HRDF

Unity

Annual Report 2019

About This Report

Unity and Resilience

This year has been a particularly challenging year for the Human Resources Development Fund (HRDF). The COVID-19 pandemic has had far-reaching consequences beyond the spread of the disease itself.

Standing in unity, not only as an organisation that serves the people, but dedicated individuals to produce the world-class talent base that Malaysia needs in the next leg of its journey to move towards an advanced nation.

The cover illustrates HRDF's efforts to foster unity through the characterisation of geometric shapes which are dedicated to improving lives, providing support and remaining resilient regardless of a global pandemic.

We shall continue to keep pushing the boundaries, championing progress to define our roles in revitalising the nation's economy.

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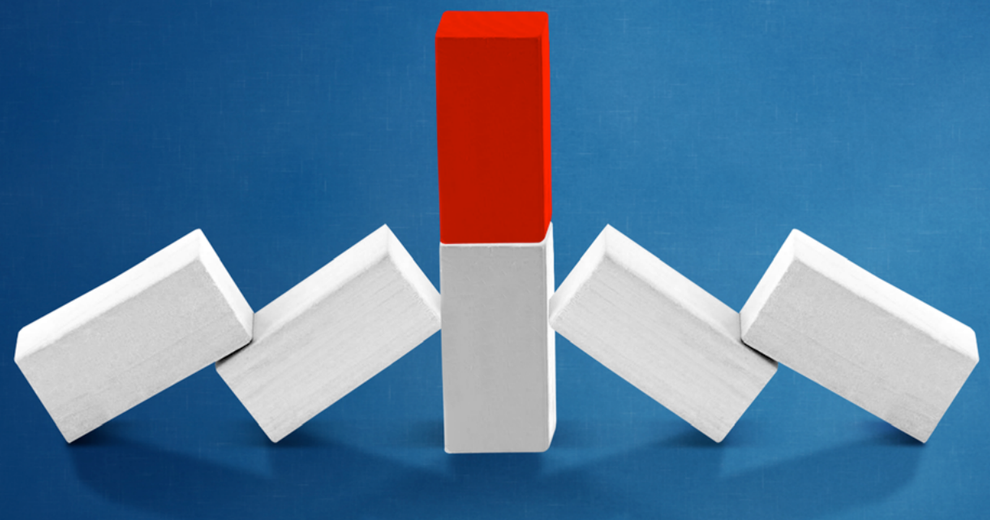
HRDF in Essence



Integrity

Our commitment to maintaining integrity remains steadfast through this challenging time for the betterment of the nation.

HRDF in Essence

The Human Resources Development Fund (HRDF) has come a long way since it was first set up as Majlis Pembangunan Sumber Malaysia (MPSM) back in 1993 and subsequently incorporated as Pembangunan Sumber Manusia Berhad in 2001.

As an agency under Ministry of Human Resources (MOHR), HRDF plays a pivotal role in nurturing Malaysian talent through skills development and capacity building programmes that aim to drive the continuous learning and development of the Malaysian workforce.

Holding true to its mandate as the custodian and an authoritative institution to catalyse the development of a competent workforce, HRDF has been introducing vigorous initiatives and robust programmes in addition to overseeing the creation and growth of quality local human capital.

Governed by the Pembangunan Sumber Manusia Berhad Act, 2001, HRDF strives for constant partnership with its registered employers, training providers and the critical mass of the country's Small and Medium Enterprises (SMEs) towards increasing the skills of the nation's local workforce to meet the demands of a digitalised global economy.

Through our journey of empowering key industries in Malaysia, we saw a turning point in the country's history, and in turn, the transformation of the organisation.

More certification programmes were approved as the expansion of sub-sectors grew. New initiatives have been meticulously constructed to meet the growing demands of the workforce, especially following the impact of the COVID-19 pandemic that has severely affected the global economic structure.

History teaches us that unity lies at the core of strength. In line with the 11th Malaysia Plan (11MP), we continue to take effective measures to increase the percentage of the skilled local workforce. Efforts towards this will require the cooperation and partnership of industries together with the private and public sectors.

The achievement of HRDF is a celebration of combined efforts as we continue to encourage employers to retrain and upgrade the knowledge and skills of their local employees, apprentices, and trainees to drive their respective organisational productivity and growth.

Concerted efforts are being made to intensify its enforcement which will help ensure training programmes conducted by training providers are effective through efficient high-skilled training certification programmes, addressing the initiative to strengthen lifelong learning for skills enhancement.

It is our local talent who will provide us with a strong platform to sustain the rapid growth of the economy and enhance our global competitiveness.

HRDF's vision continues to drive the economic transformation of Malaysia through the country's most valuable asset - its people.

The achievement of HRDF is a celebration of combined efforts as we continue to encourage employers to retrain and upgrade the knowledge and skills of their local employees, apprentices, and trainees to drive their respective organisational productivity and growth.

Vision

Every Malaysian Employee Trained.

Mission

Spearhead the Learning and Development of the Malaysian Workforce.

Objective

To encourage employers covered under the Pembangunan Sumber Manusia Berhad Act, 2001 to retrain and upgrade the skills of their local employees, apprentices, and trainees in line with their business needs and the development strategy of the country.

Core Values

Integrity

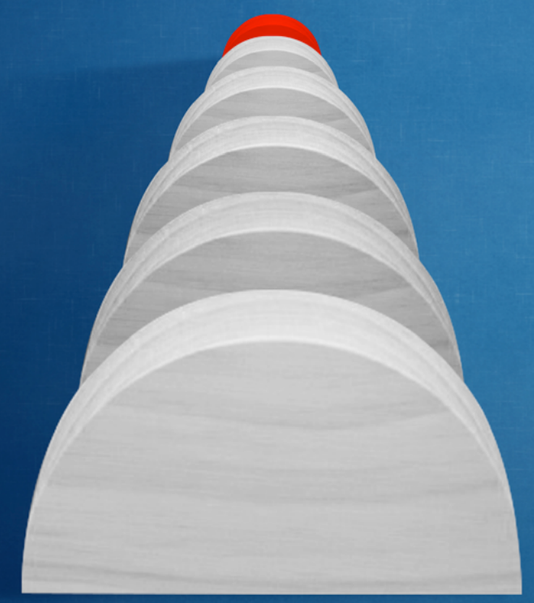
Customer Focus

Continuous Improvement

Accountability

Leadership

Customer Focus



A strong dedication and a laser focus on customers will enable businesses to deliver maximum value, encouraging sustainable growth across industries.

Minister's Message

Human capital development is the catalyst in the growth of a nation.

The backbone of any country is its workforce. It is the driving force of an economy and a country towards a high-income developed nation.

In line with the Government national agenda, the Ministry of Human Resources is determined to develop a competent workforce equipped with the right knowledge, skills and marketability in the job market, to thrive in a globalised economy today.

We find ourselves entering an era faced with several challenges, amongst which is the growing prominence of the digital economy and looming effects of the COVID-19 pandemic. Our objective now is to establish an efficient and inclusive labour market, in line with the Eleventh Malaysia Plan (11MP).

The 11MP focuses on improving the efficiency of the labour market, transforming Technical and Vocational Education and Training (TVET) to meet industry demand, and improving the quality of the education system for better student outcomes and institutional excellence.

The impact of the pandemic is undeniably one of the largest global challenges of this era. As the unemployment rate across the globe rises greater than those in the previous years, the availability of a skilled workforce is necessary to make all industries competitive while simultaneously promoting *rakyat*-centric growth.

The Ministry welcomed the announcement of the National Economic Recovery Plan (PENJANA) by the Honourable Prime Minister, Tan Sri Muhyiddin Yassin, and is committed to implementing and ensuring the success of all initiatives related to the Ministry in strengthening the labour market alongside HRDF for Malaysians to find employment whilst improving skill sets.

The PENJANA HRDF Initiative has successfully formed a collaboration with numerous Ministries, agencies, organisations, associations and training providers to provide job placements together with training through five (5) schemes under the initiative; Place and Train, B40 Development, Up-skilling and Re-skilling, SME Development and Gerak Insan Gemilang (GIG). This effort is targeted to benefit people from all walks of life ranging from school leavers, unemployed graduates, housewives, retirees and retrenched workers especially those affected by the pandemic.

By offering these initiatives, the Ministry plays a significant role in developing a highly competent and resilient Malaysian workforce in the phase of a new normal.

We aspire to ensure that a comprehensive, dynamic and progressive safety net is built through increasing the employability and employment rate of the local workforce.

Through our continuous and concentrated efforts to prepare our local workforce for change, we will produce the world-class talent base that Malaysia needs in the next leg of its journey towards becoming an advanced nation.

"As the unemployment rate across the globe rises greater than those in the previous years, the availability of a skilled workforce is necessary to make all industries competitive while simultaneously promoting *rakyat*-centric growth."

Yang Berhormat Datuk Seri M. Saravanan
Minister of Human Resources

"Through our continuous and concentrated efforts to prepare our local workforce for change, we will produce the world-class talent base that Malaysia needs in the next leg of its journey towards becoming an advanced nation."

Chairman's Message

Our situation continues to evolve as we work towards overcoming the impact of the COVID-19 pandemic on our nation as well as dealing with the wider challenges it has brought to our own lives. It has deepened our sense of unease and heightened the reality that the environment we find ourselves in is characterised by Volatility, Uncertainty, Complexity, and Ambiguity (VUCA). At Human Resources Development Fund (HRDF), the challenges posed by the VUCA era only serve to reinforce our resolve to remain committed to our purpose and mission of spearheading the development of our human capital and increase the pool of world-class talents within our industries.

We are confident that we shall weather this storm like others in the past. Under the astute and prudent guidance of YB Datuk Seri M. Saravanan, the Minister of Human Resources and the custodian of HRDF, our business community and the Malaysian human capital will continue to find in us a strong partner to rely on.

Since assuming leadership at HRDF, I have witnessed time and again remarkable examples of selflessness and dedication from our leadership teams, headed by Mr Shahul Hameed Dawood to all our staff. This is precisely the moment, when the communities and people we serve are expecting more from us than ever before, that we are asked to walk the extra mile, and then some more. It requires us to *RISE* above our usual ways of doing things so that we can produce a new generation of highly skilled workforce – *RESILIENT* in the face of volatility, *INDUSTRIOUS* when confronted by uncertainty, consistently providing quality *SERVICE* amidst complexities, and focused producing *EXCELLENT* work despite the many ambiguities in the marketplace.

"It requires us to *RISE* above our usual ways of doing things so that we can produce a new generation of highly skilled workforce – *RESILIENT* in the face of volatility, *INDUSTRIOUS* when confronted by uncertainty, consistently providing quality *SERVICE* amidst complexities, and focused on producing *EXCELLENT* work despite the many ambiguities in the marketplace."

However, for HRDF to deliver consistently meaningful and impactful services to our people, we need to be a more robust and agile organisation. Our transformational development is focused on extensive review of our programmes, systems, and processes to meet the demands of our human capital to be productive and competitive in the VUCA era, enhancing our strategies to stimulate employment through re-skilling and up-skilling programmes based on emerging technologies and needs of our business community, and ensuring that the programmes offered by HRDF are certified and accredited so that the skills and qualifications acquired by our labour pool would receive professional as well as academic recognitions from institutions of higher learning for continuous education.

This bold and large scale undertaking, especially during this challenging time, requires the cooperation of all HRDF stakeholders. We ask our contributing employers to remain confident in our ability to fulfil your needs and expectations. Our training providers must continue to develop programmes aimed at imparting adaptive, critical thinking, innovative and creative skills to our workforce. We encourage the recipients of our training to maximise the benefits they could obtain from the HRDF programmes. Last, but not least, to the HRDF Team, we must be attentive and readily respond to the needs of our stakeholders with steadfast integrity and genuine service.

The Prime Minister, YAB Tan Sri Muhyiddin Yassin and the government have placed immense trust in HRDF as one of the agencies to spearhead the human capital development of the nation. In this regard, we are called to serve with integrity by remaining resilient and industrious to provide great service that is nothing short of excellent in line with the founding mission of HRDF.

Dato' Nelson Renganathan
Chairman

"For HRDF to deliver consistently meaningful and impactful services to our people, we need to be a more robust and agile organisation."

Chief Executive's Review

"Through the PENJANA HRDF Initiative, various schemes have been formulated and implemented to address issues related to unemployment, job placement and training."

The Human Resources Development Fund (HRDF) has played a vital role in sustaining a vibrant and equitable economy in Malaysia by working with thousands of our registered employers and ensuring millions of Malaysians are employed with the necessary skills to help address the needs of employers and at the same time, fulfill the potential of our local workforce.

In any organisation, human capital development is crucial. As an organisation that serves the people, improving the skill set and competency are key factors in realising a world-class workforce for the nation. During these uncertain times, up-skilling and re-skilling initiatives should continue to be a priority of employers.

This past year has been a particularly challenging year for the country. The impact of the COVID-19 pandemic is one of the most critical challenges of this generation. According to the Department of Statistics Malaysia, as of June 2020, the unemployment rate was at 4.9 per cent with 773,200 individuals left unemployed.

Through the PENJANA HRDF Initiative, various schemes have been formulated and implemented to address issues related to unemployment, job placement and training.

A provision of RM250 million by way of a matching grant by the Government to be matched by HRDF bringing to a total of RM500 million will spur the economy and benefit Malaysians who have lost their jobs or who are still unemployed. The aim is to provide them with the opportunity to improve their skills and accord them with jobs so that they will remain relevant in the job market.

We at HRDF endeavour to work towards continuous improvement so that all Malaysians can benefit through active employment and help build the economy together.

We look forward to working closely with all of our stakeholders to ensure efficiency and improve in delivering human resource solutions that will meet the needs of the industry, our registered employers, and individual Malaysian employees.

We are confident and eager to keep doing our utmost in fulfilling our mandate to develop a competent workforce in line with Malaysia's aspirations of becoming a high-income nation.

Shahul Hameed Dawood
Chief Executive

"We are confident and eager to keep doing our utmost in fulfilling our mandate to develop a competent workforce in line with Malaysia's aspirations of becoming a high-income nation."

Board of Directors

Board Composition

Age Diversity

35 years old — 63 years old

Length of Tenure

0 - 1 year 82.36%

1 - 2 year 17.64%

Gender

Male 10

Female 7

Nationality

17 Malaysians

Dato' Nelson Renganathan

Appointed on 1 April 2020

Chairman
Employer Representative

Dato' Nelson Renganathan brings a wealth of experience from his almost three decades of work as a multi-faceted leader and innovator in the Education and Training Services industry.

His commitment to making world-class education available to ordinary Malaysian families spurred him to found Regent International Schools, a pioneer in affordable and quality international education in the country.

Dato' Nelson's innovative and ground-breaking leadership in the fields of education and business garnered him numerous local and international recognitions, most recently as one of 'The 10 Most Admirable Educational Leaders in Malaysia' by Knowledge Review (2019). In 2016, Regent Education Group was awarded the 'Most Recognised Brand in Innovative in Private Education Excellence' at the ASEAN Outstanding Business Awards, a highly coveted prize awarded by the ASEAN Retail-Chains and Franchise Federation.

His educational background in Applied Social Sciences, Business Administration, and Human Resources Management, his extensive experience as founder and Executive Chairman of Regent International Schools combined with his directorship of Regent Education Group (RISE Education and RIS Learning), Sacred Heart Healthcare, and various social enterprises prepared him to manage an effective board.

The appointment of Dato' Nelson Renganathan as Chairman of the Board of Directors of the Human Resources Development Fund (HRDF) will see innovation and entrepreneurship in spearheading the human capital development of the nation.

Shahul Hameed Dawood

Appointed on 15 April 2020

Chief Executive
Human Resources Development Fund

Shahul Hameed Dawood is a connoisseur of sorts.

Only in his mid-forties, he has surpassed his peers with an entrepreneurial acumen that spans over 25 years.

A graduate of one of South India's premier universities, he quickly landed a position as a Lecturer at Informatics College in 1996 before soon rising the corporate ladder to become the Assistant Director of Informatics Corporate Training Malaysia. In his capacity, he transformed the organisation from a virtual unknown into a leader in IT Training and Education.

He later served as the General Manager for Jobs DB Malaysia and soon after pushed it to greater heights and success.

Since then, he has diversified his business into various industries from tours and travels, recruitment, publications and IT solutions, on top of his involvement in training and education and events management.

At a point in time, he was leading a team of over 120 employees nationwide and activated many new training programmes and certification.

Now at the very top of his position as Chief Executive, he is the President and Founder of an established event management company, My Events International, that has a presence in more than 8 countries globally. He is also well known for his involvement in NGOs as well as youth development and training activities.

Dato' Ruhaidini Abd Kadir

Appointed on 15 May 2020

Deputy Chairman
Employer Representative

Dato' Ruhaidini Abd Kadir has over 21 years of experience in journalism and media, spending most of her journalism career in Kumpulan Utusan Melayu (M) Berhad and Kumpulan Karangkraf Sdn Bhd.

Starting as a junior journalist in 1987, she has over the years climbed the ranks and at the height of her journalism career in 2008, she was the Senior Editor and Features Editor at Utusan Malaysia and Mingguan Malaysia.

She subsequently left the field of journalism to take up the role of Press Secretary to the Minister of Youth and Sports in 2008. This marked the beginning of her 13 years in the Malaysian Government Service, serving the offices of the Minister of Domestic Trade and Consumer Affairs, Minister of Agriculture and Agro-Based Industry and, Minister of Rural and Regional Development as Press Secretary. Her most recent stint is the Press Secretary to the Senior Minister of Defence.

Amidst the global COVID-19 pandemic, she played a pivotal role in the national COVID-19 Task Force, providing assistance and support to the COVID-19 Command Centre under the Prime Minister's Office of Malaysia.

Dato' Ruhaidini holds an Executive Masters of Business Administration in Operation Management from Asia E University and has an advanced level qualification (Chinese Language) from Beijing Language and Culture University, China. She is currently pursuing her Postgraduate studies at the Swiss School of Management, Italy and Warsaw Management University, Poland.

Datuk Muhd Khair Razman Mohamed Annuar

Appointed on 26 July 2019

Ministry of Human Resources
Representative

Datuk Muhd Khair Razman Mohamed Annuar has dedicated his career to public service.

A returning law graduate from the United Kingdom, he soon rose to the ranks as a notable figure in the Ministry of Human Resources. With experience in labour market migration and a position on the council of anti-trafficking, he is vocal on the issues of exploitation of persons and migrants and is a member of the Asia Dialogue on Forced Migration.

He is currently campaigning to promote the Skills and Vocational Trainings (TVET) programme through his position as the Deputy Secretary General in the Ministry.

