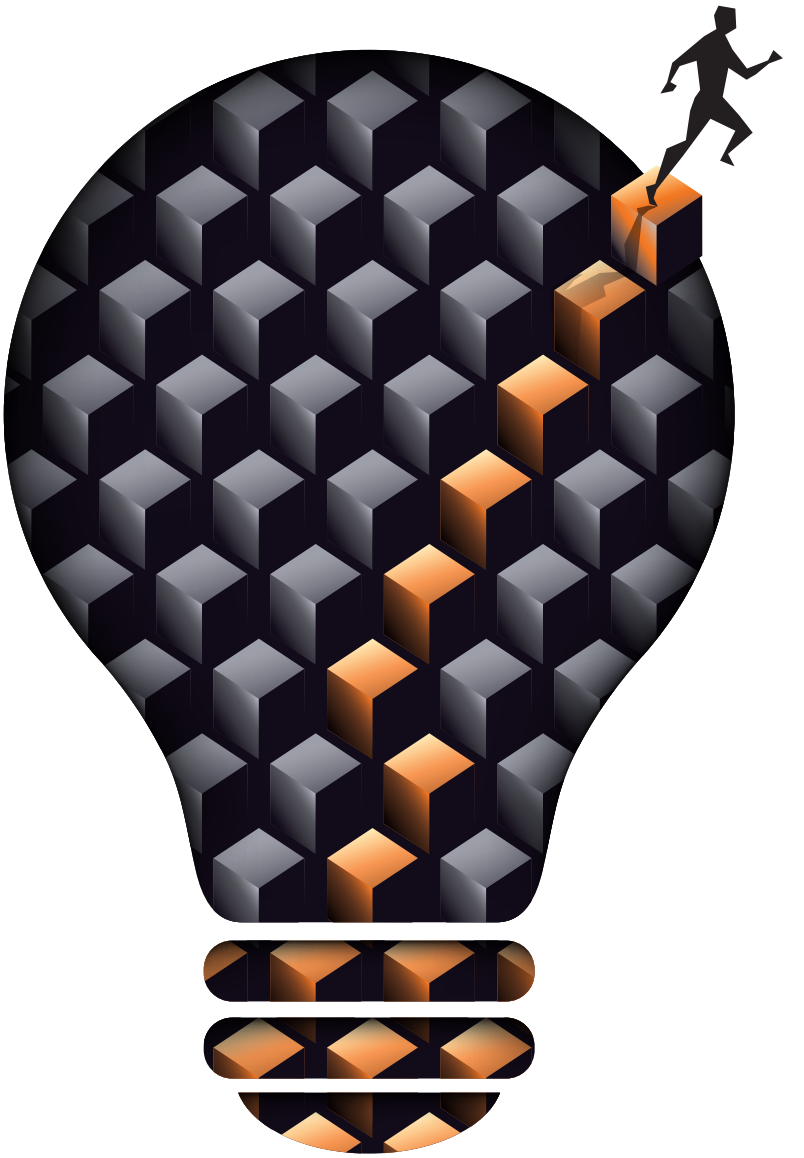
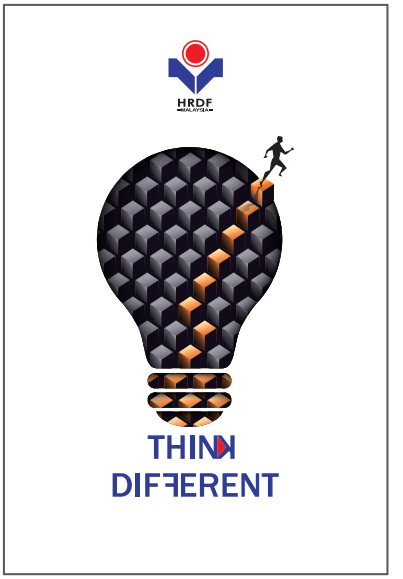
HRDF
MALAYSIA



THINK DIFFERENT

ANNUAL REPORT 2016



COVER RATIONALE:

THINK DIFFERENT:
In pursuing its mission of 35 per cent skilled workforce for Malaysia by the year 2020, HRDF endeavours to take a differentiated approach to identifying and up-skilling high-potential human resources of the country. Our efforts are always towards inculcating the right mind-set and inspiring the right ideas to drive real solutions.

In 2016 and beyond, we decided to think different and act different. The results are here...

IN FOCUS:
AWARDING EXCELLENCE & VALUE CREATORS

Over the years, the Human Resource Development (HRD) Awards have inspired camaraderie amongst the industry practitioners, experts and leaders, who leave no stone unturned to catalyse programmes and initiatives that will accelerate human capital development.

The awards are not merely for recognition, but to celebrate excellence in the human resource industry, by recognising stakeholders for their outstanding contributions in people management and development. It is to commend the untiring efforts of those, who with their innovative ideas, platforms and practices continuously contribute to the transformation of the Malaysian HR landscape.

This makes HRD Awards the highest national recognition in human resource development from HRDF, under the auspices of Ministry of Human Resources. The long-standing and prestigious HRD Awards, in its 16th year, was organised on 6 December 2016 at Mandarin Oriental Kuala Lumpur. The Deputy Minister of Human Resources, YB. Dato' Sri Ismail Abdul Muttalib presented the awards to the winners, in the presence of HRDF Chief Executive, YBhg. Dato' CM Vignaesvaran Jeyandran.

The award recipients include the exemplary HRDF registered employers and training providers, who with their strategic and concerted efforts continue to drive world-class training culture within their organisations and circles of influence.



The featured HRD Awards Winners 2016

THE HUMAN RESOURCES MINISTER AWARD
Perodua Manufacturing Sdn Bhd
Tan Chong Ekspres Auto Servis Sdn Bhd
Emerson Process Management Valve Automation (M) Sdn Bhd
Max-Airplay Sdn Bhd
Neville-Clarke (M) Sdn Bhd

THE HRDF AWARD
NXP Semiconductors Malaysia Sdn Bhd
Penang Specialist Hospital Sdn Bhd
EPCOSS Sdn Bhd
WSS Sdn Bhd
Peoplelogy Development Sdn Bhd

THE HRDF INNOVATION & CREATIVITY AWARD
CTRM Aero Composites Sdn Bhd

THE PEARL AWARD
Honda Malaysia Sdn Bhd





PEMBANGUNAN SUMBER MANUSIA BERHAD
HUMAN RESOURCES DEVELOPMENT FUND

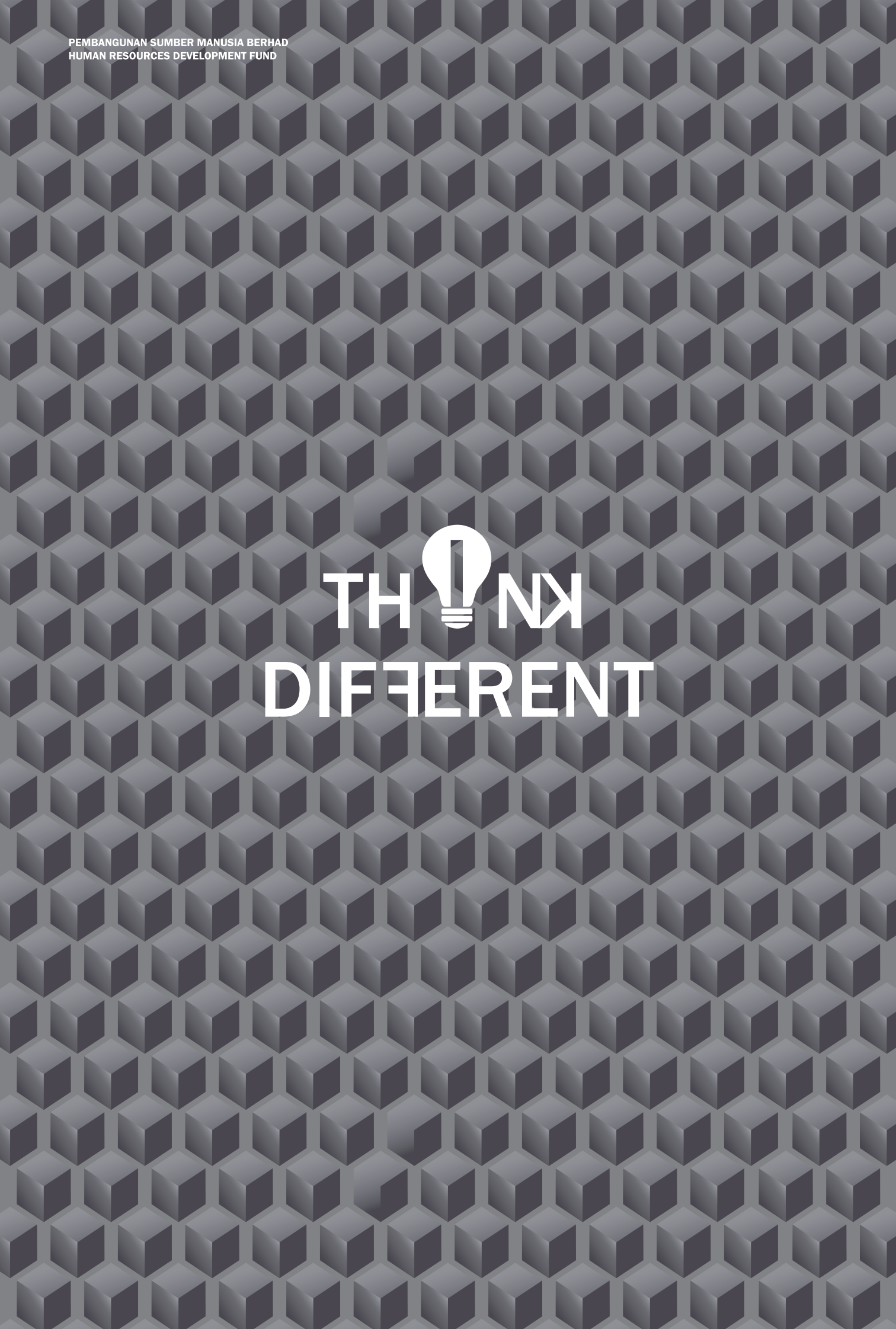


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HRDF AT THE FOREFRONT OF UP-SKILLING AND RE-SKILLING THE NATION

The Human Resources Development Fund (HRDF) is a dynamic organisation that was established in 1993 under the Ministry of Human Resources, Malaysia.

Governed by the Pembangunan Sumber Manusia Berhad Act 2001 (PSMB Act 2001), HRDF has been given the mandate by the Malaysian Government to catalyse the development of a competent local workforce that will contribute to Malaysia's vision of becoming a high-income economy.

Since its inception, HRDF has evolved in its role from managing a sizeable fund to becoming a one-stop-centre for providing novel HRD solutions to the critical mass of Malaysian small and medium enterprises.

As the custodian and authoritative institution in Human Capital Development, HRDF is well-positioned to offer robust and prudent solutions that will help Malaysia move-up in rank on the Global Competitiveness Index by enhancing regional and global competitiveness and create an effective and efficient Malaysian labour market that will help propel the country towards a high-income nation by Year 2020.

In line with the Eleventh Malaysia Plan (11MP), the Government has initiated several programmes that focus on accelerating human capital development through four major areas which are:

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

For "Strengthening of Lifelong Learning for Skills Enhancement", HRDF's dynamic new mandate is to ensure the creation and growth of quality local human capital through efficient high-skilled training certification programmes and initiatives that would contribute to a-35 per cent skilled local labour market and the creation of 1.5 million jobs by Year 2020.

Additionally, HRDF continues to be steadfast in its effort towards encouraging employers covered under the PSMB Act 2001 to re-train and upgrade the skills of their local employees, apprentices and trainees in keeping up with the fast evolving global business landscape while meeting their individual company's aspirations.

Most recently, with 19 new sub-sectors that have been added to the PSMB Act (in addition to the 44 sub-sectors), HRDF has assumed a greater responsibility to reach out to the corporates; educating and motivating them to seek the benefits and value of HRDF programmes and initiatives.

VISION

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

MISSION

To spearhead the human capital learning and development through strategic interventions that fulfill the current and future needs of the industry

VALUES

Integrity

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

Customer Focus

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

Continuous Improvement

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

Accountability

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

BRAND PROMISE

People:

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

Prowess:

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

Progress:

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







1 DATO' DR. ABDUL RAZAK BIN ABDUL

CHAIRMAN

Employer Representative, Federal Power Sdn Bhd

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

He has been the Chairman and a Director of Federal Power Sdn Bhd since 2007 and a Director of Lagenda Jejaka Sdn Bhd and President of the Malaysian Cable Manufacturers Association since 2009.

He has also held the post of Advisor to the Faculty of Business and Management Alumni, Universiti Teknologi Mara (UiTM) and Council Member of Yayasan Budiman UiTM since 1999.

2 DR. MOHD GAZALI BIN ABAS

DEPUTY CHAIRMAN

Representative of the Ministry of Human Resources

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

He assumed the post of Deputy Chief Secretary (Operations) with the Ministry of Human Resources in 2015 and is currently a Member of the Malaysian Economic Association. Prior to his current role, he served the Economic Planning Unit, Prime Minister's Department in 1992 and 2007.

He was also the appointed Chairman of the Centre for Leadership, INTAN Bukit Kiara in 2005. He fulfilled a tenure with the Ministry of Finance in 1986 and with the Ministry of Rural and Regional Development in 1983.



3 TAN SRI DATUK (DR.) KETHEESWARAN M. KANAGARATNAM @ KENNETH ESWARAN

BOARD OF DIRECTOR

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

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

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



4 DATUK GIVANANADAM KALINAN

BOARD OF DIRECTOR

Representative of Ministry of Finance (MoF)

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

Since 2014, he is the Undersecretary of the International Division of the Ministry of Finance (MoF). Before this, he was the Deputy Director of the Budget Management Division of MoF from 2008 to 2014.



5 DATUK MICHAEL KANG HUA KEONG

BOARD OF DIRECTOR

Employer Representative, SME Association of Malaysia

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

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

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



6 DATO' LOW KIAN CHUAN

BOARD OF DIRECTOR

Employer Representative, Malaysian Timber Association (MTA)

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

He is the President of MTA; Executive Chairman of Maicador Sdn Bhd since March 2016; Treasurer General of the National Chamber of Commerce & Industry of Malaysia (NCCIM) since January 2017; Executive Chairman for Low Fatt Group Of Companies; and Secretary General of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM).



7 DATO' MOHD RAZALI BIN HUSSAIN

BOARD OF DIRECTOR

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

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

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

He is also an Alternate Director for Malaysia in the Asian Productivity Organisation.



8 DATO' SEGARAJAH RATNALINGAM

INDEPENDENT MEMBER

Dato' Segarajah Ratnalingam completed his 3-year term as the Deputy Chairman of the Public Services Commission, Malaysia in June 2015. Prior to this, he was the Secretary General of the Ministry of Human Resources, a position he held until he retired in 2011. This was the culmination of 35 years in the Malaysian Administrative and Diplomatic Service, during which time he served in the Ministry of Defence as well as in the Ministry of Finance.

At the Ministry of Human Resources, Dato' Segarajah was amongst others on the Board of the Employees Provident Fund (EPF) as well as the Chairman of the Skills Development Fund Corporation. Whilst in the Ministry of Finance, he represented the Ministry on the Board of Multimedia Development Corporation, MIMOS, Pos Malaysia Berhad and North Port Berhad.

Dato' Segarajah also served as a Committee Member of the Special Taskforce to Facilitate Business (PEMUDAH), a high-powered public /private sector taskforce reporting directly to the Prime Minister, to address bureaucracy in business-government dealings.



9 DATO' CM VIGNAESVARAN JEYANDRAN

BOARD OF DIRECTOR & CHIEF EXECUTIVE OF HRDF

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

He has been the Chief Executive of HRDF since 2014, after serving as the Deputy Chief Executive (Operations) from 2012 to 2014 and General Manager of Training and Development from 2010 to 2012. In addition, Dato' CM Vignaesvaran Jeyandran also sits on the Board of Penang Skills Development Centre.

Prior to this, he was the Marketing Operations Manager at JobStreet.com from 2008 to 2010; Operations Manager of SapuraCrest Petroleum Sdn Bhd in 2008; and Assistant Marketing Manager of Sharp Roxy Sales and Services from 2000 to 2008.



10 HAJI MOHD GHAUS BIN AB. KADIR

BOARD OF DIRECTOR

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

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

He started his career in 1980 as a Technical and Vocational Education and Training (TVET) lecturer and trainer in the field of automative engineering.

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

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



11 HAJI ABDUL WAHAB BIN ABU BAKAR

BOARD OF DIRECTOR

Employer Representative, Malaysian Employers Federation

Haji Abdul Wahab holds a B.Econ degree (Hons) (Applied Economics) from University of Malaya and is also an Alumni of IMD, Lausanne, Switzerland and London Business School. He is also an Adjunct Professor of OYA Graduate Business School of University Utara Malaysia.

He is the Vice President of the Malaysian Employers Federation representing the industry.

He has more than 40 years of corporate experience in various industries ranging from Airlines, Oil & Gas, Mining, Financial, and Fast -Moving Consumer Goods.

He also serves as a Board Member and in Advisory roles for a few leading Malaysian companies.



12 HAJI HANAFEE BIN YUSOFF, JP

BOARD OF DIRECTOR

Employer Representative, Malay Chamber of Commerce Malaysia (MCCM)

Haji Hanafee graduated as a Rubber and Plastic Technologist from UiTM with Diploma in SME Development from Advance Vocational Institute (ILO) Turin, Italy; and Development of Malaysian Enterpreneur from AOTS Nagoya, Japan. He was selected by Bank Pembangunan Malaysia to attend an 18-month programme ' Skim Latihan Usahawan Bumiputra' with MEDEC UiTM (a programme from Irish Management Institute).

He served as Techno Commercial Executive with ICI (M) Sdn Bhd from 1974 – 1978; Sales Manager with Nestra Sdn Bhd from 1978 – 1982; and later as an Executive Director with Sawmill Perabot Sdn Bhd 1982 – 2000.

In 1998, he formed his own company Priyakin Sdn Bhd and continues to serve as its Managing Director.

Haji Hanafee is currently the Vice President of the Malay Chamber of Commerce Malaysia; Executive Committee member of the National Chamber of Commerce and Industry; and the President of Association of Malaysian Bumiputra Timber and Furniture Entrepreneurs Malaysia. He is also currently on the Board of Malaysia Timber Industry Board (MTIB) and is a member of SME Corp. Malaysia.



13 DAVIES DANAVAINDRAN

BOARD OF DIRECTOR

Employer Representative, Federation of Malaysian Manufacturers

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

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

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



14 PETER LIM YOKE CHEONG

BOARD OF DIRECTOR

Employer Representative, Malaysian Automotive Component Parts Manufacturers (MACPM)

Peter Lim Yoke Cheong holds a Bachelor of Arts (Economics) and an MBA from the University of Bath, UK.

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

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



15 **RAYAN ANAK NARONG**
BOARD OF DIRECTOR
Independent Member

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

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

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



16 **SAROJINI RUTH RAJAHSER AARONS**
BOARD OF DIRECTOR
Employer Representative, National Association of Women Entrepreneurs of Malaysia (NAWEM)

Sarojini Ruth has been the Managing Director of Data-Tech Sdn Bhd since 1986. She is also the President of NAWEM.

She has been a Board Member of Rama Subbiah Scholorship Fund since 1990 and of the Small Debts Resolution Committee (Bank Negara) since 2014. She has been a Board Member of Stepping Stones Living Centre, of which she is a founder, since 1998.

In addition, she has been the Honorary Secretary of the Selangor and Federal Territory Indian Association since 2005; Treasurer of ROTI 1Malaysia since 2012; and a Panel Member of SME Corp Malaysia's Panel Keusahawan & Enterprise Mikro; Panel Productivity and Innovation since March 2016; and a Panel member of NOSS Development Committe, Department of Skills Development of the Ministry of Human Resources.



17 AMIR BIN OMAR

BOARD OF DIRECTOR

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

Amir Bin Omar holds a Bachelor of Economics and Administration (Rural Economics) degree from University Malaysia and a Postgraduate Diploma in Economics, Manchester, United Kingdom and is currently the Director of Human Capital Development, EPU, Prime Minister's Department.

He played a key role in providing technical assistance on the Human Resource Development to The Republic of Sudan for the preparation of The Long-Term Perspective Plan 2003-2027, as well as to Saudi Arabia on the Population and Human Resource Development for the preparation of The Long-Term Strategy 2005 – 2025.

He has been actively involved in the preparation of the Fifth Malaysia Plan until the Eleventh Malaysia Plan.



18 CHEAH KOK HOONG

BOARD OF DIRECTOR

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

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

He is the Group Chief Executive Officer/Director of Hitachi Sunway Information Systems Sdn Bhd. He also holds various professional positions - IT Advisor of Sunway Group; Chairman of PWS (formerly Powerware Systems); Chairman of Outsourcing Malaysia (an initiative under The National ICT Association of Malaysia - 'PIKOM'); Chairman of Human Capital Development Chapter of PIKOM; and an Advisor of PIKOM.

He was inducted into the 2016 PIKOM Leadership Course (PLC) Hall of Fame for leadership and stewardship in promoting the PLC Leadership Programmes as part of the National ICT Certification and Standardisation Grid (NCICS Competence Grid).

He has over 25 years of experience and principal expertise that spans across diverse industries in both the manufacturing and services sectors.

BOARD OF COMMITTEES

INVESTMENT PANEL	Dato' Dr. Abdul Razak bin Abdul *(Chairman)* Dato' CM Vignaesvaran Jeyandran Dato' Segarajah Ratnalingam Rayan Anak Narong Manokaran Mottain Mohd Najib bin Jaafar Hasliana binti Kamarudin
FINANCE COMMITTEE	Dato' Low Kian Chuan *(Chairman)* Lim Kheng Chye Datuk Givananadam Kalinan Haji Mohd Ghaus bin Ab. Kadir Davies Danavaindran
AUDIT COMMITTEE	Rayan Anak Narong *(Chairman)* Dato' Segarajah Ratnalingam Datuk Michael Kang Hua Keong Lim Keng Chye
ESTABLISHMENT & BENEFITS COMMITTEE	Dato'Mohd Razali bin Hussain *(Chairman)* Sarojini Ruth Rajahser Aarons Peter Lim Yoke Cheong Davies Danavaindran
TENDER COMMITTEE A (ACQUISITIONS VALUED AT RM20 MILLION AND ABOVE)	Dato' Dr. Abdul Razak bin Abdul *(Chairman)* Rayan Anak Narong Peter Lim Yoke Cheong Haji Abdul Wahab bin Abu Bakar
TENDER COMMITTEE B (ACQUISITIONS VALUED AT RM500,000 AND ABOVE BUT LESS THAN RM20 MILLION)	Dr. Mohd Gazali bin Abas *(Chairman)* Dato' Low Kian Chuan Dato' Mohd Razali bin Hussain Amir bin Omar
BOARD INFORMATION TECHNOLOGY STEERING COMMITTEE	Datuk Michael Kang Hua Keong *(Chairman)* Dato' CM Vignaesvaran Jeyandran Cheah Kok Hoong Sarojini Ruth Rajahser Aarons



1 **DATO' CM VIGNAESVARAN JEYANDRAN**
CHIEF EXECUTIVE

2 **WAN YON SHAHIMA BINTI WAN OTHMAN**
CHIEF OPERATING OFFICER

3 **LIM KAH CHENG**
CHIEF CORPORATE SERVICES OFFICER

4 **MUHAMMAD GHAZALI BIN ABDUL AZIZ**
CHIEF SPECIAL PURPOSE VEHICLE OFFICER

5 **ANDY TAN ENG TEIK**
CHIEF INFORMATION OFFICER

6 **HAJAH MORNI BINTI BUJANG**
SENIOR DIRECTOR
PRODUCT MARKETING DIVISION

7 **HAJI M ZA'BA BIN MOHAMAD ZAHAM**
DIRECTOR
HRDF GRANTS DIVISION

8 **WAN MOHD NAZARUDIN BIN WAN CHIK**
DIRECTOR
ACCOUNTS AND FINANCE DIVISION

9 **SASHIKALA DEVI GOPALLAN**
DIRECTOR
CORPORATE COMMUNICATIONS DIVISION



10 **MOHD SIDKI BIN HASAN**
DIRECTOR
NATIONAL HUMAN RESOURCE CENTRE (NHRC)

11 **RONY AMBROSE GOBILEE**
SENIOR MANAGER
PLANNING, STRATEGY AND DEVELOPMENT DIVISION

12 **LIM SHOCK TEANG**
SENIOR MANAGER
INFORMATION TECHNOLOGY DIVISION

13 **TINAH ANAK JEROME**
SENIOR MANAGER
SME INSTRUMENTS DIVISION

14 **NOORLIZA BINTI NURUDDIN**
SENIOR MANAGER
HUMAN CAPITAL DIVISION

15 **AZHARI BIN ABU BAKAR**
SENIOR MANAGER
HRDF GRANTS DIVISION - MANUFACTURING SECTOR

16 **MIMI SAIFURA BINTI HAMIT @ ABDUL WAHAB**
SENIOR MANAGER
HRDF GRANTS DIVISION – OIL & GAS SECTOR

17 **NOOR AZITA BINTI MAMAT**
MANAGER
SPECIAL PROJECTS DIVISION



1 MURALI @ ARASU A/L MUNIANDY

2 SERI AZRIANA BINTI MISTOIL

3 SASHIKALA DEVI GOPALLAN

4 AZRI BIN ABDULLAH

5 LUCIA THO CHOOI WAH

6 SUSAN CHANG SOOK FOON

7 MOGAN A/L ARJUNAN

8 MOHD NAZRI BIN MAHMOOD



9 MUHAMMAD ADZREAN BIN ABDUL WAHAB

10 MUHAMMAD LUFTI BIN ABDUL HAMID

11 MOHD FANDI BIN MAHMOOD

12 KAMARULARIFFIN BIN MOHD RASIDI

13 NIK EZZAH SYUKRIAH BINTI MOHAMMAD

14 NUR ADIERA BINTI ADNAN

15 FATIN NADZIRAH BINTI JOHARI

16 NOR AZIMIN BIN ABDUL RAZAK

ORGANISATIONAL STRUCTURE

MINISTRY OF HUMAN RESOURCES

BOARD OF DIRECTORS

CHIEF EXECUTIVE
DATO' CM VIGNAESVARAN JEYANDRAN

CHIEF OPERATING OFFICER

HRDF GRANTS DIVISION

- SERVICE SECTOR
- MANUFACTURING SECTOR
- OIL & GAS SECTOR

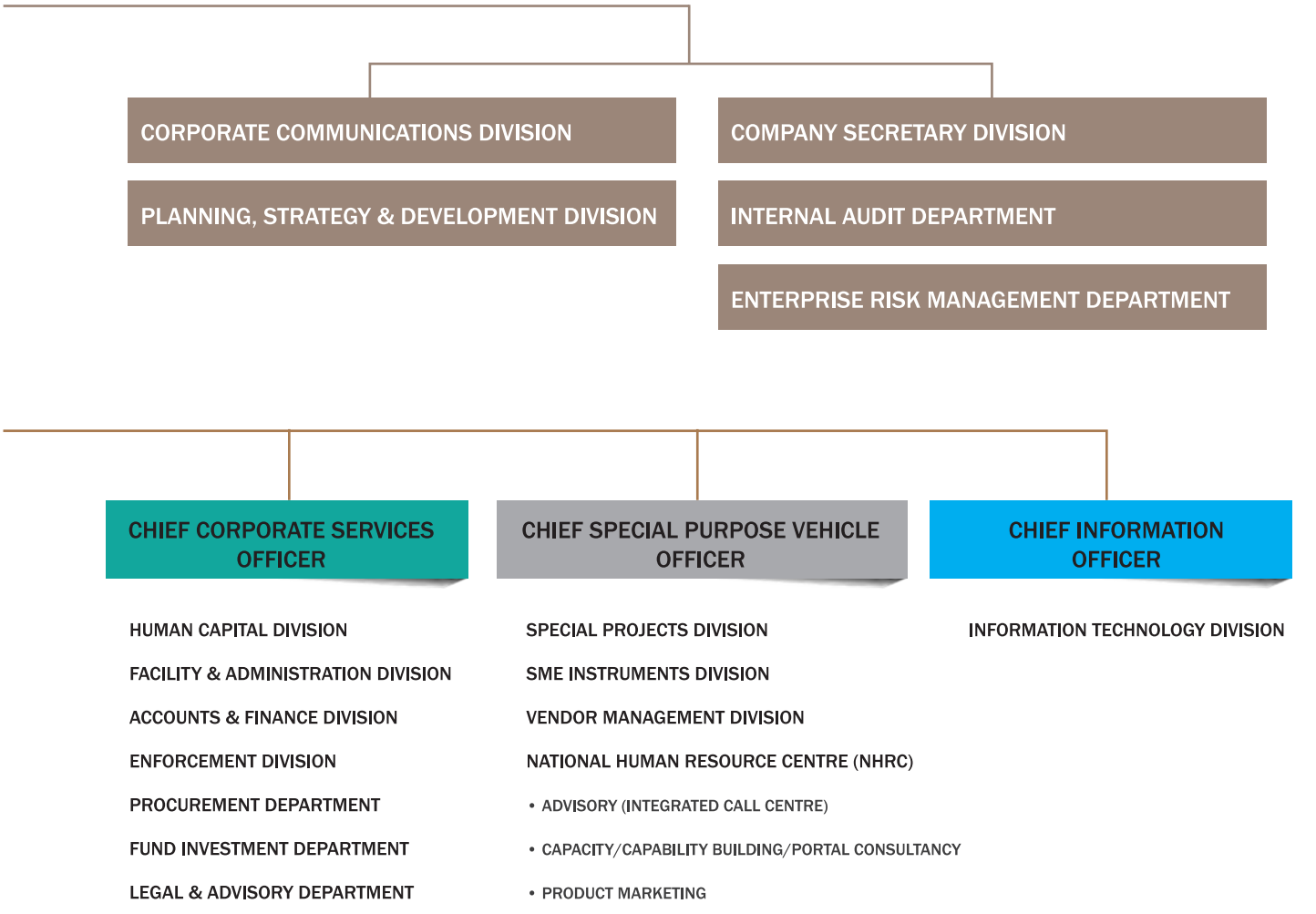
REGIONAL BRANCHES

PENANG, PAHANG, PERAK, MELAKA, JOHOR, SARAWAK, SABAH

PRODUCT MARKETING DIVISION

EMPLOYERS' REGISTRATION DIVISION

HEARTS UNIT


CORPORATE COMMUNICATIONS DIVISION
COMPANY SECRETARY DIVISION
PLANNING, STRATEGY & DEVELOPMENT DIVISION
INTERNAL AUDIT DEPARTMENT
ENTERPRISE RISK MANAGEMENT DEPARTMENT
CHIEF CORPORATE SERVICES OFFICER
CHIEF SPECIAL PURPOSE VEHICLE OFFICER
CHIEF INFORMATION OFFICER
HUMAN CAPITAL DIVISION
FACILITY & ADMINISTRATION DIVISION
ACCOUNTS & FINANCE DIVISION
ENFORCEMENT DIVISION
PROCUREMENT DEPARTMENT
FUND INVESTMENT DEPARTMENT
LEGAL & ADVISORY DEPARTMENT
SPECIAL PROJECTS DIVISION
SME INSTRUMENTS DIVISION
VENDOR MANAGEMENT DIVISION
NATIONAL HUMAN RESOURCE CENTRE (NHRC)
• ADVISORY (INTEGRATED CALL CENTRE)
• CAPACITY/CAPABILITY BUILDING/PORTAL CONSULTANCY
• PRODUCT MARKETING
INFORMATION TECHNOLOGY DIVISION

PEMBANGUNAN SUMBER MANUSIA BERHAD
HUMAN RESOURCES DEVELOPMENT FUND

THINK DIFFERENT

ANNUAL REPORT 2016



THINK DIFFERENT
ANNUAL REPORT 2016

THINK DIFFERENT

MINISTER'S MESSAGE

THINKING DIFFERENT TO SHAPE THE FUTURE OF HUMAN RESOURCES

The year 2016 has been a dynamic year, with continued growth, reinforcing the importance of an apex institution such as HRDF for up-skilling human resources of Malaysia towards greater productivity and global competitiveness.

The Human Resource Development Fund (HRDF) was established in 1993 to drive the up-skilling and re-skilling of Malaysians and help the nation emerge as a high-income, developed economy. HRDF has not only remained true to its remit, but has continued to develop and respond to the changing industry landscape. It is commendable that HRDF has come far and has evolved into a one-stop centre for providing innovative solutions to Malaysian businesses - both small and large. In 2016, HRDF willingly took up a challenge to 'Think Different', and by doing so, the agency has assisted to bring us closer to our goal of 35 per cent skilled workforce by 2020.

To 'Think Different' is an idea in itself. It is about looking at new approaches, which will promise new solutions that will shape the future of our human resources. HRDF's 2016 ideology has worked and delivered results, beyond organisational performance, to include increased contributors to the fund and more number of Malaysians getting upskilled and reskilled as productive resources. Positive year-on-year progress is imminent, if we look at the macro picture of where we are heading as a Nation.

The OECD (Organisation for Economic Co-operation and Development), in its first ever Economic Assessment of Malaysia, acknowledged the impressive economic and social development that has taken place based, in part, to a "profound transformation into a diversified economy". Similarly, Bloomberg has recognised Malaysia as one of the world's most innovative economies, well ahead of some of our neighbouring countries. We are now ranked 23rd on the current Bloomberg Innovation Index, a rise of two spots over the previous 12 months. The Global Competitiveness rankings continue to show that Malaysia specifically continues to be amongst the top ten of the 138 economies surveyed in relation to on-the-job training. This result is not an insignificant one: it highlights the importance that the government places on investing in the country's future; it reflects much of the work that is being done by purpose-driven institutions such as HRDF; and it shows that HRDF is making a positive difference to the lives of thousands of people and businesses across Malaysia.

During the year ending 31 December 2016, the total number of employers registered with HRDF increased by close to 25 per cent to more than 1,200. Over the lifetime of the organisation, HRDF has helped close to 18,000 companies and their local talent have new opportunities to be better skilled, more productive, and more valuable as employees. While there was a slight contraction in the number of employers from Mining and Quarrying sector, largely due to the current challenges being faced by the oil and gas industry, there were significant increases in registrations from the Manufacturing and Services sectors. Congratulations to HRDF for a well-delivered year.

But, there is still much to do as we progress on the Eleventh Malaysia Plan. There are global headwinds; our economic growth has slowed; and we are facing increased competition. To succeed, we must continue to 'Think Different', be innovative and continue to invest in our workforce and help them be better resources not just for organisations, but for the nation.

I'm confident that, in 2017 and beyond, the efforts of the board, management, employees, and partners of HRDF will see the Fund continue to be an integral past of the process towards Malaysia reaching its 2020 vision.

