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

FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

CORPORATE INFORMATION

DIRECTORS	: YB YEOH SOON HIN YB GOOI ZI SEN YB ONG AH TEONG KENNETH TAN TEONG KEEN DATO' SERI R. ARUNASALAM S/O V. RAMASAMY DATO' MUSTAFA KAMAL BIN MOHD YUSOFF 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

AljeffriDean
Since 1979
Firm No: AF 1366
Chartered Accountants
嘉富定特许会计师行

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PENANG GLOBAL TOURISM SDN. BHD. (50689-X)

Report on the Audit of 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, 2018, 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, 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 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 By-Laws and the IESBA Code.

....2/-

2nd Floor, Acctax Corporate Centre, No.2, Jalan Bawasah, 10050 Georgetown, Penang.
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mgi BUSINESS SOLUTIONS WORLDWIDE

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' 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 2016 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.

....2(a)/-

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

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. However, future events or conditions may cause the Company to cease to continue as a going concern.

....2(b)/-

- 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.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

NEOH CHIN WAH **01080/01/2021 J**
Partner

Dated : May 10, 2019
Penang, Malaysia

PENANG GLOBAL TOURISM SDN. BHD.
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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, 2018.

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, 2018 is NIL and the accumulated loss as at December 31, 2018 is RM100,003. This is in accordance to the Company's policy on Government grants mentioned in Note 4.9.

DIVIDENDS

No dividends have been paid or declared since the end of the previous year. The directors do not recommend that a dividend to be paid in respect of the current 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.

SHARE 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.

PENANG GLOBAL TOURISM SDN. BHD.
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DIRECTORS

The directors of the Company in office during the year and up to the date of this report are:

YB Yeoh Soon Hin (appointed on July 20, 2018)
YB Dato' Law Choo Kiang (appointed on July 16, 2018 and resigned on March 08, 2019)
YB Gooi Zi Sen (appointed on July 13, 2018)
YB Ong Ah Teong (appointed on July 12, 2018)
Kenneth Tan Teong Keen (appointed on February 21, 2019)
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
YAB Tuan Lim Guan Eng (resigned on May 30, 2018)
YB Law Heng Kiang (resigned on May 30, 2018)
YB Dato' Abdul Malik Bin Abul Kassim (resigned on July 10, 2018)
YB Loke Siew Fook (resigned on July 10, 2018)
Dato' Rosli Bin Jaafar (resigned on March 01, 2019)

DIRECTORS' BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company.

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than meeting allowances received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation 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 benefits deemed to be derived from dealings with:

Name	Relationship
Penang Development Corporation	Related company
PDC Premier Holding Sdn. Bhd.	Related company
PICEB Sdn. Bhd.	Related company
Penang State Government	Related party

DIRECTORS' INTERESTS

Pursuant to Section 59(2) and 59(3) of the Companies Act 2016, the register of director's shareholdings need not disclose the interest of the directors in the share capital of the Company or its related corporations by virtue of the Company being the wholly-owned subsidiary of Chief Minister of Penang (Incorporation), a corporation enacted under the Chief Minister of Penang (Incorporation) Enactment 2009.

DIRECTORS' REMUNERATIONS

The amounts of the remuneration of the directors or past directors of the Company during the year are as follows:

	RM
Directors' meeting allowance	4,350

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

Indemnity limited to RM5 million in any one claim and in the aggregate were given to the directors and officers representing related corporation.

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were prepared, the directors took reasonable steps:

....5/-

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

As of 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 and secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period 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.

In the opinion of the directors:

(a) the results of the operations of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature.

....6/-

(b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of operations of the Company for the year in which this report is made.

HOLDING COMPANY

The holding company is Chief Minister of Penang (Incorporation), a corporation enacted under the Chief Minister of Penang (Incorporation) Enactment 2009 which is also regarded by the directors as the holding company.

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors during the year are as follows:

	RM
Statutory audit	5,000

AUDITORS

The retiring auditors, Messrs. AljeffriDean, have indicated their willingness to be re-appointed.

