

PARLO BERHAD [199601013285 (385635-V)]
Interim financial report for the first quarter ended 31 March 2020

PART A2 :- SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of Key Financial Information for the financial period ended 31 March 2020				
	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
1. Revenue	14,775	32,895	14,775	32,895
2. Loss before tax	(1,580)	(1,022)	(1,580)	(1,022)
3. Loss attributable to ordinary equity holders of the Company	(1,526)	(1,008)	(1,526)	(1,008)
4. Basic loss per share (sen)	(0.42)	(0.28)	(0.42)	(0.28)
5. Dividend per share	-	-	-	-
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
6. Net assets per share (RM)	0.04		0.04	

PART A3 :- ADDITIONAL INFORMATION				
	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
1. Loss before interest and tax	(1,559)	(1,013)	(1,559)	(1,013)
2. Gross interest income	14	22	14	22
3. Gross Interest expense	(35)	(31)	(35)	(31)

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
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Revenue	14,775	32,895	14,775	32,895
Cost of sales	(13,305)	(29,417)	(13,305)	(29,417)
Gross profit	1,470	3,478	1,470	3,478
Administrative expenses	(3,304)	(5,170)	(3,304)	(5,170)
Loss from operations	(1,834)	(1,692)	(1,834)	(1,692)
Other operating income	275	679	275	679
Loss before interest and tax	(1,559)	(1,013)	(1,559)	(1,013)
Finance income	14	22	14	22
Finance costs	(35)	(31)	(35)	(31)
Loss before taxation	(1,580)	(1,022)	(1,580)	(1,022)
Taxation	-	-	-	-
Loss after taxation	(1,580)	(1,022)	(1,580)	(1,022)
Total comprehensive loss for the period	(1,580)	(1,022)	(1,580)	(1,022)
Loss attributable to:				
Owners of the Company	(1,526)	(1,008)	(1,526)	(1,008)
Non-controlling Interest	(54)	(14)	(54)	(14)
	(1,580)	(1,022)	(1,580)	(1,022)
Total comprehensive loss attributable to:				
Owners of the Company	(1,525)	(1,008)	(1,525)	(1,008)
Non-controlling interest	(55)	(14)	(55)	(14)
	(1,580)	(1,022)	(1,580)	(1,022)
Basic loss per share (sen) (Note B12)	(0.42)	(0.28)	(0.42)	(0.28)

The condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

PARLO BERHAD [199601013285 (385635-V)]
Interim financial report for the first quarter ended 31 March 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	As at 31 March 2020 RM'000 (Unaudited)	As at 31 December 2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	4,481	4,588
Intangible assets	1,879	2,004
Investment properties	1,180	1,180
Right-of-use assets	576	605
Deferred tax assets	1,074	1,074
	<u>9,190</u>	<u>9,451</u>
Current assets		
Trade and other receivables	5,344	12,101
Tax recoverable	4,633	4,584
Financial assets at fair value through profit or loss	166	166
Fixed deposit with licensed banks	1,285	1,835
Cash and bank balances	2,864	2,742
	<u>14,292</u>	<u>21,428</u>
TOTAL ASSETS	<u>23,482</u>	<u>30,879</u>
Current liabilities		
Trade payables and other payables	2,646	12,402
Borrowings	4,080	67
Lease liabilities	159	142
Current tax liabilities	282	300
	<u>7,167</u>	<u>12,911</u>
	<u>16,315</u>	<u>17,968</u>
Non-current liabilities		
Borrowings	1,919	1,939
Lease liabilities	484	536
Deferred tax liabilities	146	146
	<u>2,549</u>	<u>2,621</u>
Equity attributable to owners of the Company		
Share capital	38,435	38,435
Shares held under ESTS Trust	(990)	(990)
Reserves	(26,281)	(26,281)
Retained earnings	2,329	3,855
	<u>13,493</u>	<u>15,019</u>
Equity not attributable to owners of the Company		
Non-controlling interests	273	328
TOTAL EQUITY	<u>13,766</u>	<u>15,347</u>
	<u>16,315</u>	<u>17,968</u>
Number of ordinary shares in issue ('000)	364,033	364,033
Net assets per share attributable to ordinary equity (RM)	0.04	0.04

