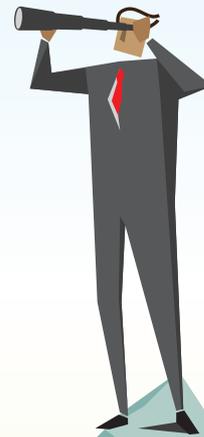


MALAYSIAN
INVESTMENT
DEVELOPMENT
AUTHORITY

MIDA

QUEST FOR QUALITY

ANNUAL REPORT 2013





Annual Report 2013

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Stepping Up to the Challenge

There are few better places for business in the world than Malaysia. The country enjoyed a 22 percent increase of net FDIs valued at 12 billion dollars in 2013, making it the seventh top recipient of foreign direct investment (FDI) in Asia ahead of the Republic of Korea, Vietnam and Taiwan. In comparison, global FDI increased nine per cent in 2013 (6.7% into developing countries).

In terms of FDI profitability, Malaysia was ranked 11th among the top 20 economies with the highest FDI rates of returns (17 per cent) in 2012, far higher than the global average of seven per cent or the average of rate of return among developing economies (8 per cent), transition economies (13 per cent) and developed economies (5 per cent).

With such a strong track record, it is little wonder that the World Bank now ranks Malaysia as being the world's 6th best place to conduct business, ahead of the United Kingdom (10th), Germany (21th) and Switzerland (29th). These rankings are Malaysia's best yet and underpin the country's largest leap in competitiveness rankings in recent years. The country's sterling performance also reinforces Malaysia's position as a preferred destination for trade and investments among local and foreign investors.

With such a strong track record, it is little wonder that the World Bank now ranks Malaysia as being the world's 6th best place to conduct business, ahead of the United Kingdom (10th), Germany (21th) and Switzerland (29th).

Nonetheless, as Malaysia enters the next phase of its economic transformation, the time has come to up the ante.

It is MIDA's mission to ensure that Malaysia achieves its economic transformation goals and its aspiration to be a developed nation by 2020. The agency is and always has been the government's principal agency for promoting investments into the country's manufacturing and services sectors. With offices in 23 major economic centres around the world and with over 40 years of experience in international diplomacy, MIDA is uniquely positioned to lead Malaysia's investment agenda.

MIDA's global presence allows it to streamline the efforts of all investment promotion agencies and economic corridors in Malaysia and ensure that the often competing objectives of these agencies nonetheless serve the same national goals. The country's strategy of decentralised investment promotion to address the economic imbalances among the country's various regions has borne excellent results, with the North and South economic regions successfully capitalising on their strengths in trade connectivity and infrastructure, while the Eastern and East Malaysia economic regions have turned their natural geologic and environmental advantages into extremely attractive investment destinations. Together with other key economic development agencies at the very top levels of the government, MIDA has had a major role in developing this strategy and leading it to fruition.

FRIENDLY, FLEXIBLE AND FAIR

The country's manufacturing sector is going through a period of transformation and restructuring as industry players reduce their investments into low value-added sectors and increase their activities in higher value-added industries. To facilitate this transformation, MIDA has established the Technology and Business Frontier Division with a view of developing and sustaining a strategic roadmap for the country's transition into emerging technology industries. The new division's main role will be to identify major industrial trends in new and emerging technology and business areas for which Malaysia would be ideally suited. This division will also work closely with other divisions to coordinate the efforts of local and foreign research institutions and make policy recommendations to support the growth of new technology clusters and ecosystems.

The United Nations Conference on Trade and Development (UNCTAD) has noted Malaysia's sophisticated strategy for leveraging existing locational strengths to encourage investments

into high technology manufacturing value chain segments. Thousands of prominent multinational companies (MNCs) have chosen Malaysia as their regional and global operation centres with structured training programmes to transfer their key competencies to Malaysian employees. In the long run, this environment will create high income employment opportunities for Malaysians in sectors such as business, accounting, finance, IT, engineering, technical and other new services sectors such as designing and analytical sciences. Global and regional operation centres will also increase the usage of local infrastructure, banking services, information technology, telecommunications, utilities and logistics services.

The first OECD Investment Policy Review of Malaysia also acknowledges the country's sterling track record in investment promotion and recognises its achievements in building global competitiveness in high-end manufacturing and in pushing out its technology frontier. According to the Review, the private sector's perceptions of MIDA as the key agency for investment promotion are positive, and the agency has a good reputation for transparency and competence.

The OECD Review also highlighted that MIDA's new organisational structure reflects a clear strategy of dividing the responsibilities of promotion and facilitation into dedicated units where resources and expertise differ. The agency functions as a total solution provider to investors within the business eco-system and works closely with the relevant authorities at the federal and state level to assist companies in the implementation and operation of their projects.

To this end, the Government has enhanced MIDA's role in interfacing with the private sector and has empowered it with the authority to negotiate directly with investors for targeted projects. This enables MIDA to make decisions in real-time to effectively clinch targeted projects. MIDA has also institutionalised a standard cost-

Table 1: Trading Across Borders In 2013

Indicator	Malaysia	Singapore	Hong Kong
Documents to export (number)	4	3	3
Time to export (days)	11	6	6
Cost to export (US\$ per container)	450	460	590
Documents to import (number)	4	3	3
Time to import (days)	8	4	5
Cost to import (US\$ per container)	485	440	565

Source: Doing Business, 2014, World Bank

benefit analysis (CBA) module for evaluating tax incentives and financial assistances for all manufacturing projects, with a similar module for evaluating investments into the services sector under development.

As the National Investment Secretariat, MIDA has consistently championed the interests of domestic and foreign businesses within various Government economic committees and councils. The agency plays a crucial role in ensuring that Malaysia's investment climate remains friendly, flexible and fair. Happy investors consistently cite the country's open trade policies and strong trade infrastructure as being key to their decisions to invest here. World-class transportation, communication and financial services facilitate their regional plans and widen their market reach across Asia. IMD's World Competitiveness Yearbook 2013 ranks Malaysia 12th out of 60 economies in terms of its infrastructure.

A NATIONAL REBRANDING EXERCISE

The Government has undertaken various measures to promote value added activities in line with the recommendations of both UNCTAD and OECD, including adopting

Reliable Partners

Schlumberger's regional support facility dedicated to advanced maintenance services for oil and gas technologies



In October 2013, Schlumberger broke ground for its Asia Center for Reliability and Efficiency, which will be dedicated to advanced maintenance and servicing of drilling and wireline technologies for the Asia-Pacific region. Rajeev Sonthalia, president, Schlumberger Asia, hosted the groundbreaking ceremony attended by Datuk Phang Ah Tong, Deputy CEO II of Malaysian Investment Development Authority (MIDA), and guests representing oil companies, universities, local and national government and key suppliers.

Located in Port Klang Free Zone and scheduled for completion in early 2015, the 180,000 square-foot purpose-built centre is expected to house approximately 100 people, combining local talent with international experience and

expertise. The centre will also play a key role in the roll-out of new Schlumberger technology and systems in the region. The centre will also bring innovative processes to the region and provide Schlumberger with the operational efficiency and equipment reliability it needs to meet the growing demand for the company's services.

an ecosystem approach to promote private investments, encouraging outsourcing activities to enhance efficiency and introducing domestic investment promotion initiatives such as the Domestic Investment Strategic Fund (DISF). These initiatives will help steer MIDA's efforts in investment promotion.

At an organisational level, MIDA has expanded its Key Performance Indicators (KPI) so that its performance is no longer measured in terms of merely the number of investors or absolute value of investments. Instead, the KPI now looks at the total impact of investments on Malaysia's economy and the rakyat. The agency is focused on generating quality investments that involve high value-added goods and services within

high-technology, knowledge and skills-intensive industries with a high degree of research, development and design (R&D&D) activities and strong linkages with domestic industries. The absolute value of such investments is frequently much less than billion-ringgit, labour-intensive projects, but their impact on society and domestic economy in the long-term is considerable.

MIDA is more concerned with the long-term strategic value of investments rather than just the brick-and-mortar value of the projects that are brought to its doors. The agency is at the centre of the country's efforts at rebranding Malaysia as a centre for high-technology, knowledge-intensive activities. We want projects that inspire

A Creative Opportunity

The Creative Product Development Programme (CPD) will help develop the skills and capabilities of Malaysian designers in contributing to the eco-system of digital entertainment and lifestyle products

ECONOMIC	STRATEGIC	QUALITY	SPEED
 <ul style="list-style-type: none"> • Reduced start-up costs and capital investments • Cost savings through improved efficiency and reduced waste • Reduced overheads • Economies of scale 	 <ul style="list-style-type: none"> • Allows SMEs to focus on product ideas and designs by leveraging shared resources • Gain a competitive advantage with support from professionals in product development, design, engineering, manufacturing, marketing and distribution 	 <ul style="list-style-type: none"> • Share best practices and professional guidance to improve quality • Expertise to improve speed of execution, operational efficiency and quality consistency • People management and organisational skills training and coaching 	 <ul style="list-style-type: none"> • Reduce cycle times: <ul style="list-style-type: none"> » Time to market of great ideas » Product development » Supply chain » Procurement » Sales, marketing and distribution • Flexibility and agility

talent, creativity and innovation, and which will help cement Malaysia's reputation as an innovative, creative and productive nation.

A competitive and productive workforce will be an indispensable factor in this rebranding exercise, and MIDA has initiated several programmes to encourage the development of the country's human capital. In 2013, the agency set up a Talent Management Division exclusively dedicated to identifying investors' human capital needs and facilitating their search for manpower. The division engages and collaborates with various stakeholders in the government and

private sector including education and training institutions, recruitment agencies and industries.

The new Talent Management Division leverages MIDA's close relationship with Malaysia's business community to gauge the quantitative and qualitative gaps between the industry and education and training service providers. In its first full year of operation in 2013, the division concentrated on initiating a structured collaboration programme with academia and industry aimed at anticipating investors' human capital needs and developing programmes and initiatives that will allow Malaysia to meet

Table 2: Talent Management Division's Consultation with Stakeholders

Policy Makers	Demand Side	Supply Side
<ul style="list-style-type: none"> • TalentCorp Malaysia Bhd. • Public Service Department • Department of Labour Peninsular Malaysia • Ministry of Human Resources • Institute of Labour Market Information and Analysis (ILMIA) • Department of Skills Development • Ministry of Science, Technology & Innovation • Manpower Department • Agensi Inovasi Malaysia • Ministry of Education • Ministry of International Trade & Industry • Performance Management Delivery Unit (Pemandu) • Department of Labour, Sabah 	<p>Associations/Chambers</p> <ul style="list-style-type: none"> • Malaysian Plastics Manufacturers Association (MPMA) • Malaysian Oil & Gas Services Council (MOGSC) • Machinery and Equipment Manufacturer Association (MEMA) • Malaysian Service Providers Confederation (MSPC) • Association of Malaysian Medical Industries (AMMI) 	<p>Associations</p> <ul style="list-style-type: none"> • Federation of Malaysian Skills Development Centres (FMSDC) • Federation of JPK Accredited Centres (FEMAC) • Malaysian Association of Private Colleges and Universities (MAPCU) • National Association of Private Educational Institutions (NAPEI) <p>Education/Training Providers</p> <ul style="list-style-type: none"> • Universiti Sains Malaysia (USM) • Universiti Kebangsaan Malaysia (UKM) • Universiti Putra Malaysia (UPM) • Universiti Malaysia Sabah (UMS) • International Islamic University Malaysia (IIUM) • Tati University College • Penang Skills Development Centre (PSDC) • MARA • FMM Institute

those needs. This programme involves high-level consultations with industry and services associations and chambers of commerce and industry as well as relevant ministries and government agencies.

To facilitate companies' requests for talent, MIDA has established a Focal Point Network that allows the agency to leverage existing talent development programmes in other agencies and avoid duplication among stakeholders. MIDA is also on various industrial and national committees aimed at addressing the country's human capital development issues. In addition, the agency participated in several major events on human capital development in 2013 (see Appendix 4) and helped organise the Creative Product Development Programme for Malaysian Designers (CPD).

The CPD is dedicated to developing the skills and capabilities of Malaysian designers in contributing to the eco-system of digital entertainment and

lifestyle products. The programme is a strategic public/private partnership between PhisonTech Electronics Malaysia and MIDA, Pensonic, Fusionwave and EMTEC. It aims to help Malaysian small-and-medium enterprises (SMEs) create world-class innovations for the digital entertainment and lifestyle markets that combine Malaysia's artistic heritage with the state-of-the-art electronics and digital technologies.

It is estimated that 7,000 designers graduate from more than 20 design schools and colleges in Malaysia every year. Currently, over 35,000 creative entities are engaged in activities within creative industries that generate over RM10 billion in annual revenues. MIDA has introduced tax incentives that offer eligible companies tax exemptions of up to 70% for five years.

With a global presence, improved agency collaboration and greater industry linkages, MIDA is meeting the challenges presented by the country's economic transformation head on. ■

Board of Directors

MIDA's Board of Directors comprises fourteen (14) members headed by a Chairman appointed by the Minister of International Trade and Industry. Other Board members include the Secretary General of the Ministry of International Trade and Industry, a senior representative from the Ministry of Finance, the Chief Executive Officer of MIDA and the Permanent Secretaries of the Ministries

of Industrial Development for Sabah and Sarawak respectively. The Board also has eight members from the private sector representing the commercial, manufacturing, financial, industrial and services sectors.

Three Board meetings were held in the year 2013.



TAN SRI AMIRSHAM A. AZIZ
Chairman, MIDA



DATUK NOHARUDDIN NORDIN
Chief Executive Officer, MIDA



DATUK DR REBECCA FATIMA STA MARIA
Secretary General
Ministry of International Trade and Industry (MITI)



DATU' SITI HALIMAH ISMAIL
Secretary
Tax Analysis
Division, Treasury



DATUK DR K. GOVINDAN
Group Chief
Executive Officer
RAM Holdings Berhad



DATUK NORIYAH AHMAD
Co-Chairman
Malaysia-Thailand Joint
Authority (MTJA)



DATUK HAJI HASHIM PAJJAN
Permanent Secretary
Ministry of Industrial
Development, Sabah



DATU LIAW SOON ENG
Permanent Secretary
Ministry of Industrial
Development, Sarawak



DATUK NG PENG HONG @ NG PENG HAY
Chairman
Wellcall Holdings Berhad



TAN SRI AZMAN SHAH DATO' SERI HARUN
President
Malaysian Employers
Federation



TAN SRI YONG POH KON
President
Federation of Malaysian
Manufacturers (FMM)



TENGGU DATO' ZAFRUL TENGKU ABDUL AZIZ
Chief Executive Officer
Maybank Investment
Bank Berhad



DATO' GOOI SOON CHAI
President of Agilent
Technologies Malaysia
and Singapore Agilent
Technologies Microwave
Products (M) Sdn Bhd



STUART L. DEAN
Chief Executive Officer
GE ASEAN
GE Global Growth
& Operations

Management Team



DATUK NOHARUDDIN NORDIN
Chief Executive Officer



DATO' AZMAN MAHMUD
Deputy Chief Executive Officer I



DATUK PHANG AH TONG
Deputy Chief Executive Officer II



DR. AMIR RASLAN ABU BAKAR
Senior Executive Director,
Strategic Planning and
Investment Eco System
(from 16 July 2013)



MOHD RASLI MUDA
Director, Business & Professional
Services Division



TAN CHEE CHAI
Director, Metal and Metal
Alloys Division



MOHD ZULKAFLI ISMAIL
Director, Licensing & Incentive
Compliance and
Monitoring Division



HAFIZAH SHAHR
Director, Infrastructure and
Industry Support Division



KANG LAY KIM
Executive Director,
Strategic Planning



WAN HASHIM WAN JUSOH
Executive Director,
Manufacturing Development
(Non Resource)



LAILAH CHE MOHD DARUS
Executive Director, Human
Resource Management



HINDON A. AZIZ
Executive Director, Management
Services (until 14 September 2013)



CHOO WAI MENG
Director, Investment Analysis &
Database Management Division



SITI AISHAH GHAZALI
Director, Life Sciences and
Medical Technology Division
(until 21 September 2013)



FAUZIAH ADAM
Director, IT System
Development Division



ZAINI ISHAK
Director, Finance
Management Division
(from 15 April 2013)



N. SANGARAN
Executive Director, Manufacturing
Development (Resource)



N. RAJENDRAN
Executive Director,
Investment Promotion



DATO' MATHIALAKAN
Executive Director, Services
Development (RESC, BPS & ICT)



JASWANT SINGH
Executive Director,
Investment Ecosystem



S. SIVASURIYAMOORTHY
Director,
Strategic Planning & Policy
Advocacy Division
(until 31 July 2013)



MOHD ZUKEPLI EMBONG
Director, Domestic
Investment Division



LIM BEE VIAN
Director, Industry Talent
Management Division



ZABIDI MAHBAR
Director, IPAs Coordination,
ICM Secretariat and
Pipeline Tracking Division



MOHAMED ZUHARI
Exec. Director, Management
Services (from 01 October 2013)
Senior Director, Services
Development (O&G, KPH,
CTEM & R&D)
(until 30 September 2013)



AZIAN MOHD YUSOF
Director, Food Technology and
Sustainable Resources



INON ABDUL HAMID
Director, Electrical &
Electronics Division



TENG YIT CHAN
Director, Healthcare, Education
and Hospitality



FARIDAH ABDULLAH
Director, Machinery & Equipment and
Advanced Engineering Division



YEE NAI TUCK
Director, Technology and
Frontier Business Division



JASBIR KAUR
Director, Tariff Division



ARHAM ABDUL RAHMAN
Director, Foreign Investment
Coordination Division
(from 17 January 2013)

Management Team



AHMAD KHAIRUDDIN ABDUL RAHIM
Director, Cleantech & Environmental Management Division
(from 16 January 2013)



CHAI SIEW FOON
Director, Building Technology & Lifestyle Division
(until 01 October 2013)



AIZAH ABDULLAH
Head of Section, National Investment Secretariat
(until 31 July 2013)



SHAHROL SHAHABUDDIN
Head of Section, National Investment Secretariat
(from 17 September 2013)



HASLIDAH JAAFAR
Head of Unit, Investment Information



JOHARIAH URIB MOHD ARIFIN
Head of Unit, Internal Audit
(from 03 June 2013)



NOOR AIEDA AHMAD
Head of Section, ICT Services



ZALINA ZAINOL
Head of Unit, Investment Communication



ZARINA SAAD
Senior Deputy Director, Life Sciences & Medical Technology Division
(from 22 September 2013)



WAN HASHIMAH WAN SALLEH
Senior Deputy Director, Building Technology & Lifestyle Division
(from 2 October 2013)



RASHIDAH OTHMAN
Senior Deputy Director, Strategic Planning & Policy Advocacy Division
(from 1 August 2013)



MANJIT KAUR
Senior Deputy Director, R&D and Design Division



ROSLINA OTHMAN
Senior Deputy Director, Transportation Technology Division



ROESLINA ABBAS
Senior Deputy Director, Regional Establishment & Supply Chain Division



BALKISH MOHD YASIN
Senior Deputy Director, Oil & Gas Division



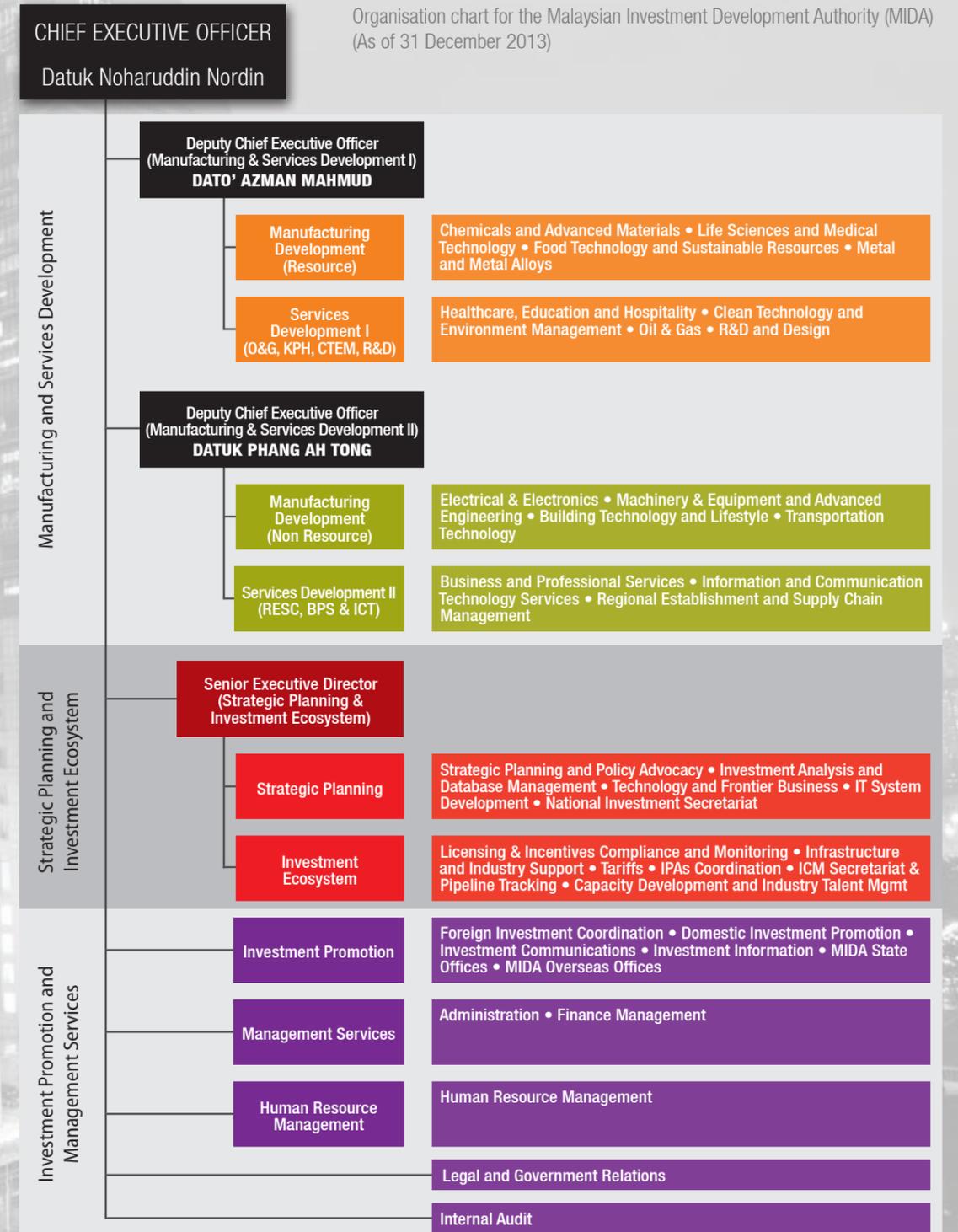
M. UMARANI
Senior Deputy Director, Chemical & Advanced Material Division



FAKHRIAH H.J. BADRI
Senior Deputy Director, Administration Division

Organisation Structure

Organisation chart for the Malaysian Investment Development Authority (MIDA)
(As of 31 December 2013)



The Authority and its functions

Malaysian Investment Development Authority (MIDA) is Malaysia's principal investment promotion agency for investments in the manufacturing and services sectors (excluding financial services and utilities).



