



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 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.

**MANFORCE GROUP BERHAD**

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 ⁽¹⁾

	12 Months Ended	
	Unaudited 30 Sep 2022 RM'000	Audited 30 Sep 2021 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	574	178
Right-of-use assets	3,880	3,513
Intangible assets	134	144
Other investments	2,214	1,883
	<u>6,802</u>	<u>5,718</u>
CURRENT ASSETS		
Inventories	82	95
Trade and other receivables	22,170	17,176
Prepayments	3,512	2,598
Contract assets	4,380	4,094
Tax recoverable	907	251
Fixed deposits with licensed banks	2,194	2,275
Cash and bank balances	5,123	3,192
	<u>38,368</u>	<u>29,681</u>
TOTAL ASSETS	<u>45,170</u>	<u>35,399</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	21,329	21,329
Reorganisation reserves	(12,599)	(12,599)
Retained earnings	11,756	10,514
TOTAL EQUITY	<u>20,486</u>	<u>19,244</u>
NON-CURRENT LIABILITIES		
Bank borrowings	7,737	3,678
Lease liabilities	248	44
Deferred tax liabilities	21	21
	<u>8,006</u>	<u>3,743</u>
CURRENT LIABILITIES		
Trade and other payables	9,463	7,872
Bank borrowings	7,148	4,502
Lease liabilities	67	38
	<u>16,678</u>	<u>12,412</u>
TOTAL LIABILITIES	<u>24,684</u>	<u>16,155</u>
TOTAL EQUITY AND LIABILITIES	<u>45,170</u>	<u>35,399</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.0640	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.



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 2022 ⁽¹⁾

	Individual 6 Months Ended				Cumulative 12 Months Ended			
	30 Sep 2022 RM'000	30 Sep 2021 RM'000	Changes RM'000	(%)	30 Sep 2022 RM'000	30 Sep 2021 RM'000	Changes RM'000	(%)
Revenue	36,542	33,938	2,604	8	70,438	73,511	(3,073)	-4
Cost of sales	(30,163)	(29,299)	(864)	3	(59,729)	(63,697)	3,968	-6
Gross profit	6,379	4,639	1,740	38	10,709	9,814	895	9
Other income	427	778			841	1,158		
Administrative expenses	(4,852)	(3,955)			(9,602)	(8,326)		
Net reversal on impairment of financial instruments	474	63			474	84		
Other expenses	(2)	-			(1)	(54)		
Other gains	(159)	17			(348)	300		
Operating profit	2,267	1,542	725	47	2,073	2,976	(903)	-30
Finance income	69	41			101	63		
Finance costs	(368)	(267)			(639)	(614)		
Share of results of an associate	-	-			-	-		
Profit before tax	1,968	1,316	652	50	1,535	2,425	(890)	-37
Tax expense	(172)	(684)			(293)	(1,052)		
Net profit for the financial year	1,796	632	1,164	184	1,242	1,373	(131)	-10
Other comprehensive income, net of tax	-	-			-	-		
Total comprehensive profit for the financial year	1,796	632			1,242	1,373		
Total comprehensive profit for the financial year attributable to:								
Owner of the Company	1,796	632			1,242	1,373		
Non-Controlling interests	-	-			-	-		
	1,796	632			1,242	1,373		
Earnings per ordinary share (sen):								
- Basic	0.56	0.20			0.39	0.43		

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 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	-	-	1,242	1,242	-	1,242
As at 30 September 2022 (Unaudited)	21,329	(12,599)	11,756	20,486	-	20,486

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 YEAR ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	12 Months Ended	
	Unaudited 30 Sep 2022 RM'000	Audited 30 Sep 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,535	2,425
Adjustments for :		
Depreciation of plant and equipment	94	135
Depreciation of right-of-use assets	90	103
Amortisation of intangible asset	39	103
Fair value (gain) on financial assets at FVPL - realised	-	(47)
Fair value loss/(gain) on financial assets at FVPL - unrealised	348	(254)
Impairment loss on		
- trade receivables	-	9
Finance costs		
- bank overdraft	343	330
- leases liability	9	6
- term loans	215	270
Finance income		
- deposits placed with licensed banks	(37)	(41)
- other interest income	(46)	(4)
- unwinding of discount of financial asset	(18)	(18)
Reversal of impairment losses		
- trade receivables	(571)	(37)
- other receivables	(902)	-
- contract asset	-	(76)
Gain on disposal of right of uses asset	10	-
Operating profit before working capital changes	1,109	2,905

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED) ⁽¹⁾

	12 Months Ended	
	Unaudited 30 Sep 2022 RM'000	Audited 30 Sep 2021 RM'000
Changes in working capital:		
Inventories	14	45
Trade and other receivables, deposits and prepayments	(4,436)	1,507
Contract assets	(285)	62
Trade and other payables	1,591	(1,687)
Cash (used in)/generated from operations	(2,007)	2,832
Interest received	46	4
Interest paid	(343)	(330)
Tax paid, net of tax refunded	(949)	(795)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(3,253)	1,711
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of quoted equity securities	-	384
Purchase of quoted equity securities	(661)	(252)
Purchase of plant and equipment	(489)	(37)
Purchase of right of uses asset	(467)	-
Change in pledged deposits	-	(9)
Acquisition of intangible asset	(30)	(30)
Interest received	37	41
Withdrawal of fixed deposits	118	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(1,492)	97

