

UPSKILLING MALAYSIAN WORKERS TO THE TOP

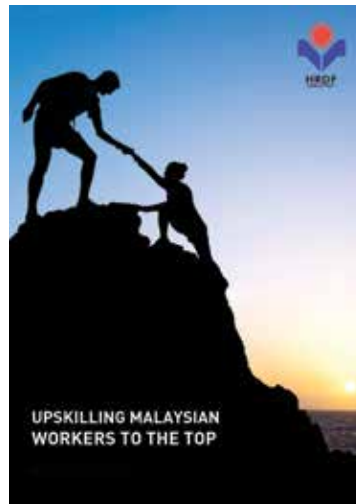
ANNUAL REPORT 2015

VISION

To be the human capital development authority in strengthening the economic development of Malaysia

Spearheading the human capital learning and development through strategic interventions that fulfil the current and future needs of the industry.

MISSION



COVER RATIONALE:

The theme—**Upskilling Malaysian Workers To The Top**--emphasizes how HRDF plays a critical role in upskilling the Malaysian workforce, helping them achieve a competitive edge in the local, regional and global marketplace. The theme is depicted by an image of a mountain climber lending a helping hand to another person to rise to the summit. Dramatic and impactful - the cover theme aptly conveys our corporate mission.

CONTENTS

2	HUMAN RESOURCES DEVELOPMENT FUND (HRDF):		SCHEMES AND SOLUTIONS	
	About Us	• 2	HRDF Training Schemes	• 55
	Board of Directors	• 4	Government Special Fund	
	Board of Committees	• 10	Training Programmes	• 64
	Senior Management Team	• 12	1MalaysiaGRIP	• 64
	Editorial Team	• 14	HEARTS	• 67
	Organisational Structure	• 16	Apprenticeship Scheme	• 68
20	MINISTER'S STATEMENT		Training For SMEs	• 76
	Raising Malaysia's		Initiative For SMEs	• 77
	Global Competitiveness			
24	CHAIRMAN'S STATEMENT		FLAGSHIP INITIATIVES AND EVENTS	
	Innovating for Transforming		HRD Award 2015	• 78
	Malaysia's Workforce		HRDF Conference & Exhibition 2015	• 79
28	CHIEF EXECUTIVE'S STATEMENT		HRDF Trainers' Conference 2015	• 80
	Collaborating with Employers		HRDF Engagement Activities	
	to Improve the Quality of Workforce		Throughout 2015	• 81
30	HRDF'S REPORT 2015			
	CORPORATE MILESTONE		84 HRDF EYE	
	Amendment and Expansion Plan	• 30	ON THE FUTURE	
	of PSMB Act, 2001			
	HRDF Enforcement	• 32	85 SUCCESS	
	Human Capital Transformation:		STORIES	
	Investing In Our Biggest Asset -			
	Our People and Our Success	• 34	90 FINANCIAL	
	INDUSTRY OUTREACH		STATEMENTS	
	Employer's Registration	• 39		
	HRDF's Training Providers	• 46		
	Reach to The SMEs: National Human			
	Resource Centre (NHRC)	• 47		
	Industry Collaboration -			
	Sectoral Training Committee	• 54		

HUMAN RESOURCES DEVELOPMENT FUND

ABOUT US

Human Resources Development Fund (HRDF)

Governed by the Pembangunan Sumber Manusia Berhad (PSMB) Act, 2001, the Human Resources Development Fund (HRDF) is a dynamic organisation, catalysing the development of a competent workforce, and supporting Malaysia's vision to become a high-income nation by 2020.

HRDF is committed to identifying the nation's high potential human resources, recognising their skills, and introducing reskilling and upskilling programmes to deliver better career and personal growth opportunities. In fulfilling its mission, HRDF encourages employers covered by the PSMB Act to retrain and upgrade the skills of their employees, apprentices and trainees in line with the fast evolving business landscape and their individual corporate aspirations.

Since the inception of HRDF, its role has evolved from managing a sizeable fund to becoming a one-stop centre, offering human resource development solutions to the critical mass of Malaysian Small and Medium-sized Enterprises (SMEs). As a custodian of human resources development and an authoritative institution well positioned to offer robust and prudent solutions, HRDF continues to engage with multiple industry stakeholders to continuously reinvent its role and create opportunities to build the nation's human capital resources.

Most recently, with 19 new sub-sectors added to the 44 sub-sectors already covered by the PSMB Act, HRDF has assumed greater responsibility to reach out to corporates, educating and motivating them to reap the benefits of HRDF programmes and initiatives.

OUR BRAND PROMISE

People

Everything that we do is to support the people of the organisation and the country, by way of identifying, nurturing and growing their skills and capabilities, empowering and enriching their lives.

Prowess

Our efforts are focused on tapping the potential and increasing the prowess of our human capital, in every way possible.

Progress

We endeavour to play our role as a responsible and visionary organisation, making progress inclusive and meaningful, especially for the people – who are both the means and beneficiaries of all development.

OUR CORE VALUES

Integrity

Integrity is the quality of excellence that is manifested in a holistic and integral manner. Integrity is based on ethics and noble values and their concrete manifestation in daily lives.

Customer Focus

Customer Focus is seeking to understand our stakeholders so that we can provide timely service, be responsive and proactive in meeting their needs and aiming to delight with excellence.

Continuous Improvement

Continuous Improvement is the practice that consistently seeks to improve by using current knowledge and skills, embraces advancement, challenges mediocrity, and works toward development of new knowledge.

Accountability

Accountability is active acceptance of the responsibility for roles, obligations, and actions as HRDF officers and staff that positively influence the needs of stakeholders and fellow workers.



BOARD OF DIRECTORS



DATO' DR. ABDUL RAZAK BIN ABDUL

CHAIRMAN

Employer Representative, Federal Power Sdn Bhd

Dato' Dr. Abdul Razak holds a PhD (International Business) from the Catholic University of Leuven, Belgium as well as an MBA (Finance) from New York University, New York and a BSc (Economics) degree from Wilmington College, Ohio.

He has been the Chairman and a Director of Federal Power Sdn Bhd since 2007 and a Director of Lagenda Jejaka Sdn Bhd and President of the Malaysian Cable Manufacturers Association since 2009. He has also held the post of Advisor to the Faculty of Business and Management Alumni, Universiti Teknologi Mara (UiTM) and Council Member of Yayasan Budiman UiTM since 1999. In addition, he was an Academic Advisor to UNISEL Graduate School of Management, Selangor Industrial University from 2009 to 2011.



DR. MOHD GAZALI BIN ABAS

DEPUTY CHAIRMAN

Representative of the Ministry of Human Resources

Dr. Mohd Gazali holds a PhD from Waseda University, Japan, an MBA (Finance) from Nottingham University, UK, and a B.Econ degree from the University of Malaya.

He took up the post of Deputy Chief Secretary (Operations) with the Ministry of Human Resources in 2015. Before that, he was appointed Director of the Human Capital Development Section of the Economic Planning Unit, Prime Minister's Department in 2007, and Chairman of the Centre for Leadership, INTAN Bukit Kiara in 2005. He was also appointed as Director of Regional Economy in the Economic Planning Unit, Prime Minister's Department in 1992; Assistant Director (Budget) at the Ministry of Finance in 1986 and Assistant Director (Planning) at the Ministry of Rural and Regional Development in 1983.

Dr. Mohd Gazali is currently a Member of the Malaysian Economic Association.



TAN SRI DATUK KETHEESWARAN M. KANAGARATNAM @ KENNETH ESWARAN

BOARD MEMBER

Employer Representative, Malaysian Associated Indian Chambers of Commerce and Industry (MAICCI)

Tan Sri Datuk Ketheeswaran has been the Executive Chairman of Pinehill Pacific Bhd and a Director of Pinehill Plantations (M) Sdn Bhd since 1994.

Currently, he is also serving as the President of Malaysian Associated Indian Chamber of Commerce and Industry (MAICCI); Vice President of the National Chamber of Commerce and Industry of Malaysia; and President of the Johor Indian Chambers of Commerce and Industry.



DATO' LOW KIAN CHUAN

BOARD MEMBER

Employer Representative, Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)

Dato' Low Kian Chuan holds both a BSc (Economics) degree and an Advanced Diploma in Business Administration from Wilfrid Laurier University, Canada. He also attended the Certificate Program on Advanced Marketing Strategies at the University of California, Berkeley, USA.

He has been the Executive Chairman and Managing Director of Low Fatt Wood Industries Sdn Bhd since 1986, and Managing Director of the Low Fatt Group of Companies since 1990.

He is the President of the Malaysian Wood Industries Association, Secretary-General of Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM); and an Advisor to ACCCIM's SMEs and HRD Committee.



DATUK GIVANANADAM KALINAN

BOARD MEMBER

Representative of Ministry of Finance (MoF)

Datuk Givananadam holds a BSc (Hons) degree from the University of Malaya, a Diploma in Public Management from the National Institute of Public Administration, and an MBA (Finance) from Michigan State University, East Lansing, Michigan, USA.

Since 2014, he has been Undersecretary, JUSA B, of the International Division of the Ministry of Finance (MoF). Later, he was posted as Deputy Director of JUSA B (KUP) of the Budget Management Division of the MoF from 2008 to 2014.



DATO' CM VIGNAESVARAN JEYANDRAN

CHIEF EXECUTIVE

Chief Executive of HRDF

Dato' CM Vignaesvaran holds a Bachelor of Business Studies/ Administration/Management (Marketing) degree from Universiti Kebangsaan Malaysia; ASEAN CEO Leadership Programme Certification from the Said Business School, Oxford University, UK; ASEAN CEO Programme Certification from Cranfield University, UK; and a Professional Certificate of HR Management, Global CEO Certification Programme, Judge Business School, Cambridge University, UK

He has been the Chief Executive of HRDF since 2014, after serving as the Deputy Chief Executive (Operations) from 2012 to 2014 and General Manager of Training and Development from 2010 to 2012. Prior to this, he was the Marketing Operations Manager at JobStreet.com from 2008 to 2010, Operations Manager of SapuraCrest Petroleum Sdn Bhd in 2008, and Assistant Marketing Manager of Sharp Roxy Sales and Services from 2000 to 2008.

BOARD OF DIRECTORS



DATO' MOHD RAZALI BIN HUSSAIN

BOARD MEMBER

Representative of Malaysia Productivity Corporation (MPC) (representing Government and public sector agencies)

Dato' Mohd Razali holds a BSc (Hons) (Physics) degree from Manchester University, UK, and a Master's degree in Industrial and Systems Engineering from Ohio University, USA.

He has been the Director General of MPC since 2009, having been Deputy Director General from 2007 to 2009 and Regional Director for the Southern Region from 2006 to 2007.

He is an Alternate Director for Malaysia, representing the Asian Productivity Organisation.



DATO' SEGARAJAH RATNALINGAM

BOARD MEMBER

Independent Member

Dato' Segarajah Ratnalingam was Deputy Chairman of the Public Services Commission from 2012 to 2015. Before his retirement in 2011, he was Secretary General of the Ministry of Human Resources – the culmination of a 35 year career in the Malaysian Administrative and Diplomatic Service during which he served in the Ministries of Defence and Finance.

While with the Finance Ministry, he represented the Ministry as a Board Member of such Government-Linked Companies as Berita Nasional Malaysia, Commerce Dot Com, the Multimedia Development Corporation, the Malaysian Institute of Microelectronic Systems, Pos Malaysia Bhd, Percetakan Nasional Malaysia Bhd and Northport (Malaysia) Bhd.

As Secretary General of the Ministry of Human Resources, he was a Board Member of the Employees Provident Fund, the Malaysian Productivity Corporation, and the Malaysian Qualifications Agency as well as Chairman of the Skills Development Fund Corporation. He has also served as a Committee Member of PEMUDAH.



HAJI MOHD GHAUS BIN AB. KADIR

BOARD MEMBER

Representative of the Ministry of Higher Education (MoHE) (representing Government and public sector agencies)

Haji Mohd Ghaus holds an MSc (Automotive) degree from Southampton University, UK, and a Bachelor of Engineering (Mechanical) degree from Liverpool University, UK. He also holds an Ordinary National Diploma (OND) in Technology from Chesterfield College of Technology UK, and a Postgraduate Certificate in Technical Education, Jordanhill College of Education, Glasgow, UK.

Since 2015, he has been the Deputy Director General (Operations) at the Ministry of Higher Education (MoHE), after his tenure as the Senior Director (Academic) from 2012 to 2015. Before that, he was Director (Training) from 2011 to 2012 and Director (Curriculum Development and Evaluation) from 2008 to 2012.

He is also a Council Member of the Malaysian Society for Engineering and Technology who also sits in as a committee member of the standing committee on Admission, Examination and Accreditation Committee. Committee.



HAJI ABDUL WAHAB BIN ABU BAKAR

BOARD MEMBER

Employer Representative, Malaysian Employers Federation

Haji Abdul Wahab holds a B.Econ degree (Hons) (Applied Economics) from the University of Malaya.

He has been Corporate Advisor to Subalipack (M) Sdn Bhd since 2011. From 2011 to 2013 he was Chairman of DMB Holdings Sdn Bhd. Previous to that, he was Executive Director of HR (Malaysia/Singapore) at Nestle Malaysia Berhad from 1998 to 2010; HR Adviser to Nestle Australia Ltd from 1996 to 1997; and Group HR Manager of Nestle Malaysia Berhad from 1991 to 1996.

He is Vice President of the Malaysian Employers Federation.



DAVIES DANAVAINDRAN ARPUTHASAMY

BOARD MEMBER

Employer Representative, Federation of Malaysian Manufacturers

Davies Danavaindran holds a BA degree from the University of Malaya and a Certificate in HR Management from the Malaysian Institute of Human Resource Management.

He has been the Director of Radosh Engineering and Industrial Sdn Bhd since 2009. Prior to that, he was the Director of Human Resources at Gopsoft Non Woven Sdn Bhd from 2006 to 2009; Director of Human Resources at Aluminium Company of Malaysia Berhad from 1983 to 2005; and Assistant Director of Labour at the Ministry of Human Resources from 1972 to 1982.

He is currently serving as the Vice President of the Federation of Malaysian Manufacturers.



MICHAEL KANG HUA KEONG

BOARD MEMBER

Employer Representative, SME Association of Malaysia

Michael Kang Hua Keong holds a BSc (Marine Engineering) degree from the National Taiwan Ocean University, Taiwan.

He is currently the SME Advisor at the Prime Minister's department since 2015 and a Member of the Steering Committee for the Incubator Programme of the Ministry of Science, Technology and Innovation since 2012.

He is also the National President of the SME Association of Malaysia and CEO of SMB Solution Management Sdn Bhd.

BOARD OF DIRECTORS



RAYAN ANAK NARONG

BOARD MEMBER

Independent Member

Rayan Anak Narong holds both a Bachelor of Accountancy degree and an MBA from UiTM.

He has been General Manager of the Internal Audit and Risk Management Department of Zecon Berhad since 2002, having previously been an Audit Manager/Accountant at Cahya Mata Sarawak Berhad from 1995 to 2001.

He is Chairman of the DBNA-BGA HR Sub-Committee; Chairman of the Palm Smallholders Association, Bau/Lundu district; Deputy Chairman of Bung Bratak Heritage Society; Vice President of the Sarawak Progressive Democratic Party and the Chairman of its Bahagian Opar (DUN N1 OPAR); Auditor of Dayak Bidayuh National Association; and a member of the Malaysian Institute of Accountants, the Institute of Internal Auditors and the Bidayuh Graduate Association.



SAROJINI RUTH RAJASHER AARONS

BOARD MEMBER

Employer Representative, National Association of Women Entrepreneurs of Malaysia

Sarojini Ruth has been Managing Director of Data-Tech Sdn Bhd since 1986.

She is President of the National Association of Women Entrepreneurs of Malaysia. She has been a Board Member of Rama Subbiah Scholarship Fund since 1990 and of the Small Debts Resolution Committee (Bank Negara) since 2014. She has been a Board Member of Stepping Stones Living Centre, of which she is a founder, since 1998. In addition, she has been Secretary of the Selangor and Federal Territory Indian Association since 2005; Treasurer of ROTI 1Malaysia since 2012; and a Panel Member of SME Corp Malaysia's Panel Keusahawan & Enterprise Mikro and Panel Productivity & Innovation since March 2016.



AMIR BIN OMAR

BOARD MEMBER

Representative of Economic Planning Unit (representing Government and public sector agencies)

Amir bin Omar holds a Bachelor of Economics and Administration (Rural Economics) degree from the University of Malaya, a Diploma in Public Management from INTAN, a Postgraduate Diploma in Economics from the University of Manchester, UK, and an MA (Economics) from the University of Manchester, UK.

He is Director of the Human Capital Development Unit in the Economic Planning Unit of the Prime Minister's Department.



PETER LIM YOKE CHEONG

BOARD MEMBER

Employer Representative, Malaysian Automotive Component Parts Manufacturers (MACPM)

Peter Lim Yoke Cheong holds an MBA from the University of Bath, UK.

He has been an Advisor to Titan Metal Works Sdn Bhd since 2014, having previously held the posts of Executive Director of United Vehicles Industries Sdn Bhd from 1985 to 2014 and Manager at Cycle and Carriage (M) Sdn Bhd from 1981 to 1985.

He is the President of Malaysian Automotive Component Parts Manufacturers (MACPM); Vice Chairman of the Automotive Federation of Malaysia; a Director of Damai 1516 Homeowners Berhad; and a Council Member of the Federation of Malaysian Manufacturers, National Automotive Council.



CHEAH KOK HOONG

BOARD MEMBER

Employer Representative, Association of the Computer and Multimedia Industry of Malaysia (PIKOM)

Cheah Kok Hoong holds a BSc degree in Computer Science and Physics from Campbell University, USA.

He has been the Group Chief Executive Officer/Director of Hitachi Sunway Information Systems Sdn Bhd since 2013 and became the IT Advisor of Sunway Group with effect on 1st April 2016. He was the Chief Executive Officer of Sunway E-Systems Sdn Bhd and a Director of Sunway Shared Services Sdn Bhd from 2009 to 2011.

He was also the immediate past Chairman of Association of the Computer and Multimedia Industry of Malaysia (PIKOM).

BOARD OF COMMITTEES

Investment Panel

1. Dato' Dr. Abdul Razak bin Abdul (Chairman)
2. Dato' CM Vignaesvaran Jeyandran
3. Dato' Segarajah Ratnalingam
4. Mejar Jeneral Dato' Mohd Yunus bin Long
5. Dr. Chin Yoong Kheong
6. Khalilasalwa binti Saleh
7. Rayan Anak Narong

Audit Committee

1. Rayan Anak Narong (Chairman)
2. Dato' Segarajah Ratnalingam
3. Lim Keng Chye
4. Micheal Kang Hua Keong

Establishment and Benefits Committee (EBC)

1. Dato' Mohd Razali bin Hussain (Chairman)
2. Sarojini Ruth Rajahser Aarons
3. Peter Lim Yoke Cheong
4. Davies Danavaindran Arphutasamy

Tender Committee A

(for acquisitions valued at RM20.0 million or more)

1. Dato' Dr. Abdul Razak bin Abdul (Chairman)
2. Rayan Anak Narong
3. Peter Lim Yoke Cheong
4. Haji Abdul Wahab bin Abu Bakar

Tender Committee B

(for acquisitions valued at RM500,000 or more but less than RM20.0 million)

1. Dr. Mohd Gazali bin Abas (Chairman)
2. Dato' Low Kian Chuan
3. Dato' Mohd Razali bin Hussain
4. Amir bin Omar

Finance Committee

1. Dato' Low Kian Chuan (Chairman)
2. Lim Kheng Chye
3. Datuk Givananadam Kalinan
4. Haji Mohd Ghaus bin Ab. Kadir
5. Davies Danavaindran Arphutasamy





SENIOR MANAGEMENT TEAM

01 DATO' CM VIGNAESVARAN JEYANDRAN

CHIEF EXECUTIVE

05 HJ M ZA'BA BIN MOHAMAD ZAHAM

DIRECTOR, HRDF GRANT - CORE DIVISION

02 WAN YON SHAHIMA BINTI WAN OTHMAN

CHIEF OPERATING OFFICER

06 WAN MOHD NAZARUDIN BIN WAN CHIK

DIRECTOR, ACCOUNTS AND FINANCE DIVISION

03 LIM KAH CHENG

CHIEF CORPORATE SERVICES OFFICER

04 MUHAMMAD GHAZALI BIN ABDUL AZIZ

CHIEF SPECIAL PURPOSE VEHICLE OFFICER



07

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07 HJH MORNI BINTI BUJANG

DIRECTOR, PRODUCT MARKETING DIVISION
– OPERATION SECTOR

08 SASHIKALA DEVI GOPALLAN

DIRECTOR, CORPORATE COMMUNICATIONS DIVISION

09 LIM SHOCK TEANG

SENIOR MANAGER, INFORMATION TECHNOLOGY DIVISION

10 TINAH ANAK JEROME

SENIOR MANAGER, SME INSTRUMENT DIVISION

11 RONY AMBROSE GOBILEE

SENIOR MANAGER, RESEARCH AND ANALYTICS DEPARTMENT

12 NOORLIZA BINTI NURUDDIN

SENIOR MANAGER, HUMAN CAPITAL DIVISION

13 AZHARI BIN ABU BAKAR

SENIOR MANAGER, HRDF GRANT – MANUFACTURING SECTOR



EDITORIAL TEAM

01 SASHIKALA DEVI GOPALLAN

02 MOHD SHAH BIN OTHMAN

03 MURALI @ ARASU MUNIANDY

04 FATIN NADZIRAH BINTI JOHARI

05 AINI SUYANA BINTI SULAIMAN

06 MOHD FANDI BIN MAHMOOD

07 NUR ZARIFAH BINTI ZAINAL ABIDIN



08 SERI AZRIANA BINTI MISTOIL

09 SUSAN CHANG SOOK FOON

10 MUHAMMAD LUTFI BIN ABDUL HAMID

11 SITI SALWA BINTI MANSOR

12 NOR AZIMIN BIN ABD RAZAK

13 FUADAH BT OMAR @ AMMAR

14 NOR HASNITA BINTI ABU HASAN

15 SITI NABILLAH NATRAN BINTI HAMSHAH

ORGANISATIONAL STRUCTURE

MINISTRY OF HUMAN RESOURCES

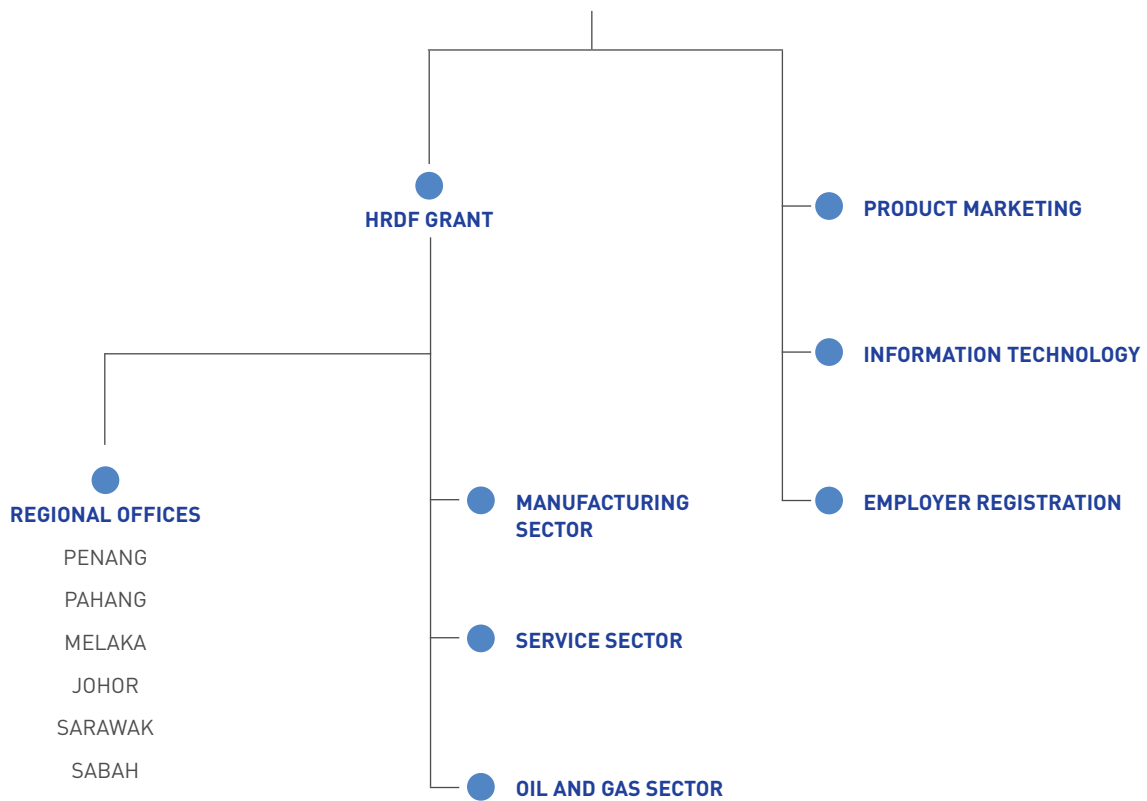
BOARD OF DIRECTORS

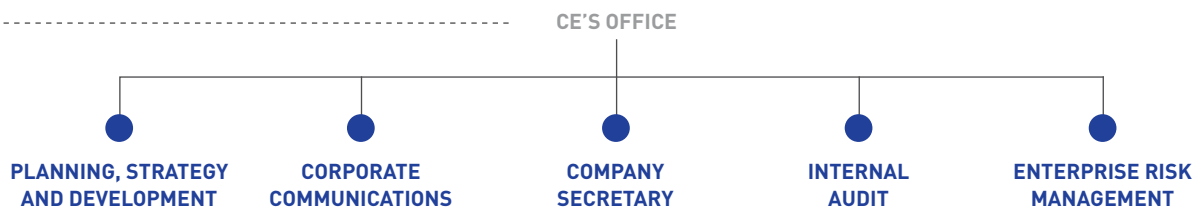
CHIEF EXECUTIVE (CE)

