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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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PENANG GLOBAL TOURISM SDN. BHD.
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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) DATO' DANNY GOON SIEW CHEANG KHOO BOO LIM
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 ACTIVITIES	:	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

Opinion

We have audited the financial statements of **PENANG GLOBAL TOURISM SDN. BHD. (50689-X)**, which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the Bye-Laws and the IESBA Code.

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Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors's Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard 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 of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

PENANG GLOBAL TOURISM SDN. BHD.
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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.

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- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 provision of the Act.

Other Matters

As stated in Note 2 to the financial statements, **PENANG GLOBAL TOURISM SDN. BHD. (50689-X)** adopted Malaysian Private Entities Reporting Standard on January 1, 2016 with a transition date of January 1, 2015. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Company as at December 31, 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Company for the year ended December 31, 2016 and related disclosures. We were not engaged to report on the restated comparative information. Our responsibilities as part of our audit of the financial statements of the Company for the year ended December 31, 2016, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances at January 1, 2016 do not contain misstatements that materially affect the financial position as at December 31, 2016 and the financial performance and cash flows for the year then ended.

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.

ALJEFFRIDEAN AF1366
Chartered Accountants

Dated : April 04, 2017

NEOH CHIN WAH 01080/01/2019 J
Partner
Penang, Malaysia

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

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended December 31, 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company is 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, 2016 is NIL and the accumulated loss as at December 31, 2016 is RM100,003. This is in accordance to the Company's policy on Government grants mentioned in Note 4.10.

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.

ISSUE OF SHARES AND DEBENTURES

No shares or debentures were issued by the Company during the year.

OPTIONS

No options have been granted to take up unissued shares of the Company during the year and there are no unissued shares of the Company under option as at the end of the year.

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PENANG GLOBAL TOURISM SDN. BHD.
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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
Dato' Rosli Bin Jaafar
Dato' Mustafa Kamal Bin Mohd Yusoff
Dato' Seri R. Arunasalam s/o V. Ramasamy
Dato' Tan Sam Soon (Albert)
Dato' Danny Goon Siew Cheang
Kenneth Tan Teong Keen (Resigned on 15.12.2016)
Khoo Boo Lim
Mary Ann Harris (Resigned on 15.12.2016)

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:

Name	Relationship
Penang Development Corporation	Holding corporation
PDC Premier Holding Sdn. Bhd.	Related company
PIHH Development Sdn. Bhd.	Related company
PICEB Sdn. Bhd.	Related company

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 is shares in the Company, its holding corporation or its related company during the financial year.

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.

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CONTINGENT AND OTHER LIABILITIES

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

(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 CORPORATION

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

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

AUDITORS

Our auditors, Messrs. AljeffriDean, have indicate 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,
April 04, 2017

PENANG GLOBAL TOURISM SDN. BHD.
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STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	Note	2016 RM	2015 RM
NON-CURRENT ASSETS			
Property, plant and equipment	6	137,866	160,569
CURRENT ASSETS			
Trade receivables	7	-	7,648
Other current assets	8	2,112,734	445,482
Amount owing by holding corporation	9	-	1,000,000
Cash and bank balances	10	2,420,166	577,805
Total Current Assets		4,532,900	2,030,935
TOTAL ASSETS		4,670,766	2,191,504
EQUITY:			
Share capital	11	100,003	100,003
Accumulated loss		(100,003)	(100,003)
Total Equity		-	-
CURRENT LIABILITIES			
Other payables and accrued expenses	9,12	1,357,853	675,575
Deferred income	13	3,311,254	1,515,901
Current tax payable		1,659	28
Total Current Liabilities		4,670,766	2,191,504
TOTAL EQUITY AND LIABILITIES		4,670,766	2,191,504

See accompanying notes to the financial statements.

PENANG GLOBAL TOURISM SDN. BHD.
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 RM	2015 RM
INCOME		**9,408,622**	9,912,891
Merchandise cost		**(16,039)**	(20,356)
Operating expenses		**(7,701,227)**	(8,261,918)
Administration cost		**(1,688,137)**	(1,629,423)
PROFIT BEFORE TAXATION	**15**	**3,219**	1,194
Taxation	**16**	**(3,219)**	(1,194)
PROFIT(LOSS) FOR THE YEAR	**17**	**-**	-

See accompanying notes to the financial statements.

