

**PARLO BERHAD (385635-V)**

**Interim financial report for the third quarter ended 30 September 2019**

| <b>PART A2 :- SUMMARY OF KEY FINANCIAL INFORMATION</b>                                |                              |   |                                    |  |
|---|------------------------------|---|------------------------------------|--|
| Summary of Key Financial Information for the financial period ended 30 September 2019 |                              |   |                                    |  |
|   | <b>INDIVIDUAL QUARTER</b>    |   | <b>CUMULATIVE PERIOD</b>           |  |
|   | <b>CURRENT YEAR QUARTER</b>  | <b>PRECEDING YEAR CORRESPONDING QUARTER</b> | <b>CURRENT YEAR TO DATE</b>        | <b>PRECEDING YEAR CORRESPONDING PERIOD</b> |
|   | <b>30 September 2019</b>     | <b>30 September 2018</b>                    | <b>30 September 2019</b>           | <b>30 September 2018</b>                   |
|   | <b>RM'000</b>                | <b>RM'000</b>                               | <b>RM'000</b>                      | <b>RM'000</b>                              |
| 1. Revenue  | 29,969                       | 29,051                                      | 107,923                            | 106,239                                    |
| 2. Loss before tax  | (805)                        | (11,315)                                    | (1,055)                            | (11,319)                                   |
| 3. Loss attributable to ordinary equity holders of the Company                        | (806)                        | (10,779)                                    | (1,152)                            | (11,102)                                   |
| 4. Basic loss per share (sen)   | (0.22)                       | (2.96)                                      | (0.32)                             | (3.11)                                     |
| 5. Dividend per share   | -                            | -   | -                                  | -  |
|   | AS AT END OF CURRENT QUARTER |   | AS AT PRECEDING FINANCIAL YEAR END |  |
| 6. Net assets per share (RM)  | <b>0.04</b>                  |   | <b>0.05</b>                        |  |

| <b>PART A3 :- ADDITIONAL INFORMATION</b> |                             |   |                             |  |
|--|-----------------------------|---|-----------------------------|--|
|  | <b>INDIVIDUAL QUARTER</b>   |   | <b>CUMULATIVE PERIOD</b>    |  |
|  | <b>CURRENT YEAR QUARTER</b> | <b>PRECEDING YEAR CORRESPONDING QUARTER</b> | <b>CURRENT YEAR TO DATE</b> | <b>PRECEDING YEAR CORRESPONDING PERIOD</b> |
|  | <b>30 September 2019</b>    | <b>30 September 2018</b>                    | <b>30 September 2019</b>    | <b>30 September 2018</b>                   |
|  | <b>RM'000</b>               | <b>RM'000</b>                               | <b>RM'000</b>               | <b>RM'000</b>                              |
| 1. Loss before interest and tax          | (802)                       | (11,289)                                    | (1,074)                     | (11,232)                                   |
| 2. Gross interest income                 | 20                          | 28  | 92                          | 77   |
| 3. Gross Interest expense                | (23)                        | (26)  | (73)                        | (87)                                       |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|  | INDIVIDUAL QUARTER          |                                      | CUMULATIVE PERIOD           |                                     |
|--|-----------------------------|--------------------------------------|-----------------------------|-------------------------------------|
|  | CURRENT YEAR QUARTER        | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE        | PRECEDING YEAR CORRESPONDING PERIOD |
|  | 30 September 2019<br>RM'000 | 30 September 2018<br>RM'000          | 30 September 2019<br>RM'000 | 30 September 2018<br>RM'000         |
| Revenue  | 29,969                      | 29,051                               | 107,923                     | 106,239                             |
| Cost of sales                                  | (25,332)                    | (25,576)                             | (94,778)                    | (93,268)                            |
| <b>Gross profit</b>                            | 4,637                       | 3,475                                | 13,145                      | 12,971                              |
| Administrative expenses                        | (5,662)                     | (4,694)                              | (15,514)                    | (14,873)                            |
| <b>Loss from operations</b>                    | (1,025)                     | (1,219)                              | (2,369)                     | (1,902)                             |
| Impairment of Goodwill                         | -                           | (10,369)                             | -                           | (10,369)                            |
| Other operating income                         | 223                         | 271                                  | 1,295                       | 962                                 |
| <b>Loss before interest and tax</b>            | (802)                       | (11,317)                             | (1,074)                     | (11,309)                            |
| Finance income                                 | 20                          | 28                                   | 92                          | 77                                  |
| Finance costs                                  | (23)                        | (26)                                 | (73)                        | (87)                                |
| <b>Loss before taxation</b>                    | (805)                       | (11,315)                             | (1,055)                     | (11,319)                            |
| Taxation                                       | (40)                        | 524                                  | (153)                       | 202                                 |
| <b>Loss after taxation</b>                     | (845)                       | (10,791)                             | (1,208)                     | (11,117)                            |
| <b>Other comprehensive loss net of tax</b>     | (845)                       | (10,791)                             | (1,208)                     | (11,117)                            |
| <b>Total comprehensive loss for the period</b> | (845)                       | (10,791)                             | (1,208)                     | (11,117)                            |
| Loss attributable to:                          |                             |                                      |                             |                                     |
| Owners of the Company                          | (806)                       | (10,779)                             | (1,152)                     | (11,102)                            |
| Non-controlling Interest                       | (39)                        | (12)                                 | (56)                        | (15)                                |
|  | (845)                       | (10,791)                             | (1,208)                     | (11,117)                            |
| Total comprehensive loss attributable to:      |                             |                                      |                             |                                     |
| Owners of the Company                          | (806)                       | (10,779)                             | (1,152)                     | (11,102)                            |
| Non-controlling interest                       | (39)                        | (12)                                 | (56)                        | (15)                                |
|  | (845)                       | (10,791)                             | (1,208)                     | (11,117)                            |
| Basic loss per share (sen)<br>(Note B12)       | (0.22)                      | (2.96)                               | (0.32)                      | (3.11)                              |

The condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**PARLO BERHAD (385635-V)**

Interim financial report for the third quarter ended 30 September 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

|   | As at<br>30 September 2019<br>RM'000<br>(Unaudited) | As at<br>31 December 2018<br>RM'000<br>(Audited) |
|---|---|--|
| <b>ASSETS</b>   |   |  |
| <b>Non-current assets</b>                                 |   |  |
| Property, plant and equipment                             | 5,294   | 4,931  |
| Intangible assets   | 2,326   | 2,285  |
| Investment properties                                     | 1,180   | 1,180  |
| Deferred tax asset  | 792   | 792  |
|   | <u>9,592</u>  | <u>9,188</u>                                     |
| <b>Current assets</b>                                     |   |  |
| Trade and other receivables                               | 15,589  | 12,793   |
| Tax recoverable   | 4,887   | 3,867  |
| Financial assets at fair value through profit or loss     | 196   | 196  |
| Fixed deposit with a licensed bank                        | 2,821   | 2,371  |
| Cash and bank balances                                    | 6,607   | 5,889  |
|   | <u>30,100</u>                                       | <u>25,116</u>                                    |
| <b>TOTAL ASSETS</b>                                       | <u>39,692</u>                                       | <u>34,304</u>                                    |
| <b>Current liabilities</b>                                |   |  |
| Trade payables and other payables                         | 21,554  | 14,534   |
| Borrowings  | 85  | 1,059  |
| Tax payable   | -   | 151  |
|   | <u>21,639</u>                                       | <u>15,744</u>                                    |
|   | <u>18,053</u>                                       | <u>18,560</u>                                    |
| <b>Non-current liabilities</b>                            |   |  |
| Borrowings  | 1,567   | 866  |
| <b>Equity attributable to owners of the Company</b>       |   |  |
| Share capital   | 38,435  | 38,435   |
| Reserves  | (26,281)  | (26,281)   |
| Retained earnings   | 4,102   | 5,254  |
|   | <u>16,256</u>                                       | <u>17,408</u>                                    |
| <b>Equity not attributable to owners of the Company</b>   |   |  |
| Non-Controlling Interests                                 | 230   | 286  |
| <b>TOTAL EQUITY</b>                                       | <u>16,486</u>                                       | <u>17,694</u>                                    |
|   | <u>18,053</u>                                       | <u>18,560</u>                                    |
| Number of ordinary shares in issue ('000)                 | 364,033   | 364,033  |
| Net assets per share attributable to ordinary equity (RM) | 0.04  | 0.05   |

