27 November 2018

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

HALF-YEAR RESULTS
For the six months ended 30 September 2018

CSF Group plc (AIM: CSFG), a provider of data centre facilities and services in South East Asia, today announces its unaudited half-year results for the six months ended 30 September 2018.

Financial highlights:

- Group revenue of RM9.9m (£1.8m*) (H1 2018#: RM11.9m (£2.2m*)).
- Gross profit margin of 34.8% (H1 2018#: gross profit margin of 45.1%).
- Loss before tax of RM1.2m (£0.2m*) (H1 2018#: profit before tax of RM2.0m (£0.4m*)).
- Earnings per share: loss of 0.78 sen (0.15p*) per share (H1 2018#: earnings of 0.81 sen (0.15p*) per share).
- Net cash generated from operating activities of RM3.0m (£0.6m*) (H1 2018#: net cash generated from operating activities of RM4.3m (£0.8m*)).
- Closing unrestricted cash position as at 30 September 2018 of RM52.6m (£9.7m*) (31 March 2018: RM49.2m (£9.1m*)).
- Net assets as at 30 September 2018 of RM56.8m (£10.5m*) (31 March 2018: RM58.1m (£10.7m*)).

Operational highlights:

- Continuing to seek potential customers for the capacity at the Group's remaining data centres.
- Exploring value-added services to increase the Group's revenue stream.
- Continuing to seek to improve operational efficiency.

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\# *The 6-month financial period from 1 April 2017 to 30 September 2017.*

For further information:

CSF Group plc Phil Cartmell, Chairman	+603 8311 9563
Allenby Capital Limited (Nominated Adviser & Broker) Nick Naylor / Alex Brearley	+44 (0)20 3328 5656

CHAIRMAN'S STATEMENT

Overview of the six months ended 30 September 2018

The Group's monthly revenue is still insufficient to cover its monthly operating overheads, and this has been exacerbated by intense competition and pricing pressure experienced by the maintenance and the design and development segments of the Group's business. The Board also notes that significant capital expenditure will be required for the replacement of aging equipment at the CX1 data centre and will continue to work closely with management in the careful planning and implementation of the Group's capital expenditure budget.

The Board will continue to support the efforts of management in implementing its stated business strategies for growing the rental revenue of the CX1 data centre, albeit limited by space and power capacity, growing the design and development and maintenance business, and identifying further cost reduction measures, with the objective of preserving the Group's financial resources.

The Group incurred a loss for the financial period of RM1.3m (£0.2m*) (H1 2018: profit of RM1.3m (£0.2m*)). The loss was mainly attributable to a net provision of allowance for doubtful debts of RM0.7m (£0.1m*) and the absence of dividend income of RM0.7m (£0.1m*) received in June 2017, in conjunction with the disposal of the Group's 20% equity interest in an associate in Vietnam which was completed during the financial year ended 31 March 2017.

As at 30 September 2018, the Group had cash and cash equivalents of RM52.6m (£9.7m*) (31 March 2018: RM49.2m (£9.1m*)). This represents the cash that is available to the Group, and excludes restricted cash items, such as fixed deposits pledged for banking facilities and deposits held on behalf of the Company's Employee Benefit Trust.

Current trading

As highlighted in the Group's results for the year ended 31 March 2018, which were announced in July 2018, the Group continues to follow-up on a number of key strategic initiatives and is pursuing a pipeline of potential customers and business alliances and remains focused on these plans going forward.

The Board and management have also undertaken a number of strategic initiatives to seek to improve the Group's cash reserves, secure new customers, create additional revenue streams and strive to improve operational efficiency.

The Board and management will continue to implement measures to reduce the burn rate of the Group's cash reserves. The Board will continue to ensure that there is no significant cash outlay other than the sums required to cover the committed lease rentals and other necessary operating overheads, subject to any further capital expenditure to replace ageing equipment or expenditure required to generate new revenue streams.

Outlook

The Board and management team remain focused in implementing the Group's key strategies, as outlined above, and on pursuing the pipeline of potential customers and business alliances.

Dividends

The Board does not propose any payment of dividends in respect of the six month period ended 30 September 2018.

