CSF CX subsidiary (the “Conditional Disposal”), the tenant and operator of the Group’s CX2 and CX5 data centres
- At present, the Conditional Disposal is subject to conditions precedent and CSF will provide further updates as and when appropriate

* *The translation of the financial statements into pro forma balances in pounds Sterling is included solely for convenience and information. 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 2017 of RM5.5053 : £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.*

Electronic copies of CSF's audited annual report and accounts for the year ended 31 March 2017 will shortly be available from the Company's website: www.csf-group.com.

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CHAIRMAN'S STATEMENT

Overview of the Year

CSF Group is a provider of data centre facilities and services in South East Asia. The Group's revenue is generated from the provision of data centre design and development services, support and maintenance agreements and the rental of data centre space. The Group's business model is to lease its data centre facilities from a freeholder, rather than own the property assets underlying its data centres.

The Group incurred a loss for the financial year ended 31 March 2017, which was principally due to its CX2 and CX5 data centres having not yet attained an optimum level of occupancy. The Group reported an increase in gross loss from RM1.5m (£0.3m*) in FY2016 to RM3.2m (£0.6m*) in the current financial year. Notwithstanding the higher gross loss, the Group reported a slightly lower net loss of RM34.6m (£6.3m*) for the year under report as compared to a net loss of RM36.3m (£6.6m*) in FY2016. The net loss in the prior year was mainly attributable to a provision for doubtful debts of RM30.0m (£5.5m*) to cover the inherent risks associated with trade receivables that are expected to be collected over a longer period of time, offset by a net reduction in the provision for onerous leases of RM10.9m (£2.0m*) and reversal of impairment of tangible assets of RM13.1m (£2.4m*). Although there was a net reversal of provision for doubtful debts of RM1.0m (£0.2m*) in the current financial year, the Group recorded a net increase in the provision of onerous leases of RM8.2m (£1.5m*) due to revisions in the outlook of the data centre rental business.

The higher gross loss in the year under report is mainly due to the reduction in gross profit of the maintenance segment and design and development segment of the business resulting from a decline in revenue in each of these segments, coupled with higher costs incurred in respect of comprehensive maintenance contracts.

As reported in the prior year, in December 2015 the Group completed its negotiations with the freeholder of CX1, CX2 and CX5 data centres to restructure the lease rental payments. The Group has finalised the debt settlement agreement but supplemental lease agreements remain to be finalised. Following the completion of the Conditional Disposal, further details of which are below, CX2 and CX5 will no longer form part of the Group, but CSF will continue to seek to finalise the supplemental lease agreement in respect of CX1.

The revised lease payments and the management's commendable effort in implementing tighter credit control had resulted in an increase in the Group's closing cash position from RM43.6m (£7.9m*) as at 31 March 2016 to RM58.0m (£10.5m*) as at the year-end.

Notwithstanding the increase in cash position, the Group is conscious that monthly revenues are presently insufficient to cover monthly operating overheads and the capital expenditure required for the replacement of aging data centre equipment. In this regard, the management continues to identify areas for cost reduction, including discussions with the freeholder for further concessions.

The Group recently entered into an agreement to dispose of its entire equity interest in CSF CX Sdn Bhd ("CSF CX"), the loss-making subsidiary which is also the operator and lessee of the CX2 and CX5 data centres, to BDC AssetCo Pte Ltd for a cash consideration of RM2.00 (approximately £0.36*) (the "Conditional Disposal").

CX2 and CX5 are carrier-neutral multi-storey commercial data centre facilities located in the Selangor state of Malaysia, which occupy a total net floor area of approximately 345,000 square feet. The Group commenced to lease CX2 and CX5 in 2009 and 2012 respectively from an independent third party (the freeholder).

The Conditional Disposal is conditional upon, *inter alia*, the receipt of various regulatory consents and is also subject to certain timing restrictions. There can be no certainty that the Conditional Disposal's conditions can be fulfilled within the prescribed timeframe and there is a possibility that the transaction might not complete, in which case the Conditional Disposal would be terminated without any material financial compensation being paid by either CSF or the purchaser of CSF CX.

The Board expects that the Conditional Disposal will improve the Group's financial position, principally due to the elimination of the net liabilities of CSF CX and the elimination of the Group's obligations on the leases payable, and the return of cash deposits pledged for banking facilities and rental deposits (approximately up to RM6 million (£1.1 million*)) in connection with CX2 and CX5. The Group intends to apply the proceeds from the Conditional Disposal and the returned cash deposits towards additional working capital.

