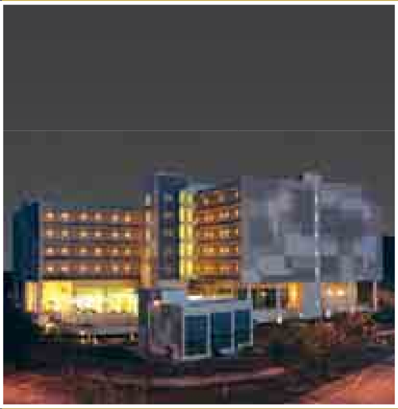
CSF GROUP

Annual Report
2012

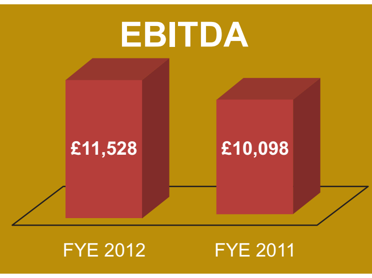
CSF Group plc

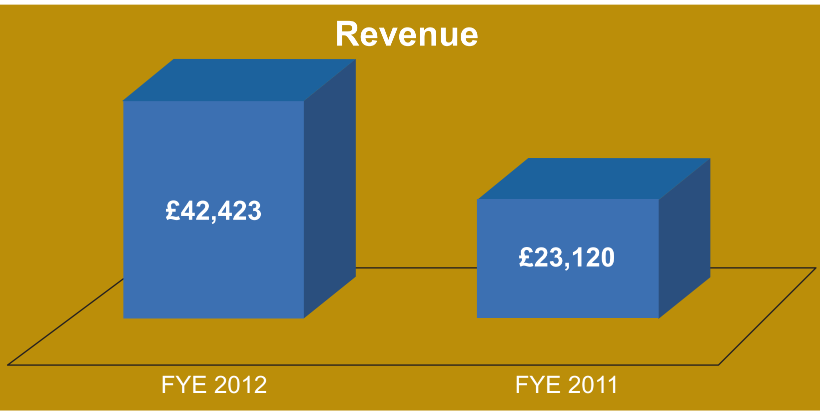
Content

CSF Group plc

2012 in review

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000	% Change
Revenue	42,423	23,120	+83.5
EBITDA	11,528	10,098	+14.8
Profit before tax	11,219	10,157	+10.5
Profit after tax	8,933	9,722	–8.1





Highlights

- Revenues up 83.5% to RM208.0 (£42.4m*)
- Profit before tax up 10.5% to RM55.0m (£11.2m*)
- Rental and maintenance revenue up 25.4% at RM82.4m (£16.8m*)
- Completed construction of CX5 data centre together with the fit-out of critical power infrastructure and associated cooling for Block A
- Block A of CX5 is fully tenanted
- Enhancement of revenue for CX2 data centre through increases in rental rates
- Commissioned CXJ in Jakarta through our joint venture and tenancy with a number of customers
- On-going discussions to develop data centres in Johor, East Malaysia, Singapore and China

** 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 Malaysian Ringgits into pounds Sterling at the rate prevailing on 31 March 2012 of RM4.9021:£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.*

CSF Group plc

Vision and Mission Statement

Who We Are

CSF Group is principally engaged in the business of providing a full range of services associated with data centres, namely the design and development of data centres including project management, fit-out and integration of the equipment within data centre facilities and other computer rooms, and data centre tenancy solutions.

Vision Statement

To maintain our position as the region's leading and trusted solution provider in all aspects of data centre infrastructure services. We aim to be the best in delivering the highest level of quality service in data centre design, development and management.

Mission Statement

Within CSF Group of companies, we strive to deliver our promises to our customers through service excellence with quality, reliability and timeliness.

Core Values

In CSF, our core values define us and shape the frame for all aspects of our business operations. They serve as a guide in upholding our commitment to our customers, our organization, our shareholders and the social well being amongst us.

- ***We believe that we should operate with integrity and bring value and integrity to our customers***
- ***We believe that we should always give back to the societies in which we operate***

Designed for maximum security and conducive working environment

CSF Group plc
Chairman's Statement

"There is an improvement in results across all business segments and Management's core focus over the next 2 years is to increase the occupancy of Blocks B and C of CX5 while continuing to pursue new development projects to increase the Group's data centre capacity in order to grow its recurring revenue streams."

Dato' Ting Heng Peng,
Independent Non-Executive Chairman

Introduction

The Board is pleased to report another year of strong results for the CSF Group plc for 2012, driven by increases in revenue and profit across all business segments. Group revenue increased by 83.5% from RM113.3m (£23.1m*) in 2011 to RM208.0m (£42.4m*) in 2012 with profit before tax increasing from RM49.8m (£10.2m*) in 2011 to RM55.0m (£11.2m*) in 2012. The profit before tax for 2012 includes a share of loss of PT Cyber CSF, our jointly-controlled entity in Indonesia, of RM2.0m (£0.4m*).

Revenue from data centre rental and maintenance increased by 22.2% from RM67.4m (£13.8m*) in 2011 to RM82.4m (£16.8m*) in 2012 driven mainly by the enhancement in rental rates in our CSF Computer Exchange 2 (CX2) data centre.

The design and development of data centre facilities segment continued to perform well with revenue increasing by 173.5% from RM45.9m (£9.4m*) in 2011 to RM125.6m (£25.6m*) in 2012 mainly due to the revenues associated with the development of the CSF Computer Exchange 5 (CX5) data centre.

With the attainment of full occupancy of CX2 at the end of the previous financial year, the Group focused on adding more data centre capacity by the completing Phase 1 of the development of CX5 and undertaking Phase 1 of the fit-out of CSF Computer Exchange Jakarta (CXJ). CX5 was launched in January 2012 providing an additional 201,000 sq ft of data centre capacity, out of which 67,000 sq ft (the entire Block A) was tenanted with effect from April 2012. Our joint-venture company in Indonesia has substantially completed the fit-out of the first 2 levels (out of a total of 8 levels) of the data centre and the demand for space in CXJ remains encouraging.

The management continues to build a pipeline of potential customers for Blocks B and C of CX5 and envisage full occupancy of the entire CX5 by the end of financial year 2014.

In recognition of the anticipated demand for more data centre capacity and in line with the Group's planned expansion across the South East Asia region, CSF continues to evaluate opportunities to develop data centres in Malaysia, Singapore, Indonesia, Thailand and Vietnam. These projects are also expected to deliver recurring revenues in the form of data centre rental and also after-sale maintenance services on the equipment supplied and installed by the Group.

The Board extends its appreciation and gratitude to the management team and other employees of the Group for achieving a number of significant milestones and for the delivery of good financial results.

** The translation of the financial statements into pro forma balances in pounds Sterling is included solely for convenience. The pro forma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all balances being translated from Ringgit Malaysia into pounds Sterling at the rate prevailing on 31 March 2012 of RM 4.9021 : £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.*

In summary, the Board is pleased that there is an improvement in results across all business segments and is fully supportive of the Management Team's core focus over the next 2 years which is to complete the fit-out and occupation of Blocks B and C of CX5 while continuing to pursue new development projects to increase the Group's data centre capacity in order to grow its recurring revenue streams.

Dato' Ting Heng Peng
Independent Non-Executive Chairman of CSF Group plc

CSF Group plc
Chief Executive Officer's Review

"Our business continues to expand its operational footprint across the region, leveraging the strong reputation CSF has cultivated over many years of high quality service.

The development of CX5 is gathering pace with successful rental and fit-out of the remaining blocks now our key strategic goal. We have received strong levels of interest across our existing customer base and we firmly believe the facility will be occupied by the end of financial year 2014.

Our business continues to be well placed for future growth."

Adrian Yong,
Chief Executive Officer

Introduction

The close of the 2012 financial year marks the achievement of a number of strategic operational milestones for the Group. During this period our principal focus has included the following:

- The completion of the development of CSF Computer Exchange 5 (CX5) data centre adding 201,000 sq ft of data centre capacity
- The launch of CSF Computer Exchange Jakarta (CXJ) data centre in Jakarta, Indonesia, adding 120,000 sq ft of data centre capacity in a high-growth market and the subsequent fit-out of the first 2 levels (out of a total of 8 levels) of the data centre for rental to customers
- Enhancing our service offerings and the quality of our data centres in the area of data communications infrastructure via the acquisition of Third Wave Infrasys Sdn Bhd in April 2012
- The release of Version 4 of our Standard Operating Processes to enable consistent delivery of services throughout all CSF Computer Exchanges

The above achievements have further enhanced the Group's position as a market leader in the design and development of high specification data centres and provider of data centre infrastructure services in South East Asia.

I am pleased to report that we have made significant progress on all these objectives and will go into more detail in the "Operational Review".

The Group recorded total revenue of RM208.0m (£42.4m*), an increase of RM94.6m (£19.3m*) or 83.5%, with increases in revenue in both our data centre rental and the design and development business segments. The Group's profit from operations increased by 10.3% from RM48.6m (£9.9m*) in 2011 to RM53.6m (£10.9m*) in 2012.

We achieved positive operating cash flows in the current financial year which marks a significant improvement from the position in the previous financial year. We expect a significant collection of the receivables associated with the CX5 development, in due course, amounting to approximately RM85.0m (£17.3m*).

** The translation of the financial statements into pro forma balances in pounds Sterling is included solely for convenience. The pro forma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all balances being translated from Ringgit Malaysia into pounds Sterling at the rate prevailing on 31 March 2012 of RM 4.9021 : £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.*

The Group continues to trade in line with market expectations. Over the last two years, we have maintained a dividend policy of distributing approximately one-third of our net profits as dividends and going forward, we hope to be able to adopt a similar dividend policy.

Key Growth Strategy

The Group's activities over the last 12 months culminated in a significant increase in our data centre capacity. Much has been achieved during this period and our strategic goal of becoming the leading data centre provider in South East Asia remains a key priority.

As a Management Team, we aim to achieve controlled and sustainable growth in revenue, EBITDA, earnings per share and operating cash flows. To this end, we have outlined our long term strategic growth drivers as follows:

- Generate greater levels of recurring revenue which in turn will provide the Group with enhanced visibility of earnings
- Prudent financial management with principal focus on increasing operational cash flows
- Focus on improving key performance indicators such as recurring revenue targets, profit margins, return on capital employed and growth rate for data centre rental revenue
- Foster closer working relationships with key customers in order to utilize high levels of cross selling of CSF's key services
- Frequent engagement with users of data centres and other blue chip companies, in order to update our understanding of their requirements and commercial drivers
- Increased engagement with telcos and cable/fiber operators to establish internet hubs in our CSF Computer Exchanges
- Continue to leverage our market leading position in Malaysia, Indonesia, Vietnam, Thailand and Singapore
- Generate greater levels of brand penetration by focusing our efforts on marketing our products and services globally
- Develop closer ties within other key growth geographies of large users of data centres, including those based in the USA and China
- Undertake a leadership role in the establishment of data centre standards and best practices via our membership as founding member of The Uptime Institute (TUI) Asia Chapter – an independent organisation regarded as a leading authority in providing certifications, independent research, and thought leadership for the enterprise data centre industry and for data centre professionals

Key Market Dynamics

Recent studies confirm that cloud services, virtualisation technologies and new networking fabrics are driving the expansion of the data centre market, fueled further by the anticipated rise in the number of users of internet and smartphones. The number of data centres is expected to grow over the next two years, with the most growth occurring among large and super-sized data centres. Data centre operators are expected to increase their capacity in order to offer and capture market share of next-generation computing models that promise to streamline operations and reduce infrastructure footprints.

Enterprises in Malaysia have recently begun embracing the "software-as-a-service" delivery model. Their interest is primarily driven by the lower total cost of ownership in the services model, the conversion of capital expenditure to predictable operating expenditure and the ability to scale up or down depending on business needs. Based on this trend and the Malaysian Government's continuing support of the data centre industry, the Malaysian data centre services market is expected to grow at around 16.0 percent per annum over the next 5 years with cloud computing to be an important driver of growth as Malaysian enterprises demonstrate increasing interest in cloud services.

The recent commencement in operations of CXJ, marks the beginning of the Group's development of a solid foothold into the Indonesian data centre market. We believe that there will be opportunities to develop data centres outside of Jakarta, where we can cater to the potentially huge domestic market and capitalise on lower real estate and labour costs. Our entry into the Indonesian market is opportune as the Indonesian economy is expected to continue its strong growth.

