

PENANG GLOBAL TOURISM SDN. BHD.
(50689-X)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

PENANG GLOBAL TOURISM SDN. BHD.
(50689-X)
(Incorporated in Malaysia)

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CORPORATE INFORMATION

DIRECTORS

: YAB TUAN LIM GUAN ENG
YB LAW HENG KIANG
YB DATO' ABDUL MALIK BIN ABUL
KASSIM
YB LOKE SIEW FOOK
DATO' ROSLI BIN JAAFAR
DATO' MUSTAFA KAMAL BIN MOHD
YUSOFF
DATO' SERI R. ARUNASALAM S/O V.
RAMASAMY
DATO' TAN SAM SOON (ALBERT)
DANNY GOON SIEW CHEANG
KENNETH TAN TEONG KEEN
KHOO BOO LIM
MARY ANN HARRIS

SECRETARY

: SAWARN KAUR (MAICSA 0781028)

AUDITORS

: ALJEFFRIDEAN

BANKERS

: CIMB BANK BERHAD
MALAYAN BANKING BERHAD

REGISTERED OFFICE : C/O PDC PREMIER HOLDINGS SDN. BHD.
LEVEL 4
TUN DR LIM CHONG EU BUILDING
NO. 1 PERSIARAN MAHSURI
BANDAR BAYAN BARU
11909 BAYAN LEPAS
PENANG

PRINCIPAL PLACE OF ACTIVIT: NO. 8B (FIRST FLOOR)
THE WHITEAWAYS ARCADE
LEBUH PANTAI
10300 PENANG

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF

PENANG GLOBAL TOURISM SDN. BHD.

(50689-X)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **PENANG GLOBAL TOURISM SDN. BHD. (50689-X)**, which comprise the balance sheet as at December 31, 2015, and the income statement, statement of fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on page 8 to 25.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Private Entity Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 2015 and of its financial performance and cash flows for the year then ended in accordance with Private Entity Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements for the preceding year were examined by other auditors, these are presented merely for comparative purposes.

ALJEFFRIDEAN **AF 1366**
Chartered Accountants

NEOH CHIN WAH 1080/01/17 (J/PH)
Partner
Penang, Malaysia

Dated: June 09, 2015

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DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended December 31, 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company are carry out tourism activities for the State of Penang. There has been no significant changes in the nature of this activity during the year.

RESULT

The result of the Company's operation for the year ended December 31, 2015 is NIL and the accumulated deficit as at December 31, 2015 is RM100,003. This is in accordance to the Company's policy on Government grants mentioned in page 13.

DIVIDEND

No dividend were paid or declared by the Company during the year.

RESERVES AND PROVISIONS

No material transfers to or from reserves or provisions were made during the year other than those disclosed in the financial statements.

DIRECTORS OF THE COMPANY

The following are the directors in office since the date of the last report:

YAB Tuan Lim Guan Eng
YB Law Heng Kiang
YB Dato' Abdul Malik Bin Abul Kassim
YB Loke Siew Fook

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Dato' Rosli Bin Jaafar
Dato' Mustafa Kamal Bin Mohd Yusoff
Dato' Seri R. Arunasalam s/o V. Ramasamy
Dato' Tan Sam Soon (Albert)
Danny Goon Siew Cheang
Kenneth Tan Teong Keen
Khoo Boo Lim
Marco Giovanni Battistotti (Deceased on 08.08.2015)
Mary Ann Harris

DIRECTORS' BENEFITS

Neither at the end of the year, nor at any time during the year, did there subsist any arrangements, to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company.

Since the end of the previous year, no director of the Company has received or become entitled to receive any benefits by reason of a contract made by any body corporate in the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for those disclosed as directors' emoluments in the financial statements and those benefits deemed to be derived from dealings with:

<u>Name</u>	<u>Relationship</u>
Penang Development Corporation	Holding company
PDC Premier Holding Sdn. Bhd.	Related Corporation
PIHH Development Sdn. Bhd.	Related Corporation

DIRECTORS' INTERESTS

According to the register of directors' shareholding, none of the directors in office at the end of the financial year had any interest in shares in the Company, its holding company or its related corporation during the financial year.

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BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that there are no bad debts which have not been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amount written off for bad debts or any amount of provision for doubtful debts in the financial statements inadequate to any substantial extent.

