

PARLO BERHAD (FORMERLY KNOWN AS CYBERTOWERS BERHAD) (385635-V) ("PARLO")  
QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**A1 Basis of preparation**

The interim financial reports have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Rule 9.22 of Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements for the ACE Market. The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2016.

The explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("Group") since the FYE 31 December 2016.

The accounting policies and methods of computation adopted in these interim financial statements of the Group are consistent with those adopted for the audited financial statements for the FYE 31 December 2016.

**A2 Changes in Accounting Policies**

The accounting policies applied by the Group in this unaudited condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 December 2016.

**A3 Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2016 contains a disclaimer of opinion by the external auditors.

**A4 Seasonal or cyclical factors**

The Group's operations were not subject to any seasonal or cyclical changes.

**A5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual reporting year's audited financial statements.

**A6 Material changes in estimates**

There were no changes in estimates of amounts reported in the prior financial year, which have a material effect in the current financial quarter and financial year-to-date.

**A7 Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and financial year-to-date.

**A8 Dividend paid**

No dividends have been declared or paid in this quarter and financial year-to-date.

**A9 Segment information**

As there were no sales in the third quarter ended 30 September 2017, no segmental information is provided.

- A10 Valuation of property, plant and equipment**  
There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current financial quarter and financial year-to-date under review.
- A11 Material events subsequent to the end of the quarter**  
Save as disclosed in B6, there were no other material events subsequent to the current financial quarter ended 30 September 2017 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.
- A12 Changes in the composition of the Group**  
There were no changes in the composition of the Group during the current quarter and financial year-to-date.
- A13 Contingent liabilities and capital commitments**  
There were no material contingent liabilities and capital commitments as at the date of this announcement.
- A14 Significant Related Party Transaction**  
There were no significant related party transactions as at the date of this announcement.

## **B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS**

### **B1 Review of performance**

For the current third quarter ended 30 September 2017, the Group recorded nil revenue and a pre-tax loss of RM0.200 million while reporting nil revenue and a pre-tax loss of RM0.216 million for the preceding year corresponding quarter ended 30 September 2016. Losses incurred were mainly professional fees associated with the corporate exercise and administrative costs.

**B2** There was a sharp decline in the current quarter financial results compared to the immediate preceding quarter where the Group recorded a pre-tax loss of RM0.84 million for the second quarter ended 30 June 2017. This was attributable to the billing of professional fees due to milestone achieved.

### **B3 Prospects**

In view that the Group recorded nil revenue, immediate emphasis is on the need for the Group to complete its corporate restructuring exercise. As disclosed in Note B6, Bursa Securities approved the Regularisation Plan on 25 October 2016 and the circular to the shareholders of Parlo for the Regularisation Plan ("Circular") was issued on 3 August 2017 and the shareholders have approved it at the extraordinary general meeting ("EGM") on 2 September 2017.

The Board is mindful of the challenges faced by the Group and is working diligently to improve its performance.

### **B4 Variance from profit forecast and profit guarantee**

The Group did not provide any profit forecast and profit guarantee and thus this is not applicable to the Group.

### **B5 Taxation**

During this quarter, no provision for taxation was made as the Group had adequate unabsorbed tax losses brought forward from previous years to offset the profit incurred, if any, in the current quarter.

### **B6 Status of corporate proposals**

#### **(i) Regularisation Plan**

Our Board announced on 15 December 2015 that after further deliberation, our Board decided to discontinue the previous regularisation plan. On the same day, our Company entered into a Memorandum of Agreement with the vendors of Parlo Tours Sdn Bhd ("Parlo Tours") to implement a new Regularisation Plan in relation to GN 3 of the Listing Requirements involving, among others, the acquisition of Parlo Tours.

On 17 December 2015, TA Securities Holdings Berhad ("TA Securities") submitted on behalf of our Board an application to Bursa Securities seeking its approval for an extension of time up to 29 April 2016 (which was subsequently approved by Bursa Securities) to submit the new Regularisation Plan.

On 18 March 2016, TA Securities announced on behalf of the Board that the Company proposes to implement the Regularisation Plan comprising the following to regularize its financial condition:

- (I) Share Capital Reduction;
- (II) Share Consolidation;
- (III) Acquisition;
- (IV) Exemption;
- (v) Debt Settlement;
- (VI) Private Placement;
- (VII) Increase In Authorised Share Capital; and
- (VIII) Amendments

On 29 April 2016, TA Securities announced on behalf of the Board that the Company has submitted an application to Bursa Securities for the following:

- (a) Regularisation Plan;
- (b) Listing of and quotation for the Consideration Shares;
- (c) Listing of and quotation for the Settlement Shares; and
- (d) Listing of and quotation for the Placement Shares

On 25 October 2016, TA Securities announced on behalf of the Board that Bursa Securities had, vide its letter dated 25 October 2016, resolved to approve the Regularisation Plan.