Formerly known as the Malaysian Industrial Development Authority, MIDA was first established as a statutory body in 1967 under the Federal Industrial Development Authority Act 1965 under the purview of the Ministry of International Trade and Industry (MITI). In 2011, the Act was amended and renamed the Malaysian Investment Development Authority (Incorporation) (Amendment) Act 2011 with the launch of the New Economic Model. According to the Act, MIDA's functions are to:

- Lead, co-ordinate, monitor and evaluate the implementation of the policies, strategies, activities and development of investment in the manufacturing and services sectors (excluding financial and utilities);
- Undertake activities relating to the promotion of investment in the manufacturing and services sectors (excluding financial and utilities) within or outside Malaysia;
- Undertake or cause to be undertaken research and planning on matters relating to investment in the manufacturing and services sectors (excluding financial and utilities);
- Advise the Government on the policies relating to the promotion of investment in the manufacturing and services sectors

(excluding financial and utilities) including policies on:

- » the granting of manufacturing licences;
- » the incentives applicable to investors in Malaysia;
- » expatriate posts;
- » the imposition or alteration of, and exemption from, custom duties; and
- » any other fiscal or non-fiscal facilities;
- Formulate measures for the promotion of investment in the manufacturing and services sectors (excluding financial services and utilities);
- Co-ordinate and facilitate the activities relating to the promotion and implementation of investment in the manufacturing and services sectors (excluding financial and utilities) at the Federal and State levels;
- Provide consultancy services including training and technical assistance;



- Undertake any activity that promotes co-operation with other countries in line with the objectives of the Government with respect to investment in the manufacturing and services sectors (excluding financial and utilities);
- Assist Malaysian companies in seeking technology and investment opportunities abroad;
- Act as a centre for collection, reference and dissemination of information relating to investment across all sectors of the economy;
- Report periodically to the Minister on the progress and problems of investment in the manufacturing and services sectors (excluding financial and utilities) in Malaysia and make recommendations on the manner in which such problems may be dealt with;
- Carry out any other functions consistent with this Act as the Minister may authorise in writing; and
- Generally do all such matters incidental to or consequential upon the exercise of its powers of the performance of its functions under this Act.



Malaysia's got Talent

The global economy exhibited uneven growth across the world in 2013. In most regions of the world, developing countries continued to attract more foreign direct investments (FDI) than developed economies, although this trend has no doubt been encouraged by the gradual recovery of the world's advanced economies. In tandem with this improvement, Malaysia's GDP grew by a moderate 4.7% in 2013, supported by continued strong growth in domestic demand.

The country's healthy domestic growth contributed significantly to the increase in domestic economic activity during the year. Malaysia again set new records for investments in the manufacturing, services and primary sectors in 2013, as total approved investments rose to RM219.4 billion. This is a very commendable achievement given the challenging external environment. Over 72.9% of the total investments approved came from domestic sources, reflecting the continued interest of local companies to support the Economic Transformation Programme (ETP) and the Government's overall investment agenda and their eagerness to assume a leading role in the country's economic growth.

The total projects approved are expected to generate more employment opportunities particularly in managerial, supervisory and technical roles that offer higher incomes to Malaysians. This trend demonstrate the willingness of the country's workforce to adapt positively to the changing economy.

It is worth noting that the country's success at ensuring increased levels of investments in the economy has not happened by chance, but is the result of the continuous efforts of the Government to make Malaysia a more friendly and open place for business. The World Bank now ranks Malaysia as the 6th most business-friendly country in the world, ahead of the United Kingdom (10th), Germany (21st) and Switzerland (29th). This is the first time Malaysia has been ranked in the top ten since the World Bank and the International Finance Corporation began compiling the report in 2005. Malaysia was also ranked the 24th most competitive nation in the world by the World Economic Forum in its Global Competitiveness Report 2012-2013. This report also recognised the country's progression from being an efficiency-driven economy to an innovation-driven economy.

The World Bank now ranks Malaysia as the 6th most business-friendly country in the world, ahead of the United Kingdom (10th), Germany (21st) and Switzerland (29th).

MIDA has taken its cue from the Government to ensure that the country's policy initiatives and strategic measures are continuously improved to achieve the investment targets outlined under the national investment agenda. MIDA remains committed to meet the needs of investors with continued pro-business, prudent and pragmatic policies to provide an attractive environment for investments as well as sustainable business growth. Our communication channels are always open to views and the exchange of ideas in formulating effective policies and strategies for the benefit of the business community and Malaysia as a whole. MIDA believes that sound economic management will further strengthen investors' confidence in Malaysia.

Malaysia is privileged to have an abundance of talent and resources that have been able to meet the needs of various industries. The

country's workforce is young, educated and proactive, and is proving to be one of the best in the region. Acknowledging the importance of human capital development, MIDA has initiated several programmes to enhance Malaysia's productivity and competitiveness. In early 2013, the agency established a whole new division that is dedicated to serving investors' human capital needs by facilitating their search for the right talent. To accomplish its objectives, MIDA engages and collaborates with various stakeholders including policymakers, education and training institutions, recruitment agencies and industries.

The country's success at attracting investments has not been the work of MIDA alone. Other Government Ministries and agencies play a critical role in supporting Malaysia's ability to maintain its competitiveness and sustain high levels of private investments. Let me take this opportunity to thank our colleagues at other Government agencies who have collaborated closely with MIDA over the years. Together, we will continue to strengthen the country's ecosystems and highlight the value proposition of Malaysia's business environment, technologies, infrastructure and talent to domestic and foreign investors.

On behalf of the Board, I would also like to thank the management and staff of MIDA for their conscientious work and contributions during the year that have enabled us to achieve the targets we have set for ourselves. Notwithstanding our accomplishments in 2013, we need to accelerate our efforts to realise the exciting potential of Malaysia's economic transformation. It is no longer a quest to increase investment numbers, but rather, to increase the *quality* of those investments. Together, I am confident that we will be able to ensure that Malaysia's economic future remains as bright and promising as ever.

TAN SRI AMIRSHAM A. AZIZ
Chairman, MIDA



Our Quest for Quality

Contrary to popular opinion, the country's economic future does not rest upon its ability to host billion-ringgit megaprojects alone. In 2013, MIDA initiated several measures to ensure that the agency will focus on not only increasing the value of investments, but also the quality of those investments.

I am pleased to present the Annual Report of the Malaysian Investment Development Authority.

As the pace of economic recovery continues to accelerate among the world's advanced economies, it is the world's developing economies that are proving to be the most attractive destinations for foreign investment. While FDI flows to developed economies increased to US\$576 billion in 2013, FDI flows to developing and transition economies rose to US\$885 billion in the same period, suggesting that businesses are seeking greater opportunities abroad.

Investments into Malaysia continued to grow in step with these global trends. FDI flows into the country rose by 34 percent to RM38.2 billion in 2013, making it the seventh top recipient of foreign direct investment (FDI) in Asia ahead of the Republic of Korea, Vietnam and Taiwan. These foreign investments accounted for 27.1 per cent of the country's total approved investments for the year, which soared 31 per cent to RM219.4 billion. These investments are expected to create over 190,000 employment opportunities for Malaysians.

The services sector continues to be the main driver for Malaysia's economic growth, drawing in 4,935 approved projects worth RM147.7 billion in 2013. The vast majority (87.1% or RM128.7 billion) of these projects are owned domestically, while the rest (12.9% or RM19 billion) are foreign. These projects should create 97,021 mostly high-income jobs for Malaysians.

Despite the phenomenal growth of the country's services sector over the past two decades, Malaysia's manufacturing sector nonetheless plays an important role in the country's industrialisation. Direct investments into this sector rose 26.8% to RM52.1 billion within 787 approved projects in 2013, accounting for 23.9% of the year's total approved investments. Foreign investors continue to be the biggest



James Lim, CEO of Balda Solutions Malaysia (right), holding a FOBO wireless tag with Datuk Noharuddin Nordin, CEO of MIDA (left). The FOBO wireless tag uses Bluetooth 4.0 technology and a smart phone app to monitor children, elderly folk, pets, vehicles and valuable belongings. The product - the first of its kind in the world - is the brainchild of an all-Malaysian team and is a testament of Malaysia's ability to supply highly-skilled and knowledgeable manpower.

players in this sector, contributing RM30.5 billion (58.5%) to the year's total investments into the country's manufacturing sector. Investments into the primary sector amounted to RM19.7 billion in 2013, almost all of which (95.4%) went into mining.

NEW STANDARDS OF SUCCESS

The key economic policy behind Malaysia's growth in recent years has been the Economic Transformation Programme (ETP). MIDA has been tasked with spearheading the national investment agenda to help support the goals of the ETP, and MIDA's strategic partnerships with the country's regional corridors and industrial development agencies will help the ETP achieve its objectives. By working hand-in-hand with these agencies, MIDA has successfully strengthened the country's ecosystems and highlighted the value proposition of its business

environments, technologies, infrastructure and talent to domestic and foreign investors. But our work is not yet done.

The exciting potential of Malaysia's economic transformation may only be realised if the country successfully builds upon its strengths. It is already a globally renowned outsourcing destination for transnational companies in the electronics, automotive, machinery manufacturing and oil and gas industries. The country must now leverage its reputation within these industries to become a key player in the aerospace, medical, defence and photovoltaic industries. These sub-sectors are crucial to the country's long-term prosperity.

Contrary to popular opinion, the country's economic future does not rest upon its ability to host billion-ringgit megaprojects alone. Instead, the success of the country's economic transformation hinges upon our ability to move into high-growth, high-value industries that demand innovation, knowledge and creativity. Our quest for quality investments must leverage the best that Malaysia has to offer and advance the country's ambition to become a preferred destination for innovation- and knowledge-based industries.

To this end, MIDA expanded its Key Performance Indicator (KPI) index in 2013 to better reflect the country's investment goals. We want to attract quality investments that revolve around high value-added activities that offer strong linkages with domestic industries. For that to happen, We must focus our efforts on attracting projects that demand talent, creativity and innovation. The agency's KPIs now reflect these goals so that investments will be assessed for their strategic value rather than just their monetary value. With this, MIDA will be able to do its part to rebrand Malaysia as a centre for high technology knowledge and skill-intensive activities.

MIDA's Human Resource Management Division has been given a mandate for ensuring

that MIDA's human capacity possesses the knowledge, skills and training to support the agency's new investment KPIs. The agency's learning and development programmes are now designed to develop new employees and newly promoted officers while nurturing existing positions and preparing future leaders for the agency.

High-quality projects also require high-quality manpower, which is why MIDA also established a new division dedicated to connecting investors with the country's workforce in 2013. The new Talent Management Division helps identify investors' human capital needs and facilitates their search for talent by collaborating with other government agencies, education and training institutions, recruitment agencies and industry partners.

MIDA also has an important role to play in the region's economic development as a whole. The agency is a leading figure in several ASEAN economic cooperation initiatives such as the ASEAN Trade in Goods Agreement (ATIGA), ASEAN Comprehensive Investment Agreement (ACIA), the ASEAN Framework Agreement on Services (AFAS), the ASEAN agreements with various Dialogue Partners, and the bilateral FTAs. These economic initiatives are aimed at making ASEAN a fully integrated investment region, and will thus contribute towards increasing opportunities for trade and investment for businesses located in Malaysia.

Before I sign-off, I wish to extend my thanks and deepest appreciation to my colleagues at MIDA for their support over the years, and I wish Dato' Azman Mahmud a warm welcome as my successor as Chief Executive Officer of MIDA. With his stewardship, I am confident that the agency will march onward to ever greater success, and that Malaysia's investment agenda is in good hands.

Datuk Noharuddin Nordin
Chief Executive Officer, MIDA (2011-2013)



From Strength to Strength

MIDA's new philosophy for attracting investments began to gain traction in 2013 as the global economy turned a corner and the world's advanced economies began to recover from the debilitating effects of the 2009-2010 financial crisis. Global foreign direct investment (FDI) flows rebounded to levels comparable to the pre-crisis average, rising by 9% to an estimated US\$1.45 trillion worldwide.

This growing investor confidence helped Malaysia to attract a record RM219.4 billion in approved direct investments in 2013, a remarkable 30.7 per cent more than the RM167.9 billion recorded in 2012.

The approved investments in 2013 were to fund 5,808 projects comprising 14 megaprojects worth more than RM1 billion each and 82 large projects worth more than RM100 million each. Investment performance improved across all sectors of the economy, with the services sector raking in the bulk of investments approved (RM147.7 billion), followed by the manufacturing sector (RM52.1 billion) and the primary sector (RM19.6 billion). The bulk of these investments came from domestic sources, which is consistent with the Government's goal to have a domestic direct investment-to-foreign direct investment ratio of 73:27 by the year 2020. The year's approved investments are expected to generate about 192,00 new jobs, many of which will be in managerial, supervisory and technical roles that offer higher income opportunities to Malaysians.

The spike in Malaysia's FDI over the past five years has helped reduce the gap in the country's direct investment balance of payments. The country's Direct Investments Abroad (DIA) had exceeded its inflow of FDI by a wide margin between 2007 and 2012, but the gap narrowed significantly in 2013 as Malaysia's FDI surged 34 per cent to RM38.2 billion (2012: RM28.5 billion) while its DIA amounted to RM40.6 billion¹. As of 2013, the country had reduced the net direct investment outflow to RM4.1 billion from RM21.7 billion the year before.

All these developments are in line with the Economic Transformation Programme (ETP), which aims to turn Malaysia into a high-income nation with a Gross National Income (GNI) of RM1.7 trillion by 2020. To achieve this goal, the country needs to attract total investments of RM1.4 trillion during the period of 2011-2020, 92

per cent (RM1.3 trillion) of which must come from the private sector. Malaysian businesses have stepped up to this challenge by increasing their investments into strategic, high-value projects that will propel the country's shift towards becoming a high-income economy. Over 36.8 per cent (RM117.5 million) of grant applications approved under the RM1 billion Domestic Investment Strategic Fund (DISF) programme in 2013 went towards R&D activities, while 11.3 per cent (RM36.1 million) was invested into training. Malaysia's realised private investments (measured in terms of Gross Fixed Capital Formation – GFCF – in current prices) reached a record high of RM160.5 billion in 2013, 8.4 per cent more than the RM148 billion target under the 10th Malaysia Plan and 14.5 per cent more than the RM140.2 billion recorded in 2012.

Over 36.8 per cent (RM117.5 million) of grant applications approved under the RM1 billion Domestic Investment Strategic Fund (DISF) programme in 2013 went towards R&D activities, while 11.3 per cent (RM36.1 million) was invested into training.

Malaysia has done well in positioning itself as a destination for high value-added, high technology, knowledge-intensive investments. The country attracted an impressive RM89.9 billion of investments in quality projects within National Key Economic Areas (NKEAs) in 2013, comprising 41 per cent of the year's total investments. The R&D sub-sector in particular has seen very strong growth, with investments rising from a mere RM7.6 million in 2011 to RM398.1 million in 2013. These investments will grow the technical and research workforce, bolster the appointments of researchers, increase patent and design registrations and ultimately contribute to higher R&D spending in the country.

¹ Bank Negara Malaysia Annual Report 2013

INVESTMENTS IN THE SERVICES SECTOR

The services sector continues to be an important engine of growth for Malaysia's economy and is the country's largest employer, utilising 60% of the country's workforce². More than 65 per cent of global GDP comes from services, and about 50 per cent of FDI to developing countries is in the services sector³.

To capture a greater share of this FDI flow, Malaysia began to liberalise its own services sector in 2009. Studies have shown that improving industry's access to business services can increase a country's productivity and competitiveness across many other key sectors of its economy – manufacturing, agriculture and the services sector itself. Once the country's liberalisation initiatives had kicked-off, in 2010 MIDA was tasked with attracting investments into the country's services sector in addition to being the country's primary manufacturing investment promotion agency.

Over the last few years, MIDA has put into place the processes, systems and people that will be necessary for undertaking this new challenge. In 2013, many of the agency's initiatives began to take effect. It helped to increase investments into the services sector by 20.2 per cent to RM147.7 billion (2012: 122.9 billion) in 2013, comprising 67.3 per cent of the year's total investments. These investments will fund 4,935 approved projects that are expected to create 97,021 job opportunities, most of which will be high-income opportunities for Malaysians.

About 87.1 per cent of the investments into the services sector in 2013 came from domestic sources (RM128.7 billion), with the rest coming from foreign investors (RM19 billion). The real estate sub-sector continued to be the leading attraction, drawing RM83.3 billion worth of investments approved, followed by the power and utilities sub-sector (RM9.1 billion), global



The Tourism sub-sector attracted RM7 bil. in approved investments in 2013.

operations hubs (RM7.9 billion), transport (RM7.9 billion) and hotels and tourism (RM7 billion).

While the investment performance of these sub-sectors is admirable, the Government is nonetheless keen to exploit the economic potential of knowledge-intensive services, particularly in underdeveloped service sub-sectors in which Malaysia already has some experience. As an example, Malaysia's sterling track record in E&E and oleo chemicals manufacturing make it ideally suited to become an R&D hub for these industries. There are extensive opportunities for the growth of R&D services within these industries, and the country is working hard to achieve R&D intensity (GERD) of at least 2.0% by 2020. The country made good progress towards achieving this goal in 2013, with investments into the R&D sub-sector rising to RM386.1 million from RM243.2 million in 2012.

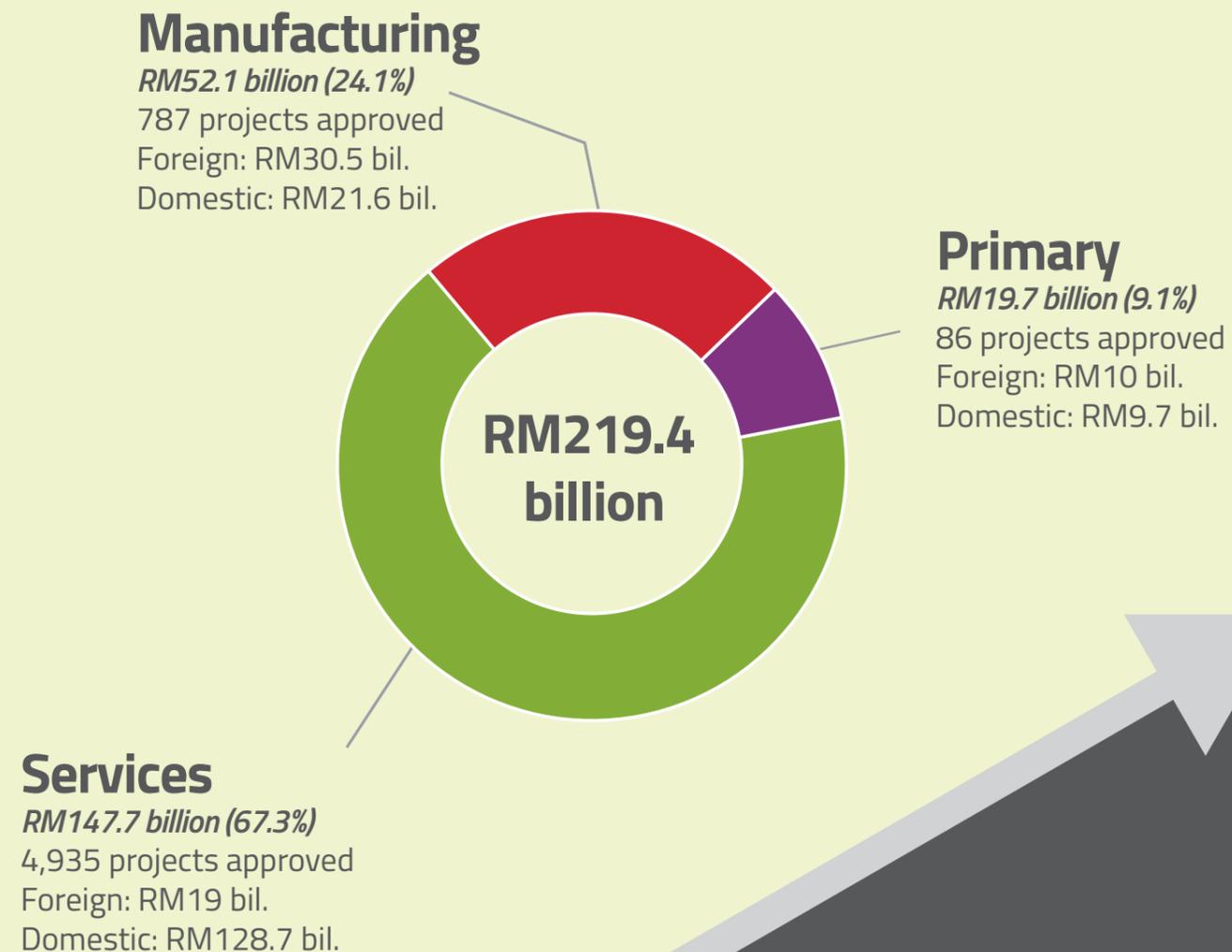
There are extensive opportunities for the growth of R&D services within these industries, and the country is working hard to achieve R&D intensity (GERD) of at least 2.0% by 2020.

SERVING ASIA

Malaysia's geographical advantage continues to be a key factor in the country's success in attracting regional hubs to its shores.

² Bank Negara Malaysia Annual Report 2013
³ Economic Planning Unit

INVESTMENTS APPROVED, 2013



GROWING INVESTOR CONFIDENCE

helped Malaysia to attract a record RM219.4 billion in approved direct investments in 2013, a remarkable 30.7 per cent more than the RM167.9 billion recorded in 2012. The approved investments in 2013 were to fund 5,808 projects comprising 14 megaprojects worth more than RM1 billion each and 82 large projects worth more than RM100 million each. Investment performance improved across all sectors of the economy, with the services sector raking in the bulk of investments approved (RM147.7 billion), followed by the manufacturing sector (RM52.1 billion) and the primary sector (RM19.6 billion). The bulk of these investments came from domestic sources (72.9 per cent).

However, the Government's commitment towards continuously improving the country's infrastructure and human capital have also proved decisive in investors' decisions to set up shop here. Indeed, AT Kearney's Global Services Location Index (formerly known as the Offshore Location Attractiveness Index) has consistently ranked Malaysia as the third most attractive business location for Business Process Outsourcing behind India and the People's Republic of China (PRC), largely due to the country's continued investment in world-class infrastructure, its system of incentives, expatriate employment flexibility and efforts to deepen the country's command of the English language and technical know-how.

