

PARLO BERHAD [199601013285 (385635-V)]
Interim financial report for the first quarter ended 31 March 2021

PART A2 :- SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of Key Financial Information for the financial period ended 31 March 2021				
	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
1. Revenue	(89)	14,775	(89)	14,775
2. Loss before tax	(1,734)	(1,580)	(1,734)	(1,580)
3. Loss attributable to ordinary equity holders of the Company	(1,734)	(1,526)	(1,734)	(1,526)
4. Basic loss per share (sen)	(0.43)	(0.38)	(0.43)	(0.38)
5. Dividend per share	-	-	-	-
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
6. Net assets per share (RM)	0.08		0.02	

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 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
1. Loss before interest and tax	(1,675)	(1,559)	(1,675)	(1,559)
2. Gross interest income	20	14	20	14
3. Gross Interest expense	(79)	(35)	(79)	(35)

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 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Revenue	(89)	14,775	(89)	14,775
Cost of sales	95	(13,305)	95	(13,305)
Gross profit	6	1,470	6	1,470
Administrative expenses	(1,717)	(3,304)	(1,717)	(3,304)
Loss from operations	(1,711)	(1,834)	(1,711)	(1,834)
Other operating income	36	275	36	275
Loss before interest and tax	(1,675)	(1,559)	(1,675)	(1,559)
Finance income	20	14	20	14
Finance costs	(79)	(35)	(79)	(35)
Loss before taxation	(1,734)	(1,580)	(1,734)	(1,580)
Taxation	-	-	-	-
Loss after taxation	(1,734)	(1,580)	(1,734)	(1,580)
Total comprehensive loss for the period	(1,734)	(1,580)	(1,734)	(1,580)
Loss attributable to:				
Owners of the Company	(1,734)	(1,526)	(1,734)	(1,526)
Non-controlling Interest	-	(54)	-	(54)
	(1,734)	(1,580)	(1,734)	(1,580)
Total comprehensive loss attributable to:				
Owners of the Company	(1,734)	(1,525)	(1,734)	(1,525)
Non-controlling interest	-	(55)	-	(55)
	(1,734)	(1,580)	(1,734)	(1,580)
Basic loss per share (sen) (Note B13)	(0.43)	(0.38)	(0.43)	(0.38)

The condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

PARLO BERHAD [199601013285 (385635-V)]
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	As at 31 March 2021 RM'000 (Unaudited)	As at 31 December 2020 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	4,198	4,314
Intangible assets	2	2
Investment properties	1,080	1,080
Right-of-use assets	458	488
	<u>5,738</u>	<u>5,884</u>
Current assets		
Trade and other receivables	21,624	6,132
Tax recoverable	4,588	4,538
Financial assets at fair value through profit or loss	77	77
Fixed deposit with licensed banks	703	703
Cash and bank balances	10,508	3,095
	<u>37,500</u>	<u>14,545</u>
TOTAL ASSETS	<u>43,238</u>	<u>20,429</u>
Current liabilities		
Trade payables and other payables	2,654	3,066
Borrowings	2,163	6,920
Lease liabilities	199	142
Current tax liabilities	76	76
	<u>5,092</u>	<u>10,204</u>
	<u>38,146</u>	<u>10,225</u>
Non-current liabilities		
Borrowings	1,771	1,872
Lease liabilities	317	409
Deferred tax liabilities	191	191
	<u>2,279</u>	<u>2,472</u>
Equity attributable to owners of the Company		
Share capital	68,283	38,435
Reserves	(25,050)	(25,050)
Accumulated Losses	(7,366)	(5,632)
TOTAL EQUITY	<u>35,867</u>	<u>7,753</u>
	<u>38,146</u>	<u>10,225</u>
Number of ordinary shares in issue ('000)	436,833	364,033
Net assets per share attributable to ordinary equity (RM)	0.08	0.02

