

**Annual
Report
2017**





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Chairman's Message



TAN SRI AMIRSHAM A. AZIZ
Chairman, MIDA

01 | POSITIVE DAYS AHEAD

Since gaining independence in 1957, Malaysia has successfully transformed its agrarian roots, to become one of the fastest growing newly industrialised markets in Asia.



The establishment of MIDA in 1967 was hailed by the World Bank as "the necessary impetus for purposeful, positive and coordinated promotional action" for Malaysia's industrial development

With the global economy strengthened last year, improving to an estimated growth of 3.6 per cent from 3.2 per cent in 2016, expectations of more robust global demand and optimistic financial markets are all upside developments to be expected in 2018.

Propelled to become a leading market player in the manufacturing and services sectors, Malaysia is now one of the most open economies in the world, with a trade to GDP ratio averaging over 140 per cent since 2010. This openness to trade and investment have been instrumental in job creation and income growth, with about 40 per cent of jobs linked to export activities. In line with this and despite the Asian financial crisis of 1997-1998, Malaysia's economy has been on an upward trajectory, exceeding expectations with a strong growth of 5.9 per cent at the end of last year. This performance is above

the GDP registered in the preceding years, which were 4.2 per cent in 2016 and 5.0 percent in 2015.

This progress towards achieving a high-income nation as published by the International Monetary Fund (IMF) is testament to MIDA's role in facilitating the realisation of Malaysia's vision to become a fully developed industrialised nation by 2020. MIDA will continue to work creatively and collaboratively with global investors and other agencies to drive growth and develop a comprehensive investment ecosystem to promote quality investments in the country.

The year 2018 has been mostly hailed as a cautiously optimistic year, dotted with increased trade protectionism and geopolitical tensions. The nation's trade growth in 2017 was at the highest in 13 years, surging 19.4 per cent to RM1.774 trillion, compared to RM1.486 trillion in the previous year.

Exports grew significantly by 18.9 per cent, the strongest growth since 2005, to reach a new high of RM935.39 billion, thanks to strong demand across several economic sectors. As a trading nation, Malaysia is scaling new and greater heights in both local and foreign quality investments aimed at targeted industries, further developing and strengthening industry clusters and value chains.

Malaysia's progress has definitely achieved international recognition. The World Economic Forum's Global Competitiveness Index for 2017-2018 ranked the nation third for 'Strength of Investor Protection' and Bloomberg's Emerging Market Scorecard accorded Malaysia the title of the most attractive emerging market in Asia and 5th most attractive in the world for 2018. The country was also placed among 20 economies transitioning from being efficiency-driven to becoming a more innovation-driven economy. One step towards being innovation-driven is in embracing the shift towards becoming a digital economy to remain competitive and relevant to the modern business environment. Being a resilient nation with strong fundamentals, there is no doubt that the country can become global champions through integration into the international supply chain by nurturing local businesses, including SMEs, to participate in this global shift. This would furthermore create more skilled job opportunities for our local talent.

Today, being in the era of Industry 4.0, we have to efficiently and effectively balance between human operations and digitally enhanced equipment in various industries. Based on a study conducted by The Boston Consulting Group, Industry 4.0 sees a promising future in the digitalisation of products and services and means of robotic manufacturing and engineering enabling companies to boost labour productivity by as much as 30 per cent by 2024.

For Malaysia, there is a need to embrace new technology to increase efficiency and productivity and to expand markets through digital platforms. MIDA continuously encourages businesses to adopt smart manufacturing technologies and processes. Collaborations between the industry and academia as well as R&D institutions are crucial in the country's shift from being merely a producing technology to a developing-product technology based nation.



"Malaysia continues to chalk approved investments to the tune of RM207.9 billion in 2016" - MIDA's Annual Press Conference on 2 March 2017 in Kuala Lumpur

Malaysia may have a head-start especially in our electronics, automotive and construction industries to enhance modern manufacturing technologies towards Industry 4.0. With the emergence of regional economic clusters such as the ASEAN Economic Community (AEC), Malaysia has the technology foundation to move up and capitalise on the wider ASEAN markets including better access to Asian and European countries' economies through the implementation of free trade agreements. Most ASEAN countries, such as Vietnam, Laos and Cambodia, have seen major progress in the productivity and growth of their vast manufacturing industries from an agricultural-driven industry making the transition from Industry 2.0 all the way to Industry 4.0.

Budget 2018 has new incentives introduced for companies to invest in new technology and equipment and we hope to see this provision utilised in the various sectors. MIDA will also continue its efforts in crafting a future-focused investment landscape, generating quality investments in new and emerging technologies to meet global activities.

As Chairman, I would like to end by thanking all those involved from MIDA's management and staff who

have worked relentlessly towards achieving the goals stipulated. To the industry players, other stakeholders and the rakyat who contribute to the economy on a wider scale, we thank you for your ongoing support. I am confident that as a nation, we are set to witness Positive Days Ahead and ready to journey into the exciting yet unprecedented waters of a new Malaysia, alongside Team MIDA and local industry players.

“For Malaysia, there is a need to embrace new technology to increase efficiency and productivity and to expand markets through digital platforms.”

Dato' Azman Mahmud, CEO of MIDA, elaborates on MIDA's mega strategies for securing investment in an increasingly competitive business landscape. |



CEO's Message



DATO' AZMAN MAHMUD
Chief Executive Officer, MIDA

02 | MINING MEGA TRENDS

Once again, MIDA has pulled off another great year, continuing in its journey to drive the national investment agenda. Over the past five decades, MIDA has helmed investment efforts within the country, offering instrumental aid and support to investors with the aim of transforming the nation's economy and raising Malaysia's investment profile.



MIDA was previously known as Malaysian Industrial Development Authority and it is the government's main agency to oversee and direct investment into the services and manufacturing sectors of Malaysia

From the years since the nation's humble beginnings as a location for cheap labour and low-value manufacturing, Malaysia has emerged as one of the most appealing destinations for high value-added projects in ASEAN and the developing world.