MIDA has had a key role in the expansion of the country's status as a preferred destination for regional headquarters. As at 31 December

2013, a total of 3,350 projects were approved to establish regional operations in Malaysia comprising 238 Operational Headquarters (OHQs), 237 International Procurement Centres (IPCs), 30 Regional Distribution Centres (RDCs), 938 Regional Offices and 1,903 Representative Offices. The country has also recently begun to explore the potential of regional or global Treasury Management Centres (TMCs), with four TMCs approved in 2013. Besides regional headquarters, an additional nine Global Operations Hubs were approved in 2013 to the tune of RM7.9 billion in investments. These include projects by Intel, BMW and Exxon Mobil and are expected to provide an additional 15,877 employment opportunities for Malaysians.

According to UNCTAD's World Investment Report 2013, the global value of offshore services in 2010 stood at US\$ 300 billion. A separate study by AT Kearney in 2011 indicates that global services offshoring has become a natural element in corporate services supply chain management as technology makes the practice increasingly more efficient and effective. As an open economy, Malaysia is very cognizant of these global economic trends, and the Government has adopted several policies and measures designed to ensure the continuous growth and development of these industries within the country.

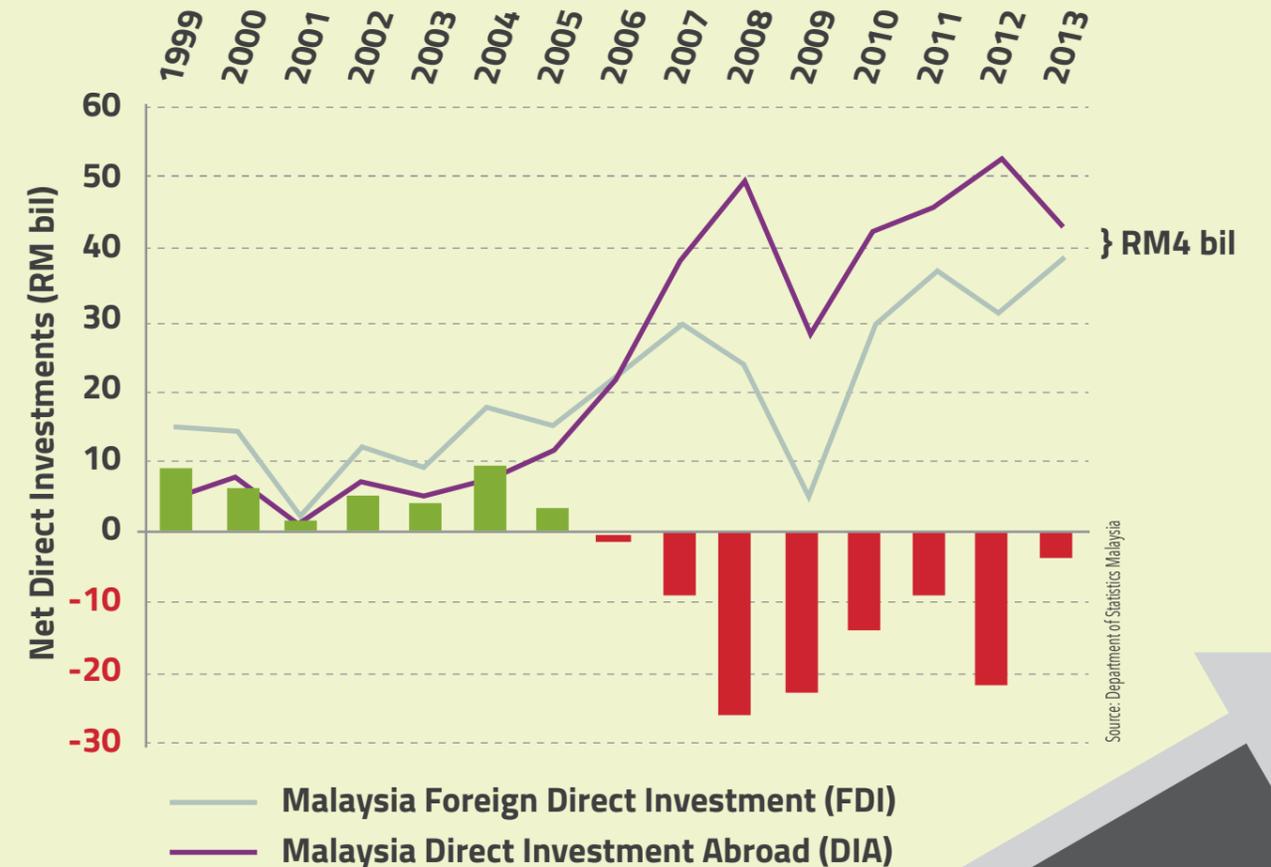
The **healthcare sub-sector** is expanding in parallel with Asia Pacific's healthcare market, which is growing at a cumulative annual growth rate (CAGR) of 12.8 per cent. In 2012, Malaysia's healthcare market was valued at RM7.34 billion and is estimated to grow to RM11.9 billion by 2018. The main industries which will continue to provide growth are medical tourism and the establishment of private hospitals serving niche markets.

Healthcare tourism is proving popular in this region due to its value-for-money and the high quality of medical care available. As one of Asia's most recognised developing countries, Malaysia



Malaysia's healthcare market was valued at RM7.34 billion in 2012 and is estimated to grow to RM11.9 billion by 2018.

NET DIRECT INVESTMENT, 1999-2013



Source: Department of Statistics Malaysia

DIRECT INVESTMENTS ABROAD

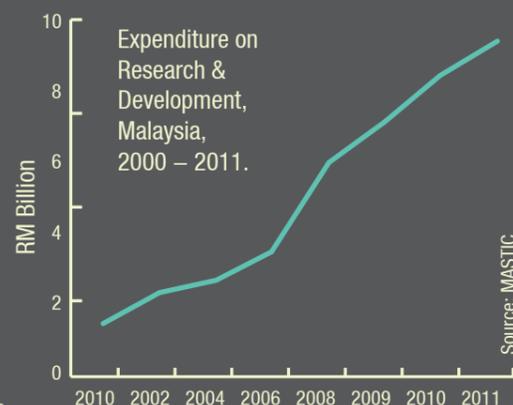
(DIA) has exceeded the inflow of Foreign Direct Investments (FDI) by a wide margin since 2007. However, the dramatic increase in foreign direct investments in Malaysia over the past five years has significantly narrowed the gap between direct investment inflows and outflows. Malaysia's FDI surged 34 per cent to RM38.2 billion in 2013 (2012: RM28.5 billion), while its DIA over the same period amounted to RM42.9 billion. As of 2013, the country had reduced the net direct investment outflow to RM4.1 billion from RM21.7 billion the year before.

Valuable Incentives for R&D Services

Investments into R&D Services have risen steadily in tandem with the country's shift towards becoming an innovation-led economy.

The Government offers various incentives to encourage investments into R&D services such as corporate tax exemption, double deduction on expenses for the use of facilities and services of approved research institutions, double deductions on cash contributions to research institutions, double deductions on revenue expenditures for approved research projects and exemptions on import duties and sales taxes on equipment and raw materials used for R&D activities. In 2013, MIDA approved 23 projects for R&D and Industrial Design tax incentives with total investments amounting to RM386.1 million. Out of these 23 projects, 10 were approved as R&D Status companies while a further seven were approved as Contract R&D Status companies. The clients of these firms enjoy double deduction incentives on their research expenditure.

To intensify R&D within the country's E&E industry, the Government has also established the Collaborative Research in Science, Engineering



& Technology (CREST). CREST provides R&D Grants to support research activities in various science and engineering disciplines that are relevant to E&E sector, with all funded research projects being collaborative projects between universities and companies. The grant also funds postgraduate students participating in the research work. The Innovation Design Academy mooted by CREST aims to enhance local design outsourcing capabilities, particularly in IC Design and Validation, Embedded Systems and Hardware and Software Testing and Validation. Through this programme, local designers and companies will be able to develop solutions for MNCs both domestically and globally.

has immense potential in medical tourism, which has been earmarked as a very important industry within the healthcare sub-sector. The industry has experienced a remarkable accumulated growth rate of 63 per cent over the last three years – 770,000 healthcare travellers visited the country in 2013 compared to only 392,000 in 2010. In terms of total revenue, the industry grew

from RM379 million in 2010 to RM690 million in 2013, with an accumulated growth rate of 51 per cent for the same period.

Malaysia has an efficient, two-tier healthcare system in which a government-run, universal healthcare system co-exists with a private healthcare system. While highly-skilled medical

areas such as ophthalmology, neurology and cardiology once used to be the sole domain of government-run facilities, private hospitals have made tremendous improvements to their capacities and capabilities in these areas in recent years. The private healthcare sub-sector is now able to offer expertise in diverse fields including oncology, fertility treatment, bariatric surgery, orthopaedics, dental implants, ophthalmology, neurology and aesthetic procedures. As at 31 December 2013, there were 192 licensed private hospitals, 6,801 private clinics, 54 private ambulatory care centres and 1,686 private dental clinics in the country⁴.

Another sub-sector that was recently liberalised by the Government is the private education sub-sector, which now allows 100% foreign equity ownership. In 2013, a total of 617 projects were approved in this sub-sector with investments totalling RM2.1 billion, more than double the RM936.6 million recorded in 2012. To date, there are 20 public and 29 private universities in the country as well as almost 450 private colleges and almost 350 polytechnics and industrial training institutes. These centres offer a wide range of disciplines at every level of education including short-term and professional courses certificate, diploma, degree and post-graduate degree qualifications.

Malaysia has attracted a number of world-class universities to establish their branches in Malaysia including Johns Hopkins University, Monash University, Southampton University for Engineering, Nottingham University, Herriot Watt University, Reading University and Newcastle University for Medicine. Many of these universities are ranked among the world's top 100 Universities as measured by Times Higher Education.

Malaysia's education sub-sector will play a crucial role in the development of the nation. Technical Vocational Education and Training

⁴ Ministry of Health Malaysia

(TVET) has been identified as a critical enabler for the success of the ETP, with nearly one million jobs requiring vocational certificates or diplomas by 2020. MIDA is focusing its promotional efforts on attracting more world-class TVET institutions and universities to Malaysia to ensure that the country's pipeline of talent remains secure and relevant to the nation's needs.

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The hospitality and tourism sub-sector is one of Malaysia's fastest-growing economic sectors, contributing RM65.44 billion to GDP in 2013. The number of tourists visiting the country has more than doubled over the past decade, from about 10 million in 2010 to 25.72 million in 2013. The sub-sector attracted a total of 122 projects with approved investments of RM7 billion in 2013, the majority of which (88.3 per cent) came from domestic investments.

The tourism industry was the sixth largest contributor to the Malaysian economy in 2013, contributing RM51.5 billion to GNI compared to RM47.2 billion in 2012. Average tourist spending per capita also rose to RM2,544.90 per person compared to RM2,419.10 per person the year before. Based on UNWTO's World Tourism Barometer, Malaysia is the 10th most-visited country in the world, with most visitors from ASEAN (19.1 million or 74.3%. In 2012, Kuala Lumpur was ranked the fourth best shopping city in the world in CNN Travel's survey, ahead of well-established shopping hubs such as Paris, Hong Kong and Dubai. Kuala Lumpur was also crowned the 2nd best shopping destination in Asia Pacific by Globe Shopper Index.

Private Schooling Takes Off

The Government's move to liberalise the education sub-sector in 2009 has spawned a flurry of private investment within the sub-sector.

Back in 2009, the Malaysian Government decided to liberalise the education sub-sector to allow 100% foreign equity ownership. The move resulted in a steady increase in foreign investment in the sub-sector, which rose from RM26.3 million in 2012 to RM182.7 million in 2013.

Malaysia has four priority areas for its national education goals, ranging from early childcare to tertiary education. The early childcare market (from birth to four years) is largely untapped with a low four per cent enrolment rate. Although private sector participation in pre-school education (five to six years) has been more significant, there is increasing demand for better quality preschool education. Enrolment in international schools has been steadily increasing since 2006, when the government liberalised the intake of Malaysian students. Malaysians now make up nearly 43% of students enrolled in



international schools. In addition, about 46% of students pursuing tertiary education are enrolled in private higher education institutions.

MIDA's promotional activities and efforts in developing this sub-sector includes engaging with relevant government agencies, associations and industry players as well as going on specific project missions to attract high-value niche projects. By 2020, the sub-sector is expected to generate RM61.6 billion in Gross National Income and attract RM11.9 billion in private investments annually.

The Government has put in place several tax incentives to encourage investments and to support the growth of the tourism industry. Activities eligible for the incentives include the establishment or expansion of one-to-five star hotels, the establishment or expansion of tourism projects and the establishment of recreational camps and convention centres. In conjunction with Visit Malaysia Year 2014, the tax incentives for four-and-five star hotels has been extended until 2016. The Visit Malaysia Year 2014

campaign is targeted to bring in 28.8 million foreign tourists into Malaysia and RM76 billion in tourism receipts.

The Government has mapped out a blueprint of targets for the Ministry of Tourism and Culture (MOTAC) through various initiatives to stimulate the tourism industry's continued development. This includes the continued liberalisation of some tourism industries, increasing the availability of incentives, developing more tourist destinations

and increasing the involvement of the private sector.

Renewable energy will play an important part in the country's energy supply mix in the future. Malaysia's efforts to encourage greener and more sustainable industrial activities have begun to bear fruit with the increasing popularity of eco-friendly energy solutions in both the consumer and industrial sectors. It has initiated various measures to encourage investments into both renewable energy (RE) and energy efficiency (EE) projects.

The Government has set some definite targets to promote the RE industry under the Tenth Malaysia Plan – by 2015, five per cent (985 MW) of the country's energy needs should come from RE sources, and by 2020, at least 11% of the nation's energy should be renewable. Potential sources of RE in Malaysia include solar, biomass, biogas and mini-hydro projects. Mixed projects that utilise two or more technologies at the same time have also been implemented successfully in some regions. As of December 2013, a total of 2,760 RE projects were approved with a total capacity of 536 MW.

Investors' response to the Feed-in Tariff mechanism (introduced in 2011) and various tax incentives designed to accelerate investments into RE has been encouraging. However, the uptake of EE projects has not kept pace with these developments due to the low electricity tariff regime. MIDA will redouble its efforts to encourage businesses with high energy consumption patterns to invest into EE initiatives that can reduce cost of doing business and also make their business more sustainable.

Malaysia's oil and gas (O&G) industry has been a major contributor to the country's GDP since 1972. In 2013, MIDA facilitated seven companies in their projects with committed investments of RM5.5 billion which are expected to generate 330 job opportunities. MIDA also had dialogues with PETRONAS, Malaysian



Malaysia's renewable energy industry continues to attract investor interest. As of December 2013, a total of 2,760 RE projects were approved with a total capacity of 536 MW. Image courtesy of SIRIM Berhad.

Petroleum Resources Corporation (MPRC), Malaysia Oil and Gas Services Council (MOGSC), American Petroleum Institute (API) and other relevant agencies to identify the direction and development of the oil and gas sector. In addition, it organised special project missions to the United Kingdom, Netherlands, France, Norway and the United States to promote Malaysia's O&G industry.

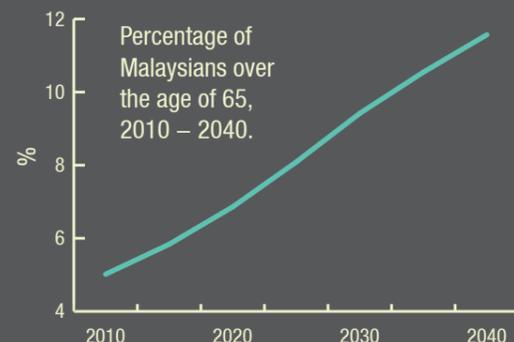
Malaysia has a current aggregate production rate of 730,000 barrels of crude oil per day and 56.63 million standard cubic meters per day of natural gas, making it the third-largest exporter of liquefied natural gas (LNG) in the world.

Malaysia has a current aggregate production rate of 730,000 barrels of crude oil per day and 56.63 million standard cubic meters per day of natural gas, making it the third-largest exporter of liquefied natural gas (LNG) in the world. Malaysia is well positioned to be a regional hub for oil and gas machinery, equipment, fabrication and services. The country has strong capabilities in both greenfield and brownfield activities, and the recent shift of exploration to deepwater areas in the Asia Pacific region has created many opportunities for investors. Overall, these activities are expected to create more than 52,

A Healthy Investment Opportunity

Under the autonomous liberalisation policy, private hospitals, private medical clinics and dental specialist clinics are allowed to have up to 100% foreign equity ownership.

The landscape for the healthcare industry is transforming in tandem with Malaysia's changing demographics. As the population ages, the Government is actively promoting industries targeted at caring for senior citizens, including the development of retirement villages, mobile healthcare services and institutional care facilities. To support this industry, work is underway to develop legislation to govern Integrated Residential Care Centres (IRCC). Negotiations are also in progress to encourage banks to offer reverse mortgage products and insurance companies to introduce products that cover homecare and long-term care needs. This industry is expected to create 11,400 new jobs and generate RM1 billion in GNI by 2020.



Malaysia is also positioning itself as the region's destination of choice for medical tourism and healthcare travel, although aggressive competition from neighbouring countries such as Singapore and Thailand is challenging the industry in new ways. Malaysia's first integrated Health and Wellness resort at Mines Wellness City (MWC) is expected to become one of the region's leading health tourism destinations, and the Government is offering several tax incentives to investors in this project. Medical specialists employed in MWC will also enjoy conditional automatic employment and professional pass approval.

000 job opportunities by 2020, with 50 per cent of the jobs being in engineering and geology.

To support the growth of the O&G sub-sector, MIDA is intensifying its promotional efforts to attract improved/enhanced oil recovery (EOR) specialists and integrated solution providers for marginal fields, deep water fields, high carbon dioxide gas fields and high pressure/high temperature fields. The Government is also encouraging investments into maintenance, repairs and overhaul (MRO) services as well as

inspection and testing services. Other specialty services that have been targeted include seismic data acquisition, interpretation and processing services; engineering design, procurement and construction of production facilities; and corrosion engineering and environmental engineering services.

Another exciting industry in Malaysia is the aerospace sub-sector, which comprises the aviation and space sub-sectors. In 2013, six projects were approved in the aerospace

industry with investments of RM387.3 million. Foreign investments in these projects amounted to RM196.7 million (51%), while domestic investments totalled RM190.6 million (49%). There are nine companies in Malaysia involved in aircraft assembly, 20 companies involved in the manufacture of aircraft parts and components including ground support equipment, and more than 34 companies involved in MRO activities. Many of these companies are joint-ventures involving foreign investors due to their technology and expertise – the aerospace industry is governed by stringent compliance requirements to ensure that products and components are airworthy. The industry is also very technology intensive and involves a high degree of R&D which will lead to higher levels of technology and skills among Malaysians. These skills are transferable to many other sectors of the economy.

The aerospace industry is expected to contribute an additional RM16 billion to gross domestic product (GDP) and create about 32,000 job opportunities by 2020. The Malaysia International Aerospace Centre (MIAC) in Subang will help Malaysia achieve this objective, while the Composite Technology City at the Batu Berendam Airport in Melaka is spearheading the country's efforts to become a leader in the manufacture of lightweight composites.

The Government has also agreed to establish an Aerostructure Manufacturing Innovation Centre to carry out R&D relating to aircraft structure manufacturing and to also serve as a high-level study and training centre. A collaboration between the Government of Malaysia, EADS and Rolls Royce, the centre is an industry-driven organisation pairing industry demands for research and technology with local Malaysian capabilities. MIDA is actively promoting investments into aerospace design, manufacturing and assembly activities as well as support services such as MRO activities and training centres for flight crews, engineers, air traffic controllers and technicians.



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OUTLOOK

In 2013, Malaysia's services sector contributed about 55.2 per cent to the country's GDP⁵. However, this figure is expected to rise to 67 per cent in tandem with continued horizontal diversification of the country's economy. The launch of the long-anticipated Services Sector Blueprint in 2014 is expected to have a strong impact on the country's services sector. The blueprint will outline the broad strategies and measures the Government intends to adopt in developing the services sector and will also identify subsectors with particularly strong economic potential that the country should pursue aggressively. MIDA is looking forward to spearheading the investment agenda of the

⁵ Bank Negara Malaysia Annual Report 2013

blueprint and to further enhance its efforts at growing investments into the services sector.

Moving forward, private investment into the services sector is expected to be driven by domestic investors, with increased capital spending in the healthcare and education sectors driven by Malaysia's transformation into a medical and education hub. Domestic spending and tourism activities are also expected to drive investments into hotels and tourism projects as well as retail trade.

Investment in the residential property segment is also expected to remain firm supported by the construction of mid-range residential properties to meet rising demand for affordable housing. In addition, the telecommunications sub-sector's continuous upgrading and capacity expansion to support mobile data growth is expected to attract a significant amount of investments over the next few years.

The ASEAN Framework Agreement on Services (AFAS) will facilitate the free flow of services in the ASEAN Economic Community (AEC) in 2015, and Malaysia is uniquely positioned to take advantage of the free and fair trade of services in the region. Investors are eager to establish strong regional presences to serve South East Asia's US\$2 trillion economy, in which five developing countries (Indonesia, Malaysia, Philippines, Thailand and Viet Nam) are expected to have long-term average annual GDP growth of 7% up to the year 2050. The APEC Agenda on Regional Connectivity and the Master Plan on ASEAN Connectivity are also expected to lean heavily on Malaysia's intra-SEA connectivity routes and infrastructure and will no doubt prove to be very important factors in the decisions of MNCs seeking to establish themselves in the region.

The Government's commitments to AFAS so far cover the liberalisation of 100 services sub-sectors, with a further 20 sub-sectors due to be liberalised in 2014. The Government will continue

Table 3: Number of Sub-Sectors to be Liberalised

Year	Number of New Sub-Sectors	Minimum Total Number of Sub-Sectors Committed
2010	4	3
2012	11	6
2014	450	460
2015	4	3

Source: Ministry of International Trade and Industry (MITI)

to explore the progressive liberalisation of other services sub-sectors that could contribute and add value to Malaysia's economic development. The tourism, healthcare, construction and private education sub-sectors have all been able to capitalise on greater market liberalisation. However, other sub-sectors may have problems adjusting to the changes that these liberalisation initiatives will bring. MIDA will monitor the pulse of the market carefully to gauge how investors react to these liberalisation initiatives and ensure that they are not unduly affected by shifts in market dynamics.

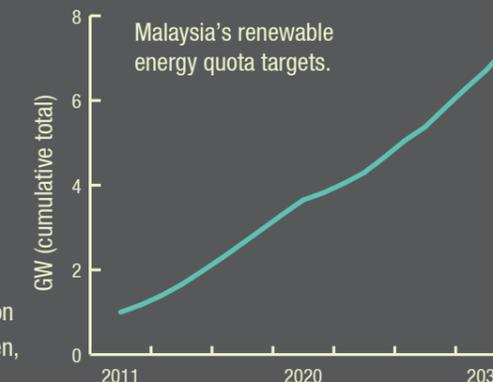
INVESTMENTS IN THE MANUFACTURING SECTOR

Malaysia's manufacturing sector continues to yield significant opportunities as the country substitutes low-value-added economic activities for high-value-added activities that promise long-term, sustainable growth. The sector attracted investments worth RM52.1 billion (23.7%) in 787 approved projects in 2013, which is 26.8 per cent more than the RM41.1 billion achieved in 2012. Foreign investments amounted to RM30.5 billion (58.5%) of the total investments, while domestic investments of RM21.6 billion (41.5%) made up the rest.