DATO' CM VIGNAESVARAN JEYANDRAN

CHIEF OPERATING OFFICER (COO)

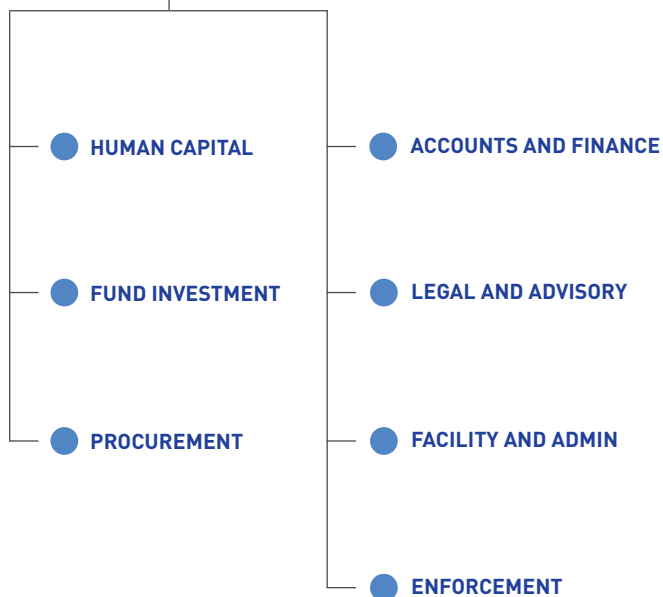
WAN YON SHAHIMA BINTI WAN OTHMAN





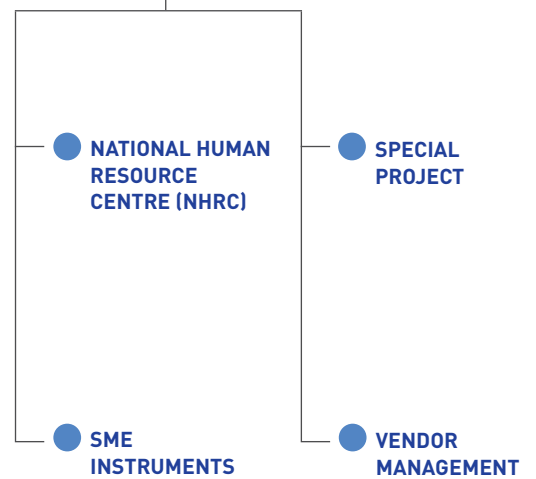
CHIEF CORPORATE SERVICES (CCS) OFFICER

LIM KAH CHENG



CHIEF SPECIAL PURPOSE VEHICLE (CSPV) OFFICER

MUHAMMAD GHAZALI BIN ABDUL AZIZ





RAISING MALAYSIA'S GLOBAL COMPETITIVENESS

We are contributing to national productivity by
developing a highly professional and skilled workforce.



“The course has improved my skills and the certificate that I obtained has helped me to be promoted to a senior position. This type of reskill and upskill course is very beneficial to a developing country like Malaysia. I certainly hope that this course will continue to be held in order to train those who have just joined my industry.”

Joel Su Tai Tung
HSE Internal Auditor
Hock Seng Lee Berhad
Certificate in Site Safety Supervisor

*“When the wind of change blows, some build walls
while others build windmills.”*

Chinese proverb

MINISTER'S STATEMENT

“Competitiveness is all about skills, capabilities, capacity and the ability to continuously equip and empower our human capital with these. The role of HRDF, beyond its fund management mandate, continues to be to introduce pragmatic programmes and initiatives that will upskill and reskill our human resources towards achieving local, regional and global competitiveness – for our businesses and our nation as a whole.”

As Malaysia aspires to play a leading role in building the ASEAN Economic Community (AEC) as well as in progressing the agenda of the Trans-Pacific Partnership, the Eleventh Malaysia Plan (11MP) emphasises the need to create an effective and efficient labour market that will spur our businesses and the economy to deliver optimum performance.

According to the Global Competitiveness Index 2015-16, Malaysia is among the 20 most competitive nations that are currently transitioning into an innovation-driven economy. However, more can be done to build, improve and sustain our talent pool, which in turn will move us towards a high-income market, enhancing the performance of our businesses as well as promoting economic wellbeing and quality of life in general.

I am pleased to share that in the 2015 Budget Speech the Government announced the 1Malaysia Globally Recognised Industry and Professional Certification (1MalaysiaGRIP) programme. A total of RM200 million, of which RM100 million has been provided by the Government and another RM100 million by Human

Resources Development Fund (HRDF) members, has been allocated for the implementation of the programme. 1MalaysiaGRIP offers specialised high-level training courses to equip talents with the skills required by our knowledge-intensive sectors and our high-tech and high value-added products and services. It also aims to reduce the country's dependence on external expertise. I believe, that with 1MalaysiaGRIP and similar initiatives, we will be able to address the challenges of the globalising world and enhance our country's competitive position.

While Malaysia has robust sectorial plans and development blueprints, we have to continually nurture talents through skills development and capacity building programmes, especially for our Key Economic Areas (NKEAs) or priority sectors. We have to tap and optimise the human capital potential of the nation, and increase high income opportunities to enable them to meaningfully contribute to businesses and the economy. Through HRDF programmes, we are also reducing skills gaps, managing talent mobility and promoting job creation. I take this opportunity to commend the untiring efforts of HRDF in championing initiatives and schemes to make all this possible.

I continue to believe that HRDF's role is vital in supporting the nation's human capital development agenda of achieving a 35% skilled workforce by 2020. I congratulate the board, the management, the employees, members and partners of HRDF for collaborating in their efforts in 2015, bringing us one step closer to our 2020 targets. I am confident that in 2016 and beyond, the momentum towards greater success will continue.

**YANG BERTHOMAT
DATO' SRI RICHARD RIOT ANAK JAEM**

MINISTER OF HUMAN RESOURCES, MALAYSIA



**YANG BERTHORMAT
DATO' SRI RICHARD RIOT ANAK JAEM**

MINISTER OF HUMAN RESOURCES, MALAYSIA



INNOVATING FOR TRANSFORMING MALAYSIA'S WORKFORCE

The Human Resources Development Fund (HRDF) is championing unique and effective programmes to upgrade the skills and capabilities of Malaysian workers.



“I decided to register for the SCADA Project Management course, and I felt that I had made the right decision even before I attended the course. The trainer’s teaching style and the knowledge transfer were engaging and superbly informative. The entire class was able to integrate the course lessons into their day-to-day operations, even though the students were from five or six different industries. I recommend this course to novices as well as experienced professionals in any industry who wish to learn about SCADA Project Management.”

Norazlina Binti Mohamed Kamil
Sales
Arkema Thiochemical Sdn Bhd
Project Management SCADA System

“A person who never made a mistake never tried anything new.”

Albert Einstein

CHAIRMAN'S STATEMENT

“Our efforts in 2015 were focused on reinventing the role of HRDF in driving upskilling and reskilling programmes designed to equip the priority sectors of the economy with high-potential talent, towards higher productivity and positive impact on national GDP. In this context, innovation means catalysing change in the way employers conduct businesses and determine future human resource requirements in order to sustain performance.”

One of the Global Human Capital Trends in 2015 (according to Deloitte) was the reinvention of human resources (HR): an extreme makeover to deliver greater business impact and drive HR and business innovation. Malaysia's ranking on the Global Innovation Index (GII) 2015 – 32nd among the world's economies – points the need for more intensive human capital development efforts to improve our nation's innovation capacity, helping the transition to a high-income economy. This means that Malaysian industries should be encouraged to invest in high value-added services or activities that require a skilled workforce.

As you are aware, the Government aspires to achieve a 35% skilled workforce by 2020. It also aims to create over 1.5 million jobs. Accordingly, the Human Resources Development Fund (HRDF) has intensified its efforts to create a workforce that will meet the needs of a high-income nation. Thus, in 2015, HRDF approved 92,951 places for quality and productivity training programmes and provided as much as RM37.22 million in financial assistance.

Furthermore, through our Sectoral Training Committee (STC) – 19 STCs comprising 63 subsectors covered under the PSMB Act, 2001 – we are able to identify the training needs of the 12 National Key Economic Areas (NKEA). Most importantly, STC members provide information that helps reduce skill gaps by identifying suitable training programmes for their respective industries. The STC also offers a platform for collaboration between HRDF and the Government.

Last but not least, while we continue to be responsible for regularising competency needs assessments across high priority sectors, identifying high value programmes, and pioneering new training initiatives that meet local, regional and global expectations, it is also crucial for HRDF to raise awareness of skills enhancement programmes that will prepare talents for a globalised world.

In 2015, I am happy to note that HRDF successfully organised high value programmes such as the 1Malaysia Globally Recognised Industry and Professional Certification (1MalaysiaGRIP) programme and other annual flagship initiatives such as the HRDF Conference & Exhibition 2015, the Trainers' Conference 2015 and the HRD Award 2015.

I take this opportunity to thank the leadership and teams who left no stone unturned to spur new growth and higher performance for HRDF in 2015. The secret lies in thinking outside the box, in being innovative with our outreach programmes, and in leading the way by anticipating the future goals and aspirations of employers as well as the nation without losing touch with the ground realities of the present.

**YANG BERBAHAGIA
DATO' DR. ABDUL RAZAK BIN ABDUL**

CHAIRMAN OF BOARD OF DIRECTORS OF HUMAN RESOURCES
DEVELOPMENT FUND (HRDF) MALAYSIA



**YANG BERBAHAGIA
DATO' DR. ABDUL RAZAK BIN ABDUL**

CHAIRMAN OF BOARD OF DIRECTORS OF HUMAN RESOURCES DEVELOPMENT FUND (HRDF) MALAYSIA



COLLABORATING WITH EMPLOYERS TO IMPROVE THE QUALITY OF WORKFORCE

We finance up to 100% of the training costs,
encouraging employers to train and retrain their employees.



“The training was very inspirational and energising. It generated a lot of ideas from substantial and in-depth knowledge together with case studies. We learned from experience and the lessons were practice-oriented. It was one of the best ways to learn about Human Resouce fieldwork in the real world.”

Rita @ Rachel Boin Suikim

Corporate Human Resource Manager
Grandis Hotels and Resorts Sdn Bhd

IAOP-Certified Outsourcing Specialist in Human Resources

“The economic costs of failure to arrest talent shortages are strategically significant and include low productivity, the slow pace of innovation and lost opportunities. Building a strong talent pipeline has therefore, become an economic imperative as human capital rivals financial capital as the critical economic engine of the future.”

Tan Sri Zeti Akhtar Aziz



**YANG BERBAHAGIA
DATO' CM VIGNAESVARAN JEYANDRAN**

HUMAN RESOURCES DEVELOPMENT FUND (HRDF) MALAYSIA

CHIEF EXECUTIVE'S STATEMENT

“HRDF, as an apex institution, will intensify its efforts to ensure the creation and growth of high calibre human capital in Malaysia by meeting the challenging demands of the market, and simultaneously contribute to the development aspirations of the country.”

We welcomed 2015 as a year of positive change and a time for innovation to drive our internal process of transformation. In support of the Eleventh Malaysia Plan (11MP) and the PSMB Act 2001, the Human Resources Development Fund (HRDF) assumed a new user-focused avatar to support Malaysian businesses by accelerating their human capital development.

By fulfilling our mandated role through our various initiatives and schemes, we were able to ensure that the year under review yielded positive results, especially with an increase in registered employers from 15,675 to 16,569. There was also a further rise in approved Financial Assistance and approved Training Places for 2015. Compared to 2014, there was an increment of 12.51% for approved Financial Assistance and 16.90% for approved Training Places. The total amount of approved Financial Assistance for 2015 was RM539.77 million and the total number of approved Training Places was 836,468.

Additionally, we received Government allocated incentives worth RM8 million for SME training and, as a result, the number of SME employers registered with HRDF increased to 13,396 as at 31 December 2015. This rise demonstrates the success both of the expansion of the PSMB Act, 2001 and of our pioneering SME training programmes.

It is encouraging to note that the Apprenticeship Scheme programme gained a lot of traction in 2015 – the scheme was designed to address current labour market conditions and match the right talents to the labour market. A total of 80% of scheme graduates were absorbed by employers and were fully employed within six months of graduation with a minimum monthly income of RM1,202.00. HRDF remains positive that initiatives similar to the Apprenticeship Scheme will go a long way to reducing the nation's seasonally adjusted unemployment rate, which currently stands at 3.1%. I strongly believe that it is only through reskilling and upskilling training programmes that companies will be able to work on enhancing the skills of their workforce, as the attrition rate in Malaysia continues to be high.

To encourage HRDF registered employers to train their workforce, the Government decided to expand the coverage of the HRDF Act, 2001 to include more sub-sectors. The expansion seeks to attract 2.8 million HRDF registered employees by 2020. At the same time, as the National SME Development Council (NSDC)'s training coordinating body, we will continue our mandate from the Government to build the capacity of 50,000 SMEs. Meanwhile, the Government's 1Malaysia Globally Recognised Industry and Professional Certification (1MalaysiaGRIP) programme will help Malaysian employers obtain the value and benefit of upskilling and reskilling their workforce.

In 2015 and beyond, as an authority responsible for catalysing the nation's human capital development, HRDF will continue to pioneer initiatives and schemes that are in line with the 11MP, which aims to fulfil the need for an efficient and effective labour market towards achieve local, regional and global competitiveness.

**YANG BERBAHAGIA
DATO' CM VIGNAESVARAN JEYANDRAN**

HUMAN RESOURCES DEVELOPMENT FUND (HRDF) MALAYSIA

CORPORATE MILESTONES

Amendment and Expansion of the PSMB Act, 2001

Human Capital Development (HCD) is a critical enabler in driving and sustaining Malaysia's economic growth. The availability of a skilled workforce is imperative to support the transition of all the nation's economic sectors to knowledge-intensive activities as well as to achieve labour productivity gains and attract investment into Malaysia.

In addition, an efficient and inclusive labour market will resolve the myriad mismatches in the local workforce supply and demand, and will enable all Malaysians to participate in and benefit from the nation's economic growth. Investments in education also play a pivotal role in improving social mobility and the wellbeing of its citizens.

Human Resources Development Fund (HRDF) has been entrusted by the Government of Malaysia with administering and managing the Human Resources Development Fund (HRDF) to promote the training and development of Malaysian employees, apprentices and trainees in order to upskilling and reskilling the nation's private sector workforce.

The Eleventh Malaysia Plan, (2016-2020) continues to push the agenda of producing human capital equipped with the right knowledge, skills, and attitude to enable the nation to thrive in a globalised economy. The Government is focusing on four critical areas:

- Improving the efficiency of the labour market to accelerate economic growth
- Transforming technical and vocational education and training to meet industry demand
- Strengthening lifelong learning for skills enhancement, and
- Improving the quality of the local education system to deliver better student outcomes and institutional excellence

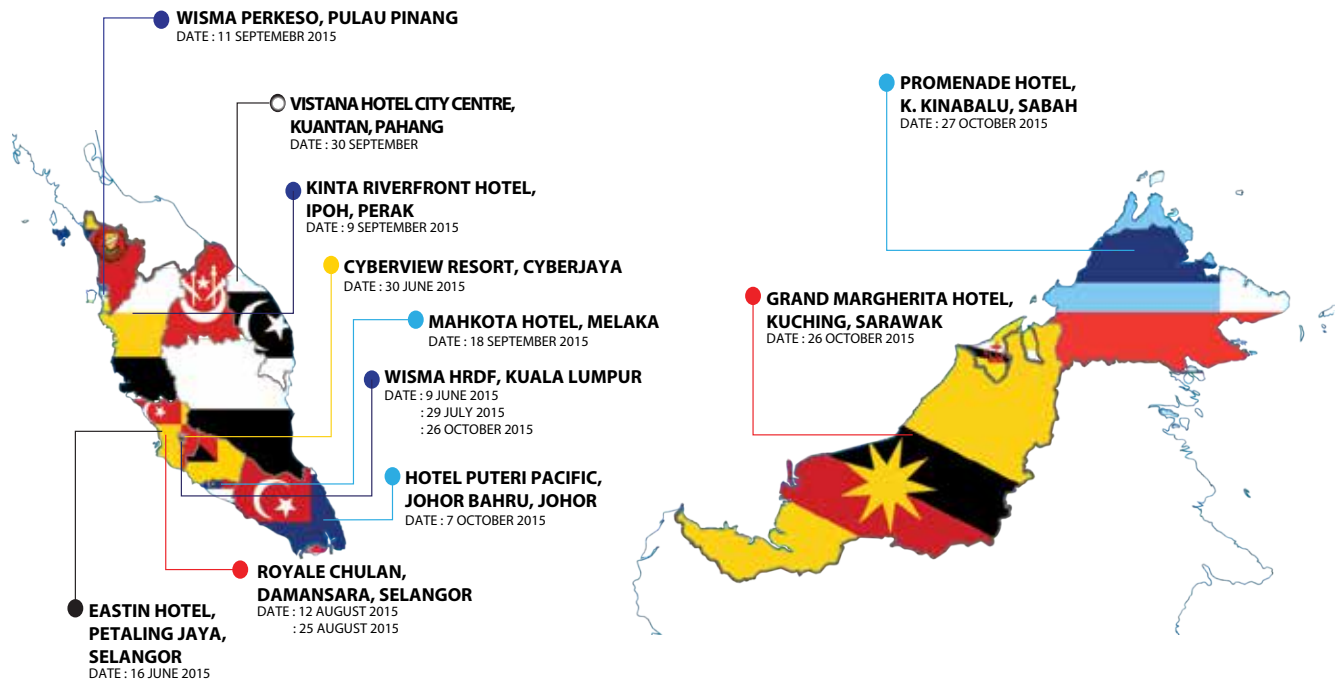
The aim of Chapter 5 of the Eleventh Malaysia Plan is to accelerate HCD towards achieving a fully developed nation status. To fulfil the Government's objective, the coverage of the PSMB Act, 2001 will be expanded to include more subsectors of the services and agriculture sectors. This will increase the number of employees eligible for training under HRDF by 58 per cent from 1.77 million in 2014 to 2.8 million in 2020.

The amendment and expansion of the PSMB Act, 2001 are being carried out in two phases, as follows:

PHASE 1: 2015-2017

- To standardise the number of employees that must be registered to 10 employees to all 63 sub sectors that have been covered under the Act;
- To strike-off or discontinue the requirement for paid up capital;
- To allow for voluntary registration of employers from all 63 sub-sectors that have 5-9 employees.

In Phase 1, the Legal and Advisory Department engaged with various Government agencies and employers' associations from the existing 63 subsectors to inform them about the proposed expansion plan and to obtain their feedback. The engagement sessions were as follows:



All participants' feedback was recorded and presented during the *Workshop on the Amendment and Expansion of the PSMB Act, 2001* held from 29-31 October 2015 in the presence of the Legal Advisor of the Ministry of Human Resources (MoHR), Policy Division, and the Regulatory and Enforcement Branch (CKSP) of MoHR. The Phase 1 amendment of the Act is expected to be gazetted in July 2016.

HRDF Enforcement

Enforcement Division was established in July 2015 in line with the restructuring process of HRDF. Previously it was known as Legal and Investigation Unit under the Corporate Affairs and Human Resources. After the restructuring, the unit was split into two separate divisions. Enforcement has been made as a division to enforce proceedings and actions and initiate legal actions to give effect to the enforcement of the PSMB Act, 2001 (Act 612).

The increase in the number of officers or clerks can be seen by the percentage difference of 15% . In addition, the scope of work for the Enforcement Division has been expanded to cover four (4) main pillars as follows:-

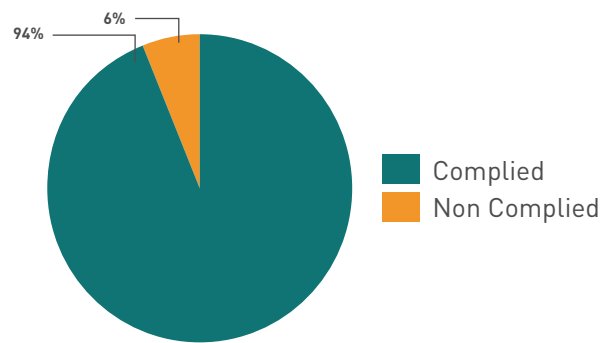
i) To proceed an action to collect levies and interest which are in arrears pursuant to Section 24 of the PSMB Act, 2001;

Throughout the year 2015, the Enforcement Division has achieved to collect a total of RM1.526 million comprising of the levy and interest due out of RM2.945 million which accounted for 51.8 % of the total arrears. Such initiatives taken by Enforcement Division to ensure that employers paid the outstanding levy and interest is to allow the employer paid the arrears by way of installments, making verification by phone calls to employers, as well as increased the number of panel lawyer for take a civil action against the employer.

ii) To make verification visit on the location of the training programs for special programs such as 1MalaysiaGRIP, Future Workers, Training Incentive and others;

To ensured that the approved training provider comply with the terms and conditions set out under a special program HRDF, verification to assess compliance training providers running the program has been carried out by the Enforcement Division. The total number of verification visited which were carried out

for all three programs (1MalaysiaGRIP, Future Workers and Training Incentive for SMEs) throughout the year 2015 would be 477 visits. A total of 94 % out of programs were visited comply with the terms and conditions stipulated by the HRDF. The percent shows that training providers conducted this program comply with terms and condition is very good.



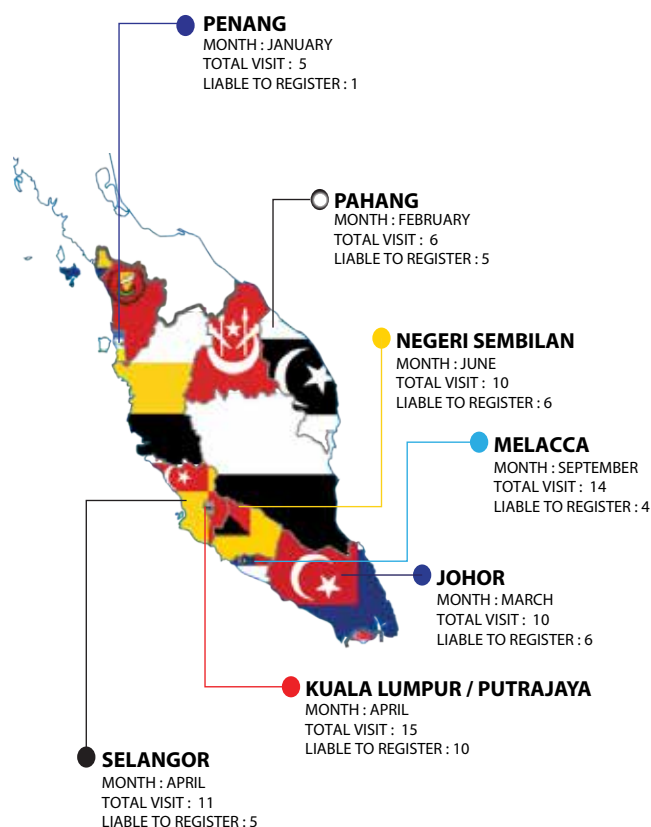
iii) To handle fraud cases by virtue of Section 40 and/ or 41 the PSMB Act, 2001;

For cases involved fraud throughout the year 2015, Enforcement Division together with Corporate Communications Division (CCD) has collaborated with the Malaysian Anti-Corruption Commission (MACC) to ensure that offenders are brought to the justice. For the year 2015, 49 cases were reported to the MACC of which 40 cases are still under investigation, one case has been closed and eight cases were brought to trial in court and carried the cases to year 2016 for judgement. With the collaborative efforts between the HRDF and MACC, the awareness of employers and training providers have been instilled and responses received from employers or training providers for this effort is very good.



iv) To identify potential liable employers which qualified to be registered under PSMB Act, 2001 through integrated operation 1Visit-Policy between HRDF, Jabatan Tenaga Kerja Semenanjung Malaysia (JTKSM), Social Security Organisation (SOCSO) and *Cawangan Kawal Selia dan Penguatkuasaan (CKSP)* under Ministry of Human Resources.

