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Annual Report **2011**



**Mission Statement
“POSITIONING
MALAYSIA FOR
GLOBAL
COMPETITIVENESS”**

Contents

02 Board Members

04 Management

06 Chairman's Message

09 **Chapter 1**
Introduction

15 **Chapter 2**
Performance of the Manufacturing Sector

25 **Chapter 3**
Performance of the Services Sector

35 **Chapter 4**
Foreign Investment Promotion

45 **Chapter 5**
Domestic Investment Promotion

55 **Chapter 6**
Promotion of Cross Border Investments

59 **Chapter 7**
International Relations

67 **Chapter 8**
The Authority

74 Financial Statement

100 Headquarters, State
and Overseas Offices

Board Members



1

2

3

4

5



6

7

8

9

10

1 **TAN SRI DR. SULAIMAN MAHBOB**
Chairman, MIDA
(until 28 May 2012)

2 **TAN SRI AMIRSHAM A. AZIZ**
Chairman, MIDA
(from 29 May 2012)

3 **DATUK JALILAH BABA**
Director General, MIDA
(until 19 August 2011)

4 **DATUK NOHARUDDIN NORDIN**
Chief Executive Officer, MIDA
(from 20 August 2011)

5 **DATUK DR. REBECCA FATIMA STA MARIA**
Secretary General
Ministry of International Trade and Industry

6 **DATO' SITI HALIMAH ISMAIL**
Secretary
Tax Analysis Division, Treasury

7 **DATO' GHAZALI DATO' YUSOFF**
Executive Chairman
Nusantara Technologies Sdn. Bhd.
(until 31 May 2012)

8 **TAN SRI DATO' MUHAMMAD ALI HAJI HASHIM**
Chairman
Waqaf An Nur Corporation Berhad
(until 31 May 2012)

9 **TUAN HAJI HASHIM PAIJAN**
Permanent Secretary
Ministry of Industrial Development, Sabah

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



11



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11 DATUK AHMAD KABEER NAGOOR
Executive Chairman
AKN Technology Berhad
(until 31 January 2012)

12 TAN SRI DATUK MUSTAFA MANSUR
Ex-President
Federation of Malaysian Manufacturers (FMM)
(until 17 June 2012)

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

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

15 DATUK DR. K. GOVINDAN
Group Chief Executive Officer
RAM Holdings Berhad
(from 18 April 2011)

16 ENCIK ZULKIFLY DATO' HAJI ZAKARIA
(until 31 March 2012)

17 DATUK NORIYAH AHMAD
Co-Chairman
Malaysia-Thailand Joint Authority (MTJA)
(from 1 July 2012)

18 TAN SRI YONG POH KON
President
Federation of Malaysian Manufacturers (FMM)
(from 1 July 2012)

19 TENGKU DATO' ZAFRUL TENGKU ABDUL AZIZ
Chief Executive Officer
Maybank Investment Bank Berhad
(from 1 July 2012)

20 DATO' GOOI SOON CHAI
President of Agilent Technologies
Malaysia and Singapore
Agilent Technologies Microwave Products (M) Sdn. Bhd.
(from 1 July 2012)

21 STUART L. DEAN
Chief Executive Officer GE ASEAN
GE Global Growth & Operations
(from 1 July 2012)

Management



TAN SRI DR. SULAIMAN MAHBOB
Chairman



DATUK JALILAH BABA
Director General
(until 19 August 2011)



DATUK NOHARUDDIN NORDIN
Chief Executive Officer
(from 20 August 2011)



DATO' AFIFUDDIN ABDUL KADIR
Deputy Director General I
(until 14 September 2011)



DATO' WAHAB HAMID
Deputy Director General II
(until 20 April 2011)



DATO' AZMAN MAHMUD
Deputy Chief Executive Officer I
(from 13 October 2011)
Deputy Director General II
(from 15 July 2011 until 14 September 2011)
Senior Director
Non-Resource Industry (until 14 July 2011)



PHANG AH TONG
Deputy Chief Executive Officer II
(from 15 September 2011)
Senior Director
Investment
(until 14 September 2011)



DATUK N. PARAMESWARAN
Senior Director
Services
(until 23 October 2011)



RADHA MENON
Senior Director
Resource Industry
(until 24 February 2011)



MANMOHAN SINGH
Senior Director
Services (from 17 October 2011)
Director
Strategic Planning Division
(until 16 October 2011)



KANG LAY KIM
Senior Director
Resource Industry (from 25 February 2011)
Director
Information Management and Statistics
Division (until 24 February, 2011)



WAN HASHIM WAN JUSOH
Senior Director
Non-Resource Industry
(from 15 October 2011)
Director, Foreign Investment
Promotion Division, America Zone
(until 14 October 2011)



HINDON ABDUL AZIZ
Director
Corporate Management Division
(from 3 May 2011)
Director
Domestic Investment Promotion
Division (until 2 May 2011)



AZIAN MOHD YUSOF
Director
Domestic Investment Promotion
Division (from 3 May 2011)
Director
Business and Other Services Division
(until 2 May 2011)



N. SANGARAN
Director
Machinery and Engineering
Supporting Industries Division



N. RAJENDRAN
Director
Foreign Investment Promotion,
Asia Oceanic Zone



YEOH HOCK ENG
Director
Chemical Industry Division



INON ABDUL HAMID
Director
Electronics Industry Division



CHAI SIEW FOON
Director
Textiles and Non-Metallic Mineral
Industries Division



TAN PIAK BONG
Director
Logistics and Regional
Operations Division



MATHIALAKAN CHELLIAH
Director
Wood and Paper
Industries Division



TENG YIT CHAN
Director
Communications and
Media Division



MOHD RASLI MUDA
Director
Business and Other Services Division
(from 3 May 2011)
Director
Corporate Management Division
(until 2 May 2011)



JASWANT SINGH
Director
Life Sciences Industry Division



TAN CHEE CHAI
Director, Metal and Fabrication
Industries Division
(from 6 June 2011)
Director, Industry Support
Division
(until 5 June 2011)



ZAINAB MUDA
Director
Food Industries Division



HAFIZAH SHAHAR
Director
Transport Industry Division



N. JEYASIGAN
Director
Foreign Investment
Promotion, Europe Zone



ROELINA ABBAS
Director
International Cooperation Division



AIZAH ABDULLAH
Director
ICT and Electrical Industries Division



HOZANIA HAMIDIA
Director
Industry Support Division
(from 6 June 2011)



Chairman's Message

Malaysia continued to exhibit strong economic fundamentals in 2011 despite the uncertainties in the global economy. The country's GDP expanded by 5.1 per cent in 2011, underpinned by firm expansion in domestic demand, supported by both private and public consumption as well as sustained external demand particularly from the Asian region.

In 2011, Malaysia attracted significantly higher levels of investments in the manufacturing, services and primary sectors, with approved investments of RM154.6 billion, representing a 46.4 per cent increase from RM105.6 billion in 2010.

The total investments approved in 2011 surpassed by 34.4 per cent the average annual investment target of RM115 billion set under the 10th Malaysia Plan (10MP).

This achievement is a testimony to the investors' confidence in Malaysia's economic resilience. Malaysia continues to be a cost-competitive location and has been able to attract quality projects with significant levels of investments. This is due to the implementation of several key initiatives such as the Economic Transformation Programme (ETP) and the 10MP, laying the foundation for the country's transformation into a high income economy as envisioned in the New Economic Model (NEM).

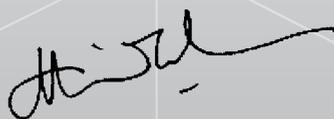
Malaysia was able to attract considerable amount of investments into the manufacturing sector. A total of 846 projects valued at RM56.1 billion were approved in the manufacturing sector in 2011, compared with 910 projects involving investments of RM47.2 billion in 2010. The total investments approved in the manufacturing sector in 2011 exceeded by RM28.6 billion or 104 per cent of the average annual investment target of RM27.5 billion set in the Third Industrial Master Plan (IMP3), 2006-2020.

Malaysia remained a competitive destination for foreign direct investment (FDI) in the region and continued to attract encouraging levels of foreign investments in the manufacturing sector. Foreign investments in manufacturing projects approved in 2011 amounted to RM34.2 billion (61%) compared with RM29.1 billion in 2010. In-line with the call by the Government for domestic investors to assume a prominent role under the ETP, domestic investments approved in the manufacturing sector recorded a growth of 21 per cent from RM18.1 billion in 2010 to RM21.9 billion in 2011. Domestic investments accounted for 39 per cent of total approved investments in 2011.

Malaysia continued to place importance on the services sector as a measure to enhance economic growth and to further diversify the country's sources of economic growth. In 2011, approved investments in the services sector amounted to RM70.4 billion, an increase of 91.8 per cent compared with RM36.7 billion in 2010, surpassing the pre-crisis level in 2007 (RM66.4 billion). Domestic investments formed the largest share of the total approved investments in the services sector in 2011 with RM52.5 billion or 74.6 per cent. However, it is also important to note that foreign investments approved in the services sector made a quantum leap from RM4.1 billion in 2010 to RM17.9 billion in 2011, representing an increase of 336.6 per cent.

For more than four decades, MIDA has been instrumental in the transformation of the nation's economy. In line with the Governmental initiatives to transform Malaysia into a competitive and developed economy by 2020, the focus of MIDA in attracting quality investments is crucial and therefore, a more selective and targeted approach in investment promotion has been adopted. Efforts will also be intensified to target and attract investments in areas where Malaysia has strong competitive advantages, as well as in new growth areas.

Moving forward, MIDA will be spearheading the national investment agenda towards realisation of the status of a high income nation by 2020. MIDA will assume a pivotal role in ensuring the dynamism of the private sector that will propel a significant leap in investment activities in all sectors of the economy under the 10MP and ETP.



TAN SRI DR. SULAIMAN MAHBOB
Chairman, MIDA





Chapter 1

INTRODUCTION

10 **GLOBAL DEVELOPMENTS**

10 **DOMESTIC ECONOMY**

11 **CONCLUSION**

1

INTRODUCTION

The global economy entered a new phase of uncertainties in 2011, triggered by the financial turmoil in the Euro area and the slowdown in the growth of the US economy. Global growth prospects declined while risks sharply escalated during the fourth quarter of 2011. Several major shocks had also taken place in 2011 which impacted major economies in the world, including the devastating Great East Japan earthquake and tsunami and the unrest in oil-producing countries.

GLOBAL DEVELOPMENTS

Based on the International Monetary Fund's (IMF) World Economic Outlook Update dated 24 January 2012, world gross domestic product (GDP) was estimated to expand 3.8 per cent in 2011 compared with 5.2 per cent in 2010. The growth momentum was weighed down by continued structural weaknesses and fiscal issues in the advanced economies, geopolitical developments in the Middle East and North Africa region and the disruptive impact of natural disasters on global manufacturing production.

Despite the economic and financial crisis, global foreign direct investment (FDI) inflows continued to increase in all major groups of economies largely due to the liberalisation policies facilitating FDI flows as well as introduction of new measures regulating FDI.

According to UNCTAD's World Investment Report 2012, global FDI inflows rose by 16 per cent to US\$1.5 trillion surpassing their pre-crisis average (2005-2007) levels of US\$1.47 trillion. Developing and transition economies continued to absorb half of the global FDI inflows in 2011. The World Investment Prospects Survey (WIPS) in 2011 suggested strongly the continuing importance of developing and transition economies as a destination for FDI inflows in the coming years. Malaysia continued to attract significant levels of FDI inflows in 2011 amounting to US\$11.9 billion compared with the US\$9.1 billion recorded in 2010, registering a growth of 31.5 per cent.

DOMESTIC ECONOMY

Amidst the risks and uncertainties in the global economic scenario, Malaysia registered a strong economic performance in 2011, achieving a 5.1 per cent GDP growth due to stronger domestic demand, underpinned by expansion in private investment. Public spending and investment activity also supported the growth.

The manufacturing sector recorded a growth of 4.5 per cent in 2011. The manufacturing sector remained an important contributor to the economy, accounting for 27.5 per cent of the nation's GDP, 67.7 per cent of total exports and 28.7 per cent of total employment. This sector attracted a significantly higher level of investments amounting to RM56.1 billion in 2011 compared with RM47.2 billion in 2010.

The services sector is also a major contributor to GDP. In 2011, this sector accounted for 58.6 per cent of Malaysia's GDP with a 6.8 per cent growth. The employment in the services sector was estimated at 6.5 million people, or 53.3 per cent of the country's workforce. Approved investments in the services sector in 2011 registered a considerable increase of 91.8 per cent to RM70.4 billion compared with RM36.7 billion in 2010.

The primary sector comprises three major sub-sectors namely agriculture; mining; and plantation and commodities. The agriculture sector recorded a growth rate of 5.6 per cent in 2011 and contributed 7.3 per cent to the GDP. The employment in this sector was estimated at 1.4 million persons or 11.5 per cent of total employment in 2011. Meanwhile, the mining and quarrying sector recorded a decline of 5.7 per cent in 2011. It contributed 6.3 per cent to the GDP. Employment in this sector was estimated at 42,000 persons in 2011. The primary sector accounted for RM28.1 billion of approved investments in 2011.

The year 2011 marked the implementation of several key initiatives such as the Economic Transformation Programme (ETP) and the 10th Malaysia Plan (10MP) by the Government, laying the foundation for the country's transformation into a high income economy as envisioned in the New Economic Model (NEM).

Malaysia continues to be a cost-competitive location for investments and has been able to attract projects with significant level of investments. In 2011, total investments approved in the Malaysian economy amounted to RM154.6 billion. The total investments approved exceeded the average annual investment target of RM115 billion set under the 10MP by 34.4 per cent. This is a significant achievement in the first year of the ETP roll-out plan and indicates that Malaysia is on track to achieve the investment targets set under the ETP by 2020 that will transform Malaysia into a high-income nation. Another positive indicator is investments approved in the National Key Economic Areas (NKEAs) which amounted to RM87.4 billion or 56.5 per cent of total investments. There were also significant investments in projects approved within the Non-NKEAs which amounted to RM67.2 billion.