Trading in the Company's shares on AIM

On 12 November 2018 the Company announced that, following its extraordinary general meeting held on 24 September 2018 and the resignation of Mr Phil Cartmell as the Company's Chairman and as a director with effect from the close of business on 31 December 2018, its nominated adviser, Allenby Capital Limited ("Allenby Capital"), gave the Company three months' notice of its resignation, pursuant to the nominated adviser agreement between the Company and Allenby Capital. As a consequence, Allenby Capital will cease to act as the Company's nominated adviser at the close of business on 31 December 2018. The Company also announced that it had recently met with a number of potential replacement nominated advisers, but was turned down by them for various reasons.

The board of CSF has been unable to make further progress on this matter since 12 November 2018 and, as a consequence, it now believes that it will not be possible for the Company to appoint a replacement nominated adviser before 31 December 2018. If the Company fails to appoint a replacement nominated adviser before the close of business on 31 December 2018, the Company's shares will be suspended from trading on AIM there afterwards. If, following such suspension, the Company fails to appoint a replacement nominated adviser within one month of the date that its shares are suspended from trading on AIM, the admission of the Company's shares to trading on AIM will be cancelled.

Phil Cartmell
Chairman
CSF Group plc

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CHIEF FINANCIAL OFFICER'S REVIEW

Introduction

The Group recorded a basic loss per share ("LPS") of 0.78 sen (0.15p*) (H1 2018: earnings of 0.81 sen (0.15p*)).

Financial results

			Proforma	
	6 months ended 30 September 2018 RM'000 (unaudited)	**6 months ended 30 September 2017 RM'000 (unaudited)**	**6 months ended 30 September 2018 £'000 (unaudited)**	**6 months ended 30 September 2017 £'000 (unaudited)**
Group revenue from continuing operations	9,878	11,858	1,827	2,193
Revenue from discontinued operations	-	27,684	-	5,120
Total Group revenue	9,878	39,542	1,827	7,313
Continuing Operations:				
Gross profit	3,441	5,352	636	990
Other operating income	60	734	11	136
Administrative expenses	(4,978)	(4,878)	(920)	(902)
Net allowance for doubtful debts	(668)	257	(123)	48
Operating (loss) / profit from continuing operations	(2,145)	1,465	(396)	271
Net finance income	801	673	148	124
Foreign exchange gain / (loss)	185	(126)	34	(23)
Profit before tax of continuing operations	(1,159)	2,012	(214)	372
Tax	(97)	(712)	(18)	(132)
(Loss) / Profit from continuing operations	(1,255)	1,300	(232)	240
Discontinued Operations:				-
Gross loss	-	(9,664)	-	(1,787)
Other operating income	-	36	-	7
Administrative expenses	-	(2,837)	-	(525)
Allowance for doubtful debts	-	(546)	-	(101)
Provision for onerous leases	-	3,140	-	581
Operating (loss) / profit from discontinued operations	-	(9,871)	-	(1,826)
Net finance cost	-	(5,439)	-	(1,006)
Loss from discontinued operations	-	(15,310)	-	(2,832)
Loss for the financial period	(1,255)	(14,010)	(232)	(2,591)
Foreign currency translation	(60)	102	(11)	19
Total comprehensive loss for the period	(1,315)	(13,908)	(243)	(2,572)
Basic EPS for continuing operations	(0.78)	0.81	(0.15)p	0.15p
Basic LPS for discontinued operations	**-**	(9.56)	**-**	(1.77)p
Basic LPS for the Group	(0.78)	(8.75)	(0.15)p	(1.62)p

Revenue

			Proforma	
	6 months ended 30 September 2018 RM'000 (unaudited)	**6 months ended 30 September 2017 RM'000 (unaudited)**	**6 months ended 30 September 2018 £'000 (unaudited)**	**6 months ended 30 September 2017 £'000 (unaudited)**
Data centre rental income - Continuing operations - Discontinued operations	 5,907 -	 6,063 27,684	 1,093 -	 1,121 5,120
Total data centre rental income	**5,907**	**33,747**	**1,093**	**6,241**
Maintenance income	1,294	2,989	239	553
Sub-total	**7,201**	**36,736**	**1,332**	**6,794**
Design and fit-out of data centre facilities	2,602	2,531	481	468
Consultancy	75	275	14	51
Total Group revenue	**9,878**	**39,542**	**1,827**	**7,313**

Data centre rental revenue (from continuing operations) decreased by 2.6% from RM6.1m (£1.1m*) in H1 2018 to RM5.9m (£1.1m*) in the six months under review, mainly due to the reduction of the rental rate on the renewal of a tenancy contract with effect from 1 July 2018.