Enforcement Division has collaborated with other government agencies, namely JTKSM, SOCSO and CKSP in operating integrated 1Visit-Policy. The impact of the operations carried out found that the number of eligible employers registered under the PSMB Act, 2001 increased and more effective in terms of registration of employer process. Apart from that, the registration process can be simplified and the registration process becomes faster compared with normal practiced which the transaction took a longer time to process. The standard operating process (SOP) under this operation was directly goes to the employer premises and deals to employer respective person to get registration form and supporting documents. The table below shows the statistics Integrated Operations - 1Visit-Policy for year 2015.



Human Capital Transformation: Investing in Our Biggest Asset - Our People and Our Success

Our people are critical to the achievement of our strategic objectives — their energy, vision and commitment drive HRDF's performance, prowess and progress. We recognise the importance of attracting, developing, rewarding and retaining the best people to deliver our business goals. Our key focus areas include improving staff retention, leadership and talent development, performance management, rewards and employee engagement. To this end, between September 2014 and February 2015, HRDF undertook a Human Capital Transformation Study (HCTS) with the following deliverables:

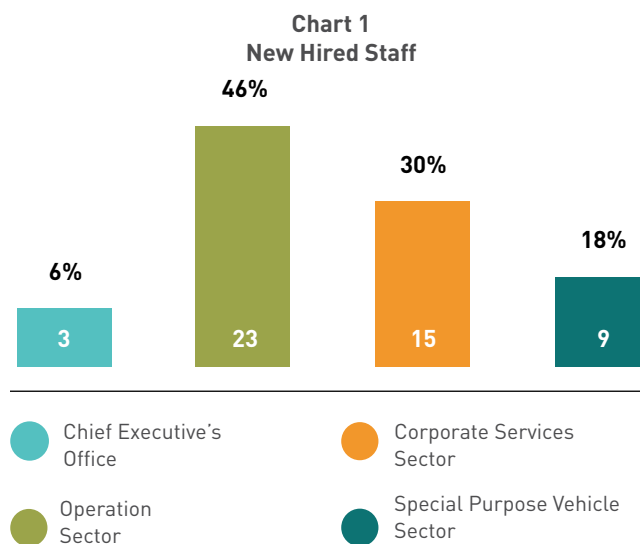
- An employee engagement survey which was conducted at the outset of the study to gauge the level of pre-transformation employee engagement
- A dynamic organisation structure that would be able to accommodate changing scenarios and be more proactive in reaching out to industry sectors, yet which can also ensure good governance, enforcement, transparency and sustainable performance
- New job descriptions for all positions
- Manpower planning to ensure the new structure can be operationalised
- New job grading structure and nomenclature to reflect the new and expanded roles HRDF has been undertaking in recent years
- A new rewards package that competes against peer groups and the market in general to ensure that HRDF becomes an attractive organisation for new and best talents
- Revised core competencies to ensure that talents are developed into future leaders, advisors and consultants
- A revised performance management system that can drive HRDF to a higher level and remain relevant to meet the current and future needs of the nation

The findings and recommendations of the study had been approved by the Board of Directors on 16 April 2015. The new organisation structure was implemented on 1 June 2015.

Managing Human Capital

With additional critical functions in the area of strategic business planning, market analytics, brand value and internal industry expertise, the organisation structure was expanded from two conventional pillars – Management and Operations – to three functional sectors, namely Operations Sector, Special Purpose Vehicle Sector and Corporate Services Sector. The Operations and Special Purpose Vehicle, being the core delivery sectors, are supported by Corporate Services, which deliver the enabling processes. The Chief Executive's Office Mandate was also expanded to drive governance processes such as strategy and planning, transformation management and corporate communications.

The additional functions of HRDF require additional manpower to help execute HRDF's strategy, which in turn increased HRDF's headcount from 239 in 2014 to 267 in 2015. The total number of new hired staff as at December 2015 is shown in Chart 1.



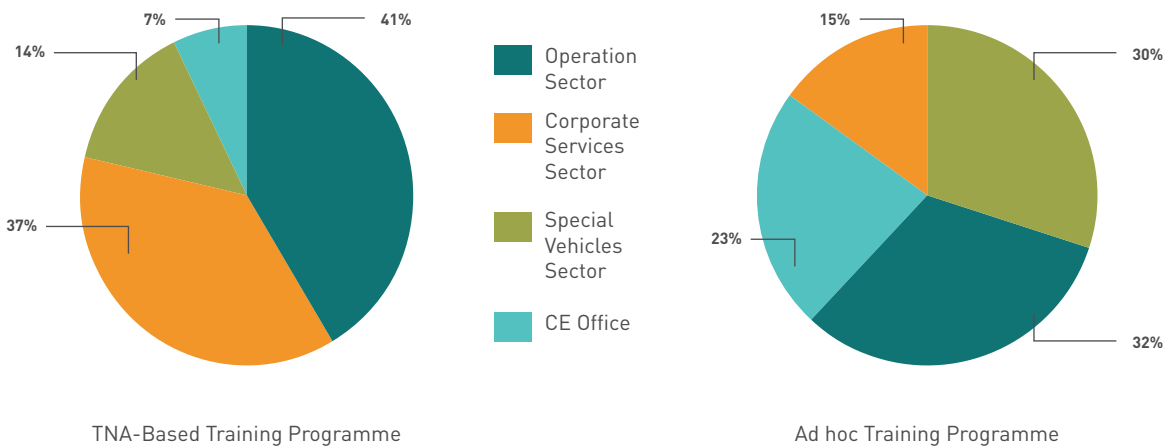
Salary Benchmarking

Remuneration is known to be an important factor in determining employee satisfaction and retention, and offering market-competitive salaries is crucial to our ability to attract the required talents. In line with the new HRDF job grading structure, the new salary scale was implemented in June 2015

Talent Development Investment

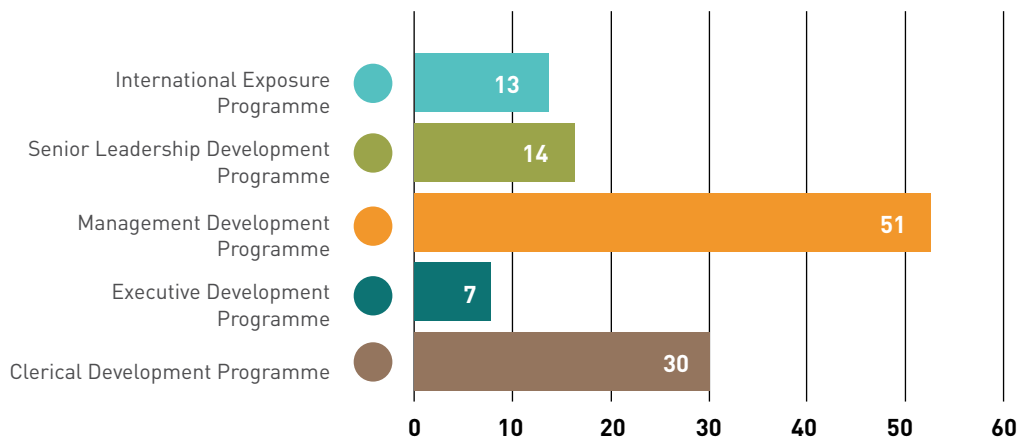
Skilled and experienced employees are significant assets and contribute to our competitive edge. We invest heavily in developing our internal skills. We spent RM978,623.00 on training employees in the year under review, and continue to support and grow our major training and development programmes. In 2015, we have trained a total of 188 training places under TNA-Based training programmes and a total of 47 training places under ad hoc training programmes as shown in Chart 2.

**Chart 2
Training Places by Programmes**



Our development programmes were established to develop talent in HRDF and are linked to employee career progression and succession planning. The number of Training Places in the development programmes for 2015 is shown in Chart 3.

Chart 3
Training Places in Development Programmes



To ensure a good return on investment in terms of employee skills development, HRDF is moving towards Competency-based Training. Competency-based Training helps fill the gap between employees' actual performance and their ideal performance.

Enterprise Scorecard Performance Review

One of the key differences in the organisation's performance management is the introduction of Enterprise Scorecard. The Scorecard signifies our commitment to deliver value-added contributions and outcome-based performance both for our customers and for the Government.

The same organisational (or generic) competencies in Competency-based Training were used in employee performance appraisal to create a holistic link between employee training and performance. HRDF also improved its Scorecard by adding into Behaviour Competency the four core values, namely integrity, customer focus, continuous improvement and accountability.

The new Enterprise Scorecard focuses on smart Key Performance Indicators (KPI) to measure the effectiveness and efficiency of the Key Result Areas (KRA). The outcome-based appraisals will enhance HRDF's performance system and provide employees with a fair evaluation.

Employee Rewards and Benefits

HRDF believes in rewarding high performers and skilled talents. The HCTS offers competitive salaries commensurate with the competencies and performance of the individuals. Besides, more than half of the bonus pay-outs awarded to employees is based on individual merits rather than organisational performance.

The HCTS has also improved benefits such as compassionate leave, maternity coverage and car allowance. The management of HRDF believes that other key benefits, while comparable to those of the general market, should be reviewed from time to time to cater for HRDF's diverse, multi-generation and multi-racial workforce.

Awards

The corporate transformation in 2015 did not go unnoticed by the relevant industries and recognised bodies and HRDF was honoured to receive six awards in the HRD and HR arenas as listed below:

The Asia HRD Awards 2015

- Contribution to the Society Award
- Contribution to the HR Community

Human Resources Excellence Awards 2015

- Excellence in Mature Workforce Practices
- Excellence in Compensations and Benefits category

The 15th Malaysia HR Awards 2015

- Employer of Choice Award
- HR Leader of the Year



With its Human Capital Transformation initiatives, HRDF aspires to be a high-performing organisation and at the same time create a fun environment where the human capital can harness their true potential and be proud to work. HRDF aims to be a model HR/HRD organisation of which the Government and the nation can be proud.

HRDF Portal Gets 5-Star Rating

In pursuing its vision to become a fully developed, high income nation by 2020, Malaysia needs to overcome various challenges. A determination to achieve success is necessary to ensure that the country is not left behind and is well qualified to fulfil its aspirations.

Driven by the Government's resolve to enhance Malaysia's information technology capabilities, the internet has become a major enabler of national development. To spearhead this national transformation, both ministries and Government agencies have been required to implement and maximise the use of the internet within their organisations, and have successfully introduced email, websites, portals and online applications.

Each ministry and Government agency now has its own website or portal, and the Modernisation and Management Planning Unit (MAMPU) and the Multimedia Development Corporation (MDeC) have been tasked with monitoring their quality. Recognition and awards are granted to ministries and agencies whose websites and portals deliver all the construction and user-experience features specified in the published guidelines.

To ensure that HRDF complies with the guidelines issued by MAMPU and MDeC, in April 2009 it introduced a cutting-edge website with new features, new capabilities, new design and access to intranet and internet applications, and most importantly, a Single Sign-On (SSO) security feature. The then Minister of Human Resources, Datuk Dr. S. Subramaniam, officiated at the launch of the website, which was held in conjunction with an HRDF conference that took place on 19 September 2009.

Today, the portal has become a platform that offers various online services, enabling customers to do business with HRDF over the internet anytime, anywhere.

So far, 1,086 ministry and agency websites and portals have been evaluated by the MDeC. Evaluations are conducted by a special committee known as the Digital Government Technical Working Group (DGTWG) which is monitored by the Flagship Coordination Committee (FCC) and chaired by the Chief Secretary to the Government (KSN). The DGTWG comprises representatives of MAMPU, the Public Service Department (PSD), the Economic Planning Unit (EPU), the Ministry of Communications and Multimedia Commission (MCMC), the National Institute of Public Administration (INTAN) and the Multimedia Development Corporation (MDeC). HRDF is one of the Government agencies whose portal evaluation led to formal recognition by the DGTWG.

HRDF has taken steps to ensure compliance with the stringent MDeC guidelines and criteria laid down for 5-star portal recognition. The HRDF portal has also been subject to an assessment method introduced by MDeC in 2014 known as Provider-Based Evaluation (ProBE). ProBE was formerly named the Malaysia Government Portals and Websites Assessment (MGPWA).

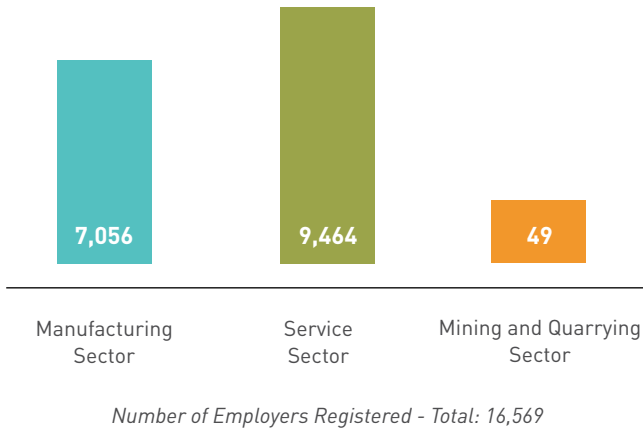
HRDF's success in achieving 5-star recognition in 2014 is a testament to its determination to adhere to all the relevant requirements in the design of its portal. Recognition was one of HRDF's signature achievements in 2014. To date, the portals and websites of 13 ministries and Government agencies have been evaluated under the auspices of the Ministry of Human Resources. Based on the MDeC's official report published in the middle of 2015, only four merited 5-star recognition, of which HRDF was one.

Today, HRDF is totally committed to advancing the use of information technology as a driver of national development, and the accolade of 5-star rating for its portal bears witness to that commitment. Looking ahead, HRDF is very conscious of the need to maintain its technological edge to further strengthen its support for Malaysia's vision 2020.

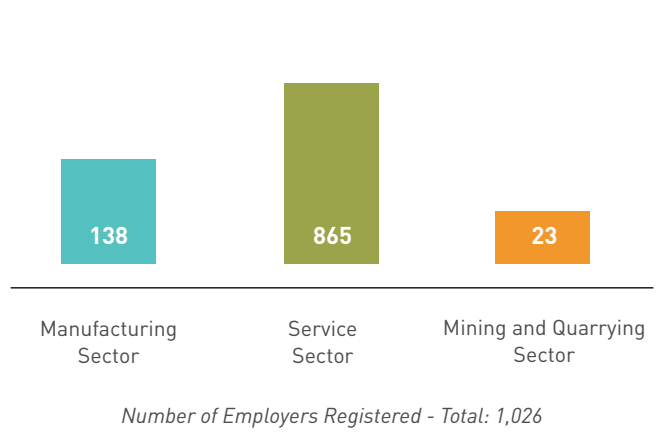
INDUSTRY OUTREACH

Employers Registration

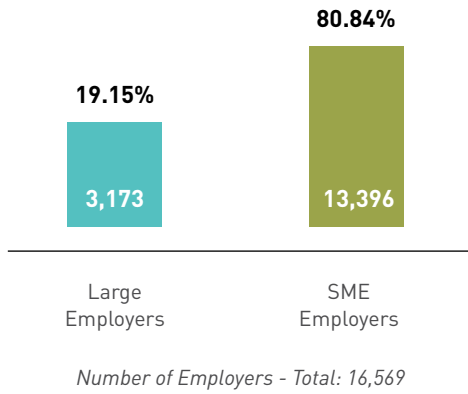
1. Registered Employer by Sectors
(Jan 1992 – 31 Dec 2015)



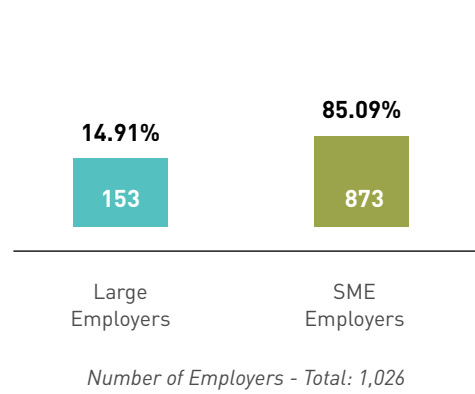
2. Registered Employer by Sectors
(Jan 2015 – 31 Dec 2015)



3. Registered Employer by Category
(Jan 1992 – 31 Dec 2015)



4. Registered Employer by Category
(Jan 2015 – 31 Dec 2015)



5. Registered Employer by Manufacturing Industry (Jan 1992 – 31 Dec 2015)

Industry Code	Manufacturing Sector	No. of Employers	%
10101	Food Manufacturing and Beverage Industries	862	12.22
12000	Tobacco Manufacturers	9	0.13
13110	Manufacturer of Textiles and Wearing Apparel, Except Footwear	285	4.04
15110	Manufacturer of Leather and Products Of Leather, Leather Substitutes and Fur, Except Footwear and Wearing Apparel	18	0.26
15203	Manufacturer of Footwear, Except Vulcanised or Moulded Rubber or Plastics Footwear	15	0.21
16100	Manufacturer of Wood and Wood Products and Cork, Except Furniture	390	5.53
17010	Manufacturer of Paper and Paper Products	232	3.29
18110	Printing, Publishing and Allied Industries	243	3.44
19100	Manufacturer of Miscellaneous Products of Petroleum and Coal	15	0.21
19202	Petroleum Refineries	50	0.71
20111	Manufacturer of Industrial Chemicals and Other Chemical Products	530	7.51
22111	Manufacturer of Rubber Products	343	4.86
22201	Manufacturer of Plastics Products	676	9.58
23101	Manufacturer of Glass and Glass Products	49	0.69
23930	Manufacturer of Pottery, China and Earthenware	16	0.23
23990	Manufacturer of Non-Metallic Mineral Products	347	4.92
24101	Iron and Steel Basic Industries	254	3.60
25111	Non-Ferrous Metal Basis Industries and Fabricated Metal	819	11.61
26101	Manufacturer of Professional and Scientific and Measuring and Controlling Equipment N.E.C. and of Photographic and Optical Goods and others Manufacturing Industry	151	2.14
27101	Manufacturer of Electrical Machinery, Apparatus Appliances and Supplies	918	13.01
28110	Manufacturer of Machinery Except Electrical	265	3.76
29101	Manufacturer of Transport Equipment	315	4.46
31001	Manufacture of Furniture and Fixtures Except Primarily of Metal	254	3.60
TOTAL		7056	100

6. Registered Employer by Manufacturing Industry (Jan 2015 – 31 Dec 2015)

Industry Code	Manufacturing Sector	No. of Employers	%
10101	Food Manufacturing and Beverage Industries	28	20.29
13110	Manufacturer of Textiles and Wearing Apparel, Except Footware	3	2.17
16100	Manufacturer of Wood and Wood Products and Cork, Except Furniture	2	1.45
17010	Manufacturer of Paper and Paper Products	1	0.72
18110	Printing, Publishing and Allied Industries	1	0.72
19100	Manufacturer of Miscellaneous Products of Petroleum and Coal	1	0.72
19202	Petroleum Refineries	1	0.72
20111	Manufacturer of Industrial Chemicals and Other Chemical Products	15	10.87
22111	Manufacturer of Rubber Products	3	2.17
22201	Manufacturer of Plastics Products	12	8.70
23101	Manufacturer of Glass and Glass Products	3	2.17
23990	Manufacturer of Non-Metallic Mineral Products	4	2.90
24101	Iron and Steel Basic Industries	15	10.87
25111	Non-Ferrous Metal Basis Industries and Fabricated Metal	8	5.80
26101	Manufacturer of Professional and Scientific and Measuring and Controlling Equipment N.E.C. and of Photographic and Optical Goods and others Manufacturing Industry	8	5.80
27101	Manufacturer of Electrical Machinery, Apparatus Appliances and Supplies	17	12.32
28110	Manufacturer of Machinery Except Electrical	6	4.35
29101	Manufacturer of Transport Equipment	4	2.90
31001	Manufacture of Furniture and Fixtures Except Primarily of Metal	6	4.35
TOTAL		138	100

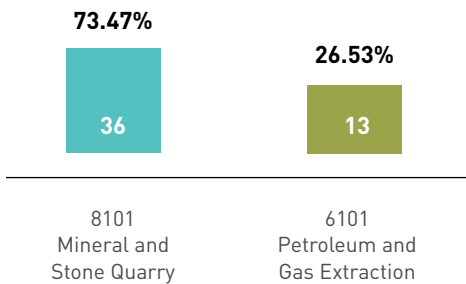
7. Registered Employer by Service Industry (Jan 1992 – 31 Dec 2015)

Industry Code	Service Sector	No. of Employers	%
35101	Power (Energy)	56	0.6
35202	Gas, Steam and Air-Conditioning Supply	6	0.04
36001	Water Treatment and Supply	29	0.32
37000	Sewerage	6	0.07
38111	Waste Management and Material Recovery Services	152	1.65
45101	Sale and Repair of Motor Vehicles	413	4.11
47111	Hypermarket/Supermarket/Departmental Store	304	3.28
47991	Direct Selling	215	2.32
49110	Land Transport	852	9.28
50111	Shipping	213	2.31
51101	Air Transport	57	0.59
52100	Bonded Warehouse	48	0.53
52221	Port Services	34	0.36
52299	Freight Forwarder	778	8.37
53100	Postal	73	0.78
55101	Hotel Industry	1271	13.72
56101	Food and Beverage Services	142	1.47
59110	Production of Motion Picture, Video and Television Programme, Sound Recording and Music Publishing	44	0.35
60100	Private Broadcasting Services	14	0.1
61101	Telecommunication	178	1.85
62010	Computer Industry	1092	11.74
63111	Information Service	51	0.49
71109	Engineering Support and Maintenance	718	7.51
72101	Research and Development	98	1
73100	Advertising	240	2.56
75000	Veterinary Services	3	0.03
77400	Franchise	135	1.37
79110	Travel Agency - Inbound	54	0.56
79120	Travel Agency - Outbound	218	2.39
80100	Security Firms	674	7.12
81100	Building and Landscape Services	117	1.19
82301	Event Management Services	38	0.38
85102	Early Childhood Education	147	1.02
85302	Private Institution of Higher Learning	346	3.74
85492	Driving School	79	0.73
85499	Training Provider	359	3.81
86101	Private Hospital	187	2.05
86901	Health Support Services	23	0.22
TOTAL		9,464	100

8. Registered Employer by Service Industry (Jan 2015 – 31 Dec 2015)

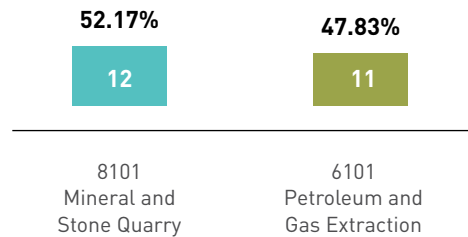
Industry Code	Service Sector	No. of Employers	%
35101	Power (Energy)	4	0.62
35202	Gas, Steam and Air-Conditioning Supply	3	0.41
36001	Water Treatment and Supply	4	0.41
38111	Waste Management and Material Recovery Services	8	0.83
45101	Sale and Repair of Motor Vehicles	121	16.94
47111	Hypermarket/Supermarket/Departmental Store	20	3.1
47991	Direct Selling	9	0.83
49110	Land Transport	36	5.37
50111	Shipping	9	1.24
51101	Air Transport	17	2.69
52100	Bonded Warehouse	3	0.41
52221	Port Services	2	0.21
52299	Freight Forwarder	37	3.93
55101	Hotel Industry	76	10.3
56101	Food and Beverage Services	23	3.1
59110	Production of Motion Picture, Video and Television Programme, Sound Recording and Music Publishing	20	1.45
61101	Telecommunication	13	1.03
62010	Computer Industry	52	5.37
63111	Information Service	12	1.24
71109	Engineering Support and Maintenance	80	9.5
53100	Postal	2	
60100	Private Broadcasting Services	5	
72101	Research and Development	12	1.03
73100	Advertising	16	2.07
75000	Veterinary Services	1	0.21
77400	Franchise	24	2.69
79110	Travel Agency - Inbound	17	2.89
79120	Travel Agency - Outbound	9	1.45
80100	Security Firms	44	3.31
81100	Building and Landscape Services	23	3.1
82301	Event Management Services	8	1.03
85102	Early Childhood Education	72	3.72
85302	Private Institution of Higher Learning	15	2.07
85492	Driving School	22	2.07
85499	Training Provider	26	2.69
86101	Private Hospital	14	2.07
86901	Health Support Services	6	0.62
TOTAL		865	100