The leading source of foreign investments in 2013 was the USA (RM6.3 billion), followed by the Republic of Korea (RM5.5 billion) and the European Union (EU) (RM5.1 billion). Other notable foreign investors include Singapore

Wanted: Green Investors

The escalating environmental costs of industry and consumerism have prompted the Government to make green technology a priority area of development for Malaysia.



At the United Nations Framework Conference on Climate Change (UNFCCC)-COP 15 Copenhagen, Malaysia announced that it would voluntarily reduce its greenhouse gas emissions to 40 per cent by the year 2020 compared to its 2005 levels subject to assistance from developed countries. To this end, the Green Technology Foresight 2030 joint initiative by the Malaysian Industry-Government Group for High Technology (MIGHT) and the Ministry of Energy, Green Technology and Water, Malaysia (KeTTHA) has identified several green initiatives within the building, energy, forestry, ICT, manufacturing, transportation, waste and water sub-sectors that will enable Malaysia to achieve its environmental goals.

The most lucrative investment opportunities lie in green energy generation and utilisation projects, including co-generation by the industrial and commercial sectors. The Government is also

encouraging the adoption of green technology in the construction, management, maintenance and demolition of buildings. Malaysia would particularly welcome green technology projects that can improve the country's water and waste management systems, such as waste water treatment projects and solid waste and sanitary landfills. Green technology applications in the transportation sub-sector including infrastructure and vehicles, biofuels and public road transport are also very much encouraged.

These initiatives represent valuable investment opportunities for investors that are able to leverage green technology to accelerate the national economy and promote sustainable development.

(RM4.5 billion) and Japan (RM3.6 billion). These five economies jointly accounted for 82% of total foreign investments approved in the manufacturing sector for 2013, which are expected to create 93,000 employment opportunities. About 75,000 of these jobs are in managerial, technical, supervisory and skilled worker categories. It is encouraging to note that the composition of employment in the Managerial, Technical, Supervisory and Skilled Manpower

(MTSS) category for the manufacturing sector increased to 81.4% in 2013 from 73.5% in 2012 due to the greater demand and availability of higher skilled manpower. Most of the employment opportunities created are in the Electrical & Electronics (E&E), rubber products and transport equipment sub-sectors.

Capital intensity in 2013 stood at RM560,299 as measured by the capital investment per

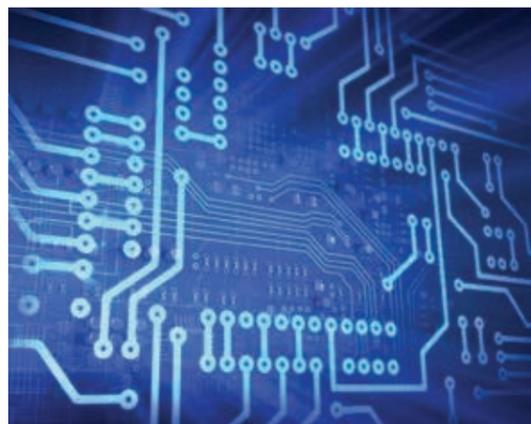
employee (CIPE) ratio of projects approved. The industries with the highest CIPE ratio in 2013 were petroleum products including petrochemicals (RM9.4 million), basic metal products (RM1.6 million) and chemicals & chemical products (RM1.5 million). There were 14 projects with investments of more than RM1 billion each. Investments in these projects totalled RM24.8 billion or 47.6% of approved investments in the manufacturing sector for the year. All these projects will have substantial multiplier effects on the manufacturing sector and the economy, including forward-and-backward linkages, the development of skills and supporting industries, the transfer of new technologies and R&D as well as local sourcing.

The Government continues to undertake various measures and initiatives at the federal and state level to facilitate investors in the implementation of approved projects. Including projects approved in 2013, the total number of manufacturing projects approved between 2009 and 2013 now stands at 4,113, of which 3,124 (76%) have been implemented. As at 31 December 2013, a total of 2,845 of these projects were in production with the rest still under construction or in the stage of final machinery installation. A further 77 projects have acquired sites for factories, while 720 projects are in the active planning stage.

BIG VALUE

The electrical and electronics (E&E) sub-sector is Malaysia's largest manufacturing sub-sector, contributing 24.5 per cent to the Malaysia's Gross Domestic Product (GDP). As of 2013, total realised investments in the E&E sub-sector stood at RM154.51 billion (31.1% of total investments in the manufacturing sector), with companies employing 739,860 people or 36.4 per cent of the total workforce.

Exports of E&E products in 2013 comprised 49 per cent of the country's total manufactured

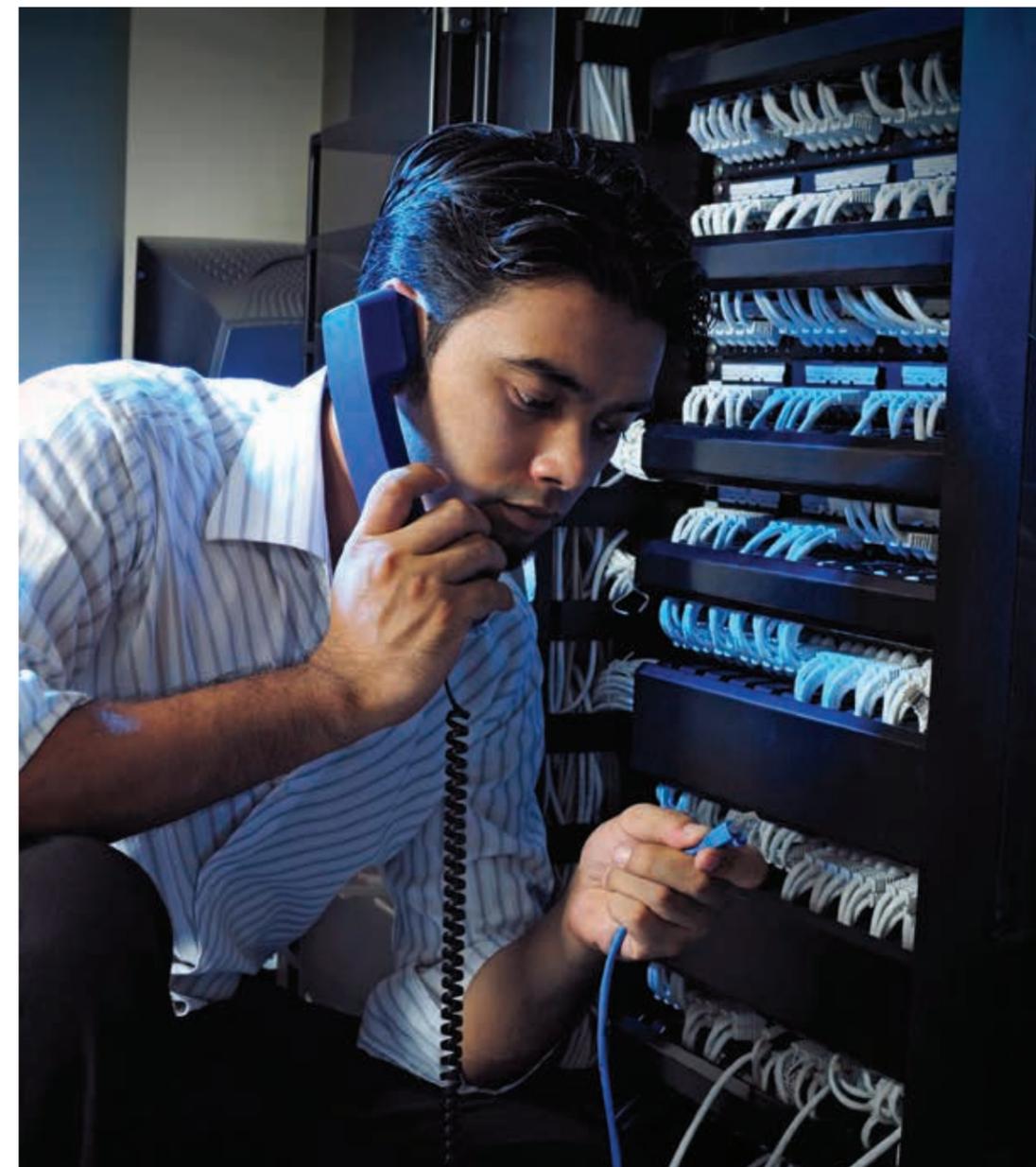


Malaysia is the fifth largest exporter of semiconductor devices in the world. About 90% of the country's total electronic components exports comprise semiconductors.

exports in 2013 (RM237 billion), helping Malaysia become the fifth largest semiconductor exporter in the world in 2013. The International Data Corporation (IDC) has forecast that worldwide semiconductor revenues are expected to improve by 2.9 per cent year-over-year in 2014 to US\$329 billion and to reach US\$366 billion in 2017. This growth will be driven by strong demand for memory and logic products and an increase in semiconductor content in automobiles for applications such as in-vehicle infotainment and semiconductors for smartphones.

The global trend towards the Internet of Things (IoT) is expected to have a major impact on the semiconductor industry. Sensors and microelectromechanical devices (MEMs) play a major role in this development. If Malaysia is to keep pace with this global shift toward IoT, it must accelerate its move into creating higher value sensors and MEMs. The growth of the local electronics industry is also riding on the enormous potential of the mobile devices market. Malaysia supplies some of the most prominent mobile phone makers globally with components such as sensors and radio frequency (RF) chips.

Besides the semiconductor industry, the solar and LED industries also need to be further developed to meet global demands.



Industrialists are being encouraged to move-up the value-chain and to undertake R&D activities in both these industries. MIDA has identified the missing pieces in the ecosystems of both these industries and is actively seeking potential companies to fill these gaps. Besides organising Special Project Missions (SPMs) to countries endowed with advanced technologies and source of investments, MIDA also participates in international events and exhibitions that will

showcase Malaysia's capabilities in these and other target industries.

Existing E&E companies have not only expanded their operations horizontally but are also extending the vertical integration of their operations by incorporating higher-end activities, particularly in D&D activities. Local SMEs also play a major role in supporting the growth of the electronics industry, having learned the tricks of the trade from years of exposure to numerous

Engineering Rocks

The engineering supporting industry plays a crucial role in Malaysia's economic transformation.



The M&E and many other sectors of the economy is supported in large part by the engineering supporting industry, which offers mould and die, machining, metal stamping, metal casting, surface engineering, heat treatment and forging activities. A total of 17 projects were approved in this industry in 2013 with investments of RM528.3 million, most of which came from foreign investors.

The challenging economic macroenvironment and the continued popularity of low-cost, labour-intensive economies in the region is challenging Malaysia's engineering supporting industry. This sub-sector can best compete by producing high value-added products and integrated services that focus on design-and-development (D&D), stringent quality assurance and on-time delivery.

Malaysia is positioning itself as a 'One Stop Centre' for engineering services by upgrading its facilities and acquiring technologies to meet the stringent requirements of Original Equipment Manufacturers (OEMs). The industry is already

gearing up for international certification for the supply of parts and components for the oil and gas, aerospace and medical industries. As the global outsourcing market is growing rapidly, investment opportunities abound for total solution providers within this industry, especially for high technology activities.

Companies in this industry need to consolidate and rationalise themselves to provide total solutions to complement the growth of the manufacturing sector in Malaysia which is moving towards high technology, capital-intensive and high value-added industries. In doing so, the country will be able to offer integrated services from product conception to design, prototyping and production as well as managing procurement, logistics, packaging, testing and certification.

multinational companies (MNCs) operating in Malaysia. The courage and entrepreneurial spirit among these enterprising local talents have created numerous SMEs that provide high value services and products.

The Government has also earmarked the machinery and equipment (M&E) industry as a key growth area for Malaysia's economy, specifically within the manufacture of high value-

added and advanced technology M&E. A robust M&E sector will spearhead Malaysia's transition into a high technology nation due to its strong linkages to many other key economic sectors. In 2013, a total of 90 projects with investments of RM2 billion were approved in the M&E industry that are expected to generate 4,726 new jobs. Foreign investors accounted for the bulk of these investments (61% or RM1.2 billion), with

domestic investors making up the rest (39% or RM771.2 million).

The future direction of the M&E industry will continue to focus on high technology and high value-added M&E. The specialised M&E sub-sector will be a major growth area within the M&E industry and facilitate Malaysia's shift towards high technology, high skilled activities that yield higher incomes. In addition, as demand for energy-efficient M&E increases, companies in the power generating M&E sub-sector are expected to move up the value chain into the manufacture of environmental-friendly power-generating systems and renewable energy solutions such as water and wind turbines and photovoltaic power generating systems.

The metalworking machinery sub-sector produces metal cutting machine tools and metal forming/ shaping machine tools, which is the main focus of domestic companies. This is because the technology required to make metal cutting tools is exceptionally challenging to engineer, and very few companies are able to meet the exacting standards of customers. MIDA's promotional efforts in this sub-sector are not only focused on manufacturing facilities but also Regional Technology Centres and Regional or International Procurement Centres that will raise the profile of Malaysia as a centre for engineering excellence.

In contrast, Malaysia's general industrial M&E, modules and components sub-sector has already successfully transitioned into a globally-competitive industry, with domestic companies having attained international recognition. Malaysia is already the leading manufacturer in the South East Asian region for pressure vessels, process equipment and modules for the chemical, petrochemical, and oil & gas industries. The industry is now advancing into the manufacture of state-of-the-art M&E for high tech industries such as the front-end semiconductor processing, medical and oil & gas.



Companies in the power generating M&E sub-sector are expected to move up the value chain into the manufacture of environmental-friendly power-generating systems and renewable energy solutions such as water and wind turbines and photovoltaic power generating systems.

The M&E and engineering supporting industries play a crucial role in supporting Malaysia's automotive industry, which attracted investments of RM5.6 billion in 63 approved projects in 2013. There are currently about 800 component manufacturers in the industry today, of which about 80 per cent are Malaysian-owned. More than 70 per cent of these companies have acquired international standards such as ISO 9000, TS16949 and ISO 14000 and have been successful in exporting their products to Japan, Germany and the UK. The industry is creating new advanced automotive technology clusters and enhancing its product development through R&D activities and the introduction of new technology. The National Automotive Policy 2014 will focus on turning Malaysia into a regional hub for energy-efficient vehicles (EEV) while increasing the exports of vehicles and automotive components. The industry's contribution to

A Druggists Dream

Malaysia's pharmaceuticals industry has tremendous potential for growth.

As with most countries, the manufacturing of pharmaceutical products in Malaysia is heavily regulated. As of December 2013, there were 263 facilities licensed by the Drug Control Authority (DCA) in Malaysia, over two-thirds of which produce traditional medicines. Other domestic producers manufacture generic drugs, health supplements and natural products. In 2013, a total of 12 projects with investments of RM539 million were approved in this industry.

The Malaysian pharmaceutical market was valued at US\$2.11 billion in 2013, with export growth averaging 10–12 per cent annually. Malaysia's pharmaceutical industry relies heavily on foreign innovations and generic drugs, especially for modern and high-tech treatments. However, the country has the capability to produce almost all dosage forms, including sterile preparations such as eye drops, injections and soft gelatine capsules. Local manufacturers have also developed and launched patented generics and herbal products using their own brands.



The industry intends to capitalise on the impending patent expiries of major drugs such as Oxycontin, Lipitor and Cymbalta among others and use this as a base for increasing the exports of Malaysian-made pharmaceutical products. The Government is particularly keen on high value-added pharmaceutical products and ingredients such as vaccines and biosimilars as well as new chemical entities and nutraceuticals. As a member of the OIC and a respected world leader in halal goods, Malaysia also intends to become a major producer of halal pharmaceuticals that will be manufactured according to the MS 2424:2012 Halal Pharmaceutical standard.

Malaysia's GDP is expected to increase by at least 2.1 per cent in 2014.

DRIVING COMPETITIVENESS

While heavy industrial activities such as E&E manufacturing, metals, machinery and engineering dominate Malaysia's economic landscape, the country is slowly becoming a major player in light, high value-added industries that offer exceptionally good growth prospects.

One such industry is the chemicals and chemical products sub-sector, which plays a vital role in Malaysia's economic development.

The chemicals industry is an integral part of the manufacturing sector as it provides critical input for many industries such as electrical and electronics, automotive, textiles as well as agricultural development. Unsurprisingly, the two biggest chemical industries in Malaysia are petrochemicals and oleo chemicals. The competitive prices of feedstock for these

industries makes Malaysia a very viable regional chemical hub and has been a major factor in the sub-sector's success at attracting investments from leading petrochemical and chemical manufacturers. The rapid growth of the industry is mainly due to the availability of oil, gas and palm oil as feedstock, the country's well-developed infrastructure and its strong base of supporting services. Investors are also attracted to Malaysia's strategic location within ASEAN and its close proximity to major markets in the Far East.

The rapid growth of the industry is mainly due to the availability of oil, gas and palm oil as feedstock, the country's well-developed infrastructure and its strong base of supporting services.

Three major petrochemical zones have been established in Kertih, Terengganu; Gebeng, Pahang; and Pasir Gudang/Tanjung Langsat, Johor. Each zone is an integrated complex with crackers, syngas and aromatics facilities to produce feedstock for downstream petrochemical products. Similar facilities and infrastructure to support the development of the oleochemicals industry are currently under development in Sabah at the Palm Oil Industrial Cluster (POIC) industrial zone. Malaysia currently accounts for about 20 per cent of global basic oleo chemical exports, but the Government is keen to push the industry into increasing its share of exports of high value-added oleo chemical derivatives.

While the availability of raw resources, strong government policies and fiscal and non-fiscal incentives have helped foster the growth of the chemical industry, the sub-sector nonetheless continues to struggle with issues like inadequate technologies, a lack of skilled labour and environmental challenges. Many Malaysian oleo chemical companies operating today are joint ventures formed with foreign investors who

contribute valuable technology, capital and know-how to their projects. The industry must focus on improving its product and production processes by investing in technology development and building its R&D capabilities. This will enable the industry to not only build its expertise but also cut production costs – the rising prices of raw materials and fuel will challenge industry in the short run, but smart technology investments will enable it to ride out any spikes in costs in the future.

Like most other economic sectors, the chemicals industry has been adversely affected by the prolonged economic downturn. In the long run, the industry is expected to recover in tandem with the recovery of consuming industries and the improvement of global export markets. The industry's future will be shaped by a number of emerging global mega trends such as population growth, water and food scarcity. Sustainability issues including energy use and climate change will also impact this industry's development.

In order to capture a greater share of the global market for chemical products, Malaysia's chemicals sub-sector must also observe stricter environmental and public safety standards. Cradle-to-grave product life cycle management techniques will help assure customers that their products are environmentally safe from design to end use to final disposal. The most successful chemical companies will be those who develop products that make our life better and our planet healthier.

One industry that can help make the world a healthier place is the biotechnology industry. It has been identified as one of the core technologies to accelerate Malaysia's transformation into an industrialised nation by year 2020. The industry has applications in numerous fields including biomedical products, biopharmaceuticals, bioagricultural products and bioindustrial products. A total of 18 projects with investments of RM856.2 million were approved in this industry in 2013, of which 17 were by

Bionexus Status companies with investments of 697.6 million. By 2020, the industry is expected to contribute five per cent to national GDP with investments of about RM8 billion.

As one of the world's 17 megadiverse countries, Malaysia has all the ingredients to support a successful biotechnology industry. The National Biotechnology Policy (NBP) and Bioeconomy Transformation Programme (BTP) charts the industry's growth strategies over the next two decades, with 20 Trigger Projects having been identified that could potentially result in a GNI of RM3.6 billion and 16,300 high-quality jobs by 2020. In light of the rapid growth of this sector, the Government is encouraging more investments in agricultural productivity, discoveries in healthcare and the adoption of sustainable industrial processes. The main focus areas for Malaysia's biotechnology industry are biopharmaceuticals (antibodies and vaccines), nutraceuticals, biomedical products, biodiagnostics systems, enzymes and herbal and marine products.

One of the beneficiaries of the biotechnology industry will be the processed food industry, which is as diverse as the cultures and tastes of Malaysians. This industry is predominantly Malaysian-owned and encompasses sectors such as cocoa and chocolate products, fishery products, cereals and cereal products, bakery products and biscuits, spices, other food products, animal feed and beverages.



Euromonitor forecasts that Malaysia's chocolate confectionery market will grow by about 3.7% in 2014, with retail sales valued at USD188 mil.

Although most of the raw materials for food processing activities are imported, Malaysia is still considered an attractive manufacturing hub for processed food. It attracted RM2.9 billion in investments into 66 approved projects in 2013, with foreign investments accounting for 74.1% of the total (RM2.1 billion).

The Government is currently promoting a wide range of food products including chocolates and confectionery products, aquatic products and food supplements, all of which can leverage Malaysia's biotechnology expertise. Companies can also enjoy special incentives for selected halal products manufactured in halal industrial parks.

The oil palm products industry remains a major contributor to Malaysia's economy. More than 80 per cent of the products from this sector are exported, bringing in RM61.4 billion in 2013 alone. Malaysia is one of the biggest producers and exporters of oil palm products in the world. The sector also promotes the utilisation of palm biomass into value added products such as palm plywood, composite products and pellets. In 2013, a total of 32 projects with investments of RM2.4 billion were approved within this industry.

Oil palm biomass waste products such as oil palm trunks, empty fruit bunches and kernels have proven very helpful to Malaysia's wood-based industry, which has moved into the production of engineered wood products from materials such as bamboo, rattan and agricultural waste materials due to declining timber resources. These materials are turned into particleboards, fibreboard pellets, briquettes and other composite products for a wide range of applications. The reconstituted panel products industry has also diversified into the manufacture of high value-added reconstituted composite products such as fibre-reinforced polymer composites (FRPC).

The wood-based industry attracted RM597 million in investments in 61 approved projects

Major Metallica

By 2020, Malaysia's basic metals industry is targeted to contribute 6.5% to GDP and employ 225,000 people.



Malaysia's basic metals industry currently contributes 4% to the country's GDP, mostly within midstream and downstream activities. However, the country's steel consumption is expected to grow at a rate of 7 – 10% per year between now and 2020.

Most metal products currently made in Malaysia are used in construction. The Government is encouraging companies to move up the industry value chain by adopting automation technologies and producing high-end metal materials to cater to high-end applications in the E&E, automotive, machinery & equipment and oil & gas industries. To this end, the Government has eased industry regulations for metals manufacturing, imports and exports. It has also enacted mandatory standards for imported and locally produced products (AP).

