Hanafiah Raslan & Mohamad
AF : 0002

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

Directors' Report and Audited Financial Statements
31 December 2014

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Penang Global Tourism Sdn. Bhd.
(Incorporated in Malaysia)

Contents

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Penang Global Tourism Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2014.

Principal activities

The principal activities of the Company are to carry out tourism activities for the State of Penang.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	RM
Net surplus of income over expenditure for the year	982,047

There were no material transfers to or from reserves or provisions during the financial year.

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend any final dividend in respect of the current financial year.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

YAB Lim Guan Eng	
YB Law Heng Kiang	
YB Dato' Abdul Malik bin Abul Kassim	
Dato' Rosli bin Jaafar	
Dato Seri R. Arunasalam s/o V. Ramasamy	
Dato' Mustafa Kamal Bin Mohd Yusoff	
Dato Tan Sam Soon	
Kenneth Tan Teong Keen	
Marco Giovanni Battistotti	
Danny Goon Siew Cheang	
Mary Ann Harris	
YB Loke Siew Fook	(Appointed on 11/09/2014)
Khoo Boo Lim	(Appointed on 01/10/2014)
Koay Teng Hai	(Resigned on 31/10/2014)
Johari Bin Shafie	(Removed on 28/10/2014)
Ooi Geok Ling	(Resigned on 01/03/2015)

Penang Global Tourism Sdn. Bhd.
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Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 4 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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.

Directors' interests

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

Other statutory information

(a) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and

   (ii) the values attributed to the current assets in the financial statements of the Company misleading.

Other statutory information (contd.)

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) 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 which would render any amount stated in the financial statements misleading.

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

  (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

(f) In the opinion of the directors:

  (i) 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 financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

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

Holding company

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

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Penang Global Tourism Sdn. Bhd.
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Auditors

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 2 4 APR 2015

Dato' Rosli Bin Jaafar

YB Law Heng Kiang

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Penang Global Tourism Sdn. Bhd.
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Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Rosli Bin Jaafar and YB Law Heng Kiang, being two of the directors of Penang Global Tourism Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 8 to 21 are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2014 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 APR 2015

Dato' Rosli Bin Jaafar

YB Law Heng Kiang

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Ooi Chok Yan, being the chief executive officer primarily responsible for the financial management of Penang Global Tourism Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 21 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, Penang in the State of
Penang on 24 APR 2015

Ooi Chok Yan

Before me,

PESURUHJAYA SUMPAH
No P-099
Nama: DATO' DR. CHEVARAI @
SELVARAJOO A/L ERULANDY
DBBS, PhD(HONS)
MALAYSIA

Commissioner for Oaths

5. LEBUH UNION
10200 PENANG. M'SIA

Hanafiah Raslan & Mohamad
AF : 0002

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Independent auditors' report to the member of
Penang Global Tourism Sdn. Bhd.
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Penang Global Tourism Sdn. Bhd., which comprise the balance sheet as at 31 December 2014, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 21.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

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Independent auditors' report to the member of Penang Global Tourism Sdn. Bhd. (contd.)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with Private Entity Reporting Standards and the requirement of the Companies Act 1965 in Malaysia.

Report on other legal and regulatory requirements

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

Other matters

This report is made solely to the member 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.

Hanafiah Raslan

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Adeline Chan Su Lynn
No. 3082/07/15(J)
Chartered Accountant

Penang, Malaysia
Date: 24 April 2015

Penang Global Tourism Sdn. Bhd.
(Incorporated in Malaysia)

Income statement
For the year ended 31 December 2014

	Note	2014 RM	2013 RM
Income			
Funds from State Government		7,361,300	7,420,000
Other income		18,523	18,225
Expenditure			
Operating expenses		(4,816,035)	(5,852,166)
Administrative expenses		(1,580,544)	(1,311,966)
Surplus of income over expenditure for the year before taxation	3	983,244	274,093
Taxation	5	(1,197)	88
Net surplus of income over expenditure for the year		982,047	274,181

The accompanying notes form an integral part of the financial statements.