Singapore is the largest market in South East Asia by data centre space at present. We believe that Singapore will continue to be the destination of choice for locating IT hubs by multinational firms as evidenced by the recent announcement by Google, that it will build one of its three new data centres in Singapore and the recent announcement by Savvis to expand facilities in Singapore.

Thailand with a population of over 60 million and with the growing penetration rate of mobile and internet users, continues to present a good opportunity for CSF to expand our data centre offerings. The catastrophic flooding in Bangkok last year, has also resulted in many organizations looking to develop substantial Disaster Recovery Centres, further fuelling future demand for our services.

Vietnam, which had high economic growth over the last 10 years, is presently experiencing growth pains with high inflation and lending rates as well as a depreciating currency. However, we will time our new development in HCM City to meet the growth when the economy picks up.

The demand for data centre upgrades, virtualisation, and data/storage/traffic growth bodes well for all categories in the data centre market. The development of support infrastructure for the data centre industry remains a priority for the respective governments of Malaysia, Indonesia, Singapore and Thailand. Cable landing points, and domestic connectivity are continuously being enhanced for sustained growth. The governments' pro-active involvement in the investment and development of such support infrastructure will further fuel the market for data centres and related services in the region.

Operational Review

We continue to make significant progress across our business with particular reference to the following:

- Completion of the construction of CX5 data centre together with the fit-out of critical power infrastructure and associated cooling for Block A
- Block A of CX5 is fully tenanted
- Enhancement of revenue for CX2 data centre through increases in rental rates
- Ongoing marketing activities for Blocks B and C of CX5 with our expectation of full occupancy by the end of financial year 2014

- Commissioned CXJ in Jakarta, Indonesia through our joint venture, with tenancy agreements signed with a number of customers
- Ongoing discussions to develop a data centre in Johor, East Malaysia, Singapore and China

Data Centre Projects

CX1 and CX2 and CX3

Our CX1, CX2 and CX3 data centres continued to operate efficiently and increases in revenues were recorded for CX1 and CX2. We invested approximately RM3.1m (£0.6m*) during the year to upgrade the data centre capacity of CX2 in order to cater for the increased power density requirements of certain customers.

CSF Computer Exchange 4 (CX4) in Hanoi, Vietnam

Our 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 progress of the joint-venture company has been hindered by the adverse economic environment in Vietnam over the last 2 years. Although the financial impact on the Group is relatively small, we believe that the joint-venture company will become profitable in the medium term and more importantly, our participation will allow us to capitalise on the forthcoming growth of the data centre market in Vietnam.

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 (by end of calendar year 2012) – the fit-out of critical power infrastructure and associated cooling for Block B; and**
- **Phase 3 (by end of calendar year 2013) – the fit-out of critical power infrastructure and associated cooling for Block C.**

We 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 tenant has already been secured for Block A and we have built a pipeline of potential tenants to occupy Blocks B and C. The potential tenants are large corporations that will demand a high level of service and technical features within their data centre. In fitting-out Blocks B and C, it is necessary to take into consideration the design, power capacity and other requirements of these potential tenants.

With the completion of Phase 1, we officially launched CX5 in January 2012 and the tenancy for Block A commenced in April 2012.

In accordance with our financial plan, we have, up to 31 March 2012, advanced RM72.0m (£14.7m*) to the project owner for the development of CX5 and RM30.0m (£6.1m*) is expected to be repaid to us in due course. In addition, we also expect to receive a contracted fee of RM25.0m (£5.1m*) in relation to the development of CX5 within the same time frame.

The Group expects the balance of the advances of RM20.0m (£4.1m*) and RM22.0m (£4.5m*) to be repaid by the end of financial year 2013 and 2014, respectively, in line with the completion of Block B and Block C.

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 substantially completed the fit-out of the first 2 levels (out of a total of 8 levels) of the data centre and a number of customers have commenced tenancy in July 2012 at the data centre.

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

As outlined previously, we expect Cyber CSF to incur a loss in the first 2 years of operations before becoming profitable by financial year 2015. Cyber CSF is expected to obtain separate financing facilities and the Group will provide financial support for the purpose of capital expenditure and working capital of Cyber CSF until its financing facilities are in place. The total loans and advances to Cyber CSF amounted to RM5.1m (£1.0m*) as at 31 March 2012 and subsequent to the financial year end, the Group provided additional loans and advances to Cyber CSF amounting to RM5.4m (£1.1m*).

Other opportunities

The Group is negotiating with a third-party organisation which is co-owned by a government agency to design and build a data centre in Sarawak, East Malaysia on a turnkey contract basis. Upon the completion of the data centre, the Group expects to lease and manage the data centre on a joint-venture basis with the aforementioned company.

The Group has also submitted a proposal to a customer to develop a data centre in Johor, Malaysia based on a build-and-transfer arrangement, referred to as CSF Computer Exchange 6 (CX6). We are currently waiting for a formal letter of award from the customer. Upon receiving the letter of award, we expect to be able to deliver the facility to the customer within a period of 12 to 18 months from the date of commencement of development.

Our team in Singapore is in advanced discussion with potential customers for a data centre in Singapore to be known as CSF Computer Exchange Singapore (CXS). Our Singaporean team has identified a suitable site and is currently negotiating with a property developer in Singapore. Our aim is for the developer to fund the construction of the facility with an undertaking by the Group to lease and operate the facility on a long term basis.

We continue to pursue other opportunities in Malaysia, Singapore, Indonesia, Thailand and Vietnam.

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 upfront associated costs of the office building and Blocks B and C, the contribution from CX5 is expected to be minimal for the financial periods up to March 2013. We continue to expect the overall profit contribution of CX5 to be significant once new tenants are secured for Blocks B and C and this remains as a key strategic priority for the Group.

Within 2 years, we have more than doubled our 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 in due course. This demonstrates the Group's ability to grow our data centre capacity (and rental revenue) while minimising substantial cash outlay or incurring high levels of debt. We believe this prudent financial management will further strengthen the Group's long term financial position.

Maintenance

The Group's maintenance revenue remained stable and we continue to pursue new contracts to enhance our recurring revenue streams. Our maintenance division continues to record improvements in its internal key performance indicators which include measurements of efficiency in carrying out scheduled maintenance and also ad hoc requests for services.

Design and Fit-out of Data Centres

In view of the resource requirements for CX5, CXJ and the new data centre development project in Sarawak, the Group has continued to strengthen its design and fit-out division through regular, structured training programmes for its engineers and technicians. A number of senior executives have been assigned to supervise the operations of CXJ, and we continue to work with our Indonesian partner to recruit employees under Cyber CSF.

Although our design and fit-out division has been significantly involved in the development of CX5 and in the fit out of CXJ, we continue to pursue external projects.

We are continuing to work with a company engaged by the Ministry of Defence in Malaysia to develop and manage the first defence and security technology park in South East Asia known as the Malaysian Defence and Security Technology Park ("MDSTP") under the terms of the collaboration agreement with the same company. In this regard, we are identifying opportunities to design and build data centres, and/or to supply data centre infrastructural equipment to companies that are planning to establish a hub in the MDSTP.

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.

As a strategy to maintain the Group's leadership position, we will always ensure that our technical employees are constantly kept abreast of the latest data centre designs and technology. In addition to high levels of security and operational reliability of mission critical computing systems, 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 acquired Third Wave Infrasys Sdn Bhd ("Third Wave"), a company with experience in providing networking and connectivity solutions in April 2012, for a cash consideration of RM5.0m (£1.0m*) payable over the next 3 financial years. From a strategic perspective, the acquisition of Third Wave is expected to strengthen our expertise and resources to work with telecommunications service providers to make CSF Computer Exchanges, the data centres of choice offering high quality infrastructure and excellent connectivity.

The Group's design and fit-out division is negotiating with equipment manufacturers to explore the development of certain equipment under our own brand name. We believe that the manufacturing and marketing of equipment under our brand name would enable us to realise cost savings in the medium to long term as well as leverage the CSF brand further.

Recent Initiatives

Pursuing opportunities in China

In September 2011, we announced a collaboration with Pacific Link Telecom (Asia) Limited ("PLTA") and Jiangsu Communications Services Co. Ltd. ("JCS") which will be mutually beneficial to all parties concerned and will accelerate the demand for the Group's data centres and related products and services across the region.

Based on feedback from PLTA and JCS, there are many Chinese businesses that are keen to look at offshore data centre facilities. We will therefore continue to work with our partners to identify opportunities to develop data centres for Chinese businesses outside of China as this strategy will mitigate the risks associated with our entry into the Chinese market.

However, there are also specific projects in China that we are currently evaluating. Such projects will only be undertaken when we are able to secure a reasonable guaranteed return on investment.

Marketing to US Based companies

As the largest data centre users today are based in the USA, we are working on proposals to offer data centre space and related services to US based companies to take advantage of the lower development costs and operating costs in South East Asia. We are currently negotiating with one of the state energy commissions in Malaysia to provide a competitive long term tariff. We believe that this initiative will provide a compelling incentive for US based companies to relocate or to expand their data centre facilities to Malaysia.

Identifying investment targets

As a strategy to enhance our technical capabilities and to allow our resource base to cope with the growing demand for our data centre space and related products and services, we will continue to identify acquisition or investment opportunities. Our assessment of acquisition or investment targets will be based on factors including the enhancement of recurring revenue streams, the broadening and enhancement of technical resources, and reasonable returns on investment.

Current Trading and Outlook

Our immediate focus is to complete the occupation of our CX5 data centre by securing tenants for the two remaining blocks and fitting them out while we continue to pursue new data centre development opportunities to cater for the anticipated increase demand for data centre capacity in the long run. We will continue to ensure that new developments are undertaken based on thorough commercial assessment and with a high degree of financial prudence.

Our trading continues to gain good market traction and we are confident that demand for our products and services will be sustained, driven largely by a combination of our own market reputation, ongoing marketing initiatives and the strong demand for data centre services in Malaysia and South East Asia. On this basis, the Board is pleased to report that CSF expects revenue and profit to be in line with current market expectations.

Adrian Yong

Chief Executive Officer of CSF Group plc

CSF Group plc
Chief Financial Officer's Review

"As a Group we will continue to strive to increase the levels of recurring revenue generated by our operations and to ensure that we maximise revenue generating opportunities with key customers. The Group will also seek to utilise its cash resources in order to generate optimum returns for our shareholders."

Lee, King Loon
Chief Financial Officer

Introduction

The Group's revenue and profits for the financial year are in line with market expectations with demand for our services remaining high, whilst our net cash balance as at the financial year end exceeded market expectation due to an increase in the collection of trade receivables in the last quarter of the financial year. The expansion of our business to Indonesia continues to progress well and the marketing for blocks B and C in CX5 is now gathering positive momentum.

The Group's profit from operations increased to RM53.6m (£10.9m*) from RM48.6m (£9.9m*) in 2011.

The profit from operations for the current financial year includes the share of loss after tax of a jointly controlled entity, PT Cyber CSF in Indonesia of RM2.0m (£0.4m*) (2011 – Nil) and a charge for equity settled employee expenses of RM1.2m (£0.3m*) as compared to RM0.9m (£0.2m*) in 2011.

The profit from operations in 2011 also includes a gain from the sale (and leaseback) of data centre of RM24.6m (£5.0m*). In 2012, there was no sale and leaseback transaction and most of the profit from design and development activities was generated from the contract revenue and fit-out revenue associated with the CX5 development project.

The increase in profit from operations is analysed in "Profit from Operations" below.

Profit before tax increased from RM49.8m (£10.2m*) in 2011 to RM55.0m (£11.2m*) in 2012. The profit before tax for 2012 includes a share of loss of a jointly-controlled entity of RM2.0m (£0.4m*). Although the profit before tax of the Group increased, the effective tax rate for the current financial year was higher resulting in a decrease in total comprehensive income (excluding the share of loss after tax of a jointly controlled entity) from RM47.7m (£9.7m*) in 2011 to RM45.8m (£9.3m*) in 2012. The reason for the higher effective tax rate as explained further in "Taxation" below.

The Group recorded basic earnings per share ("EPS") of 27.36 sen (5.58p*) as compared with 29.79 sen (6.08p*) in 2011. Excluding the effects of the Group's share of loss in PT Cyber CSF, the basic EPS of the Group would amount to 28.63 sen (5.84p*).