Dr. Zainah Shariff

Appointed on 8 May 2020

Ministry of Youth and
Sports Representative

Dr. Zainah Shariff is not unfamiliar with the human resources fraternity.

Focusing her higher education entirely to human resources development, she holds a PhD in Human Resources Development from Victoria University, Melbourne and a Master in Human Resources Development from one of Malaysia's leading research universities.

Her vast education has greatly developed her sense of responsibility to which she employs over her current capacity as the Deputy General for the Youth Development Division under the Ministry of Youth and Sports.

Board of Directors

Dr. Kang Tong Hum

Appointed on 12 June 2020

Ministry of Finance Representative

Dr. Kang Tong Hum's extensive career in public service began in 1992 as an Administrative and Diplomatic Officer.

He holds an expansive education background, receiving his PhD in Management from University Putra Malaysia following a Master of Science in International Resource Planning and Management from Naval Postgraduate School in the United States of America, Diploma in Public Management from the National Institute of Public Administration and a Bachelor of Social Science from the University of Science Malaysia.

He quickly advanced in his career and is currently serving as the Deputy Secretary of the Corporate Strategy and Communication Division within the Ministry of Finance.

He previously held several dignified positions, including the Assistant Secretary at the Ministry of Defence and Deputy Director of the Economic Planning Unit within the Prime Minister's Department under the Ministry of Finance.

Dato' Mohd Jeffery Joakim

Appointed on 1 December 2019

Department of Labour of Peninsular Malaysia Representative

Dato' Mohd Jeffery Joakim received his Diploma in Laws and Administration from the University of Technology MARA (UiTM) when it was still formerly known as MARA Institute of Technology.

He began his career as a public officer in 1982, working towards the hierarchy and gradually gathering a dignified list of positions within the Government.

In his capacity as a premier officer in the Ministry, he has represented the nation on multiple occasions in international conferences from Geneva, Japan, Korea, Thailand, and several other countries. He is also one of the Malaysian representatives of the Malaysia-United States Free Trade Agreement.

His strong leadership and intelligence cultivated from extensive experience throughout his 38 years in public service have led to his pivotal role in the Department of Labour Peninsular Malaysia where he currently serves as Director General.

Gan Boon Khim

Appointed on 21 August 2019

Employer Representative

Gan Boon Khim is an active member of the Associated Chinese Chamber of Commerce and Industry Malaysia with distinguished roles as a National Council Member and Chairman of the Human Resources Committee.

His position as Secretary General of Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry Malaysia elevates his other capacities.

He received his Bachelor's Degree in Engineering with honours from the University of Malaya and is currently the Managing Director of Unique Diamond Sdn Bhd.

Datuk Haji Abdul Kadir M. E. Sikkandar

Appointed on 4 July 2019

Employer Representative

Datuk Haji Abdul Kadir M. E. Sikkandar has had his fair share in the corporate world.

Since his professional certification in Commerce from the Kota Kinabalu Commercial College, he has held various positions including an advisory role to higher education institutes.

His highly diversified profile comprises of his current position as the Chief Executive Officer of Kumpulan BTC Berhad as well as his role as the Deputy Treasurer to the Sabah Council of Datuks.

Dato' Palaniappan Joseph

Appointed on 16 May 2019

Employer Representative

As Chairman of the ASEAN Future Workforce Council, Dato' Palaniappan Joseph is a champion for Technical and Vocational Education and Training (TVET) empowerment.

His educational background in Economics, Jurisprudence, and Mathematical Sciences granted him merit to befit the Honorary Treasurer of the Malaysian Employers Federation.

In addition to his seat on the Board of Trustees of the National Institutes of Biotechnology Malaysia, he is a council member of the Federation of Malaysian Manufacturers.

Ab. Rahim Yusoff

Appointed on 21 August 2019

Malaysia Productivity Corporation Representative

In his dignified position as the Deputy Director General at Quality and Excellence Development (QED) MPC, Ab. Rahim Yusoff has been developing strategies and promoting the application of effective productivity tools to enterprises.

He received his Master of Science in Human Resources Administration from the University of Scranton, United States of America and a Bachelor of Social Science from one of the longest operating universities in the country, the University of Science Malaysia.

Board of Directors

Datuk Chia Hui Yen

Appointed on 21 August 2019

Employer Representative

Datuk Chia started her career in the financial industry 26 years ago holding many key country positions serving for world-leading banks and insurance companies in Malaysia. She comes with vast experience in investment services, consumer and retail banking, corporate and retail insurance, international banking, and SME banking. Datuk Chia started her entrepreneur career six years ago in the area of manufacturing, restaurant, and retailing.

Datuk Chia received her first degree from University Science Malaysia specialising in Social Development and Administration.

She later received her Master of Business Administration from the University of Nottingham with a focus on business strategy. Datuk Chia has been providing her support to many initiatives launched by government and associations targeting women entrepreneurs and small businesses.

Dato' Raiha Abd Rahman

Appointed on 5 December 2018

Employer Representative

Dato' Raiha Azni Abd Rahman has been in the Human Resources Management fraternity for over three decades and is the Advisor for Group Human Resource Management, Petroliam Nasional Berhad (PETRONAS).

Over the 35 year tenure in PETRONAS, she has assumed responsibility over thousands of employees and served under various capacities in the pipeline of leaders including a senior management position and Vice President of Human Resources Management.

She holds the Chairmanship of the Board of Directors for the University of Technology PETRONAS and PETRONAS Leadership Centre.

She has received her Bachelor's degree in Marketing from Syracuse University, New York and completed numerous senior management development programmes.

In 2019, she has been accorded the Chartered Fellow of the Chartered Institute of Personnel and Development (FCIPD).

Erni Dekritawati Yuliana Buhari

Appointed on 15 April 2020

Employer Representative

Awarded as one of the 'Top 100 Most Influential Young Entrepreneurs' in Malaysia, Erni Dekritawati Yuliana Buhari is taking the world by storm with her determination.

Her educational background encompasses every level of academic degree, receiving her Master in Management and International Business from the United Kingdom following an undergraduate degree in Art and Design from a local university. To complete her educational path, she earned a doctorate in Philosophy from Northern University of Malaysia.

A lady full of charisma and fervour, she founded Victoria Sloane, a bag collection with a blend of Asian ideation and Italian standards, on top of her position as Managing Director of Nouvelle Beauty Centre.

Her natural sense of entrepreneurship stems from her late mother, Dato' Sosilawati, who successfully ran and built her business empire. The vigour she saw in her mother fueled her drive towards becoming a leading female figure in Malaysia and internationally as she works towards global exposure of her brands.

Sia Tze Yong

Appointed on 5 December 2018

Employer Representative

Prior to his entry into the corporate world, Sia Tze Yong was an academic researcher in Australia specialising in the Australian IPO market.

He received his Bachelor of Commerce from his alma mater, Curtin University of Technology in Western Australia. His first-class graduate's degree allowed him an in-depth understanding of the business trade and a seamless transition into his later career.

His venture up the corporate ladder grew from small business steps to an executive directorship today at one of Malaysia's leading premium supermarket chains.

M. Vickneswari R. Muthukrishnan

Appointed on 27 April 2020

Independent Director

If there was a phrase to be given to her, the line "Woman Empowering Women" would be more than adequate for M. Vickneswari R. Muthukrishnan.

Holding a diverse portfolio of activism and social empowerment, she is the National Deputy Women Leader of the Malaysian Indian Congress and the appointed secretary and trustee of Yayasan Sosial Wanita Malaysia.

She received her Master of Counselling from Open University Malaysia and a Diploma in Business Management from Seafield International College. She also holds a secretarial certificate from Bedford College.

Nicole Wong Siaw Ting

Appointed on 15 April 2020

Independent Director

As the Chairperson of the Malaysian Chinese Association National Youth, Nicole Wong Siaw Ting has made a name for herself as a voice for the local youth.

Her active involvement as a Youth Committee Member of Kwangsi Association of Selangor and Kuala Lumpur forged her entry into the rankings, eventually leading her to the position as Deputy Chairperson.

She graduated with a Diploma in Travel Management from Reliance College in the heart of Kuala Lumpur.

Senior Leadership Team

Shahul Hameed Dawood

Chief Executive

Wan Yon Shahima Wan Othman

Chief Customer Officer

Nor Fazilah Mohd Yusof

Chief Human Resources Officer

Ragunathan Gopalakrishnan

Chief Technology Officer

Senior Leadership Team

Merle Fernandez

Chief Legal Officer and
Company Secretary

Rony Ambrose Gobilee

Chief Programmes Officer

Siti Fatimah Abdullah

Chief Integrity and Governance Officer

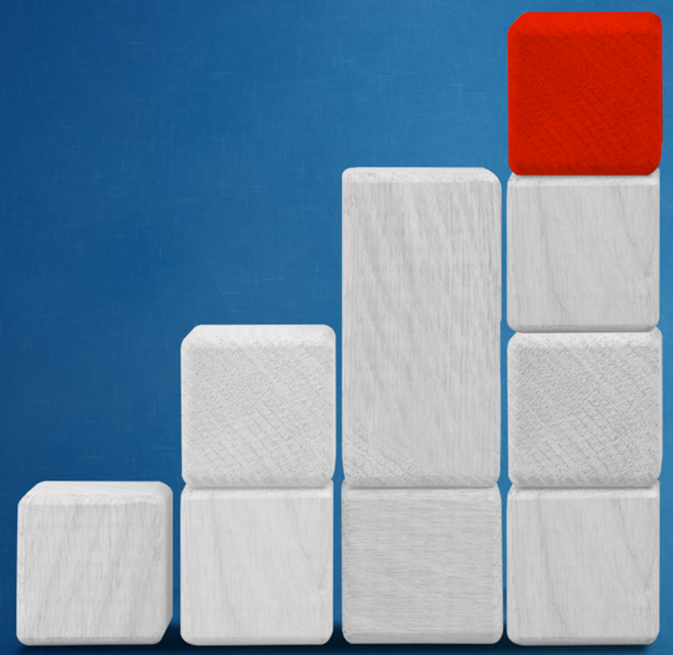
Irna Wati Mohd Nor

Deputy Chief of Finance

Ariff Farhan Doss

Senior Vice President of Strategy

2019 Report



Continuous Improvement

Continuous improvement calls for strong policies and great execution, enabling sustainability and stability in our advancement.

2019 Achievements

Creating Value Through People

Overview

In line with PSMB's mandate to provide training and up-skilling interventions to key industries in Malaysia and in keeping up with the evolving business landscape, as well as their individual company aspirations, more certifications were approved in 2019 as the expansion of sub-sectors grew.

The year saw 597,932 employees from HRDF-Registered Employers attend training to up-skill and re-skill. This is the highest recorded number of individual trainees in the last five years.

Moreover, the years' upsurge of New Registered Employers (NRE) saw a 90 per cent engagement, a notable increase from the previous year.

The year also observed a significant point in the 25 years of PSMB's existence with the achievement of more than 1 million Training Places nationwide.

As of December 2019, 1,028,793 Training Places have been approved, commemorating a historical event for the Fund since its establishment.

At the front of our Government's efforts to spur employment, we are developing our country's human capital to improve the life, income, and evolving needs of our workforce.

It is our local talent who will provide us with a strong platform to sustain the rapid growth of the economy and enhance our global competitiveness.

HRDF's vision continues to drive the economic transformation of Malaysia through the country's most valuable asset – its people.

Performance Review 2019

Registration of Employers

Number of Employers and Employees Registered from 1993 to 31 December 2019

Table 1

Number of Employers and Employees Registered from 1993 to 31 December 2019

Number of Registered	Service	Manufacturing	Mining and Quarrying	Total
Employers	17,214	12,250	237	**29,701**
Employees	1,296,495	1,114,539	22,071	**2,433,105**

In 2019, HRDF continued to engage with its diverse stakeholders and reached out to as many employers as possible to nurture the human capital development of a competent workforce.

During the year, HRDF registered 4,121 new employers compared to the previous year which recorded slightly higher at 4,901. The 2019 registration comprised of 2,735 employers from the Service Sector; 1,335 employers from the Manufacturing Sector; and 33 employers from the Mining and Quarrying Sector.

Consequently, the total employers registered in 2019 rose to 29,701 from 26,281 recorded the previous year. Of the new registrations, 17,214 were from the Service Sector; 12,250 from the Manufacturing Sector; and 237 from the Mining and Quarrying Sector. The positive increase for the year has resulted in the growth of employees covered by the Fund by 6.2 per cent to 2,433,105 compared to 2,290,647 in 2018.

Registered Employers by Category from 1993 to 31 December 2019

Table 2

Number of Registered Employers by Category from 1993 to 31 December 2019

Category	Service	Manufacturing	Mining and Quarrying	Total
Large Employers	2,928	1,030	21	**3,979**
SME Employers	14,286	11,220	216	**25,722**

SME employers continued to make up a significant proportion of the Fund's total number of registered employers. A total of 25,722 SME employers were registered with the Fund in 2019 compared to 22,572 the year before.

Collectively, a majority of newly registered employers for the year 2019 constituted from 3,939 new SME registrations; a significant 95.6 per cent.

As a result, several onboarding efforts were developed to create awareness on the new expansion and increase of active NREs. The efforts proved an upsurge in NRE involvement from 60 per cent the previous year to 86 per cent in 2019 with an engagement of 90 per cent from NREs through the sessions.

Up-Skilling and Re-Skilling Initiatives

Approved Training Schemes for the Year 2019

The HRDF Training Schemes were introduced to promote and allow registered employers to implement training programmes based on the identification of their training needs to retrain and upgrade their employees' skills in line with their operational and business requirements.

In 2019, a total of ten schemes were implemented.

For the Setup of Internal Training Facilities

- Training Facilities and Renovation (ALAT)
- Information Technology (IT)
- Computer-Based Training (CBT)

For Future Workers Training

- Industrial Training (ITS)
- Future Workers' Training (FWT)

For the Up-Skilling and Re-Skilling of Employees

- Skim Bantuan Latihan (SBL)
- Skim Bantuan Latihan Khas (SBL-Khas)
- Skim Latihan Bersama (SLB)
- On-The-Job Training (OJT)
- Recognition of Prior Learning (RPL)

Scheme Revision

Throughout the year, we have reviewed and analysed the organisation's full suite offerings through various brainstorming and engagement sessions to ensure that all schemes provided could address stakeholder's needs.

The following are a list of all schemes which were revised:

- Graduates Enhancement Programme for Employability (GENERATE) 2.0
- Housewives Enhancement and Reactivate Talent Scheme (HEARTS)
- SME Graduates
- SLDN-Apprenticeship
- Industrial Certification (IndCert)
- SME Skills Training
- Skim Bantuan Latihan (SBL) Plus
- Recognition of Prior Experiential Learning (RPEL)
- Labour Enrichment and Professionalism (LEAP)

New Scheme Creation

Whilst the revised schemes are offered to all stakeholders, HRDF acknowledged the gaps in the scope of coverage for each scheme. In a bid to bridge the gaps, a comparative study between our current offerings and industry demands was performed.

As a result, new schemes, as well as pilot projects, were introduced. Additionally, in support of the Ministry of Human Resources and the nation's goal to up-skill and re-skill the workforce, two new schemes were specially curated.

Industrial Revolution 4 (IRev4)

This scheme was introduced to assist employers to train their workers in the area of the 4th Industrial Revolution to acquire knowledge, skills, and other relevant competencies in order to enable them to support the industry adaptation on the technology.

Foreign Workers Replacement (RiNSE)

This pilot project was introduced to reduce the industrial dependence on foreign workers as well as train more local workers with specific skills to reduce the unemployment rate amongst the local workforce.

B40 Capacity Building (B40CaB)

This scheme was initiated to assist citizens from the B40 income group in three aspects: employment, self-employment, and up-skilling through certification.

Back-To-Work Up-Skilling Programme (BackUP)

This pilot project was initiated to encourage retirees to return to the workforce and contribute their knowledge skills and experiences towards the development of our local workforce.

Collaborative Initiatives

Productivity and Quality-Based Certification Courses

HRDF is constantly seeking to offer value-added services to our registered employers. For this purpose, several engagement sessions were held to collaborate with industry representatives to offer productivity and quality-based certification courses.

As a result, the National Institute of Occupational Safety and Health (NIOSH) has agreed to work in partnership with HRDF by offering five courses to enable employees of HRDF Registered employers in obtaining Occupational Safety and Health Management System certification.

The courses are Effective Safety and Health Committee; Compliance to Regulations under Occupational Safety and Health Act; Understanding, Evaluating, and Implementing Effective HIRARC at the Workplace; Emergency Preparedness and Response Plan; and Incident Reporting and Analysis Technique.

Upon the development and certification process finalisation, these five courses will be made available under HRDF's SME Skills Training Programme that will be offered to all HRDF Registered companies.

HRDF-Institut Latihan Jabatan Tenaga Manusia Collaboration

In support of the nation's goal to train more Malaysians, particularly within the field of Technical and Vocational Education and Training (TVET), HRDF has collaborated with the Manpower Department (JTM) to upgrade the training curriculum, equipment, and facilities, as well as trainers' competency at all Institut Latihan Jabatan Tenaga Manusia (ILJTM) across Malaysia.

Through this collaboration, Institute-Industry Management Boards (IIMB) were formed at all 32 ILJTMs across Malaysia, with members from various sub-sectors, as well as HRDF representatives. The IIMBs are responsible to effectively map the skills and industrial training needs of our local employees against the current offerings at ILJTMs, identifying gaps between the two aspects, and ensuring that technical training courses are reasonably priced, industry-relevant, and of high quality.

The four ILJTMs that have been selected as part of the pilot project are Institut Latihan Perindustrian (ILP), Kuala Lumpur; Institut Latihan Perindustrian (ILP), Arumugam Pilai, Nibong Tebal; Japan-Malaysia Technical Institution (JMTI), Penang; and Advance Technology Training Centre (ADTEC), Shah Alam. The ILJTMs selected are to be upgraded in terms of training curriculum, facilities, and equipment, as well as trainers' competency.

Sectorial Training Committee

The Sectorial Training Committee (STC) was formed for 19 industries representing 63 sub-sectors in Malaysia. Various organisations, industry players, government agencies, and institutes were invited to elect their representatives as members of the STC.

This initiative was started in March 2019 to identify relevant organisations towards the development of the Industrial Skills Framework (IndSF) document.

A total of 60 meeting sessions were conducted throughout 2019 for all 19 STCs. Seven of the STCs have successfully identified and submitted lists of training courses with certification to the IndSF unit. These STCs are Logistics; Plastics; Security; Textile; Transportation; Utility; and Mining and Quarry.

