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

FINAL RESULTS
For the Year Ended 31 March 2013

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 full year results for the year ended 31 March 2013.

Financial highlights:

- Group revenue at RM143.1m (£30.5m*) (FY2012: RM208.0m (£44.3m*))
- Rental and maintenance revenue increased 35.3% at RM111.5m (£23.7m*) (FY2012: RM82.4m (£17.5m*))
- Loss before tax at RM30.2m (£6.4m*) (FY2012: Profit before tax at RM55.0m or £11.7m*)
- Closing cash position as at 31 March 2013 of RM61.9m (£13.2m*) (FY2012: RM52.8m (£11.2m*)) with positive operating cash flow of RM24.3m (£5.2m*) (FY2012: RM9.3m (£2.0m*))

Operational highlights:

- Ongoing fit-out works at Block B of CX5 data centre completed in June 2013.
- Completed the acquisition of Third Wave Sdn Bhd thereby enhancing in-house network and connectivity services capabilities.
- CX5 design certified as a Tier 3 facility by The Uptime Institute making it the largest Data Centre to be certified by TUI in Malaysia.
- Currently pursuing a pipeline of potential customers alongside ongoing development and marketing activities for CX2 and CX5.
- The initial phase of the strategic review has been completed and, following the recommendations made as part of the review, an over-arching review of strategy and business plan is being undertaken, led by Phil Cartmell.

* *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 or Thai Baht into pounds Sterling at the rate prevailing on 31 March 2013 of RM4.6989 : £1.00, and THB44.54: £1.00, respectively. This translation should not be construed as meaning that the Ringgit Malaysia or Thai Baht amounts actually represent, or have been or could be translated into the stated number of pounds Sterling.*

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INTERIM CHAIRMAN'S STATEMENT

Overview of the Year

The Group has experienced a challenging 12 months and as a result, incurred a net loss of RM32.8m (£7.0m*) for FY2013. This disappointing performance is mainly attributable to bad debt provisions of RM37.6m (£8.0m*) recognised in the financial statements during the current year. These provisions were mainly attributed to two key tenants in Block A of CX5 and CX2. The aforementioned tenants have approached the Group to settle the amounts owed which were payable as at 31 March 2013 over an extended period of time. In addition, a final settlement will most likely include a negotiated break clause, by way of a temporary suspension of the contract in the case of the tenant for Block A of CX5 and in the case of the tenant for CX2, a non-renewal of the contract. These discussions continue to be ongoing.

With regards to the CX5 Block A customer, we assisted the customer to tender for a contract from the Government Ministry. The customer had anticipated to utilise CX5 Block A to deliver the services required under the said contract. It is most unfortunate that the award of the contract has been delayed indefinitely. In addition, the customer in CX2 who has not paid has decided to downsize its business operations.

The requests by the two key tenants to settle the amounts owed over an extended period of time creates an uncertainty as to the recoverability of these amounts. On this basis, the Group made a full allowance for doubtful debts in respect of the amounts owed in relation to the abovementioned tenancy contracts and continues to pursue the recovery of these debts.

A substantial portion of the cash raised at the Group's Initial Public Offering (£25m net) to develop CX5 remains in the Group's bank accounts which stands at RM61.9m (£13.2m*) at the year end. In addition, the Group has approximately RM77.8m (£16.6m*) tied up as working capital for the development of CX5 which will be collected over the next two financial years in line with the completion of the sale Blocks B and C in the last quarter of financial year 2014 and the first half of financial 2015, respectively. The completion and sale of Blocks B and C are contracted between the developer of CX5 (the seller of the facility) and the sovereign fund (the buyer of the facility) and are not dependent on the securing of tenants by CSF.

The Group recorded total revenue of RM143.1m (£30.5m*), a decrease of RM64.9m (£13.8m*) or 31.2%. The decrease in total revenue was mainly attributable to the decrease in revenue from the design and development of data centre facilities due to a decrease in the works carried out on the CX5 project.

In spite of the net loss incurred during the year, the Group's net cash generated by operations after working capital movements and net finance income increased from RM9.3m (£2.0m*) in 2012 to RM24.3m (£5.2m*) in 2013 mainly due to the collections of trade and other receivables associated with the CX5 development. The Group has enhanced its procedures in relation to credit risk assessment and will continue to take steps to ensure that collections from customers are prompt.

On a more positive note, the Board is pleased to announce that CX5 has received Tier 3 Design Certification from The Uptime Institute, making it the second largest DC to be certified by TUI in Malaysia. CSF also received the "Malaysia Data Centre Service Provider of the Year" award by Frost and Sullivan.

Strategic Review

The Company announced that it was undertaking a strategic review of the business in March 2013. As part of this review Nutbrook Engineering Group (“Nutbrook”), a firm principally engaged in the provision of engineering advisory and critical environment solutions, conducted work for the Board to identify ways to improve the operational efficiency of its data centres.

The results and recommendations of the initial phase of the strategic review by Nutbrook have been considered and noted and the Board has subsequently identified three key strategies to be implemented by the management as summarised below:

(i) Developing network connectivity in the CX5 data centre and to pursue overseas corporations and cloud services providers that require high speed international connectivity at competitive rates;

(ii) Enhancement of the sales and marketing resources of the Group; and

(iii) Expansion of the Group’s pricing model to include price lists customised for potential customers that are engaged in the provision of co-location, rack-hosting and cloud services.