PENANG GLOBAL TOURISM SDN. BHD.
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SCHEDULE OF INCOME, OPERATING COST AND ADMINISTRATION COST FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 RM	2015 RM
INCOME			
Interest received		**13,413**	4,775
Miscellaneous income		**-**	60
Portion of government grant utilised	13	**9,370,809**	9,881,653
Sales		**24,400**	26,403
		9,408,622	9,912,891
Merchandise Cost			
Cost of good sold		**16,039**	20,356
Operating Expenses			
Advertisement fee		**1,287,691**	1,085,918
Copywritting and translation		**54,828**	43,335
Depreciation of property, plant and equipment		**42,895**	94,786
Hosting of events		**2,915,412**	4,300,781
Loss on foregin exchange		**851**	321
Flight incentive		**338,753**	-
Printing of publication and brochures		**230,093**	208,021
Professional fee		**29,516**	18,750
Publicity for events		**116,821**	188,726
Souvenirs, gift and publication material		**367,630**	322,759
State tourism expenses		**21,777**	2,698
Tactical campaign		**745,451**	151,840
Tourism media campaign		**473,187**	972,066
Tourism promotion(Trade show)		**855,437**	639,720
Tourism survey		**199,280**	199,280
Trade mark		**1,412**	4,302
Travelling cost		**20,193**	28,615
		7,701,227	8,261,918

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	2016	2015
	RM	RM
Administration Cost		
Accounting fee	**8,194**	10,180
Allowances	**13,563**	14,701
Audit fee	**5,000**	5,000
Bank charges	**756**	732
Bonus and incentive	**111,250**	112,251
Directors meeting allowance	**9,850**	-
Electricity and water	**31,068**	23,888
Employees' provident fund	**122,466**	119,789
Filing fee	**150**	150
Gratuity	**-**	7,735
Insurance	**41,753**	33,484
License fee	**330**	330
Medical expenses	**3,533**	2,310
Meeting expenses	**728**	774
Newspaper and periodicals	**20,957**	23,027
Printing and stationery	**6,704**	5,635
Professional fee	**3,943**	2,977
Publication materials	**33,881**	10,820
Rental of premises	**128,014**	126,202
Salaries	**1,013,830**	993,737
Secretarial fee	**2,054**	1,593
Social security contribution	**12,165**	11,078
Staff welfare	**1,755**	1,681
Staff uniform	**-**	2,490
Stamps and postage	**18,081**	7,069
Telephone and internet	**40,538**	43,350
Training and development	**6,510**	7,898
Travelling cost	**16,355**	18,528
Upkeep of motor vehicle	**4,104**	3,179
Upkeep of office	**30,605**	38,835
	1,688,137	1,629,423

....9(b)/-

PENANG GLOBAL TOURISM SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Share Capital	Accumulated loss	Total
	RM	RM	RM
Balance at December 31, 2014	100,003	(100,003)	-
Profit(loss) for the year	-	-	-
Balance at December 31, 2015	100,003	(100,003)	-
Profit(loss) for the year	-	-	-
Balance at December 31, 2016	100,003	(100,003)	-

See accompanying notes to the financial statements.

PENANG GLOBAL TOURISM SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 RM	2015 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt from the operation		**32,048**	29,277
Payments for operating activities:			
Purchases and direct cost		**(16,039)**	(20,356)
Operating cost		**(8,365,259)**	(9,798,010)
Taxation refunded		**-**	1,428
Taxation paid		**(1,588)**	(1,166)
Total cash outflow from operating activities		**(8,382,886)**	(9,818,104)
Net cash outflow from operating activities	17	**(8,350,838)**	(9,788,827)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(20,192)**	(59,618)
Decrease(increase) in other current assets		**(1,400)**	4,631
Interest received		**5,636**	4,775
Net cash outflow from investing activities		**(15,956)**	(50,212)
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received from government		**10,209,484**	9,349,012
Decrease in other payables		**(329)**	(1,519)
Net cash inflow from financing activities		**10,209,155**	9,347,493
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,842,361**	(491,546)
Cash and cash equivalents at beginning of year		**577,805**	1,069,351
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,420,166**	577,805
REPRESENTED BY :-			
Cash and bank balances	10	**2,420,166**	577,805

See accompanying notes to the financial statements.

PENANG GLOBAL TOURISM SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. GENERAL INFORMATION

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

The Company's registered office is located at 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 and principal place of business is located at No. 8B(First Floor) The Whiteaways Arcade Lebuh Pantai 10300 Penang.

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

The financial statements of the Company are presented in Ringgit Malaysia(RM).