Malaysia's basic metals industry is also undergoing consolidation as domestic companies seek mergers with major steel players to improve their competitiveness in the global steel industry. Moving forward, MIDA's approach to attracting investments into this sub-sector will be to promote investments into projects that make specific products or activities based on the needs of the overall basic metals ecosystem. It will also encourage investments into green technology and recycling projects that may serve strategic needs for Malaysian industry.

in 2013. The main focus of this sector is in value-added downstream products such as furniture in which the emphasis is on the finishing, design and production. This is an important development for the wood-based industry as increasing competition from low-cost, resource-rich countries will eventually force Malaysia out of low-end markets. It is crucial that the industry starts to tap into premium markets with higher-quality goods, and the Government is keen to have more projects involving the design, development and production of wooden furniture and engineered wood products (excluding plywood).

Malaysia's rubber products industry is technically well-established, attracting 10 approved projects with investments of RM233.4 in 2013 (excluding medical devices). The latex sub-sector accounted for 81% of the total value of rubber exports in 2013, which largely comprises of medical devices such as gloves, condoms, catheters and latex threads. However, the Government is keen to see more high value-added, high technology projects involving specialty rubber and latex products as well as green rubber products such as EKOPRENA.

A total of 43 projects with investments of RM4.7 billion were approved within the medical devices

industry in 2013. It is one of the fastest growing industries of the healthcare sector and currently comprises over 190 manufacturers, the vast majority of which produce latex gloves. The industry is moving away from simple devices such as tongue depressors and general hospital supplies into higher value-added and technologically advanced products including cardiac pacemakers, stents, orthopaedic implants and prosthetic devices. The Malaysian market for medical devices is growing by an estimated 15.9 per cent per year and is expected to be worth US\$2.8 billion by 2017.

Malaysia's medical devices industry enjoys a strong ecosystem of supporting industries that conform to world-class standards. These industries offer sterilisation services and packaging, electronic manufacturing services (EMS), precision engineering, tool-and-die making, contract moulding and assembly and machinery fabrication.

The availability of the ecosystem positions Malaysia as an ideal location for the manufacture of medical devices and global supplier of parts and components with the potential to be developed into a medical devices hub in Asia. Investors are increasingly moving into higher-value products and activities such as R&D, D&D and prototyping, and there are many opportunities for growth for more advanced products in intelligent therapeutics, diagnostics and monitoring devices.

With the enforcement of the Medical Device Act and Medical Device Regulations, Malaysia is now recognised as a reliable producer of medical devices in the global market. MIDA is actively promoting the establishment of projects involving electromedical equipment, cardiovascular devices, orthopaedic devices, in-vitro diagnostic products, wound care products, home-healthcare and self-care products. Malaysia also welcomes companies that converge technologies to produce medical devices,

equipment or components from advanced materials.

With the enforcement of the Medical Device Act and Medical Device Regulations, Malaysia is now recognised as a reliable producer of medical devices in the global market.

Investments into the primary sector came up to RM19.7 billion in 2013, with foreign investments amounting to RM10 billion (50.8%) and domestic investments making up the rest. The mining sub-sector attracted RM18.8 billion of investments in 30 approved projects, while the other investments were focused on the plantation and commodities subsector (RM330.6 million) and agriculture (RM558.8 million) sub-sectors.

OUTLOOK

Malaysia's fundamental strengths are expected to keep the country on a steady course in 2014 and beyond even though the global economic situation remains vulnerable. The prospect of an ASEAN single market is appealing to a very broad base of businesses. The ASEAN economic integration will drive domestic investments as Malaysian businesses look beyond their home market while non ASEAN foreign investors will be eager to capitalise on the opportunities presented by its dynamics.

Malaysia has created a vibrant business environment for businesses to develop niche growth areas within the country's biggest pillars of industrialisation such as oil and gas, and E&E products. These are the industries in which Malaysia has significant experience, expertise and infrastructure, and the country is well positioned to take advantage of this boom.

The current global and regional macroeconomic and societal developments provide great opportunities for Malaysia. The ASEAN

Economic Community (AEC) will turn South East Asia into a single base for production and manufacturing with economies of scale to rival China. Collectively, the community will comprise a labour force of more than 625 million people and a GDP of almost US\$2.5 trillion. If the AEC reduces intra-country tariffs significantly enough, Malaysian manufacturers will be able to leverage the region's diverse capabilities in R&D (Singapore, Malaysia), capital-intensive manufacturing (Malaysia, Thailand) and labour (Myanmar, Cambodia).

The Government will continue with its ecosystem approach to leverage on these opportunities in promoting private investments in the country. The approach promotes Greenfield opportunities in high value industries and help potential investors

to meet their human capital needs throughout the economic value chain. In addition, focus will be given to identify and assist local potential conglomerates and other industry players to become anchors in the ecosystem.

Within the manufacturing sector, MIDA will focus on generating quality investments in new and emerging technologies which are essential to meet the country's long-term economic agenda. The measure of MIDA's success in attracting investment is not just about the absolute value of investments it brings, but also the quality of those different investments. These investments must contribute towards the country's transition into becoming a centre of high technology, high value-added economic activities that have a global impact. ■



Malaysia's world-class infrastructure continues to be one of the country's key attractions as an investment destination.

Malaysian Investment Development Authority Media Event



Home and Away

MIDA's strategic plans gained momentum in 2013 as the agency began to implement its many plans and kicked-off its promotion activities in earnest. These activities included Trade and Investment Missions among both domestic and foreign investors, Roundtable Meetings and Mini Seminars, Specific Project Missions, International Seminars, Forums and Dialogues as well as campaigns in the mass media.

MIDA officers worked tirelessly to communicate the Government's policy initiatives and strategic measures to investors, chambers of commerce and the public to ensure that all stakeholders are familiar with the country's national investment agenda and its strategic goals and objectives.

MIDA remains committed to meet the needs of investors with continued pro-business, prudent and pragmatic policies. The agency insists on keeping its channels of communications open to gather views and to exchange ideas while strengthening investors' confidence in Malaysia.

To this end, MIDA participated in several international exhibitions and trade fairs in 2013 to create awareness on the investment opportunities in Malaysia. These exhibitions and trade fairs also provided opportunities for networking between Malaysians and foreign businessmen to explore business partnerships/collaborations and joint-ventures. MIDA also participated in several events and roadshows last year and facilitated many investment promotion visits for VIPs both domestically and abroad. In addition, MIDA officers went on numerous foreign project missions to encourage investors to take advantage of Malaysia's economic transformation plan and future growth potential.

MIDA'S FLAGSHIP PROGRAMMES

MIDA organised two Flagship Programmes in 2013: the National Conference on Services Sector (NCSS) and the MIDA Forum.

The 2013 National Conference on Services Sector (NCSS) conference was held in August 2013 at InterContinental Hotel and was organised by MIDA in collaboration with the Ministry of International Trade and Industry (MITI), Malaysian Service Providers Confederation (MSPC), Malaysian International Chamber of Commerce and Industry (MICCI) and the Coalition of Services Industry Malaysia (CSIM).



Dato' Azman Mahmud, Deputy Chief Executive Officer I of MIDA fielding questions from the media at the BN Youth Job Fair.

The one-day conference attracted about 700 attendees, about 20 per cent more than the previous year.

Media coverage of NCSS 2013 was impressive. Pre-event advertising covered all major dailies including The Star, Berita Harian, Sin Chew Daily, Utusan Malaysia and The Edge to enhance public awareness of the event, while a press conference held during the event drew participation from 13 media representatives representing Berita Harian, Sinchew, The Star New Media, Money Compass, Bernama, NSTP, RTM, TV3 and Harian Metro.

MIDA also organised the inaugural MIDA Forum in November 2013, attracting more than 1,000 business leaders, entrepreneurs, policy makers and investors. Almost 400 international



Datuk Noharuddin, CEO of MIDA handing over a licence for manufacturing business jets to a representative of Jetline International (M) Sdn. Bhd at the Langkawi International Maritime and Aerospace Exhibition (LIMA) in March 2013.

participants from 32 countries attended the Forum, which was themed “The Asian Era: Malaysian Perspective”. Held at the Kuala Lumpur Convention Centre and officiated by YAB Tan Sri Dato’ Haji Muhyiddin Yassin, the Forum was also graced by the Minister of International Trade and Industry, YB Dato’ Sri Mustapa Mohamed and Tan Sri Amirsham A. Aziz, Chairman of MIDA. The event was supported by Nikkei Business, Site Selection, Maybank and Media Prima.

MIDA Forum received massive coverage in print and electronic media. It was promoted through local and international print media as well as billboards in Bukit Bintang and Bangsar, eventually drawing 64 local and international media representatives. On the day of the event, Euronews interviewed CEO of MIDA, YBhg. Datuk Noharuddin Nordin.

Given the high profile of the event, MIDA Forum turned out to be an ideal platform for the first MIDA’s Touch Awards. Eight multinational companies – known in MIDA as the Eight Samurai – were recognised for their sustained and ingenious contributions to the development of Malaysia’s economy over the past four decades and for their role in inspiring a number of highly-competent homegrown champions such as Globetronics, LKT, Eng Teknologi and ViTrox among others. The Eight Samurai that

were honoured at the awards ceremony were Fairchild Semiconductor (formerly National Semiconductor), Intel Malaysia, Agilent (formerly Hewlett-Packard), Advanced Micro Devices (AMD), Bosch, Clarion, Osram (formerly Litronix) and Renesas (formerly Hitachi).

SUPPORTING INVESTORS

MIDA officers traveled extensively in support of investors’ activities throughout 2013, hosting media conferences and signing ceremonies to celebrate their successes.

In March 2013, the agency lent its support to the Creative Product Development Programme for Malaysian Designers (CPD) following the success of PhisonTech to secure the rights to manufacture Angry Birds-themed USB Flash Drives from EMTEC, the official licensee of Roxio’s Angry Birds products. MIDA followed-up this event with the Ultra Small Form Factor (uSFF) Platform Innovation showcase in April 2013 to introduce Malaysian companies to the ready-to-be-deployed uSFF Platform Innovation developed by Intel and Multimedia Development Corporation (MDeC). Soon afterwards, MIDA also organised the launch ceremony for the FOBO Wireless Tag by Balda Solutions Malaysia Sdn. Bhd.

MIDA also organised a press conference in conjunction with the announcement of Hershey’s manufacturing project in October 2013. The new, state-of-the-art confectionary plant will incorporate Hershey’s proprietary equipment and systems and will feature the latest innovative automated confectionary manufacturing technology. Later that month, MIDA organised a Turun Padang visit led by YB Dato’ Sri Mustapa Mohamed, Minister of International Trade and Industry (MITI) to Symmid Corporation Sdn. Bhd. The Malaysian-based fabless semiconductor design company provides end-to-end Integrated Circuit (IC) design services to fabless design houses, electronics and semiconductor system

Size Matters

MIDA collaborates with MDeC to showcase Ultra Small Form Factor (uSFF) Platform Innovation

MIDA collaborated with Multimedia Development Corporation (MDeC) in April 2013 to showcase the Ultra Small Form Factor (uSFF) Platform Innovation developed by Intel and MDeC. The event was the culmination of a two-year collaboration between Intel Malaysia and MDeC to establish an industry standard for a uSFF PC system that is only 16 mm thick and has a volumetric size of under one litre.

“MIDA is actively promoting technology transfer and continuously assisting Malaysian companies to commercialise local R&D findings in ICT and other sectors together with MDeC and companies such as Intel,” said Datuk Phang Ah Tong, Deputy CEO II of MIDA at the launch ceremony.



Representatives from Intel and MDeC showing the uSFF PC system to Datuk Phang Ah Tong, Deputy CEO II of MIDA.

MIDA assisted the MDeC–Intel partnership to connect with domestic companies who are interested to take on the uSFF Platform. A demo of the uSFF Platform and its usage was also conducted to accelerate the knowledge and technology transfer to the local industry.

companies, equipment manufacturers and service providers.

MIDA also supported investors at two sideline events in conjunction with the Langkawi International Maritime and Aerospace Exhibition (LIMA) in March 2013. The first with the official hand-over of a licence for manufacturing commercial business jets to Jetline International (M) Sdn. Bhd. The company’s investment of RM1.1 billion will involve the design, manufacture and sub-assembly of jet aircraft and aircraft components. The other event was a signing ceremony between UTC Aerospace Systems and UPECA Aerotech Sdn. Bhd. The RM763 million contract involves the manufacture of precision machined components on UTC

Aerospace Systems’ fan cowl assemblies over the next 17 years.

Besides these two events, MIDA also organised three other business events in conjunction with LIMA 2013: a Seminar on Investment Opportunities in the Aerospace Industry in Malaysia, a briefing on the Domestic Investment Strategic Fund (DISF) and a networking reception tea.

TALENTED MALAYSIANS

MIDA is ever-aware of the need for Malaysia to have a sustainable, long-term supply of talent to fuel its economic transformation and to maintain the country’s position as a favoured investment

destination. In 2013, the agency began to actively seek solutions to address the human capital requirements of industries in Malaysia. To this end, MIDA signed Memorandum of Understandings (MOUs) with several leading corporations to strengthen its industry collaborations to meet the talent supply chain requirements including National Aerospace & Defence Industries (NADI), Samsung SDI Energy Malaysia (SDIEM), General Electric, UPECA Technologies Group and Majlis Amanah Rakyat (MARA). The ceremony of the exchange of the MoUs was held at MIDA's pavilion during the BN Youth Job Fair 2013 at PWTC, Kuala Lumpur. The event was certified by the Malaysian Book of Records as the biggest job fair organised in Malaysia with more than 300 employers and attracted more than 170,000 visitors. MIDA was a Platinum Sponsor at the event.

MIDA's current focus on attracting quality investments from companies that provide high income jobs will support the momentum of the Economic Transformation Programme. The agency has put several programmes in place to address the issue and has also established a dedicated division to serve investors' human capital needs by facilitating the search for the right talent for companies. By leveraging its close network with various ministries and agencies, education and training institutions, recruitment agencies and industries, MIDA is able to gauge the quantitative and qualitative gaps between the industry and education and training providers.

The exchange of MOUs ceremony was witnessed by Y.B. Dato' Seri Mohd Shafie Bin Haji Apdal, Minister of Rural & Regional Development and Y.B. Khairy Jamaluddin, Minister of Youth and Sports/Chairman of BN Youth. MIDA also collated information on 765 job vacancies from 23 approved projects and published the information on a dedicated talent microsite for job seekers to submit their resumes to the companies. As at 22 November 2013, a total of 295 vacancies had been filled.



A MIDA officer helping a visitor register her attendance at the National Conference on Services Sector (NCCS).

By leveraging its close network with various ministries and agencies, education and training institutions, recruitment agencies and industries, MIDA is able to gauge the quantitative and qualitative gaps between the industry and education and training providers.

GLOBAL TROTting

MIDA has adopted a new strategic ecosystem business approach in undertaking its promotional programmes and activities that is in line with the New Economic Model (NEM) and the Economic Transformation Program (ETP). The agency is dedicated to strengthening Malaysia's foreign investment environment and is focused on generating quality investments in new and emerging technologies that are necessary for Malaysia to become a high income nation by 2020. To help the country achieve its goals, MIDA strives to make Malaysia a uniquely attractive investment proposition.

MIDA received more than 1,000 enquires from foreign and local companies that were interested in capitalising on the country's rapidly-expanding manufacturing and services sectors in 2013. The agency also received more than 300 visits by

The Asian Tigers Return

The inaugural MIDA Forum brought together top entrepreneurs, decision makers, investors and policy makers across the globe to discuss the strategic role of Malaysia in the dynamism of Asia. Held on 18–20 November 2013 at the Kuala Lumpur Convention Centre, the Forum highlighted Asia's dominance as the new epicenter of the global economy in the 21st century and Malaysia's pivotal role in the ASEAN dynamics that will chart the Asian Era.



Deputy Prime Minister Tan Sri Muhyiddin Yassin presenting his keynote address at MIDA Forum 2013.

The Forum was officiated by Y.A.B. Tan Sri Dato' Muhyiddin Yassin, Deputy Prime Minister of Malaysia with welcome remarks by Y.B. Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry. The event was supported by Nikkei Business, Site Selection, Maybank and Media Prima, and it featured 17 prominent experts from the public and private sectors. The speakers included Robin A. Martin, Managing Director of Intel Malaysia, who shared Intel's experience in doing business in Malaysia since 1970's as well as Mr. Parag Khanna, Senior Fellow at the New America Foundation who talked about "The ASEAN Dream: Asia's Opportunity for a World in Transition". The speakers' session was moderated by Mr. Marc P Mealy, Vice President – Policy, US–ASEAN Business Council.

The Forum was also attended by more than 1,300 participants representing prominent companies, associations, chambers of commerce, policy makers and other government officials from 33 countries including the United States, Japan, China, Germany, United Kingdom, United Arab Emirates, Singapore and Taiwan. Participants gained first-hand information and insights on the opportunities and challenges presented by Malaysia as an ideal investment destination in the Asian Era.

The Forum ended with a Boardroom conversation consisting of panellist discussions on the future of four industries namely green technology, oil & gas, advanced electronics and aerospace.

foreign delegations during the year, all of which were offered a brief overview of the country's business-friendly policies, facilities and incentives. MIDA also provided interested visitors with in-depth presentations on the opportunities for investments in Malaysia's manufacturing and services sectors.

The agency undertook various promotional programmes and activities in 2013 to promote and attract foreign investments into Malaysia's

manufacturing and services sectors. These programmes were targeted to attract new quality investments as well as encourage reinvestments in high technology, capital-intensive, knowledge-intensive and high value-added industries. The programmes included six trade and investment missions abroad that were spearheaded by MIDA officers and led by Malaysian Government officials from state Governments, regional economic corridors as well as representatives from the private sector.

MIDA also organised 28 Specific Project Missions abroad targeting selected companies in various countries in 2013. These missions were mainly focused on companies associated with high-technology, capital-intensive and high value-added industries. MIDA officers also participated in three international seminars and business briefings in 2013 as part of the agency's promotional strategy.

One of the highlights of 2013 was MIDA's mission to Europe in June 2013, which attracted potential investments of about RM2.2 billion. The potential investments will be in sectors such as transportation equipment; information and communication technology (ICT); renewable energy; recycling industrial steel waste; maintenance, repair and overhaul (MRO) activities; and education and training.

The mission was led by MIDA's former CEO Datuk Noharuddin Nordin and included stops at Manchester, Dublin and Paris. Seminars held in these three cities attracted more than 300 participants from the local business communities. In addition to the seminars, MIDA also conducted one-to-one discussions with several top business leaders and captains of industry.

THE ASEAN IMPERATIVE

The ASEAN economic zone has grown rapidly over the past decade or so, with the region's combined GDP increasing by almost 170% to an estimated US\$2.2 trillion. ASEAN GDP growth was at 5.2 per cent in 2012, and the IMF World Economic Outlook in 2012 expects it to continue expanding by between five to six per cent annually for the period of 2013 to 2017. ASEAN's global trade with the rest of the world reached US\$2.4 trillion in 2011.

Although the overall growth of FDI inflows in South-East Asia between 2009 to 2013 has somewhat slowed down, FDI into ASEAN nonetheless increased seven per cent to

US\$125.4 in 2013, with Singapore maintaining its position as the region's largest FDI recipient. The emerging economies of ASEAN are clearly on a path of economic transformation in their own right, leveraging Asian dynamism to influence the global economy while fulfilling their own agendas. Malaysia's role in ASEAN is playing a pivotal role in this development, especially within the context of the ASEAN Economic Community (AEC) and the ASEAN Comprehensive Investment Agreement (ACIA).

Although the overall growth of FDI inflows in South-East Asia between 2009 to 2013 has somewhat slowed down, FDI into ASEAN nonetheless increased seven per cent to US\$125.4 in 2013.

The ACIA is expected to facilitate the transformation of ASEAN into an investment hub that will be able to compete effectively with other emerging economies in attracting foreign direct investment (FDI) and intra-ASEAN investment. It encompasses all four major aspects of investment: liberalisation, facilitation, protection and promotion. Together with the ASEAN Trade in Goods Agreement and the ASEAN Framework Agreement on Services, the ACIA will govern the conduct of business within ASEAN and with ASEAN. It is the final piece of legal framework for the realisation of the AEC on 31 December 2015.

As of December 2012, the overall implementation rate of ASEAN initiatives stood at 74.5%. As at March 2013, Malaysia's own implementation rate was a commendable at 87.7% with the full implementation of 300 measures out of 342 measures specified in the AEC Blueprint. Malaysia has also eliminated duties for intra-ASEAN trade, liberalised 96 services sub-sectors, simplified customs procedures and implemented other initiatives covering transport connectivity, agriculture, telecommunications, tourism and healthcare. Another key priority of ASEAN is enhancing the ASEAN Non-Tariff Measures



The ASEAN Comprehensive Investment Agreement (ACIA) is expected to facilitate the transformation of ASEAN into an investment hub that will be able to compete effectively with other emerging economies in attracting foreign direct investment (FDI) and intra-ASEAN investment.

(NTMs) database and strengthening engagement with the private sector to address non-tariff trade barriers.

All ASEAN states are working hard to meet the targets set for the progressive liberalisation of trade in goods and services, cooperation in customs and trade facilitation, as well as a reduction of costs and barriers in doing business within the region. The benefits of ACIA have also been extended to foreign investors who are based in ASEAN. To raise awareness about the ACIA and the opportunities it will bring, a forum themed "Transforming Investment in ASEAN through ACIA" was organised by ASEAN and supported by the Australian Agency for International Development (AusAID) through the ASEAN-Australia Development Cooperation Program II (AADCP II) and MIDA.

The Forum was held in four sessions moderated by consultants from the World Trade Institute from the University of Bern, Switzerland. The first session discussed the challenges of implementing ACIA and the scope for increasing intra-ASEAN investment in the context of global economic uncertainty. The second session discussed the four pillars of ACIA and they will

enhance ASEAN as an investment hub. The third session discussed how the ACIA would impact the investment climate within newer ASEAN member states such as Cambodia, Lao PDR and Myanmar and how it might help accelerate economic growth in these countries and reducing development gaps within ASEAN. The final session was held over a cup of coffee and discussed the prospects of investing in ASEAN under ACIA and investors' expectations of intra-ASEAN investment mechanisms.

During the Forum, ASEAN officials took the opportunity to launch the "ACIA Handbook for Investment Promotion Agencies (IPA) Officials" and the "ACIA Guidebook for Businesses and Investors" to provide business leaders and government agencies with all the background information they need to manage ACIA and the impact it will have under the AEC. The publications were officiated by YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry (MITI).