DATO' SRI RICHARD RIOT ANAK JAEM
MINISTER OF HUMAN RESOURCES
MALAYSIA


RICHARD RIOT

CHAIRMAN'S STATEMENT

THINKING DIFFERENT TO SET NEW BENCHMARKS FOR THE INDUSTRY

At HRDF, our promise to the industry is to help monetise their investments in human resources, through improved skill sets, enhanced productivity and greater local, regional and international competitiveness.

The Human Resource Development Fund (HRDF) has continued its impressive work over the past 12 months to meet our mission of spearheading the human capital learning and development. As technology and innovation drive an ever-changing world, we have had to think different to ensure that we set new benchmarks, while we continue to achieve our goals for the industry as well as the nation.

The latest Deloitte report on Global Capital Trends says that we are living in an "age of disruption", but it's critical that we do not lose sight of our vision of being a high income economy by Year 2020. It is becoming increasingly apparent that we need to adapt to the growing challenges such as unpredictable and fluctuating business environment, increased competition, economic uncertainty, and rapid technological advancements.

There is nothing new about today's changing environment; what makes this age different is the pace of that change. The Deloitte report says business leaders are being forced to rewrite the rules for this new "digital age". At HRDF, we are no different and hence, the way we operate and fulfill our mandate must be different too.

In 2016, 'Thinking Different' meant quickly recognising where the gaps are and working hard to meet those needs. We are enlisting more companies to be registered with the Fund than ever before. This works for the benefit of all - including our newest registered employers – because we have the resources to be more agile, and we can offer more financial assistance and training places for companies across Malaysia. Indeed, over the past 12 months, the amount of financial assistance we have approved and the number of Malaysian employees we have put through training grew by more than 5 per cent and 6.5 per cent respectively compared with 2015.

In thinking different, we have reviewed our training programmes and introduced new ones in response to the needs of our registered employers and the changing business and economic environment. As an example, we have introduced a pilot programme to re-train retrenched workers of HRDF registered employers. This programme is aimed at providing job specific training to up-skill those workers and give them the best chance possible of finding new employment. We need to make sure that we continue to look after our members and their employees and support them as they adapt to the new digital age.

I want to acknowledge the efforts of HRDF's management and our employees in 2016. They go about each and every day, without any fanfare. But, what they are doing will make a difference to us all and help Malaysia achieve its vision of becoming a high-skilled, high-

DATO' DR. ABD. RAZAK BIN ABDUL
CHAIRMAN OF THE BOARD OF DIRECTORS
HUMAN RESOURCES DEVELOPMENT FUND
MALAYSIA



CHIEF EXECUTIVE'S REPORT

THINKING DIFFERENT TO DEVISE RADICAL, YET PRACTICAL SOLUTIONS

At HRDF, we endeavour to transform the way we think and plan our human resources, and their continuing role as skilled talent to drive productivity for the industry and meaningful development for the nation.

The year 2016 was a year of innovative solutions. It was a year, when we decided to challenge the status quo; move away from convention and the norm; break some barriers; and above all, take decisions that will determine not just the present, but the future of our valuable human resources.

In keeping with Malaysia's constant struggle to enhance the level of skills and productivity, we recognise the need to cover the critical mass of SMEs (Small and Medium Enterprises) and under-served workforce under the Act. Last year, we decided to introduce Phase-1 of the Expansion of the PSMB Act 2001 to SMEs with a headcount of 10 Malaysian employees and above. This meant encouraging SMEs to allocate a fund for re-skilling, up-skilling and multi-skilling of their employees for greater output and competitiveness.

In the same league, we also wanted to encourage and improve the uptake of certification training programmes (to increase the current low take-up rate of 1 per cent). In 2016, we annexed a 30 per cent of the HRDF fund under the 1Malaysia GRIP programme, which was used to exclusively deliver certification courses. We had also decided to shift the power to employees to determine their certification needs and aspirations. In the process, forward-thinking employers started structuring their training programmes around the certification mandate. Through initiatives such as 1Malaysia GRIP, we continue to work towards achieving the ultimate objective of enhancing skills and productivity of organisations.

At HRDF, we believe that re-skilling, up-skilling and multi-skilling, both as a concept and solution, is critical for our local workforce to not just retain their jobs in a dynamic marketplace, but also secure high-income opportunities as the industry matures. But, we recognise that employers typically look at today's priorities rather than preparing their workforce for the challenges of the future.

Hence, at HRDF, in preparing our transition to IR4 (Industry Revolution 4.0) by the year 2019, we had started working ahead of time to study various innovative solutions offered by purpose-driven institutions such as PSDC (Penang Skills Development Centre). Last year, we forged partnerships with such institutions including polytechnics with a view to equip the emerging workforce with new technological skills and digital innovations of the future.

In doing so, we were also mindful of the current standards in the HR profession / fraternity and for this, we decided to support the objectives of National Human Resources Centre and the National Human Resources Standards. In 2016, we designed specific events and initiatives targeting at practitioners, who are and will drive the evolution of the HR landscape in the country. Our parallel objective was also to educate SMEs and under-served employers in Malaysia on the role of HR in enhancing their productivity and catalysing new growth.

The underlying force for being able to think different and execute solutions is our commitment to strengthen our risk, governance and technology teams, and as a result achieve the highest standards of operational excellence, integrity and transparency.

Against this backdrop, our results from 2015 to 2016 are compelling. There has been a 25 per cent increase in the number of employers registered with HRDF; RM570 million invested in our member organisations as compared with RM540 million in 2015; and close to 900,000 approved training places in 2016 up from just over 830,000 in the previous year.

I am also delighted that we are continuing to see significant growth in the number of SMEs registering with HRDF. A total of 1,124 SMEs joined the Fund in 2016, representing an increase of close to 30 per cent since 2014. The total number of SMEs registered with HRDF as of end 2016 now stands at 14,200. Given that these are the types of business that make up the bulk of the Malaysian economy, the future for our country is set on the right path, if we channel our energy and resources to SMEs. The HRDF team will continue to help improve our deliverables and in turn support the Government's pursuit of becoming a high income economy by the Year 2020.

My promise to all of you is that my team and I will continue to THINK DIFFERENT and do all in our power to help you succeed. After all, your success will impact the country's capacity to reach its vision of becoming a high income, developed nation through knowledge -intensive economic activities by the Year 2020.

DATO' CM VIGNAESVARAN JEYANDRAN
CHIEF EXECUTIVE
HUMAN RESOURCES DEVELOPMENT FUND
MALAYSIA



PEMBANGUNAN SUMBER MANUSIA BERHAD
HUMAN RESOURCES DEVELOPMENT FUND

THINK DIFFERENT

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THINK DIFFERENT

PROUDLY, HRDF :
TRANSFORMING INTO AN ORGANISATION OF THE FUTURE

In creating value for multiple stakeholders and while we are humbled by the industry's recognition of our efforts, we take pride in the 'Corporate Transformation' journey that we embarked upon in 2016.

Through various human capital transformation initiatives, we aspire to be a high-performing organisation – to create an environment where talented individuals can harness their true potential, have fun and take pride in their work. Our aspiration is to be better (as one HRDF family) and move towards achieving our vision of 35 per cent skilled workforce by 2020. Towards this vision, we continue to inspire each other (and our stakeholders) to think different, to think solutions of tomorrow.

Many recognised industry bodies recognised HRDF for this spirit of 'change' that we embraced and the value we created in 2016.

Some of the awards are featured here:

IFTDO

CERTIFICATE OF MERIT
Best HRD Practice Category



THE ASIA HRD AWARD 2016
Contribution to Organisation

HumanResources HR EXCELLENCE AWARDS 2016

HR EXCELLENCE AWARD 2016
Employee Work – Life Balance



UTUSAN BUSINESS AWARD
Training and Development Sector Category



SME PLATINUM BUSINESS AWARD 2016
Top SME Supporter

FEATURED:
HOUSEWIVES ENHANCEMENT AND REACTIVATE TALENT SCHEME (HEARTS)

The **HEARTS** programme is a skills training programme initiated by HRDF to increase the percentage of employable women in the labour market to 55 per cent by 2020. HEARTS identifies high-potential and highly-qualified women (from latent workforce), putting them through an up-skilling or re-training programme to integrate them into the mainstream employment market.

In the past four years, **HEARTS** enlisted 1,226 latent educated housewives, who were on career breaks, and equipped them with new skills and knowledge that helped them to secure gainful employment.

Some of the training programmes are in specialised areas such as Translation, Train-the-Trainer, Website Development, Graphic Design, Social Media Management, Simplified Internet Marketing, Green Islamic Cleaning and Halal AQL Certification etc.

"HEARTS is a unique programme, helping women to rediscover themselves as productive economic resources of the country."



Elayne Shafeenaze Binti Muhammad
HEARTS Training:
Social Media Management

"HEARTS has helped 100s of women to acquire new skills, qualifying them as competent professionals, earning a professional-level income and working without compromising their roles as home-makers."



Subashini A/P Rajandra
HEARTS Training:
Translation & Editing Programme

"HEARTS programme welcomes all women, who would like to explore an entrepreneurial journey, which will not only make them confident professionals, but will also give them options to earn, while they manage their homes and families."



Fauziah Binti Ayob
HEARTS Training:
Train the Trainer

FEATURED:
HOUSEWIVES ENHANCEMENT AND REACTIVATE TALENT SCHEME (HEARTS)

THE HEARTS GRADUATION CEREMONY was organised on 29 September 2016 at Sunway Putra Hotel, Kuala Lumpur to celebrate the achievements and success from various certification programmes under HEARTS. The graduation ceremony was attended by HEARTS Alumni, with more than 300 housewives and single mothers, who graduated at the inaugural HEARTS programme that was delivered across the country.

At the event, HRDF also launched its HEARTS crowdsourcing portal and mobile application, which will serve as job-seeking platforms and also as a credible medium of interaction between registered employers and HEARTS alumni.

As of 2016, HRDF has trained a total of 1,226 participants under HEARTS and some of the participants are currently employed by 29 major organisations such as Media Prima, Astro, Nestle Sdn Bhd and Institut Terjemahan Buku Negara (ITBN).



Nearly 4.7 million women are not employed despite the fact that women's participation in the Malaysian labour market has increased over the past few years", said the Minister of Human Resources, Dato' Sri Richard Riot Anak Jaem in his keynote address at the Graduation Ceremony.



Of the 300 HEARTS graduates, five were appointed as the programme ambassadors to share the success of the scheme and mobilise more women participants in near future.



FEATURED:
THE HRDF CONFERENCE & EXHIBITION 2016

For over a decade, the HRDF Conference & Exhibition has emerged as a credible platform for global thought leaders, forward-thinking HR professionals and experts, business community, smartest planners and most capable doers to connect, engage, explore and deliberate on various ideas and issues related to human capital development.

The HRDF Conference & Exhibition 2016 was conceptualised in keeping with the global human capital trends and Malaysia's continuing efforts to enhance labour market efficiencies, while accelerating economic growth. Themed, Orchestrating Success: Leading, Engaging, Re-inventing, the event reinforced HRDF's commitment to human capital development by encouraging employers, educators and business owners to engage talent, nurture leadership and reinvent HR through ideas generation and technology application.



HRDF Conference & Exhibition 2016 officiated by Dato' Sri Adenan Bin Ab. Rahman, Secretary-General of Ministry of Human Resources and the closing ceremony graced by Dato' Haji Ismail bin Haji Mutalib, Deputy Minister of Human Resources.

HR excellence is one of the key drivers that was given emphasis by HRDF in helping individuals reach their professional goals. Every year thousands of motivated professionals gather at this event to make valuable connections, learn from professional presenters and providers, to gain the knowledge, skills and resources they need to excel in human resources management.

Labeled by many as "one of the must attend HR conferences of the year," the 16th HRDF Conference & Exhibition had witnessed some of the most inspiring HR gurus and industry leaders namely Ron Thomas, who spoke on Reinventing HR; Kate Sweetman on The Age of Distruption; and Professor Dr. Jean Francois Manzoni on the Development of World Leaders.



Renowned Thinker, Dr Dickson Lukose, Chief Data Scientist delivering a lecture on Future of Workers with the advent of artificial intelligence.

The event drew more than 2,000 participants and delegates, who represented countries such as Sultanate of Oman, Japan, Thailand, Brunei and United Kingdom. A total of 105 booths were booked as early as two months prior to the event by international companies to promote their offerings in training and development. The event was supported by the business community as sponsors. Amonst others included global brands such as IBM, Philip Mutual, British Council, HR Asia, Ancile, Agile and local partners such as MKE Resources, K-Pintar, Telekom Malaysia and KPJ Tawakal.

FEATURED:
CONFERENCE HIGHLIGHTS

The HRDF Conference & Exhibition 2016 introduced some new highlights under the theme - "We Care for You" to deliver greater experience for our loyal delegates.

In addition to the existing value-added services and features such as Learning Arena, Coffee Line and Photo Booth, our dedicated team and partners presented the following to ensure a unique experience for the delegates over the two-day conference.



WELLNESS CORNER
Wellness Corner received overwhelming response by the delegates who wished to unwind and re-energise during the conference breaks. The service was provided by the Malaysian Association For The Blind (MAB) at a minimal fee.

LACTATION ROOM
The Private Lactation Room was provided to help the delegates with their nursing needs. The idea was first initiated in support of nursing mothers so that they can still nurse and care for their loved ones, while attending the conference.

MOBILE/DEVICE CHARGING STATION
The complimentary Mobile/Device Charging Stations were conveniently located all over the venue to enable the delegates to stay powered-up during the conference. With the ability to charge a wide variety of devices in a secured area, delegates were able to network with other fellow attendees.

HEALTH CHECK COUNTER
The complimentary health check was provided by KPJ Tawakal Specialist Hospital covering Body Mass Index (BMI), Blood Pressure (BP) and Glucose Test Check-Up services, which had drawn numerous number of delegates.

1MALAYSIA OUTPLACEMENT CENTRE SUCCESS STORIES

"I came across a programme under HRDF, 1Malaysia Outplacement Centre (1MOC), which was more of an opportunity for me to uspkill myself and regain my employment. This programme gave me specialised training and I was required to sit for an examination. But, the best part is, within few weeks I managed to secure a new job! Thank you HRDF for this great opportunity…"

KHIRUL ANUAR BIN ZAINI

Previous Job Details (Before retrenchment):
Designation: Ex-Inspector
Company : Symphonic Engineering Sdn Bhd

Current Job Details (After enlisting with 1MOC):
Designation : E&I Ex-Inspector
Company : SGS Sdn Bhd

Retrenchment by his former employer took Khairul's job after his contract ended. Though 1MOC, he was able to enage with the training provider, Think Plus Academy Sdn Bhd and enrol for IECEX Personnel Competency Training & Certification for Explosive Atmosphere (Inspector). In addition to his qualification in Electrical Engineering, Khirul now has a globally recognised certification and as a result, his new found job.

"The 1MOC is a testimony to HRDF's commitment to the well-being and development of working population, more so the retrechend employees in Malaysia. The idea of supporting retrenched workers in itself is visionary. I am proud to have been associated with 1MOC, which has many platforms to enhance career or business opportunities through its wide network and connections. My sincere thanks to 1MOC…"

SITI JAMILAH BINTI KAMIL

Previous Job Details (Before retrenchment):
Designation: Assistant HR Manager
Company : Bekaert Shah Alam Sdn Bhd

Current Job Details (After enlisting with 1MOC):
Designation : Human Resource and Admin Manager
Company : OPCOM Cable Sdn Bhd

Siti Jamilah lost her job due to the shutdown and retrenchment exercise carried out by her former employer) in two phases in November 2016 and July 2017 respectively. When she approached 1MOC, she was able to register her profile and avail of the job-matching service to revive her employment status.

1MALAYSIA OUTPLACEMENT CENTRE SUCCESS STORIES

"I am thankful for all the support extended by 1MOC. Shortly after, I had received an offer from PETRONAS and I started my new journey on 16 December 2016…"

"I really appreciate the most professional counsel and support that I received during one of the most challenging and testing times of my career. With the help of 1MOC, I was able to get back to speed with my employment search and in no time, I found a new job…"

ZAIDIN BIN ABDUL WAHAB

Previous Job Details (Before retrenchment):
Designation: Manager, SMEP Supply Chain Management & Labuan Supply Base Manager
Company : Sabah Shell Petroleum Company Ltd (SSPC)

Current Job Details (After enlisting with 1MOC):
Designation : Procurement Manager
Company : PETRONAS Malaysia

Zaidin was affected by the manpower reduction exercise underwent by many companies in the oil & gas sector. When she approached 1MOC, she received counselling on not just her career ahead, but also on managing the 'jobless' phase and the after-thoughts of retrenchment.

SEOW YEN HWAI

Previous Job Details (Before retrenchment):
Designation: CPRM Real Time Monitoring System Engineer (IT Coordinator)
Company : Sarawak Shell Berhad, Malaysia

Current Job Details (After enlisting with 1MOC):
Designation : Field Services Engineer
Company : GE Oil and Gas

Seow Yen was affected by the retrenchment of staff by her former employer. When she approached 1MOC, she received counselling on not just her career ahead, but also on managing the 'jobless' phase and the after-thoughts of retrenchment.

THINK DIFFERENT
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BUSINESS STRATEGY THAT HELPS EVOLVE & CATALYSES GROWTH

Our business strategy in 2016 has been primarily focused on enlisting more organisations – large and small to contribute to HRDF, while we educate them on the business case for re-skilling and up-skilling their workforce.

One of the key strategies under the Eleventh Malaysia Plan is to improve regulatory and funding support as part of an overall effort to enable Malaysians to "continuously re-skill and up-skill themselves to meet the ever-changing demands of the labour market." We endeavour to increase the number of employees, who are eligible for training under HRDF.

The results of our efforts in 2016 have been significant, with the total number of employers registered with HRDF increasing to 17,535. We expect this number to grow as the Enforcement Division embarks on new strategies to ensure corporate compliance with the PSMB Act.

We believe that it is in the interest of organisations to partner with HRDF. As a contributor to the fund, they can access world-class training programmes that will raise the standards of their workforce, improve productivity and capacity to effectively respond to the ever-changing business environment, and ultimately increase profits.

SMEs, reflecting their importance to the Malaysian economy, represent the vast majority of member employers i.e. 80 per cent or 14,207. There are 3,328 large employers registered with HRDF, or 20 per cent of fund contributors. In total, employers contributed more than RM670 million in 2016 (RM263 million from SMEs and RM410 million from big business). But, it is apparent that both small and large employers can tap greater advantages. For instance, in 2016, the approved financial assistance (FA) amounted to just under RM570 million, which indicates a 15 per cent gap against our target.

To gain new insights, in November 2016, we appointed the World Bank Group to conduct a Specific Study that will explore the following key areas:

- The effectiveness and impact of HRDF
- Benchmark of HRDF Malaysia with international good practices of similar fund concept
- Blueprint: Vision for the future role of HRDF (2018 -2025)



HR STRATEGY THAT SPARKS INNOVATIVE IDEAS & SOLUTIONS

Our HR strategy in 2016 has been three-pronged-identifying new talent, equipping the HRDF employees with new skills; and empowering the decision-makers with technology as well as management best practices.

The development of "human capital" remains at the forefront of everything that we do at HRDF; indeed, the Eleventh Malaysia Plan makes it clear that the continued economic growth of the country is "anchored" on the knowledge and skills of all Malaysians. As a result, we must ensure that we have systems in place to support our employees so that they, in turn, can work effectively with our partners to develop their human resources.

The pace of technological innovation is faster today than ever before. Digital innovation is by far the biggest influencer, changing the way we operate our business. The current technology trends such as Cloud technologies, Internet of Things, Big Data and Mobility provides an opportunity for HRDF to further transform the way we serve our customers, employees and other stakeholders. These stakeholders are demanding more efficient services in a secured, highly available and convenient method anytime, anywhere and anyhow.

Some of the innovations we have introduced in 2016 will help us think different and empower HRDF employees to be more effective in providing the support and services that our partners need from us. Amongst the changes included:

- Technology innovation and leadership to improve customer experience
- Moving core applications online to meet the increased demand of current business operations
- Stringent IT security and systems for monitoring risks, frauds etc.

Another significant development over the past 12 months is our investment in Big Data Analytics (BDA). These programmes allow our employees to examine the information we collect from our partners and other stakeholders uncovering patterns, trends and correlations in order to identify potential opportunities. While the concept is not new, BDA speeds up the analysis process so we can quickly identify issues and opportunities and respond accordingly. The results for HRDF include cost reduction, faster decision-making and improved customer service.

In 2016, we also went to the marketplace for new Talent that will strengthen our Investigation Team, responsible for integrity and transparency of our mandated programmes; Governance Team, responsible for looking beyond compliance to make the organisation ready to survive through the challenges of the future; and Human Resources Team, responsible for greater integration of our corporate values, our continuing mission and our vision across all levels of the organisation.

DIVISIONAL PERFORMANCE: LEGAL & ADVISORY

In mapping our strategic growth plan towards 2018, we are currently at the tail end of Phase 1. We are excited at not only the potential of HRDF as a purpose-driven institution, but also the immense possibilities for us to contribute meaningfully. The future may hold many milestones for us and for the industry, but the one thing we are absolutely confident is our intent to think different, to rediscover our role, & to evolve…

A. HRDF's big milestone to achieve the mandate of Eleventh Malaysian Plan

In our efforts to achieve a 35 per cent skilled workforce by the year 2020, we positioned the need and initiated the process of expanding the coverage of PSMB Act 2001 to include more sub-sectors. This initiative will increase the number of employees eligible for training under HRDF by 58 per cent from 1.77 million in 2014 to 2.8 million in 2020.

The Phase 1 of amendment and expansion was completed and came into effect on 1 April 2017 and is estimated to benefit 17,166 employers and 1,940,477 employees, based on the data from the Malaysian Economic Census 2011.

Phase 1
2015 - 2017

- To standardise the number of employees that must be registered as 10 Malaysian employees in all 63 sub-sectores that are covered under the Act;
- To omit the requirement for paid up capital; and
- To allow for voluntary registration of employers (in all 63 sub-sectors) that have 5-9 Malaysian employees.

Phase 2
2017 - 2018

- To cover all sectors (except sectors which are exempted), which have one (1) or more Malaysian employees.

Amendment and Expansion of the PSMB Act 2001

DIVISIONAL PERFORMANCE: LEGAL & ADVISORY

B. Regulatory Impact Analysis (RIA)

HRDF, in keeping with the Government mandate, conducts Regulatory Impact Analysis or RIA well before the amendments take into effect. This ensures the amendment of the Act and regulation is effective and efficient in addressing the public policy objectives; in reducing unnecessary burden on the industry; and implementation in a transparent manner.

The RIA, led by our Legal Advisory Department, involves targetted engagement sessions with our stakeholders which include the Ministry of Human Resources, other key ministries, government agencies and the employers' associations. During Phase 1 of the amendment, HRDF conducted a total of 14 engagement sessions nationwide to inform and educate stakeholders of the plans to amend the Act and successfully obtained stakeholders' inputs.

For Phase 2 of the amendment, PSMB has already initiated engagement sessions with 24 government agencies and ministries comprising of Malaysia Productivity Corporation (MPC), Federal Agricultural Marketing Authority (FAMA), Malaysian Investment Development Authority (MIDA) and Ministry of International Trade and Industry (MITI). Engagement with such apex institutions / bodies also help to avoid duplication between the existing Acts and/or Regulations governing HRDF, as well as to take advantage of opportunities for possible collaborations for improved efficiencies in implementing Phase 2.

C. Amended Regulation

To review the current administrative processes related to the registration of employers and collection of levy, HRDF embarked on an initiative to regulate and control the manner, form and method involved in such processes. Aimed to make the processes more efficient, the initiative is in line with HRDF's core values of continuous improvement and customer focus.

Towards this, the Pembangunan Sumber Manusia Berhad (Registration of Employers and Payment of Levy) Regulations 2001 was amended to allow the existing processes to evolve and to provide HRDF the power to determine the relevant processes administratively. The amendments to the Regulation took effect on 16 January 2017.





DIVISIONAL PERFORMANCE: GRANTS

Our schemes are designed to meet specific needs and challenges of the industry, with an ultimate motive to organically grow the skilled workforce, in a manner that it contributes to the overall productivity and growth of the nation.

1 TRAINING ASSISTANCE SCHEME (SBL)

SBL is one of the flagship schemes of HRDF. Under this scheme, employers have the freedom to plan and conduct suitable training programmes, encouraging their employees to enhance their knowledge, skills and competencies. Besides, employers can also apply for financial assistance to fund the following:

DEVELOPMENT PROGRAMMES
Targetting specific capabilities for sustaining productivity and economic growth...

ELIGIBILITY
Employees at all Levels

APPLICABILITY
Diplomas; Degree, Masters or Doctoral Programmes

DELIVERED BY
Colleges & Universities; Technical and Vocational Training Institutions (especially with the Malaysian Skills Certificate Accreditation from the Department of Skills Development, Ministry of Human Resources); local or overseas

ONLINE E-LEARNING

Offering flexibility to choose distance learning platforms.

MOBILE E-LEARNING

Offering real-time access to learning for those on the move.

COACHING & MENTORING

Offering on-the-job, practical coaching for development.

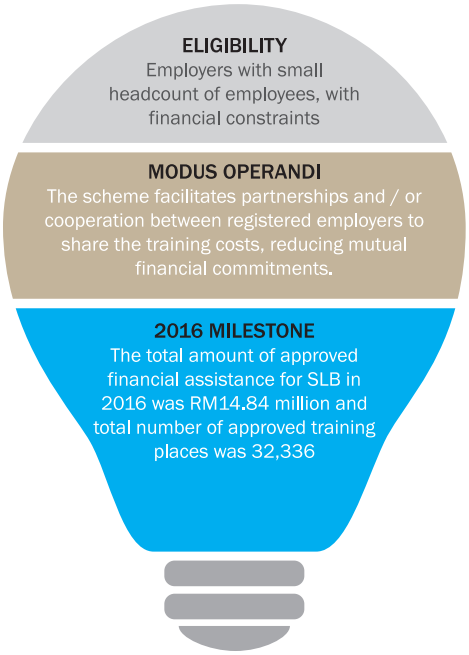
JOB COACH
Taking an inclusive approach to education and skills development...
Specialised coaching programmes in keeping with the special needs of PWDs or Persons with Disabilities. The objective is to equip them with necessary skills and integrate them into the mainstream job market as productive / contributing resources of the nation.

DIVISIONAL PERFORMANCE: GRANTS

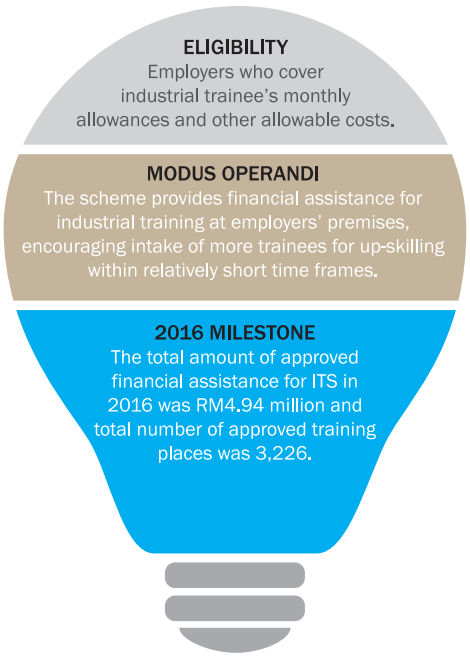
2 SPECIAL TRAINING ASSISTANCE SCHEME (SBL- KHAS)

SBL-Khas was introduced by HRDF to support employers, who have limited cash-flow and therefore, are not able to commit to a training or up-skilling programme for their employees. To offload the financial burden, under this scheme, HRDF reimburses the course fee directly to the training provider. However, a pre-condition to access this relief, employers have to ensure that they do not have any arrears or accumulated interest on their levy, in addition to maintaining sufficient levy balance to cover the most appropriate registered programme that meets their training needs.

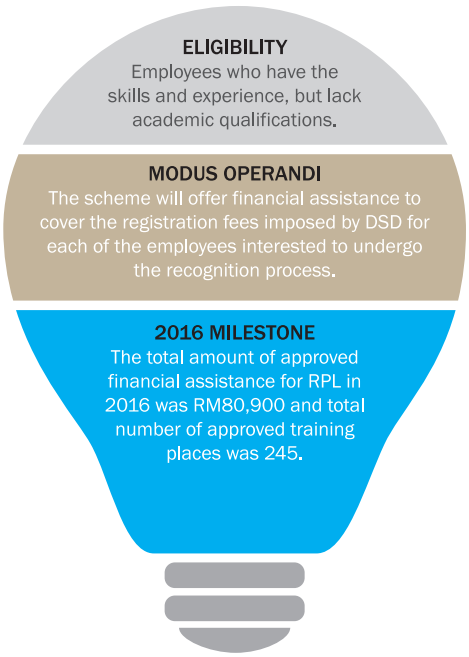
3 THE JOINT TRAINING SCHEME (SKIM LATIHAN BERSAMA-SLB)



4 INDUSTRIAL TRAINING SCHEME (ITS)

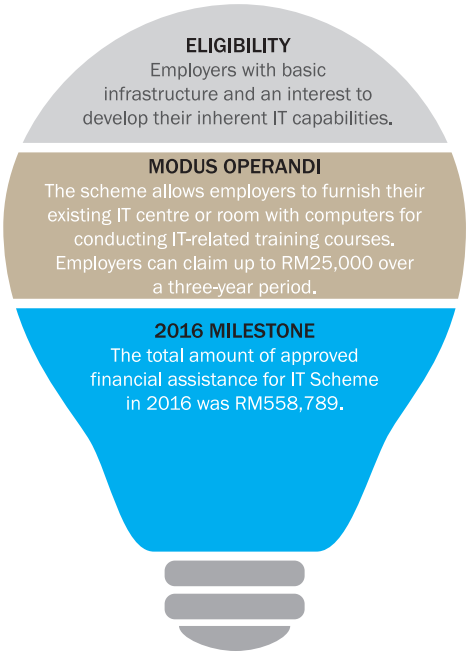


5 RECOGNITION OF PRIOR LEARNING (RPL) SCHEME

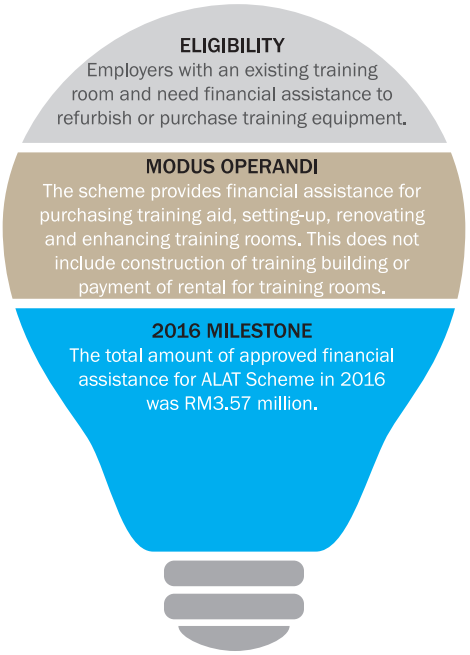


DIVISIONAL PERFORMANCE: GRANTS

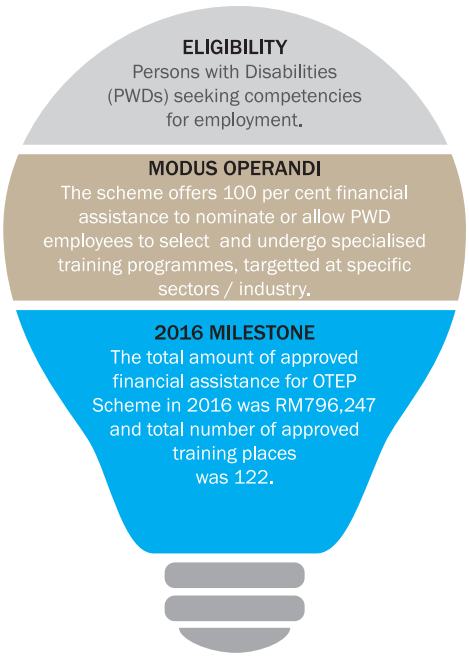
6 THE INFORMATION TECHNOLOGY AND COMPUTER-AIDED TRAINING SCHEME (IT)



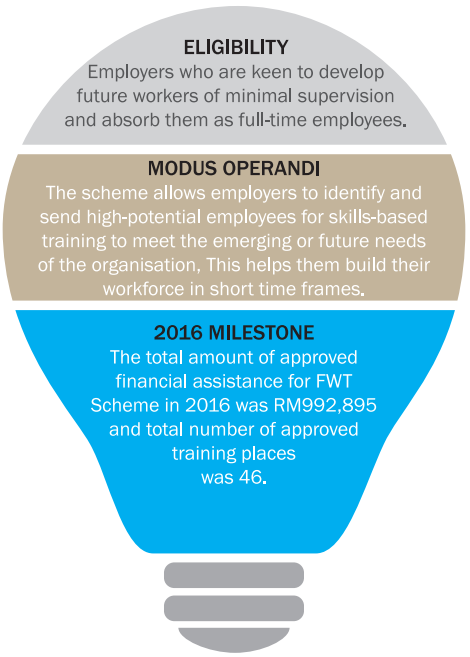
7 PURCHASE OF TRAINING AIDS AND SETTING UP OF TRAINING ROOM SCHEME (ALAT)



8 OKU TALENT ENHANCEMENT PROGRAMME (OTEP SCHEME)

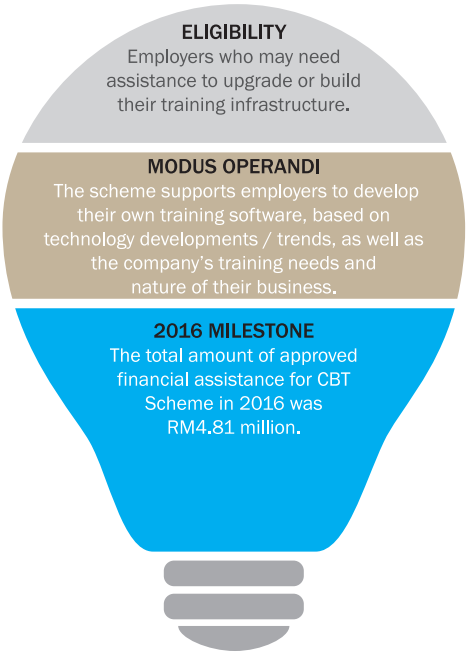


9 FUTURE WORKERS TRAINING SCHEME (FWT)

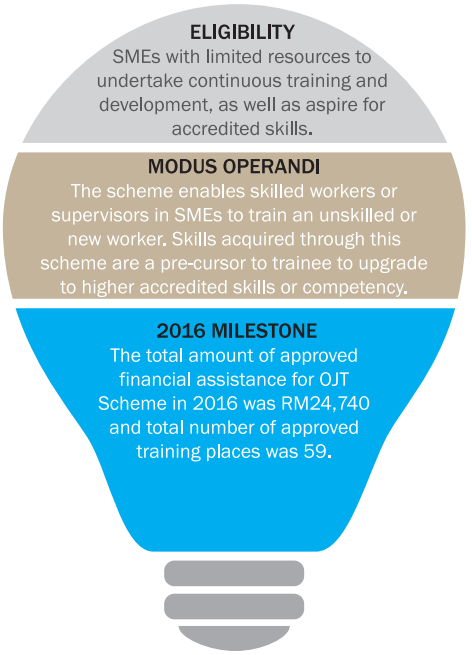


DIVISIONAL PERFORMANCE: GRANTS

10 COMPUTER BASED TRAINING / DEVELOPMENT (CBT)



11 ON-THE-JOB TRAINING SCHEME (OJT)



DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

It is not about meeting targets and achieving numbers. Our success in 2016 is best measured by the number of employers and employees, who were direct beneficiaries of various up-skilling, re-skilling and development programmes. Our 'Think Different' ideology was intended to create value in terms of enhancing the quality of human capital for the industry and the nation.

