



MANFORCE GROUP

Think Workforce, Think Manforce

MANFORCE GROUP BERHAD

(Registration No.: 201701014455 (1228620-V))

(Incorporated in Malaysia)

HALF-YEARLY ANNOUNCEMENT FOR FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2020

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" OR THE "GROUP"). 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.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 31 MARCH 2020 ⁽¹⁾**

	Unaudited 31 Mar 2020 RM'000	Audited 30 Sep 2019 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	464	4,152
Right-of-use assets	3,556	-
Intangible assets	268	288
Investment in an associate	-	-
Other investments	475	467
	4,763	4,907
CURRENT ASSETS		
Inventories	97	100
Trade and other receivables	14,672	13,860
Prepayments	4,020	3,636
Contract assets	5,490	5,223
Tax recoverable	1,073	1,072
Other investments	-	106
Fixed deposits with licensed banks	2,202	2,172
Cash and bank balances	4,094	6,157
	31,648	32,326
	36,411	37,233
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	21,329	21,329
Reorganisation reserves	(12,599)	(12,599)
Retained earnings	12,415	13,384
	21,145	22,114
NON-CURRENT LIABILITIES		
Bank borrowings	4,751	4,724
Lease liabilities	104	-
Deferred tax liabilities	21	21
	4,876	4,745
CURRENT LIABILITIES		
Trade and other payables	8,407	9,453
Bank borrowings	1,881	914
Lease liabilities	85	-
Tax liabilities	17	7
	10,390	10,374
	15,266	15,119
	36,411	37,233

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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2020 ⁽¹⁾

	Individual 6 Months Ended		Cumulative 6 Months Ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	36,154	35,517	36,154	35,517
Cost of sales	(31,628)	(30,002)	(31,628)	(30,002)
Gross profit	4,526	5,515	4,526	5,515
Other income	305	266	305	266
Administrative expenses	(5,188)	(5,020)	(5,188)	(5,020)
Net reversal on impairment of financial instruments	14	182	14	182
Other expenses	(145)	(530)	(145)	(530)
Operating (loss)/profit	(488)	413	(488)	413
Finance income	39	41	39	41
Finance costs	(189)	(305)	(189)	(305)
(Loss)/Profit before tax	(638)	149	(638)	149
Tax expense	(331)	(344)	(331)	(344)
Net loss for the financial period	(969)	(195)	(969)	(195)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the financial period	(969)	(195)	(969)	(195)
Total comprehensive loss for the financial period attributable to:				
Owner of the Company	(969)	(195)	(969)	(195)
Non-Controlling interests	-	-	-	-
	(969)	(195)	(969)	(195)
Loss per ordinary share (sen):				
- Basic	(0.30)	(0.06)	(0.30)	(0.06)

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020 ⁽¹⁾

	Attributable to owners of the Company			Subtotal RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000			
As at 1 October 2018 (Audited)	13,599	(12,599)	15,953	16,953	-	16,953
Total comprehensive loss for the financial year	-	-	(569)	(569)	-	(569)
Transaction with owners:						
Issue of ordinary shares	8,640	-	-	8,640	-	8,640
Transaction cost of share issuance	(910)	-	-	(910)	-	(910)
Dividends paid on shares	-	-	(2,000)	(2,000)	-	(2,000)
Total transaction with owners	7,730	-	(2,000)	5,730	-	5,730
As at 30 September 2019 / 1 October 2019 (Audited)	21,329	(12,599)	13,384	22,114	-	22,114
Total comprehensive loss for the financial period	-	-	(969)	(969)	-	(969)
As at 31 March 2020 (Unaudited)	21,329	(12,599)	12,415	21,145	-	21,145

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020 ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Mar 2020 RM'000	Unaudited 31 Mar 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(638)	149
Adjustments for :		
Depreciation of property, plant and equipment	155	185
Depreciation of right-of-use assets	20	-
Amortisation of intangible asset	69	-
Fair value (gain)/loss on other investment	(1)	8
Impairment loss on		
- trade receivables	-	25
Bad debts written off		
- other receivables	205	-
Finance costs		
- bank overdrafts	5	64
- finance leases	5	10
- term loans	179	231
Finance income		
- deposits placed with licensed banks	(30)	(20)
- other interest income	(1)	(13)
- unwinding of discount of financial asset	(8)	(8)
Reversal of impairment losses		
- trade receivables	-	(202)
- other receivables	(14)	-
Gain on disposal of plant and equipment	-	(121)
Operating (loss)/profit before working capital changes	(54)	308