CONCLUSION

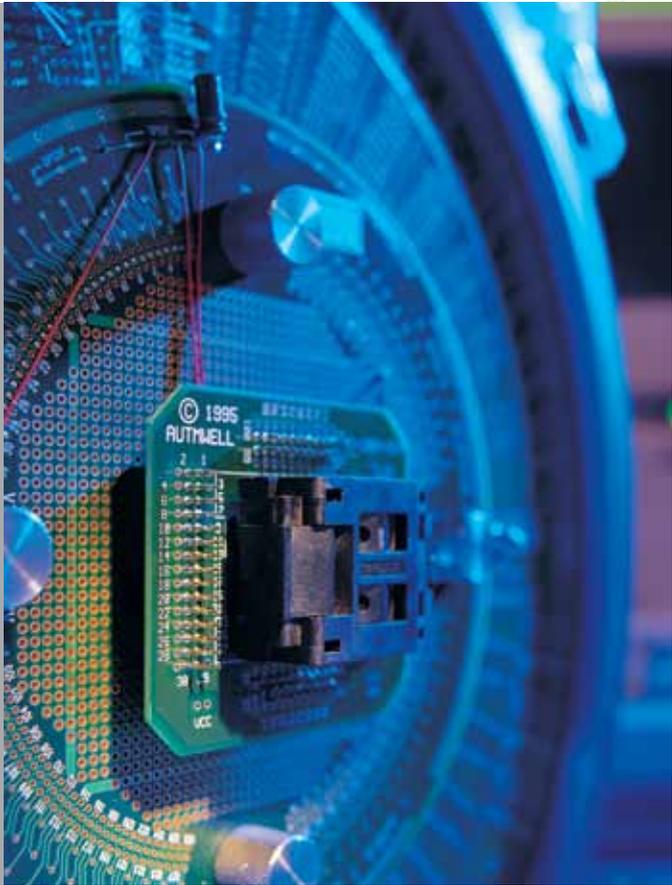
Amid the more challenging external environment, Malaysia's economy is projected to experience a steady pace of growth of 4 - 5 per cent in 2012. Domestic demand is expected to remain resilient and will continue to be the anchor for growth.



Several measures that were announced in the 2012 Budget are expected to provide support to private consumption. These include the upward revision of public sector wages and the one-off financial assistance to low and middle-income groups. Private investment will be supported by domestic-oriented industries and the ongoing implementation of projects under the ETP. The public sector will remain supportive of growth in 2012, with higher capital expenditure by both the Federal Government and the non-financial public enterprises. The implementation of the Special Stimulus Package through Private Financing Initiative that was announced in the 2012 Budget would provide further impetus to real activity during the year.

The Government will continue to create a conducive environment to promote private investments as the key driver of the country's economy. In this regard, MIDA will assume an important role in spearheading the national investment agenda with new investment strategies outlined for 2012. Some of these strategies include leveraging on the ecosystem approach in promoting investments and developing targeted industries; meeting human resources needs of investors; rebranding Malaysia's image as the centre for high technology activities; transforming the domestic investment landscape and enhancing its coordination role as the Central Investment Promotion Agency.





Chapter 2

PERFORMANCE OF THE MANUFACTURING SECTOR

16	INVESTMENT PERFORMANCE	20	Major Sources of Foreign Investments
16	New Projects	20	Approved Projects by Industry
17	Expansion/Diversification Projects	21	Approved Projects by Location
18	Capital-Intensive Projects	22	Implementation Rate
18	Export-Oriented Projects		
19	Employment Opportunities		
19	Approved Projects by Ownership		

2

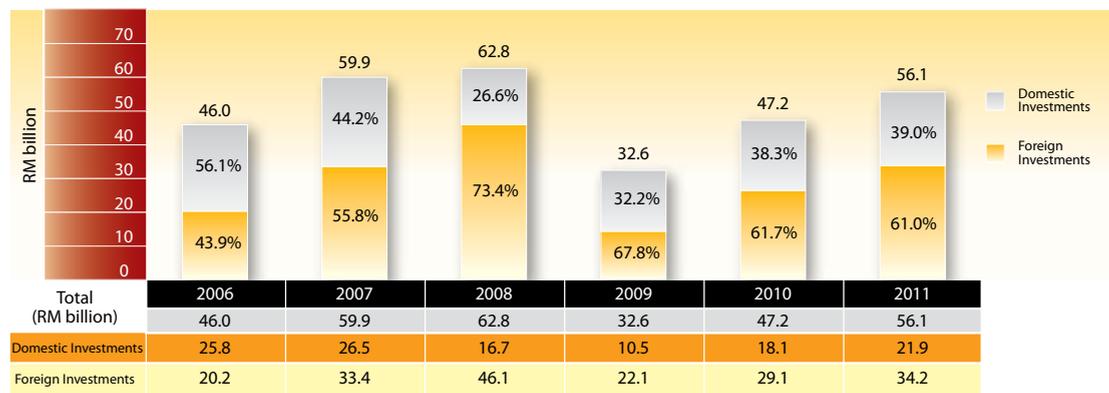
PERFORMANCE OF THE MANUFACTURING SECTOR



INVESTMENT PERFORMANCE

In 2011, Malaysia continued to attract high levels of quality investments in the manufacturing sector which reflects the country's competitiveness as a preferred location for high technology investments in the region.

Chart 1 - Investments in Approved Projects 2006-2011

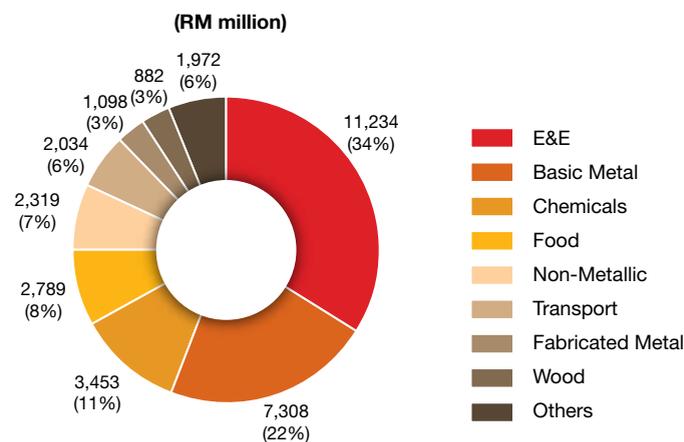


Malaysia attracted total investments valued at RM56.1 billion in the manufacturing sector compared with RM47.2 billion in 2010, registering a growth of 18.8 per cent. Foreign investments constituted RM34.2 billion or 61 per cent of total investments approved. In line with the call by the Government for domestic investors to assume a prominent role under the ETP, domestic investments approved in the manufacturing sector increased from RM18.1 billion in 2010 to RM21.9 billion in 2011.

New Projects

Of the 846 projects approved in 2011, a total of 511 (60.4%) were new projects involving investments of RM33.1 billion or 59 per cent of total investments. Investments in new projects in 2011 were concentrated in the electrical and electronics (E&E) products (RM11.2 billion), basic metal products (RM7.3 billion), chemicals and chemical products (RM3.5 billion), food manufacturing (RM2.8 billion), non-metallic mineral products (RM2.3 billion), transport equipment (RM2 billion) and fabricated metal products (RM1.1 billion) industries.

Chart 2 - Investments in New Projects by Industry, 2011

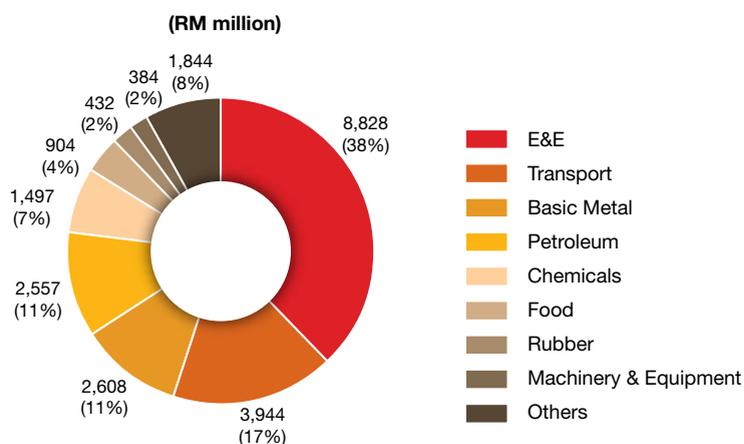


Expansion/Diversification Projects

Existing investors remained positive and continued to undertake expansion/diversification activities in 2011. Of the total projects approved, 335 projects were for expansion/diversification involving investments of RM23 billion, accounting for 41 per cent of total investments.

Investments in expansion/diversification projects were mainly in E&E products (RM8.8 billion), transport equipment (RM3.9 billion), basic metal products (RM2.6 billion), petroleum products including petrochemicals (RM2.6 billion) and chemicals and chemical products (RM1.5 billion) industries.

Chart 3 - Investments in Expansion/Diversification Projects by Industry, 2011



Capital-Intensive Projects

An encouraging trend in the projects approved in the manufacturing sector in 2011 indicated that foreign and domestic investors continue to respond positively to the Government's initiatives to invest in capital intensive, skills and knowledge-based, high value-added and high technology industries. This is reflected in the increase in the capital investment per employee (CIPE) ratio of manufacturing projects approved. The CIPE ratio of manufacturing projects has registered an increasing trend from RM167,638 in 1990 to RM557,894 in 2011.

A total of 92 capital-intensive projects with investments of RM100 million or more each, involving foreign investment were approved in 2011. These projects involved total investments of RM46.9 billion or 83.6 per cent of the total investments approved. These capital-intensive projects were approved in a wide range of industries including E&E products (28 projects/RM18.7 billion), basic metal products (13 projects/RM9.4 billion), transport equipment (15 projects/RM4.9 billion), chemicals and chemical products (7 projects/RM4 billion), food manufacturing (10 projects/RM2.6 billion), petroleum products including petrochemicals (5 projects/RM2.6 billion) and non-metallic mineral products (4 projects/RM2.2 billion).

Export-Oriented Projects

Of the 846 projects approved in 2011, a total of 274 projects (32.4%) were export-oriented projects involving exports of at least 80 per cent of their output. Total investments in these export-oriented projects totalled RM24.7 billion, of which RM20.1 billion (81.4%) was foreign investments, while RM4.6 billion (18.6%) was domestic investments.

These export-oriented projects were mainly in the E&E products (RM13.7 billion), basic metal products (RM3.5 billion), food manufacturing (RM2.2 billion), chemicals and chemical products (RM1.6 billion), transport equipment (RM513.4 million), rubber products (RM499.9 million) and fabricated metal products (RM479.1 million) industries.

Employment Opportunities

Projects approved in 2011 are expected to generate a total of 100,533 employment opportunities, of which 62,584 or 62.3 per cent will be in the managerial, technical, supervisory and skilled manpower categories. Industries which would create high levels of employment opportunities in these manpower categories were the E&E products (26,281), transport equipment (7,892), basic metal products (4,793), rubber products (2,584), machinery and equipment (2,584) and food manufacturing (2,573) industries. The high percentage of managerial, technical, supervisory and skilled manpower jobs highlights the changing industry needs, in line with the focus on higher value-added, higher technology and knowledge-intensive industries.

Approved Projects by Ownership

Domestic Investments

The Government has also increased its focus on promoting domestic direct investments (DDI) to complement the inflows of foreign investments and to further strengthen the manufacturing and services sectors. Currently the Government is formulating an integrated national development strategy to promote domestic investments focusing on selected subsectors to be globally competitive.

Domestic investments in projects approved in 2011 amounted to RM21.9 billion or 39 per cent of total investments. The major portion of the domestic investments approved in 2011 amounting to RM12.9 billion was in new projects, while RM9 billion was in expansion/diversification projects. Domestic investments were mainly in the basic metal products (RM6.3 billion), transport equipment (RM4.9 billion), chemicals and chemical products (RM1.7 billion), petroleum products including petrochemicals (RM1.7 billion) and E&E products (RM1.4 billion) industries.

Foreign Investments

Despite the intense global and regional competition for FDI, Malaysia remains an attractive destination for foreign investments in the manufacturing sector, as reflected in the increase in foreign investments in 2011 compared with 2010. Foreign investments amounting to RM34.2 billion or 61 per cent of total investments were approved in 2011 compared with RM21.9 billion in 2010.

Foreign investments were mainly in the E&E products (RM18.7 billion) followed by basic metal products (RM3.6 billion), chemicals and chemical products (RM3.2 billion), food manufacturing (RM2.6 billion), non-metallic mineral products (RM1.5 billion) and transport equipment (RM1.1 billion). Foreign investments in new projects amounted to RM20.2 billion in 2011. Reinvestments by foreign investors amounted to RM14 billion or about 60.9 per cent of total reinvestments (RM23 billion).

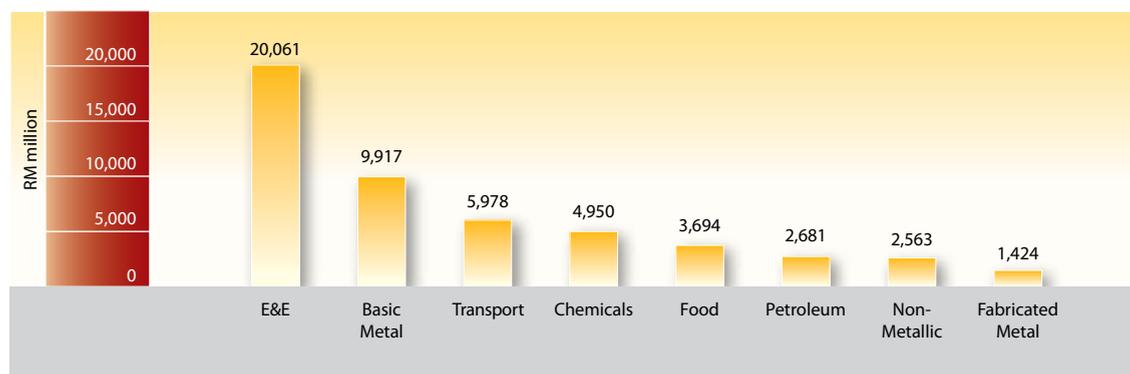
Major Sources of Foreign Investments

The top five sources of foreign investments in 2011 were Japan (RM10.1 billion), Republic of Korea (RM5.2 billion), the USA (RM2.5 billion), Singapore (RM2.5 billion) and Saudi Arabia (RM2.2 billion). These five countries together accounted for about 66 per cent of total foreign investments in approved projects. By region, Asia accounted for the largest share with RM24.4 billion followed by Europe (RM4.3 billion) and North America (RM2.9 billion).