Following the step down of Adrian Yong as CEO and his departure from the Company, the Board, through the chairman Dato’ Ting, has asked Phil Cartmell to step-up to interim chairman for six months to oversee future strategy and business operations. To support Phil Cartmell in this, and to manage the day-to-day operations of the Group, a committee (“the Committee”) has been constituted, headed by Michael Leong, the Director of Corporate Development of CSF. The Committee comprises representatives from the key departments namely Operations, Sales & Marketing, Finance and Administration. Mr Leong will report directly to Phil Cartmell. The Committee is also tasked to develop a comprehensive business plan for the Group which will include tasks to be undertaken in order to implement the above mentioned key strategies effectively.

Mr Cartmell is responsible for overseeing the appointment of a new Chief Executive Officer and executive management structure whilst ensuring the Company's commercial and strategic development remains unaffected.

Current Trading and Outlook

The Group’s immediate focus is to fill the CX5 data centre and to address the non-renewal of certain tenancy contracts at our CX2 data centre by securing replacement contracts with suitable and credible customers.

Meanwhile, the management continues to pursue the Group’s pipeline of design and fit-out customers in order to generate adequate cash flows to supplement the temporary deficit in operating cash flows of the data centre rental segment. The Board will continue to ensure that new developments are undertaken based on thorough commercial assessment and with a high degree of financial prudence.

Within 2 years, the Group has more than doubled its data centre capacity from 205,000 sq ft to 526,000 sq ft and with a significant amount of cash associated with the development of CX5 expected to flow into the Group within the next 2 years. However, the lease rental commitments on CX5 are substantial and the Board recognizes the urgent need to reduce the burn rate of our cash reserve. The Board will ensure that there is no significant cash outlay other than sums required to cover the committed lease rentals and other necessary operating overheads, subject to any further capital or operating expenditure that be may included in the business plan that is being developed.

In line with this aim of preserving cash, the Board is not recommending the payment of a dividend.

The Board and the management aim to achieve controlled and sustainable growth in revenue, EBITDA, earnings per share and operating cash flows. A key part of this will be the generation of greater levels of recurring revenue through a network of resellers and business partnerships which in turn will provide the Group with greater earnings visibility.

Data Centre Projects

CX1, CX2 and CX3
The Group's CX1, CX2 and CX3 data centres continued to operate efficiently and increases in revenues were recorded for CX1 and CX2. The Group invested approximately RM5.7m (£1.2m*) during the year to upgrade the data centre capacity of CX2 in order to cater for the increased power density requirements of certain customers. Unfortunately, several customers of CX2 experienced difficulties in their businesses and decided to downsize their data centre operations resulting in a decline in the occupancy rate of CX2 to approximately 57% presently.

CSF Computer Exchange 4 (CX4) in Hanoi, Vietnam
The Group's data centre in Hanoi, Vietnam with 3,500 sq ft of net rentable space and is referred to as "CX4", and is owned and operated by a joint-venture company in Vietnam (in which the Group has a 20% equity interest). The controlling interest in the joint-venture company is held by a Vietnamese company, controlled by the Hanoi state government. The financial impact on the Group is relatively small.

CSF Computer Exchange 5 (CX5)
The development of CX5 – a facility comprising 3 blocks of 5-storey buildings, with a total gross floor area of approximately 580,000 sq ft and approximately 201,000 sq ft of net data centre space together with critical power infrastructure and associated cooling – is progressing on schedule based on the following key milestones:

- Phase 1 - completed the construction of Block A, Block B and Block C together with fit-out of critical power infrastructure and associated cooling for Block A;

- Phase 2 – the fit-out of critical power infrastructure and associated cooling for Block B completed in June 2013; and

- Phase 3 – the fit-out of critical power infrastructure and associated cooling for Block C by April 2014

CSF both project manage and supply and fit-out core infrastructural equipment for the facility. Upon completion of each block, CSF will enter into a long-term lease agreement for the rental of the block. A customer had contracted for Block A and the tenancy commenced on 1 April 2012. Due to the delay experienced by the customer in securing a large government contract, the customer recently requested for a suspension of the contract for Block A for a period of nine months commencing 1 April 2013. On this basis, the Group reserved the right to contract with other potential customers for the space in Block A.

The Group continues to pursue the pipeline of potential tenants to occupy Blocks B and C.

In accordance with its financial plan, the Group has, up to 31 March 2013, advanced RM78.0m (£16.6m*) to the project owner for the development of CX5 out of which RM30.0m (£6.4m*) was repaid during the year. In addition, the Group also received a contracted fee and trade receivables in relation to the development of CX5 amounting to RM25.0m (£5.3m*) and RM30.0m (£6.4m*) respectively, within the same time frame.

The Group expects the balance of the advances and trade receivables of RM47.9m (10.2m*) and RM29.9m (£6.4m*) to be repaid over the next two financial years in line with the expected completion of the sale of Block B and Block C in the last quarter of financial year 2014 and the first half of financial year 2015, respectively.