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED) ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Mar 2020	Unaudited 31 Mar 2019
	RM'000	RM'000
Changes in working capital:		
Inventories	2	1
Trade and other receivables, deposits and prepayments	(1,387)	2,701
Contract assets	(268)	4,312
Trade and other payables	(1,046)	(1,578)
Cash (used in)/generated from operations	(2,753)	5,744
Interest received	1	13
Interest paid	(5)	(64)
Tax paid, net of tax refunded	(320)	(683)
NET CASH (USED IN)/GENERATED FROM OPERATING	(3,077)	5,010
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	-	121
Proceeds from disposal of an investment fund	108	-
Purchase of plant and equipment	(42)	(114)
Acquisition of intangible asset	(49)	-
Interest received	30	20
NET CASH GENERATED FROM INVESTING ACTIVITIES	47	27



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED) ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Mar 2020 RM'000	Unaudited 31 Mar 2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new share issue	-	8,640
Issuance of shares expenses	-	(910)
Dividend paid	-	(2,000)
Interest paid	(184)	(241)
Repayment of bank borrowings		
- term loans	(370)	(518)
- finance leases	-	(93)
Repayment of lease liabilities	(73)	-
NET CASH (USED IN)/GENERATED FROM FINANCING	(627)	4,878
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,657)	9,915
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	7,077	294
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	3,420	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.



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Part A – Explanatory notes to the interim financial statements for the period ended 31 March 2020

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 financial period ended 31 March 2020 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 2019 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 2019 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 2019:

New MFRS

MFRS 16 Leases

Amendments/Improvements to MFRSs

MFRS 9 Prepayment Features with Negative Compensation
MFRS 119 Employee Benefits
MFRS 128 Long-term Interests in Associates and Joint Ventures

New IC Int

IC Int 23 Uncertainty over Income Tax Treatments

Annual Improvements

Annual Improvements to MFRSs 2015-2017 Cycle



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2. Significant accounting policies (Continued)

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as “rights-of-use” assets and their corresponding lease liabilities for the present value of future lease payments.

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 October 2019. Accordingly, the comparative information presented for financial year ended 30 September 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117 Leases and related interpretations.



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2. Significant accounting policies (Continued)

MFRS 16 Leases (continued)

The Group has adopted MFRS 16 retrospectively from 1 October 2019 and has not restated the comparative information as permitted under the specific transition provision in the standard. The impact arising from the adoption of MFRS 16 on opening balance are as follows:

	As at 30 September 2019 RM'000	MFRS 16 adjustment RM'000	As at 1 October 2019 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4,152	(3,576)	576
Right-of-use assets	-	3,576	3,576
	<u>4,152</u>	<u>-</u>	<u>4,152</u>
NON-CURRENT LIABILITIES			
Bank borrowings	4,724	(104)	4,620
Lease liabilities	-	104	104
	<u>4,724</u>	<u>-</u>	<u>4,724</u>
CURRENT LIABILITIES			
Bank borrowings	914	(158)	756
Lease liabilities	-	158	158
	<u>914</u>	<u>-</u>	<u>914</u>

The estimated impact on adoption of MFRS 16 is based on assessment performed to-date. The actual impact of adopting the standard may change until the Group presents its audited financial statements for the financial year ending 30 September 2020.



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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.

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 3	Business Combinations	1 January 2020/ 1 January 2022
MFRS 7	Financial Instruments: Disclosures	1 January 2020
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2022
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 June 2020
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2022
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022
MFRS 128	Investments in Associates and Joint Ventures	Deferred
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 141	Agriculture	1 January 2022
<u>Annual Improvements</u>		
	Annual Improvements to MFRS Standards 2018–2020	1 January 2022

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.

3. Auditors' report

The auditors' report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.

4. 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.



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5. 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.

6. Material changes in accounting estimates

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

7. 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.