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**PARLO BERHAD (385635-V)**

Interim financial report for the third quarter ended 30 September 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | <b>CURRENT<br/>YEAR TO DATE<br/>30 September 2019<br/>RM'000</b> | <b>PRECEDING YEAR<br/>CORRESPONDING<br/>PERIOD<br/>30 September 2018<br/>RM'000</b> |
|---|--|---|
| <b>Cash flows from operating activities</b>                         |  |   |
| Loss before taxation  | (1,055)  | (11,319)  |
| Adjustments for:  |  |   |
| Impairment of Goodwill  | -  | 10,369  |
| Depreciation  | 360  | 314   |
| Amortisation  | 259  | -   |
| Loss on disposal of property, plant and equipment                   | 11   | -   |
| Interest expense  | 73   | 87  |
| Interest income   | (92)   | (77)  |
| Operating profit before working capital changes                     | <u>(444)</u>   | <u>(626)</u>  |
| (Increase) / Decrease in working capital:                           |  |   |
| Trade receivables   | (1,862)  | (19,748)  |
| Other receivables   | (934)  | 4,673   |
| Trade payables  | (5,607)  | (8,933)   |
| Other payables  | 12,626   | 24,067  |
| Cash generated from / (used in) operations                          | <u>3,779</u>   | <u>(567)</u>  |
| Taxation paid   | (1,324)  | (2,551)   |
| Interest received   | 92   | 77  |
| Interest paid   | (73)   | (87)  |
| Net cash generated from / (used in) operating activities            | <u>2,474</u>   | <u>(3,128)</u>  |
| <b>Cash flows from investing activities</b>                         |  |   |
| Software development cost   | (298)  | (89)  |
| Acquisition of trademark  | (2)  | -   |
| Purchase of property, plant and equipment                           | (748)  | (329)   |
| Disposal of property, plant and equipment                           | 14   | -   |
| Cash acquired from reversed acquisition                             | -  | 166   |
| Cash acquired from acquisition of subsidiary                        | -  | 81  |
| Net cash used in investing activities                               | <u>(1,034)</u>   | <u>(171)</u>  |
| <b>Cash flows from financing activities</b>                         |  |   |
| Issuance of share capital pursuant to private placement             | -  | 8,401   |
| Fixed deposits pledged to licensed banks                            | (350)  | -   |
| Repayment of bank borrowings  | (1,326)  | (571)   |
| Acquisition of bank borrowings                                      | 1,582  | -   |
| Net cash (used in) / generated from financing activities            | <u>(94)</u>  | <u>7,830</u>  |
| Net increase in cash and cash equivalents                           | 1,346  | 4,531   |
| Cash and cash equivalents at beginning of the financial period      | <u>6,861</u>   | <u>2,133</u>  |
| Cash and cash equivalents at end of the financial period            | <u>8,207</u>   | <u>6,664</u>  |
| Cash and cash equivalents at end of the financial period comprises: |  |   |
| Cash and bank balances  | 6,607  | 6,064   |
| Fixed deposits with licensed banks                                  | 2,821  | 1,461   |
| Bank overdrafts   | -  | -   |
|   | <u>9,428</u>   | <u>7,525</u>  |
| Less: Fixed deposits pledged with licensed banks                    | (1,221)  | (861)   |
|   | <u>8,207</u>   | <u>6,664</u>  |