The decrease in maintenance revenue by RM1.7m (£0.3m*) was mainly attributable to the non-renewal of maintenance contracts by certain customers.

Gross profit / (loss) margin

In respect of continuing operations, the Group recorded a lower gross profit margin of 34.8% as compared to 45.1% in H1 2017, mainly due to lower data centre rental income from the CX1 data centre, and lower maintenance revenue as explained in "Revenue" above.

(Loss) / Profit from operations

The Group incurred an operating loss of RM2.1m (£0.4m*) compared to an operating profit of RM1.5m (£0.3m*) in the corresponding period, mainly due to the following factors:

(i) decrease in maintenance income by RM1.7m (£0.3m*);

(ii) net increase in allowance for doubtful debts of RM0.67m (£0.12m*) as compared to a net decrease in allowance for doubtful debts of RM0.26m (£0.05m*), representing an adverse variance of RM0.93m (£0.17m*); and

(iii) dividend income of RM0.7m (£0.1m*) recorded in H1 2018, in conjunction with the disposal of the Group's 20% equity interest in an associate in Vietnam which was completed during the financial year ended 31 March 2017, which did not recur in the current period;

Cash and working capital

As at 30 September 2018 the Group had cash and cash equivalents (excluding fixed deposits pledged for banking facilities and deposits held on behalf of the Employee Benefit Trust) of RM52.6m (£9.7m*). The Group recorded net cash generated from operating activities of RM3.0m (£0.6m*) (H1 2018: RM4.2m (£0.8m*)), mainly due to the return of rental deposits in connection with the CX2 and CX5 data centres, amounting to RM9.07 (£1.7m*) million in May 2018, which was partly offset by the making of bonus payments to certain of the Company's executive directors, management and employees amounting to RM5.4 (£1.0m*) million in June 2018 (as announced on 24 July 2018).

Critical accounting judgment and key sources of estimation uncertainty

The areas of critical accounting judgment and key sources of estimation uncertainty as disclosed on pages 47 to 48 of the Group's Annual Report for the year ended 31 March 2018 remain valid for the six months ended 30 September 2018.

Going concern

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

Lee King Loon
Chief Financial Officer
CSF Group plc

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 6 months ended 30 September 2018

	Note	6 months to 30 September 2018 RM'000 (unaudited)	6 months to 30 September 2017 RM'000 (unaudited)	Proforma 6 months to 30 September 2018 £'000 (unaudited)	Proforma 6 months to 30 September 2017 £'000 (unaudited)
Continuing operations:					
Revenue		9,878	11,858	1,827	2,193
Cost of sales		(6,437)	(6,506)	(1,191)	(1,203)
Gross profit		3,441	5,352	636	990
Other operating income		60	734	11	136
Administrative expenses		(4,978)	(4,878)	(921)	(902)
Net allowance for doubtful debts		(668)	257	(123)	48
Total operating expenses		(5,646)	(4,621)	(1,044)	(855)
Operating (loss) / profit		(2,145)	1,465	(397)	271
Finance income		806	680	149	126
Finance costs		(5)	(7)	(1)	(1)
Foreign exchange gain / (loss)		185	(126)	34	(23)
(Loss) / Profit before tax		(1,159)	2,012	(214)	372
Tax		(97)	(712)	(18)	(132)
(Loss) / Profit from continuing operations		(1,255)	1,300	(232)	240
Loss from discontinued operations	6	-	(15,310)	-	(2,832)
Loss for the financial period		(1,255)	(14,010)	(232)	(2,591)
Other comprehensive income / (loss)					
Foreign currency translation		(60)	102	(11)	19
Total comprehensive loss for the period		(1,315)	(13,908)	(243)	(2,572)
Earnings per share for continuing operations					
- Basic (sen)	7	(0.78)	0.81	(0.15)p	0.15p
- Diluted (sen)	7	(0.78)	0.81	(0.15)p	0.15p
Loss per share for discontinued operations					
- Basic (sen)	7	-	(9.56)	-	(1.77)p
- Diluted (sen)	7	-	(9.56)	-	(1.77)p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Note	As at 30 September 2018 RM'000 (unaudited)	As at 31 March 2018 RM'000 (audited)	Proforma As at 30 September 2018 £'000 (unaudited)	Proforma As at 31 March 2018 £'000 (unaudited)
Non-current assets					
Property, plant and equipment		4,440	3,991	821	738
Other investments		9	9	2	2
Trade and other receivables		40	40	7	7
Deferred tax asset		161	161	30	30
		4,649	4,201	860	777
Current assets					
Inventories		199	277	37	51
Trade and other receivables		7,041	17,698	1,302	3,273
Current tax assets		1,787	1,341	330	248
Restricted cash		2,130	2,130	394	394
Cash and cash equivalents	9	52,595	49,184	9,727	9,096
		63,752	70,630	11,791	13,063
Total assets		68,401	74,831	12,650	13,840
Current liabilities					
Trade and other payables		8,719	14,403	1,612	2,664
Bank borrowings		723	339	133	63
		9,442	14,742	1,745	2,726
Non-current liabilities					
Trade and other payables		2,153	1,968	398	364
Onerous lease provision	5	-	-	-	-
		2,153	1,968	398	364
Total liabilities		11,595	16,710	2,145	3,090
Net assets		56,806	58,121	10,507	10,749