VALUATION

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Company and to the extent so ascertained caused:

- (a) those assets to be written down to an amount that they might be expected so to realise; or
- (b) adequate provision to be made for the difference between the amount of the value as so shown and the amount that they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances that would render the value attributed to the current assets in the Company's financial statements misleading.

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities in the Company's financial statements misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

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- (a) any charge on the assets of the Company which has arisen since the end of the year which secures the liabilities of any other person; or
- (b) any contingent liability in the Company that has arisen since the end of the year.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the year of twelve months after the end of the year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

ITEMS OF AN UNUSUAL NATURE

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, that would render any amount stated in the financial statements misleading.

The result of the operation of the Company during the year was not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the result of the operation of the Company for the financial year in which the report is made.

HOLDING COMPANY

The holding company is Penang Development Corporation, a corporation enacted under the Penang Development Corporation Enactment, 1971.

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AUDITORS

The auditors, AljeffriDean, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors,

DATO' ROSLI BIN JAAFAR
DIRECTOR

YB LAW HENG KIANG
DIRECTOR

Penang,
January 19, 2016

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BALANCE SHEET
AS AT DECEMBER 31, 2015

	<u>Note</u>	<u>2015</u> RM	<u>2014</u> RM
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>160,569</u>	<u>195,737</u>
CURRENT ASSETS			
Trade receivables	6	7,648	10,462
Other current assets	7	445,482	296,633
Tax recoverable		-	1,428
Amount owing by holding company	10	1,000,000	500,000
Cash and bank balances	8	577,805	1,069,351
Total Current Assets		<u>2,030,935</u>	<u>1,877,874</u>
CURRENT LIABILITIES			
Trade and other payables	9,10	675,575	525,069
Deferred income	12	1,515,901	1,548,542
Current tax payable		28	-
Total Current Liabilities		<u>2,191,504</u>	<u>2,073,611</u>
Net Current Liabilities		<u>(160,569)</u>	<u>(195,737)</u>
TOTAL ASSETS NET OF CURRENT LIABILITIES		<u>-</u>	<u>-</u>
REPRESENTED BY:			
Share capital	11	100,003	100,003
Accumulated deficit	18	<u>(100,003)</u>	<u>(100,003)</u>
SHAREHOLDERS' EQUITY		<u>-</u>	<u>-</u>

See accompanying notes to the financial statements.

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INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Note</u>	<u>2015</u> RM	<u>2014</u> RM
INCOME		9,912,891	6,443,857
Merchandise cost		(20,356)	(46,081)
Operating expenses		(8,150,864)	(4,816,035)
Administration cost		(1,740,477)	(1,580,544)
SURPLUS BEFORE TAXATION	15	1,194	1,197
Taxation	14	(1,194)	(1,197)
SURPLUS(DEFICIT) FOR THE YEAR	16	-	-

See accompanying notes to the financial statements.

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SCHEDULE OF INCOME, OPERATING COST AND ADMINISTRATION COST
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Note</u>	<u>2015</u> RM	<u>2014</u> RM
INCOME			
Interest received		4,775	288
Miscellaneous income		60	8,885
Sales		26,403	55,431
Portion of government grant utilised	12,18	9,881,653	6,379,253
		<u>9,912,891</u>	<u>6,443,857</u>
Merchandise Cost			
Cost of good sold		<u>20,356</u>	<u>46,081</u>
Operating Expenses			
Advertisement fee		974,864	1,615,396
Copywritting and translation		43,335	19,256
Depreciation of property, plant and equipment		94,786	104,818
Hosting of events		4,300,781	858,764
Loss on foregin exchange		321	125
Membership fee		-	8,036
Penang convention exhibition bureau		-	5,777
Printing of publication and brochures		208,021	213,939
Professional fee		18,750	25,300
Publicity for events		188,726	289,900
Souvenirs, gift and publication material		322,759	211,773
State tourism expenses		2,698	94,525
Tactical campaign		151,840	43,342
Tourism media campaign		972,066	568,844
Tourism promotion(Trade show)		639,720	421,982
Tourism survey		199,280	199,280
Tourism travelogue		-	110,417
Trade mark		4,302	-
Travelling cost		28,615	24,561
		<u>8,150,864</u>	<u>4,816,035</u>