Financial Assistance (FA) rose by 9.13 per cent in 2016 as compared with 2015 and by 7.78 per cent for approved Training Places (TP). The total amount of approved FA for the year 2016 was RM568.77 million and total number of approved TP was 895,610.

APPROVED FINANCIAL ASSISTANCE (RM) BY SCHEME FOR THE YEAR 2016

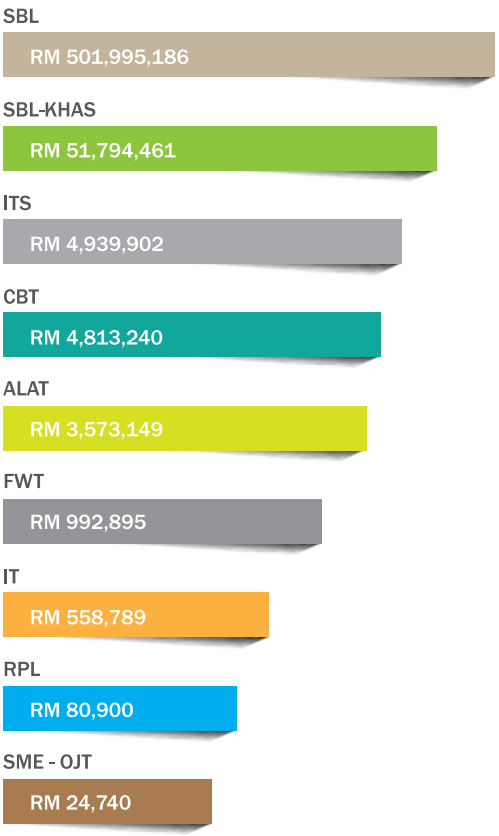


CHART 1

Figures shown in Chart 1 are the amounts of approved FA for nine (9) schemes offered by HRDF. Total amount of approved FA for 2016 was RM568.77 million. The SBL scheme remains the most popular scheme with RM502 million approved FA.

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED TRAINING PLACES BY SCHEME FOR THE YEAR 2016

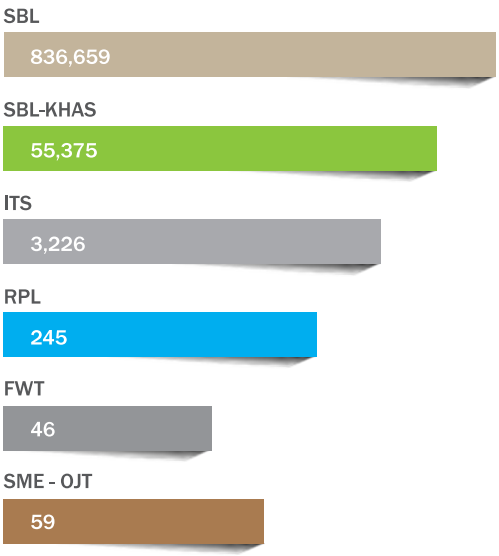
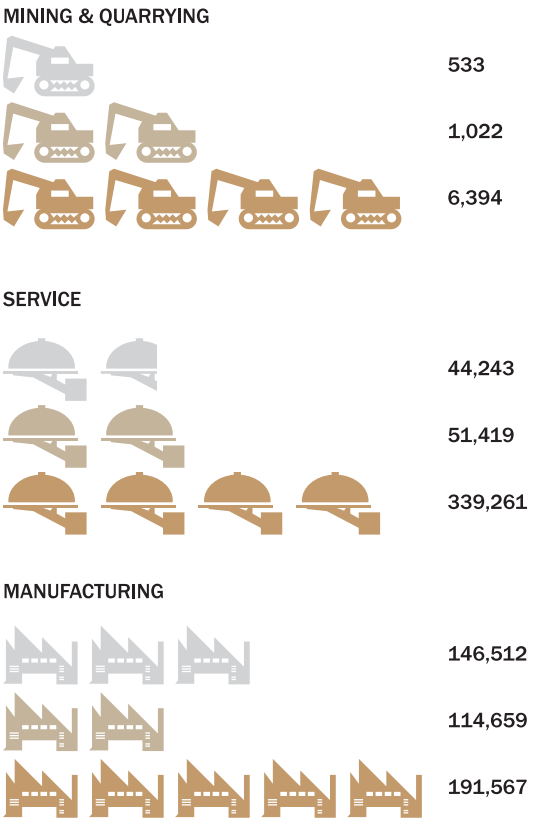


CHART 2

APPROVED TRAINING PLACES BY SECTOR AND SIZE OF EMPLOYER FOR THE YEAR 2016



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

CHART 3 SMALL MEDIUM LARGE

The number of approved TP shown in Chart 2 also reinforces the success of SBL scheme with 836,659 places approved. 2016 has recorded 895,610 approved TP in total, across SBL, SBL Khas, Industrial Training Scheme (ITS), Recognition of Prior Learning (RPL), Future Workers Training Scheme (FWT) and SME On-The-Job (SME-OJT).

Out of the total number of approved TP, 50.55 per cent is represented by employees in Manufacturing Sector. Another 48.56 per cent of approved TP is represented by employees in Service Sector, while 0.89 per cent is represented by Mining & Quarrying. The chart also indicates that large firms are receiving the bulk of approved TPs across all three sectors.

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED TRAINING PLACES (TP) AND TOTAL NUMBER OF REGISTERED EMPLOYERS BY INDUSTRY FOR THE YEAR 2016

0.89%
MINING & QUARRYING

7,949	61	130
Training Places	Registered Employers	Average Training Places per Employer

48.56%
SERVICE

434,923	10,268	42
Training Places	Registered Employers	Average Training Places per Employer

50.55%
MANUFACTURING

452,738	7,206	63
Training Places	Registered Employers	Average Training Places per Employer

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

CHART 4

COMPARISON BETWEEN APPROVED FINANCIAL ASSISTANCE (FA) AND LEVY COLLECTED FOR THE YEAR 2013 UNTIL 2016

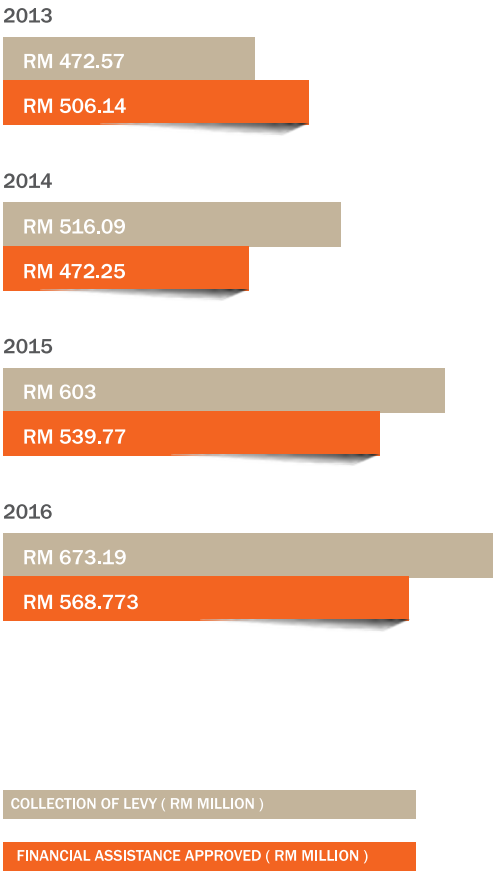


CHART 5

The Manufacturing Sector continues to have the highest number of approved training places (452,738) as compared to the other two (2) sectors. This is in contrast to the actual number of registered employers of which the Service Sector has the highest number: 10,268 out of total 17,535 HRDF registered employers. Chart 4 shows that the Manufacturing Sector has the second highest number i.e. 7,206 registered employers followed by Mining & Quarrying.

There has been a steady increase in the total amount of levy collected over the past four years (2013 - 2016), as per Chart 5. There has also been an increase in the level of approved FA over the same period. Further, there a significant rise in levy collection in 2016 (10.43 per cent) as compared to the previous year. Over the same period, there was a 5.1 per cent increase in the approved FA.

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED FINANCIAL ASSISTANCE (FA) AND LEVY COLLECTED BY SIZE OF EMPLOYER FOR THE YEAR 2016

61.29%

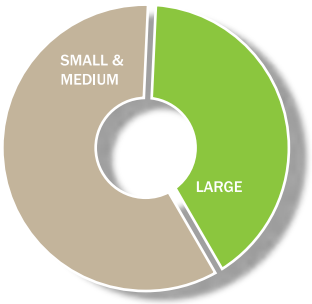
SMALL & MEDIUM

348.594	410.26	61.666
Financial Assistance (RM Million)	Levy Collection (RM Million)	Difference (Levy Collection - Financial Assistance)

38.71%

LARGE

220.179	262.93	42.751
Financial Assistance (RM Million)	Levy Collection (RM Million)	Difference (Levy Collection - Financial Assistance)



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

CHART 6

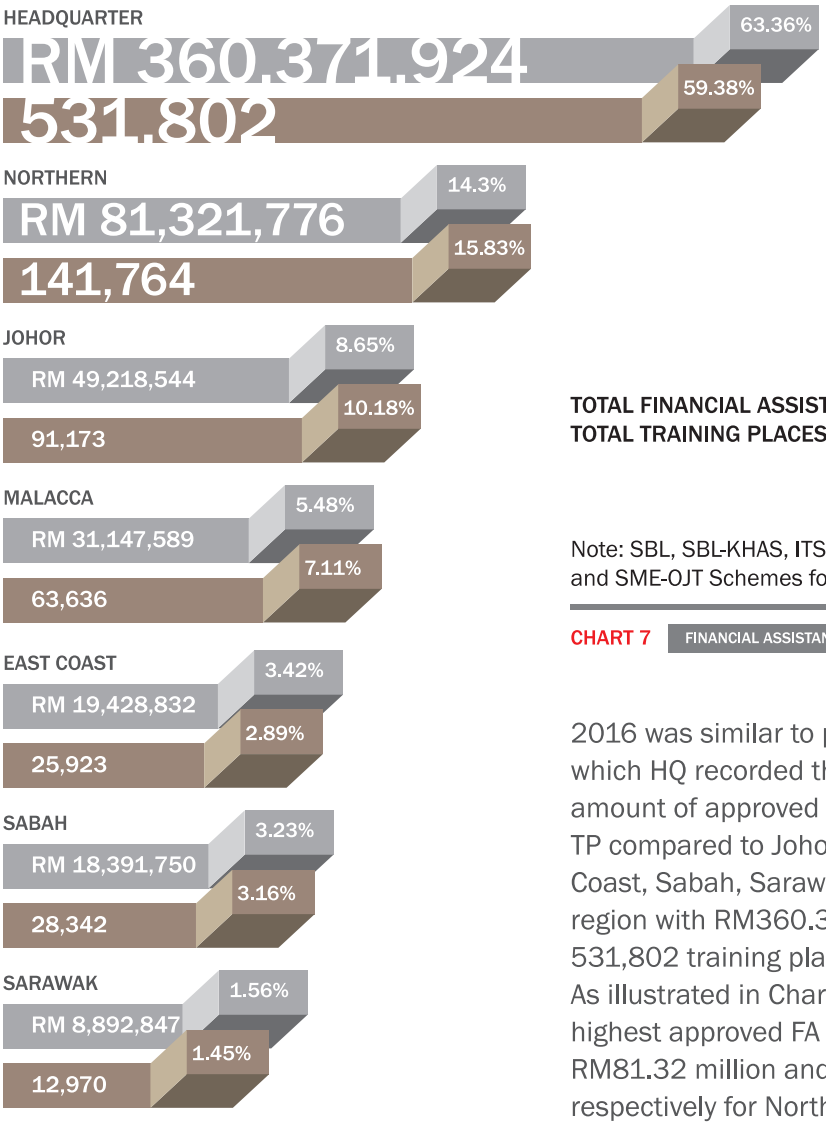
Chart 6 indicates that employers – both large and small – are yet to tap the full potential and benefits of HRDF schemes and initiatives. For instance, the difference between the levy paid by the registered employers and the FA received by them under various HRDF schemes is more than RM100 million.

In 2016, RM410.26 million levies were collected from Large Employers and RM262.93 million from Small and Medium Employers. As expected, more FA was approved for Large Employers compared to Small and Medium Employers: RM348.594 million and RM220.179 million respectively.

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED FINANCIAL ASSISTANCE (FA) AND TRAINING PLACES (TP) BY REGIONAL OFFICES FOR THE YEAR 2016



TOTAL FINANCIAL ASSISTANCE(RM 568,773,262)
TOTAL TRAINING PLACES 895,610

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

CHART 7 FINANCIAL ASSISTANCE (RM) TRAINING PLACES

2016 was similar to previous years in which HQ recorded the highest total amount of approved FA and number of TP compared to Johor, Malacca, East Coast, Sabah, Sarawak and Northern region with RM360.37 million and 531,802 training places respectively. As illustrated in Chart 7, the second highest approved FA and TP was RM81.32 million and 141,764 respectively for Northern region, followed by Johor region with RM49.22 million and 91,173 respectively.

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED TRAINING PLACES (TP) BY SKILL AREAS FOR THE YEAR 2016

SKILL	TRAINING PLACES	
SAFETY & HEALTH	150,135	16.83%
QUALITY & PRODUCTIVITY	108,178	12.13%
TEAM BUILDING OR MOTIVATION	96,376	10.80%
MANAGEMENT OR STRATEGIC MANAGEMENT	69,537	7.79%
EDUCATION OR TRAINING	57,917	6.49%
COMPUTER/ INFORMATION & TECHNOLOGY	48,360	5.42%
PROCESS & OPERATION	30,180	3.38%
HUMAN RESOURCES	28,340	3.18%
SUPERVISORY	26,010	2.92%
PUBLIC RELATIONS OR CUSTOMER SERVICE	25,991	2.91%
ENGINEERING	25,066	2.81%
MANUFACTURING OR PRODUCTION	22,438	2.52%
MAINTENANCE OR SYSTEM AND CONTROL	21,949	2.46%
FOOD AND BEVERAGES	19,444	2.18%
AUDIT OR TAX	18,862	2.11%
ACCOUNTING OR FINANCE	15,119	1.69%
SECURITY OR ARMED FORCES	14,945	1.68%
RETAIL OR MERCHANDISING	13,642	1.53%
MARKETING AND SALES	13,603	1.52%
LEGAL AND LAW	13,467	1.51%
MEDICAL OR HEALTHCARE	12,594	1.41%
JOURNALISM OR PUBLISHING OR COMMUNICATION OR MEDIA	8,963	1.00%
ADMINISTRATION OR CLERICAL	8,917	1.00%
LANGUAGE	8,576	0.96%
PURCHASING OR LOGISTICS OR SUPPLY CHAIN	6,275	0.70%
CREATIVITY AND INNOVATION	5,973	0.67%
HOTEL OR TOURISM	5,066	0.57%
AVIATION	3,797	0.43%
ACTUARIAL OR STATISTICS	3,206	0.36%
SHIP OR MARITIME HANDLING	2,304	0.26%
NEW OR HIGH TECHNOLOGY	2,243	0.25%
RESEARCH AND DEVELOPMENT	2,134	0.24%
CREATIVE DESIGN	854	0.10%
PORT MANAGEMENT	810	0.09%
BIOTECHNOLOGY OR CHEMISTRY	809	0.09%

Note: SBL, SBL-KHAS, and FWT Schemes

TOTAL TRAINING PLACES 892,080

TABLE 1

JB - JOB BASED PROGRAMME
IB - INDUSTRY BASED PROGRAMME
PE - PERSONAL EFFECTIVENESS

In 2016, Safety and Health were the most preferred areas for acquiring new skills and competency by employers. A total of 150,135 TP were approved, which is about 16.83 per cent, as per Table 1. The skills areas are grouped into three (3) different types based on the preference of employers - Industry Based Programme; Job Based Programme; and Personal Effectiveness. Job Based Programmes have had the highest response with 392,205 or 43.97 per cent out of the 100 per cent of approved TP in 2016. This was followed by Industry Based Programmes with total of 342,922 or 38.44 per cent approved TP. The Personal Effectiveness skills have had the lowest numbers, with only 156,953 places or 17.59 per cent of approved TP.

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED FINANCIAL ASSISTANCE (FA) BY SKILL AREAS FOR THE YEAR 2016

SKILL	FINANCIAL ASSISTANCE	
SAFETY & HEALTH	66,644,282	12.01%
TEAM BUILDING OR MOTIVATION	51,843,521	9.34%
MANAGEMENT OR STRATEGIC MANAGEMENT	51,826,184	9.34%
COMPUTER / INFORMATION AND TECHNOLOGY	43,524,359	7.85%
QUALITY AND PRODUCTIVITY	42,844,963	7.72%
ENGINEERING	42613761	7.68%
EDUCATION OR TRAINING	28,770,788	5.19%
HUMAN RESOURCES	19,475,591	3.51%
PROCESS AND OPERATION	18,919,386	3.41%
MAINTENANCE OR SYSTEM AND CONTROL	18,064,330	3.26%
SUPERVISORY	15,554,895	2.80%
ACCOUNTING OR FINANCE	14,859,216	2.68%
MANUFACTURING OR PRODUCTION	14,804,583	2.67%
SECURITY OR ARMED FORCES	12,610,669	2.27%
AUDIT OR TAX	12,216,915	2.20%
MARKETING AND SALES	11,409,286	2.06%
PUBLIC RELATIONS OR CUSTOMER SERVICE	11,105,445	2.00%
LEGAL AND LAW	8,041,487	1.45%
MEDICAL OR HEALTHCARE	8,009,215	1.44%
AVIATION	6,999,250	1.26%
PURCHASING OR LOGISTICS OR SUPPLY CHAIN	6,304,139	1.14%
JOURNALISM OR PUBLISHING OR COMMUNICATION OR MEDIA	6,080,610	1.10%
LANGUAGE	5,697,087	1.03%
ADMINISTRATION OR CLERICAL	5,387,950	0.97%
FOOD AND BEVERAGES	4,651,419	0.84%
CREATIVITY AND INNOVATION	4,097,724	0.74%
NEW OR HIGH TECHNOLOGY	4,020,395	0.72%
SHIP / MARITIME HANDLING	3,836,996	0.69%
RETAIL OR MERCHANDISING	3,687,638	0.66%
RESEARCH & DEVELOPMENT	2,602,142	0.47%
ACTUARIAL OR STATISTICS	2396733	0.43%
HOTEL OR TOURISM	2,314,675	0.42%
CREATIVE DESIGN	1,300,094	0.23%
BIOTECHNOLOGY/CHEMISTRY	1,273,016	0.23%
PORT MANAGEMENT	993,798	0.18%

Note: SBL and SBL-KHAS Schemes

TOTAL FINANCIAL ASSISTANCE AMOUNT
RM 554,782,542

TABLE 2

JB - JOB BASED PROGRAMME
IB - INDUSTRY BASED PROGRAMME
PE - PERSONAL EFFECTIVENESS

Similar to the approved Training Places (TP), approved FA also indicates that Safety and Health were the most popular areas selected by the employers in 2016. In contrast, however, Industry Based Programmes have had the highest numbers, with RM237.85 million or 42.87 per cent out of the 100 per cent of approved FA in 2016. This was followed by Job Based Programmes with RM232.73 million or 41.95 per cent approved FA. Personal Effectiveness skills have had the lowest level of approved FA with only RM84.20 million or 15.18 per cent.

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED TRAINING PLACES (TP) BY CATEGORY OF JOB POSITION UNDER SBL AND SBL-KHAS SCHEME FOR THE YEAR 2015 AND 2016

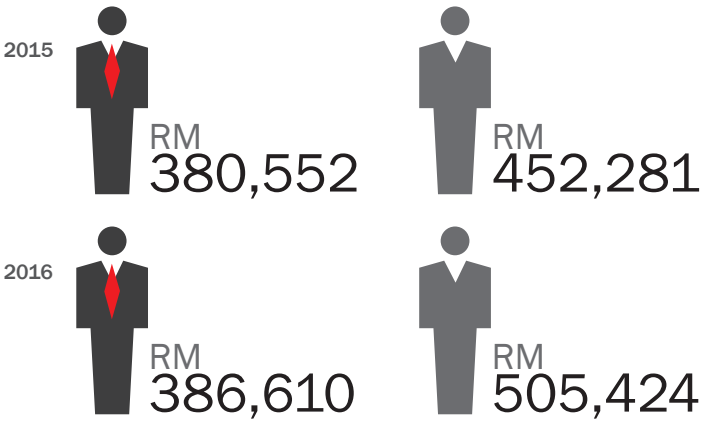


CHART 8

NON EXECUTIVE EXECUTIVE

Chart 8 shows that SBL and SBL-Khas schemes were the top two (2) schemes based on approved TP. Out of 892,034 approved TP for both schemes in the year under review, 56.66 per cent were for Executive posts and 54.31 per cent were for Non-Executive posts. There was a slight growth in the number of posts for Executives and Non-Executives in 2016, as compared to the previous year.

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED TRAINING PLACES BY 63 SUB-SECTORS FOR THE YEAR 2016

SUB-SECTORS	TRAINING PLACES	
MANUFACTURER OF ELECTRICAL MACHINERY, APPARATUS APPLIANCES AND SUPPLIES	147,936	16.52%
FOOD MANUFACTURING & BEVERAGE INDUSTRIES	52,780	5.89%
TELECOMMUNICATION	41,438	4.63%
PRIVATE INSTITUTION OF HIGHER LEARNING	41,277	4.61%
HOTEL INDUSTRY	39,871	4.45%
MANUFACTURER OF TRANSPORT EQUIPMENT	36,619	4.09%
HYPERMARKET/SUPERMARKET/DEPARTMENTAL STORE	36,355	4.06%
COMPUTER INDUSTRY	34,100	3.81%
MANUFACTURER OF INDUSTRIAL CHEMICALS & OTHER CHEMICAL PRODUCTS	34,094	3.81%
NON-FERROUS METAL BASIS INDUSTRIES & FABRICATED METAL	33,134	3.70%
PRIVATE HOSPITAL	29,078	3.25%
MANUFACTURER OF PLASTICS PRODUCTS	26,662	2.98%
ENGINEERING SUPPORT & MAINTENANCE	22,895	2.56%
LAND TRANSPORT	22,867	2.55%
POSTAL	19,217	2.15%
MANUFACTURER OF RUBBER PRODUCTS	18,240	2.04%
MANUFACTURER OF NON-METALLIC MINERAL PRODUCTS	17,469	1.95%
FOOD AND BEVERAGE SERVICES	16,344	1.82%
FREIGHT FORWARDER	15,879	1.77%
MANUFACTURER OF MACHINERY EXCEPT ELECTRICAL	15,698	1.75%
SECURITY FIRMS	14,511	1.62%
IRON AND STEEL BASIC INDUSTRIES	13,819	1.54%
SALE AND REPAIR OF MOTOR VEHICLES	12,664	1.41%
POWER (ENERGY)	11,537	1.29%
PRINTING, PUBLISHING AND ALLIED INDUSTRIES	10,806	1.21%
MANUFACTURER OF TEXTILES & WEARING APPAREL, EXCEPT FOOTWEAR	9,651	1.08%
MANUFACTURER OF PAPER AND PAPER PRODUCTS	9,590	1.07%
FRANCHISE	9,182	1.03%
AIR TRANSPORT	7,519	0.84%
MANUFACTURER OF PROFESSIONAL AND SCIENTIFIC & MEASURING AND CONTROLLING EQUIPMENT N.E.C. AND OF PHOTOGRAPHIC AND OPTICAL GOODS & OTHERS MANUFACTURING IND.	7,135	0.80%
PORT SERVICES	7,096	0.79%
SHIPPING	6,909	0.77%
TRAINING PROVIDER	6,357	0.71%
WATER TREATMENT AND SUPPLY	6,055	0.68%
MANUFACTURER OF WOOD & WOOD PRODUCTS AND CORK, EXCEPT FURNITURE	5,552	0.62%
PETROLEUM REFINERIES	5,068	0.57%
PETROLEUM & GAS EXTRACTION	4,129	0.46%
BUILDING AND LANDSCAPE SERVICES	3,842	0.43%
MINERAL & STONE QUARRY	3,820	0.43%

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED TRAINING PLACES BY 63 SUB-SECTORS FOR THE YEAR 2016

SUB-SECTORS	TRAINING PLACES	
ADVERTISING	3,727	0.42%
DIRECT SELLING	3,646	0.41%
MANUFACTURE OF FURNITURE AND FIXTURES EXCEPT PRIMARILY OF METAL	3,443	0.38%
RESEARCH & DEVELOPMENT	3,201	0.36%
PRIVATE BROADCASTING SERVICES	2,835	0.32%
WASTE MANAGEMENT AND MATERIAL RECOVERY SERVICES	2,686	0.30%
MANUFACTURER OF GLASS AND GLASS PRODUCTS	2,555	0.29%
PRODUCTION OF MOTION PICTURE, VIDEO AND TELEVISION PROGRAMME, SOUND RECORDING AND MUSIC PUBLISHING	2,337	0.26%
SEWERAGE	2,100	0.23%
INFORMATION SERVICE	2,094	0.23%
TRAVEL AGENCY - OUTBOUND	1,592	0.18%
BONDED WAREHOUSE	1,409	0.16%
EARLY CHILDHOOD EDUCATION	1,138	0.13%
HEALTH SUPPORT SERVICES	995	0.11%
MANUFACTURER OF LEATHER & PRODUCTS OF LEATHER, LEATHER SUBSTITUTES & FUR, EXCEPT FOOTWEAR & WEARING APPAREL	895	0.10%
EVENT MANAGEMENT SERVICES	678	0.08%
DRIVING SCHOOL	572	0.06%
TOBACCO MANUFACTURERS	479	0.05%
TRAVEL AGENCY - INBOUND	461	0.05%
GAS, STEAM AND AIR-CONDITIONING SUPPLY	437	0.05%
MANUFACTURER OF FOOTWEAR, EXCEPT VULCANISED/MOULDED RUBBER /PLASTICS FOOTWEAR	422	0.05%
MANUFACTURER OF MISCELLANEOUS PRODUCTS OF PETROLEUM & COAL	365	0.04%
MANUFACTURER OF POTTERY, CHINA AND EARTHENWARE	326	0.04%
VETERINARY SERVICES	22	0.00%
TOTAL	**895,610**	**100%**

Note: SBL, SBL-KHAS, ITS, RPL, FWT, and SME-OJT Schemes for Training Places

TABLE 3

In 2013, Manufacturer of Electrical Machinery, Apparatus Appliances And Supplies were the most active industries to re-train and upgrade the workers' skills. A total of 147,936 training places were approved for these industries. Food Manufacturing & Beverage Industries represent second highest number of training places approved at 52,780 training places. The third most active industry is the Telecommunication Industry which the total number of approved training places is 41,438. Detailed information is shown in Table 3.

DIVISIONAL PERFORMANCE: GRANTS

REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED FINANCIAL ASSISTANCE BY 63 SUB-SECTORS FOR THE YEAR 2016

SUB-SECTORS	TRAINING PLACES	
MANUFACTURER OF ELECTRICAL MACHINERY, APPARATUS APPLIANCES AND SUPPLIES	81,641,965	14.35%
COMPUTER INDUSTRY	38,312,954	6.74%
TELECOMMUNICATION	33,398,961	5.87%
FOOD MANUFACTURING & BEVERAGE INDUSTRIES	27,277,875	4.80%
PRIVATE INSTITUTION OF HIGHER LEARNING	23,041,603	4.05%
MANUFACTURER OF INDUSTRIAL CHEMICALS & OTHER CHEMICAL PRODUCTS	21,945,099	3.86%
ENGINEERING SUPPORT & MAINTENANCE	19,932,585	3.50%
HOTEL INDUSTRY	19,877,644	3.49%
MANUFACTURER OF TRANSPORT EQUIPMENT	18,731,632	3.29%
POWER (ENERGY)	17,528,106	3.08%
NON-FERROUS METAL BASIS INDUSTRIES & FABRICATED METAL	17,006,187	2.99%
PRIVATE HOSPITAL	15,150,168	2.66%
MANUFACTURER OF PLASTICS PRODUCTS	14,004,484	2.46%
HYPERMARKET/SUPERMARKET/DEPARTMENTAL STORE	13,151,157	2.31%
PETROLEUM & GAS EXTRACTION	12,541,136	2.20%
AIR TRANSPORT	11,072,125	1.95%
MANUFACTURER OF RUBBER PRODUCTS	10,933,058	1.92%
FREIGHT FORWARDER	10,843,059	1.91%
SECURITY FIRMS	10,788,124	1.90%
MANUFACTURER OF NON-METALLIC MINERAL PRODUCTS	10,692,787	1.88%
LAND TRANSPORT	9,574,487	1.68%
SALE AND REPAIR OF MOTOR VEHICLES	8,902,133	1.57%
MANUFACTURER OF MACHINERY EXCEPT ELECTRICAL	7,938,223	1.40%
IRON AND STEEL BASIC INDUSTRIES	7,797,654	1.37%
PETROLEUM REFINERIES	7,790,335	1.37%
SHIPPING	7,510,262	1.32%
PRINTING, PUBLISHING AND ALLIED INDUSTRIES	7,083,950	1.25%
POSTAL	6,548,722	1.15%
TRAINING PROVIDER	6,341,107	1.11%
PORT SERVICES	5,947,125	1.05%
FOOD AND BEVERAGE SERVICES	5,690,406	1.00%
MANUFACTURER OF TEXTILES & WEARING APPAREL, EXCEPT FOOTWEAR	5,108,027	0.90%
MANUFACTURER OF PAPER AND PAPER PRODUCTS	5,004,032	0.88%
MANUFACTURER OF WOOD & WOOD PRODUCTS AND CORK, EXCEPT FURNITURE	4,757,213	0.84%
MANUFACTURER OF PROFESSIONAL AND SCIENTIFIC & MEASURING AND CONTROLLING EQUIPMENT N.E.C. & OF PHOTOGRAPHIC & OPTICAL GOODS & OTHERS MANUFACTURING IND.	4,605,262	0.81%
WATER TREATMENT AND SUPPLY	3,926,733	0.69%
RESEARCH & DEVELOPMENT	3,382,909	0.59%
ADVERTISING	3,335,182	0.59%
MINERAL & STONE QUARRY	3,186,328	0.56%

DIVISIONAL PERFORMANCE: GRANTS
REPORT ON APPROVED FINANCIAL ASSISTANCE AND TRAINING PLACES

APPROVED FINANCIAL ASSISTANCE BY 63 SUB-SECTORS FOR THE YEAR 2016

SUB-SECTORS	TRAINING PLACES	
FRANCHISE	3,055,896	0.54%
DIRECT SELLING	3,045,222	0.54%
MANUFACTURE OF FURNITURE AND FIXTURES EXCEPT PRIMARILY OF METAL	2,571,816	0.45%
BUILDING AND LANDSCAPE SERVICES	2,314,773	0.41%
PRIVATE BROADCASTING SERVICES	1,931,734	0.34%
INFORMATION SERVICE	1,587,020	0.28%
WASTE MANAGEMENT AND MATERIAL RECOVERY SERVICES	1,547,888	0.27%
MANUFACTURER OF GLASS AND GLASS PRODUCTS	1,452,296	0.26%
TRAVEL AGENCY - OUTBOUND	1,410,106	0.25%
BONDED WAREHOUSE	1,046,659	0.18%
PRODUCTION OF MOTION PICTURE, VIDEO AND TELEVISION PROGRAMME, SOUND RECORDING AND MUSIC PUBLISHING	1,044,014	0.18%
SEWERAGE	865,235	0.15%
HEALTH SUPPORT SERVICES	710,521	0.12%
EARLY CHILDHOOD EDUCATION	600,940	0.11%
MANUFACTURER OF LEATHER & PRODUCTS OF LEATHER, LEATHER SUBSTITUTES & FUR, EXCEPT FOOTWEAR & WEARING APPAREL	496,964	0.09%
MANUFACTURER OF MISCELLANEOUS PRODUCTS OF PETROLEUM & COAL	455,938	0.08%
EVENT MANAGEMENT SERVICES	447,734	0.08%
GAS, STEAM AND AIR-CONDITIONING SUPPLY	395,829	0.07%
TOBACCO MANUFACTURERS	364,432	0.06%
TRAVEL AGENCY - INBOUND	362,683	0.06%
MANUFACTURER OF POTTERY, CHINA AND EARTHENWARE	340,060	0.06%
MANUFACTURER OF FOOTWEAR, EXCEPT VULCANISED/MOULDED RUBBER /PLASTICS FOOTWEAR	262,377	0.05%
DRIVING SCHOOL	140,645	0.02%
VETERINARY SERVICES	21,681	0.00%
TOTAL	**568,773,262**	**100%**

Note : All schemes

TABLE 4

As of 2016, the industry with the highest approved financial assistance is the Manufacturer Of Electrical Machinery, Apparatus Appliances And Supplies with approved financial assistance of RM81.64 million, representing 14.35% of the total financial aid in 2016. This is followed by the Computer Industry at RM38.31 million (6.74%) and the Telecommunication Industry at RM33.39 million (5.87%). Detailed information is shown in Table 4.

DIVISIONAL PERFORMANCE: EMPLOYERS' REGISTRATION

While we are driven by our commitment to up-skill the human resources, employers have a critical role to play in assessing not just their current skill gaps, but their future human resource requirements. With insights on the current landscape and foresight of the potential issues, employers can build and sustain the quality of their talent, towards continuously improving productivity and fostering growth.