9. Registered Employer by Mining and Quarry Industry
(Jan 1992 – 31 Dec 2015)



Number of Employers - Total: 49

10. Registered Employer by Mining and Quarry Industry
(Jan 2015 – 31 Dec 2015)



Number of Employers - Total: 23

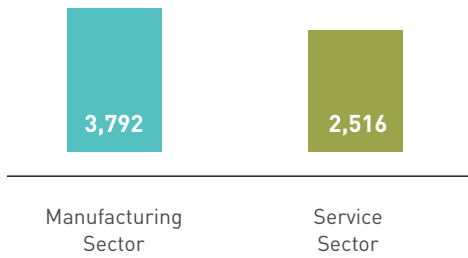
11. Registered Employer by State (Jan 1992 – 31 Dec 2015)

State	Manufacturing	Service	Mining and Quarrying	Total Registration	%
Johor	1422	787	3	2212	13.3
Kedah	358	303	0	661	4.0
Kelantan	50	130	1	181	1.1
Kuala Lumpur	410	2152	21	2583	15.6
Labuan	9	39	0	48	0.3
Melaka	258	225	1	484	2.9
Negeri Sembilan	273	244	2	519	3.1
Pahang	125	234	9	368	2.2
Penang	852	558	0	1410	8.5
Perak	547	357	2	906	5.5
Perlis	13	33	0	46	0.3
Sabah	237	466	2	705	4.3
Sarawak	326	559	4	889	5.4
Selangor	2093	3164	4	5261	31.7
Terengganu	83	201	0	284	1.7
Putrajaya	0	12	0	12	0.1
TOTAL	7,056	9,464	49	16,569	100

12. Registered Employer by State (Jan 2015 – 31 Dec 2015)

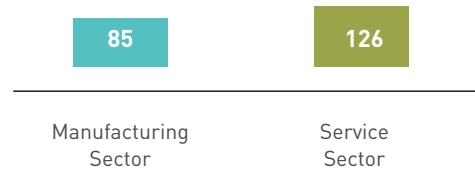
State	Manufacturing	Service	Mining and Quarrying	Total Registration	%
Johor	39	67	1	107	10.4
Kedah	2	37	0	39	3.80
Kelantan	1	13	0	14	1.36
Kuala Lumpur	9	195	11	215	20.96
Labuan	0	2	0	2	0.19
Melaka	6	25	1	32	3.12
Negeri Sembilan	8	18	1	27	2.63
Pahang	1	20	5	26	2.53
Penang	20	43	0	63	6.14
Perak	5	26	0	31	3.02
Perlis	1	2	0	3	0.29
Sabah	2	43	0	45	4.39
Sarawak	5	55	2	62	6.04
Selangor	39	305	2	346	33.72
Terengganu	0	11	0	11	1.07
Putrajaya	0	3	0	3	0.29
TOTAL	138	865	23	1,026	100.0

13. Deregistered Employer by Sector (Jan 1992 – 31 Dec 2015)



Number of Employers Deregistered - Total: 6,308

14. Deregistered Employer by Sector (Jan 2015 – 31 Dec 2015)



Number of Employers Deregistered - Total: 211

HRDF Training Providers

Vendor Management Report as at 31 December 2015

Training providers are important vendors in the training industry particularly to the HRDF registered employers. Training providers deliver services to employers in imparting knowledge and facilitating transfer of competencies, helping employees' to attain a required level of knowledge or skill. Apart from improving employees' competencies, training providers are also vital in human capital development particularly in changing the employees' attitude towards their job and this can be seen in the improved level of productivity and performance.

Realising the importance of training providers and in line with the restructuring exercise, HRDF rebranded its training providers management department as the Vendor Management Division. The Vendor Management Division comprised of both Vendor Development Department and Accreditation and Content Development Department. The Vendor Management Division is solely responsible for registration of training providers and accreditation of training programmes.

Training Providers' Registration

Under the Vendor Management Division, there are a total of 2,568 registered training providers comprising of training companies, colleges, universities, TVET centres and others. Throughout the year of 2015, the total registrations approved are 1,183, which are a decline by 2% compared to the previous year. However, the total rejected registrations had surged by 36% from 245 to 335.

Since 2014, the registration and renewal of training providers with HRDF are on a three years cycle. Training providers who provides training services to HRDF Registered Employers were urged to register with HRDF as registered training providers. By being registered training providers to HRDF, training providers gain recognition as the approved training providers, thus, expediting the training grant applications for all HRDF Registered Employers.

Registered training providers are also recognised as HRDF's preferred vendors and partners in implementing various training schemes such as SMETAP, 1MalaysiaGRIP, etc. Collaborative efforts between HRDF and registered training providers are important in ensuring delivery of quality training programmes and meeting the needs of the employers.

Special Scheme Extended to HRDF's Registered Training Providers

SBL-Khas Scheme was introduced to assist employers to retrain and upgrade skills of workers in line with their company's business needs by utilising their HRDF levy directly. SBL-Khas allows HRDF Registered Employers to carry out training programmes and the training fees will be paid directly to the training providers from their HRDF levy account. This is especially beneficial for HRDF Registered Employers who may be facing cash-flow problems as it will not deter employers from retraining and skills upgrading of their workforce.

SBL-Khas is a special scheme extended to HRDF Registered Training Providers only. Registered Training Providers are required to register their programmes and list of trainers to be accredited with nominal processing fees. Following that, training providers will be able to promote their accredited SBL-Khas programmes to all HRDF Registered Employers particularly those who would like to leverage the direct debit levy mechanism.

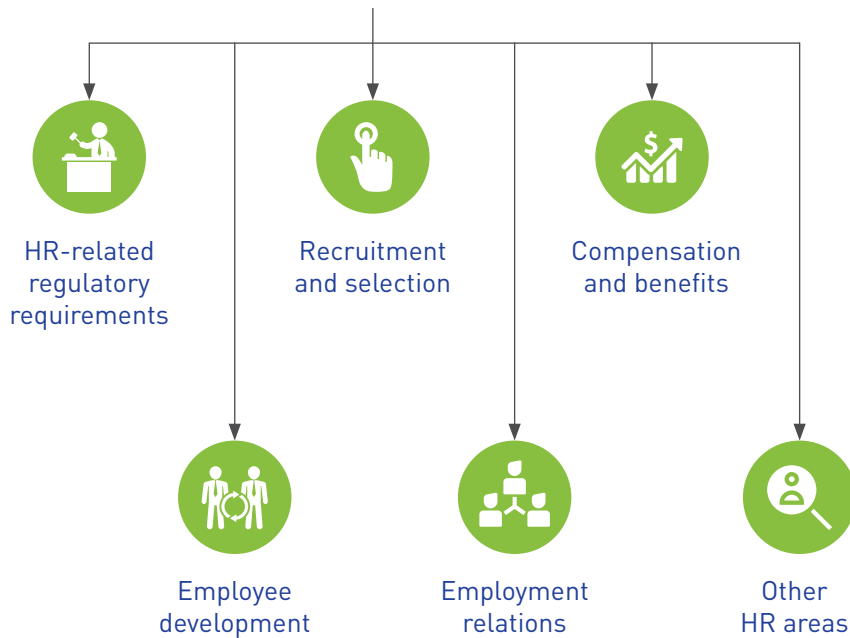
In the year 2015, total SBL-Khas registration received is 959 and total registrations approved is were 844. Registration received of SBL-Khas for 2015 had increased from 2014 by 19.8%. The rise in the registrations of SBL-Khas depicts the increased demands from the employers on SBL-Khas direct debit levy mechanism.

Towards the end of 2016, particularly with the slowdown in the economy, it is expected that SBL-Khas will be in demands particularly by employers who want to execute their human capital development activities without affecting their cash flow. The application for SBL-Khas can be done online via HRDF website to all registered training providers.

Reach to the SMEs: National Human Resource Centre (NHRC)

Introduction

Human Resource Management (HRM) deals with the process of recruiting and developing employees so that they become valuable assets to an organisation. HRM includes recruiting the right people for the job, orientating and training, managing wages and salaries, providing benefits and incentives, evaluating performance, resolving disputes, and communicating with employees at all levels. HRM in SMEs should not only focus on the administrative roles of hiring and firing, payroll, absenteeism or recruitment, it should also focus and apply the Total Human Capital Development Systems (THCDS) which addresses the following issues:



Established by HRDF in August 2011, the National Human Resource Centre (NHRC) primarily supports the national agenda of strengthening Malaysian SMEs by equipping them with strategic and operational HR competencies. The NHRC was set up as a one-stop centre for all the HR needs of local Malaysian SMEs.

NHRC Information and Services

The NHRC supports the information and advisory needs of SMEs using three different channels:

- Level 1: Passive information provided to registered members through the NHRC portal
- Level 2: Quick queries pertaining to HR-related topics addressed through the NHRC Call Centre and walk-in
- Level 3: Strategic advice and consultancy provided by appointed HR consultants through on-site or off-site intervention.

NHRC Achievements in 2015

In managing their organisations, business owners and managers may find it challenging to handle day-to-day HR issues relating to disciplinary problems, hiring and firing practices, rewards and staff benefits. To help address such problems, NHRC provides three levels of HR solution. These services are designed to assist SMEs not only to improve their capabilities and work procedures but also to enhance their compliance with employment laws and their approach to resolving internal issues.

With HR issues minimised, SMEs are free to leverage more effectively on their resources, as well as to focus on achieving higher productivity, quality and competitiveness.

NHRC Level 1 Services

A comparison of the Level 1 services accessed in 2014 and 2015 and a breakdown of the number of users of Level 1 services in 2015 are given in the charts below.

Chart 1
Comparison of Level 1 Services for Year 2015 and 2014
NHRC Level 1 Services (FAQs, Email, Downloads, Live chat, and etc.)

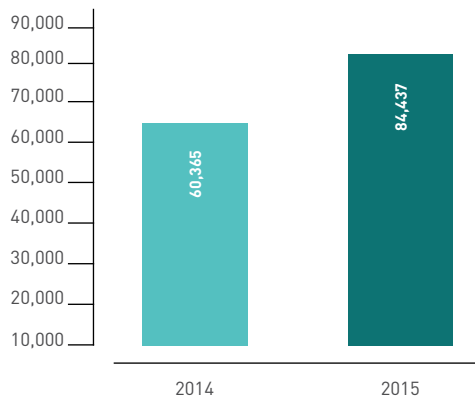
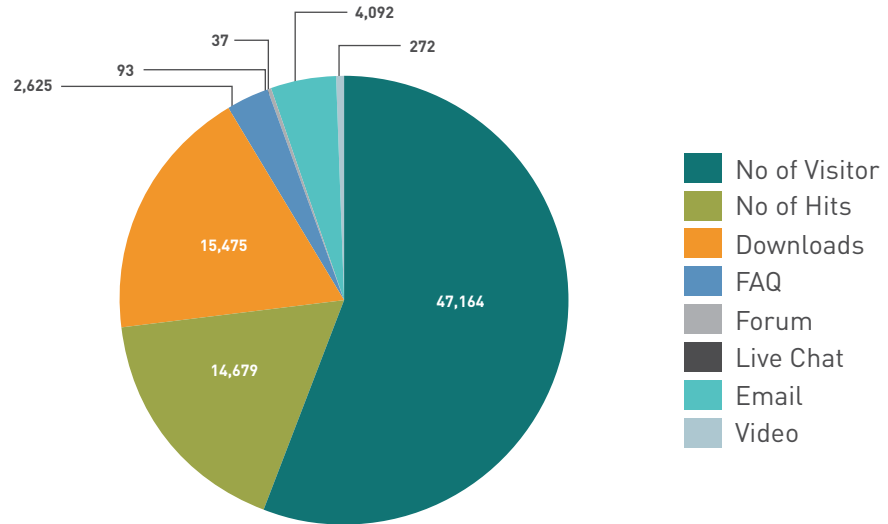


Chart 2
Number of Users for Level 1 Services on 2015
 NHRC Level 1 Services 2015 (FAQs, Email, Downloads, Live Chat, and etc.)

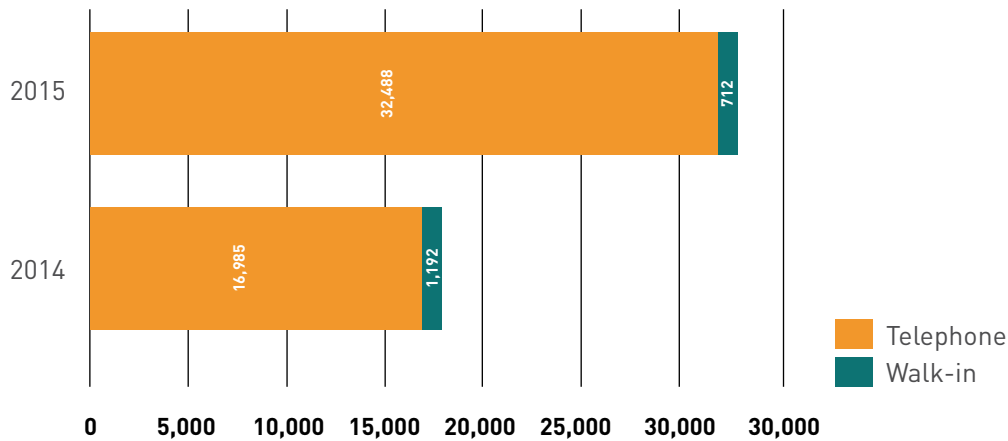


The significant rise in usage in 2015 was due an increase in the stability of the portal maintained throughout the year. In particular, there was a huge gain in FAQ hits which shot up from 962 in 2014 to 2,625 in 2015. Significant enhancements were achieved in 2014 when the NHRC Portal successfully uploaded a video on *How to Conduct an Effective Interview Session in both English and Bahasa Malaysia*. The video's quick and easy tips were of real benefit to employers, as was reflected in a 20% surge in hits to 272 in 2015 from 227 the previous year.

NHRC Level 2 Services

In 2015, 33,200 employers contacted the Call Centre to seek immediate advice on human resource related issues such as Talent Management, Training and Development, Employee Relations, Employee Development, Compensation and Benefits etc. This was 59% up on 2014 when 18,177 employers contacted the Centre. The increase was mainly due to changes in human resource best practices, updates of circulars, new training trends etc.

Chart 3
Number of Users of Level 2 Services in 2015

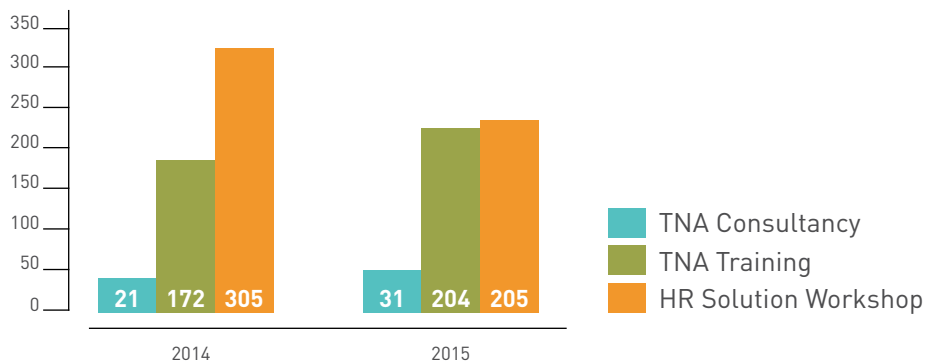


NHRC Level 3 Services

The HR Solution Level 3 service is used relatively rarely as it involves an external consultant with whom the SME is required to share internal information. Some SMEs tend to be reserved in disclosing such information, which may account in part for the low number of users.

Despite the small number of users of the service, the demand for Training Needs Analysis (TNA) training rose from 172 users in 2014 to 204 users in 2015. This indicates that the Level 3 service caters to a genuine need felt by those SMEs that are looking for specific HR consultancy.

Chart 4
Comparison of Number of Users of Level 3 Services in 2014 and 2015



TNA Consultancy Scheme

One of the services provided by HR Solutions Level 3 is the SME TNA Consultancy Scheme. The scheme is fully funded by the NHRC and assists SMEs in the preparation of a systematic annual training plan for their businesses. This scheme also helps improve their knowledge and understanding of the concept, approaches to and components of TNA. This is achieved through knowledge and skills transfer by the appointed consultant(s) during the project.

Table
Level 3 Services, SME TNA Consultancy Scheme as at 31 December 2015

Application for Year 2015	
New Application Received	32
*Brought Forward From 2014	6
Process	-
Withdrawal/Reject	9
Approved	29
Project for Year 2015 (After PRM)	
Project in progress	14
Withdrawal/Reject	5
Process	-
Completed	10
Total project	29

The scheme is monitored by a TNA Panel Review Committee comprising members of the Department of Skills Development (JPK), the Department of Policy, the Department of Manpower (JTM), the National Institute of Occupational Safety and Health (NIOSH), the Skills Development Fund Corporation (PTPK), the National Institute of Industrial Training (ILPKL), and HRDF. All of these are departments and agencies under the Ministry of Human Resources. As at 31 December 2015, the Committee had approved 24 applications from SMEs.

HR Solutions Workshops

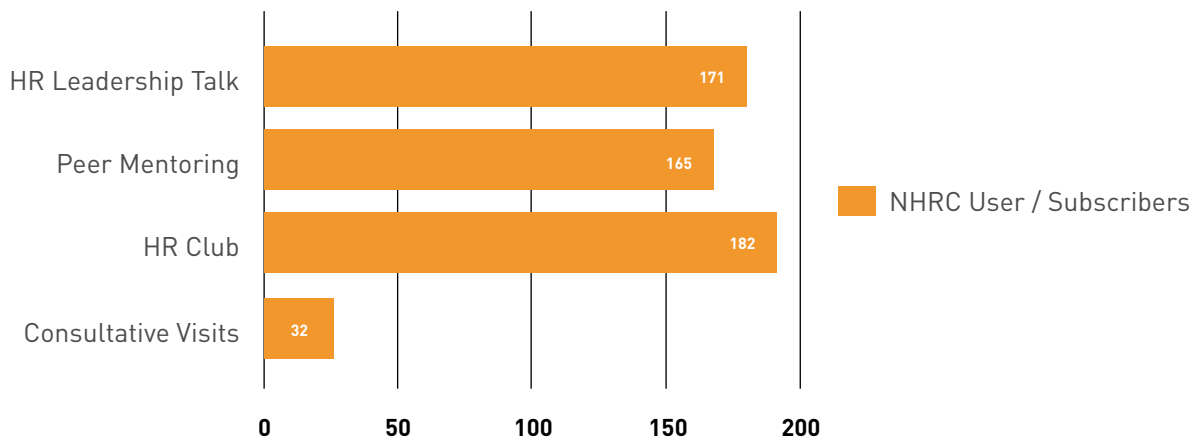
During the year, 205 people took part in a series of HR solutions-based workshops conducted by the NHRC at a variety of venues. The workshops were well received, the feedback was encouraging, and participants requested that further workshops be run in the future. Participants appreciated that the solutions delivered by the workshops addressed real life situations and handled HR issues in accordance with HR best practice as regards SMEs.

HR Publications

In addition to providing SME advisory and consultancy services, the NHRC Division produces HR reference materials and publications for SMEs. The NHRC Division's Consultancy Department has published two books, *Quick Reference to Performance Management System for Small and Medium Enterprises* and *Orientation Toolkit – A Practical Guide for SMEs*. These have been circulated to all employers and SMEs registered with the NHRC portal and were also distributed at HRDF Conferences & Exhibitions in 2015.

In addition, HR knowledge-sharing programmes are continuously organised for NHRC subscribers.

Chart 5
Number of Employers Who Took Part in Other NHRC Programmes and Activities in 2015



NHRC Outlook in 2016

2015 marked the fifth year of operation for the NHRC. While the first five years were challenging, 2016 is expected to be still tougher, and sound strategies will be required to enable the NHRC to deliver its services efficiently.

SMEs are advised to place HR planning high on their agenda if they wish not merely to survive but to gain an edge over their competitors. In the years ahead, the NHRC will be emphasising on the need for a HR blueprint towards achieving stable and sustainable business growth.

As more and more HR content is uploaded to the NHRC portal, the use of Level 1 services is predicted to rise, with customers taking full advantage of the breadth and depth of assistance and information provided. Statistics suggest that SMEs are actively looking for HR-related tools and information, and by providing them online the NHRC has already triggered a surge in SME registrations with its portal, especially among start-ups.

In 2016, the NHRC will sharpen its focus on service enhancement, for example by upgrading the skills and capabilities of frontline employees such as Contact Centre agents and consultants. This will make them better able to help employers to understand, address and resolve HR issues effectively.

Meanwhile, to encourage greater use of the NHRC portal, its navigation and outlook features will be improved to make it more user-friendly. Information on the portal will also be consistently updated to reflect current HRM trends both in Malaysia and globally.

The NHRC will also reinforce its promotional campaign aimed at raising its profile among employers and stakeholders.

Industry Collaboration - Sectoral Training Committees

The Sectoral Training Committees (STCs) were established by HRDF to partner industry sectors, particularly those covered under the PSMB Act, 2001, in developing human capital in Malaysia. Through this partnership, HRDF and the industries play distinct but interrelated roles in developing human capital, and the collaboration is designed to assist the industries to enhance their human capital development activities.

Some of the objectives of the STCs include determining training needs that correspond with the advancement of technology, analysing the required training programmes, and providing industrial inputs in the form of up-to-date knowledge and expertise needed to identify skills gaps. Apart from that, the STCs work hand in hand with HRDF on collaborative projects as required by the industries and the Government of Malaysia.

With the establishment of STCs, HRDF has taken a bold step in making itself relevant to all the industries it covers by acting as a conduit to facilitate the industries' human capital development in line with the national human capital development agenda.

In 2015, various activities were organised by the STCs, one of them being the Industry-Wide Training Needs Identification exercise. Some of the STCs also organised events specifically for their industries, such as the conference on *The Future of Innovation* by the Plastics STC and an engagement session on programme development for the automotive industry by the Wholesale and Retail STC.

STCs have proved to be effective, and one of the outcomes of the collaboration between STCs and HRDF was the birth of a new programme called *Automotive After Sales Servicing* under the Future Workers Training Scheme. HRDF will develop the *Automotive After Sales Servicing* programme in 2016.

The appointments of STC members were officially recorded and an STC Appreciation Dinner was held at Renaissance Hotel, Kuala Lumpur on 31 March 2015 in recognition of their invaluable contributions.

To date, there are 19 STCs and 180 members, who represent the 63 industry subsectors covered by the PSMB Act, 2001.



SCHEMES AND SOLUTIONS

HRDF Training Scheme

In line with its mission to spearhead human capital learning and development through strategic interventions that fulfil current and future industry needs, HRDF offers a variety of training schemes.

Skim Bantuan Latihan

Skim Bantuan Latihan (SBL) is one of the principal schemes offered by HRDF. Under this scheme, employers are given the freedom to plan and carry out training programmes to increase the knowledge, skills and competencies of their employees. Employers can also apply for financial assistance for Development Programmes, Online Distance Learning, Job Coach for Person with Disabilities (PWD), Mobile e-Learning and Coaching and Mentoring.

1. Development Programmes

The aim of Development Programmes is to develop specific worker capabilities needed by employers in order to enhance productivity and business growth. Employers often send employees in supervisory, executive and management positions to pursue Diploma, Degree, Masters and even Doctoral programmes. Programmes eligible for financial assistance from HRDF include those offered by Government and private sector colleges and universities as well as technical and vocational training institutions – especially those with Malaysian Skills Certificate accreditation from the Department of Skills Development under the Ministry of Human Resources.

2. Online Distance Learning

This alternative mode of learning includes programmes ranging from Certificate level to Masters and PhD levels, such as Full e-Learning.

3. Job Coach for Person with Disabilities

These coaching programmes equip people with disabilities with relevant skills before they enter employment.

4. Mobile e-Learning

This enables training to be conducted free from the constraints of predetermined locations and time. This is in line with the current trend of using advanced in technology not just for business development but also for human resource training and development.

5. Coaching and Mentoring

The main purpose of Coaching and Mentoring in the workplace is to motivate employees to make the best of their capabilities. The focus of Coaching and Mentoring is to develop individual potential.

