



MANFORCE GROUP

Think Workforce, Think Manforce

MANFORCE GROUP BERHAD

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

(Incorporated in Malaysia)

HALF-YEARLY ANNOUNCEMENT FOR FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 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
30 SEPTEMBER 2021 ⁽¹⁾**

	12 Months Ended	
	Unaudited 30 Sep 2021 RM'000	Audited 30 Sep 2020 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	178	276
Right-of-use assets	3,513	3,617
Intangible assets	144	216
Other investments	1,883	1,696
	<u>5,718</u>	<u>5,805</u>
CURRENT ASSETS		
Inventories	95	140
Trade and other receivables	17,176	18,225
Prepayments	2,598	3,026
Contract assets	4,094	4,081
Tax recoverable	209	644
Fixed deposits with licensed banks	2,275	2,234
Cash and bank balances	3,192	4,824
	<u>29,639</u>	<u>33,174</u>
TOTAL ASSETS	<u>35,357</u>	<u>38,979</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021 ⁽¹⁾ (CONTINUED)

	12 Months Ended	
	Unaudited 30 Sep 2021 RM'000	Audited 30 Sep 2020 RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	21,329	21,329
Reorganisation reserves	(12,599)	(12,599)
Retained earnings	10,514	9,940
TOTAL EQUITY	<u>19,244</u>	<u>18,670</u>
NON-CURRENT LIABILITIES		
Bank borrowings	3,678	5,050
Lease liabilities	44	73
Deferred tax liabilities	21	21
	<u>3,743</u>	<u>5,144</u>
CURRENT LIABILITIES		
Trade and other payables	7,872	9,559
Bank borrowings	4,502	5,357
Lease liabilities	38	114
Tax liabilities	(42)	135
	<u>12,370</u>	<u>15,165</u>
TOTAL LIABILITIES	<u>16,113</u>	<u>20,309</u>
TOTAL EQUITY AND LIABILITIES	<u>35,357</u>	<u>38,979</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.0601	0.0583

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 YEAR ENDED 30 SEPTEMBER 2021 ⁽¹⁾

	Individual 6 Months Ended		Cumulative 12 Months Ended	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	33,938	34,571	73,511	70,725
Cost of sales	(29,299)	(31,947)	(63,697)	(63,574)
Gross profit	4,639	2,624	9,814	7,151
Other income	764	427	1,143	732
Administrative expenses	(3,955)	(4,223)	(8,326)	(9,410)
Net reversal/(loss) on impairment of financial instruments	63	(873)	84	(858)
Other expenses	(1)	(220)	(54)	(365)
Other gains	18	440	301	440
Operating profit/(loss)	1,528	(1,825)	2,962	(2,310)
Finance income	41	42	63	81
Finance costs	(252)	(225)	(599)	(414)
Share of results of an associate	-	(24)	-	(24)
Profit/(Loss) before tax	1,317	(2,032)	2,426	(2,667)
Tax expense	(684)	(446)	(1,052)	(777)
Net profit/(loss) for the financial year	633	(2,478)	1,374	(3,444)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive profit/(loss) for the financial year	633	(2,478)	1,374	(3,444)
Total comprehensive loss for the financial year attributable to:				
Owner of the Company	633	(2,478)	1,374	(3,444)
Non-Controlling interests	-	-	-	-
	633	(2,478)	1,374	(3,444)

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 YEAR ENDED 30 SEPTEMBER 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 profit/(loss) for the financial year	-	-	1,374	1,374	-	1,374
As at 30 September 2021 (Unaudited)	21,329	(12,599)	10,514	19,244	-	19,244

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**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021 ⁽¹⁾

	12 Months Ended	
	Unaudited 30 Sep 2021 RM'000	Audited 30 Sep 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	2,427	(2,667)
Adjustments for :		
Depreciation of plant and equipment	135	132
Depreciation of right-of-use assets	103	224
Amortisation of intangible asset	102	143
Fair value gain on quoted investment funds	-	(1)
Fair value gain on financial assets at FVPL - realised	(47)	(866)
Fair value gain on financial assets at FVPL - unrealised	(254)	425
Impairment loss on		
- trade receivables	(12)	271
- contract assets	-	712
- other receivables	3	-
Bad debts written off	8	117
Finance costs		
- bank overdraft	329	92
- finance leases	(9)	5
- term loans	270	316
Finance income		
- deposits placed with licensed banks	(41)	(62)
- other interest income	(4)	(2)
- unwinding of discount of financial asset	(17)	(18)
Reversal of impairment losses		
- trade receivables	(33)	(124)
- other receivables	(3)	-
- investment in associate	-	(24)
Gain on disposal of plant and equipment	-	(45)
Operating profit/(loss) before working capital changes	2,957	(1,348)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED) ⁽¹⁾