Bursa Securities has also resolved to approve the admission to the Official List and the listing of:

- (i) 250,000,000 new Parlo Shares to be issued pursuant to the Acquisition;
- (ii) 20,025,570 new Parlo Shares to be issued pursuant to the Debt Settlement; and
- (iii) Up to 84,007,600 new Parlo Shares to be issued pursuant to the Private Placement.

On 3 November 2016, TA Securities announced on behalf of the Board that the Securities Commission Malaysia ("SC") had vide its letter dated 1 November 2016 (which was received on 2 November 2016) approved the application for the resultant equity structure of Parlo under the equity requirement for public listed companies pursuant to its Regularisation Plan. The said approval is subject to Parlo ensuring that at least 12.5% of its enlarged issued and paid-up capital is allocated to or held by Bumiputra investors recognized by Ministry of International Trade and Industry within 1 year after registering a profit and or 3 years after the implementation of the Regularisation Plan, whichever is earlier. TA Securities/Parlo is also required to inform the SC upon completion of the Regularisation Plan.

On 11 November 2016, TA Securities announced on behalf of the Board that Bursa Securities had, vide its letter dated 10 November 2016 decided to grant the Company an extension of time to issue the Circular within two (2) weeks from the receipt of the SC's consent for the draft independent advice letter to the non-interested shareholders of Parlo in relation to the Exemption.

On 20 July 2017, the SC gave notification that it had no further comments to the contents of the draft Independent Advice Letter by DWA Advisory Sdn Bhd for the Exemption. On 2 August 2017, Parlo announced the Notice of the EGM to be held on 2 September 2017 and the Circular was issued on 3 August 2017. The shareholders approved all the resolutions as set out in the Notice during the EGM.

On 14 September 2017, our legal counsel filed a petition to the High Court of Malaya, Kuala Lumpur in relation to the Share Capital Reduction.

On 9 October 2017, an application was submitted to Bursa Securities for an extension of time of up to 24 January 2018 to complete the Regularisation Plan and this was approved on 13 October 2017.

On 23 November 2017, SC gave approval for the Exemption on the mandatory take-over by Thirty Keystone Sdn Bhd and the persons acting in concert (i.e., the vendors of Parlo Tours).

(ii) Memorandums of Understanding

On 4 October 2016, the Company's two wholly-owned subsidiaries, Nautical Angle Sdn Bhd ("NASB") (Company No. 959303-M) and Imagine Data Sdn Bhd ("IDSB") (Company No. 959296-A) entered into 2 separate memorandums of understanding with Travel Ideas Online Sdn Bhd ("TIO") (Company No. 119607-T) and Daffah Travel Services Sdn Bhd (formerly known as Era Persada Travel Services Sdn Bhd) ("DTS") (Company No. 835127-M) respectively for:

1. NASB to subscribe for 225,000 ordinary shares of RM1.00 each in TIO upon the terms and conditions to be agreed between NASB and TIO; and
2. IDSB to subscribe for 300,000 ordinary shares of RM1.00 each in DTS upon the terms and conditions to be agreed between IDSB and DTS.

On 17 March 2017, NASB and TIO mutually agreed to extend the period for the parties to enter into a concluded contract ("Completion Date of the MOU") to 30 September 2017 for the above. On 29 September 2017, NASB and TIO mutually agree to further extend the Completion Date of the MOU to 28 February 2018.

On 17 March 2017, IDSB and DTS mutually agreed to extend the period for the parties to enter into a concluded contract to 30 September 2017 for the above. However, the parties subsequently decided not to proceed further thus the memorandum of understanding between IDSB and DTS was deemed mutually terminated with effect from 1 October 2017 with no further legal or contractual effect.

**B7 Group's borrowings and debt securities**

Amount owing to a former shareholder amounted to RM4,988,338. The amount owing is unsecured, interest-free and repayable on demand.

Other than the amount owing to a former shareholder, the Group did not have any other borrowings and debt security as at the end of this reporting period.

**B8 Off balance sheet financial instruments**

There was no financial instrument with off-balance sheet risk as at the date of this announcement.

**B9 Material litigation**

There was no material litigation in this quarter and financial year-to-date.

**B10 Dividends**

No dividends have been declared or paid in this quarter and financial year-to-date.

**B11 Loss per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year to date	Preceding Year to date
	30-09-17	30-09-16	30-09-17	30-09-16
<b>(a) Basic earnings per share</b>				
Loss for the period (RM'000)	(200)	(216)	(388)	(1,368)
Weighted average number of ordinary shares issued	100,000,000	100,000,000	100,000,000	100,000,000
Basic loss per share (sen)	(0.20)	(0.22)	(0.39)	(1.37)
<b>(b) Diluted earnings per share</b>	N/A	N/A	N/A	N/A