Skim Bantuan Latihan Khas

HRDF introduced *Skim Bantuan Latihan Khas (SBL-Khas)* to assist registered employers who need to conduct training but whose cash flow is limited. Under this scheme, the training provider is paid directly by HRDF instead of the employer. Employers who do not have any outstanding arrears or interest due on the levy and have a sufficient levy balance are eligible for such financial assistance when selecting registered training programmes appropriate to their training requirements.

Joint Training Scheme (SLB)

The Joint Training Scheme allows employers who have a small number of employees and face financial difficulties to cooperate with other registered employers to carry out training programmes, sharing the training cost equally among them.

Industrial Training Scheme (ITS)

The ITS enables employers to receive financial assistance in order to finance the monthly allowance and other allowable costs relating to trainees who undergo industrial training at the employer's premises. This scheme provides trainees with practical experience within a work environment straight after their studies end. It also benefits employers and the nation by building the skills and capabilities of new graduates.

Information Technology and Computer-Aided Training Scheme

Realising that information technology is one of the most important contributors to today's business development, HRDF has introduced an Information Technology and Computer-Aided Training Scheme. The scheme makes employees more IT savvy by enabling registered employers to purchase personal computers for their computer training room and to conduct training in the IT field. In any three-year period, up to RM25,000 is available for an employer's headquarters and/or branches.

Recognition of Prior Learning (RPL) Scheme

The RPL Scheme is designed to give recognition to employees who have skills and competencies, but no academic qualifications. Under this scheme, employers can apply for financial assistance from HRDF to fund the recognition registration fees charged by the Department of Skills Development. Each employee who achieves such recognition is awarded either a Malaysian Skills Certificate (SKM1, SKM2 or SKM3 according to their competency level), a Malaysian Skills Diploma or a Malaysian Advanced Skills Diploma.

Purchase of Training Aids and Setting up of Training Room Scheme

This scheme encourages the development of a training and retraining culture within an organisation by giving employers financial help for the purchase of training aids for the setup, renovation or enhancement of training rooms. The scheme enables training to be carried out despite a busy work schedule as it can be conducted in-house. However, the scheme does not contribute towards the construction of training premises or the rental of training rooms.

Future Workers Training Scheme

As Malaysia is becoming increasingly developed, employees who need minimal supervision are in great demand and as a result recruiting skilled workers has become a major challenge for many employers. This scheme provides financing to enable employers to train their future employees for the required skills and competencies before they join the workforce. This in turn accelerates the company's productivity.

On-The-Job Training Scheme

This is one of the main ways of acquiring skills in SMEs, with skilled workers or supervisors training unskilled or new workers who work alongside them. The skills acquired in this way become the foundation on which future skills development is based, ultimately leading to accreditation.

Computer Based Training (Development)

This enables employers to develop their own training software based on the company's needs and the nature of its business.

Approved Financial Assistance and Training Places For 2015

HRDF aims to increase year on year both the amount of Financial Assistance and the number of Training Places approved under the HRDF Grant. In 2015, the total value of approved Financial Assistance rose to RM539.77 million, up 12.51% on 2014, while the number of approved Training Places advanced to 836,468, a growth of 16.90% on the year before.

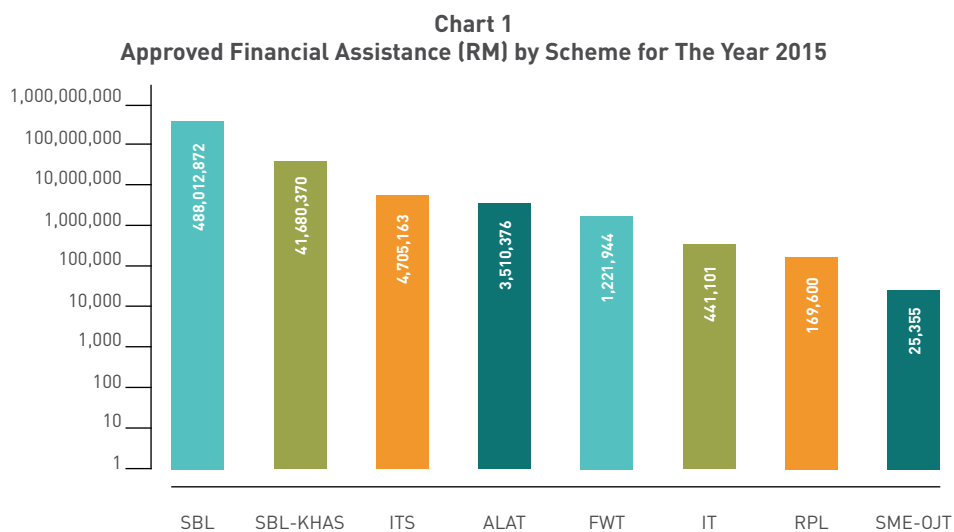
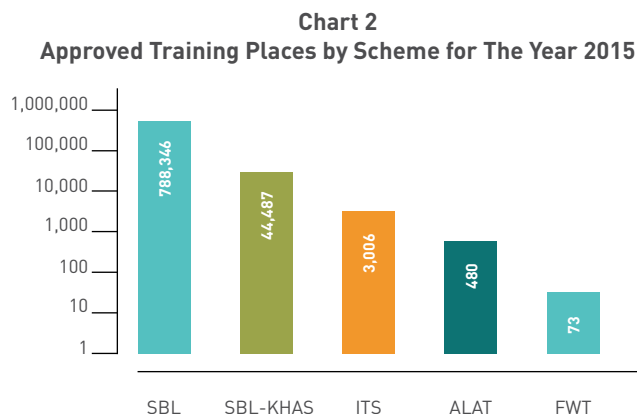
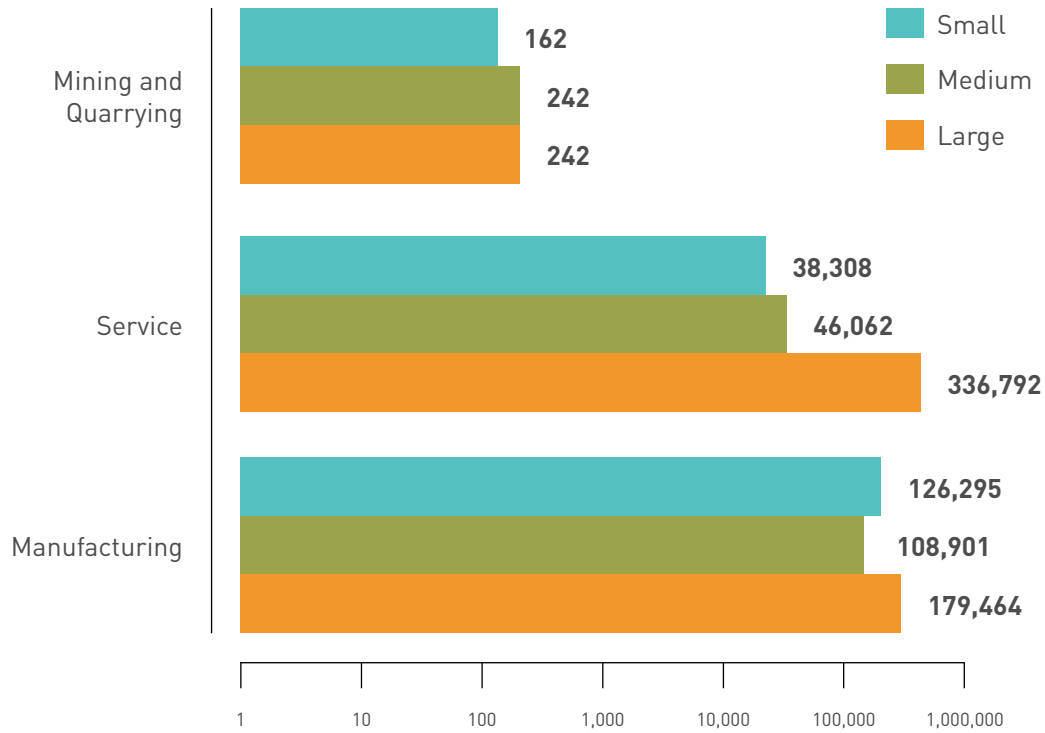


Chart 1 shows the amounts of approved Financial Assistance for eight schemes offered by HRDF. The overall total for 2015 was RM539.77 million. As in previous years, the highest total value of Financial Assistance approvals was for the SBL scheme, at RM488.01 million.



Consistent with the figures in Chart 1, Chart 2 indicates that the SBL scheme accounted for the highest number of approved Training Places – some 788,346 out of the overall total of 836,468. Training Places were awarded across six schemes, namely SBL; SBL-Khas; the Industrial Training Scheme (ITS); Recognition of Prior Learning (RPL); Future Workers Training Scheme (FWT); and SME On the Job Training (SME-OJT).

Chart 3
Approved Training Places by Sector and Size of Employer for the Year 2015



Note: SBL, SBL-KHAS, ITS, RPL, FWT, and SME-OJT Schemes.

Of the total number of approved Training Places, 50.35% were for Service Sector employees—the majority coming from large and medium sized employers. Another 49.57% of approved Training Places were for Manufacturing Sector employees while 0.08% were for Mining and Quarrying Sector employees. In both of these sectors, the majority of Training Places came from large employers. These figures represent a rise on previous years, and the improvement in workforce skills can be considered as a positive contribution both to the industry sectors and the nation as a whole. Chart 3 provides information on approved Training Places by sector and employer size.

Table 1
Approved Training Places and Total Number of Registered Employers by Industry for the Year 2015

Industry	Training Places	Percentage (%)	No. of Registered Employers	Average Training Places
Manufacturing	414,660	49.57	7,056	58
Service	421,162	50.35	9,464	44
Mining and Quarrying	646	0.08	49	13
Total	836,468	100.00	16,569	115

Note: SBL, SBL-KHAS, ITS, RPL, FWT, and SME-OJT Schemes.

As shown in Table 1, in 2015 the Service Sector accounted for 421,162 approved Training Places – a higher number than was provided by the other two sectors – as well as for the highest number of HRDF registered employers: some 9,464 out of the overall total of 16,569. The Manufacturing Sector had the second highest number of registered employers followed by Mining and Quarrying. This had a direct impact on the total number of approved Training Places.

Chart 4
Comparison Between Approved Financial Assistance and Levy Collected for The Year 2013 until 2015

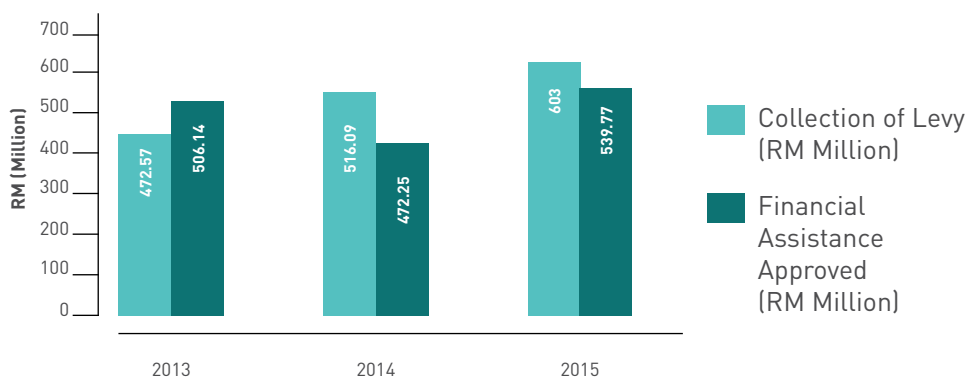


Chart 4 compares the amount of the levy collected with the amount of Financial Assistance approved between 2013 and 2015. The levy rose year on year, and between 2014 and 2015 jumped 14.41%. Meanwhile, the amount of Financial Assistance approved in 2015 advanced 12.51% on the previous year.

Table 2
Approved Financial Assistance and Levy Collected by Size of Employer for the Year 2015

Industry/Employers	Financial Assistance (RM Million)	Percentage (%)	Levy Collection (RM Million)	Difference (Levy Collection - Financial Assistance)
Large	336.91	62.42	458.70	121.79
Small and Medium	202.85	37.58	144.30	(58.55)
Total	539.76	100.00	603.00	63.24

Note: SBL, SBL-KHAS, ITS, RPL, FWT, and SME-OJT Schemes.

As shown in Table 2, of the total of RM603 million collected in levies in 2015, RM458.70 million came from large employers and RM144.30 million from small and medium sized employers. A higher amount of Financial Assistance was granted to large employers than to small and medium sized employers: RM336.91 million and RM202.85 million respectively. Small and medium sized employers received about RM58.55 million more in approved Financial Assistance than they paid in levies. Financial Assistance enables employers to upskill their workforce and thereby enhance the quality of their products and services.

Table 3
Approved Financial Assistance and Training Places by Region Offices for the Year 2015

Branch	Financial Assistance (RM)	Percentage (%)	Training Places	Percentage (%)
HQ	346,234,467.31	64.15	520,941	62.28
Northern	68,393,311.06	12.67	112,524	13.45
Johor	42,887,994.86	7.95	81,531	9.75
Malaka	28,734,313.34	5.32	52,093	6.23
East Coast	27,478,641.53	5.09	36,183	4.33
Sabah	8,977,233.92	1.66	11,444	1.37
Sarawak	17,060,819.22	3.16	21,752	2.60
Total	539,766,781.24	100.00	836,468	100.00

Note: SBL, SBL-KHAS, ITS, RPL, FWT, and SME-OJT Schemes.

As shown in Table 3, in 2015 HQ recorded RM346.23 million in approved Financial Assistance and 520,941 of approved Training Places. As in previous years, the figures for HQ were higher than those for the other regions, namely Northern, Johor, Malaka, East Coast, Sabah and Sarawak. The second highest approved FA and Training Places were for the Northern region (RM68.39 million and 112,524 Training Places respectively) followed by the Johor region (RM42.89 million and 81,531 Training Places respectively).

Table 4
Approved Training Places by Skill Areas for the Year 2015

Skills	Training Places	Percentage (%)
Safety and Health	132,515	15.91%
Team Building or Motivation	88,900	10.67%
Education or Training	83,851	10.07%
Quality and Productivity	71,570	8.59%
Management or Strategic Management	56,619	6.80%
Computer or Information and Technology	41,689	5.01%
Human Resources	33,173	3.98%
Process and Operation	29,192	3.51%
Engineering	26,405	3.17%
Manufacturing or Production	22,848	2.74%
Supervisory	21,468	2.58%
Audit or Tax	20,926	2.51%
Maintenance or System and Control	20,854	2.50%
Public Relations or Customer Service	20,590	2.47%
Food and Beverages	19,399	2.33%
Accounting or Finance	18,722	2.25%
Retail or Merchandising	16,298	1.96%
Marketing and Sales	14,632	1.76%
Security or Armed Forces	14,454	1.74%
Medical or Healthcare	11,466	1.38%
Legal and Law	10,679	1.28%
Administration or Clerical	8,605	1.03%
Language	8,558	1.03%
Hotel or Tourism	8,170	0.98%
Journalist or Publishing or Communication or Media	6,344	0.76%
Creativity and Innovation	6,165	0.74%
Purchasing or Logistics or Supply Chain	5,541	0.67%
Aviation	2,674	0.32%
Research and Development	2,452	0.29%
Ship or Maritime Handling	2,300	0.28%
New or High Technology	1,800	0.22%
Port Management	1,203	0.14%
Creative Design	1,050	0.13%
Biotechnology or Chemistry	919	0.11%
Actuarial or Statistics	802	0.10%
Total	832,833	100.00%

IB - Industry Based Programme

JB - Job Based Programme

PE - Personal Effectiveness

Note: SBL and SBL-KHAS Schemes

Table 5
Approved Financial Assistance by Skill Areas for the Year 2015

Skills	Financial Assistance (RM)	Percentage (%)
Safety and Health	57,745,600.88	10.90%
Team Building or Motivation	47,191,210.62	8.91%
Management or Strategic Management	43,698,859.24	8.25%
Education or Training	40,770,264.27	7.70%
Computer or Information and Technology	39,944,320.69	7.54%
Engineering	36,055,772.82	6.81%
Quality and Productivity	33,230,621.22	6.27%
Maintenance or System and Control	22,033,613.93	4.16%
Human Resources	19,964,912.61	3.77%
Accounting or Finance	17,341,564.29	3.27%
Process and Operation	16,728,296.95	3.16%
Manufacturing or Production	14,165,916.96	2.67%
Security or Armed Forces	14,060,946.89	2.65%
Aviation	14,046,279.67	2.65%
Audit or Tax	13,719,012.67	2.59%
Supervisory	13,117,406.60	2.48%
Marketing and Sales	11,234,670.56	2.12%
Public Relations or Customer Service	8,856,424.24	1.67%
Medical or Healthcare	8,084,099.42	1.53%
Legal and Law	6,587,676.61	1.24%
Retail or Merchandising	5,739,925.90	1.08%
Administration or Clerical	5,386,528.50	1.02%
Purchasing or Logistics or Supply Chain	5,062,213.49	0.96%
Language	4,658,333.43	0.88%
Creativity and Innovation	4,588,746.12	0.87%
Journalist or Publishing or Communication or Media	4,338,623.52	0.82%
Ship or Maritime Handling	4,112,215.59	0.78%
Food and Beverages	3,903,382.01	0.74%
Hotel or Tourism	3,427,368.73	0.65%
New or High Technology	3,119,683.16	0.59%
Research and Development	2,706,455.26	0.51%
Biotechnology or Chemistry	1,481,484.43	0.28%
Creative Design	1,119,450.01	0.21%
Port Management	1,087,652.49	0.21%
Actuarial or Statistics	383,708.09	0.07%
Total	529,693,241.87	100.00%
IB - Industry Based Programme		
JB - Job Based Programme		
PE - Personal Effectiveness		

Note: SBL and SBL-KHAS Schemes

Chart 5
Approved Training Places by Category of Job Position Under SBL and SBL-Khas Scheme for the Year 2014 and 2015

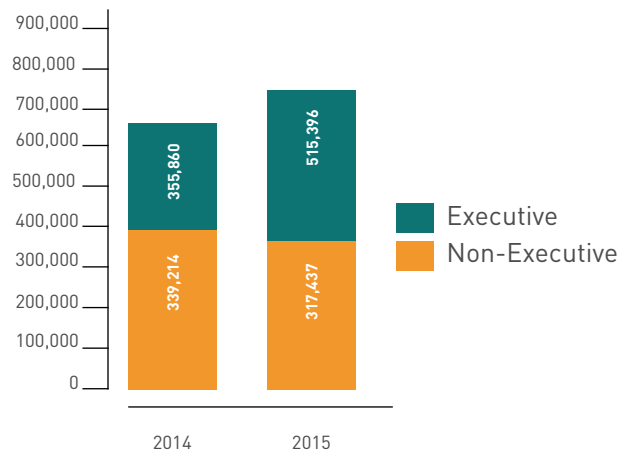


Chart 5 shows SBL and SBL-Khas to be the top two schemes based on approved Training Places. Of 832,833 Training Places approved in 2015, 61.62% were for executive posts and 38.38% were for non-executive posts. Compared with 2014, there was a slight growth in the number of both executive and non-executive posts, in line with the growing number of approved Training Places.

Government Special Fund Training Programmes

HRDF also offers special programmes under Government fund to train targeted groups

1Malaysia Globally Recognised Industry and Professional Certification Programme

The 1Malaysia Globally Recognised Industry and Professional Certification (1MalaysiaGRIP) Programme was announced by the Honourable Prime Minister on 10 October 2014 during the announcement of the 2015 Budget. The overall aim of the Programme is to upskill and reskill an estimated 30,000 employees. The Programme is open both to HRDF-registered employers and non-HRDF-registered employers. The 1MalaysiaGRIP Programme received an allocation of RM100 million from Government funding and another RM100 million from HRDF levy.

The specific objectives of 1MalaysiaGRIP are:

- To provide employees with an opportunity to increase their skills by participating in particular fields of training, thus gaining expertise that can enhance their career development and boost their income
- To provide employers with a skilled workforce, enabling them to seize higher-value-chain business opportunities that are knowledge-based, high-tech and/or generate high added value, and thereby maintain their competitiveness in the global market
- To increase labour supply in strategic and high impact areas so as to reduce the nation's dependence on external expertise and to support the Government's aspiration to achieve developed nation status by 2020

Some 869 certification courses are offered under the 1MalaysiaGRIP Programme. The courses are chosen by a Selection Committee made up of industry panels, Government representatives and HRDF management. The courses are designed to support the needs of the key industry sectors of the 12 National Key Economic Areas (NKEAs) of the Economic Transformation Programme (ETP).

Since June 2015, 30% of the levy payment under the PSMB Act, 2001 (the levy percentage) has been channelled to a specific 1MalaysiaGRIP account. The remaining 70% is available for employers to use for other courses under HRDF's existing training schemes. The combination of Government funding and the levy percentage enabled 1MalaysiaGRIP to kick off on 15 July 2015 and by the year end 11,431 employees of HRDF-registered and non-registered employers had participated in the Programme.

With RM100 million in Government funding plus RM100 million from the 30% levy, RM105.4 million of Financial Assistance had been approved under 1MalaysiaGRIP Programme as at 31 December 2015.

Out of the grand total of RM105.4 million, RM64.6 million (61%) of the approved financial assistance was for employees of HRDF-registered employers, while RM40.7 million (39%) was for employees of non-HRDF-registered employers. The details of the approved financial assistance based on category of employee are shown in Table 1 below.

Table 1
Number of Approved Trainees and Amount of Approved Financial Assistance by Type of Employee

Category of Employees	Trainees	%	RM (Million)	%
Employees of HRDF Registered Employers	7,000	61	64,666,621.15	61
Employees of Non HRDF Employers	4,431	39	40,770,976.36	39
Total	11,431	100.00	105,437,597.96	100.00

Table 1 also shows the number of trainees approved by category of employee. Of the total of 11,431 trainees, 7,000 (61%) were employees of HRDF-registered employers while 4,431 (39%) were employees of non-HRDF-registered employers.

In terms of gender, as shown in Table 2, under the 1MalaysiaGRIP Programme, 7,102 approved trainees (62% of the total) were male and 4,329 (38% of the total) female. In future, efforts will be made to ensure a more even balance.

Table 2
Number of Approved Trainees by Gender

Gender	Trainees	%
Male	7,102	62
Female	4,328	38
Total	11,431	100

As shown in Table 3, under the Programme, 8,310 approved trainees (73% of the total) came from the service sector. 2,422 (21% of the total) came from the manufacturing sector, 558 (4.9% of the total) came from the construction sector, 93 (1%) came from the agriculture sector and 48 (0.1%) came from the Mining and Quarrying sector.

Table 3:
Number of Approved Trainees by Type of Industry

Type of Industry	Trainees	%
Service	8,310	72.7
Manufacturing	2,422	21.2
Construction	558	4.9
Agriculture	93	0.8
Mining and Quarrying	48	0.4
Total	11,431	100

Turning to the top five skills areas, Computer or Information and Technology came highest with 3,560 approved trainees (31% of the total). This was followed by Management or Strategic Management with 1,202 trainees (10% of the total), then Process or Operation with 865 trainees (8% of the total). The lowest numbers were recorded for Engineering with 536 trainees (5% of the total) and Quality or Productivity with 472 trainees (4% of the total).

**Table 4:
Number of Approved Trainees by Top 5 Skills Areas**

Top 5 Skill Areas	Trainees	%
Computer or Information and Technology	3,560	31
Management or Strategic Management	1,202	10
Process Operation	865	8
Engineering	536	5
Quality or Productivity	472	4
Others	4,796	42
Total	11,431	100

The programme is conducted mainly in Selangor where 5,265 participants (46% of the total) were trained, followed by Kuala Lumpur which accounted for a further 3,242 trainees (31% of the total). Details of the training locations are set out in Table 5.

**Table 5
Number of Approved Trainees by Location of Training**

State	Trainees	%
Selangor	5,265	46.1
Kuala Lumpur	3,242	31.0
Pulau Pinang	903	6.8
Sarawak	541	2.5
Johor Bahru	404	1.9
Kelantan	274	2.9
Melaka	180	0.4
Sabah	144	0.7
Pahang	110	1.3
Perak	103	0.8
Negeri Sembilan	100	1.5
Terengganu	100	1.7
Kedah	65	0.7
Total	11,431	100

So far, the 1MalaysiaGRIP Programme, with its emphasis on training for certification, has been a huge success and has won tremendous support from employees. In addition to the 11,431 participants so far trained, more Malaysian employees will be able to benefit from the Programme if more funds are made available. The Programme will be conducted on a continuous basis to enable employees to earn higher salaries and at the same time support the national aim for 35% of the workforce to be skilled by 2020.

