



FINANCIAL **REPORT 2025**

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CHAPTER

01

2025 AT A GLANCE



An infographic for 'Levy Collection' featuring a background image of a person's hands pointing at a screen. The screen displays various financial icons: a dollar sign in a circle, a target, a bar chart, a calculator, a clock, and a gear. The overall theme is financial management and data analysis.

Levy Collection

**RM2,534.92
MILLION**

An infographic for 'Claim Disbursement' featuring a background image of hands typing on a laptop. A semi-transparent window is overlaid on the screen, showing a blue checkmark icon, the amount '\$1,000.00', a smaller amount 'Fee: \$0.00', and a 'Continue' button. The background also shows faint icons of a scale and a document.

Claim Disbursement

**RM2,443.58
MILLION**

An infographic for 'Approved Financial Assistance' featuring a background image of a hand pointing at a document. The document has a large green checkmark on it. The background also shows faint icons of a document and a bar chart.

Approved Financial Assistance

**RM2,661.37
MILLION**



Number of Trainees

1,563,316



Approved Training Places

2,858,898



Total Registered Employers
(cumulative)

105,769



Total Registered Employees
(cumulative)

4,952,084

CHAPTER

02

RESET 2026



RESET 2026

The year 2025 marked another year of meaningful delivery and measurable impact for us at HRD Corp.

Over the course of the year, we approved RM2.66 billion in financial assistance for training and skills development, representing a growth of 15% against the previous year. This supported more than 2.86 million training places across our programmes and schemes, reinforcing our role in strengthening workforce capabilities at scale.

At the same time, we remained committed to ensuring that skills development opportunities are inclusive, accessible and far-reaching, with Malaysians across diverse communities benefiting from our initiatives through a combination of Government grants and HRD Corp's internal funding support. This commitment is translated into targeted, high-impact programmes designed to address both community needs and industry demands, ensuring that no segment of society is left behind in the national skills development agenda.

Through the Malaysian Indian Skills Initiative (MISI), 1,107 trainees were trained and enrolled, expanding employability pathways for the Indian community. Under the Professional Advancement in Trucking and Haulage (PATH) programme, 313 trainees were successfully trained to strengthen capabilities within the logistics sector, while our collaboration with the Centre for Technology Excellence Sarawak (CENTEXS) enabled approximately 450 trainees to undergo competency and certification-based training aligned with industry needs.

In addition, we trained 9,929 participants and reached 4,210 community beneficiaries through public-facing activities at our Pusat Latihan Pembangunan Komuniti (PLPK), reflecting our continued commitment to broad-based and inclusive human capital development.

Our Training Market Transformation (TMT) efforts and community-based programmes further extended our reach to wider segments of society, including persons with disabilities and underserved communities. The TMT initiative delivered eight (8) Train-the-Trainer sessions, benefiting 134 persons with disabilities and reinforcing the importance of inclusive training approaches in building a more resilient workforce.

On the regional front, Malaysia's chairmanship of ASEAN in 2025 enabled us to further strengthen our role in advancing human capital development at the regional level. Through the ASEAN Year of Skills (AYOS) 2025 and key platforms such as the Global Skills Forum and National Training Week (NTW) 2025, we deepened regional collaboration and significantly expanded access to learning. This was reflected in the strong participation for NTW 2025, which recorded 3,742,300 total enrolments, a substantial increase from 375,817 in 2024.

As we embrace 2026, a defining turning point with heightened global economic uncertainty, ongoing geopolitical tensions and evolving market dynamics, our commitment remains steadfast.

In line with the aspirations of Thirteenth Malaysia Plan (RMK13) and the Ekonomi MADANI framework, which aspires to uplift the living status of the rakyat and reshape the national economy, we will continue to uphold our mandate to enhance the skills of local talents through strategic and targeted workforce development initiatives. These efforts are aimed at supporting quality and inclusive livelihoods, while promoting sustainable and high-income opportunities, strengthening social mobility and expanding pathways for Malaysians to build better and secure futures, align with the key dimensions outlined under the RMK13.

In 2026, we stand on a stronger and more disciplined foundation, with the continued oversight of our Board of Directors, led by our Chairman, ensuring that our governance and institutional integrity remain aligned with our mandate and national agenda.

We undertook a comprehensive organisational reset, that went far beyond structural realignment, to fundamentally reshape how we operate, make decisions and deliver. This was not merely a process of adjustment, but a deliberate effort to restore clarity, strengthen governance and reinforce our responsibility as a national institution entrusted with advancing Malaysia's human capital development agenda, in line with the aspirations and priorities under the RMK13 and the guidance from the Minister of Human Resources, Dato' Sri Ramanan Ramakrishnan.

Across the organisation, we have realigned our structures, sharpened our focus and reinforced accountability at every level. Governance functions have been strengthened, operational processes streamlined and strategic priorities recalibrated to ensure that every effort is purposeful and outcome-driven.

This reset will reshape how we deliver value towards greater discipline, clarity and execution.

As we look ahead, our focus is clear.

Throughout this period, we remained focused on promoting lifelong learning, upskilling and reskilling in support of sustainable economic growth and a more resilient future-ready workforce. At its core, this mandate is about people, preserving livelihoods, safeguarding workforce, ensuring that Malaysia's workforce ecosystem continues to effectively serve the needs of the economy and rakyat.

We are entering a phase defined by targeted execution and delivery of RMK13 aspirations. The foundations have been set and the structures are in place. Our priority now is to translate plans into measurable outcomes by delivering programmes and initiatives that are relevant, impactful and aligned with national priorities under the MADANI framework.

We recognise that trust is earned through consistent delivery and meaningful impact.

Amid ongoing global conflicts and economic uncertainty, we will always stand guided by our core mandate in advancing Malaysia's workforce through continuous upskilling, reskilling and future-skilling initiatives that support industry needs and readiness, workforce adaptability and long-term economic resilience.

At a time where lives, lifestyles and economic activities will likely be affected, we remain unwavering in our commitment to enrich lives by expanding access to skills development opportunities for Malaysians from all walks of life, particularly vulnerable and underserved groups such as the B40 community, gig workers, jobseekers, including individuals undergoing career transitions and seeking sustainable sources of income. Through strategic training programmes, we aspire to empower more Malaysians with the capabilities, confidence and opportunities needed to improve their livelihoods, enhance employability and build a more secure economic future for themselves and their families.

The year ahead will demand discipline, focus and resolve.

With the stewardship of our Board of Directors and the leadership of the new management, we move forward with a shared conviction to deliver with purpose, act with accountability and deliver lasting impact for the nation. With all the support from our stakeholders, we are confident that HRD Corp will continue to fulfil the mandate with professionalism and integrity, ensuring that workforce and skills development remain strong enablers of meaningful economic progress, for the benefit of the rakyat and the nation for many generations to come.

The Management HRD Corp

CHAPTER

03

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2025.

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.