On behalf of the Board of Directors in accordance with a resolution of the directors,

YB YEOH SOON HIN
DIRECTOR

YB ONG AH TEONG
DIRECTOR

Penang,
May 10, 2019

PENANG GLOBAL TOURISM SDN. BHD.
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STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	2018 RM	2017 RM
NON-CURRENT ASSETS			
Property, plant and equipment	6	**94,183**	120,058
CURRENT ASSETS			
Trade receivables	7	**2,000**	-
Other current assets	8	**638,570**	436,453
Amount owing by related corporation	9	**-**	1,000,000
Investment in short-term funds	10	**5,182,975**	2,950,812
Tax recoverable		**2,438**	-
Cash and bank balances	11	**583,147**	11,404
Total Current Assets		**6,409,130**	4,398,669
TOTAL ASSETS		**6,503,313**	4,518,727
EQUITY			
Share capital	12	**100,003**	100,003
Accumulated loss		**(100,003)**	(100,003)
Total Equity		**-**	-
CURRENT LIABILITIES			
Other payables and accrued expenses	9,13	**659,496**	1,423,078
Deferred income	14	**5,843,817**	3,095,380
Current tax payable		**-**	269
Total Current Liabilities		**6,503,313**	4,518,727
TOTAL EQUITY AND LIABILITIES		**6,503,313**	4,518,727

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, 2018

	Note	2018 RM	2017 RM
INCOME		**13,889,836**	14,442,074
Merchandise cost		**(8,472)**	(8,188)
Operating expenses		**(12,160,782)**	(12,654,132)
Administration cost		**(1,721,278)**	(1,777,458)
		(13,890,532)	(14,439,778)
PROFIT(LOSS) BEFORE TAXATION	**16**	**(696)**	2,296
Taxation	**17**	**696**	(2,296)
PROFIT(LOSS) FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME(LOSS)	**18**	**-**	-

See accompanying notes to the financial statements.

PENANG GLOBAL TOURISM SDN. BHD.
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SCHEDULE OF INCOME, OPERATING AND ADMINISTRATION COST
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		RM	RM
INCOME			
Distribution income		**109,364**	115,812
Gain on disposal of property, plant and equipment		**9,999**	-
Interest received		**2,813**	6,452
Portion of government grant utilised	14	**13,752,236**	14,305,267
Sales		**15,424**	14,543
		13,889,836	14,442,074
Merchandise Cost			
Purchase		**8,472**	8,188
Operating Expenses			
Advertisement fee		**966,202**	547,998
Copywriting and translation		**14,577**	52,677
Depreciation of property, plant and equipment		**31,894**	36,580
Flight incentive		-	107,916
Hosting of events		**5,623,303**	6,614,954
Loss(gain) on foreign exchange		-	(260)
Marketing campaign		**520,194**	-
Printing of publication and brochures		**200,490**	187,061
Professional fee		**29,355**	30,000
Publicity for events		**401,190**	622,187
Souvenirs, gift and publication material		**170,857**	223,967
State tourism expenses		-	12,909
Tactical campaign		**1,409,090**	1,916,326
Tourism media campaign		**778,789**	1,247,660
Tourism promotion and trade show		**1,843,140**	839,632
Tourism survey		**157,168**	199,280
Travelling cost		**14,533**	15,245
		12,160,782	12,654,132

....9(a)/-

PENANG GLOBAL TOURISM SDN. BHD.
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	2018	2017
	RM	RM
Administration Cost		
Accounting fee	9,743	10,886
Allowances	17,200	11,172
Annual dinner	-	2,400
Audit fee	5,000	5,000
Bank charges	1,211	1,713
Bonus and incentive	62,215	101,462
Directors' meeting allowance	4,350	6,000
Electricity and water	26,944	23,397
Employees' provident fund	135,644	136,246
Employment insurance system	1,499	-
Filing fee	200	150
Gratuity	-	17,843
Insurance	48,746	45,598
License fee	330	330
Medical expenses	2,476	1,683
Meeting expenses	216	269
Newspaper and periodicals	27,817	24,224
Printing and stationery	10,564	5,512
Professional fee	3,283	4,155
Property, plant and equipment written off	2,043	1
Rental of premises	123,787	129,832
Salaries	1,110,577	1,110,723
Secretarial fee	2,212	2,581
Social security contribution	13,923	14,568
Staff welfare	9,459	1,624
Stamps and postage	13,713	15,197
Telephone and internet	22,554	42,333
Training and development	1,310	12,822
Travelling cost	16,669	14,319
Upkeep of motor vehicle	4,835	4,334
Upkeep of office	42,758	31,084
	1,721,278	1,777,458

....9(b)/-

PENANG GLOBAL TOURISM SDN. BHD.
(50689-X)
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Share Capital	Accumulated loss	Total
	RM	RM	RM
Balance at December 31, 2016	100,003	(100,003)	-
Profit(loss) for the year, representing total comprehensive income(loss)	-	-	-
Balance at December 31, 2017	100,003	(100,003)	-
Profit(loss) for the year, representing total comprehensive income(loss)	-	-	-
Balance at December 31, 2018	100,003	(100,003)	-

See accompanying notes to the financial statements.