CSF Computer Exchange Jakarta (CXJ) in Jakarta, Indonesia
The joint-venture company in Indonesia known as PT Cyber CSF ("Cyber CSF"), in which CSF holds a 49% interest, commenced to lease the new purpose-built, state-of-the-art data centre facility from our Indonesian partner in August 2011. Since then, Cyber CSF has completed the fit-out of the first 2 levels (out of a total of 8 levels) of the data centre. 10 customers have been secured since the commissioning of the data centre in July 2012. The current occupancy of the total fitted-out capacity is approximately 20.3%.

The management of PT Cyber CSF continues to pursue potential customers from a wide array of industries including telecommunications, financial institutions, internet service providers and media.

The total loans and advances to Cyber CSF amounted to RM27.0m (£5.7m*) as at 31 March 2013 and subsequent to the financial year end, the Group provided additional loans and advances to Cyber CSF amounting to RM1.0m (£0.2m*). In its preparation of the Group's business plan, the management will address the additional funding requirements of PT Cyber CSF and formulate strategies to shorten the payback period of the investment.

Other opportunities
Large corporations today expect data centres to provide high quality telecommunications facilities, content distribution networks, key internet exchange points and cloud computing hubs. In recognition of this requirement, the Group completed the acquisition of Third Wave Infrasys Sdn Bhd ("Third Wave"), a company with experience in providing networking and connectivity solutions in April 2012. The acquisition of Third Wave has strengthened the Group's expertise and resources to work with telecommunications service providers.

Data Centre Rental

With the launch of CX5, the Group now has 406,000 sq ft of data centre space in Malaysia and the recent commissioning of CXJ added 120,000 sq ft of capacity, bringing the total data centre capacity of the Group to 526,000 sq ft (excluding 3,500 sq ft of data centre space in CX4, Hanoi, Vietnam operated by our 20%-owned associate).

The lease rental cost payable by CSF for Block A of CX5 covers the office building and the data centre building structures and general infrastructure for Blocks B and C. Due to the committed lease rental and other costs, CX5 is expected to be loss making in the short term.

The Board and the management are conscious of the need for network connectivity in the Group's CX5 data centre in order to attract customers and are implementing plans to procure network connectivity at reasonable cost. The cost of network connectivity coupled with market pressures on pricing will inevitably reduce the profit margins on CX5 and the business plan that is being developed by the Committee will contain specific strategies to address these factors.

Maintenance

The Group's maintenance revenue remained stable and the management continues to pursue new contracts to enhance our recurring revenue streams. With adequate supervision and training, the Group's maintenance division recorded improvements in its internal key performance indicators which include measurements of efficiency in carrying out scheduled maintenance and also in completing ad hoc requests for services.

Design and Fit-out of Data Centres

In view of the resource requirements for CX5 and CXJ, the Group has continued to strengthen its design and fit-out division through regular, structured training programmes for its engineers and technicians. A senior executive has been recruited under PT Cyber CSF to spearhead its sales and marketing initiatives.

As the development of CX5 becomes nearer to completion, the Group's design and fit-out division is actively pursuing external projects and a new head of sales was appointed recently to spearhead the sales and marketing activities of this division.

The Group was recently awarded a contract of THB132.5m (£3.0m*) to fit-out a data centre for a customer in Thailand, which also marks the Group's first significant fit-out contract outside of Malaysia.

The Group continues to receive enquiries from potential customers who would like to develop their in-house data centres and is working towards securing these projects.

Closing Remarks

The Board and the management recognise the importance of maintaining the Group's leadership position in data centre design and operational standards and in this regard, our technical employees undergo structured training programmes to keep abreast of the latest data centre designs and technology. This is especially important as more customers are increasing the emphasis on high levels of security and operational reliability of mission critical computing systems.

The Board will ensure that the Group continues to dedicate adequate resources to support the Executive Committee in developing a comprehensive business plan over the coming months. The Board and the management are fully committed towards increasing the recurring revenue streams of the Group and while lowering its operating costs.

CHIEF FINANCIAL OFFICER'S REVIEW

A. Introduction

During the course of the financial year the Company achieved full occupancy in CX1, CX2, CX3 and Block A of CX5. On this basis, the reported revenue and profit before tax, before allowances for doubtful debts, for the year ended 31 March 2013 to be in line with market expectations.

The revenue to be reported for the year ended 31 March 2013 includes RM33.2m (£7.1m*) which relates to two key tenants in Block A of CX5 and CX2. These two key tenants have approached the Group to settle the amounts owed during the financial year ending 31 March 2013 over an extended period of time and negotiate for breaks, by way of a temporary suspension of the contract in the case of the tenant for Block A of CX5 and in the case of the tenant for CX2, a non-renewal of the contract. Taking into consideration the aforementioned factors, we have made a full allowance for doubtful debts in respect of these outstanding amounts. The total allowance for doubtful debts for the current year amounts to RM37.6m (£8.0m*) as compared to RM4.0m (£0.8m*) for 2012.

With the abovementioned breaks in contract including the non-renewal of contracts by several other customers, the occupancy rate for CX2 decreased to approximately 62% whilst Block A of CX5 became vacant.

As a result of the significant increase in allowance for doubtful debts, the Group registered a loss from operations of RM30.9m (£6.6m*) as compared to a profit from operations of RM53.6m (£11.4m*) in 2012. The loss from operations is analysed in (Loss) / Profit from Operations below.

