



MANFORCE GROUP

Think Workforce, Think Manforce

MANFORCE GROUP BERHAD

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

(Incorporated in Malaysia)

ANNOUNCEMENT FOR FINANCIAL STATEMENTS PERIOD FROM 1st OCTOBER 2022 to 28 FEBRUARY 2023

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 28 FEBRUARY 2023 ⁽¹⁾

	Unaudited 28 Feb 2023 RM'000	Audited 30 Sep 2021 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	694	178
Right-of-use assets	3,437	3,513
Intangible assets	120	144
Investment properties	470	-
Other investments	2,377	1,883
	<u>7,098</u>	<u>5,718</u>
CURRENT ASSETS		
Inventories	76	95
Trade and other receivables	20,954	17,176
Prepayments	5,156	2,598
Contract assets	6,692	4,094
Tax recoverable	1,706	251
Fixed deposits with licensed banks	2,303	2,275
Cash and bank balances	5,078	3,192
	<u>41,965</u>	<u>29,681</u>
TOTAL ASSETS	<u>49,063</u>	<u>35,399</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023 ⁽¹⁾ (CONTINUED)

	Unaudited 28 Feb 2023 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	12,369	10,514
TOTAL EQUITY	<u>21,099</u>	<u>19,244</u>
NON-CURRENT LIABILITIES		
Bank borrowings	5,340	3,678
Lease liabilities	-	44
Deferred tax liabilities	21	21
	<u>5,361</u>	<u>3,743</u>
CURRENT LIABILITIES		
Trade and other payables	10,888	7,872
Bank borrowings	11,715	4,502
Lease liabilities	-	38
	<u>22,603</u>	<u>12,412</u>
TOTAL LIABILITIES	<u>27,964</u>	<u>16,155</u>
TOTAL EQUITY AND LIABILITIES	<u>49,063</u>	<u>35,399</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.0659	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 28 FEBRUARY 2023 ⁽¹⁾

	Individual Period		Cumulative Period	
	Current Period Ended 28 Feb 2023	Preceding Period Corresponding Ended 28 Feb 2022	Current Period 28 Feb 2023	Preceding Period 28 Feb 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	41,346	-	111,784	-
Cost of sales	(36,486)	-	(96,215)	-
Gross profit	4,860	-	15,569	-
Other income	158	-	999	-
Administrative expenses	(4,117)	-	(13,718)	-
Net reversal on impairment of financial instruments	(17)	-	456	-
Other expenses	3	-	2	-
Other gains/losses	95	-	(252)	-
Operating profit	982	-	3,056	-
Finance income	26	-	127	-
Finance costs	(463)	-	(1,102)	-
Profit before tax	545	-	2,081	-
Tax expense	67	-	(226)	-
Net profit for the financial year	612	-	1,855	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive profit for the financial year	612	-	1,855	-
Total comprehensive profit for the financial year attributable to:				
Owner of the Company	612	-	1,855	-
Non-Controlling interests	-	-	-	-
	612	-	1,855	-
Earnings per ordinary share (sen):				
- Basic	0.19	-	0.58	-

Note:

1. There is no comparative for the financial quarter/period ended 28 February 2023 due to the changes in the financial year end from 30 September to 28 February as stated in Note of Explanatory Notes to the Unaudited Interim Financial Report. The Unaudited Condensed Consolidated Statement of Comprehensive Income for the financial quarter/period ended 28 February 2023 is not comparable with the individual and cumulative quarter previously reported.

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 28 FEBRUARY 2023 ⁽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
Total comprehensive profit for the financial period	-	-	1,855	1,855	-	1,855
As at 28 February 2023 (Unaudited)	21,329	(12,599)	12,369	21,099	-	21,099

Note:

1. There is no comparative for the financial quarter/period ended 28 February 2023 due to the changes in the financial year end from 30 September to 28 February as stated in Note of Explanatory Notes to the Unaudited Interim Financial Report. The Unaudited Condensed Consolidated Statement of Comprehensive Income for the financial quarter/period ended 28 February 2023 is not comparable with the individual and cumulative quarter previously reported.