PENANG GLOBAL TOURISM SDN. BHD.
(50689-X)
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		RM	RM
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt from the operation		13,424	14,543
Payments for operating activities:			
Purchases and direct cost		(8,472)	(8,188)
Operating cost		(15,144,466)	(14,243,563)
Tax paid		(2,011)	(3,686)
Total cash outflow from operating activities		(15,154,949)	(14,255,437)
Net cash outflow from operating activities	18	(15,141,525)	(14,240,894)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,063)	(18,773)
Proceeds from disposal of property, plant and equipment		10,000	-
Decrease(increase) in other current assets		6,900	(6,900)
Distribution income		109,364	115,812
Interest received		2,813	14,229
Net cash inflow from investing activities		121,014	104,368
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received from government		17,821,200	14,675,932
Increase in other payables		3,217	2,644
Net cash inflow from financing activities		17,824,417	14,678,576
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,803,906	542,050
Cash and cash equivalents at beginning of year		2,962,216	2,420,166
CASH AND CASH EQUIVALENTS AT END OF YEAR		5,766,122	2,962,216

		2018	2017
		RM	RM
REPRESENTED BY :-			
Investment in short-term funds	**10**	**5,182,975**	2,950,812
Cash and bank balances	**11**	**583,147**	11,404
		5,766,122	2,962,216

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. GENERAL INFORMATION

The Company is a private company incorporated and domiciled in Malaysia. 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 company is Chief Minister of Penang (Incorporation), a corporation enacted under the Chief Minister of Penang (Incorporation) Enactment 2009.

The financial statements of the Company are presented in Ringgit Malaysia (RM), which is also the functional currency.

The financial statements were authorised for issue by the Board of the Directors on May 10, 2019.

2. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) and the provision of the Malaysian Companies Act 2016.

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

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

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. The assets, including major spares, stand-by equipment and servicing equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

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 property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life. Depreciation of property, plant and equipment is computed on the straight-line method at the following annual rates based on their estimated useful lives:

	Rate (%)
Computer	33
Software	20
Motor vehicle	20

....13/-

	Rate (%)
Electrical installation	20
Furniture and fittings	10
Office equipment	10
Office renovation	20

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

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss.

The carrying amount of any asset in the cash-generating unit shall not be reduced below the highest of its fair value less costs to sell, value in use and zero.

....14/-

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

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

The Company classifies and presents an issued financial instrument, on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

(a) 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, the Company becomes a party to the contractual provisions of the instrument.

....15/-

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

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, 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 terms of 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.

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

....16/-

(d) Subsequent Measurement of Financial Liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method.

(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 using reasonable and supportable assumptions.

(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

The Company applies the incurred loss model to recognise impairment losses 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;

....17/-

(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.

4.6 Tax Assets and Tax Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a provision for taxation. 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 tax recoverable. A provision for taxation or tax recoverable is measured at the amount the Company expects to pay or 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.

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.

....18/-

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. The exceptions for the initial recognition differences include non-taxable government grants received.

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 the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

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 Company 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, unless they related to cost of producing inventories or other assets.

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

The Company has various post-employment benefit plans established in accordance with local laws and practices in the countries in which the Company operates. These benefit plans are either defined contribution plans or defined benefit plans.

(i) Defined Contribution Plans

The Company makes 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.

(ii) Termination Benefits

Termination benefits are payable whenever service of an employee is terminated before normal retirement date or whenever an employee accepts voluntary redundancy offered in exchange for benefits.

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.

....20/-

4.9 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 in undeveloped areas which may have no conditions specifically relating to the Company's operating activities.

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.

A grant that takes the form of a transfer of a non-monetary asset, such as a land, is measured at the fair value of the asset if the fair value is readily determinable. Otherwise, it is recorded at the nominal amount paid.

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.

4.10 Revenue Recognition and Measurement

The Company measures revenue from a sale of goods or a service transaction 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;

....21/-

(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.

Revenue from a service transaction is recognised when:

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

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

(c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Other income items of the Company, presented separately from revenue, are recognised using the above bases except as followings:

(a) Interest income from short term money market deposit is recognised using the effective interest method; and

(b) Distribution income from investment in short-term funds is recognised on a time proportion basis that reflects the effective yield on asset.

5. 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:

(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.

(b) 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.