The Group maintained a dividend policy of distributing approximately one-third of its net profits as dividends.

With the launch of CX5 in January 2012 and the lease commencement of CXJ in August 2011, which contributed additional capacity of 201,000 sq ft and 120,000 sq ft respectively, the Group's

** 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 US Dollars into pounds Sterling at the rate prevailing on 31 March 2012 of RM4.9021 : £1.00 and US$1.60 : £1.00, respectively. This translation should not be construed as meaning that the Ringgit Malaysia or US Dollar amounts actually represent, or have been or could be translated into the stated number of pounds Sterling.*

data centre rental capacity increased from 205,000 sq ft as at 31 March 2011 to 526,000 sq ft as at 31 March 2012.

Financial Results

The financial results of the Group are summarised below:

	2012 RM’000	2011 RM’000	Proforma* 2012 £’000	Proforma* 2011 £’000
Total Group Revenue	**207,964**	**113,339**	**42,423**	**23,120**
Gross Profit	78,634	39,367	16,041	8,031
Gain on sale of property, plant and equipment	68	24,555	14	5,009
Share of loss after tax of jointly-controlled entity	(2,024)	-	(413)	-
Share of loss after tax of associate	(165)	(376)	(33)	(77)
Share based payment	(1,249)	(892)	(255)	(182)
Profit from operations	**53,557**	**48,559**	**10,926**	**9,906**
Net finance income	1,049	1,792	214	365
Other gain	390	(559)	79	(114)
Profit before tax	**54,996**	**49,792**	**11,219**	**10,157**
Tax	(11,209)	(2,132)	(2,286)	(435)
Total comprehensive income for the financial year	**43,787**	**47,660**	**8,933**	**9,722**
Basic EPS	**27.36sen**	**29.79sen**	**5.58p**	**6.08p**
Weighted average number of ordinary shares for basic EPS (‘000)	160,014	160,000	160,014	160,000

Key Performance Indicators	2012	2011	Proforma* 2012	Proforma* 2011
Gross profit margin	37.8%	34.7%	37.8%	34.7%
Profit from operations (excluding gain on sale of property, plant and equipment, and share of loss after tax of jointly-controlled entity and associate) margin	26.8%	21.5%	26.8%	21.5%
Trade receivables turnover (days)	139	158	139	158
Trade payables turnover (days)	100	99	100	99
Quick ratio	4.4	7.9	4.4	7.9

Revenue

	2012 RM'000	2011 RM'000	Proforma* 2012 £'000	Proforma* 2011 £'000
Data centre rental income	74,288	59,225	15,154	12,081
Maintenance income	8,086	8,197	1,650	1,672
	82,374	67,422	16,804	13,753
Design and development of data centre facilities income	125,590	45,917	25,619	9,367
Total Group Revenue	**207,964**	**113,339**	**42,423**	**23,120**

The Group recorded total revenue of RM208.0m (£42.4m*), an increase of RM94.6m (£19.3m*) or 83.5%.

Data centre rental and maintenance revenue increased by RM15.0m (£3.1m*) or 22.2% mainly attributable to the enhancement of rental revenues from the CX2 data centre.

The increase in revenue from the design and development of data centre facilities was mainly attributable to an increase in the works carried out on the CX5 project. The Group recognised revenue of RM110.1m (£22.5m*) from project management and fit-out works relating to CX5 for the current financial year as compared to RM17.9 (£3.7m*) in 2011.

Gross Profit Margin

The Group's gross profit margin increased from 34.7% in 2011 to 37.8% in 2012. This is mainly attributable to an increase in gross profit margin on data centre rentals as tabulated below:

	2012 RM'000	2011 RM'000	Proforma* 2012 £'000	Proforma* 2011 £'000
Data centre rental revenue	**74,288**	**59,225**	**15,154**	**12,082**
Direct Expenses				
Data centre lease rental expense	(25,510)	(25,064)	(5,204)	(5,113)
Data centre depreciation	(2,054)	(911)	(419)	(186)
Other direct expenses	(23,911)	(20,252)	(4,878)	(4,131)
Total direct expenses	**(51,475)**	**(46,227)**	**(10,501)**	**(9,430)**
Gross profit on data centre rental	**22,813**	**12,998**	**4,653**	**2,652**
Gross profit margin on data centre rental	**30.7%**	**21.9%**	**30.7%**	**21.9%**

The increase in gross profit margin on data centre rental to 30.7% from 21.9% in 2011 is mainly due to the increase in revenues from the CX2 data centre compared to the previous financial year as a result of increased rental rates.

Gross profit margin on maintenance income increased from 48.0% in 2011 to 54.4% in 2012 mainly due to the effective management of cost of spare parts. Gross profit margin on design and development of data centre facilities decreased from 48.9% in 2011 to 40.9% in 2012 mainly due to the undertaking of fit-out works which carried relatively lower gross profit margins.

Profit from Operations

Profit from operations increased to RM53.6m (£10.9m*) from RM48.6m (£9.9m*) in 2011 as analysed below:

	2012 RM'000	2011 RM'000	Proforma* 2012 £'000	Proforma* 2011 £'000
Operating profit from data centre rental, maintenance, and design and development of data centre facilities	54,352	23,874	11,087	4,870
Gain on sale of property, plant and equipment	68	24,555	14	5,009
Other operating income	1,326	506	271	103
Share of loss after tax of jointly-controlled entity	(2,024)	-	(413)	-
Share of loss after tax of associate	(165)	(376)	(33)	(77)
Total operating profit	**53,557**	**48,559**	**10,926**	**9,905**

Operating profit from data centre rental, maintenance, and design and development of data centre facilities increased as a result of the increase in revenue as described in "Revenue" above, and also the increase in the average gross profit margin as explained in "Gross Profit Margin" above.

The gain on sale of property, plant and equipment in 2011 comprises the gain on sale and leaseback of the CX1 data centre completed in April 2010, i.e. early in the 2011 financial year.

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 decreased to RM1.2m (£0.25m*) from RM2.3m (£0.47m*) in 2011 mainly due to the utilisation of cash for the development of CX5.

Finance cost for the financial year decreased from RM0.5m (£0.10m*) in 2011 to RM0.2m (£0.04m*) in 2012 mainly attributable to the settlement of the term loan associated with the development of CX1 in April 2010.

Taxation

The current tax charge for the year equates to circa 20.4% of profit before tax, as compared to the statutory corporate tax rate in Malaysia of 25%, reflecting the tax exemption on the turnkey fee receivable from the development of CX5 partially offset by the non-availability of tax relief on losses incurred by certain companies within the Group including the jointly-controlled entity and the associate.

The lower effective tax rate for the previous financial year (of 4.3%) was mainly attributable to the tax-exemption on the gain from the sale of data centre in 2011.

Earnings per Share

Basic earnings per share was 27.36 sen (5.58p*) compared to 29.79 sen (6.08p*) in 2011. The weighted average number of shares during the year used for basic EPS calculation is 160,013,785

(2011: 160,000,000). Diluted EPS was 27.36 sen (5.58p*) compared to 28.42 sen (5.80p*) in 2011. The weighted average number of shares during the year used for diluted EPS calculation is 160,013,785 (2011: 167,685,000).

Dividends

On 12 April 2012, the Board declared an interim dividend for the year ended 31 March 2012 of 9.412 sen (1.920p*) per share amounting to RM15.1m (£3.1m*). The interim dividend was paid on 4 May 2012.

The Board does not propose any further payment of dividends in respect of the 2012 financial year. Over the last two years, the Group maintained a dividend policy of distributing approximately one-third of its net profits as dividends and hopes to adopt a similar policy going forward.

Cash and Treasury

			Proforma*	
	2012 RM'000	2011 RM'000	2012 £'000	2011 £'000
Cash generated from operations before working capital movements and net finance income / cost	54,182	24,530	11,053	5,004
Working capital movements	(43,876)	(36,218)	(8,951)	(7,388)
Net finance income	(1,049)	(1,792)	(214)	(366)
	9,257	(13,480)	1,888	(2,750)
Proceeds from sale of property, plant and equipment	184	51,536	38	10,513
Loans to the owner of a development project	(13,000)	(58,970)	(2,652)	(12,029)
Loans and advances to the jointly-controlled entity	(5,068)	-	(1,034)	-
Capital expenditure	(3,130)	(17,506)	(639)	(3,571)
Net cash from other investing activities	833	2,252	170	459
Net cash outflow before financing activities	**(10,924)**	**(36,168)**	**(2,229)**	**(7,378)**
Dividends paid	(15,000)	-	(3,060)	-
Net cash for other financing activities	(1,735)	(47,698)	(354)	(9,730)
Net cash outflow	**(27,659)**	**(83,866)**	**(5,643)**	**(17,108)**

The Group's net cash generated by operations before working capital movements and net finance costs increased to RM54.2m (£11.1m*) from RM24.5m (£5.0m*) in 2011 mainly due to the increase in total revenue. The working capital requirement of the Group increased to RM43.9m (£9.0m*) from RM36.2m (£7.4m*) in 2011 mainly due to the higher net increase in balance of trade receivables of RM97.1m (£19.8m*) as compared with RM57.4m (£11.7m*) in 2011.

The trade receivables balance increased from RM57.4m (£11.7m*) as at 31 March 2011 to RM97.1m (£19.8m*) as at 31 March 2012 mainly because the trade receivables associated with the development of CX5 increased by RM42.3m (£8.6m*) from RM10.3m (£2.1m*) as at 31 March 2011 to RM52.6m (£10.7m*) as at 31 March 2012 were not due for collection as at the financial year end. Approximately RM30.0m (£6.1m*) of the trade receivables associated with the development of CX5 is expected to be settled in due course with settlement of the balance by the end of financial year 2013.

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

During the financial year, the Group advanced RM13.0m (£2.7m*) to Integrated DC Builders Sdn Bhd ("IDCB") for the development of CX5, bringing the total advances to IDCB to RM72.0m (£14.7m*) as at 31 March 2012. IDCB expects to repay RM30.0m (£6.1m*) of the advances in due course and to repay the remaining amount of the advances by the end of financial years 2013 and 2014 based on the negotiated terms between the Group and IDCB.

The total loans and advances of RM5.1m (£1.0m*) to PT Cyber CSF, the jointly-controlled entity in Indonesia comprised loans of RM4.8m (£1.0m*) to fund its capital expenditure and RM0.3m (£0.1m*) to fund its working capital requirements.

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$1.5m (£0.9m*) by the Group to fund the working capital requirements of PT Cyber CSF in the 2013 financial year.

Post Balance Sheet Events

The Group has completed the acquisition of Third Wave Infrasys Sdn Bhd ("TWSB") for RM5.0m (£1.0m*) which is payable over the next 3 financial years. TWSB is expected to contribute positively to the revenue and profit of the Group in the 2013 financial year.

Subsequent to the financial year end, the Group provided additional loans and advances to PT Cyber CSF amounting to RM5.4 m (£1.1m*). PT Cyber CSF has substantially completed the fit-out of the first 2 levels (out of a total of 8 levels) of the CXJ data centre in Jakarta, Indonesia and a number of customers have commenced tenancy in July 2012 at the data centre.

PT Cyber CSF is expected to continue to incur a loss in the first 2 years of operations 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.

Other Comments

As a Group we will continue to strive to increase the levels of recurring revenue generated by our operations and to ensure that we maximise revenue generating opportunities with key customers. The Group will also seek to utilise its cash resources in order to generate optimum returns for our shareholders.

Lee, King Loon

Chief Financial Officer of CSF Group plc

** 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 US Dollars into pounds Sterling at the rate prevailing on 31 March 2012 of RM4.9021 : £1.00 and US$1.60 : £1.00, respectively. This translation should not be construed as meaning that the Ringgit Malaysia or US Dollar amounts actually represent, or have been or could be translated into the stated number of pounds Sterling.*

CSF Group plc
Board of Directors

Ting, Heng Peng (Dato')
Independent Non-Executive Chairman

Dato' Ting was appointed Chairman of the Company in February 2010. He has over 20 years of legal practice experience in corporate matters and civil and commercial litigation and presently, he sits on the Board of two companies listed on the Kuala Lumpur Stock Exchange, namely Supermax Corporation Berhad and D.B.E Gurney Resources Berhad as an independent Non-Executive Director.