Five of these STCs have placed much effort and initiative in the development of IndSF documents for their respective industries. These STCs are Wholesale and Retail; Hospitality; Digital Technology; Machinery and Equipment; and Oil, Gas and Energy.

Industrial Skills Framework

The Industrial Skills Framework (IndSF) is an initiative by HRDF to identify current skills and competencies that are in demand within the industry. This initiative brings subject matter experts from respective industries to identify the skills needed in critical focus areas. These skills will then be compiled in the IndSF document and made available as a guidebook for the public.

This initiative was created to offer a continuous learning ecosystem in which the industry, job-seekers, and educators are moving forward together progressively. The IndSF was set up to be a reliable identification of training needs based on one's qualification and knowledge and complements existing frameworks such as the National Occupational Skills Standard (NOSS) and Malaysian Qualifications Framework (MQF).

In addition, the programmes will be frequently updated to reflect the latest trends and best practises to grow human capital development across all industries and sub-sectors within the Malaysian workforce.

IndSF for Oil, Gas and Energy

The IndSF for Oil, Gas and Energy was co-produced by HRDF, PETRONAS, and The Malaysian Oil and Gas Services Council (MOGSC). This document was developed by 29 subject matter experts through six workshops. The focus area of this document was on petroleum refinery and gas extraction.

IndSF for Digital Technology

The IndSF for digital technology was developed by HRDF, PIKOM, and MDEC through STC Digital Technology. This document was developed by 30 subject matter experts through six workshops. The document focuses on three main areas: Creative Content; Cyber Security; and Data Sciences.

IndSF for Machinery and Equipment

The IndSF for Machinery and Equipment was developed by HRDF and Malaysia Productivity Council (MPC) together with the support of its STC members. This document was developed by 29 subject matter experts through two workshops. This document is currently in progress for publication.

IndSF for Hotel Industry

The IndSF document for the Hotel Industry has four focus areas (front office, housekeeping, revenue management, and sales and marketing). It is the first framework that was introduced to the industry and is aligned with the government's efforts to achieve a target of 30 million tourists for Visit Malaysia 2020.

The document was developed through a collaboration between HRDF and the Malaysian Associations of Hotels. A series of workshops were organised with 56 subject matter experts providing their insight into the critical skills and talents needed for the hotel industry.

IndSF for Wholesale and Retail Industry

The IndSF document was developed by Malaysian Productivity Nexus and STC Wholesale and Retail. There are two focus areas which are non-specialised and specialised stores.

For non-specialised stores, seven departments with 34 jobs were covered. For specialised stores, five departments with 18 jobs were covered.

It was launched by the Deputy Minister of MITI on the 19th July 2019 and was acknowledged by HRDF on the 5th of September 2019.

Redefined Training Landscape

In accordance with the National Workforce Human Capital Development Blueprint 2018 – 2025, HRDF has been reformed to redefine the Malaysian training landscape into a 'Contestable Training Market' through a structured evaluation mechanism.

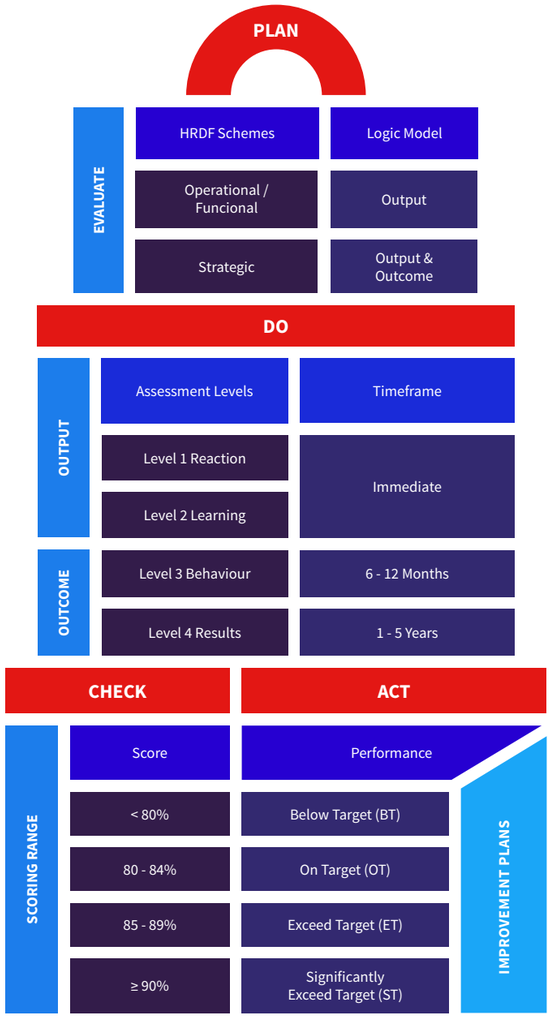
Three main focus areas were identified to achieve the desired outcome; Performance-Based Contracting; Transparent Criteria for Training Provider Accreditation; and Information on Training Provider Performance and Quality.

Based on the three focus areas, HRDF has introduced HRDF Training Effectiveness Evaluation (HRDF-TEE) through the formulation of the Evaluation Framework.

Evaluation Framework

HRDF-TEE is a holistic approach in assessing specific measures for training courses and schemes or initiatives divided into two different assessments – Output and Outcome. The higher the level, the more valuable the information and significance it has to the overall training courses and schemes or initiatives.

More than 1,000 stakeholders over nine sessions in several locations engaged in this pilot phase with insight and recommendations further formulated to continuously improve HRDF services for national capital development.

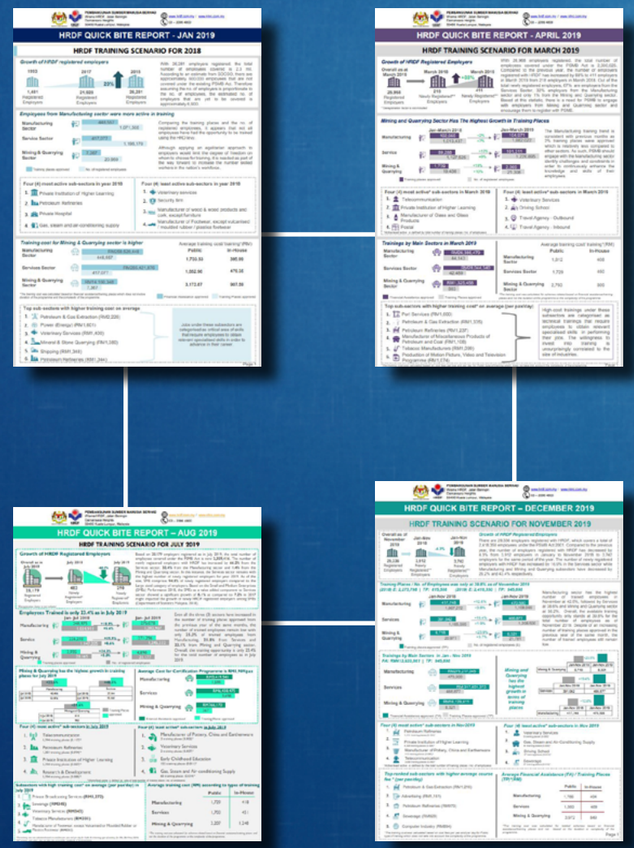


Research and Analytics Reports

HRDF Quick Bite

The Quick Bite Reports were produced to provide HRDF internal data analysis for knowledge and planning purposes. HRDF aims to provide a training performance indicator across all 63 sub-sectors under the coverage of the PSMB Act, 2001 on how best to measure the participation of training, both in terms of the employees and its investments.

In 2019, 12 Quick Bites reports were produced and analysed by the Research and Analytics team by leveraging on over 29,000 employers within the HRDF employers database. The trends that were reported for the subsectors provide insights to other employers within the same subsectors on the training that suit their employees.



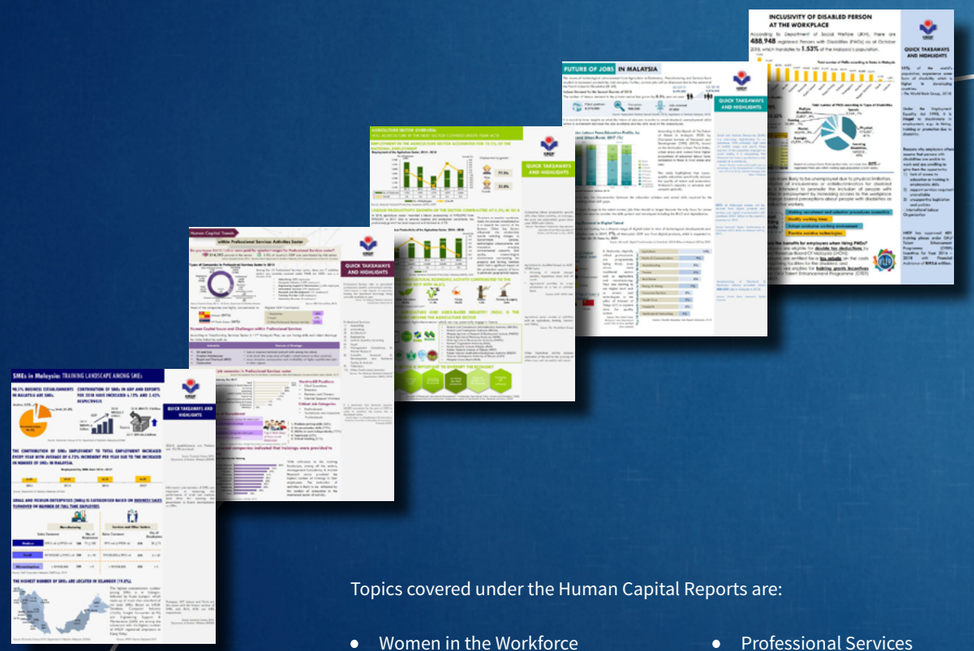
Human Capital Report

The Human Capital Reports share the latest developments in human capital fields for human capital practitioners. Through the Human Capital Reports, HRDF seeks to provide valuable insight in training and development as well as to establish a workforce that is prepared for competitive economies.

These reports would be able to help readers to translate the impact of training on productivity, meet current skill needs, and strategise to move forward in learning and development perspectives.

HRDF Industrial Insight and Comparison Study

The HRDF Industrial Insight Reports share the latest training-related updates and insights from various industries in Malaysia. Most importantly, the report is crucial for HRDF and other related stakeholders to learn from the industries on their human capital issues and take measures to improve, and thus contributing more effective human capital development for the nation. In 2019, six (6) reports were produced and highlighted the selected 18 sub-sectors under the coverage of the PSMB Act, 2001. Using HRDF internal data as well as selected employer's qualitative feedback, insights, and recommendations were provided for the reader's enlightenment.



Topics covered under the Human Capital Reports are:

- Women in the Workforce
- Gig Economy and Training
- Inclusivity Of Disabled Person At The Workplace
- National Employment Return (NER) 2017
- Reducing Dependency on Foreign Workers, HRDF Train And Replace
- HRDF and TVET
- Future of Jobs in Malaysia
- Adoption of e-learning
- Upskilling Employability National Employment Return (NER) 2018
- Professional Services
- Levy Collection, Disbursement And Arrears Trends
- Certification Programme
- Agriculture Sector Overview
- Adult Lifelong Learning
- Construction
- SMEs in Malaysia
- Skills Shortages
- Industry Revolution
- BUDGET 2020: Human Capital Development Perspectives

- Telecommunication Industry, Computer Industry, Manufacturer of Electrical Machinery, Apparatus Appliances and Supplies
- Hotel, Food and Beverage Services, Food and Beverage Manufacturing
- Land Transport, Air Transport, Freight Forwarder
- Petroleum and Gas Extraction, Petroleum Refineries, Manufacturer of Miscellaneous Products of Petroleum and Coal
- Wood-Based Industries and Furniture
- Education Industry

HRDF Industry Training Participation Report 2018

The Industry Training Participation Report was the first report produced by the research team since the establishment of HRDF 27 years ago. New indicators have been developed by the researchers to optimise measurement of training performance.

The five (5) indicators which were used in this report are as follows:

- Effective Training Duration
- Employees Trained Ratio
- Training Opportunity Ratio
- Training Places Approved
- Industry Investment on Training

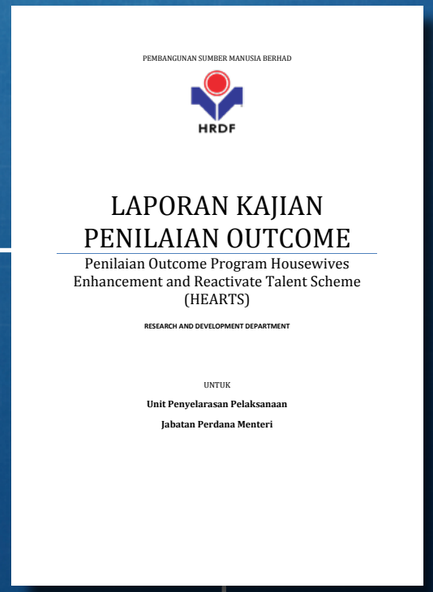
These indicators were applied by the Human Resources Development Fund (HRDF) to compare the training performance of 2017 and 2018 among 63 sub-sectors covered under HRDF.

As a body that leads the human capital development in Malaysia, HRDF has induced organisations to set their benchmark within their respective industries, enabling more initiatives to train their employees to be more competitive. This report will be produced annually to compare the industries' year-to-year training performance.

Outcome Study: Housewives Enhancement and Reactivate Talent Scheme (HEARTS)

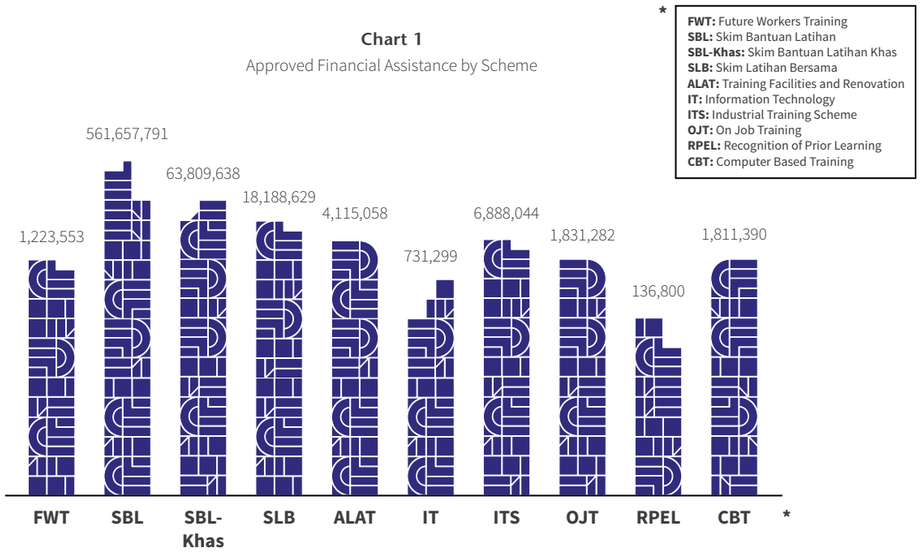
The Outcome Analysis Study for Housewives Enhancement and Reactivate Talent Scheme (HEARTS) were produced by the Research team and presented to the Implementation Coordination Unit, Prime Minister's Department in October 2019. The study conducted aims to identify the effectiveness of the HEARTS programme. Based on the results of the study, 88 per cent of the housewives who returned to employment are working as skilled workers.

H·E·A·R·T·S



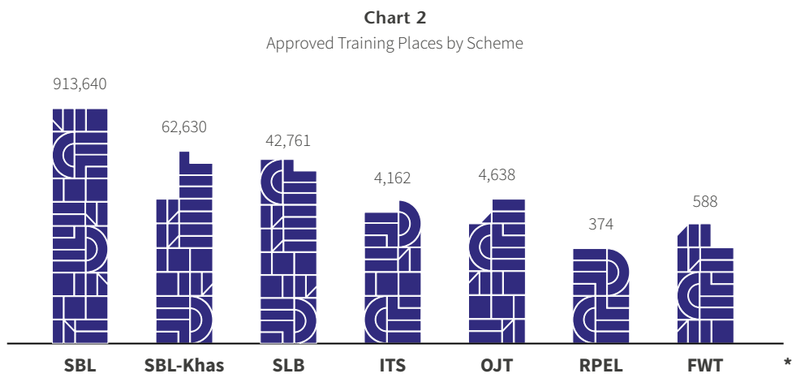
Financial Assistance and Training Places for HRDF Training Schemes

Approved Financial Assistance by Scheme



Figures in the chart illustrate the Financial Assistance approved for the ten schemes offered by HRDF. The total Financial Assistance for 2019 was RM660 million with the SBL scheme drawing the highest total of RM562 million.

Approved Training Places by Scheme



In line with the approved Financial Assistance shown in Chart 1, the numbers of approved Training Places for 2019 shown in Chart 2 also indicate the SBL scheme as the highest contributor towards the 1,028,793 approved Training Places.