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**PARLO BERHAD (385635-V)**  
Interim financial report for the third quarter ended 30 September 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|   | Share capital | Profit Guarantee Shares for disposal | Reverse Acquisition Reserve | Revaluation Reserve | Retained earnings | Non-Controlling Interest | Total equity  |
|---|---------------|--------------------------------------|-----------------------------|---------------------|-------------------|--------------------------|---------------|
|   | RM'000        | RM'000                               | RM'000                      | RM'000              | RM'000            | RM'000                   | RM'000        |
| <b>As at 1 January 2019</b>                     | 38,435        | (1,044)                              | (25,471)                    | 234                 | 5,254             | 286                      | 17,694        |
| Total comprehensive loss for the period         | -             | -                                    | -                           | -                   | (1,152)           | (56)                     | (1,208)       |
| <b>As at 30 September 2019</b>                  | <b>38,435</b> | <b>(1,044)</b>                       | <b>(25,471)</b>             | <b>234</b>          | <b>4,102</b>      | <b>230</b>               | <b>16,486</b> |
| <b>As at 1 January 2018</b>                     | 1,600         | -                                    | -                           | -                   | 17,233            | -                        | 18,833        |
| Loss for the financial year                     | -             | -                                    | -                           | -                   | (11,979)          | (14)                     | (11,993)      |
| Other comprehensive income:                     |               |                                      |                             |                     |                   |                          | -             |
| -gains on revaluation of land and buildings     | -             | -                                    | -                           | 234                 | -                 | -                        | 234           |
| Total comprehensive loss for the financial year | -             | -                                    | -                           | 234                 | (11,979)          | (14)                     | (11,759)      |
| Issue of new shares                             |               |                                      |                             |                     |                   |                          |               |
| -Private placement                              | 8,401         | -                                    | -                           | -                   | -                 | -                        | 8,401         |
| -Debt settlement                                | 2,002         | -                                    | -                           | -                   | -                 | -                        | 2,002         |
| -Acquisition of Parlo Tours Sdn Bhd             | 25,000        | -                                    | -                           | -                   | -                 | -                        | 25,000        |
| Acquisition of a subsidiary company             | -             | -                                    | -                           | -                   | -                 | 300                      | 300           |
| Reverse acquisition adjustment                  | 1,432         | -                                    | (25,471)                    | -                   | -                 | -                        | (24,039)      |
| Settlement of profit guarantee                  | -             | (1,261)                              | -                           | -                   | -                 | -                        | (1,261)       |
| Disposal of profit guarantee shares             | -             | 217                                  | -                           | -                   | -                 | -                        | 217           |
| Total transactions with owners                  | 36,835        | (1,044)                              | (25,471)                    | -                   | -                 | 300                      | 10,620        |
| <b>As at 31 December 2018</b>                   | <b>38,435</b> | <b>(1,044)</b>                       | <b>(25,471)</b>             | <b>234</b>          | <b>5,254</b>      | <b>286</b>               | <b>17,694</b> |

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**PARLO BERHAD (385635-V) (“COMPANY”)**

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

**A NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A1 Basis of preparation**

The interim financial statements 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 2018.

**A2 Changes in accounting policies**

The accounting policies and methods of computation applied by Parlo Berhad and its subsidiaries (“**Parlo Group**” or “**Group**”) in the unaudited condensed consolidated interim financial statements are consistent with those applied by the Group in its audited financial statements for the FYE 31 December 2018.

Accounting standards, amendments to accounting standards and IC Interpretations that are effective for the Group’s financial year beginning on 1 January 2019 are as follows:

- MFRS 16, “Leases”
- Amendments to MFRS 3, “Business Combinations” (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 9, “Prepayment Features with Negative Compensation”
- Amendments to MFRS 11, “Joint Arrangement” (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 112, “Income Taxes” (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 123, “Borrowing Costs” (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 119, “Employee Benefits”
- Amendments to MFRS 128, “Long-term Interests in Associates and Joint Ventures”
- IC Interpretation 23, “Uncertainty over Income Tax Treatments”

The Company does not expect that the initial application of the above standards will have a material impact on the financial statements, other than additional disclosure requirements.