RESULTS

	RM
Net deficit for the financial year	49,701,361

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2025.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including

their values as shown in the accounting records of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- i. any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- ii. any contingent liabilities in respect of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- i. the results of the operations of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Company during the financial year was RM150,000.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Rusli bin Jaafar (Chairman)	(Appointed as Chairman on 1 April 2026)
Mr Suhaimi bin Ilias (Deputy Chairman)	(Appointed as Deputy Chairman on 20 February 2026)
Datuk Azman bin Mohd Yusof	
Mr Tan Huang Kew	(Reappointed as Director on 16 January 2025)
Datin Seah Siew Yun	(Appointed as Director on 7 August 2025)
Dato' Mohamed Shamir bin Abdul Aziz (Chief Executive)	(Appointed as Director on 23 January 2026)
Datuk Wira (Dr) Hj Ameer Ali bin Mydin	(Appointed as Director on 6 February 2026)
Professor Emeritus Dato' Dr Mohd Azmi bin Omar	(Appointed as Director on 6 February 2026)
Mr Muhammad Akmar bin Dato' Kasim	(Appointed as Director on 6 February 2026)
Ir Parameswaran a/l A. Shanmuganathan	(Appointed as Director on 6 February 2026)
Datuk Mohd Zamri bin Mat Zain	(Appointed as Director on 9 March 2026)
Mr Boo Chin Liong	(Appointed as Director on 17 March 2026)
Mr Norsyahrin bin Hamidon	(Appointed as Director on 30 April 2026)
Datuk Abu Huraira bin Abu Yazid (Immediate Past Chairman)	(Reappointed as Chairman on 22 January 2026) (Cessation as Chairman on 1 April 2026)
Dato' Soon Lip Chee (Immediate Past Deputy Chairman)	(Cessation as Deputy Chairman on 5 January 2026)
Dr Syed Alwi bin Mohamed Sultan (Appointed as Director on 7 July 2025)	(Immediate Past Chief Executive) (Cessation as Director on 22 January 2026)
Mr Dzulkernain bin Hassan	(Cessation as Director on 6 August 2025)
Mr Gan Boon Khim	(Cessation as Director on 6 August 2025)
Mr Ong Chin Seong	(Cessation as Director on 6 August 2025)
Datuk Rosli bin Yaakub	(Cessation as Director on 16 November 2025)
Madam Lin Azura binti Yahya (Alternate to Datuk Rosli bin Yaakub)	(Cessation as Director on 16 November 2025)
Dato' Raiha Azni binti Abd Rahman	(Reappointed as Director on 11 January 2025) (Cessation as Director on 6 February 2026)
Dr Mohd Syukri bin Ahmad Sudari	(Cessation as Director on 6 February 2026)
Dato' Palaniappan a/l Joseph	(Cessation as Director on 6 February 2026)
Dr Helena Eian Yeut Lan (Alternate to Dato' Palaniappan a/l Joseph)	(Cessation as Director on 6 February 2026)
Dato' Seri Chan Kong Yew	(Cessation as Director on 6 February 2026)
Mr Ahmad Rizal bin Adnan	(Cessation as Director on 6 February 2026)
Datuk Rajasekharan a/l Ramasamy	(Cessation as Director on 6 February 2026)
Madam Dalila binti Sharingat	(Cessation as Director on 6 February 2026)
Mr Ahsim @ Oyok bin Jamat	(Cessation as Director on 6 February 2026)

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) 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.

The directors' benefits of the Company were as follows:

	RM
Directors of the Company	
- fees	1,749,130
- salaries, allowances and performance incentive	2,207,904
- defined contribution plans	130,242
	<hr/>
	4,087,276
	<hr/>

INDEMNITY TO DIRECTORS AND OFFICERS

The Company effected Director's 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 indemnity coverage is RM70,000,000 and the insurance premium paid for the Directors and Officers of the Company amounted to RM70,000.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

.....
DATUK RUSLI BIN JAAFAR
Chairman

.....
DATO' MOHAMED SHAMIR BIN ABDUL AZIZ
Director

Date: 21 May 2026

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

		2025	2024
	Note	RM	RM
ASSETS			
Property, plant and equipment	4	83,828,949	85,118,705
Right-of-use assets	5	2,384,538	2,722,311
Other properties	6	130,764,949	132,399,504
Deferred tax assets	7	34,745,370	24,035,803
Staff loans	8	582,769	657,711
Investment	9	1,922,846,113	1,859,330,084
Other receivables	10	156,449,775	128,478,225
Cash and bank balances	11	2,392,638,379	2,430,994,788
TOTAL ASSETS		4,724,240,842	4,663,737,131
EQUITY AND LIABILITIES			
Equity attributable to the Company			
Retained earnings		413,082,777	512,784,138
Reserves	12	10,682,088	5,947,016
TOTAL EQUITY		423,764,865	518,731,154
Liabilities			
Lease liability	5	2,917,414	3,145,979
Derivative financial liabilities	13	108,309,885	30,984,605
Human Resources Development Fund	14	3,912,968,610	3,849,612,017
Strategic Fund	15	5,203,196	2,360,150
Strategic Initiative Account Fund	16	67,856,204	43,295,029
Unutilised Levy	17	67,642,360	56,112,359
General Reserves II	18	17,194,871	17,951,907
Government grants	19	32,879,112	37,519,543
Payables and accruals	20	78,559,598	91,851,839
Provision for taxation		6,944,727	12,172,549
TOTAL LIABILITIES		4,300,475,977	4,145,005,977
TOTAL EQUITY AND LIABILITIES		4,724,240,842	4,663,737,131

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM	2024 RM
INCOME			
Operating income	21(a)	287,691,672	264,442,106
Non-operating income	21(b)	32,125,222	148,254,412
Development activities income	21(c)	13,767,770	21,461,657
Total income		333,584,664	434,158,175
EXPENSES			
Operating expenses	22(a)	(201,852,569)	(212,000,004)
Non-operating expenses	22(b)	(163,759,128)	(93,369,644)
Development activities expenses	22(c)	(13,767,770)	(21,461,657)
Total expenses		(379,379,467)	(326,831,305)
(Deficit)/Surplus before taxation		(45,794,803)	107,326,870
Income tax (expense)/income	24	(3,906,558)	9,217,185
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		(49,701,361)	116,544,055
Other comprehensive (loss)/income, net of tax Items that may be reclassified subsequently to profit or loss:			
Debt investments measured at fair value through other comprehensive income		6,965,249	(422,950)
(Reversal)/Charge of expected credit losses on debt investments measured at fair value through other comprehensive income		(2,230,177)	3,602,301
Total other comprehensive income for the financial year, net of tax		4,735,072	3,179,351
Total comprehensive (loss)/income for the financial year		(44,966,289)	119,723,406

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Retained earnings RM	Fair value reserves RM	Total equity RM
At 1 January 2024		471,240,083	2,767,665	474,007,748
Allocation for Strategic Initiative Account	16	(75,000,000)	-	(75,000,000)
Net surplus for the financial year		116,544,055	-	116,544,055
Other comprehensive income		-	3,179,351	3,179,351
Total comprehensive income		41,544,055	3,179,351	44,723,406
At 31 December 2024/1 January 2025		512,784,138	5,947,016	518,731,154
Allocation for Strategic Initiative Account	16	(50,000,000)	-	(50,000,000)
Net deficit for the financial year		(49,701,361)	-	(49,701,361)
Other comprehensive income		-	4,735,072	4,735,072
Total comprehensive income		(99,701,361)	4,735,072	(94,966,289)
At 31 December 2025		413,082,777	10,682,088	423,764,865

