



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 2021

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 2021 ⁽¹⁾

	Unaudited 31 Mar 2021 RM'000	Audited 30 Sep 2020 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	242	276
Right-of-use assets	3,564	3,617
Intangible assets	152	216
Investment in an associate	-	-
Other investments	1,926	1,696
	5,884	5,805
CURRENT ASSETS		
Inventories	116	140
Trade and other receivables	18,399	18,225
Prepayments	2,652	3,026
Contract assets	3,944	4,081
Tax recoverable	736	644
Other investments	-	-
Fixed deposits with licensed banks	2,245	2,234
Cash and bank balances	4,086	4,824
	32,178	33,174
	38,062	38,979
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	21,329	21,329
Reorganisation reserves	(12,599)	(12,599)
Retained earnings	9,880	9,940
	18,610	18,670
NON-CURRENT LIABILITIES		
Loans and borrowings	4,491	5,050
Lease liabilities	39	73
Deferred tax liabilities	21	21
	4,551	5,144
CURRENT LIABILITIES		
Trade and other payables	8,981	9,559
Loans and borrowings	5,508	5,357
Lease liabilities	79	114
Tax liabilities	333	135
	14,901	15,165
	19,452	20,309
	38,062	38,979
TOTAL LIABILITIES		
TOTAL EQUITY AND LIABILITIES		

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 2021 ⁽¹⁾

	Individual 6 Months Ended		Cumulative 6 Months Ended	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	39,573	36,154	39,573	36,154
Cost of sales	(34,398)	(31,628)	(34,398)	(31,628)
Gross profit	5,175	4,526	5,175	4,526
Other income	380	305	380	305
Administrative expenses	(4,372)	(5,187)	(4,372)	(5,188)
Net reversal on impairment of financial instruments	21	14	21	14
Other expenses	(54)	(146)	(54)	(145)
Other gains	283	-	283	-
Operating profit/(loss)	1,433	(488)	1,433	(488)
Finance income	22	39	22	39
Finance costs	(347)	(189)	(347)	(189)
Profit/(Loss) before tax	1,108	(638)	1,108	(638)
Tax expense	(368)	(331)	(368)	(331)
Net profit/(loss) for the financial period	740	(969)	740	(969)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income/(loss) for the financial period	740	(969)	740	(969)
Total comprehensive income/(loss) for the financial period attributable to:				
Owner of the Company	740	(969)	740	(969)
Non-Controlling interests	-	-	-	-
	740	(969)	740	(969)
Earnings/(Loss) per ordinary share (sen):				
- Basic	0.23	(0.30)	0.23	(0.30)

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 2021 ⁽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 2019 (Audited)	21,329	(12,599)	13,384	22,114	-	22,114
Total comprehensive loss for the financial year	-	-	(3,444)	(3,444)	-	(3,444)
As at 30 September 2020 / 1 October 2020 (Audited)	21,329	(12,599)	9,940	18,670	-	18,670
Dividends paid	-	-	(800)	(800)	-	(800)
Total comprehensive income for the financial period	-	-	740	740	-	740
As at 31 March 2021 (Unaudited)	21,329	(12,599)	9,880	18,610	-	18,610