Accounting standards, amendments to accounting standards and IC Interpretations that are applicable for the Group in the following periods but are not yet effective:

***Annual periods beginning on/after 1 January 2020:***

Amendments to References to Conceptual Framework in MFRS standards

- Amendments to MFRS 2, “Share-Based Payment”
- Amendments to MFRS 3, “Business Combinations”
- Amendment to MFRS 6, “Exploration for and Evaluation of Mineral Resources”
- Amendment to MFRS 14, “Regulatory Deferral Accounts”
- Amendments to MFRS 101, “Presentation of Financial Statements”
- Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors”

- Amendments to MFRS 134, “Interim Financial Reporting”
- Amendments to MFRS 137, “Provisions, Contingent Liabilities and Contingent Assets”
- Amendment to MFRS 138, “Intangible Assets”
- Amendment to IC Interpretation 12, “Service Concession Arrangements”
- Amendment to IC Interpretation 19, “Extinguishing Financial Liabilities with Equity Instruments”
- Amendment to IC Interpretation 20, “Stripping Costs in the Production Phase of a Surface Mine”
- Amendment to IC Interpretation 22, “Foreign Currency Transactions and Advance Consideration”
- Amendment to IC Interpretation 132, “Intangible Assets – Web Site Costs”

***Annual periods beginning on/after 1 January 2021:***

- MFRS 17, “Insurance Contracts”

***Effective date yet to be determined by the Malaysian Accounting Standards Board:***

- Amendments to MFRS 10 and MFRS 128, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

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

The auditors’ report on the financial statements for the FYE 31 December 2018 was not subject to any qualification.

**A4 Seasonal or cyclical factors**

The demand for the Group’s products and services is subjected to seasonal variations annually depending on the contribution of the Group’s leisure travel and corporate travel businesses. As such, its seasonal patterns have been fairly consistent each year where revenue and profits for the first quarter of the year are generally lower, increase from the second quarter of the year and peaking in the fourth quarter of the year.

**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 for the current financial quarter and financial period-to-date.

**A6 Material changes in estimates**

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

**A7 Debt and equity securities**

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

**A8 Dividend paid**

No dividends have been declared or paid in the current financial quarter and financial period-to-date.

## A9 Segment information

The Group is organised into few business units / brands, which are Premium Group Tours (“**PARLO**”), Affordable Group Tours (“**AGT**”) and Meetings, Incentives, Conventions and Events (“**DMC 360**”). The segment information is as follows:

|   | Current quarter                |                                | Year-to-date                   |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | 30 September<br>2019<br>RM'000 | 30 September<br>2018<br>RM'000 | 30 September<br>2019<br>RM'000 | 30 September<br>2018<br>RM'000 |
| <b>Revenue by business segments:</b>              |                                |                                |                                |                                |
| Travel and tours                                  | <b>22,973</b>                  | <b>24,317</b>                  | <b>93,584</b>                  | <b>94,598</b>                  |
| - PARLO   | 22,332                         | 22,771                         | 85,661                         | 92,605                         |
| - AGT   | 641                            | 1,546                          | 7,923                          | 1,993                          |
| Meetings, Incentives,<br>Conventions and Events   | <b>6,996</b>                   | <b>4,734</b>                   | <b>14,339</b>                  | <b>11,641</b>                  |
| -DMC 360  | 6,996                          | 4,734                          | 14,339                         | 11,641                         |
| Investment holding                                | -                              | -                              | -                              | -                              |
|   | <b>29,969</b>                  | <b>29,051</b>                  | <b>107,923</b>                 | <b>106,239</b>                 |
| <b>Segment results:</b>                           |                                |                                |                                |                                |
| Travel and tours                                  | (1,555)                        | (894)                          | (3,046)                        | (1,367)                        |
| Meetings, Incentives,<br>Conventions and Events   | 1,482                          | 277                            | 2,741                          | 1,536                          |
| Investment holding                                | (951)                          | (602)                          | (2,064)                        | (2,071)                        |
| Loss from operations                              | <b>(1,025)</b>                 | <b>(1,219)</b>                 | <b>(2,369)</b>                 | <b>(1,902)</b>                 |
| Impairment of goodwill                            | -                              | (10,369)                       | -                              | (10,369)                       |
| Other operating income                            | 223                            | 271                            | 1,295                          | 962                            |
| Loss before interest and<br>tax (“ <b>LBIT</b> ”) | <b>(802)</b>                   | <b>(11,317)</b>                | <b>(1,074)</b>                 | <b>(11,309)</b>                |
| Finance income                                    | 20                             | 28                             | 92                             | 77                             |
| Finance costs                                     | (23)                           | (26)                           | (73)                           | (87)                           |
| Loss before taxation<br>(“ <b>LBT</b> ”)          | <b>(805)</b>                   | <b>(11,315)</b>                | <b>(1,055)</b>                 | <b>(11,319)</b>                |
| Taxation  | (40)                           | 524                            | (153)                          | 202                            |
| Loss after taxation<br>(“ <b>LAT</b> ”)           | <b>(845)</b>                   | <b>(10,791)</b>                | <b>(1,208)</b>                 | <b>(11,117)</b>                |