Following completion of the Conditional Disposal, the Group will continue its maintenance and data centre design and development business. In addition the Group will also continue to market its data centre services in respect of its CX1 data centre. CX1 is a commercial data centre facility located in the Selangor state of Malaysia, which has been in operation since 2003 with a total net floor area of approximately of 45,500 square feet.

Current Trading

In conjunction with seeking to progress the Conditional Disposal, the Group continues to focus on filling the available capacity of the CX2 and CX5 data centres and recognizes the importance of forging business partnerships that would attract more technology companies to utilise the Group's data centres. Therefore, the Board and management team continue to follow-up on a number of key strategic initiatives and pursue a pipeline of potential customers and business alliances, and remains focused on these plans going forward.

The Board and management will continue implement measures to reduce the burn rate of the Group's cash reserves. The Board will continue to ensure that there is no significant cash outlay other than the sums required to cover the committed lease rentals and other necessary operating overheads, subject to any further capital or operating expenditure that may be required in relation to tenancy contracts. Following the completion of the Conditional Disposal, the Group is expected to have additional working capital from the return of cash deposits pledged for banking facilities and rental deposits (approximately up to RM6m (£1.1m*)) in connection with CX2 and CX5.

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

Data Centre Rental

During the year, the Group successfully renegotiated the contract with an existing tenant and secured a new tenancy contract with a large multinational company. The Group continues to actively pursue new customers directly and is 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 fibre optic cable linking CX1, CX2 and CX5 commissioned in the prior year has started to generate initial revenues for the Group and the management have now implemented cross-connect charges for the utilisation of network connectivity within each data centre facility and also across the three data centres.

Following the completion of the Conditional Disposal of CSF CX, the Group will have approximately 45,500 sq ft of data centre space and approximately 1 MW of IT power capacity in Malaysia.

Maintenance, Design and Fit-out of Data Centres

The maintenance and the design and development segments of the business have experienced intense competition and pricing pressure during the year. Notwithstanding, 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 including the Conditional Disposal, which the Board believes will improve the Group's financial position.

The Board will therefore prioritise the implementation of the Conditional Disposal. Thereafter, the Group can better focus its resources towards sustaining the rental revenue of the CX1 data centre, growing the design and development and maintenance business, and identifying further cost reduction measures, with the objective of returning the Group to profitability.

The Board is cautiously optimistic that the Group's financial results will show an improved net trading position in the next financial year, following the completion of the Conditional Disposal of CSF CX, although on significantly decreased revenues.

Phil Cartmell
Chairman
29 September 2017

CHIEF FINANCIAL OFFICER'S REVIEW

Introduction

The Group incurred a net loss of RM34.6m (£6.3m*) for FY2017 as compared to a net loss of RM36.3m (£6.6m*) in FY2016 which translated to basic loss per share ("LPS") of 21.63 sen (3.93p*) as compared to a basic ("LPS") of 22.70 sen (4.12p*) in FY2016.

The lower net loss for FY2017 was mainly attributable to lower bad debt provisions of RM1.04m (£0.1m*) as compared to RM30.0m (£5.5m*) in FY2016 which was partly offset by the net increase in onerous leases of RM8.2m (£1.5m*) as compared to a net decrease of RM10.9m (£2.0m*) in FY2016. The net increase in onerous leases was mainly due to revisions in the outlook of the data centre rental business over the longer term.

The Group's closing cash position increased from RM43.6m (£7.9m*) as at 31 March 2016 to RM58.0m (£10.5m*) as at the year-end, mainly due improvement in the management of customer credit.

Based on the Group's unrestricted cash and bank balances at the financial year end of RM58.0m (£10.5m*), the restricted cash of RM14.1m (£2.6m*) and the net current assets balance of RM71.1m (£12.9m*) and taking into consideration the financial projections, including cash flows, for the period up to 31 March 2019, 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:

			Proforma*	
	2017 RM'000	**2016 RM'000**	**2017 £'000**	**2016 £'000**
Total Group Revenue	**82,420**	**83,987**	**14,971**	**15,256**
Gross loss	(3,238)	(1,529)	(589)	(277)
Other operating income	1,940	105	352	19
(Loss) / gain on disposal of other investment	(11)	3	(2)	1
Administrative expenses	(16,975)	(19,388)	(3,083)	(3,522)
Allowance for doubtful debts, net	1,054	(30,050)	191	(5,458)
Bad debts written off	-	(51)	-	(9)
Reduction of contingent consideration	-	950	-	173
Impairment of tangible assets reversal	-	13,100	-	2,380
Net movement on onerous leases	(8,163)	10,950	(1,483)	1,989
Loss from operations	**(25,393)**	**(25,910)**	**(4,614)**	**(4,704)**
Net finance (cost) / income	(1,282)	274	(233)	50
Unwinding of discounts on provision	(7,238)	(7,650)	(1,315)	(1,390)
Other gain	737	291	134	53
Loss before tax	**(33,176)**	**(32,995)**	**(6,028)**	**(5,991)**
Tax	(1,445)	(3,331)	(262)	(605)
Foreign currency translation	(480)	(363)	(87)	(66)
Total comprehensive loss for the financial year	**(35,101)**	**(36,689)**	**(6,377)**	**(6,662)**
Basic LPS	**(21.63 sen)**	**(22.70 sen)**	**(3.93p)**	**(4.12p)**
Weighted average number of ordinary shares for basic EPS ('000)	160,029	160,029	160,029	160,029

			Proforma*	
	2017	**2016**	**2017**	**2016**
Key Performance Indicators				
Gross loss margin	(3.9%)	(1.8%)	(3.9%)	(1.8%)
Loss from operations (excluding allowance for doubtful debts, reduction of contingent consideration, impairment of tangible assets and net movement) margin	(20.6%)	(24.8%)	(20.6%)	(24.8%)
Trade receivables turnover (days)	330	442	330	442
Trade payables turnover (days)	60	84	60	84
Quick ratio	7.0	7.0	7.0	7.0

Revenue

	2017 RM'000	2016 RM'000	Proforma* 2017 £'000	Proforma* 2016 £'000
Data centre rental income	66,526	63,959	12,084	11,618
Maintenance income	7,183	8,579	1,305	1,558
	73,709	72,538	13,389	13,176
Design and development of data centre facilities income	8,711	11,449	1,582	2,080
Total Group revenue	82,420	83,987	14,971	15,256

The total revenue recorded remained broadly unchanged at RM82.4m (£15.0m*) as compared to RM84.0m (£15.3m*) in FY2016.

The increase in data centre rental revenue of RM2.6m (£0.5m*) 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 RM1.4m (£0.2m*) was mainly attributable to the non-renewal of a comprehensive maintenance contract.

Gross loss

The Group recorded a gross loss margin of 3.9% in the current financial year as compared to a gross loss margin of 1.8% in FY2016 as tabulated below:

	2017 RM'000	2016 RM'000	Proforma* 2017 £'000	Proforma* 2016 £'000
Gross loss on data centre rental	**(10,517)**	**(13,559)**	**(1,910)**	**(2,463)**
Gross profit on maintenance	**4,255**	**5,846**	**773**	**1,062**
Gross loss on design and development	**3,024**	**6,184**	**549**	**1,124**
Total gross loss	**(3,238)**	**(1,529)**	**(588)**	**(277)**
Total revenue	**82,420**	**83,987**	**14,971**	**15,256**
Total gross loss margin	**(3.9%)**	**(1.8%)**	**(3.9%)**	**(1.8%)**

This higher gross loss margin was mainly attributable to the lower gross profit margin of the maintenance segment and higher gross loss margin of the design and development segment, which was partly offset by the lower gross loss margin of the data centre rental segment as tabulated below:

	2017 RM'000	2016 RM'000	Proforma* 2017 £'000	Proforma* 2016 £'000
Maintenance revenue	**7,183**	**8,579**	**1,305**	**1,558**
Direct expenses	**(2,928)**	**(2,733)**	**(532)**	**(496)**
Gross profit on maintenance	**4,255**	**5,846**	**773**	**1,062**
Gross profit margin on maintenance	**59.2%**	**68.1%**	**59.2%**	**68.1%**

Gross loss (Cont'd)

	2017 RM'000	2016 RM'000	Proforma* 2017 £'000	Proforma* 2016 £'000
Design and development revenue	**8,711**	**11,449**	**1,582**	**2,080**
Direct expenses	**(5,687)**	**(5,265)**	**(1,033)**	**(956)**
Gross loss on design and development	**3,024**	**6,184**	**549**	**1,124**
Gross loss margin on design and development	**34.7%**	**54.0%**	**34.7%**	**54.0%**