Dato' Ting is also currently an executive partner at Messrs Joseph Ting & Co, a firm of advocates and solicitors in Malaysia.

Yong, Kwet On (Adrian)
Chief Executive Officer

Adrian was appointed to the Board of the Company in October 2009. He has been involved in the ICT industry for over 30 years with broad sales and management experience. Prior to joining the Group, he was the Chief Executive Officer of PKTech International Ltd where he was instrumental in its listing on the SESDAQ market of the Singapore Stock Exchange.

As Chief Executive Officer of CSF Group plc, Adrian spearheads the Group's strategic and business expansion efforts on the local and regional fronts.

Wong, Chow Ming
Chief Operations Officer

Chow Ming was appointed to the board of the Company in October 2009. He has over 19 years of experience in the ICT industry with domain skills and experience in network and communications infrastructure. Prior to joining the Group, he was the country sales manager for one of the world's largest communications and systems providers.

Chow Ming is responsible for marketing the Group's Data centre business and executing technical requirements, overseeing the expansion of the Group in the local and regional markets.

Lee, King Loon
Chief Financial Officer

King Loon was appointed to the Board of the Company in February 2010. He has over 18 years of experience in accounting, financial and corporate matters. Prior to joining the Group, he was an Executive Director of Crowe Horwath Corporate Advisory Sdn Bhd and a holder of a Capital Markets Services Licence issued by the Securities Commission of Malaysia.

As Chief Financial Officer of CSF Group plc, King Loon spearheads the finance department and is involved in the formulation of financial strategies to facilitate the expansion of the Group's business.

CSF Group plc

Board of Directors *(continued)*

Phil Cartmell
Independent Non-Executive Director

Phil was appointed to the Board of the Company in February 2010. He was appointed Chief Executive Officer of Vega Group plc ("Vega") in July 2000. Phil left Vega in May 2008 following the sale of the business to Finmeccanica of Italy, generating significant returns for investors. Prior to Vega, Phil held senior positions with Baan, Origin UK, and KPMG Consulting. Phil is currently the CEO of Corac Group plc, an oil and gas technology company listed on AIM, and is also a Non-Executive director of Trafficmaster plc. Phil was previously Chairman of MMI Group plc.

Dennis Kian Jing Ow
Independent Non-executive Director

Dennis was appointed to the Board of the Company in February 2010. He is currently an Executive Director of Paq International Holdings Limited which is listed on AIM. Dennis has prior experience with capital markets and advisory roles within the London Stock Exchange, Old Park Lane Capital Asia and Blue Oar. He has been involved in bringing eight companies from South East Asia to AIM and two to the Official Main List of the London Stock Exchange.

Richard King
Independent Non-executive Director

Richard was appointed to the Board of the Company in January 2011. He has spent the past 35 years with Ernst & Young, most recently as Deputy Managing Partner of UK and Ireland until his retirement in December 2010. Richard is currently Chairman of The Willow Foundation and The Orchid Group. He is also a Non-Executive Director of Corac Group plc and Allocate Software plc as well as a member of the Advisory Board for Frogmore Property Group. He has extensive experience of advising fast growth businesses.

CSF Group plc

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the Financial Statements and Auditors' Report, for the year ended 31 March 2012. The Corporate Governance Statement forms part of this report.

Principal Activities

The principal activities of the Group comprise of the design, construction and installation of data centres on an outsourced basis, ongoing support and maintenance and rental of data centre space.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in Note 37 to the financial statements.

Business review

The Chairman's statement, the Chief Executive Officer's review and the Chief Financial Officer's review provide analysis of the Group, the operations and development of the business and the results and financial position for the year ended 31 March 2012.

Results and Dividends

The results of trading of the Group for the year are set out in the Consolidated Statement of Comprehensive Income on page 35. On 12 April 2012, the Company declared an interim dividend of RM15.1 million (approximately £3.1 million) or 9.412 sen (approximately 1.919 pence) per share on 4 May 2012. The Board does not propose any further payment of dividends in respect of the financial year.

Directors

The names of the current Directors together with their brief biographical details are shown on pages 20 to 21. None of the Directors hold an interest in any material contract with the Company save for their Service Contracts or Letters of Appointment.

Directors' Interests

The Directors' interests, including their connected parties were:

Directors	*Company Shares 31 March 2012*	*Company Shares 31 March 2011*
Yong, Kwet On	43,220,500[1]	43,220,500[1]
Wong, Chow Ming	23,488,680[2]	23,488,680[2]
Lee, King Loon	Nil	Nil
Dato' Ting Heng Peng	Nil	Nil
Phil Cartmell	30,000	30,000
Dennis Kian Jing Ow	Nil	Nil
Richard King	Nil	Nil

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

Note 2: On 25 August 2011, Wong Chow Ming transferred his 23,488,680 Ordinary Shares to a company, Techsonic Limited, which is solely owned by him.

Directors' Indemnities

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

Supplier Payment Policy

The Group's policy is to set the terms of payment with suppliers when agreeing the terms of each transaction and abide by the terms of payment. Trade creditors of the Group at 31 March 2012 were equivalent to 100 (2011 – 99) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Environment Matters

During the financial year, CX5 was awarded the provisional Green Building Index (GBI) Certified Rating which recognizes the facility as a green, sustainable building that has satisfied certain requirements as determined by the GBI Accreditation Panel. These requirements include among other factors such as the ability to provide energy savings, water savings, a healthier indoor environment, better connectivity to public transport, the adoption of recycling and greenery for their projects, and reducing the impact on the environment.

The Group will continue looking at ways to improve its environmental credentials.

Charitable and Political Contributions

During the year, the Group made charitable donations of RM120,000 (£24,500), (2011: RM115,000 (£24,000)) principally to local charities serving the communities in which the Group operates. The Group has made no political contribution during the year.

Substantial Shareholdings

On 2 July 2012, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following investors who held 3% or more of the Company's issued share capital.

Name of holder	*% of Ordinary Shares*	*No. of ordinary shares*
Yong Kwet On (Note 1)	27.01	43,220,500
Huntress (CI) Nominees Limited (Note 2)	20.44	32,707,095
Nortrust Nominees Limited	8.20	13,120,525
	55.65	89,048,120

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

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

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

Disabled Employees

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

Employee Consultation

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

Post Balance Sheet Events

Details of post balance sheet events are given in the Chief Financial Officer's Review and Note 35 to the Financial Statements.

Going Concern

The Directors have prepared financial projections, including cash flows, for a period up to 31 March 2014. Based on these projections and taking into account the current financial position of the Group, including cash of RM52.8 million (£10.8 million) as at 31 March 2012 the Directors have carried out an assessment of going concern, the details of which are included in Note 1 to the Financial Statements. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Annual General Meeting

The company's Annual General Meeting ("AGM") will be held on 8 August 2012. Further details of the AGM, together with the proposed resolutions, are contained in the Notice to AGM attached to this Annual Report.

Disclosure of Information to Auditors

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

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

Auditor

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

By order of the Board,

Yong Kwet On
Director
3 July 2012

CSF Group plc
Corporate Governance Statement

Principles of Good Governance

The Group is committed to maintaining a high standard of corporate governance and operates with clear principals and procedures of control appropriate to a business of its size. Whilst there is no requirement for AIM companies to comply with the Combined Code, the Company intends to comply with the main provisions in so far as they are appropriate to smaller companies. This statement describes how the Group applies the principles of Governance.

Board of Directors

The Board meets at least 4 times within a full financial year and otherwise as required and has ultimate responsibility and accountability for the Group's operations. The Board comprises the Non-Executive Chairman, the Chief Executive Officer, the Chief Operations Officer, the Chief Financial Officer and three Non-Executive Directors. During the year ended 31 March 2012, 5 Board Meetings were held. There were 4 meetings of Audit Committee, 1 meeting of the Nomination Committee, 3 meetings of the Remuneration Committee and 1 meeting of the Disclosure Committee held. The Directors attended the Board Meetings and the Board Committees meetings as follows:

Director	*Board Meetings*	*Audit Committee*	*Nomination Committee*	*Remuneration Committee*	*Disclosure Committee*
Dato' Ting Heng Peng*	5/5	4/4	1/1	1/1	–
Yong Kwet On	5/5	–	1/1	–	1/1
Wong Chow Ming*	4/5	–	1/1	2/3	–
Lee King Loon	5/5	–	1/1	–	1/1
Phil Cartmell	5/5	4/4	1/1	3/3	1/1
Dennis Kian Jing Ow	4/5	3/4	0/1	2/3	–
Richard King*	5/5	4/4	1/1	1/1	–

* Wong Chow Ming withdrew as a member of the Remuneration Committee effective 23 November 2011 and on the same date, Dato' Ting Heng Peng and Richard King were appointed as members of the Remuneration Committee.

\# Yong Kwet On and Lee King Loon attended the Audit Committee Meeting by the invitation of the Audit Committee Chairman.

The Board believes its current structure is appropriate for the scale of the business and enables the Group to be managed efficiently.

The specific responsibilities reserved to the Board include, but are not limited to: -

- Setting strategy and approving an annual budget and medium-term projections;
- Reviewing operational and financial performance;
- Approving any acquisitions, divestments and material capital expenditure;
- Reviewing the Group's systems of financial control and risk management;
- Ensuring that appropriate management development and succession plans are in place;
- Approving appointments to the Board and the Company Secretary;
- Approving policies relating to the remuneration, contracts and incentive arrangements of senior management;
- Ensuring that an appropriate and constructive dialogue takes place with shareholders; and
- Ensuring compliance with the AIM rules.

The Board has a procedure through which the Directors are able to take independent advice at the Company's expense in the furtherance of their responsibilities.

The Directors also have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Group has adopted a share dealing code for Directors and senior employees on the same terms as restricted by statute, by common law and by the AIM Rules.

Chairman and Chief Executive and Non-Executive Directors

Different Directors hold the posts of Chairman and Chief Executive and there is a clear division of responsibilities.

The Chairman is responsible for leading the Board and ensuring its effectiveness. The Chief Executive is responsible for running the business and for ensuring that accurate, timely and clear information is presented at the Board meetings or when otherwise appropriate.

The role of the Chairman was a non-executive role throughout the period ended 31 March 2012 which is in line with the Code in terms of the independence criteria outlined. The Board is balanced by an appropriate non-executive element with four out of seven current Directors being non-executive. In order to assist in securing the recruitment and retention of high calibre Non-Executive Directors, the Company has granted Non-Executive Directors options to acquire shares in the Company, in addition to fees. The holding of share options by Non-Executive Directors could, amongst other things, be relevant in determining whether a Non-Executive Director is independent. After detailed consideration, the Board has determined that it does not believe that the holding of share options by its Non-Executive Directors impacts on their independence in character and judgment.

Board Committees

The Board has established four committees to deal with matters in accordance with written terms of reference which are available on request from the Company Secretary. They are the Audit Committee, the Remuneration Committee, the Nominations Committee and the Disclosure Committee. The chairmen of these committees will be available to answer questions at the Annual General Meeting.

The majority of the members of the Committees are independent Non-Executive Directors, save for Disclosure Committee.

Audit Committee

Richard King is the Chairman of the Committee. The Audit Committee also comprises Dato' Ting Heng Peng, Phil Cartmell and Dennis Kian Jing Ow. No members of the Committee have any link with the Group's external auditors.

The Audit Committee meets formally at least twice within a full financial year, and otherwise as required, and is responsible for all matters relating to financial controls and reporting, internal and external audits, the scope and results of the audits, the independence and objectivity of the auditors and also keeps under review the effectiveness of the Company's controls and risk management. The ultimate responsibility for reviewing and approving the annual report and financial statements and interim statements remains with the Board. The Chairman, the Chief Executive Officer, the Chief Financial Officer, other Directors and representatives from the finance function may attend and speak at meetings of the Audit Committee.

Details of the amounts paid to the external auditors during the year for audit and other services are set out in Note 9 to the Financial Statements.

Remuneration Committee

The Remuneration Committee has been in place since February 2010 and is chaired by Phil Cartmell and also comprises Dennis Kian Jing Ow and Wong Chow Ming. As the Company is committed in conducting itself based on best practices, the Remuneration Committee had agreed that the members shall only consist of Non-Executive Directors. In this regard, Wong Chow Ming had withdrew himself as a committee member and Dato' Ting Heng Peng and Richard King were appointed as members to the Remuneration Committee with effect from 23 November 2011.