There is no segmental information available for the assets and liabilities of the Group.

## A10 Valuation of property, plant and equipment

There was no valuation of property, plant and equipment reported in the current financial quarter and financial period-to-date under review.

## A11 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial quarter ended 30 September 2019 up to 22 November 2019, being the latest practicable date of this report (“**LPD**”), 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 financial quarter.

**A13 Contingent liabilities and capital commitments**

There were no material contingent liabilities and/or capital commitments as at the LPD.

**A14 Significant related party transaction**

There were no significant related party transactions as at the LPD.

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**B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS FOR THE ACE MARKET**

**B1 Review of performance**

|  | Individual quarter                |                                   | Changes<br>% | Cumulative period                 |                                   | Changes<br>% |
|--|-----------------------------------|-----------------------------------|--------------|-----------------------------------|-----------------------------------|--------------|
|  | 30<br>September<br>2019<br>RM'000 | 30<br>September<br>2018<br>RM'000 |              | 30<br>September<br>2019<br>RM'000 | 30<br>September<br>2018<br>RM'000 |              |
| Revenue                                    | 29,969                            | 29,051                            | 3.16%        | 107,923                           | 106,239                           | 1.59%        |
| Loss from operations                       | (1,025)                           | (1,219)                           | 15.91%       | (2,369)                           | (1,902)                           | -24.55%      |
| LBIT (before exceptional item)             | (802)                             | (948)                             | 15.40%       | (1,074)                           | (940)                             | -14.26%      |
| LBT (before exceptional item)              | (805)                             | (946)                             | 14.90%       | (1,055)                           | (950)                             | -11.05%      |
| Exceptional item                           | -                                 | (10,369)                          | 100.00%      | -                                 | (10,369)                          | 100.00%      |
| LAT  | (845)                             | (10,791)                          | 92.17%       | (1,208)                           | (11,117)                          | 89.13%       |
| Loss attributable to owners of the Company | (806)                             | (10,779)                          | 92.52%       | (1,152)                           | (11,102)                          | 89.62%       |

The revenue of the Group for the financial period ended (“FPE”) 30 September 2019 was derived entirely from its main operating subsidiary, Parlo Tours Sdn. Bhd. (“Parlo Tours”).

The Group recorded a revenue of RM29.97 million for the quarter ended 30 September 2019 (“3Q2019”), an increase of RM0.92 million as compared to RM29.05 million in the quarter ended 30 September 2018 (“3Q2018”). The increase in revenue was mainly due to higher revenue generated by DMC 360 in 3Q2019.

Total loss from operations for 3Q2019 was RM1.03 million, a decrease of RM0.19 million as compared to RM1.22 million in 3Q2018. The decrease was mainly due to higher revenue contribution by DMC 360 which also increased the Group’s overall gross profit. The higher gross profit was partially offset by higher administrative expenses for 3Q2019.

The above factors also contributed to the Group’s lower LBT.