	12 Months Ended	
	Unaudited 30 Sep 2021 RM'000	Audited 30 Sep 2020 RM'000
Changes in working capital:		
Inventories	45	(40)
Trade and other receivables, deposits and prepayments	1,516	(4,020)
Contract assets	(14)	430
Trade and other payables	(1,687)	108
Cash generated/(used in) from operations	2,817	(4,870)
Interest received	4	2
Interest paid	(329)	(92)
Tax paid, net of tax refunded	(795)	(222)
NET CASH GENERATED/(USED IN) FROM OPERATING ACTIVITIES	1,697	(5,182)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	-	45
Proceeds from disposal of an investment fund	-	108
Proceeds from disposal of quoted equity securities	384	2,007
Purchase of quoted equity securities	(252)	(2,779)
Purchase of plant and equipment	(37)	(96)
Change in pledged deposits	-	(16)
Acquisition of intangible asset	(30)	(71)
Interest received	41	61
NET CASH GENERATED/(USED IN) IN INVESTING ACTIVITIES	106	(741)



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Part A – Explanatory notes to the interim financial statements for the year ended 30 September 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 year ended 30 September 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

MFRS 7, MFRS 9, and MFRS 139

MFRS 16

MFRS 101 and MFRS 108

Definition of a Business

Interest Rate Benchmark Reform

Leases – Covid-19-Related Rent Concessions

Definition of Material



MANFORCE GROUP BERHAD

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(Incorporated in Malaysia)

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,	
MFRS 7,	
MFRS 9,	
MFRS 16	
and MFRS	
139 Interest Rate Benchmark Reform – Phase 2	1 January 2021
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 year-to-date under review.



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(Registration No.: 201701014455 (1228620-V))
(Incorporated in Malaysia)

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 year-to-date under review.

6. Material changes in accounting estimates

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

7. Changes in the composition of the Group

Incorporation of new subsidiary

On 3 May 2021, a wholly-owned subsidiary of the Company, Manforce Resources (M) Sdn Bhd had incorporated a wholly-owned 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 year-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 year-to-date under review.

9. Other investments

	12 Months Ended	
	Unaudited 30 Sep 2021 RM'000	Audited 30 Sep 2020 RM'000
Non-current		
<u>Financial asset at amortised cost</u>		
- Unquoted debt security	501	484
<u>Financial asset at fair value through profit or loss</u>		
- Quoted shares	1,382	1,212
	<u>1,883</u>	<u>1,696</u>

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(Incorporated in Malaysia)

10. Breakdown of cash and cash equivalents

	12 Months Ended	
	Unaudited 30 Sep 2021 RM'000	Audited 30 Sep 2020 RM'000
Deposits placed with licensed banks	2,275	2,234
Less: Pledged deposits	(1,265)	(1,265)
	<u>1,010</u>	<u>969</u>
Cash and bank balances	3,192	4,824
Bank overdraft	(3,669)	(4,294)
Cash and cash equivalents	<u>533</u>	<u>1,499</u>

11. Segmental information

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

	Cumulative 6 Months Ended			
	30 Sept 2021		30 Sep 2020	
	RM'000	%	RM'000	%
Revenue				
Foreign worker management services	16,330	48.12	12,937	37.42
Manual labour services	17,545	51.70	21,567	62.38
Other ancillary services	63	0.18	67	0.20
Total	<u>33,938</u>	<u>100.00</u>	<u>34,571</u>	<u>100.00</u>

	Cumulative 12 Months Ended			
	30 Sept 2021		30 Sep 2020	
	RM'000	%	RM'000	%
Foreign worker management services	34,358	46.74	31,268	44.21
Manual labour services	38,659	52.59	39,330	55.61
Other ancillary services	494	0.67	127	0.18
Total	<u>73,511</u>	<u>100.00</u>	<u>70,725</u>	<u>100.00</u>



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11. Segmental information (Continued)

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.