In 2016, we adopted a differentiated approach and intensified our outreach to the employers, by tapping various opportunities to engage with them for feedback, and improving on our services delivery. In the process, our objective was to also raise awareness on the need for employers to assume greater accountability towards structured, planned and strategic training and development of their employees. Besides, our Employers Registration Department and the Training Grant Division also focussed their efforts on:

- Collaborating to identify potentially liable employers at state level through branch heads
- Increasing the efficiency in terms of data management to identify potentially liable employers
- Engaging relevant stakeholders with the aim to educate and connect with registered and potentially liable employers on the benefits to be gained through HRDF schemes and programmes. Among others stakeholders included:

- Malaysian Franchise Association (MFA)
- Malaysian Small Animal Veterinary Association (MSAVA)
- Persatuan Pengusaha Hemodialisis Bumiputera Malaysia (PPHBM)
- Pest Control Association of Malaysia (PPHBM)
- Persatuan Tadika Sabah (Kota Kinabalu and Sandakan)

As a result, HRDF was able to report an increase in the number of new employers registering in 2016. As per Chart 10, a total of 1,279 employers registered as at 31 December 2016, up nearly 25 per cent on the 1,026 who registered in 2015. These numbers form compelling evidence of how collaboration, data analysis and engagement strategies can help garner support and participation from employers as well as other multiple stakeholders.

The biggest increase in employer registrations was in the Manufacturing Sector, which recorded a rise in the number of registered members by 28 per cent. This increase was followed closely by the Services Sector with a 26 per cent rise as compared to the number of employers who registered in 2015. Mining & Quarrying, while still recording 12 newly registered employers in 2016 was still only about

DIVISIONAL PERFORMANCE: EMPLOYERS' REGISTRATION

half the number who joined in 2015 (23). Lower commodity prices are largely to blame for the downward trend in the Mining & Quarrying sector, particularly in the oil and gas sector.

As per Chart 9, there has been an overall increase in the number of registered employers, with the Service Sector, continuing to represent the bulk of registered employers at 58.56 per cent of all employers. Manufacturing and Mining & Quarrying consist of 41.09 per cent and 0.35 per cent respectively.

REGISTERED EMPLOYERS BY SECTORS
(JAN 1992 – 31 DEC 2016)



7,206
MANUFACTURING SECTOR



10,268
SERVICE SECTOR



61
MINING & QUARRYING SECTOR

Total Number of Employers Registered - 17,535

CHART 9

REGISTERED EMPLOYERS BY SECTORS
(JAN 2016 – 31 DEC 2016)



117
MANUFACTURING SECTOR



1,090
SERVICE SECTOR



12
MINING & QUARRYING SECTOR

Total Number of Employers Registered - 1,279

CHART 10

DIVISIONAL PERFORMANCE: EMPLOYERS' REGISTRATION

Largely reflecting the make-up of the Malaysian economy, Small and Medium Enterprises (SMEs) as employers constitute the bulk of the registered employers with HRDF, with a total of 14,207 registrations as at 31 December 2016, or 80.84 per cent. Chart 11 reveals large employers made up just under 20 per cent of registered members.

It is not surprising then that in terms of new registrations in 2016, most – by a factor of just over 7 – were SME employers: 1,124 as compared with 155 large employers (as per Chart 12). The growth in the number of new registrations is particularly impressive when one considers that in 2014, only 873 SMEs were registered with HRDF. The increase in SMEs reflect the innovation-driven and productivity-led strategies that will help Malaysia achieve high-income nation status by 2020.

REGISTERED EMPLOYERS BY CATEGORY
(JAN 1992 – 31 DEC 2016)

80.84%
SME EMPLOYERS
14,207
NO. OF EMPLOYERS

19.15%
LARGE EMPLOYERS
3,328
NO. OF EMPLOYERS



Breakdown by No. of Employers - Total 17,535

CHART 11

REGISTERED EMPLOYERS BY CATEGORY
(JAN 2016 – 31 DEC 2016)

87.88%
SME EMPLOYERS
1,124
NO. OF EMPLOYERS

12.12%
LARGE EMPLOYERS
155
NO. OF EMPLOYERS



Breakdown by No. of Employers - Total 1,279

CHART 12

DIVISIONAL PERFORMANCE: EMPLOYERS' REGISTRATION

In examining the location of registered employers, we recognise that Johor and Selangor are the centres of significant Manufacturing activity. Chart 13 also indicates that significant number of Services Sector employers are based in Kuala Lumpur and Selangor. Kuala Lumpur is also home to the most number of Mining & Quarrying firms.

MANUFACTURING SECTOR
SERVICE SECTOR
MINING & QUARRYING SECTOR

REGISTERED EMPLOYERS BY STATE
(JAN 1992 – 31 DEC 2016)

1457 832 5
TOTAL REGISTRATIONS: 2294 13.08%
JOHOR

379 337 0
TOTAL REGISTRATIONS: 716 4.08%
KEDAH

52 145 2
TOTAL REGISTRATIONS: 199 1.13%
KELANTAN

373 2,233 23
TOTAL REGISTRATIONS: 2,629 14.99%
KUALA LUMPUR

9 40 0
TOTAL REGISTRATIONS: 49 0.28%
LABUAN

263 245 1
TOTAL REGISTRATIONS: 509 2.90%
MELAKA

286 261 2
TOTAL REGISTRATIONS: 549 3.13%
NEGERI SEMBILAN

133 260 9
TOTAL REGISTRATIONS: 402 2.29%
PAHANG

CHART 13

DIVISIONAL PERFORMANCE: EMPLOYERS' REGISTRATION

MANUFACTURING SECTOR
SERVICE SECTOR
MINING & QUARRYING SECTOR

REGISTERED EMPLOYER BY STATE
(JAN 1992 – 31 DEC 2016)

PENANG
874 585 0
TOTAL REGISTRATIONS: 1459 8.32%

PERAK
548 382 3
TOTAL REGISTRATIONS: 933 5.32%

PERLIS
13 39 0
TOTAL REGISTRATIONS: 52 0.30%

SABAH
235 514 3
TOTAL REGISTRATIONS: 752 4.29%

SARAWAK
328 606 7
TOTAL REGISTRATIONS: 941 5.37%

SELANGOR
2,173 3,554 6
TOTAL REGISTRATIONS: 5,733 32.69%

TERENGGANU
83 213 0
TOTAL REGISTRATIONS: 296 1.69%

PUTRAJAYA
0 22 0
TOTAL REGISTRATIONS: 22 0.13%

CHART 14

DIVISIONAL PERFORMANCE: EMPLOYERS' REGISTRATION

There were no significant trends pertaining to the location of new employers, who joined HRDF in 2016 (Table 5). Although, of the 12 organisations in the Mining and Quarrying sector, three (a quarter) were from Sarawak.

REGISTERED EMPLOYERS BY STATE
(JAN 2016 – 31 DEC 2016)

STATE	MANUFACTURING	SERVICE	MINING & QUARRYING	TOTAL REGISTRATION	
JOHOR	53	104	2	159	12.43%
KEDAH	12	39	0	51	3.99%
KELANTAN	0	13	1	14	1.09%
KUALA LUMPUR	12	221	1	234	18.30%
LABUAN	0	2	0	2	0.16%
MELAKA	3	27	0	30	2.35%
NEGERI SEMBILAN	5	26	0	31	2.42%
PAHANG	4	29	1	34	2.66%
PENANG	25	76	0	101	7.90%
PERAK	5	35	1	41	3.21%
PERLIS	0	8	0	8	0.63%
SABAH	0	53	1	54	4.22%
SARAWAK	4	72	3	79	6.18%
SELANGOR	54	364	2	420	32.84%
TERENGGANU	0	16	0	16	1.25%
PUTRAJAYA	0	5	0	5	0.39%
	177	1,090	12	1,279	

TABLE 5

DIVISIONAL PERFORMANCE: EMPLOYERS' REGISTRATION

2016 also saw an increase in de-registrations including 208 from the Services sector as compared to only 128 in 2015, and 133 from the Manufacturing sector as compared to only 86 in the previous year, as per the charts below.

The de-registrations were as a result of one or more of the following reasons:
1) Cessation of being an employer
2) No longer liable under the Act
3) Number of employees <10
4) Merger & Acquisition

DEREGISTERED EMPLOYERS BY SECTOR
(JAN 1992 – 31 DEC 2016)



3,925
MANUFACTURING SECTOR



2,724
SERVICE SECTOR



1
MINING & QUARRYING SECTOR

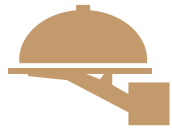
Total Number of Employers Degistered - 6,650

CHART 15

DEREGISTERED EMPLOYERS BY SECTOR
(JAN 2016 – 31 DEC 2016)



133
MANUFACTURING SECTOR



208
SERVICE SECTOR



1
MINING & QUARRYING SECTOR

Total Number of Employers Degistered - 342

CHART 16

DIVISIONAL PERFORMANCE: ENFORCEMENT

Engagement before Enforcement – was the different rule we lived by in 2016, which helped us to understand the gaps and put in perspective the challenges faced by employers, leading us to better collaborative solutions.



HRDF's Enforcement Division was established to ensure compliance with the PSMB Act and that the employers adhered to its regulations and procedures. The division is responsible to identify and register liable employers with the fund, making sure they also pay their levies without any kind of default. These funds are then invested into approved up-skilling and re-skilling employee programmes that ultimately benefit their businesses.

As we reviewed our own activities in 2016 in light of the broader HRDF organisational goals and the national human capital agenda, the following surfaced as the key highlights:-
see next page



DIVISIONAL PERFORMANCE: ENFORCEMENT

1. Integrated Enforcement Approach was first conceived by the Ministry of Human Resources (MOHR) at the Strategic Plan Conference held in April 2014 at Santubong, Sarawak. Currently dubbed as **1Visit Policy**, the approach of a joint enforcement operation is driven by the Department of Labour, Social Security Organisation (SOCSO), HRDF and the Inspectorate and Enforcement Section of MOHR.

The **1Visit Policy** enables the division to accelerate the registration process by meeting with employers face-to-face at their own premises. As a result, records are verified, registration forms are completed and supporting documents are submitted in a quick turnaround time, ultimately increasing the overall number of employer registrations over the year.

MONTH	STATE	TOTAL VISIT	LIABLE TO REGISTER
JANUARY	KUALA LUMPUR	16	6
FEBRUARY	SELANGOR	9	5
MARCH	NEGERI SEMBILAN	7	3
	PULAU PINANG	9	7
APRIL	SELANGOR	6	5
	MALACCA	13	11
MAY	KEDAH	7	6
	PERLIS	6	5
		73	48

TABLE 6

DIVISIONAL PERFORMANCE: ENFORCEMENT

2. Collaborative Enforcement seeks participation of various government agencies, who share data and knowledge with each other for devising new strategies to register more employers as well as to effectively carry out the enforcement activities. The first engagement session was held in December 2016, attended by thirty (30) participants from ten (10) government departments and agencies.

3. Collection of Arrears of Levy and Interest pursuant to Section 24 of the PSMB Act, 2001: Our continuous engagement with employers using multiple platforms, supported by a stringent and clock-work follow-up mechanism as well as options to convert arrears into affordable installments and legal interventions helped clear 84.3 per cent of outstanding levies and interest owed to HRDF by registered employers. Over the 12-month period as at 31 December 2016, the division collected a total of RM7.7 million in arrears and resolved RM10 million in bad debts out of a total of RM21 million worth of arrears. The collection of the debts will benefit all stakeholders as more funds can be channelled towards training schemes and programmes.

4. Verification / Inspection of Training Programmes: To ensure that the approved training providers comply with the terms and conditions stipulated by HRDF, verification visits or inspections to assess compliance were carried out by the Enforcement Division. A total of 1,142 inspections were conducted in 2016. It was encouraging to discover that 100 per cent of the training programmes complied with the terms and conditions of approval.

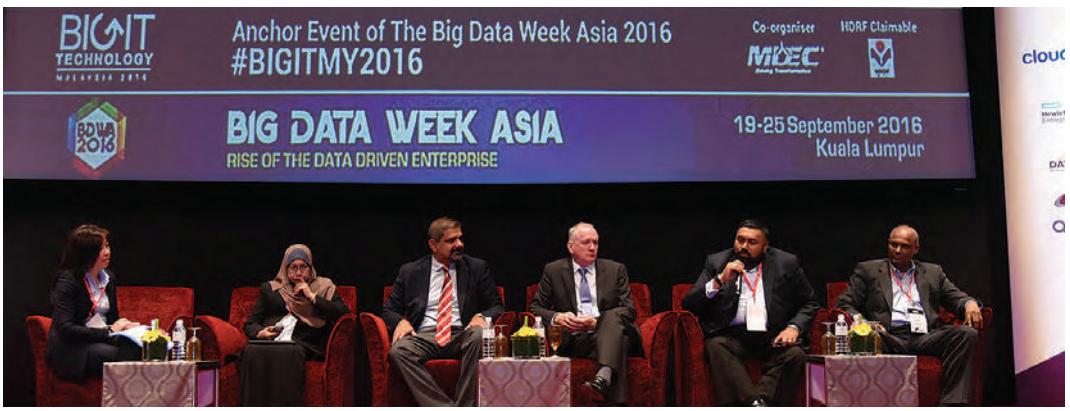
DIVISIONAL PERFORMANCE: ENFORCEMENT

5. Management of fraud cases by virtue of Section 40 and/or 41 of the PSMB Act, 2001: To upkeep the integrity and ethics of HRDF operations, we continued to extend our co-operation to the Malaysian Anti-Corruption Commission (MACC) to take action against companies and individuals engaged in making fraudulent claims for training grants. HRDF has a zero-tolerance policy for such illegal and unethical practices as they adversely affects those functioning within the stipulated guidelines and those who continue paying their levies. HRDF takes full responsibility to ensure that the levies paid by the employers are rightfully used or invested in training.

In 2016, forty-nine (49) cases were reported to the MACC; Eight (8) cases were prosecuted in court, where the accused was found guilty and sentenced; four (4) cases are still in trial; and thirty six (36) are still being investigated. One (1) case, however, was testified as not fraudulent and closed.

6. Integrity Pledge by HRDF registered Employers and Training Providers: HRDF signed the Corporate Integrity Pledge with MACC on 23 January 2014 and implemented its own Corporate Integrity Plan. The plan aims to create and strengthen a positive culture amongst its employees, with integrity as one of the core organisational values. HRDF's decision to embrace such a plan is motivated by our unwavering commitment good corporate governance, transparency and accountability. It was a conscious step taken by HRDF towards reassuring all our stakeholders that HRDF, as a best-in-class organisation, maintains highlight standards in providing training solutions to registered employers.

To further strengthen our corporate culture, we have also introduced our own HRDF Integrity Pledge to be read, fully understood and signed by our stakeholders, to include registered training providers and employers. In 2016, 327 training providers and 10 employers had signed the pledge to solemnly swear that they will not commit or abet any fraudulent activity, which defies the laws and spirit of integrity.



DIVISIONAL PERFORMANCE: ICT TRANSFORMATION PROJECT

As Malaysia and the world are fast pacing towards building a Digital Economy, organisations must assess their current information technology or IT infrastructure, their skill-sets, as well as their business models to be able to transform into organisations of the future, well-prepared to perform as Industry 4.0 arrives.

At HRDF, we recognise that with the emergence of Cloud Technologies, Internet of Things, Big Data and Mobility, stakeholders are demanding more efficient services in a secured, timely, and convenient manner. Therefore, as an apex institution, we see technological solutions as imminent and as opportunities to transform or even revolutionise the way we serve our customers, employees and other stakeholders.

In 2016, we have gone beyond provision of fully online core applications, to tighten IT security, providing greater assurance to our stakeholder in transacting with us. We have introduce technological innovations to improve our customers' experience. We will continue our efforts to enhance our IT & security systems and further improve users' engagement and experience, business innovation, and operational efficiency without compromising on security. Some of our strategic ICT initiatives include:

- Continuously enhancing current core systems for optimisation, to deliver functional robustness at efficient costs, with stability, and improved technological capacities to cater to future growth;
- Enhancing digital channels and technology offerings for business experience with HRDF;
- Adoption of Big Data for business insights and to drive better decision-making;
- Cost optimisation utilising cloud technologies; and
- Enhancing IT Security of key systems and operations

DIVISIONAL PERFORMANCE: SME INSTRUMENTS

To achieve the national vision of transforming SMEs into globally competitive businesses that will accelerate wealth creation, a targetted approach to human capital development is both essential and critical.

97.3 per cent of the business establishments in Malaysia are Small and Medium Enterprises (SMEs), of which 77 per cent are micro-enterprises and are concentrated in the services sector. The SME Masterplan's Sixth High Impact Programme, hence emphasises on creating home-grown champions through a targetted approach to human capital development, besides financing and market access.

87.88 per cent of the employers registered with HRDF are also SMEs and we conduct our due diligence in making sure we understand and cater to their skills requirement. There are a number of specific programmes designed to help SMEs to invest in their workforce and make their companies more productive and responsive to the ever changing business environment.

1. Recognition of Prior Experiential Learning (RPEL) for B40 Group: In Malaysia, there is a huge skilled and experienced workforce with no academic qualifications or formal certification, but contributing to sectoral growth. The role of RPEL is to provide recognition for such workers based on a pre-determined set of criteria, designed to endorse their skills and experience, and eventually certify them with Level 4 of Malaysian Skills Certificate Level 4 (Sijil Kemahiran Malaysia Tahap 4) or Malaysian Skills Diploma *(Diploma Kemahiran Malaysia)*.

As integrated into the Eleventh Malaysia Plan, the implementation of RPEL focuses on elevating the livelihood of the B40 households; building a progressive and more inclusive society, providing opportunities that are more equitable for Malaysians to participate in economic growth with increased distribution of national wealth. Higher household income will improve the quality of life and wellbeing of the rakyat.

In line with the national agenda to increase the number of skilled workers in the country from 28 per cent (2015) to 35 per cent (2020) to achieve the developed nation status by 2020, the Government has provided funding through HRDF to implement RPEL for the B40 group. In 2016, 3,400 employees were approved through the scheme and they are now progressing towards Level 4 certification.

DIVISIONAL PERFORMANCE: SME INSTRUMENTS

2. Training Incentive Scheme: The scheme addresses the need for SMEs to build human capacity and capability by acquiring the latest knowledge, expertise and technology through continuous up-skilling of their workforce. The training programmes offered under this scheme are recognised and certified, both locally and internationally.

The implementation of Training Incentive Scheme is also in line with the focus areas of Productivity and Innovation in the SME Master Plan (2012-2020). In 2016, a total of 3,351 SME employees have been trained under the scheme, which includes trainings at strategic and functional levels.

3. Development of Trainers: At HRDF, we understand that the effectiveness of any training programme depends on the Trainer's domain expertise and industry knowledge. Hence, we make it a process to for all Trainers to undergo a Train-the-Trainer (TTT) programme before conducting training under any of the HRDF schemes. However, Trainers who already possess training qualifications, recognitions and experience may apply to be exempted from HRDF TTT programme.

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

In 2016, HRDF successfully trained 420 trainers through TTT and 100 EET programmes from various Government departments and agencies.

4. SME Skills Upgrading Programme: In keeping with HRDF's commitment to develop the capability of Malaysian SMEs, this programme aims to increase the knowledge, skills and competencies of employees of HRDF-registered SMEs, helping them boost their productivity. A total of 743 SME employees benefited by this programme during its implementation in 2016.

5. Minimum Wages Training Fund Programme: On 1 January 2014, the Government had implemented the Minimum Wage Policy (MW Policy) and also introduced programmes to alleviate the additional financial burden on SMEs as a result.

In view of this, HRDF was allocated a special fund, to be offered via employers' associations, whose purpose was to encourage SME employers affected by the policy to continue investing in up-skilling and re-skilling their employees.

This, in turn, would help enhance productivity and revenue, enabling the employers to provide higher wages and reduce the financial impact of the MW Policy. In 2016, 968 employees were trained under the Minimum Wages Training Fund Programme.

DIVISIONAL PERFORMANCE: ADMIN & FACILITIES

Unity in Diversity is what we celebrate at HRDF, as it brings new hope – for a better tomorrow for everyone. If we, employees, can join our forces, we can overcome the biggest of obstacles and produce the best of results. In doing so, we should not forget to acknowledge the capabilities, the values and the contributions of each one of us as a team, as one diverse HRDF family.

HRDF's continuing role and relevance is reinforced almost every day by able and agile teams, who bring together diverse set of skills, knowledge, and capabilities. But, the same commitment with which we all operate as one HRDF family is the same towards meeting organisational objectives, and achieving personal and professional growth.

As a diverse organisation, we strive to deploy inclusive strategies even internally, ensuring employees share the same set of values and are motivated enough to create an insuperable force towards success. This means, while we cooperate and synergise to deliver business results, we also make sure that we do not miss the simple joys of sharing cultural distinctions and celebrating festive occasions together.

DIVISIONAL PERFORMANCE: ADMIN & FACILITIES

The word 'Family' reminds us of our roots, a place where we belong, where we learn some of the most important lessons and imbibe values such as integrity, accountability, focus and strive to be better, always. At HRDF, these are the same values, which keep us connected to each other, connected to our personal priorities and professional goals. All along our journey, we never fail to celebrate our shinning moments and our toughest hours with our family at home and at work.

Our traditional **Family Day Celebration** was held in Melaka in August 2016 with Dato' CM Vignaesvaran Jeyandran, Chief Executive of HRDF, in attendance. Bookmarked in our diaries every year, the day evokes many emotions amongst our employees. They, regardless of caste or creed, position or religion, come together, share experiences and develop a deeper understanding of each other. Over the years, the Family Day has strengthened our camaraderie and we believe, that such occasions unite the employees, helping the organisation as a whole function more effectively with more cohesive and coordinated teams.











DIVISIONAL PERFORMANCE: ADMIN & FACILITIES

The **HRDF Annual Dinner** is a much awaited affair as it is a unique platform that brings together HRDF employees to celebrate successes, share learnings and of course, strike new synergies for better future.

The Dinner is more than just another event. It stages a perfect show – with lights, camera and action. It is here we recognise our employees for their perseverance, their contributions and supports towards achieving HRDF's vision and mission. It is also a time to commend the untiring efforts of our team members, share individual and organisational milestones, the issues that came along our journey to success, the many solutions that worked and the many tools that may have failed.

At the Annual Dinner held at JW Mariott Hotel in Kuala Lumpur on 14 October 2016, we had more than 400 guests in attendance. Amongst them were Dato' Sri Richard Riot Anak Jaem, Minister of Human Resources; Dato' Dr. Abd Razak bin Abdul, Chairman of the Board of Directors of HRDF; Dato' Sri Adenan bin Abdul Rahman, Secretary General of Ministry of Human Resources; and also Dato' Sri Hj Ismail bin Hj Abd. Muttalib, Deputy Minister of Human Resources; as well as Dato' CM Vignaesvaran Jeyandran, Chief Executive of HRDF.









DIVISIONAL PERFORMANCE: ADMIN & FACILITIES

Festivals create a sense of community. They rekindle our faith in every thing – our jobs, our relationships, our culture, our religion, our present and our future. Festivals also bring us closer to what we as digitally-run organisations sometimes miss – The Human Touch.

Chinese New Year Celebrations were held at Wisma HRDF and the ceremonial launch was done by Honourable Minister of Human Resources, Dato' Sri Richard Riot Anak Jaem. Against the backdrop of the exotic dragon dance, it was a time when the HRDF Family came together to enjoy the tradition of Yee Sang or the Prosperity Toss – welcoming the new year, with the hope that it will bring with it happiness, wealth and longevity, which are all important in the context of our employees, customers, the organisation as well as the country.









DIVISIONAL PERFORMANCE: ADMIN & FACILITIES

Raya Gathering at HRDF in many ways reinforces the need to observe discipline and self-resistance, which are both critical to produce results as well as to keep rediscovering our innate potential to do more. The celebration last year was arranged at Wisma HRDF headquarters with honorable presence of Dato' Riot Anak Jaem, Ministry of Human Resources, Members of HRDF Board, Chief Department of the Ministry of Human Resources, the highest members of the Ministry of Human Resources, PUSPANITA, Dato' CM Vignaesvaran Jeyandran, Chief Executive of HRDF and HRDF's top management.









DIVISIONAL PERFORMANCE: ADMIN & FACILITIES

HRDF Deepavali Celebration reminds us of its symbolism - the triumph of good over evil, knowledge over ignorance, and hope over despair. On this day, we rejoice and celebrate our commitment to integrity and zero tolerance to corruption; we take pride in being an organisation that is knowledge-driven and advocates continuous learning; we remind each other to be hopeful that together, we can only make things better. In 2016, we celebrated the festival at Wisma HRDF on 17th November 2017 in the presence of Dato' Sri Richard Riot Anak Jaem, Ministry of Human Resources; Dato' Dr. Abd Razak bin Abdul, Chairman of the Board of Directors of HRDF; Dato' Sri Adenan bin Abdul Rahman, Secretary General, Ministry of Human Resources; Dato' Sri Hj Ismail bin Hj Abd. Muttalib, Deputy Minister of Human Resources; and Dato' CM Vignaesvaran Jeyandran, Chief Executive of HRDF amongst others.









DIVISIONAL PERFORMANCE: ADMIN & FACILITIES

HRDF Christmas Celebration

Christmas time is one of the most action-pact times at HRDF – it is a time we are all taking stock of the year, and preparing to start afresh, with many learnings and a new energy. The festival of treats and renewal was celebrated at Wisma HRDF on 22 December 2016, attended by Dato' Dr. Abd Razak bin Abdul, the Chairman of the Board of Directors and Dato' CM Vignaesvaran Jeyandran, HRDF's Chief Executive Officer as well as senior HRDF management.









DIVISIONAL PERFORMANCE: ADMIN & FACILITIES

Someone once said - Patriotism is not short, frenzied outbursts of emotion, but the tranquil and steady dedication of a lifetime. At HRDF, we embrace the spirit of nationalism and we respect every sentiment that helps create a positive energy, that will help push the nation and its people forward.





Hari Jalur Gemilang celebrations were held on 30 August 2016 at HRDF, awakening a sense of unity and pride in all of us Malaysians. The function was graced by the attendance of Dato' CM Vignaesvaran as the Chief Executive of HRDF, and HRDF's top management and staff.



DIVISIONAL PERFORMANCE: VENDOR MANAGEMENT

Our Training Providers are our partners in progress and hence, we leave no stone unturned to ensure we share the same business ethics and same values. In 2016, we strived to create more opportunities to engage with our partners and devise mutually rewarding strategies and solutions.

Our Vendor Management Division is responsible for maintaining the quality of training providers registered with HRDF. With 17,535 companies contributing to HRDF and relying on our services to help drive productivity and innovation, it is vital that all registered trainers are competent, professional and working to a high standard.

Our training providers play an important role in helping us achieve our mission to spearhead learning and development of human capital, while fulfilling our remit as mandated in the Eleventh Malaysia Plan. These providers are working on an important task of up-skilling and re-skilling workers to increase the productivity of our partner employers and to help them meet the demand of the market in today's competitive environment. Hence, we have created various programmes and platforms to ensure that the Trainers are well-equipped with the right resources and orientation to deliver their best.

1. SBL-KHAS SCHEME was introduced to assist employers to re-train and upgrade skills of workers in line with their company's business needs by utilising their HRDF levy directly. In 2016, this scheme was extended to HRDF registered Training Providers too. Our registered Training Providers can now enlist their programmes and trainers to be accredited for a nominal processing fee. Training Providers can then promote their accredited SBL-Khas programmes to all HRDF Registered Employers, particularly those who seek to leverage the direct-debit levy mechanism. The application for SBL-Khas can be done online via HRDF website to all registered training providers.

In the year 2016, a total of 1,637 applications were received, up 70.7 per cent from the previous 12 months. However, only 1,469 registrations were approved. The dramatic rise in the number of registrations may have been due to economic challenges, but it also suggested that employers are determined to invest in human capital development, which augers well for the Malaysian economy in longer term.

DIVISIONAL PERFORMANCE: VENDOR MANAGEMENT

2. TTT EXEMPTION : The quality of a training programme not only depends on the availability of training facilities, but more importantly, on the quality of trainers. In our efforts to ensure high quality of trainers, HRDF has introduced Train-the-Trainer (TTT) programme, especially for all programmes registered under the SBL-Khas Schemes. While the experienced Trainers can obtain exemption from TTT, this mandate has helped build, monitor and sustain the quality of our trainer and their programmes.

Training Providers' Circulars No. 3/2006 and No. 1/2007 stipulated various criteria allowing trainers, who have qualifications and training experience to apply for exemptions from attending the HRDF TTT Programme.

Since the implementation of both circulars, HRDF received numerous applications from training providers to exempt their trainers from attending the TTT Programme. In 2016, the number of TTT Exemption applications received was 659, a 10.3 per cent increase from 2015, which also reflect the current capabilities and level of expertise or standards of Malaysian Trainers.

3. TRAINERS' CONFERENCE: This strategic platform supports trainers by helping them improve and upgrade their own skills and knowledge base, all of which will contribute to the quality of trainers and their training.

2016 marked the second year of HRDF's Trainers' Conference, held at Berjaya Times Square Hotel. The theme of the conference was "Catalyse, Elevate, Grow", supporting HRDF's desire to catalyse the development of trainers, elevate the profession of the training industry & grow future trainers in the market.

Launched by HRDF's Chairman, Dato' Dr. Abdul Razak Bin Abdul on 11 October 2016, the two-day conference saw 19 speakers, including four (4) international speakers, and close to 600 delegates. The local, regional and international experts shared ideas and best practices in relation to human resource management and development. Some of the specific objectives we were able to accomplish through this institutionalised event include:

- Equip attendees with the current and latest developments in the industry
- Update attendees on the future trends of the industry
- Uncover emerging technologies and methodologies in training, learning and development
- Provide an unparalleled networking opportunity with industry leaders
- Generate ideas with expertise from various industries
- Enhance the capability of the learning and development industry

DIVISIONAL PERFORMANCE: VENDOR MANAGEMENT







As per Chart 17, we currently have more than 3,000 active training providers, with more than 1,200 registering with HRDF in the 12 months to December 2016 (Table 2).

TRAINING PROVIDERS' REGISTRATION

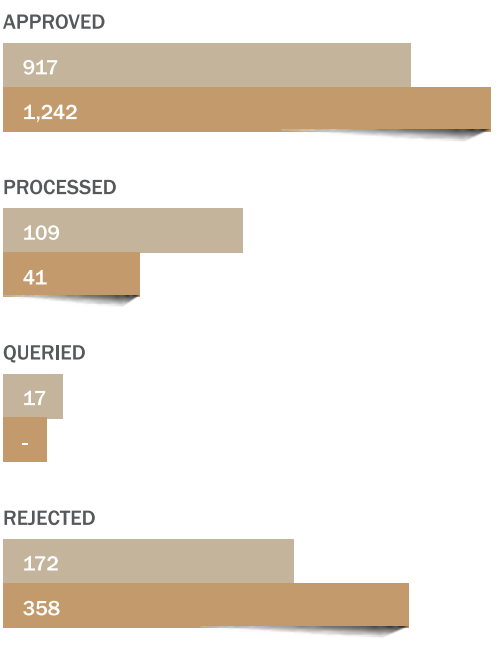


Number of Active Training Providers

CHART 17

Chart 18 reveals that while 1,215 providers registered with HRDF, not all were successful in meeting our stringent requirements. In fact, more than 10 per cent of would-be active training providers were rejected and several more were queried. During the year under review, just over 20 per cent failed to meet the requirements set out by HRDF. We continue to drive home the fact that for Malaysia to achieve a high-income status, we need to have a world class economy, which starts with world-class training.

APPLICATION FOR THE REGISTRATION OF TRAINING PROVIDERS



REGISTRATION CERTIFICATE AS AT 31/12/2016

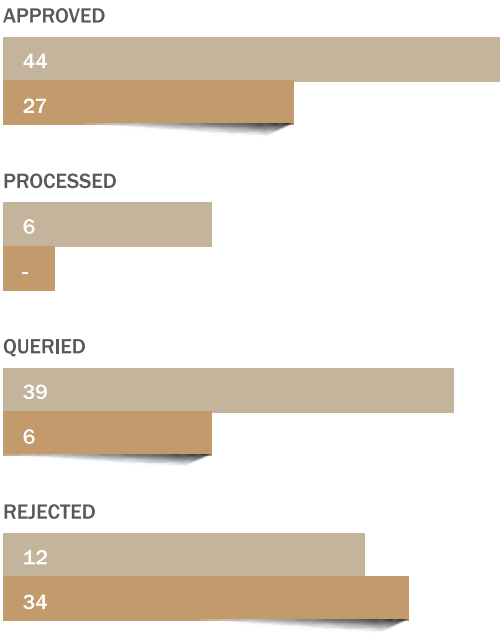
CHART 18



DIVISIONAL PERFORMANCE: VENDOR MANAGEMENT

Chart 19 shows information on the change of training premises, branch applications and e-renewals of certificate as at 31 December 2016.

CHANGE OF TRAINING PREMISE



REGISTRATION CERTIFICATE AS AT 31/12/2016

CHART 19



4. SECTORIAL TRAINING COMMITTEES (STCs): In continuing with HRDF's efforts to engage more and collaborate more with the industry, STCs organise targetted events and programmes. To date, there are 20 STCs covering 63 sub-sectors under the PSMB Act 2001. The main industry groups covered by the Act include: logistics and warehousing; security services; education; electrical, electronic and machinery support; healthcare; information technology; mineral-based products; mineral and stone quarrying; oil, gas and energy; plastics; telecommunications; textile, apparel and footwear; transportation; utility services; wood based furniture; tourism; food and beverages; commodity based products; and wholesale and retail; and big data analytics.

To create awareness on the role and importance of STCs and the positive implication on the participating parties. The STC Expansion of Membership Engagement Session was held at Eastin Hotel on 23rd of August, with 70 attendees from various associations and employers. Similarly, the Electrical and Electronic (E&E) STC organised an event to showcase 'Strategic Initiatives to Move the Industry Up the Value Chain in Design and Development'. Besides, the STCs also organised a Pocket Talk on Australian Qualification Framework (AQF) that was conducted by the STC Education.

DIVISIONAL PERFORMANCE: PLANNING STRATEGY & DEVELOPMENT

At HRDF, we have come far from the view that planning and strategy are functions of the management, and therefore, instead of treating them in isolation, we have made them the products of multi-stakeholder inputs and feedback. This has made all the difference in 2016.





1. The Planning Strategy and Development Division plays a crucial role in developing and refining the tactics for future direction and development of HRDF. The Division co-ordinated a major mid-year retreat in August 2016, to take stock of progress of various departments and their respective programmes and initiatives. The following flagship projects were discussed and critically reviewed.

DIVISION / DEPARTMENT	
CORPORATE COMMUNICATIONS DIVISION	Integrated Communications Plan 2016
LEGAL ADVISORY DEPARTMENT	Expansion and Amendment of PSMB Act, 2001
HRDF GRANT DIVISION	Initiatives under HRDF Grant
HUMAN CAPITAL DIVISION	Human Capital Blueprint
PRODUCT MARKETING DIVISION	Initiatives under Product Marketing and Employer Registration Division
IT DIVISION	ICT Strategic Plan
SME INSTRUMENTS DIVISION	SME Capability Programme
SPECIAL PROJECT DIVISION	1 Malaysia Outplacement Centre

CHART 20

DIVISIONAL PERFORMANCE: PLANNING STRATEGY & DEVELOPMENT

2. Following the internal discussions, a Strategic Annual Retreat was also hosted by HRDF in November 2016, with special invitations extended to representatives from the Economic Planning Unit (EPU) and Implementation Coordination Unit (ICU). The idea was to take an external point of view, or an outside-in orientation to evaluating our major projects and their projected or perceived value. The retreat proved to be extremely useful for HRDF's key departments, for them to revisit their planned activities and make necessary improvements.