	2017 RM'000	2016 RM'000	Proforma* 2017 £'000	Proforma* 2016 £'000
Data centre rental revenue	**66,526**	**63,959**	**12,084**	**11,618**
Direct expenses	**(77,043)**	**(77,518)**	**(13,994)**	**(14,081)**
Gross loss on data centre rental	**(10,517)**	**(13,559)**	**(1,910)**	**(2,463)**
Gross loss margin on data centre rental	**(15.8%)**	**(21.2%)**	**(15.8%)**	**(21.2%)**

The lower gross profit margin on maintenance revenue of 59.2% as compare to 68.1% in FY2017 was mainly due to higher costs incurred on the comprehensive maintenance contracts.

The lower gross profit margin on the design and development segment in the current financial year was mainly due to a project in undertaken in the prior financial year that earned a relatively high profit margin in that year.

The lower gross loss margin on data centre rental of 15.8% as compared to 21.2% in FY2016 was mainly due to the increase in data centre rental revenue as elaborated in "Revenue" above.

Loss from operations

The Group recorded a loss from operations of RM25.4m (£4.6m*) compared to a loss from operations of RM25.9m (£4.7m*) in 2016 as analysed below:

	2017 RM'000	2016 RM'000	Proforma* 2017 £'000	Proforma* 2016 £'000
Operating loss from data centre rental, maintenance, and design and development of data centre facilities	(18,284)	(20,860)	(3,322)	(3,788)
Allowance for doubtful debts, net	1,054	(30,050)	191	(5,458)
Reduction of contingent consideration	-	950	-	173
Impairment of tangible assets reversal	-	13,100	-	2,380
Net movement on onerous leases	(8,163)	10,950	(1,483)	1,989
Total operating loss	**(25,393)**	**(25,910)**	**(4,614)**	**(4,704)**

Loss from operations (Cont'd)

Notwithstanding the higher gross loss margin as explained above, the aggregate operating loss of the three (3) business segments was lower mainly due to better cost control measures as reflected by a reduction in administrative expenses from RM19.4m (£3.5m*) in FY2016 to RM17.0 (£3.0m*) in FY2017.

In the prior year, general provision for doubtful debts of RM30.0m (£5.5m*) was made to cover the inherent risks associated with trade receivables that are expected to be collected over a longer period. The effects of the general provision for doubtful debts was partly offset by the decrease in net provision for onerous leases of RM11.0m (£2.0m*) and the reversal of impairment of tangible assets of RM13.1m (£2.4m*).

In the current year, the Group recognised a net increase in onerous leases due to revisions in the longer-term outlook of the data centre rental business.

Net finance cost

The Group recorded net finance cost of RM1.3m (£0.2m*) as compared to net finance income of RM0.3m (£0.05m*) as a result of the interest incurred to the freeholder for the debt associated with lease rental which is repayable pursuant to a debt settlement agreement with the freeholder.

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 21.63 sen (3.93p*) compared to a LPS of 22.70 sen (4.12p*) in 2016. The weighted average number of shares during the year used for basic and diluted LPS calculation is 160,028,667 (2016: 160,028,667).

Dividends

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

Cash and treasury

	2017 RM'000	2016 RM'000	Proforma* 2017 £'000	Proforma* 2016 £'000
Cash generated from / (used in) operations before working capital movements and net finance income / cost	(24,492)	(23,559)	(4,449)	(4,279)
Working capital movements	36,138	7,500	6,564	1,362
Net finance cost / income	8,520	7,376	1,548	1,340
	20,166	(8,683)	3,663	(1,577)
Repayment of loans by the owner of a development project	-	27,936	-	5,074
Capital expenditure	(7,020)	(4,083)	(1,275)	(744)
Net cash from other investing activities	1,674	1,484	304	270
Net cash inflow before financing activities	14,820	16,654	2,692	3,023
Net cash from financing activities	(394)	(2,264)	(71)	(410)
Net cash inflow	14,426	14,390	2,621	2,613

The Group recorded a higher net cash used by operations before working capital movements and net finance cost of RM24.4m (£4.4m*) and positive movement in working capital of RM36.1m (£6.6m*) was mainly due to a decrease in total revenue as explained in C above, whilst certain long overdue trade receivables were collected during the year.