Approved Financial Assistance by Sector and Size of Employers

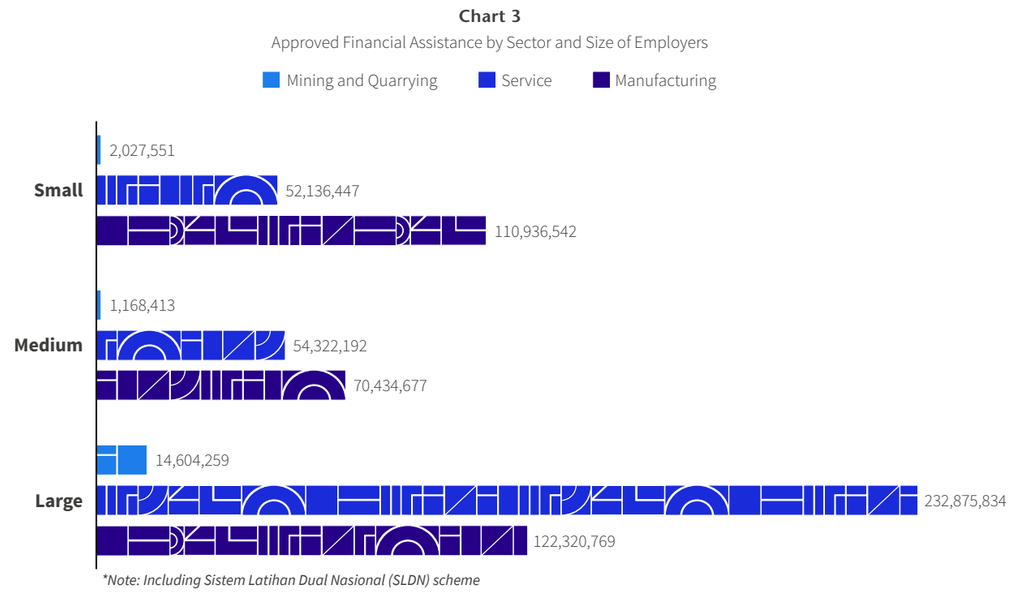
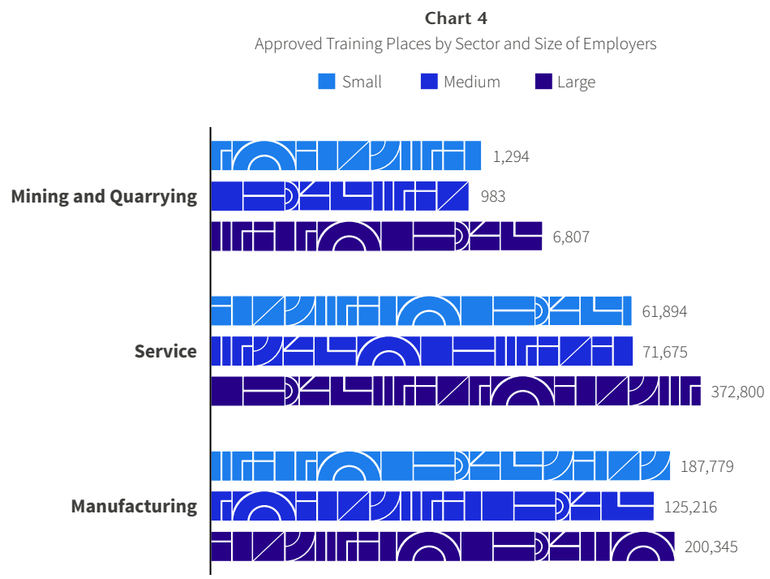


Chart 3 records the approved Financial Assistance by sector and size of employers for the year 2019. The total amount of approved Financial Assistance for the Service Sector was RM232,875,834, indicating that it was the highest for the year.

Approved Training Places by Sector and Size of Employers



Based on the data reported for the year 2019 in Chart 4, the Manufacturing Sector had the highest number of approved Training Places with a total of 513,340 Training Places and 17,214 registered employers.

Financial Assistance Approved for the Year 2015 until 2019

Chart 5

Financial Assistance Approved for the Year 2015 until 2019

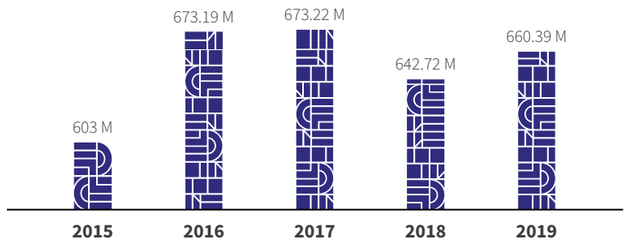
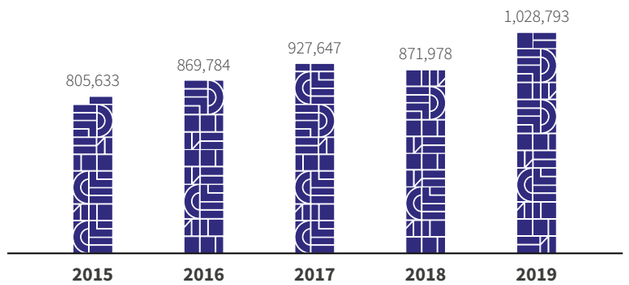


Chart 5 presents the five-year comparison for approved Financial Assistance since 2015. In 2019, the Financial Assistance is faintly lower than the amounts approved in 2016 and 2017, however, is a notable increase from the previous year.

Number of Training Places for the Year 2015 until 2019

Chart 6

Number of Training Places for the Year 2015 until 2019

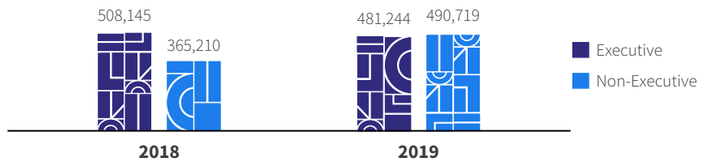


The year 2019 has been a spectacular year for the organisation where PSMB crossed the 1 million psychological mark with a record of 1,028,793 Training Places. This achievement is the first since PSMB's establishment 25 years ago. Chart 6 shows the comparison of Training Places since 2015 which indicates a gradual increase of Training Places.

Approved Training Places by Category of Job Position under SBL and SBL Khas Scheme for the Year 2018 and 2019

Chart 7

Approved Training Places by Category of Job Position under SBL and SBL Khas Scheme for the Year 2018 and 2019

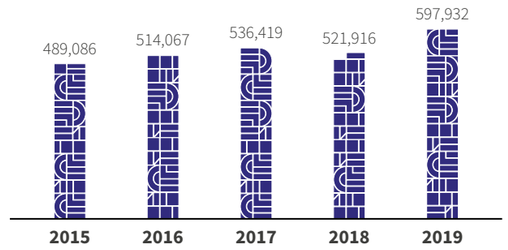


The data presented in Chart 7 communicates that the SBL and SBL-Khas schemes as the top two schemes based on approved Training Places. In relation to this, for the year 2019, the number of Executive post and Non-Executive post who attended training for both schemes is almost balanced. It shows that employers gave equal opportunities to Non-Executives to be trained as well.

Number of Unique Trainees for the Year 2015 until 2019

Chart 8

Number of Unique Trainees for the Year 2015 until 2019



In line with PSMB's mandate to train more Malaysians, for the year 2019, PSMB assisted 597,932 employees from registered employers to attend training to up-skill and re-skill. Chart 8 shows the number of individual trainees who benefited from PSMB since 2015 with 2019 being the highest recorded year.

Approved Financial Assistance and Total Number of Registered Employers by Industry for the Year 2019

Table 1

Approved Financial Assistance and Total Number of Registered Employers by Industry for the Year 2019

Sector	Financial Assistance (RM)	Percentage (%)	No. of Registered Employers	Average Financial Assistance Per Employer (RM)
Manufacturing	303,691,988	46	12,250	24,791
Service	339,334,473	51	17,214	19,713
Mining and Quarrying	17,800,223	3	237	75,106
Total	**660,826,684**	**100**	**29,701**	**22,249**

**Note: FWT, SBL, SBL-Khas & SLB schemes only*

Table 1 presents the approved Financial Assistance and total number of registered employers by industry for the year 2019. Based on the data shown in the table, the Service Sector records the highest number of approved Financial Assistance with RM339,334,473. However, the Manufacturing Sector reported the highest number of Training Places.

Approved Training Places and Total Number of Registered Employers by Industry

Table 2

Approved Training Places and Total Number of Registered Employers by Industry for the Year 2019

Sector	Training Places	Percentage (%)	Registered Employers	Average Training Places Per Employer
Manufacturing	513,340	50	12,250	42
Service	506,369	49	17,214	29
Mining and Quarrying	9,084	1	237	38
Total	**1,028,793**	**100**	**29,701**	**109**

**Note: FWT, SBL, SBL-Khas & SLB schemes only*

Based on the data reported for the year 2019 in Table 2, the Manufacturing Sector has the highest number of approved Training Places with 513,340 Training Places compared to the other sectors. The number of registered employers under the Manufacturing Sector amounted to 12,250 employers.

Approved Financial Assistance by Skill Areas

Table 3
Approved Financial Assistance by Skill Areas for the Year 2019

Skills	Financial Assistance (RM)	Percentage (%)
Safety And Health	112,113,370	14.67
Management or Strategic Management	75,139,049	9.83
Team Building or Motivation	69,539,642	9.10
Computer or Information And Technology	55,852,295	7.31
Quality And Productivity	54,272,276	7.10
Engineering	49,514,679	6.48
Education or Training	34,674,742	4.54
Maintenance or System And Control	32,431,524	4.24
Process And Operation	26,768,728	3.50
Human Resources	25,617,068	3.35
Audit or Tax	18,362,861	2.40
Manufacturing or Production	17,886,651	2.34
Supervisory	17,611,025	2.30
Marketing And Sales	17,598,423	2.30
Medical or Healthcare	16,762,376	2.19
Accounting or Finance	16,536,508	2.16
Public Relations or Customer Service	14,624,600	1.91
Legal And Law	12,215,720	1.60
Security or Armed Forces	11,980,928	1.57
Journalist or Publishing or Communication or Media	10,568,916	1.38
Purchasing or Logistics or Supply Chain	8,759,079	1.15
Others (OJT & ITS Scheme)	8,719,326	1.14
Aviation	7,918,169	1.04
Food And Beverages	7,901,446	1.03
Administration or Clerical	5,726,610	0.75
Retail or Merchandising	5,662,471	0.74
Language	5,153,648	0.67
Creativity And Innovation	5,056,452	0.66
Research And Development	3,425,109	0.45
Ship or Maritime Handling	3,014,689	0.39
Hotel or Tourism	2,983,514	0.39
New or High Technology	2,807,732	0.37
Biotechnology or Chemistry	2,349,270	0.31
Creative Design	2,084,472	0.27
Actuarial or Statistics	1,911,448	0.25
Port Management	634,393	0.08
Total	**764,179,209**	**100.00**

**Note: According to Skill Areas for FWT, SBL, SBL-Khas & SLB*

The approved Financial Assistance for the year 2019 illustrated the preferred skills area selected by employers was Safety and Health with 14.84 per cent; followed by Management or Strategic Management with 9.95 per cent; then Team Building or Motivation with 9.2 per cent.

Approved Training Places by Skill Areas

Table 4
Approved Training Places by Skill Areas for the Year 2019

Skills	Training Places	Percentage (%)
Safety And Health	204,989	19.93
Quality And Productivity	104,150	10.12
Team Building or Motivation	97,906	9.52
Management or Strategic Management	82,265	8.00
Computer or Information And Technology	56,049	5.45
Education or Training	45,498	4.42
Process And Operation	33,886	3.29
Maintenance or System And Control	32,403	3.15
Public Relations or Customer Service	31,814	3.09
Food And Beverages	30,428	2.96
Human Resources	29,734	2.89
Audit or Tax	28,984	2.82
Engineering	25,953	2.52
Supervisory	24,903	2.42
Manufacturing or Production	22,821	2.22
Marketing And Sales	22,053	2.14
Medical or Healthcare	19,417	1.89
Legal And Law	18,802	1.83
Accounting or Finance	18,582	1.81
Journalist or Publishing or Communication or Media	15,746	1.53
Security or Armed Forces	14,261	1.39
Retail or Merchandising	13,085	1.27
Purchasing or Logistics or Supply Chain	8,672	0.84
Others (OJT & ITS Scheme)	8,216	0.80
Administration or Clerical	7,006	0.68
Language	6,347	0.62
Creativity And Innovation	5,208	0.51
Aviation	4,999	0.49
Hotel or Tourism	4,197	0.41
Research And Development	2,486	0.24
New or High Technology	1,786	0.17
Actuarial or Statistics	1,747	0.17
Ship or Maritime Handling	1,572	0.15
Creative Design	1,187	0.12
Biotechnology or Chemistry	1,147	0.11
Port Management	494	0.05
Total	**1,028,793**	**100.00**

**Note: According to Skill Areas for FWT, SBL, SBL-Khas & SLB*

From the approved Training Places by skill areas for the year 2019, Safety and Health was the most preferred with 204,989 approved Training Places or 19.93 per cent of 1,028,793 approved Training Places. The second highest was Quality and Productivity with 104,150 or 10.12 per cent; followed by Team Building or Motivation, which saw 97,906 approved Training Places or 9.52 per cent.

Approved Financial Assistance by 63 Sub-Sectors

Table 5

Approved Financial Assistance by 63 Sub-Sectors for the year 2019

Sub-Sector	Financial Assistance (RM)	Percentage (%)
Manufacturer Of Electrical Machinery, Apparatus Appliances And Supplies	90,342,619	13.67
Computer Industry	43,349,801	6.56
Food Manufacturing And Beverage Industries	33,466,009	5.06
Engineering Support And Maintenance	28,742,645	4.35
Telecommunication	27,617,828	4.18
Hotel Industry	27,126,141	4.10
Manufacturer Of Industrial Chemicals And Other Chemical Products	25,767,259	3.90
Power (Energy)	22,104,202	3.34
Non-Ferrous Metal Basis Industries And Fabricated Metal	21,340,052	3.23
Manufacturer Of Transport Equipment	19,947,467	3.02
Private Institution Of Higher Learning	18,756,199	2.84
Private Hospital	18,573,946	2.81
Manufacturer Of Plastics Products	18,505,215	2.80
Hypermarket/Supermarket/Departmental Store	17,797,570	2.69
Manufacturer Of Rubber Products	14,076,672	2.13
Petroleum And Gas Extraction	13,893,220	2.10
Freight Forwarder	13,310,462	2.01
Petroleum Refineries	12,987,698	1.97
Sale And Repair Of Motor Vehicles	11,726,928	1.77
Air Transport	11,636,027	1.76
Manufacturer Of Machinery Except Electrical	11,600,644	1.76
Land Transport	11,560,087	1.75
Manufacturer Of Non-Metallic Mineral Products	11,154,338	1.69
Security Firms	10,278,793	1.56
Food And Beverage Services	10,026,992	1.52
Iron And Steel Basic Industries	9,524,532	1.44
Postal	7,560,273	1.14
Shipping	6,991,440	1.06
Manufacturer Of Textiles And Wearing Apparel Except Footwear	6,129,562	0.93
Manufacturer Of Paper And Paper Products	6,115,001	0.93
Printing, Publishing, And Allied Industries	5,795,344	0.88
Water Treatment And Supply	5,789,054	0.88
Port Services	5,591,247	0.85
Training Provider	5,569,085	0.84
Manufacturer Of Professional And Scientific And Measuring And Controlling Equipment N.E.C. And of Photographic And Optical Goods And Others Manufacturing Ind.	5,188,235	0.79
Building And Landscape Services	4,356,831	0.66
Advertising	4,273,761	0.65
Mineral And Stone Quarry	3,907,003	0.59
Manufacturer Of Wood And Wood Products And Cork Except Furniture	3,813,553	0.58
Information Service	3,762,605	0.57
Direct Selling	3,717,302	0.56
Research And Development	3,593,180	0.54
Manufacture Of Furniture And Fixtures Except Primarily Of Metal	3,487,195	0.53
Franchise	2,758,580	0.42
Manufacturer Of Glass And Glass Products	2,045,121	0.31
Waste Management And Material Recovery Services	1,797,158	0.27
Early Childhood Education	1,627,007	0.25
Production Of Motion Picture, Video And Television Programme, Sound Recording And Music Publishing	1,370,088	0.21
Travel Agency – Outbound	1,336,974	0.20
Health Support Services	1,317,715	0.20
Event Management Services	972,619	0.15
Sewerage	965,213	0.15
Manufacturer Of Miscellaneous Products Of Petroleum And Coal	895,793	0.14
Bonded Warehouse	883,657	0.13
Private Broadcasting Services	853,926	0.13
Gas, Steam And Air-Conditioning Supply	806,876	0.12
Manufacturer Of Leather And Products Of Leather, Leather Substitutes And Fur Except Footwear And Wearing Apparel	758,363	0.11
Travel Agency – Inbound	410,794	0.06
Driving School	354,657	0.05
Manufacturer Of Footwear Except Vulcanised or Moulded Rubber or Plastics Footwear	340,868	0.05
Manufacturer Of Pottery, China And Earthenware	236,937	0.04
Tobacco Manufacturers	173,511	0.03
Veterinary Services	66,810	0.01
Total	**660,826,684**	**100.00**

As of 2019, the industry with the highest approved Financial Assistance is the Manufacturer of Electrical Machinery, Apparatus Appliances and Supplies with approved Financial Assistance of RM90.34 million. This was followed by the Computer Industry with RM43.34 million and then by the Food Manufacturing and Beverage Industries at RM33.46 million.

Approved Training Places by 63 Sub-Sectors

Table 6

Approved Training Places by 63 Sub-Sectors for the Year 2019

Sub-Sector	Financial Assistance (RM)	Percentage (%)
Manufacturer Of Electrical Machinery, Apparatus Appliances And Supplies	152,645	14.84
Food Manufacturing And Beverage Industries	61,376	5.97
Hotel Industry	54,978	5.34
Manufacturer Of Industrial Chemicals And Other Chemical Products	40,539	3.94
Manufacturer Of Transport Equipment	39,752	3.86
Private Institution Of Higher Learning	39,524	3.84
Telecommunication	38,558	3.75
Hypermarket/Supermarket/Departmental Store	37,755	3.67
Non-Ferrous Metal Basis Industries And Fabricated Metal	37,039	3.60
Computer Industry	36,433	3.54
Manufacturer Of Plastics Products	35,931	3.49
Private Hospital	35,195	3.42
Engineering Support And Maintenance	34,170	3.32
Land Transport	27,444	2.67
Manufacturer Of Rubber Products	25,470	2.48
Food And Beverage Services	22,592	2.20
Postal	21,191	2.06
Manufacturer Of Machinery Except Electrical	21,016	2.04
Freight Forwarder	20,616	2.00
Manufacturer Of Non-Metallic Mineral Products	17,308	1.68
Sale and Repair Of Motor Vehicles	16,321	1.59
Iron And Steel Basic Industries	14,571	1.42
Power (Energy)	14,547	1.41
Security Firms	14,246	1.38
Manufacturer Of Paper And Paper Products	11,559	1.12
Air Transport	10,970	1.07
Petroleum Refineries	10,651	1.04
Manufacturer Of Textiles And Wearing Apparel Except Footwear	10,259	1.00
Water Treatment And Supply	9,630	0.94
Manufacturer Of Professional And Scientific And Measuring And Controlling Equipment N.E.C. And of Photographic And Optical Goods And Others Manufacturing Ind.	9,286	0.90
Printing, Publishing And Allied Industries	8,688	0.84
Franchise	8,435	0.82
Building And Landscape Services	7,398	0.72
Training Provider	6,541	0.64
Port Services	6,122	0.60
Shipping	5,860	0.57
Petroleum And Gas Extraction	5,858	0.57
Direct Selling	5,259	0.51
Manufacturer Of Wood And Wood Products And Cork Except Furniture	5,240	0.51
Manufacture Of Furniture And Fixtures Except Primarily Of Metal	5,064	0.49
Advertising	4,783	0.46
Information Service	4,328	0.42
Research And Development	4,128	0.40
Manufacturer Of Glass And Glass Products	3,330	0.32
Mineral And Stone Quarry	3,226	0.31
Early Childhood Education	3,159	0.31
Production Of Motion Picture, Video And Television Programme, Sound Recording And Music Publishing	2,764	0.27
Waste Management And Material Recovery Services	2,505	0.24
Health Support Services	2,009	0.20
Travel Agency - Outbound	1,687	0.16
Bonded Warehouse	1,561	0.15
Private Broadcasting Services	1,512	0.15
Event Management Services	1,326	0.13
Manufacturer Of Leather And Products Of Leather, Leather Substitutes And Fur Except Footwear And Wearing Apparel	1,310	0.13
Sewerage	1,147	0.11
Manufacturer Of Miscellaneous Products Of Petroleum And Coal	937	0.09
Manufacturer Of Footwear Except Vulcanised or Moulded Rubber or Plastics Footwear	742	0.07
Gas, Steam, And Air-Conditioning Supply	682	0.07
Driving School	493	0.05
Travel Agency - Inbound	447	0.04
Manufacturer Of Pottery, China And Earthenware	349	0.03
Tobacco Manufacturers	278	0.03
Veterinary Services	53	0.01
Total	**1,028,793**	**100.00**

**Note: SBL, SBL-Khas, ITS, RPL, FWT, and OJT Schemes for Training Places*

In 2019, Manufacturer of Electrical Machinery, Apparatus Appliances and Supplies was the most active industries to retrain and upgrade the workers' skills.