ASEAN accounted for 27% (RM358.1 billion) of Malaysia's external trade in 2012 compared with 25% (RM330.8 billion) in 2011. Malaysia is also among the top investing countries in a number

of ASEAN Member States – FDI flows from Malaysia to other ASEAN Member States stood at RM22.1 billion in 2012 while inflows from other ASEAN Member States to Malaysia stood at RM23.2 billion. The ACIA and other ASEAN agreements will only help boost Malaysia's reputation as one of the world's leading foreign investment destinations. Malaysia looks forward to assuming the Chair of ASEAN in 2015 and to witness the historic realisation of an ASEAN Community.

DOMESTIC CHAMPIONS

Over 72.5 per cent of the total investments approved in 2013 came from domestic investors, reflecting the confidence of local companies in spearheading the Economic Transformation Programme (ETP) and assuming a leading role in the country's economic growth. In 2013, MIDA spared no effort in spurring the continued growth of domestic champions through a variety of seminars, workshops and investment promotion activities.

Over 72.5 per cent of the total investments approved in 2013 came from domestic investors, reflecting the confidence of local companies in spearheading the Economic Transformation Programme (ETP).

MIDA organised six specific industry seminars/workshops in collaboration with the Transport Technology Division, Oil & Gas Division, Electrical & Electronics Division, and Clean Technology & Environment Management Division as well as with the Machinery & Advanced Engineering Division. The objectives of the seminars/workshops were to update participants on the latest trend in industries as well as disseminate information on business opportunities in the manufacturing and services sectors. The seminars also served as an ideal platform to

communicate the Government's initiatives and incentives to the local business community.

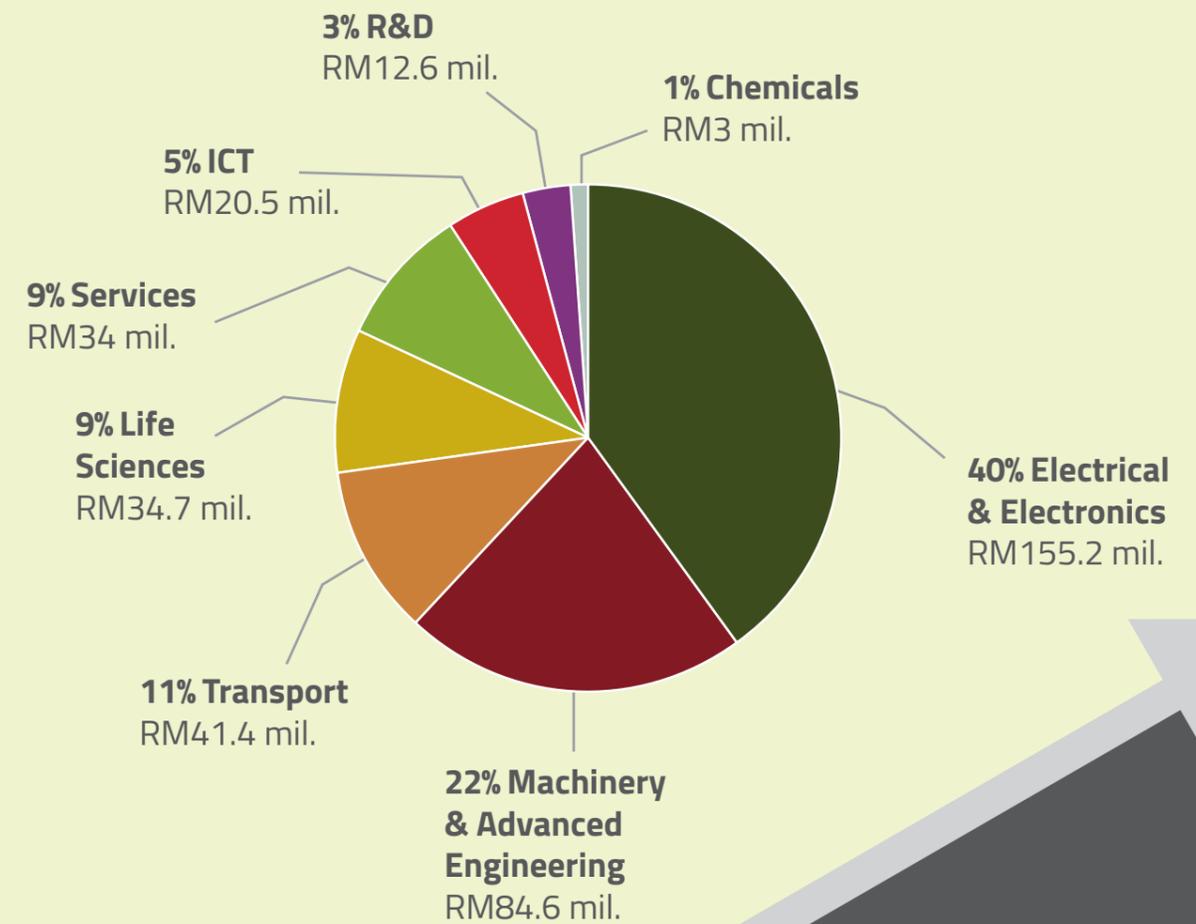
MIDA also organised nine networking events under the Friends of Domestic Investment (FODI) networking initiative. FODI programmes are organised with key industry leaders at the state level and aim to re-connect and open communication channels between MIDA and prominent local industry leaders and companies. In addition, MIDA officers met senior representatives from Hong Leong Group and Tan Chong Group in 2013 as part of the agency's efforts to assist local conglomerates in becoming anchors in their respective ecosystems.

MIDA also collaborated closely with local chambers of commerce and business associations in 2013. In August, the agency co-organised a seminar on Domestic Direct Investment Initiatives at Premiere Hotel in Klang in collaboration with the Chinese Chamber of Commerce and Industry (KCCCI). The seminar was officiated by Y.Bhg. Datuk Phang Ah Tong, Deputy Chief Executive Officer II of MIDA.

The one-day seminar in Klang attracted about 150 participants and was a valuable platform for networking and exchanging of views on government policies, initiatives, opportunities and facilities available for the business community, particularly in Selangor. Datuk Phang urged businesses in Selangor to take heed of the changing domestic landscape and to accelerate their shift into high value-added, high technology, knowledge-intensive and innovation-based industries if they had not done so already. MIDA officers then provided a brief overview of the RM1 billion Domestic Investment Strategic Fund (DISF) and how businesses could take advantage of it.

The seminar in Klang was followed by another seminar and B2B Programme for Outsourcing Opportunities in the Medical Devices & Machinery & Equipment Industries at the Eastern & Oriental Hotel in Penang in October 2013. The seminar provided the local business community

DISF GRANTS APPROVED, 2013



THE RM1 BIL. DOMESTIC INVESTMENT FUND

is aimed at accelerating the participation of Malaysian-owned companies in high value added, high technology, knowledge-intensive and innovation-based industries. A total of 71 projects with investments of RM2.89 billion were approved grants of RM391.3 million in 2013. Most of this will go towards funding R&D activities (38 per cent) and acquiring new capital equipment (43 per cent). As expected, a significant proportion of the grants approved were for companies within the Electrical & Electronics (E&E) industry (40%) and Machinery and Advanced Engineering industries (22%).

with an update on the latest government policies, incentives, facilities and support services available to them, including the DISF.

GROWING THE SERVICES SECTOR

In 2013, MIDA held a series of seminars themed “ICT Services, Business & Professional Services and Regional Establishment & Supply Chain Management” across the country to propel the nation’s services sector forward. The series kicked-off in Penang in April 2013 at the G Hotel, Gurney Drive. This was followed by similar programmes at the Grand Margherita Hotel in Kuching, Sarawak (June 2013) as well as Hatten Hotel in Melaka (October 2013). The seminars drew about 100 participants each.

Local companies at all three events were urged to integrate themselves more completely into the global value chain and to further value-add their capabilities and services, placing particular emphasis on international quality standards. Malaysia’s engagement in regional and international mechanisms such as ASEAN will create more opportunities for trade and investment and enable Malaysian businesses to collaborate, complement and share resources among member countries. Services suppliers in Malaysia should leverage on the market access opportunities arising from these initiatives, but will only be able to do so if they are well-equipped and prepared for regional competition.

In July 2013, MIDA hosted the National Services Sector Conference 2013 (NSSC 2013) at the InterContinental Hotel in Kuala Lumpur. Themed “An Ecosystem Approach to Transforming the Malaysian Services Sector”, NSSC 2013 attracted a record 700 attendees and provided participants with important insights into the dynamics of Malaysia’s services sector and the new opportunities it offers now and in the future. It featured two plenary sessions on Ecosystem and Liberalisation as well as Assistance and Capacity Building. About 400 attendees

participated in the business clinics with MIDA and relevant Government ministries, agencies and non-governmental organisations (NGOs) for consultation on their specific enquiries and project proposals.

In his opening remarks at NSSC 2013, YB Dato’ Sri Mustapa Mohamed, Minister of International Trade and Industry underscored the importance of optimising an integrated and holistic approach in driving the growth of the services sector in the country. Malaysia has adopted the ecosystem approach in promoting investments in the services sector because a strong ecosystem offers companies more compelling reasons to remain and grow in Malaysia. This approach acknowledges that business models are continuously evolving and sophisticated business solutions often entail a complex and dynamic relationship of a wide range of activities.

The Government’s liberalisation efforts will not adversely affect the domestic services industry. A study by the Economic Planning Unit (EPU) in 2012 found that liberalisation has had a positive impact on the performance of the services sector in Malaysia by contributing to the growth of value-added activities and through the improved productivity of service providers. MIDA is aware that the pace of development of the country’s services sector is accelerating and that progressive liberalisation will eventually enhance its overall competitiveness. MIDA itself has restructured and expanded the workforce within its Services Sector division so that the agency can more effectively promote Malaysia as an investment destination among both local and foreign investors.

DOMESTIC INVESTMENT STRATEGIC FUND (DISF)

The RM1 billion Domestic Investment Strategic Fund (DISF) was launched in July 2012 by the Prime Minister of Malaysia YAB Dato’ Seri Najib Tun Razak at the opening ceremony of MIDA’s

Kudos, Symmid!

MIDA organised three Turun Padang visits for YB Dato’ Sri Mustapa Mohamed in 2013 in cooperation with MITI, one of which was to Symmid Corporation Sdn. Bhd. YB Dato’ Sri Mustapa was accompanied by YBhg. Datuk Phang Ah Tong, Deputy CEO II of MIDA and other officials from MITI and MIDA.

Symmid is a Malaysian-based fabless semiconductor design company that provides end-to-end Integrated Circuit (IC) design services to fabless design houses, electronics and semiconductor system companies, equipment manufacturers and service providers. It also collaborates with local educational institutes such as Universiti Putra Malaysia (UPM). The *Turun Padang* visit was part of MITI’s and MIDA’s efforts to foster engagement with the private sector and to obtain views on ways to attract and encourage re-investment by both foreign and domestic companies.

The semiconductor industry in Malaysia has moved beyond packaging and testing towards backward integration into IC design, wafer cutting and polishing as well as wafer fabrication. To date, 27 IC design companies



A technician at Symmid Corporation showing YB Dato’ Sri Mustapa Mohamed how integrated circuits are designed and tested.

are in operation and involved in activities such as the development of smart cards, card chips, flash memory products, non-volatile memory, mixed analogue and digital designs and RF designs. Symmid’s operation is aligned with the aspirations of the Government to encourage high knowledge, high value-added and high income activities. YB Dato’ Sri Mustapa Mohamed also noted the company’s efforts in developing a pipeline of much-needed Malaysian ‘home-grown’ knowledge workers.

new corporate headquarters in KL Sentral. The fund is aimed at accelerating the participation of Malaysian-owned companies in high value added, high technology, knowledge-intensive and innovation-based industries. The package of assistance will harness and leverage on outsourcing opportunities created by multinational companies (MNCs) and Malaysian conglomerates operating in Malaysia, intensify technology acquisition by Malaysian-owned companies and enable Malaysian-owned

companies to obtain international standards and certifications in strategic industries.

DISF provides matching grants to cater for expenditures incurred for training of Malaysians; R&D activities carried out in Malaysia; modernisation and upgrading of facilities and tools to undertake manufacturing or services activities for multinational corporations (MNCs) and Malaysian conglomerates; obtaining international standards/certification; and licensing or purchase of new/high technology.

A Sweet Win

Hershey's US\$250 million state-of-the-art facility in Johor is the company's single largest investment in Asia in history.

The Hershey Company's new confectionery manufacturing plant in Johor is aimed to meet growing consumer demand for its products in its fastest growing region: Asia. The new plant will feature the latest confectionery manufacturing technology including proprietary innovations in automated candy-making technology developed to Hershey's specifications.

Hershey has been investing in its Asia business for several years. However, the US\$250 million (RM815.9 million) investment in Johor is the company's single largest investment in Asia during its 18-year history in the region. It is a testament to Malaysia's continued attractiveness for multinationals making substantial commitments to the region and will bring years of positive economic benefits to Malaysia in the form of jobs and business for local suppliers.



Representatives of Hershey's Malaysia with Datuk Noharuddin Nordin, CEO of MIDA (centre) showing members of the media an aerial view of the company's new manufacturing plant plan.

The 700,000 square foot plant's location in Johor is a strategic geographical choice that provides Hershey with easy distribution access to more than 25 markets across Asia. Malaysia also offers a well-educated potential workforce, a stable political environment, a strong supply chain infrastructure and globally-recognised halal food manufacturing certification that is an advantage for products sold in the region.

A total of 71 projects with investments of RM2.89 billion were approved grants of RM391.3 million in 2013. Most of this will go towards funding R&D activities (38 per cent) and acquiring new capital equipment (43 per cent). As expected, a significant proportion of the grants approved were for companies within the Electrical & Electronics (E&E) industry (40%) and Machinery and Advanced Engineering industries (22%).

Under the DISF programme, MIDA will customise a package of incentives based on the needs of

each individual company. This is to ensure that the companies are able to sustain themselves in the long run. The promoted sectors under the DISF are aerospace, medical devices, pharmaceuticals, machinery and equipment, advance electronics, and services including design, R&D, testing, quality and standards certification, engineering services, technical and skills training and logistics services provider. Other potential industries are considered on a case-by-case basis.

Domestic investments are targeted to eventually comprise 73 per cent of total investments under the Economic Transformation Programme (ETP). The country's continued competitiveness is dependent on strengthening the manufacturing and services sectors and accelerating the nation's shift into high value-added, high technology, knowledge intensive and innovation-based industries. DISF is one of the strategies that is being pursued which will assist Malaysia to make the quantum leap required in driving the national investment agenda.

MASS OUTREACH

The mass media plays an integral role in MIDA's investment promotion agenda. In 2013, MIDA officers visited Media Prima at Sri Pentas to establish relations with the media group and to explore effective marketing communication strategies for the agency. MIDA also organised

an exclusive networking dinner with business editors and journalists from the business desk of The Star to build rapport and establish ties with the country's leading daily.

In conjunction with the inaugural MIDA Forum on 18 November 2013, MIDA also organised Malaysia tours for three prominent journalists under the Journalist Visit Programme to familiarise them with the country's investment environment. The three journalists were Zhang Zhe (Journalist and World Correspondent, Oriental Morning Post, China), Matthew Fulco (Journalist, China Daily) and Giovanni Magi (Journalist, EURONEWS, France).

MIDA continued to undertake its public awareness and public relations activities including placing advertisements and advertorials in numerous domestic and foreign publications throughout the year. ■



Participants at the briefing on the Domestic Investment Strategic Fund (DISF) posing for the media at the end of the event.



Financial Highlights

CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2013



**LAPORAN KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA
BAGI TAHUN BERAKHIR 31 DISEMBER 2013**

Laporan Mengenai Penyata Kewangan

Penyata Kewangan Lembaga Pembangunan Pelaburan Malaysia telah diaudit oleh wakil saya yang merangkumi Lemberan Imbangan pada 31 Disember 2013 dan Penyata Pendapatan, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota penjelasan lain.

Tanggungjawab Ahli Jemaah Terhadap Penyata Kewangan

Ahli Jemaah bertanggungjawab terhadap penyediaan dan persembahan penyata kewangan tersebut yang saksama selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia dan Akta Lembaga Pembangunan Pelaburan Malaysia (Pemerbadanan) 1965 (Akta 397). Ahli Jemaah juga bertanggungjawab terhadap kawalan dalaman yang ditetapkan perlu oleh pengurusan bagi membolehkan penyediaan penyata kewangan yang bebas daripada salah nyata yang ketara sama ada disebabkan oleh fraud atau kesilapan.

Tanggungjawab Juruaudit

Tanggungjawab saya adalah memberi pendapat terhadap penyata kewangan tersebut berdasarkan pengauditan yang dijalankan. Pengauditan telah dilaksanakan mengikut Akta Audit 1957 dan piawaian pengauditan yang diluluskan di Malaysia. Piawaian tersebut menghendaki saya mematuhi keperluan etika serta merancang dan melaksanakan pengauditan untuk memperoleh jaminan yang munasabah sama ada penyata kewangan tersebut bebas daripada salah nyata yang ketara.

CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2013

Pengauditan meliputi pelaksanaan prosedur untuk memperoleh bukti audit mengenai amaun dan pendedahan dalam penyata kewangan. Prosedur yang dipilih bergantung kepada pertimbangan juruaudit, termasuk penilaian risiko salah nyata yang ketara pada penyata kewangan sama ada disebabkan oleh fraud atau kesilapan. Dalam membuat penilaian risiko tersebut, juruaudit mempertimbangkan kawalan dalaman yang bersesuaian dengan entiti dalam penyediaan dan persembahan penyata kewangan yang memberi gambaran yang benar dan saksama bagi tujuan merangka prosedur pengauditan yang bersesuaian tetapi bukan untuk menyatakan pendapat mengenai keberkesanan kawalan dalaman entiti tersebut. Pengauditan juga termasuk menilai kesesuaian polisi perakaunan yang diguna pakai dan kemunasabahan anggaran perakaunan yang dibuat oleh pengurusan serta persembahan penyata kewangan secara menyeluruh.

Saya percaya bahawa bukti audit yang saya peroleh adalah mencukupi dan bersesuaian untuk dijadikan asas bagi pendapat audit saya.

Pendapat

Pada pendapat saya, penyata kewangan ini memberikan gambaran yang benar dan saksama mengenai kedudukan kewangan Lembaga Pembangunan Pelaburan Malaysia pada 31 Disember 2013 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia.



(ONG SWEE LENG)
b.p KETUA AUDIT NEGARA
MALAYSIA

PUTRAJAYA
16 JULAI 2014



STATEMENT BY THE CHAIRMAN AND A MEMBER OF THE BOARD

LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)

PENYATA PENERUSI DAN SEORANG AHLI JEMAAH

Kami, **TAN SRI AMIRSHAM A. AZIZ** dan **DATUK DR. REBECCA FATIMA STA MARIA** yang merupakan Pengerusi dan salah seorang Ahli Jemaah, Lembaga Pembangunan Pelaburan Malaysia, dengan ini menyatakan bahawa, pada pendapat Jemaah, Penyata Kewangan yang mengandungi Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan kewangan Lembaga Pembangunan Pelaburan Malaysia, pada 31 Disember, 2013 dan hasil kendaliannya serta perubahan kewangannya bagi tahun yang berakhir pada tarikh tersebut.

Bagi pihak Jemaah,

Bagi pihak Jemaah,



TAN SRI AMIRSHAM A. AZIZ

PENERUSI

30 JUN 2014

KUALA LUMPUR



DATUK DR. REBECCA FATIMA STA MARIA

AHLI JEMAAH

30 JUN 2014

KUALA LUMPUR

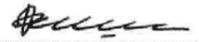
**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE
FOR THE FINANCIAL MANAGEMENT OF THE
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY (MIDA)**

LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)

**PENGAKUAN OLEH PEGAWAI UTAMA YANG
BERTANGGUNGJAWAB KE ATAS PENGURUSAN KEWANGAN
LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)**

Saya, **AZMAN MAHMUD** pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan **LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA** dengan ikhlasnya mengakui bahawa Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai dalam kedudukan kewangan yang berikut ini berserta dengan Nota-Nota kepada Penyata Kewangan di dalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akuan Berkanun, 1960.

Sebenarnya dan sesungguhnya)
diakui oleh penama di atas)
di KUALA LUMPUR)
pada 30 JUN 2014)


.....
DATO' AZMAN MAHMUD



Lot 1.08, Tingkat 1,
Bangunan KWSP, 11n Raja Laut
50350 Kuala Lumpur.
Tel: 019-6680745

BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	2013 (RM)	2012 (RM)
NON CURRENT ASSETS			
Property, plant and equipment	6	187,653,236	203,600,360
Work in progress	7	3,392,323	478,293
Receivables	8	505,102	641,701
CURRENT ASSETS			
Receivables	8	57,712,811	1,318,979
Advances		193,934	212,257
Deposits		6,629,466	6,492,232
Prepayments		5,346,598	4,241,976
Fixed Deposits with licenced banks		340,000,000	500,000,000
Cash at bank and in hand		26,312,243	102,974,821
TOTAL CURRENT ASSETS		436,195,052	615,240,265
CURRENT LIABILITIES			
Special Accounts	9	290,539,772	437,921,867
Other Payables	10	54,484,820	38,365,307
Short Term Employee Benefits	11	793,769	184,800
TOTAL CURRENT LIABILITIES		345,818,361	476,471,974
NET CURRENT ASSETS		90,376,691	138,768,291
TOTAL NET ASSETS		281,927,352	343,488,645
FINANCED BY:			
Operating fund		61,406,626	106,095,308
Development fund	16	208,405,207	225,640,657
Conveyance loan fund		3,000,000	3,000,000
Computer loan fund		350,000	350,000
		273,161,833	335,085,965
NON-CURRENT LIABILITIES			
Long term employee benefits	11	8,765,519	8,402,680
		281,927,352	343,488,645

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

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 (RM)	2012 (RM)
INCOME			
Government grant		140,000,000	163,431,300
Other income	12	20,694,851	22,572,260
		160,694,851	186,003,560
LESS: EXPENDITURE			
Emoluments	13	81,094,988	65,274,696
Other expenditure	14	106,171,033	105,780,205
Depreciation	6	18,117,512	19,564,109
		205,383,533	190,619,010
(LESS) INCOME OVER EXPENDITURE		(44,688,682)*	(4,615,450)

* Current year's deficit of RM44,688,682 is funded by MIDA's reserves as approved by the Board.