8. Debt and equity securities

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



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9. Breakdown of cash and cash equivalents

	6 Months Ended	
	Unaudited 31 Mar 2020 RM'000	Unaudited 31 Mar 2019 RM'000
Deposits placed with licensed banks	2,202	2,135
Less: Pledged deposits	(1,249)	(1,200)
	<u>953</u>	<u>935</u>
Cash and bank balances	4,094	9,274
Bank overdrafts	(1,627)	-
Cash and cash equivalents	<u>3,420</u>	<u>10,209</u>

10. Segmental information

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

	Individual 6 Months Ended			
	31 Mar 2020		31 Mar 2019	
	RM'000	%	RM'000	%
Revenue				
Foreign worker management services	18,331	50.70	18,560	52.26
Manual labour services	17,763	49.13	16,877	47.52
Other ancillary services	60	0.17	80	0.22
Total	<u>36,154</u>	<u>100.00</u>	<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.



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11. Related parties transactions

Related parties	Relationship	Nature of transaction	Individual 6 Months Ended	
			31 Mar 2020 RM'000	31 Mar 2019 RM'000
MNC HARDWARE TRADING SDN BHD	A company own by family members of Directors	Purchase of equipment/tools	7	-
CHIN HAU YEE	A family member of a Director	Purchase of staff welfare related items	2	-

Saved from the above, there were no related parties transactions in the current financial period-to-date under review.

12. Material events during the financial period

There were no material events during the financial period under review.

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

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

14. Capital commitments

Saved 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.



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15. Borrowings

	31 Mar 2020	30 Sep 2019
	RM'000	RM'000
Non-current liabilities		
- Finance lease liabilities	-	104
- Term loans	4,751	4,620
	4,751	4,724
Current liabilities		
- Finance lease liabilities	-	159
- Term loans	254	755
- Bank overdrafts	1,627	-
	1,881	914
	<u>6,632</u>	<u>5,638</u>

16. 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		Cumulative 6 Months Ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	RM'000	RM'000	RM'000	RM'000
Loss attributable to the owners of the Company (RM'000)	(969)	(195)	(969)	(195)
Weighted average number of ordinary shares in issue ('000)	319,983	319,983	319,983	319,983
Basic loss per share (sen)	<u>(0.30)</u>	<u>(0.06)</u>	<u>(0.30)</u>	<u>(0.06)</u>

The loss per share for the previous financial period ended 31 March 2019 were computed based on weighted average number of issued ordinary shares adjusted to take into account the issuance of new ordinary shares.

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

17. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at 31 March 2020.



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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 and Manual Labour Services amounted to RM18.3 million or 50.70% of total revenue and RM17.8 million or 49.13% of total revenue respectively, while our other ancillary services contributed RM0.06 million or 0.17% of our total revenue.

Our total comprehensive loss for the current financial period under review is mainly due to increase in overall operating costs and expenses as compared to the comparative period under review. The Group business has been impacted by challenging business environment in view of the increase in overall operating costs due to external factors, such as US-China trade war and adverse impact from COVID-19 pandemic outbreak in Malaysia.

2. Prospects of the Group

The on-going trade tension between US and China and the unprecedented COVID-19 pandemic outbreak started in late January 2020 in Wuhan, China had adversely affected the domestic and global markets.

With the repercussion of the COVID-19 pandemic outbreak still remained unfold, the Board of Directors are unable reliably predict the impact of the outbreak of COVID-19 on our Group's business operations, especially the demand from our customers in the F&B industry.

However, the Board of Directors are in the opinion that the market demand for workforce remained consistent in certain sectors during the period of COVID-19 pandemic outbreak, especially for the sectors that require involve 3D jobs, namely dangerous, dirty and difficult. Therefore, the Group remained active in client outreach, in order to gain a better understanding of the workforce requirement of employers and provide the suitable solutions that suit their respective requirement.

Besides, the Group remains committed to continuously expanding its sales forces and improving customer awareness of the Group's offering through advertising and conducting product seminars as well as to exploring opportunities to expand the Group's product and services offering.



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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

Saved from the proposed utilisation of proceeds as disclosed in the Part C, Note 4, 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

No dividend declared and paid by the Company since the end of the previous financial year.

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	2,822	3,278	Within 24 months
- Medical fees/examination and processing fee for the workers' work permits	1,060	490	570	Within 24 months
- Staff salaries for sales and marketing team	380	380	-	Within 24 months
Estimated listing expenses (b)	1,100	1,100	-	Within 1 month
Total	8,640	4,792	3,848	

(a) Utilisation as at 31 March 2020.

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