DIVISION / DEPARTMENT	
PLANNING, STRATEGY AND DEVELOPMENT DIVISION	Back to Work Up-skilling Programme (BACKUP)
IT DIVISION	Document Management System (DMS)
CORPORATE COMMUNICATIONS DIVISION	Honoring the Best SME Business in Malaysia
VENDOR MANAGEMENT DIVISION	Centralised Repository Training Fund (CRTF)
SPECIAL PROJECT DIVISION	Skills Transition for Displaced Workers Programme (STDW)
NHRC	NHRC Portal Revamp
EMPLOYER REGISTRATION DIVISION	Strengthening Data Collection – Reinforcing HRDF Stakeholders Profile
HRDF GRANT DIVISION	Mini HRDF
HRDF GRANT DIVISION	Women in Leadership
HUMAN CAPITAL DIVISION	Employee Career Development Through Professional Certification Pathway
ACCOUNTS & FINANCE DIVISION	Collaboration with Employees' Provident Fund (EPF) on Levy

CHART 21

DIVISIONAL PERFORMANCE: PLANNING STRATEGY & DEVELOPMENT

3. HRDF aspires to be an organisation of the future and hence, has been in the process of going digital by tapping new technologies. For instance, a Big Data Analytics (BDA) platform can potentially equip HRDF with additional analytics to predict upcoming / future issues and opportunities and help develop plans and policies to better serve HRDF stakeholders.

There would be three (3) key milestones or stages in our journey towards adopting BDA platform: Preparation, Implementation and Culturalisation. In 2016, initiated the preparation phase, mainly focussed on understanding the current and future development trends of the organisation.





HRDF has established the BDA Steering Committee to guide, monitor and evaluate the implementation of HRDF-BDA project. The committee comprises internal and external members, with relevant domain experience as well as industry knowledge. In 2016, the Steering Committee successfully convened four (4) meetings.



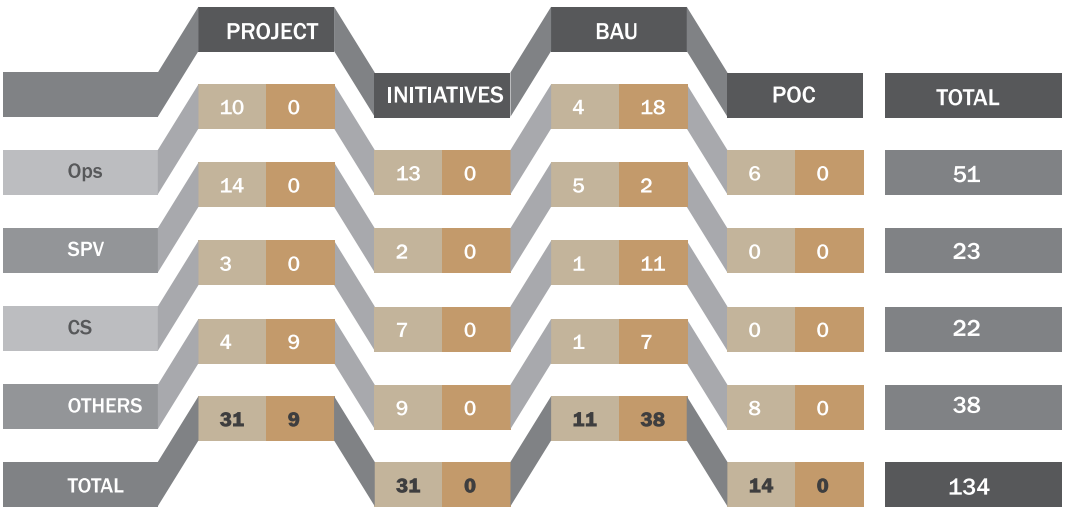


DIVISIONAL PERFORMANCE: PLANNING STRATEGY & DEVELOPMENT

4. Our Transformation Management Office's (TMO) key role has been to drive HRDF's transformation agenda as well as to champion the organisation's initiatives, meeting long-term strategic goals. TMO acts as a facilitator to ensure the momentum of transformation initiatives is maintained and managed across different phases. Below are TMO's key activities that positively contributed to HRDF's transformation in 2016.

A. Baseline Stocktaking Exercise: For a macro perspective on all functions within HRDF, TMO conducted a stocktaking exercise to enlist a total of 134 on-going activities. These activities were then grouped into categories namely, Projects, Business-as-Usual (BAU), Initiatives and Proof-of-Concept (POC), based on their nature and characteristics. Further analysis helped determine the activities that will have transformational impact on HRDF in the areas of *People, Culture, Infrastructure* and *Processes*. The summary of the stocktaking exercise is presented in chart 22 below:

BASELINE STOCKTAKING EXERCISE



T = Transformational Activity

NT =Non-Transformational Activity

CHART 22

DIVISIONAL PERFORMANCE: PLANNING STRATEGY & DEVELOPMENT

B. Implementation of Standardised Project Management Framework: From the stocktaking exercise, some of the key issues that surfaced included - lack of consistent project management approach; absence of clear project documentation; and gaps in project information in the documents that do exist. As a resolution, Transformation Management Office (TMO) implemented a standardised Project Management approach that clearly defined the documentation and activities required for different stages of a project life.

DEFINITION	PLANNING	IMPLEMENTATION	ASSESSMENT
• Scope • Objectives • Approach	• Tasks • Specifications • Timeline • Resources	• Organise and lead the team • Track progress • Identify variances • Adjust the plan	• Results • Team performance i. Aid Profitability ii. Organise & lead the team iii. Track progress iv. Identify variances v. Adjust the plan • Lessons learned

DIVISIONAL PERFORMANCE: PLANNING STRATEGY & DEVELOPMENT

C. Development of Project Assesment Framework: This framework has been instrumental in identifying key projects that contribute to the defined strategic direction of HRDF. From this framework, HRDF identified four (4) key themes and ten (10) high-impact projects to be prioritised.

DEVELOP LIST OF PRIORITIES WITH PREASSIGNED WEIGHTAGES

DECIDE ON OVERALL STRATEGY

1

Eg. Impact-Driven Strategy

APPLY PREASSIGNED PRIORITY LEVELS TO CRITERIA BASED ON CHOSEN OVERALL STRATEGY

2

List of Criteria:
- Strategic Alignment
- Financials
- Project Complexity
- Level of Impact
- Scale of Impact

PRIORITY	CRITERIA
High	Criteria I (High)
	Criteria II (Low)
Medium	Criteria III (High)
	Criteria IV (Low)
Low	Criteria V (High)

ASSIGN WEIGHTAGES BASED ON CRITERIA PRIORITY

3

PRIORITY	CRITERIA	WEIGHT
High	High	0.26
	Low	0.23
Medium	High	0.20
	Low	0.17
Low	High	0.14
	TOTAL	**1**

The design of the weightages must ensure that there is no one criteria that overwhelms the assessment and that all criteria need to be considered within project planning

SCORE PROJECTS INDEPENDENTLY AND NORMALISE SCORES IN ACCORDANCE TO WEIGHTAGES

4

STRATEGY	PRIORITY	CRITERIA	SCORE * (0-5)	WEIGHTAGE	WEIGHTED SCORE
Impact -Driven	High	Level of Impact	4	0.26	4 x 0.26 = 1.04
		Scale of Impact	3	0.23	3 x 0.23 = 0.69
					TOTAL = 1.73

* NOTE Scoring is based on Assessment Framework Metric
Max Total Score across all criteria = 5

DIVISIONAL PERFORMANCE: PLANNING STRATEGY & DEVELOPMENT

D. Implementation of Project Charter: As part of the efforts to streamline HRDF's Project Management practices, Project Charter was intorduced. Project Charter challenge session was also conducted by Transformation Management Office (TMO) to assist the Project Owners to have an overall view of the project so that a solid implementation plan can be derived.





E. Implementation of Project Governance and Approval Process: A proper project governance and approval process was set in place to clearly outline and highlight the level of authority and the process flow of obtaining approval from the Steering Committee.

PROJECT DEFINITION

BUSINESS UNITS	TRANSFORMATION MANAGEMENT OFFICE	CHIEF EXECUTIVE
1 Business Units to initiate the intent to start a project with the TMO team	2 TMO Office to provide Project Charter documentation and specify which content that Business will need to complete for Project Definition Phase endorsement	5 TMO to present the business case to Chief Executive for approval to proceed to planning phase
3 Business Unit to complete the first stage of Project Definition	4 TMO to review, approve and provide assistance in the completion of document and schedule session for Chief Executive review and approval session	6 If go, CE will endorse the Project Definition and advise Project Owner / Project Manager to progress with Project Planning

PROJECT PLANNING

BUSINESS UNITS	TRANSFORMATION MANAGEMENT OFFICE	STEERING COMMITTEE
1 Business Units to progress with completing more details of the Project Charter	2 TMO to review and approve the completion of document and schedule session for Steering Committee review and approval session	3 PM to present complete Project Charter & plan
		4 If go, resource mobilisation can be initiated

DIVISIONAL PERFORMANCE: PLANNING STRATEGY & DEVELOPMENT

5. HRDF regularly monitors and evaluates its programmes and initiatives to make necessary adjustments, ensuring they are effective by all measures. Strategic interventions from time to time help improve its overall delivery of services, especially the re-training and skills upgrading initiatives for the benefit of Malaysian workforce. There are two significant studies in progress, looking at the effectiveness of HRDF and Training Incentive & Apprenticeship schemes.

A. Study on the Effectiveness of HRDF by the World Bank: HRDF's mandate and vision to help the nation achieve its target of 35 per cent skilled workforce by 2020 is ambitious. So, it is extremely critical to ensure that all the programmes, initiatives, platforms and processes introduced by HRDF are directly contributing to the big objectives. Towards this, the World Bank Group (WBG) embarked on a study on 4th November 2016, covering the following scope:

- The effectiveness and impact of HRDF
- Benchmark of HRDF-Malaysia with international good practices of similar fund concept
- Blueprint: Vision for the future role of HRDF (2018 -2025)
- Firm-quality of management / competitiveness
- Actionable recommendations
- Capacity training for HRDF employees

To ensure that the study is in line with the Terms of Reference (TOR), HRDF established a Technical and Steering Committee, comprising HRDF Management and industry players with experience in a variety of fields to provide guidance.

B. Outcome-Based Study on the Effectiveness of Training Incentive and Apprenticeship Scheme: Under the Tenth Malaysia Plan (10MP), Chapter 5 - Developing and Retaining a First Class-World Talent Base, HRDF was given the mandate to upgrade the skills and capabilities of the existing workforce. During the planning period (2011-2015), RM50 million was allocated for the implementation of Training Incentive for SMEs with a matching amount allocated to the Apprenticeship Scheme. At the end of the planning period however, the actual amount received was RM47.5 million for Training Incentive and RM46 million for Apprenticeship Scheme.

During the implementation period, a total of 16,248 trainees were trained under the Training Incentive Scheme, while 3,287 apprentices were trained under the Apprenticeship Scheme. As the outcome of both the schemes would be of paramount importance to the Government, HRDF conducted two (2) separate outcome-based studies measuring the effectiveness of both schemes. The groups involved were trainees / apprentices, employers / sponsoring employers and training providers.

DIVISIONAL PERFORMANCE: PLANNING STRATEGY & DEVELOPMENT

Two (2) external consultants were appointed to conduct the research, which started on 8 September 2016. As at December 2016, the study was at the Interim Report stage with both studies due to be finalised by Q3 2017. To ensure that both studies are in line with the respective Terms of Reference (TOR), HRDF established the following committees:

TECHNICAL COMMITTEE

To provide guidance on the technical aspects of the study

STEERING COMMITTEE

To provide guidance and make decision (s) on matters raised by the Technical Committee on Governance related matters and also on the overall study to ensure the attainment of the expected outcome (s)

Both committees are made up of internal and external members with extensive experience in the related fields and have each met five (5) times in 2016.

CONSOLIDATED FUND

It requires a certain degree of acumen, utmost transparency and greater governance to manage funds not just in a responsible manner, but in a way that is most optimal or delivers most value to our beneficiaries and stakeholders. At HRDF, we are constantly thinking of new ideas even in the way our accounts and finances are planned and managed.

The Eleventh Malaysia Plan (2016 – 2020), themed "Anchoring Growth On People" has six (6) strategic thrusts and six (6) game-changers that are expected to catapult Malaysia towards achieving a developed nation status by the Year 2020. And, Human Resources Development is a key enabler for the nation to transition into a knowledge-intensive economy, which is also critical for development.

In recognising this, the Prime Minister of Malaysia, Datuk Seri Najib Razak, in the 2016 Budget, mandated HRDF to allocate 30 per cent of its levy collections towards re-skilling and up-skilling programmes. These are designed to enhance the quality of Malaysian human capital, by improving local labour productivity and creating more job opportunities for highly-skilled Malaysian workers.

In keeping with this mandate and to support the national agenda of achieving a-35 per cent skilled Malaysian workforce by the year 2020, HRDF had created a consolidated fund in April 2016. Since then, our efforts have been to deploy the Consolidated Fund to implement several strategic initiatives or re-skilling and up-skilling programmes that will improve the quality and employability of the Malaysian human capital. Through this fund, we targetted both registered and non-registered employers from multiple sectors covered under PSMB Act.

With effect from 1 April 2016, 30 per cent of levy collected from registered HRDF members was channeled to the Consolidated Fund. An unutilised balance of RM28.6 million from the 1MalaysiaGRIP fund was also transferred to the Consolidated Fund. In total, RM205.2 million was accumulated in 2016.

In 2017, this excess fund will be used to carry out the following five (5) key strategic initiatives, which were also delivered as Special Projects in 2016.

1. Training of Retrenched Workers under the 1Malaysia Outplacement Centre (1MOC)
2. Train and Replace (T&R) Programme
3. Small and Medium Enterprises (SMEs) Up-skilling & Re-skilling Programme
4. Future Workers' Training Programme
5. Certification/Value Added Programmes identified by Sectorial Training Committees (STCs)/ Special Fund for Industrial Association Programme

More information on these programmes could be found in Chapter 'Special Projects' on Page 96 - 116.

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

Introducing innovations in the form of solutions-based, bespoke projects has been a norm with HRDF. In 2016, we continued to focus on special needs of special groups and business communities. The focus has been, once again, to engage more and to deliver more value to the industry at large.

1. The Entrepreneurship Enhancement Skills Programme For Indian Community Programme (EMPHATIC) is an initiative specifically designed to assist the Indian community to acquire entrepreneurial skills and competencies. With an allocation of RM30 million by the Ministry of Finance, EMPHATIC mainly targets members in the B40 category with the following objectives:

i. Equip trainees with skills and knowledge to venture into businesses that may increase their income;

ii. Create platform for the Indian community to improve their socio-economic status by creating self-employment and income opportunities; and

iii. Increase the number of Indian community members in businesses , and support the Government's agenda to improve the overall human capital productivity.

A total of 65 courses are offered under the EMPHATIC Programme and the courses are chosen by a Selection Committee, which comprises of industry panels, government representatives and HRDF Management. Also, the courses have been identified to support the sectorial needs in the twelve (12) National Key Economic Areas (NKEAs) of the Economic Transformation Programme (ETP).

To deliver greater value and for better impact, EMPHATIC includes Post-Programme Support of 1-3 months by the approved training providers upon completion of the training courses. The post programme support includes coaching and mentoring, development of business plan, starter-kit or job placements.

As at 31 December 2016, a total of 2,029 trainees had participated in this programme and a total of RM25,078,219.86 financial assistance (course fee and allowance) was approved. In terms of gender distribution, majority of participating trainees were male, which is 1,260 trainees or 61.49 per cent from total trainees approved, while 789 (38.51 per cent) were female. The breakdown is as per Chart 23 below.



Total Trainees Approved by Gender

CHART 23

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

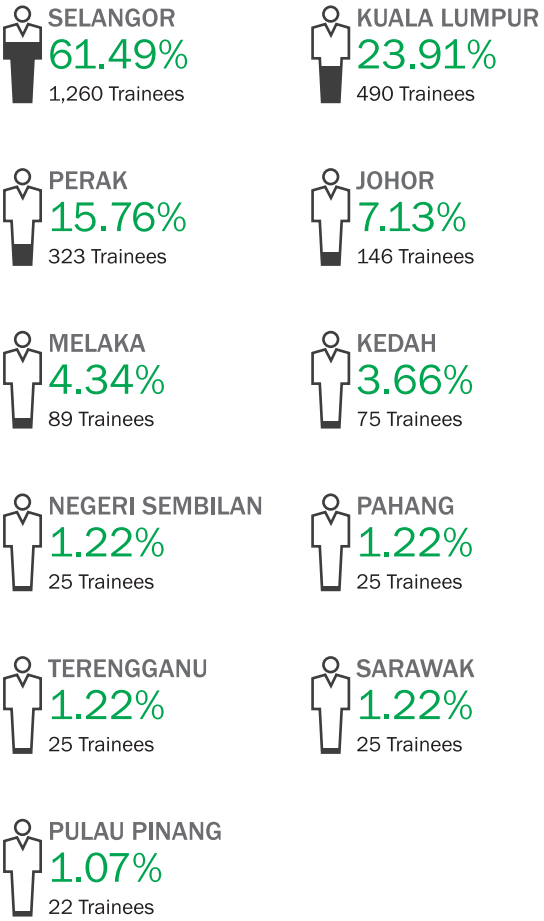
Based on the top five (5) skill areas, technical programmes recorded the highest of 346 trainees (16.89 per cent). A total of 325 trainees were approved for computer skills (15.86 per cent), 266 trainees for safety skills (12.98 per cent), followed by electrical and entrepreneurship skills with 225 (10.98 per cent) and 199 (9.71 per cent) trainees respectively.

TYPE OF PROGRAMMES	TRAINEE	PERCENTAGE
Technical	**346**	**16.88**
Computer	**325**	**15.86**
Safety (Polis Bantuan)	**266**	**12.98**
Electrical	**225**	**10.98**
Entrepreneurship	**199**	**9.71**
Food & Beverage	178	8.69
Photography	120	5.86
Health & Beauty	100	4.88
Event Management	70	3.42
Education	70	3.42
Sewing	25	1.22
Agriculture	25	1.22
Retail	25	1.22
Telecommunication	25	1.22
Transportation	25	1.22
Creative	25	1.22
	2,049	**100**

Total Trainees Approved by Top 5 Skill Areas

TABLE 7

The programmes were mostly conducted in Selangor with 804 (39.24 per cent) trainees, followed by Kuala Lumpur with 490 trainees (23.91 per cent). Details of trainees as per training location are indicated in Chart 24 below.



Total Trainees Approved by Location of Training

CHART 24

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

As of 31 December 2016, a total of 2,029 trainees were enrolled in EMPHATIC Programme with total financial assistance of RM25,070,280.50 involving 64 courses. Out of 2,029 trainees, 1,677 trainees had completed their training.

According to the Tracer Study, 55.6 per cent of the trainees started to generate income either through employment or self-employment. The following is a breakdown by gender of trainees, who secured employment and self-employment.



CHART 25

Based on the feedback, while some of the trainees, who may be still unemployed, are pursuing education to SKM Level, others are in the process of starting their own businesses or securing employment.

The Tracer Study has indicated that 97.57 per cent of trainees agreed that the programme organised by HRDF helped them to generate (after successful completion of training) a minimum income of RM1,200.00 per month. Most trainees had expressed that EMPHATIC programme should be continued as a platform for B40 group, especially to promote entrepreneurship and employment opportunities.

2. The 1Malaysia Globally Recognised Industry and Professional (1MalaysiaGRIP) Programme has been implemented to up-skill and re-skill the estimated 30,000 employees. This programme was open to both HRDF registered and non-HRDF registered employers. Announced by the Honourable Prime Minister during the 2015 Budget on 10th October 2014, 1MalaysiaGRIP programme aimed to:

- Provide high-income opportunities and accelerate career development through skills enhancements in specific fields of training;
- Create a pool of skilled workforce for employers to explore new business opportunities in knowledge-intensive, high-tech and high-value sectors for global competitiveness;
- Increase labour supply in strategic and high-impact areas that were identified to reduce country's dependency on external expertise; and
- Support the Government's aspiration to achieve a high-income, developed-nation status by the year 2020.

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

Since June 2015, 30 per cent of levy payment under the PSMB Act, 2001 was channelled to 1Malaysia GRIP account. The remaining 70 per cent was available for employers to use for other courses under HRDF's existing schemes. With the availability of funding from the Government and 30 per cent GRIP fund, the 1MalaysiaGRIP was implemented w.e.f. 15 July 2015.

A total of 1,028 certification courses are offered under the 1MalaysiaGRIP Programme. The courses are chosen by a Selection Committee, which comprise of industry panels, government representatives and HRDF Management. Also, the courses have been identified to support the sectorial needs in the twelve (12) National Key Economic Areas (NKEAs) of the Economic Transformation Programme (ETP).

As at 31 December 2016, a total of 24,100 employees of HRDF registered and non-registered employers had participated under this programme. With Government allocation of RM100 million and RM100 million of 30 per cent levy collected, a total of RM197.4 million financial assistance was approved for 1MalaysiaGRIP programme. Out of RM197.4 million, RM 99,889,047.45 was approved using the Government funding and RM97, 495,595.93 was approved using the 30 percent HRDF levy.

Out of RM197.4 million, RM150.6 financial assistance was approved for employees of HRDF registered employers, while RM46.8 (24 per cent) for employees of HRDF non-registered employers. The details of financial assistance approved based on category of employees are shown in Chart 26 below.



79%
18,921 Trainees
RM 150,654,506.57
Employees of HRDF Registered Employers



21%
5,179 Trainees
RM 46,730,136.81
Employees Non-HRDF Employers

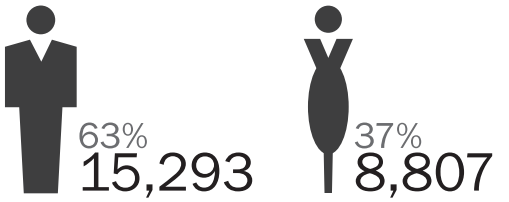
Total Trainees and Financial Assistance Approved by Type of Employees

CHART 26

Chart 26 also shows the number of trainees approved by category of employees. From the total of 24,100 trainees approved, 79 per cent or 18,921 trainees comprised of employees of HRDF registered employers, while 5,179 trainees (21 per cent) were employees of HRDF non-registered employers.

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

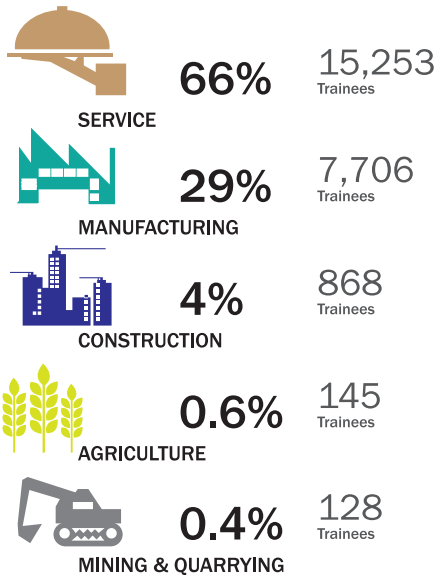
In terms of gender distribution, majority of trainees, who participated under this programme were male (15,293 trainees or 63 per cent), while 8,807 or 37 per cent were female. The breakdown is as per Chart 27 below.



Total Trainees Approved by Gender

CHART 27

A total of 15,253 trainees or 66 per cent of the total trainees approved were from the services sector. On the other hand, trainees from manufacturing industry were 7,706, which is only 29 per cent. Participants from the Construction industry were 868 (4 per cent), followed by Agriculture with 145 trainees (0.6 per cent) and Mining & Quarrying with 128 (0.4 per cent). Details are as per Chart 28 below.



Total Trainees Approved by Type of Industry

CHART 28

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

Based on the top five (5) skill areas, computer or information and technology recorded the highest with 5,702 trainees (25 per cent). A total of 2,667 trainees were approved for management or strategic management skill areas (11 per cent).

25% 5,702 Trainees
COMPUTER OR INFORMATION AND TECHNOLOGY

11% 2,667 Trainees
MANAGEMENT OR STRATEGIC MANAGEMENT

7% 1,536 Trainees
PROCESS OR OPERATION

6% 1,452 Trainees
PURCHASING OR LOGISTIC OR SUPPLY CHAIN

5% 1,408 Trainees
QUALITY OR PRODUCTIVITY

OTHERS **46%** 11,335 Trainees

Total Trainees Approved by Top Five (5) Skill Areas

CHART 29

Training were mostly conducted in Selangor with 10,037 attendants followed by Kuala Lumpur, with 6,184 trainees (26 per cent). Details of training location are as per Chart 30 below.

SELANGOR
42%
10,037 Trainees

KUALA LUMPUR
26%
6,184 Trainees

PULAU PINANG
11.3%
2,732 Trainees

JOHOR
4.6%
1,129 Trainees

SARAWAK
4.4%
1,070 Trainees

PERAK
2.4%
585 Trainees

KELANTAN
1.7%
410 Trainees

KEDAH
1.6%
411 Trainees

MELAKA
1.4%
346 Trainees

TERENGGANU
1.4%
341 Trainees

NEGERI SEMBILAN
1.3%
312 Trainees

SABAH
1.2%
294 Trainees

PAHANG
0.9%
209 Trainees

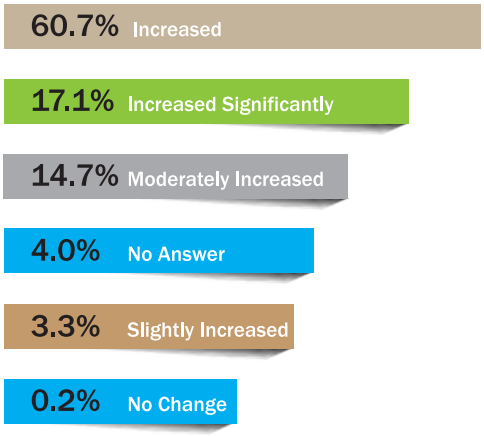
PERLIS
0.2%
40 Trainees

Total Trainees Approved by Location of Training

CHART 30

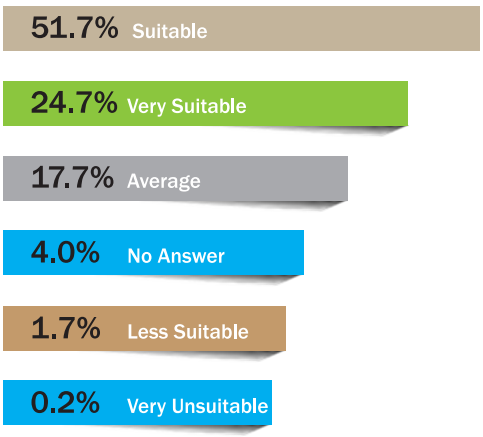
DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

After six (6) months of training for each course, HRDF conducts an effectiveness study to gauge the impact of the programme. Based on the study conducted on trainees who completed their programmes in 2015 (respondents: 1,279), majority of the respondents agreed that the course had increased their skills and knowledge (92.5 per cent) and suited their current job (94.1 per cent). Also, most of them were able to apply their new knowledge and skills at their workplace (92.1 per cent).



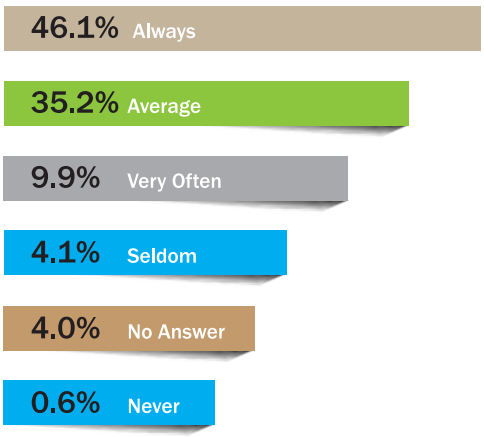
Enhance Knowledge and Skills

GRAPH 1



Suitable with the Job

GRAPH 2

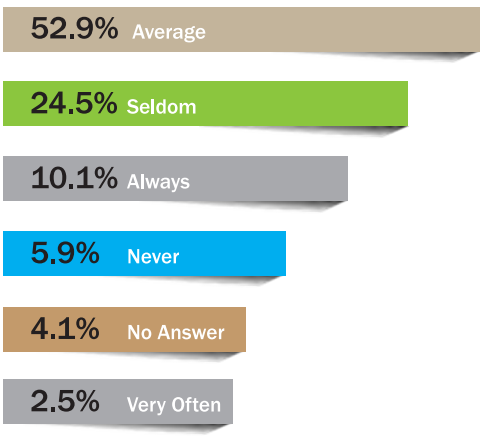


Application of Knowledge / Skills Gained at Workplace

GRAPH 3

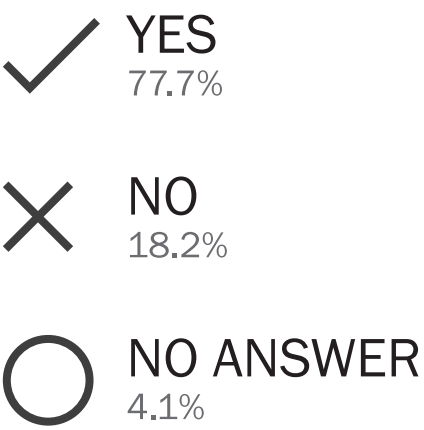
DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

Furthermore, the Graph 4 shows that majority of trainees did not face any significant barriers for them to apply the knowledge and skills at their workplace (83.3 per cent).

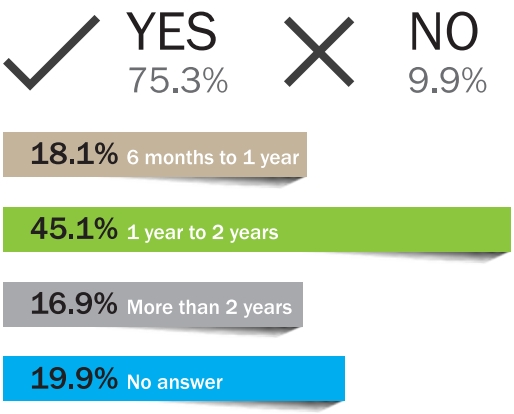


GRAPH 4

Majority of the respondents (77.7 per cent) agreed that the course had contributed to their career advancement.

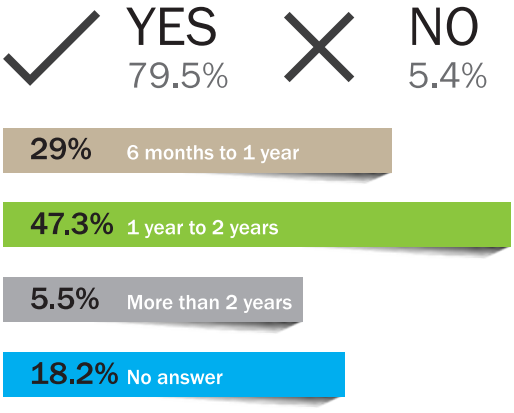


Based on employers' feedback, 75.3 per cent of the respondents agreed that they had plans to promote the employees trained under this programme, but in near future. Majority of them felt that they needed at least one (1) year (62.0 per cent) to review and promote their trained employees.



GRAPH 5

In terms of salary increment, majority of the respondents (employers) agreed that they plan to increase their trained employees' salary in future. Majority of them need at least one (1) year to increase their employees' salary (52.8 per cent). However, 29 per cent of the respondents also stated that they would increase their employees' salaries within 6-12 months after the training programme.



GRAPH 6

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

3. The **1Malaysia Outplacement Centre (1MOC)** is a government initiative to enhance the employability of retrenched Malaysian workers. This is in line with one of the measures of the Eleventh Malaysia Plan 2016-2020 i.e. to empower human capital through a quality workforce and to improve the employability of the workforce. The objectives of 1Malaysia Outplacement Centre are to:

- Act as a one-stop centre for Malaysian retrenched workers to gain employment;
- Assist retrenched workers by up-skilling or re-skilling them for job placement upon completion of training; and
- Reduce the burden of retrenched workers by providing counseling, planning and preparation for next career move or placement.

To meet these objectives, 1MOC offers the following services:

A. **Job Portal and Mobile Applications** – 1MOC Job Portal provides latest information related to retrenchment issues and serves as a platform to track employment opportunities. The retrenched Malaysian employees from both HRDF and non-HRDF registered employers can access this portal. They can also download 1MOC mobile application to receive updates on retrenchment and employment opportunities.

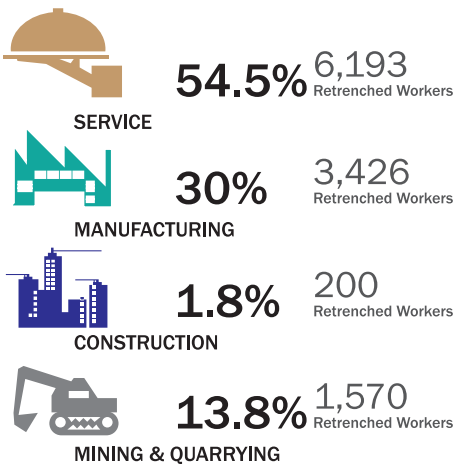
The 1MOC Job Portal also serves as the main platform for job placements i.e. retrenched Malaysian workers and employers can advertise job vacancies. The 1MOC's Job Placement Team guides and assists applicants to find job opportunities through collaboration with employers, the public and private employment agencies as well as through job advertisements in the local print and electronic media.

B. **Counselling** - Systematic and professional services rendered by professional counsellors are provided to retrenched workers to help manage trauma, conduct a self-assessment, define career goals, and plan for next employment. Our counsellors also offer a job-matching service that aim sto seek and deliver immediate placements for retrenched workers.

C. **Training** - This service is only extended to workers who have been retrenched by HRDF registered employers and industries covered under PSMB Act. Types of courses offered under 1MOC are mainly focused on up-skilling and re-skilling; meeting the needs of the industries and matched with the skills required for specific jobs available in the market. Such training / courses help enhance the employability. Also, the skill-gap assessment tools help the retrenched workers to determine the relevance of training courses in view of the jobs offered by various employers.

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

As at 31 December 2016, 1MOC engaged a total of 11,389 retrenched workers from 33 retrenching companies through its services. Out of this figure, retrenched workers from Service industry recorded the highest i.e. 6,193 or 54.4 per cent, followed by retrenched workers from Manufacturing industry with 3,426 (30 per cent). Companies from Mining & Quarrying industry recorded 1,570 retrenched workers (13.8 per cent), followed by Construction industry with 200 retrenched workers (1.8 per cent). Details are as per Chart 31 below.