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 28 FEBRUARY 2023 ⁽¹⁾

	Current Period 28 Feb 2023 RM'000	Preceding Period 28 Feb 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,081	-
Adjustments for :		
Depreciation of plant and equipment	193	-
Depreciation of right-of-use assets	76	-
Amortisation of intangible asset	54	-
Depreciation of investment property	4	-
Fair value (gain) on financial assets at FVPL - realised	(4)	-
Fair value loss/(gain) on financial assets at FVPL - unrealised	256	-
Finance costs		
- bank overdraft	544	-
- leases liability	17	-
- term loans	352	-
Finance income		
- deposits placed with licensed banks	(57)	-
- other interest income	(46)	-
- unwinding of discount of financial asset	(25)	-
Reversal of impairment losses		
- trade receivables	(474)	-
Operating profit before working capital changes	<u>2,971</u>	-
Changes in working capital:		
Inventories	19	-
Trade and other receivables, deposits and prepayments	(5,862)	-
Contract assets	(2,598)	-
Trade and other payables	3,016	-
Cash (used in)/generated from operations	<u>(2,454)</u>	-
Interest received	46	-
Interest paid	(544)	-
Tax paid, net of tax refunded	(1,680)	-
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(4,632)</u>	-

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 FEBRUARY 2023 (CONTINUED) ⁽¹⁾

	Current Period 28 Feb 2023 RM'000	Preceding Period 28 Feb 2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of quoted equity securities	30	-
Purchase of quoted equity securities	(752)	-
Purchase of plant and equipment	(168)	-
Purchase of right of uses asset	(540)	-
Purchase of investment property	(474)	-
Change in pledged deposits	63	-
Acquisition of intangible asset	(30)	-
Interest received	57	-
	<hr/>	<hr/>
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(1,814)	-
 CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(368)	-
Drawdown of Borrowings	4,633	-
Repayment of term loans	1,882	-
Repayment of lease liabilities	(82)	-
	<hr/>	<hr/>
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	6,065	-



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 FEBRUARY 2023 (CONTINUED) ⁽¹⁾

	Current Period 28 Feb 2023 RM'000	Preceding Period 28 Feb 2022 RM'000
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(382)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(478)	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>(860)</u>	<u>-</u>

Note:

1. There is no comparative for the financial quarter/period ended 28 February 2023 due to the changes in the financial year end from 30 September to 28 February as stated in Note of Explanatory Notes to the Unaudited Interim Financial Report. The Unaudited Condensed Consolidated Statement of Comprehensive Income for the financial quarter/period ended 28 February 2023 is not comparable with the individual and cumulative quarter previously reported.

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 28 February 2023

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 28th February 2023 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:



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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 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3 Business Combinations	1 January 2023#
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7 Financial Instruments: Disclosures	1 January 2023#
MFRS 9 Financial Instruments:	1 January 2023#
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023#
MFRS 16 Leases	1 January 2024
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107 Statements of Cash Flows	1 January 2023#
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112 Income Taxes	1 January 2023
MFRS 116 Property, Plant and Equipment	1 January 2023#
MFRS 119 Employee Benefits	1 January 2023#
MFRS 128 Investments in Associates and Joint Ventures	1 January 2023#
MFRS 132 Financial Instruments: Presentation	1 January 2023#
MFRS 136 Impairment of Assets	1 January 2023#
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138 Intangible Assets	1 January 2023#
MFRS 140 Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts.

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.



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4. Change of financial year end

As announced on 6 January 2023, the Group changed its financial year end from 30 September to 28 February. Due to the change, the Unaudited Condensed Consolidated Statement of Comprehensive Income, Unaudited Condensed Consolidated Statement of Changes in Equity and Unaudited Condensed Consolidated Statement of Cash Flows for the financial period ended 28 February 2023 are not comparable with the individual and cumulative quarter previously reported.

5. 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.

6. 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.

7. Material changes in accounting estimates

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

8. 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.

