

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

PART A2 :- SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of Key Financial Information for the financial period ended 31 December 2020				
	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
1. Revenue	308	55,003	16,003	162,926
2. Loss before tax	(1,890)	314	(8,232)	(741)
3. Loss attributable to ordinary equity holders of the Company	(3,682)	(61)	(9,987)	(1,213)
4. Basic loss per share (sen)	(1.01)	(0.02)	(2.74)	(0.33)
5. Dividend per share	-	-	-	-
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
6. Net assets per share (RM)	0.02		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 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
1. (Loss)/Profit before interest and tax	(1,807)	305	(7,921)	(769)
2. Gross interest income	21	75	46	167
3. Gross Interest expense	(104)	(66)	(357)	(139)

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31 December 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 December 2019 RM'000	CURRENT YEAR TO DATE 31 December 2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 December 2019 RM'000
Revenue	308	55,003	16,003	162,926
Cost of sales	86	(50,522)	(13,860)	(145,300)
Gross profit	394	4,481	2,143	17,626
Administrative expenses	(3,507)	(5,177)	(11,604)	(20,691)
Loss from operations	(3,113)	(696)	(9,461)	(3,065)
Other operating income	1,306	1,001	1,540	2,296
(Loss)/Profit before interest and tax	(1,807)	305	(7,921)	(769)
Finance income	21	75	46	167
Finance costs	(104)	(66)	(357)	(139)
(Loss)/Profit before taxation	(1,890)	314	(8,232)	(741)
Taxation	(1,459)	(464)	(1,576)	(617)
Loss after taxation	(3,349)	(150)	(9,808)	(1,358)
Other comprehensive income net of tax				
Items that will not be reclassified to profit or loss				
-gain on revaluation of land and buildings	176	-	176	-
Other comprehensive income for the period	176	-	176	-
Total comprehensive loss for the period	(3,173)	(150)	(9,632)	(1,358)
Loss attributable to:				
Owners of the Company	(3,682)	(61)	(9,987)	(1,213)
Non-controlling Interest	333	(89)	179	(145)
	(3,349)	(150)	(9,808)	(1,358)
Total comprehensive loss attributable to:				
Owners of the Company	(3,506)	(61)	(9,811)	(1,213)
Non-controlling interest	333	(89)	179	(145)
	(3,173)	(150)	(9,632)	(1,358)
Basic loss per share (sen) (Note B13)	(1.01)	(0.02)	(2.74)	(0.33)

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 fourth quarter ended 31 December 2020

