



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 AUGUST 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 31 AUGUST 2023 ⁽¹⁾**

	Unaudited 31 Aug 2023 RM'000	Audited 28 Feb 2023 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	736	694
Right-of-use assets	3,417	3,437
Intangible assets	126	120
Investment properties	467	470
Other investments	2,526	2,377
	<u>7,272</u>	<u>7,098</u>
CURRENT ASSETS		
Inventories	77	76
Trade and other receivables	22,247	20,954
Prepayments	6,682	5,156
Contract assets	9,955	6,692
Tax recoverable	557	1,705
Fixed deposits with licensed banks	2,105	2,303
Cash and bank balances	5,982	5,079
	<u>47,605</u>	<u>41,965</u>
TOTAL ASSETS	<u>54,877</u>	<u>49,063</u>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
AT 31 AUGUST 2023 ⁽¹⁾ (CONTINUED)**

	Unaudited 31 Aug 2023 RM'000	Audited 28 Feb 2023 RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	21,329	21,329
Reorganisation reserves	(12,599)	(12,599)
Retained earnings	14,695	12,212
TOTAL EQUITY	<u>23,425</u>	<u>20,942</u>
NON-CURRENT LIABILITIES		
Bank borrowings	7,924	5,340
Deferred tax liabilities	21	21
	<u>7,945</u>	<u>5,361</u>
CURRENT LIABILITIES		
Trade and other payables	14,436	11,045
Bank borrowings	9,071	11,715
	23,507	22,760
TOTAL LIABILITIES	<u>31,452</u>	<u>28,121</u>
TOTAL EQUITY AND LIABILITIES	<u>54,877</u>	<u>49,063</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.0732	0.0654

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 AUGUST 2023 ⁽¹⁾

	Individual 6 Months Ended		Cumulative 6 Months Ended	
	31 Aug 2023	31 Aug 2022	31 Aug 2023	31 Aug 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	66,978	N/A	66,978	N/A
Cost of sales	(57,806)	N/A	(57,806)	N/A
Gross profit	9,172	N/A	9,172	N/A
Other income	255	N/A	255	N/A
Administrative expenses	(5,769)	N/A	(5,769)	N/A
Other expenses	(1)	N/A	(1)	N/A
Other gains/losses	175	N/A	175	N/A
Operating profit	3,832	N/A	3,832	N/A
Finance income	34	N/A	34	N/A
Finance costs	(599)	N/A	(599)	N/A
Profit before tax	3,267	N/A	3,267	N/A
Tax expense	(784)	N/A	(784)	N/A
Net profit for the financial year	2,483	N/A	2,483	N/A
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive profit for the financial year	2,483	N/A	2,483	N/A
Total comprehensive profit for the financial year attributable to:				
Owner of the Company	2,483	N/A	2,483	N/A
Non-Controlling interests	-	N/A	-	N/A
	2,483	N/A	2,483	N/A
Earnings per ordinary share (sen):				
- Basic	0.78	N/A	0.78	N/A

Note:

1. There is no comparative figure for the financial period ended 31 August 2023 due to the changes in the financial year end of our company from 30 September to 28 February as stated in explanatory notes to the interim financial report. The Unaudited Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 August 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 31 AUGUST 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 2021 (Audited)	21,329	(12,599)	10,514	19,244	-	19,244
Total comprehensive income for the financial year	-	-	1,698	1,698	-	1,698
Dividends paid	-	-	-	-	-	-
As at 28 February 2023 / 1 March 2023 (Audited)	21,329	(12,599)	12,212	20,942	-	20,942
Total comprehensive profit for the financial period	-	-	2,483	2,483	-	2,483
As at 31 August 2023 (Unaudited)	21,329	(12,599)	14,695	23,425	-	23,425

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 AUGUST 2023 ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Aug 2023 RM'000	Unaudited 31 Aug 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,267	N/A
Adjustments for :		
Depreciation of plant and equipment	97	N/A
Depreciation of right-of-use assets	20	N/A
Amortisation of intangible asset	12	N/A
Depreciation of investment property	2	N/A
Fair value loss on financial assets at FVPL - realised	1	N/A
Fair value (gain) on financial assets at FVPL - unrealised	(177)	N/A
Finance costs		
- bank overdraft	197	N/A
- leases liability	9	N/A
- term loans	202	N/A
Finance income		
- deposits placed with licensed banks	(25)	N/A
- unwinding of discount of financial asset	(9)	N/A
Operating profit before working capital changes	<u>3,596</u>	<u>N/A</u>



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2023 (CONTINUED) ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Aug 2023 RM'000	Unaudited 31 Aug 2022 RM'000
Changes in working capital:		
Inventories	(1)	N/A
Trade and other receivables, deposits and prepayments	(2,819)	N/A
Contract assets	(3,263)	N/A
Trade and other payables	3,391	N/A
Cash generated from operations	904	N/A
Interest paid	(197)	N/A
Tax paid, net of tax refunded	365	N/A
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,072	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of quoted equity securities	36	N/A
Purchase of plant and equipment	(140)	N/A
Change in pledged deposits	108	N/A
Acquisition of intangible asset	(18)	N/A
Interest received	25	N/A
NET CASH GENERATED FROM INVESTING ACTIVITIES	11	N/A



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2023 (CONTINUED) ⁽¹⁾

	6 Months Ended	
	Unaudited 31 Aug 2023 RM'000	Unaudited 31 Aug 2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(211)	N/A
Drawdown of Borrowings	2,643	N/A
Drawdown of revolving credit	450	N/A
Repayment of invoice financing	(1,000)	N/A
NET CASH GENERATED FROM FINANCING ACTIVITIES	1,882	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,965	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(860)	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	2,105	N/A

Note:

1. There is no comparative figure for the financial period ended 31 August 2023 due to the changes in the financial year end of our company from 30 September to 28 February as stated in explanatory notes to the interim financial report. The unaudited condensed consolidated statement of cash flows statement for the financial period ended 31 August 2023 is not comparable with the individual and cumulative quarter previously reported.

