



MANFORCE GROUP

Think Workforce, Think Manforce

MANFORCE GROUP BERHAD

(Company No.: 1228620-V)

(Incorporated in Malaysia)

HALF-YEARLY ANNOUNCEMENT FOR FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2019

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY MANFORCE GROUP BERHAD ("MANFORCE" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.



MANFORCE GROUP BERHAD (Company No.: 1228620-V)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2019 ⁽¹⁾**

	UNAUDITED 31 MAR 2019 RM'000	AUDITED 30 SEP 2018 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	4,282	4,352
Other investments	459	451
	<hr/>	<hr/>
	4,741	4,803
CURRENT ASSETS		
Inventory	1	2
Other investments	98	106
Trade receivables	8,860	11,528
Other receivables, deposits and prepayments	9,667	13,604
Amount owing by contract customer	564	794
Deposits placed with licensed banks	2,135	2,105
Cash and bank balances	9,274	2,954
Tax refundable	1,496	1,158
	<hr/>	<hr/>
	32,095	32,251
TOTAL ASSETS	<hr/>	<hr/>
	36,836	37,054



MANFORCE GROUP BERHAD (Company No.: 1228620-V)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2019 (CONTINUED) ⁽¹⁾**

	UNAUDITED 31 MAR 2019 RM'000	AUDITED 30 SEP 2018 RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	21,329	13,599
Reorganisation reserve	(12,599)	(12,599)
Retained profits	13,757	15,953
TOTAL EQUITY	22,487	16,953
NON-CURRENT LIABILITIES		
Borrowings	5,228	5,682
Deferred tax liabilities	57	57
	5,285	5,739
CURRENT LIABILITIES		
Trade payables	765	232
Other payables and accruals	7,258	9,366
Borrowings	1,041	4,764
	9,064	14,362
TOTAL LIABILITIES	14,349	20,101
TOTAL EQUITY AND LIABILITIES	36,836	37,054

Note:

1. The Unaudited Condensed Consolidated Statement Of Financial Position is to be read in conjunction of the accompanying explanatory notes attached to this interim financial report.



MANFORCE GROUP BERHAD (Company No.: 1228620-V)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019 ⁽¹⁾

	INDIVIDUAL 6 MONTHS ENDED		CULMULATIVE 6 MONTHS ENDED	
	31 MAR 2019	31 MAR 2018	31 MAR 2019	31 MAR 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	35,517	-	35,517	-
Cost of sales	(30,002)	-	(30,002)	-
Gross profit	5,515	-	5,515	-
Other operating income	266	-	266	-
Administrative expenses	(5,020)	-	(5,020)	-
Other operating expenses	(348)	-	(348)	-
Profit from operations	413	-	413	-
Finance income	41	-	41	-
Finance costs	(305)	-	(305)	-
Share of results of an associate	-	-	-	-
Profit before tax	149	-	149	-
Tax expense	(344)	-	(344)	-
Total comprehensive loss attributable to owner of the Company	(195)	-	(195)	-
Loss for the financial period attributable to:				
Owner of the Company	(195)	-	(195)	-
Non-Controlling interests	-	-	-	-
	(195)	-	(195)	-
Loss per ordinary share (sen):				
- Basic*	(0.06)	-	(0.06)	-

*Total number of shares as of 319,982,580

Note:

1. The Unaudited Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income is to be read in conjunction of the accompanying explanatory notes attached to this interim financial report.