Approved Projects by Industry

In 2011, the E&E industry remained the leading industry in terms of number of projects approved (129 projects), as well as investments (RM20.1 billion). This was followed by basic metal products (RM9.9 billion), transport equipment (RM6 billion), chemicals and chemical products (RM5 billion), food manufacturing (RM3.7 billion), petroleum products including petrochemicals (RM2.7 billion), non-metallic mineral products (RM2.6 billion) and fabricated metal products (RM1.4 billion). These eight industries accounted for RM51.4 billion or 91.6 per cent of total investments approved.

Chart 4 - Investments in Approved Projects by Major Industry, 2011

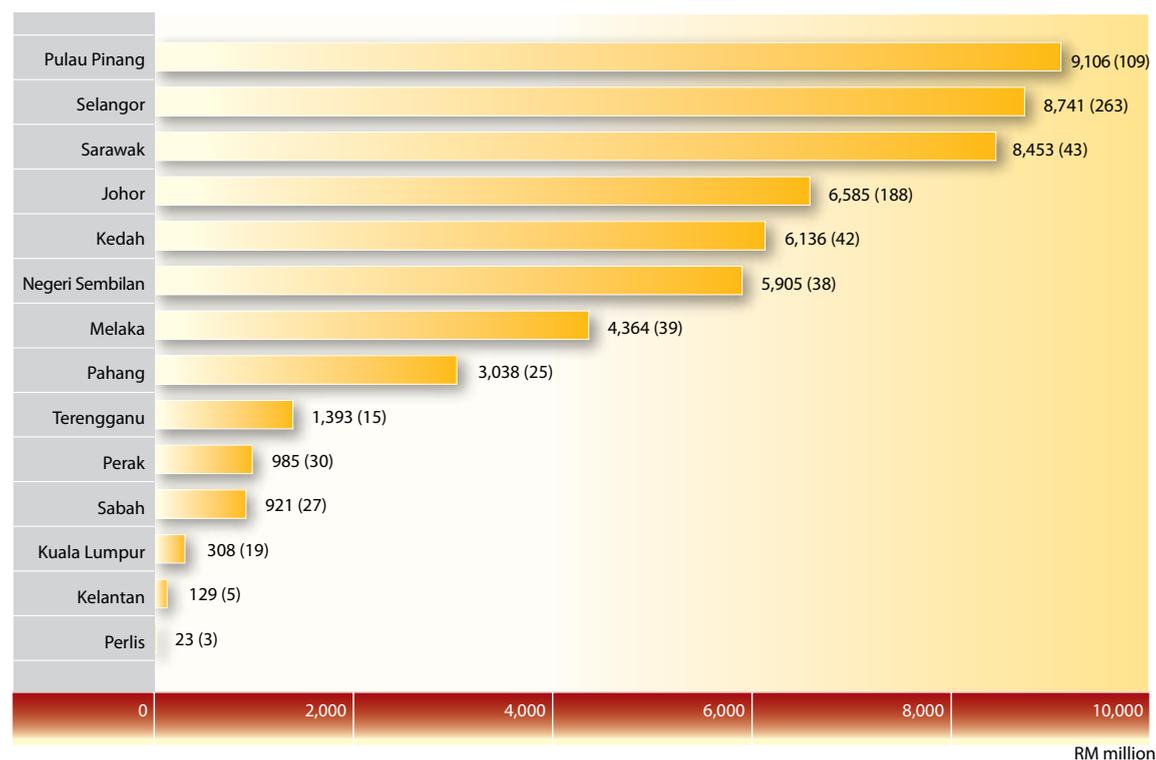


Approved Projects by Location

A large number of projects approved in 2011 were proposed to be located in the states of Selangor (263 projects), Johor (188 projects), Penang (109 projects), Sarawak (43 projects), Kedah (42 projects), Melaka (39 projects) and Negeri Sembilan (38 projects). Together, these seven states accounted for 722 projects or 85.3 per cent of the total number of projects approved (846) in 2011.

In terms of investments, the state of Penang (RM9.1 billion) registered the highest investment level followed by Selangor (RM8.7 billion), Sarawak (RM8.5 billion), Johor (RM6.6 billion), Kedah (RM6.1 billion), Negeri Sembilan (RM5.9 billion) and Melaka (RM4.4 billion).

Chart 5 - Investments in Approved Manufacturing Projects by State, 2011



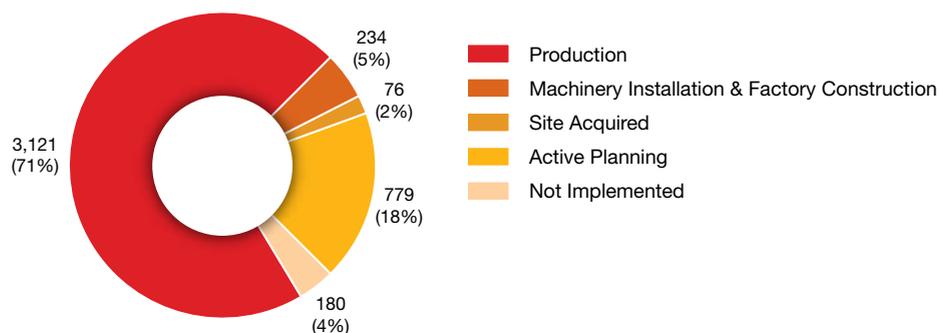
Note: Figures in parentheses refer to number of projects approved

Implementation Rate

During the period 2007 to 2011, a total of 4,390 manufacturing projects were approved, of which 3,355 projects have been implemented (which include projects which have commenced production, constructed factory or installed machinery) with a total investment of RM140.3 billion. Of the 4,390 projects, 3,121 projects (71.1%) had commenced production while 234 projects (5.3%) were at the stage of factory construction and machinery installation. Of the 3,121 projects in production, 344 projects had commenced production in 2011.

Apart from this, 76 projects with investments of RM24.7 billion have also acquired sites for factories, while 779 projects (RM84.3 billion) are in active planning stage. When these 855 projects are realised, the total investment generated will amount to RM109 billion.

Chart 6 - Status of Implementation of Manufacturing Projects Approved during 2007-2011







Chapter 3

PERFORMANCE OF THE SERVICES SECTOR

26	OVERVIEW	30	SUPPORT SERVICES
27	REGIONAL ESTABLISHMENTS	31	Renewable Energy (RE)
28	Operational Headquarters (OHQs)	32	Energy Efficiency/Conservation
28	International Procurement Centres (IPCs)	32	Cold Chain Facilities
29	Regional Distribution Centres (RDCs)	32	Integrated Logistics Services (ILS)
29	Regional/Representative Offices (ROs and REs)	33	Research and Development (R&D)
29	GLOBAL OPERATIONS HUB	33	Integrated Market Support Services (IMS)

3

PERFORMANCE OF THE SERVICES SECTOR



OVERVIEW

The services sector has been identified as the next engine of growth for the Malaysian economy. It comprises a broad range of services including regional establishments; support services; MSC status companies; real estate (housing); transport; energy; telecommunications; distributive trade; hotels and tourism; financial services; health services and education services.

The services sector remains the major contributor to GDP. In 2011, the services sector contributed 58.6 per cent to GDP with a growth rate of 6.8 per cent¹. Employment in the services sector was estimated at 6.5 million people or 53.3 per cent of total employment². The productivity of the services sector expanded by 4.3 per cent in 2011³ led by the communication; utilities; and transport and storage sub-sectors which grew by 6.8 per cent, 5.5 per cent and 5.4 per cent respectively.

A total of 4,006 projects with investments of RM70.4 billion were approved in the services sector in 2011, surpassing the pre-crisis level in 2007 (RM66.4 billion). Of the total investments, domestic investment amounted to RM52.5 billion and foreign investments totalled RM17.9 billion. The approved projects during this period are expected to provide 43,867 job opportunities.



¹ Department of Statistics

² Economic Report 2011/2012, Ministry of Finance, Malaysia

³ Malaysia Productivity Corporation

Table 1 - Approved Investments in the Services Sector

Services Sub-sector	No.	RM million
Regional Establishments	112	291.8
Global Operations Hub	4	9,644.8
Support Services	132	1,133.9
MSC Status Companies	215	2,513.1
Real Estate (Housing)	1,422	17,305.9
Telecommunications	40	9,121.3
Transport	34	11,720.1
Energy	N/A	6,141.7
Hotel and Tourism	64	1,919.8
Distributive Trade	1,498	2,517.6
Education Services	383	1,457.4
Financial Services	61	5,738.1
Health Services	16	712.5
Others	25	189.4
Total	4,006	70,407.4

REGIONAL ESTABLISHMENTS

As at 31 December 2011, there were 3,031 approved regional establishments in Malaysia, which include 217 Operational Headquarters (OHQs), 223 International Procurement Centres (IPCs), 28 Regional Distribution Centres (RDCs), 841 Regional Offices (ROs) and 1,749 Representative Offices (REs).

Many prominent MNCs and large corporations have chosen Malaysia to establish their regional and global operations. The attractiveness of its financial environment, people skills and availability, and business environment in Malaysia placed it at the top three spots in the 2011 Global Services Location Index™ (GSLI) by AT Kearney and helped it to attract regional establishments into the country.

Among the key reasons cited by the MNCs for their decision to establish their regional operations in Malaysia are its world class infrastructure, good connectivity, attractive investment incentive packages including tax incentives and liberal policies on foreign equity participation and employment of expatriates.

In 2011, a total of 112 new regional establishments were approved to be set up in Malaysia with investments of RM291.8 million. These operations will create a total of 904 jobs for Malaysians which are mainly at the managerial, professional and technical levels.

Operational Headquarters (OHQs)

In 2011, a total of 18 OHQs were approved with investments of RM163 million. Of these, four were from Singapore, two each were from the UK and Malaysia, one each from the Netherlands, Australia, Norway, Luxembourg, France, Japan and Bermuda. The remaining two were joint-venture projects of which one was between Hong Kong and Malaysia, and the other between Singapore and India.

A total of 125 expatriate posts were approved for these OHQs and 571 employment opportunities will be created for Malaysians.

These OHQs are involved mainly in oil and gas, finance, E&E, construction, food and beverages, timber, logistics, healthcare and health informatics, pharmaceuticals, chemicals, automotive, power and engineering services, IT and biotechnology industries.

International Procurement Centres (IPCs)

Multinational corporations, with their strong network of production bases in the Asia Pacific region, have established IPC operations in the country. Their IPCs serve as procurement and distribution centres and undertake supply chain management for their manufacturing operations both in Malaysia and abroad.

Six IPC projects were approved in 2011 with investments of RM70.5 million and estimated annual sales turnover of RM1.5 billion. Of the six IPCs approved, one each were from the USA, Canada, the UK, India, Malaysia and one was a joint-venture company between Yemen and Cayman Islands. These IPCs will provide employment opportunities for 132 Malaysians, mainly in the managerial, technical and skilled categories and will procure a total of RM5.2 billion worth of products from local companies.

Regional Distribution Centres (RDCs)

In 2011, one RDC was approved with investments valued at RM10 million and total annual sales turnover of RM104 million. The approved RDC is for a Japanese company which is involved in packaging film, industrial film and functional sheet. Its RDC will distribute finished products which are mainly sourced from its related companies in Japan to its customers in Singapore, Philippines, and Germany.

Regional/Representative Offices (ROs and REs)

ROs and REs are established mainly to assist foreign companies to plan or coordinate business activities for the corporations' affiliates, subsidiaries and agents in Malaysia and in the region. The establishment of these ROs and REs will provide opportunities for the companies to set up OHQs/IPC/RDCs in the long run.

In 2011, a total of 32 ROs and 55 REs were approved with total investments of RM48.3 million. Of the total, investments for ROs and REs amounted to RM24.4 million and RM23.9 million respectively. These ROs/REs were mainly from Singapore (11), France (6), Japan (5), the USA (4), the UK (4) and the People's Republic of China (3) as well as one from Germany, Iran, Hong Kong, India, Spain, Sweden, Qatar, Thailand, Belgium, the Republic of Korea and Australia respectively. These ROs and REs are expected to create employment opportunities for 193 Malaysians.

GLOBAL OPERATIONS HUB

MIDA has also approved four projects which proposed to make Malaysia their Global Operations Hub. These projects have substantial investments with significant spin-off effects on the economy including provision of skilled employment opportunities

In 2011, four companies were approved tax incentives to undertake Global Operations Hub with total investments of RM9.6 billion. The approved projects are as follows:

- A Regional Distribution Hub (RDH) and manufacturing activity by one of the world's largest producer of iron ore and pellets, key raw materials for the steel industry as well as nickel which is used to produce stainless steel, batteries, special alloys, chemicals and other products in Perak;

- A Global Operations Hub by an analog and digital semiconductor company. This operation will be undertaken at its Penang location. The company has consolidated all of its worldwide supply chain management activities in Malaysia which includes procurement of silicon wafers and assembly packaging services, integrated circuit (IC) testing, manufacturing process R&D (hardware and software development, test simulation) and production planning.
- An infrastructure and finance company from India, has decided to undertake a Disaster Recovery Centre (DRC) in Selangor Science Park, Cyberjaya, Selangor. This project will create jobs especially for highly skilled software engineers. It will also further increase utilisation of domestic services such as insurance, logistics, utilities, legal, audit, tax consulting; usage of local infrastructure such as ports and airports; and business outsourced to Malaysian companies for services such as security, engineering and facilities management
- A Regional Engineering Centre (REC) will be set up by a world's leading nutrition, health and wellness company with its headquarters located in Switzerland. The Group has been in Malaysia for the past 100 years through a range of food products. The company in Malaysia is the biggest Halal producer in the company Group warranting the company to be recognised as the Halal Centre of Excellence for the group worldwide.

SUPPORT SERVICES

Support services such as research and development (R&D), renewable energy and energy conservation/efficiency, engineering design, integrated logistics services, integrated market support services, cold chain facilities, sterilisation, central utilities facilities and technical, vocational and science training are among the service activities currently being promoted by the Government in order to enhance the value creation of the manufacturing sector in Malaysia. Service providers undertaking these activities are eligible to apply for tax incentives in the form of Pioneer Status (PS) and Investment Tax Allowance (ITA) for a period of 5 to 10 years.