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

	As at 31 December 2020 RM'000 (Unaudited)	As at 31 December 2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	4,131	4,588
Intangible assets	2	2,004
Investment properties	1,080	1,180
Right-of-use assets	488	605
Deferred tax assets	-	1,074
	<u>5,701</u>	<u>9,451</u>
Current assets		
Trade and other receivables	6,268	12,101
Tax recoverable	4,538	4,584
Financial assets at fair value through profit or loss	77	166
Fixed deposit with licensed banks	703	1,835
Cash and bank balances	2,882	2,742
	<u>14,468</u>	<u>21,428</u>
TOTAL ASSETS	<u>20,169</u>	<u>30,879</u>
Current liabilities		
Trade payables and other payables	2,870	12,402
Borrowings	6,920	67
Lease liabilities	142	142
Current tax liabilities	43	300
	<u>9,975</u>	<u>12,911</u>
	<u>10,194</u>	<u>17,968</u>
Non-current liabilities		
Borrowings	1,872	1,939
Lease liabilities	409	536
Deferred tax liabilities	229	146
	<u>2,510</u>	<u>2,621</u>
Equity attributable to owners of the Company		
Share capital	38,435	38,435
Shares held under ESTS Trust	-	(990)
Reserves	(25,029)	(26,281)
Retained earnings/(Accumulated losses)	(5,722)	3,855
	<u>7,684</u>	<u>15,019</u>
Equity not attributable to owners of the Company		
Non-controlling interests	-	328
TOTAL EQUITY	<u>7,684</u>	<u>15,347</u>
	<u>10,194</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)	0.02	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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 December 2020	31 December 2019
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation	(8,232)	(740)
Adjustments for:		
Depreciation of property, plant and equipment	423	488
Depreciation of right-of-use assets	117	98
Amortisation	501	511
(Gain) / Loss on disposal of property, plant and equipment	(7)	14
Property, plant and equipment written-off	-	85
Impairment of intangible assets	-	70
Debts written-off	476	-
Waiver of debts	-	(392)
Provision for doubtful debts	653	-
Dividend Income	-	(4)
Loss on disposal of profit guarantee shares	146	-
Changes in value of financial assets at fair value through profit or loss	(13)	29
ESTS Payout	(718)	-
Unrealised gain on foreign exchange	-	(28)
Interest expense	357	143
Interest income	(46)	(167)
Operating loss before working capital changes	<u>(6,343)</u>	<u>107</u>
(Increase) / Decrease in working capital:		
Trade receivables	4,853	(722)
Other receivables	(83)	1,409
Trade payables	(4,621)	(1,291)
Other payables	<u>(4,917)</u>	<u>(416)</u>
Cash generated from / (used in) operations	<u>(11,111)</u>	<u>(913)</u>
Taxation paid	(733)	(1,321)
Interest received	46	167
Interest paid	<u>(334)</u>	<u>(143)</u>
Net cash used in operating activities	<u>(12,132)</u>	<u>(2,210)</u>
Cash flows from investing activities		
Software development cost	-	(300)
Purchase of property, plant and equipment	(36)	(259)
Dividend received	-	4
Disposal of property, plant and equipment	33	15
Disposal of profit guarantee shares	898	-
Disposal of Financial assets at fair value through profit or loss	102	-
Disposal of subsidiary	<u>2,300</u>	<u>-</u>
Net cash generated from / (used in) investing activities	<u>3,297</u>	<u>(540)</u>
Cash flows from financing activities		
Repayment of bank borrowings	(49)	(1,272)
Drawdown of bank borrowings	4,000	2,000
Repayment of lease liabilities	(139)	(142)
Acquisition of shares by ESTS	-	(990)
Disposal of shares held by ESTS	1,740	-
Fixed deposit pledged to licensed banks	-	(365)
Net cash generated from/(used in) financing activities	<u>5,552</u>	<u>(769)</u>
Net increase in cash and cash equivalents	(3,283)	(3,519)
Cash and cash equivalents at beginning of the financial period	<u>3,342</u>	<u>6,861</u>
Cash and cash equivalents at end of the financial period	<u><u>59</u></u>	<u><u>3,342</u></u>
Cash and cash equivalents at end of the financial period comprises:		
Cash and bank balances	2,882	2,742
Fixed deposits with licensed banks	703	1,835
Bank overdrafts	<u>(2,823)</u>	<u>-</u>
	762	4,577
Less: Fixed deposits pledged with licensed banks	<u>(703)</u>	<u>(1,235)</u>
	<u><u>59</u></u>	<u><u>3,342</u></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.

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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	ESTS Reserve	Retained earnings/ (Accumulated losses)	Total	Non-Controlling Interest	Total equity
	RM'000	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	328	15,347
Disposal of profit guarantee shares	-	-	1,044	-	-	-	-	1,044	-	1,044
Disposal of shares held under ESTS Trust	-	990	-	-	-	750	-	1,740	-	1,740
ESTS Trust payout and expenses	-	-	-	-	-	(718)	-	(718)	-	(718)
Disposal of Travel Ideas Online	-	-	-	-	-	-	410	410	(507)	(97)
Total comprehensive loss for the period	-	-	-	-	-	-	(9,987)	(9,987)	179	(9,808)
Revaluation gain on land and buildings	-	-	-	-	176	-	-	176	-	176
As at 31 December 2020	38,435	-	-	(25,471)	410	32	(5,722)	7,684	-	7,684
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)	42	(1,357)
As at 31 December 2019	38,435	(990)	(1,044)	(25,471)	234	-	3,855	15,019	328	15,347

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.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 effective for the Group’s financial year beginning on 1 January 2020 are as follows:

Annual periods beginning on/after 1 January 2020:

- Amendments to References to the Conceptual Framework in MFRS Standards:
 - Amendments to MFRS 3, “Business Combinations”
 - Amendments 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”
 - Amendments to MFRS 138, “Intangible Assets”
 - Amendments to IC Interpretation 19, “Extinguishing Financial Liabilities with Equity Instruments”
 - Amendments to IC Interpretation 22, “Foreign Currency Transactions and Advance Considerations”
 - Amendments to IC Interpretation 132, “Intangible Assets- Web Site Costs”
- 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”