MANFORCE GROUP BERHAD (Company No.: 1228620-V)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019 ⁽¹⁾

	<-----Non-distributable-----> Reorganisation		Distributable	
	Share capital RM'000	reserve RM'000	Retained profits RM'000	Total equity RM'000
As at 1 October 2017 (Unaudited)	1,000	-	13,447	14,447
- Issuance of shares	13,599	-	-	13,599
- Adjustment on the acquisition of Manforce Resources (M) Sdn. Bhd.	(1,000)	(12,599)	-	(13,599)
- Net profit for the financial year	-	-	2,506	2,506
	12,599	(12,599)	2,506	2,506
As at 30 September 2018 / 1 October 2018 (Audited)	13,599	(12,599)	15,953	16,953
- Issuance of shares	8,640	-	-	8,640
- Net loss for the financial period	-	-	(196)	(196)
- Listing expenses	(910)	-	-	(910)
- Dividend	-	-	(2,000)	(2,000)
	7,730	-	(2,196)	5,534
As at 31 March 2019 (Unaudited)	21,329	(12,599)	13,757	22,487

Note:

1. The Unaudited Condensed Consolidated Statement Of Changes In Equity is to be read in conjunction of the accompanying explanatory notes attached to this interim financial report.



MANFORCE GROUP BERHAD (Company No.: 1228620-V)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019 ⁽¹⁾

	6 MONTHS ENDED	
	31 MAR 2019	31 MAR 2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	149	-
Adjustments for :-		
Allowance for impairment losses		
- receivables	25	-
Depreciation of property, plant and equipment	185	-
Finance costs		
- bank overdrafts	64	-
- hire purchase	10	-
- term loan	231	-
Finance income		
- deposits placed with licensed financial institutions	(20)	-
- other interest income	(13)	-
- unwinding of discount of financial assets	(8)	-
Gain on disposal of plant and equipment	(121)	-
Reversal of impairment loss on trade receivables	(202)	-
Fair value loss on other investment	8	-
Operating profit before working capital changes	308	-
Changes in working capital:		
Inventories	1	-
Trade and other receivables	6,783	-
Amount owing by a contract customer	230	-
Trade and other payables	(1,578)	-
Cash generated from operations	5,744	-
Interest received	13	-
Interest paid	(64)	-
Tax paid	(683)	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	5,010	-



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019 (CONTINUED) ⁽¹⁾

	6 MONTHS ENDED	
	31 MAR 2019	31 MAR 2018
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	121	-
Purchase of plant and equipment	(114)	-
Interest received	20	-
NET CASH GENERATED FROM INVESTING ACTIVITIES	27	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	8,640	-
Listing expenses	(910)	-
Dividend paid	(2,000)	-
Repayment of term loans	(749)	-
Repayment of hire purchases	(103)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	4,878	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,915	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	294	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	10,209	-

Note:

1. The Unaudited Condensed Consolidated Statement Of Cash Flows is to be read in conjunction of the accompanying explanatory notes attached to this interim financial report.



MANFORCE GROUP BERHAD (Company No.: 1228620-V)
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Part A – Explanatory notes to the interim financial statements for the half-year ended 31 March 2019

1. Basis of preparation

The interim financial statements of MANFORCE are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

This is the interim financial report on the financial results for the period ended 31 March 2019 announced by the Company in compliance with Paragraph 6.12 of the LEAP Market Listing Requirements of Bursa Securities ("Listing Requirements").

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to this interim financial report.

2. Significant accounting policies

The significant accounting policies adopted by the Group in this report are consistent with those adopted in the Audited Financial Statements of the Group for the financial year ended 30 September 2018 except for the adoption of the following new and amended MFRS, and Issues Committee (IC) Interpretations mandatory for annual financial periods beginning on or after 1 October 2018:

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers
- Clarifications to MFRS 15 Revenue from Contracts with Customers
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 140 Transfer of Investment Property
- Annual Improvements to MFRSs 2014-2016 Cycle



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2. Significant accounting policies (Continued)

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The Group has concluded that the application of the new classification requirement does not have any material impact on accounting for its financial assets.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances will be measured on either 12-month ECLs or lifetime ECLs. The impairment loss of trade and other receivables in accordance to the ECL model does not have any material impact on accounting for its financial assets.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 sets a new guidance for revenue accounting. It supersedes MFRS 111 Construction Contracts, MFRS 118 and all revenue-related interpretations: Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue - Barter Transactions Involving Advertising Services.