As the country's principal investment promotion agency, MIDA leverages on mega trends to facilitate Malaysia's transformation into a developed economy by 2020; to that end, MIDA focussed on attracting more high-quality, high value-added investment projects that would help to drive knowledge transfer and skill sharpening within the nation. The advent of mega trends such as Industry 4.0 and the digital economy driven by the Internet of Things (IoT) has also offered new opportunities for Malaysia's workforce and businesses to

reinvent themselves in order to appeal more on the world stage. By embracing new trends, it is hoped that Malaysia will be able to put its efforts to become an innovation-driven economy into hyperdrive.

As always, MIDA's strategy remains fixated on attracting quality foreign investments that will have a positive catalytic impact on the Malaysia economy. In line with this, MIDA organised numerous investment promotion programmes to various locations abroad, including India, Japan, Germany, Sweden, Belgium, the Netherlands, Spain, France and Korea. MIDA's efforts have not just been outward-bound, however; in 2017, MIDA also invited delegates from key trade economies to travel to Malaysia to take part in local promotional activities within the country to discover more about the nation first-hand. This included a collaborative effort with Nikkei

Japan for the inaugural Malaysia Nikkei Business Forum 2017 which attracted more than 500 participants from Japan, of whom 50 per cent have stated their intent to invest in Malaysia in the near future.

It is heartening to note that MIDA's investment promotion efforts have paid off: in 2017, Malaysia attracted investments of RM200.6 billion spread out through 5,608 projects. Through these projects, it is estimated that a healthy 139,501 jobs will be created in the manufacturing, services and primary sectors. Of these new investments, many are of the desired high-skill, high value-added industries MIDA has been pushing for under the Government's targets. These investments come from big names in the world of global business, including Osram Opto Semiconductors, with its ambitious LED chip factory that is slated to be the largest in the world; B.Braun with its Global Centre of Excellence for Intravenous Access products, which will comprise production and R&D efforts; Peugeot with its new ASEAN manufacturing hub, which is projected to start production of its Peugeot and Citroen models by 2018 and 2019 respectively; IKEA with its Regional Distribution and Supply Chain Centre for ASEAN; Honeywell with its Regional Headquarters for ASEAN; and Schlumberger, which has made Malaysia its largest shared services hub along with its procurement service centre, human resource hub and financial hub.

Domestic investors have not been left out either. With domestic investment remaining a priority of the Government's forward-looking agenda, MIDA has remained steadfast in supporting the development of local companies and businesses. In 2017, MIDA undertook a number of initiatives aimed at supporting and propelling local businesses, partnering with various local and international conglomerates in order to promote strong business linkages and idea sharing across the board. MIDA organised a series of supply chain conferences to help develop local-based supply chains for MNCs, and also formulated a dedicated SME Investment Desk within MIDA's HQ and 12 state offices, to better enable it to further facilitate domestic investment.

The year 2017 also saw MIDA embarking on several specific investment missions throughout the various regions in Malaysia, including Perak, Penang, Melaka, Negeri Sembilan and Sabah. Through these missions,



In collaboration with the ASEAN-Korean Centre (AKC), MIDA jointly organised 'Seminar on Business Opportunities in Malaysia's Smart Manufacturing' on 21 February 2017 at MIDA Sentral, Kuala Lumpur

MIDA sought to encourage new and existing local businesses to expand their operations, offering support in the form of a dedicated delivery of information concerning relevant current governmental policies and assistance in addressing issues and challenges businesses were facing on the ground.

MIDA's ongoing efforts have paved the path for numerous investors seeking to invest in Malaysia, and have set solid foundations for future investment efforts and national development. As Malaysia moves fearlessly onwards towards its vision of becoming a high-income, developed nation, MIDA too works diligently to secure innovation-based, knowledge-

intensive projects in high-growth, high-value industries. It is hoped that the spill-over effects of these projects will have a positive impact on the *rakyat*, and that the prosperity and opportunities for Malaysians will grow

in unison, creating a sustainable, future-focussed business landscape that will continue to appeal to investors for years to come.

“ In 2017, MIDA undertook a number of initiatives aimed at supporting and propelling local businesses, partnering with various local and international conglomerates in order to promote strong business linkages and idea sharing across the board. ”

Board of Directors, Management Team and Organisation in 2017.



03 | THE AUTHORITY

MIDA's Board of Directors comprises thirteen (13) members headed by a Chairman appointed by the Minister of International Trade and Industry. Other Board members include the Secretary General of the Ministry of International Trade and Industry, a senior representative from the Ministry of Finance, the Chief

Executive Officer of MIDA and representatives from the state government of Sabah and Sarawak. The Board also has seven members from the private sector representing the commercial, manufacturing, finance, industrial and services sectors.



TAN SRI AMIRSHAM A. AZIZ
Chairman, MIDA



DATO' AZMAN MAHMUD
Chief Executive Officer, MIDA



DATUK SERI J. JAYASIRI
Secretary General
Ministry of International Trade
and Industry (MITI)



DATO' KHODIJAH ABDULLAH
Under-Secretary
Tax Division, Ministry of Finance
(MOF) / Treasury



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



**DATU HAJI ISMAWI BIN
HAJI ISMUNI**
Chief Executive Officer
Regional Corridor Development
Authority (RECODA)



DATO' GOOI SOON CHAI
Senior Vice President
Keysight Technologies Inc.
President
Electronic Industrial
Solutions Group



**YM TENGKU DATO' SRI ZAFRUL
TENGKU ABDUL AZIZ**
Group Chief Executive Officer
CIMB Group Holdings Berhad
Chief Executive Officer
CIMB Bank Berhad



MR STUART L. DEAN
Senior Advisor
ASEAN Advisory Pte Ltd



TAN SRI SAW CHOO BOON
Former President
Federation of Malaysian
Manufacturers (FMM)



MS ANNA MARIA BRAUN
President
Asia Pacific
B. Braun Medical
Industries Sdn. Bhd.



MR MANOJ MENON
Senior Partner &
Managing Director
Asia Pacific
Frost & Sullivan GIC
Malaysia Sdn. Bhd.