## B2 Comparison of current financial quarter's results with immediate preceding quarter's results

|   | Individual quarter             |                           | Changes<br>% |
|---|--------------------------------|---------------------------|--------------|
|   | 30 September<br>2019<br>RM'000 | 30 June<br>2019<br>RM'000 |              |
| Revenue   | 29,969                         | 45,059                    | -33.49%      |
| (Loss) / Profit from operations                       | (1,025)                        | 348                       | -395.54%     |
| (LBIT) / Profit before interest and tax               | (802)                          | 741                       | -208.23%     |
| (LBT) / Profit before tax                             | (805)                          | 772                       | -204.27%     |
| (LAT) / Profit after tax                              | (845)                          | 659                       | -228.22%     |
| (Loss) / Profit attributable to owners of the Company | (806)                          | 662                       | -221.75%     |

The Group recorded a lower revenue of RM29.97 million as compared to previous quarter of RM45.06 million and the decrease of RM15.09 million was due to lower number of tours departure in current quarter compared to the previous quarter arising from the absence of long school holidays in Q3 as compared to Q2. The Group incurred higher marketing expenses and staff allowances in the current quarter due to the MATTA fair held in September. Lower gross profit and higher marketing expenses and staff allowances contributed to the higher LBT and LAT of the Group.

## B3 Prospects

The Group (under its main operating subsidiary, Parlo Tours) is an established travel management and services group, with over 30 years of experience in the travel and tours business. Parlo Tours is licensed by the Ministry of Tourism and Culture Malaysia for inbound, outbound and ticketing services.

During this current quarter, the Group launched "Tbroker Marketplace", Tbroker Marketplace is a booking platform integrating all the Group's travel products and is currently adopted by the wholesale agents. The performance in the current financial year is expected to improve as the Group will now have a wider spectrum of travel products and services being offered via multiple distribution channels to cater to various customer segments in Malaysia and beyond.

## B4 Profit forecast and profit guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial quarter.

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## B5 Taxation

|                             | Current quarter             |                             | Year-to-date                |                             |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                             | 30 September 2019<br>RM'000 | 30 September 2018<br>RM'000 | 30 September 2019<br>RM'000 | 30 September 2018<br>RM'000 |
| Current taxation            |                             |                             |                             |                             |
| - Current year              | 34                          | (83)                        | 147                         | 239                         |
| - Prior year                | 6                           | (441)                       | 6                           | (441)                       |
| Deferred taxation           | -                           | -                           | -                           | -                           |
| Total tax expense/(surplus) | 40                          | (524)                       | 153                         | (202)                       |

Based on the statutory tax rate of 24%, there was a provision for tax amounting to RM0.03 million for 3Q2019 and RM0.15 million for FPE 30 September 2019.

## B6 Status of corporate proposals

### (i) Implementation of Employee Share Trust Scheme (“ESTS”)

On 7 November 2019, Parlo announced that the Company had established and implemented a trust for the eligible employees of the Group who are full-time employees under the category of key management of the Group or executives, being natural persons employed by and on the payroll of any company within the Group for at least 12 months on or during the period of the ESTS or any part thereof. The criteria for determining any Eligible Employee for participation in the ESTS shall be determined at the sole discretion of the Board.

To facilitate the ESTS, the Company had on 7 November 2019 entered into the following agreements:

- a trust agreement constituting the ESTS Trust with Malaysian Trustees Berhad (“Trustee”) to administer the ESTS Trust; and
- a loan agreement with the Trustee (“**Advance Agreement**”) to enable the Trustee to accept financial assistance from the Company from time to time, upon the terms and conditions of the Advance Agreement.

## B7 Group's borrowings and debt securities

The Group's borrowings (all denominated in Ringgit Malaysia) were as follows:

As at 30 September 2019:

|                           | Short term<br>RM'000 | Long term<br>RM'000 | Total<br>RM'000 |
|---------------------------|----------------------|---------------------|-----------------|
| <u>Secured</u>            |                      |                     |                 |
| Term loan                 | 48                   | 1,534               | 1,582           |
| Finance lease liabilities | 37                   | 33                  | 70              |
| Total                     | 85                   | 1,567               | 1,652           |

The effective interest rates were as follows:

|                           |           |
|---------------------------|-----------|
|                           | %         |
| Term loan                 | 4.85      |
| Finance lease liabilities | 2.53-4.42 |

The proportion of debt that was based on fixed interest rate and floating interest rate was at 4.23% and 95.77%, respectively.

## B8 Financial instruments - Derivatives

The Group uses foreign currency forward contracts to hedge its exposure to fluctuations in foreign exchange arising from its normal course of business. The Group does not hold or issue derivative financial instruments for trading purposes.