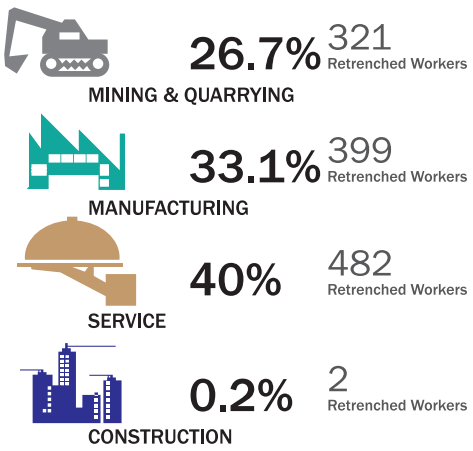


Total Retrenched Workers Engaged by Industry

CHART 31

In 2016, a total of ten (10) seminars were conducted by the 1MOC team. Due to these, supported by other outreach activities, a total of 1,604 retrenched workers registered on 1MOC portal, and another 457 employers posted 5,399 vacancies. A total of 1,834 vacancies from 105 employers were identified through employers' engagement sessions and visitations.

From the 1,604 workers, 1MOC conducted counselling sessions for 1,204 retrenched workers either through email, phone call or face-to-face media. Chart 32 below shows the number of counselling sessions that were conducted by industry.



Total Retrenched Workers Counselled by Industry

CHART 32

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

Based on Chart 32, the highest number of counselling sessions were conducted for the manufacturing industry, with 399 retrenched workers or 33.1 per cent. Mining & Quarrying industry has had the second highest participants i.e. 321 or 26.7 per cent retrenched workers.

A total of RM50 million was allocated from the HRDF Pool Fund to support training initiatives for retrenched workers from HRDF registered employers or industries covered under PSMB Act. Through various counselling sessions, skill gaps are identified, specific training courses are conducted and job placements are sought with HRDF registered employers or employers from industries covered by the Act.

As at 31 December 2016, a total of 769 retrenched workers were approved to participate under training initiatives of 1MOC, comprised of 16 courses with financial assistance amounting to RM22,066,107.09. These 769 workers were trained for placements with 78 employers.

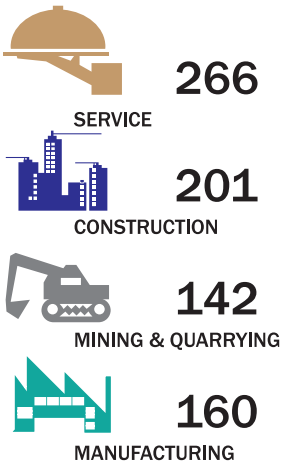
In terms of gender distribution, majority of them were male, with 619 trainees (80 per cent), while only 150 trainees were female. The breakdown is as per Chart 33 below.



Total Trainees Approved by Gender

CHART 33

Total Trainees Approved by Type of Industry are as per Chart 34 below.

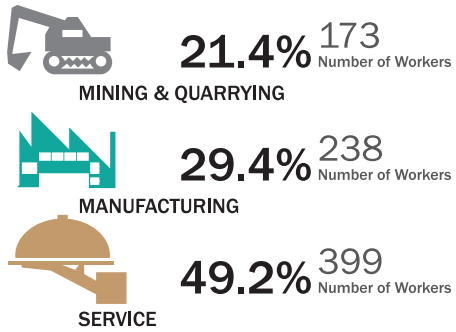


Total Trainees Approved by Type of Industry

CHART 34

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

The ultimate objective of 1MOC has been to ensure retrenched workers obtain job placements in short periods of time. The government, through this initiative, was able to secure employment either in the same industry or different industry for 810 retrenched workers. The details of job placements by industry is shown in Chart 35 below:



Total Job Placement Based on Industries

CHART 35

Based on this Chart, the highest job opportunities were in Service industry with 399 or 49.2 per cent placements, followed by Manufacturing industry with 238 workers (29.4 per cent) placed. Job placement in Mining & Quarrying industry also recorded a good figure with 173 workers (21.4 per cent).

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

4. The **Apprenticeship Scheme**, offered by HRDF, is a structured training programme focused on skills training in certain fields for a particular industry. This scheme is executed in accordance with the co-curriculum of the National Skills Standards and for a pre-determined training period. The objectives of the Scheme are to:

- Increase the supply of skilled workers to the industry (jointly determined by HRDF and the industry concerned), enabling employers registered with HRDF to be actively involved;
- Prepare various skills training (Multi-Skilling) programmes for school leavers at PMR/SPM level, to create new skilled workforce in the industrial and service sectors of the country;
- Create a highly competent, well-trained, knowledgeable and skilled workforce by equipping workers with latest and specific skills through re-training, up-skilling, re-skilling and cross-skilling programme;
- Enhance the human resources capabilities of Small and Medium Enterprises (SMEs); and
- Increase Malaysia's productivity and efficiency by strengthening the country's competitiveness in the global market.

From 1996 to 2016, a total of 16,570 apprentices were trained under the HRDF Apprenticeship Scheme. Out of this figure, 15,405 (92.97 per cent) apprentices were trained under the Industry-specific Apprenticeship Scheme; 342 (2.06 per cent) apprentices under the Company-specific Apprenticeship Scheme; and 823 (4.97 per cent) apprentices under the National Dual Training System (SLDN). The total number of apprentices approved in 2016 had increased by 7.35 per cent with 1,219 apprentices approved as compared to 2015.

In 2016, the total number of apprentices approved under Industry-specific Apprenticeship Scheme increased by 71 per cent to 544 from 318 in 2015. The increment was mainly due to the apprentice allowance sponsored by HRDF during off-the-job training. Also, the adjustment of course fees (downwards) since 2015 for all the apprenticeship scheme programmes attracted more number of apprentices.

As at 31 December 2016, 15 programmes under Industry-specific Apprenticeship Scheme were conducted, involving more than 40 training providers registered under HRDF apprenticeship scheme. Of the total 15,405 approved apprentices, Hotel Industry Apprenticeship Scheme was the highest compared to other schemes representing 46 per cent (7,219), followed by Mechatronics 22 per cent (3,414) and Plastic Injection Moulding 13 per cent (2,058).

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

Apprenticeship Scheme Success in 2016 – HRDF apprentice Mohd Amir Suparman under Hotel Industry Apprenticeship Scheme (Kitchen Practice – Cooking) participated in Asian Skills Competition (ASC) 2016 MAEPS, Serdang on September 24 – 26, 2016. Before participating in ASC 2016, Mohd Amir Suparman had won first place (Gold) in the World Skills Malaysia Belia (WSMB) 2015 competition.

In 2016, HRDF organised a convocation ceremony to celebrate 158 apprentices, who had successfully completed the Apprenticeship Scheme (Electrical Technician, IT Technician, Welding Technician, Plastic Injection Moulding, Mechatronics and Hotel Industry). The ceremony was officiated by Chief Executive of HRDF, Dato' CM Vignaesvaran Jeyandran on 18 October 2016 at Setia City Convention Centre.



At this event, the Minister of Human Resources commended / awarded the involvement and participation of employers towards successful implementation of the programme.

Success Stories of Apprenticeship Scheme by HRDF were also showcased at this ceremony in the form of a coffee-table book, which also featured testimonials from employers registered under HRDF and who were involved as sponsoring employers under the scheme.

5. The **Graduates Enhancement Programme for Employability (GENERATE)** has been implemented to train and equip the unemployed graduates with relevant skills for them to be part of the future workforce. The broad objectives of GENERATE are to equip, develop and assist unemployed graduates with:

- high-end skills and competencies that are required by the industries;
- relevant working experience;
- exploring new career paths; and
- job placements.

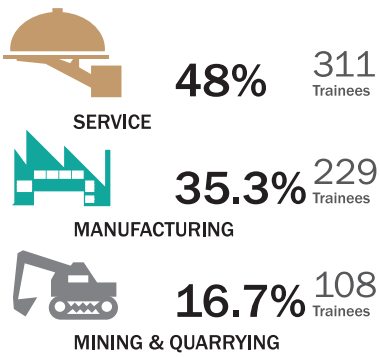
Under this programme, HRDF registered employers or employers' associations may request for financial assistance to train unemployed graduates for high-value jobs. The targetted high-value jobs fetch a starting salary of RM2,000 and above for Diploma holders and RM3,000 and above for degree holders. For employers to consider such salary scales, the unemployed graduates are put through specially designed courses that will train them for the skills relevant for the vacant job positions.

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

A total of RM50 million was allocated from the HRDF 30 per cent pool fund and RM10 million from Government fund towards this programme. The key areas of focus for the course were in keeping with the manpower needs in the Economic Corridors of Malaysia (NCER, SCORE, SEDIA, ECER and IRDA).

As at 31 December 2016, a total of 648 unemployed graduates were approved under this programme with financial assistance of RM11.7 million. A total of RM10 million (85.5 per cent) financial assistance was approved for the course fee, while RM1.7 million (14.5 per cent) for the trainees' allowances.

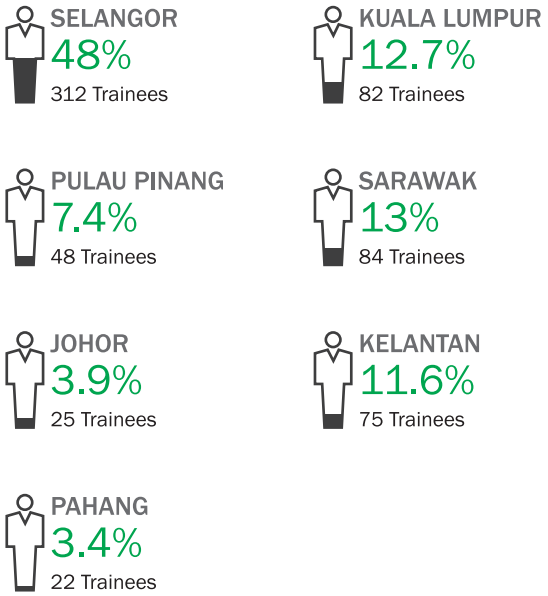
A total of 311 unemployed graduates or 48 per cent were trained for placements in the service industry. Similarly, trainees accepted for Manufacturing industry were 229 (35.3 per cent) and for Mining & Quarrying were 108 or 16.7 per cent. Details are as per Chart 36 below.



Total Trainees Approved by Type of Industry

CHART 36

Details of training location are as per Chart 37 below.



Total Trainees Approved by Location of Training

CHART 37

The GENERATE programme has been proven effective as it emphasises on both certification and non-certification training programmes, with encouraging response from from future workforce (unemployed graduates) as well as the employers and employers' associations.

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

6. During the Budget 2016, YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister, had announced the government's priority to accelerate socio-economic development of Sabah and Sarawak. In support of this, **Special Programme Intended for Community Enrichment (SPICE)** Programme was planned and provisioned for 414 trainees as part of HRDF's Corporate Social Responsibility. Through this programme, the objective has been to bridge and close the gap between Peninsular, Sabah and Sarawak.

The SPICE Programme is also part of the initiatives launched to increase income opportunities for B40 households in Sabah and Sarawak. The key objectives are to:

- Equip trainees with skills and knowledge necessary to start or engage in a business and increase their income;
- Create platform for the local community to improve their socio-economic status through self-employment / job opportunities; and
- Increase participation of the local community in business, which in turn will further government's agenda to enhance productivity of workforce.

The programme aims to promote entrepreneuship, encouraging the community members to create employment and business opportunities. To deliver greater value and for better impact, SPICE includes Post-Programme Support of 1-3 months by the approved training providers upon completion of the training courses. The Post Programme Support includes coaching and mentoring, development of business plan, starter-kits for each tranee to kick-off their businesses or job placements.

A total of 21 programmes were offered under SPICE Programme in 2016. Among the courses included:

- Bakery & Pastries Production
- Skills Certificate in Homestay Operation
- Traditional Outfit "Baju Kurung"

For Professional Make-Up Artistry & Hair Images, HRDF had allocated RM5 million as Corporate Social Responsibility (CSR) to support the national agenda of assisting B40 group in Sabah and Sarawak. As at 31 December 2016, a total of 4,869 trainees had participated under this programme with RM4,554,593.00 approved financial assistance as per Table 8 on next page.

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

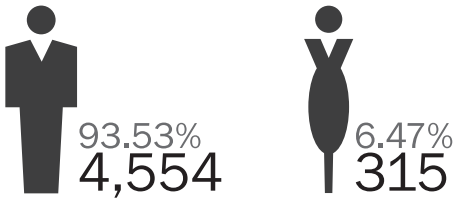
TRAINING PROVIDER	COURSE	TOTAL (FEE + ALLOWANCE) (RM)	TRAINEES
Ethos Academy Of Skills Development	Bakery & Pastries Production	221,879.25	25
Ethos Academy Of Skills Development	Professional Make Up Artistry & Hair Images	174,709.25	25
Rozsall Sdn. Bhd.	Certificate In Professional Make Up	127,115.00	25
Rozsall Sdn. Bhd.	Certificate In Body Massage And Post Natal Treatment	127,115.00	25
Uni Ys Sdn. Bhd.	Creative Upcycling	189,230.00	25
Uni Ys Sdn. Bhd.	Botanic Batik (Batik Alam)	203,845.00	25
Yayasan Serian	Developing Entrepreneurial Skills : A Collaboration Program With Malaysian Pepper Board (MPB)	192,230.50	25
Yayasan Serian	Developing Entrepreneurial Skills : A Collaboration Program With Malaysian Palm Oil Board (MPOB)	192,230.50	25
Futuristic Communication Management Services Sdn. Bhd.	Skills Certificate In Homestay Operation	84,615.00	25
CAL Computer Learning Centre	Cellular Phone Repair	242,066.25	25
Core Human Resources Development Sdn Bhd	Certificate Program On Entrepreneurship And Management Focusing On Agriculture	359,611.00	25
Core Human Resources Development Sdn Bhd	Same as above	359,611.00	25
Core Human Resources Development Sdn Bhd	Same as above	359,611.00	25
Sabah Foundation (Yayasan Sabah)	Latihan Asas Kemahiran Seni Kraftangan - Hasil Rimba Buluh	187,130.00	25
Futuristic Communication Management Services Sdn. Bhd.	Skills Certificate In Tourism Entrepreneurship	84,615.00	25
Sabah Foundation (Yayasan Sabah)	Latihan Asas Kemahiran Seni Kraftangan - Membatik	189,734.25	25
Unit Pentadbiran, Jabatan Ketua Menteri	Seminar Pembangunan Dan Kepimpinan Ketua Masyarakat Dan Ketua Kaum Sempena Program Sejiwa Senada	1,110,880.00	4,444
Akademi I.T.C Sdn. Bhd.	Baju Kurung Tradisional	148,365.00	25
		RM 4,554,593.00	**4,869**

Total Trainees and Financial Assistance Approved by Courses

TABLE 8

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

In terms of gender distribution, majority of the trainees who participated in this programme were male, with 4,554 trainees (including trainees who attended the Seminar Pembangunan dan Kepimpinan Ketua Masyarakat dan Ketua Kaum Sempena Program Sejiwa Senada) or 93.53 per cent of the total trainees approved, while 315 (6.47 per cent) were female. The breakdown is as per Chart 38 below.



Total Trainees Approved by Gender

CHART 38

Details of training location are as per Chart 39 below.



Total Trainees Approved by Location of Training

CHART 39

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

HRDF conducts a Tracer Study to evaluate the performance of the courses after six (6) months of completion. As at 31 December 2016, we received a total of 174 evaluation forms. The breakdown is as per Table 9 below.

PROGRAMME	SELF EMPLOYED	EMPLOYED	UNEMPLOYED
Bakery & Pastries Production	13	3	1
Professional Make Up Artistry & Hair Images	12	1	2
Certificate In Professional Make Up	1	24	0
Certificate In Body Massage And Post Natal Treatment	7	18	0
Creative Upcycling	10	1	13
Developing Entrepreneurial Skills : A Collaboration Program With Malaysian Pepper Board (MPB)	25	0	0
Developing Entrepreneurial Skills : A Collaboration Program With Malaysian Palm Oil Board (MPOB)	25	0	0
Cellular Phone Repair	7	10	6
Skills Certificate in Homestay Operation	12	6	7
Skills Certificate in Tourism Entreprenuership	14	0	6
Latihan Asas Kemahiran Seni Kraftangan - Membatik	18	3	3
Latihan Asas Kemahiran Seni Kraftangan - Hasil Rimba Buluh	23	2	0
	126	**66**	**76**

Total Tracer Study

TABLE 9

The table shows that 126 trainees are self-employed with income ranging from 3,000 to RM4,200.00 per month. A total of 66 trainees who completed the programme were employed, where highest income recorded was RM2,000.00 for Bakery & Pastries course.

The SPICE programme will continue in 2017 with a committed amount of RM421,878.51 and three (3) training providers, who are yet to start the training.

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

7. The **Train and Replace Programme (T&R)** has been implemented to up-skill the future workforce that can replace the existing foreign workers. The implementation of this programme was announced by the Honourable Prime Minister during the 2016 Budget on 23 October 2015. The key objectives are to:

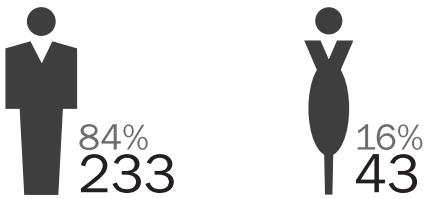
- Equip local workers with specific skills needed by employers to replace existing foreign workers (low and middle-skilled) / expatriates (skilled);
- Assist employers find qualified skilled workers especially in knowledge-intensive industries, while enhancing company's competitiveness; and
- Reduce the country's dependency on foreign workers /expatriates, especially skilled workers and contribute to the target of achieving 35 percent skilled workforce by the year 2020.

Under this programme, HRDF registered employers, who seek to replace their existing foreign workers with Malaysia workers, may request for financial assistance to train local future workers for specific positions / skill-sets. The employers may collaborate with any HRDF registered training provider or their internal trainer to offer these courses. The maximum duration of such training is 12 months.

For this programme, a total of RM50 million has been allocated from HRDF 30% pool fund. As at 31 December 2016, a total of 276 trainees were approved with financial assistance of RM6.3 million.

Out of RM6.3 million, RM6.05 million (95.5 per cent) financial assistance was approved to cover the course fee and remaining RM276,721.30 (4.5 per cent) was approved for trainees' allowances.

In terms of gender distribution, majority of trainees who participated under this programme were male, with 233 trainees or 84 per cent, while 43 (16 per cent) were female.The breakdown is as per Chart 40 below.



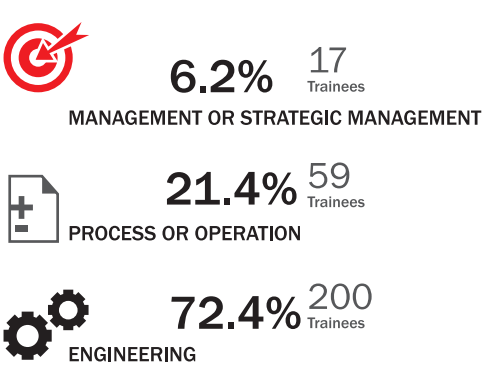
Total Trainees Approved by Gender - 276

CHART 40

DIVISIONAL PERFORMANCE: SPECIAL PROJECTS

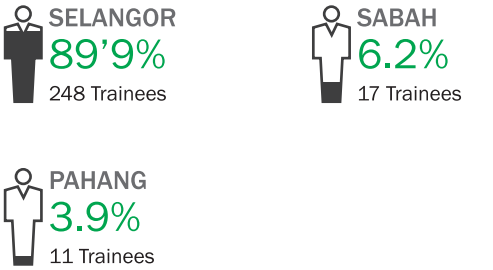
All 276 trainees were to replace foreign workers in the service industry. Majority of the trainees were approved for engineering-related courses (200 trainees).

Details of training location are as per Chart 42 below.



Total Trainees Approved by Top 3 Skill Areas

CHART 41



Total Trainees Approved by Location of Training

CHART 42

8. The **INBASE Programme (INBASE)** is one of the strategic initiatives using the 30 Per Cent Pool Fund under Certification / Value Added Programmes identified by the Sectorial Training Committees (STCs) / Special Fund for Industrial Association Programme.

- The main objective of INBASE is to provide a direct platform to employers' associations within three (3) major sectors (Service, Manufacturing and Mining & Quarrying) covered by the PSMB Act 2001.
- The main beneficiaries of INBASE are Malaysian employees from HRDF registered employers, who are inclined to upgrade their skills and knowledge through up-skilling and re-skilling professional certification or industry needs programmes.

DIVISIONAL PERFORMANCE: THE NATIONAL HUMAN RESOURCE CENTRE(NHRC)

As a one-stop centre for all the HR needs, NHRC's vision is to provide strategic HR and change management systems that are modern and progressive in the context of local SME development. NHRC has completed the Stage 2 of National Human Resource Standards (NHRS), which has been envisioned to become the professional standard for HR profession, scheduled to be launched by early 2018.

The critical mass of Malaysian SMEs face a different set of challenges due to their limited resources and capabilities, in an upredictable and competitive marketplace. In view of this, NHRC provides three levels of HR solutions, designed to assist SMEs to not only improve their capabilities and work procedures, but to also enhance their compliance with employment laws and their approach to resolving internal issues.

LEVEL 1 SERVICES

1

Employers and SMEs can access useful tips and information on HR issues arising from their day-to-day business operations through NHRC portal (www.nhrc.com.my). Employers can refer to Frequently Asked Question (F.A.Q) section and forum platform, to participte in discussions on HR regulatory requirements and other relevant topics.

LEVEL 2 SERVICES

2

The NHRC Call Centre and its toll-free number 1800-88-4800 can be dialled for quick solutions, advice and guidance pertaining to HR-related topics. Employers can also walk-in directly to HRDF offices or opt to send emails.

LEVEL 3 SERVICES

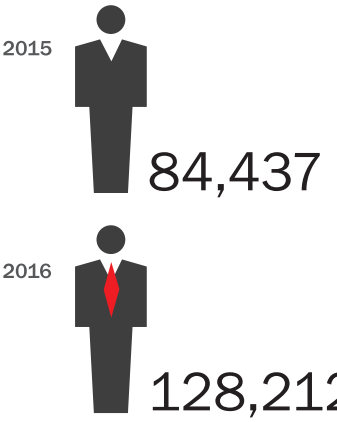
3

A pool of experienced HR consultants can be reached for strategic HR consultancy at minimal fees, either through on-site or off-site interventions. This also includes a range of services such as SME Training Needs Analysis (TNA), Consultancy Scheme and TNA training programme for eligible employers.

DIVISIONAL PERFORMANCE: THE NATIONAL HUMAN RESOURCE CENTRE(NHRC)

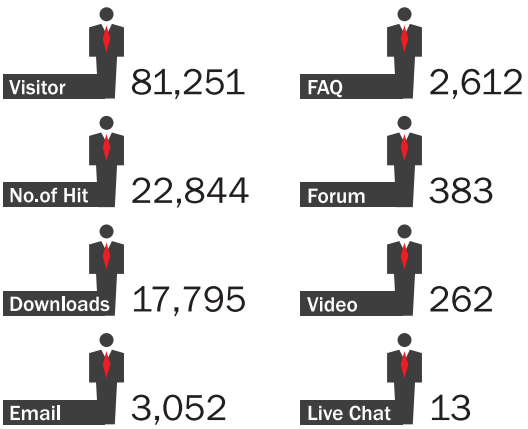
NHRC Level 1 Services

A comparison of the Level 1 services were assessed in 2015 and 2016 and a breakdown of the number of users from Level 1 services in 2015 and 2016 are portrayed in the charts below.



Comparison of Level 1 Services in 2015 & 2016

CHART 43



Number of Users of Level 1 Services in 2016

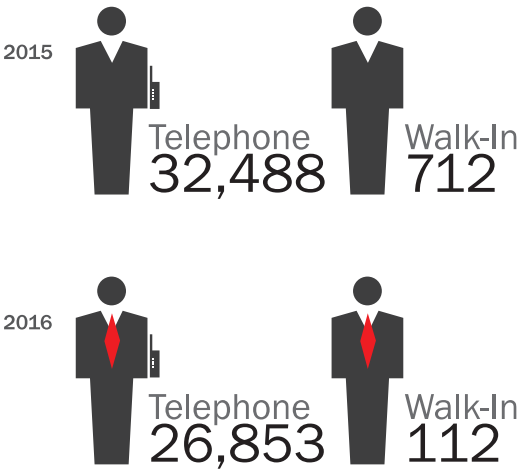
CHART 44

In 2016, there was a significant increase in the NHRC Level 1 services by 34 per cent due to a direct increase in the registered users of NHRC portal. A total of 11,605 users registered with NHRC portal last year - the highest number ever recorded since the establishment of NHRC.

DIVISIONAL PERFORMANCE: THE NATIONAL HUMAN RESOURCE CENTRE(NHRC)

NHRC Level 2 Services

In 2016, the NHRC Call Centre received inquiries from 26,853 employers, also seeking advice on HR related issues such as Talent Management, Training and Development, Employee Relations, Employee Development, Compensation and Benefits etc. This was 17 per cent decrease from 2015 when 32,488 employers contacted the Centre. This was mainly due to the information disseminated by HRDF to raise awareness as well as NHRC portal, which constantly updated the employers through new circulars and highlights.



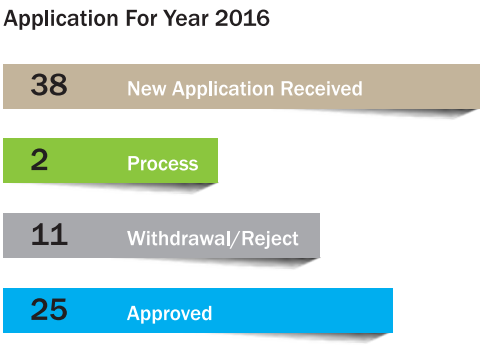
Number of Users of Level 2 Services in 2016

CHART 45

NHRC Level 3 Services

The HR Solution Level 3 services are specific to the challenges faced by SMEs and their financial appetite to engage expert external consultants under the auspices of NHRC. In the process, the SMEs are required to share confidential information, which may (in some cases) be a deterring factor for them to avail the service.

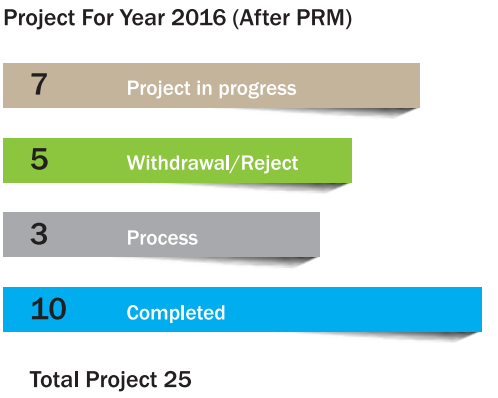
One of the key services, the TNA Consultancy Scheme is fully funded by NHRC and the objective of the scheme is to assist SMEs in preparing a systematic annual training plan for their business. This scheme also helps to improve their knowledge and understanding of the concept, approaches and components of TNA. This is achieved through knowledge and skills transfer by the appointed consultant(s) during the project.



Level 3 Services, SME TNA Consultancy Scheme as at 31 December 2016

CHART 46

DIVISIONAL PERFORMANCE: THE NATIONAL HUMAN RESOURCE CENTRE (NHRC)

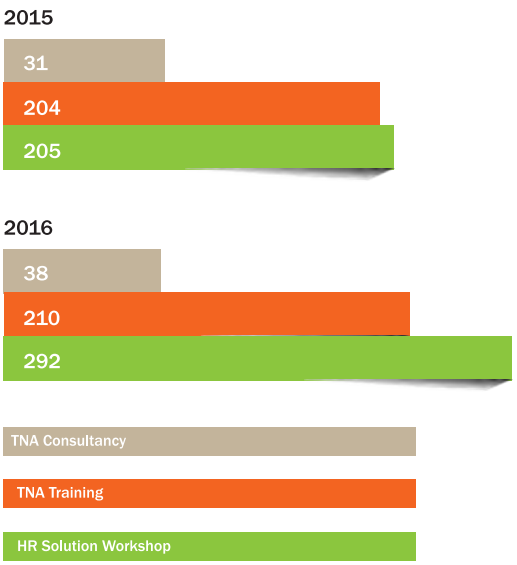


Level 3 Services, SME TNA Consultancy Scheme as at 31 December 2016

CHART 46

The scheme is monitored by TNA Panel Review Committee comprising members from various departments and agencies under the Ministry of Human Resources. These include the Department of Skills Development (JPK); the Department of Policy; the Department of Manpower (JTM), the National Institute of Occupational Safety and Health (NIOSH); the Skills Development Fund Corporation (PTPK); the Industrial Training Institutes (ITI) and HRDF. As at 31 December 2016, the Committee had approved 25 applications from SMEs.

It has also been encouraging to note that the demand for Training Needs Analysis (TNA) training rose from 204 users in 2015 to 210 users in 2016.



Comparison of Number of Users of Level 3 Services in 2015 and 2016

CHART 47

DIVISIONAL PERFORMANCE: THE NATIONAL HUMAN RESOURCE CENTRE (NHRC)

In 2016, 292 people had attended NHRC's HR Solutions Workshop, with valuable feedback from the participants, which reinforced that the solutions delivered by the workshops helped SMEs manage real-life business situations and mitigate issues in keeping with HR best practices.

In addition to SME advisory and consultancy services, the NHRC Division produces HR reference materials and publications for SMEs. In 2016, five (5) books were published and circulated to all employers and SMEs registered with the NHRC portal. The books were also distributed widely at HRDF flagship events such as the HRDF conference and exhibition 2016.

- Feb'16 — Training Guide for HR Personnel in Small & Medium Enterprises
- Sep'16 — Quick Start to Achievement Management System Guide for Small and Simple Companies
- Sep'16 — Practical Guide on How to Conduct an Internal Investigations for Small &Medium Enterprises
- Oct'16 — How to Write an Employee's Handbook
- Dec'16 — Quick Reference to Labour Department Processes for Small & Medium Enterprises

NHRC also organises HR knowledge-sharing programmes for its members. One of the initiatives that gained traction is the Peer Mentoring Session, which saw 83 participants in 2016. Designed for HR practitioners, the programme engages experts with vast knowledge and experience in the HR space to mentor an identified group of SMEs registered with NHRC. Through these targetted and highly interactive sessions, SMEs are able to gain new insights and solutions.

Other NHRC Programmes & Activities



Number of Employers who took part in other NHRC Programmes and Activities in 2015

CHART 48

During the year 2016, as many as 234 HR Professionals took part in the HR Club Programme. NHRC serves as a Secretariat and assumes the role of an initiator and enabler in gathering HR professionals and practitioners to share their HR knowledge, expertise and experiences with SMEs.

PEMBANGUNAN SUMBER MANUSIA BERHAD
HUMAN RESOURCES DEVELOPMENT FUND

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CSR, ENGAGEMENT & INDUSTRY CONTRIBUTIONS

As an apex institution, entrusted to support the national agenda of building 35 per cent skilled workforce by the year 2020, every small initiative and all big ideas that we choose to implement, creates value for our multiple stakeholders to business – from our employees to our critical mass of trainers; from large employers to SMEs; from regulators to the government. In creating value, we make sure we don't lose sight of the vision and inspire each other to think different, to think solutions to be better.

At HRDF, we continue to believe in creating value that is meaningful for multiple stakeholders to our business. Our investments, therefore, are channelled to areas that will help mitigate issues that directly or indirectly impact human capital development in the country.

SPONSORSHIPS

51 INITIATIVES IN 12 LOCATIONS, WITH > 1,000 BENEFICIARIES

Greater awareness on various up-skilling programmes for better employment and high-income opportunities.

Knowledge management with Leadership talks by global experts.

ENGAGEMENT

1,670 STAKEHOLDERS; 300 EVENTS, MEETINGS & ROUNDTABLES

Orientation on the need to plan up-skilling and re-skilling of employees to enhance productivity and competitiveness.

Elicit feedback on skills requirements and gaps for future programmes.

JOB CONTRACTS

>500 LOCAL ENTREPRENEURS AND SKILLED SUPPLIERS

Promoting social inclusion by offering opportunities to skilled local suppliers and competent entrepreneurs.

Look for values such as integrity, alongside technical capabilities.





CSR, ENGAGEMENT & INDUSTRY CONTRIBUTIONS

HEARTS PROGRAMME

>200 WOMEN FROM LATENT WORKFORCE BACK TO MARKET

Up-skilling or re-skilling for Gender integration into the mainstream employment market.

Creating Gender leadership and entrepreneurship.

HEALTH & WELLNESS

>500 EMPLOYEES AND PARTNERS JOIN WELLNESS EFFORTS

Promoting health and wellness for greater performance and productivity at workplace.

Motivating work-life balance and health awareness.

INTEGRITY

>5 INTERNAL AUDITS (BEYOND COMPLIANCE)

Creating a culture of transparency, integrity and good governance; thinking self-regulation.

Practicing zero-tolerance to corruption and bad governance.

YOUTH & EDUCATION

6 INITIATIVES WITH NGOS, SCHOOLS & COLLEGES IN 3 STATES

Motivation programmes, skills development and education aid to help youth and underprivileged or disadvantaged children.

Shaping future citizens, with access to quality education.

ENVIRONMENT, HEALTH & SAFETY

5 KEY INITIATIVES IN THE STATES OF SARAWAK AND PAHANG

Donations in kind – to provide Fibre Boats and Boathouse; upgrade water systems; plant trees and support a credible environmental NGO.

Promoting community welfare and environmental stewardship.

WOMEN & COMMUNITY

22 PARTNERSHIPS WITH LOCAL NGOs IN SARAWAK AND KL.

Donations and Charity – to fund medical and sports equipment; community celebrations; entrepreneurial activities for women etc.

Encouraging women entrepreneurs and community well-being.





PEMBANGUNAN SUMBER MANUSIA BERHAD
HUMAN RESOURCES DEVELOPMENT FUND

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ANNUAL REPORT 2016

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OUR NETWORK: BRANCH OFFICES IN ACTION

Our mission is to champion the human capital agenda of the nation and hence, it is critical for us to ensure we have a formidable footprint across the country. Our network of offices endeavour to work with the same energy, same focus, and the same vision, while they plan, strategise and implement the HRDF programmes.

The focus of our branch offices is always to help catalyse more growth in financial assistance for employers; increase the number of training places; and raise awareness on HRDF's programmes and initiatives with multiple stakeholders.