DATO' LUA CHOON HANN
Group Managing Director
PRG Holdings Berhad

Management Team



DATO' AZMAN MAHMUD
Chief Executive Officer, MIDA



DATUK PHANG AH TONG
Deputy Chief Executive Officer I
(until 20th September 2017)



DATUK N. RAJENDRAN
Deputy Chief Executive Officer II
(from 26th January 2017)



**DATO' WAN HASHIM
WAN JUSOH**
Deputy Chief Executive Officer III
(until 23rd September 2017)



AZIAN MOHD YUSOF
Executive Director
Services Development
(until 23rd September 2017)
Senior Executive Director
(from 24th September 2017)



**MOHAMED ZUHARI
MOHAMED NOR**
Executive Director
Corporate Management
Services



ZABIDI H.J. MAHBAR
Executive Director
Strategic Planning
(Manufacturing)



**AHMAD KHAIRUDDIN
ABDUL RAHIM**
Executive Director
Manufacturing Development
(Resource)



LIM BEE VIAN
Executive Director
Strategic Planning
(Services)



MOHD ZULKAFLI ISMAIL
Executive Director
Manufacturing Development
(Non-Resource)



JASWANT SINGH
Executive Director
Post investment
(until 26th December 2017)



ARHAM ABDUL RAHMAN
Executive Director
Investment Promotion



MOHD RASLI MUDA
Director
Food Technology & Sustainable
Resources Division



FARIDAH ABDULLAH
Director
Machinery & Metals Division



**JASBIR KAUR
A/P BACHAN SINGH**
Director
Transportation Technology Division



CHOO WAI MENG
Director
Investment Statistics Division



RASHIDAH OTHMAN
Director
Strategic Planning
& Policy Advocacy Division
(Manufacturing)



ROESLINA ABBAS
Director
Business Services and Supply
Chain Innovation



SHAHROL SHAHABUDIN
Director
Incentive Coordination and
Collaboration Office (ICCO)
(until 2nd April 2017)
Director
Healthcare, Education
& Hospitality Division
(from 3rd April 2017)



M. UMARANI
Director
Chemical & Advanced
Materials Division



BALKISH MOHD YASIN
Director
Life Sciences & Medical
Technology Division



AHMAD TAJUDIN OMAR
Director
Domestic Investment & Supply
Chain Coordination Division



ZALINA ZAINOL
Director
Corporate Communications
Division



WAN HASHIMAH WAN SALLEH
Director
Healthcare, Education
& Hospitality Division
(until 2nd April 2017)
Director
Incentive Coordination and
Collaboration Office (ICCO)
(3rd April until 13th August 2017)
Director
Green Technology Division
(from 14th August 2017)



MOHAMAD ISMAIL ABU BAKAR
Director
Industry Talent Management And
Expatriate Division



ZUAIDA ABDULLAH
Director
Green Technology Division
(until 2nd April 2017)
Director
Strategic Planning & Policy
Advocacy (Services) Division
(from 3rd April 2017)



NORMI ALIAS
Director
Human Resource
Management Division



RAMLI BAKAR
Director
Tariff Division
(until 1st February 2017)
Director
Corporate Management
Division
(from 2nd February 2017)



NOR 'AINI MAT TALHA
Director
National Investment
Secretariat Division



NAJIHAH ABAS
Director
Building Technology
& Lifestyle Division



NOOR AIEDA AHMAD
Director
R&D and Business Services
Division
(until 1st February 2017)
Director
Post-Investment &
Infrastructure Support Division
(from 2nd February 2017)



JEYASIGAN NARAYANAN NAIR
Director
Advanced Technology and
Research & Development Division



NELSON SAMUEL WILSON
Director
Foreign Investment
Promotion Division



AZLINA HAMDAN
Director
Electrical and
Electronics Division
(from 2nd February 2017)



MASNI MUHAMMAD
Director
Oil & Gas and Maritime
Technology Division



AHMAD ZAKUAN GHAZALI
Director
Information Technology
System Development Division



ADELIN LEE CHENG YIN
Senior Deputy Director
Corporate Strategy & Organisational
Development Division
(from 2nd October 2017)



MOHD. ZAHARIN JAMARIS
Senior Deputy Director
Finance & Accounts
Management Division



HAZLI JEMAAT
Head of Section
Tariff Section
(from 2nd February 2017)



ZURAI DAH OTHMAN
Head of Section
Licensing & Incentive Compliance
and Monitoring Section



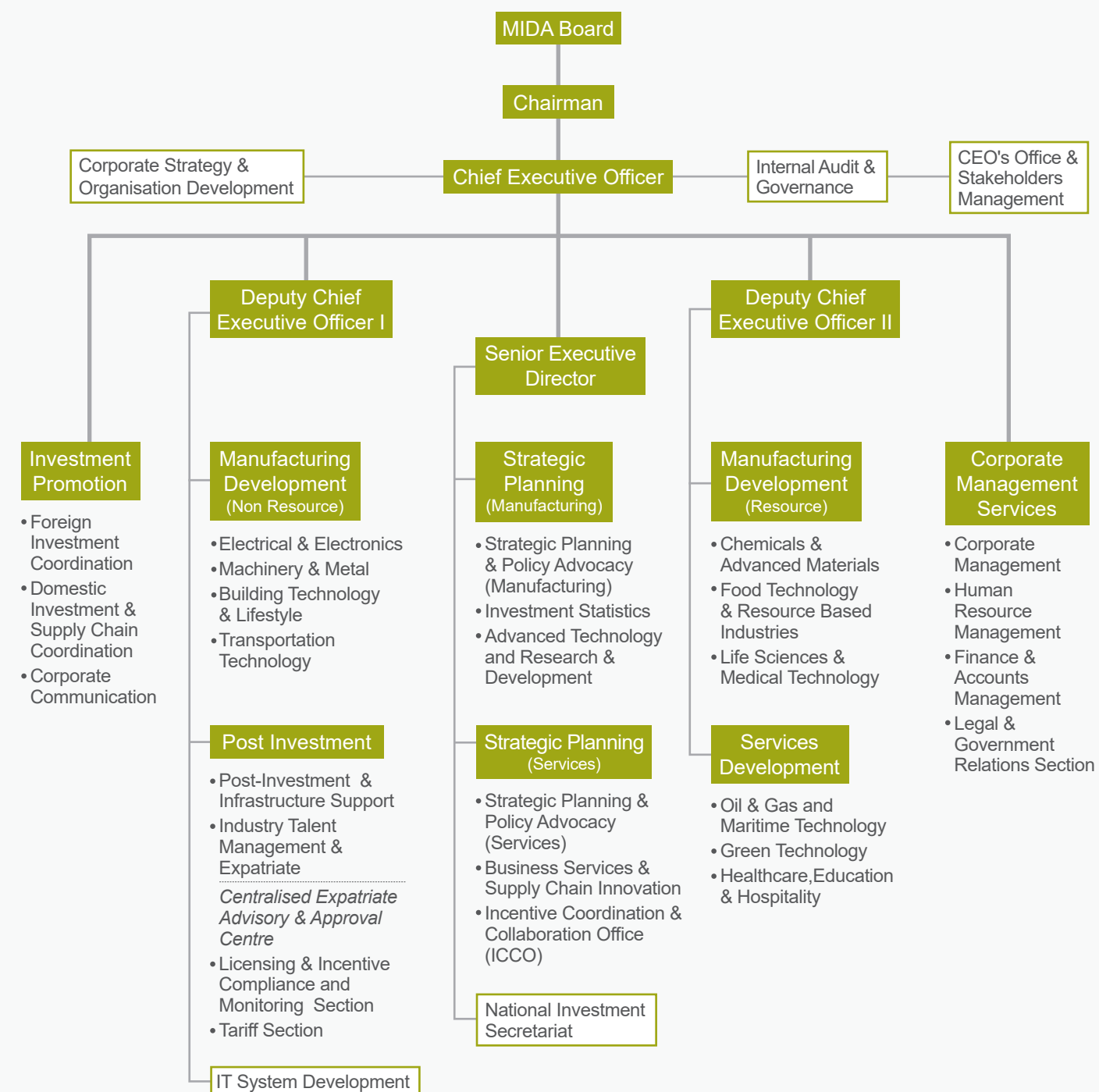
**MEGAT FAIZAL
MOHAMAD ZABRI**
Head of Unit
Internal Audit & Governance



