



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 2022

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 2022 ⁽¹⁾**

	Unaudited 31 Mar 2022 RM'000	Audited 30 Sep 2021 RM'000
NON-CURRENT ASSETS		
Plant and equipment	139	178
Right-of-use assets	3,565	3,513
Intangible assets	154	144
Other investments	2,364	1,883
	<u>6,222</u>	<u>5,718</u>
CURRENT ASSETS		
Inventories	84	95
Trade and other receivables	17,690	17,176
Prepayments	2,231	2,598
Contract assets	4,007	4,094
Tax recoverable	455	251
Fixed deposits with licensed banks	2,173	2,275
Cash and bank balances	2,840	3,192
	<u>29,480</u>	<u>29,681</u>
TOTAL ASSETS	<u>35,702</u>	<u>35,399</u>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2022 ⁽¹⁾ (CONTINUED)**

	Unaudited 31 Mar 2022 RM'000	Audited 30 Sep 2021 RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	21,329	21,329
Reorganisation reserves	(12,599)	(12,599)
Retained earnings	9,959	10,514
TOTAL EQUITY	<u>18,689</u>	<u>19,244</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	3,975	3,678
Lease liabilities	60	44
Deferred tax liabilities	21	21
	<u>4,056</u>	<u>3,743</u>
CURRENT LIABILITIES		
Trade and other payables	7,617	7,872
Loans and borrowings	5,326	4,502
Lease liabilities	14	38
	<u>12,957</u>	<u>12,412</u>
TOTAL LIABILITIES	<u>17,013</u>	<u>16,155</u>
TOTAL EQUITY AND LIABILITIES	<u>35,702</u>	<u>35,399</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.0584	0.0601

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022 ⁽¹⁾

	Individual 6 Months Ended		Cumulative 6 Months Ended	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	33,896	39,573	33,896	39,573
Cost of sales	(29,566)	(34,398)	(29,566)	(34,398)
Gross profit	4,330	5,175	4,330	5,175
Other income	414	380	414	380
Administrative expenses	(4,751)	(4,372)	(4,751)	(4,372)
Net reversal on impairment of financial instruments	-	21	-	21
Other expenses	-	(54)	-	(54)
Other gains	(189)	283	(189)	283
Operating (loss)/profit	(196)	1,433	(196)	1,433
Finance income	32	22	32	22
Finance costs	(270)	(347)	(270)	(347)
(Loss)/Profit before tax	(434)	1,108	(434)	1,108
Tax expense	(121)	(368)	(121)	(368)
Net (loss)/profit for the financial period	(555)	740	(555)	740
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income for the financial period	(555)	740	(555)	740
Total comprehensive (loss)/income for the financial period attributable to:				
Owner of the Company	(555)	740	(555)	740
Non-Controlling interests	-	-	-	-
	(555)	740	(555)	740
(Loss)/Earnings per ordinary share (sen):				
- Basic	(0.17)	0.23	(0.17)	0.23

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 2022 ⁽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 2020 (Audited)	21,329	(12,599)	9,940	18,670	-	18,670
Total comprehensive income for the financial year	-	-	1,374	1,374	-	1,374
Dividends paid			(800)	(800)	-	(800)
As at 30 September 2021 / 1 October 2021 (Audited)	21,329	(12,599)	10,514	19,244	-	19,244
Dividends paid	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	(555)	(555)	-	(555)
As at 31 March 2022 (Unaudited)	21,329	(12,599)	9,959	18,689	-	18,689

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 2022 ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Mar 2022 RM'000	Unaudited 31 Mar 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(434)	1,108
Adjustments for :		
Depreciation of plant and equipment	55	72
Depreciation of right-of-use assets	44	52
Amortisation of intangible asset	19	76
Fair value gain on financial assets - realised	-	(3)
Fair value (loss)/gain on financial assets - unrealised	189	(280)
Impairment loss on		
- trade receivables	-	20
Bad debts written off		
- other receivables	-	8
Finance costs		
- bank overdrafts	149	151
- finance leases	4	4
- term loans	96	187
Finance income		
- deposits placed with licensed banks	(17)	(11)
- other interest income	(6)	(2)
- unwinding of discount of financial asset	(9)	(9)
Reversal of impairment losses		
- other receivables	-	(41)
Operating profit/(loss) before working capital changes	90	1,332



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED) ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Mar 2022 RM'000	Unaudited 31 Mar 2021 RM'000
Changes in working capital:		
Inventories	11	24
Trade and other receivables	(148)	213
Contract assets	88	137
Trade and other payables	(254)	(577)
Cash generated (used in)/ from operations	(213)	1,129
Interest received	6	2
Interest paid	(149)	(151)
Tax paid, net of tax refunded	(324)	(261)
NET CASH GENERATED (USED IN) / FROM OPERATING ACTIVITIES	(680)	719
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of quoted equity securities	-	86
Purchase of quoted equity securities	(661)	(25)
Purchase of plant and equipment	(15)	(37)
Purchase of Right-of-use assets	(96)	-
Acquisition of intangible asset	(30)	(12)
Interest received	17	11
Withdrawal of fixed deposits	119	-
NET CASH GENERATED (USED IN) / FROM INVESTING ACTIVITIES	(666)	23