Penang Global Tourism Sdn. Bhd.
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Balance sheet as at 31 December 2014

	Note	2014 RM	2013 RM
Non-current assets			
Plant and equipment	6	195,737	265,202
Current assets			
Trade receivables	7	10,462	1,024
Other receivables	8	296,633	135,800
Tax recoverable		1,428	-
Due from holding company	10	500,000	-
Cash and bank balances		1,069,351	923,770
		1,877,874	1,060,594
Current liabilities			
Other payables	9	525,069	758,551
Due to a related company	10	-	750
		525,069	759,301
Net current assets		1,352,805	301,293
Net assets		1,548,542	566,495
Financed by:			
Share capital	11	100,003	100,003
Retained earnings	12	1,448,539	466,492
Shareholder's equity		1,548,542	566,495

The accompanying notes form an integral part of the financial statements.

Penang Global Tourism Sdn. Bhd.
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Statement of changes in equity
For the year ended 31 December 2014

	Share capital RM	Retained earnings RM	Total RM
At 1 January 2013	100,003	192,311	292,314
Net surplus for the year	-	274,181	274,181
At 31 December 2013	100,003	466,492	566,495
Net surplus for the year	-	982,047	982,047
At 31 December 2014	100,003	1,448,539	1,548,542

The accompanying notes form an integral part of the financial statements.

Penang Global Tourism Sdn. Bhd.
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Cash flow statement
For the year ended 31 December 2014

	2014 RM	2013 RM
Cash flows from operating activities		
Surplus of income over expenditure	983,244	274,093
Adjustments for:		
Depreciation	104,818	103,855
Operating surplus before working capital changes	1,088,062	377,948
(Increase)/Decrease in receivables	(170,271)	575,469
Decrease in payables	(233,482)	(186,387)
Net change in related company balance	(500,750)	(119)
Cash generated from operations	183,559	776,911
Tax (paid)/refunded	(2,625)	1,040
Net cash generated from operating activities	180,934	767,951
Cash flows from investing activity		
Purchase of plant and equipment, representing net cash used in investing activities	(35,353)	(30,393)
Net increase in cash and cash equivalents	145,581	737,558
Cash and cash equivalents as at 1 January	923,770	186,212
Cash and cash equivalents as at 31 December	1,069,351	923,770

The accompanying notes form an integral part of the financial statements.

1. Corporate information

The principal activities of the Company are to carry out tourism activities for the State of Penang. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The principle place of business of the Company is located at No. 8B (First Floor), The Whiteaways Arcade, Lebuh Pantai, 10300 Penang.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 APR 2015

2. Significant accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention.

The financial statements comply with Private Entity Reporting Standards and the requirement of Companies Act, 1965 in Malaysia.

(b) Malaysian Private Entities Reporting Standard

On 14 February 2014, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Private Entities Reporting Standard ("MPERS").

The Company will be required to prepare financial statements using the MPERS in its first MPERS financial statements for the year ending 31 December 2016.

In presenting its first MPERS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MPERS. The adjustments required on transition will be made, retrospectively, against opening retained profits. The financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MPERS.

At the date of these financial statements, the Company has not completed its quantification of the financial effects of the differences between Private Entities Reporting Standards and accounting standards under the MPERS due to the ongoing assessment by the Company. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MPERS.

2. Significant accounting policies (contd.)

(b) Malaysian Private Entities Reporting Standard (contd.)

The Company considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MPERS for the financial year ending 31 December 2016.

(c) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(d) Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

2. Significant accounting policies (contd.)

(f) Provisions for liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(g) Income tax

Income tax on the surplus or deficit for the year comprise current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable surplus for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from 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.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(h) Employees benefits

i. Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Significant accounting policies (contd.)

(h) Employees benefits (contd.)

ii. Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

(i) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Grants that compensate the Company for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised as income in the period of receipt.

(j) Financial instruments

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

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

i. Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

ii. Payables

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

iii. Equity instruments

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

3. Surplus of income over expenditure before taxation

Surplus from operations is stated:

	2014 RM	2013 RM
After charging:		
Auditor's remuneration		
Current year	5,000	5,000
Depreciation	104,818	103,855
Director's remuneration	159,382	201,628
Rental of premises	116,809	114,392

4. Staff costs

	2014 RM	2013 RM
Wages and salaries	1,049,598	835,082
Social security costs	9,873	8,723
Defined contribution plan	125,957	101,010
Other staff related expenses	97,727	71,246
	1,283,155	1,016,061

Included in staff costs of the Company is director's remuneration amounting to RM159,382 (2013: RM201,628) as further disclosed below:

	2014 RM	2013 RM
Salaries and other emoluments	133,465	170,620
Defined contribution plan	24,118	28,608
Benefits-in-kind	1,800	2,400
	159,382	201,628

The number of employees in the Company at the end of the financial year was 20 (2013: 18).