A total of 152,645 Training Places were approved for these industries. Food Manufacturing and Beverage Industries represent the second highest number of Training Places approved at 61,376 Training Places. The third most active industry is the Hotel Industry with a total number of 54,978 approved Training Places.

Human Capital Strategic Initiatives

The Strategic Initiatives (SI) schemes were introduced by HRDF to contribute to the national human capital agenda of creating a skilled Malaysian workforce. These schemes were developed to empower the quality and employability of Malaysian talent through up-skilling and re-skilling initiatives.

The schemes focused on the pre-employment market, employment market, SMEs, and dedicated target groups for people with disabilities, housewives, single mothers, and Malaysians in the B40 category.

SLDN – Apprenticeship Scheme

To increase the supply of skilled workers to the employers registered under HRDF, the SLDN-Apprenticeship scheme has been implemented to cover the industries registered with HRDF.

The main objective for the development of this scheme was to train school leavers to work with HRDF Registered employers upon completion of the training as well as increase the supply of skilled workers through a strategic collaboration with industries registered with HRDF. A total of RM20 million was allocated to expedite this scheme.

As of 31 December 2019, a total of 511 unemployed graduates were approved under this scheme with Financial Assistance worth RM2 million. A total of RM3.04 million Financial Assistance was approved for the course fee, whilst RM1.7 million was approved for the trainees' allowances during the grant application.

A total of 273 apprentices were trained for placements in the service and manufacturing industry in six states – Kuala Lumpur, Melaka, Negeri Sembilan, Perak, Sarawak, and Selangor. From the total trainees approved, the highest trainees were from Selangor with total trainees of 42.9 per cent.

Graduates Enhancement Programme for Employability (GENERATE) 2.0

In an effort to decrease the percentage of the unemployability rate in Malaysia, HRDF has initiated the Graduates Enhancement Programme for Employability (GENERATE) to train and equip unemployed graduates with relevant skills.

Under this programme, HRDF-registered employers are able to request for Financial Assistance to train unemployed graduates for high-value jobs. A total of RM20 million was allocated to this programme.

As of 31 December 2019, a total of 814 unemployed graduates were approved under this programme with Financial Assistance worth RM5.48 million. A total of RM3.04 million Financial Assistance was approved for the course fee, whilst RM208K was approved for the trainees' allowances.

A total of 514 unemployed graduates were trained for placements in the service industry in eight states locally with two trainees placed overseas in Belgium. From the total trainees approved, the highest trainees were from Selangor with total trainees of 42.9 per cent.

The GENERATE scheme proved effective as it emphasises both certification and non-certification training programmes with encouraging response from unemployed graduates as well as employers.

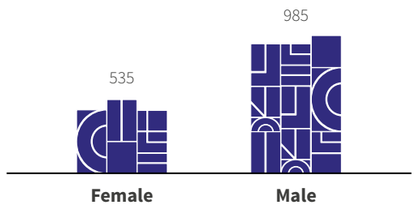
Industry Certification (IndCert)

This programme was designed for Malaysian Employees of HRDF-Registered Employers who are inclined to upgrade their skills and knowledge through up-skilling and re-skilling certification or industry-based courses.

As of December 2019, IndCert has approved 1,520 trainees through 389 employers. 985 of trainees were male from various academic backgrounds as well as differing races.

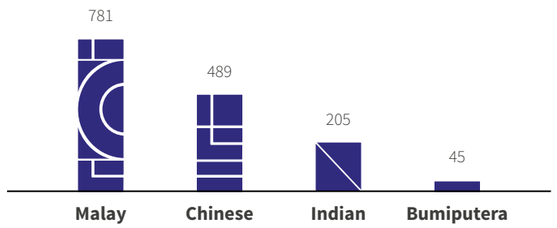
Approved Training Places by Gender

Chart 1
Approved Training Places by Gender



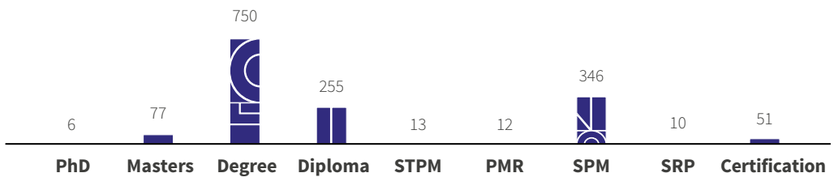
Approved Training Places by Races

Chart 2
Approved Training Places by Races



Approved Training Places by Academic

Chart 3
Approved Training Places by Academic



Recognition of Prior Experiential Learning (RPEL)

The Recognition of Prior Experiential Learning (RPEL) scheme is an initiative for workers to gain recognition for their skills and aptitude in line with the Department of Skills Development as well as international recognition bodies to support the national agenda to increase the number of skilled workers by 2020.

For the year 2019, a total allocation of RM2.5 million was approved by the Ministry of Human Resources under the 11th Malaysia Plan for the programme. A total of 2,493 trainees were approved under RPEL.

Out of 2,493 trainees, Kuala Lumpur has obtained the highest number of trainees which is 700 and followed by Selangor with 550 trainees involved.

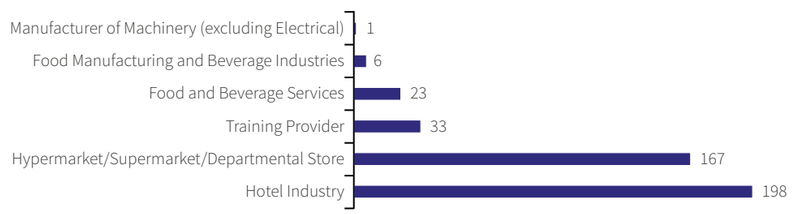
Location	Total Trainees
Kuala Lumpur	700
Selangor	550
Negeri Sembilan	500
Perak	443
Pulau Pinang	200
Melaka	100
Total	**2,493**

OKU Talent Enhancement Programme (OTEP)

The OKU Talent Enhancement Programme (OTEP) is an initiative to assist Persons with Disabilities secure employment by equipping them with appropriate knowledge, skills, and competency.

As of December 2019, OTEP has trained 428 Persons with Disabilities with RM2.8 million total financial assistance approved. These trainees have been placed with 18 employers from the service and manufacturing sectors.

Approved Training Places by Industry



Housewives Enhancement and Reactive Talent Scheme (HEARTS)

The Housewives Enhancement and Reactive Talent Scheme (HEARTS) was reintroduced on 15 April 2019 to fast-track training for women who chose to remain at home as housewives.

Throughout the year, several Train-The-Trainer sessions were targeted to women from Borneo and one translation course for the Central Region. As of December 2019, 60 trainees have been approved from Sarawak, Sabah, and Kuala Lumpur.

SME Graduates

SME Graduates scheme is developed in year 2019 aiming for SME (Small Medium Enterprise) owners and Chief Executive Officers (CEOs) to enhance their management and leadership skills in order to elevate their business to a larger scale and reach the international standard.

The objectives of this scheme were to enable the SME owners and CEOs to develop their management skills, analytical skills and develop creative decision-making competencies. Besides that, the scheme is also targeted to produce a generation of SME owners and CEOs who have the ability to cut through the complexity of organizational life, to lead and inspire their subordinates to higher level of achievement by becoming more fluent and better integrated to innovative thinking in their daily life. In order to encourage more SMEs to participate under this scheme, HRDF allows both HRDF Registered and Non-HRDF Registered SMEs to participate in SME Graduates scheme.

SME Graduates scheme is a joint collaboration effort by HRDF and selected universities, from both government and private sector. About 10 universities, including government and private entities, have submitted their proposal to conduct the programme under this scheme in their respected universities. For the year 2019, the total allocation received from the Ministry of Human Resources (MOHR) under the 11th Malaysia Plan (RMK11) for SME Graduate is RM 1.1 million while the course fee for each university to train a maximum number of 25 trainees was allocated at RM 110,000 (RM 4,400 per trainee). Each trainee who participated in the SME Graduates scheme, their course fee being RM 4,400 per trainee, will be fully funded by HRDF.

Universities that participated in this scheme will have to recruit the trainees by themselves and need to apply through the online application system 7 days before commencement of training. All participating universities developed 9 modules (standardized for all universities) for the classroom training and must conduct local or foreign industrial visit as a part of the training mechanism for their trainees.

A total of 10 universities came forward made a commitment with HRDF to implement this scheme and signed an agreement. A total of 250 trainees with a total financial assistance of RM1.1 million have been approved under SME Graduates scheme. Among the 10 universities participated in this scheme are:

Location	Total Trainees
Universiti Kebangsaan Malaysia (UKM)	25
HELP University	25
Universiti Malaysia Sabah (UMS)	25
Universiti Malaysia Kelantan (UMK)	25
Universiti Teknologi Malaysia (UTM)	25
Universiti Sains Malaysia	25
Universiti Insititut Teknologi Mara (UITM)	25
Saito University College	25
Universiti Malaysia Pahang (UMP)	25
Multimedia University (MMU)	25
Total	**250**

SME Skills

SME Skills scheme was developed to provide training courses that focuses on the up-skilling and re-skilling of employees from Small Medium Enterprises (SMEs), as it can produce more skilled workers for the industries to remain competitive and sustainable in the global market.

The main objective of this scheme is to enable Malaysian SME employees to enhance their career development by increasing their skillset. The scheme also encourage SME employers to continuously and systematically train their employees to increase their level of competency. This scheme was developed to support SMEs in increasing their productivity and cost effectiveness in business.

The target group that will benefit from this scheme are mainly SME employees, as it is targeted to up-skill and re-skill the employees as they can contribute their best skills to enhance the competency level of their employers' business. As for the SME employers, they can train their employees and utilize their skills to further develop their business.

For the year 2019, the total allocation received from the Ministry of Human Resources (MOHR) under the 11th Malaysia Plan (RMK11) for SME Skills scheme is RM 3.0 million to train 1000 trainees. Each trainee's course fee will be fully funded by HRDF, up to RM 3,000 maximum per pax.

The pre-approved courses under this scheme was developed by training providers, consisting of 2 categories; hard skills and soft skills training, which can be either certification or non-certification courses. The submission of proposal, online grant application and claim process also will be taken care of by the training provider. Each employer can send a maximum of 5 trainees to be trained under the SME Skills scheme. The scheme is available to both Registered and Non-Registered HRDF Employers. A maximum of 25 trainees will be trained in each class.

As of the year 2019, about 12 training providers made a commitment with HRDF to participate in this scheme by signing a LOA (Letter of Agreement) to train about 620 trainees out of 1000 trainees. The total financial assistance allocated for the course fee is RM1,246,150.

Among the training providers that committed themselves under this scheme are: Jabatan Tenaga Manusia (JTM), Institut Kemahiran Tinggi Belia Negara (IKTBN) Bukit Mertajam, Malaysian Plastic Manufacturers Association, The National Technology Association of Malaysia (PIKOM), Penang Skills Development Centre, Pahang Skills Development Centre, Johor Skills Development Centre, Sabah Skills and Technology Centre, Sarawak Skills Development Centre, Kedah Industrial Skills and Management Centre (KISMEC) and Institut Latihan Perindustrian (ILP), Jitra, Kedah and Perak Human Capital Development Centre.

Registered Training Providers

Training providers are one of HRDF's primary stakeholders, charged with delivering quality training programmes to HRDF Registered Employers in order to meet their human capital development needs. With a total of 29,701 registered employers as of December 2019, HRDF requires all its training providers to be registered to safeguard the delivery of quality training to registered employers.

The training must produce knowledgeable and skilled workers to meet the growing demands of a competitive market. Only registered training providers are allowed to offer in-house and public programmes to employers.

From January 2019 to December 2019, a total of 1,007 training providers registered and renewed their license with HRDF, driving the number of active training providers to 4,025.

Throughout the year, HRDF has reached out to 1,732 training providers and trainers nationwide to increase awareness on HRDF's services and offerings such as the Strategic Initiatives Schemes, HRDF Trainer Development Framework, as well as the training provider mini workshop Learning and Training Hub (LATiH). These engagements covered all of HRDF branches, including those in East Malaysia.

Learning and Training Hub (LATiH)

Number of Programmes Registered under LATiH

Table 1
Registration of Learning and Training Hub

Number of Programmes	**10,757**
Number of Participating Training Providers	**1,449**

HRDF has registered 10,757 training programmes into the HRDF Learning and Training Hub (LATiH). This is a part of the transition of activities from the conventional training market to the contestable learning market which involves 1,449 training providers nationwide as of end 2019.

Train-The-Trainer Certification Course

The HRDF Train-The-Trainer (TTT) Certification Course is aimed to train subject matter experts including managers, executives, trainers, instructors, team leaders or individuals that aspire to deliver better structured and more effective training. Aside from training delivery, TTT also encompasses the entire training cycle including determining training needs, designing effective training as well as assessing the effectiveness of training.

This programme is designed to be conducted through short lectures, group discussions, presentations, role-plays, and real-life applications – all of which cater to the scope of holistic adult learning.

There are five (5) main required competencies of a competent trainer. These competencies are covered in the HRDF TTT Certification course as follows:

PLAN ADULT LEARNING introduces learners to the application of taxonomies, principles, and theories. The discovery of learning and training styles enhances the learning relationship and strengthens the outcome of the intended learning.

TRAINING NEEDS ANALYSIS exposes learners to many methods of data gathering involved in determining the training gaps before suggesting the training objectives and outline of a programme.

DESIGN COMPETENCY-BASED TRAINING assures careful planning of training resources and effective preparation of training manuals, slides, session plans and evaluation methods in bringing the best out of content development.

CONDUCT COMPETENCY-BASED TRAINING sees the implementation of an impactful delivery through precision and well-planned time management in engaging each module interactively.

ASSESS PARTICIPANTS' COMPETENCE prepares the learner to design assessment criteria with appropriate tools and checklist to summarise the results or outcomes of learning through reliable and dependable reports.

To ensure the quality of trainers in conducting and delivery of training, Pembangunan Sumber Manusia Berhad (PSMB) has introduced the requirements that all trainers must be accredited by HRDF to conduct programmes under any of the schemes.

Alternatively, if trainers fulfil the criteria as stated in Training Provider Circular 4/200, an exemption from attending the programme is given. As of 31 December 2019, 7,377 number of TTT exemptions were approved.

Statistics on TTT Programmes Conducted in 2019

Table 2
Statistics on TTT Programmes Conducted in 2019

Programme	Number of Training	Registered Participants
TTT organised by HRDF	28	409
TTT organised by Training Provider	264	2,691
TTT for In-House Non-Registered Employer	24	330
TTT for In-House Registered Employer	72	1,019
Total	**388**	**4,449**

Employer Visitation and Engagement Activities

HRDF New Registered Employers On-Boarding Sessions

There was an upsurge of NREs in 2019 with 90 per cent engagement. The positive increase was due to the diligent efforts taken out to ensure complete onboarding of new members, including the launch of a new online platform, Webinar, as well as on-calling briefing sessions for participants who were unable to physically attend the live NRE briefing sessions conducted at Wisma HRDF.

Webinar Session

The online platform was launched in March 2019 and 55 sessions were conducted.

Half-Day Briefing Session

62 sessions were held at Wisma HRDF throughout the year.

Telephone Call

This platform ensured that no NRE was overlooked as a new member.

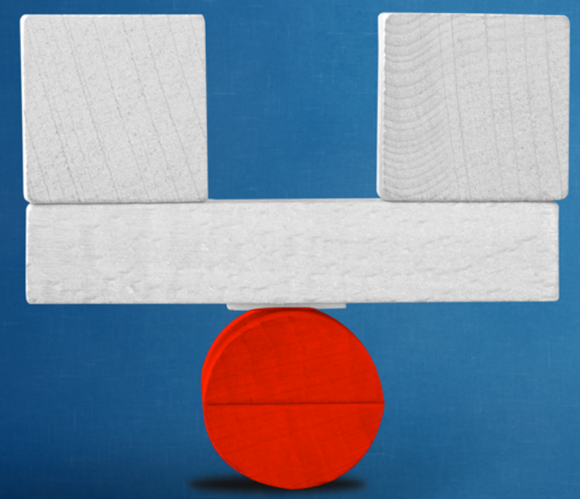
PSMB Act, 2001 Briefing Session

HRDF held several briefing sessions in 2019 to inform employers' associations in Malaysia to expand the PSMB Act, 2001 to cover more employers and employees under the Act.

The briefing sessions were also a sharing platform to obtain feedback and suggestions from the industry on pertinent details with regards to the expansion of the Act.

Financial Statements

Accountability



Accountability builds meaningful goals and trust, empowering an organisation to celebrate success together.

Directors' Report

For the financial year ended 31 December 2019

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2019.

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:

- 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;
- to promote and stimulate manpower training; and
- 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.

Results

	RM
Net surplus for the financial year	26,306,946

Reserves and Provisions

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

Dividend

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year.
The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2019.