The Group recorded a basic loss per share ("LPS") of 20.51 sen (4.37p*) as compared to a basic earnings per share ("EPS") 27.36 sen (5.82p*) in 2012.

Based on the Group's unrestricted cash and bank balances at the financial year end of RM61.9m (£13.2m*) and restricted cash of RM13.1m (£2.8m*), net current assets balance of RM99.0m (£21.1m*) and financial projections, including cash flows, for a period up to 30 September 2014, the Group has adequate resources to continue in operational existence for the foreseeable future.

B. Financial results

The financial results of the Group are summarised below:

			Proforma*	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**£'000**	**£'000**
Total Group Revenue	**143,090**	**207,964**	**30,452**	**44,258**
Gross profit	31,129	78,634	6,625	16,735
Gain on sale of property, plant and equipment	2,627	68	559	14
Allowance for doubtful debts	(37,616)	(3,975)	(8,005)	(846)
Share of loss after tax of jointly-controlled entity	(6,122)	(2,024)	(1,303)	(431)
Share of loss after tax of associates	(144)	(165)	(31)	(35)
Share based payment	(1,248)	(1,249)	(265)	(266)
(Loss) / Profit from operations	**(30,893)**	**53,557**	**(6,575)**	**11,398**
Net finance income	616	1,049	131	223
Other gain	49	390	11	83
(Loss) / Profit before tax	**(30,228)**	**54,996**	**(6,433)**	**11,704**
Tax	(2,597)	(11,209)	(553)	(2,385)
Total comprehensive income for the financial year	**(32,825)**	**43,787**	**(6,986)**	**9,319**
Basic (LPS) / EPS	**(20.51 sen)**	**27.36 sen**	**(4.37p)**	**5.82p**
Weighted average number of ordinary shares for basic EPS ('000)	160,029	160,014	160,029	160,014

			Proforma*	
	2013	**2012**	**2013**	**2012**
Key Performance Indicators				
Gross profit margin	21.8%	37.8%	21.8%	37.8%
Profit from operations (excluding gain on sale of property, plant and equipment, allowance for doubtful debts, and share of loss after tax of jointly-controlled entity and associate) margin	7.2%	28.7%	7.2%	28.7%
Trade receivables turnover (days)	262	170	262	170
Trade payables turnover (days)	106	100	106	100
Quick ratio	4.0	4.4	4.0	4.4

C. Revenue

	2013 RM'000	2012 RM'000	Proforma* 2013 £'000	 2012 £'000
Data centre rental income	102,622	74,288	21,840	15,809
Maintenance income	8,862	8,086	1,886	1,721
	111,484	82,374	23,726	17,530
Design and development of data centre facilities income	31,606	125,590	6,726	26,728
Total Group revenue	**143,090**	**207,964**	**30,452**	**44,258**

The Group recorded total revenue of RM143.1m (£30.5m*), a decrease of RM64.9m (£13.8m*) or 31.2%.

Data centre rental and maintenance revenue increased by RM29.1m (£6.2m*) or 35.3% mainly attributable to the rental revenue recognised in respect of Block A of CX5 of RM23.3m (£5.0m*) and enhancements of revenue from the CX2 data centre.

The decrease in revenue from the design and development of data centre facilities was mainly attributable to a decrease in the works carried out on the CX5 project. The Group recognised revenue of RM16.0m (£3.4m*) from project management and fit-out works relating to CX5 for the current financial year as compared to RM110.1m (£23.4m*) in 2012.

D. Gross profit margin

The Group's gross profit margin decreased from 37.8% in 2012 to 21.8% in 2013. This is mainly attributable to a decrease in gross profit margin on data centre rentals as tabulated below:

	2013 RM'000	2012 RM'000	Proforma* 2013 £'000	 2012 £'000
Data centre rental revenue	**102,622**	**74,288**	**21,840**	**15,810**
Direct expenses				
Data centre lease rental expense	(48,931)	(25,510)	(10,413)	(5,429)
Data centre depreciation	(2,854)	(2,054)	(607)	(437)
Other direct expenses	(28,808)	(23,911)	(6,132)	(5,089)
Total direct expenses	**(80,593)**	**(51,475)**	**(17,152)**	**(10,955)**
Gross profit on data centre rental	**22,029**	**22,813**	**4,688**	**4,855**
Gross profit margin on data centre rental	**21.5%**	**30.7%**	**21.5%**	**30.7%**

D. Gross profit margin (Cont'd)

The decrease in gross profit margin on data centre rental to 21.5% from 30.7% in 2012 is mainly due to the significantly lower gross profit margin on the rental of Block A of CX5. As the lease rental expense on Block A of CX5 covers the common infrastructure for Blocks B and C and also the office block, the gross profit margin earned on the rental of Block A is approximately 5% only.

Gross profit margin on maintenance income decreased from 54.4% in 2012 to 44.3% in 2013 mainly due to increase in labour charges and spare parts cost. Gross profit margin on design and development of data centre facilities decreased from 41.0% in 2012 to 16.4% in 2013 mainly due to the relatively lower project management fee and notional interest recognised on the CX5 project in the current year RM1.0m (£0.2m*) compared to RM21.7m (£4.6m*) in 2012 .