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM	2024 RM
Cash flows from operating activities			
Cash generated from operations:			
Cash receipts from training providers and others		128,193,400	154,843,132
Cash payments to vendors		(233,316,231)	(305,372,748)
Cash flows changes used in operating activities		(105,122,831)	(150,529,616)
Cash from Human Resources Development Fund:			
Receipts from registered employers		2,531,476,838	2,322,357,034
Payments to registered employers		(2,443,579,510)	(1,986,710,269)
Cash flows changes after Human Resources Development Fund		(17,225,503)	185,117,149
Cash from Trust Funds and Government grants:			
Payments to registered training providers		(95,458,357)	(89,004,571)
Receipts from government allocation		54,454,378	34,649,376
Cash flows changes after Trust Funds and Government grants		(41,003,979)	(54,355,195)
Net cash (used in)/from operating activities		(58,229,482)	130,761,954
Cash flows from investing activities			
Purchase of plant and equipment	4	(13,622,445)	(5,388,104)
Purchase of investments		(377,870,456)	(456,384,388)
Dividend received		25,887,476	19,805,300
Repayment of loan by employees		74,942	180,305
Proceeds from disposal of investments		238,238,388	143,246,921
Proceeds from disposal of plant and equipment		1 48,551	-
Interest received		148,846,212	141,652,401
Withdrawals of deposits with maturity more than three (3) months		604,825,790	88,116,253
Net cash from/(used in) investing activities		626,528,458	(68,771,312)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Note	2025 RM	2024 RM
Cash flows from financing activity			
Payment of lease liabilities, representing net cash used in financing activity	5	<u>(1,829,595)</u>	<u>(1,322,235)</u>
Net increase in cash and cash equivalents		566,469,381	60,668,407
Cash and cash equivalents at the beginning of the financial year		<u>854,651,659</u>	<u>793,983,252</u>
Cash and cash equivalents at the end of the financial year	11	<u>1,421,121,040</u>	<u>854,651,659</u>

a. Reconciliation of liabilities arising from financing activities

Changes in liabilities arising from financing activities are changes arising from cash flows.

b. Total cash outflows for leases

During the financial year, the Company has total cash outflows for leases amounting to RM4,804,172 (2024:RM 6,313,900).

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

NOTES TO THE FINANCIAL STATEMENTS

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 HRD Corp, Jalan Beringin, Damansara Heights, 50490 Kuala Lumpur.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 May 2026.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments to MFRS

The Company has adopted the following applicable amendments to MFRS for the current financial year:

Amendments to MFRS

MFRS 121 The Effects of Changes in Foreign Exchange Rates

The adoption of the above amendments to MFRS did not have any significant effect on the financial statements of the Company and did not result in significant changes to the Company's existing accounting policies.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

- a. The Company has not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows 1 January 2026	
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2027
MFRS 128	Investment in Associates and Joint Ventures	Deferred

- b. The Company plans to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments to MFRSs that may be applicable to the Company are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)

- b. The Company plans to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Company are summarised below. (Continued)

MFRS 18 Presentation and Disclosure in Financial Statements (Continued)

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the classification and measurement requirements, including:

- clarify how the contractual cash flows on financial assets with environmental, social and corporate governance and similar features should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

2.4 Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which it operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

2.5 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Company's financial statements within the next financial year are disclosed as follows:

a. Fair value of derivatives and other financial instruments (Note 25)

The fair value of derivative and other financial instruments that are not traded in an active market is determined by using valuation techniques. The Company use their judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Any changes in these assumptions will have an impact on the carrying amounts of the derivatives and other financial instruments.

The carrying amounts of the Company's derivatives and investments are disclosed in Note 25(c).

b. Impairment of financial assets (Note 25)

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rate. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

For balances in which credit risk has not increased significantly since initial recognition of the financial asset, 12-month ECL along with gross interest income are recognised. For balances in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised. The probabilities of non-payments by other receivables are adjusted by forward looking information and multiplied by the amounts of the expected losses arising from defaults to determine the 12-month or lifetime ECL for the other receivables.

Significant judgement is required to determine the probabilities of default by other receivables, appropriate forward-looking information and significant increase in credit risk.

4. PROPERTY, PLANT AND EQUIPMENT

2025 Cost	Freehold Land		Buildings		Motor Vehicles		Renovation		Furniture and Office Fittings		Office Equipment		ICT System		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2025	1,591,200	49,687,375	2,822,172	19,769,595	2,126,546	17,692,487	94,407,758	188,097,133								
Additions	-	-	-	1,741,797	88,873	125,948	11,665,827	13,622,445								
Disposal	-	-	(343,240)	-	(26,250)	(127,411)	-	(496,901)								
Written off	-	-	-	(64,304)	(257,316)	(8,271,637)	-	(8,593,257)								
At 31 December 2025	1,591,200	49,687,375	2,478,932	21,447,088	1,931,853	9,419,387	106,073,585	192,629,420								
Accumulated depreciation																
At 1 January 2025	-	21,437,109	1,799,100	7,741,676	1,891,147	16,711,187	53,398,209	102,978,428								
Depreciation charge for the financial year	-	701,937	324,292	1,624,822	66,288	260,110	11,789,134	14,766,583								
Disposal	-	-	(211,664)	-	(26,250)	(113,847)	-	(351,761)								
Written off	-	-	-	(64,291)	(257,200)	(8,271,288)	-	(8,592,779)								
At 31 December 2025	-	22,139,046	1,911,728	9,302,207	1,673,985	8,586,162	65,187,343	108,800,471								
Carrying amount																
At 1 January 2025	1,591,200	28,250,266	1,023,072	12,027,919	235,399	981,300	41,009,549	85,118,705								
At 31 December 2025	1,591,200	27,548,329	567,204	12,144,881	257,868	833,225	40,886,242	83,828,949								

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold Land		Buildings		Motor Vehicles		Renovation		Furniture and Office Fittings		Office Equipment		ICT System		Total		
	RM		RM		RM		RM		RM		RM		RM		RM		
2024																	
Cost																	
At 1 January 2024	1,591,200		49,687,375		2,822,172		16,064,081		2,035,732		17,314,232		93,193,517		182,709,029		
Additions	-		-		-		3,704,794		90,814		378,255		1,214,241		5,388,104		
At 31 December 2024	1,591,200		49,687,375		2,822,172		19,769,595		2,126,546		17,692,487		94,407,758		188,097,133		
Accumulated depreciation																	
At 1 January 2024	-		20,735,174		1,400,807		7,741,676		1,836,557		16,485,698		41,873,227		88,633,537		
Depreciation charge for the financial year	-		701,935		398,293		1,439,652		54,590		225,489		11,524,932		14,344,891		
At 31 December 2023	-		21,437,109		1,799,100		7,741,676		1,891,147		16,711,187		53,398,209		102,978,428		
Carrying amount																	
At 1 January 2024	1,591,200		28,952,201		1,421,365		9,762,777		199,175		828,534		51,320,240		94,075,492		
At 31 December 2024	1,591,200		28,250,266		1,023,072		12,027,919		235,399		981,300		41,009,549		85,118,705		

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Material accounting policy information

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful life (years)
Buildings	50 years
Renovation	10 years
Motor vehicles	5 years
Furniture and office fittings	5 years
Office equipment	5 years
Information and Communication Technologies (ICT) System	5 years

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Information about leases for which the Company is lessee is presented below:

	Buildings	Office Equipments	Total
	RM	RM	RM
Right-of-use assets			
Carrying amount			
At 1 January 2024	1,426,790	3,974	1,430,764
Additions	1,075,530	387,030	1,462,560
Remeasurement	1,237,236	-	1,237,236
Termination	(50,649)	(1,883)	(52,532)
Depreciation	(1,321,372)	(34,345)	(1,355,717)
At 31 December 2024/1 January 2025	2,367,535	354,776	2,722,311
Additions	1,737,696	-	1,737,696
Termination	(334,665)	-	(334,665)
Depreciation	(1,547,292)	(193,512)	(1,740,804)
At 31 December 2025	2,223,274	161,264	2,384,538