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
As at 30 September 2018

	Note	As at 30 September 2018 RM'000 (unaudited)	As at 31 March 2018 RM'000 (audited)	Proforma As at 30 September 2018 £'000 (unaudited)	Proforma As at 31 March 2018 £'000 (unaudited)
Equity					
Share capital		78,936	78,936	14,599	14,599
Share premium		104,499	104,499	19,327	19,327
Shares held under Employee Benefit Trust		(2,300)	(2,300)	(425)	(425)
Other reserve		(72,219)	(66,153)	(13,357)	(12,235)
Translation reserve		(924)	(864)	(171)	(160)
Accumulated loss		(51,186)	(55,997)	(9,466)	(10,356)
Total equity		56,806	58,121	10,507	10,749

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended 30 September 2018

	6 months ended 30 September 2018 RM'000 (unaudited)	6 months ended 30 September 2017 RM'000 (unaudited)	Proforma 6 months ended 30 September 2018 £'000 (unaudited)	Proforma 6 months ended 30 September 2017 £'000 (unaudited)
Net cash generated from operating activities **(Note 9)**	3,026	4,298	560	795
Investing activities				
Interest received	806	838	149	155
Capital expenditure	(806)	(2,541)	(149)	(470)
Net cash used in investing activities	-	(1,703)	-	(315)
Financing activities				
Borrowing from revolving line of credit	385	60	71	11
Repayment of obligations under finance leases	-	(25)	-	(5)
Decrease / (increase) in restricted cash	-	1,098	-	203
Repayment of borrowings	-	(334)	-	(62)
Net cash generated from financing activities	385	799	71	148
Net increase / (decrease) in cash and cash equivalents	3,411	3,394	631	628
Cash and cash equivalents classified under assets held for sale **(Note 8)**	-	(554)	-	(102)
Cash and cash equivalents at beginning of financial period **(Note 10)**	49,157	57,998	9,091	10,726
Cash and cash equivalents at end of financial period **(Note 10)**	52,568	60,838	9,722	11,252

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 September 2018

	Share capital RM'000 (unaudited)	Share premium RM'000 (unaudited)	Shares held under Employee Benefit Trust RM'000 (unaudited)	Other reserve RM'000 (unaudited)	Accumulated loss RM'000 (unaudited)	Translation reserve RM'000 (unaudited)	Total RM'000 (unaudited)
At 1 April 2017	78,936	104,499	(2,300)	(66,153)	(168,964)	(1,246)	(55,228)
Loss for the period	-	-	-	-	(14,010)	102	(13,908)
At 30 September 2017	78,936	104,499	(2,300)	(66,153)	(182,974)	(1,144)	(69,136)
At 1 April 2018	78,936	104,499	(2,300)	(66,153)	(55,997)	(864)	58,121
Realisation of other reserve arising from the disposal of a subsidiary	-	-	-	(6,066)	6,066	-	-
Loss for the period	-	-	-	-	(1,255)	(60)	(1,315)
At 30 September 2018	78,936	104,499	(2,300)	(72,219)	(51,186)	(924)	56,806