The financial statements were authorised for issue by the Board of the Directors on April 04, 2017.

2. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 1965

The financial statements of the Company have been prepared in compliance with the Malaysia Private Entities Reporting Standards (MPERS) issued by the Malaysian Accounting Standards Boards (MASB) and the provision of the Malaysian Companies Act 1965.

2.1 Transition to the new MPERS Framework

For the current year ended December 31, 2016, the Company has adopted the new Malaysian Private Entities Reporting Standard (MPERS). The date of transition to the new MPERS Framework is January 01, 2015.

Adoption of the new MPERS Framework requires that all the Standards in MPERS be applied to the Company financial statements for the current year ended December 31, 2016, the comparative financial statements for the prior year ended December 31, 2015, and to the opening statement of financial position at the date of transition to MPERS. MPERS provides for some mandatory exceptions and non-mandatory exemptions to the retrospective application of some Standards. However, no such mandatory exception and non-mandatory exemption were applied.

Adoption of MPERS also requires that the Company changes its accounting policies for recognition and measurement of some items. However, no such changes in accounting policies was applied.

3. BASIS OF PREPARATION

The financial statements of the Company have been prepared using cost bases and fair value bases.

Management has used estimates in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. The areas involving significant estimation uncertainties are disclosed in Note 5.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

4.1 Property, Plant and Equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Company obtains control of the asset.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life. The depreciation is computed on the straight line method at the annual rates based on the estimated useful lives of the respective classes of property, plant and equipment are as follows:

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

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At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current year.

4.2 Impairment of Assets other than Inventories and Financial Assets

An impairment loss arises when the carrying of a Company's asset exceeds its recoverable amount.

At the end of each reporting date, the Company's assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company's estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on:

(i) price in a binding sale agreement;

(ii) market price trade in an active market; and

(iii) estimate of market price using the best available information.

The value in use is estimated by discounting the net cash inflows of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five-years forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the unit, if any, and the balance of the impairment loss is the allocated to the other assets of the unit pro rata based on the relative carrying amounts of the assets.

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The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

4.3 Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

4.4 Share Capital

Ordinary shares issued that carry no put option and no mandatory contractual obligation:

(i) to deliver cash or another financial asset; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

4.5 Financial Instruments

(a) Initial Recognition and Measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, an entity in the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of Financial Instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the term and an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

(c) Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely:

(i) financial assets at fair value through profit or loss; and

(ii) financial assets at amortised cost.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method.

Other than financial assets measured at fair value, all other financial assets are subject to review for impairment in accordance with Note 4.5(g).

(d) Subsequent Measurement of Financial Liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

(e) Fair Value Measurement of Financial Instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 4.11.

(f) Recognition of Gains and Losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(g) Impairment and Uncollectibility of Financial Assets

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include:

(i) significant difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payment;

(iii) granting exceptional concession to a customer;

(iv) it is probable that a customer will enter bankruptcy or other financial reorganisation;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

....17/-

4.6 Tax Assets and Tax Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the entity expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

(a) the initial recognition of goodwill; or

(b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss).

The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor tax taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which an entity in the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

....18/-

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss.

4.7 Employee Benefits

The Company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Compapny consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(a) Short-Term Employee Benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense.

Paid absences are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case on non-accumulating paid absences, recognised as and when the absences occur.

Bonus payments are recognised when, and only when, the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(b) Post-Employment Benefits-Defined Contribution Plans

The Company make statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Company has no further payment obligations.

4.8 Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

4.9 Revenue Recognition and Measurement

The Company measures revenue from a sale of goods at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to the customer. For a multiple-element contract with a customer, the fair value of the consideration receivable is allocated to the identifiable elements on the relative stand-alone selling price basis.

Revenue from a sale of goods is recognised when:

(a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of the revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other income items of the Company, presented separately from revenue, interest income from short term money market deposit is recognised using the effective interest method.

4.10 Government Grants

The Company does not recognise government grants, including non-monetary grants at fair value, until there is reasonable assurance that the Company will comply with the conditions attaching to the grants and the grants will be received.

The Company's government grants include government assistance for participating in social projects which may have no conditions specifically relating to the Company's operating activities.

....20/-

All government grants are recognised as income in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Any balance not yet recognised in profit or loss is treated as deferred income.

Grants related to non-monetary assets and other grants received but not yet recognised in profit or loss are presented as a deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets or over the terms of the grants received, whichever is applicable.