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Operating fund (RM)	Development fund (RM)	Conveyance loan fund (RM)	Computer loan fund (RM)	Total (RM)
Balance as at 1 January 2012	110,710,758	257,808,715	3,000,000	350,000	371,869,473
Funds received during the year	–	3,200,000	–	–	3,200,000
Excess/(less) income over expenditure	(4,615,450)	(17,713,747)	–	–	(22,329,197)
Application during the year	–	(17,654,311)	–	–	(17,654,311)
Balance as at 31 December 2012	106,095,308	225,640,657	3,000,000	350,000	335,085,965
Transfer of development grant to special accounts	–	(1,493,106)	–	–	(1,493,106)
Excess/(less) income over expenditure	(44,688,682)	789,157	–	–	(43,899,525)
Application during the year	–	(16,531,501)	–	–	(16,531,501)
Balance as at 31 December 2013	61,406,626	208,405,207	3,000,000	350,000	273,161,833

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 (RM)	2012 (RM)
CASH FLOW FROM OPERATING ACTIVITIES			
(Less) Income Over Expenditure		(44,688,682)	(4,615,450)
Adjustment for:			
Interest on deposits at bank		(3,270,010)	(3,298,496)
Profit on Computer Loan		(1,397)	(2,773)
Interest on Conveyance Loan		(31,705)	(37,217)
Interest on Deposit		(4,247)	(1,302)
Gain on Disposal of Property, Plant and Equipment		–	(2,868)
Loss on Disposal of Property, Plant and Equipment		9,268	369,709
Deferred Grant recognition		(16,531,501)	(17,654,311)
Depreciation	6	18,117,512	19,564,109
Provision for Employee Benefits		1,425,811	3,346,058
Receivables Write-Offs		1,737	17,480
(Less) income from operating activities before working capital changes		(44,973,214)	(2,315,061)
Working Capital Changes [Increase/(decrease)]			
Receivables		(56,258,970)	4,971,624
Advances		18,323	308,274
Deposits		(137,234)	1,179,999
Prepayments [Increase/(decrease)]		(1,104,622)	467,875
Other Payables		16,119,515	(9,743,050)
Cash used for/from operating activities		(86,336,202)	5,130,339
Employee benefits payment		(454,003)	(308,436)
NET CASH USED FOR/FROM OPERATING ACTIVITIES		(86,790,205)	(5,438,775)

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

Continued on next page >>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013 (CON'T)

<< From previous page

	Note	2013 (RM)	2012 (RM)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		(2,226,447)	(72,260,532)
Capitalisation of MIDA Building/ICT Systems – Work in Progress		478,293	62,317,120
Proceeds from sales of Property, Plant and Equipment		46,791	82,871
Profit on Computer Loan		1,397	2,773
Payments for Work in Progress		(3,392,323)	(478,293)
Grant received – Development Fund		–	3,200,000
Transfer of Development Fund to Special Accounts		(1,493,106)	–
Interest received – Development Fund		779,627	978,720
Rental received – Investment Account		21,395	39,412
Payments – Development Fund		(11,865)	(18,731,879)
Grants received – Special Accounts		223,679,071	206,096,176
Interest received – Special Accounts		12,922,148	17,966,312
Payments – Special Accounts		(383,983,316)	(339,693,371)
Interest on deposits at bank		3,270,010	3,298,496
Profit on Conveyance Loan		31,705	37,217
Interest on deposits		4,247	1,302
Net cash used for investing activities		(149,872,373)	(137,143,676)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(236,662,578)	(142,582,451)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
Effect of rate changes on foreign currency rates on cash and cash equivalents		(16,856)	325,446
Cash and cash equivalents at beginning of the year after effect of foreign currency exchange rates		602,991,677	745,231,826
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	15	366,312,243	602,974,821

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

NOTES TO THE ACCOUNTS**1. General information**

Malaysian Investment Development Authority (MIDA) was incorporated in Malaysia under the Malaysian Investment Development Authority (Incorporation) Act 1965 [Act 397].

MIDA's main activity is to promote and coordinate the development of the manufacturing and related services sector in Malaysia. MIDA is headquartered at MIDA Sentral, No. 5, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The Financial Statements were approved via a Board Resolution on 30 June 2014.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis of Accounting and in accordance to applicable approved Accounting Standards in Malaysia for 'Private Entity Reporting Standard' (PERS) issued by 'Malaysian Accounting Standards Board' (MASB) and relevant Treasury Circulars.

3. Financial risk management policy

MIDA's financial risk management policy seeks to ensure that adequate financial resources are made available to carry out its activities and to meet its obligations whilst managing its risk of foreign currency rates, non-payment of loans to employees and liquidity and cashflow risk. MIDA is not exposed to market risks and interest rate risks as it is not involved either directly or indirectly in stock market transactions and borrowings from financial institutions.

a) Foreign currency exchange risk

MIDA is exposed to foreign currency exchange risk in maintaining the operating cost of its 24 overseas branches. To monitor the risk, MIDA sends remittances once in two months as well

as utilisation of Accountant General's rate for translation of foreign currencies.

b) Credit risk

Credit risk is managed on loans to employees whereby all loans approved comply with MIDA's Financial and Accounting rules and regulations.

c) Liquidity and cashflow risk

MIDA relies on managing the Federal Government grants received, the operational cashflows and the allocation and utilisation of funds for working capital requirements.

4. Significant accounting policies**a) Property, plant and equipment**

Property, plant and equipment each costing RM1,000.00 and more or property, plant and equipment which requires regular maintenance irrespective of its cost have been capitalised. Furniture, curtains, carpets, office partition and other similar items, irrespective of the cost have not been capitalised.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any) except for freehold land and work-in-progress which is not amortised. Computer Software purchased on a package basis according to specific projects is capitalised. Depreciation of property, plant and equipment are provided on the straight line basis calculated to write off the cost of the assets over their estimated useful lives. The principal rates used are as follows:-

Office Building	2% per annum
Office machines and equipment	10% per annum
Motor vehicles	20% per annum
Computer hardware & software	20% per annum
Office renovation	20% per annum

NOTES TO THE ACCOUNTS (CON'T)**b) Receivables**

Known bad debts are written-off and allowance is made for any debts considered to be doubtful of collection.

c) Special accounts

All receipts are credited and all payments are debited to the relevant account. Balances of special accounts at balance sheet date are recognised as liabilities.

Special Accounts managed by MIDA are financed by third parties according to specific projects and activities.

d) Federal government grants

Annual Government grants received for the purpose of meeting operating expenses are recognised as income in the income statement for the current year.

Other grants received for the purpose of meeting approved development project cost or other specific cost are credited to the development fund or the relevant fund. All applications are debited to the relevant fund. Balances at balance sheet date are recognised as fund balances.

e) Deferred grant

Deferred grant is a component of development fund and is recognised as income in the income statement over the period necessary to match them with the related cost that they are intended to compensate on a systematic basis.

f) Conversion of foreign currencies**(i) Foreign currency transactions**

Transactions in foreign currencies have been translated and recorded into Ringgit Malaysia at the Accountant General's Department of Malaysia (AG) rates of exchange ruling on the date of transaction except for contracts quoted in foreign currency whereby the transaction is translated using the Central

Bank or Commercial Bank rate prevailing at date of payment.

Foreign currency balances at balance sheet date are translated into Ringgit Malaysia at the AG rates ruling on that date. All exchange differences are dealt with through the income statement.

(ii) MIDA overseas offices

The operations of MIDA overseas offices are integral to the headoffice operations and the foreign currency transactions are translated by applying the policy described above.

(iii) Closing rates

The principal closing rates used in the translation of foreign currency amounts are shown below:

Currency	2013 (RM)	2012 (RM)
US Dollar	3.2297	3.0902
Australian Dollar	3.0158	3.2136
Euro	4.3557	3.9654
British Pound	5.1960	4.9358
China Renminbi	0.5301	0.4956
Swedish Krona	49.0327	46.1024
Japanese Yen	3.2334	3.8191
Taiwan Dollar	10.9400	10.6033
South Korea Won	0.3039	0.2841
UAE Dirham	87.0174	83.3206
Indian Rupee	5.1638	5.6465
Singapore Dollar	2.5899	2.5252
Thai Baht	10.2140	10.0636
South African Rand	0.3164	0.3515

g) Income recognition

Interest and rental income is recognised in the income statement based on the accrual concept. Interest on deposits at banks or that relate specifically to development fund or special

NOTES TO THE ACCOUNTS (CON'T)

accounts are credited to the development fund or special accounts.

h) Employee benefits**(i) Short Term Benefits**

Salary, wage, bonus and employee social security contribution are treated as current year's expenditure.

(ii) Permanent Contribution Plan

MIDA made contributions to the Employees Provident Fund (EPF) for employees on the EPF scheme and to the Pension Trust Fund for those employees on the Government's pension scheme. These contributions are treated as current year's expenditure. Once the contributions have been paid, MIDA has no further payment obligations.

(iii) Long Term Benefits

Cash award in lieu of accumulated leave:

Cash award in lieu of accumulated leave is given to employees who are unable to utilise all their leave up to to a maximum of 150 days due to exigency of the service. The cash award is paid on the last working day before retirement and the computation is based on the salaries and fixed allowances at the balance sheet date.

i) Cash and cash equivalents

These are short term, highly liquid assets that are readily convertible to known amounts of cash

and which are subject to an insignificant risk of changes in value.

j) Impairment of asset

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. An impairment loss is charged to the income statement immediately. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

k) Financial instruments

The carrying amounts of financial assets and liabilities approximate their fair values at the balance date.

l) Maturity principle

The Receivables maturity structure is as follows:-

- (i) Maturity due within 12 months
- (ii) Maturity due after 12 months

5. Taxation

Malaysian Investment Development Authority (MIDA) has been granted tax exempt status under Section 127, of the Income Tax Act, 1967.

NOTES TO THE ACCOUNTS (CON'T)

NOTES TO THE ACCOUNTS (CON'T)

6. Property, plant and equipment

	Freehold Land		Office Building (RM)	Office Renovation (Development) (RM)	Motor Vehicles (RM)	Subtotal (a)	Computer Hardware & Software		Machines & Office Equipment		Subtotal (b)	Total (RM)	
	Operating Fund (RM)	Development Fund (RM)					Operating Fund (RM)	Development Fund (RM)	Operating Fund (RM)	Development Fund (RM)		2013 (a + b)	2012
COST													
As at 1 January	326,810	42,000,000	106,917,902	41,111,174	8,846,015	199,201,901	4,565,032	43,727,800	1,158,617	2,080,770	51,532,218	250,734,119	186,553,657
Adjustments	–	–	–	–	–	–	–	–	–	(13,000)	(13,000)	(13,000)	–
Additions	–	–	–	–	1,032,934	1,032,934	189,907	973,600	41,706	–	1,205,213	2,238,147	72,260,532
Disposals	–	–	–	–	(88,736)	(88,736)	(30,870)	–	(17,112)	–	(47,982)	(136,718)	(8,080,069)
As at 31 December	326,810	42,000,000	106,917,902	41,111,174	9,790,213	200,146,099	4,724,069	44,701,400	1,183,211	2,067,770	52,676,449	252,822,548	250,734,120
ACCUMULATED DEPRECIATION													
As at 1 January	–	–	6,411,241	8,222,235	6,940,426	21,573,902	3,746,015	20,956,498	649,269	208,075	25,559,857	47,133,759	35,200,008
Adjustments	–	–	–	–	–	–	–	–	–	(1,300)	(1,300)	(1,300)	–
Disposals	–	–	–	–	(35,494)	(35,494)	(30,014)	–	(15,151)	–	(45,165)	(80,659)	(7,630,358)
Current year's depreciation	–	–	2,138,358	8,222,235	937,875	11,298,468	562,566	5,964,133	85,570	206,775	6,819,044	18,117,512	19,564,109
As at 31 December	–	–	8,549,599	16,444,470	7,842,807	32,836,876	4,278,567	26,920,631	719,688	413,550	32,332,436	65,169,312	47,133,759
AS AT 31 DECEMBER 2013	326,810	42,000,000	98,368,303	24,666,704	1,947,406	167,309,223	445,502	17,780,769	463,523	1,654,220	20,344,014	187,653,236	–
AS AT 31 DECEMBER 2012	326,810	42,000,000	100,506,661	32,888,939	1,905,589	177,627,999	819,016	22,771,302	509,348	1,872,695	25,972,361	–	203,600,360

NOTES TO THE ACCOUNTS (CON'T)**7. Work in progress**

	Balance as at 1.1.2013 (RM)	Capitalised/ Transferred (RM)	Payments made in the year (RM)	Balance as at 31.12.2013 (RM)
Interior Design Works, MIDA Building, KL Sentral	–	–	3,323,538	3,323,538
Technical Advisor, Interior Design Works, MIDA Building	–	–	46,900	46,900
Procurement of office vehicles	–	–	21,885	21,885
Computer Hardware & Software	478,293	(478,293)	–	–
TOTAL	478,293	(478,293)	3,392,323	3,392,323

8. Receivables

	2013 (RM)	2012 (RM)
Other receivables	57,538,234	1,084,880
Receivables – Conveyance loan	658,355	824,725
Receivables – Computer loan	21,324	51,075
	58,217,913	1,960,680
Receivables due within 12 months	57,712,811	1,318,979
Receivables due after 12 months	505,102	641,701
	58,217,913	1,960,680

NOTES TO THE ACCOUNTS (CON'T)**9. Special accounts**

	Strategic Investment, High Impact Project and Domestic Investment Strategic Funds	Upgrading of Basic Infrastructure of Existing Industrial Estates/ (NKEA–HAZMAT)	Industry Studies And Other Projects	Balance As At 2013	Balance As At 2012
Balance as at 1 January 2013	362,330,814	74,261,860	1,329,195	437,921,869	553,552,750
Receipts	184,000,000	38,000,000	136,225	222,136,225	206,096,176
Transfer from development fund	–	–	1,542,846	1,542,846	–
Interest on deposits with bank	10,913,594	2,006,853	1,701	12,922,148	17,966,312
Application	(320,049,959)	(61,980,023)	(1,953,334)	(383,983,316)	(339,693,371)
Balance as at 31 December 2013	237,194,449	52,288,690	1,056,633	290,539,772	437,921,867

NOTES TO THE ACCOUNTS (CON'T)**10. Other payables**

- (i) In 2013, payment of RM1,540,964 (2012: RM4,173,750) was paid to local service provider companies, service industry associations and professional bodies from the allocation of RM50 million received for the Services Sector Capacity Development Fund (SSCDF) project under the First Economic Stimulus Package. The project is to assist Malaysian service providers to enhance capacity and competitiveness in line with the government's objective to liberalise the services sector.
- (ii) In 2013, payment of RM6,655,398 was paid to local companies from the allocation of RM18,000,000 received for the 'National Key Economic Areas' (NKEAs) 'Business Services' – 'Entry Point Project 5' (EPP5) and NKEA Business Services – 'Entry Point Project (EPP3): IC Design: Augmentation of EDA Tools for Enablers' - Selangor Human Resource Development Centre (SHRDC).
- (iii) Settlement of invoices are in accordance with MIDA's Financial Rules and Regulations.
- (iv) The breakdown of other payables in Ringgit Malaysia and foreign currencies are as follows:

Currency	2013 (RM)	2012 (RM)
Ringgit Malaysia	53,671,740	37,091,195
US Dollar	106,038	152,760
Australian Dollar	96,685	22,943
Euro	131,043	295,786
British Pound	35,948	127,211
China Renminbi	94,409	79,865
Swedish Krona	8,995	40,195
Japanese Yen	72,224	156,047
Taiwan Dollar	16,777	15,351
South Korea Won	201,658	81,479
UAE Dirham	16,486	26,876
Singapore Dollar	9,834	23,831
Indian Rupee	12,277	126,822
Thai Baht	–	13,974
South African Rand	10,706	110,972
TOTAL	54,484,820	38,365,307

Provision of employee benefits	2013 (RM)	2012 (RM)
Balance as at 1 January	8,587,480	5,549,858
Adjustment	(1,234)	(251,520)
Payment	(454,003)	(308,436)
Additions	1,427,045	3,597,578
BALANCE AS AT 31 DECEMBER	9,559,288	8,587,480
Payable within 12 months	793,769	184,800
Payable after 12 months	8,765,519	8,402,680
	9,559,288	8,587,480

11. Employee benefits**NOTES TO THE ACCOUNTS (CON'T)****12. Other income**

	2013 (RM)	2012 (RM)
Deferred grant recognition (Note 16)	16,531,501	17,654,311
Interest on deposits at banks	3,270,010	3,298,496
Interest on conveyance loan	31,705	37,217
Profit on computer loan	1,397	2,773
Interest on deposits	4,247	1,302
Rental income	598,902	438,905
Gain on sale of property, plant and equipment	–	2,868
Miscellaneous income	257,089	1,136,388
TOTAL	20,694,851	22,572,260

13. Emoluments

	2013 (RM)	2012 (RM)
Salaries and wages	53,247,287	33,381,213
Fixed allowances	11,268,366	15,226,588
Statutory contributions for employees	8,976,270	5,424,807
Overtime allowances	1,366,683	1,074,063
Other monetary benefits	6,236,382	10,168,025
TOTAL	81,094,988	65,274,696
No. of employees at the end of the financial year	802	776

14. Other expenditure

	2013 (RM)	2012 (RM)
Travel and transportation	19,323,398	14,654,705
Transportation of things	1,544,010	1,473,219
Communications and utilities	20,103,641	18,167,824
Rental	27,406,419	33,771,724
Supplies and materials	2,906,004	3,937,509
Maintenance and minor repairs	5,679,448	7,984,270
Professional/ other services and hospitalities	27,192,339	23,692,471
Miscellaneous expenses	903,385	744,033
Loss on foreign exchange conversions	1,101,384	1,028,749
Loss on sale of property, plant and equipment	9,268	308,221
Write-offs	1,737	17,480
TOTAL	106,171,033	105,780,205

NOTES TO THE ACCOUNTS (CON'T)

15. Cash and cash equivalents

Cash and cash equivalents comprised of:-	2013 (RM)	2012 (RM)
Fixed deposits at a licensed bank	340,000,000	500,000,000
Cash deposits at licensed banks	26,270,686	102,935,964
Cash in hand	41,557	38,857
TOTAL	366,312,243	602,974,821

Cash comprises of cash at bank and in hand including deposits. Cash equivalents comprises of fixed deposits maturing within one month from the date of placement and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value. The weighted average interest rate that was effective during the year 2013 was 3.23% (2012: 3.07%) with an average maturity period of two weeks.

Included in Cash and Cash equivalents are Ringgit Malaysia and foreign currency balances as stated below:

Currency	2013 (RM)	2012 (RM)
Ringgit Malaysia	358,887,573	595,170,281
US Dollar	2,622,508	2,073,017
Australian Dollar	236,081	288,667
Euro	1,640,544	1,887,556
British Pound	339,990	403,319
China Renminbi	149,308	253,566
Swedish Krona	141,391	133,068
Japanese Yen	1,144,993	1,908,041
Taiwan Dollar	77,997	61,437
South Korea Won	47,992	74,720
UAE Dirham	150,558	159,632
Singapore Dollar	432,063	261,161
Thai Baht	57,215	61,849
Indian Rupee	302,894	171,455
South African Rand	81,136	67,052
TOTAL	366,312,243	602,974,821

Also included in cash and cash equivalents at year end are cash balances of Special Accounts (Note 9) amounting to RM290,539,772 (2012: RM437,921,867) which can only be utilised for the approved purposes.

NOTES TO THE ACCOUNTS (CON'T)

16. Development fund

Income statement		
	2013 (RM)	2012 (RM)
INCOME		
Deferred grant recognition (Asset)	16,531,501	17,654,311
Rental Income	21,395	39,412
Interest income	779,627	978,720
	17,332,523	18,672,443
Less: Expenditure		
Expenditure	11,865	18,731,879
Depreciation	16,531,501	17,654,311
	16,543,366	36,386,190
Excess/(Less) income over expenditure	789,157	(17,713,747)
Deferred grant		
Balance as at 1 January	225,640,657	257,808,715
Current year's development grant (Cash)	-	3,200,000
Transfer of development grant to special accounts	(1,493,106)	-
Amortisation of deferred grant (Asset)	(16,531,501)	(17,654,311)
	207,616,050	243,354,404
Balance as at 31 December	208,405,207	225,640,657

Development fund comprises of grants for projects related to MIDA Building KL Sentral, MIDA ICT Systems and the establishment of additional MIDA overseas offices.

17. Capital commitments

Capital commitments that have been contracted by MIDA and not provided for in the financial statements.

	2013 (RM)	2012 (RM)
Interior Design Works, MIDA Building	9,970,612	-
Technical Advisor, Interior Design Works, MIDA Building	128,975	-
Motor Vehicles	204,761	287,408
Computer Hardware, Software and Installation	-	495,307
TOTAL	10,304,348	782,715

18. Contingent liability

In 2013, MIDA had a balance of ten (10) months remaining on a contractual obligation with a third party valued at RM8.2 million for the continuation of the rental of telecommunication infrastructure; maintenance of Wide Area Network-IPVPN; technical support services and Electronic Messaging System (EMS) for the head office and existing overseas and state offices.



Appendices

Events

MIDA's participation in local and overseas events in 2013.

Appendix 1 Local events

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
1.	2nd Malaysia – France Defence SME Partnership Seminar	Ministry of Defence Malaysia	15 January	MATRADE Exhibition and Convention Centre (MECC)
2.	KKIP Showcase Seminar & Exhibition	KKIP Sdn Bhd	15 January	The Pacific Sutera Hotel, Kota Kinabalu, Sabah
3.	4th Penang International Halal Expo & Conference (PIHEC) 2013	PIHH Development Sdn. Bhd.	18 – 20 January	Penang International Sport Arena (PISA)
4.	Program Jelajah Janji Ditepati, Kota Bharu, Kelantan	Media Prima Bhd	20 January	Bandar Baru Tunjang, Kota Bharu, Kelantan
5.	Program MATRADE Bersama Usahawan dan Pengeksport	MATRADE	31 January	Menara MATRADE, Kuala Lumpur
6.	BN Youth Job Fair	Majlis Belia Malaysia Negeri Kedah	31 January–1 February	Alor Setar, Kedah
7.	Bio–Borneo 2013	SEDIA	19–20 February	The Magellan Sutera Resort, Kota Kinabalu, Sabah
8.	BN Youth Job Fair	BN Youth Job Fair Committee	22–23 February	Dataran Shahbandar, Kuala Terengganu, Terengganu
9.	Program Jelajah Janji Ditepati, Kuala Terengganu, Terengganu	Media Prima Bhd and Prime Minister Department	23 February	Dataran Shahbandar, Kuala Terengganu, Terengganu
10.	Program Cinta Masjid @ TV Al Hijrah	TV Al Hijrah and MITI	23 February	Pusat Dakwah Jeli, Kelantan
11.	Program Gerak Usahawan dan Jelajah Janji Ditepati Peringkat Negeri Perlis	Media Prima Bhd dan Kerajaan Negeri Perlis	3 March	Stadium Utama Kangar, Perlis
12.	Pameran Sempena 1 Million Purple Walk & Pelancaran 1 Malaysia Komuniti Perwani	Kementerian Pembangunan Wanita, Keluarga dan Masyarakat	9 & 10 March	Putrajaya
13.	Pameran MITI dan Agensi Sempena Himpunan Anak–Anak Kedah	MITI	16 March	Stadium Juara, Bukit Kiara, Kuala Lumpur
14.	Go Global @ MATRADE Programme	MATRADE	18 March	Marriott Hotel, Miri, Sarawak
15.	Seminar Perdagangan dan Perindustrian Peringkat Bahagian Kapit	MID Sarawak	19 March	Dewan Suarah Kapit, Sarawak
16.	Industrial Automation 2013	Malaysian Exhibition Services Sdn Bhd	20–23 March	Kuala Lumpur Convention Centre (KLCC)
17.	Langkawi International Maritime and Aerospace Exhibition (LIMA) 2013	HW Lima Exhibitions	26–30 March	Mahsuri International Exhibition Centre, Langkawi
18.	Intrenasionale Industrial Expo, Automation Expo & Green Solutions 2013	Intrenasionale	28 – 30 March	Penang International Sport Arena (PISA)

Events

MIDA's participation in local and overseas events in 2013.