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

PARLO BERHAD [199601013285 (385635-V)]
Interim financial report for the first quarter ended 31 March 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 March 2020	31 March 2019
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation	(1,580)	(1,022)
Adjustments for:		
Depreciation of property, plant and equipment	106	100
Depreciation of rights-of-use assets	29	-
Amortisation	125	3
(Gain) / Loss on disposal of PPE	(3)	11
Interest expense	35	31
Interest income	(14)	(22)
Operating loss before working capital changes	<u>(1,302)</u>	<u>(899)</u>
(Increase) / Decrease in working capital:		
Trade receivables	4,221	701
Other receivables	2,536	(1,433)
Trade payables	(4,414)	(4,730)
Other payables	<u>(5,341)</u>	<u>6,955</u>
Cash generated from / (used in) operations	(4,300)	594
Taxation paid	(68)	(649)
Interest received	14	22
Interest paid	(35)	(31)
Net cash used in operating activities	<u>(4,389)</u>	<u>(64)</u>
Cash flows from investing activities		
Software development cost	-	(70)
Acquisition of Trademarks and right to use	-	(2)
Purchase of property, plant and equipment	-	(614)
Disposal of property, plant and equipment	3	-
Net cash generated from / (used in) investing activities	<u>3</u>	<u>(686)</u>
Cash flows from financing activities		
Repayment of bank borrowings	(26)	(135)
Acquisition of bank borrowings	2,000	-
Repayment of lease liabilities	(35)	-
Net cash (used in) / generated from financing activities	<u>1,939</u>	<u>(135)</u>
Net increase in cash and cash equivalents	(2,447)	(885)
Cash and cash equivalents at beginning of the financial period	3,342	6,861
Cash and cash equivalents at end of the financial period	<u>895</u>	<u>5,976</u>
Cash and cash equivalents at end of the financial period comprises:		
Cash and bank balances	2,864	5,376
Fixed deposits with licensed banks	1,285	1,471
Bank overdrafts	<u>(2,019)</u>	<u>-</u>
	2,130	6,847
Less: Fixed deposits pledged with licensed banks	<u>(1,235)</u>	<u>(871)</u>
	<u>895</u>	<u>5,976</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

PARLO BERHAD [199601013285 (385635-V)]
Interim financial report for the first quarter ended 31 March 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Shares held under ESTS Trust	Profit Guarantee Shares for disposal	Reverse Acquisition Reserve	Revaluation Reserve	Retained earnings	Total	Non-Controlling Interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	38,435	(990)	(1,044)	(25,471)	234	3,855	15,019	327	15,346
Total comprehensive loss for the period	-	-	-	-	-	(1,526)	(1,526)	(54)	(1,580)
As at 31 March 2020	38,435	(990)	(1,044)	(25,471)	234	2,329	13,493	273	13,766
As at 1 January 2019	38,435	-	(1,044)	(25,471)	234	5,254	17,408	286	17,694
Purchase of ESTS Shares	-	(990)	-	-	-	-	(990)	-	(990)
Total comprehensive loss for the period	-	-	-	-	-	(1,399)	(1,399)	41	(1,358)
As at 31 December 2019	38,435	(990)	(1,044)	(25,471)	234	3,855	15,019	327	15,346

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

PARLO BERHAD (199601013285 (385635-V)) (“COMPANY”)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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 2019.

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 2019.

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 3, “Business Combinations” (Definition of a Business)

Amendments to MFRS Standards arising from Definition of Material

- Amendments to MFRS 101, “Presentation of Financial Statements”
- Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors”

Amendments to MFRS Standards arising from Interest Rate Benchmark Reform

- Amendments to MFRS 7, “Financial Instruments: Disclosures”
- Amendments to MFRS 9, “Financial Instruments”
- Amendments to MFRS 139, “Financial Instruments: Recognition and Measurement”

Annual periods beginning on/after 1 January 2021:

- MFRS 17, “Insurance Contracts”

Annual periods beginning on/after 1 January 2022:

- Amendments to MFRS 101, “Classification of Liabilities as Current or Non-current”

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 2019 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.