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 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 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 31 March 2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2020 RM'000
Cash flows from operating activities		
Loss before taxation	(1,734)	(1,580)
Adjustments for:		
Depreciation of property, plant and equipment	116	106
Depreciation of rights-of-use assets	29	29
Amortisation	-	125
Gain on disposal of PPE	-	(3)
Interest expense	79	35
Interest income	(20)	(14)
Operating loss before working capital changes	<u>(1,530)</u>	<u>(1,302)</u>
(Increase) / Decrease in working capital:		
Trade receivables	393	4,221
Other receivables	(15,884)	2,536
Trade payables	400	(4,414)
Other payables	(812)	(5,341)
Cash used in operations	<u>(17,433)</u>	<u>(4,300)</u>
Taxation paid	(50)	(68)
Interest received	20	14
Interest paid	(79)	(35)
Net cash used in operating activities	<u>(17,542)</u>	<u>(4,389)</u>
Cash flows from investing activities		
Disposal of property, plant and equipment	-	3
Net cash generated from / (used in) investing activities	<u>-</u>	<u>3</u>
Cash flows from financing activities		
Proceeds from private placement	29,848	-
Repayment of bank borrowings	(35)	(26)
Repayment of term loan	(2,000)	2,000
Repayment of lease liabilities	(35)	(35)
Net cash (used in) / generated from financing activities	<u>27,778</u>	<u>1,939</u>
Net increase in cash and cash equivalents	10,236	(2,447)
Cash and cash equivalents at beginning of the financial period	272	3,342
Cash and cash equivalents at end of the financial period	<u>10,508</u>	<u>895</u>
Cash and cash equivalents at end of the financial period comprises:		
Cash and bank balances	10,508	2,864
Fixed deposits with licensed banks	703	1,285
Bank overdrafts	-	(2,019)
	<u>11,211</u>	<u>2,130</u>
Less: Fixed deposits pledged with licensed banks	(703)	(1,235)
	<u>10,508</u>	<u>895</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 2020 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 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	ESTS Reserve	Reverse Acquisition Reserve	Revaluation Reserve	Accumulated Losses	Total equity
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
As at 1 January 2021	38,435	11	(25,471)	410	(5,632)	7,753
Private Placement	29,848	-	-	-	-	29,848
Total comprehensive loss for the period	-	-	-	-	(1,734)	(1,734)
As at 31 March 2021	<u>68,283</u>	<u>11</u>	<u>(25,471)</u>	<u>410</u>	<u>(7,366)</u>	<u>35,867</u>

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

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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 2020.

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 2020.

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 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 2020 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") pandemic 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

The Company had issued and allotted 72,800,000 new ordinary shares pursuant to a private placement exercise ("**Private Placement**") ("**Placement Shares**") as set out in the table below:

Listing date	Issue price RM	Placement shares	Proceeds raised RM'000
6 January 2021	0.52	36,400,000	18,928
17 March 2021	0.30	36,400,000	10,920
	Total	72,800,000	29,848

Save as disclosed above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial quarter and financial period-to-date under review.

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 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Revenue by business segments:				
Travel and tours	(90)	11,837	(90)	11,837
- PARLO	(90)	11,083	(90)	11,083
- AGT	-	754	-	754
- Musafir-GO	-	-	-	-
Meetings, Incentives, Conventions and Events	-	2,479	-	2,479
-DMC 360	-	2,479	-	2,479
Membership fees	-	459	-	459
-Buddy Up	-	459	-	459
Others	1	-	1	-
Investment holding	-	-	-	-
	(89)	14,775	(89)	14,775
Segment results:				
Travel and tours	(902)	(1,590)	(902)	(1,590)
Meetings, Incentives, Conventions and Events	-	448	-	448
Membership fees (Buddy Up)	(97)	11	(97)	11
Investment holding	(712)	(703)	(712)	(703)
Loss from operations	(1,711)	(1,834)	(1,711)	(1,834)
Other operating income	36	275	36	275
Loss before interest and tax ("LBIT")	(1,675)	(1,559)	(1,675)	(1,559)
Finance income	20	14	20	14
Finance costs	(79)	(35)	(79)	(35)
Loss before taxation ("LBT")	(1,734)	(1,580)	(1,734)	(1,580)
Taxation	-	-	-	-
Loss after taxation ("LAT")	(1,734)	(1,580)	(1,734)	(1,580)

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 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 March 2021 up to 21 May 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 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 March 2021 RM'000	31 March 2020 RM'000		31 March 2021 RM'000	31 March 2020 RM'000	
Revenue	(89)	14,775	-100.60	(89)	14,775	-100.60
Loss from operations	(1,711)	(1,834)	6.71	(1,704)	(1,834)	6.71
LBIT	(1,675)	(1,559)	-7.44	(1,668)	(1,559)	-7.44
LBT	(1,734)	(1,580)	-9.75	(1,727)	(1,580)	-9.75
LAT	(1,734)	(1,580)	-9.75	(1,727)	(1,580)	-9.75
Loss attributable to owners of the Company	(1,734)	(1,526)	-9.75	(1,727)	(1,526)	-9.75

The revenue of the Group for the financial period ended (“FPE”) 31 March 2021 was derived mainly from its main operating subsidiary, Parlo Tours Sdn. Bhd. (“Parlo Tours”).