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 2021 ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Mar 2021 RM'000	Unaudited 31 Mar 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,108	(638)
Adjustments for :		
Depreciation of plant and equipment	72	155
Depreciation of right-of-use assets	52	20
Amortisation of intangible asset	76	69
Fair value gain on quoted investment funds	-	(1)
Fair value gain on financial assets - realised	(3)	-
Fair value gain on financial assets - unrealised	(280)	-
Impairment loss on		
- trade receivables	20	-
Bad debts written off		
- other receivables	8	205
Finance costs		
- bank overdrafts	151	5
- finance leases	4	5
- term loans	187	179
Finance income		
- deposits placed with licensed banks	(11)	(30)
- other interest income	(2)	(1)
- unwinding of discount of financial asset	(9)	(8)
Reversal of impairment losses		
- other receivables	(41)	(14)
Operating profit/(loss) before working capital changes	1,332	(54)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED) ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Mar 2021 RM'000	Unaudited 31 Mar 2020 RM'000
Changes in working capital:		
Inventories	24	2
Trade and other receivables	213	(1,387)
Contract assets	137	(268)
Trade and other payables	(577)	(1,046)
Cash generated from/(used in) operations	1,129	(2,753)
Interest received	2	1
Interest paid	(151)	(5)
Tax paid, net of tax refunded	(261)	(320)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	719	(3,077)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of an investment fund	-	108
Proceeds from disposal of quoted equity securities	86	-
Purchase of quoted equity securities	(25)	-
Purchase of plant and equipment	(37)	(42)
Acquisition of intangible asset	(12)	(49)
Interest received	11	30
NET CASH GENERATED FROM INVESTING ACTIVITIES	23	47



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED) ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Mar 2021	Unaudited 31 Mar 2020
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(800)	-
Interest paid	(192)	(184)
Repayment of loans and borrowings		
- term loans	(467)	(370)
Repayment of lease liabilities	(68)	(73)
NET CASH (USED IN) FINANCING ACTIVITIES	(1,527)	(627)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(785)	(3,657)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,498	7,077
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	713	3,420

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 2021

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 2021 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 2020 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 2020 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 2020:

Amendments/Improvements to MFRSs

MFRS 3	Definition of a Business
MFRS 7, MFRS 9, and MFRS 139	Interest Rate Benchmark Reform
MFRS 16	Leases – Covid-19-Related Rent Concessions
MFRS 101 and MFRS 108	Definition of Material



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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 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 3 Reference to the Conceptual Framework	1 January 2022
MFRS 4, Interest Rate Benchmark Reform – Phase 2	1 January 2021
MFRS 7,	
MFRS 9,	
MFRS 16	
and MFRS 139	
MFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
MFRS 10, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
MFRS 128 Associate or Joint Venture	
MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 101 Disclosure of Accounting Policies	1 January 2023
MFRS 108 Definition of Accounting Estimates	1 January 2023
MFRS 116 Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
MFRS 137 Onerous Contracts—Cost of Fulfilling a Contract	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

Incorporation of a new subsidiary

On 3 May 2021, a wholly-owned subsidiary of the Company, Manforce Resources (M) Sdn Bhd had incorporated an indirect subsidiary, Manforce Ezpay Sdn Bhd, with a total issued and paid-up capital of RM1.00 which consists of 1 ordinary share.

Except for the above, 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.

9. Other investments

	Unaudited 31 Mar 2021 RM'000	Audited 30 Sep 2020 RM'000
Non-current		
<u>Financial asset at fair value through profit or loss</u>		
- Quoted shares	1,434	1,212
<u>Financial asset at amortised cost</u>		
- Unquoted debt security	492	484
	<u>1,926</u>	<u>1,696</u>



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10. Breakdown of cash and cash equivalents

	6 Months Ended	
	Unaudited 31 Mar 2021 RM'000	Unaudited 31 Mar 2020 RM'000
Deposits placed with licensed banks	2,245	2,202
Less: Pledged deposits	(1,265)	(1,249)
	<u>980</u>	<u>953</u>
Cash and bank balances	4,086	4,094
Bank overdrafts	(4,353)	(1,627)
Cash and cash equivalents	<u>713</u>	<u>3,420</u>

11. Segmental information

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

	Individual 6 Months Ended			
	31 Mar 2021		31 Mar 2020	
	RM'000	%	RM'000	%
Revenue				
Foreign worker management services	18,028	45.56	18,331	50.70
Manual labour services	21,114	53.35	17,763	49.13
Other ancillary services	431	1.09	60	0.17
Total	<u>39,573</u>	<u>100.00</u>	<u>36,154</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 and incentives received from the sale of foreign worker insurance products and financial services related products.