The Remuneration Committee meets at least once within a full financial year and otherwise as required and is responsible for all material elements of remuneration policy, review the remuneration and incentives of Executive Directors and senior management with reference to independent remuneration research and professional advice in accordance with the Combined Code. The Remuneration Committee also determines the payment of bonuses to all Executive Directors, makes recommendations to the Employee Benefit Trust and Employee Share Option Plan regarding share awards to the employees and sets any performance criteria in relation to the exercise of options granted to the Executive Directors as referred to in the Directors' Remuneration Report.

No Director is permitted to participate in discussions or decisions concerning his own remuneration and the remuneration of members of the Remuneration Committee shall be determined in accordance with good practice by the remaining Board members.

Nomination Committee

The Nomination Committee is chaired by Dato' Ting Heng Peng and also comprises Yong Kwet On, Wong Chow Ming, Lee King Loon, Phil Cartmell, Richard King and Dennis Kian Jing Ow.

The Nomination Committee meets formally as and when required, is responsible for the size, structure and composition of the Board, the retirement and appointment of Directors, and makes appropriate recommendations to the Board in relation to these matters.

Potential candidates to the Board are interviewed either by the Nomination Committee or a panel appointed by that Committee. An appointment requires final approval by the Board prior to an offer being forwarded.

Disclosure Committee

The Disclosure Committee is chaired by Lee King Loon and also comprises Phil Cartmell and Yong Kwet On.

The Disclosure Committee will meet formally as and when required, and is responsible for ensuring compliance with the AIM Rules concerning disclosure of information, in particular Rules 11, 17, 18 and 19. The Disclosure Committee works closely with the Board to ensure that the Company's nominated adviser is provided with any information it reasonably requests or requires in order for it to carry out its responsibilities under the AIM Rules and the AIM Rules for Nominated Advisers.

The Disclosure Committee was dissolved on 23 November 2011 wherein effective thereof, the responsibilities of the Committee were taken over by the Board of Directors.

Internal control

The Board has overall responsibility for maintaining the Group's system of internal control and reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve the Group's strategic business objectives and can only provide reasonable assurance against material misstatement or loss.

The key elements of the internal control system including but not limited to the following:

Control environment

The Directors continue to review the effectiveness of the Company's system of financial and non-financial controls, including operational and compliance controls, risk management and the Company's high level internal control arrangements. These reviews include an assessment of internal controls and in particular, internal financial controls.

Risk management

The Board views the careful management of risk as a key management activity. Managing business risk to deliver opportunities is a key element of all activities. These business risks, which may be strategic, operational, reputational, financial or environmental, should be understood and visible.

Financial Reporting

The Board approves the Group's annual budget which is prepared in the context of the Board approved business plan. The Board receives monthly financial reports which assess performance in comparison with the annual budget and in relation to periodic re-forecasts. Key performance indicators are regularly reviewed at Board level and by senior managers responsible for key areas of the business.

The Company does not currently have an internal audit function because the Board is of view that the present internal controls are adequate taking into consideration the nature and size of the business operations. However, the Board will consider the need to create one as the business grows.

Communications with shareholders

The Chairman, the Chief Executive Officer and the Chief Financial Officer are the principal points of contact for investors, analysts, fund managers, media and other interested parties. Access is available to the Non-Executive Directors if this is required.

Meetings with analysts and institutional investors are held following the interim and preliminary results announcements. The Board is kept appraised about shareholder relations and have full access to reports from the Company's stock brokers, Cenkos Securities plc, and financial public relations advisors, Buchanan Communications Limited.

Approved by the Board and signed on behalf of the Board

Yong Kwet On
Director
3 July 2012

Directors' Emoluments

The various elements of remuneration received by each director were as follows:

Name of Director	*Fees/Basic salary RM*	*Benefits in kind RM*	*Annual bonuses RM*	*2012 total RM*	*2011 total RM*
Executive					
Yong, Kwet On	556,200	67,400	56,933	680,533	424,067
Wong, Chow Ming	472,950	57,100	46,267	576,317	354,733
Lee, King Loon	379,200	46,400	42,667	468,267	294,833
Non-Executive					
Dato' Ting Heng Peng	176,472	–	–	176,472	92,940
Phil Cartmell	176,472	–	–	176,472	155,840
Dennis Kian Jing Ow	147,060	–	–	147,060	116,880
Richard King	147,060	–	–	147,060	36,525
Aggregate emoluments	2,055,414	170,900	145,867	2,372,181	1,475,818

Directors' Share Options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. There were no options exercised during the financial year.

Details of the approved options scheme for Directors who served during the year are as follows:

Name of Director	*31 March 2011*	*Granted*	*Exercised*	*31 March 2012*	*Exercise Price*	*Date from which exercisable*	*Expiry date*
Yong, Kwet On	300,000	–	–	300,000	£0.55	19.04.11-18.04.13	18.04.14
Wong, Chow Ming	300,000	–	–	300,000	£0.55	19.04.11-18.04.13	18.04.14
Lee, King Loon	300,000	–	–	300,000	£0.55	19.04.11-18.04.13	18.04.14
Lee, King Loon	–	300,000	–	300,000	£0.60	10.07.12-10.07.14	10.07.15
Dato' Ting Heng Peng	250,000	–	–	250,000	£0.55	22.03.11-22.03.13	22.03.14
Phil Cartmell	250,000	–	–	250,000	£0.55	22.03.11-22.03.13	22.03.14
Dennis Kian Jing Ow	250,000	–	–	250,000	£0.55	22.03.11-22.03.13	22.03.14
Richard King	250,000	–	–	250,000	£0.69	01.01.12-01.01.14	01.01.15
Total	1,900,000	300,000	–	2,200,000			

The share options have a contracted life of 10 years with 33.33% being exercisable on the first anniversary of the grant, 33.33% being exercisable on the second anniversary of the grant and the remaining 33.34% being exercisable on the third anniversary of the grant. The mid-market price of the Company share as of 31 March 2012 was 44.5p (2011: 64p).

Pension Contributions

As required by Malaysian law, the subsidiaries make contributions to the Employees’ Provident Fund. The Group pays a fixed contribution based on a set percentage of the employees’ salary. The Group has no further legal or constructive obligations in respect of the retirement costs. The three Executive Directors of the Company are members of the aforesaid defined contribution plan. Payments to the Employees’ Provident Fund are recognised as an expense in the income statement as incurred.

Contributions paid by the company in respect of such Directors were as follows:

Name of Director	*2012 RM*	*2011 RM*
Yong, Kwet On	67,445	50,889
Wong, Chow Ming	57,118	42,568
Lee, King Loon	46,406	35,380
	170,969	128,837

Independent Auditors' Report to the members of CSF Group plc

We have audited the Group's Financial Statements (the "Financial Statements") of CSF Group plc for the year ended 31 March 2012 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statement of cash flows and the related Notes 1 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2012 and of the Group's profit and Parent Company's profit for the year then ended;
- the Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Independent Auditors' Report to the members of CSF Group plc *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Ian Smith, BA ACA
for and on behalf of Deloitte LLP
Chartered Accountants
Gatwick, UK
3 July 2012

CSF Group plc
Statement of Directors' Responsibilities

The Directors are responsible for preparing the Financial Statements in accordance with applicable law and regulations.

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

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

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

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

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

CSF Group plc

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2012 RM'000	Year ended 31 March 2011 RM'000	Year ended 31 March 2012 £'000	Proforma Year ended 31 March 2011 £'000
Revenue	5,6	207,964	113,339	42,423	23,120
Cost of sales	6	(129,330)	(73,972)	(26,382)	(15,089)
Gross profit		78,634	39,367	16,041	8,031
Other operating income	5	1,326	506	271	103
Gain on sale of property, plant and equipment	11	68	24,555	14	5,009
Share of loss after tax					
– associate	16	(165)	(376)	(33)	(77)
– jointly-controlled entity	17	(2,024)	–	(413)	–
Other administrative expenses		(19,058)	(14,601)	(3,888)	(2,978)
Allowance for doubtful debts		(3,975)	–	(811)	–
Share based payment	31	(1,249)	(892)	(255)	(182)
Total operating expenses		(24,282)	(15,493)	(4,954)	(3,160)
Operating profit		53,557	48,559	10,926	9,906
Finance income	5,8	1,221	2,302	249	469
Finance costs	8	(172)	(510)	(35)	(104)
Net foreign exchange gain/(losses)		390	(559)	79	(114)
Profit before tax		54,996	49,792	11,219	10,157
Tax	12	(11,209)	(2,132)	(2,286)	(435)
Total comprehensive income for the financial year	7	43,787	47,660	8,933	9,722
EPS					
– Basic (Malaysian sen)	13	27.36	29.79	5.58p	6.08p
– Diluted (Malaysian sen)	13	27.36	28.42	5.58p	5.80p

All results derive from continuing operations.

** The translation of the financial statements into pro forma balances in pounds Sterling is included solely for convenience. The pro forma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all balances being translated from Ringgit Malaysia into pounds Sterling at the rate prevailing on 31 March 2012 of RM4.9021 : £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.*

CSF Group plc

Consolidated Statement of Financial Position

	Note	As at 31 March 2012 RM'000	As at 31 March 2011 RM'000	As at 31 March 2012 £'000	Proforma As at 31 March 2011 £'000
Non-current assets					
Property, plant and equipment	15	23,032	24,014	4,698	4,899
Interest in associate	16	144	309	29	63
Interest in jointly controlled entity	17	–	–	–	–
Other Investments	18	263	263	54	54
Other receivables	20	41,969	66,347	8,561	13,534
Deferred tax asset	26	2,852	4,781	582	975
		68,260	95,714	13,924	19,525
Current assets					
Inventories	19	4,170	3,385	851	691
Trade and other receivables	20	133,832	63,706	27,301	12,995
Short term investment	20	30,000	–	6,120	–
Current tax assets		44	–	9	–
Restricted cash	21	7,628	6,009	1,556	1,226
Cash and cash equivalents	21	54,644	82,073	11,147	16,742
Assets held for sale	22	1,424	–	290	–
		231,742	155,173	47,274	31,654
Total assets		300,002	250,887	61,198	51,179
Current liabilities					
Trade and other payables	23	64,779	47,274	13,214	9,644
Current tax liabilities		656	2,653	134	541
Obligations under finance leases	25	92	118	19	24
		65,527	50,045	13,367	10,209
Non-current liabilities					
Obligations under finance leases	25	375	465	76	95
Trade and other payables	23	6,418	3,620	1,309	738
Deferred tax liabilities	26	1,421	609	290	124
		8,214	4,694	1,675	957
Total liabilities		73,741	54,739	15,042	11,166
Net assets		226,261	196,148	46,156	40,013

CSF Group plc

Consolidated Statement of Financial Position *(continued)*

	Note	As at 31 March 2012 RM'000	As at 31 March 2011 RM'000	As at 31 March 2012 £'000	Proforma As at 31 March 2011 £'000
Equity					
Share capital	27	78,936	78,922	16,102	16,100
Share premium account	27	104,499	104,436	21,317	21,304
Shares held under Employee Benefit Trust	27	(2,300)	(2,300)	(469)	(469)
Other reserve	27	(66,153)	(66,153)	(13,495)	(13,495)
Share option reserve	27	2,141	892	437	182
Retained earnings	27	109,138	80,351	22,264	16,391
Total equity		226,261	196,148	46,156	40,013

The financial statements of CSF Group plc registered number 104212 were approved by the Board of Directors and authorised for issue on 3 July 2012.