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A9 Segment information

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

	Current quarter		Year-to-date	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Revenue by business segments:				
Travel and tours	11,837	29,835	11,837	29,835
- PARLO	11,083	26,618	11,083	26,618
- AGT	754	3,217	754	3,217
- Musafir-GO	-	-	-	-
Meetings, Incentives, Conventions and Events	2,479	3,060	2,479	3,060
-DMC 360	2,479	3,060	2,479	3,060
Membership fees	459	-	459	-
-Buddy Up	459	-	459	-
Investment holding	-	-	-	-
	14,775	32,895	14,775	32,895
Segment results:				
Travel and tours	(1,590)	(1,702)	(1,590)	(1,702)
Meetings, Incentives, Conventions and Events	448	460	448	460
Membership fees (Buddy Up)	11	-	11	-
Investment holding	(703)	(450)	(703)	(450)
Loss from operations	(1,834)	(1,692)	(1,834)	(1,692)
Other operating income	275	679	275	679
Loss before interest and tax ("LBIT")	(1,559)	(1,013)	(1,559)	(1,013)
Finance income	14	22	14	22
Finance costs	(35)	(31)	(35)	(31)
Loss before taxation ("LBT")	(1,580)	(1,022)	(1,580)	(1,022)
Taxation	-	-	-	-
Loss after taxation ("LAT")	(1,580)	(1,022)	(1,580)	(1,022)

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

The outbreak of Coronavirus Disease 2019 (“**COVID-19**”) has brought significant economic uncertainties to Malaysians and the market in which the Group operates. The Group expects the current situation to have an adverse impact on its results for the financial year ending 31 December 2020. Other than the impact of the COVID-19 pandemic, there were no material events subsequent to the current financial quarter ended 31 March 2020 up to 22 June 2020, 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 was no change in the composition of the Group during the current financial quarter and financial period-to-date.

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 %	Cumulative period		Changes %
	31 March 2020 RM'000	31 March 2019 RM'000		31 March 2020 RM'000	31 March 2019 RM'000	
Revenue	14,775	32,895	-55.08%	14,775	32,895	-55.08%
Loss from operations	(1,834)	(1,692)	-8.39%	(1,834)	(1,692)	-8.39%
LBIT	(1,559)	(1,013)	-53.90%	(1,559)	(1,013)	-53.90%
LBT	(1,580)	(1,022)	-54.60%	(1,580)	(1,022)	-54.60%
LAT	(1,580)	(1,022)	-54.60%	(1,580)	(1,022)	-54.60%
Loss attributable to owners of the Company	(1,526)	(1,008)	-51.39%	(1,526)	(1,008)	-51.39%

The revenue of the Group for the financial period ended (“FPE”) 31 March 2020 was derived mainly from its main operating subsidiary, Parlo Tours Sdn. Bhd. (“Parlo Tours”).

The Group recorded a revenue of RM14.78 million for the quarter ended 31 March 2020 (“1Q2020”), a decrease of RM18.12 million as compared to RM32.90 million in the quarter ended 31 March 2019 (“1Q2019”). The lower revenue was mainly due to the COVID-19 pandemic that impacted the whole travel industry.

On 23 January 2020, the China government had imposed a lockdown on the city of Wuhan in Hubei Province in an attempt to control the spread of the COVID-19, and on 30 January 2020, the World Health Organisation had declared the COVID-19 virus as a “Public Health Emergency of International Concern”. This has led to the concern of the general public and a substantial number of the Group’s tour customers had requested to cancel and refund their tour packages, directly impacting our operations as outbound travel had decreased to a minimum. Further on 16 March 2020, the Malaysian Government had announced a Movement Control Order, restricting all inbound and outbound travel.

Total loss from operations for 1Q2020 was RM1.83 million, an increase of RM0.14 million as compared to RM1.69 million in 1Q2019. The slight increase in loss from operations despite the drastic drop in revenue mainly due to the decrease in both advertising and travel fair promotion expenses due to cancellation of MATTA fair in March 2020, decrease in staff cost due to rationalisation of manpower in March 2020 as well as increase in expenses from amortisation of intangible assets when compared to the prior year preceding quarter.