5. Taxation

	2014 RM	2013 RM
Tax expense for the year:		
Current income tax	72	-
Under/(Over) provision in prior years	1,125	(88)
	1,197	(88)

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.

A reconciliation of income tax expense applicable to surplus of income over expenditure before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2014 RM	2013 RM
Surplus of income over expenditure before taxation	983,244	274,093
Taxation at statutory tax rate of 25% (2013: 25%)	245,811	68,523
Income not subject to tax	(1,840,325)	(1,855,000)
Effect of expenses not deductible for tax purposes	1,599,145	1,791,033
Utilisation of previously unrecognised tax losses	(4,559)	(4,556)
Under/(Over) provision in prior years	1,125	(88)
Tax expense/(credit) for the year	1,197	(88)

Deferred tax assets have not been recognised in respect of the following items:

	2014 RM	2013 RM
Unutilised business losses	405,889	424,124
Unabsorbed capital allowances	79,098	79,098

The availability of unutilised business losses and unabsorbed capital allowances for offsetting against future taxable profits of the Company are subject to no substantial changes in the shareholdings of the Company under the Income Tax Act, 1967 and guidelines issued by the tax authorizes.

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6. Plant and equipment

2014	Office Equipment RM	Computer RM	Furniture and fittings RM	Software RM	Motor vehicle RM	Office renovation RM	Electrical installation RM	Total RM
Cost								
At 1 January 2014	42,570	52,630	97,751	7,975	58,343	176,731	136,718	572,718
Additions	11,584	14,967	638	3,664	-	4,500	-	35,353
At 31 December 2014	54,154	67,597	98,389	11,639	58,343	181,231	136,718	608,071
Accumulated depreciation								
At 1 January 2014	11,610	45,531	23,166	4,933	46,035	100,338	75,904	307,516
Depreciation charge for the year	5,415	11,980	9,839	2,326	11,668	36,246	27,344	104,818
At 31 December 2014	17,025	57,512	33,005	7,259	57,702	136,584	103,247	412,334
Net book value	37,129	10,085	65,384	4,380	641	44,647	33,471	195,737

6. Plant and equipment (contd.)

2013	Office equipment RM	Computer RM	Furniture and fittings RM	Software RM	Motor vehicle RM	Office renovation RM	Electrical installation RM	Total RM
Cost								
At 1 January 2013	40,205	52,392	84,211	7,975	58,343	162,481	136,718	542,325
Additions	2,365	238	13,540	-	-	14,250	-	30,393
At 31 December 2013	42,570	52,630	97,751	7,975	58,343	176,731	136,718	572,718
Accumulated depreciation								
At 1 January 2013	7,353	31,661	13,391	3,338	34,366	64,992	48,560	203,661
Depreciation charge for the year	4,257	13,870	9,775	1,595	11,669	35,346	27,344	103,855
At 31 December 2013	11,610	45,531	23,166	4,933	46,035	100,338	75,904	307,516
Net book value	30,960	7,099	74,585	3,042	12,309	76,393	60,814	265,202

7. Trade receivables

The Company's normal credit terms range from 30 days to 90 days. Other credit terms are assessed on a case by case basis.

8. Other receivables

	2014 RM	2013 RM
Deposits	47,113	55,450
Prepayments	247,390	80,350
Others receivables	2,130	-
	296,633	135,800

9. Other payables

	2014 RM	2013 RM
Accruals	522,842	278,950
Sundry payables	2,227	479,601
	525,069	758,551

10. Due from holding company/ (to) a related company

	2014 RM	2013 RM
Non-trade:		
PDC Premier Holdings Sdn. Bhd.	-	(750)
Penang Development Corporation	500,000	-

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

11. Share capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2014	2013	2014 RM	2013 RM
Authorised:				
At 1 January/31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January/31 December	100,003	100,003	100,003	100,003

There is no movement in the authorised and issued and paid-up share capital during the year.

12. Retained earnings

The Company may distribute dividends out of its entire retained profits as at 31 December 2014 and 31 December 2013 under the single tier system.

As at 31 December 2014, the Company also has an estimated undistributed tax exempt profit available for distribution of approximately RM710,000 (2013; RM710,000) subject to the agreement of the Inland Revenue Board.