In 2011, a total of 56 support services projects were granted tax incentives in MIDA, involving total investments of RM518.4 million. Domestic investments which totalled RM470.3 million continued to dominate the support services sector while foreign investments amounted to RM48.1 million. A total of 983 employment opportunities would be created by these projects.

Table 2 - Investments in Approved Support Services, 2011

Support Services	No.	RM million
Renewable Energy	36	424.4
Energy Efficiency/Conservation	12	21.9
Cold Chain Facilities	1	15.7
Integrated Logistics Services	1	9.2
Research and Development (R&D)	3	7.6
Integrated Market Support Services (IMS)	1	2.5
Others	2	37.1
Total	56	518.4

Renewable Energy (RE)

The main renewable resources for generation of energy include biomass such as wastes from palm oil, rice, sugar cane, timber, sawmill and paper recycling mills; municipal wastes; biogas from landfills, palm oil mill effluent and animal wastes; mini-hydro; solar; and wind power. Within the RE sector, biomass resources and solar energy are widely used for the generation of electricity, accounting for 90 per cent of the renewable energy sources.

Under the Tenth Malaysia Plan, the Government has set a target of 5.5 per cent of the total electricity generation mix or 985MW from renewable energy by 2015. The Government is also working on a Feed-in-Tariff mechanism to allow sales of electricity that is produced from indigenous renewable resources to power utilities at a fixed premium price for a specific duration.

In 2011, a total of 36 renewable energy projects were approved with tax incentives compared with 21 projects in 2010. However, these projects were generally on a smaller scale with total investments amounting to RM424.4 million (2010: RM563.7 million). Of the total investments approved, 95 per cent was domestic investments.

Of the 36 projects approved, 19 projects would be using solar energy, 15 projects would be using biomass including biogas, one integrated project using both solar energy and biogas and one project using animal waste to generate renewable energy.

Energy Efficiency/Conservation

Conserving energy or using energy in a more efficient manner is crucial to preserve our environment and achieve sustainable development. The Government has undertaken many initiatives to encourage industries and consumers to go green by using energy efficient equipment and products. In 2011, rebates were given to encourage middle-class households to buy energy-efficient appliances under the Sustainability Achieved via Energy Efficiency (SAVE) programme. For the business community, companies can avail themselves of tax incentives, import duty and sales tax exemptions subject to the prevailing guidelines for these applications.

In 2011, a total of 12 energy conservation/efficiency projects were approved tax incentives. Total investments approved amounted to RM21.9 million, of which 86.8 per cent was domestic investments.

Cold Chain Facilities

A company that provides Cold Chain activities such as cold room services and refrigerated truck for perishable agriculture produce i.e. fruits, vegetables, flowers, ferns and meats and aquatic products, is eligible for either Pioneer Status or Investment Tax Allowance.

In 2011, a wholly-owned Malaysian company was approved incentives for providing cold chain activities with total investment of RM15.7 million. Located in Penang, the company will rent its cold room facilities to Malaysian companies in the area which collect the perishable products from local farmers, breeders as well as fishermen. The company will also undertake value-added activities such as washing, peeling, grading, freezing and packing based on the customer's requirement.

Integrated Logistics Services (ILS)

Integrated Logistics Services (ILS) activities comprise freight forwarding, warehousing, transportation and other related value-added services such as distribution, procurement and supply chain management undertaken on an integrated basis.

Approved ILS companies are given an option of either Pioneer Status or Investment Tax Allowance. The incentives are designed to create an efficient and competitive logistics industry while encouraging the integration and consolidation of the various transport intermediaries along the logistics supply chain in Malaysia. In this regard, Malaysian companies are encouraged to expand and venture into higher value-added services to enable them to compete globally.

In 2011, one ILS company was approved. It is a new project by a Malaysian-owned company which was previously involved in construction activities. The company is venturing into logistics activities namely freight forwarding, warehousing, transportation, distribution as well as value-added services such as packing, repacking, and relabeling with investments of RM9.2 million in Bintulu, Sarawak.

Research and Development (R&D)

R&D activities include industrial design (product and process development including designing and prototyping) and research services provided by design houses, contract R&D companies, R&D companies, and approved R&D institutes/research companies.

In 2011, three contract R&D projects were approved tax incentives, with total investments of RM7.6 million.

Integrated Market Support Services (IMS)

Integrated Market Support Services (IMS) comprise the activities of branding, market research and customer relationship management. In 2011, one foreign-owned project was approved with tax incentive, involving investments of RM2.5 million.



Chapter 4

FOREIGN INVESTMENT PROMOTION

36	Trade and Investment Missions	41	Journalist Programme and Industry Leader's Programme
37	Visits by YAB Prime Minister, YAB Deputy Prime Minister, YB Minister of MITI, YB Deputy Minister of MITI and Director General/Chief Executive Officer of MIDA	42	Public Relations Activities
38	Specific Project Missions	42	Invest Malaysia 2011
40	International Seminars/Forums/Briefings Participated	42	Global Investment Forum
40	Visits by Foreign Investors/Delegations	43	Forbes Global CEO Conference 2011
41	Enquiries Received and Briefings Conducted		

4

FOREIGN INVESTMENT PROMOTION

Malaysia adopts a targeted approach in attracting FDI from countries identified to have the leading edge in selected industries and technologies. Various initiatives are in place to ensure that the country remains an attractive destination for global FDI flows. These initiatives are reviewed from time to time and monitored continuously to ensure their effectiveness.

In 2011, MIDA undertook various promotional programmes and activities to promote and attract foreign investments into the manufacturing and services sectors. The programmes undertaken include Trade and Investment Missions, Roundtable Meetings and Mini Seminars, Specific Project Missions, International Seminars/Forums/Dialogues with foreign chambers, Industry Leaders Programme and advertisements and advertorials. These programmes were targeted to attract new investments as well as encourage reinvestments (expansion and diversification) especially in high technology, capital-intensive, knowledge-intensive and high value-added industries.

Trade and Investment Missions

In 2011, MIDA organised and participated in seven trade and investment missions abroad. The missions comprised Malaysian Government officials including officials from the state Governments as well as representatives from the private sector. In conjunction with these missions, seminars on trade and investment opportunities in Malaysia and roundtable meetings were organised.



Table 3 - Trade and Investment Missions, 2011

No.	Programme	Date
1.	Trade and Investment Mission to Syria	31 January - 2 February
2.	Trade and Investment Mission to Algeria	26 February - 4 March
3.	Trade and Investment Mission to Europe (Berlin, Vienna and Paris)	26 March - 3 April
4.	Trade and Investment Mission to USA (New York, Boston and San Jose)	16 - 24 May
5.	Trade and Investment Mission to Japan (Tokyo and Osaka)	17 - 21 July
6.	Trade and Investment Mission to Europe (Milan, Stockholm and Oslo)	26 September - 1 October
7.	Trade and Investment Mission to Hong Kong and China (Chengdu, Beijing and Nanning)	15 - 20 October

Visits by YAB Prime Minister, YAB Deputy Prime Minister, YB Minister of MITI, YB Deputy Minister of MITI and Director General/Chief Executive Officer of MIDA

In 2011, MIDA was also involved in organising seminars, roundtable meetings, private meetings and visits to companies in conjunction with the official visits of YAB Prime Minister, YAB Deputy Prime Minister, YB Minister of MITI, YB Deputy Minister of MITI and the Director General (DG)/Chief Executive Officer (CEO) of MIDA.

Table 4 - Visits by YAB Prime Minister, YAB Deputy Prime Minister, YB Minister of MITI, YB Deputy Minister of MITI and DG/CEO of MIDA in 2011

No.	Programme	Date
1.	Briefing on Investment Opportunities in Malaysia during Invest Malaysia, Abu Dhabi, UAE, led by YAB PM	30 January
2.	Roundtable Meeting with Captains of Industry in Istanbul, Turkey, in conjunction with YAB PM's visit	22 - 23 February
3.	Roundtable Meeting with Captains of Industry in conjunction with YAB PM's official visit to Australia	1 - 4 March
4.	Roundtable Meeting with Captains of Industry in conjunction with YAB DPM's visit to India	9 March
5.	Seminar on Business Opportunities in Seoul in conjunction with YAB PM's official visit to Korea	4 - 6 April
6.	Briefing on Investment Opportunities in Malaysia during the Malaysia Services Exhibition, 2011, Abu Dhabi, led by YB Minister of MITI	16 - 18 April
7.	Roundtable Meeting with Captains of Industry in conjunction with YAB DPM's visit to People's Republic of China	18 - 22 April
8.	YB Minister of MITI's official visit to Indonesia and Singapore	4 - 9 May
9.	Briefing on Investment Opportunities in Malaysia during the 1st Annual Investment meeting, Dubai, led by DG MIDA	10 - 12 May
10.	Roundtable Meeting with Captains of Industry in Doha, Qatar, in conjunction with YAB PM's visit	14 - 15 May
11.	Roundtable Meeting with Captains of Industry in conjunction with YAB PM's working visit to Japan	24 - 27 May

Table 4 - Visits by YAB Prime Minister, YAB Deputy Prime Minister, YB Minister of MITI, YB Deputy Minister of MITI and DG/CEO of MIDA in 2011 (continue)

No.	Programme	Date
12.	Roundtable Meeting with Captains of Industry in Lausanne and Zurich, Switzerland led by DG MIDA	9 - 10 June
13.	Roundtable Meeting with Captains of Industry in conjunction with YB Minister of MITI's visit to Japan	29 June
14.	One-on-One Meeting with Captains of Industry in conjunction with YB Minister of MITI's visit to China	30 June
15.	Roundtable Meeting and Global Investment Forum in London, in conjunction with YAB PM's visit	13 - 17 July
16.	Working visit by YB Minister of MITI to Indonesia	7 - 8 August
17.	Working visit by YB Minister of MITI to Singapore	23 August
18.	Roundtable Meeting with Captains of Industry Brunei in conjunction with YB Deputy Minister of MITI (Trade) visit to Brunei	12 September
19.	Working Visit of YB Minister of MITI to Perth, Australia, in conjunction with Commonwealth Business Forum 2011	25 - 28 October
20.	Investment Seminar In Gwangju City, Republic of Korea Led by CEO MIDA	6 - 9 November
21.	Malaysia-Singapore Business Forum 2011 led by YB Minister of MITI	24 November
22.	Working Visit By YB Deputy Minister of MITI (Trade) to Osaka, Nagoya and Tokyo, Japan in conjunction with Bank Of Tokyo Mitsubishi UFJ Roadshow To Promote Malaysia	12 - 14 December

Specific Project Missions

A total of 18 Specific Project Missions were organised to meet targeted companies in the selected countries in 2011. These missions met with companies in high-technology, capital-intensive and high value-added industries.

Table 5 - Specific Project Missions, 2011

No	Target Sector	Country Visited	Date
1.	Organic Substrate, LED Fabrication and Equipment	Japan	1 - 9 March
2.	Solar, LED, RFID and Electrical	Republic of Korea	11 - 15 April
3.	Chemicals	Saudi Arabia and Turkey	30 April - 3 May
4.	Oil and Gas, Automation and Machinery	USA	2 - 13 May
5.	Aerospace	UK and France	16 - 23 June
6.	Pharmaceutical, Medical Devices and Biotechnology	USA	20 - 30 June
7.	OHQ, IPC, RDC, RE and RO	Japan	18 - 26 July
8.	Wood and Paper	People's Republic of China and Republic of Korea	25 - 30 July
9.	Semiconductor, Fabless, LED Wafer Fabrication and IC Design	Canada and USA	17 - 28 September
10.	Halal Food and Food Ingredients	Japan and Republic of Korea	2 - 8 October
11.	Solar and ICT	Canada and USA	19 - 27 October
12.	Advanced Ceramics, Technical Textiles and Green Building Products	People's Republic of China	30 October - 5 November
13.	OHQ, IPC, RDC, RE and RO	Australia	12 - 19 November
14.	Environmental Management, RE-Energy and Sterilisation	UK, France, Sweden, Germany and Netherlands	14 - 25 November
15.	Iron and Steel	People's Republic of China and Hong Kong	20 - 30 November
16.	Advanced Ceramics, Technical Textiles and Green Building Products	India	4 - 11 December
17.	Halal Food	United Arab Emirates	6 - 16 December
18.	Machinery, Forging, Die Casting, Mould and Foundry	Korea and People's Republic of China	12 - 21 December

International Seminars/Forums/Briefings Participated

MIDA organised and participated in International Seminars/Forums/Briefings as part of its investment promotion strategies in 2011.

Table 6 - International Seminars/Forums/Briefings, 2011

No	Programme	Date
1.	Invest Malaysia 2011 Conference	12-13 April
2.	Malaysia-China Trade and Investment Cooperation Forum	28 April
3.	Investment Promotion Mission/Specific Project Mission To Houston, USA In Conjunction with Offshore Technology Conference (OTC) 2011	2 – 8 May
4.	Korean Chamber of Commerce Malaysia Seminar	28 July
5.	FORBES Global CEO Conference (FGCC)	12-14 September
6.	CAEXPO and CABIS (China-Asean 2011 Business Expo)	21-22 October
7.	Seminar on Investment Opportunities in Malaysia	23-26 October
8.	Australia-Malaysia: Forging Ahead (Business Briefing)	17 November
9.	Kanagawa Business Opportunity Seminar	23 November
10.	Power Ladies, UAE-Malaysia Roundtable Meeting 2011	5-9 December

Visits by Foreign Investors/Delegations

In 2011, MIDA received a total of 275 visits by delegations/investors from overseas. They were briefed by MIDA on the policies, facilities, incentives and opportunities for investments in the manufacturing and services sectors. In addition, MIDA also liaised with other ministries, departments, state governments, agencies and the private sector to facilitate these visits.

Enquiries Received and Briefings Conducted

During the course of the year, MIDA received more than 1,000 enquires from foreign and local companies on the establishment of manufacturing and services projects. MIDA also conducted briefings for foreign delegations, private sector, industry associations, chambers of commerce and Government agencies to update them on the policies, incentives and business environment in Malaysia.

Journalist Programme and Industry Leader's Programme

Journalist Programme (11-15 September 2011)

In 2011, MIDA sponsored three prominent journalists' visit to Malaysia under the Journalist Visit Programme. The objective of the visit was to familiarise foreign journalists on the investment environment in Malaysia.