9. 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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10. Other investments

	Current Period 28 Feb 2023	Audited 30 Sep 2021
	RM'000	RM'000
Non-current		
<u>Financial asset at amortised cost</u>		
- Unquoted debt security	526	501
<u>Financial asset at fair value through profit or loss</u>		
- Quoted shares	1,851	1,382
	<u>2,377</u>	<u>1,883</u>
Current		
<u>Financial asset at fair value through profit or loss</u>		
- Quoted investment fund	-	-

11. Breakdown of cash and cash equivalents

	Current Period 28 Feb 2023	Audited 30 Sep 2021
	RM'000	RM'000
Deposits placed with licensed banks	2,303	2,275
Less: Pledged deposits	(2,212)	(2,275)
	91	-
Cash and bank balances	5,079	3,192
Bank overdraft	(6,030)	(3,669)
Cash and cash equivalents	<u>(860)</u>	<u>(477)</u>

12. Segmental information

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

	Current Period 28 Feb 2023		Preceding Period 28 Feb 2022	
	RM'000	%	RM'000	%
Foreign worker management services	47,219	42.24	-	-
Manual labour services	63,504	56.81	-	-
Other ancillary services	1,061	0.95	-	-
Total	<u>111,784</u>	<u>100.00</u>	<u>-</u>	<u>-</u>



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12. 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, income from distribution of top-up phone usage, and remittance services.

13. Related parties transactions

Related parties	Relationship	Nature of transaction	28 Feb 2023 RM'000	30 Sep 2021 RM'000
MNC HARDWARE TRADING SDN BHD	A company own by family members of Directors	Purchase of equipment/tools	130	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	114	97
PRO CURTAIN INSTALLATION SERVICES SDN BHD	A company own by a Director	Employment services rendered	644	440
MK CURTAIN PREMIUM SDN BHD	A company own by a Director	Employment services rendered	9	7
MKAYE GROUP SDN BHD	A company own by a Director	Employment services rendered	66	26
MK TEXTILES HOLDINGS SDN BHD	A company own by a Director	Employment services rendered	50	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 period-to-date under review.



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14. Material events during the financial year

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

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

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

16. 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.

17. Borrowings

	28 Feb 2023	30 Sep 2021
	RM'000	RM'000
Non-current liabilities		
- Term Loans	5,067	3,678
- Hire Purchases	273	-
	5,340	3,678
Current liabilities		
- Term Loans	973	832
- Hire Purchases	79	-
- Bank Overdraft	6,030	3,669
- Revolving Credit	3,133	-
- Invoice Factoring	1,500	-
	11,715	4,501
	<u>17,055</u>	<u>8,179</u>



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18. Earnings per share

- a) The basic earnings per share for the current financial period-to-date under review are computed as below:

	Current Period 28 Feb 2023	Preceding Period 28 Feb 2022
Profit attributable to the owners of the Company (RM'000)	1,855	-
Weighted average number of ordinary shares in issue ('000)	<u>319,983</u>	<u>-</u>
Basic earnings per share (sen)	<u>0.58</u>	<u>-</u>

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

19. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at 28 February 2023.



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

1. Review of performance

During the financial period under review for the 17-months ended 28 February 2023, the Group recorded a revenue of approximately RM112 million. The revenue for the current period is mainly contributed from foreign workers management services, which represent 42 % of the Group's revenue while the remaining 57% of the revenue was derived from manual labour management services.

The Group recorded a profit before tax of approximately RM2 million for the 17-months ended 28 February 2023 and this was mainly derived from increase in arrival of foreign worker headcount after border restrictions were lifted resulted from customer demand, as well as a revised rate of customer service charge, together with better cost control measures. However, due to the change in financial year end, it is not possible to compare the current Group's financial performance with previous financial period.

2. Prospects of the Group

Despite the continued uncertainties in the external environment such as the high inflation rate, rising interest rate globally, on-going Russia-Ukraine war, and the fear of global recession, it has raised more challenges on the overall global market economy 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.

The Board expects its subsidiaries and business segment to further continue with the growth momentum into 2023 on the back of the continued recovery of the Malaysia's economy.

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, we are cautiously optimistic of the Group's financial performance in the coming financial year in 2024.

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:

Announcement: 28.02.2023

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	-	
Support and Administrative employee salaries	-	-	-	500	500	-	
Enhancement of Software Development	-	-	-	375	150	225	Additional 6 months of up to 7 September 2023
Repayment of HP creditor	-	-	-	99	99	-	
Total	8,640	4,792	3,848	3,848	3,623	225	

(a) Utilisation as at 28 February 2023.

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