ZIL MUKHRIZ SULONG
Head of Section
Legal & Government
Relations Section

Organisational Structure

Organisation chart for the Malaysian Investment Development Authority (MIDA) (As of 31 December 2017)



MIDA is Malaysia's principal investment promotion agency, working in service of the nation's economic development agenda. |



04 | BUILDING A LEGACY

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

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

In 2011, the Act was amended and renamed the Malaysian Investment Development Authority (Incorporation) (Amendment) Act 2011 with the launch of the New Economic Model. According to the Act, MIDA's functions are to:

- Lead, co-ordinate, monitor and evaluate the implementation of the policies, strategies, activities and development of investment in the manufacturing and services sectors (excluding financial and utilities);
- Undertake activities relating to the promotion of investment in the manufacturing and services sectors (excluding financial and utilities) within or outside of Malaysia;
- Undertake or cause to be undertaken research and planning on matters relating to investment in the manufacturing and services sectors (excluding financial and utilities);
- Advise the Government on the policies relating to the promotion of investment in the manufacturing and services sectors (excluding financial and utilities), including policies on:
 - » the granting of manufacturing licences;
 - » the incentives applicable to investors in Malaysia;
 - » expatriate posts;
 - » the imposition or alteration of, and exemption from, custom duties; and
 - » any other fiscal or non-fiscal facilities.
- Formulate measures for the promotion of investment in the manufacturing and services sectors (excluding financial services and utilities);
- Co-ordinate and facilitate the activities relating to the promotion and implementation of investment in the manufacturing and services sectors (excluding financial and utilities) at the Federal and State levels;
- Provide consultancy services including training and technical assistance;
- Undertake any activity that promotes cooperation with other countries in line with the objectives of the Government with respect to investment in the manufacturing and services sectors (excluding financial and utilities);
- Assist Malaysian companies in seeking technology and investment opportunities abroad;
- Act as a centre for collection, reference and dissemination of information relating to investment across all sectors of the economy;
- Report periodically to the Minister on the progress and problems of investment in the manufacturing and services sectors (excluding financial and utilities) in Malaysia and make recommendations on the manner in which such problems may be dealt with;
- Carry out any other functions consistent with this Act as the Minister may authorise in writing; and
- Generally do all such matters incidental to or consequential upon the exercise of its powers of the performance of its functions under this Act.



Malaysia's services sector has emerged as one of the key drivers of the economy, consistently contributing over half of the nation's GDP in recent years.



05 | ALL SYSTEMS GO

The services sector is evolving with the times and serving up new opportunities for investors. As of 2017, it remains the largest contributor to the nation's GDP, having contributed 54.6 per cent by the end of the fourth quarter of the year.

The Government's ongoing support in nurturing this prominent sector has seen inclusive and sustainable growth results that are driving the nation towards the next level of development. In 2017, the sector attracted investments amounting to RM121.0 billion in 4,731 approved projects. Of this amount, domestic investors spent RM92.2 billion while foreign investors contributed RM28.8 billion. The real estate sub-sector continued to lead services, with the largest investments totalling RM45.7 billion. This was followed by global establishments with RM14.0 billion, financial services with RM11.8 billion, distributive trade with RM9.4 billion, and hotel & tourism with RM9.3 billion. The main growth was recorded by sub-sectors with relatively high value added activities such as healthcare services, transport, hotel & tourism and distributive trade. The services sector is also the largest employer in the economy,