The above factors also contributed to the Group’s higher LAT.

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

	Individual quarter		Changes %
	31 March 2020 RM'000	31 December 2019 RM'000	
Revenue	14,775	55,003	-73.14%
Loss from operations	(1,834)	(696)	-163.51%
LBIT	(1,559)	305	-611.15%
LBT	(1,580)	314	-603.18%
LAT	(1,580)	(150)	-953.33%
Loss attributable to owners of the Company	(1,526)	(61)	-2401.64%

The Group recorded a lower revenue of RM14.78 million as compared to previous quarter of RM55.00 million and the decrease of RM40.22 million was due to the seasonal effect whereby the Group normally will record lower revenue in the first quarter and higher revenue in the fourth quarter of the year and the impact of the COVID-19 pandemic as explained in notes A11 and B1 above.

Other operating income was also lower compared to the immediate preceding quarter partially due to lower foreign exchange gain and a lower commission received.

B3 Prospects

The Group (under its main operating subsidiary, Parlo Tours) is an established travel management and services group, with over 40 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.

The COVID-19 pandemic has taken a toll on the Malaysian economy as well as many countries around the world, with most countries still in different implementation and easing phases of their unprecedented lockdown measures as at to date. These lockdown measures in the respective country have also impacted the operations of the Group's main subsidiary, Parlo Tours.

With uncertainty of economic recovery, the Group is actively pursuing measures to manage its operating costs and reassess the Group's future business plans to minimise the impact arising from the COVID-19 pandemic.

The sales outlets are required to implement new social distancing rules and other guidelines under the Standard Operating Procedures issued by the National Security Council. The introduction of these measures and fear of contracting COVID-19 may affect customers' confidence in the short term.

The Group is expecting a challenging operating and financial performance for the financial year ending 31 December 2020 but in spite of the above, the Group is hopeful that the business will gradually recover given that the travel industry was fairly resilient in past crisis.

B4 Profit forecast and profit guarantee

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

B5 Taxation

There was no provision for tax for 1Q2020 as the Group had incurred losses for this current quarter.

B6 Status of corporate proposals

There were no corporate proposals announced but pending completion as at the LPD.

B7 Group's borrowings and debt securities

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

As at 31 March 2020:

	Short term RM'000	Long term RM'000	Total RM'000
<u>Secured</u>			
Term loan	61	1,919	1,980
Overdraft	2,019	-	2,019
Revolving Credit	2,000	-	2,000
Finance lease	34	17	51
Total	4,114	1,936	6,050

The effective interest rates were as follows:

	%
Term loan	4.20
Overdraft	7.20
Revolving Credit	6.00
Finance lease	2.53-4.86

The proportion fixed interest rate debt and floating interest rate debt was 0.84% and 99.16%, respectively.

B8 Financial instruments - Derivatives

There were no financial instruments in the current financial quarter.

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 the current quarter.

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

	31 March	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	2,003	3,664
Past due 1 - 30 days	246	549
Past due 31 - 120 days	188	210
Past due more than 120 days	607	1,478
	1,041	2,237
Individually impaired	-	(27)
	3,044	5,847

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 31 March 2020 RM'000	As at 31 March 2019 RM'000
	Interest income	14
Interest expense	(35)	(31)
Amortisation of intangible asset	(125)	(3)
Depreciation of property, plant and equipment	(106)	(100)
Depreciation of right-of-use assets	(29)	-

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 1Q2020.

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
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Loss attributable to owners of the Company (RM'000)	(1,526)	(1,008)	(1,526)	(1,008)
Weighted average number of shares in issue ('000)	364,033	364,033	364,033	364,033
Basic LPS (sen)	(0.42)	(0.28)	(0.42)	(0.28)

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 31 March 2020.

BY ORDER OF THE BOARD,

CHUA SIEW CHUAN
CHENG CHIA PING
COMPANY SECRETARIES

29 June 2020