- 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”

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 2021:

- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform – Phase 2:
 - Amendments to MFRS 4, “Insurance Contracts”
 - Amendments to MFRS 7, “Financial Instruments: Disclosures”
 - Amendments to MFRS 9, “Financial Instruments”
 - Amendments to MFRS 16, “Leases”
 - Amendments to MFRS 139, “Financial Instruments: Recognition and Measurement”

Annual periods beginning on/after 1 January 2022:

- Amendments to MFRS 3, “Business Combinations” (Reference to the Conceptual Framework)
- Amendments to MFRS 116, “Property, Plant and Equipment” (Proceeds before Intended Use)
- Amendments to MFRS 137, “Provision, Contingent Liabilities and Contingent Assets” (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 – 2020:
 - Amendment to MFRS 101, “First-time Adoption of Malaysian Financial Reporting Standards”
 - Amendment to MFRS 9, “Financial Instruments”
 - Amendment to Illustrative Examples accompanying MFRS 16, “Leases”
 - Amendment to MFRS 141, “Agriculture”

Annual periods beginning on/after 1 January 2023

- MFRS 17, “Insurance Contracts”
- Amendments to MFRS 17, “Insurance Contracts”
- Amendments to MFRS 101, “Presentation of Financial Statements” (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

Under normal circumstances, the demands for the Group’s products and services are subjected to seasonal variations annually depending on the contribution of the Group’s leisure travel and corporate travel businesses. As such, its seasonal patterns are generally consistent 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. However, this is not applicable during the ongoing outbreak of Coronavirus Disease 2019 (“**COVID-19**”) as a result of travel bans and various lockdowns measures implemented by the government worldwide had adversely impacted the Group’s leisure travel and corporate travel businesses.

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

Save for the disposal of profit guarantee shares, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and financial period-to-date.

No	Date	Disposal Amount (RM)
1	8 May 2020	898,123

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**”), 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 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Revenue by business segments:				
Travel and tours	285	49,637	12,908	143,221
- PARLO	285	45,509	12,154	131,170
- AGT	-	3,777	754	11,700
- Musafir-GO	-	351	-	351
Meetings, Incentives, Conventions and Events	-	5,011	2,479	19,350
-DMC 360	-	5,011	2,479	19,350
Membership fees	23	355	616	355
-Buddy Up	23	355	616	355
Investment holding	-	-	-	-
	308	55,003	16,003	162,926
Segment results:				
Travel and tours	(1,537)	(12)	(5,605)	(3,058)
Meetings, Incentives, Conventions and Events	-	650	448	3,391
Membership fees (Buddy Up)	(69)	(194)	(245)	(194)
Investment holding	(1,507)	(1,140)	(4,059)	(3,204)
Loss from operations	(3,113)	(696)	(9,461)	(3,065)
Other operating income	1,306	1,001	1,540	2,296
Loss before interest and tax ("LBIT")	(1,807)	305	(7,921)	(769)
Finance income	21	75	46	167
Finance costs	(104)	(66)	(357)	(139)
Loss before taxation ("LBT")	(1,890)	314	(8,232)	(741)
Taxation	(1,459)	(464)	(1,576)	(617)
Loss after taxation ("LAT")	(3,349)	(150)	(9,808)	(1,358)

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

A10 Valuation of property, plant and equipment

During the financial year under review, a revaluation exercise was undertaken for the investment properties and property, plant and equipment of the Group pursuant to MFRS 116 and MFRS 140, respectively. The revaluation exercise brought a net depreciation on the fair value of the investment properties by RM90,000 and net appreciation of fair value of the property, plant and equipment by RM176,512 and the revaluation surplus/deficit has been incorporated into the financial statements of the Group for the period ended 31 December 2020.

A11 Material events subsequent to the end of the quarter

The COVID-19 pandemic 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 2021. Other than the impact of the COVID-19 pandemic, there were no material events subsequent to the current financial quarter ended 31 December 2020 up to 24 March 2021, 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

On 19 November 2020, the Company announce that Pioneer Streams Consolidated Sdn Bhd, a wholly-owned subsidiary of the Company had entered into a share sale agreement with Adqrate International Sdn Bhd for the disposal of 350,000 ordinary shares representing 70% equity interest in Travel Ideas Online Sdn Bhd (“**TIO**”) for a cash consideration of RM2,300,000 (“**Disposal**”). The Disposal was completed on 2 March 2021.