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12. Related parties transactions

Related parties	Relationship	Nature of transaction	Individual 6 Months Ended	
			31 Mar 2021 RM'000	31 Mar 2020 RM'000
MNC HARDWARE TRADING SDN BHD	A company own by family members of Directors	Purchase of equipment/tools	6	7
MNC HARDWARE TRADING SDN BHD	A company own by family members of Directors	Sales of plant and equipment	2	-
OE GALAXY RESORT SDN BHD	A company own by a Director	Employment services rendered	64	-
PRO CURTAIN INSTALLATION SERVICES SDN BHD	A company own by a Director	Employment services rendered	214	-
MK CURTAIN PREMIUM SDN BHD	A company own by a Director	Employment services rendered	5	-
MKAYE GROUP SDN BHD	A company own by a Director	Employment services rendered	14	-
MK TEXTILES HOLDINGS SDN BHD	A company own by a Director	Employment services rendered	6	-
CK TEXTILE SDN BHD	A company own by a Director	Employment services rendered	9	-
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.

13. Material events during the financial period

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

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14. 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.

15. 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.

16. Loans and borrowings

	31 Mar 2021	30 Sep 2020
	RM'000	RM'000
Non-current liabilities		
- Term loans	4,491	5,050
Current liabilities		
- Finance lease liabilities	-	-
- Term loans	1,155	1,063
- Bank overdrafts	4,353	4,294
	<u>5,508</u>	<u>5,357</u>
	<u>9,999</u>	<u>10,407</u>

17. Profit/(Loss) per share

a) The basic profit/(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 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company (RM'000)	740	(969)	740	(969)
Weighted average number of ordinary shares in issue ('000)	319,983	319,983	319,983	319,983
Basic profit/(loss) per share (sen)	<u>0.23</u>	<u>(0.30)</u>	<u>0.23</u>	<u>(0.30)</u>

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



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18. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at 31 March 2021.



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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 RM18.0 million or 45.56% of total revenue and RM21.1 million or 53.35% of total revenue respectively, while our other ancillary services contributed RM0.43 million or 1.09% of our total revenue.

The Group recorded a higher revenue and gross profit amounted to RM39.5 million and RM5.2 million in the current financial period as compared to the revenue and gross profit amounted to RM36.1 million and RM4.5 million in the preceding year. The improved in revenue and gross profit was mainly due to the higher demand from customers together with the cost savings in levy expenses resulted from the discount provided by the Government due to COVID-19 pandemic outbreak in Malaysia and the reduction in the certain direct costs in workers management.

The Group recorded comprehensive profit after taxation of RM0.74 million (2020: Loss after taxation of RM0.97 million) for the current financial period under review is mainly due to increase in revenue, unrealised fair value gain on financial assets and the decrease in administrative expenses as compared to the comparative period under review.

2. Prospects of the Group

Due to the recent spike in Covid-19 cases and re-implementation of MCO in Malaysia, it has raised more uncertainties on the overall market condition and the current market sentiment remains challenging for all businesses. In addition, current border restriction has resulted freeze on foreign workers recruitment and the Group has implemented tighter measures to maintain existing foreign workers under its management.

Although border restriction has restricted new foreign workers arrival in Malaysia, but the Group is studying the possibility to increase the number of workforce from the foreign worker recalibration programme that was launched by the Government last November 2020 to regularise the foreign workforce in the country.

As the influx of foreign workers declined, the Group is strongly determined to elevate and recharge Malaysia's workforce and economy again by introducing the Malaysians Development Uplift Programme. The Board of Directors is in the opinion that this programme will be beneficial to accelerate the Group's business and contribution to the nation's economy in the long run.



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The Group is continuing to implement stringent measures in the internal cost control, as well as its operation efficiency and improving customer awareness of the Group's offering through advertising activities in order to enhance the Group's earnings and improve its financial performance.

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

The Board has on 16 February 2021 declared a single tier interim dividend of 0.0025 sen per ordinary share in respect of the financial year ending 30 September 2021. The interim dividend amounting to RM799,956 was paid on 9 March 2021.

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 2021.

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