E. (Loss)/ Profit from operations

The Group registered a loss from operations of RM30.9m (£6.6m*) compared to a profit from operations of RM53.6m (£11.4m*) in 2012 as analysed below:

			Proforma*	
	2013	2012	2013	2012
	RM'000	RM'000	£'000	£'000
Operating profit from data centre rental, maintenance, and design and development of data centre facilities	9,175	58,327	1,952	12,414
Gain on sale of property, plant and equipment	2,627	68	559	14
Other operating income - other	1,187	1,326	253	282
Allowance for doubtful debts	(37,616)	(3,975)	(8,005)	(846)
Share of loss after tax of jointly-controlled entity	(6,122)	(2,024)	(1,303)	(431)
Share of loss after tax of associate	(144)	(165)	(31)	(35)
Total operating (loss) / profit	**(30,893)**	**53,557**	**(6,575)**	**11,398**

The operating loss incurred in the current year was mainly attributable to the lower operating profit from data centre rental, maintenance, and design and development of data centre facilities as a result of the decrease in design and development revenue as described in "***Revenue***" above, and also the decrease in the average gross profit margin as explained in "***Gross Profit Margin***" above and the allowance for doubtful debts.

F. Net finance income

The net finance income comprises mainly the interest income receivable on bank deposits stated net of finance cost arising from charges on banking facilities and interest cost incurred on bank borrowings.

Finance income for the current year of RM1.2m (£0.25m*) was similar to that of the previous financial year of RM1.2m (£0.26m*).

Finance cost for the financial year increased from RM0.17m (£0.04m*) in 2012 to RM0.54m (£0.12m*) in 2013 mainly due to additional banking facilities obtained for the purposes of undertaking fit-out contracts.

G. Taxation

The Group incurred a tax charge for the year in spite of reporting a loss for the year mainly because the non-availability of tax relief on losses incurred by certain companies within the Group including the jointly-controlled entity and the associate.

H. Earnings per share

Basic and diluted loss per share (“LPS”) was 20.51 sen (4.37p*) compared to an earnings per share (“EPS”) of 27.36 sen (5.82p*) in 2012. The weighted average number of shares during the year used for basic and diluted EPS calculation is 160,028,667 (2012: 160,013,785).

I. Dividends

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

J. Cash and treasury

			Proforma*	
	2013	2012	2013	2012
	RM'000	RM'000	£'000	£'000
Cash generated from operations before working capital movements and net finance income / cost	9,877	54,182	2,102	11,531
Working capital movements	13,806	(43,876)	2,938	(9,338)
Net finance income	616	(1,049)	131	(223)
	24,299	9,257	5,171	1,970
Proceeds from sale of property, plant and equipment	4,018	184	855	39
Loans to the owner of a development project	(6,000)	(13,000)	(1,277)	(2,767)
Repayment of loans by the owner of a development project	30,033	-	6,392	-
Loans and advances to the jointly-controlled entity	(21,885)	(5,068)	(4,657)	(1,078)
Capital expenditure	(5,695)	(3,130)	(1,212)	(666)
Acquisition of a subsidiary	335	-	71	-
Net cash from other investing activities	1,432	833	304	177
Net cash inflow / (outflow) before financing activities	26,537	(10,924)	5,647	(2,325)
Dividends paid	(15,049)	(15,000)	(3,202)	(3,193)
Net cash for other financing activities	(2,360)	(1,735)	(502)	(368)
Net cash inflow / (outflow)	**9,128**	**(27,659)**	**1,943**	**(5,886)**

The Group's net cash generated by operations before working capital movements and net finance costs decreased from RM54.2m (£11.5m*) in 2012 to RM9.9m (£2.1m*) in 2013 mainly due to the decrease in total revenue. The Group recorded a positive movement in working capital of RM13.8m (£2.9m*) as compared to a negative working capital movement of RM43.9m (£9.3m*) in 2012 mainly due to the collection of trade receivables associated with the CX5 project during the year of RM55.0m (£11.7m*).

The gross trade receivables balance increased from RM100.9m (£21.5m*) as at 31 March 2012 to RM104.3m (£22.2m*) as at 31 March 2013 mainly due to billings to two key tenants at CX2 and Block A of CX5 (as mentioned in "Introduction" above) amounting to RM33.2m (£7.1m*) that remained outstanding at the year-end which was offset by collection of trade receivables associated with the CX5 project as mentioned in the preceding paragraph. The trade receivables associated with the development of CX5 of RM29.9m (£6.4m*) as at 31 March 2013 are expected to be repaid progressively over the next two financial years in line with the expected completion of Block B and Block C in the last quarter of financial year 2014 and the first or second quarter of financial year 2015, respectively.

The Group's capital expenditure was mainly for the purchase of new equipment to increase the capacity of the CX2 data centre.

During the financial year, the Group advanced RM6.0m (£1.3m*) to Integrated DC Builders Sdn Bhd ("IDCB") for the development of CX5 and IDCB has repaid RM30.0m (£6.4m). As at 31 March 2013, the outstanding advances to IDCB amounted to RM47.9m (£10.2m*). IDCB expects to repay the advances in full over the next two financial years in line with the completion of Blocks B and C of CX5.