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 December 2020 RM'000	31 December 2019 RM'000		31 December 2020 RM'000	31 December 2019 RM'000	
Revenue	308	55,003	-99.44	16,003	162,926	-90.18
Loss from operations	(3,113)	(696)	-347.27	(9,461)	(3,065)	-208.68
(LBIT)/PBIT	(1,807)	305	-692.46	(7,921)	(769)	-930.04
(LBT)/PBT	(1,890)	314	-701.91	(8,232)	(741)	-1010.93
LAT	(3,349)	(150)	-2,132.67	(9,808)	(1,358)	-622.240
Loss attributable to owners of the Company	(3,682)	(61)	-5,936.07	(9,987)	(1,213)	-723.33

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

The Group recorded a revenue of RM0.31 million for the quarter ended 31 December 2020 ("**4Q2020**"), a decrease of RM54.70 million as compared to RM55.00 million in the quarter ended 31 December 2019 ("**4Q2019**"). The lower revenue was mainly due to the COVID-19 pandemic that impacted the whole travel industry.

Due to the COVID-19 pandemic, the Group generated minimal revenue for 4Q2020, which comprises of ticketing sales and membership fees.

The Group also recorded a LAT of RM3.35 million for 4Q2020, an increase of RM3.20 million as compared to RM0.15 million in 4Q2019. The higher LAT was partially offset by the lower administrative expenses of RM3.50 million for the current quarter (4Q2019: RM5.18 million) as the Group had rationalised its costs during the period by reducing expenses such as staff costs and advertising expenses.

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

	Individual quarter		Changes %
	31 December 2020 RM'000	30 September 2020 RM'000	
Revenue	308	775	-60.26
Loss from operations	(3,113)	(2,074)	-50.10
LBIT	(1,807)	(2,087)	13.42
LBT	(1,890)	(2,193)	13.82
LAT	(3,349)	(2,310)	-44.98
Loss attributable to owners of the Company	(3,682)	(2,264)	-62.63

The Group recorded a lower revenue of RM0.31 million as compared to previous quarter of RM0.78 million and the decrease of RM0.47 million was due to the sudden surge of COVID-19 cases in Q42020 and the reimplementations of CMCO in the current quarter resulting in significantly lesser travellers during this period.

In the current quarter, there was an adjustment against the cost of sales for deposits refunded to the Group. These deposits had previously been deemed forfeited and expensed off as cost of sales.

LBIT for the current quarter of RM1.90 million is lower than 3Q2020 of RM2.09 million, as a result of an increase in expenses arising from various impairments and provisions as a result from the impact of the COVID-19 pandemic by approximately RM1.12 million. This is partially offset against other income arising from gain on disposal of a subsidiary, namely Travel Ideas Online Sdn Bhd at the end of the current quarter amounting to approximately RM1.26 million.

Except for the impairments and provisions as mentioned above, the administrative expenses in Q42020 were higher than Q32020 as the Group had also incurred additional expenses during the quarter for the private placement exercise amounting to RM0.32 million.

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 situation has worsened in Malaysia, and is experiencing unprecedented numbers of new cases, with many countries around the world still combating the pandemic with no immediate (reliable) solution in sight. Sales outlets have been implementing 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 is expected to affect customers' confidence in the short term. These struggles have continued to impact the operations of the Group's main subsidiary, Parlo Tours.

As such, the Group is continuing in its pursuit of managing its operating costs and reassessment of the Group's future business plans to minimise the impact arising from the COVID-19 pandemic.

Moving forward, the arrangement to facilitate the travel and logistical arrangements of migrant workers from Myanmar (as a result of the Diamond Palace Master Agreement)

is expected to start generating revenue at the beginning of Q4 2021, and will help mitigate the losses to be further experienced as the pandemic shows little signs of abating. The process of diversification into new businesses (e.g. employment agency related services and digital services) is in progress, and is expected to be an additional source of revenue to reduce reliance on a heavily impacted sector.