The gross trade receivables balance decreased from RM104.3m (£18.9m*) as at 31 March 2016 to RM44.4m (£8.1m*) as at 31 March 2017.

Non-adjusting event after the financial year-end

On 28 September 2017, the Group entered into a Sale and Purchase Agreement to dispose of its entire equity interest in CSF CX Sdn Bhd ("CSF CX"), a wholly-owned subsidiary, for a cash consideration of RM2.00 (£0.36) ("Conditional Disposal"). The Board expects that the completion of the Conditional Disposal will improve the Group's financial position, principally due to the elimination of the net liabilities of CSF CX and the elimination of the Group's obligations on the leases payable, and the return of cash deposits pledged for banking facilities and rental deposits (approximately up to RM6 million (£1.1 million*)) in connection with the CX2 and CX5 data centres.

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) to the Financial Statements 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) to the Financial Statements below.

Lee, King Loon
Chief Financial Officer
29 September 2017

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

			Proforma	
	Year ended 31 March 2017 RM'000	**Year ended 31 March 2016 RM'000**	**Year ended 31 March 2017 £'000**	**Year ended 31 March 2016 £'000**
Revenue	82,420	83,987	14,971	15,256
Cost of sales	(85,658)	(85,516)	(15,560)	(15,533)
Gross loss	(3,238)	(1,529)	(589)	(277)
Other operating income	1,940	105	352	19
(Loss) / gain on disposal of other investment	(11)	3	(2)	1
Administrative expenses	(16,975)	(19,388)	(3,083)	(3,522)
Bad debts written off	-	(51)	-	(9)
Net allowance for doubtful debts	1,054	(30,050)	191	(5,458)
Reduction of contingent consideration	-	950	-	173
Impairment of tangible assets reversal	-	13,100	-	2,380
Net movement on onerous leases	(8,163)	10,950	(1,483)	1,989
Total operating expenses	(24,084)	(24,489)	(4,375)	(4,447)
Operating loss	(25,393)	(25,910)	(4,614)	(4,704)
Finance income	1,674	1,481	304	269
Net foreign exchange gain	737	291	134	53
Interest payable on bank loans, overdrafts and finance lease	(2,956)	(1,207)	(537)	(219)
Unwinding of discounts on provisions	(7,238)	(7,650)	(1,315)	(1,390)
Finance costs	(10,194)	(8,857)	(1,852)	(1,609)
Loss before tax	(33,176)	(32,995)	(6,028)	(5,991)
Tax	(1,445)	(3,331)	(262)	(605)
Loss for the financial year	(34,621)	(36,326)	(6,290)	(6,596)
Other comprehensive income				
Foreign currency translation	(480)	(363)	(87)	(66)
Total comprehensive loss for the financial year	(35,101)	(36,689)	(6,377)	(6,662)
EPS				
- Basic (Malaysian sen)	(21.63)	(22.70)	(3.93)p	(4.12)p
- Diluted (Malaysian sen)	(21.63)	(22.70)	(3.93)p	(4.12)p

All results derive from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

			Proforma	
	As at 31 March 2017 RM'000	**As at 31 March 2016 RM'000**	**As at 31 March 2017 £'000**	**As at 31 March 2016 £'000**
Non-current assets				
Property, plant and equipment	27,318	25,640	4,962	4,657
Interest in associate	-	-	-	-
Other Investments	20	155	4	28
Goodwill	-	-	-	-
Trade receivables	210	360	38	65
Deferred tax asset	137	-	25	-
	27,685	26,155	5,029	4,750
Current assets				
Inventories	667	1,781	121	324
Trade and other receivables	39,209	64,503	7,122	11,717
Current tax assets	329	175	60	32
Restricted cash	14,056	14,055	2,553	2,553
Cash and cash equivalents	60,313	45,823	10,955	8,323
	114,574	126,337	20,811	22,949
Total assets	142,259	152,492	25,840	27,699
Current liabilities				
Trade and other payables	42,134	44,338	7,654	8,054
Current tax liabilities	-	854	-	155
Bank borrowings	1,260	1,164	229	211
Obligations under finance leases	50	140	9	25
	43,444	46,496	7,892	8,445
Non-current liabilities				
Obligations under finance leases	100	165	18	30
Bank borrowings	-	334	-	61
Trade and other payables	80,643	67,492	14,648	12,259
Deferred tax liabilities	-	232	-	42
Onerous lease provision	73,300	57,900	13,314	10,517
	154,043	126,123	27,980	22,909
Total liabilities	197,487	172,619	35,872	31,354
Net liabilities	(55,228)	(20,127)	(10,032)	(3,655)
Equity				
Share capital	78,936	78,936	14,338	14,338
Share premium account	104,499	104,499	18,982	18,982
Shares held under Employee Benefit Trust	(2,300)	(2,300)	(418)	(418)
Other reserve	(66,153)	(66,153)	(12,016)	(12,016)
Share option reserve	-	-	-	-
Translation reserve	(1,246)	(766)	(226)	(139)
Accumulated loss	(168,964)	(134,343)	(30,692)	(24,402)
Total capital deficiency	(55,228)	(20,127)	(10,032)	(3,655)

CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended 31 March 2017

	Year ended 31 March 2017 RM'000	Year ended 31 March 2016 RM'000	Proforma Year ended 31 March 2017 £'000	Proforma Year ended 31 March 2016 £'000
Net cash from / (used in) operating activities	20,166	(8,683)	3,663	(1,577)
Investing activities				
Interest received	1,674	1,481	304	269
Repayment of advances from the owner of a development project	-	27,936	-	5,074
Additions to property, plant and equipment	(7,020)	(4,083)	(1,275)	(744)
Proceeds from sale of other investment	-	3	-	1
Net cash (used in) / generated from investing activities	(5,346)	25,337	(971)	4,600
Financing activities				
Repayments of obligations under finance leases	(155)	(140)	(28)	(25)
Increase in restricted cash	(1)	(960)	-	(174)
Repayment of borrowings	(1,164)	(1,164)	(211)	(211)
Borrowings from revolving line of credit	926	-	168	-
Net cash used in financing activities	(394)	(2,264)	(71)	(410)
Net increase in cash and cash equivalents	14,426	14,390	2,621	2,613
Cash and cash equivalents at beginning of financial year	43,572	29,182	7,914	5,301
Cash and cash equivalents at end of financial year	57,998	43,572	10,535	7,914

CONSOLIDATED STATEMENT OF CASH FLOW (Cont'd)
For the year ended 31 March 2017

	Year ended 31 March 2017 RM'000	Year ended 31 March 2016 RM'000	Proforma Year ended 31 March 2017 £'000	Proforma Year ended 31 March 2016 £'000
Loss for the financial year	(34,621)	(36,326)	(6,290)	(6,596)
Adjustments for:				
Allowance for slow moving inventories	(101)	482	(18)	88
Allowance for diminution of investment	(1)	(2)	-	-
Allowance for doubtful debts	(1,054)	30,050	(191)	5,458
Bad debts written off	-	51	-	9
Depreciation of property, plant and equipment	5,342	4,989	970	906
Reduction of contingent consideration	-	(950)	-	(173)
Reversal of impairment of tangible assets	-	(13,100)	-	(2,380)
Interest expense	10,194	8,857	1,852	1,609
Interest income	(1,674)	(1,481)	(304)	(269)
Loss / (gain) on disposal of other investment	11	(3)	2	(1)
Foreign currency translation	(480)	(363)	(87)	(66)
Net movement on onerous leases	8,163	(10,950)	1,483	(1,989)
Tax	1,445	3,331	262	605
Operating cash outflows before movements in working capital	(12,777)	(15,415)	(2,321)	(2,799)
Decrease/(Increase) in inventories	1,215	(209)	221	(38)
Decrease/(Increase) in receivables	26,621	(13,411)	4,836	(2,436)
Increase in payables	8,302	21,120	1,508	3,836
Cash used in operations	23,361	(7,915)	4,244	(1,437)
Interest paid	(373)	(559)	(68)	(102)
Income taxes paid	(2,822)	(209)	(513)	(38)
Net cash used in operating activities	20,166	(8,683)	3,663	(1,577)

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 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	-	-	-	-	-	(182)	(31,154)	(31,336)
At 31 March 2016	78,936	104,499	(2,300)	(66,153)	4,117	(766)	(134,343)	(20,127)
Total comprehensive loss for the year	-	-	-	-	-	(480)	(34,621)	(35,101)
At 31 March 2017	78,936	104,499	(2,300)	(66,153)	-	(1,246)	(168,964)	(55,228)