J. Cash and treasury (Cont'd)

The loans and advances of RM21.9m (£4.7m*) to PT Cyber CSF, the jointly-controlled entity in Indonesia comprised loans of RM19.9m (£4.3m*) to fund its capital expenditure and RM2.0m (£0.4m*) to fund its working capital requirements, bringing the total loans and advances to PT Cyber CSF to RM27.0m (£5.7m*) as at 31 March 2013

The loan to PT Cyber CSF was provided pursuant to a loan agreement to provide up to US$10.3m (£6.4m*) to fund the capital expenditure associated with the fit-out of the first 2 levels of the CSF Computer Exchange Jakarta ("CXJ") in Jakarta, Indonesia. The Board of Directors has approved the provision of an additional US$1.1m (£0.8m*) by the Group to fund the working capital requirements of PT Cyber CSF in the 2014 financial year. The Group expects the loan to be repaid when PT Cyber CSF become cash generative or when it is able to secure its own bank financing.

On 1 April 2012, the Group completed the acquisition of Third Wave Infrasys Sdn Bhd ("TWSB") for RM5.0m (£1.0m*) payable over 3 financial years, out of which RM0.2m (£0.04m*) was paid as a deposit during the year and RM1.44m (£0.31m*) due in the 2014 financial year. TWSB has contributed positively to the revenue and profit of the Group in the 2013 financial year and is expected to continue to do so in the future years.

K. Post Balance Sheet Events

Subsequent to the financial year end, the Group provided additional loans and advances to PT Cyber CSF amounting to RM1.0m (£0.2m*). PT Cyber CSF has completed the fit-out of the first 2 levels (out of a total of 8 levels) of the data centre in Jakarta, Indonesia ("CXJ") and 10 customers have been secured to-date.

PT Cyber CSF is expected to continue to incur a loss in the next financial year, becoming profitable by financial year 2015. The Group intends to provide financial support to PT Cyber CSF while it obtains financing facilities on its own accord.

On 12 June 2013, the Group has incorporated CSF Asia (Thailand) Co., Ltd ("CSFAT"), a new subsidiary in Thailand as a solution provider and contractor for computer support facilities to undertake opportunities in Thailand. The Group is in the process of subscribing for 100,000 shares of THB10 each in CSFAT being the entire paid-up share capital in CSFAT.

CSFAT had secured 2 contracts amounting to THB132.5m (£3.0m*) to fit-out and convert an existing building into a data centre.

* *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 or Thai Baht into pounds Sterling at the rate prevailing on 31 March 2013 of RM4.6989 : £1.00, and THB44.54: £1.00, respectively. This translation should not be construed as meaning that the Ringgit Malaysia or Thai Baht amounts actually represent, or have been or could be translated into the stated number of pounds Sterling.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2013

			Proforma	
	Year ended 31 March 2013 RM'000	**Year ended 31 March 2012 RM'000**	**Year ended 31 March 2013 £'000**	**Year ended 31 March 2012 £'000**
Revenue	143,090	207,964	30,452	44,258
Cost of sales	(111,961)	(129,330)	(23,827)	(27,523)
Gross profit	31,129	78,634	6,625	16,735
Other operating income	1,187	1,326	253	282
Net gain on sale of property, plant and equipment	2,627	68	559	14
Gain on disposal of other investment	273	-	57	-
Allowance for doubtful debts	(37,616)	(3,975)	(8,005)	(846)
Share of loss after tax				
- Associate	(144)	(165)	(31)	(35)
- joint venture	(6,122)	(2,024)	(1,303)	(431)
Administrative expenses	(20,979)	(19,058)	(4,465)	(4,055)
Share based payment	(1,248)	(1,249)	(265)	(266)
Total operating expenses	(22,227)	(20,307)	(4,730)	(4,321)
Operating (loss) / profit	(30,893)	53,557	(6,575)	11,398
Finance income	1,159	1,221	247	260
Finance costs	(543)	(172)	(116)	(37)
Net foreign exchange gain	49	390	11	83
(Loss) / profit before tax	(30,228)	54,996	(6,433)	11,704
Tax	(2,597)	(11,209)	(553)	(2,385)
Total comprehensive income for the financial year	(32,825)	43,787	(6,986)	9,319
EPS				
- Basic (Malaysian sen)	(20.51)	27.36	(4.37)p	5.82p
- Diluted (Malaysian sen)	(20.51)	27.36	(4.37)p	5.82p