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

	Buildings	Office Equipments	Total
Lease liabilities	RM	RM	RM
Carrying amount			
At 1 January 2024	1,635,447	4,465	1,639,912
Additions	1,075,530	387,030	1,462,560
Remeasurement	1,237,236	-	1,237,236
Termination	(51,503)	(2,181)	(53,684)
Lease payments	(1,285,047)	(37,188)	(1,322,235)
Interest expense	179,595	2,595	182,190
At 31 December 2024/1 January 2025	2,791,258	354,721	3,145,979
Additions	1,737,696	-	1,737,696
Termination	(380,983)	-	(380,983)
Lease payments	(1,616,606)	(212,989)	(1,829,595)
Interest expense	223,455	20,862	244,317
At 31 December 2025	2,754,820	162,594	2,917,414

- a. The Company leases a number of buildings that run between 1 year to 4 years, with an option to renew the lease after that date. Leases of buildings and office equipment comprise only fixed payments over the lease term.
- b. Material accounting policy information

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

- c. The incremental borrowing rates applied to lease liabilities ranging from 6.67% to 7.72 (2024: 7.72%).

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	2025	2024
	RM	RM
Minimum lease payments:		
Not later than one year	1,506,169	1,498,944
Later than one year but not later than five years	1,713,660	1,890,133
	<u>3,219,829</u>	<u>3,389,077</u>
Less: Future finance charges	(302,415)	(243,098)
Present value of minimum lease payments	<u>2,917,414</u>	<u>3,145,979</u>
Present value of minimum lease payments:		
Not later than one year	1,280,069	1,340,453
Later than one year but not later than five years	1,637,345	1,805,526
	<u>2,917,414</u>	<u>3,145,979</u>
Less: Amount due within twelve months	(1,280,069)	(1,340,453)
Amount due after twelve months	<u>1,637,345</u>	<u>1,805,526</u>

- d. Extension options

Some lease of buildings contain extension options exercisable by the Company before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

6. OTHER PROPERTIES

	2025	2024
	RM	RM
Cost		
At 1 January/31 December	<u>145,476,000</u>	<u>145,476,000</u>
Accumulated depreciation		
At 1 January	13,076,496	11,441,934
Depreciation charge for the financial year	1,634,555	1,634,562
At 31 December	<u>14,711,051</u>	<u>13,076,496</u>
Carrying amount		
At 31 December	<u>130,764,949</u>	<u>132,399,504</u>
Fair value		
At 31 December	<u>139,414,500</u>	<u>139,414,500</u>

6. OTHER PROPERTIES (CONTINUED)

a. The assets were initially acquired with the intention of being used for the Company's own operations and were classified as property, plant, and equipment. However, during the financial year ended 31 December 2017, following a change in the use of these assets, they were subsequently rented out to third parties. As a result, the classification of these assets was reassessed, and they have been reclassified as investment properties, in line with the requirements of MFRS 140 Investment Properties.

b. Material accounting policy information

Other properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of buildings is provided for on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life of 89 years.

c. Other properties is commercial property that are leased to third parties for two (2) to three (3) years (2024: two (2) to three (3) years) term and renewable at the end of the lease period subject to an increase clause. The Company does not charge variable lease payments that do not depend on an index or rate.

d. The following are recognised in profit or loss in respect of other properties:

	2025	2024
	RM	RM
Lease income	<u>3,729,398</u>	<u>5,196,713</u>
Direct operating expenses:		
- income generating investment properties	1,200,819	1,360,577
- non- income generating investment properties	<u>705,983</u>	<u>761,492</u>

e. Fair value information

The fair value of other properties is based on information available through independent valuation or internal research and directors' best estimate.

Fair value of other properties are categorised as follows:

	Level 1	Level 2	Level 3	Level 4
	RM	RM	RM	RM
2025	-	-	139,414,500	139,414,500
2024	<u>-</u>	<u>-</u>	<u>139,414,500</u>	<u>139,414,500</u>

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the other properties. The most significant input into this valuation approach is price per square foot of properties, market rentals, building age, building condition, tenure and other relevant factors.

7. DEFERRED TAX ASSETS

The components of deferred tax assets are as follows:

	At 1 January 2025	Recognised in profit or loss (Note 25)	At 31 December 2025
	RM	RM	RM
Deferred tax assets:			
Property, plant and equipment	(3,320,351)	(6,664,300)	(9,984,651)
Unabsorbed capital allowance	9,049,925	3,705,572	12,755,497
Others	18,306,229	13,668,295	31,974,524
	<u>24,035,803</u>	<u>10,709,567</u>	<u>34,745,370</u>

	At 1 January 2024	Recognised in profit or loss (Note 25)	At 31 December 2024
	RM	RM	RM
Deferred tax assets:			
Property, plant and equipment	-	(3,320,351)	(3,320,351)
Unabsorbed capital allowance	-	9,049,925	9,049,925
Others	-	18,306,229	18,306,229
	-	<u>24,035,803</u>	<u>24,035,803</u>

8. STAFF LOANS

	2025	2024
Computer loans	64,272	65,008
Housing loans	518,497	592,703
	<u>582,769</u>	<u>657,711</u>

Housing loans and Computer loans are granted to eligible employees of the Company, bears interest of 4% and Nil per annum respectively (2024: 4% and Nil 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 and 25 years for computer loans and housing loans, respectively.

9. INVESTMENTS

	2025	2024
	RM	RM
Fair value through profit or loss		
At fair value:	1,319,614,356	1,342,620,434
- Unit trust	434,873,845	348,926,017
- Quoted shares	612,350,624	725,755,858
- RCCPS	272,389,887	267,938,559
Fair value through other comprehensive income		
At fair value:		
- Quoted shares	144,982,407	-
- Bonds	458,249,350	516,709,650
	<u>1,922,846,113</u>	<u>1,859,330,084</u>

The Company has written put and call options over its investments in quoted equity securities of RM593,178,659 (2024: RM620,581,122) as disclosed in Note 13 to the financial statements.

10. OTHER RECEIVABLES

	Note	2025	2024
		RM	RM
Accrued interest receivables		66,987,402	67,191,763
Deposits		749,121	666,990
Other receivables	(a)	215,680,491	128,667,031
		<u>283,417,014</u>	<u>196,525,784</u>
Less: Expected credit loss		(131,855,060)	(72,249,983)
		151,561,954	124,275,801
Prepayments		4,887,821	4,202,424
Total receivables		<u>156,449,775</u>	<u>128,478,225</u>

a. Included in other receivables is an amount of RM78.59 million (2024: RM54.13 million) representing grant receivable.

b. Material accounting policy information

Impairment for other receivables are recognised based on the general approach within MFRS 9 using expected credit loss (ECL) model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

For balances in which credit risk has not increased significantly since initial recognition of the financial asset, 12-month ECL along with gross interest income are recognised. For balances in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

10. OTHER RECEIVABLES (CONTINUED)

b. Material accounting policy information (Continued)

The probabilities of non-payments by other receivables are adjusted by forward looking information and multiplied by the amounts of the expected losses arising from defaults to determine the 12-month or lifetime ECL for the other receivables.