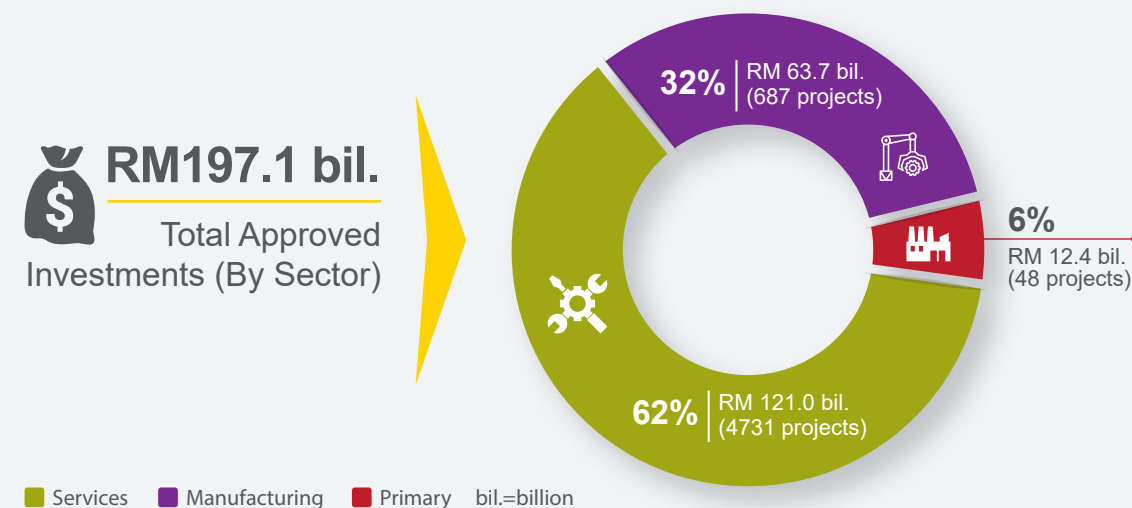
having created 82,172 job opportunities in 2017; of this, almost 84 per cent work in distributive trade, MSC status companies, and hotel and tourism.

In keeping with the strategies laid out by the Services Sector Blueprint, launched in 2015, the services sector has steadily improved by emphasizing high value investments which are knowledge and innovation based, creating high income jobs for the Malaysian people.

The Eleventh Malaysia Plan (11MP) has also served as a driving force for enhancing the standards of service of our local suppliers, bringing them on par with the best in the world. The internationalisation of services will enable them to compete on a global level and will attract high-value investors to the country.

Investments In Approved Projects By Sectors

The services sector remains strong and continues to lead with investments of RM 121.0 bil.



Fast Track E-Commerce

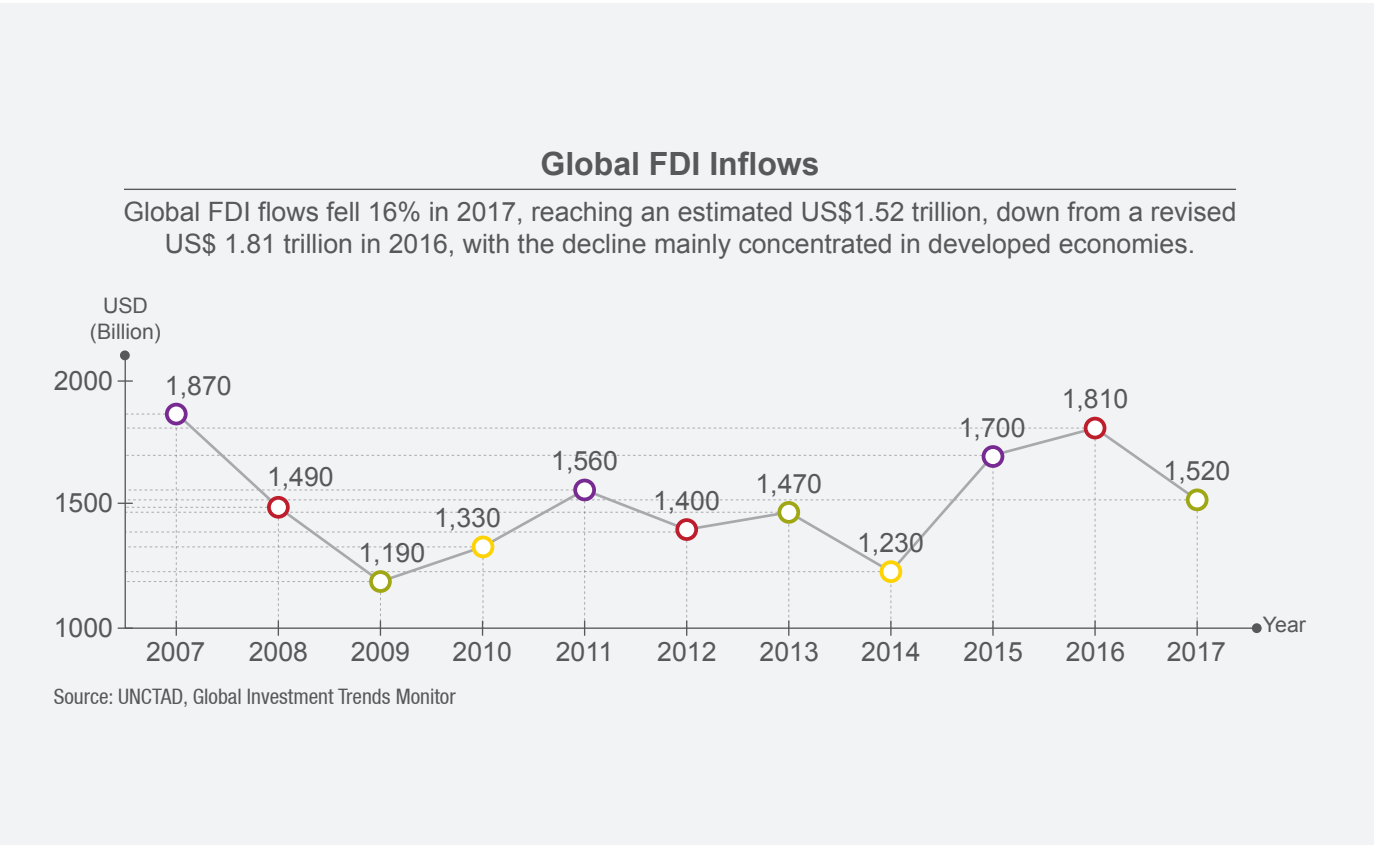
E-commerce is the fastest growing sector of the global trade landscape and has become an essential building block of the world’s largest economies. Malaysia’s e-commerce sector is still young and in its early stages of growth, having contributed only 6.1 per cent to the nation’s GDP in 2016 as compared to countries such as the United States (35%), PRC (21%), and Taiwan (14%).