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 2015	14,338	18,982	(418)	(12,016)	748	(73)	(18,554)	3,007
Expiry of share options	-	-	-	-	(748)	-	748	-
Total comprehensive loss for the year	-	-	-	-	-	(66)	(6,596)	(6,662)
At 31 March 2016	14,338	18,982	(418)	(12,016)	-	(139)	(24,402)	(3,655)
Total comprehensive loss for the year	-	-	-	-	-	(87)	(6,290)	(6,377)
At 31 March 2017	14,338	18,982	(418)	(12,016)	-	(226)	(30,692)	(10,032)

1. General information

The Preliminary Announcement and the final accounts of the Group were approved by the Board of Directors on 29 September 2017. The financial information set out in this Preliminary Announcement does not constitute the Group's statutory accounts for the year ended 31 March 2017 but is derived from those accounts. The statutory accounts for 2017 will be delivered to the Jersey Registrar of Companies in September 2017. The auditors have reported on the 2017 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 2017 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 2017.

(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 2017 of RM5.5053: £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 2017, 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 2017, the Group's cash and cash equivalents excluding deposits held on behalf of the Employee Benefit Trust stand at RM58.0 million.

The Directors have prepared financial projections, including cash flows, for a period up to 31 March 2019. 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 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 2017. It should be noted that if the Group were to continue in its current state with no change to its customer base or further reduction in the freeholder lease rentals, its cash reserves would be depleted by FY2020. The Group has also considered the scenario in which the proposed Conditional Disposal of CSF CX completes. Under this scenario, the Group's operating losses and cash outflows are forecast to significantly reduce.

(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.

Key sources of estimation uncertainty

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 RM29.3m due from IDCB, the developer of the CX5 data centre. During the financial year, the Group received RM3.0 million. The Group made a 100% provision for doubtful debts in the prior year as the balance of trade receivables of RM29.3 million is 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 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.

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 2017	Data centre rental RM'000	Maintenance RM'000	Design and development of data centre facilities RM'000	Consolidated RM'000
Revenue	66,526	7,183	8,711	82,420
Cost of sales	(77,043)	(2,928)	(5,687)	(85,658)
Gross profit / (loss)	(10,517)	4,255	3,024	(3,238)
Other operating income	242	-	1,698	1,940
Administrative cost	(10,024)	(1,134)	(658)	(11,816)
Allowance for doubtful debts	1,027	-	27	1,054
Allowance for slowing stock	-	-	101	101
Allowance for diminution of investment	-	-	2	2
Unwinding of discounts on provision	(7,238)	-	-	(7,238)
Net movement on onerous leases	(8,163)	-	-	(8,163)
Segment depreciation	(15)	(11)	(49)	(75)
Other operating income	242	-	1,698	1,940
Segment result	(34,688)	3,110	4,145	(27,433)
Corporate cost				(5,187)
Finance income				1,674
Loss on disposal of other investment				(11)
Net foreign exchange loss				737
Finance costs				(2,956)
Loss before tax				(33,176)
Tax				(1,445)
Loss for the financial year				(34,621)
Other comprehensive income				
Foreign currency translation				(480)
Total comprehensive loss for the financial year				(35,101)

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	(9,827)	(1,300)	(1,481)	(12,608)
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)
Net movement on onerous leases	10,950	-	-	10,950
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)

4. Onerous leases

	As at 31 March 2017 RM'000	As at 31 March 2016 RM'000
Movement in provision of onerous leases		
At start of financial year	57,900	61,200
Additional provision during the financial year	24,250	26,063
Utilisation of provision	(16,087)	(37,013)
Unwinding of discount	7,237	7,650
At end of financial year	73,300	57,900

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

The provision 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 2017	Year ended 31 March 2016
Net loss for the financial year after taxation attributable to members (RM'000)	(34,621)	(36,326)
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 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 2017 RM'000	**As at 31 March 2016 RM'000**
Bank guarantees	22,298	25,037

8. Non-adjusting event after the financial year-end

On 28 September 2017, the Group entered into a Sale and Purchase Agreement to dispose of its entire equity interest in CSF CX Sdn Bhd ("CSF CX"), a wholly-owned subsidiary, for a cash consideration of RM2.00 ("Conditional Disposal"). The Board expects that the completion of the Conditional Disposal will improve the Group's financial position, principally due to the elimination of the net liabilities of CSF CX and the elimination of the Group's obligations on the leases payable, and the return of cash deposits pledged for banking facilities and rental deposits (approximately up to RM6 million (£1.1 million*)) in connection with the CX2 and CX5 data centres.

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