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	<u>2015</u>	<u>2014</u>
	RM	RM
Administration Cost		
Accounting fee	10,180	9,134
Advertisement fee	111,054	38,398
Allowances	14,701	11,082
Audit fee	5,000	5,000
Bank charges	732	1,078
Bonus and incentive	112,251	141,106
Electricity and water	23,888	21,743
Employees' provident fund	119,789	125,957
Filing fee	150	150
Gratuity	7,735	7,941
Insurance	33,484	27,555
License fee	330	330
Medical expenses	2,310	2,071
Meeting expenses	774	542
Miscellaneous expenses	-	1,859
Newspaper and periodicals	23,027	17,658
Printing and stationery	5,635	3,939
Professional fee	2,977	1,800
Publication materials	10,820	34,876
Rental of premises	126,202	116,809
Salaries	993,737	906,321
Secretarial fee	1,593	1,610
Social security contribution	11,078	9,873
Staff welfare	1,681	1,030
Stamps and postage	7,069	1,314
Staff uniform	2,490	144
Telephone and internet	43,350	37,636
Training and development	7,898	10,276
Travelling cost	18,528	16,267
Upkeep of motor vehicle	3,179	4,854
Upkeep of office	38,835	22,191
	<u>1,740,477</u>	<u>1,580,544</u>

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STATEMENT OF FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Note</u>	<u>Share Capital</u> RM	<u>Accumulated Surplus(deficit)</u> RM	<u>Total Fund</u> RM
Balance at December 31, 2013				
As previously reported		100,003	466,492	566,495
Prior year adjustment	18	-	(566,495)	(566,495)
As restated		100,003	(100,003)	-
Surplus(deficit) for the year		<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2014				
As previously reported		100,003	1,448,539	-
Prior year adjustment	18		(1,548,542)	
As restated		100,003	(100,003)	-
Surplus(deficit) for the year		<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2015		<u><u>100,003</u></u>	<u><u>(100,003)</u></u>	<u><u>-</u></u>

See accompanying notes to the financial statements.

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CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Note</u>	<u>2015</u> RM	<u>2014</u> RM
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt from the operation		<u>29,277</u>	<u>54,878</u>
Purchases and direct cost		(20,356)	(46,081)
Operating cost		(9,798,010)	(6,214,909)
Taxation refunded		1,428	-
Taxation paid		<u>(1,166)</u>	<u>(2,625)</u>
Total cash outflow from operating activities		<u>(9,818,104)</u>	<u>(6,263,615)</u>
Net cash outflow from operating activities	16	<u>(9,788,827)</u>	<u>(6,208,737)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(59,618)	(35,353)
Decrease in other current assets		4,631	6,207
Interest received		<u>4,775</u>	<u>288</u>
Net cash outflow from investing activities		<u>(50,212)</u>	<u>(28,858)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received from government		9,349,012	6,861,300
Decrease in other payables		<u>(1,519)</u>	<u>(478,124)</u>
Net cash inflow from financing activities		<u>9,347,493</u>	<u>6,383,176</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS		(491,546)	145,581
Cash and cash equivalents at beginning of year		<u>1,069,351</u>	<u>923,770</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>577,805</u></u>	<u><u>1,069,351</u></u>
REPRESENTED BY :-			
Cash and bank balances	8	<u><u>577,805</u></u>	<u><u>1,069,351</u></u>

See accompanying notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015

1. PRINCIPAL ACTIVITY

The principal activity of the Company are carry out tourism activities for the State of Penang. There has been no significant changes in the nature of this activity during the year.

2. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on January 19,

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention and in compliance with the requirements of the Companies Act, 1965 and approved accounting standards in Malaysia.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment is computed on the straight-line method at the following annual rates based on the estimated useful lives of the various property, plant and equipment:-

	<u>Rate (%)</u>
Computer	33
Software	20
Motor vehicle	20
Electrical installation and office renovation	20
Furniture and fittings	10
Office equipment	10

Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of all its assets, other than those assets excluded under MASB 23, to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Government Grants

Government grants are recognised as deferred income at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received shall be recognised company income in the period of receipt. Unutilised grants are treated as deferred income.

In the previous years, a government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related cost shall be recognised as income in the period of receipt.

Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets.

Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

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Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Allowance for doubtful debts is made when collection of the full amount is no longer probable. Debts considered not recoverable are written off.

(b) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in future for goods and services received.