It requires management to exercise significant judgement in determining the probabilities of default by other receivables, appropriate forward looking information and significant increase in credit risk.

c. The reconciliation of movements in the impairment loss account of other receivables is as follows:

	2025	2024
	RM	RM
Credit impaired		
At 1 January	72,249,983	-
Charge for the financial year	59,605,077	72,249,983
At 31 December	<u>131,855,060</u>	<u>72,249,983</u>

11. CASH AND BANK BALANCES

	2025	2024
	RM	RM
Cash and bank balances	239,269,076	118,227,798
Deposit with licensed banks	900,510,501	1,346,844,327
Deposit with other financial institutions	1,252,858,802	965,922,663
	<u>2,392,638,379</u>	<u>2,430,994,788</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2025	2024
	RM	RM
Deposit with licensed banks	2,153,369,303	2,312,766,990
Less: Deposits with maturity of more than three months	(971,517,339)	(1,576,343,129)
	<u>1,181,851,964</u>	<u>736,423,861</u>
Cash and bank balances	239,269,076	118,227,798
	<u>1,421,121,040</u>	<u>854,651,659</u>

12. RESERVES

	2025	2024
	RM	RM
Fair value reserves	<u>10,682,088</u>	<u>5,947,016</u>

The fair value reserves 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.

13. DERIVATIVE FINANCIAL LIABILITIES

	2025	2024
	RM	RM
Derivatives at fair value through profit or loss		
- Put options	29,126,655	81,012,355
- Call options	<u>(137,436,540)</u>	<u>(111,996,960)</u>
	<u>(108,309,885)</u>	<u>(30,984,605)</u>

The Company uses call and put option contracts to manage price risk exposures arising from certain equity investments held. These put options permit the holder to put the shares held by the Company back to the original vendor at the Company's original purchase price plus premium ranged between 8.0% to 8.5% (2024: 8.0% to 8.5%) per annum, while the call options permit the holder to call the shares held by the Company at the Company's original purchase price plus premium ranged between 8.0% to 8.5% (2024: 8.0% to 8.5%) per annum.

The put options are exercisable during the period of 30 days after one (1) year anniversary of the Company's purchase of the equity investment, while the call options are exercisable anytime for a period of one (1) year from the date the Company's purchase of the equity investment. The put options shall lapse upon exercise of the call options respectively, vice versa.

14. HUMAN RESOURCES DEVELOPMENT FUND (HRDF)

	Note	2025	2024
		RM	RM
At 1 January		3,849,612,017	3,564,678,878
Add:			
Levy collected		2,534,924,723	2,327,459,807
Re-registration	(19)	565,306	401,575
		<u>6,385,102,046</u>	<u>5,892,540,260</u>
Less:			
Training grant disbursed		(2,443,579,510)	(1,986,710,269)
Transferred to General Reserves II			
- deregistration	(19)	(8,951,880)	(8,139,513)
Unutilised levy	(18)	(16,154,161)	(42,975,688)
Overpayment of levy refunded		<u>(3,447,885)</u>	<u>(5,102,773)</u>
At 31 December		<u>3,912,968,610</u>	<u>3,849,612,017</u>

14. HUMAN RESOURCES DEVELOPMENT FUND (HRDF) (CONTINUED)

- a. 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 two years, the employers' levy received shall be forfeited by the Company.

- b. Levy arrears represent outstanding amounts due from levy contributors that have not been settled within the prescribed period.

Levy arrears which are due from levy contributors as at the end of each reporting period are as follows:

	2025	2024
	RM	RM
At 1 January	192,812,564	205,428,615
Add:		
Levy arrears during the year	139,431,255	100,130,051
	<u>332,243,819</u>	<u>305,558,666</u>
Less:		
Levy arrears recovered	(109,800,947)	(101,217,761)
Levy arrears written off	-	(11,528,341)
At 31 December	<u>222,442,872</u>	<u>192,812,564</u>
Number of employers	<u>22,225</u>	<u>21,373</u>

The aging based on the closing balance of the levy arrears are as follows:

	2025	2024
	RM	RM
Below 1 year	26,838,034	23,527,568
1 to 3 years	66,160,848	111,229,352
More than 3 years	129,443,990	58,055,644
	<u>222,442,872</u>	<u>192,812,564</u>

15. STRATEGIC FUND

	Note	2025 RM	2024 RM
At 1 January		2,360,150	2,360,150
Add:			
Cancellation of prior year commitment		2,843,046	-
		<u>5,203,196</u>	<u>2,360,150</u>

The Strategic Fund is for the purpose to implement several strategic initiatives with the aim of empowering the quality and employability of the Malaysian human capital through reskilling and up-skilling programmes, for the benefit of both registered and non-registered employers of the sectors covered by the Company, including PENJANA Initiative which was implemented in conjunction with the announcement by the Honourable Prime Minister of Malaysia on 5th June 2020.

16. STRATEGIC INITIATIVE ACCOUNT FUND

	2025 RM	2024 RM
At 1 January	43,295,029	-
Allocated from retained earnings	50,000,000	75,000,000
Less:		
Utilisation during the year	(25,438,825)	(31,704,971)
At 31 December	<u>67,856,204</u>	<u>43,295,029</u>

In prior financial year, the Board approved the establishment of the Strategic Initiatives Account Fund (SIA) to support selected long-term training and development programmes. An initial amount of RM75,000,000 was allocated from the Company's retained earnings. The SIA is structured as a dedicated fund in the statement of financial position, reflecting a present obligation to fund the approved initiatives. The source of power to fund the training programmes and the initiatives is based on Section 22 (2) (b), Section 5 (c) and Section 5 (d) of the PSMB Act 2001. The funds are currently utilised for Program Latihan MADANI (PLM), Malaysian Indian Skills Initiative (MISI) and for the development of Technical and Vocational Education and Training (TVET) programmes.

During the financial year, the Board approved an additional allocation of RM50,000,000 from the Company's retained earnings to ensure the continuity of the programmes that was funded under SIA.

17. UNUTILISED LEVY

		2025	2024
	Note	RM	RM
At 1 January		56,112,359	31,797,488
Add:			
Transfer from HRDF	14	16,154,161	42,975,688
Transfer from General Reserve II	18	9,143,610	2,800,840
		<u>81,410,130</u>	<u>77,574,016</u>
Less:			
Development activities expenses	22	(13,767,770)	(21,461,657)
At 31 December		<u>67,642,360</u>	<u>56,112,359</u>

Unutilised levy are levy collected from employers which remained unutilised when the employers have been deregistered due to cessation of business, or when the employer has been deregistered due to insufficient number of employee and fail to register within two years, or the levy were unutilised for a period of two years, or deduction for any initiative introduced by Government. The unutilised levy is allocated to HRD Corp Strategic Incentives (HSI), which was initiated in 2021 with two pillars, employability/income creation and industry based for all Malaysians. In 2024, PLM was introduced, and there are multiple focus groups for the initiative, such as Senior Back in Action (SEBA), Second Chances and Opportunity for People to Excel (SCOPE), People with Disabilities (PWD), B40 and Malaysia's Micro-SMEs.

18. GENERAL RESERVES II

		2025	2024
	Note	RM	RM
At 1 January		17,951,907	13,014,809
Add:			
Transfer from HRDF	15	8,951,880	8,139,513
		<u>26,903,787</u>	<u>21,154,322</u>
Less: Unutilised levy			
Failure to re-register within 2 years	18	(9,143,610)	(2,800,840)
Re-registration	15	(565,306)	(401,575)
At 31 December		<u>17,194,871</u>	<u>17,951,907</u>

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.