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 September 2018

Proforma	**Share capital £'000 (unaudited)**	**Share premium £'000 (unaudited)**	**Shares held under Employee Benefit Trust £'000 (unaudited)**	**Other reserve £'000 (unaudited)**	**Accumulated loss £'000 (unaudited)**	**Translation reserve £'000 (unaudited)**	**Total £'000 (unaudited)**
At 1 April 2017	14,599	19,327	(425)	(12,235)	(31,249)	(230)	(10,214)
Loss for the period	-	-	-	-	(2,591)	19	(2,572)
At 30 September 2017	14,599	19,327	(425)	(12,235)	(33,840)	(212)	(12,786)
At 1 April 2018	14,599	19,327	(425)	(12,235)	(10,356)	(160)	10,749
Realisation of other reserve arising from the disposal of a subsidiary	-	-	-	(1,122)	1,122	-	-
Loss for the period	-	-	-	-	(232)	(11)	(243)
At 30 September 2018	14,599	19,327	(425)	(13,357)	(9,466)	(171)	10,507

Notes 1 to 12 form an integral part of the condensed consolidated interim financial results.

1. General information

This announcement of condensed consolidated interim financial results was approved for issue by the Board of Directors on 27 November 2018 and is unaudited.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. In July 2018, the Group published full financial statements for the year ended 31 March 2018 that comply with IFRSs, which were delivered to the Jersey Registrar of Companies in August 2018.

(i) Basis of preparation

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial results have been prepared in accordance with the accounting policies the Group intends to use in preparing its next annual financial statements. The condensed consolidated interim financial results should be read in conjunction with the annual financial statements for the year ended 31 March 2018, which have been prepared in accordance with IFRSs as adopted by the European Union.

(ii) Sterling figures

The figures in pounds Sterling are included solely for convenience. The figures in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all current and prior year balances being translated from Malaysian Ringgits into pounds Sterling at the rate prevailing on 30 September 2018 of RM5.4070 : £1.00 This translation should not be construed as meaning that the Malaysian Ringgit amounts actually represent, have been or could be converted into the stated number of pounds Sterling.

(iii) Basis of accounting

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2018, as described in those financial statements.

Taxes on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

1. General information (Cont'd)

(iv) Forward-looking statements

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

(v) Going concern

The Group's business activities, together with the factors likely to affect the future development, performance and position are set out in the Chairman's Statement. The financial position of the Group, its cash flows and liquidity positions are described in the Chief Financial Officer's Review in the 2018 Annual Report. In addition, the notes to the annual financial statements for the year ended 31 March 2018 include statements regarding foreign currency risk management, interest rate risk management, credit risk management and liquidity risk management.

As at 30 September 2018, the Group's cash and cash equivalents excluding deposits held on behalf of the Employee Benefit Trust stand at RM52.6 million.

The Directors have prepared financial projections, including cash flows, for a period up to 30 September 2019. The projections include sensitivity testing to consider a reasonable worst case scenario. Based on these projections and taking into consideration the current financial position of the Group and future capital and lease commitments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. In reaching this conclusion the directors have paid particular attention to the following factors:

- The disposal of Bridge Data Centres Malaysia Sdn Bhd (formerly known as CSF CX Sdn Bhd) ("BDCM") has improved the Group's financial position due to the elimination of the net liabilities of BDCM and the elimination of the Group's obligations on the lease payable in respect of the CX2 and CX5 data centres;

- The return of rental deposits in connection with the CX2 and CX5 data centres, amounting to RM9.07 million on 31 May 2018;

- The existing cash reserves of the business, and the fact that the Group has low levels of bank borrowings with low financial covenants;

- The Group's business model is to lease its data centres as opposed to outright ownership. As a result, the Group is committed to regular lease rental payments, which constitute a significant proportion of the Group's cost base. The Group therefore needs to achieve a certain level of tenant occupancy to cover the minimum lease and other costs of ownership of a given data centre;

(v) Going concern (Cont'd)

- Due to changes in the data centre rental market, current market rentals have declined. In this regard the Group are monitoring closely its costs and examining ways to improve the Group's operations and its procurement process, including working closely with its suppliers to reduce its overall costs;

- The Group has completed the restructuring with the freeholder on the lease rental payments on CX1, with revised lease rental rates having commenced on 1 January 2016, whereby the lease rental payments shall be lower in the earlier years and progressively increasing thereafter; and

- The capital expenditure requirements to replace ageing equipment and/or for generating new revenue streams.

Given prevailing market conditions, the Group is forecast to continue to make operating losses and have operating cash outflows. The Board is continuing to review the Group's business model with the aim of establishing sustainable profitable trading.