(c) Equity instruments

Ordinary share are classified as equity. Dividends on ordinary share are recognised in equity in the year in which they are declared.

Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investment and short term funds with maturity of less than three months which have an insignificant risk of changes in value.

Income

Income is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the income can be measured reliably.

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Taxation

Income tax on the profit or loss comprises current and deferred tax. Current tax is expected amount of income tax payable in respect of the taxable profit for the year and is measured using the enacted tax rate relevant to the financial year.

Deferred taxation is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised on the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the

A deferred tax asset is recognised only to the extent that is probable that future taxable profits will be available against which the asset can be utilised.

Employee Benefits

(i) Short term employee benefits

Wages, salaries, annual leave and bonus benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Retirement benefits

Defined contribution plan

Companies in Malaysia contribute to the Employees' Provident Fund, the national defined contribution plan. The Company's contributions to the defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management objectives and policies seek to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

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Interest rate risk

The Company had no substantial long-term interest-bearing assets as at December 31, 2015. The investments in financial assets are mainly short-term in nature and they are not held for speculative purposes.

Liquidity risk

The Company actively manages its operating cash flows and availability of funding so as to ensure that all funding needs are met. The Company is currently dependent upon continuing financial support from the Government.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored by strictly limiting the Company's association to business partners with high creditworthiness. Debtors are monitored on an ongoing basis via the Company's management reporting procedures.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	COST			Balance as at December 31, 2015	Balance as at December 31, 2015
	Balance as at January 01, 2015	Additions	Disposal		
	RM	RM	RM	RM	RM
Office equipment	54,154	3,766	-	57,920	35,103
Computer	67,597	10,923	-	78,520	12,308
Furniture and fittings	98,389	44,110	-	142,499	95,244
Software	11,639	819	-	12,458	3,060
Motor vehicle	58,343	-	-	58,343	321
Office renovation	181,231	-	-	181,231	8,405
Electrical installation	136,718	-	-	136,718	6,128
Total	608,071	59,618	-	667,689	160,569

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	ACCUMULATED DEPRECIATION				
	Balance as at January 01, 2015	Depreciation for the current year	Disposal	Balance as at December 31, 2015	Depreciation for the previous year
	RM	RM	RM	RM	RM
Office equipment	17,025	5,792	-	22,817	5,415
Computer	57,512	8,700	-	66,212	11,980
Furniture and fittings	33,005	14,250	-	47,255	9,839
Software	7,259	2,139	-	9,398	2,326
Motor vehicle	57,702	320	-	58,022	11,668
Office renovation	136,584	36,242	-	172,826	36,246
Electrical installation	103,247	27,343	-	130,590	27,344
	412,334	94,786	-	507,120	104,818

The total net book value (NBV) of the property, plant and equipment of the Company which represents cost less accumulated depreciation as at December 31, 2015 is RM160,569 (RM195,737 in 2014).

6. TRADE RECEIVABLES

	2015	2014
	RM	RM
Trade receivables	7,648	10,462

The currency exposure profile of trade receivables are all denominated in Ringgit Malaysia.

The normal credit terms of trade receivables of the Company range from 30 to 90 days.

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7. OTHER CURRENT ASSETS

	2015	2014
	RM	RM
Other receivables	-	2,130
Prepayment	400,870	247,390
Deposit refundable	44,612	47,113
	<u>445,482</u>	<u>296,633</u>

Other receivables is unsecured, interest free and repayable on demand.

8. CASH AND BANK BALANCES

	2015	2014
	RM	RM
Cash in hand	1,875	2,074
Cash at bank :-		
Current account	225,930	1,067,277
Short term money market deposit	350,000	-
	<u>577,805</u>	<u>1,069,351</u>

9. TRADE AND OTHER PAYABLES

	<u>Note</u>	2015	2014
		RM	RM
Other payables		708	2,227
Accrued expenses	10	674,867	522,842
		<u>675,575</u>	<u>525,069</u>

Other payables is unsecured, interest free and repayable on demand.