19. GOVERNMENT GRANTS

	2025	2024
	RM	RM
Apprenticeship Fund	3,417,054	3,424,644
HR Certification Body Fund	64,535	64,535
RPEL (Non-HRDF) Fund	10,069,382	8,925,651
SME Incentive (Non-HRDF) Fund	4,581,842	3,638,266
Outplacement Centre Programme Fund	3,191,842	3,191,842
GENERATE Fund (PTPK)	2,856,110	2,856,110
ILJTM and Other TVET	592,296	592,296
GENERATE Fund (B-19)	1,562,270	1,562,270
Skim Latihan Dual Nasional (B-19)	4,127	4,127
Industry 4WRD – Reskilling	1,330,604	3,259,802
Malaysian Indian Skills Initiative (MISI)	209,050	10,000,000
Dasar Gaji Progresif (DGP) Fund	5,000,000	-
	<u>32,879,112</u>	<u>37,519,543</u>

The movement of government grants are as follows:

	2025	2024
	RM	RM
At 1 January	37,519,543	38,708,110
Add:		
Government allocation	<u>54,454,378</u>	<u>34,649,376</u>
	91,973,921	73,357,486
Less:		
Utilisations	<u>(59,094,809)</u>	<u>(35,837,943)</u>
At 31 December	<u>32,879,112</u>	<u>37,519,543</u>

a. Material accounting policy information

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.

b. 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. *Human Resource (HR) Certification Body Fund*

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

19. GOVERNMENT GRANTS (CONTINUED)

b. The purpose and usage of the government grants are as follows: (continued)

iii. RPEL (Non-HRDF) Fund

The objective of Recognition of Prior Experiential Learning (RPEL) Fund for Non-HRDF is to enable workers who do not have 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.

iv. 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.

v. 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 reskilling 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.

vi. Graduates Enhancement Programme for Employability (GENERATE) Fund

The allocation was injected by 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 path for their careers and job placement.

vii. 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 setup a support structure in targeted ILJTMs.

viii. 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.

ix. Industry 4WRD - Reskilling

The fund is the government allocation under the Ministry of International Trade and Industry (MITI) to finance training programmes in driving digital transformation of the manufacturing and related services sectors in Malaysia.

x. Malaysian Indian Skill Initiative (MISI)

The Malaysian Indian Skills Initiative Scheme by HRD Corp is designed to empower the Malaysian Indian community with essential training to improve their quality of life through employment or income generating opportunities in collaboration with Ministry of Finance and Malaysian Indian Transformation Unit.

xi. Dasar Gaji Progresif (DGP) Fund

The Dasar Gaji Progresif Fund by HRD Corp is designed to encourage structured and sustainable wage growth through skills development and productivity enhancement, with the objective of improving employees' income levels and career progression, in collaboration with the Ministry of Finance and relevant government agencies.

20. PAYABLES AND ACCRUALS

	2025	2024
	RM	RM
Other payables	64,119,476	73,465,443
Accrued expenses	14,440,122	18,386,396
	<u>78,559,598</u>	<u>91,851,839</u>

21. INCOME

	2025	2024
Note	RM	RM
(a) Operating income		
Dividend and interest income from fixed deposits and investment	174,529,327	165,539,189
Service fee	69,325,384	56,166,664
Fee income from training providers	12,674,210	17,873,021
Income from National HRD Conference	14,789,817	11,296,749
Penalty on late payment of levy	8,917,583	5,929,699
Lease income	3,729,398	5,196,713
Other income	2,497,939	1,390,370
Interest income from bank balance	1,205,838	997,507
Interest income from loan to staff	22,176	26,588
Income from training and consultancy	-	25,606
	<u>287,691,672</u>	<u>264,442,106</u>
(b) Non-operating income		
Fair value changes of investments	29,845,317	139,870,920
Fair value changes of derivatives	-	8,382,340
Gain on termination of right-of-use assets	46,317	1,152
Gain on disposal of property, plant and equipment	3,411	-
Reversal of expected credit loss impairment	2,230,177	-
	<u>32,125,222</u>	<u>148,254,412</u>
(c) Development activities income		
Human Resource Development Corp Strategic Incentives	17 13,767,770	21,461,657
Total Income	<u>333,584,664</u>	<u>434,158,175</u>

21. INCOME (CONTINUED)

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

	2025	2024
	RM	RM
Revenue from contracts with customers		
At a point in time	105,706,994	91,291,739
Over time	13,767,770	21,461,657
Total revenue from contracts with customers	119,474,764	112,753,396
Other income		
Dividend and interest income from fixed deposits and investment	174,529,327	165,539,189
Lease income	3,729,398	5,196,713
Other income	2,497,939	1,390,370
Interest income from bank balance	1,205,838	997,507
Interest income from loan to staff	22,176	26,588
Fair value changes of investments and derivatives	29,845,317	148,253,260
Gain on termination of right-of-use assets	46,317	1,152
Gain on disposal of property, plant and equipment	3,411	-
Reversal of impairment on expected credit loss	2,230,177	-
Total income	333,584,664	434,158,175

22. EXPENSES

	Note	2025 RM	2024 RM
(a) Operating expenses			
Staff costs	23	94,183,078	90,002,904
Repairs and maintenance		23,015,171	27,500,111
Strategic development activities		15,299,046	23,869,280
National HRD Conference		11,721,141	-
AYOS 2025		10,800,965	-
Training Market Transformation		7,077,477	11,296,395
Corporate Social Responsibility (CSR)		6,697,967	10,709,813
Promotional activities		5,565,790	9,173,246
Travelling and accommodation		5,284,177	6,715,797
Consultancy services		3,270,212	5,651,202
Directors' fees and remuneration		4,087,276	5,037,996
Lease expenses		2,974,577	4,991,665
Other expenses		3,118,114	3,843,312
Property management		2,829,625	3,762,609
Legal and professional fees		2,724,296	3,148,175
Utilities		1,999,832	2,674,429
Office supplies		523,802	1,276,084
Printing expenses		325,732	1,176,478
Stamps and postage		204,291	959,856
Auditor's remuneration - current year		150,000	150,000
Real Property Gains Tax		-	60,652
		<u>201,852,569</u>	<u>212,000,004</u>
(b) Non-operating expenses			
Expected credit loss		59,605,077	75,852,284
Fair value loss from derivatives		85,767,314	-
Depreciation for property, plant and equipment		14,766,583	14,344,891
Depreciation for other properties		1,634,555	1,634,562
Depreciation for right-of-use assets		1,740,804	1,355,717
Finance cost from lease liabilities		244,317	182,190
Written off of property, plant and equipment		478	-
		<u>163,759,128</u>	<u>93,369,644</u>
(c) Development activities expenses			
Program Latihan MADANI		13,652,770	19,129,626
Human Resource Development Corp Strategic Incentives		115,000	2,332,031
		<u>13,767,770</u>	<u>21,461,657</u>
Total Expenses		<u>379,379,467</u>	<u>326,831,305</u>

23. EMPLOYEE BENEFITS EXPENSE

	2025	2024
	RM	RM
Salaries, allowances and performance incentive	70,723,391	67,569,698
Defined contribution plans	8,629,964	7,210,263
Social security contributions	907,477	690,565
Other staff related expenses	13,922,246	14,532,378
	<u>94,183,078</u>	<u>90,002,904</u>

Included in the employee benefits expense are:

	2025	2024
	RM	RM
Directors of the Company		
- Fees	1,749,130	1,794,475
- Salaries, allowances and performance incentive	2,207,904	2,954,258
- Defined contribution plans	130,242	289,263
	<u>4,087,276</u>	<u>5,037,996</u>

24. TAX EXPENSE/(INCOME)

The major components of income tax expense for the financial years ended 31 December 2025 and 31 December 2024 are as follows:

	Note	2025 RM	2024 RM
Statement of comprehensive income			
Current income tax:			
- Current income tax charge		13,315,559	15,039,881
- Adjustment in respect of prior years		1,300,566	(221,263)
		<u>14,616,125</u>	<u>14,818,618</u>
Deferred tax:			
Origination of temporary differences			
- Current year		(15,404,803)	(24,035,803)
- Adjustment in respect of prior years		4,695,236	-
	7	<u>(10,709,567)</u>	<u>(24,035,803)</u>
Tax expense/(income) recognised in profit or loss		<u>3,906,558</u>	<u>(9,217,185)</u>

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

The reconciliation from the tax amount at the statutory income tax rate to the Company's tax expense is as follows:

	2025 RM	2024 RM
(Deficit)/Surplus before tax	<u>(45,794,803)</u>	<u>107,326,870</u>
Tax at Malaysian statutory income tax rate of 24%	(10,990,753)	25,758,449
Adjustments:		
Income not subject to tax	(18,812,597)	(46,452,496)
Non-deductible expenses	27,714,106	14,891,920
Recognition of deferred tax assets not taken up previously	-	(3,193,795)
Adjustment in respect of prior years:		
- income tax	1,300,566	(221,263)
- deferred tax	4,695,236	-
Income tax expense/(income)	<u>3,906,558</u>	<u>(9,217,185)</u>

25. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

- i. Amortised cost
- ii. Fair value through profit or loss (“FVPL”)
- iii. Fair value through other comprehensive income (“FVOCI”) - Debt instruments

	Carrying amount	Amortised cost	FVPL	FVOCI
	RM	RM	RM	RM
2025				
Financial assets				
Staff loans	582,769	582,769	-	-
Investments	1,922,846,113	-	1,319,614,356	603,231,757
Other receivables *	151,561,954	151,561,954	-	-
Cash and bank balances	2,392,638,379	2,392,638,379	-	-
	<u>4,467,629,215</u>	<u>2,544,783,102</u>	<u>1,319,614,356</u>	<u>603,231,757</u>
Financial liability				
Derivative liabilities	108,309,885	-	108,309,885	-
Human Resources Development Fund	3,912,968,610	3,912,968,610	-	-
Strategic Fund	5,203,196	5,203,196	-	-
Strategic Initiative Account	67,856,204	67,856,204	-	-
Unutilised Levy	67,642,360	67,642,360	-	-
General Reserve II	17,194,871	17,194,871	-	-
Government grants	32,879,112	32,879,112	-	-
Payables and accruals	78,537,998	78,537,998	-	-
	<u>4,290,592,236</u>	<u>4,182,282,351</u>	<u>108,309,885</u>	<u>-</u>

25. FINANCIAL INSTRUMENTS (CONTINUED)

a. Categories of financial instruments (continued)

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned: (Continued)

- i. Amortised cost
- ii. Fair value through profit or loss (“FVPL”)
- iii. Fair value through other comprehensive income (“FVOCI”) - Debt instruments

	Carrying amount	Amortised cost	FVPL	FVOCI
	RM	RM	RM	RM
2024				
Financial assets				
Staff loans	657,711	657,711	-	-
Investments	1,859,330,084	-	1,342,620,434	516,709,650
Other receivables *	124,275,801	124,275,801	-	-
Cash and bank balances	2,430,994,788	2,430,994,788	-	-
	<u>4,415,258,384</u>	<u>2,555,928,300</u>	<u>1,342,620,434</u>	<u>516,709,650</u>
Financial liability				
Derivative liabilities	30,984,605	-	30,984,605	-
Human Resources Development Fund	3,849,612,017	3,849,612,017	-	-
Strategic Fund	2,360,150	2,360,150	-	-
Strategic Initiative Account	43,295,029	43,295,029	-	-
Unutilised Levy	56,112,359	56,112,359	-	-
General Reserve II	17,951,907	17,951,907	-	-
Government grants	37,519,543	37,519,543	-	-
Payables and accruals	91,851,839	91,851,839	-	-
	<u>4,129,687,449</u>	<u>4,098,702,844</u>	<u>30,984,605</u>	<u>-</u>

* Excluding prepayments

25. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management

The Company's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market price risk.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks which are executed by the Company's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

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. The Company's exposure to credit risk arises principally from the individual characteristics of each counterparty in its receivables investment in debt securities and cash and bank balances. There are no significant changes as compared to prior periods.

Cash and bank balances

The cash and bank balances are held with banks and financial institutions. 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. These bank and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables and staff loans

Credit risks on other receivables are mainly arising from Grant receivable from the Government which is considered to have low credit risk.

At the end of the current reporting period, the Company has no significant concentration of credit risk except for other receivable from three (3) third party receivable constituting 61% of total other receivables of the Company. At the end of the previous reporting period, there was no significant concentration of credit risk.

Other receivables also comprise deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Company manage the credit risk together with the leasing arrangement.

The Company considers staff loans to have low credit risk considering these loans are repayable through salary deduction.

25. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

i. Credit risk (continued)

Other receivables and staff loans (continued)

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

The movement in the impairment loss for other receivables during the year was as follows:

	2025	2024
	RM	RM
At 1 January	72,249,983	-
Impairment loss	59,605,077	72,249,983
At 31 December	<u>131,855,060</u>	<u>72,249,983</u>

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 Investment Panel 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 a 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.

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

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

	12-month ECL	
	2025	2024
	RM	RM
At 1 January	3,611,193	8,892
(Reversal)/Addition for the financial year	(2,230,177)	3,602,301
At 31 December	<u>1,381,016</u>	<u>3,611,193</u>

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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The maturity analysis of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	----- Contractual cash flows -----				
	Carrying amount	On demand or within one year	Between 1 - 2 years	Between 2 - 5 years	Total
	RM	RM	RM	RM	RM
2025					
Lease liabilities	2,519,952	1,506,169	379,540	634,243	2,519,952
Human Resources Development Fund	3,912,968,610	3,912,968,610	-	-	3,912,968,610
Strategic Fund	5,203,196	5,203,196	-	-	5,203,196
Strategic Initiative Account	67,856,204	67,856,204	-	-	67,856,204
Unutilised Levy	67,642,360	67,642,360	-	-	67,642,360
General Reserve II	17,194,871	17,194,871	-	-	17,194,871
Government grants	32,879,112	32,879,112	-	-	32,879,112
Payables and accruals	78,559,598	78,559,598	-	-	78,559,598
	4,184,823,903	4,183,810,120	379,540	634,243	4,184,823,903

25. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

ii. Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (Continued)