They were signed on its behalf by:

Lee, King Loon
Director
3 July 2012

CSF Group plc

Consolidated Statement of Changes in Equity

	Share capital RM'000	Share premium account RM'000	Shares held under Employee Benefit Trust RM'000	Other reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 April 2010	78,922	104,436	(2,707)	(66,153)	–	33,098	147,596
Total comprehensive income for the year	–	–	–	–	–	47,660	47,660
Share based payment	–	–	–	–	892	–	892
Share disposed by Employee Benefit Trust	–	–	407	–	–	(407)	–
At 31 March 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

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 2010	16,100	21,304	(552)	(13,495)	–	6,752	30,109
Total comprehensive income for the year	–	–	–	–	–	9,722	9,722
Share based payment	–	–	–	–	182	–	182
Shares disposed by Employee Benefit Trust	–	–	83	–	–	(83)	–
At 31 March 2011	16,100	21,304	(469)	(13,495)	182	16,391	40,013
Total comprehensive income for the year	–	–	–	–	–	8,933	8,933
Exercise of employee stock option	2	13	–	–	–	–	15
Share based payment	–	–	–	–	255	–	255
Dividend paid	–	–	–	–	–	(3,060)	(3,060)
At 31 March 2012	16,102	21,317	(469)	(13,495)	437	22,264	46,156

CSF Group plc

Consolidated Statement of Cash Flow

	Note	Year ended 31 March 2012 RM'000	Year ended 31 March 2011 RM'000	Proforma Year ended 31 March 2012 £'000	Proforma Year ended 31 March 2011 £'000
Net cash inflow/(outflow) from operating activities	28	9,257	(13,480)	1,888	(2,750)
Investing activities					
Interest received		1,221	2,302	249	469
Loans to the owner of a development project		(13,000)	(58,970)	(2,652)	(12,029)
Loans to joint venture		(5,068)	–	(1,034)	–
Additions to property, plant and equipment		(3,130)	(17,506)	(639)	(3,571)
Proceeds from sale of property, plant and equipment		184	51,536	38	10,513
Investment in joint venture		(388)	–	(79)	–
Purchase of investments		–	(50)	–	(10)
Net cash used in investing activities		(20,181)	(22,688)	(4,117)	(4,628)
Financing activities					
Repayments of obligations under finance leases		(116)	(113)	(24)	(23)
Increase in restricted cash		(1,619)	(2,402)	(330)	(490)
Repayment of borrowings		–	(45,183)	–	(9,217)
Dividend paid		(15,000)	–	(3,060)	–
Net cash used in financing activities		(16,735)	(47,698)	(3,414)	(9,730)
Net decrease in cash and cash equivalents		(27,659)	(83,866)	(5,643)	(17,108)
Cash and cash equivalents at beginning of financial year		80,461	164,327	16,414	33,522
Cash and cash equivalents at end of financial year	21	52,802	80,461	10,771	16,414

Notes to Financial Statements

For the year ended 31 March 2012

1. GENERAL INFORMATION

Basis of accounting

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

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

Pro forma balances

The inclusion of pro forma balances in pounds Sterling is included solely for convenience. The pro forma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all balances being translated from Malaysian Ringgits into pounds Sterling at the rate prevailing on 31 March 2012 of RM4.9021:£1.00. This translation should not be construed as meaning that the Malaysian Ringgit amounts actually represent, or have been or could be converted into the stated number of pounds Sterling.

Going concern

The Group's business activities, together with the factors likely to affect the future development, performance and position are set out in the Chairman's and Chief Executive'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 2012, the Group's cash and cash equivalents excluding deposits held on behalf of the Employee Benefit Trust stand at RM53 million. The movement of RM28 million as compared with last year was mainly due to the Group advancing loans of RM13 million to the owner of the CX5 development project, and dividend payment of RM15 million.

The Directors have prepared financial projections, including cash flows, for a period up to 31 March 2014. Based on these projections and taking into consideration the current financial position of the Group and future capital 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.

2. NEW AND REVISED STANDARDS

Adoption of new and revised International Financial Accounting Standards

The Group adopted the following new standards and interpretations which are mandatory for the first time for the Group for financial year beginning 1 April 2011. Except as noted, the implementation of these standards did not have a material effect on the Group.

Amendments to IAS 12 (Dec 2010)	–	Deferred Tax: Recovery of Underlying Assets
Amendments to IFRS 1 (Dec 2010)	–	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7 (Oct 2010) Disclosures	–	Transfers of Financial Assets
Improvements to IFRSs 2010 (May 2010)	–	Improvements to IFRSs 2010

IAS 24 (revised Nov. 2009)	– Related Party Disclosures
Amendments to IFRIC 14 (Nov. 2009)	– Prepayments of a Minimum Funding Requirement
IFRIC 19 (Jul 2010)	– Extinguishing Financial Liabilities with Equity Instruments

At the date of the authorisation of the financial statements, the following standards and interpretations, which have not been applied in the financial statements, were issued but not yet effective:

IFRS 10 (Jan 2013)	– Consolidated Financial Statements
IFRS 11 (Jan 2013)	– Joint Arrangements
IFRS 12 (Jan 2013)	– Disclosure of Interests in Other Entities
IFRS 13 (Jan 2013)	– Fair Value Measurement
IAS 27 (revised May 2011)	– Separate Financial Statements
IAS 28 (revised May 2011)	– Investments in Associates and Joint Ventures

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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.

Retirement benefit costs

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

Taxation

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

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

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

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

Property, plant and equipment

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

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

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

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

Borrowing costs

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

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

Sale and leaseback transaction

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

Impairment of tangible assets

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

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

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

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

Investment in Associates

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

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

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

Investment in Jointly-Controlled Entities

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

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

Other Investments

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

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

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

Taxation

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated statement of comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Inventories

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

Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Work in progress

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

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

Liabilities directly associated with assets classified as held for sale

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

Financial instruments

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

Trade and other receivables

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

Cash and cash equivalents

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

Restricted cash

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

Trade payables

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

Borrowings

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

Leasing

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

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

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

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

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

Provisions

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

Foreign currencies

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

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

Share-based payments

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

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

Revenue recognition

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

Revenue of notional interest imputed on advances to IDCB for CX5 is recognised when the right to receive the interest is established. The interest rate used in computing the notional interest is based on the Director's estimate of the Group's cost of funding. The Directors have considered the criteria under IAS 18 as to when the Group's right to receive the interest is established.

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

Provision for bad and doubtful debts

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

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.

Sale and leaseback transaction

The accounting treatment of sale and leaseback transactions is determined by an assessment of the nature of the subsequent lease back, the fair value of the sale price and the fair value of the subsequent lease payments. The directors have determined that the substance of the agreement is a sale of the data centre together with a subsequent leaseback under an operating lease. This is a matter of judgement based on the substance of the arrangement. In forming this judgement, the Directors have considered each of the criteria for determining the nature of a lease in IAS 17 ‘Leases’ and has determined that risks and rewards associated with the data centre have been transferred to the purchaser.

5. REVENUE

	Year ended 31 March 2012 RM’000	*Year ended 31 March 2011 RM’000*
Data centre rental income	74,288	59,225
Maintenance income	8,086	8,197
	82,374	67,422
Design and development of data centre facilities income	125,590	45,917
	207,964	113,339
Other operating income	1,326	506
Finance income	1,221	2,302
Total revenue	210,511	116,147

Revenue from design and development of data centre facilities includes imputed interest of RM8,786,430 (2011: RM2,713,000) on loans advanced to IDCB, the developer of the CX5 data centre.

6. REPORTING SEGMENTS

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

Year ended 31 March 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

Year ended 31 March 2011	*Data centre rental RM'000*	*Maintenance RM'000*	*Design and development of data centre facilities RM'000*	*Consolidated RM'000*
Revenue	59,225	8,197	45,917	113,339
Cost of sales	(46,227)	(4,266)	(23,479)	(73,972)
Gross profit	12,998	3,931	22,438	39,367
Other operating income	–	124	382	506
Administrative cost	(864)	(255)	(782)	(1,901)
Staff costs	(2,760)	(1,520)	(2,743)	(7,023)
Segment depreciation	–	(144)	(445)	(589)
Segment result	9,374	2,136	18,850	30,360
Corporate cost				(5,980)
Finance income				2,302
Net foreign exchange losses				(559)
Gain on disposal of property, plant and equipment				24,555
Share of loss of associate				(376)
Finance costs				(510)
Profit before tax				49,792
Tax				(2,132)
Profit after tax				47,660

Information about major customers

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

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Data centre rental		
Customer A	17,594	17,089
Customer B	6,555	6,555
Customer C	10,040	8,889
Customer D	6,090	–
Design and development of data centre facilities		
Customer E	13,742	5,644
Customer F	80,052	5,300

7. PROFIT FOR THE FINANCIAL YEAR

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

	Note	*Year ended 31 March 2012 RM'000*	*Year ended 31 March 2011 RM'000*
Allowance for doubtful debts	20	3,975	–
Bad debts written off		23	–
Net foreign exchange gain/losses		(390)	559
Depreciation of property, plant and equipment	15	2,563	1,500
Staff costs	10	13,572	11,662
Operating lease rentals		25,510	25,064
Gain on sale of property, plant and equipment	11	(68)	(24,555)

8. NET FINANCE INCOME/COST

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Interest receivable on bank deposits	1,221	2,302
Interest payable on bank loans, overdrafts and finance leases	(172)	(510)
Net finance income	1,049	1,792

9. AUDITORS' REMUNERATION

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Audit services		
Fees payable to the Group's auditors for the audit of the Group's and the Company's annual accounts	347	200
Fees payable to the Group's auditors for the audit of the financial statement of the subsidiaries	135	175
Non-audit services		
Fees payable for tax compliance services of the subsidiaries	60	30
	542	405

10. STAFF COSTS

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Wages and salaries	11,707	10,002
Statutory contribution	1,370	1,222
Other staff benefits	495	438
	13,572	11,662

The number of staff is as follows:

	Year ended 31 March 2012	*Year ended 31 March 2011*
Administrative and finance	24	29
Operations and maintenance	183	126
	207	155

11. GAIN ON SALE OF PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Gain on sale of data centre	–	22,456
Recognition of deferred gain on disposal of data centre in prior year	–	1,982
Others	68	117
	68	24,555

The gain on sale of data centre in the year ended 31 March 2011, includes the gain on sale of CX1 data centre amounting to RM22,456,000. On 19 April 2011, the Group completed the sale and leaseback on CX1 data centre for a net consideration of RM49,435,000. The sale of the CX1 data centre reduced the net book value of property, plant and equipment by RM26,979,000.

12. TAX

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Malaysian current tax on net income of the current financial year	7,067	3,950
Charge in respect of prior financial years	1,401	(382)
Total current tax	8,468	3,568
Deferred tax liability (Note 26)	812	(309)
Deferred tax asset (Note 26)	1,929	(1,127)
Total tax charge	11,209	2,132

Malaysian corporation tax is calculated for the year ended 31 March 2012 at a rate of 25 per cent (2011: 25 per cent).

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

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Profit before tax	54,996	49,792
Malaysian corporation tax rate	25%	25%
Tax at the Malaysian corporate tax rate	13,749	12,448
Tax effect of:		
Effect of share of results of associated company and jointly controlled entity	547	–
Expenses that are not deductible in determining taxable profit	1,988	137
Income that is not taxable in determining taxable profit	(4,931)	(6,328)
Realisation of deferred tax not previously recognised	(740)	(3,590)
(Over)/underprovision in prior year		
– Current tax	1,400	(382)
– Deferred tax	(804)	(153)
	11,209	2,132

13. EARNINGS PER SHARE

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

	Year ended 31 March 2012	*Year ended 31 March 2011*
Net profit for the financial year after taxation attributable to members (RM'000)	43,787	47,660
Weighted average number of ordinary shares for basic earnings per share ('000)	160,014	160,000
Weighted average number of ordinary shares for diluted earnings per share ('000)	160,014	167,685

The number of ordinary shares for diluted earnings per share is the number of ordinary shares of CSF Group plc that would have been in issue had all the dilutive share options been exercised.

14. DIVIDEND

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Amounts recognised as distributions to equity holders in the year:		
Dividend paid	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 RM15,062,000. This amount has not been provided for in these financial statements.

On 8 April 2011, the Company announced an interim dividend for the year ended 31 March 2011 of RM0.09375 per share amounting to RM15,000,000. The dividend was paid on 29 April 2011.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM'000	*Plant and machinery RM'000*	*Computer equipment RM'000*	*Total RM'000*
Cost:				
At 1 April 2010	5,400	2,484	2,541	10,425
Additions	–	17,622	514	18,136
Disposals	(120)	(338)	–	(458)
At 1 April 2011	5,280	19,768	3,055	28,103
Additions	–	2,791	330	3,121
Disposals	(167)	–	–	(167)
Reclassified as assets held for sale	(1,734)	–	(271)	(2,005)
At 31 March 2012	3,379	22,559	3,114	29,052
Accumulated depreciation:				
At April 2010	470	1,345	1,112	2,927
Charge for the year	445	354	701	1,500
Disposals	–	(338)	–	(338)
At 1 April 2011	915	1,361	1,813	4,089
Charge for the year	445	1,474	644	2,563
Disposals	(51)	–	–	(51)
Reclassified as assets held for sale	(347)	–	(234)	(581)
At 31 March 2012	962	2,835	2,223	6,020
Net Book Value:				
At 31 March 2011	4,365	18,407	1,242	24,014
At 31 March 2012	2,417	19,724	891	23,032

The borrowings of the Group are secured by way of pledges of an office building and 2 apartments (Note 24) as set out below.