12. Related parties transactions

Related parties	Relationship	Nature of transaction	30 Sept 2021 RM'000	30 Sep 2020 RM'000
MNC HARDWARE TRADING SDN BHD	A company own by family members of Directors	Purchase of equipment/tools	15	14
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	97	6
PRO CURTAIN INSTALLATION SERVICES SDN BHD	A company own by a Director	Employment services rendered	440	21



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12. Related parties transactions (Continued)

Related parties	Relationship	Nature of transaction	30 Sept 2021 RM'000	30 Sep 2020 RM'000
MK CURTAIN PREMIUM SDN BHD	A company own by a Director	Employment services rendered	7	1
MKAYE GROUP SDN BHD	A company own by a Director	Employment services rendered	26	2
MK TEXTILES HOLDINGS SDN BHD	A company own by a Director	Employment services rendered	13	-
CK TEXTILE SDN BHD	A company own by a Director	Employment services rendered	8	-
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 year-to-date under review.

13. Material events during the financial year

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

14. Material events subsequent to the end of the financial year

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



MANFORCE GROUP BERHAD
(Registration No.: 201701014455 (1228620-V))
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16. Borrowings

	30 Sept 2021 RM'000	30 Sep 2020 RM'000
Non-current liabilities		
- Term loans	3,678	5,050
Current liabilities		
- Term loans	832	1,063
- Bank overdraft	3,669	4,294
	<u>4,501</u>	<u>5,357</u>
	<u>8,179</u>	<u>10,407</u>

17. Profit/(Loss) per share

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

	Individual 6 Months Ended		Cumulative 12 Months Ended	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
Profit/(Loss) attributable to the owners of the Company (RM'000)	633	(2,478)	1,374	(3,444)
Weighted average number of ordinary shares in issue ('000)	<u>319,983</u>	<u>319,983</u>	<u>319,983</u>	<u>319,983</u>
Basic profit/(loss) per share (sen)	<u>0.20</u>	<u>(0.77)</u>	<u>0.43</u>	<u>(1.08)</u>

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

18. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at 30 September 2021.



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

1. Review of performance

During the year under review, our revenue is mainly derived from Foreign Worker management and Manual Labour Services amounted to RM34.36 million or 46.74% of total revenue and RM38.65 million or 52.59% of total revenue respectively, while our other ancillary services contributed RM0.49 million or 0.67% of our total revenue.

The Group recorded a higher revenue and gross profit amounted to RM73.5 million and RM9.8 million in the current financial year as compared to the revenue and gross profit amounted to RM70.7 million and RM7.1 million in the preceding year. The improvement in revenue and gross profit was mainly due to the higher demand from customers from the services offered 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 certain direct costs in workers management.

The Group recorded total comprehensive profit after taxation of RM1.4 million (2020: Loss after taxation of RM3.4 million) in the current financial year under review is mainly due to the increase in revenue, unrealized fair value gain on financial assets and the decrease in administrative expenses as compared to the comparative preceding year under review.

2. Prospects of the Group

Due to the spike in Covid-19 cases and re-implementation of MCO, 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 worker recruitment. The Group has implemented tighter measures to maintain existing foreign worker.

Whilst the Government has gradually eased the restriction and businesses are allowed to operate under strict standard operating procedures, the recovery of our local economy, as well as the return to our normal social behaviour will require more time and efforts from all stakeholders.

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 of the Group is in the opinion that this programme will be beneficial to accelerate the Group's business and contribution to the nation.



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2. Prospects of the Group (Cont'd)

With the current uncertainty in the local and global economy due to the COVID-19 outbreak, the performance of the Group for the financial year ending 30 September 2022 will remain challenging. However, the Group will exercise extra vigilance in the business and will strive to deliver satisfactory performance for the remaining of the year despite the COVID-19 pandemic.

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	Revised Utilisation RM'000	Estimated timeframe for utilisation upon listing
Working capital:					
- Hiring costs	6,100	2,822	3,278	(3,278)	
- Medical fees/examination and processing fee for the workers' work permits	1,060	490	570	(570)	
- Staff salaries for sales and marketing team	380	380	-		
Estimated listing expenses ^(b)	1,100	1,100	-		
Renewal of work permit, and processing fee	-	-	-	2,874	Within 12 months
Support and Administrative employee salaries	-	-	-	500	Within 12 months
Enhancement of Software Development	-	-	-	375	Within 12 months
Repayment of HP creditor	-	-	-	99	Within 3 months
Total	8,640	4,792	3,848	3,848	



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(Incorporated in Malaysia)

- (a) Utilisation as at 30 September 2021.
- (b) The Group incurred listing expenses of RM1.43 million, of which RM0.33 million came from internally generated funds.