The participants are as follows:

1. Mr. Greg Earl
Asia Pacific Editor / National Affairs Editor
Australia Financial Review
2. Mr. David James
Senior Journalist
BRW Magazine
3. Ms. Florence Chong
Senior Journalist
The Australian / Asian Today Magazine

Industry Leaders' Programme (11-15 September 2011)

MIDA also sponsored Mr. Larry Gould, National President, Australia Malaysia Business Council (AMBC) visit to Malaysia under the Industry Leaders' Programme. The objective of the visit was to update and familiarise the industry leader on the investment environment and opportunities in Malaysia. Upon returning to his country, he will disseminate information on Malaysia to the members of AMBC and encourage them to visit Malaysia.

Public Relations Activities

MIDA continued to undertake its public relations activities which include participating in advertisements, exhibitions and trade fairs as well as the organisation of visits of foreign journalists.

Advertisements and Advertorials

In 2011, MIDA placed advertisements in domestic and foreign publications, which include Forbes Asia, Site Selection and Khaleej Times.

International Exhibitions/Trade Fairs

MIDA continued to participate in international exhibitions and trade fairs in 2011 to create awareness on 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. In 2011, MIDA participated in seven overseas exhibitions which were held in United Arab Emirates, Singapore, People's Republic of China and the Republic of Korea.

Invest Malaysia 2011

On 30 January 2011, MIDA in cooperation with Focus International organised the launching of Invest Malaysia Report in Abu Dhabi, UAE. The event was officiated by YAB Prime Minister of Malaysia and graced by the Crown Prince of Abu Dhabi. The event highlighted Malaysia as the premier investment destination to the Middle East business community.

Global Investment Forum

On 15 July 2011, MIDA in collaboration with The London Speaker Bureau, the largest speaker bureau in Europe, Middle East and South Africa organised MIDA's Global Investment Forum. The event was held at the Claridge Hotel, London, UK. YAB Prime Minister officiated and delivered the keynote address at this event. The event highlighted the investment opportunities in Malaysia to the business community from Europe.

Forbes Global CEO Conference 2011

The Forbes Global CEO Conference 2011 was held for the second time in Kuala Lumpur, Malaysia. This annual prestigious event was attended by more than 400 global CEOs, tycoons, entrepreneurs, capitalists and thought leaders. Under the theme "At the Crossroads", the Conference focused on how the policy makers and CEOs are facing critical choices on economic growth, reform and strategies. YAB Prime Minister and YAB Deputy Prime Minister were also engaged in respective one-to-one dialogues or "A Meeting of Minds" with Steve Forbes, Editor-In-Chief of Forbes Media at the Conference.





Chapter 5

DOMESTIC INVESTMENT PROMOTION

46 **DOMESTIC INVESTMENT PROMOTION**

47 Domestic Investment Seminars

47 Specific Industry Seminars

48 Roundtable Meetings

49 *Turun Padang* Programmes/Visits

50 Local Exhibitions

5

DOMESTIC INVESTMENT PROMOTION

Equally important to attracting FDI is the Government's continued drive to actively promote domestic investments as outlined in the New Economic Model (NEM), Economic Transformation Programme (ETP) and the 10th Malaysia Plan (10MP), 2011-2015.

The Government will continue to promote domestic investments and nurture Malaysian companies to become global industry players. Various initiatives have been undertaken by MIDA to further spur the domestic investments:

- Providing attractive fiscal and non-fiscal incentives to increase quality investments into high technology, capital intensive, knowledge and creative industries and R&D based activities;
- Identifying sectors/industries that have vast business potentials in which Malaysian companies can participate;
- Enhancing efficiencies and effectiveness of the delivery system via simplification of rules and procedures and real time decisions;
- Collating potential investment plans by Malaysian companies to render support and assistance for the proposed investment plan;
- Providing numerous avenues to promote outsourcing and higher-value chain linkages between Malaysian companies and Foreign/Malaysian partners;
- Approaching existing potential Malaysian companies in production to encourage expansion and diversification;
- Regular meetings with domestic investors to obtain views on ways to attract and encourage re-investment by Malaysian companies; and
- *Turun padang*/visits to Malaysian companies to handhold and ensure speedy implementation of the approved projects. This delivery of services is rendered by MIDA Special Project Officers at the Federal and State levels.

Continuous dissemination of information on investment policies, incentives, business opportunities and support services were undertaken through various outreach programmes organised in 2011.



Domestic Investment Seminars

MIDA in collaboration with SME Corporation Berhad (SME Corp) organised a total of three domestic seminars in 2011, one each in Kuala Lumpur, Sarawak and Sabah. A total of 1,350 participants attended these seminars.

Table 7 - Domestic Investment Seminars, 2011

No	Date	Venue	Programme
1.	8 March	Berjaya Times Square Hotel, Kuala Lumpur	National Domestic Investment Dialogue and Seminar
2.	28 July	Pullman Hotel, Kuching, Sarawak	Sarawak Domestic Investment Dialogue and Seminar
3.	13 October	Magellan Sutera, Sutera Harbour Resort, Kota Kinabalu, Sabah	Dialogue and Seminar

Specific Industry Seminars

MIDA organised one specific industry seminar in conjunction with the Langkawi International Maritime and Aerospace Exhibition in Pulau Langkawi. The seminar aimed at highlighting:

- The capabilities and potentials of Malaysian aerospace players;
- The development of the aerospace industry in Malaysia and investment opportunities; and
- The Government's initiatives on promoting the aerospace industry and incentives packages offered to investors.

Table 8 - Specific Industry Seminar, 2011

No	Date	Venue	Programme
1.	7 – 8 December	Mahsuri International Exhibition Centre (MIEC), Pulau Langkawi, Kedah	Forum on Collaboration Opportunities in The Aerospace Industry and B2B Meetings

Roundtable Meetings

MIDA organised a total of eight Roundtable Meetings chaired by the YB Minister of International Trade and Industry with selected Malaysian and foreign companies across Malaysia. The objectives of these Roundtable Meetings were to:

- Seek and obtain feedback from companies on proposals for reinvestments;
- Disseminate latest policy measures/guidelines that have been put in place by the government to stimulate domestic direct investment; and
- Obtain feedback from companies on any issues related to their operations.

Table 9 - Roundtable Meetings, 2011

No	Date	Venue	Programme
1.	8 March	Berjaya Times Square Hotel, Kuala Lumpur	Roundtable Meeting with Malaysian MNCs
2.	21 April	Equatorial Hotel, Pulau Pinang	Roundtable Meeting with Companies in Penang
3.	23 April	Zenith Hotel, Kuantan, Pahang	Roundtable Meeting with Companies in Gebeng
4.	24 May	The Pacific Sutera Hotel, Kota Kinabalu, Sabah	Roundtable Meeting with Companies in Sabah
5.	31 May	MITI, Kuala Lumpur	Roundtable Meeting with Companies in Selangor
6.	16 June	Hilton Hotel, Kuching, Sarawak	Roundtable Meeting with Companies in Sarawak
7.	18 July	Impiana Hotel, Ipoh, Perak	Roundtable Meeting with Companies in Perak
8.	29 July	The Royal Bintang Resort, Seremban, Negeri Sembilan	Roundtable Meeting with Companies in Negeri Sembilan

Turun Padang Programmes/Visits

MIDA also coordinated *Turun Padang* programmes for YB Minister of MITI and MIDA Management to visit selected companies to handhold and facilitate the delivery of services to companies and to ensure that proposed investments are realised.

Table 10 - Turun Padang/Factory Visits

No	Date	Venue	Programme
1.	19 January	Lumut, Perak	Chairman of MIDA's Visit to shipbuilding companies in Lumut: Boustead Naval Shipyard Sdn. Bhd. and Grade One Marine Shipyard Sdn. Bhd.
2.	4 March	Selangor	YB Minister of MITI's <i>Turun Padang</i> / Visit to JF Microtechnology Sdn. Bhd.
3.	21 April	Penang	YB Minister of MITI's <i>Turun Padang</i> / Visit to Agilent Technologies and Aviatron's Groundbreaking Ceremony
4.	9 – 10 May	Labuan	MIDA DDG I's Visit to Labuan's Oil and Gas Hub: <ul style="list-style-type: none"> • Labuan Corporation • Petronas Oil and Gas Terminal • Petronas Methanol (Labuan) Sdn. Bhd. • Labuan Shipyard and Engineering Sdn. Bhd. • Asian Supply Base Sdn. Bhd.
5.	27 June	Sijangkang, Selangor	Chairman of MIDA's Visit to NGV Tech Sdn. Bhd.
6.	22 December	Nilai, Negeri Sembilan dan Bandar Enstek, Selangor	YB Minister of MITI's <i>Turun Padang</i> / Visit to: <ul style="list-style-type: none"> • Recron (Malaysia) Sdn. Bhd. • Pure Circle Sdn. Bhd. • Coca-Cola Bottlers Sdn. Bhd. • NAZ Medical Supplies Sdn. Bhd.

Local Exhibitions

MIDA has also been actively participating in exhibitions to further inform and create awareness of investment opportunities to the local business community.

Table 11 - Local Exhibitions, 2011

No	Name of Exhibition	Organiser	Date	Venue
1.	Trade Clinics in conjunction with MATRADE's Briefing and Consultation 2011	Malaysia External Trade Development Corporation (MATRADE)	26 January	Menara MATRADE, Kuala Lumpur
2.	EABC-MITI Symposium on Expanding Trade and Investment Linkages in East Asia	East Asia Business Council and MITI	22 February	MATRADE Exhibition and Convention Centre (MECC)
3.	Exhibitions and Productivity and Innovation Clinics: Enterprise Creanova Integrated Solution Programme	Malaysia Productivity Corporation (MPC)	25 February	Sunway Pyramid Convention Centre
4.	Penang International Halal Expo and Conference (PIHEC) 2011	PIHH Development Sdn. Bhd.	25 – 27 February	Penang International Sports Arena
5.	Export Furniture Exhibition (EFE) 2011 (MFEA)	Malaysia Furniture Entrepreneur Association	3 – 7 March	Malaysia Agro Exposition Park Serdang (MAEPS)
6.	National Domestic Investment Seminar	MIDA	8 March	Berjaya Times Square Hotel, Kuala Lumpur
7.	NCCIM Seminar Series on Government Financial Assistance for Malaysian Companies and Its Application Procedures	National Chamber of Commerce and Industry Malaysia (NCCIM)	29 March	MECC

Table 11 - Local Exhibitions, 2011 (continue)

No	Name of Exhibition	Organiser	Date	Venue
8.	Seminar on Doing Business and Investment Opportunities in Pakistan	MIDA	31 March	JW Marriott Hotel, Kuala Lumpur
9.	Malaysia International Halal Showcase (MIHAS 2011)	MATRADE	6 – 9 April	Kuala Lumpur Convention Centre (KLCC)
10.	MTA Malaysia 2011	Malaysian Exhibition Services Sdn. Bhd.	4– 8 May	Putra World Trade Centre (PWTC), Kuala Lumpur
11.	Aerospace Meetings Kuala Lumpur	BCI Aerospace, France	24 May	MECC
12.	Exhibition at the Segambut UMNO Youth Division Meeting	Segambut UMNO Youth Division	28 May	Memorial Tunku Abdul Rahman, Kuala Lumpur
13.	Exhibition in conjunction with Seminar on Market Driven Industry in Agro Food Sector	Ministry of Agriculture and Agro-Based Industry Malaysia	31 May	Putrajaya International Convention Centre (PICC)
14.	SMIDEX 2011 – SME Innovation Showcase	SME Corporation Malaysia	7 - 9 June	KLCC
15.	Exhibition in conjunction with the Launch of MITI Report	MITI	14 June	MECC
16.	Sabah Investment, Products and Tourism Showcase	Department of Industrial Development Research, Sabah	16-19 June	Mid Valley Exhibition Centre, Kuala Lumpur
17.	Exhibition in conjunction with Langkawi International Dialogue (LID) 2011	Ministry of Science, Technology and Innovation (MOSTI)	19-21 June	PICC

Table 11 - Local Exhibitions, 2011 (continue)

No	Name of Exhibition	Organiser	Date	Venue
18.	Asia Symposium on Quality Electronic Design (ASQED) 2011	International Symposium on Quality Electronic Design (ISQED), Selangor Human Resource Development Centre (SHRDC) and MIMs Malaysia	19-20 July	Crown Plaza Mutiara, Kuala Lumpur
19.	Industrial Automation 2011	Malaysian Exhibition Services Sdn. Bhd.	20-23 July	KLCC
20.	Sarawak Domestic Investment Seminar	MIDA	28 July	Kuching, Sarawak
21.	International Greentech & Ecoproducts Exhibition and Conference (IGEM 2011)	Ministry of Energy, Green Technology and Water (KeTTHA)	7-10 September	KLCC
22.	Forbes Global CEO Conference	Forbes Singapore and MIDA	12-14 September	Shangri-La Hotel, Kuala Lumpur
23.	Asia Medical 2011	Malaysian Exhibition Services Sdn. Bhd.	5-7 October	PWTC
24.	Sabah Domestic Investment Seminar	MIDA	25 October	Kota Kinabalu, Sabah
25.	Malaysia International Commodity Conference and Showcase (MICCOS) 2011	Ministry of Plantation Industries and Commodities	28-30 October	MAEPS
26.	The 3rd World Chinese Economic Forum	Asian Strategy and Leadership Institute (ASLI)	3-4 November	Palace of the Golden Horses, Kuala Lumpur
27.	Ernst and Young ETP Forum	Ernst and Young Advisory Services Sdn. Bhd.	10 November	Doubletree by Hilton, Kuala Lumpur
28.	Borneo International Trade Fair (BITF) 2011	Kadazandusun Chamber of Commerce and Industry	10-13 November	Kota Kinabalu Sport Complex

Table 11 - Local Exhibitions, 2011 (continue)

No	Name of Exhibition	Organiser	Date	Venue
29.	International Trade Malaysia (INTRADE 2011)	MATRADE in collaboration with MITI	22-24 November	MECC
30.	Langkawi International Maritime and Aerospace Exhibition (LIMA 2011)	Government of Malaysia	6-10 December	Langkawi, Malaysia
31.	Seminar on Energy Efficiency (EE)	Energy Commission (EC)	20 December	Armada Hotel, Petaling Jaya



Chapter 6

PROMOTION OF CROSS BORDER INVESTMENTS

56 Trends of Malaysian Investments Overseas

56 Promotion of Cross Border Investments

56 Seminars on Business and Investment
Opportunities in Targeted Countries

57 Visits and Dialogues

57 Familiarisation Programmes

6

PROMOTION OF CROSS BORDER INVESTMENTS

The country continues to record a sustainable trend of Cross Border Investment (CBI) as Malaysian companies are well positioned to venture overseas. CBIs will enable Malaysian companies to become part of the global production network through expansion of new marketing channel, acquisition of new technologies and sourcing of lower cost resources overseas. Malaysia's competitiveness will strengthen when more Malaysian companies are well positioned globally to meet up with a challenging global and economic environment.