All results derive from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2013

			Proforma	
	As at 31 March 2013 RM'000	**As at 31 March 2012 RM'000**	**As at 31 March 2013 £'000**	**As at 31 March 2012 £'000**
Non-current assets				
Property, plant and equipment	25,548	23,032	5,438	4,902
Interest in associate	-	144	-	31
Other Investments	213	263	45	56
Goodwill	3,750	-	798	-
Other receivables	74,890	41,969	15,937	8,932
Deferred tax asset	377	2,852	80	607
	104,778	68,260	22,298	14,528
Current assets				
Inventories	3,984	4,170	848	887
Trade and other receivables	77,235	133,832	16,437	28,482
Short term investment	-	30,000	-	6,384
Current tax assets	1,740	44	370	9
Restricted cash	13,109	7,628	2,790	1,623
Cash and cash equivalents	64,025	54,644	13,625	11,629
Assets held for sale	-	1,424	-	303
	160,093	231,742	34,070	49,317
Total assets	264,871	300,002	56,368	63,845
Current liabilities				
Trade and other payables	60,763	63,143	12,931	13,438
Current tax liabilities	212	656	45	140
Obligations under finance leases	90	92	19	19
	61,065	63,891	12,995	13,597
Non-current liabilities				
Interest in joint venture	7,758	1,636	1,651	348
Obligations under finance leases	285	375	61	80
Bank borrowings	3,213	-	684	-
Trade and other payables	12,835	6,418	2,731	1,366
Deferred tax liabilities	80	1,421	17	302
	24,171	9,850	5,144	2,096
Total liabilities	85,236	73,741	18,139	15,693
Net assets	179,635	226,261	38,229	48,152
Equity				
Share capital	78,936	78,936	16,799	16,799
Share premium account	104,499	104,499	22,239	22,239
Shares held under Employee Benefit Trust	(2,300)	(2,300)	(489)	(489)
Other reserve	(66,153)	(66,153)	(14,078)	(14,078)
Share option reserve	3,389	2,141	721	456
Retained earnings	61,264	109,138	13,037	23,225
Total equity	179,635	226,261	38,229	48,152

CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended 31 March 2013

			Proforma	
	Year ended 31 March 2013 RM'000	**Year ended 31 March 2012 RM'000**	**Year ended 31 March 2013 £'000**	**Year ended 31 March 2012 £'000**
(Loss) / profit for the financial year	(32,825)	43,787	(6,986)	9,319
Adjustments for:				
Allowance for slow moving inventories	216	-	46	-
Allowance for doubtful debts	37,616	3,975	8,005	846
Bad debts written off	-	23	-	5
Depreciation of property, plant and equipment	2,986	2,563	635	545
Interest expense	543	172	116	37
Interest income	(1,159)	(1,221)	(247)	(260)
Impairment of investment	50	-	11	-
Net gain on sale of property, plant and equipment	(2,627)	(68)	(559)	(14)
Gain on disposal of other investment	(273)	-	(57)	-
Property, plant and equipment written off	1	-	-	-
Share based payment	1,248	1,249	265	266
Share of loss after tax of associate	144	165	31	35
Share of loss after tax of jointly controlled entity	6,122	2,024	1,303	431
Tax	2,597	11,209	553	2,385
Operating cash inflows before movements in working capital	14,639	63,878	3,116	13,595
Decrease/(increase) in inventories	189	(785)	40	(167)
Decrease/(Increase) in receivables	15,631	(61,592)	3,326	(13,108)
(Decrease)/Increase in payables	(2,014)	18,501	(428)	3,937
Cash generated by operations	28,445	20,002	6,054	4,257
Interest paid	(543)	(172)	(116)	(37)
Income taxes paid	(3,603)	(10,573)	(767)	(2,250)
Net cash inflow from operating activities	24,299	9,257	5,171	1,970

CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended 31 March 2013 (Cont'd)

			Proforma	
	Year ended 31 March 2013 RM'000	**Year ended 31 March 2012 RM'000**	**Year ended 31 March 2013 £'000**	**Year ended 31 March 2012 £'000**
Net cash inflow from operating activities	24,299	9,257	5,171	1,970
Investing activities				
Interest received	1,159	1,221	247	260
Loans to the owner of a development project	(6,000)	(13,000)	(1,277)	(2,767)
Loans to joint venture	(21,885)	(5,068)	(4,657)	(1,078)
Repayment of advances from the owner of a development project	30,033	-	6,392	-
Additions to property, plant and equipment	(5,695)	(3,130)	(1,212)	(666)
Net proceeds from sale of property, plant and equipment	4,018	184	855	39
Proceeds from sale of other investment	273	-	57	-
Investment in joint venture	-	(388)	-	(83)
Purchase of new subsidiary, net of cash	335	-	71	-
Net cash generated / (used in) investing activities	2,238	(20,181)	476	(4,295)
Financing activities				
Repayments of obligations under finance leases	(92)	(116)	(19)	(24)
Increase in restricted cash	(5,481)	(1,619)	(1,167)	(344)
Drawdown of borrowings	3,213	-	684	-
Dividend paid	(15,049)	(15,000)	(3,202)	(3,193)
Net cash used in financing activities	(17,409)	(16,735)	(3,704)	(3,561)
Net increase / (decrease) in cash and cash equivalents	9,128	(27,659)	1,943	(5,886)
Cash and cash equivalents at beginning of financial year	52,802	80,461	11,237	17,123
Cash and cash equivalents at end of financial year	61,930	52,802	13,180	11,237

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	Retained earnings RM'000	Total RM'000
At 1 April 2011	78,922	104,436	(2,300)	(66,153)	892	80,351	196,148
Total comprehensive income for the year	-	-	-	-	-	43,787	43,787
Exercise of Employee Stock Option	14	63	-	-	-	-	77
Share based payment	-	-	-	-	1,249	-	1,249
Dividend paid	-	-	-	-	-	(15,000)	(15,000)
At 31 March 2012	78,936	104,499	(2,300)	(66,153)	2,141	109,138	226,261
Total comprehensive income for the year	-	-	-	-	-	(32,825)	(32,825)
Share based payment	-	-	-	-	1,248	-	1,248
Dividend paid	-	-	-	-	-	(15,049)	(15,049)
At 31 March 2013	78,936	104,499	(2,300)	(66,153)	3,389	61,264	179,635