The unaudited condensed consolidated statement of cash flows statement 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 AUGUST 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 31 August 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 28 February 2023 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 28 February 2023 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 March 2023:



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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.



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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.

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.



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9. Other investments

	6 Months Ended	
	Unaudited 31 Aug 2023 RM'000	Audited 28 Feb 2023 RM'000
Non-current		
Financial asset at amortised cost		
- Unquoted debt security	536	526
Financial asset at fair value through profit or loss		
- Quoted shares	1,990	1,851
	<u>2,526</u>	<u>2,377</u>
Current		
Financial asset at fair value through profit or loss		
- Quoted investment fund	-	-

10. Breakdown of cash and cash equivalents

	6 Months Ended	
	Unaudited 31 Aug 2023 RM'000	Unaudited 31 Aug 2022 RM'000
Deposits placed with licensed banks	2,105	N/A
Less: Pledged deposits	(2,105)	N/A
	-	N/A
Cash and bank balances	5,982	N/A
Bank overdraft	(3,877)	N/A
Cash and cash equivalents	<u>2,105</u>	<u>N/A</u>



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11. Segmental information

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

	Individual 6 Months Ended			
	31 Aug 2023		31 Aug 2022	
	RM'000	%	RM'000	%
Revenue				
Foreign worker management services	39,208	58.54	N/A	N/A
Manual labour services	27,553	41.14	N/A	N/A
Other ancillary services	217	0.32	N/A	N/A
Total	66,978	100.00	N/A	N/A

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



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12. Related parties transactions

Related parties	Relationship	Nature of transaction	31 Aug 2023 RM'000	28 Feb 2023 RM'000	31 Aug 2023 RM	28 Feb 2023 RM
MNC HARDWARE TRADING SDN BHD	A company own by family members of Directors	Purchase of equipment/tools	77	130	76,507.60	129,756.70
OE GALAXY RESORT SDN BHD	A company own by a Director	Employment services rendered	49	114	49,074.00	114,212.00
PRO CURTAIN INSTALLATION SERVICES SDN BHD	A company own by a Director	Employment services rendered	158	644	158,161.00	643,789.00
MK CURTAIN PREMIUM SDN BHD	A company own by a Director	Employment services rendered	4	9	4,023.00	8,831.00
MKAYE GROUP SDN BHD	A company own by a Director	Employment services rendered	23	66	23,381.00	65,858.00
MK TEXTILES HOLDINGS SDN BHD	A company own by a Director	Employment services rendered	11	50	11,247.00	50,409.00
IMI SUPPLIES SDN BHD	A company own by family members of Directors	Employment services rendered	2	-	2,071.00	-

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.

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.



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16. Loans and borrowings

	31 Aug 2023	28 Feb 2023
	RM'000	RM'000
Non-current liabilities		
- Term Loans	7,651	5,067
- Hire Purchases	273	273
	<u>7,924</u>	<u>5,340</u>
Current liabilities		
- Term Loans	973	973
- Hire Purchases	138	79
- Bank Overdraft	3,877	6,030
- Revolving Credit	4,083	3,633
- Invoice Factoring	-	1,000
	<u>9,071</u>	<u>11,715</u>
	<u>16,995</u>	<u>17,055</u>

17. Earnings per share

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

	Individual 6 Months Ended		Cumulative 6 Months Ended	
	31 Aug 2023	31 Aug 2022	31 Aug 2023	31 Aug 2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to the owners of the Company (RM'000)	2,483	N/A	2,483	N/A
Weighted average number of ordinary shares in issue ('000)	319,983	N/A	319,983	N/A
Basic earnings per share (sen)	<u>0.78</u>	<u>N/A</u>	<u>0.78</u>	<u>N/A</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 31 August 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 6-month ended 31 August 2023, the Group recorded a revenue of approximately RM67 million. The revenue for the current period is mainly contributed from foreign workers management services, which represent 58 % of the Group's revenue while the remaining 42% of the revenue was derived from manual labour management services.

The Group recorded comprehensive Profit before taxation of RM3.3 million for the current financial period under review and this was mainly due to higher revenue from management of foreign workers as a result continued rise by pent-up demand from new customers and existing customers respectively. However, due to the change in financial year end, it is not possible to compare the current period under review of the Group's financial performance with previous financial period.

2. Prospects of the Group

In 2023, Malaysia's economic growth is expected to moderate to 3%-4% due to slower external demand. While we are mindful of the potential inflationary pressures that could increase the cost of doing business, we also recognise the possibility of a global recession, which could further dampen demand. As such, we are closely monitoring the evolving economic landscape to ensure that we can respond appropriately and effectively to any challenges that may arise.

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, we are cautiously optimistic of the Group's financial performance in the coming financial year ending 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:

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	timeframe for utilisation upon listing	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	180	195	Additional 6 months of up to 7 September 2023	31	164	Additional 6 months of up to 7 March 2024
Repayment of HP creditor	-	-	-	99	99	-				
Total	8,640	4,792	3,848	3,848	3,653	195		31	164	

(a) Utilisation as at 31 August 2023.

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