Trends of Malaysian Investments Overseas

Malaysia recorded RM45.3 billion of Direct Investment Abroad (DIA) in 2011, a 5.6 per cent increased from RM42.9 billion in 2010. The strong DIA performance was achieved despite the slow global economic recovery; uncertainties arising from debt crisis in Europe; pockets of unrest in West Asia following the Arab Spring; supply chain disruption due to the tsunami and earthquake in Japan and floods in Thailand.

Some Malaysian investments were channelled via international offshore financial centre, before being redirected to its final destination. The key sectors include financial intermediation, mining and quarrying, services, agricultural and construction.

Promotion of Cross Border Investments

MIDA has undertaken the following programmes in 2011 to promote CBI:

- Organise seminars on business and investment opportunities for targeted countries;
- Networking with Investment Promotion Agencies/Boards of Investment in targeted countries; and
- Promotion and evaluation of application of Malaysia – Singapore Third Country Business Development Fund which is designed to assist Malaysian companies together with its Singapore counterpart to venture abroad.

Seminars on Business and Investment Opportunities in Targeted Countries

In 2011, MIDA has collaborated with various foreign Embassies in Kuala Lumpur and Investment Promotion Agencies (IPAs) of respective countries to organise three seminars on business and investment opportunities in Malaysia.



Table 12 - Seminars on Business and Investment Opportunities, 2011

No	Seminars	Date	No. of Participants
1.	Seminar On Doing Business and Investment in Osaka	22 February	14
2.	International Seminar and Business Opportunities in Pakistan	31 March	72
3.	Seminar on Doing Business and Investment Opportunities in Thailand	16 June	21

The objectives of these seminars are:

- To update participants on policies and procedures, business and investment opportunities available in the host country; and
- To provide platform for networking and enhance business collaboration.

Visits and Dialogues

MIDA had organised visits from 65 delegations in 2011, from countries such as Vietnam, Kazakhstan, Tanzania, Sudan, Bosnia, Lebanon, Nigeria, Palestine, Syria, Turkey, Uganda, Indonesia and Uzbekistan. The objectives of these visits were to strengthen bilateral ties and promote business/investment interests of Malaysian companies in these countries.

Familiarisation Programmes

In 2011, one Familiarisation Programme was organised by MIDA in collaboration with the Islamic Development Bank (IDB). The Familiarisation Programme for Officials of Investment Promotion Agencies of IDB Member Countries was successfully conducted with the involvement of 31 participants from 26 IDB member countries. The theme for the programme was FDI Promotion and Economic Development Strategies.

The objectives of the programme include:

- To provide a platform for participants to obtain a comprehensive understanding on the strategies and policies to attract FDI and the roles of host governments in drafting policies and measures in attracting FDI; and
- To highlight successful stories from IDB member countries in promoting FDIs and sharing with other member countries on their success.



Chapter 7

INTERNATIONAL RELATIONS

60 Association of South-East Asian Nations (ASEAN)

61 Investment Cooperation

62 Trade Cooperation

63 ASEAN External Relations

63 Asia-Pacific Economic Cooperation (APEC)

64 Bilateral Economic Cooperation

65 Multilateral Trade Relations

7

INTERNATIONAL RELATIONS



Association of South-East Asian Nations (ASEAN)

The ten ASEAN Member States (AMS) continue to strive towards establishing an integrated community by 2015 as envisaged under the ASEAN Economic Community (AEC), characterised by a single market and production base; a competitive economic region with equitable development and a region that is engaged with the global economy. A more integrated ASEAN will help ASEAN nations to strengthen their economic competitiveness and enable ASEAN to be a more dynamic region to compete in the global supply chain and to remain an attractive base for foreign direct investment.

In line with the theme “ASEAN Community in a Global Community of Nations” under the chairmanship of Indonesia, ASEAN has outlined three main priorities for 2011, namely, to ensure significant progress in achieving an ASEAN Community; to ensure that the regional architecture and regional environment remain ASEAN-centred and conducive to development; and to commence deliberation on ASEAN vision beyond 2015.

ASEAN has successfully implemented key initiatives towards AEC’s goal of single market and production base. Tariffs in the region have been reduced to zero for ASEAN-6 Member States while the Cambodia, Laos, Myanmar and Vietnam (CLMV) countries have also fully ratified the tariff reduction schedule that will fully implement the ASEAN Trade in Goods Agreement (ATIGA). Efforts to address non-tariff barriers, trade facilitation and standards have been strengthened with the establishment of a Focal Group to further review current policies and strategies for standard and conformance in the region. ASEAN has made great strides in reducing tariff barriers and reviewing the Rules of Origin (ROO) for ASEAN originating goods. Currently, AMS are progressively identifying non-tariff barriers to trade and ways to eliminate them as well as conducting studies on the most appropriate and cost-effective ROO to be implemented in ASEAN.

The year 2011 marks another achievement for customs integration in ASEAN. Thailand confirmed its participation in the Self-Certification Pilot Project joining the other three existing participating AMS namely, Brunei Darussalam, Malaysia and Singapore. With the ASEAN wide implementation of the Self-Certification is within range, it is expected to offer numerous benefits including reducing business cost and ultimately paving the way to smooth trade practices among AMS.

In the area of services and investment liberalisation, Member States have signed eight packages of commitments under the ASEAN Framework Agreement on Services (AFAS) and adopted the modality for the elimination of investment restriction and impediments under the ASEAN Comprehensive Investment Agreement (ACIA) in 2011.

ASEAN continues to pursue integration into the global economy through various free trade agreements (FTAs) and comprehensive economic partnership (CEP) agreements with several dialogue and major trading partners. ASEAN currently has FTAs with the People's Republic of China, India, Japan, the Republic of Korea, Australia and New Zealand. To-date, the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) is the most comprehensive agreement concluded by ASEAN with a Dialogue Partner.

ASEAN is committed to ensure that market and trade integration effectively works in the region in terms of its quality, impact and efficient allocation of resources. The ASEAN Integration Monitoring Office (AIMO) was established as a strong and dedicated monitoring body to track the progress of regional integration and better prepare the region to greater challenges of trade and financial globalisation.

MIDA's role in the ASEAN economic cooperation process covers cooperation in market access and facilitation of trade in goods, and cooperation in the promotion, facilitation and liberalisation of investment.

Investment Cooperation

FDI inflows to ASEAN decreased slightly by 4.1 per cent to US\$89.2 billion in 2011 from US\$92.9 billion in 2010 while intra-ASEAN investment increased substantially by 23.0 per cent to US\$17.6 billion in 2011 from US\$14.3 billion in 2010, reflecting that ASEAN continued to benefit among its members' investments.

ASEAN's commitment to strengthen its investment regime was further reinforced with the signing of the ASEAN Comprehensive Investment Agreement (ACIA) in 2009. ACIA will enter into force once the ratification on the Agreement and endorsement on the Reservation Lists to the Agreement were completed by all AMS. The ACIA has been ratified by all Member States with Thailand being the last country to ratify the Agreement in December 2011. The ACIA is expected to enter into force by first quarter of 2012 when all AMS endorsed the Reservation Lists.

The ACIA which contain comprehensive liberalisation and protection provisions is expected to provide greater transparency on investment regime in ASEAN that would benefit both ASEAN investors and foreign-owned ASEAN-based investors. To support the implementation of ACIA and further liberalise ASEAN investment regime, a modality for the elimination and improvement of investment restriction and impediments in ASEAN was adopted in 2011. It provides a structured phased approach to progressively reduce or eliminate investment restrictions and impediments taken by AMS.

The ASEAN Coordinating Committee on Investment (CCI) continued its work to implement the CCI Work Programmes 2010-2011 in order to enhance the ASEAN investment regime. MIDA as the Malaysia's lead agency for the ASEAN CCI Meetings participated actively in the ASEAN investment-related programmes. MIDA participated as Speaker at the 1st ASEAN Investment Forum (AIF), a platform for strategic dialogue and sharing of experiences among the ASEAN Heads of Investment Promotion Agencies, held on 16 November 2011 in Bali, Indonesia. MIDA was also invited to speak at the 2011 ASEAN Business and Investment Summit which was organised by the ASEAN Business Advisory Council, held back to back with the AIF in Bali. Other major deliverables of the CCI in 2011 include:

- Ongoing studies funded by the ASEAN-Australia Development Cooperation Programme Phase II (AADCP II);
- Enhancing Implementation of ASEAN Agreements;
- Study by Economic Research Institute for ASEAN and East Asia (ERIA) to Further Improve the ASEAN Economic Scorecard Phase II; and
- AEC Blueprint Medium-Term Review (MTR);
- CCI Multi Year Work Programme 2011-2015;
- ASEAN Investment Report 2011;and
- Statistics of FDI in ASEAN 2010.

Trade Cooperation

ASEAN showed a substantial recovery from the global economic crisis with total trade increase of 20.0 per cent to US\$2.4 trillion in 2011 from US\$2.0 trillion in 2010, compared to 19.2 per cent increase in global trade in 2011. Intra-ASEAN trade also increased by 15.1 per cent to US\$598.2 billion in 2011 from US\$519.8 billion in 2010.

ASEAN continues to undertake measures to facilitate intra-ASEAN trade and to further enhance market access. In 2011, MIDA continued to participate in the meetings of the Sub-Committee on ATIGA Rules of Origin (SC-AROO) and Coordinating Committee on the Implementation of the ATIGA (CCA).

The work programme of these committees in 2011 includes:

- Implementation of the Pilot Project on Self-Certification;
- Elimination of Non-Tariff Barriers;
- Resolving of implementation issues; and
- Review of the General Exceptions List (GEL).

ASEAN External Relations

In 2011, ASEAN continued to pursue deeper regional economic integration initiatives with its Dialogue Partners. MIDA participated in these initiatives through supporting the Ministry of International Trade and Industry in ASEAN's FTA negotiations by providing inputs and recommendations in the areas of trade in goods (including rules of origin) and investments. The FTA negotiations were as follows:

- ASEAN-Japan Comprehensive Economic Partnership (AJCEP) on Investment Chapter;
- ASEAN-India Investment Agreement; and
- ASEAN-Australia-New Zealand FTA - Work Programme on Investment Chapter.

Asia-Pacific Economic Cooperation (APEC)

MIDA continued to be Malaysia's lead agency for the Investment Experts' Group (IEG) meetings. In 2011, three IEG meetings were held in the USA, which were focussed on the following key priorities:

- Strengthening regional economic integration and expanding trade;
- Promoting green growth; and
- Expanding regulatory cooperation and advancing regulatory convergence.

MIDA's contributions towards IEG deliverables for the year include:

- Participating in the APEC–UNCTAD Peer Review Seminar for Negotiators of International Investment Agreements - Handbook for Negotiators on 11-13 April 2011 in Santiago, Chile;
- Participate as Speaker at the APEC-UNCTAD Workshop on Best Practices in Investment Policy Formulation in the APEC Region held in Moscow, Russia on 29-30 November 2011; and
- Continuing to participate in the Investment Facilitation Action Plan (IFAP) programme proposed by Member Economies to accelerate regional economic integration.

Bilateral Economic Cooperation

In 2011, MIDA continued to participate in Malaysia's bilateral FTA negotiations with its trading partners. MIDA's role covered negotiations for market access in trade in goods, rules of origin and investments. The focus of the work included:

- On-going negotiations:
 - Malaysia - Turkey FTA;
 - Malaysia - Australia FTA;
 - Malaysia - European Union FTA; and
 - Malaysia - Trans Pacific Partnership (TPP).
- Concluded negotiation:
 - Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) was signed on 18 February 2011 and entered into force on 1 July 2011.

MIDA also participated in the negotiation and revision of Investment Guarantee Agreements (IGA) in 2011, among others with the Sultanate of Oman, Russia and Croatia. The IGA is to ensure protection of foreign investments including investments made by Malaysian investors in the host country.

Multilateral Trade Relations

In 2011, MIDA continued its role in the World Trade Organisation (WTO) on the market access modalities for non-agricultural products and tariff elimination for environmental goods.

The Ministry of International Trade and Industry (MITI) as the focal point in consolidating and streamlining Malaysia's positions on international trade and investment has been continuously consulting MIDA on various trade and investment related issues.



Chapter 8

THE AUTHORITY

68 **THE AUTHORITY**

68 Function of the Authority

71 Board Meetings

71 Annual Media Conference on
Malaysia's Investment Performance 2011

71 Human Resource Development



THE AUTHORITY

THE AUTHORITY

Malaysian Investment Development Authority is the principal Government agency to promote investments in the manufacturing and services sectors (excluding financial and utilities).

MIDA was established in 1967 under the Federal Industrial Development Authority Act, 1965 as a statutory body under the purview of the Ministry of International Trade and Industry (MITI).