The details of the Group's outstanding foreign currency forward contracts position as at 30 September 2019 were as follows:

|                                    | As at 30 September 2019 |            |                            |
|------------------------------------|-------------------------|------------|----------------------------|
|                                    | Notional amount         | Fair value | Unrealised fair value loss |
|                                    | RM'000                  | RM'000     | RM'000                     |
| Foreign currency forward contracts |                         |            |                            |
| Less than 1 year                   | 1,154                   | 1,142      | (12)                       |

The above was executed with approved financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength. There are also no cash requirements risks as the Group only uses foreign currency forward contracts as its hedging instruments. The fair value changes have been recognised in the statement of profit and loss.

There have been no changes to Group's management objectives, policies and processes and no significant changes to the Group exposure to credit risk, market risk and liquidity risk from the previous financial year.

## B9 Trade receivables

The Group's normal credit period given to customers ranges from cash term to 60 days. There were no trade receivables from related parties during current quarter.

The trade receivables balance and the ageing analysis were as follows:

|                               | 30 September   |                |
|-------------------------------|----------------|----------------|
|                               | 2019<br>RM'000 | 2018<br>RM'000 |
| Neither past due nor impaired | 6,457          | 3,557*         |
| Past due 1 - 30 days          | 595            | 661*           |
| Past due 31 - 120 days        | 964            | 757*           |
| Past due more than 120 days   | 421            | 2,074*         |
|                               | 1,980          | 3,492          |
| Individually impaired         | (27)           | (27)           |
|                               | 8,410          | 7,022*         |

Note:

\* The trade receivables balance for FPE 30 September 2018 was restated due to adoption of MFRS 15.

The Group monitors all outstanding debts closely to ensure that adequate impairment is made in the event the recovery of any debt appears to be doubtful. The Group also has staff specifically assigned to monitor the long outstanding trade receivables.

For the current quarter, the Board was of the view that the above debts were recoverable thus no provision for impairment of trade receivables was made.

#### B10 Material litigation

There was no material litigation in the current financial quarter.

#### B11 Notes to the statement of comprehensive income

Loss for the financial period-to-date were arrived at after crediting / (charging) the following:

|   | As at 30<br>September 2019<br>RM'000 | As at 30<br>September 2018<br>RM'000 |
|---|--------------------------------------|--------------------------------------|
| Interest income                               | 92                                   | 77                                   |
| Interest expense                              | (73)                                 | (87)                                 |
| Amortisation of intangible asset              | (259)                                | -                                    |
| Depreciation of property, plant and equipment | (360)                                | (314)                                |

Other than as disclosed above which have been included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Group does not have other material items (such as other income including investment income, impairment of assets, provision for and write-off of receivables, provision for and write-off of inventories, disposal of quoted investments or properties, gain or loss on derivatives and foreign exchange gain or loss) included in the results for the 3Q2019.

#### B12 Loss per share ("LPS")

Basic LPS was calculated by dividing the loss attributable to owners of the Company for the current financial quarter and the financial period-to-date by the weighted average number of ordinary shares in issue:

|   | Individual quarter |                        | Cumulative quarter   |                        |
|---|--------------------|------------------------|----------------------|------------------------|
|   | Current quarter    | Preceding year quarter | Current year-to-date | Preceding year-to-date |
|   | 30 September 2019  | 30 September 2018      | 30 September 2019    | 30 September 2018      |
| Loss attributable to owners of the Company (RM'000) | (806)              | (10,779)               | (1,152)              | (11,102)               |
| Weighted average number of shares in issue ('000)   | 364,033            | 364,033                | 364,033              | 356,932                |
| Basic LPS (sen)                                     | (0.22)             | (2.96)                 | (0.32)               | (3.11)                 |

No diluted earnings per share is disclosed as the Company does not have any dilutive potential ordinary shares (such as options or convertible instruments) in issue as at 30 September 2019.

**BY ORDER OF THE BOARD,**

CHUA SIEW CHUAN  
CHENG CHIA PING  
COMPANY SECRETARIES

27 November 2019