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	Retained earnings £'000	Total £'000
At 1 April 2011	16,796	22,226	(489)	(14,078)	190	17,099	41,744
Total comprehensive income for the year	-	-	-	-	-	9,319	9,319
Exercise of employee stock option	3	13	-	-	-	-	16
Share based payment	-	-	-	-	266	-	266
Dividend paid	-	-		-	-	(3,193)	(3,193)
At 31 March 2012	16,799	22,239	(489)	(14,078)	456	23,225	48,152
Total comprehensive income for the year	-	-	-	-	-	(6,986)	(6,986)
Share based payment	-	-	-	-	265	-	265
Dividend paid	-	-	-	-	-	(3,202)	(3,202)
At 31 March 2013	16,799	22,239	(489)	(14,078)	721	13,037	38,229

1. General information

The Preliminary Announcement and the final accounts of the Group were approved by the Board of Directors on 7 August 2013. The financial information set out in this Preliminary Announcement does not constitute the Group's statutory accounts for the year ended 31 March 2013 but is derived from those accounts. The statutory accounts for 2013 will be delivered to the Jersey Registrar of Companies in September 2013. The auditors have reported on the 2013 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 2013 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 in late 2013.

The directors have prepared financial projections, including cash flows, for a period up to 30 September 2014. Based on these projections and taking into consideration the current financial position of the Group, the directors have a reasonable expectation that the Company 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.

(ii) Pro forma balances

The inclusion of pro forma balances in pounds Sterling is included solely for convenience. The pro forma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all balances being translated from Malaysian Ringgits into pounds Sterling at the rate prevailing on 31 March 2013 of RM4.6989 : £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.

1. General information (Cont'd)

(iii) Basis of accounting

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

(iv) 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 Interim Chairman's Statement. The financial position of the Group, its cash flows and liquidity positions are described in the Chief Financial Officer's Statement. In addition, the notes to financial statements include foreign currency risk management, interest rate risk management, credit risk management and liquidity risk management.

As at 31 March 2013, the Group's cash and cash equivalents excluding deposits held on behalf of the Employee Benefit Trust stand at RM61.9 million.

The Directors have prepared financial projections, including cash flows, for a period up to 30 September 2014. 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 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 is due to receive significant cash receipts on the completion of blocks B and C of CX5. This will provide a short term increase in cash reserves, however will increase the level of lease rental payments. Such receipts are governed by legal agreements between the Group, the developer and the freeholder; and
- The funding requirements of existing and proposed new ventures and/or projects, including PT Cyber CSF.

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.

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

3. Sale and leaseback transaction

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

4. Segment reporting

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

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

Year ended 31 March 2012	Data centre rental RM'000	Maintenance RM'000	Design and development of data centre facilities RM'000	Consolidated RM'000
Revenue	74,288	8,086	125,590	207,964
Cost of sales	(51,475)	(3,688)	(74,167)	(129,330)
Gross profit	22,813	4,398	51,423	78,634
Other operating income	1,166	14	146	1,326
Administrative cost	(1,425)	(151)	(1,548)	(3,124)
Allowance for doubtful debts	(412)	-	(3,563)	(3,975)
Staff costs	(1,507)	(1,525)	(6,616)	(9,648)
Segment depreciation	-	(20)	(190)	(210)
Segment result	20,635	2,716	39,652	63,003
Corporate cost				(7,325)
Finance income				1,221
Net foreign exchange gain				390
Gain on disposal of property, plant and equipment				68
Share of loss of associate				(165)
Share of loss of jointly controlled entity				(2,024)
Finance costs				(172)
Profit before tax				54,996
Tax				(11,209)
Profit after tax				43,787

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 2013	**Year ended 31 March 2012**
Net (loss) / profit for the financial year after taxation attributable to members (RM'000)	(32,825)	43,787
Weighted average number of ordinary shares for basic earnings per share ('000)	160,029	160,014
Weighted average number of ordinary shares for diluted earnings per share ('000)	160,029	160,014

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 than 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

	Year ended 31 March 2013 RM'000	**Year ended 31 March 2012 RM'000**
Amounts recognised as distributions to equity holders in the year:		
Dividend paid	15,049	15,000

On 12 April 2012, the Company announced an interim dividend for the year ended 31 March 2012 of RM0.09412 per share amounting to RM15,049,000. The dividend was paid on 27 April 2012.

7. Contingencies

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

	As at 31 March 2013 RM'000	As at 31 March 2012 RM'000
Bank guarantees	19,922	11,038

8. Commitment

	As at 31 March 2013 RM'000	As at 31 March 2012 RM'000
Commitment for a loan to IDCB for the development of the CX5 data centre	2,030	8,030

The commitment amount as disclosed above represents the remaining balance of a loan of RM80,000,000 to IDCB for development of the CX5 data centre. As at 31 March 2013, the Group has loaned RM77,970,000 to IDCB.

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