Directors

The Directors who have held office during the financial year and up to the date of this report are as follows:

Dato' Nelson A/L Renganathan (Chairman)	(Appointed as Chairman on 1 April 2020)
Dato' Ruhaidini Binti Abd Kadir (Deputy Chairman)	(Appointed as Director on 15 May 2020)
Shahul Hameed Bin Shaik Dawood (Chief Executive)	(Appointed as Director on 15 April 2020)
	(Appointed as Chief Executive on 15 April 2020)
Dato' Raiha Azni Binti Abd Rahman	(Appointed as Director)
Sia Tze Yong	(Appointed as Director)
Datuk Muhd Khair Razman Bin Mohamed Annuar	(Appointed as Director on 24 April 2019)
Dato' Palaniappan A/L Joseph	(Appointed as Director on 16 May 2019)
Datuk Haji Abdul Kadir Bin M.E Sikkandar	(Appointed as Director on 4 July 2019)
Gan Boon Khim	(Appointed as Director on 21 August 2019)
Dato' Ng Yok Gee	(Appointed as Alternate on 21 August 2019)
(Alternate to Gan Boon Khim)	
Ab. Rahim Bin Yusoff	(Appointed as Director on 21 August 2019)
Norzirin Binti Ariffin	(Appointed as Alternate on 21 August 2019)
(Alternate to Ab. Rahim Bin Yusoff)	
Dato' Mohd Jeffery Bin Joakim	(Appointed as Director on 1 December 2019)
Datuk Chia Hui Yen	(Appointed as Director on 6 December 2019)
James Tan Tien Chong	(Appointed as Alternate on 6 December 2019)
(Alternate to Datuk Chia Hui Yen)	
Erni Dekritawati Yuliana Binti Buhari	(Appointed as Director on 15 April 2020)
Wong Siaw Ting	(Appointed as Director on 15 April 2020)
M. Vickneswari A/P R. Muthukrishnan	(Appointed as Director on 27 April 2020)
Dr. Zainah Binti Shariff	(Appointed as Director on 8 May 2020)
Dr. Kang Tong Hum	(Appointed as Director on 12 June 2020)
Lin Azura Binti Yahya	(Appointed as Alternate on 12 June 2020)
(Alternate to Dr. Kang Tong Hum)	
Dato' Noor Farida Binti Mohd Ariffin (Chairman)	(Cessation as Chairman on 1 April 2020)
Dato' Quah Thain Khan (Deputy Chairman)	(Cessation as Director on 1 April 2020)
Elanjelian A/L Venugopal (Chief Executive)	(Cessation as Director on 1 April 2020)
	(Cessation as Chief Executive on 1 April 2020)
Nidzam Bin Kamarulzaman	(Cessation as Director on 11 March 2019)
Dato' Jeffery Tan	(Cessation as Director on 15 May 2019)

Directors (continued)

The Directors who have held office during the financial year and up to the date of this report are as follows: (continued)

Azah Hanim Binti Ahmad	(Cessation as Director on 15 May 2019)
Mastura Binti Marsam	(Cessation as Alternate on 15 May 2019)
(Alternate to Azah Hanim Binti Ahmad)	
Dato' Mohd Razali Bin Hussain	(Cessation as Director on 15 May 2019)
Lim Yoke Cheong	(Cessation as Director on 15 May 2019)
Lim Kheng Chye	(Cessation as Alternate on 15 May 2019)
(Alternate to Lim Yoke Cheong)	
Datuk Kang Hua Keong	(Cessation as Director on 15 May 2019)
Ong Chee Tat	(Cessation as Alternate on 15 May 2019)
(Alternate to Datuk Kang Hua Keong)	
Davies Danavaindram A/L Arputhasamy	(Cessation as Director on 15 May 2019)
Dato' Mizanur Rahman Bin S.M. Abdul Ghani	(Cessation as Alternate on 15 May 2019)
(Alternate to Davies Danavaindram A/L Arputhasamy)	
Dato' Lim Eng Hock	(Cessation as Director on 25 July 2019)
Dr. Kalaivani A/P Chellappan	(Cessation as Director on 31 December 2019)
Dato' Suki Mee	(Cessation as Director on 1 April 2020)
Govindasamy A/L Annamalai	(Cessation as Director on 1 April 2020)
J Rasamy A/L Manikkam	(Cessation as Director on 1 April 2020)
Datuk Rajasekharan A/L Ramasamy	(Cessation as Director on 19 June 2020)
Dr. Pathepen A/L Elumalay	(Cessation as Alternate on 19 June 2020)
(Alternate to Datuk Rajasekharan A/L Ramasamy)	

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.

Directors' Benefits

During and at the end of the financial year, 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, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as disclosed in Note 24 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 the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' Remuneration

The details of Directors' remuneration are disclosed in Note 24 to the financial statements.

Indemnity and Insurance for Directors, Officers and Auditors

The Company effected Directors' liability insurance during the financial year to protect the Directors of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of indemnity and insurance premium paid for the Directors and Officers of the Company amounted to RM30,000.

There were no indemnity given to or insurance effected for the auditors of the Company during the financial year.

Other Statutory Information Regarding the Company

(I) As At the End of the Financial Year

(a) Before the financial statements of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operation of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) From the End of the Financial Year to the Date of This Report

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any material extent;

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

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due.

(III) As At the Date of This Report

(e) There are no charges on the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Company which have arisen since the end of the financial year.

(g) 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 of the Company misleading.

Significant Event Subsequent to the End of the Reporting Period

Significant event subsequent to the end of the reporting period is disclosed in Note 28 to the financial statements.

Auditors

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company for the financial year ended 31 December 2019 are disclosed in Note 21 (a) to the financial statements.

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

Dato' Nelson A/L Renganathan
Chairman

Shahul Hameed Bin Shaik Dawood
Director

Kuala Lumpur
1 September 2020

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 68 to 123 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of the financial performance and cash flows of the Company for the financial year then ended.

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

Dato' Nelson A/L Renganathan
Chairman

Shahul Hameed Bin Shaik Dawood
Director

Kuala Lumpur
1 September 2020

Statutory Declaration

I, IRNA WATI BINTI MOHD NOR, being 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 68 to 123 are, to the best of my knowledge and belief, 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 at)
Kuala Lumpur this)
1 September 2020)

IRNA WATI BINTI MOHD NOR
MIA NO: 27452

Before me,

Independent Auditors' Report

To the members of Pembangunan Sumber Manusia Berhad
(A Company Limited by Guarantee) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pembangunan Sumber Manusia Berhad, which comprise the statement of financial position as at 31 December 2019 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

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

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that is free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lee Wee Hoong
03316/07/2021 J
Chartered Accountant

Kuala Lumpur
1 September 2020

Statement of Financial Position

As At 31 December 2019

ASSETS	Note	2019 RM	2018 RM
Property, plant and equipment	5	24,024,028	30,449,169
Right-of-use assets	6	4,251,496	-
Investment property	7	140,572,314	142,206,876
Staff loans	8	1,357,605	5,198,188
Investments	9	311,926,483	231,874,631
Accrued interest receivables, deposits, prepayments and other receivables	10	41,536,394	28,659,510
Tax recoverable		-	856
Cash and bank balances	11	1,596,283,780	1,339,704,228
TOTAL ASSETS		2,119,952,100	1,778,093,458
EQUITY AND LIABILITIES			
LIABILITIES			
Lease liabilities	6	3,737,327	-
Retirement benefits	12	-	23,937,205
Human Resources Development Fund	13	1,347,562,991	1,050,080,456
Strategic Fund	14	258,770,841	263,181,718
Unutilised Levy	15	53,591,779	44,527,597
General Reserves II	16	4,336,325	2,800,495
Government grants	17	46,398,237	29,502,244
Payables and accruals	18	74,092,001	66,939,759
TOTAL LIABILITIES		1,788,489,501	1,480,969,474
Retained earnings		322,276,799	304,491,988
Reserves	19	9,185,800	(7,368,004)
TOTAL EQUITY		331,462,599	297,123,984
TOTAL EQUITY AND LIABILITIES		2,119,952,100	1,778,093,458

The accompanying notes form an integral part of the financial statements

Statement of Comprehensive Income

For the Financial Year Ended 31 December 2019

	Note	2019 RM	2018 RM
Income			
Operating income	20 (a)	86,639,196	74,962,751
Non-operating income	20 (b)	1,040,691	-
Development activities income	20 (c)	7,693,617	9,500,134
Strategic Fund Income	20 (d)	4,410,877	154,190,723
Total income		99,784,381	238,653,608
Expenses			
Operating expenses	21 (a)	(54,457,472)	(63,594,133)
Non-operating expenses	21 (b)	(10,103,614)	(47,201,458)
Development activities expenses	21 (c)	(7,535,472)	(13,558,350)
Programmes expenses under Strategic Fund	14	(4,410,877)	(154,190,723)
Total Expenses		(76,507,435)	(278,544,664)
Surplus/(Deficit) before taxation		23,276,946	(39,891,056)
Taxation	22	3,030,000	(3,030,000)
Net surplus/(deficit) for the financial year		26,306,946	(42,921,056)
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit liability	12	-	(659,899)
Items that may be reclassified subsequently to profit or loss:			
Debt investments measured at fair value through other comprehensive income		8,232,652	953,148
Other comprehensive income for the financial year		8,232,652	293,249
Total comprehensive income/(loss) for the financial year		34,539,598	(42,627,807)

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity

For the Financial Year Ended 31 December 2019

	Retained earnings RM	Fair value reserves RM	Retirement benefits reserves RM	Total RM
At 1 January 2018	347,413,044	-	(7,661,253)	339,751,791
Net deficit for the financial year	(42,921,056)	-	-	(42,921,056)
Other comprehensive income/(loss)	-	953,148	(659,899)	293,249
Total comprehensive income/(loss)	(42,921,056)	953,148	(659,899)	(42,627,807)
At 31 December 2018	304,491,988	953,148	(8,321,152)	297,123,984
At 1 January 2019	304,491,988	953,148	(8,321,152)	297,123,984
Effects of adoption of MFRS 16 (Note 3.1)	(200,983)	-	-	(200,983)
Restated balance at 1 January 2019	304,291,005	953,148	(8,321,152)	296,923,001
Net surplus for the financial year	26,306,946	-	-	26,306,946
Other comprehensive income	-	8,232,652	-	8,232,652
Cessation of retirement benefits scheme	(8,321,152)	-	8,321,152	-
Total comprehensive income	17,985,794	8,232,652	8,321,152	34,539,598
At 31 December 2019	322,276,799	9,185,800	-	331,462,599

Statement of Cash Flows

For the Financial Year Ended 31 December 2019

	2019 RM	2018 RM
Cash flows from operating activities		
Cash generated from operations:		
Cash receipts from training providers and others	23,373,495	56,928,256
Cash payment to vendors	(51,692,713)	(73,282,570)
Retirement benefits paid	(20,573,228)	(2,537,067)
Cash flows changes from operating activities	(48,892,446)	(18,891,381)
Cash from Human Resources Development Fund:		
Receipts from registered employers	887,974,307	803,665,520
Payments to registered employers	(579,043,581)	(495,251,809)
Cash flows changes after Human Resources Development Fund	260,038,280	289,522,330
Cash from Trust Funds and Government grants:		
Payment to employers	-	(24,308,304)
Payment to registered training providers	(18,645,175)	(174,985,787)
Payment to trainees	(158,334)	(1,539,911)
Payment for Employee Educational Sponsorship	-	(8,338)
Payments to Employee (loan subsidy)	(4,508)	-
Payment for vendor	(844,052)	(7,032,674)
Receipts from government allocation	17,500,000	24,850,200
Receipts from registered employers	6,845,438	6,389,440
Cash flows changes after Trust Funds and government grants	264,731,649	112,886,956
Net cash from operating activities	264,731,649	112,886,956

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows (continued)

For the Financial Year Ended 31 December 2019 (continued)

	2019 RM	2018 RM
Cash flows from investing activities		
Acquisition of plant and equipment (Note 5)	(824,941)	(4,442,610)
Acquisition of right-of-use assets (Note 6)	(942,587)	-
Dividends received	963,860	1,038,945
Net repayment from employees	901,815	408,736
Net acquisition of investments	(71,431,520)	(110,004,051)
Proceeds from disposal of plant and equipment	38,000	365,150
Interest received	64,221,143	43,895,376
Placements of deposits with maturity more than three (3) months	(403,426,839)	(89,824,465)
Net cash used in investing activities	(410,501,069)	(158,562,919)
Cash flows from financing activities		
Payments of lease interest	(213,698)	-
Payments of lease liabilities	(864,169)	-
Net cash used in financing activities	(1,077,867)	-
Net decrease in cash and cash equivalents	(146,847,287)	(45,675,963)
Cash and cash equivalents at the beginning of financial year	219,333,833	265,009,796
Cash and cash equivalents at the end of financial year (Note 11)	72,486,546	219,333,833

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements

31 December 2019

1. Corporate Information

Pembangunan Sumber Manusia Berhad ("the Company") is a company limited by guarantee, incorporated and domiciled in Malaysia.

The registered office and principal place of the business of the Company is located at Level 7, Wisma HRDF, Jalan Beringin, Damansara Heights, 50490 Kuala Lumpur.

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 1 September 2020.

2. 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.

3. Basis of Preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

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.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

3. Basis of Preparation (continued)

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of these property, plant and equipment to be within five (5) to fifty (50) years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. A five percent (5%) difference in the average useful lives of these assets from the management's estimates would result in approximately two percent (2%) variance in profit for the financial year.

The Company revised the estimate useful life of buildings with effect from 1 January 2019 as follows:

	2019	2018
Building	2%	5%

The revisions were accounted for prospectively as a change in accounting estimate and as a result, the depreciation charge of the Company for the current financial year has been decreased by RM1,264,007.

(b) Recoverability of financial instruments

The determination of whether financial instruments are recoverable involves significant management judgement in determining the probability of default investments, appropriate forward-looking information and significant increase in credit risk.

(c) Determination of the lease term for lease

The Company determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Company is reasonably certain the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Company to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Company.

As at 31 December 2019, there are no undiscounted potential future rental payments that are not included in the lease term.

3. Basis of Preparation (continued)

3.1 New MFRSs adopted during the financial year

The Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019

Adoption of the above Standards did not have any material effect on the financial performances or position of the Company except for the adoption of MFRS 16 as described in the following section.

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Company is the lessor.

The Company applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Company as of 1 January 2019. The average incremental borrowing rates of the Company applied to the lease liabilities on 1 January 2019 was 7.51%. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

3. Basis of Preparation (continued)

3.1 New MFRSs adopted during the financial year (continued)

MFRS 16 *Leases* (continued)

In applying MFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

(a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;

(c) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

(d) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Company recognised the right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	Note	As at 31.12.2018 RM	Impact RM	As at 1.1.2019 RM
Right-of-use assets	(a)	-	1,879,373	1,879,373
Lease liabilities	(b)	-	2,080,356	2,080,356
Retained earnings		304,491,988	(200,983)	304,291,005

(a) The right-of-use assets were measured on a retrospective basis as if the new rules had always been applied.

(b) Lease liabilities are measured as follows:

	RM
Operating lease commitments at 31 December 2018 as disclosed under MFRS 117	551,797
Weighted average incremental borrowing rate as at 1 January 2019	7.51%
Discounted operating lease commitments as at 1 January 2019	513,252
Contracts reassessed as lease contracts	1,567,104
Lease liabilities recognised at 1 January 2019	2,080,356

3. Basis of Preparation (continued)

3.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendment to MFRS 16 *COVID-19-Related Rent Concessions*	1 June 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Company does not expect the adoption of the above Standards to have a significant impact on the financial statements.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

4. Significant Accounting Policies

4.1 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation rates are as follows:

	%
Building	2
Renovation	10
Motor vehicles	20
Furniture and office fittings	20
Office equipment	20
Electric and electronic equipment	20
Information and Communication Technologies ("ICT") System	20

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.12 to the financial statements on impairment of non-financial assets).

4. Significant Accounting Policies (continued)

4.2 Investment property

Investment property comprises completed property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, completed investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the investment property to its residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investment property is eighty-nine (89) years.

Investment property is derecognised when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected. Any gains or losses on the retirement or disposal of investment property is recognised in profit or loss in the year in which they arise.

4.3 Financial instruments

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

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

(a) Financial assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

(ii) Fair value through other comprehensive income ("FVTOCI")

Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding. The debt investment is not designated as fair value through profit or loss. Interest income calculated using the effective method and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

4. Significant Accounting Policies (continued)

4.3 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Fair value through other comprehensive income ("FVTOCI") (continued)

Equity investments

This category comprises investment in equity that is not held for trading, and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income are not reclassified to profit or loss.

(iii) Fair value through profit and loss ("FVTPL")

Assets that do not meet the criteria for amortised cost FVOCI are measured at FVTPL. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss in the period which it arises.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity, is recognised in profit or loss.

(b) Financial liabilities

Human Resources Development Fund, Strategic Fund, General Reserve II, Government grants, other payables and accrued expenditure are classified as other financial liabilities.

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. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(c) Equity

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Changes in the fair value of financial assets at FVOCI are recognised in the statement of comprehensive income as applicable.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4. Significant Accounting Policies (continued)

4.4 Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, and debt instruments measured at fair value through other comprehensive income. The Company measures loss allowances based on general approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

4.5 Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

4. Significant Accounting Policies (continued)

4.6 Employee benefits

(a) 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.

(b) Defined contribution plan

The Company's 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.

(c) 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 periods.

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.

4. Significant Accounting Policies (continued)

4.7 Human Resources Development Fund

Payments of human resources development levy by employers are credited into the Human Resources Development 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.

4.8 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 Human Resources Development 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.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

4. Significant Accounting Policies (continued)

4.9 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. Government grants allocation and the corresponding expenses are offset and shown as net in the statement of financial position. The purpose and usage of the government grants are as follows:

(i) ***Apprenticeship Fund***

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

(ii) ***Small and Medium Enterprises ("SME") Training Incentive Fund***

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

(iii) ***Human Resource ("HR") Certification Body Fund***

The Company received an allocation from the Government to initiate the HR Certification programmes. The establishment of the HR Certification is one of the strategic approaches identified to enhance the quality of human resource management by human resource practitioners.

(iv) ***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 specialised skills that would allow them to be self-employed from home.

(v) ***SME Skill Upgrading Fund***

The programmes under the 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 to appointed training providers throughout the country to provide training to SMEs.

(vi) ***Minimum Wage Programme Fund***

The training program under the Minimum Wage 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. Under the programme, the agency will identify technical courses that are critical in the development of the industry in order to increase the contribution of the Gross Domestic Product ("GDP") SMEs to 41% by 2020.