4.11 Fair Value Measurement

For assets, liabilities and equity instruments that require fair value measurement or disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

5. ESTIMATION UNCERTAINTY

Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring:

....21/-

(a) Measurement of a Provision

The Company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers, a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate, a referenced contractor's price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

(b) Determining the Value-in-Use

In determining the value-in-use of a stand-alone asset or a cash-generating unit, management uses reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experiences, current events and reasonable possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate. The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Company's financial position and results.

(c) Depreciation of Property, Plant and Equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(d) Loss Allowances of Financial Assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experiences of loss statistics, aging of past due amounts and current economic trends. The actual eventual losses may be different from the allowance and this may affect the Company's financial position and results.

....22/-

(e) Measurement of Income Taxes

The Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over- or under-provision of current or deferred taxes in the current period in which those differences arise.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	COST				
	Balance as at January 01, 2016	**Additions**	**Disposal**	**Balance as at December 31, 2016**	**Balance as at December 31, 2016**
	RM	**RM**	**RM**	**RM**	**RM**
Office equipment	57,920	528	-	58,448	29,786
Computer	78,520	3,943	-	82,463	6,317
Furniture and fittings	142,499	15,721	-	158,220	95,143
Software	12,458	-	-	12,458	1,962
Motor vehicle	58,343	-	-	58,343	2
Office renovation	181,231	-	-	181,231	4,655
Electrical installation	136,718	-	-	136,718	1
Total	667,689	20,192	-	687,881	137,866

	ACCUMULATED DEPRECIATION				
	Balance as at January 01, 2016	Depreciation for the current year	Disposal	Balance as at December 31, 2016	Depreciation for the previous year
	RM	RM	RM	RM	RM
Office equipment	22,817	5,845	-	28,662	5,792
Computer	66,212	9,934	-	76,146	8,700
Furniture and fittings	47,255	15,822	-	63,077	14,250
Software	9,398	1,098	-	10,496	2,139
Motor vehicle	58,022	319	-	58,341	320
Office renovation	172,826	3,750	-	176,576	36,242
Electrical installation	130,590	6,127	-	136,717	27,343
	507,120	42,895	-	550,015	94,786

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, 2016 is RM137,866 (RM160,569 in 2015).

7. TRADE RECEIVABLES

	2016	2015
	RM	RM
Trade receivables	-	7,648

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.

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

8. OTHER CURRENT ASSETS

	2016 RM	2015 RM
Other receivables	1,950,777	-
Prepayment	115,945	400,870
Deposit refundable	46,012	44,612
	2,112,734	445,482

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

9. 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 :-

	Note	2016 RM	2015 RM
Related party transactions :-			
Contribution or sponsor		250,860	45,000
Advance to		5,151	-
Government grant received during the year		11,152,484	9,849,012
Secretarial fee		2,054	1,593
Balance included in:-			
Amount owing by holding corporation		-	1,000,000
Amount owing to related company	12	636	1,185

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

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

10. CASH AND BANK BALANCES

	2016	2015
	RM	RM
Cash in hand	1,031	1,875
Cash at bank :-		
Current account	219,135	225,930
Short term money market deposit	2,200,000	350,000
	2,420,166	577,805

11. SHARE CAPITAL

	2016	2015
	RM	RM
Ordinary shares of RM1 each		
Authorised	500,000	500,000
Issued and fully paid	100,003	100,003

12. OTHER PAYABLES AND ACCRUED EXPENSES

	Note	2016	2015
		RM	RM
Other payables		379	708
Accrued expenses	9	1,357,474	674,867
		1,357,853	675,575

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

....26/-

13. DEFERRED INCOME

	2016	2015
	RM	RM
Balance at beginning of the year		
As previously reported	1,515,901	-
Prior year adjustment	-	1,548,542
As restated	1,515,901	1,548,542
Government grant received during the year	11,152,484	9,849,012
Total government grant available	12,668,385	11,397,554
Accrual expenses overstated in prior year	13,678	-
Add :		
Interest received	13,413	4,775
Miscellaneous income	-	60
Sales	24,400	26,403
Total income	37,813	31,238
Less :		
Merchandise cost	(16,039)	(20,356)
Operating expenses	(7,701,227)	(8,261,918)
Administration cost	(1,688,137)	(1,629,423)
Taxation	(3,219)	(1,194)
Total expenditure	(9,408,622)	(9,912,891)
Portion of government grant utilised during the year	(9,370,809)	(9,881,653)
Balance at end of the year	3,311,254	1,515,901