Housewives Enhancement and Reactivate Talent Scheme (HEARTS)

Initiated by HRDF, the Housewives Enhancement and Reactivate Talent Scheme (HEARTS) is a skills training programme established to increase the percentage of women in the labour market by 55% by 2020 by retraining and upskilling housewives who are already well qualified.

Over the last three years, HEARTS has received thousands of responses and has managed to train about 850 women on career breaks, providing them with a better understanding of the current employment landscape.

The available training programmes



Translation



Train the Trainer



Website Development



Graphic Design



Social Media Management



Simplified Internet Marketing



Green Islamic Cleaning



Halal AQL Certification

The recent appointment of five HEARTS ambassadors reflects the success of the scheme. The ambassadors are living proof that HEARTS can assist educated housewives to become professionals, earning professional-level incomes and enjoying work without sacrificing their role of looking after home and family.

Apprenticeship Schemes

Increasing the Supply of Skilled Workers through the Apprenticeship Scheme

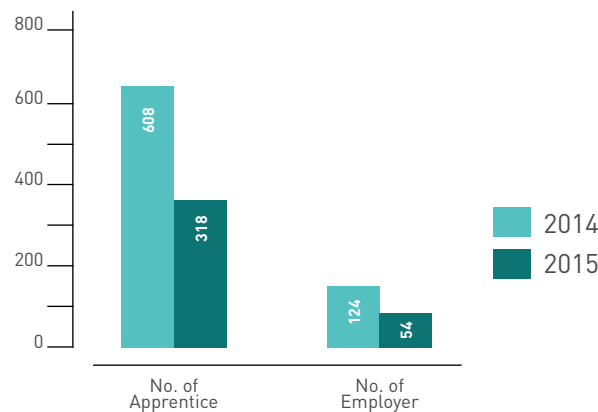
The Tenth Malaysia Plan set out the aspirations of both the Government Transformation Programme and the New Economic Model, premised on high income, inclusiveness and sustainability. It traced the development of the nation for five years (2011-2015), and focused on delivering the desired outcomes for all Malaysians. The Plan contained new policy directions, strategies and programmes devised to enable the country to emerge as a high income nation.

In line with the Plan, HRDF remains committed to helping employers build the capacity of their human capital by running an Apprenticeship Scheme. The scheme is designed to meet both the present and future needs of HRDF-registered industries and is synchronised with the national transformation from a middle-income value chain to a high-income economy.

Between 1996 and 2015, a total of 15,350 apprentices were trained under the Apprenticeship Scheme. Of this figure, 14,825 (96.5%) apprentices were trained under the Industry-specific Apprenticeship Scheme; 324 (2.11%) were trained under the Company-specific Apprenticeship Scheme; and 794 (5.17%) were trained under the National Dual Training System (SLDN).

In 2015, eight industry-specific programmes were conducted under the Apprenticeship Scheme. The total number of apprentices approved in 2015 decreased by 47% to 318 from 608 in 2014 following the rise in cost that occurred on the implementation of Government Service Tax (GST). Meanwhile, the total number of sponsoring employers declined to 54 in 2015 from 124 in 2014. A further breakdown of apprentice and sponsoring employer numbers in 2015 is provided in the chart below.

Chart 5
Statistic od Apprentice and Sponsoring Employers for the Year 2015



Future Workers (Apprenticeship Scheme) Report as at 31 December 2015

a) Registration of Apprentices Under the Mechatronics Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
1996	19	9	157	9	148	0
1997	47	16	382	34	348	0
1998	25	11	233	19	214	0
1999	10	5	58	4	54	0
2000	27	12	202	13	189	0
2001	3	3	53	6	47	0
2002	19	8	90	9	81	0
2003	3	3	33	1	32	0
2004	12	7	137	36	101	0
2005	18	5	100	10	90	0
2006	32	6	116	15	101	0
2007	13	5	78	21	57	0
2008	30	3	138	39	99	0
2009	9	2	42	10	32	0
2010	116	5	421	51	370	0
2011	50	7	207	57	150	0
2012	69	19	375	120	255	0
2013	58	14	207	41	166	0
2014	26	8	122	9	37	76
2015	4	3	34	1	0	33
Total			3185	505	2571	109

b) Registration of Apprentices Under the Plastics Injection Moulding Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
2003	21	9	176	15	161	0
2004	28	8	167	8	159	0
2005	13	6	149	32	117	0
2006	24	5	119	15	104	0
2007	27	3	203	8	195	0
2008	24	4	153	25	128	0
2009	31	5	310	26	284	0
2010	30	5	245	32	213	0
2011	18	3	69	3	66	0
2012	34	9	200	22	178	0
2013	14	5	71	6	65	0
2014	21	8	113	17	23	73
2015	4	2	17	0	0	17
Total			1992	209	1693	90

c) Registration of Apprentices Under the Tool and Die Maker (Mould) Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
200	8	2	29	2	27	0
2004	20	4	71	8	63	0
2005	21	4	103	14	89	0
2006	33	5	119	20	99	0
2007	26	2	116	13	103	0
2008	31	3	144	31	113	0
2009	12	2	50	8	42	0
2010	18	2	103	17	86	0
2011	15	3	52	10	42	0
2012	14	3	51	11	40	0
2013	1	1	7	0	7	0
2014	5	1	20	2	0	18
2015	-	-	-	-	-	-
Total			865	136	711	18

d) Registration of Apprentices Under the Tool and Die Maker (Press Tool) Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
2008	9	1	40	4	36	0
2009	10	2	44	6	38	0
2010	35	1	89	12	77	0
2011	12	2	40	5	35	0
2012	-	-	-	-	-	-
2013	4	1	34	14	20	0
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
Total			247	41	206	0

e) Registration of Apprentices Under the Hotel Industry Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
1997	65	17	348	53	295	0
1998	67	27	609	68	541	0
1999	54	16	567	14	553	0
2000	62	20	461	24	437	0
2001	66	13	438	10	428	0
2002	17	10	413	10	403	0
2003	52	15	400	7	393	0
2004	61	17	400	21	379	0
2005	113	20	628	31	597	0
2006	76	15	417	26	391	0
2007	109	8	473	31	442	0
2008	86	5	359	12	347	0
2009	41	10	180	25	155	0
2010	117	9	415	45	370	0
2011	79	25	337	36	301	0
2012	46	10	254	49	205	0
2013	29	10	121	16	105	0
2014	20	4	99	9	90	0
2015	19	5	177	0	0	177
Total			7096	487	6432	177

f) Registration of Apprentices Under the Sewing Machine Technician Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
2005	18	1	33	0	33	0
2006	8	1	13	0	13	0
2007	6	1	14	1	13	0
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	5	0	13	4	9	0
2012	4	0	8	0	8	0
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	4	1	8	0	0	8
Total			89	5	76	8

g) Registration of Apprentices Under the Wood Based Industry (Furniture) Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
2003	7	2	28	1	27	0
2004	5	1	14	1	13	0
2005	6	1	11	0	11	0
2006	4	1	11	2	9	0
2007	-	-	-	-	-	-
2008	3	1	10	3	7	0
2009	-	-	-	-	-	-
2010	6	1	8	0	8	0
2011	4	1	9	1	8	0
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	2	1	6	0	0	6
Total			97	8	83	6

h) Registration of Apprentices Under the Multimodal Transport Operator Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
2011	11	1	20	0	20	0
2012	11	1	31	0	31	0
2013	-	-	-	-	-	-
2014	7	1	40	1	39	0
2015	-	-	-	-	-	-
Total			91	1	90	0

i) Registration of Apprentices Under the Welding Technician Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
2013	1	1	34	10	24	0
2014	8	4	80	14	60	6
2015	7	2	40	18	0	22
Total			154	42	84	28

j) Registration of Apprentices Under the Electrical Technician Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
2014	25	4	74	14	60	0
2015	3	1	16	0	0	16
Total			90	14	60	16

k) Registration of Apprentices Under the IT Technician Apprenticeship Scheme

Year	Total Sponsoring Employer	Total Training Centre	Total Apprentices Registered	Total Apprentices Terminated	Total Apprentices Completed Training	Total Apprentices Still Undergoing Training
2014	12	1	60	0	60	0
2015	11	1	20	2	0	18
Total			80	2	60	18

l) Comparison between the Number of Apprentices for the Period of 1st January to 31 December 2015 and 2014

(i) Industry Specific

Scheme	2015	2014	Difference	Percentage
Mechatronic	34	122	-88	-72%
Plastic Injection Moulding	17	113	-96	-84%
Tool & Die Maker (Mould)	0	20	-20	-100%
Tool & Die (Press Tool)	0	0	0	0
Hotel Industry	177	99	78	78%
Sewing Machine Technician	8	0	8	0%
Wood Based Industry	6	0	0	0%
Multimodal Transport Operator	0	40	-40	-100%
Welding Technician	40	80	-40	-50%
Electrical Technician	16	74	-58	-78%
IT Technician	20	60	-40	-66%
Total	318	608	-290	-47%

m) Overall Performance of Apprenticeship Unit for 2015

Type of Scheme	No of Apprentice	Financial Assistance Approved (RM)
Industry Specific	318	2,571,300.00
Company Specific	-	-
National Dual Training System	140	761,857.84
Total	458	3,333,157.80

n) Report on National Dual Training System as at 31 December 2015

Year	Total Sponsoring Employers	Total Training Centre	Total Apprentices	Gender		Total Financial Assistance Approved (RM)
				M	F	
2009	4	4	57	57	0	168,559.00
2010	-	-	-	-	-	-
2011	2	2	261	145	116	449,600.00
2012	3	3	162	112	50	470,920.00
2013	4	3	80	46	34	256,000.00
2014	4	4	69	24	45	300,998.06
2015	7	5	140	135	5	761,857.84
Total	24	21	769	519	250	2,407,934.80

Apprenticeship Scheme Success Stories

2015 Apprenticeship Scheme Convocation

On 23 July 2015, HRDF held a convocation ceremony at the Setia City Convention Centre to celebrate the successful completion of apprenticeships by 113 participants of apprenticeships under the Plastic Injection Moulding Scheme and the Mechatronics Apprenticeship Scheme. The Minister of Human Resources, YB Dato' Sri Richard Riot Anak Jaem officiated the ceremony. At the event, the Minister also recognised the contribution made by the sponsoring employers, which helped ensure the successful implementation of the schemes.

Success Stories

In 2015, HRDF apprentices Mohd Amir Bin Clay and Nursyazreen Syafiqah Binti Azni garnered the Gold and Bronze medals respectively at the WorldSkills Malaysia Belia (WSMB) Competition held between 18 and 20 September 2015 at KFCH College, Johor Bharu.

On 20 October 2015, Deputy Prime Minister YAB Dato Seri Dr. Ahmad Zahid bin Hamidi officiated the *Anugerah Tangan Emas* Deputy Prime Minister ceremony held at the Putrajaya International Convention Centre.



Training for SMEs

Recognition of Prior Experiential Learning

HRDF launched the Recognition of Prior Experiential Learning (RPEL) scheme on 2 July 2009 to support the Government's efforts to increase the number of skilled workers to 28% of the workforce by 2015 and 35% by 2020.

In Malaysia, there are a large number of skilled and talented workers with exceptional skills and experience who are currently contributing to the productivity of various sectors despite having no formal certification. The role of RPEL is to provide recognition for these workers based on a predetermined set of criteria designed to endorse their skills and experience. The scheme encourages such workers to apply for a Malaysian Skills Certificate, a Malaysian Skills Diploma or a Malaysian Advanced Skills Diploma qualification according to their competency level as certified by the Department of Skills Development of the Ministry of Human Resources.

Training Incentive Scheme

The HRDF Training Incentive Scheme assists SME employers that have an insufficient levy balance to continuously retrain and upgrade the skills of their employees.

The scheme addresses the need for SMEs to build human capacity and capability by acquiring the latest knowledge, expertise and technology through the continuously upskilling of their workforce. The training programmes offered under the Training Incentives Scheme focus on programmes which are recognised and certified both locally and internationally.

Training Trainers

HRDF understands that a trainer's ability to deliver effective training outcomes depends on possessing extensive expertise and industry knowledge as well as adequate knowledge of the client's business. It is therefore mandatory for trainers to undergo a Train-the-Trainer (TTT) programme before conducting training under any of the HRDF schemes. However, trainers who already possess training qualifications, recognitions and experience may apply to be exempted from HRDF TTT programme.

HRDF is also tasked by the National SMEs Development Council to provide an Evaluation of Effectiveness of Training (EET) and Master Trainer so as to ensure a high quality of training delivery in addition to high industry relevance.

In 2015, HRDF successfully trained 190 trainers from various Government departments and agencies. During the year, 120 trainers attended the TTT programme, 40 trainers subscribed for the EET, and 30 trainers completed the Master Trainer programme.

Initiatives for SMEs

SME Skills Upgrading Programme

In line with HRDF's commitment to develop the capability of Malaysia's SMEs, the SME Skills Upgrading Programme aims to increase the knowledge, skills and competencies of employees of HRDF-registered SMEs, thus boosting productivity.

Minimum Wages Training Fund Programme

On 1 January 2014, the Government implemented the Minimum Wage Policy (MW Policy) following in-depth consultations with various stakeholders. To help SMEs implement the policy, the Government also introduced programmes to alleviate the additional financial burden.

Accordingly, HRDF was allocated a special fund, to be offered via employers' associations, whose purpose is to encourage SME employers affected by the policy to enhance the technical or critical skills of their employees. This should in turn improve their company's productivity and revenue stream, enabling the employer to provide higher wages and reduce the financial impact of the MW Policy.

In 2015, 28 employers were appointed to deliver the Minimum Wages Training Fund Programme

FLAGSHIP INITIATIVE AND EVENTS

HRDF Award 2015

The HRD Award is the highest national recognition in the field of Human Resources Development, awarded by Pembangunan Sumber Manusia Berhad (PSMB) or the Human Resources Development Fund (HRDF) under the Ministry of Human Resources.

Introduced by HRDF in the year 2001, the HRD Award aims to recognise registered employers and training providers of HRDF who are actively involved in the field of human resource development at both organisational and national levels.

The continuous participation of employers and training providers in the HRD Award is a testament of the industry's recognition towards the initiatives of the Malaysian Government in the field of Human Resources and Human Capital Development.

HRDF Award 2015 Winners

Minister Award

- Large Employer Category (Manufacturing) - Petronas Penapisan (Terengganu) Sdn. Bhd.
- Large Employer Category (Service) - Johor Port Berhad
- SME Employer Category (Manufacturing) - HOLCIM (Malaysia) Sdn. Bhd.
- SME Employer Category (Service) - Amazing Borneo Tours & Events Sdn. Bhd.
- Training provider Category - KnowledgeCom Corporation Sdn. Bhd.

PSMB Award

- Large Employer Category (Manufacturing) - Sensata Technologies Malaysia Sdn. Bhd.
- Large Employer Category (Service) - Sabah Electricity Sdn. Bhd.
- SME Employer Category (Manufacturing) - Petronas Chemicals LDPE Sdn. Bhd.
- Training provider Category - Pusat Pembangunan Kemahiran Sarawak Sdn. Bhd.

Innovation and Creativity Award

- Amazing Borneo Tours & Events Sdn. Bhd.

Pearl Award

- KPJ Damansara Specialist Hospital Sdn. Bhd.



HRDF Conference & Exhibition 2015

Over 15 years, the response to our landmark HRDF Conference & Exhibition has been overwhelming. Recognised as the largest human resource gathering in Malaysia, HRDF Conference & Exhibition has always been the perfect rendezvous for HR practitioners, employers and trainers to join the luminary and distinguished speakers as they explore all the topics and issues that matter in the sphere of the HR industry.

Themed “People, Prowess, Progress”, the flagship annual event was held at the iconic Kuala Lumpur Convention Centre (KLCC) from 8th to 9th December 2015 and has witnessed a tremendous opportunity for delegates to brush shoulders with leaders and captains of industry.

Graced by former Secretary General of Ministry of Human Resources, Yang Berbahagia Datuk Seri Hj. Saripuddin Hj. Kasim, the conference aimed to deliberate on the potential of the people, and how their competencies and prowess can contribute to and uplift a nation’s economy.

Over 2000 delegates participated in the sharing and exchanging of knowledge and wisdom into wide-ranging issues of relevance directly from those in the know, which will help to drive a collective mutually beneficial collaboration for a globally competitive workforce.

Composition of Conference Participation in 2015

Registered attendees	1740
Sponsored students	185
VIP	97
Media	25
Visitors	184
TOTAL	2231



Trainers' Conference 2015: Cultivating Trainers, Catalysing Growth

The Human Resources Development Fund (HRDF) hosted its inaugural two-day Trainers' Conference from 18th to 19th August 2015. The conference was launched by HRDF's Chief Executive, Dato' CM Vignaesvaran Jeyandran at the Pyramid Convention Centre, Selangor. The Conference witnessed the presence of over 10 well-known Human Resource and Training and Development experts – locally and from abroad – who took on key roles as speakers, panellists and moderators to close to 400 attendees.

The theme of the first conference, 'Cultivating Trainers, Catalysing Growth' reflects HRDF's support of the Malaysian Government's aim of achieving the high income nation status by the year 2020 through the targeted 35% skilled workforce from the current 28%.

Objective of the Conference

- Educate trainers with industry knowledge towards improving training effectiveness and efficacy
- Share tools, techniques and methodologies to establish the value of training for organisational growth
- Provide perspective on various trends and opportunities (as well as best practices) in the training industry
- Develop and sharpen skills through specialty training workshops
- Provide platform for trainers to understand Government policies on training and to discuss future directions of training in Malaysia
- Identify trends in the industry that affect the training market
- Create a network of training experts and industry captains
- Develop new intellectual training content based on the needs of the industry

Training Providers are instrumental in supporting the Government's agenda of high income status nation by 2020. To assist in achieving this target HRDF must be aggressive and concerted in the effort to provide quality training programmes through more certifications and high impact courses as well as producing more competent, creative and up-to-date trainers.

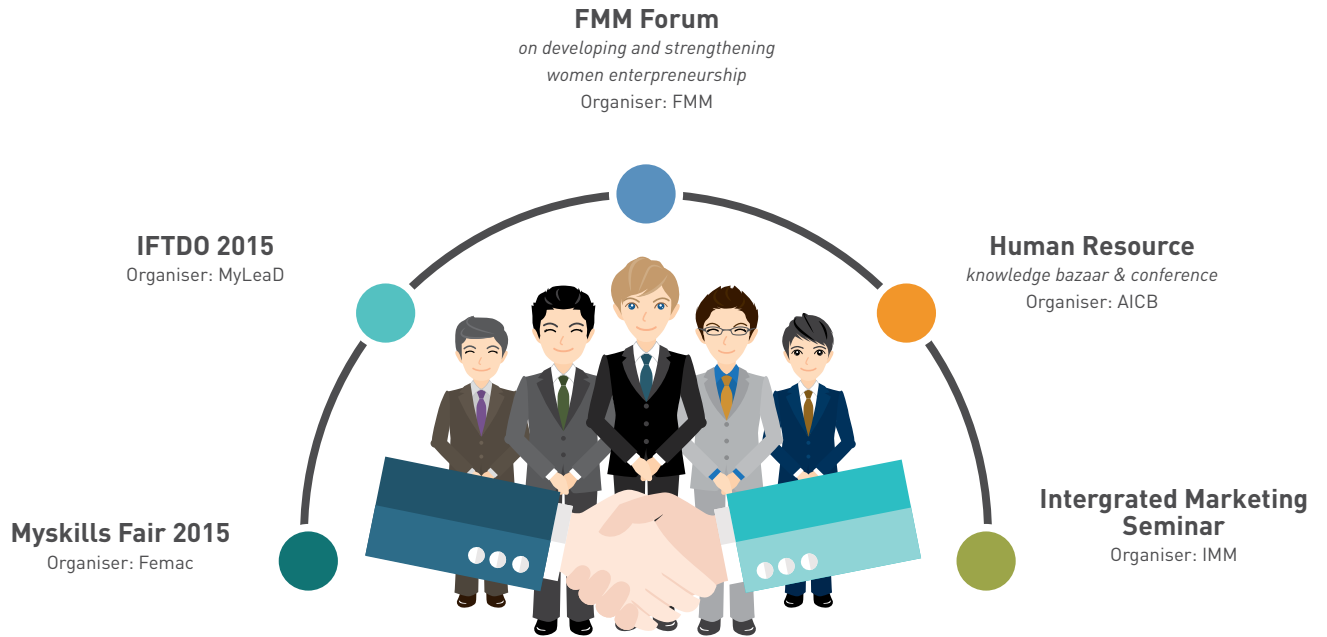
Key speakers, panellists and moderators for the Conference included Arthur F. Carmazzi – the Founder of The Directive Communication™ Methodology and Asia's No. 1 Change Leadership Speaker and Trainer; Yang Berusaha Dr. Mohd Gazali Abas - Deputy Secretary General (Operations) of the Ministry of Human Resources (MoHR); and RA Thiagarajan - President of Malaysia Training Provider Association.



HRDF Engagement Activities Throughout 2015

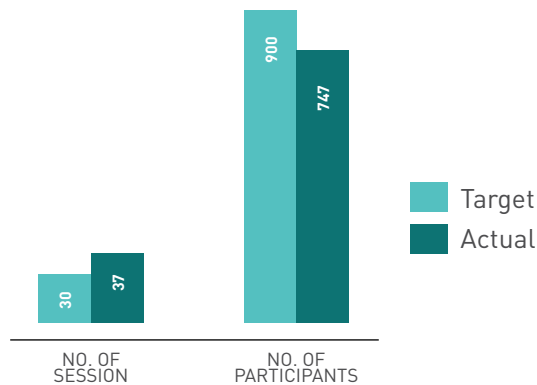
Sponsorship

Sponsorship is one of the initiatives to support related events and activities as a strategic way of increasing HRDF brand, which helps to reinforce awareness among its target market and to foster image visibility.



HRDF Workshop

A two day workshop organised by HRDF is to raise awareness on grant claims, registration procedures and types of trainings offered for schemes under HRDF.



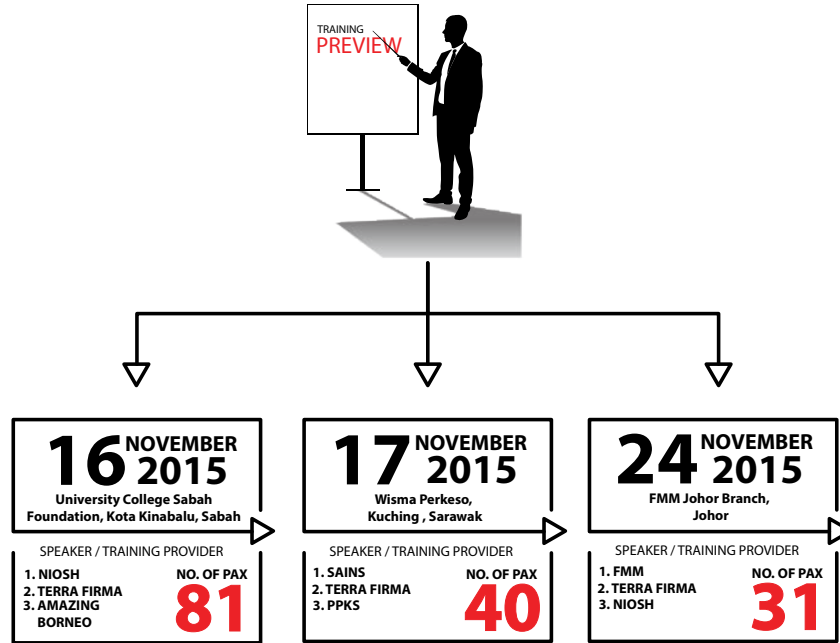
Exhibition Booth

The participation of exhibition booths across the nation



Training Preview

Training Preview in Sabah, Sarawak and Johor were organised to increase the knowledge and importance of training in an organisation. The highlight of the event is to showcase the different types of certification programmes offered to enrich HRDF registered employers' organisation.



HRDF Grant Training Verification Visit

369

Verification Visits

The Verification Visits are to understand and examine in detail the type of training undertaken by employers and the training needs. In addition, input received will be disseminated to other employers if the trainings are appropriate to the requirement of the employer.

The verification visit is also to ensure that the employers are complied with the terms and conditions laid down by HRDF as stated in the training grant approval letter.