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED) ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Mar 2022	Unaudited 31 Mar 2021
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(800)
Interest paid	(100)	(192)
Repayment of loans and borrowings		
- term loans	11	(467)
Repayment of lease liabilities	(9)	(68)
NET CASH USED IN FINANCING ACTIVITIES	<u>(98)</u>	<u>(1,527)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,444)	(785)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	713	1,498
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>(731)</u>	<u>713</u>

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 2022

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 2022 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 2021 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 2021 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 2021:

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, 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, MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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

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 2022 RM'000	Audited 30 Sep 2021 RM'000
Non-current		
<u>Financial asset at fair value through profit or loss</u>		
- Quoted shares	1,854	1,381
<u>Financial asset at amortised cost</u>		
- Unquoted debt security	510	501
	<u>2,364</u>	<u>1,882</u>



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10. Breakdown of cash and cash equivalents

	6 Months Ended	
	Unaudited 31 Mar 2022 RM'000	Unaudited 31 Mar 2021 RM'000
Deposits placed with licensed banks	2,173	2,245
Less: Pledged deposits	<u>(965)</u>	<u>(1,265)</u>
	1,208	980
Cash and bank balances	2,840	4,086
Bank overdrafts	<u>(4,779)</u>	<u>(4,353)</u>
Cash and cash equivalents	<u>(731)</u>	<u>713</u>

11. Segmental information

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

	Individual 6 Months Ended			
	31 Mar 2022		31 Mar 2021	
	RM'000	%	RM'000	%
Revenue				
Foreign worker management services	14,121	41.66	18,028	45.56
Manual labour services	19,609	57.85	21,114	53.35
Other ancillary services	166	0.49	431	1.09
Total	<u>33,896</u>	<u>100.00</u>	<u>39,573</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 2022 RM'000	31 Mar 2021 RM'000
MNC HARDWARE TRADING SDN BHD	A company own by family members of Directors	Purchase of equipment/tools	62	6
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	37	64
PRO CURTAIN INSTALLATION SERVICES SDN BHD	A company own by a Director	Employment services rendered	237	214
MK CURTAIN PREMIUM SDN BHD	A company own by a Director	Employment services rendered	2	5
MKAYE GROUP SDN BHD	A company own by a Director	Employment services rendered	22	14
MK TEXTILES HOLDINGS SDN BHD	A company own by a Director	Employment services rendered	20	6
CK TEXTILE SDN BHD	A company own by a Director	Employment services rendered	-	9

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 2022	30 Sep 2021
	RM'000	RM'000
Non-current liabilities		
- Term loans	3,974	3,678
Current liabilities		
- Term loans	547	832
- Bank overdrafts	4,779	3,669
	<u>5,326</u>	<u>4,501</u>
	<u>9,300</u>	<u>8,179</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 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company (RM'000)	(555)	740	(555)	740
Weighted average number of ordinary shares in issue ('000)	319,983	319,983	319,983	319,983
Basic profit/(loss) per share (sen)	<u>(0.17)</u>	<u>0.23</u>	<u>(0.17)</u>	<u>0.23</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 2022.



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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 RM14.0 million or 41.66% of total revenue and RM19.6 million or 57.85% of total revenue respectively, while our other ancillary services contributed RM0.16 million or 0.49% of our total revenue.

The Group recorded a lower revenue and gross profit amounted to RM33.8 million and RM4.3 million in the current financial period as compared to the revenue and gross profit amounted to RM39.5 million and RM5.2 million in the preceding year. The drop in revenue and gross profit was mainly due to the lower demand from customers together with the higher rate of foreign workers completed their contract returned to source countries and the continued cost pressure in the certain direct costs in workers management.

The Group recorded comprehensive loss after taxation of RM0.56 million (2021: Profit after taxation of RM0.74 million) for the current financial period under review is mainly due to lower in revenue, unrealised fair value loss on financial assets and the increase in administrative expenses as compared to the comparative period under review.

2. Prospects of the Group

Despite the challenging external environment such as the high inflation rate, rising commodities prices globally, on-going Russia-Ukraine war, and the forcing of various cities' lockdowns in China resulted from the recent spike in Covid-19 cases, it has raised more uncertainties on the overall global market condition and the current market sentiment remains challenging for all businesses in Malaysia.

However, with the opening of border restriction on 1 April 2022, for travelers' and improve relaxation of certain restriction under the Government of Malaysia's National Recovery Plan has resulted improved economic activities in the country and the Group has received various demand in recruitment and management of foreign workers from its customers.

Based on the abovementioned mixed developments for the Group coupled with the associated risks on the unpredictability and uncertainty posed by the various challenges on the Group's business operations, together with the implementation of Minimum Wage Order 2022, we are cautiously optimistic of the Group's financial performance in the coming months of 2022.



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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	Revised 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	(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	2,041	834	Within 12 months
Support and Administrative employee salaries	-	-	-	500	500	-	Within 12 months
Enhancement of Software Development	-	-	-	375	55	320	Within 12 months
Repayment of HP creditor	-	-	-	99	85	14	Within 3 months
Total	8,640	4,792	3,848	3,848	2,681	1,167	

(a) Utilisation as at 31 March 2022.

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