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Carrying value of land and buildings	146	1,688

The Group's obligations under finance leases (Note 25) are secured by the lessors' title to the leased assets which have the carrying values as set out below.

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Plant and machinery	840	1,064

16. INTEREST IN ASSOCIATE

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Investment, at cost (Note 18)	685	685
Group share of post acquisition loss	(541)	(376)
	144	309

Details of the Group's associate are as follows:

Name	*Principal activity*	*Place of incorporation*	*Proportion of ownership interest 2012*	*2011*
Hanel CSF Co. Ltd.	Construction of owned data centres and subsequent rental on a tenancy basis	Vietnam	20%	20%

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Total assets	2,596	2,879
Total liabilities	(1,877)	(1,336)
Net assets	719	1,543
Group's share of net assets of associate	144	309
Total revenue	152	31
Total loss for the year	(825)	(252)
Group's share of loss of associate	(165)	(50)

17. INTEREST IN JOINTLY CONTROLLED ENTITY

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Investment, at cost	388	–
Group share of post acquisition loss	(388)	–
	–	–

Details of the Group's jointly controlled entity are as follows:

Name	*Principal activity*	*Place of incorporation*	*Proportion of ownership interest 2012*	*2011*
PT Cyber CSF	Construction of owned data centres and subsequent rental on a tenancy basis	Jakarta, Indonesia	49%	–

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Total assets	10,462	–
Total liabilities	(13,849)	–
Net liabilities	(3,387)	–
Group's share of net liabilities of jointly controlled entity	(1,659)	–
Total revenue	–	–
Total loss for the year	(4,132)	–
Group's share of loss of jointly controlled entity	(2,024)	–

18. OTHER INVESTMENTS

The Group's investments comprise:

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Investment in listed entities	77	77
Other investments	186	186
	263	263

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Brought forward at start of financial year	263	898
Purchase of other investments	–	50
Transfer to interest in associate (Note 16)	–	(685)
Carried forward at end of financial year	263	263

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

The other investments comprise investments in businesses incorporated in Thailand and Vietnam. The Group owns 16.7% (2011: 16.7%) of the business incorporated in Thailand, which supplies batteries for use in IT hardware and equipment. The Group owns 20% (2011: 20%) of a business incorporated in Vietnam which designs, constructs and installs data centres. The Group does not have any influence over the operating or financial decisions of this business.

19. INVENTORIES

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Hardware and spares	2,540	1,559
Contract work-in-progress	1,630	1,826
	4,170	3,385

20. TRADE AND OTHER RECEIVABLES

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Other receivables (non-current)		
Loans to Integrated DC Builders Sdn Bhd ("IDCB") for the development of CX5 data centre	17,962	58,970
Contract revenue accrued	24,007	7,377
	41,969	66,347
At start of financial year	66,347	–
Loans to IDCB during the financial year	13,000	58,970
Conversion of advance to Redeemable Preference Shares in IDCB	(30,000)	–
Reclassified to other receivables (current)	(24,008)	–
Contract revenue accrued during the financial year	16,630	7,377
	41,969	66,347

As at 31 March 2012, the Group had advanced RM71,970,000 to IDCB comprising:

(i) RM30,000,000 under a facility that is convertible into Redeemable Preference Shares ("RPS") that carry a coupon rate of 6.5% per annum. The Group is scheduled to receive a payment of RM25,000,000 on completion of Phase 1 of the CX5 data centre and upon the sale by IDCB of the building and equipment encapsulated within phase 1; and

(ii) RM41,970,000 under another facility that is unsecured and interest free.

On September 2011, the Group had converted the advances to IDCB amounting to RM30,000,000 to 100,000 Redeemable Preference Shares ("RPS") in IDCB issued at a price of RM300 per share that carry a coupon rate of 6.5% per annum.

To the extent that the loans are interest free (in example, other than the 6.5% coupon that applies when RM30,000,000 is converted into RPS), notional interest has been imputed on the loans at a rate of 8.0% per annum, being the Directors' estimate of an appropriate market rate to fair value the loan. The notional interest imputed on the interest free element of the loans is included as a part of the contract revenue receivable by the Group. The loan is repayable upon the completion of Phase 2 of the CX5 data centre and upon the sale by IDCB of the building and equipment encapsulated within Phase 2.

From an accounting perspective, the Directors have considered the substance of the arrangement and have concluded that the whole advances should be treated as contract revenue relating to the delivery of project management services and the interest free element of the loans.

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Trade and other receivables (current)		
Trade receivables	100,899	57,495
Allowance for doubtful debts	(3,765)	(84)
	97,134	57,411
Other receivables	32,761	2,907
Allowance for doubtful debts	(294)	–
	32,467	2,907
Deposits	3,655	2,993
Prepayments and accrued income	576	395
	133,832	63,706

Trade receivables

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

The average credit period taken on sales was as follows:

	Year ended 31 March 2012 Days	*Year ended 31 March 2011 Days*
Average credit period	139	158

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

The age of trade receivables past due but not considered impaired is as follows:

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Ageing of past due but not impaired receivables		
31 – 60 days	15,273	5,282
61 – 90 days	11,986	8,805
90+ days	36,673	16.183
	63,932	30,270

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Movement in the allowance for doubtful debts		
At start of financial year	84	84
Additional allowance during the financial year	3,681	–
At start of financial year	3,765	84

In determining the recoverability of trade receivables the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

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

Other receivables

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Amount owing by related companies	370	–
Amount owing by related parties (Note 30)	–	2
Loans to Integrated DC Builders Sdn Bhd ("IDCB") for the development of CX5 data centre	24,008	–
Other receivables	8,382	923
	32,760	925
Movement in the allowance for doubtful debts		
At start of financial year	–	–
Additional allowance during the financial year	294	–
At start of financial year	294	–

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

Included in other receivables of the Group is an amount of RM5,068,793 representing amount owing by PT Cyber CSF, a jointly-controlled entity in Indonesia. The said amount, which arose mainly to fund its capital expenditure and working capital requirement.

21. CASH AND CASH EQUIVALENTS

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Fixed deposits with licensed banks	39,244	73,590
Cash and bank balances	15,400	8,483
Cash and cash equivalents – balance sheet	54,644	82,073
Deposits held on behalf of the Employee Benefit Trust	(1,842)	(1,612)
Cash and cash equivalents – cash flow	52,802	80,461

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

22. ASSETS HELD FOR SALE

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Assets held for sale	1,424	–

The assets held for sale was reclassified from property, plant and equipment (Note 15) in respect of the freehold property with office equipment, furniture and fittings previously occupied by a subsidiary company.

The freehold property with the carrying value of RM1,387,000 had been charged to a local licensed bank for credit facilities granted to the Group (Note 24).

23. TRADE AND OTHER PAYABLES

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Non-current		
Rental payables	6,418	3,620

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Current		
Trade payables	35,544	15,225
Other creditors	4,433	579
Deposits received	14,971	13,989
Deposits held on behalf of Employee Benefit Trust	1,843	1,612
Accruals and deferred income	7,988	15,869
	64,779	47,274

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade payables at 31 March 2012 is 100 days (31 March 2011 – 99 days).

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

Other payables include amounts owed to related parties per Note 30.

24. BANK BORROWINGS

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Undrawn committed facilities	54,877	18,500

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

The undrawn committed facilities mature within one year at both 31 March 2012 and 31 March 2011.

25. OBLIGATIONS UNDER FINANCE LEASES

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Current finance leases	92	118
Non-current finance leases	375	465
	467	583

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

The maturity of finance leases is set out below:

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Within one year	92	118
One to two years	180	90
Two to five years	195	360
More than five years	–	15
	467	583

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Minimum lease payments		
Amounts payable under finance leases:		
Within one year	92	118
In the second to fifth years inclusive	495	611
	587	729
Less: future finance charges	(120)	(146)
Present value of lease obligations	467	583
Present value of lease payments		
Amounts payable under finance leases:		
Within one year	92	118
In the second to fifth years inclusive	495	611
	587	729
Less: future finance charges	(120)	(146)
Present value of lease obligations	467	583
Less: amount due for settlement within 12 months (shown under current liabilities)	(92)	(118)
Amount due for settlement after 12 months	375	465

26. DEFERRED TAX

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

	(Liability) Capital allowances and other timing differences RM'000	*(Asset) Investment tax allowance RM'000*
As at 1 April 2010	918	3,654
Charge to income	(309)	1,127
As at 31 March 2011	609	4,781
Charge to income	812	(1,929)
As at 31 March 2012	1,421	2,852

The deferred tax asset relates to the investment tax allowance on qualifying property, plant and equipment. The deferred tax asset has been recognised because the Directors are of the view that there will be future taxable profits available to be offset against the unutilised investment tax allowance.

27. EQUITY AND RESERVES

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Share capital		
Authorised:		
1 billion ordinary shares of £0.10 each		
(2011: 1 billion shares of £0.10 each)	1,000,000	1,000,000
Issued and fully paid:		
160 million shares of £0.10 each		
(2010: 160 million shares of £0.10 each)	78,936	78,922

The movement of the issued and paid-up share capital is as follows:

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Share capital		
At start of financial year	78,922	78,922
New shares issued – exercise of employee stock option	14	–
At end of financial year	78,936	78,922

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Share premium account		
At start of financial year	104,436	104,436
New shares issued – exercise of employee stock option	63	–
At end of financial year	104,499	104,436
Shares held under Employee Benefit Trust		
At start of financial year	(2,300)	(2,707)
Disposed during the financial year	–	407
At end of financial year	(2,300)	(2,300)

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

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Other reserve		
At start and end of financial year	(66,153)	(66,153)

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

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Share option reserve		
At start of financial year	892	–
Share based payment	1,249	892
At end of financial year	2,141	892

The share option reserve relates to share options granted to employees under the Company's Employee Share Option Plan. Further information about the share-based payments to employees is set out in Note 31.

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Retained earnings		
At start of financial year	80,351	33,098
Profit for the financial year	43,787	47,660
Shares disposed by Employee Benefit Trust	–	(407)
Dividend paid	(15,000)	–
At end of financial year	109,138	80,351

28. NOTE TO THE CASH FLOW STATEMENT

			Pro forma	
	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*	*Year ended 31 March 2012 £'000*	*Year ended 31 March 2011 £'000*
Profit for the financial year	43,787	47,660	8,933	9,722
Adjustments for:				
Allowance for doubtful debts	3,975	–	811	–
Bad debts written off	23	–	5	–
Depreciation of property, plant and equipment	2,563	1,500	522	306
Interest expense	172	510	35	104
Interest income	(1,221)	(2,302)	(249)	(470)
Gain on sale of property, plant and equipment	(68)	(24,555)	(14)	(5,009)
Share based payment	1,249	892	255	182
Share of loss after tax of associate	165	376	34	77
Share of loss after tax of jointly controlled entity	2,024	–	413	–
Tax	11,209	2,132	2,286	435
Operating cash inflows before movements in working capital	63,878	26,213	13,031	5,347
(Increase)/Decrease in inventories	(785)	3,790	(160)	773
Increase in receivables	(61,592)	(35,849)	(12,565)	(7,313)
Increase/(Decrease) in payables	18,501	(4,159)	3,774	(848)
Cash generated by/(used in) operations	20,002	(10,005)	4,080	(2,041)
Interest paid	(172)	(510)	(35)	(104)
Income taxes paid	(10,573)	(2,965)	(2,157)	(605)
Net cash inflow/(outflow) from operating activities	9,257	(13,480)	1,888	(2,750)

29. OPERATING LEASE ARRANGEMENTS

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

As at 31 March 2012, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Within one year	25,274	25,274
In the second to fifth years inclusive	101,099	101,099
After five years	199,327	224,601
	325,700	350,974

Operating lease payments represent rentals payable by the Group in respect of the CX1 and CX2 data centres that are under the Group's management and maintenance. The lease term of the operating lease is 15 years.