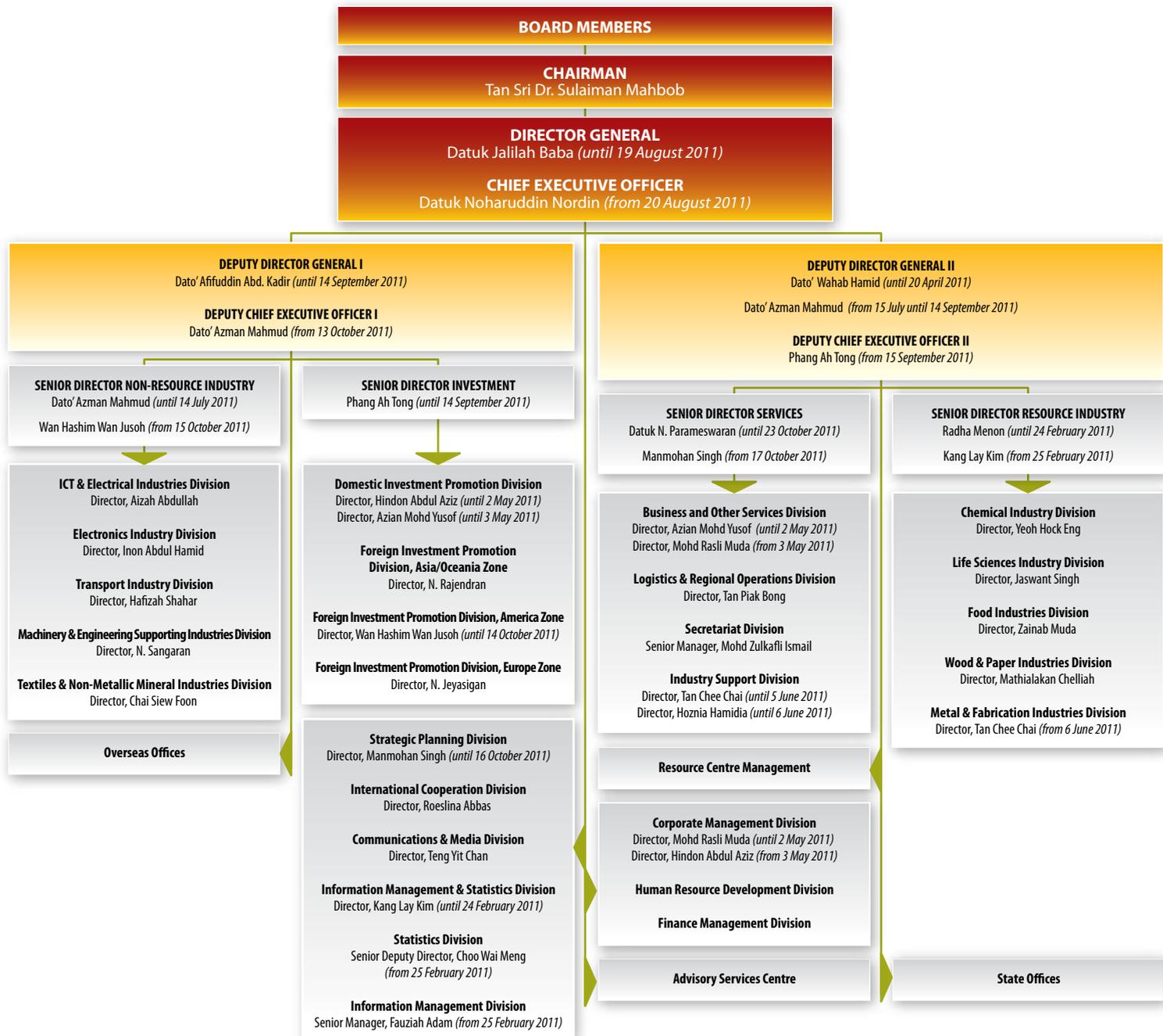
Functions of the Authority

- 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 licenses;
 - 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 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 to the performance of its functions under this Act.

Source: Malaysian Industrial Development Authority (Incorporation) (Amendment) Act 2011

Chart 7 - MIDA Organisation Chart



Board Meetings

MIDA's Board comprises 14 members, headed by a Chairman appointed by the Minister of International Trade and Industry (MITI). Other members are representative of the Secretary General of the Ministry of Finance, the Secretary General of the Ministry of International Trade and Industry, the Chief Executive Officer of MIDA, the Permanent Secretary of the Ministry of Industrial Development for Sabah and Sarawak respectively, and eight other members represent the commercial, manufacturing, financial, industrial association and services sectors. Seven meetings were held in 2011 including one Special Board Meeting.

Annual Media Conference on Malaysia's Investment Performance 2011

MIDA's Annual Media Conference was held on 21 February 2012. The Minister of International Trade and Industry, YB Dato' Sri Mustapa Mohamed, officiated the Media Conference and announced the overall investment performance for 2011 and the outlook for 2012. A gallery was held to display several quality projects approved in 2011. The companies involved in the gallery include Agilent, Aviatron, Sony EMCS and Sahz Holdings. The Conference was attended by members of the print and electronic media, diplomats from foreign missions based in Malaysia, foreign and local chambers of commerce and industry, bilateral associations, CEOs of multinational and local companies, senior Government officials and bankers.

Human Resource Development

Given the growing changes in today's modern workforce and to align with transformation of MIDA as a 21st Century World Class Central Investment Promotion Agency, MIDA has come out with the training mission as follows:

- To equip the employees with skills, knowledge and desirable attitudes in accordance with the organisation culture;
- To increase productivity and to cater for future development of the organization; and
- To attain the highest level of professionalism and talent enhancement.

Throughout 2011, a total of 38 in-house training programmes and 63 external training programmes were organised and coordinated. This programme was carried out with a focus to enhance the knowledge and competency of MIDA's staff.

In 2012, MIDA made a forward-looking plan on human resources work in order to strengthen the capabilities of leading the reform and supporting the business, adapt to the internal and external environment and promote the development of the employees. MIDA also will emphasize on:

- Enhancing the competency for excellence and multi-discipline workforce;
- Cultivating the culture of integrity and performance orientation; and
- Creating transparent & effective internal control system.

Therefore, the training objectives for 2012 are:

- More structured training programme will be developed;
- Enhancing competency level of officers;
- Transforming to High Performance Culture; and
- Competitive in Global Arena.

In close connection with the objective, the training cluster 2012 consists of five main categories which are as follows:

- Managerial Skills & Leadership
- Specialisation for Subject Matter Expert (SME)
- Competency Enhancement
- Behavioral and Good Value Chain
- Others
 - Knowledge Sharing
 - Oversea Training Programme
 - Reward Programme
 - Public Programme
 - Familiarisation and Factory Visit



FINANCIAL STATEMENT

The following pages contain the audited financial statements of the Malaysian Investment Development Authority for the year ended 31 December 2011 together with the Auditor General's certificate as transmitted to the Ministry of International Trade and Industry (MITI) in compliance with Sections 7 & 8 of the Statutory Bodies (Accounts and Annual Reports) Act, 1980.

76	CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2011	84	NOTES TO THE ACCOUNTS
77	STATEMENT BY THE CHAIRMAN AND A MEMBER OF THE BOARD	84	General Information
78	DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY (MIDA)	84	Basis of Preparation
79	BALANCE SHEET	84	Financial Risk Management Policy
80	STATEMENT OF INCOME	85	Significant Accounting Policies
81	STATEMENT OF CHANGES IN EQUITY	89	Taxation
82	CASHFLOW STATEMENT	90	Property, Plant and Equipment
		92	Work in Progress
		92	Receivables
		93	Special Accounts
		93	Other Payables
		94	Employee Benefits
		95	Other Income
		95	Emoluments
		96	Other Expenditure
		96	Cash and Cash Equivalents
		98	Development Fund
		99	Commitments
		99	Contingent Liability
		99	Financial Statements

FINANCIAL STATEMENT



**SIJIL KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA
BAGI TAHUN BERAKHIR 31 DISEMBER 2011**

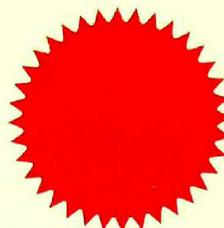
Penyata Kewangan Lembaga Pembangunan Pelaburan Malaysia bagi tahun berakhir 31 Disember 2011 telah diaudit oleh wakil saya. Pihak pengurusan bertanggungjawab terhadap Penyata Kewangan ini. Tanggungjawab saya adalah mengaudit dan memberi pendapat terhadap Penyata Kewangan tersebut.

Pengauditan telah dilaksanakan mengikut Akta Audit 1957 dan berpandukan piawaian pengauditan yang diluluskan. Piawaian tersebut menghendaki pengauditan dirancang dan dilaksanakan untuk mendapat kepastian yang munasabah sama ada Penyata Kewangan adalah bebas daripada kesilapan atau ketinggalan yang ketara. Pengauditan ini termasuk memeriksa rekod dan dokumen secara semak uji, menyemak bukti yang menyokong angka dan memastikan pendedahan yang mencukupi dalam Penyata Kewangan. Penilaian juga dibuat terhadap prinsip perakaunan yang digunakan, unjuran signifikan oleh pengurusan dan persembahan Penyata Kewangan secara keseluruhan. Saya percaya pengauditan yang dilaksanakan memberi asas yang munasabah terhadap pendapat saya.

Pada pendapat saya, Penyata Kewangan ini memberi gambaran yang benar dan saksama terhadap kedudukan kewangan Lembaga Pembangunan Pelaburan Malaysia pada 31 Disember 2011 serta hasil operasi dan aliran tunai untuk tahun tersebut adalah selaras dengan piawaian perakaunan yang diluluskan.


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

PUTRAJAYA
10 OGOS 2012



LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)
[DAHULU DIKENALI SEBAGAI LEMBAGA KEMAJUAN PERINDUSTRIAN MALAYSIA (MIDA)]
(Ditubuhkan di Malaysia di bawah Akta Lembaga Kemajuan Perindustrian Malaysia
(Pindaan) 2011)

PENYATA Pengerusi dan Seorang Ahli JemaaH

Kami, **TAN SRI AMIRSHAM A. AZIZ** dan **DATO' SITI HALIMAH ISMAIL** yang merupakan Pengerusi dan salah seorang Ahli JemaaH, **Lembaga Pembangunan Pelaburan Malaysia (Dahulu dikenali sebagai Lembaga Kemajuan Perindustrian 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 (Dahulu dikenali sebagai Lembaga Kemajuan Perindustrian Malaysia)**, pada 31 Disember, 2011 dan hasil kendaliannya serta perubahan kewangannya bagi tahun yang berakhir pada tarikh tersebut.

Bagi pihak JemaaH,



.....
TAN SRI AMIRSHAM A. AZIZ

PENGERUSI

7 OGOS 2012

KUALA LUMPUR

Bagi pihak JemaaH,



.....
DATO' SITI HALIMAH ISMAIL

AHLI JEMAAH

7 OGOS 2012

KUALA LUMPUR

LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)
[DAHULU DIKENALI SEBAGAI LEMBAGA KEMAJUAN PERINDUSTRIAN MALAYSIA (MIDA)]
(Ditubuhkan di Malaysia di bawah Akta Lembaga Kemajuan Perindustrian Malaysia
(Pindaan) 2011)

**PENGAKUAN OLEH PEGAWAI UTAMA YANG
BERTANGGUNGJAWAB KE ATAS PENGURUSAN KEWANGAN
LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)
(DAHULU DIKENALI SEBAGAI LEMBAGA KEMAJUAN PERINDUSTRIAN MALAYSIA)**

Saya, **NOHARUDDIN NORDIN** pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan **LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (Dahulu dikenali sebagai Lembaga Kemajuan Perindustrian 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 24 April 2012)



DATO' NOHARUDDIN NORDIN



PESURUHJAYA SUMPAH

253 - TINGKAT 4
JALAN TUN SAMBANTHAN
(BRICKFIELDS)
50470 KUALA LUMPUR

BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	6	151,353,649	155,302,518
WORK IN PROGRESS	7	62,317,120	174,331
RECEIVABLES	8	766,641	920,740
CURRENT ASSETS			
Receivables	8	6,183,143	3,441,426
Advances		520,531	286,293
Deposits		7,672,231	7,558,332
Prepayments		4,709,851	4,920,712
Fixed Deposits with Licenced Banks		708,308,346	507,449,771
Cash at Bank and in Hand		37,248,926	52,642,873
TOTAL CURRENT ASSETS		764,643,028	576,299,407
CURRENT LIABILITIES			
Special Accounts	9	553,552,750	317,991,347
Other Payables	10	48,108,357	51,235,790
Short Term Employee Benefits	11	298,276	386,752
TOTAL CURRENT LIABILITIES		601,959,383	369,613,889
NET CURRENT ASSETS		162,683,645	206,685,518
TOTAL NET ASSETS		377,121,055	363,083,107
FINANCED BY:			
OPERATING FUND		110,710,758	95,438,176
DEVELOPMENT FUND	16	257,808,715	259,278,898
CONVEYANCE LOAN FUND		3,000,000	3,000,000
COMPUTER LOAN FUND		350,000	350,000
		371,869,473	358,067,074
NON CURRENT LIABILITIES			
LONG TERM EMPLOYEE BENEFITS	11	5,251,582	5,016,033
		377,121,055	363,083,107

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

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
INCOME			
GOVERNMENT GRANT		173,790,900	181,103,400
OTHER INCOME	12	10,398,691	12,384,510
		184,189,591	193,487,910
LESS: EXPENDITURE			
EMOLUMENTS	13	56,368,632	54,876,771
OTHER EXPENDITURE	14	106,637,805	96,291,415
DEPRECIATION	6	5,910,572	6,015,017
		168,917,009	157,183,203
EXCESS INCOME OVER EXPENDITURE		15,272,582	36,304,707

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

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2011

	Operating Fund (RM)	Development Fund (RM)	Conveyance Loan Fund (RM)	Computer Loan Fund (RM)	Total (RM)
Balance as at 1 January 2010	59,133,469	176,806,782	3,000,000	350,000	239,290,251
Government grant received	-	90,424,000	-	-	90,424,000
Excess/(less) income over expenditure	36,304,707	(4,007,950)	-	-	32,296,757
Application	-	(3,943,934)	-	-	(3,943,934)
Balance as at 31 December 2010	95,438,176	259,278,898	3,000,000	350,000	358,067,074
Government grant received	-	1,800,000	-	-	1,800,000
Excess income over expenditure	15,272,582	382,273	-	-	15,654,855
Application	-	(3,652,456)	-	-	(3,652,456)
Balance as at 31 December 2011	110,710,758	257,808,715	3,000,000	350,000	371,869,473