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10. RELATED PARTY TRANSACTIONS

During the year, the amount of transactions and balance due to related party transactions included in the financial statements of the Company are as follows :-

	<u>Note</u>	<u>2015</u> RM	<u>2014</u> RM
Related party transactions :-			
Contribution or sponsor		45,000	88,000
Hospitalize and life insurance premium		-	23,870
Government grant received during the year		9,849,012	7,361,300
Secretarial fee		<u>1,593</u>	<u>1,610</u>
Balance included in:-			
Amount owing by holding company		1,000,000	500,000
Amount owing to related corporation	9	<u>(1,185)</u>	<u>-</u>

Amount owing by holding company and amount owing to related corporation are unsecured, interest free and repayable on demand.

The amount due from holding company related to grants receivable from Penang Development Corporation.

11. SHARE CAPITAL

	<u>2015</u> RM	<u>2014</u> RM
Ordinary shares of RM1 each		
Authorised	<u>500,000</u>	<u>500,000</u>
Issued and fully paid	<u>100,003</u>	<u>100,003</u>

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12. DEFERRED INCOME

	<u>Note</u>	<u>2015</u> RM	<u>2014</u> RM
Balance at beginning of the year			
As previously reported		-	-
Prior year adjustment	18	1,548,542	566,495
As restated		1,548,542	566,495
Government grant received during the year		9,849,012	7,361,300
Total government grant available		11,397,554	7,927,795
Add :			
Interest received		4,775	288
Miscellaneous income		60	8,885
Sales		26,403	55,431
Total income		31,238	64,604
Less :			
Merchandise cost		(20,356)	(46,081)
Operating expenses		(8,150,864)	(4,816,035)
Administration cost		(1,740,477)	(1,580,544)
Taxation		(1,194)	(1,197)
Total expenditure		(9,912,891)	(6,443,857)
Portion of government grant utilised during the year	18	(9,881,653)	(6,379,253)
Balance at end of the year		1,515,901	1,548,542

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13. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes related to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2015	2014
	RM	RM
Deferred tax assets (liabilities)	-	-

The movements of deferred tax assets and liabilities during the year are as follows:

As at beginning of year	-	-
Deferred tax credit(charge) not recognised in prior year	121,319	125,878
Movements of temporary differences for the year due to :		
- tax losses	(1,527)	(4,559)
Total deferred tax credit(charge)	119,792	121,319
Deferred tax charge(credit) not recognised	(119,792)	(121,319)
As at end of year	-	-

The amount of deductible temporary difference and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet are as follow:-

Deductible(Taxable) temporary difference	79,098	79,098
Tax losses	400,072	406,179

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14. TAXATION

	2015	2014
	RM	RM
Taxation (charge)credit comprises:		
Current taxation	(1,194)	(1,197)
Deferred taxation	-	-
	<u>(1,194)</u>	<u>(1,197)</u>
Current taxation		
Current year	(1,194)	(72)
Underprovision in prior year	-	(1,125)
	<u>(1,194)</u>	<u>(1,197)</u>
Deferred taxation		
Tax losses	(1,527)	(4,559)
Deferred tax credit(charge) not recognised in prior year	121,319	125,878
Deferred tax charge(credit) not recognised	<u>(119,792)</u>	<u>(121,319)</u>
	<u>-</u>	<u>-</u>
The explanation of the relationship between tax credit(charge) and surplus(deficit) from ordinary activities before tax is as follows:		
Surplus(deficit) from ordinary activities before taxation	<u>1,194</u>	<u>1,197</u>
Tax credit(charge) calculated at Malaysian tax rate of 25%	(299)	(299)
Tax effects of :		
- Expenses non deductible for tax purposes	(2,472,835)	(1,599,145)
- Income not subject for tax purposes	<u>2,470,413</u>	<u>1,594,813</u>
Tax credit(charge) for the year	(2,721)	(4,631)
Current taxation underprovided in prior year	-	(1,125)
Deferred tax credit(charge) not recognised in prior year	121,319	125,878
Deferred tax charge(credit) not recognised	<u>(119,792)</u>	<u>(121,319)</u>
Tax credit(charge) as reported	<u>(1,194)</u>	<u>(1,197)</u>

....22/-

PENANG GLOBAL TOURISM SDN. BHD.
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	2015	2014
	RM	RM
<u>Tax losses</u>		
Tax losses of which tax saving has not been utilised	400,072	406,179
Tax saving from the utilisation of tax loss brought forward from the previous year	1,527	4,486

The funds received from the State Government are not subject to tax pursuant to paragraph 2(1) to the Gazette Order of the Income Tax (Exemption) (No 22) Order 2006. The expenses incurred by the Company are fully funded/reimbursed by the State Government and are therefore disregarded pursuant to paragraph 3(2) Income Tax (Exemption) (No 22) Order 2006.