(vii) ***1Malaysia GRIP ("1MGRIP") Fund***

1MGRIP scheme was created to provide opportunities to employees to increase their skills by participating in specific fields to be experts that would enhance their career development and earn a higher income. The allocation was injected into the company by the government to accommodate the course fees under the 1MGRIP programmes.

4. Significant Accounting Policies (continued)

4.9 Government grants (continued)

(viii) ***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 Pembangunan Sumber Manusia Berhad ("PSMB") in December 2016. The objective of this fund is to equip trainees with skills and knowledge to enable them to venture into businesses that help them to increase their income. The programmes identified under these programmes will help the Indian community to improve their socio-economic status as well as support the Government's efforts to improve human capital productivity.

(ix) ***RPEL (Non-HRDF) Fund***

The objective of Recognition of Prior Experiential Learning ("RPEL") Fund for Non-HRDF is to enable worker who does not have a formal qualification to be awarded Sijil Kemahiran Malaysia ("SKM") certification which in line with the government's effort to increase the number of skilled workers in Malaysia.

(x) ***SME Incentive (Non-HRDF) Fund***

The SME Training Incentive Fund for Non-HRDF is to encourage SME employers to continuously and systematically train their employees to increase their level of competency. PSMB has engaged Hay Group to implement the Diagnosis for SMEs to identify the competency gaps.

(xi) ***Outplacement Centre Programme Fund***

The objective of 1Malaysia Outplacement Centre is to act as a one-stop centre for Malaysian retrenched workers to assist them by up-skilling or re-skilling with the required competencies to enhance their employability and assisting them to secure employment either within the same or different industries. PSMB was injected with the allocation of RM5 million in March 2016.

(xii) ***Graduates Enhancement Programme for Employability ("GENERATE") Fund***

The allocation was injected by the government to PSMB to enhance the employability of Malaysian graduates. The objectives were to equip, develop and assist unemployed graduates with high-end skills and competencies that required by the industries, relevant working experience, exploring new route paths for their careers and job placement.

(xiii) ***Enrolment of Students in ILJTM and Other TVET Institutions Fund***

The objective of this fund is to create awareness among Indian students in secondary schools about ILJTM and set up a support structure in targeted ILJTMs.

(xiv) ***Skim Latihan Dual Nasional ("SLDN")***

The objective of this fund is to increase the supply of skilled workers to the industry. The SLDN programme is a combination of theory and practical at approved training centres with emphasis on structured "on the job" training at the premises of sponsoring employers.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

4. Significant Accounting Policies (continued)

4.10 Income

(i) ***Dividend income***

Dividend income is recognised in "statement of comprehensive income" 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 "statement of comprehensive income".

(iii) ***Income from fees, services, penalties on late payment of the levy and unutilised levy***

Income from fees, services, penalties on late payment of the levy, and unutilised levy are recognised when the performance obligation is satisfied.

(iv) ***Strategic fund income***

Receipts from the levy for Strategic Fund are recognised in "statement of comprehensive income" when the performance obligation is satisfied.

(v) ***Rental income***

Rental income is recognised on a straight-line basis over the lease term of an on-going lease.

4.11 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 assets, 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 is 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.

4. Significant Accounting Policies (continued)

4.12 Impairment of non-financial assets

Property, plant and equipment and investment property 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.

4.13 Leases

The Company as lessee

Accounting policies applied from 1 January 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

(a) Leases of low-value assets; and

(b) Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

(a) Amounts expected to be payable under any residual value guarantee;

(b) The exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and

(c) Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

(a) Lease payments made at or before the commencement of the lease;

(b) Initial direct costs incurred; and

(c) The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

4. Significant Accounting Policies (continued)

4.13 Leases (continued)

The Company as lessee (continued)

Accounting policies applied from 1 January 2019 (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which is discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

(a) If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

(b) In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and

(c) If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Identifying leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Company obtains substantially all the economic benefits from use of the asset; and

(c) The Company has the right to direct use of the asset.

4. Significant Accounting Policies (continued)

4.13 Leases (continued)

The Company as lessee (continued)

Accounting policies applied from 1 January 2019 (continued)

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable MFRSs rather than MFRS 16.

The Company as lessor

Accounting policies applied from 1 January 2019

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company derecognises the underlying asset and recognise a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from the lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments are subject to MFRS 9 impairment (refer to Note 4.4 on impairment of financial assets). In addition, the Company reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

4. Significant Accounting Policies (continued)

4.13 Leases (continued)

The Company as lessor (continued)

Accounting policies applied from 1 January 2019 (continued)

(b) Operating leases

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

(c) Sublease classification

When the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(d) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

Accounting policies applied until 31 December 2018

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

5. Property, Plant, and Equipment

	Note	2019 RM	2018 RM
Cost:			
Property	(a)	33,880,352	33,880,352
Plant and equipment	(b)	54,267,604	53,914,789
		88,147,956	87,795,141
Accumulated depreciation:			
Property	(a)	19,210,334	18,859,883
Plant and equipment	(b)	44,913,594	38,486,089
		64,123,928	57,345,972
Carrying amounts:			
Property	(a)	14,670,018	15,020,469
Plant and equipment	(b)	9,354,010	15,428,700
		24,024,028	30,449,169

Notes to the Financial Statements (continued)

31 December 2019 (continued)

5. Property, Plant, and Equipment (continued)

(a) Property

	Freehold land RM	Building RM	Total RM
Cost:			
At 1 January 2018/ 31 December 2018/ 31 December 2019	1,591,200	32,289,152	33,880,352
Accumulated depreciation:			
At 1 January 2018	-	17,245,425	17,245,425
Charge for the financial year	-	1,614,458	1,614,458
At 31 December 2018/1 January 2019	-	18,859,883	18,859,883
Charge for the financial year	-	350,451	350,451
At 31 December 2019	-	19,210,334	19,210,334
Carrying amounts:			
At 31 December 2018	1,591,200	13,429,269	15,020,469
At 31 December 2019	1,591,200	13,078,818	14,670,018

The Company revised the estimated useful life of building with effect from 1 January 2019 as follows:

	2019	2018
Building	2%	5%

The revisions were accounted for prospectively as a change in accounting estimate and as a result, the depreciation charge of the Company for the current financial year has been decreased by RM1,264,007.

5. 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 2018	2,259,171	5,526,754	1,825,213	1,045,285	14,918,958	24,464,818	50,040,199
Additions	116,545	2,151,517	-	51,947	107,301	2,015,300	4,442,610
Disposal/Write off	(559,626)	-	-	-	(8,394)	-	(568,020)
At 31 December 2018/ 1 January 2019	1,816,090	7,678,271	1,825,213	1,097,232	15,017,865	26,480,118	53,914,789
Additions	198,400	6,800	-	9,645	112,996	497,100	824,941
Write off/Disposal	(145,291)	(326,835)	-	-	-	-	(472,126)
At 31 December 2019	1,869,199	7,358,236	1,825,213	1,106,877	15,130,861	26,977,218	54,267,604
Accumulated depreciation:							
At 1 January 2018	969,497	2,201,477	1,619,628	910,553	13,954,978	12,666,818	32,322,951
Charge for the financial year	402,791	618,052	88,411	46,341	352,898	4,985,089	6,493,582
Write off/Disposal	(322,053)	-	-	-	(8,391)	-	(330,444)
At 31 December 2018/ 1 January 2019	1,050,235	2,819,529	1,708,039	956,894	14,299,485	17,651,907	38,486,089
Charge for the financial year	221,675	727,678	53,375	36,597	197,833	5,348,339	6,585,497
Write off/Disposal	(145,290)	(12,702)	-	-	-	-	(157,992)
At 31 December 2019	1,126,620	3,534,505	1,761,414	993,491	14,497,318	23,000,246	44,913,594
Carrying amounts:							
At 31 December 2018	765,855	4,858,742	117,174	140,338	718,380	8,828,211	15,428,700
At 31 December 2019	742,579	3,823,731	63,799	113,386	633,543	3,976,972	9,354,010

Notes to the Financial Statements (continued)

31 December 2019 (continued)

6. Leases

The Company as lessee

Right-of-use assets

Carrying amount	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 (Note 3.1) RM	Addition RM	Remeasurement RM	Depreciation RM	Balance as at 31.12.2019 RM
Buildings	-	1,535,907	104,396	86,735	(466,893)	1,260,145
Office equipments	-	343,466	-	-	(79,278)	264,188
ICT Systems	-	-	3,272,596	-	(545,433)	2,727,163
	-	1,879,373	3,376,992	86,735	(1,091,604)	4,251,496

Lease liabilities

Carrying amount	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 (Note 3.1) RM	Addition RM	Remeasurement RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2019 RM
Buildings	-	1,736,211	104,395	86,735	(552,021)	123,184	1,498,504
Office equipments	-	344,145	-	-	(93,600)	23,475	274,020
ICT Systems	-	-	2,330,010	-	(432,246)	67,039	1,964,803
	-	2,080,356	2,434,405	86,735	(1,077,867)	213,698	3,737,327

(a) The lease terms of right-of-use assets are as follows:

Buildings	Up to 7 years
Office equipments	5 years
ICT Systems	4 years

6. Leases (continued)

The Company as lessee (continued)

(b) During the financial year, the Company made the following cash payments to acquire right-of-use assets:

	2019 RM
Acquisition of right-of-use assets	3,376,992
Finance by lease liabilities	(2,434,405)
Cash payments on acquisition of right-of-use assets	942,587

(c) The Company applies the "lease of low-value assets" exemptions in accordance with MFRS 16 *Leases* for leases which the underlying assets is low value.

(d) The following are the amounts recognised in profit or loss:

	2019 RM
Depreciation charge of right-of-use assets	1,091,604
Interest expense on lease liabilities (included in non-operating expenses)	213,698
Expense relating to leases of low-value assets (included in operating expenses)	94,143
	1,399,445

(e) At the end of the financial year, the Company had total cash outflow for leases of RM1,077,867.

(f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Company that are exposed to interest rate risk:

31 December 2019	Weighted average incremental borrowing rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
Lease liabilities	7.51	1,261,819	2,240,641	234,867	-	3,737,327

Notes to the Financial Statements (continued)

31 December 2019 (continued)

6. Leases (continued)

The Company as lessee (continued)

(g) The table below summarises the maturity profile of the lease liabilities of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

31 December 2019	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
Lease liabilities	1,488,235	2,409,284	237,261	-	4,134,780

7. Investment Property

	2019 RM	2018 RM
Cost:		
At 1 January/31 December	145,476,000	145,476,000
Accumulated depreciation:		
At 1 January	3,269,124	1,634,562
Depreciation charge for the financial year	1,634,562	1,634,562
At 31 December	4,903,686	3,269,124
Carrying amount		
At 31 December	140,572,314	142,206,876
Fair value		
At 31 December	145,200,000	145,200,000

The Company as lessor

Investment properties are commercial properties that are leased to third parties for three (3) years (2018: two (2) years) to four (4) years (2018: three (3) years) term and renewable at the end of the lease period subject to an increase clause.

7. Investment Property (continued)

The Company as lessor (continued)

Rental income and operating expenses arising from the investment property during the financial year are as follows:

	2019 RM	2018 RM
Rental income	1,463,810	806,179
Operating expenses	1,311,779	1,408,225

The Company has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2019 RM	2018 RM
Less than one (1) year	4,732,425	1,382,022
One (1) to two (2) years	3,883,815	1,382,022
Two (2) to three (3) years	1,972,119	230,337
Three (3) to four (4) years	105,066	-
	10,693,425	2,994,381

Fair value of the investment property was estimated by the Directors based on a valuation performed by an independent professional valuer, as well as by reference to the market values of comparable properties and categorised as Level 3 in the fair value hierarchy. There is no transfer between levels of hierarchy during the financial year.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

8. Staff Loans

	2019 RM	2018 RM
Motor vehicle loans	1,821	52,727
Computer loans	36,373	68,619
Housing loans	1,319,411	5,076,842
	1,357,605	5,198,188

Staff loans (only motor vehicle loans and housing loans) are granted to eligible employees of the Company, bears interest of 4% per annum (2018: 4% per annum). Staff loans 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.

Staff loans are denominated in Ringgit Malaysia.

Information on financial risks of staff loans is disclosed in Note 25 to the financial statements.

9. Investments

	2019 RM	2018 RM
Fair value through profit or loss:		
Quoted unit trust in Malaysia	32,366,436	32,513,071
Quoted securities in Malaysia	24,789,397	63,700,260
	57,155,833	96,213,331
Fair value through other comprehensive income:		
Quoted securities-bond and sukuk in Malaysia	254,770,650	135,661,300
	311,926,483	231,874,631

Information on financial risks of investments is disclosed in Note 25 to the financial statements.

10. Accrued Interest Receivables, Deposits, Prepayments And Other Receivables

	2019 RM	2018 RM
Accrued interest receivables	35,828,995	25,391,935
Deposits	329,408	331,233
Prepayments	2,750,460	31,101
Other receivables	2,627,531	2,905,241
	41,536,394	28,659,510

Accrued interest receivables, deposits, prepayments and other receivables are denominated in Ringgit Malaysia.

Information on financial risks of accrued interest receivables, deposits, prepayments and other receivables is disclosed in Note 25 to the financial statements.

11. Cash And Bank Balances

	2019 RM	2018 RM
Fixed deposits placed with licensed banks	1,178,519,680	941,026,246
Fixed deposits placed with other financial institutions	366,580,554	267,185,074
	1,545,100,234	1,208,211,320
Cash and bank balances	51,183,546	131,492,908
Cash and bank balances in the statement of financial position	1,596,283,780	1,339,704,228
Less: Deposits with maturity of more than three months	(1,523,797,234)	(1,120,370,395)
Cash and cash equivalents in the statement of cash flows	72,486,546	219,333,833

(a) Cash and bank balances are denominated in Ringgit Malaysia.

(b) The range of maturities of the deposits that are readily convertible to cash as at 31 December 2019 is 32 to 90 days (2018: 14 to 90 days).

(c) The range of interest rates of the term deposits as at 31 December 2019 is between 3.30% - 5.30% (2018: 3.36% - 5.30%).

(d) Information on financial risks of cash and bank balances is disclosed in Note 25 to the financial statements.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

12. Retirement Benefits

	2019 RM	2018 RM
Present value of unfunded obligations	-	23,937,205
Recognised liability for defined benefit obligations	-	23,937,205

Liability for defined benefit obligations

In the previous financial years, the Company recognised liability for defined benefit obligations based on the actuarial valuation report dated 27 February 2019. 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.

The Company ceased the retirement benefits scheme during current financial year. The retirement benefits for all the eligible employees who qualified was paid in the form of additional Employee Provident Fund ("EPF") contribution.

Movements in the present value of defined benefit obligations:

	2019 RM	2018 RM
At 1 January	23,937,205	22,642,359
Service costs (Current and Past) and interest	-	3,172,014
Over-provision of retirement benefits	(425,209)	-
Benefits paid by the plan	(20,573,228)	(2,537,067)
Benefits paid against outstanding staff loans	(2,938,768)	-
Remeasurement recognition in Other Comprehensive Income	-	659,899
As at 31 December	-	23,937,205
(Income)/Expenses recognised in statement of comprehensive income:		
Current service cost	-	1,833,990
Interest on obligation	-	1,338,024
Over-provision of retirement benefits	(425,209)	-
Net benefit (income)/expenses	(425,209)	3,172,014

12. Retirement Benefits (continued)

Actuarial assumptions:

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

	2019	2018
Discount rate	-	5.4%
Average salary increase	-	6.0%

Sensitivity analysis:

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

	Defined Benefit Obligation			
	2019 Increase RM	2019 Decrease RM	2018 Increase RM	2018 Decrease RM
Discount rate (1% movement)	-	-	3,169,429	(3,778,033)
Average salary (1% movement)	-	-	3,586,904	(3,081,879)

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.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

13. Human Resources Development Fund ("HRDF")

	2019 RM	2018 RM
At 1 January	1,050,080,456	972,387,534
Add: Levy collected	889,872,959	805,720,320
Re-registration (Note 16)	58,327	62,621
	1,940,011,742	1,778,170,475
Less: Training grant disbursed	(579,043,581)	(495,251,809)
Transferred to Strategic Fund (Note 14)	-	(218,068,623)
Transferred to General Reserves II		
- deregistration (Note 16)	(2,201,376)	(1,006,565)
Unutilised levy (Note 15)	(9,305,142)	(11,708,222)
Overpayment of levy refunded	(1,898,652)	(2,054,800)
At 31 December	1,347,562,991	1,050,080,456

14. Strategic Fund

	2019 RM	2018 RM
At 1 January	263,181,718	208,951,977
Receipts from levy (Note 13)	-	218,068,623
	263,181,718	427,020,600
Less: Income recognised for the year (Note 20)	(4,410,877)	(154,190,723)
Less: Administrative fees recognised for the year	-	(9,648,159)
At 31 December	258,770,841	263,181,718

14. Strategic Fund (continued)

The Strategic Fund was created with the purpose of supporting the national agenda of achieving 35% skilled Malaysian workforce by year 2020. The objective of the Strategic Fund is to implement several strategic initiatives with the aim of empowering the quality and employability of the Malaysian human capital through re-skilling and up-skilling programmes, for the benefit of both registered and non-registered employers of the sectors covered by the Company.

Five key strategic initiatives were to carry out under Strategic Fund, which are as follows:

(i) Training of Retrenched Workers under the 1Malaysia Outplacement Centre ("1MOC")

(ii) Train and Replace ("T&R") Programme

(iii) Small and Medium Enterprises ("SME"s) Up-skilling and Re-Skilling Programmes

(iv) Future Workers' Training Programme

(v) Certification/Value Added Programmes Identified by Sectorial Training Committees ("STC"s)/Special Fund for Industrial Association Programme

During the financial year, the Company has spent RM4.4 million (2018: RM163.8 million) on course fees, allowances to employers, training providers, relevant participants for the above initiatives. Included in expenses are administrative and management cost of RM Nil (2018: RM9.6 million) allocated to conduct programs under the Strategic Fund.