(c) 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, 2018	Additions	Written off/disposal	Balance as at December 31, 2018	Balance as at December 31, 2018
	RM	RM	RM	RM	RM
Office equipment	62,455	2,015	3,899	60,571	21,606
Computer	96,859	6,048	3,028	99,879	8,995
Furniture and fittings	158,220	-	417	157,803	63,402
Software	12,458	-	107	12,351	169
Motor vehicle	58,343	-	56,742	1,601	1
Office renovation	181,231	-	-	181,231	9
Electrical installation	136,718	-	-	136,718	1
Total	706,284	8,063	64,193	650,154	94,183

	ACCUMULATED DEPRECIATION				
	Balance as at January 01, 2018	Depreciation for the current year	Written off/disposal	Balance as at December 31, 2018	Depreciation for the previous year
	RM	RM	RM	RM	RM
Office equipment	34,907	6,056	1,998	38,965	6,245
Computer	85,645	8,265	3,026	90,884	9,868
Furniture and fittings	78,899	15,780	278	94,401	15,822
Software	11,393	895	106	12,182	897
Motor vehicle	58,341	-	56,741	1,600	-
Office renovation	180,324	898	-	181,222	3,748
Electrical installation	136,717	-	-	136,717	-
	586,226	31,894	62,149	555,971	36,580

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, 2018 is RM94,183 (RM120,058 in 2017).

....24/-

7. TRADE RECEIVABLES

The currency exposure profile of trade receivables is as follows :

	2018 RM	2017 RM
Ringgit Malaysia	2,000	-

The normal credit terms of trade receivables range from 30 to 60 days.

8. OTHER CURRENT ASSETS

	2018 RM	2017 RM
Other receivables	10,000	361,300
Prepayment	582,558	22,241
Deposits	46,012	52,912
	638,570	436,453

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	2018 RM	2017 RM
Related party transactions :-			
Grant obtained from related party		16,469,900	14,094,232
Secretarial fee charged by related company		2,212	2,581
Balance included in:-			
Amount owing by related company		-	1,000,000
Amount owing by related party		-	361,300
Accrued expenses	13	-	5,641

Amount owing by related parties and amount owing to related companies are unsecured, interest free and repayable on demand.

10. INVESTMENT IN SHORT-TERM FUNDS

	2018	2017
	RM	RM
Money market fund in Malaysia,		
At fair value		
At 1 January:	2,950,812	-
Add: Additional investment	10,300,000	8,910,000
Add: Reinvestment of distribution income from investment	112,163	115,812
Less: Redemption of investment	8,180,000	6,075,000
At end of year	5,182,975	2,950,812

The fair value of current investments are measured based on the year-end Net Asset Value (NAV) which is RM1 per unit as at the reporting date.

11. CASH AND BANK BALANCES

	2018	2017
	RM	RM
Cash in hand	945	1,433
Cash at bank, current account	582,202	9,971
	583,147	11,404

12. SHARE CAPITAL

	No. of ordinary shares	RM
Authorised		
Balance at January 01, 2017	500,000	500,000
Cancellation upon abolition of par value pursuant to section 74 of the Companies Act 2016 in 2017	(500,000)	(500,000)
Balance at December 31, 2017 and 2018	-	-

....26/-

	No. of ordinary shares	RM
Issued and fully paid		
Balance at January 01, 2017	100,003	100,003
Increase in issued and fully paid share capital	-	-
Balance at December 31, 2017 and 2018	100,003	100,003

13. OTHER PAYABLES AND ACCRUED EXPENSES

	Note	2018 RM	2017 RM
Other payables		6,240	3,023
Accrued expenses	9	653,256	1,420,055
		659,496	1,423,078

The currency exposure profile of other payables and accrued expenses are all denominated in Ringgit Malaysia.

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

14. DEFERRED INCOME

	2018 RM	2017 RM
Balance at beginning of the year	3,095,380	3,311,254
Government grant obtained during the year	16,469,900	14,094,232
Total government grant available	19,565,280	17,405,486
Accrued expenses overstated in prior year	30,773	19,176
Surplus grant yet refunded	-	(24,015)

....27/-

	2018 RM	2017 RM
Add :		
Interest received	2,813	6,452
Distribution income	109,364	115,812
Sales	15,424	14,543
Gain on disposal of property, plant and equipment	9,999	-
Total income	137,600	136,807
Less :		
Merchandise cost	(8,472)	(8,188)
Operating expenses	(12,139,762)	(12,592,605)
Administration cost	(1,742,298)	(1,838,985)
Taxation	696	(2,296)
Total expenditure	(13,889,836)	(14,442,074)
Portion of government grant utilised during the year	(13,752,236)	(14,305,267)
Balance at end of the year	5,843,817	3,095,380

15. 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:

	2018 RM	2017 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 not recognised in prior year	111,407	112,994

....28/-

	2018 RM	2017 RM
Movements of temporary differences for the year due to :		
- tax losses	1,892	(1,587)
Total deferred tax credit	113,299	111,407
Deferred tax credit not recognised	(113,299)	(111,407)
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:-