Malaysia has all the right ingredients for e-commerce to take off, with modern internet infrastructure, high internet penetration rates and a central location within ASEAN equipped with excellent logistics infrastructure. The country aims for the e-commerce’s contribution to GDP to grow to 6.4 per cent in 2020. The launch of the world’s first Digital Free Trade Zone (DFTZ) in March 2017 has provided the physical and virtual zones that Small Medium Enterprises (SMEs) require to make the most of the explosive growth of the internet economy and cross-border e-commerce. MIDA takes the lead in developing the nation’s e-Fulfilment hub, under the Malaysian National E-Commerce Strategic Roadmap (NESR) launched in 2016, to attract domestic and foreign investments.

A Gem of a Global Business Hub

Malaysia has ranked third in the world as a global offshoring destination, after the PRC and India, in AT Kearney’s Global Services Location Index 2017 – a position that the nation has held since 2004. Despite the competition from its regional neighbours, Malaysia continues to attract global businesses to headquarter or decentralise parts of their operations – including procurement, distribution and research – to her shores. World class infrastructure and telecommunications, advanced financial markets, pro-business legislations, and a multicultural and multilingual professional workforce all add up to the nation’s appeal.

The concept of Principal Hubs, which was introduced by the Malaysian Government in 2015, is defined by locally incorporated companies using Malaysia as a base to manage, control and support their key functions. Under the Principal Hub scheme, Malaysia has seen a steady increase in companies setting up their regional headquarters in the country, with a total of 28 Principal Hub projects approved to date. Not only do they bring in business commitments for the long term which stands at RM28.57 billion to date, but they also deliver



spill-over effects of spending on ancillary services (amounting to RM2.35 billion) and will create an estimated 2,020 high-value jobs for Malaysians over the next 10 years. Many multinational foreign companies that are setting up their bases in Malaysia also have further long-term expansion plans.

The year 2017 saw nine Principal Hubs projects approved – a mixture of both large and small MNCs – with committed business spending of RM13.64 billion, utilising ancillary services worth RM1.21 billion and creating 577 new high-value jobs with opportunities for knowledge transfer to the nation. Companies from the Netherlands, United Arab Emirates, Germany, Japan and the United States are amongst those that have relocated their bases to Malaysia, operating in key economic sectors such as E&E, commodities and food & beverages.

Two notable Principal Hub projects that were approved in 2017 are Roland, a leading Japan-based electronic musical instrument manufacturer, and IKEA, the Dutch-headquartered retail furniture giant. Through its Principal Hub, Roland aims to rationalise Roland Group’s global supply chain by centralising planning, procurement, logistics, sales and marketing and R&D to achieve synergy and to optimise and improve the Group’s profitability. IKEA’s Regional Distribution and Supply Chain Centre in Pulau Indah, Selangor will serve 12 retail stores in ASEAN, which will increase to 20 stores by 2026.

There were a total of 216 new global establishments were approved in 2017, in addition to the nine Principal Hubs, namely 121 Representative Offices (RE) and 95 Regional Offices (RO). The approved investments of RM374 million were 33.6 per cent higher than 2016’s approved investments of RM280 million. This will create 707 new high-value jobs for Malaysians.

Asia’s Logistics Gateway

The logistics industry plays an integral role in enabling the nation’s supply chain and has seen robust growth, which is set to continue in tandem with the rest of the economy. The Economic Planning Unit (EPU) has formulated the Logistics and Trade Facilitation Masterplan (2015-2020) which provides the strategic framework and roadmap to elevate Malaysia to be the “Preferred Logistics Gateway to Asia” by 2020



and beyond. The Government remains committed to support the evolution of logistics companies in the new digital era with the provision of top quality infrastructure such as the Digital Free Trade Zone (DFTZ), KLIA Aeropolis, new sea ports and rail connectivity. With these endeavours, the Government hopes to propel Malaysia into being the leading logistics hub in the region. One of the initiatives undertaken by MIDA in 2017 was a brainstorming session, in collaboration with the Malaysian Digital Economy, to enhance talent development in the e-commerce and e-fulfilment industry.

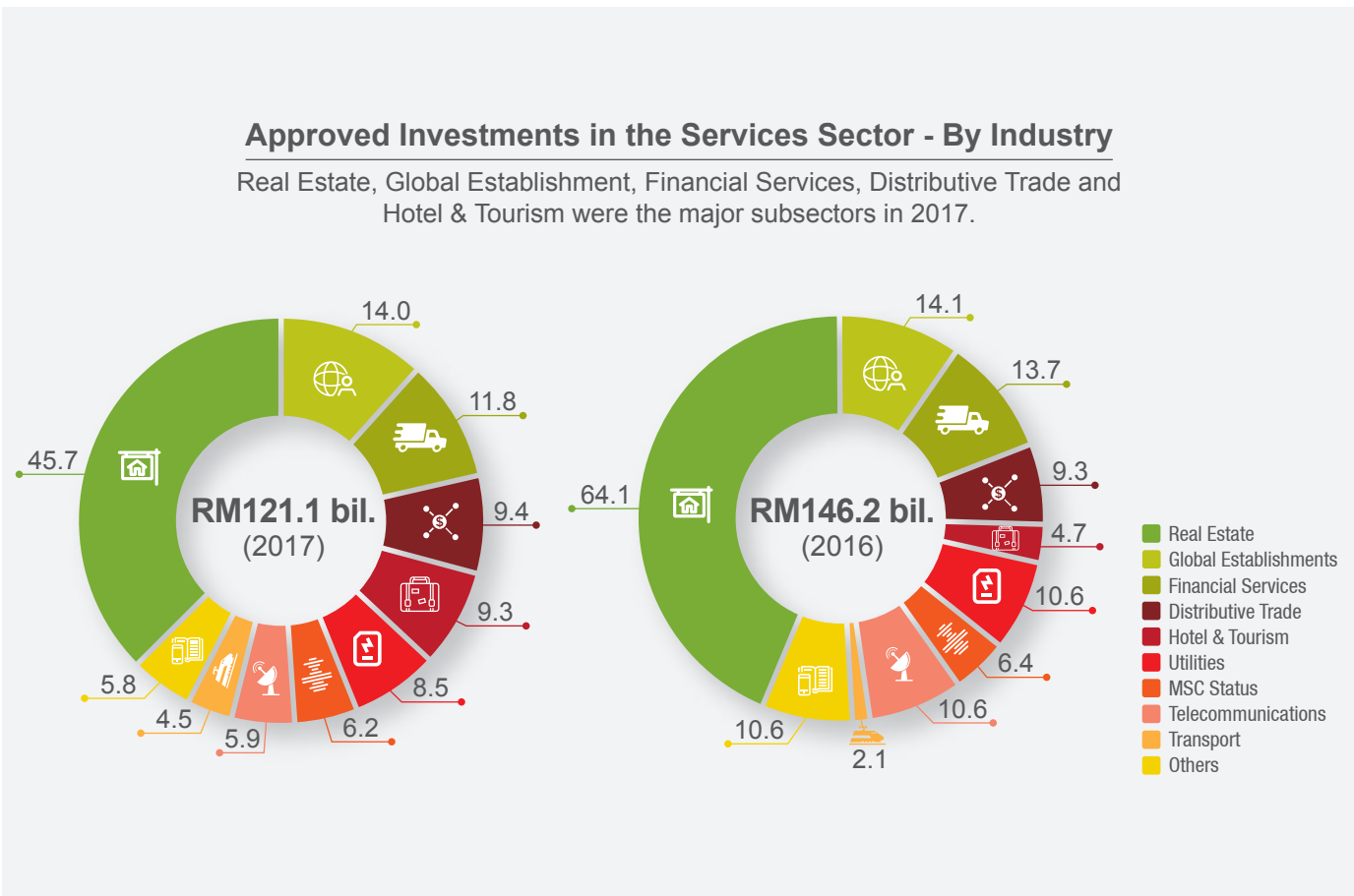
As at 2017, a total of 84 Integrated Logistics Services (ILS) projects have been granted incentives with investments valued at RM4.9 billion. A total of 10 ILS projects were approved in 2017 and further growth is expected, creating jobs for 468 Malaysians.