Appendix 1 Local events (con't)

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
19.	Science, Innovation & Technology Exhibition (SITEX 2013)	Selangor State Investment Centre (SSIC)	4–6 April	Shah Alam Convention Centre (SACC)
20.	Sabah Franchise SME Showcase 2013	ESM Exhibitor Relations	4–7 April	1 Borneo, Kota Kinabalu, Sabah
21.	Klinik Usahawan Warga Industri Satu Malaysia (KUW1M) Bersama Dr. Azizan	Pergerakan Pemuda UMNO Negeri Kedah	5 April	Kolej Insaniah, Alor Setar Kedah
22.	Military Community Volunteering Day Program	Malaysian Armed Forces	6 April	Kem Desa Pahlawan, Kok Lanas Ketereh, Kelantan
23.	Klinik Usahawan 1 Malaysia	Pemuda Umno Malaysia	6 April	Sunway Carnival Convention Center, Penang
24.	World Taiwanese Chambers of Commerce 19th Semi-Annual Conference	World Taiwanese Chambers of Commerce (WTCC)	8 April	Mandarin Oriental Hotel, Kuala Lumpur
25.	2nd Sabah Oil & Gas Conference and Exhibition	IEC Midas Exhibition & Conferences	16–17 April	Sutera Harbour Resort, Kota Kinabalu, Sabah
26.	Program Tech Talk: Inovasi dalam Industri Minyak & Gas	SME Corporation Malaysia	19 April	Park City Everly Hotel, Bintulu, Sarawak
27.	Seminar Perdagangan dan Perindustrian di Miri, Sarawak	MID Sarawak	23 April	Imperial Hotel, Miri, Sarawak
28.	16th Southeast Asian Healthcare and Pharma Show	ABC Exhibitions Sdn Bhd	24–26 April	Kuala Lumpur Convention Centre (KLCC)
29.	Seminar Perdagangan dan Perindustrian di Limbang, Sarawak	MID Sarawak	27 April	Hotel Purnama, Limbang, Sarawak
30.	Seminar Perdagangan dan Perindustrian di Bau, Sarawak	MID Sarawak	30 April	Dewan Suarah, Bau, Sarawak
31.	24th International Invention, Innovation & Technology Exhibition (ITEX) 2013	Malaysian Invention and Design Society (MINDS)	9–11 May	Kuala Lumpur Convention Centre (KLCC)
32.	Exhibition at SSM National Conference 2013	Companies Commission of Malaysia	20–21 May	Royale Chulan Hotel, Kuala Lumpur
33.	Sarawak Grand Timber Expo and Conference 2013 & Sarawak Small and Medium Enterprises (SMEs) Expo	PUSAKA	7–10 June	Borneo Convention Centre, Kuching, Sarawak
34.	MID & POIC PalmEx Exhibition and Seminar	MID & POIC Sdn Bhd	11 June	Promenade Hotel, Tawau, Sabah
35.	SME Innovation Showcase "SMIDEX 2013"	SME Corporation Malaysia	12–14 June	Kuala Lumpur Convention Centre (KLCC)

Events

MIDA's participation in local and overseas events in 2013.

Appendix 1 Local events (con't)

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
36.	Victorian Super Trade Mission	Victorian State Government of Australia	17–18 June	Shangri-la Hotel, Kuala Lumpur
37.	Seminar on Electrical & Electronics	MIDA	17–18 June	Equatorial Hotel, Penang
38.	SME Week 2013	SME Corporation Malaysia	25–27 June	One Referral Centre, SME Corp
39.	SME Karnival & Program Satu Daerah Satu Industri (SDSI) 2013	Kementerian Pembangunan Perindustrian (MID), Sabah	26–30 June	Sabah Trade Centre, Kota Kinabalu
40.	Program Fiesta Informasi Keusahawanan	SME Corporation Malaysia	28–30 June	Plaza Merdeka, Kuching, Sarawak
41.	Karnival Keusahawanan Minggu PKS 2013 Negeri Perak	SME Corporation, Perak	29–30 June	RTC Gopeng, Perak
42.	APHM International Healthcare Conference and Exhibition 2013	Association of Private Hospitals Malaysia	2–4 July	Sunway Pyramid Convention Centre (SPCC)
43.	GLC Explorace	MITI and Telekom Malaysia Berhad	4 July	TM Convention Centre (TMCC)
44.	MATRADE's Briefing and Consultation Programme	MATRADE	4 July	Syuen Hotel, Ipoh, Perak
45.	2nd Asian Mining and Energy Investment (AMEI) Forum	ICAsia & Vertical Events	20–21 August	Shangri-la Hotel, Kuala Lumpur
46.	Seminar on Direct Domestic Investment	Klang Chinese Chamber of Commerce and Industry (KCCCI) and MIDA	23 August	Premier Hotel, Klang, Selangor
47.	Penang SME Seminar 2013	Invest Penang	23 August	Hotel Vistana, Penang
48.	Seminar Transformasi Ekonomi Negara : Impak Kepada Sektor Perkhidmatan di Negeri Selangor	Department of Statistics Malaysia, Selangor Branch	29 August	De Palma Hotel, Shah Alam, Selangor
49.	National Conference on Services Sector (NCSS) 2013	MIDA	29 August	InterContinental, Kuala Lumpur
50.	Klinik Usahawan Sempena Program Peningkatan Perniagaan & Kerjasama Strategik Usahawan Bumiputera	Lembaga Perindustrian Kayu Malaysia (MTIB)	5 September	Hotel Primiera, Menara MARA, Kuala Lumpur
51.	SME Solutions Expo 2013	Business Media International	5–7 September	Mid Valley Exhibition Centre, Kuala Lumpur
52.	Dialogue Session with Entrepreneurs and Exporters	MATRADE	10 September	Pacific Sutera Hotel, Kota Kinabalu
53.	MATRADE's Briefing and Consultation Programme	MATRADE	11 September	Pullman Hotel, Kuching, Sarawak
54.	BN Youth Job Fair 2013	BN Youth Malaysia	27–29 September	Putra World Trade Centre (PWTC), Kuala Lumpur

Events

MIDA's participation in local and overseas events in 2013.

Appendix 1 Local events (con't)

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
55.	Seminar Perdagangan dan Perindustrian 2013	Kementerian Pembangunan Perindustrian (MID), Sarawak	1 Oktober	Dewan Suarah Sri Aman, Sarawak
56.	Seminar Perdagangan dan Perindustrian 2013	Kementerian Pembangunan Perindustrian (MID), Sarawak	3 Oktober	Dewan Suarah Sarikei, Sarawak
57.	International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM 2013)	KeTTHA	10–13 October	Kuala Lumpur Convention Centre (KLCC)
58.	2nd Malaysia International Healthcare Travel Expo (MIHTE) 2013	Malaysia Healthcare Travel Council	20–22 October	Sunway Pyramid Convention Centre (SPCC)
59.	Exhibition during Conversation with Leaders	Malaysian Institute of Management	22 October	Berjaya Times Square Hotel
60.	International Trade Malaysia (INTRADE) 2013	MATRADE	26–28 November	MATRADE Exhibition & Convention Centre (MECC)
61.	Showcase Satu Daerah Satu Industri (SDSI 2013)	MITI	29 November – 1 December	Melaka International Trade Centre (MITC)
62.	Regional Green Conference	Tan Chong Centre for Asian Management Studies	3–4 December	Sunway Pyramid Convention Centre (SPCC)
63.	Seminar Mengenai Peluang Bumiputera Dalam Peruntukan Saham Khas MITI dan Analisis Pelaburan Dalam Syarikat Berhad	MITI	12 December	Hotel Pullman, Kuching, Sarawak

Appendix 2 Overseas events

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
1.	MUFG Business Link	Bank of Tokyo–Mitsubishi UFJ, Ltd	5 February	Makuhari Messe, Chiba, Japan
2.	Rising and Growing ASEAN Region and Business Strategies	Osaka Foundation for Trade and Industry	14 March	MyDome Osaka, Japan
3.	AUTOMATION Sweden/Denmark 2013	easyFairs Scandinavia AB	17–18 April	Malmö Mässan, Malmö, Sweden
4.	Bio International Convention and Exhibition, Chicago 2013	BIO	22–25 April	Chicago, Illinois, USA
5.	Passport DC, Around the World Embassy Tour Day	Embassy of Malaysia	4 May	Embassy of Malaysia, Washington DC, USA
6.	Offshore Technology Conference (OTC) 2013	Society of Petroleum Engineers (SPE)	6–9 May	Reliant Park, Houston, USA
7.	Conference on Malaysia – US Business Opportunities	MIDA Boston	9 May	Austin, Texas, USA

Events

MIDA's participation in local and overseas events in 2013.

Appendix 2 Overseas events (con't)

8.	South East Asia Trade Exchange Summit	Strategy Analyst International, London	14–16 May	Marina Mandarin Hotel, Singapore
NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
9.	Symposium on Asia–Pacific Economic Integration	Japan External Trade Organisation (JETRO)	15 May	Chicago Club, USA
10.	Korea Overseas Investment Fair (KOIF) 2013	KOTRA (Korea Trade–Investment Promotion Agency)	28–29 May	COEX Seoul, Korea
11.	15th China Zhejiang Investment and Trade Symposium	Zhejiang Provincial People's Government	8–11 June	Ningbo, China
12.	Paris Air Show 2013	GIFAS	17–20 June	Paris Le Bourget, Paris, France
13.	China–ASEAN Expo (CAEXPO) 2013	Government of People's Republic of China	1–5 September	Nanning, China
14.	Nagoya Navigation Fair	Aichi Industry Promotion Organisation	25 September	Nagoya, Aichi Prefecture, Japan
15.	Window to the World	Embassy of Malaysia	29 September	Canberra, Australia
16.	ASEAN Festival 2013	ASEAN Japan Centre	5 October	Yamashita Pak, Yokohama, Japan
17.	Aerospace & Defense Meetings, Turin 2013	BCI Aerospace	23–24 October	Oval Lingotto, Turino, Italy
18.	China Overseas Investment Fair (COIFAIR) 2013	China Industrial Overseas Development and Planning Association	29–30 October	Beijing, China
19.	World Islamic Economic Forum	World Islamic Economic Forum Foundation	29–31 October	ExCel London, United Kingdom
20.	The Malaysian @ OHIO University Outreach Program	The University of Ohio, Athens	9–13 November	The University of Ohio, Athens, USA
21.	Europack Euromanut CFIA 2013	CCI Lyon (Chamber of Commerce & Industry)	19–21 November	Euroexpo Lyon, Lyon, France
22.	Inbound Seminar	Jiji Press, Japan	22 November	Jiji Press Hall, Tokyo, Japan
23.	Classe Export 2013	Classe Export S.A.S	26–27 November	Euroexpo Lyon, Lyon, France

VIP Visitations

Investment promotion visits facilitated by MIDA for the Prime Minister of Malaysia, the Deputy Prime Minister of Malaysia, the Minister of International Trade and Industry, the Deputy Minister of International Trade and Industry and CEO of MIDA in 2013.

Appendix 3 VIP Visitations

NO.	ACTIVITY	DATE
1.	YAB PM's Visit To Davos, Switzerland In Conjunction with World Economic Forum 2013	22 – 26 January
2.	YB Minister's Working Visit to Singapore	4 – 5 March
3.	YB Minister's Working Visit to Singapore	8 – 9 July
4.	YAB DPM's Official Visit To Thailand (Bangkok)	22 – 23 August
5.	YBM's Visit To London, UK In Conjunction with World Islamic Economic Forum (WIEF) 2013	21–23 September
6.	Networking Dinner with Key Investors in Melaka	18 August
7.	Turun Padang (Selangor) – Spirit Aerosystems (M) Sdn. Bhd.	25 September
8.	Turun Padang (Selangor) – Symmid Corporation (M) Sdn. Bhd.	17 October

Talent Management Activities

Activities and events participated in by the Talent Management Division.

Appendix 4 Talent Management Division Activities

NO.	ACTIVITY	DATE
1.	Cost – Benefit Analysis (CBA) Briefing	23 January
2.	Outlook Seminar – Malaysian Dutch Business Council	29 January
3.	Responding to the Challenges of the New EC by Tan Sri Nor Mohd Yackop	31 January
4.	Workshop 2: Analog IC and Packaging Centre of Excellence	7 February
5.	World Association of Investment Promotion Agencies (WAIPA) World Investment Conference 2013, Geneva, Switzerland	11 – 12 February
6.	Visit to GE Engine Services Malaysia, Subang	5 March
7.	Visit to Penchem Technologies Sdn. Bhd. and the USM Campus in Nibong Tebal	6 – 7 March
8.	Majlis Pelancaran Program Kebolehpasaran Graduan di bawah Program Campus Connect KPT–WD di Western digital Media, Pasir Gudang	8 March
9.	Launching Ceremony for Creative Product Development Programme for Malaysian Designers	11 March
10.	Briefing by Frost & Sullivan – “Study to Assess Impact on the Impact of Liberalisation on the Services Sector”	13 March
11.	Zhejiang–Malaysia Business Matching	14 March
12.	Welcoming Dinner for Participants of Seminar on ASEAN Comprehensive Investment Agreement (ACIA)	19 March
13.	LIMA 2013	25 – 28 March
14.	Yunan–Malaysia Economic Cooperation & China–South Asia Expo Promotion Conference	29 March
15.	Taklimat “Oil And Gas Industry” by Baker Huges	29 March
16.	KOREA–ASEAN R&D Network Cooperation Forum 2013	16 April
17.	IIUM Appreciation Hi–Tea for the University –Office of Industry Links 2013	25 April
18.	PEMANDU's Minimum Wages Pre–Lab – Towards Successful Transformation of SME's	13–14 May
19.	Networking Dinner – Scottish Development International Energy Team	4 June
20.	Networking Dinner – Subsea UK	5 June
21.	Launching of the World Investment Report 2013	26 June
22.	Klinik Labor Market Information & Workforce Dashboard	27 June
23.	Working Visit to MARA	28 June
24.	Bengkel Pelan Tindakan Berdasarkan Hasil Study on Domestic Regulations to Enhance the Competitiveness of Malaysia's Services Sector – Healthcare Travel	9 July
25.	Kursus “Positive Strategic Leadership” anjuran Michigan Ross, Hong Kong (20 – 23 August 2013	20–23 August
26.	Human Capital Requirement Workshop in the Film & TV Industry And Themepark & Family Entertainment Industry	18 September

Talent Management Activities *(con't)*

MIDA's participation in local and overseas events in 2013.

Appendix 5 Talent Management Division Activities

NO.	ACTIVITY	DATE
27.	Launching of Wafer Fabrication Advanced Skills Development Programme	24 October
28.	Seminar Outsourcing & Business Networking Session (B2B)	31 October
29.	Taklimat Cukai Barang dan Perkhidmatan (CBP) atau dikenali sebagai Goods and Service Tax (GST)	8 November
30.	The 8th ITAP–MIDA Capacity Building Programme for Investment Promotion Officials of IDB Member Countries – “Investment Strategies and Sector Competitiveness for the Growth of the Country”	11 November
31.	MIDA Forum 2013	19 November
32.	Workshop on Human Capital Requirement for Corridors & Cities & Developing Skills	19 November
33.	Promotional And Outreach Programme to Sabah	20–22 November
34.	Human Resource (HR) Summit 2013	26 November
35.	Persidangan Tahunan Pusat Kecemerlangan Industri (ICoE)	2 December
36.	AMMI Dinner 2013	2 December
37.	Majlis Pelancaran Portal Rasmi Institut Maklumat & Analisis Pasaran Buruh, Kementerian Sumber Manusia	12 December
38.	Persidangan “Graduate Employability and the Role of Higher Education”	16 December

International Investment Promotion

Investment promotion missions, roundtable meetings, seminars and other trade promotion activities organised in 2013.

Appendix 6 General Trade and Investment Missions (TIM), 2013

NO.	ACTIVITY	DATE
1.	Investment Mission to USA in conjunction with Oil, Technology Conference (OTC)	5 – 13 May
2.	TIM To Europe (Manchester (UK), Dublin (Ireland) & Paris (France))	18 – 24 June
3.	TIM To Japan and The Republic of Korea	29 June – 5 July
4.	TIM To Hong Kong and Shanghai	3 –5 September
5.	Specialised Investment Mission to USA	11–20 September

International Investment Promotion *(con't)*

Investment promotion missions, roundtable meetings, seminars and other trade promotion activities organised in 2013.

Appendix 7 Specific Project Missions

NO.	ACTIVITY	COUNTRY VISITED	DATE
1.	Fine/advanced ceramic	Japan & Korea	30 Jan – 9 February
2.	Medical Devices, Pharmaceuticals & Biotechnology / Cosmetics	Japan & Korea	18 – 27 March
3.	Policy advocacy, Capacity building and talent development programme, Implementation and monitoring of issues related to industries talent in Japan & Industry–academia collaboration	Japan	18 – 22 March
4.	Digital Security, ID & Payment Solutions & E–commerce	Hong Kong	27 – 28 March
5.	Medical Devices, Pharmaceuticals, Biotechnology & Cosmetics	USA	19 April – 03 May
6.	Oil & Gas, Machinery	USA	3 – 19 May
7.	Basic Metal Products	China	12 – 18 May
8.	Food Manufacturing & Food processing & halal food	Japan & Korea	13 – 17 May
9.	Regional Establishment	Australia	2 – 8 June
10.	Telecommunication, Cloud computing, Application contents and media, Cyber security and Next generation networks	USA & UK	13 – 28 May
11.	Infrastructure – Electric Vehicle Charging System and Mobility Network, Engineering Services, Testing facilities & Other services	Germany, UK, Spain & France	6 – 18 June
12.	Basic Metal Products	China	2 – 8 June
13.	Aerospace & Aircraft interiors	France, Italy & Germany	17 – 29 June
14.	Rare earth ecosystem & Advanced material	Germany, London, Switzerland & Denmark	23 – 5 July
15.	Advanced material & Fine chemicals	Japan & Korea	15 – 24 July
16.	Electrical & Electronics Products	USA	1 – 10 July
17.	Machinery Manufacturing	Taiwan	26 – 30 August
18.	Infrastructure – Electric Vehicle Charging System and Mobility Network, Comprehensive Integrated Facilities Management Services, Industrial Parks, Engineering Services, Testing facilities & Other services	Japan	2 –11 September

International Investment Promotion (con't)

Investment promotion missions, roundtable meetings, seminars and other trade promotion activities organised in 2013.

Appendix 7 Specific Project Missions, 2013 (con't)

NO.	ACTIVITY	COUNTRY VISITED	DATE
19.	Technical textiles & Solar glass	Germany, France, Italy & UK	31 August – 14 September
20.	Oil and Gas Services Sectors	Aberdeen, UK	31 August – 13 September
21.	Aerospace & Automotive	Japan & Korea	6 – 12 October
22.	R&D & Design companies	USA	21 – 24 August
23.	Aerospace & Automotive	USA	8 – 16 September
24.	Aerospace, Communication & Oil Gas	France & Norway	28 September – 10 October
25.	Medical Devices, Pharmaceuticals & Biotechnology	Germany & Belgium	16 – 27 October
26.	Healthcare, Education & Hospitality	Australia	17 – 23 November
27.	Oil and Gas Services Sectors	Singapore	16 – 17 December
28.	Aerospace & Automotive	USA	3 – 13 December

Appendix 8 Seminars, Forums and Briefings, 2013

NO.	ACTIVITY	DATE
1.	Investment Promotion Mission / Specific Project Mission To Houston, USA In Conjunction with Offshore Technology Conference (OTC) 2013	5 – 13 May
2.	World Islamic Economic Forum (WIEF) 2013	21 – 23 September
3.	MIDA Forum 2013	29 June – 5 July

Domestic Investment Promotion

Investment promotion missions, roundtable meetings, seminars and other trade promotion activities organised in 2013.

Appendix 9 Industry Seminars/Workshops, 2013

NO.	ACTIVITY	VENUE	DATE
1.	LIMA 2013	Langkawi	26–30 March
2.	Sabah Oil & Gas Conference & Exhibition	Kota Kinabalu	15 April
3.	Seminar on E&E Industry and Business Matching	Pulau Pinang	17–18 June
4.	National Conference on Services Sector 2013	Kuala Lumpur	29 August
5.	IGEM 2013: MIDA Business Clinic & Exhibition	Kuala Lumpur	10–13 October

Appendix 10 Friends of Domestic Investment, 2013

NO.	ACTIVITY	VENUE	DATE
1.	FODI MIDA Selangor	Selangor	5 February
2.	FODI Pulau Pinang	Pulau Pinang	19 June
3.	FODI Negeri Sembilan	Negeri Sembilan	24 June
4.	FODI Perak	Perak	9 September
5.	FODI Melaka	Melaka	3 October
6.	FODI Selangor	Selangor/KL	22 Oct
7.	FODI Pahang	Pahang	3–4 Nov
8.	FODI Melaka	Melaka	2 December
9.	FODI Sarawak	Sarawak	16 December

Appendix 11 Other events

NO.	ACTIVITY	ORGANISER	VENUE	DATE
1.	Global Summit Women 2013	MIDA/MITI/SME Corp	Kuala Lumpur	6–8 June 2013
2.	Seminar on Domestic Direct Investment Initiatives	Klang Chinese Chamber of Commerce & Industry (KCCCI)	Klang	23 August
3.	Familiarisation Programme for Officials of Investment Promotion Agencies of the Organisation of the Islamic Member Countries (OIC)	MIDA/Ministry of Foreign Affairs Malaysia (MOFA)/Islamic Development Bank (IDB)	Kuala Lumpur/Melaka	10–15 November
4.	Satu Daerah Satu Industri (SDSI)	MIDA/MITI	Melaka	28 November–1 December

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SABAH

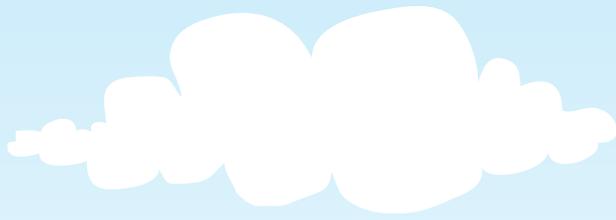
Lot D9.4 & D9.5
Level 9, Blok D
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