14. 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 statement of financial position:

	2016 RM	2015 RM
Deferred tax assets (liabilities)	-	-

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

	2016 RM	2015 RM
As at beginning of year	-	-
Deferred tax credit(charge) not recognised in prior year	119,792	121,319
Movements of temporary differences for the year due to :		
- tax losses	(2,007)	(1,527)
Change in tax rate on opening balance of deferred tax	(4,791)	-
Total deferred tax credit(charge)	112,994	119,792
Deferred tax charge(credit) not recognised	(112,994)	(119,792)
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 statement of financial position are as follow:-

	2016 RM	2015 RM
Deductible(Taxable) temporary difference	79,098	79,098
Tax losses	391,710	400,072

15. PROFIT BEFORE TAXATION

	2016 RM	2015 RM
Profit before taxation has been arrived at :		
After charging :-		
Audit fee	5,000	5,000
Depreciation of property, plant and equipment	42,895	94,786
Directors meeting allowance	9,850	-
Loss on foreign exchange	851	321
Rental of premises	128,014	126,202
After crediting :-		
Interest received	13,413	4,775
Portion of government grant utilised	9,370,809	9,881,653

16. TAXATION

	2016 RM	2015 RM
Taxation (charge)credit comprises:		
Current taxation	(3,219)	(1,194)
Deferred taxation	-	-
	(3,219)	(1,194)
Current taxation		
Current year	(3,219)	(1,194)

	2016	2015
	RM	RM
Deferred taxation		
Tax losses	(2,007)	(1,527)
Deferred tax credit(charge) not recognised in prior year	119,792	121,319
Deferred tax charge(credit) not recognised	(112,994)	(119,792)
Change in tax rate on opening balance of deferred tax	(4,791)	-
	-	-

The explanation of the relationship between tax credit(charge) and profit from ordinary activities before tax is as follows:

	2016	2015
Profit from ordinary activities before taxation	3,219	1,194
Tax credit(charge) calculated at Malaysian tax rate of 24% (25% in 2015)	(773)	(299)
Tax effects of :		
- Expenses non deductible for tax purposes	(2,253,447)	(2,472,835)
- Income not subject for tax purposes	2,248,994	2,470,413
- change in tax rate on opening balance of deferred tax	(4,791)	-
Tax credit(charge) for the year	(10,017)	(2,721)
Deferred tax credit(charge) not recognised in prior year	119,792	121,319
Deferred tax charge(credit) not recognised	(112,994)	(119,792)
Tax credit(charge) as reported	(3,219)	(1,194)

<u>Tax losses</u>

	2016	2015
Tax losses of which tax saving has not been utilised	391,710	400,072
Tax saving from the utilisation of tax loss brought forward from the previous year	2,007	1,527

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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.

17. CASH FLOW FROM OPERATING ACTIVITIES

	2016 RM	2015 RM
Profit(loss) for the year	-	-
Adjustment for :-		
Depreciation of property, plant and equipment	42,895	94,786
Interest received	(13,413)	(4,775)
Portion of government grant utilised	(9,370,809)	(9,881,653)
Taxation charge(credit) :		
Current taxation	3,219	1,194
Taxation refunded	-	1,428
Taxation paid	(1,588)	(1,166)
Changes in working capital :-		
Decrease in trade receivables	7,648	2,814
Decrease(Increase) in prepayment	284,925	(153,480)
Increase in accrued expenses	696,285	152,025
Net cash outflow from operating activities	(8,350,838)	(9,788,827)

18. EMPLOYEE COSTS

	2016	2015
	RM	RM
Salaries, allowances, and bonus	1,138,643	1,120,689
Defined contribution plan	122,466	119,789
Other employees benefit	65,716	66,676
	1,326,825	1,307,154

The number of employees of the Company as at reporting date was 23 (22 in December 31, 2015).

PENANG GLOBAL TOURISM SDN. BHD.
(50689-X)
(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, 2016 and of its financial perfomance 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,
April 04, 2017

DECLARATION BY THE CHIEF EXECUTIVE OFFICER 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 GEORGETOWN, in the state of PULAU PINANG)
this 04 APR 2017 day of)

OOI CHOK YAN

Before me,

PESURUHJAYA SUMPAH MALAYSIA
Nama: HAJI MOHAMED YUSOFF BIN MOHD. IBRAHIM

COMMISSIONER FOR OATHS

NO. 97, LEBUH BISHOP
10200 PULAU PINANG