Employer Visit by HRDF Grant Officer

740

Visits

The visits are based on the percentage of levy used by the employers of less than 75% either big employers or small employers. The purpose is to identify the problems that constrain training activities amongst employers and in addition is to give advice and encourage them to maximise the use of the HRDF levies



HRDF EYE ON THE FUTURE



SME Workplace & Workforce Transformation :
Advisory, Consultancy, Upskilling & Reskilling Programme



Certification / Value Added Programmes :
Identified by the Sectorial Training Committees (STCs)/ Special Fund for Industrial Association Programmes



Programmes for Future Workers :
Providing Right Skilled Malaysian Employees for Employers



Outplacement Centre :
Supporting Retrenched Malaysia Employees



Train and Replace :
Replacing Foreign Workers with Malaysian Talents



1Malaysia Globally Recognised Industry & Professional Certification (1MalaysiaGRIP) :
Provide Opportunity for Employees to Increase Their Skills in Specific Fields and Become Experts Through Certification Courses

SUCCESS STORIES



Dr Sundram M. Karupiah

Deputy Dean, Faculty Of Pharmacy
AIMST University, Bedong, Kedah

Training Course: SIRIM Certified Quality Practitioner

“The SIRIM Certified Quality Practitioner (CQP) programme which is organised by AIMST Sdn Bhd has provided me with knowledge that will definitely enhance my career development. This comprehensive programme was conducted through interactive sessions by experienced personnel who had a great deal of experience.”



Siti Zubaidah Binti Mat Zain

Quality Assurance Officer
AIMST University, Bedong, Kedah

Training Course: SIRIM Certified Quality Practitioner

“The course has enabled me to gain a true understanding of the new ISO standard, which is ISO:9001 2015. Naturally, my new knowledge will have a positive effect on my career. The scope of my education included Documenting ISO 9001, Introduction and Application of the 7 QC Tools/ New 7 QC Tools, Understanding Total Quality Management and other matters.”



Harryson Dajai

HSE Executive

Bormal Engineering Sdn Bhd

Training Course: Certificate in Site Safety Supervisor

“The 10-day course really made a difference because it taught me the importance of safety at the workplace. The certificate that I obtained from the course is a major advantage when I apply for a job. It is recognized by the Department of Occupational Safety and Health.”



Joel Su Tai Tung

HSE Internal Auditor

Hock Seng Lee Berhad

Training Course: Certificate in Site Safety Supervisor

“The course has improved my skills and the certificate that I obtained has helped me to be promoted to a senior position. This type of reskilling and upskilling course can be very beneficial to a developing country like Malaysia. I certainly hope that this course will continue to be held in order to train those who have just joined my industry.”



Lee Choo Neo

Sales Manager
IFCA Consulting (Sabah) Sdn Bhd
Training Course: IAOP Certification in Marketing and Sales

“The training gave me an opportunity to understand marketing and sales theories. It contributed to my development as a marketing executive and enabled me to make sales calls with more confidence. Obtaining the professional certification has boosted my personal KPI for my future endeavours. I greatly appreciate HRDF’s initiative in organising the 1MalaysiaGRIP Program, which has also benefitted many of my friends and colleagues.”



Rita & Rachel Boin Suikim

Corporate Human Resource Manager
Grandis Hotels and Resorts Sdn Bhd
Training Course: IAOP-Certified Outsourcing Specialist in Human Resources

“The training was very inspirational and energising. It generated a lot of ideas from substantial and in-depth knowledge together with case studies. We learned from experience and the lessons were practice-oriented. It was one of the best ways to learn about Human Resource fieldwork in the real world.”



Nurul Huda Binti Mat

Sales and Service Officer
Billion Shopping Centre

Training Course: Project Management SCADA System

“I thoroughly enjoyed the course. The trainer performed with excellence. He added humour to his presentations, and he made a difficult subject very interesting and easy to understand. I highly recommend the course to those who wish to enhance their knowledge of SCADA Project Management.”



Norazlina Binti Mohamed Kamil

Sales Officer
Arkema Thiochemical Sdn Bhd

Training Course: Project Management SCADA System

“I decided to register for the SCADA Project Management course, and I felt that I had made the right decision even before I attended the course. The trainer’s teaching style and the knowledge transfer were engaging and superbly informative. The entire class was able to integrate the course lessons into their day-to-day operations, even though the students were from five or six different industries. I recommend this course to novices as well as experienced professionals in any industry who wish to learn about SCADA Project Management.”



Sashikumar Muniandy

Quality Executive
Star Media Group Berhad

Training Course: Communicating and Managing People Using NLP

“The Communicating and Managing People Using NLP programme under 1MalaysiaGRIP has been Life Changing for me, specifically, I was able to use the course to become a better production planning practitioner and most of all it gave me new positive techniques to manage and handle all kind of people. I totally loved the experience during this 3 days program. I learned a lot about how people communicate and behave the way they do and how a simple positive thought can change your surroundings. I would highly recommend it.

I personally hope HRDF can come up with more similar programme to enhance our skills.”



Logatas A/L Morgan

IT Executive
Maharif Holdings (M) Sdn Bhd

Training Course: LPIC-2 LINUX Network Professional Certification

“Being an IT Executive it is always a challenging factor to get promoted as we are required to have additional certification in IT related courses. I’m very lucky to get this opportunity to enhance myself in the training of the LINUX Certification. The 5 days training provided under 1MalaysiaGRIP was really beneficial and I’m looking forward to attend as many as possible in near future. Thank you HRDF for giving this great opportunity.”



PEMBANGUNAN SUMBER MANUSIA BERHAD
(Company No. 545143-D)
(A Company Limited by Guarantee)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Registered office:

Level 7, Wisma HRDF
Jalan Beringin
Damansara Heights
50490 Kuala Lumpur

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

Directors' report for the year ended 31 December 2015

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

Principal activities

As set out in the Pembangunan Sumber Manusia Berhad Act, 2001, the main objective of the Company is the imposition and collection of human resources development levy for the purpose of promoting the training and development of employees, apprentices and trainees and the establishment and administration of the human resources development fund.

The functions of the Company are:

- (a) to assess and determine the types and extent of employees', apprentices' and trainees' training and retraining in keeping with the human resources needs of industries;
- (b) to promote and stimulate manpower training; and
- (c) to determine the terms and conditions under which any financial assistance or other benefits are to be given.

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

Financial results

	RM
Net surplus for the year	2,131,920

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

Directors' report for the year ended 31 December 2015 (continued)

Directors of the Company

Directors who served since the date of the last report are:

Dato' Dr Abdul Razak Bin Abdul – Chairman (re-appointed on 14 September 2015)

Dr. Mohd Gazali Bin Abas – Deputy Chairman

Dato' CM Vignaesvaran A/L Jeyandran – Chief Executive

Tan Sri Datuk Ketheeswaran A/L M. Kanagaratnam (re-appointed on 25 February 2016)

Dato' Low Kian Chuan

Dato' Jeffrey Tan (alternate to Dato' Low Kian Chuan)

Dato' Segarajah Ratnalingam (appointed on 13 July 2015)

Datuk Givananadam A/L Kalinan

Suhara Binti Husni (alternate to Datuk Givananadam A/L Kalinan)

Davies Danavaindram A/L Arputhasamy

Dato' Mizanur Rahman Bin S.M. Abdul Ghani (alternate to Davies Danavaindram A/L Arputhasamy)

Kang Hua Keong

Teh Kee Sin (alternate to Kang Hua Keong)

Ong Chee Tat (alternate to Kang Hua Keong – appointed on 5 November 2015)

Haji Mohd. Ghaus Bin Ab. Kadir

Haji Azizi Bin Lin (alternate to Haji Mohd. Ghaus Bin Ab. Kadir – appointed on 16 May 2015)

Rayan Anak Narong

Haji Abdul Wahab Bin Abu Bakar (re-appointed on 14 September 2015)

Christopher Sakayaraj (alternate to Haji Abdul Wahab Bin Abu Bakar – re-appointed on 14 September 2015)

Lim Yoke Cheong (re-appointed on 14 September 2015)

Lim Kheng Chye (alternate to Lim Yoke Cheong – re-appointed on 14 September 2015)

Cheah Kok Hoong (appointed on 5 November 2015)

Chin Chee Seong (alternate to Cheah Kok Hoong – appointed on 5 November 2015)

Dato' Mohd Razali Bin Hussain (appointed on 16 May 2015)

Ab Rahim bin Yusoff (alternate to Dato' Mohd Razali Bin Hussain – appointed on 16 May 2015)

Sarojini Ruth A/P Rajahser Aarons (appointed on 16 May 2015)

K. Anusuya A/P A.Krishnan (alternate to Sarojini Ruth A/P Rajahser Aarons – appointed on 5 November 2015)

Amir Bin Omar (appointed on 22 May 2015)

Nor Azri Bin Zulfakar (alternate to Amir Bin Omar – appointed on 5 November 2015)

As specified in Section 7 of the Pembangunan Sumber Manusia Berhad Act, 2001, members of the Board of Directors (including the positions of Chairman and Deputy Chairman) shall be appointed by the Minister charged with the responsibility for human resources, which currently is the Minister of Human Resources.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

Directors' report for the year ended 31 December 2015 (continued)

Directors' benefits

During and at the end of the financial year ended 31 December 2015, no arrangements subsisted to which the Company is a party, being arrangements 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 or any other body corporate

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefits other than Directors' remuneration disclosed in Note 13 to 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 he is a member or with a company in which he has a substantial financial interest.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to:

- (a) ascertain that actions 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) ensure that any current assets other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which:

- (a) which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent or the values attributed to current assets in the financial statements of the Company misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no items, transactions or other events of material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the operations of the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of the Company which secures the liability of any other person nor has any contingent liability arisen in the Company.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)
(INCORPORATED IN MALAYSIA)

Directors' report for the year ended 31 December 2015 (continued)

Other statutory information (continued)

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

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

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution:



DATO' DR ABD RAZAK BIN ABDUL

Chairman



DATO' CM VIGNAESVARAN A/L JEYANDRAN

Director

Kuala Lumpur,

Date: 31 May 2016

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

Statement by Directors pursuant to Section 169 (150 of the Companies Act, 1965)

We, Dato' Dr Abd Razak Bin Abdul and Dato' CM Vignaesvaran A/L Jeyandran, two of the Directors of Pembangunan Sumber Manusia Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 99 to 142 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2015 and of the results and cash flows of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and provisions of the Companies Act, 1965.

Signed on behalf of Board of Directors in accordance with a resolution of the Directors:



DATO' DR ABD RAZAK BIN ABDUL

Chairman



DATO' CM VIGNAESVARAN A/L JEYANDRAN

Director

Kuala Lumpur,

Date: 31 May 2016

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]
(INCORPORATED IN MALAYSIA)

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

I, **WAN MOHD NAZARUDIN BIN WAN CHIK**, the officer primarily responsible for the financial management of Pembangunan Sumber Manusia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 99 to 142 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 above named in Kuala Lumpur on 31 May 2016.



WAN MOHD NAZARUDIN BIN WAN CHIK
Director (Accounts and Finance)
Pembangunan Sumber Manusia Berhad

Before me,

**Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745**



REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pembangunan Sumber Manusia Berhad, on pages 99 to 142 which comprise the statement of financial position as at 31 December 2015 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 17.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 and such internal control as the Directors determine are 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 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.



REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF

(No. 2910/02/17 (J))

Chartered Accountant

Kuala Lumpur

31 May 2016

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

Statement of financial position as at 31 December 2015

	NOTE	2015 RM	2014 RM
Non-current asset			
Property, plant and equipment	3	116,507,118	43,227,634
Total non-current asset		116,507,118	43,227,634
Current assets			
Investments	4	167,301,197	148,670,198
Accrued interest receivables, deposits and prepayments	5	15,934,465	12,543,406
Staff loans	6	5,127,399	5,452,003
Tax recoverable		13,138	57,816
Cash and cash equivalents	7	1,300,942,345	1,179,620,826
Total current assets		1,489,318,544	1,346,344,249
Total assets		1,605,825,662	1,389,571,883
Equity			
Retained earnings		399,536,718	397,404,798
Fair value reserve		(25,452,511)	(16,848,500)
Total equity		374,084,207	380,556,298
Non-current liability			
Retirement benefits	8	17,909,417	11,505,773
Total non-current liability		17,909,417	11,505,773

The notes on pages 108 to 142 are an integral part of these financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

Statement of financial position as at 31 December 2015 (continued)

	NOTE	2015 RM	2014 RM
Current liabilities			
Employers' Fund	9	1,071,893,590	934,994,073
General Reserves II	10	2,147,109	1,525,053
Government grants	11	124,077,667	42,664,710
Other payables	12	8,734,039	7,942,217
Accrued expenditure		6,979,633	10,383,759
Total current liabilities		1,213,832,038	997,509,812
Total liabilities		1,231,741,455	1,009,015,585
Total equity and liabilities		1,605,825,662	1,389,571,883

The notes on pages 108 to 142 are an integral part of these financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

Statement of comprehensive income for the year ended 31 December 2015

	NOTE	2015 RM	2014 RM
Income			
<u>Income from Operating Activities</u>			
Dividend and other investment income		4,254,584	6,294,281
Fee income from training providers		4,404,524	2,131,584
Gain on disposal of plant and equipment		13,773	1,770
Government grant received		–	1,917,500
Interest income from fixed deposits		47,955,385	38,964,418
Interest income from loan to PSMB staff		12,983	6,384
Interest income from bank balance		95,588	60,250
Other income		274,089	91,433
Penalty on late payment of levy		782,941	1,027,819
Administrative fees		7,385,423	–
		65,179,290	50,495,439
<u>Income from Human Capital Development Activities</u>			
Income from forfeiture of levy		677,292	2,741,793
Income from Housing Loan Fund		746,299	496,112
Income received from National HRD			
Conference Fund		2,234,678	941,850
Participants' fees for Training and Consultancy Fund		11,809,315	13,369,967
		15,467,584	17,549,722
Total income		80,646,874	68,045,161

The notes on pages 108 to 142 are an integral part of these financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

Statement of comprehensive income for the year ended 31 December 2015 (continued)

	NOTE	2015 RM	2014 RM
Expenses			
<u>Expenses from Operating Activities</u>			
Advertising and promotion		(2,751,910)	(2,749,109)
Auditors' remuneration		(107,500)	(100,000)
Staff costs		(22,543,432)	(16,649,721)
Consultancy services		(222,592)	(316,110)
Depreciation		(6,223,192)	(2,466,713)
Directors' fees and remuneration	13	(1,322,717)	(588,218)
Event management		(1,635,559)	(752,755)
Legal and professional fees		(410,427)	(648,558)
Loss on disposal of investment		(2,446,856)	(5,835,124)
Other expenses		(2,659,578)	(2,216,034)
Printing expenses		(434,316)	(584,159)
Property management		(1,010,365)	(840,268)
Provision for retirement benefits	8	(1,971,275)	(1,657,505)
Rental		(628,431)	(300,054)
Repairs and maintenance		(528,634)	(586,694)
Travelling and accommodation		(2,095,157)	(1,692,712)
Utilities		(1,610,950)	(1,759,185)
		(48,602,891)	(39,742,919)

The notes on pages 108 to 142 are an integral part of these financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

Statement of comprehensive income for the year ended 31 December 2015 (continued)

	NOTE	2015 RM	2014 RM
Human Capital Development expenses			
Expenses for Educational Sponsorship Fund		(20,183)	(23,672)
Expenses for National HRD Conference Fund		(3,272,675)	(935,503)
Expenses for re-registration of employers		-	(13,243)
Expenses for Retrenched Workers Training Fund		-	(4,300)
Expenses for Training and Consultancy Fund		(15,135,769)	(10,656,079)
Expenses for SME TNA Consultancy Fund		(826,727)	(626,793)
Expenses for the Future Workers Training Fund		(8,748,131)	(6,312,192)
PSMB's contribution to 1Malaysia HRDF Skill Upgrading Fund		-	(31,080)
Expenses for Small and Medium Enterprise Training Coordinating Fund		(942,635)	(2,283,192)
Expenses for Recognition of Prior Learning Fund		(101,400)	(3,002,080)
Expenses for Sewin Machine Technician Fund		(162,000)	(15,000)
Expenses for National Upskilling Committee ("NUC") Fund		(365,681)	(918,260)
Expense for PSMB Development Fund		-	(2,014,000)
Expenses for World Skills Competition 2015 & 2017 Fund		(350,000)	-
		(29,925,201)	(26,835,394)
Total expenses		(78,528,092)	(66,578,313)
Surplus before taxation		2,118,782	1,466,848
Taxation	14	13,138	12,982
Net surplus for the financial year	15	2,131,920	1,479,830

The notes on pages 108 to 142 are an integral part of these financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

Statement of comprehensive income for the year ended 31 December 2015 (continued)

Other comprehensive income

Items that may be reclassified subsequently to income statement:

	NOTE	2015 RM	2014 RM
Net change in fair value of available-for-sale financial assets		(3,922,145)	(13,754,445)
Net realised gain on sale of available-for-sale financial assets		-	4,760,182
Revaluation of staff retirement benefit		(4,681,866)	-
Other comprehensive expense for the financial year		(8,604,011)	(8,994,263)
Total comprehensive expense for the financial year		(6,472,091)	(7,514,433)

Summary of statement of comprehensive income

	2015 RM	2014 RM
<u>Operating Activities</u>		
Income from operating activities	65,179,290	50,495,439
Expenses from operating activities	(48,602,891)	(39,742,919)
Surplus from operating activities	16,576,399	10,752,520
<u>Human Capital Development (HCD) Activities</u>		
Income from HCD activities	15,467,584	17,549,722
Expenses from HCD activities	(29,925,201)	(26,835,394)
Deficit from HCD activities	(14,457,617)	(9,285,672)
Surplus before taxation	2,118,782	1,466,848

The notes on pages 108 to 142 are an integral part of these financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

Statement of changes in equity for the year ended 31 December 2015

	Retained Earnings RM	Fair Value Reserve RM	Total RM
At 1 January 2014	395,924,968	(7,854,237)	388,070,731
Net change in fair value of available-for-sale financial assets	–	(8,994,263)	(8,994,263)
Net surplus for the year	1,479,830	–	1,479,830
Total comprehensive income/ (expense) for the financial year	1,479,830	(8,994,263)	(7,514,433)
At 31 December 2014/1 January 2015	397,404,798	(16,848,500)	380,556,298
Net change in fair value of available-for-sale financial assets	–	(3,922,145)	(3,922,145)
Revaluation of retirement benefits	–	(4,681,866)	(4,681,866)
Net surplus for the year	2,131,920	–	2,131,920
Total comprehensive income/ (expense) for the financial year	2,131,920	(8,604,011)	(6,472,091)
At 31 December 2015	399,536,718	(25,452,511)	374,084,207

The notes on pages 108 to 142 are an integral part of these financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

Statement of cash flows for the year ended 31 December 2015

	2015 RM	2014 RM
Cash flow from operating activities		
Cash generated from operations		
Cash received from training provider and others	15,239,952	18,163,286
Cash payment to vendors and staff	(39,890,153)	(27,160,927)
Cash flow changes from operating activities	(24,650,201)	(8,997,641)
Cash from Employers' Fund		
Payments to registered employers	(452,114,169)	(376,815,921)
Receipts from registered employers	590,320,101	520,563,533
Cash flow changes after employers' fund	113,555,731	134,749,971
Cash from Trust Funds and Government Grants		
Payment to employers	(9,798,754)	(7,776,148)
Payment to registered training providers	(72,367,131)	(25,202,879)
Payment for SME activities	(942,635)	(2,283,192)
Payment for HRD Conference	(3,272,675)	(935,503)
Payment for Apprentices Allowance	(9,335,487)	(7,751,132)
Payment for Employee Educational Sponsorship	(20,183)	(23,672)
Receipts from government allocation	147,220,000	32,850,000
Receipts from registered employers	11,809,315	13,369,967
Receipts from HRD Conference	2,234,678	941,850
Cash flow changes after Trust Funds and Government Grants	179,082,859	137,939,262
Income tax refund	44,678	-
Net cash generated from operating activities	179,127,537	137,939,262

The notes on pages 108 to 142 are an integral part of these financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

Statement of cash flows for the year ended 31 December 2015 (continued)

	2015 RM	2014 RM
Cash flow from investing activities		
Acquisition of plant and equipment	(7,232,306)	(8,976,931)
Acquisition of property	(72,301,572)	-
Acquisition of Investment	(35,000,000)	(122,539,311)
Dividend received	4,254,584	2,919,846
Loan to staffs (net)	324,604	(203,510)
Proceeds from disposal of investments	7,553,144	64,164,876
Proceeds from disposal of plant and equipment	31,202	(1,770)
Interest received	44,564,326	37,164,531
Net cash used in investing activities	(57,806,018)	(27,472,269)
Net increase in cash and cash equivalents	121,321,519	110,466,993
Cash and cash equivalents at beginning of year	1,179,620,826	1,069,153,833
Cash and cash equivalents at end of year	1,300,942,345	1,179,620,826

The notes on pages 108 to 142 are an integral part of these financial statements.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

Notes to the financial statements

Pembangunan Sumber Manusia Berhad is a company limited by guarantee, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Registered office and principal place of business

Level 7, Wisma HRDF
Jalan Beringin
Damansara Heights
50490 Kuala Lumpur

As set out in the Pembangunan Sumber Manusia Berhad Act, 2001, the main objective of the Company is the imposition and collection of human resources development levy for the purpose of promoting the training of employees, and the establishment and administration of the human resources development fund.

The functions of the Company are:

- (a) to assess and determine the types and extent of employees' training and retraining in keeping with the human resources needs of industries;
- (b) to promote and stimulate manpower training; and
- (c) to determine the terms and conditions under which any financial assistance or other benefits are to be given.

The financial statements were approved by the Board of Directors on 31st May 2016.

1. Basis of preparation of the financial statements

The financial statements of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965.

The financial statements have been prepared under the historical cost convention except as disclosed in the Note 2 Significant accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

1. Basis of preparation of the financial statements (continued)

(a) Amendments to published standards that are effective and applicable for the Company's financial year beginning on 1 January 2015

The amendments to published standards issued by Malaysian Accounting Standards Board ("MASB") that are effective and applicable for the Company's financial year beginning on 1 January 2015, are as follows:

- Amendments to MFRS 119 Defined Benefit Plans: Employee Contribution
- Amendments to MFRS 13, 116, 124 and 138 Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010 – 2012 Cycle"
- Amendments to MFRS 1, 3, 13 and 140 Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011 – 2013 Cycle"

The adoption of the above applicable amendments to published standards has not given rise to any material impact on the financial statements of the Company.

(b) Standards and amendments to published standards that are applicable to the Company but not yet effective

The new standards and amendments to published standards that are applicable to the Company, which the Company have not early adopted, are as follows:

Effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 116 and 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 5, 7 and 119 Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012 – 2014 Cycle"
- Amendments to MFRS 101 Disclosure Initiative

Effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107 Statement of Cash Flows
- Amendments to MFRS 112 Income Taxes

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 15 Revenue from Contracts with Customers

The effects of the above standards and amendments to published standards are currently being assessed by the management.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)
(INCORPORATED IN MALAYSIA)

2. Significant accounting policies

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

(a) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

(i) Cost

The cost of property, plant and equipment comprises their purchase cost and any incidental cost of acquisition. These costs include the costs of dismantling, removal and restoration, the obligation incurred as a consequence of installing the asset. Subsequent cost is included in the carrying amount of the asset or recognised as appropriate only when it is probable that the future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying value of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(ii) Depreciation

Property, plant and equipment are depreciated on straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives as summarised as follows:

	%
Building	5
Renovation	10
Motor vehicles	20
Furniture and office fittings	20
Office equipment	20
Electric and electronic equipment	20
ICT System	20

Depreciation on property, plant and equipment under construction commences when the property, plant and equipment are ready for their intended use. Depreciation on property, plant and equipment ceases at the earlier of derecognising and classification as held for sale.

The assets' residual values and useful lives are reviewed and adjusted as appropriate at end of each reporting.

(iii) Impairment

At end of each reporting period, the Company assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying value of the asset is fully recoverable. A write down is made if the carrying value exceeds the recoverable amount (see Note 2(c) on impairment of non-financial assets).

(iv) Gain or losses on disposal

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount of the related asset and are included in other operating income in the statement of comprehensive income.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]
(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(c) Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash-generating units'). The impairment loss is charged to the statement of comprehensive income.

(d) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets an initial recognition based on the nature of the asset and the purpose for which the asset was acquired.

(i) Classification

Fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the end of the reporting period.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(d) Financial assets (continued)

(i) Classification (continued)

Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management have the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sales. Held to maturity financial assets are included in non-current assets, except for those with maturities less than twelve months from the end of the reporting period, which are classified as current assets.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL.

(iii) Subsequent measurement – Gains and losses

AFS financial assets and financial assets at FVTPL are subsequently carried at fair value. Loans and receivables and HTM financial assets are subsequently carried at amortised cost using the effective interest method.