B4 Profit forecast and profit guarantee

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

B5 Taxation

	Current quarter		Year-to-date	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Current taxation				
- Current year	1,459	601	1,405	748
- Prior year	-	-	171	6
Deferred taxation	-	(137)	-	(137)
Total tax expense	1,459	464	1,576	617

The tax expense arising in 4Q2020 was due to adjustment for the difference between estimated and actual tax expense for the year ended 31 December 2019.

The tax expense for 4Q2020 was mainly due to a reversal of the deferred tax asset previously recognised due to the uncertainty on whether the deferred tax asset can be utilised in the near future due to the impact of COVID-19 pandemic on the business of the Group.

B6 Status of corporate proposals

On 3 November 2020, the Company announced a Private Placement of up to 72,800,000 new ordinary shares in the Company ("**Parlo Shares**" or "**Shares**"), representing 20% of the total number of issued shares of the Company. The Company had completed its 1st tranche placement of 36,400,000 Placement Shares at an issue price of RM0.52 per Share on 5 January 2021 which raised approximately RM18.93 million. The Company had completed the 2nd tranche placement of the remaining 36,400,000 Shares at an issue price of RM0.30 per Share on 17 March 2021 which raised approximately RM10.92 million.

On 5 February 2021, the Group announced its proposed diversification into employment agency related services and digital services. The related circular was issued on 24 March 2021. The extraordinary general meeting in relation to the diversification will be held on 8 April 2021.

On 13 February 2021, the Stamping Office (LHDN) has approved the transfer of TIO shares with the stamp duty currently pending. The transfer of shares was completed on 2 March 2021. Please refer to Section A12 for the details of the Disposal.

B7 Status of utilisation of proceeds raised from the Private Placement

The proposed and actual utilisation of the total gross proceeds of RM29,848,000 raised from the Private Placement were as follows:

	Proposed utilisation RM'000	Actual utilisation as at the LPD RM'000	Intended timeframe for utilisation	Remaining balance RM'000
Investment in migrant workforce related services business	12,000	12,000	Within 12 months	-
Repayment of bank borrowings	7,058	1,000	Within 3 months	6,058
Working Capital	9,930	3,530	Within 12 months	6,400
Estimated expenses in relation to the Private Placement	860	510	Immediately	350
Total	29,848	17,040		12,808

B8 Group's borrowings and debt securities

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

As at 31 December 2020:

	Short term RM'000	Long term RM'000	Total RM'000
<u>Secured</u>			
Term loan	73	1,872	1,945
Overdraft	2,823	-	2,823
Revolving Credit	4,024	-	4,024
Total	6,920	1,872	8,792

The effective interest rates were as follows:

	%
Term loan	3.50
Overdraft	6.45
Revolving Credit	3.34-3.66
Finance lease	2.53

The proportion fixed interest rate debt and floating interest rate debt was 0.47% and 99.53%, respectively.

B9 Financial instruments - Derivatives

There were no financial instruments in the current financial quarter.

B10 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 December	
	2020	2019
	RM'000	RM'000
Neither past due nor impaired	81	4,570
Past due 1 - 30 days	84	719
Past due 31 - 120 days	102	1,500
Past due more than 120 days	1,553	481
	1,739	2,700
Individually impaired	-	-
	1,820	7,270

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.

B11 Material litigation

There was no material litigation in the current financial quarter.

B12 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 December 2020 RM'000	As at 31 December 2019 RM'000
Interest income	46	167
Interest expense	(357)	(139)
Amortisation of intangible asset	(501)	(511)
Depreciation of property, plant and equipment	(423)	(488)
Depreciation of right-of-use assets	(117)	(98)
Gain on disposal of subsidiary	1,259	-
Write-off of receivables	(476)	-
Provision for receivables	(653)	-

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, 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 4Q2020.

B13 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 December 2020	31 December 2019	31 December 2020	31 December 2019
Loss attributable to owners of the Company (RM'000)	(3,682)	(61)	(9,987)	(1,213)
Weighted average number of shares in issue ('000)	364,033	364,033	364,033	364,033
Basic LPS (sen)	(1.01)	(0.02)	(2.74)	(0.33)

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 December 2020.

BY ORDER OF THE BOARD,

CHUA SIEW CHUAN
CHENG CHIA PING
COMPANY SECRETARIES

31 March 2021