There is a noticeable trend of newly approved ILS companies in Malaysia migrating towards integrated operations and implementing ICT-driven innovations like e-commerce as well as specialised logistics services to support various industrial sectors such as petrochemical and oil and gas.

A significant ILS project in the area of logistics in the digital economy is from Pos Malaysia Berhad, which is playing a major role in developing the physical zone of the newly launched DFTZ. The DFTZ comprises the e-Fulfilment Hub and Satellite Services Hub, and the first phase of the e-fulfilment hub sees Pos Malaysia investing US\$14 million (RM60 million) to upgrade and renovate the massive KLIA Air Cargo Terminal 1 (KACT1) – the former LCCT terminal. The former passenger terminal will be converted into a high-tech cargo terminal to serve e-tailers such as Lazada and Zalora.



Zalora's regional e-Fulfillment Hub launch on 3 March 2017, in Shah Alam. Zalora is the fastest growing e-commerce online fashion store in South East Asia



International Integrated Logistics Services (IILS) status companies provide integrated and seamless logistics services (door-to-door) along the logistics value chain as a single entity. As at 31 December 2017, a total of 23 companies were approved IILS status compared to 21 in 2016. Of these companies approved, 20 are wholly Malaysian owned. The Lazada Group was one of the significant IILS projects approved.

Innovation Influence

Investments into research and development are one of the yardsticks of a nation's development. Malaysia's Gross R&D Expenditure (GERD) is 1.1 per cent of the GDP as reported in the World Bank's World Development Indicator in August 2016 , compared to the top R&D nations, the Republic of Korea (ROK) at 4.2 per cent and Japan at 3.8 per cent of GDP respectively. There are still many investment opportunities in this area, as Malaysia works to achieve its target of two per cent GERD by the year 2020. The Global Innovation Index

2017 has ranked Malaysia third among the upper middle-income nations, behind China and Bulgaria. By strengthening the innovation ecosystem, it will ultimately cement Malaysia's position as a high technology hub for R&D, design and development (D&D), testing and technical support centre and Centre of Excellence (COE).

Investments in this sub-sector have increased by 25 per cent, from RM266 million in 2016 to RM332.4 million in nine approved projects in 2017, creating 408 high-value jobs. The ratio of foreign to domestic investment contribution is nearly 50-50. Since 1995, there have been a total of 182 R&D projects approved, with investments of RM2.87 billion. This has created about 6,436 quality job opportunities in the science and technical fields. The research projects carried out are mainly in pharmaceutical, chemical, healthcare, machinery, E&E, automotive, energy, medical devices, palm oil, and food production industries.

“Sustainable and environmentally responsible economic growth is key for the successful long-term development of a nation; as such, investment into green technology has been highlighted as another key driver of the economy.”

Green Consciousness

Sustainable and environmentally responsible economic growth is key for the successful long-term development of a nation; as such, investment into green technology has been highlighted as another key driver of the economy. MIDA has been targeting investment promotion efforts in the areas of Renewable Energy (RE), Energy Efficiency/ Energy Conservation and Green Services. In 2017, MIDA carried out 53 programmes and activities to engage with the private sector and relevant stakeholders, including Domestic Specific Promotion Missions, meetings, briefings and seminars.

These efforts have paid off; in 2017, a total of 37 **renewable energy** projects were approved with total investments of RM983.1 million. Of these, 95 per cent comprised domestic investments, and five per cent foreign investments. There were 31 solar energy projects amounting to RM589.6 million, while the remaining were made up by three projects in biogas (RM25.2 million), two projects in mini-hydro (RM268.3 million), and one in biomass (RM100 million). Of the 31 solar projects, four are large-scale solar photovoltaic plants. In total, it is estimated that 183 new employment opportunities will be created.

Kualiti Alam is a notable waste-to-energy project approved in 2017 for biomass/scheduled waste-to-energy (WTE) in Port Dickson, Negeri Sembilan, with a project cost of RM100 million. This plant, the first of its kind in the country, will produce electricity with capacity of up to 3.4MW. It also does double duty by disposing of scheduled waste.

The demand for and consumption of energy is growing across all sectors, especially in the manufacturing sector, which has led to growth opportunities for energy efficiency (EE) / energy conservation (EC) projects. In 2017, a total of 11 EE/EC projects with a total investment of RM51.9 million were approved

and undertaken by the manufacturing and commercial sectors. Domestic investors provided the bulk (99%) of the investments. These projects are expected to create 17 new jobs for Malaysia.