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Excess Income Over Expenditure		15,272,582	36,304,707
Adjustment for:			
Interest on deposits at bank		(3,787,107)	(1,327,809)
Profit on Computer Loan		(3,740)	(2,479)
Profit on Conveyance Loan		(44,927)	(46,335)
Interest on Deposit		(1,040)	(2,377)
Gain on Disposal of Property, Plant and Equipment		(56,876)	(8,250)
Loss on Disposal of Property, Plant and Equipment		19,728	2,980
Deferred Grant Recognition		(3,652,456)	(3,943,934)
Depreciation	6	5,910,572	6,015,017
Provision for Employee Benefits		594,332	1,226,447
Receivables Write-Offs		13,457	19,885
Excess Income from Operating Activities Before Working Capital Changes		14,264,525	38,237,852
Working Capital Changes:			
Decrease/(increase)			
Receivables		(2,601,075)	(567,957)
Advances		(234,238)	91,046
Deposits		(113,899)	111,083
Prepayments		210,861	544,395
Increase/(decrease)			
Other Payables		(3,127,433)	2,626,904
Cash from Operating Activities		8,398,741	41,043,323
Employee Benefits Payment		(447,259)	(321,098)
Net Cash from Operating Activities		7,951,482	40,722,225

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 (continue)

	Note	2011 RM	2010 RM
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		(2,047,885)	(150,791,931)
Capitalisation of MIDA Building - Work in Progress		67,680	142,604,848
Proceeds from Sales of Property, Plant and Equipment		123,330	8,253
Profit on Computer Loan		3,740	2,479
Profit on Conveyance Loan		44,927	46,335
Grant Received - Development Fund		1,800,000	90,424,000
- Special Accounts		376,571,686	476,059,044
Interest Received - Development Fund		2,023,889	1,705,562
- Special Accounts		15,572,330	5,085,356
Rental Received - Investment Account		407,905	534,615
Payments - Development Fund		(2,049,521)	(6,248,127)
- Special Accounts		(156,582,613)	(280,497,517)
Payments for Work in Progress		(62,210,469)	(67,680)
Interest on Deposits at Bank		3,787,107	1,327,809
Interest on Deposits		1,040	2,377
Net Cash Used for Investing Activities		177,513,146	280,195,423
Net Increase In Cash and Cash Equivalents		185,464,628	320,917,648
Cash and Cash Equivalents at beginning of the year:			
Effect of rate changes on foreign currency rates on cash and cash equivalents		(139,670)	339,256
Cash and cash equivalents at beginning of the year after effect of foreign currency exchange rates		560,232,314	238,835,740
Cash and cash equivalents at end of the financial year	15	745,557,272	560,092,644

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

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011

1. GENERAL INFORMATION

Malaysian Investment Development Authority (MIDA) formerly known as Malaysian Industrial Development Authority (MIDA) was incorporated in Malaysia under the Malaysian Industrial Development Authority (Amendment) Act, 2011.

MIDA's main activity is to promote and coordinate the development of the manufacturing and related services sector in Malaysia. MIDA is headquartered at Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

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 risk and interest rate risk as it is not involved either directly or indirectly in stock market transactions and borrowings from financial institution.

(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 loan disbursement 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.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

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 and software	20% per annum

(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

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

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 *(continue)*

4. SIGNIFICANT ACCOUNTING POLICIES *(continue)*

(d) Federal Government Grants *(continue)*

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 (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.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

4. SIGNIFICANT ACCOUNTING POLICIES (continue)

(iii) Closing Rates

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

	2011 (RM)	2010 (RM)
US Dollar	3.1825	3.1419
Australian Dollar	3.2220	3.1182
Euro	4.3274	4.3113
British Pound	5.0423	5.0302
China Renminbi	0.5010	0.4724
Swedish Krona	47.4287	46.2521
Japanese Yen	4.1083	3.8174
Taiwan Dollar	10.5430	10.3542
South Korea Won	0.2812	0.2792
UAE Dirham	85.6917	84.6512
Indian Rupee	6.3245	7.0347
Singapore Dollar	2.4704	2.4250
Thai Baht	10.2955	10.5278
South African Rand	0.3918	-

(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 accounts are credited to the development fund or special accounts.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 *(continue)*

4. SIGNIFICANT ACCOUNTING POLICIES *(continue)*

(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 annual leave up 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.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 *(continue)*

4. SIGNIFICANT ACCOUNTING POLICIES *(continue)*

(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 - 31 DECEMBER 2011 (continue)

6. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land		Office Building
	Operating Fund	Development Fund	
COST			
As at 1 January	326,810	42,000,000	106,813,238
Additions	-	-	17,664
Disposals	-	-	-
As at 31 December	326,810	42,000,000	106,830,902
ACCUMULATED DEPRECIATION			
As at 1 January	-	-	2,136,265
Disposals	-	-	-
Current year's depreciation	-	-	2,136,618
As at 31 December	-	-	4,272,883
As at 31 December 2011	326,810	42,000,000	102,558,019
As at 31 December 2010	326,810	42,000,000	104,676,973

Motor Vehicles	Computer Hardware & Software		Machines & Office Equipment		Total	
	Operating Fund	Development Fund	Operating Fund	Development Fund	2011	2010
7,860,614	5,752,695	20,272,181	2,813,267	100,000	185,938,805	35,267,440
1,578,214	344,211	49,200	58,596	-	2,047,885	150,791,931
(1,046,275)	(279,858)	(65,755)	(41,145)	-	(1,433,033)	(120,566)
8,392,553	5,817,048	20,255,626	2,830,718	100,000	186,553,657	185,938,805
5,497,430	4,130,468	17,027,066	1,815,058	30,000	30,636,287	24,738,853
(975,253)	(275,101)	(65,740)	(30,757)	-	(1,346,851)	(117,583)
1,376,239	651,802	1,505,838	230,075	10,000	5,910,572	6,015,017
5,898,416	4,507,169	18,467,164	2,014,376	40,000	35,200,008	30,636,287
2,494,137	1,309,879	1,788,462	816,342	60,000	151,353,649	-
2,363,184	1,622,227	3,245,115	998,209	70,000	-	155,302,518

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

7. WORK IN PROGRESS

	Balance as at 1.1.2011 (RM)	Capitalised/ Transferred (RM)	Payments made in the year (RM)	Balance as at 31.12.2011 (RM)
Interior Design Works, MIDA Building, KL Sentral	-	-	57,765,768	57,765,768
Technical Advisor, Interior Design Works, MIDA Building	-	-	546,260	546,260
Office Renovations	-	-	537,092	537,092
Computer Hardware & Software	174,331	(174,331)	3,468,000	3,468,000
Total	174,331	(174,331)	62,317,120	62,317,120

8. RECEIVABLES

	2011 RM	2010 RM
Other receivables	5,838,301	3,067,745
Receivables – Conveyance loan	1,025,204	1,209,627
Receivables – Computer loan	86,279	84,794
	6,949,784	4,362,166
Receivables due within 12 months	6,183,143	3,441,426
Receivables due after 12 months	766,641	920,740
	6,949,784	4,362,166

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

9. SPECIAL ACCOUNTS

	Strategic Investment and High Impact Project Funds	Upgrading Basic Infrastructure of Existing Industrial Estates	Industry Studies And Others Projects	Balance As At 2011	Balance As At 2010
Balance as at 1 January 2011	264,255,909	43,604,973	10,130,465	317,991,347	117,344,464
Receipts	346,190,000	30,000,000	381,686	376,571,686	476,059,044
Interest on deposits with bank	13,548,893	1,836,888	186,549	15,572,330	5,085,356
Application	(129,669,086)	(20,900,456)	(6,013,071)	(156,582,613)	(280,497,517)
Balance as at 31 December 2011	494,325,716	54,541,405	4,685,629	553,552,750	317,991,347

10. OTHER PAYABLES

- (i) In 2011, payment of **RM7,280,956** (2010: RM2,067,527) 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 provider to enhance capacity and competitiveness in line with the government's objective to liberalise the services sector.
- (ii) In 2011, payment of **RM16,386,605** was paid to two (2) local companies from the allocation of RM19,354,481 received for the 'National Key Economic Areas' (NKEAs) programme under the Entry Point Project 5 (EPP5) for Business Services.
- (iii) Settlement of invoices are in accordance with MIDA's Financial Rules and Regulations.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

10. OTHER PAYABLES (continue)

(iv) The breakdown of other payables in Ringgit Malaysia and foreign currencies are as follows:

	2011 RM	2010 RM
Ringgit Malaysia	46,716,120	50,444,346
US Dollar	165,044	62,579
Australian Dollar	29,643	40,883
Euro	144,634	121,613
British Pound	245,848	10,464
China Renminbi	33,155	41,601
Swedish Krona	20,192	70,408
Japanese Yen	251,021	87,426
Taiwan Dollar	39,854	22,027
South Korea Won	33,627	10,841
UAE Dirham	290,164	25,629
Singapore Dollar	7,187	245,153
Indian Rupee	73,249	43,723
Thai Baht	17,245	9,097
South African Rand	41,374	-
	48,108,357	51,235,790

11. EMPLOYEE BENEFITS

Provision of employee benefits:	2011 RM	2010 RM
Balance as at 1 January	5,402,785	4,497,436
Adjustment	(28,920)	(219,296)
Payment	(447,259)	(247,874)
Additions	623,252	1,372,519
Balance as at 31 December	5,549,858	5,402,785
Payable within 12 months	298,276	386,752
Payable after 12 months	5,251,582	5,016,033
	5,549,858	5,402,785

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

12. OTHER INCOME

	2011 RM	2010 RM
Deferred grant recognition (Note 16)	3,652,456	3,943,934
Interest on deposits at banks	3,787,107	1,327,809
Interest on conveyance loan	44,927	46,335
Interest on computer loan	3,740	2,479
Interest on deposits	1,040	2,377
Rental income	272,424	351,600
Gain on sale of property, plant and equipment	56,876	8,250
Miscellaneous income	2,580,121	6,701,726
	10,398,691	12,384,510

Miscellaneous income includes an amount of **RM2,037,612** (2010: RM6,237,065) paid by Development Fund account for the cost of setting up overseas offices under the Establishment of Additional MIDA Overseas Offices Project.

13. EMOLUMENTS

	2011 RM	2010 RM
Salaries and wages	28,535,309	27,848,702
Fixed allowances	16,425,514	16,565,555
Statutory contributions for employees	4,526,816	4,395,993
Overtime allowances	757,028	774,587
Other monetary benefits	6,123,965	5,291,934
	56,368,632	54,876,771
No. of employees at the end of the financial year	719	733

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

14. OTHER EXPENDITURE

	2011 RM	2010 RM
Travel and transportation	11,804,408	12,879,504
Transportation of things	1,334,011	1,233,604
Communications and utilities	17,859,394	11,859,098
Rental	43,245,871	37,578,507
Supplies and materials	2,951,132	2,975,414
Maintenance and minor repairs	6,651,940	6,008,096
Professional/other services and hospitalities	21,351,772	21,674,404
Miscellaneous expenses	1,147,413	1,468,001
Loss on foreign exchange conversions	258,679	591,922
Loss on sale of property, plant and equipment	19,728	2,980
Write-offs	13,457	19,885
	106,637,805	96,291,415

15. CASH AND CASH EQUIVALENTS

	2011 RM	2010 RM
Cash and cash equivalents comprised of:		
Fixed deposits at a licensed bank	708,308,346	507,449,771
Cash deposits at licensed banks	37,203,639	52,610,139
Cash in hand	45,287	32,734
	745,557,272	560,092,644

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 2011 was **2.90%** (2010: 2.30%) with an average maturity period of two weeks.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

15. CASH AND CASH EQUIVALENTS (continue)

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

	2011 RM	2010 RM
Ringgit Malaysia	738,819,848	553,303,105
US Dollar	2,170,034	1,792,742
Australian Dollar	319,218	492,956
Euro	1,125,674	1,228,532
British Pound	393,273	447,622
China Renminbi	193,327	174,955
Swedish Krona	163,299	232,233
Japanese Yen	1,685,853	1,470,784
Taiwan Dollar	95,456	69,393
South Korea Won	21,194	43,071
UAE Dirham	128,858	147,625
Singapore Dollar	93,134	231,170
Thai Baht	49,306	56,019
Indian Rupee	226,577	402,437
South African Rand	72,221	-
	745,557,272	560,092,644

Also included in cash and cash equivalents at year end are cash balances of Special Accounts (Note 9) amounting to **RM553,552,750** (2010: RM317,991,347) which can only be utilised for the approved purpose.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

16. DEVELOPMENT FUND

	2011 RM	2010 RM
Income		
Deferred grant recognition (Asset)	3,652,456	3,943,934
Rental Income	407,905	534,615
Interest income	2,023,889	1,705,562
	6,084,250	6,184,111
Less: Expenditure		
Expenditure	2,049,521	6,248,127
Depreciation	3,652,456	3,943,934
	5,701,977	10,192,061
Excess/(Less) income over expenditure	382,273	(4,007,950)
Deferred grant		
Balance as at 1 January	259,278,898	176,806,782
Current year's development grant (Cash)	1,800,000	90,424,000
Amortisation of deferred grant (Asset)	(3,652,456)	(3,943,934)
	257,426,442	263,286,848
Balance as at 31 December	257,808,715	259,278,898

Payment of **RM2,037,612** (2010: RM6,237,065) was made to Operating Fund account (Note 12) for the cost of setting up overseas offices under the Establishment of Additional MIDA Overseas Offices Project.

Development fund comprises of grants for projects related to MIDA Building KL Sentral, MIDA ICT systems, Industry Study and establishment of MIDA's additional overseas offices.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2011 (continue)

17. COMMITMENTS

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

	2011 RM	2010 RM
Interior Design Works, MIDA Building	28,334,232	78,800,000
Technical Advisor, Interior Design Works, MIDA Building	297,960	-
Overseas Office Renovations	137,158	-
Motor Vehicles	-	938,370
PKI (Public Key Infrastructure)/Digital Signature	-	49,200
Computer Hardware & Software	1,110,600	4,135,520
	29,879,950	83,923,090

18. CONTINGENT LIABILITY

In 2011, MIDA signed a three (3) year contractual obligation with a third party valued at **RM38.2 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 headoffice, existing overseas and state offices and two (2) new overseas branches.

19. FINANCIAL STATEMENTS

The Financial Statements were authorised for issue by the Members of the Board on 7 August 2012.



HEADQUARTERS, STATE OFFICES AND OVERSEAS OFFICES



102 **HEADQUARTERS AND STATE OFFICES**

104 **OVERSEAS OFFICES**

- 104 ASIA PACIFIC
 - 105 EUROPE
 - 106 UNITED STATES OF AMERICA
 - 106 AFRICA
-

HEADQUARTERS, STATE OFFICES AND OVERSEAS OFFICES

HEADQUARTERS

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UNITED ARAB EMIRATES

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