(iv) Subsequent measurement - Impairment of financial assets

The Company assesses at the end of each reporting period whether there is financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or 'events') has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(d) Financial assets (continued)

(iv) Subsequent measurement - Impairment of financial assets (continued)

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the customer or obligor; or
- a breach of contract, such as a default or delinquency in interest or principal payments; or
- it becomes probable that the customers will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) Adverse changes in the payment status of customers in the portfolio; and
 - (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

Assets carried at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(d) Financial assets (continued)

(v) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company have transferred substantially all risks and rewards of ownership to related party.

(e) Financial liabilities

Employers' Fund, General Reserve II, Government grants, other payables and accrued expenditure are classified as other financial liabilities. The accounting policies for Employers' Fund, General Reserve II and Government grants are disclosed in note 2(i), 2(j) and 2(k) respectively.

Other payables and accrued expenditures represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other payables and accrued expenditure are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less and bank overdrafts.

(h) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the financial year in which the services are rendered by employees of the Company.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(h) Employee benefits (continued)

(ii) Defined contribution plans

The Company contributions to defined contribution plans are charged to statement of comprehensive income in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(iii) Defined benefit plans

The defined benefit liability recognised in the statements of financial position is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Company determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, by discounting the estimated future cash outflows using market yields at the end of the reporting period on government bonds which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in retained earnings in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

Past service costs are recognised immediately in profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

(i) Employers' Fund

Payments of human resources development levy by employers are credited into the Employers' Fund on a cash receipt basis. This fund will be disbursed to employers and training providers for the approved training grants on claim basis.

For employers who have been deregistered due to cessation of business (relocation to other countries, insolvency, winding-up, receivership, etc.) and for employers who do not conduct training for their workers for a period of five years, the employers' levy received shall be forfeited by the Company (see Note 2(l) (iii)). The accumulated fund from forfeiture of levy may be utilised for the benefit of registered employers, as a whole, based on approval by the Board.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(j) General Reserves II

General Reserves II was established to remit the transfer of levy balances from the accounts of employers who had been deregistered under Section 16(2) Pembangunan Sumber Manusia Berhad Act, 2001. These funds will be transferred back to the Employers' Fund account if the employer is re-registered within a period of two years from the date of deregistration. The employer shall continue to be eligible to receive any financial assistance or other benefits to which the employer was entitled prior to deregistration.

(k) Government grants

Government grants received are held in trust by the Company. The Company has an obligation to distribute the government grants in accordance with the instructions of the Government. The purpose and usage of the government grants are as follows:

(i) Apprenticeship Fund

The fund is the government allocation to finance course fees charged by training providers for conducting off-the-job training for apprentices who undergo apprenticeship training.

(ii) SME Training Incentive Fund

The fund is the government allocation to finance course fees charged by training providers to conduct training programmes which will be credited to employers' levy accounts.

(iii) National Human Resource Centre ("NHRC") Development Fund

The NHRC Fund was established to strengthen strategic human resources management among SMEs. The NHRC plays the role of HR Department of SMEs by providing strategic HR support and giving advice to increase the productivity and enhance their workforce to a higher level of competency and capability.

(iv) Study on Green Technology Consultancy Fund

The Company received an allocation from government which is to conduct research and studies with collaboration of International Labour Organization on Green Technology.

(v) SRI Non-HRDF Fund

The Company received an allocation from the Government to fund capability building programmes among small medium enterprise ("SMEs") not registered with HRDF targeting the business owner and non-HR personnel under the Strategic Reform Initiatives ("SRI").

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(k) Government grants (continued)

(vi) SAY 1MALAYSIA Fund

The Company received an allocation from the Government to finance the course fees for Aircraft Maintenance Training offered to air force personnel leaving the service.

(vii) Human Resource ("HR") Certification Body Fund

The Company was allocated a budget of RM1million by the Government to initiate the Human Resource Certification programmes. Establishment of the Human Resource Certification is one of the strategic approaches identified to enhance the quality of human resource management by human resource practitioners.

(viii) Housewives Enhancement and Reactivate Talent Scheme (HEARTS FUND)

The Company received an allocation from the Government to finance the courses conducted for housewives. The objectives of HEARTS programmes are to equip housewives, who are considered as latent workforces but possess tertiary education, with training in specialized skills that would allow them to be self-employed from home.

(ix) Trade Union Training on Leadership and Raconteur ("TUTELAR") Fund

The objectives of the fund is to equip trade union leaders with leadership and communication skills to enable them to negotiate on collective agreement and trade disputes effectively within the context of industrial harmony as well as the knowledge on their rights and responsibilities under the laws of trade union and industrial relations.

(x) SME Skill Upgrading Fund

The programmes under SME Skill Upgrading Fund aim to enhance the knowledge and skills of employees of SMEs in terms of technical and management to help to improve the performance of local SMEs. Course fees will be paid out appointed training providers throughout the country to provide training to SMEs.

(xi) Minimum Wage Programme Fund

The training program under Minimum Wages Fund is a form of training grants provided to the Employers' Association and Chamber of Commerce to train workers of SME employers in the association. Through this method, the agency will identify technical courses that are critical in the development of the industry in order to increase contribution of the Gross Domestic Product ("GDP") SMEs to 41% by 2020.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(k) Government grants (continued)

(xii) Entrepreneurship Enhancement Skills Programme for Indian Community (“Emphatic”) Fund

The Entrepreneurship Enhancement Skills Programme for Indian Community Fund amounting to RM30 million was injected to PSMB in December 2015. The objective of this fund is to equip trainees with skills and knowledge to enable them to venture into businesses that may increase their income. The programmes identified under this programmes will help the Indian community to improve their socio-economic status as well as support Government’s efforts to improve human capital productivity.

(l) Income

(i) Dividend income

Dividend income is recognised in profit or loss on the date that the Company’s right to receive payment is established.

(ii) Interest income

Interest income is recognised as an accrual basis, using the effective interest method in profit or loss.

(iii) Income from fees, services, rental of exhibition booths, penalties on late payment of levy, and forfeiture of levy

Income from fees, services, rental of exhibition booths, penalties on late payment of levy, and forfeiture of levy are recognised when the right to receive payment is established.

(iv) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]
(INCORPORATED IN MALAYSIA)

2. Significant accounting policies (continued)

(m) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

3. Property, plant and equipment

Property, plant and equipment comprise of the following:

	NOTE	2015 RM	2014 RM
Cost			
Property	(a)	106,181,924	33,880,352
Plant and equipment	(b)	45,197,681	38,156,299
		151,379,605	72,036,651
Accumulated depreciation:			
Property	(a)	14,016,509	12,402,051
Plant and equipment	(b)	20,855,978	16,406,966
		34,872,487	28,809,017
Carrying amounts:			
Property	(a)	92,165,415	21,478,301
Plant and equipment	(b)	24,341,703	21,749,333
		116,507,118	43,227,634

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

3. Property, plant and equipment (continued)

(a) Property

	Freehold land RM	Building RM	Work In Progress RM	Total RM
Cost				
At 1 January 2014/31 December 2014/ 1 January 2015	1,591,200	32,289,152	-	33,880,352
Additions	-	-	72,301,572	72,301,572
As at 31 December 2015	1,591,200	32,289,152	72,301,572	106,181,924
Accumulated depreciation:				
At 1 January 2014	-	10,828,164	-	10,828,164
Charge for the year	-	1,573,887	-	1,573,887
At 31 December 2014/1 January 2015	-	12,402,051	-	12,402,051
Charge for the year	-	1,614,458	-	1,614,458
At 31 December 2015	-	14,016,509	-	14,016,509
Carrying amounts:				
At 31 December 2014	1,591,200	19,887,101	-	21,478,301
At 31 December 2015	1,591,200	18,272,643	72,301,572	92,165,415

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

3. Property, plant and equipment (continued)

(b) Plant and equipment

	Motor vehicles RM	Renovation RM	Furniture and office fittings RM	Office equipment RM	Electric and electronic equipment RM	ICT System RM	Total RM
Cost:							
At 1 January 2014	633,344	2,253,727	1,563,923	887,814	13,930,386	9,910,174	29,179,368
Additions	1,041,802	1,715,000	185,351	79,288	694,917	5,260,573	8,976,931
At 31 December 2014/1 January 2015	1,675,146	3,968,727	1,749,274	967,102	14,625,303	15,170,747	38,156,299
Additions	405,669	344,410	28,100	12,941	133,963	6,307,223	7,232,306
Disposal/Write off	(190,924)	-	-	-	-	-	(190,924)
At 31 December 2015	1,889,891	4,313,137	1,777,374	980,043	14,759,266	21,477,970	45,197,681
Accumulated depreciation:							
At 1 January 2014	388,008	676,681	1,280,372	676,563	12,492,516	-	15,514,140
Charge for the year	82,414	313,887	66,904	61,519	368,102	-	892,826
At 31 December 2014/1 January 2015	470,422	990,568	1,347,276	738,082	12,860,618	-	16,406,966
Charge for the year	288,122	339,082	91,692	58,757	483,757	3,347,324	4,608,734
Disposal/Write off	(159,722)	-	-	-	-	-	(159,722)
At 31 December 2015	598,822	1,329,650	1,438,968	796,839	13,344,375	3,347,324	20,855,978
Carrying amounts:							
At 31 December 2014	1,204,724	2,978,159	401,998	229,020	1,764,685	15,170,747	21,749,333
At 31 December 2015	1,291,069	2,983,487	338,406	183,204	1,414,891	18,130,646	24,341,703

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

4. Investments

	2015 RM	2014 RM
Current		
Available-for-sale financial assets	167,301,197	148,670,198
Available-for-sale financial assets include the following:		
Quoted unit trust in Malaysia	54,472,355	62,526,408
Quoted securities in Malaysia	112,828,842	86,143,790
	167,301,197	148,670,198

Available-for-sale financial assets are denominated in Ringgit Malaysia.

5. Accrued interest receivables, deposits, prepayments and other receivables

	2015 RM	2014 RM
Accrued interest receivables	13,852,700	12,212,393
Deposits	202,320	259,326
Prepayments	30,481	11,927
Other receivables	1,848,964	59,760
	15,934,465	12,543,406

Accrued interest receivables, deposits, prepayments and other receivables are denominated in Ringgit Malaysia and do not contain impaired assets.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

6. Staff loans

	2015 RM	2014 RM
Motor vehicle loans	386,361	349,401
Computer loans	111,696	92,159
Housing loans	4,629,342	5,010,443
	5,127,399	5,452,003

Staff loans are granted to eligible employees of the Company, bears interest of 4% per annum (2014: 4% per annum), and are repayable over the term stipulated in the individual agreements with the eligible employees up to a maximum of 5 years, 8 years and 25 years for computer loans, motor vehicle loans and housing loans, respectively.

7. Cash and cash equivalents

	2015 RM	2014 RM
Fixed deposits are placed with:		
Licensed banks	635,185,995	613,929,702
Other financial institutions	654,543,306	532,273,451
	1,289,729,301	1,146,203,153
Cash and bank balances	11,213,044	33,417,673
	1,300,942,345	1,179,620,826

Included in cash and cash equivalents are balances amounting RM1,071,893,590 (2014: RM934,994,073) and RM124,077,667 (2014: RM42,664,710) which are to be used for the activities relating to Employers' Fund and Government Grants as disclosed in Note 9 and Note 11, respectively.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

8. Retirement benefits

	2015 RM	2014 RM
Present value of unfunded obligations	17,909,417	11,505,773
Recognised liability for defined benefit obligations	17,909,417	11,505,773
Analysed as:		
Non-current portion	17,909,417	11,505,773
	17,909,417	11,505,773

Liability for defined benefit obligations

The Company recognised liability for defined benefit obligations based on the actuarial valuation report dated 16 November 2015. The Company operates a defined benefit scheme that provides pension benefits for employees upon retirement. Under the scheme, eligible employees are entitled to retirement benefits of 1.5 months of the last drawn salary for each completed year of service upon the retirement age of 60 if the number of years of service is less than 10 years and 2.0 months if the number of years of service is more than 10 years. For employees who are appointed after 1 April 2008, they are entitled to retirement benefits of 0.75 month of the last drawn salary for each completed year of service upon the retirement age of 60 if the number of years of service is less than 10 years and 1.0 month if the number of service is more than 10 years. Employees are also given the option to retire at the age of 50 and 45 for males and females respectively.

Movements in the present value of defined benefit obligations

	2015 RM	2014 RM
Defined benefit obligations at 1 January	11,505,773	9,848,268
Service costs (Current and Past) and interest	1,971,275	1,657,505
Re-measurements	4,681,866	–
Benefits paid by the plan	(249,497)	–
Defined benefit obligations at 31 December	17,909,417	11,505,773

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

8. Retirement benefits (continued)

Expenses recognised in profit or loss

	2015 RM	2014 RM
Current service cost	1,061,753	1,056,866
Past service cost	242,178	-
Interest on obligation	667,344	600,639
Net benefit expenses	1,971,275	1,657,505

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	2015 RM	2014 RM
Discount rate	5.75%	5.75%
Average salary increase	6.0%	6.0%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Defined benefit obligation	2015		2014	
	Increase RM	Decrease RM	Increase RM	Decrease RM
Discount rate (1% movement)	2,582,346	(3,120,518)	1,491,409	(1,491,409)
Average salary increase (1% movement)	3,278,318	(2,743,361)	1,858,906	(1,858,906)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

9. Employers' Fund

	2015 RM	2014 RM
Balance as at 1 January	934,994,073	794,600,678
Add: Levy collected	504,798,187	520,563,533
Allocation for 1M GRIP Fund	85,521,914	-
SME Training Incentive Grant	7,007,871	7,380,950
Credited Back From General Reserves – re-registration	7,067	13,243
	1,532,329,112	1,322,558,404
Less : Training grant disbursed	(441,950,698)	(383,305,837)
Disbursement from 1MGRIP Fund	(6,442,562)	-
Transferred to General Reserves II – deregistration (Note 10)	(629,123)	(649,788)
Forfeiture of levy	(677,292)	(2,704,429)
Overpayment of levy refunded	(10,735,847)	(904,277)
Balance as at 31 December	1,071,893,590	934,994,073

10. General Reserves II

	2015 RM	2014 RM
Balance as at 1 January	1,525,053	912,629
Add: Transfer from Employers' Fund (Note 9)	629,123	649,788
	2,154,176	1,562,417
Less: Transferred to Employers' Fund due to re- registration	(7,067)	-
Transferred to General Reserves I – forfeiture due to failure to re-register within two years	-	(37,364)
Balance as at 31 December	2,147,109	1,525,053

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

11. Government grants

	Note	2015 RM	2014 RM
Apprenticeship Fund	(a)	21,591,222	18,171,784
SME Training Incentive Fund	(b)	5,044,536	6,843,290
Study on Green Technology Consultancy Fund	(c)	62,170	617,730
NHRC Development Fund	(d)	-	359
SRI Non-HRDF Fund	(e)	-	100,778
SAY 1Malaysia Fund	(f)	54,948	339,408
HR Certification Body Fund	(g)	518,084	573,939
HEARTS Fund	(h)	1,126,130	1,052,770
TUTELAR Fund	(i)	11,756	314,652
SME Skill Upgrading Fund	(j)	3,920,207	4,650,000
Minimum Wage Programme Fund	(k)	8,388,106	10,000,000
1MalaysiaGRIP Fund	(l)	53,360,508	-
Emphatic Fund	(m)	30,000,000	-
		124,077,667	42,664,710

(a) Apprenticeship Fund

	2015 RM	2014 RM
Balance as at 1 January	18,171,784	15,879,738
Add: Government allocation	8,000,000	8,000,000
	26,171,784	23,879,738
Less: Payment for apprentices' course fees	(4,580,562)	(5,707,954)
Balance as at 31 December	21,591,222	18,171,784

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

11. Government grants (continued)

(b) SME Training Incentive Fund

	2015 RM	2014 RM
Balance as at 1 January	6,843,290	5,119,438
Add: Government allocation	8,000,000	9,500,000
	14,843,290	14,619,438
Less: Expenses	(9,798,754)	(7,776,148)
Balance as at 31 December	5,044,536	6,843,290

(c) Study on Green Technology Consultancy Fund

	2015 RM	2014 RM
Balance as at 1 January	617,730	617,730
Less: Expenses	(555,560)	-
Balance as at 31 December	62,170	617,730

(d) National Human Resource Centre (NHRC) Development Fund

	2015 RM	2014 RM
Balance as at 1 January	359	386,090
Add: Government allocation	-	700,000
	359	1,086,090
Less: Expenses	(359)	(1,085,731)
Balance as at 31 December	-	359

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

11. Government grants (continued)

(e) SRI Non-HRDF Fund

	2015 RM	2014 RM
Balance as at 1 January	100,778	225,589
Less: Expenses	(100,778)	(124,811)
Balance as at 31 December	-	100,778

(f) SAY 1Malaysia Fund

	2015 RM	2014 RM
Balance as at 1 January	339,408	684,808
Expenses	(284,460)	(345,400)
Balance as at 31 December	54,948	339,408

(g) HR Certification Body Fund

	2015 RM	2014 RM
Balance as at 1 January	573,939	1,000,000
Less: Expenses	(55,855)	(426,061)
Balance as at 31 December	518,084	573,939

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

11. Government grants (continued)

(h) HEARTS Fund

	2015 RM	2014 RM
Balance as at 1 January	1,052,770	1,643,500
Add: Government allocation	800,000	–
	1,852,770	1,643,500
Less: Expenses	(726,640)	(590,730)
Balance as at 31 December	1,126,130	1,052,770

(i) Tutelar Fund

	2015 RM	2014 RM
Balance as at 1 January	314,652	1,408,192
Less: Expenses	(302,896)	(1,093,540)
Balance as at 31 December	11,756	314,652

(j) SME Skill Upgrading Fund

	2015 RM	2014 RM
Balance as at 1 January	4,650,000	–
Add: Government allocation	420,000	4,650,000
	5,070,000	4,650,000
Less: Expenses	(1,149,793)	–
Balance as at 31 December	3,920,207	4,650,000

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

11. Government grants (continued)

(k) Minimum Wage Program Fund

	2015 RM	2014 RM
Balance as at 1 January	10,000,000	-
Add: Government allocation	-	10,000,000
	10,000,000	10,000,000
Less: Expenses	(1,611,894)	-
Balance as at 31 December	8,388,106	10,000,000

(l) 1MalaysiaGRIP Fund

	2015 RM	2014 RM
Balance as at 1 January	-	-
Add: Government allocation	100,000,000	-
	100,000,000	-
Less: Expenses	(46,639,492)	-
Balance as at 31 December	53,360,508	-

(m) Empathic Fund

	2015 RM	2014 RM
Balance as at 1 January	-	-
Add: Government allocation	30,000,000	-
Balance as at 31 December	30,000,000	-

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

12. Other payables

Credit terms of trade and other payables are 30 to 45 days (2014: 30 to 45 days). All payables are denominated in Ringgit Malaysia.

13. Key management personnel compensation

The key management personnel compensations are as follows:

	2015 RM	2014 RM
Directors:		
Fees	744,000	315,500
Salaries, allowances and bonus	494,680	243,599
Defined contribution plan	84,037	29,119
	1,322,717	588,218

14. Income tax benefit

	2015 RM	2014 RM
Current year	13,138	12,982

The Company is exempted from the payment of income tax in respect of statutory income in relation to all of its sources of income except dividend income for 10 years from the year of assessment 2009 until the year of assessment 2017. The exemption was made via the Ministry of Finance letter ref. (8.09)248/40/7-1458(7) dated 14 April 2008. Tax recoverable is subject to approval by the Inland Revenue Board. The Company is confident that the tax exemption will be extended beyond the year of assessment 2017.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

15. Net surplus for the year

	2015 RM	2014 RM
Net surplus for the year is arrived at after crediting:		
Dividend and other investment income	4,254,584	6,294,281
Fee income from training providers	4,404,524	2,131,584
and after charging:		
Auditors' remuneration		
- Statutory audit	107,500	100,000
- Other services	-	187,500
Depreciation	6,223,192	2,466,713
Personnel expenses:		
- Expenses related to defined benefit plans	1,971,275	1,657,505
- Staff costs	22,543,432	16,649,721
Rental	628,431	300,054

The number of employees of the Company (including Directors) at the end of the year was 257 (2014: 249 employees).

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

16. Financial instruments

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Other liabilities ("OL"); and
- (c) Available-for-sale financial assets ("AFS")

	Carrying amount RM	L & R RM	AFS RM
2015			
Financial assets			
Accrued interest receivables	15,604,399	15,604,399	-
Deposits	299,585	299,585	-
Staff loans	5,127,399	5,127,399	-
Investment	167,301,197	-	167,301,197
Fixed deposits	1,289,729,301	1,289,729,301	-
Cash and bank balances	11,213,044	11,213,044	-
	1,489,274,925	1,321,973,728	167,301,197
2014			
Financial assets			
Accrued interest receivables	12,212,393	12,212,393	-
Deposits	319,086	319,086	-
Staff loans	5,452,003	5,452,003	-
Investment	148,670,198	-	148,670,198
Fixed deposits	1,146,203,153	1,146,203,153	-
Cash and bank balances	33,417,673	33,417,673	-
	1,346,274,506	1,197,604,308	148,670,198

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

16. Financial instruments (continued)

16.1 Categories of financial instruments (continued)

	Carrying amount RM	OL RM
2015		
Financial liabilities		
Employers' Fund	1,071,893,590	1,071,893,590
General Reserve II	2,147,109	2,147,109
Government grants	124,077,667	124,077,667
Other payables	8,734,039	8,734,039
Accrued expenditure	6,197,590	6,197,590
	1,213,049,995	1,213,049,995
2014		
Financial liabilities		
Employers' Fund	934,994,073	934,994,073
General Reserve II	1,525,053	1,525,053
Government grants	42,664,710	42,664,710
Other payables	7,942,217	7,942,217
Accrued expenditure	10,383,759	10,383,759
	997,509,812	997,509,812

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]

(INCORPORATED IN MALAYSIA)

16. Financial instruments (continued)

16.2 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

Risk management objectives, policies and processes for managing the risk

The Company's exposure to credit risk is minimal. Credit risk mainly arises from the Company's fixed deposits placed with licensed banks and other financial institutions, and the interest receivable from those placements. The exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from cash and bank balances, fixed deposits, investments, other receivables and deposits are represented by the carrying amount in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its obligation to disburse various training grants.

The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The Company's financial liabilities at 31 December 2015 have contractual maturity of less than 1 year.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

16. Financial instruments (continued)

16.2 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and price risk that can affect the Company's financial position or cash flows.

- **Foreign exchange rate risk**

The Company has minimal exposure to foreign currency exchange risks as transactions and balances are predominantly in Ringgit Malaysia.

- **Interest rate risk**

The Company is not significantly exposed to the risk of changes in interest rates as it does not have any significant floating rate financial instruments.

- **Price risk**

Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the statement of financial position as available-for-sale.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Management of the Company monitors the investments on an individual basis. All buy and sell decisions are approved by the Investment Committee of the Company.

The majority of the Company's equity investments are traded.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]
(INCORPORATED IN MALAYSIA)

16. Financial instruments (continued)

16.2 Financial risk management (continued)

(c) Market risk (continued)

- Price risk (continued)

Sensitivity

A change of 1% of the price of the investments at the end of the reporting period would have increased/ (decreased) equity and post-tax surplus by the amounts shown below:

	Equity	
	1% Increase RM	1% Decrease RM
2015	1,673,012	(1,673,012)
2014	1,486,702	(1,486,702)

(d) Capital management

The Company's objective when managing capital is to maintain a strong capital base, so as to sustain its human resources development activities. There were no changes in the Company's approach to capital management during the financial year.

PEMBANGUNAN SUMBER MANUSIA BERHAD

(A COMPANY LIMITED BY GUARANTEE)

(INCORPORATED IN MALAYSIA)

16. Financial instruments (continued)

16.2 Financial risk management (continued)

(e) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, other payables and accrual, approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value:

	Fair value of financial instruments carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	fair value	amount
	RM	RM	RM	RM	RM	RM
2015						
Financial assets						
Investments	167,301,197	-	-	167,301,197	167,301,197	167,301,197
2014						
Financial assets						
Investments	148,670,198	-	-	148,670,198	148,670,198	148,670,198

Level 1

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets that the entity can access at the measurement date.

PEMBANGUNAN SUMBER MANUSIA BERHAD

[A COMPANY LIMITED BY GUARANTEE]
(INCORPORATED IN MALAYSIA)

17. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company.

During the year, there are no transactions with key management personnel, as defined above, other than as disclosed in Note 13.



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**PEMBANGUNAN SUMBER MANUSIA BERHAD
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