1 HEADQUARTERS
Pembangunan Sumber Manusia Berhad
(545153-D)
Wisma HRDF
Jalan Beringin, Damansara Heights
50490, Kuala Lumpur

Toll Free Line
1800 88 4800
General Line: (03) 2096 4800
General Fax: (03) 2096 4999

2 NORTHERN REGION
Tingkat 2, Wisma PERKESO,
Lebuh Tenggiri 2
13700, Seberang Jaya
Pulau Pinang

Tel : (04) 397 0779 / 398 4697
Fax : (04) 398 7350

3 MELAKA
Lot 4-04, Wisma UTC,
Jalan Tan Chay Yan
Off Jalan Hang Tuah
75300 Melaka

Tel : (06) 282 1537
Fax : (06) 282 1536

4 JOHOR
50 & 50-01, Jalan Setia 3/7
Taman Setia Indah
81100, Johor Bahru
Johor

Tel : (07) 353 8121
Fax : (07) 353 8217

5 EAST COAST
Wisma PERKESO,
Tingkat 1, Jalan Mat Kilau
25000 Kuantan
Pahang Darul Makmur

Tel : (09) 513 2079 / 513 0715
Fax : (09) 513 0362



6 SABAH
Bangunan KWSP
Lot B5, Tingkat 5
88598, Kota Kinabalu
Sabah

Tel : (088) 260 114 / 236 114
Fax : (088) 252 114

7 SARAWAK
Wisma PERKESO,
Level 4, Lot 436
Section 54, No 52
Travilion Commercial Centre Padungan
93100 Kuching, Sarawak

Tel : (082) 254 721 / 254 564
Fax : (082) 254 795

OUR NETWORK: BRANCH OFFICES IN ACTION

KEY INITIATIVES OF BRANCH OFFICES

SARAWAK

Our **SARAWAK** branch office identified Engineering Maintenance; Hospitality (hotel, travel – inbound and outbound); and Shipping industries as the three focus areas for 2016, in keeping with the priorities set by the Sarawak Corridor of Renewable Energy (SCORE).

Sarawak saw a significant increase in the levy collected in 2016. There was also significant growth in the amount of Financial Assistance approved as well as grants and Training Places approved.

ENGAGEMENT & AWARENESS INITIATIVES

A Seminar on Human Capital Requirements for the Sarawak Corridor of Renewable Energy (SCORE)

Briefing to the Employers on Programmes Implementation Mechanism under the HRDF Strategic Initiatives (HRDF Pool Fund), conducted by Special Project Division

GOVERNMENT/ SECTOR-FOCUSSED INITIATIVES

Majlis Graduasi Program SME@Unimas 2016, attended by YB. Dato'Sri Richard Riot Anak Jaem, Minister of Human Resources

A 'Town Hall' on SME Development Programme and National SMEs Draft Bill

Annual Lecture with YBhg. Tan Sri Dr. Ali Hamsa, Chief Secretary to the Government of Malaysia

SABAH & LABUAN

Our **SABAH** and FT LABUAN branch offices focussed their efforts on building partnerships with local employer associations and state bodies to raise awareness on HRDF Programmes and to also encourage more up-skilling and re-training programmes.

The Sabah branch registered 25 per cent and nearly 50 per cent growth for approved financial assistance and number of training places respectively.

ENGAGEMENT & AWARENESS INITIATIVES

56 Visitations to Employers with below 50 per cent levy utilisation & from Early Childhood Education sector

Engagement Sessions with Federation of Sabah Industry (FSI), Federation Malaysia Manufacture (FMM Sabah), Sabah Hotel Association (SHA) and Sabah Association of Travel and Tour Agents (SATTA)

GOVERNMENT/ SECTOR-FOCUSSED INITIATIVES

Programmes with several State Government Departments and Agencies such as Sabah Economic Development and Investment Authority (SEDIA)

Training, in collaboration with local registered training providers, based on a training needs survey, with 100 participants from 31 registered employers

OUR NETWORK: BRANCH OFFICES IN ACTION

NORTHERN REGION

The **NORTHERN REGION** branch office has been working to educate employers on better utilisation of HRDF's levy and how training can help enhance their organisational skill-sets and competitiveness.

Despite the current economic slowdown, more certification programmes were approved. Out of 21,435 training places approved for certification programmes, 2,792 applications were approved under certification programmes, an increase of just over 400 per cent.

ENGAGEMENT & AWARENESS INITIATIVES

23 Grant Briefings for 545 registered employers, equipping them with the latest information on schemes etc.

Three (3) "Ops Daftar" Briefing Sessions, aimed at identifying and registering liable employers from Perlis, Kedah and Penang, with a success rate of 16 employer registrations

GOVERNMENT/ SECTOR-FOCUSSED INITIATIVES

The Blue Ocean Talk in collaboration with Perkeso Penang and Kedah, involving 21 short briefings attended by 773 potential employers

Five (5) Focus Groups to improve levy utilisation by employers from multiple sectors

JOHOR

Our **JOHOR** branch office has been looking at three core industries - Hotel / Hospitality; Food & Beverage; and Freight Forwarders industries – also in line with the Johor State Government's focus areas for business.

There was a 20 per cent increase in Financial Assistance and a 29 per cent in the number of Training Places approved. The number of Professional Certification programmes was 910, which was 7 per cent over the target.

ENGAGEMENT & AWARENESS INITIATIVES

103 Visitations to Employers with low levy utilisation, in addition to a new 'hand holding' programme for all newly registered employers

GOVERNMENT/ SECTOR-FOCUSSED INITIATIVES

Programmes, to include technical coaching for engineers; leadership skills workshop for supervisors and managers; front office management class for hotel staff ; and HRDF half-day clinics amongst others

OUR NETWORK: BRANCH OFFICES IN ACTION

EAST COAST

Our **EAST COAST** branch invested heavily in building capacity of high-priority sector - Oil and Gas - given the current economic challenges faced by the industry, which was also an effective strategy in 2016.

The total approved Financial Assistance for East Coast was RM18,392,050, with Services receiving the highest amount i.e. RM9,792,432.

ENGAGEMENT & AWARENESS INITIATIVES

57 Employer Advisory Visitations; 29 Employer Verification Visits and five (5) HRDF E-Tris Clinics

GOVERNMENT/ SECTOR-FOCUSSED INITIATIVES

Visitations to Nor Arfa Batik Factory, Petronas Penapisan Terengganu Sdn Bhd and Institut Teknologi Petroleum Petronas (INSTEP) to apprise them of the emerging issues and challenges in Oil & Gas sector

MELAKA

Our **MELAKA** branch office focussed much of its efforts on hotel, food & beverages industries, as the region continues to be a traction for both domestic and international tourists, and as a result, the growing demand for Halal products.

The branch achieved more than 400 per cent i.e. 63,673 Training Places, against target of 15,550. Training Places for certification programmes also went up to 1,374 as against the set target of 680.

ENGAGEMENT & AWARENESS INITIATIVES

Engagement Session/s with the Malaysian Hotel Association (MAH) and Hotel industry employers to discuss training needs in Melaka and Negeri Sembilan

GOVERNMENT/ SECTOR-FOCUSSED INITIATIVES

Briefings for food and beverage industry employers covering HRDF schemes, grant application procedures and relevant training programmes

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PEMBANGUNAN SUMBER MANUSIA BERHAD

(Company No. 545143-D)
(A Company Limited by Guarantee)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Registered office:

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

2136A7/lh

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2016.

Principal activities

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

The functions of the Company are:

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

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

Financial results

	RM
Net surplus for the year	187,843,530

Reserves and provisions

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

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2016 (continued)

Directors of the Company

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

Dato' Dr Abdul Razak Bin Abdul – Chairman
Dr. Mohd Gazali Bin Abas – Deputy Chairman
Dato' CM Vignaesvaran A/L Jeyandran - Chief Executive
Tan Sri Datuk Ketheeswaran A/L M. Kanagaratnam
Dato' Low Kian Chuan
Dato' Jeffrey Tan (alternate to Dato' Low Kian Chuan)
Dato' Segarajah Ratnalingam
Datuk Givananadam A/L Kalinan
Suhara Binti Husni (alternate to Datuk Givananadam A/L Kalinan)
Davies Danavaindram A/L Arputhasamy
Dato' Mizanur Rahman Bin S.M. Abdul Ghani (alternate to Davies Danavaindram A/L Arputhasamy)
Datuk Kang Hua Keong
Teh Kee Sin (alternate to Datuk Kang Hua Keong)
Ong Chee Tat (alternate to Datuk Kang Hua Keong)
Haji Mohd. Ghaus bin Ab. Kadir (ceased as Director on 10 March 2017)
Haji Azizi bin Lin (ceased as alternate to Haji Mohd. Ghaus bin Ab. Kadir on 10 March 2017 and appointed as Director on the same day)
Rayan Anak Narong
Haji Abdul Wahab Bin Abu Bakar
Christopher Sakayaraj (alternate to Haji Abdul Wahab Bin Abu Bakar)
Lim Yoke Cheong
Lim Kheng Chye (alternate to Lim Yoke Cheong)
Cheah Kok Hoong
Chin Chee Seong (alternate to Cheah Kok Hoong)
Dato' Mohd Razali Bin Hussain
Ab Rahim bin Yusoff (alternate to Dato' Mohd Razali Bin Hussain)
Sarojini Ruth A/P Rajahser Aarons
K. Anusuya A/P A.Krishnan (alternate to Sarojini Ruth A/P Rajahser Aarons)
Amir Bin Omar
Nor Azri Bin Zulfakar (alternate to Amir Bin Omar)
Haji Hanafee bin Yusoff (appointed on 19 August 2016)
Norsyahrin bin Hamidon (alternate to Haji Hanafee bin Yusoff – appointed on 19 August 2016)

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

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2016 (continued)

Directors' benefits

During and at the end of the financial year ended 31 December 2016, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefits other than Directors' remuneration disclosed in Note 14 to the financial statements by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Other statutory information

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

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

(b) ensure that any current assets other than debts, which were unlikely to be realised at their book values in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

(a) which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent or the values attributed to current assets in the financial statements of the Company misleading; and

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

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

(a) no items, transactions or other events of material and unusual has arisen which, in the opinion of the Directors, would substantially affect the operations of the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Company which secures the liability of any other person nor has any contingent liability arisen in the Company.

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2016 (continued)

Other statutory information (continued)

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

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

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 11 May 2017.

DATO' DR ABDUL RAZAK BIN ABDUL
Chairman

DATO' CM VIGNAESVARAN JEYANDRAN
Chief Executive

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Dr Abd Razak Bin Abdul and Dato' CM Vignaesvaran A/L Jeyandran, two of the Directors of Pembangunan Sumber Manusia Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 145 to 188 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2016 and of the results and cash flows of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

Signed on behalf of Board of Directors in accordance with their resolution dated 11 May 2017.

DATO' DR ABDUL RAZAK BIN ABDUL
Chairman

DATO' CM VIGNAESVARAN JEYANDRAN
Chief Executive

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

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

I, **WAN MOHD NAZARUDIN BIN WAN CHIK**, the officer primarily responsible for the financial management of Pembangunan Sumber Manusia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 145 to 188 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 11 May 2017

WAN MOHD NAZARUDIN BIN WAN CHIK
Director (Corporate Financial Management)
Pembangunan Sumber Manusia Berhad

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PEMBANGUNAN SUMBER MANUSIA BERHAD
(Company no. 545143-D)
(A Company Limited by Guarantee)
(Incorporated in Malaysia)



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Pembangunan Sumber Manusia Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2016, 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,1965 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 145 to 188.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

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

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the 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 the 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, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements 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.



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

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

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

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

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PEMBANGUNAN SUMBER MANUSIA BERHAD
(Company no. 545143-D)
(A Company Limited by Guarantee)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF
(No. 2910/02/19 (J))
Chartered Accountant

Kuala Lumpur
11 May 2017

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
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Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Statement of financial position as at 31 December 2016

	Note	2016 (RM)	2015 (RM)
Non-current asset			
Property, plant and equipment	3	186,401,096	116,507,118
Total non-current asset		**186,401,096**	**116,507,118**
Current assets			
Investments	4	157,750,072	167,301,197
Accrued interest receivables, deposits prepayments and other receivables	5	32,682,625	15,934,465
Staff loans	6	5,530,277	5,127,399
Tax recoverable		13,138	13,138
Cash and cash equivalents	7	1,249,999,091	1,300,942,346
Total current assets		**1,445,975,203**	**1,489,318,544**
Total assets		**1,632,376,299**	**1,605,825,662**
Equity			
Retained earnings:			
- Allocated to specific usage under trust funds		77,175,220	66,523,954
- Unallocated		317,763,265	333,012,764
- Attributable to Consolidated Fund	8	192,441,763	-
		587,380,248	**399,536,718**
Reserves		(24,865,494)	(25,452,511)
Total equity		**562,514,754**	**374,084,207**
Non-current liability			
Retirement benefits	9	20,039,500	17,909,417
Total non-current liability		**20,039,500**	**17,909,417**
Current liabilities			
Employers' Fund	10	953,461,709	1,071,893,590
General Reserves II	11	1,731,882	2,147,109
Government grants	12	54,053,035	124,077,667
Other payables	13	30,054,470	8,734,039
Accrued expenditure		10,520,949	6,979,633
Total current liabilities		**1,049,822,045**	**1,213,832,038**
Total liabilities		**1,069,861,545**	**1,231,741,455**
Total equity and liabilities		**1,632,376,299**	**1,605,825,662**

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Statement of comprehensive income for the year ended 31 December 2016

	Note	2016 (RM)	2015 (RM)
Income			
Income from Operating Activities			
Dividend and other investment income		2,629,946	4,254,584
Fee income from training providers		2,671,603	4,404,524
Gain on disposal of plant and equipment		11,221	13,773
Interest income from fixed deposits		53,861,720	47,955,385
Interest income from loan to PSMB staff		11,432	12,983
Interest income from bank balance		43,310	95,588
Other income		719,259	274,089
Penalty on late payment of levy		1,323,463	782,941
Administrative fees		7,920,279	7,385,423
		69,192,233	**65,179,290**
Income from Human Capital			
Development Activities			
Income from forfeiture of levy		5,461,466	677,292
Income from Housing Loan Fund		632,852	746,299
Income received from National HRD Conference Fund		4,304,231	2,234,678
Participants' fees for Training and Consultancy Fund		14,822,387	11,809,315
		25,220,936	**15,467,584**
Proceed under Consolidated Fund			
Receipts from levy	8	205,169,157	-
Total income		**299,582,326**	**80,646,874**
Expenses			
Expenses from Operating Activities			
Advertising and promotion		(3,641,855)	(2,751,910)
Auditors' remuneration		(176,000)	(107,500)
Staff costs		(31,603,700)	(22,543,432)

The notes on pages 153 to 188 are an integral part of these financial statements.

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Statement of comprehensive income for the year ended 31 December 2016 (continued)

	Note	2016 (RM)	2015 (RM)
EXPENSES (continued)			
Expenses from Operating Activities (continued)			
Consultancy services		(1,371,422)	(222,592)
Depreciation		(7,142,483)	(6,223,192)
Directors' fees and remuneration	14	(1,601,860)	(1,322,717)
Event management		(2,097,096)	(1,635,559)
Legal and professional fees		(248,092)	(410,427)
Loss on disposal of investment		(5,138,142)	(2,446,856)
Other expenses		(3,337,036)	(2,659,578)
Printing expenses		(339,665)	(434,316)
Property management		(765,610)	(1,010,365)
Provision for retirement benefits	9	(2,683,310)	(1,971,275)
Rental		(541,031)	(628,431)
Repairs and maintenance		(5,125,140)	(528,634)
Travelling and accommodation		(2,071,708)	(2,095,157)
Utilities		(2,000,743)	(1,610,950)
Leasing		(165,098)	-
		(70,049,991)	(48,602,891)
Human Capital Development Expenses			
Expenses for Educational Sponsorship Fund		(15,083)	(20,183)
Expenses for National HRD Conference Fund		(3,236,109)	(3,272,675)
Expenses for Training and Consultancy Fund		(14,166,897)	(15,135,769)
Expenses for SME TNA Consultancy Fund		(787,459)	(826,727)
Expenses for the Future Workers Training Fund		(2,893,626)	(8,748,131)
Coordinating Fund		(483,400)	(942,635)
Expenses for Recognition of Prior Learning Fund		-	(101,400)
Expenses for Sewing Machine Technician Fund		(188,400)	(162,000)
Expenses for National Upskilling Committee ("NUC") Fund		(526,074)	(365,681)
Expenses for World Skills Competition 2015 & 2017 Fund		(114,760)	(350,000)
Expenses for SPICE Fund		(3,459,597)	-
Expenses for Outcome-Based Study On The Effectiveness of Apprenticeship		(28,000)	-

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Statement of comprehensive income for the year ended 31 December 2016 (continued)

	Note	2016 (RM)	2015 (RM)
Human Capital Development Expenses (continued)			
Expenses for Corporate Social Responsibility (CSR)		(611,903)	-
Expenses for Setting Up PSMB Transformation Management Office (TMO)		(672,000)	-
Expenses for Amendment and Expansion of the first Schedule of PSMB Act, 2001		(243,500)	-
Expenses for National Employment Return (NER) 2016 Survey		(670,323)	-
Expenses for Chevron II of HCTP		(40,280)	-
Expenses for Pre-Implementation Phase of Core and Finance System (Phase 1A & 1B)		(824,000)	-
		(28,961,411)	(29,925,201)
Expenses under Consolidated Fund			
Expenses for programmes	8	(12,727,394)	-
Total expenses		**(111,738,796)**	**(78,528,092)**
Surplus before taxation		**187,843,530**	**2,118,782**
Taxation	15	-	13,138
Net surplus for the financial year	**16**	**187,843,530**	**2,131,920**
Other comprehensive income			
Items that may be reclassified subsequently to income statement:			
Net change in fair value of available-for-sale financial assets		587,017	(3,922,145)
Revaluation of staff retirement benefit		-	(4,681,866)
Other comprehensive income/ (expense) for the financial year		**587,017**	**(8,604,011)**
Total comprehensive income/ (expense) for the financial year		**188,430,547**	**(6,472,091)**

The notes on pages 153 to 188 are an integral part of these financial statements.

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Statement of comprehensive income for the year ended 31 December 2016 (continued)

	Note	2016 (RM)	2015 (RM)
SUMMARY OF STATEMENT OF COMPREHENSIVE INCOME			
Operating Activities			
Income from operating activities		69,192,233	65,179,290
Expenses from operating activities		(70,049,991)	(48,602,891)
(Deficit) /Surplus from operating activities		(857,758)	16,576,399
Human Capital Development "(HCD)" Activities			
Income from HCD activities		25,220,936	15,467,584
Expenses from HCD activities		(28,961,411)	(29,925,201)
Deficit from HCD activities		(3,740,475)	(14,457,617)
Consolidated Fund			
Proceeds from consolidated fund		205,169,157	-
Expenses for programmes		(12,727,394)	-
Surplus from operating activities		192,441,763	-
Surplus before taxation		**187,843,530**	**2,118,782**
Items that may be reclassified subsequently to income statement:			
Net change in fair value of available-for-sale financial assets		587,017	(3,922,145)
Revaluation of staff retirement benefit		-	(4,681,866)
Other comprehensive income/ (expense) for the financial year		**587,017**	**(8,604,011)**
Total comprehensive income/ (expense) for the financial year		**188,430,547**	**(6,472,091)**

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 December 2016

	RETAINED EARNINGS (RM)	FAIR VALUE RESERVES (RM)	RETIREMENT BENEFITS RESERVES (RM)	TOTAL (RM)
At 1 January 2015	**397,404,798**	**(13,869,113)**	**(2,979,387)**	**380,556,298**
Net change in fair value of available-for-sale financial assets	-	(3,922,145)	-	(3,922,145)
Revaluation of retirement benefits	-	-	(4,681,866)	(4,681,866)
Net surplus for the year	2,131,920	-	-	2,131,920
Total comprehensive income/ (expense) for the financial year	2,131,920	(3,922,145)	(4,681,866)	(6,472,091)
At 31 December 2015/ 1 January 2016	**399,536,718**	**(17,791,258)**	**(7,661,253)**	**374,084,207**
Net change in fair value of available-for-sale financial assets	-	587,017	-	587,017
Revaluation of retirement benefits	-	-	-	-
Net surplus for the year	187,843,530	-	-	187,843,530
Total comprehensive income for the financial year	187,843,530	587,017	-	188,430,547
At 31 December 2016	**587,380,248**	**(17,204,241)**	**(7,661,253)**	**562,514,754**

The notes on pages 153 to 188 are an integral part of these financial statements.

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Statement of cash flows for the year ended 31 December 2016

	2016 (RM)	2015 (RM)
Cash flow from operating activities		
Cash generated from operations:		
Cash received from training providers and others	19,381,903	15,239,952
Cash payment to vendors and staff	(50,334,109)	(39,890,153)
Cash flow changes from operating activities	(30,952,206)	(24,650,201)
Cash from Employers' Fund:		
Payments to registered employers	(585,990,344)	(452,114,169)
Receipts from registered employers	665,046,465	590,320,101
Cash flow changes after Employers' Fund	48,103,915	113,555,731
Cash from Trust Funds and Government Grants		
Payment to employers	(4,586,777)	(9,798,754)
Payment to registered training providers	(125,156,867)	(72,367,131)
Payment for SME activities	(483,400)	(942,635)
Payment for HRD Conference	(3,236,110)	(3,272,675)
Payment for Apprentices Allowance	(2,930,586)	(9,335,487)
Payment for Employee Educational Sponsorship	(15,083)	(20,183)
Receipts from government allocation	40,484,785	147,220,000
Receipts from registered employers	14,822,387	11,809,315
Receipts from HRD Conference	4,304,231	2,234,678
Cash flow changes after Trust Funds and Government Grants	(28,693,505)	179,082,859
Income tax refund	-	44,678
Net cash (used in)/generated from operating activities	**(28,693,505)**	**179,127,537**

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Statement of cash flows for the year ended 31 December 2016 (continued)

	2016 (RM)	2015 (RM)
Cash flow from investing activities		
Acquisition of plant and equipment	(3,943,707)	(7,232,306)
Acquisition of property	(73,092,754)	(72,301,572)
Acquisition of Investment	-	(35,000,000)
Dividends received	2,629,946	4,254,584
Loans to employees (net)	(402,878)	324,604
Proceeds from disposal of investments	5,000,000	7,553,144
Proceeds from disposal of plant and equipment	11,221	31,202
Interest received	47,548,423	44,564,326
Net cash used in investing activities	**(22,249,749)**	**(57,806,018)**
Net (decrease)/ increase in cash and cash equivalents	(50,943,254)	121,321,519
Cash and cash equivalents at beginning of year	1,300,942,345	1,179,620,826
Cash and cash equivalents at end of year	1,249,999,091	1,300,942,345

The notes on pages 153 to 188 are an integral part of these financial statements.

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

Notes to the financial statements

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

Registered office and principal place of business
Level 7, Wisma HRDF
Jalan Beringin
Damansara Heights
50490 Kuala Lumpur

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

The financial statements were approved by the Board of Directors on 11 May 2017.

1. Basis of preparation of the financial statements

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

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

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

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

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

A. Amendments to published standards that are effective and applicable for the Company's financial year beginning on 1 January 2016

The amendments to published standards issued by Malaysian Accounting Standards Board ("MASB") that are effective and applicable for the Company's financial year beginning on 1 January 2016, are as follows:

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

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

B. Standards and amendments to published standards that are applicable to the Company but not yet effective

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

Effective for annual periods beginning on or after 1 January 2017
- Amendments to MFRS 107 - Statement of Cash Flows - Disclosure Initiative

Effective for annual periods beginning on or after 1 January 2018
- MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014) (with subsequent amendments)
- MFRS 15 – Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2015)
- MFRS 15 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018
- MFRS 16 Leases

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

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

2. Significant accounting policies

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

(a) Functional and presentation currency

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

(b) Property, plant and equipment

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

(i) Cost

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

(ii) Depreciation

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

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

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

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

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

2. Significant accounting policies (continued)

iii. Impairment

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

iv. Gain or losses on disposal

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

(c) Impairment of non-financial assets

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

(d) Financial assets

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

i. Classification

Fair value through profit or loss

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

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

2. Significant accounting policies (continued)

(d) Financial assets (continued)

i. Classification (continued)

Loans and receivables

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

Available-for-sale financial assets

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

Held to maturity financial assets

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

ii. Recognition and initial measurement

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

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

iii. Subsequent measurement – Gains and losses

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

Pembangunan Sumber Manusia Berhad

(A Company Limited by Guarantee)
(Incorporated in Malaysia)

2. Significant accounting policies (continued)

(d) Financial assets (continued)

iv. Subsequent measurement - Impairment of financial assets

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

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

- significant financial difficulty of the customer or obligor; or
- a breach of contract, such as a default or delinquency in interest or principal payments; or
- it becomes probable that the customers will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  i. Adverse changes in the payment status of customers in the portfolio; and
  ii. National or local economic conditions that correlate with defaults on the assets in the portfolio.

Assets carried at amortised cost

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

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

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2. Significant accounting policies (continued)

(d) Financial assets (continued)

iv. Subsequent measurement - Impairment of financial assets

Assets classified as available-for-sale

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

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

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

iv. Derecognition

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

(e) Financial liabilities

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

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

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2. Significant accounting policies (continued)

(f) Offsetting financial instruments

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

(g) Cash and cash equivalents

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

(h) Employee benefits

i. Short-term employee benefits

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

ii. Defined contribution plans

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

iii. Defined benefit plans

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

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

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2. Significant accounting policies (continued)

(h) Employee benefits (continued)

iii. Defined benefit plans (continued)

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

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

(i) Employers' Fund

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

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

(j) General Reserves II

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

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2. Significant accounting policies (continued)

(k) Government Grants

Government grants received are held in trust by the Company. The Company has an obligation to distribute the government grants in accordance with the instructions of the Government. Government grants allocation and the corresponding expenses are offset and shown as net in the statement of financial position. The purpose and usage of the government grants are as follows:

i. Apprenticeship Fund

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

ii. SME Training Incentive Fund

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

iii. Study on Green Technology Consultancy Fund

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

iv. National Human Resource Centre ("NHRC") Development Fund

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

v. SRI Non-HRDF Fund

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

vi. SAY 1MALAYSIA Fund

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

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2. Significant accounting policies (continued)

(k) Government Grants (continued)

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

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

viii.Housewives Enhancement and Reactivate Talent Scheme (HEARTS) Fund

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

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

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

x.SME Skill Upgrading Fund

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

xi.Minimum Wage Programme Fund

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

xii.1Malaysia GRIP Scheme

1Malaysia GRIP Scheme was created to provide opportunity to employees to increase their skills by participating in specific fields to be expert that would enhance their career development and earn higher income. The allocation was injected to company by government to accommodate the course fees under the 1Malaysia GRIP programmes.

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2. Significant accounting policies (continued)

(k) Government Grants (continued)

xiii. Entrepreneurship Enhancement Skills Programme for Indian Community ("Emphatic") Fund

The Entrepreneurship Enhancement Skills Programme for Indian Community Fund amounting to RM30 million was injected to PSMB in December 2016. The objective of this fund is to equip trainees with skills and knowledge to enable them to venture into businesses that may increase their income. The programmes identified under this programmes will help the Indian community to improve their socio-economic status as well as support Government's efforts to improve human capital productivity.

xiv. RPEL (Non-HRDF) Fund ("Emphatic") Fund

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

xv. 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.

xvi. 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.

xvii. 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.

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2. Significant accounting policies (continued)

(l) Income

i. Dividend income

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

ii. Interest income

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

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

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

iv. Goods sold

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

v. Consolidated Fund

Receipts from levy for Consolidated Fund is recognised in profit or loss on the date that the Company's right to receive payment is established.

2. Significant accounting policies (continued)

(m) Fair Value Measurement

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

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

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

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2:
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3:
Unobservable inputs for the asset or liability.

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

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3. Property, plant and equipment

Property, plant and equipment comprise of the following:

	Note	2016 (RM)	2015 (RM)
Cost			
Property	(a)	179,274,678	106,181,924
Plant and equipment	(b)	49,084,214	45,197,681
		228,358,892	151,379,605
Accumulated depreciation			
Property	(a)	15,630,967	14,016,509
Plant and equipment	(b)	26,326,829	20,855,978
		41,957,796	34,872,487
Carrying amounts:			
Property	(a)	163,643,711	92,165,415
Plant and equipment	(b)	22,757,385	24,341,703
		186,401,096	116,507,118

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3. Property, plant and equipment (continued)

(a.) Property

	FREEHOLD LAND (RM)	BUILDING (RM)	WORK IN PROGRESS (RM)	TOTAL (RM)
Cost				
At 1 January 2015	1,591,200	32,289,152	-	33,880,352
Additions	-	-	72,301,572	72,301,572
31 December 2015/ 1 January 2016	1,591,200	32,289,152	72,301,572	106,181,924
Additions	-	-	73,092,754	73,092,754
At 31 December 2016	1,591,200	32,289,152	145,394,326	179,274,678
Accumulated depreciation:				
At 1 January 2015	-	12,402,051	-	12,402,051
Charge for the year	-	1,614,458	-	1,614,458
31 December 2015/ 1 January 2016	-	14,016,509	-	14,016,509
Charge for the year	-	1,614,458	-	1,614,458
At 31 December 2016	-	15,630,967	-	15,630,967
Carrying amounts:				
At 31 December 2015	1,591,200	18,272,643	72,301,572	92,165,415
At 31 December 2016	1,591,200	16,658,185	145,394,326	163,643,711

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3. Property, plant and equipment (continued)

(b) Plant and equipment

	MOTOR VEHICLES (RM)	RENO-VATION (RM)	FURNITURE & OFFICE FITTINGS (RM)	OFFICE EQUIPMENT (RM)	ELECTRIC & ELECTRONIC EQUIPMENT (RM)	ICT SYSTEM (RM)	TOTAL (RM)
Cost:							
At 1 January 2015	1,675,146	3,968,727	1,749,274	967,102	14,625,303	15,170,747	38,156,299
Additions	405,669	344,410	28,100	12,941	133,963	6,307,223	7,232,306
Disposal / Write off	(190,924)	-	-	-	-	-	(190,924)
At 31 December 2015 /1 January 2016	1,889,891	4,313,137	1,777,374	980,043	14,759,266	21,477,970	45,197,681
Additions	386,480	402,025	17,100	55,722	13,090	3,069,290	3,943,707
Disposal / Write off	(57,174)	-	-	-	-	-	(57,174)
At 31 December 2016	2,219,197	4,715,162	1,794,474	1,035,765	14,772,356	24,547,260	49,084,214
Accumulated depreciation:							
At 1 January 2015	470,422	990,568	1,347,276	738,082	12,860,618	-	16,406,966
Charge for the year	288,122	339,082	91,692	58,757	483,757	3,347,324	4,608,734
Disposal / Write off	(159,722)	-	-	-	-	-	(159,722)
At 31 December 2015 / 1 January 2016	598,822	1,329,650	1,438,968	796,839	13,344,375	3,347,324	20,855,978
Charge for the year	333,706	389,928	91,128	58,229	349,301	4,305,733	5,528,025
Disposal / Write off	(57,174)	-	-	-	-	-	(57,174)
At 31 December 2016	875,354	1,719,578	1,530,096	855,068	13,693,676	7,653,057	26,326,829
Carrying amounts:							
At 31 December 2015	1,291,069	2,983,487	338,406	183,204	1,414,891	18,130,646	24,341,703
At 31 December 2016	1,343,843	2,995,584	264,378	180,697	1,078,680	16,894,203	22,757,385

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4. Investments

	2016 (RM)	2015 (RM)
Current		
Available-for-sale financial assets	157,750,072	167,301,197
Available-for-sale financial assets include the following:		
Quoted unit trust in Malaysia	48,242,040	54,472,355
Quoted securities in Malaysia	109,508,032	112,828,842
	157,750,072	167,301,197

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

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

	2016 (RM)	2015 (RM)
Accrued interest receivables	20,082,827	13,852,700
Deposits	284,874	202,320
Prepayments	31,101	30,481
Other receivables	12,283,823	1,848,964
	32,682,625	15,934,465

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

6. Staff loans

	2016 (RM)	2015 (RM)
Motor vehicle loans	290,189	386,361
Computer loans	112,689	111,696
Housing loans	5,127,399	4,629,342
	5,530,277	5,127,399

Staff loans are granted to eligible employees of the Company, bears interest of 4% per annum (2015: 4% per annum), and are repayable over the term stipulated in the individual agreements with the eligible employees up to a maximum of 5 years, 8 years and 25 years for computer loans, motor vehicle loans and housing loans, respectively.

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7. Cash and cash equivalents

	2016 (RM)	2015 (RM)
Fixed deposits are placed with:		
Licensed banks	446,514,862	635,185,995
Other financial institutions	794,836,749	654,543,306
	1,241,351,611	1,289,729,301
	8,647,480	11,213,044
Cash and bank balances	1,249,999,091	1,300,942,345

Included in cash and cash equivalents are balances amounting RM192,441,763 (2015: Nil), RM982,099,414 (2015: RM1,071,893,590) and RM54,053,035 (2015: RM124,077,667) which are to be used for the activities relating to Consolidated Fund, Employers' Fund and Government Grants as disclosed in Note 8, 10 and Note 12 respectively.

8. Consolidated Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	-	-
Transferred from 1MGRIP fund	28,637,705	-
Receipts from levy	176,531,452	-
	205,169,157	-
Less: Expenses	(12,727,394)	-
Balance as at 31 December	192,441,763	-

The Consolidated fund was created in April 2016, following the announcement by the Prime Minister during the 2016 Budget Announcement, with the purpose of supporting the national agenda of achieving 35% skilled Malaysian workforce by the year 2020. The purpose of the Consolidated Fund is to implement several strategic initiatives with the aim of empowering the quality and employability of the Malaysian human capital through re-skilling and up-skilling programmes, for the benefit of both registered and non-registered employers of the sectors covered by PSMB.

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8. Consolidated Fund (continued)

Effective from 1 April 2016, 30% of levy collected from registered PSMB members was channeled to the Consolidated Fund. RM28.6 million of balance from the 1MGRIP fund which remained unutilised, was also transferred to Consolidated Fund. In total, RM205.2 million was accumulated in 2016 to carry out 5 key strategic initiatives, which are as follows:

a) Training of Retrenched Workers under the 1Malaysia Outplacement Centre (1MOC)
b) Train and Replace (T&R) Programme
c) Small and Medium Enterprises (SMEs) Up-skilling & Re-Skiling Programmes
d) Future Workers' Training Programme
e) Certification/Value Added Programmes Identified by Sectorial Training Committees (STCs)/ Special Fund for Industrial Association Programme

Details on the 5 key initiatives above are disclosed on page 95 of the Annual Report and page 191 of the supplementary information to the financial statements. The use of the Consolidated Fund requires approval from the Board of Directors prior to utilisation. The expenditure incurred in respect of the above initiatives is tracked and monitored as a separate account, and is reported to the Board of Directors on a quarterly basis.

In 2016, PSMB have spent RM12.7 million on course fees, allowances to employers, training providers and relevant participants for the above initiatives. The balance as at 31 December 2016 is expected to be utilised in 2017.