30. RELATED PARTY TRANSACTIONS

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

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

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

Transactions

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

	Note	*Advances RM'000*	*Sale of goods and services RM'000*	*Purchase of goods and services RM'000*	*Amounts owed by related parties RM'000*
Year ended 31 March 2012					
Qualtech Sdn Bhd	(i)	–	15	–	–
ML Strategic Corporate Advisory Sdn Bhd	(i)	–	–	180	–
Third Wave Infrasys Sdn Bhd	(i)	–	68	–	16
PT Cyber CSF	20	5,068	–	–	5,068
		5,068	83	180	5,084

	Note	*Sale of goods and services RM'000*	*Purchase of goods and services RM'000*	*Amounts owed by related parties RM'000*	*Amounts owed to related parties RM'000*
Year ended 31 March 2011					
Qualtech Sdn Bhd	(i)	36	–	2	–
ML Strategic Corporate Advisory Sdn Bhd	(i)	–	108	–	36
Adrian Yong Kwet On	(ii)	–	384	–	–
Michael Leong Kok Cheng	(ii)	–	397	–	–
Wong Chow Ming	(ii)	–	173	–	–
Thoo Soon Huat	(ii)	117	–	–	–
		153	1,062	2	36

(i) These are related parties as the Directors of the Group control jointly or have significant influence over these entities. These transactions comprise the rental of data centre space.

(ii) These are transactions with shareholders and Directors of the Group and include director advances and director loans to the Group.

Remuneration of key management personnel

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

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Short term employee benefits	3,448	1,824
Non-recurring advisory fees	–	423
	3,448	2,247

31. SHARE BASED PAYMENTS

Equity-settled share option scheme

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

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

	2012 Number of share options	*2011 Number of share options*
As at 1 April 2011/2010	1,000,000	750,000
Granted during the year	–	250,000
Forfeited during the year	–	–
Expired during the year	–	–
Outstanding as at 31 March	1,000,000	1,000,000
Exercisable as at 31 March	583,333	250,000

The option outstanding have exercise price ranging from RM2.69 (55p) to RM3.38 (69p).

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

	2012 *Number of share options*	*2011* *Number of share options*
As at 1 April 2011/2010	6,624,000	–
Granted during the year	91,000	7,160,000
Forfeited during the year	(686,000)	(536,000)
Exercise during the year	(28,677)	–
Expired during the year	–	–
Outstanding as at 31 March	6,000,323	6,624,000
Exercisable as at 31 March	1,594,933	2,208,000

The option outstanding have exercise price ranging from RM2.69 (55p) to RM3.48 (71p)

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

	2012	*2011*
Weighted average share price	286 Sen	286 Sen
Fixed exercise price	266 Sen	266 Sen
Expected volatility	20.9%	20.9%
Expected life	10 years	10 years
Risk-free rate	3.21%	3.21%
Expected dividend yield	3.20%	3.20%

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

32. FINANCIAL INSTRUMENTS

Capital risk management

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

Gearing ratio

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Debt excluding debt issue costs	467	583
Cash and cash equivalents	(54,644)	(82,073)
Net liquidity	(54,177)	(81,490)
Equity	226,261	196,148
Net liquidity to equity ratio	(0.24)	(0.42)

Significant accounting policies

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

Categories of financial instruments

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Financial assets		
Other investments	263	263
Trade and other receivables	166,505	128,224
Restricted cash	7,628	6,009
Cash and cash equivalents	54,644	82,073
	229,040	216,569
Financial liabilities		
Trade and other payables	71,198	50,894
Obligations under finance leases	467	583
	71,665	51,477

Financial risk management objectives

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

Market risk

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

Foreign currency risk management

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

A sensitivity analysis has been performed on the outstanding foreign currency denominated monetary balances of the Group as at 31 March 2012. If the following currencies were to strengthen or weaken by 5% against the Malaysian Ringgit, the credit/(charge) to the Comprehensive Income Statement would be:

	US Dollars RM'000	*Pounds Sterling RM'000*
Year ended 31 March 2012		
Strengthen against Malaysian Ringgit by 5%	493	212
Weaken against Malaysian Ringgit by 5%	(493)	(212)

There were no outstanding foreign currencies denominated balances as at 31 March 2011.

Interest rate risk management

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

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

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

Interest rate sensitivity analysis

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

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Increase in interest rate by 1%	542	815
Decrease in interest rate by 1%	(542)	(815)

Credit risk management

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

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

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

Liquidity risk management

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

Liquidity and interest risk tables

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

	Weighted average effective interest rate %	*Less than one year RM'000*	*One to two years RM'000*	*Two to five years RM'000*	*More than five years RM'000*	*Total RM'000*
31 March 2012 Maturity						
Finance lease liability	4.2	92	180	195	–	467
		92	180	195	–	467

	Weighted average effective interest rate %	*Less than one year RM'000*	*One to two years RM'000*	*Two to five years RM'000*	*More than five years RM'000*	*Total RM'000*
31 March 2011 Maturity						
Finance lease liability	4.2	118	90	360	15	583
		118	90	360	15	583

33. CONTINGENCIES

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

	As at 31 March 2012 RM'000	*As at 31 March 2011 RM'000*
Banking guarantees	11,038	7,460

34. COMMITMENT

	As at 31 March 2012 RM'000	As at 31 March 2011 RM'000
Commitment for a loan to IDCB for development of CX5 data centre	8,030	21,030

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 2012, the Group has loaned RM71,970,000 to IDCB.

35. POST BALANCE SHEET EVENTS

(i) On 1 April 2012 the Group completed the acquisition of 100% of the equity interest of Third Wave Infrasys Sdn Bhd ("TWSB") for RM5.0m, payable over the next 3 financial years. The Group has paid RM500,000 being the initial payment according to the acquisition contract. TWSB is expected to contribute positively to the revenue and profit of the Group in the coming years.

Details of the fair value of the assets, liabilities and net outflow arising from the acquisition of the subsidiary were as follows:

	RM'000
Property, plant and equipment	1
Goodwill	3,165
Inventories	41
Trade and other receivables	2,181
Cash and cash equivalent	314
Trade and other payables	(849)
Bank borrowing	(531)
Total contingent consideration	4,322
Initial cash and cash equivalent paid	500
Cash and cash equivalent acquired	(314)
Net cash outflow on acquisition	186

The cost of investment in subsidiary recognised as at the acquisition date is RM4,322,207. The amount is payable upon as follows:

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

(ii) On 12 April 2012, the Board declared an interim dividend for the year ended 31 March 2012 of 9.412 sen per share amounting to RM15,062,000. The interim dividend was paid on 4 May 2012.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Note	*As at 31 March 2012 RM'000*	*As at 31 March 2011 RM'000*
Non-current assets			
Investment in subsidiaries	37	52,603	52,603
Current assets			
Amount owing from subsidiaries	39	107,078	74,439
Amount owing from related companies	39	5,724	–
Other receivable		91	–
Cash and cash equivalents	38	26,180	64,667
		139,073	139,106
Total assets		191,676	191,709
Current liabilities			
Amount owing to a subsidiary	39	–	29
Other payables		2,032	1,921
Provision for taxation		3	–
Total liabilities		2,035	1,950
Net assets		189,641	189,759
Equity			
Share capital	40	78,936	78,922
Share premium account	40	104,499	104,436
Shares held under Employee Benefit Trust	40	(2,300)	(2,300)
Share option reserve	40	2,141	892
Retained earnings	41	6,365	7,809
		189,641	189,759

The financial statements of CSF Group plc registered number 104212 were approved by the Board of Directors and authorised for issue on 3 July 2012. They were signed on its behalf by:

Lee, King Loon
Director
3 July 2012

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	*Share premium account RM'000*	*Shares held under Employee Benefit Trust RM'000*	*Share Option reserve RM'000*	*Accumulated profit RM'000*	*Total RM'000*
At 31 March 2010	78,922	104,436	(2,707)	–	(4,305)	176,346
Profit for the year	–	–	–	–	12,521	12,521
Share based payment	–	–	–	892	–	892
Shares disposed by Employee Benefit Trust	–	–	407	–	(407)	–
At 31 March 2011	78,922	104,436	(2,300)	892	7,809	189,759
Profit for the year	–	–	–	–	13,556	13,556
Exercise of the Employee Stock Option	14	63	–	–	–	77
Shares based payment	–	–	–	1,249	–	1,249
Dividend paid	–	–	–	–	(15,000)	(15,000)
At 31 March 2012	78,936	104,499	(2,300)	2,141	6,365	189,641

COMPANY CASH FLOW STATEMENT

	Note	*Year ended 31 March 2012 RM'000*	*Year ended 31 March 2011 RM'000*
Profit/ (Loss) for the financial year	41	13,556	12,521
Adjustments for:			
Interest income		(940)	(1,565)
Dividend income		(16,150)	(15,000)
Share based payment charge	31	1,249	892
Tax		598	–
Operating cash outflows before movements in working capital		(1,687)	(3,152)
(Increase)/Decrease in receivables		(14)	290
Increase/(Decrease) in payables		111	(172)
Cash used in operations		(1,590)	(3,034)
Tax paid		(595)	–
Net cash outflow from operating activities		(2,185)	(3,034)
Investing activities			
Investment in a subsidiary		–	(481)
Advances to subsidiaries		(16,518)	(58,958)
Advances to related companies		(5,724)	–
Interest received		940	1,565
Net cash used in investing activities		(21,302)	(57,874)
Financing activities			
Proceeds from issue of shares, net of listing expenses		–	(681)
Dividend paid		(15,000)	–
Net cash used in financing activities		(15,000)	(681)
Net decrease in cash and cash equivalents		(38,487)	(61,589)
Cash and cash equivalents at beginning of year		64,667	126,256
Cash and cash equivalents at end of year		26,180	64,667

36. SIGNIFICANT ACCOUNTING POLICIES

No separate income statement of the Company has been presented as it is not fundamental to the overall consideration of the Group and the key results of the Company have been detailed above. The profit for the Company for the year ended 31 March 2012 was RM13,556,000.

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

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

37. SUBSIDIARIES

Details of the Company's subsidiaries at 31 March 2011 are as follows:

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

The investments in subsidiaries are all stated at cost.

38. FINANCIAL ASSETS

Cash and cash equivalents

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

39. FINANCIAL LIABILITIES

Amount owing from/to subsidiaries and related companies

The amount owing from/to subsidiaries, CSF Advisers Sdn Bhd, CSF CX Sdn Bhd, CSF International Limited and PT Cyber CSF approximates its fair value.

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

The movements on these items are disclosed in Notes 27 of the Consolidated Financial Statements.

41. RETAINED EARNINGS

	RM'000
Balance at 31 March 2010	(4,305)
Net profit for the year	12,521
Shares disposed by Employee Benefit Trust	(407)
Balance at 31 March 2011	7,809
Net profit for the year	13,556
Dividend paid	(15,000)
Balance at 31 March 2012	6,365

42. RELATED PARTY TRANSACTIONS

	Year ended 31 March 2012 RM'000	*Year ended 31 March 2011 RM'000*
Advances to CSF Advisers Sdn Bhd	83,104	58,958
Advances to CSF CX Sdn Bhd	5,863	–
Advances to CSF Asia Pte Ltd	1,961	–
Dividend from CSF International Limited	16,150	15,000

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

CSF Group plc
Company Information

Company Secretary

Woodbourne Secretaries (Jersey) Limited
PO Box 33
Ordnance House
31 Pier Road
St. Helier
Jersey JE4 8PW
Channel Islands

Company Registered Number

104212

Nominated Adviser and Broker

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS
England

Accountants and Auditors

Deloitte LLP
Abbots House
Abbey Street
Reading RG1 3BD
England

CSF Group plc
CSF Computer Exchange 5 (CX5)
Jalan Cyber Point 2
Cyber 12
63000 Cyberjaya
Selangor Darul Ehsan
Malaysia
T: +603 8318 1313
F: +603 8318 0303
E: enquiry@csf-group.com
www.csf-group.com

Registrar

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES
Channel Islands

PR Adviser

Buchanan Communications Ltd.
107 Cheapside
London EC2V 6DN
England

CSF®
GROUP

www.csf-group.com