15. Unutilised Levy

	2019 RM	2018 RM
At 1 January	44,527,597	35,415,736
Add: Transfer from HRDF (Note 13)	9,305,142	11,708,222
Add: Transfer from General Reserve II (Note 16)	607,219	514,333
	54,439,958	47,638,291
Less: Expenses	(848,179)	(3,110,694)
At 31 December	53,591,779	44,527,597

This fund relates to employers' levy for employers who have been deregistered due to cessation of business or unutilised levy for a period of five years.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

16. General Reserves II

	2019 RM	2018 RM
At 1 January	2,800,495	2,370,884
Add: Transfer from HRDF (Note 13)	2,201,376	1,006,565
	5,001,871	3,377,449
Less: Unutilised levy		
- failure to re-register within 2 years (Note 15)	(607,219)	(514,333)
Re-Registration (Note 13)	(58,327)	(62,621)
At 31 December	4,336,325	2,800,495

17. Government Grants

	Note	2019 RM	2018 RM
Apprenticeship Fund	(a)	3,908,222	4,703,862
SME Training Incentive Fund	(b)	287,366	-
HR Certification Body Fund	(c)	272,825	272,825
HEARTS Fund	(d)	686,396	763,190
SME Skill Upgrading Fund	(e)	435,245	484,097
Minimum Wage Programme Fund	(f)	-	-
1MGRIP Fund	(g)	3,592,080	-
Emphatic Fund	(h)	1,233,884	156,260
RPEL (Non-HRDF) Fund	(i)	8,036,566	8,320,139
SME Incentive (Non-HRDF) Fund	(j)	2,272,119	872,535
Outplacement Centre Programme Fund	(k)	3,191,842	3,012,238
GENERATE Fund (PTPK)	(l)	11,717,117	6,417,098
ILJTM and Other TVET	(m)	1,315,053	4,500,000
GENERATE Fund (B-19)	(n)	4,495,343	-
Skim Latihan Dual Nasional (B-19)	(o)	4,954,179	-
		46,398,237	29,502,244

17. Government Grants (continued)

(a) Apprenticeship Fund

	2019 RM	2018 RM
At 1 January	4,703,862	10,644,463
GST Refund	287,366	-
	4,991,228	10,644,463
Less: Expenses	(1,083,006)	(5,940,601)
At 31 December	3,908,222	4,703,862

(b) SME Training Incentive Fund

	2019 RM	2018 RM
At 1 January	-	321,596
GST Refund	287,366	-
	287,366	321,596
Less: Expenses	-	(321,596)
At 31 December	287,366	-

(c) HR Certification Body Fund

	2019 RM	2018 RM
At 1 January	272,825	280,679
Less: Expenses	-	(7,854)
At 31 December	272,825	272,825

Notes to the Financial Statements (continued)

31 December 2019 (continued)

17. Government Grants (continued)

(d) HEARTS Fund

	2019 RM	2018 RM
At 1 January	763,190	1,494,596
GST Refund	81,540	-
	844,730	1,494,596
Less: Expenses	(158,334)	(731,406)
At 31 December	686,396	763,190

(e) SME Skill Upgrading Fund

	2019 RM	2018 RM
At 1 January	484,097	993,770
GST Refund	15,618	-
	499,715	993,770
Less: Expenses	(64,470)	(509,673)
At 31 December	435,245	484,097

(f) Minimum Wage Program Fund

	2019 RM	2018 RM
At 1 January	-	668,859
Less: Expenses	-	(668,859)
At 31 December	-	-

17. Government Grants (continued)

(g) 1MGRIP Fund

	2019 RM	2018 RM
At 1 January	-	4,915,734
GST Refund	3,592,080	-
	3,592,080	4,915,734
Less: Expenses	-	(4,915,734)
At 31 December	3,592,080	-

(h) Empathic Fund

	2019 RM	2018 RM
At 1 January	156,260	3,042,831
GST Refund	1,077,624	-
	1,233,884	3,042,831
Less: Expenses	-	(2,886,571)
At 31 December	1,233,884	156,260

(i) RPEL (Non-HRDF) Fund

	2019 RM	2018 RM
At 1 January	8,320,139	3,731,976
Addition/ GST Refund	1,752,891	7,000,000
	10,073,030	10,731,976
Less: Expenses	(2,036,464)	(2,411,837)
At 31 December	8,036,566	8,320,139

Notes to the Financial Statements (continued)

31 December 2019 (continued)

17. Government Grants (continued)

(j) SME Incentive (Non-HRDF) Fund

	2019 RM	2018 RM
At 1 January	872,535	1,048,664
Addition/ GST Refund	1,968,416	5,000,000
	2,840,951	6,048,664
Less: Expenses	(568,832)	(5,176,129)
At 31 December	2,272,119	872,535

(k) Outplacement Centre Programme Fund

	2019 RM	2018 RM
At 1 January	3,012,238	3,492,480
GST Refund	179,604	350,200
	3,191,842	3,842,680
Less: Expenses	-	(830,442)
At 31 December	3,191,842	3,012,238

(l) GENERATE Fund (PTPK)

	2019 RM	2018 RM
At 1 January	6,417,098	4,285,283
Addition/ GST Refund	5,359,208	7,500,000
	11,776,306	11,785,283
Less: Expenses	(59,189)	(5,368,185)
At 31 December	11,717,117	6,417,098

17. Government Grants (continued)

(m) Enrolment of Students in ILJTM and Other TVET Institutions Fund

	2019 RM	2018 RM
At 1 January	4,500,000	-
Addition	-	5,000,000
	4,500,000	5,000,000
Less: Expenses	(3,184,947)	(500,000)
At 31 December	1,315,053	4,500,000

(n) GENERATE Fund (B-19)

	2019 RM	2018 RM
At 1 January	-	-
Addition	5,000,000	-
	5,000,000	-
Less: Expenses	(504,657)	-
At 31 December	4,495,343	-

(o) Skim Latihan Dual Nasional (B-19)

	2019 RM	2018 RM
At 1 January	-	-
Addition	5,000,000	-
	5,000,000	-
Less: Expenses	(45,821)	-
At 31 December	4,954,179	-

Notes to the Financial Statements (continued)

31 December 2019 (continued)

18. Payables And Accruals

Credit terms of payables are 30 to 45 days (2018: 30 to 45 days). All payables are denominated in Ringgit Malaysia.

Information on financial risks of payables is disclosed in Note 25 to the financial statements.

19. Reserves

	2019 RM	2018 RM
Fair value reserves	9,185,800	953,148
Retirement benefit reserves	-	(8,321,152)
At 31 December	9,185,800	(7,368,004)

The fair value reserve comprise the cumulative net change in the fair value of debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

20. Income

	2019 RM	2018 RM
(a) Operating income		
Fee income from training providers	6,383,836	6,805,179
Gain on disposal of plant and equipment	-	127,575
Interest income from fixed deposits and investment	75,406,407	51,198,560
Interest income from loan to staff	185,716	208,024
Interest income from bank balance	29,940	34,818
Other income	172,170	111,026
Lease income	1,463,810	806,179
Penalty on late payment of levy	2,997,317	3,610,815
Administrative fees	-	12,060,575
	86,639,196	74,962,751
(b) Non-operating income		
Over-provision of retirement benefits	425,209	-
Fair value changes of investments	615,482	-
	1,040,691	-
(c) Development activities income		
Income from unutilised levy	848,179	3,110,694
Income received from National Human Resources Development Conference Fund	2,923,873	2,755,221
Participants' fees for Training and Consultancy Fund	3,921,565	3,634,219
	7,693,617	9,500,134
(d) Strategic Fund Income (Note 14)	4,410,877	154,190,723
Total income	99,784,381	238,653,608

Notes to the Financial Statements (continued)

31 December 2019 (continued)

20. Income (continued)

The Company has disaggregated income into various categories in the following which is intended to depict its nature, amount and timing.

	2019 RM	2018 RM
Revenue from contracts with customers		
Recognised at point in time	16,226,591	28,866,009
Recognised over time	5,259,056	157,301,417
Total revenue from contracts with customers	21,485,647	186,167,426
Other revenue		
Gain on disposal of plant and equipment	-	127,575
Interest income from fixed deposits and investment	75,406,407	51,198,560
Interest income from loan to staff	185,716	208,024
Interest income from bank balance	29,940	34,818
Other income	172,170	111,026
Lease income	1,463,810	806,179
Over-provision of retirement benefits	425,209	-
Fair value changes of investments	615,482	-
	78,298,734	52,486,182
Total income	99,784,381	238,653,608

21. Expenses

	2019 RM	2018 RM
(a) Operating expenses		
Advertising and promotion	1,133,443	2,763,281
Auditor's remuneration		
- current year	98,000	108,000
- under-provision in prior year	-	4,000
Staff costs	34,965,039	33,909,204
Consultancy Services	760,512	1,267,900
Directors' fees and remuneration	1,711,486	2,922,606
Event management	1,422,456	1,892,241
Legal and professional fees	331,246	637,845
Other expenses	1,578,216	2,450,714
Office supplies	364,257	590,268
Stamps and postage	142,011	139,117
Printing expenses	124,046	131,896
Property management	2,227,550	2,266,706
Lease expenses	94,143	1,186,357
Repairs and maintenance	7,081,124	9,371,418
Travelling and accommodation	1,071,272	1,993,550
Utilities	1,318,689	1,959,030
Loss on disposal of property, plant and equipment	33,982	-
	54,457,472	63,594,133
(b) Non-operating expenses		
Fair value changes of investments	-	18,636,997
Expected credit loss impaired	227,802	344,425
Non allowable GST input tax	-	15,305,420
Depreciation for property, plant and equipment	6,935,948	8,108,040
Depreciation for investment property	1,634,562	1,634,562
Depreciation for right-of-use assets	1,091,604	-
Provision for retirement benefits	-	3,172,014
Finance cost from lease liabilities	213,698	-
	10,103,614	47,201,458

Notes to the Financial Statements (continued)

31 December 2019 (continued)

21. Expenses (continued)

	2019 RM	2018 RM
(c) Development activities expenses for:		
Motor Vehicle Loan Subsidy	4,508	1,409
Educational sponsorship fund	-	6,929
Training and Consultancy	3,664,543	3,930,139
National HRD Conference	2,174,190	2,189,652
SPICE Fund	-	523,696
Corporate Social Responsibility ("CSR") Fund	226,924	605,356
Amendment and Expansion of the First Schedule of PSMB Act, 2001 Fund	-	314,984
National Employment Return ("NER") 2016 Survey Fund	-	124,434
Chevron II of Human Capital Transformation Project (HCTP) Fund	129,441	79,000
Rebranding of RPEL Fund	-	523,584
Renewal of Advisor to ILMIA for Labour Market Study	-	252,114
Accelerate Human Capital Development in Malaysia Fund	-	1,247,447
Source System Data Cleansing Activity and Development of High Quality Transactional Report	487,687	573,614
HRDF Transformation Initiatives Fund	-	75,298
Training and Coordinating Fund	-	38,623
SME TNA Consultancy Fund	153,688	713,846
Future Workers Training Fund	515,103	1,539,911
OTEP Fund	179,388	818,314
	7,535,472	13,558,350

22. Taxation

	2019 RM	2018 RM
Current tax expense based on income for the financial year	-	3,030,000
Over-provision of prior financial year taxation	(3,030,000)	-
	(3,030,000)	3,030,000

(a) There is no tax charged for the current financial year since the Company is exempted from the payment of income tax in respect of statutory income in relation to all of its sources of income for 3 years from year of assessment 2018 until the year of assessment 2020.

(b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Company is as follows:

	2019 RM	2018 RM
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	5,586,467	(9,573,853)
Tax effect in respect of:		
Non-allowable expenses	4,465,848	50,052,456
Income not subject to tax	(10,052,315)	(37,448,603)
Over-provision in prior financial year	(3,030,000)	-
	(3,030,000)	3,030,000

Notes to the Financial Statements (continued)

31 December 2019 (continued)

23. Employee Benefits

	2019 RM	2018 RM
Wages, salaries and bonuses	27,671,835	26,983,401
Contributions to defined contribution plans	3,888,216	3,213,068
Expenses related to defined benefit plans	-	3,172,014
Social security contributions	272,210	280,186
Other benefits	3,132,778	3,432,549
	34,965,039	37,081,218

24. Directors' Fees And Remuneration

	2019 RM	2018 RM
Fees	1,128,163	1,345,529
Salaries, allowances and bonus	520,000	1,363,877
Defined contribution plan	63,323	213,200
	1,711,486	2,922,606

25. Financial Instruments

(a) Categories of financial instruments

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

	2019 RM	2018 RM
Financial assets		
Amortised cost		
Accrued interest receivables, deposits other receivables (excluding GST & prepayment)	38,785,563	28,628,038
Staff loans	1,357,605	5,198,188
Cash and bank balances	1,596,283,780	1,339,704,228
Fair value through other comprehensive income		
Investments-bond and sukuk	254,770,650	135,661,300
Fair value through profit or loss		
Investments-others	57,155,833	96,213,331
	1,948,353,431	1,605,405,085
Financial liabilities		
Amortised cost		
Human Resources Development Fund	1,347,562,991	1,050,080,456
Strategic Fund	258,770,841	263,181,718
Unutilised Levy	53,591,779	44,527,597
General Reserve II	4,336,325	2,800,495
Government grants	46,398,237	29,502,244
Other payables	53,233,334	63,615,087
Accrued expenditure	20,858,667	3,324,672
Lease liabilities	3,737,327	-
	1,788,489,501	1,457,032,269

Notes to the Financial Statements (continued)

31 December 2019 (continued)

25. Financial Instruments (continued)

(b) Financial risk management

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

(i) 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.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Cash and bank balances

The cash and bank balances are held with banks and financial institutions.

These bank and financial institutions have low credit risks. Therefore, the Company is of the view that the loss allowance is not material and here, it is not provided for.

Other receivables, staff loans and deposits

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses as it is negligible.

Investment in debt securities

It is Company policy to assess the credit risk of investments before entering contracts. The Company's review includes external ratings, when available, and in some cases bank references. Investments limits are established and approval from the Management Investment Committee is required.

The Company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of at least AA3 from Rating Agency Malaysia ("RAM") and AA- from Malaysian Rating Corporation Berhad ("MARC").

The Company monitors changes in credit risk by tracking published external credit ratings. 12-month and lifetime probabilities of default are based on historical data supplied by Bloomberg for each credit rating.

The movement in the impairment loss for debt securities at FVOCI during the year was as follows:

	12-month ECL	
	2019 RM	2018 RM
Balance at 1 January	344,425	-
New financial assets acquired	-	344,425
Reversal of impairment loss	(116,623)	-
Balance at 31 December	227,802	344,425

25. Financial Instruments (continued)

(b) Financial risk management (continued)

(ii) 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 bank balances 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 (other than lease liabilities as disclosed in Note 6 to the financial statements) as at 31 December 2019 have contractual maturity of less than 1 year.

(iii) Equity price risk

Equity price risk arises from the Company's investments in equity securities.

Risk management objectives, policies and process for managing the risk

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 Management Investment Committee of the Company.

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

Equity price risk sensitivity analysis

This analysis assumes that all variables remain constant and the Company's equity instruments move in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI").

A change of 100 points of the KLCI Index at the end of the reporting period would have increase or decrease in the fair value of the equity investment by the amounts as shown below:

Price	2019 RM Surplus before tax Increase/(Decrease)	2018 RM Deficit before tax Increase/(Decrease)
Increased by 100 points	3,597,512	5,691,143
Decreased by 100 points	(3,597,512)	(5,691,143)

Notes to the Financial Statements (continued)

31 December 2019 (continued)

25. Financial Instruments (continued)

(b) Financial risk management (continued)

(iv) Interest rate risk

The Company's investments in fixed rate debt securities and loans to its staffs are exposed to a risk of change in their fair value due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows;

	Effective Interest Rate	Within 1 year RM	More than 1 year RM	Total RM
2019				
Fixed rate instruments				
Fixed deposits	3.30% - 5.30%	1,281,152,674	263,947,560	1,545,100,234
Staff loans	4%	74,782	1,282,823	1,357,605
Investment in debts securities	3.75% - 4.98%	25,139,250	229,631,400	254,770,650
		1,306,366,706	494,861,783	1,801,228,489
2018				
Fixed rate instruments				
Fixed deposits	3.36% - 5.30%	1,208,211,320	-	1,208,211,320
Staff loans	4%	360,154	4,838,034	5,198,188
Investment in debts securities	4.39% - 4.98%	-	135,661,300	135,661,300
		1,208,571,474	140,499,334	1,349,070,808

25. Financial Instruments (continued)

(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value except for investment in debts securities which are carried at FVOCI. Therefore, a change of 100 basis points in interest rates for fixed rate investment in debts securities would have increased or decreased its fair value and subsequently the Company's equity by RM2,548,000 (2018: RM1,357,000).

Cash flow sensitivity analysis

Sensitivity analysis for fixed deposits and staff loans as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

(c) Fair value of financial instruments

The carrying amounts of cash and bank balances, receivables, payables and accruals approximate their fair values and are equivalent to nominal values due to the relatively short term nature of these financial instruments or that they bears interest that approximate market interest rates.

Fair value of investments of the Company are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(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.

Notes to the Financial Statements (continued)

31 December 2019 (continued)

26. Commitments

(a) Operating lease commitments

The Company as a lessee

The Company had entered into non-cancellable lease agreements for certain premises for terms between one (1) to three (3) years and renewable at the end of the lease period subject to an increase clause.

The Company has aggregate future minimum lease commitments as at the end of each reporting period as follows:

	2019 RM	2018 RM
Not later than one (1) year	-	404,587
Later than one (1) year and not later than three (3) years	-	147,210
	-	551,797

(b) Capital commitments

	2019 RM	2018 RM
Capital expenditure in respect of purchase of plant and equipment:		
Contracted but not provided	90,468	1,238,112

27. Related Parties

For the purpose 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.

The Company is a company limited by guarantee which is administered by the Minister of Human Resources which is controlled by the Government of Malaysia. Entities that are directly controlled by the Government of Malaysia are collectively referred to as government-related entities to the Company. The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Company.

The Company enters into transactions with many of these bodies, which include but are not limited to purchasing of goods, including use of public utilities and amenities, and the placing of bank deposits.

All the transactions entered into by the Company with the government-related entities are conducted in the ordinary course of the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related.

The Company is principally involved in 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. These services have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. The Company has collectively, but not individually significant transactions with related parties.

28. Significant Event Subsequent to the End of the Reporting Period

The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into the recovery phase of the MCO until 31 August 2020.

Since these developments occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with MFRS 110 *Events after the Reporting Period*. Consequently, the financial statements for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

In line with the measures put in place by the Malaysian government to assist businesses and individuals affected by the COVID-19 pandemic, the Minister of Human Resources announced on 26 March 2020 that all sectors be exempted from paying the human resources development levy for a period of six (6) months effective from April 2020 to September 2020.

The Company estimated the financial reporting impact arising from the exemption would be a decrease of approximately RM440 million in human resources levy collection, which would be recognised in the financial statements of the Company during the financial year ending 31 December 2020.

ENERGY AND PERSISTENCE CONQUER ALL THINGS.

Benjamin Franklin

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