The Group recorded a negative revenue of RM 0.09 million for the quarter ended 31 March 2021 (“1Q2021”), a decrease of RM14.87 million as compared to RM14.78 million in the quarter ended 31 March 2020 (“1Q2020”). The significant decrease in revenue was mainly due to the COVID-19 pandemic that impacted the whole travel industry since March 2020. The negative revenue for the current was due to refund to customers which had previously been deemed forfeited and expensed off as cost of sales. Meanwhile, the Group received refund of deposit from airlines which was adjusted against the cost of sales resulting in a positive cost of sales.

LBIT for 1Q2021 of RM1.68 million is higher than 1Q2020 of RM1.56 million, mainly arising from the significant drop in revenue as a result of the impact of the COVID-19 pandemic.

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

	Individual quarter		Changes %
	31 March 2020 RM'000	31 December 2020 RM'000	
Revenue	(89)	308	-128.90
Loss from operations	(1,711)	(3,113)	45.04
LBIT	(1,675)	(1,807)	7.30
LBT	(1,734)	(1,890)	8.25
LAT	(1,734)	(3,349)	48.22
Loss attributable to owners of the Company	(1,734)	(3,682)	52.91

The Group recorded negative revenue of RM0.09 million as compared to the previous quarter 31 December 2020 ("4Q2020") of RM0.31 million. Besides the adjustment as stated in B1, the decrease of RM0.40 million in revenue was also partially affected due to the further tightening of the Movement Control Order in 1Q 2020 resulting to a nationwide interstate travel ban as compared 4Q2020 where Conditional Movement Control Order was only applicable for a selected states nearing the end of the quarter.

The lower LBIT of RM1.68 million of 1Q2021 compared to RM3.11 million of 4Q2020 was mainly due to the absence of provisions and impairment in 1Q2021, whereas in 4Q2020, provisions and impairment was made for receivables.

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 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 conditions have continued to negatively 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.

Parlo had obtained its shareholders' approval on 8 April 2021 to diversify into employment agency related service. The arrangement to facilitate the travel and logistical arrangements of migrant workers from Myanmar is on-going and is expected to start generating revenue at the beginning of 4th quarter of 2021, and will help mitigate the losses to be further experienced as the pandemic shows little signs of abating.

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 1Q2021 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 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	7,058	Within 3 months	-
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	23,098		6,750

Note:

* The excess of estimated expenses will be adjusted to amount for working capital purposes.

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B8 Group's borrowings and debt securities

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

As at 31 March 2021:

	Short term RM'000	Long term RM'000	Total RM'000
<u>Secured</u>			
Term loan	139	1,771	1,910
Revolving Credit	2,024	-	2,024
Finance lease	199	317	516
Total	2,362	2,088	4,450

The effective interest rates were as follows:

	%
Term loan	3.45
Revolving Credit	3.34 – 4.72
Finance lease	4.79 – 5.71

The proportion fixed interest rate debt and floating interest rate debt was 57.08% and 42.92%, 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 March	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	37	2,003
Past due 1 - 30 days	58	246
Past due 31 - 120 days	3	188
Past due more than 120 days	1,114	607
	1,175	1,041
Individually impaired	-	-
	1,212	3,044

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 March 2021 RM'000	As at 31 March 2020 RM'000
Interest income	20	14
Interest expense	(79)	(35)
Amortisation of intangible asset	-	(125)
Depreciation of property, plant and equipment	(116)	(106)
Depreciation of right-of-use assets	(29)	(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 1Q2021.

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 2021	31 March 20210	31 March 2021	31 March 20210
Loss attributable to owners of the Company (RM'000)	(1,734)	(1,526)	(1,734)	(1,526)
Weighted average number of shares in issue ('000)	404,114	364,033	404,114	364,033
Basic LPS (sen)	(0.43)	(0.42)	(0.43)	(0.42)

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

28 May 2021