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED) ⁽¹⁾

	12 Months Ended	
	Unaudited 30 Sep 2022 RM'000	Audited 30 Sep 2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(800)
Interest paid	(224)	(276)
Drawdown of Borrowings	3,010	-
Repayment of term loans	1,926	(1,604)
Repayment of lease liabilities	233	(104)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>4,945</u>	<u>(2,784)</u>

	12 Months Ended	
	Unaudited 30 Sep 2022 RM'000	Audited 30 Sep 2021 RM'000
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	200	(976)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	523	1,499
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>723</u>	<u>523</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 year ended 30 September 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 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 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 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



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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	Sale or Contribution of Assets between an Investor and its	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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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

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 2022 RM'000	Audited 30 Sep 2021 RM'000
Non-current		
<u>Financial asset at amortised cost</u>		
- Unquoted debt security	519	501
<u>Financial asset at fair value through profit or loss</u>		
- Quoted shares	1,695	1,382
	<u>2,214</u>	<u>1,883</u>

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10. Breakdown of cash and cash equivalents

	12 Months Ended	
	Unaudited 30 Sep 2022 RM'000	Audited 30 Sep 2021 RM'000
Deposits placed with licensed banks	2,194	2,274
Less: Pledged deposits	(1,155)	(1,274)
	<u>1,039</u>	<u>1,000</u>
Cash and bank balances	5,123	3,192
Bank overdraft	(5,439)	(3,669)
Cash and cash equivalents	<u>723</u>	<u>523</u>

11. Segmental information

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

	Cumulative 6 Months Ended			
	30 Sep 2022		30 Sep 2021	
	RM'000	%	RM'000	%
Revenue				
Foreign worker management services	14,903	40.78	16,330	48.12
Manual labour services	20,986	57.43	17,545	51.70
Other ancillary services	653	1.79	63	0.18
Total	<u>36,542</u>	<u>100.00</u>	<u>33,938</u>	<u>100.00</u>

	Cumulative 12 Months Ended			
	30 Sep 2022		30 Sep 2021	
	RM'000	%	RM'000	%
Foreign worker management services	29,024	41.21	34,962	47.56
Manual labour services	40,595	57.63	35,714	48.58
Other ancillary services	819	1.16	2,835	3.86
Total	<u>70,438</u>	<u>100.00</u>	<u>73,511</u>	<u>100.00</u>



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11. Segmental information (Continued)

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

- a) 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);
- b) 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
- c) 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 Sep 2022 RM'000	30 Sep 2021 RM'000
MNC HARDWARE TRADING SDN BHD	A company own by family members of Directors	Purchase of equipment/tools	73	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	83	97
PRO CURTAIN INSTALLATION SERVICES SDN BHD	A company own by a Director	Employment services rendered	515	440
MK CURTAIN PREMIUM SDN BHD	A company own by a Director	Employment services rendered	7	7
MKAYE GROUP SDN BHD	A company own by a Director	Employment services rendered	47	26
MK TEXTILES HOLDINGS SDN BHD	A company own by a Director	Employment services rendered	34	13
CK TEXTILE SDN BHD	A company own by a Director	Employment services rendered	-	8

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.

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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.

16. Borrowings

	30 Sep 2022 RM'000	30 Sep 2021 RM'000
Non-current liabilities		
- Term loans	5,504	3,678
- Revolving credit	2,233	-
	7,737	3,678
Current liabilities		
- Term loans	932	832
- Bank overdraft	5,439	3,669
- Invoice factoring	777	-
	7,148	4,501
	<u>14,885</u>	<u>8,179</u>

17. Earnings per share

a) The basic earnings 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 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Profit attributable to the owners of the Company (RM'000)	1,796	632	1,242	1,373
Weighted average number of ordinary shares in issue ('000)	319,983	319,983	319,983	319,983
Basic earnings per share (sen)	<u>0.56</u>	<u>0.20</u>	<u>0.39</u>	<u>0.43</u>

b) Diluted earnings per share is the same as the basic earnings 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 2022.



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

1. Review of performance

During the financial year under review ended 30 September 2022, our revenue is mainly derived from Foreign Worker Management and Manual Labour Services amounted to RM29.02 million or 41.21% and RM40.59 million or 57.63% of total revenue respectively, while our other ancillary services contributed RM0.82 million or 1.16% of our total revenue.

The Group recorded a lower revenue amounted to RM70.4 million in the current financial year as compared to the revenue of RM73.5 million in the preceding year. However, the gross profit of the Group has improved by approximately RM895,000 as compared to last preceding year, mainly due to better cost management and product mix.

The Group recorded a lower unaudited Profit Before Tax (“PBT”) and Profit After Tax (“PAT”) for the current financial year under review of RM1.53 million and RM1.24 million respectively, representing a decrease of 37% and 10% compared to the audited PBT and PAT of RM2.45 million and RM1.37 million respectively.

The lower unaudited PBT and PAT for the current financial year under review were mainly due to higher administrative expenses and unrealized fair value loss on financial assets.

2. Prospects of the Group

Despite the challenging external environment such as the high inflation rate, rising interest rate 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 travellers’ 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.

Nonetheless, coupled with the challenging economic outlook for the Group and 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 financial year in 2023.

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	2,874	-	Within 12 months
Support and Administrative employee salaries	-	-	-	500	500	-	Within 12 months
Enhancement of Software Development	-	-	-	375	89	286	Within 12 months
Repayment of HP creditor	-	-	-	99	99	-	Within 3 months
Total	8,640	4,792	3,848	3,848	3,562	286	

(a) Utilisation as at 30 September 2022.

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