	Carrying amount	----- Contractual cash flows -----				Total
		On demand or within one year	Between 1 - 2 years	Between 2 - 5 years		
		RM	RM	RM	RM	
2024						
Lease liabilities	3,366,936	1,510,418	1,538,820	317,698	3,366,936	
Human Resources Development Fund	3,849,612,017	3,849,612,017	-	-	3,849,612,017	
Strategic Fund	2,360,150	2,360,150	-	-	2,360,150	
Strategic Initiative Account	43,295,029	43,295,029	-	-	43,295,029	
Unutilised Levy	56,112,359	56,112,359	-	-	56,112,359	
General Reserve II	17,951,907	17,951,907	-	-	17,951,907	
Government grants	37,519,543	37,519,543	-	-	37,519,543	
Payables and accruals	91,851,839	91,851,839	-	-	91,851,839	
	4,102,069,780	4,100,213,262	1,538,820	317,698	4,102,069,780	

iii. Interest rate risk

The Company's investments in fixed rate debt securities and loans to its staff 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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

iii. Interest rate risk (continued)

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 one year	More than one year	Total
	%	RM	RM	RM
2025				
Fixed rate Intruments				
Fixed deposits	2.70 - 5.20	1,762,570,193	390,799,110	2,153,369,303
Staff loans	4.00	67,961	514,808	582,769
Investment in debts securities	3.45 - 5.40	120,159,750	338,089,600	458,249,350
		<u>1,882,797,90</u>	<u>729,403,518</u>	<u>2,612,201,422</u>
2024				
Fixed rate Intruments				
Fixed deposits	2.95 - 4.45	1,688,589,022	624,177,968	2,312,766,990
Staff loans	4.00	81,473	576,238	657,711
Investment in debts securities	3.45 - 5.40	9,999,300	506,710,350	516,709,650
		<u>1,698,669,795</u>	<u>1,131,464,556</u>	<u>2,830,134,351</u>

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 FVTOCI. Therefore, a change of 10 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 RM120,160 (2024: RM10,941,000) and RM338,090 (2024: RM11,461,000) respectively.

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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

iv. Market 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.

In addition, the Company has entered into call/put options with counterparties, where applicable, to manage equity price risk exposure (see Note 13).

Equity price risk sensitivity analysis

This analysis assumes that all variables remain constant and the Company's equity instruments moved 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 increased or decreased in the fair value of the equity investment classified as fair value through profit or loss by RM6.1 million (2024: RM65.4 million).

c. Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

25. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurement (continued)

The following table below analyse other financial instruments at fair value:

	Carrying amount			Total fair value			Level 1			Level 2			Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
2025															
Financial assets															
Measured at fair value:															
Unit trust	434,873,845			434,873,845			434,873,845								
Shares	757,333,031			757,333,031			612,350,624							144,982,407	
RCCPS	272,389,887			272,389,887			272,389,887							-	
Bonds	458,249,350			458,249,350			-							458,249,350	
	1,922,846,113			1,922,846,113			1,319,614,356							603,231,757	
Financial liability															
Measured at fair value:															
Option contracts	108,309,885			108,309,885			-							108,309,885	

25. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (Continued)

	Carrying amount		Total fair value		Level 1		Level 2		Level 3	
	RM		RM		RM		RM		RM	
2024										
Financial assets										
Measured at fair value:										
Unit trust	348,926,017		348,926,017		348,926,017		-		-	
Shares	725,755,858		725,755,858		725,755,858		-		-	
RCCPS	267,938,559		267,938,559		-		-		267,938,559	
Bonds	516,709,650		516,709,650		516,709,650		-		-	
	1,859,330,084		1,859,330,084		1,591,391,52		-		267,938,559	
Financial liability										
Measured at fair value:										
Option contracts	30,984,605		30,984,605		-		-		30,984,605	

25. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurement (continued)

Level 2 fair value

Non-derivatives financial asset

Fair value of fixed deposits, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest rate at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2024: no transfer in either direction).

Level 3 fair value

The following table shows reconciliation of Level 3 fair values:

	2025	2024
	RM	RM
Derivatives	(30,984,605)	(34,250,091)
At 1 January	(22,542,570)	(39,366,945)
Settlement	30,984,605	34,250,091
Net fair value (loss)/gain recognised in profit or loss	(85,767,315)	8,382,340
At 31 December	<u>(108,309,885)</u>	<u>(30,984,605)</u>

The fair values of put and call options of the Company are the differences between the strike prices and the underlying prices. The Company has adopted the Black Scholes option pricing model in deriving the fair values of the put and call options. The key inputs and assumptions in estimating the fair values include risk free interest rate and volatility. The estimated fair value would increase/decrease if the interest rate were lower/higher or volatility were higher/lower.

	2025	2024
	RM	RM
RCCPS		
At 1 January	267,938,559	170,307,062
Settlement	-	100,000,000
Net fair value (loss)/gain recognised in profit or loss	4,451,328	(2,368,503)
At 31 December	<u>272,389,887</u>	<u>267,938,559</u>

RCCPS is a financial instrument in a form of preference shares that has the characteristic of a redeemable, cumulative and convertible attached. The calculation of fair value is based on a Discounted Cash Flow (DCF) model with equity risk premium as a component of return on equity.

25. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurement (continued)

Level 3 fair value (continued)

Sensitivity analysis

	Profit or loss	
	Increase	Decrease
	RM	RM
2025		
Derivatives		
Interest rate (50 basis point movement)	54,155	(54,155)
Volatility (100 basis point movement)	108,310	(108,310)
RCCPS		
Interest rate (50 basis point movement)	(136,195)	136,195
Volatility (100 basis point movement)	(272,390)	272,390
2024		
Derivatives		
Interest rate (50 basis point movement)	15,492	(15,492)
Volatility (100 basis point movement)	30,985	(30,985)
RCCPS		
Interest rate (50 basis point movement)	(133,969)	133,969
Volatility (100 basis point movement)	(267,939)	267,939

Valuation process applied by the Company for Level 3 fair value

The Company has an established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and report directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

26. COMMITMENTS

	2025	2024
	RM	RM
Capital expenditure in respect of purchase of plant and equipment:		
Contracted but not provided	37,936,526	37,250,147

27. RELATED PARTIES

a. Identity of related parties

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 operational decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Company include:

- i. Entity in which a director has interests;
- ii. Entity in which directors are persons connected to a director of the company; and
- iii. Key management personnel of the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

The Company is a company limited by guarantee which is being administered by the Minister of Human Resources which is controlled by 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.

b. Compensation of key management personnel

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. Directors fees and remuneration are disclosed in Note 23 to the financial statements.

28. 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.

29. COMPARATIVE FIGURES

The financial statements of the Company for the financial year ended 31 December 2024 were audited by another firm of chartered accountants.

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **DATUK RUSLI BIN JAAFAR** and **DATO' MOHAMED SHAMIR BIN ABDUL AZIZ** being two of the directors of Pembangunan Sumber Manusia Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 16 to 58 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and cash flows for the financial year then ended.

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

.....
DATUK RUSLI BIN JAAFAR
Chairman

.....
DATO' MOHAMED SHAMIR BIN ABDUL AZIZ
Director

Date: 21 May 2026

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **Norly Binti Abdul Khalim**, being the officer primarily responsible for the financial management of Pembangunan Sumber Manusia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 16 to 58 are 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.

.....
NORLY BINTI ABDUL KHALIM

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 21 May 2026.

Before me,

.....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEMBANGUNAN SUMBER MANUSIA BERHAD

(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 2025 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 material accounting policy information, as set out on pages 16 to 58.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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 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.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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

1. The financial statements of the Company for the financial year ended 31 December 2024 were audited by another firm of chartered accountants whose report dated 15 May 2025 expressed an unmodified opinion on those financial statements.
2. 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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
No. 03264/04/2027 J
Chartered Accountant

Kuala Lumpur

Date: 21 May 2026

NOTES

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Human Resource Development Corporation

(200101009387)

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