Deductible temporary difference	79,098	79,098
Tax losses	392,978	385,096

16. PROFIT(LOSS) BEFORE TAXATION

	2018 RM	2017 RM
Profit(loss) before taxation has been arrived at :		
After charging :-		
Audit fee	5,000	5,000
Depreciation of property, plant and equipment	31,894	36,580
Directors' meeting allowance	4,350	6,000
Property, plant and equipment written off	2,043	1
Rental of premises	123,787	129,832
And crediting :-		
Distribution income	109,364	115,812
Gain on disposal of property, plant and equipment	9,999	-
Gain on foreign exchange	-	260
Interest received	2,813	6,452
Portion of government grant utilised	13,752,236	14,305,267

....29/-

17. TAXATION

	2018	2017
	RM	RM
Taxation charge comprises:		
Current taxation	696	(2,296)
Deferred taxation	-	-
	696	(2,296)
Current taxation		
Current year	-	(2,244)
Over provision in prior year	696	-
Tax penalty	-	(52)
	696	(2,296)
Deferred taxation		
Original(reversal) of tax losses	1,892	(1,587)
Deferred tax credit not recognised in prior year	111,407	112,994
Deferred tax credit not recognised	(113,299)	(111,407)
	-	-

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

	2018	2017
Profit(loss) from ordinary activities before taxation	(696)	2,296
Tax credit(charge) calculated at Malaysian tax rate of 24%	167	(551)
Tax effects of :		
- Expenses not deductible for tax purposes	(3,331,161)	(3,463,643)
- Income not subject for tax purposes	3,332,886	3,461,059
Tax credit(charge) for the year	1,892	(3,135)

....30/-

	2018 RM	2017 RM
Current taxation over provided in prior year	696	-
Current taxation over provided	-	(696)
Deferred tax credit not recognised in prior year	111,407	112,994
Deferred tax credit not recognised	(113,299)	(111,407)
Tax penalty	-	(52)
Tax credit(charge) as reported	696	(2,296)

Tax losses

	2018 RM	2017 RM
Tax losses of which tax saving has not been utilised	392,978	385,096
Tax saving from the utilisation of tax loss brought forward from the previous year	(1,892)	1,588

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.

18. CASH FLOW FROM OPERATING ACTIVITIES

	2018 RM	2017 RM
Profit(loss) for the year, representing total comprehensive income(loss)	-	-
Adjustment for :-		
Accrued expenses over provided in prior year	30,773	19,176
Depreciation of property, plant and equipment	31,894	36,580
Distribution income	(109,364)	(115,812)
Interest received	(2,813)	(6,452)
Gain on disposal of property, plant and equipment	(9,999)	-

....31/-

	2018 RM	2017 RM
Surplus grant yet refunded	-	(24,015)
Portion of government grant utilised	(13,752,236)	(14,305,267)
Property, plant and equipment written off	2,043	1
Taxation charge :-		
Current year	-	2,244
Overprovision in prior year	(696)	-
Tax penalty	-	52
Tax paid	(2,011)	(3,686)
Changes in working capital :-		
Increase in trade receivables	(2,000)	-
Decrease(increase) in prepayment	(560,317)	93,704
Increase(decrease) in accrued expenses	(766,799)	62,581
Net cash outflow from operating activities	(15,141,525)	(14,240,894)

19. EMPLOYEE COSTS

	2018 RM	2017 RM
Salaries, allowances, and bonus	1,189,992	1,223,357
Defined contribution plan	135,644	136,246
Other employees benefit	77,413	94,139
	1,403,049	1,453,742

The number of employees of the Company as at the reporting date was 21 (24 in 2017).

20. SUBSEQUENT EVENTS

Subsequent to the reporting date, the Company purchased a motor vehicle for total sum of RM145,803.

....32/-

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

STATEMENT BY DIRECTORS

We, **YB YEOH SOON HIN** and **YB ONG AH TEONG**, 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 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at December 31, 2018 and of its financial perfomance and cash flow for the year ended on that date.

On behalf of the Board,

YB YEOH SOON HIN
DIRECTOR

YB ONG AH TEONG
DIRECTOR

Penang,
May 10, 2019

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, PULAU PINANG in the state of)
this 10 MAY 2019 day of)

OOI CHOK YAN

Before me,

PESURUHJAYA SUMPAH
No. P.156
Name: HAJI MOHAMED YUSOFF BIN MOHD. IBRAHIM
01-01-2019 – 31-12-2021
MALAYSIA

COMMISSIONER FOR OATHS

NO. 97, LEBUH BISHOP
10200 PULAU PINANG