Notwithstanding the above and taking into consideration the current financial position, future capital and lease commitments of the Group, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements for the period ended 30 September 2018.

2. Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September 2018. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes in fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value on non-controlling interest over the net identifiable assets acquired and liabilities assumed.

3. 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.

4. Segment reporting

The Group's 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), the design and development of data centre facilities, and consultancy services.

6 months ended 30 September 2018	**Data centre rental RM'000 (unaudited)**	**Maintenance RM'000 (unaudited)**	**Design and development of data centres RM'000 (unaudited)**	**Consultancy RM'000 (unaudited)**	**Consolidated RM'000 (unaudited)**
Revenue	5,907	1,294	2,602	75	9,878
Cost of Sales	(5,214)	(702)	(7)	(514)	(6,437)
Gross profit / (loss)	693	592	2,595	(439)	3,441
Other operating income	30	30	-	-	60
Provision for onerous leases	-	-	-	-	-
Administrative cost	(1,827)	(266)	(170)	(53)	(2,316)
Allowance for doubtful debts	(611)	-	(57)	-	(668)
Write back of doubtful debts	-	-	-	-	-
Staff costs	(837)	(175)	(77)	(12)	(1,101)
Segment depreciation	-	(26)	-	-	(26)
Segment result	(3,245)	(436)	(303)	(65)	(609)
Corporate costs					(1,536)
Gain on foreign exchange					185
Finance income					806
Finance cost					(5)
Loss before tax					(1,159)
Tax					(97)
Loss for the financial period					(1,255)
Other comprehensive loss					
Loss on foreign currency translation					(60)
Total comprehensive loss for the financial period					(1,315)

4. Segment reporting (Cont'd)

6 months ended 30 September 2017	Data centre rental RM'000 (unaudited)	Maintenance RM'000 (unaudited)	Design and development of data centres RM'000 (unaudited)	Consultancy RM'000 (unaudited)	Consolidated RM'000 (unaudited)
Revenue	8,390	2,989	204	275	11,858
Cost of Sales	(4,612)	(1,239)	(63)	(592)	(6,506)
Gross profit / (loss)	3,778	1,750	141	(317)	5,352
Other operating income	10	-	724	-	734
Administrative cost	(1,145)	(4)	5	-	(1,144)
Allowance for doubtful debts	7		-	-	7
Write back of doubtful debts	-	-	250	-	250
Staff costs	(915)	(235)	(103)	-	(1,253)
Segment depreciation	(7)	(5)	(21)	-	(33)
Segment result	1,728	1,506	996	(317)	3,913
Corporate costs					(2,448)
Gain on foreign exchange					(126)
Finance income					680
Finance cost					(7)
Profit before tax					2,012
Tax					(712)
Profit from continuing operations					1,300
Loss from discontinued operations					(15,310)
Loss for the financial period					(14,010)
Other comprehensive income					
Gain on foreign currency translation					102
Total comprehensive loss for the financial period					(13,908)

5. Onerous lease provision

Movement in provision for onerous leases	As at 30 September 2018 RM'000 (unaudited)	As at 31 March 2018 RM'000 (audited)
At start of financial period / year	-	73,300
Additional provision	-	5,590
Utilisation of provision	-	(8,730)
Net (utilisation) / additional provision	-	3,140
Unwinding of discount	-	4,220
Disposal of subsidiary	-	(74,380)
At end of financial period / year	-	-

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

The onerous leases provision solely related to Bridge Data Centres Malaysia Sdn Bhd (formerly known as CSF CX Sdn Bhd) ("BDCM"), and was subsequently derecognised as a result of the disposal of BDCM.

6. Discontinued operations

	Note	6 months ended 30 September 2018 RM'000 (unaudited)	6 months ended 30 September 2017 RM'000 (unaudited)
Revenue		-	27,684
Cost of sales		-	(37,348)
Gross loss		-	(9,664)
Other operating income		-	36
Administrative expenses		-	(2,837)
Net allowance for doubtful debts		-	(546)
Provision for onerous leases	5	-	3,140
Total operating expenses		-	(243)
Operating loss		-	(9,871)
Finance income		-	158
Interest payable on bank loans, overdraft and finance leases		-	(1,377)
Unwinding of discounts on provisions		-	(4,220)
Finance cost		-	(5,597)
Loss for the period from discontinued operations		-	(15,310)

Net cash used in operating activities	-	(6,333)
Net cash used in investing activities	-	(717)
Net cash generated from financing activities	-	725
Decrease in cash and cash equivalents	-	(6,325)

The results of the discontinued operations are in respect of Bridge Data Centres Malaysia Sdn Bhd (formerly known as CSF CX Sdn Bhd) ("BDCM"), which was previously a wholly-owned subsidiary of the Group. The Group completed the transfer of board and management control of BDCM during financial year ended 31 March 2018.