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9. Retirement benefits

	2016 (RM)	2015 (RM)
Present value of unfunded obligations	20,039,500	17,909,417
Recognised liability for defined benefit obligations	20,039,500	17,909,417
Analysed as:		
Non-current portion	20,039,500	17,909,417
	20,039,500	17,909,417

Liability for defined benefit obligations

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

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9. Retirement benefits (continued)

Movements In The Present Value Of Defined Benefit Obligations

	2016 (RM)	2015 (RM)
Defined benefit obligations at 1 January	17,909,417	11,505,773
Service costs (Current and Past) and interest	2,683,310	1,971,275
Re-measurements	-	4,681,866
Benefits paid by the plan	(553,227)	(249,497)
Defined benefit obligations at 31 December	20,039,500	17,909,417

Expenses Recognised In Profit Or Loss

	2016 (RM)	2015 (RM)
Current service cost	1,656,295	1,061,753
Past service cost	-	242,178
Interest on obligation	1,027,015	667,344
Net benefit expenses	2,683,310	1,971,275

Actuarial Assumptions

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

	2016	2015
Discount rate	5.75%	5.75%
Average salary increase	6.0%	6.0%

Sensitivity Analysis

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

	2016		2015	
Defined benefit obligation	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	3,377,505	(2,815,176)	2,582,346	(3,120,518)
Average salary increase (1% movement)	3,786,539	(3,165,656)	3,278,318	(2,743,361)

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

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10. Employers' Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	1,071,893,590	934,994,073
Add:		
Levy collected	650,568,379	504,798,187
Allocation for 1MGRIP Fund	14,478,086	85,521,914
SME Training Incentive Grant	6,481,354	7,007,871
Credited Back From General Reserves – re-registration	-	7,067
	1,743,421,409	1,532,329,112
Less :		
Training grant disbursed	(499,201,919)	(441,950,698)
Disbursement for 1MGRIP programmes	(64,919,733)	(6,442,562)
Transferred to Consolidated Fund	(176,531,452)	-
Transferred from 1MGRIP Fund to Consolidated Fund	(28,637,705)	-
Transferred to General Reserves II – deregistration (Note 11)	(411,972)	(629,123)
Forfeiture of levy – close operation	(2,668,958)	(677,292)
Forfeiture of levy – 5 years unutilised	(1,965,309)	-
Overpayment of levy refunded	(15,622,652)	(10,735,847)
Balance as at 31 December	953,461,709	1,071,893,590

11. General Reserves II

	2016 (RM)	2015 (RM)
Balance as at 1 January	2,147,109	1,525,053
Add:		
Transfer from Employers' Fund (Note 10)	411,972	629,123
	2,559,081	2,154,176
Less :		
Transferred to Employers' Fund due to re- registration	-	(7,067)
Transferred to General Reserves I – forfeiture due to failure to re-register within two years	(827,199)	-
Balance as at 31 December	1,731,882	2,147,109

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12. Government Grants

	Note	2016 (RM)	2015 (RM)
Apprenticeship Fund	(a)	17,968,772	21,591,222
SME Training Incentive Fund	(b)	457,759	5,044,536
Study on Green Technology Consultancy Fund	(c)	62,170	62,170
NHRC Development Fund	(d)	-	-
SRI Non-HRDF Fund	(e)	-	-
SAY 1Malaysia Fund	(f)	17,988	54,948
HR Certification Body Fund	(g)	430,336	518,084
HEARTS Fund	(h)	1,689,496	1,126,130
TUTELAR Fund	(i)	11,756	11,756
SME Skill Upgrading Fund	(j)	1,662,395	3,920,207
Minimum Wage Programme Fund	(k)	2,813,967	8,388,106
1Malaysia GRIP Fund	(l)	5,081,348	53,360,508
Emphatic Fund	(m)	7,926,084	30,000,000
RPEL (Non-HRDF) Fund	(n)	3,381,450	-
SME Incentive (Non-HRDF) Fund	(o)	4,624,553	-
Outplacement Centre Programme Fund	(p)	3,710,812	-
GENERATE Fund	(q)	4,214,149	-
		54,053,035	124,077,667

(a) Apprenticeship Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	21,591,222	18,171,784
Add:		
Government allocation	-	8,000,000
	21,591,222	26,171,784
Less:		
Expenses	(3,622,450)	(4,580,562)
Balance as at 31 December	**17,968,772**	21,591,222

(b) SME Training Incentive Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	5,044,536	6,843,290
Add:		
Government allocation	-	8,000,000
	5,044,536	14,843,290
Less:		
Expenses	(4,586,777)	(9,798,754)
Balance as at 31 December	**457,759**	5,044,536

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12. Government Grants (continued)

(c) Study on Green Technology Consultancy Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	62,170	617,730
Less:		
Expenses	-	(555,560)
Balance as at 31 December	62,170	62,170

(d) National Human Resource Centre (NHRC) Development Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	-	359
Less:		
Expenses	-	(359)
Balance as at 31 December	-	-

(e) SRI Non-HRDF Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	-	100,778
Less:		
Expenses	-	(100,778)
Balance as at 31 December	-	-

(f) SAY 1Malaysia Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	54,948	339,408
Less:		
Expenses	(36,960)	(284,460)
Balance as at 31 December	17,988	54,948

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12. Government Grants (continued)

(g) HR Certification Body Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	518,084	573,939
Less:		
Expenses	(87,748)	(55,855)
Balance as at 31 December	430,336	518,084

(h) HEARTS Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	1,126,130	1,052,770
Add:		
Government allocation	1,470,000	800,000
	2,596,130	1,852,770
Less:		
Expenses	(906,634)	(726,640
Balance as at 31 December	1,689,496	1,126,130

(i) TUTELAR Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	11,756	314,652
Less:		
Expenses	-	(302,896)
Balance as at 31 December	11,756	11,756

(j) SME Skill Upgrading Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	3,920,207	4,650,000
Add:		
Government allocation	-	420,000
Transfers from Training Providers	14,785	-
	3,934,992	5,070,000
Less:		
Expenses	(2,272,597)	(1,149,793)
Balance as at 31 December	1,662,395	3,920,207

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12. Government Grants (continued)

(k) Minimum Wage Program Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	8,388,106	10,000,000
Add:		
Government allocation	-	-
	8,388,106	10,000,000
Less:		
Expenses	(5,574,139)	(1,611,894)
Balance as at 31 December	2,813,967	8,388,106

(l) 1Malaysia GRIP Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	53,360,508	-
Add:		
Government allocation	-	100,000,000
	53,360,508	100,000,000
Less:		
Expenses	(48,279,160)	(46,639,492)
Balance as at 31 December	5,081,348	53,360,508

(m) Empathic Fund	2016 (RM)	2015 (RM)
Balance as at 1 January	30,000,000	-
Add:		
Government allocation	-	30,000,000
	30,000,000	30,000,000
Less:		
Expenses	(22,073,916)	-
Balance as at 31 December	7,926,084	30,000,000

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12. Government Grants (continued)

(n) RPEL (Non-HRDF) Fund	2016 (RM)	2015 (RM)
Government allocation	9,000,000	-
Less:	9,000,000	-
Expenses	(5,618,550)	-
Balance as at 31 December	3,381,450	-

(o) SME Incentive (Non-HRDF) Fund	2016 (RM)	2015 (RM)
Government allocation	15,000,000	-
Less:	15,000,000	-
Expenses	(10,375,447)	-
Balance as at 31 December	4,624,553	-

(p) Outplacement Centre Programme Fund	2016 (RM)	2015 (RM)
Government allocation	5,000,000	-
Less:	5,000,000	-
Expenses	(1,289,188)	-
Balance as at 31 December	3,710,812	-

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12. Government Grants (continued)

(q) GENERATE Fund	2016 (RM)	2015 (RM)
Government allocation	10,000,000	-
Less:	10,000,000	-
Expenses	(5,785,851)	-
Balance as at 31 December	4,214,149	-

13. Other payables

Credit terms of trade and other payables are 30 to 45 days (2015: 30 to 45 days). All payables are denominated in Ringgit Malaysia.

14. Key management personnel compensation

The key management personnel compensations are as follows:

	2016 (RM)	2015 (RM)
Directors:		
Fees	866,000	744,000
Salaries, allowances and bonus	631,537	494,680
Defined contribution plan	104,323	84,037
	1,601,860	1,322,717

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15. Income Tax Benefit

	2016 (RM)	2015 (RM)
Current year	-	13,138

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

16. Net surplus for the year

	2016 (RM)	2015 (RM)
Net surplus for the year is arrived at after crediting:		
Dividend and other investment income	2,629,946	4,254,584
Fee income from training providers	2,671,603	4,404,524
and after charging:		
Auditors' remuneration		
- Statutory audit	176,000	107,500
Depreciation	7,142,483	6,223,192
Personnel expenses:		
- Expenses related to defined benefit plans	2,683,310	1,971,275
- Staff costs	31,603,700	22,543,4320
Rental	541,031	628,431

The number of employees of the Company (including Directors) at the end of the year was 283. (2015: 257 employees).

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17. Financial instruments

17.1 Categories of financial instruments

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

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

	Carrying amount (RM)	L & R (RM)	AFS (RM)
2016 Financial assets			
Investment	157,750,072	-	157,750,072
Accrued interest receivables, deposits and other receivables	20,540,882	20,540,882	-
Staff loans	5,530,277	5,530,277	-
Cash and bank balances	1,249,999,091	1,249,999,091	-
	1,433,820,32	1,276,070,250	157,750,072

	Carrying amount (RM)	L & R (RM)	AFS (RM)
2015 Financial assets			
Investment	167,301,197	-	167,301,197
Accrued interest receivables, deposits and other receivables	14,152,287	14,152,287	-
Staff loans	5,127,399	5,127,399	-
Cash and bank balances	1,300,942,346	1,300,942,346	-
	1,487,523,229	1,320,222,032	167,301,197

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17. Financial instruments (continued)

17.1 Categories of financial instruments (continued)

	Carrying Amount (RM)	OL (RM)
2016 Financial liabilities		
Employers' Fund	953,461,709	953,461,709
General Reserve II	1,731,882	1,731,882
Government grants	54,053,035	54,053,035
Other payables	29,864,292	29,864,292
Accrued expenditure	9,767,732	9,767,732
	1,048,878,650	1,048,878,650

	Carrying Amount (RM)	OL (RM)
2015 Financial liabilities		
Employers' Fund	1,071,893,590	1,071,893,590
General Reserve II	2,147,109	2,147,109
Government grants	124,077,667	124,077,667
Other payables	8,734,039	8,734,039
Accrued expenditure	6,197,589	6,197,589
	1,213,049,994	1,213,049,994

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17. Financial instruments

17.2 Financial risk management

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

(a) Credit Risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

(b) Liquidity Risk

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

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

Maturity analysis

The Company's financial liabilities at 31 December 2016 have contractual maturity of less than 1 year.

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17. Financial instruments (continued)

17.2 Financial risk management (continued)

(c) Market Risk

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

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

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

- **Price risk**

Exposure

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

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

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

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

Sensitivity

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

	Equity	
	1% Increase (RM)	1% Decrease (RM)
2016	1,577,501	1,577,501
2015	1,673,012	(1,673,012)

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17. Financial instruments (continued)

17.2 Financial risk management (continued)

(d) Capital management

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

(e) Fair value of financial instruments

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

The table below analyses financial instruments carried at fair value.

	Fair value of financial instruments carried at fair value				Total Fair Value	Carrying Amount
	Level 1 (RM)	Level 2 (RM)	Level 3 (RM)	Total (RM)	(RM)	(RM)
2016						
Financial Assets						
Investments	157,750,072	-	-	157,750,072	157,750,072	157,750,072
2015						
Financial Assets						
Investments	167,301,197	-	-	167,301,197	167,301,197	167,301,197

Level 1

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

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18. Related Parties

Identity of related parties

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

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

During the year, there are no transactions with key management personnel, as defined above, other than as disclosed in Note 14.

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SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF RETAINED EARNINGS

	2016 (RM)	2015 (RM)
Retained earnings consist of the following:		
- Allocated to specific usage under trust funds	77,175,220	66,523,954
- Unallocated	317,763,265	333,012,764
- Attributable to Consolidated Fund	192,441,763	-
	587,380,248	399,536,718

Retained earnings attributable to Consolidated Fund as at 31 December are as follows:

	Note	2016 (RM)	2015 (RM)
Consolidated Fund	1	192,441,763	-

Trust funds as at 31 December are as follows:

	Note	2016 (RM)	2015 (RM)
Motor Vehicle Loan Fund	2	800,000	800,000
Computer Loan Fund	3	300,000	300,000
Housing Loan Fund	4	18,503,301	17,870,449
Educational Sponsorship Fund	5	357,890	372,973
Retrenched Workers Training Fund	6	937,722	937,722
Future Workers Training (“FWT”) Fund	7	6,857,236	9,750,862
Training and Consultancy Fund	8	4,729,964	4,074,474
General Reserve I	9	20,195,850	22,084,784
SME Training Coordinating Fund	10	1,742,794	2,226,194
SME TNA Consultancy Fund	11	1,498,117	2,285,576
National “HRD” Conference Fund	12	1,114,425	46,303
Recognition of Prior Learning Fund (“RPL”) Fund	13	8,620	8,620
Sewin Machine Technician Fund (“MATAC”)Fund	14	211,938	49,938
National Upskilling Committee (“NUC”) Fund	15	189,985	716,059
World Skills Competition Fund	16	1,885,240	-

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SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF RETAINED EARNINGS (CONTINUED)

Trust funds as at 31 December are as follows (continued) :

	Note	2016 (RM)	2015 (RM)
Special Programme Intended For Community Enrichment ("SPICE") Fund	17	1,540,403	5,000,000
Outcome-Based Study on Effectiveness of Apprenticeship Scheme under 10th MP Fund	18	472,000	-
Outcome-Based Study on Effectiveness of Training Incentive for SMEs under 10th MP Fund	19	500,000	-
Corporate Social Responsibility (CSR) Fund	20	388,097	-
OKU Talent Enhancement Programme (OTEP) Fund	21	5,000,000	-
Effectiveness Study on HRDF by World Bank Group (WBG) Fund	22	3,191,400	-
PSMB BDA Pre-Implementation Workshop and Preparation of Request for Proposal Document Fund	23	500,000	-
Setting up PSMB Transformation Management Office (TMO) Fund	24	403,200	-
Amendment and Expansion of the First Schedule of PSMB Act, 2001 Fund	25	2,573,746	-
National Employment Return (NER) 2016 Survey Fund	26	851,392	-
Chevron II of HCTP Fund	27	706,640	-
Pre- implementation Phase of Core and Finance System (Phase 1A & 1B) Fund	28	715,260	-
Rebranding of RPEL Fund	29	1,000,000	-
Total		77,175,220	66,523,954

This supplementary information does not form part of the audited financial statements.

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NOTES TO THE FUNDS

These comprise funds which have been created for following programmes.

1. Consolidated Fund

The Honourable Prime Minister of Malaysia, in his 2016 Budget speech, has mandated PSMB to allocate 30 per cent of its Human Resources Development Fund as Consolidated Fund to implement several strategic initiatives with the aim of empowering the quality and employability of the Malaysian human capital through re-skilling and up-skilling programmes. The main purpose of the 30 per cent Consolidated Fund (effective 1 April 2016) is to support the national agenda of 35 per cent skilled Malaysian workforce by the year 2020 and to enhance the knowledge and skills of current and future employees of PSMB registered employers, employees of non-registered PSMB employers as well as graduates.

This initiative would also encourage employers to train their employees especially through certification courses that are recognised by professional bodies or industry based courses which would then lead to the increase in the percentage of skilled Malaysians. In ensuring the effectiveness of these strategic initiatives, PSMB will collaborate with employers and relevant employers' associations in identifying training courses that are pertinent and suit their current and future business needs. The five (5) key strategic initiatives that have been identified to be implemented by PSMB are as follows:

a. Training of Retrenched Workers under the 1Malaysia Outplacement Centre (1MOC)

- This programme is aimed at up-skilling and/or re-skilling employees (of PSMB registered employers) who have been retrenched, with the required competencies and to assist them in securing employment within the same or different industries; thus helping them get back into the workforce soonest.
- The 1MOC also provides professional counselling to help mitigate the trauma of retrenchment; to define preferred career goals; and job matching to secure new employment to retrenched workers.

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NOTES TO THE FUNDS (CONTINUED)

1. Consolidated Fund (continued)

b. Train and Replace (T&R) Programme

- This programme is targeted at Malaysia's future workforce by equipping them with relevant skills and competencies thereby enhancing their employability against the backdrop of a changing globalised business landscape in Malaysia.
- The objective of the T&R Programme is to equip local talent with relevant proficiencies which will enable them to replace the skilled and semi-skilled foreigners and expatriates who are hired by PSMB registered employers. In the long term, the T&R programme is expected to reduce the country's dependency on expatriates while enhancing the competitiveness of employers and the level of productivity of local employees.
- PSMB registered employers who are intending to reduce their dependency on foreign expertise are required to submit their respective proposals for financial assistance to train the local workforce with relevant skills and competencies.

c. Small and Medium Enterprises (SMEs) Up-skilling & Re-Skiling Programmes

- In the light of the importance of SMEs to the national economy and in accordance with the mandate given by the National SME Development Council to PSMB to be the coordinating body to synchronise and oversee training and human capital development of SMEs across all economic sectors, PSMB continues to undertake several initiatives to assist SMEs in retraining and skills upgrading with a focus on developing a productive and competent workforce.
- This initiative is to align the development of the SMEs with the national aspirations of achieving a high-income economy and a developed nation status by the Year 2020 through innovation-led and productivity driven growth. The impact of such initiatives is evident in the overall increase in the levy utilisation rate by SMEs from 34 per cent in 1999 to 80 per cent in 2016.
- Through this programme, PSMB will collaborate with Industry Associations to come up with programmes for SMEs with insufficient HRDF levy balance to obtain the necessary financial assistance to develop their human resources capability and capacity by acquiring the latest knowledge, expertise and technology especially for high - end technical courses.

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NOTES TO THE FUNDS (CONTINUED)

1. Consolidated Fund (continued)

d. Future Workers' Training Programme

- The implementation of this programme is driven by one of the initiatives by the Malaysian Government with the objectives of equipping, developing and assisting unemployed graduates with high - end skills and competencies that are required by the industries thus enhancing their future employability.
- The programme is open to Malaysian graduates who have successfully acquired their Diplomas, Degrees or equivalent.
- Courses offered under this programme are high-end or application-based skills as required by the industries to fulfil the needs of skilled manpower especially at the Malaysia Economic Corridors (Northern Corridor Economic Region (NCER), SCORE, SEDIA, East Coast Economic Region (ECER) and Iskandar Regional Development Authority (IRDA).
- PSMB registered employers that are able to offer high-value jobs to unemployed graduates may submit the proposal to request for financial assistance under this programme to PSMB, either directly or through the relevant employer associations.

e. Certification/Value Added Programmes Identified by Sectorial Training Committees (STCs)/ Special Fund for Industrial Association Programme

- To remain relevant and to enhance its role in efficiently managing the HRDF levy, PSMB has established 20 Sectorial Training Committees (STCs) with the objective of identifying training needs that correspond with the advancement of technology, systems and processes in the sub-sectors that are covered by the PSMB Act 2001.
- PSMB registered employers are currently utilising this platform to propose and provide industrial inputs in the form of up-to-date knowledge and expertise to assist the industries to identify skills gaps including specific courses required.

Notwithstanding the above, the strategic initiatives to be implemented using the consolidated fund are employer-centric and are NOT limited to the ones mentioned above.

In 2016, HRDF have collected RM176.5 million from registered PSMB members and RM28.6 million was transferred from the 1MGRIP fund (effective from 1 April 2016). In 2016, PSMB have spent RM12.7 million on course fees, allowances to employers, training providers and relevant participants. Balance of RM192.4 million is expected to be incurred on the 5 strategic initiatives in 2017, as approved by the Ministry of Human Resources and PSMB's board of directors.

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NOTES TO THE FUNDS (CONTINUED)

2. Motor Vehicles Loan Fund, Computer Loan Fund, Housing Loan Fund and Educational Sponsorship Fund

Motor vehicles loan, computer loan, housing loan and educational sponsorship are benefits provided to employees of the Company. Employees are charged interest rate of 4% for motor vehicles, computer and housing loans. As for educational sponsorship, employees are only required to pay 20% of the tuition fees if they obtained the Cumulative Grades Point Average ("CGPA") below 2.5 for certificate, diploma and degree or below 3.0 for master degree and doctorate, respectively.

3. Retrenched Workers Training FundEducational Sponsorship Fund

The fund is to finance course fees charged by training providers for conducting training for workers who have been retrenched from employers registered with the Company or industries covered under Pembangunan Sumber Manusia Berhad Act, 2001.

4. Future Workers Training ("FWT") Fund

The fund is to finance future workers training scheme and monthly allowances of apprentices on the job and off the job who undergo apprenticeship training.

5. Training and Consultancy Fund

Training and Consultancy Fund was established as a revolving fund to collect fees from participants and defray training expenses under SMETAP training programmes and to finance the Company's employees who undergo overseas training and conferences.

6. General Reserves I

This fund relates to employers' levy for employers who have been deregistered due to cessation of business (relocation to other countries, insolvency, winding-up, receivership, non-transfer of assets and liabilities for companies that underwent change of ownership, companies that are placed under write, seizure and sale, auction etc.) and forfeiture of levy for employers who do not conduct training for their workers for a period of five years. The employers ceased to be eligible to receive any financial assistance or other benefits once they have been deregistered. This fund can be utilised for the benefit of employers registered with Company, as a whole, based on approval by the Board.

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NOTES TO THE FUNDS (CONTINUED)

7. SME Training Coordinating Fund

The company was appointed as the coordinating body to coordinate the overall training and human resource development of SME's across all sectors of economy in Malaysia by the National SME Development Council on 2 December 2005. The fund is to finance activities as laid down in the SME Training blueprint.

8. SME TNA Consultancy Fund

The fund is to finance consultancy fees charged by consultants for conducting Training Needs Analysis and preparation of Annual Training Plans for SME employers.

9. National Human Resources Development ("HRD") Conference Fund

The National HRD Conference Fund was established as a revolving fund to self-finance in organizing the Company's annual conference. The main function of the fund is to collect the payment of conference fees from the participants, payment of exhibition booths from the exhibitors and the payment for all expenses incurred for the conference mainly for the rental of conference hall and the seminar package.

10. Recognition of Prior Learning ("RPL") Fund

Recognition of Prior Learning Fund allows employers to claim multi-level registration fees for certification of their workers who have skills and experience under Malaysia Skills Certification ("MSC"), Malaysia Diploma Skills ("MDS") or Malaysia Advanced Diploma Skills ("MADS") from the Department of Skills Development according to their competency levels.

11. Sewing Machine Technician ("MATAC") Fund

The Sewing Machine Technician Fund was established by the Company to train the unemployed and school drop-outs to become sewing machine technicians. This programme will be conducted by the Malaysian Textile and Apparel Centre (MATAC) and the training fees will be sponsored by the Company.

12. National Upskilling Committee ("NUC") Fund

The National Upskilling Committee ("NUC") fund was established by the Honourable Minister of Human Resources on 24th March 2015 and approved by the Board members of PSMB on 15th April 2015. The main objectives of the establishment of this NUC were to develop, implement, monitor and evaluate the Recognition of Prior Learning ("RPL") project at a national level besides to ensure that the targets can be achieved and also to evaluate and monitor the process of recognition issued by the appointed certification body.

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NOTES TO THE FUNDS (CONTINUED)

13. World Skills Competition Fund

The fund was established in 2016 with allocation from General Reserve I to prepare Apprentices under PSMB's Apprenticeship Scheme to take part and compete in the World Skills Competition 2016 and 2017.

14. Special Programme Intended for Community Enrichment ("SPICE") Fund

The Special Programme Intended For Community Enrichment ("SPICE") Fund was established as part of the initiatives to rise the income generation of B40 households in Sabah and Sarawak as announced by YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister in Budget Speech 2016. Programmes offered under this programme expected to contribute to the improvement of wellbeing of B40 households by equip them with skills and knowledge to enable them to engage in business to increase their income as well as to support Government's initiative to increase the productivity of workforce.

15. Outcome-Based Study on Effectiveness of Apprenticeship Scheme under Tenth Malaysia Plan (10th MP) Fund

The objective of Outcome-Based Study on the Effectiveness of PSMB Apprenticeship Scheme under Tenth Malaysia Plan (10th MP) is to measure the effectiveness of the programme through outcome-based evidence from the perspective of three (3) target groups which are apprentices, sponsoring employers and training providers for the period of 10th MP (2011-2015).

16. Outcome-Based Study on Effectiveness of Training Incentive for SMEs under Tenth Malaysia Plan (10th MP) Fund

The objective of Outcome-Based Study on the Effectiveness of Training Incentive for SMEs under Tenth Malaysia Plan (10th MP) is to measure the effectiveness of the programme through outcome-based evidence from the perspective of three (3) target groups which are trainees, employers and training providers for the period of 10th MP (2011-2015).

17. Corporate Social Responsibility (CSR) Fund

Corporate Social Responsibility (CSR) Fund was set up to finance PSMB's CSR activities to be in line with Government's initiatives in promoting the importance of CSR to the country's growth

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NOTES TO THE FUNDS (CONTINUED)

18. OKU Talent Enhancement Programme (OTEP) Fund

The objective of OTEP is to assist Persons with Disabilities (PWD) in securing employment by furnishing them with appropriate knowledge, skills and competencies through relevant training programmes that are required by the industry.

19. Effectiveness Study on HRDF by World Bank Group (WBG) Fund

PSMB had appointed World Bank Group to conduct an effectiveness study on HRDF comprising of six deliverables which are Study on the Effectiveness and Impact of HRDF, Benchmark HRDF-Malaysia with international good practices of similar fund concept, Firm-Quality of Management / Competitiveness, Blueprint: Vision for the future role of HRDF (2017-2020 & 2021-2025), Actionable recommendations and Capacity training for HRDF's staff.

20. PSMB BDA Pre-Implementation Workshop and Preparation of Request for Proposal Document Fund

Pre-Implementation of BDA System Fund approved for implementation of three (3) main stages which are Preparation, Implementation, and Culturation. PSMB is currently at the preparation stage where focusing mostly on understanding the current and future state of the organisation and "know how" to acquire the desired outcomes from implementing the BDA into this organisation before embarking into the next stage which is Implementation Stage.

21. Setting up PSMB Transformation Management Office (TMO) Fund

Setting up PSMB Transformation Management Office (TMO) Fund is to facilitate the setting up of PSMB TMO. The objective of PSMB TMO is to focus specifically on all transformation activities pertaining to the particular function and how they integrate to the overarching transformation agenda.

22. Amendment and Expansion of the First Schedule of PSMB Act, 2001 Fund

Amendment and Expansion of the First Schedule of PSMB Act, 2001 Fund was approved to facilitate the amendment and expansion of the First Schedule of PSMB Act, 2001.

23. National Employment Return (NER) 2016 Survey Fund

National Employment Return (NER) 2016 Survey Fund provide financial assistance of RM1.52 million to Institute of Labour Market Information and Analysis (ILMIA), Ministry of Human Resources in relation to the NER 2016 Survey.

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NOTES TO THE FUNDS (CONTINUED)

24. Chevron II of Human Capital Transformation Project (HCTP) Fund

Chevron II of Human Capital Transformation Project (HCTP) Fund created to finance the activities under Human Capital Transformation Project and Human Strategic Project.

25. Pre-Implementation Phase of Core and Finance System (Phase 1A & 1B) Fund

The allocation was approved by BOD in its meeting BOD No.4/2016 to finance the PMO fee for the pre-implementation of the replacement of new system.

26. Rebranding of RPEL Fund

The fund was established to finance the cost of rebranding of RPEL under a new brand, GetUpskilled and to run the promotional activities.

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NOTES TO THE FUNDS (CONTINUED)

1. Consolidated Fund

	2016 (RM)	2015 (RM)
Transfers from 1MGRIP fund	28,637,705	-
Receipts from levy	176,531,452	-
	205,169,157	-
Less:		
Expenses	(12,727,394)	-
Balance as at 31 December	192,441,763	-

2. Motor Vehicle Loan Fund

	2016 (RM)	2015 (RM)
Balance as at 31 December	800,000	800,000

3. Computer Loan Fund

	2016 (RM)	2015 (RM)
Balance as at 31 December	300,000	300,000

4. Housing Loan Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	17,870,449	17,124,150
Add:		
Interest on housing loan	202,423	184,441
Interest on investments	436,673	568,789
	18,509,545	17,877,380
Less:		
Government subsidies	(6,244)	(6,931)
Balance as at 31 December	18,503,301	17,870,449

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NOTES TO THE FUNDS (CONTINUED)

5. Educational Sponsorship Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	372,973	393,156
Less:		
Expenses for Educational Sponsorship Fund	(15,083)	(20,183)
Balance as at 31 December	**357,890**	372,973

6. Retrenched Workers Training Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	937,722	937,722
Less:		
EExpenses for Retrenched Workers Training Fund	-	-
Balance as at 31 December	**937,722**	937,722

7. Future Workers Training (FWT) Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	9,750,862	18,498,993
Less:		
EExpenses	(2,893,626)	(8,748,131)
Balance as at 31 December	**6,857,236**	9,750,862

8. Training and Consultancy Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	4,074,474	7,400,928
Add:		
Participation fees	14,822,387	11,809,315
	18,896,861	19,210,243
Less:		
Expenses for Training and Consultancy Fund	(14,166,897)	(15,135,769)
Balance as at 31 December	**4,729,964**	4,074,474

This supplementary information does not form part of the audited financial statements.

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NOTES TO THE FUNDS (CONTINUED)

9. General Reserve I

	2016 (RM)	2015 (RM)
Balance as at 1 January	22,084,784	21,752,871
Add:		
Forfeiture of levy	2,668,958	677,292
5-Years unutilised	1,965,309	-
Failure to re-register within 2 years	827,199	-
Transfer back balance from 1M HRDF Skills Upgrading Fund	-	4,621
	27,546,250	22,434,784
Transfer to World Skill Competition Fund (Note 16)	(2,000,000)	(350,000)
Transfer to OTEP Fund (Note 21)	(5,000,000)	-
Transfer to MATAC Fund (Note 14)	(350,400)	-
Balance as at 31 December	20,195,850	22,084,784

10. SME Training Coordinating Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	2,226,194	3,168,829
Less:		
Expenses for SME Training and Coordinating Fund	(483,400)	(942,635)
Balance as at 31 December	1,742,794	2,226,194

11. SME TNA Consultancy Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	2,285,579	3,112,303
Less:		
Consultant's fees	-	(482,195)
Expenses for SME TNA Consultancy Fund	(787,459)	(344,532)
Balance as at 31 December	1,498,117	2,285,576

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NOTES TO THE FUNDS (CONTINUED)

12. National Human Resources Development ("HRD") Conference Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	46,303	1,084,300
Add:		
Income received from National HRD Conference Fund	4,304,231	2,234,678
	4,350,534	3,318,978
Less:		
Expenses for National HRD Conference Fund	(3,236,109)	(3,272,675)
Balance as at 31 December	1,114,425	46,303

13. Recognition of Prior Learning ("RPL") Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	8,620	110,020
Less:		
Expenses for RPL Fund	-	(101,400)
Balance as at 31 December	8,620	8,620

14. Sewin Machine Technician ("MATAC") Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	49,938	211,938
Add:		
Transfer from General Reserve 1 (Note 9)	350,400	-
	400,338	211,938
Less:		
Expenses for MATAC Fund	(188,400)	(162,000)
Balance as at 31 December	211,938	49,938

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NOTES TO THE FUNDS (CONTINUED)

15. National Upskilling Committee ("NUC") Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	716,059	1,081,740
Less:		
Expenses	(526,074)	(365,681)
Balance as at 31 December	189,985	716,059

16. World Skills Competition Fund

	2016 (RM)	2015 (RM)
Balance as at 1 January	-	-
Add:		
Transfer from General Reserve 1 (Note 9)	2,000,000	350,000
Less:		
Expenses	(114,760)	(350,000)
Balance as at 31 December	1,885,240	-

17. Special Programme Intended for Community

	2016 (RM)	2015 (RM)
Balance as at 1 January	5,000,000	-
Less:		
Expenses	(3,459,597)	5,000,000
Balance as at 31 December	1,540,403	5,000,000

18. Outcome-Based Study on Effectiveness of Apprenticeship Scheme under Tenth Malaysia Plan (10th MP) Fund

	2016 (RM)	2015 (RM)
Transfer from Retained Earnings	500,000	-
Less:		
Expenses	(28,000)	-
Balance as at 31 December	472,000	-

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NOTES TO THE FUNDS (CONTINUED)

19. Outcome-Based Study on the Effectiveness of SME Training Incentive Scheme under Tenth Malaysia Plan (10th MP) Fund

	2016 (RM)	2015 (RM)
Transfer from Retained Earnings	500,000	-
Balance as at 31 December	**500,000**	-

20. Corporate Social Responsibility (CSR) Fund

	2016 (RM)	2015 (RM)
Transfer from Retained Earnings	1,000,000	-
Less: Expenses	(611,903)	-
Balance as at 31 December	**388,097**	-

21. OKU Talent Enhancement Programme (OTEP) Fund

	2016 (RM)	2015 (RM)
Transfer from (General Reserve 1) (Note 9)	5,000,000	-
Balance as at 31 December	**5,000,000**	-

22. Effectiveness Study on HRDF by World Bank Group (WBG) Fund

	2016 (RM)	2015 (RM)
Transfer from Retained Earnings	3,191,400	-
Balance as at 31 December	**3,191,400**	-

23. PSMB BDA Pre-Implementation Workshop And Preparation of Request for Proposal Document Fund

	2016 (RM)	2015 (RM)
Transfer from Retained Earnings	500,000	-
Balance as at 31 December	**500,000**	-

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NOTES TO THE FUNDS (CONTINUED)

24. Setting up PSMB Transformation Management Office (TMO) Fund

	2016 (RM)	2015 (RM)
Add:		
Transfer from Retained Earnings	1,075,200	-
Less:		
Expenses	(672,000)	-
Balance as at 31 December	403,200	-

25. Amendment and Expansion of the First Schedule of PSMB Act, 2001

	2016 (RM)	2015 (RM)
Add:		
Transfer from Retained Earnings	2,817,246	-
Less:		
Expenses	(243,500)	-
Balance as at 31 December	2,573,746	-

26. National Employment Return (NER) 2016 Survey Fund

	2016 (RM)	2015 (RM)
Add:		
Transfer from Retained Earnings	1,521,715	-
Less:		
Expenses	(670,323)	-
Balance as at 31 December	851,392	-

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NOTES TO THE FUNDS (CONTINUED)

27. Chevron II of HCTP Fund

	2016 (RM)	2015 (RM)
Transfer from Retained Earnings	746,920	-
Less:		
Expenses	(40,280)	-
Balance as at 31 December	706,640	-

28. Pre-Implementation Phase of Core and Finance System (Phase 1A & 1B) Fund

	2016 (RM)	2015 (RM)
Transfer from Retained Earnings	1,539,260	-
Less:		
Expenses	(824,000)	-
Balance as at 31 December	715,260	-

29. Rebranding of RPEL Fund

	2016 (RM)	2015 (RM)
Transfer from Retained Earnings	1,000,000	-
Balance as at 31 December	1,000,000	-



PEMBANGUNAN SUMBER MANUSIA BERHAD
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