The Group has complied the requirements of MFRS 15 retrospectively with cumulative effect on initial application of the standard as an adjustment to the opening balance of retained earnings for the financial year ended 30 September 2018. The adoption of MFRS 15 did not have any significant effect on the interim financial statements.



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2. Significant accounting policies (Continued)

Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intend to adopt these standards, if applicable, when they become effective.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures
- Amendments to MFRS 9 Prepayment Features with Negative Compensation
- Amendments to MFRS 119 Employee Benefits
- Annual Improvements to MFRSs 2015-2017 Cycle

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3 Business Combinations
- Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17 Insurance Contracts

MFRSs, interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture



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2. Significant accounting policies (Continued)

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

3. Seasonal or cyclical factors

The Group's operations were generally not affected by any seasonal or cyclical factors for the current financial period-to-date under review.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity or cash flows of the Group during the current financial period-to-date under review.



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5. Material changes in accounting estimates

There were no material changes in accounting estimates in the current financial period-to-date under review.

6. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period-to-date under review.

7. Debt and equity securities

On 11 December 2018, the issued and paid up share capital of the Company was increased from RM13,599,261 to RM22,238,793 by way of placement of 47,997,400 new ordinary shares at RM0.18 each in conjunction with the listing of the Company on the LEAP Market of Bursa Malaysia Securities Berhad.

Save as disclosed above, there were no other issuance, cancellation, repurchase, resales and repayment of debt and equity securities for the current financial period-to-date under review.

8. Breakdown of cash and cash equivalents

	6 MONTHS ENDED	
	31 MAR 2019	31 MAR 2018
	RM'000	RM'000
Deposits placed with licensed banks	2,135	-
Cash and bank balances	9,274	-
Bank overdrafts	-	-
	<hr/>	<hr/>
	11,409	-
Less: Deposits held as security values	(1,200)	-
Cash and cash equivalents	<hr/>	<hr/>
	10,209	-



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9. Segmental information

The Group's revenue based on its activities is presented as follows:

	INDIVIDUAL 6 MONTHS ENDED	
	31 MAR 2019	
	RM'000	%
Revenue		
Foreign worker management services	18,560	52.26
Manual labour services	16,877	47.52
Other ancillary services	80	0.22
Total	<u>35,517</u>	<u>100.00</u>

Our Group's revenues are generated based on the following:

- Revenue from foreign workers management services business segment are generated based on a pre-agreed rates per foreign worker depending on the shifts (normal day, public holiday or overtime);
- Revenue from manual labour services business segment are generated based on pre-agreed rates calculated based on the number of days and hours worked or output of unit of production; and
- Revenue from other ancillary services are mainly agent fees received from the sale of foreign worker insurance products.

10. Related parties transactions

There were no related parties transactions in the current financial period-to-date under review.

11. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the financial period.



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12. Capital and operating lease commitments

a) Capital commitments

Save from the proposed utilisation of proceeds as disclosed in the Part C, Note 4, we do not have any material capital commitment as at the date of this report.

b) Operating lease commitments

The Group have the following operating lease commitments in respect of rental of accommodations/hostels and office. The future minimum lease payments under operating leases are follows:

	31 MAR 2019	30 SEP 2018
	RM'000	RM'000
Not later than one year	201	676
Later than one year and not later than five years	9	286
	<u>210</u>	<u>962</u>

13. Borrowings

	31 MAR 2019	30 SEP 2018
	RM'000	RM'000
Non-current liabilities		
- Hire purchase liabilities	218	304
- Term loans	5,010	5,377
	5,228	5,681
Current liabilities		
- Hire purchase liabilities	129	137
- Term loans	912	1,062
- Bank overdrafts	-	3,566
	1,041	4,765
	<u>6,269</u>	<u>10,446</u>



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14. Loss per share

- a) The basic loss per share for the current financial period-to-date under review are computed as below:

	INDIVIDUAL 6 MONTHS ENDED		CULMULATIVE 6 MONTHS ENDED	
	31 MAR 2019	31 MAR 2018	31 MAR 2019	31 MAR 2018
	RM'000	RM'000	RM'000	RM'000
Loss attributable to the owners of the Company	(195)	-	(195)	-
Weighted average number of ordinary shares at 31 March 2019 ('000)	150,629	-	150,629	-
Basic loss per share (sen)	<u>(0.13)</u>	<u>-</u>	<u>(0.13)</u>	<u>-</u>

- b) Diluted loss per share is the same as the basic loss per share as there were no potential dilutive instruments.

15. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at 31 March 2019.



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Part B – Additional information required under the Leap Market Listing Requirements

1. Review of performance

During the six (6) months period under review, our revenue is mainly derived from Foreign worker management services and Manual labour services amounting to RM18.56 million or 52.26% of total revenue and RM16.88 million or 47.52% of total revenue respectively, except for other ancillary services amounting to RM0.08 million or 0.22% of total revenue.

Our loss after tax for the current financial period is mainly due to one-off item of listing expenses and marketing cost amounting to RM0.52 million and RM 0.35 million as well as the increase in overall operating costs due to external factors, such as economical and political environment.

2. Prospects of the Group

Our Board is positive of our Group's prospects after taking into consideration our future plans, our key competitive strengths and the positive outlook of the "Foreign Workers Management Services Market in Malaysia" from 2018 to 2022.

The foreign workers management services market is expected to register a steady growth throughout the forecast period. The continuous demand for our foreign workers management services stems mainly from the sustained growth in the services and manufacturing sectors that require additional foreign workers. The wholesale and retail sub-sector will continue to be the main contributor, supported by resilient consumer spending. In addition, the accommodation and restaurant sub-sector is expected to further expand due to higher tourist arrivals and receipts. Additional foreign services workers are expected to support the need for these activities in the services sector, thus driving the demand for not only foreign workers management services but also our manual labour services.

In addition, the export-oriented manufacturing sub-sectors such as the electrical and electronics, petroleum and chemicals, plastic products and non-metallic minerals sub-sectors are also expected to expand. As the manufacturing sector relies on foreign workers as key source of labour, the expansion in the sector will require additional foreign workers, which in turn drives the demand for not just foreign workers management services but also our manual labour services. Moreover, it is worth noting that our increasingly educated local workforce creates a need to continue to recruit foreign workers as the local workforce views these jobs as dangerous, dirty and difficult jobs ("3D jobs").



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2. Prospects of the Group (Continued)

On the supply side, the income disparities between the source countries and Malaysia are expected to attract foreign workers to Malaysia. These factors are expected to have a positive impact on the foreign workers management services market. The projected influx of foreign workers to Malaysia is anticipated to positively impact the foreign worker management services market as our customers from the manufacturing and services sectors would require our services in the areas of human resources, administration and immigration related functions for foreign workers.

3. Variance of actual profit from profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.



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Part C – Other information

1. Status of corporate proposals

Save from the listing of the Group on LEAP Market of Bursa Securities by way of flotation on 11 December 2018, there were no other corporate proposals announced and pending completion as the date of this report.

2. Material litigation

There are no material litigations pending as at the date of this report.

3. Dividends

The Board has on 31 January 2019 declared a single tier interim dividend of 0.6250 sen per ordinary share in respect of the financial year ending 30 September 2019. The interim dividend amounting to RM1,999,891 was paid on 22 February 2019.

4. Utilisation of Proceeds

The total gross proceeds of approximately RM8.64 million from the proposed placement will be utilised by our Group in the following manner:

Purpose	Proposed utilisation RM'000	Actual utilisation ^(a) RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Working capital:				
- Hiring costs	6,100	358	5,742	Within 24 months
- Medical fees/examination and processing fee for the workers' work permits	1,060	78	982	Within 24 months
- Staff salaries for sales and marketing team	380	13	367	Within 24 months
Estimated listing expenses ^(b)	1,100	1,100	-	Within 1 month
Total	8,640	1,549	7,091	

(a) Utilisation as at 31.03.2019.

(b) The Group incurred listing expenses of RM1.43 million, of which RM0.33 million came from internally generated funds.