15. SURPLUS(DEFICIT) FOR THE YEAR

	2015	2014
	RM	RM
Surplus(deficit) for the year has been arrived at :		
After charging :-		
Audit fee	5,000	5,000
Depreciation of property, plant and equipment :-	94,786	104,818
Director's remuneration	-	159,382
Rental of premises	126,202	116,809

16. CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
	RM	RM
Surplus(deficit) for the year	-	-

...23/-

PENANG GLOBAL TOURISM SDN. BHD.
(50689-X)

	2015	2014
	RM	RM
Adjustment for :-		
Depreciation of property, plant and equipment	94,786	104,818
Interest received	(4,775)	(288)
Portion of government grant utilised	(9,881,653)	(6,379,253)
Taxation charge(credit) :		
Current taxation	1,194	72
Underprovision in prior year	-	1,125
Taxation refunded	1,428	-
Taxation paid	(1,166)	(2,625)
Changes in working capital :-		
Decrease(Increase) in trade receivables	2,814	(9,438)
Increase in prepayment	(153,480)	(167,040)
Increase in accrued expenses	152,025	243,892
Net cash outflow from operating activities	<u>(9,788,827)</u>	<u>(6,208,737)</u>

17. EMPLOYEE COSTS

	2015	2014
	RM	RM
Salaries, allowances, and bonus	1,120,689	1,058,509
Defined contribution plan	119,789	125,957
Other employees benefit	66,676	58,890
	<u>1,307,154</u>	<u>1,243,356</u>

Included in staff costs of the Company is director's remuneration amounting to RM nil (RM159,382 in 2014).

The number of employees of the Company as at the balance sheet date was 22 (20 in December 31, 2014).

....24/-

PENANG GLOBAL TOURISM SDN. BHD.
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18. PRIOR YEAR ADJUSTMENTS

The government has been giving grant to the Company to carry out tourism activities for the State of Penang. Grant not utilised will be carried forward for the intended tourism promoting activities in the future year. In the previous years, the grant has been recognised as revenue. In view of the change in the policy as stated in Note 3 to the financial statement prior year adjustment have been effected to present the grant in accordance with the treatment :-

	Note	As previously reported 2014 DR(CR) RM	As previously reported 2013 DR(CR) RM	As restated 2014 DR(CR) RM	As restated 2013 DR(CR) RM
Income statement :-					
Amortisation for government grant	12	(7,361,300)	(7,420,000)	(6,379,253)	(7,145,819)
Balance sheet :-					
Short term grant	12	-	-	(1,548,542)	(566,495)
Accumulated deficit (surplus)		(1,448,539)	(466,492)	100,003	100,003

19. RECLASSIFICATION OF ACCOUNT

Certain accounts in 2014 have been reclassified to conform with their presentation in 2015 as below:-

	As previously reported DR(CR) RM	As restated DR(CR) RM
Salaries, allowances, and bonus	1,049,598	1,058,509
Other employees benefit	107,600	58,890

PENANG GLOBAL TOURISM SDN. BHD.

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(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **DATO' ROSLI BIN JAAFAR** and **YB LAW HENG KIANG**, being two of the directors of **PENANG GLOBAL TOURISM SDN. BHD. (50689-X)**, state that in the opinion of the directors, the accompanying financial statements are properly drawn up in accordance with applicable approved accounting standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at December 31, 2015 and of its financial performance and cash flow for the year ended on that date.

On behalf of the Board,

DATO' ROSLI BIN JAAFAR
DIRECTOR

YB LAW HENG KIANG
DIRECTOR

Penang,
January 19, 2016

**DECLARATION BY THE GENERAL MANAGER RESPONSIBLE FOR
THE FINANCIAL MANAGEMENT OF THE COMPANY**

I, **OOI CHOK YAN (I.C. NO:760118-07-5799)**, being the Chief Executive Officer responsible for the financial management of **PENANG GLOBAL TOURISM SDN. BHD. (50689-X)**, do solemnly and sincerely declare that the accompanying financial statements, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
OOI CHOK YAN at in the state of)
this day of .)

Before me,

OOI CHOK YAN

COMMISSIONER FOR OATHS