7. Loss per share

The calculation for loss per share, based on the weighted average number of shares, is shown in the table below:

	6 months ended 30 September 2018 (unaudited)	6 months ended 30 September 2017 (unaudited)
Net (loss) / profit from continuing operations (RM'000)	(1,255)	1,300
Net loss from discontinued operations (RM'000)	-	(15,310)
Net loss for the financial period after taxation attributable to members (RM'000)	(1,255)	(14,010)
Weighted average number of ordinary shares for basic earnings per share ('000)	160,029	160,029
Weighted average number of ordinary shares for diluted earnings per share ('000)	160,029	160,029

The number of ordinary shares for diluted earnings per share is the weighted average number of ordinary shares of CSF Group plc in issue.

8. Assets and liabilities classified as held for sale

	As at 30 September 2018 RM'000 (unaudited)	As at 30 September 2017 RM'000 (unaudited)
Assets classified as held for sale		
Property, plant and equipment	-	24,502
Trade and other receivables	-	30,423
Restricted cash	-	9,178
Cash and cash equivalents	-	554
Total assets of subsidiary held for sale	-	64,657
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	-	112,794
Provision for onerous leases	-	74,380
Total liabilities of subsidiary held for sale	-	187,174

The assets and liabilities classified as held for sale as at 30 September 2017 were in respect of Bridge Data Centres Malaysia Sdn Bhd (formerly known as CSF CX Sdn Bhd) ("BDCM"), which was previously a wholly-owned subsidiary of the Group. The Group has completed the disposal of BDCM pursuant to the Share Purchase Agreement (the "Share SPA") entered into between CSF International Limited ("CSFI"), a wholly-owned subsidiary of CSF Group Plc and BDC AssetCo Pte Ltd ("BAC", or the "Purchaser"), an investee company of Bain Capital Partners Asia Fund III and Bridge Data Centres (International) Pte Ltd, on 28 September 2017.

9. Note to the Cash Flow Statement

	6 months ended 30 September 2018 RM'000 (unaudited)	6 months ended 30 September 2017 RM'000 (unaudited)
Loss for the financial period	(1,255)	(14,010)
Adjustments for:		
Allowance for doubtful debts	668	539
Allowance for doubtful debts written back	-	(250)
Depreciation of property, plant and equipment	385	2,737
Foreign currency translation	(60)	102
Interest expense	5	5,604
Interest income	(806)	(838)
Gain on disposal of property, plant and equipment	(31)	-
Provision for onerous leases	-	(3,140)
Tax	97	712
Operating cash outflow before movements in working capital	(995)	(8,544)
Decrease / (Increase) in inventories	78	(52)
Decrease in receivables	9,990	3,500
(Decrease) / Increase in payables	(5,499)	10,260
Cash generated from operations	3,574	5,164
Interest paid	(5)	(111)
Income taxes paid	(543)	(755)
Net cash generated from operating activities	3,026	4,298

10. Cash and cash equivalents

	As at 31 March 2018 RM'000 (unaudited)	As at 31 March 2017 RM'000 (audited)
Cash and cash equivalents- statement of financial position	49,184	60,313
Deposit held on behalf of employee benefit trust	(27)	(2,315)
Cash and cash equivalents at beginning of the financial period – cash flow	49,157	57,998

	As at 30 September 2018 RM'000 (unaudited)	As at 30 September 2017 RM'000 (unaudited)
Cash and cash equivalents- statement of financial position	52,595	62,997
Deposit held on behalf of employee benefit trust	(27)	(2,159)
Cash and cash equivalents at the end of the financial period – cash flow	52,568	60,838

11. Dividend

The Board does not propose any payment of dividends in respect of the six month period to 30 September 2018 (H1 2018: Nil).

12. Contingencies

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

	As at 30 September 2018 RM'000 (unaudited)	As at 31 March 2018 RM'000 (audited)
Banking guarantees	2,000	2,000

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