Green services companies play a significant and strategic role to boost the adoption of green practices. It was mainly local players that came forward in 2017 to invest in a total of 19 approved **green services** projects, with investments of RM80.6 million. Most of the business scope of green services undertaken are solar photovoltaic system integrators, with nine related to green building services.

In 2017, seven projects were approved for the **oil and gas** services sub-sector; six of these are diversification projects, a reflection of investor confidence in the long-term growth of the Malaysian oil and gas industry. These projects amounted to a total investment of



RM461.1 million, of which 98.5 per cent were domestic investments and 1.5 per cent were from foreign sources, compared to RM240.3 million in 2016. These investments are projected to create 558 additional high-skilled employment opportunities for the country. The projects include drilling, coiled tubing services, and deep-sea inspection, repair and maintenance.

A notable investment project in 2017 is by DNeX Oilfield Services (DOS), a local oil and gas industry player that has been granted assistance through MIDA's Domestic Investment Strategic Fund (DISF). This Malaysian company has scaled up its business to operate as a multinational company in the global market with an investment of RM116.7 million. DOS has acquired equipment from Baker Hughes, making it the only Malaysian company among the few worldwide that has access to high-tier technology of Directional Drilling / Measurement While Drilling/Logging While Drilling (DD / MWD / LWD).

In the oil and gas machinery and equipment sub-sector, opportunities lie in refurbishing assets which are approaching their end of design life. Of the 12 projects approved in 2017, the total investment was RM731.7 million, where six were expansion/diversification projects, with some focusing on refurbishment and upgrading activities. Domestic investments contributed RM593 million (81%), while foreign investments totalled RM138.5 million (19%). These projects are expected to generate a total of 2,527 employment opportunities.

Hospitality and Tourism

Malaysia has been recognised globally as a top tourist destination. In addition to being ranked among the top 10 tourist destinations in the world, Malaysia has also been recognised as the World's 5th Best Shopping Destination by Expedia UK 2016, and Medical Travel Destination of the Year for the third consecutive year at the International Medical Travel Journal's Medical Travel Awards 2017. Foreign tourist arrivals reached 25.9 million in 2017, generating tourist receipts of RM82.2 billion. There were a total of 70 **hotel and tourism** projects that were approved in 2017 with total investments of RM9.29 billion, mostly from domestic investors. This is almost double the figure recorded for 2016 (RM4.68 billion). Due to the robust growth of the industry, 18 out of the 70 hotel projects were for

expanding and upgrading of their facilities in order to remain attractive. As a result of these projects, 5,107 new job opportunities will be created. Of the slated projects, 20 were for four- and five-star rated hotels, also in line with the Government's focus on targeting high-yield tourists.

Malaysia is quickly becoming a famous medical tourism destination as a result of its high-quality medical services. Medical tourism has been given a tax incentive boost by the Government in recognition of its remarkable growth opportunities. The **healthcare** industry recorded a total approved investment of RM445.1 million in three projects, which will result in the creation of 392 jobs.

Knowledge Central

Education plays a key role in the development of the country, preparing the skilled human resources needed to power the nation. The manufacturing sector has projected that it will require 3.3 million highly skilled workers by 2020; of these, 1.3 million are expected to be Technical and Vocational Education Training (TVET) graduates, who will be ready for Industry 4.0. In 2017, there were two fully local-funded TVET projects approved, with total investments of RM5.6 million, and one Malaysian majority owned private education with investments worth RM57 million. In total, **education** had 711 projects approved in 2017, which added up to investments of RM493.1 million and created 4,866 job opportunities in the high-value knowledge industry.

Necessary Cogs in the Wheel

MSC status companies are an integral part of the innovative ecosystem of IT and IT-enabled industries that operate in the sphere of creative content technologies, global business services, Institutes of Higher Learning (IHLs) and incubators. They facilitate the development of the national digital transformation. In 2017, a total of 315 companies were awarded **MSC status** with approved investments of RM6.1 billion (compared to RM6.4 billion in 2016), where RM2.7 billion (44.3%) was contributed by domestic investors and RM3.4 billion (55.7%) by foreign investments. These investments are expected to lead to the creation of 16,278 high-value jobs.



Despite taking a hit in 2017, the **real estate** sub-sector remains the largest contributor to the services sector with 973 approved projects. The investments came to RM45.7 billion, with almost all (94.5%) of it coming from domestic investors. This is a drop of 28.7 per cent when compared to the 2016 figures (RM64.1 billion from 680 approved projects).

The **transport** sub-sector covers maritime transport, aviation, highway construction and maintenance. In 2017, a total of 16 projects were approved with investments of RM4.5 billion, where RM4.3 billion was contributed by domestic investors, and RM237.6 million by foreign investors. This is almost a two-fold increase over the previous year where approved investments only amounted to RM2.1 billion. It is expected that 434 new job opportunities will be created. The projects approved were mainly for the aviation industry, with 13 approvals in aviation, one for highway construction and two for maritime projects.

The **utilities** sub-sector includes energy and water utilities services. In 2017, a total of RM8.5 billion investments were approved compared with the RM10.6 billion registered in 2016. The investments in 2017 were dominated by domestic sources.

The **telecommunication** sub-sector covers network facilities, network services, application services (including content application services), postal and broadcasting. A total of RM5.9 billion worth of investments were approved in 2017, all of which came from domestic sources.

Investments in the **financial services** sub-sector in 2017 amounted to RM11.8 billion compared to RM13.7 billion worth of investments approved in 2016. The conventional banking segment continued to be the largest contributor to the sub-sector, with investments amounting to RM10.4 billion.

Distributive trade witnessed a total of 1,750 projects approved in 2017 with investments totalling RM9.4 billion. It is the largest employer in the services sector, with a grand total of 47,603 new employment opportunities being created. The majority of investments (63.8%) were contributed by foreign sources, amounting to RM6.0 billion.

In addition to distributive trade, the presence of **premium shopping outlets** is also gaining momentum in line with Malaysia's drive to become a competitive shopping destination in the region. These outlets which offer discounted luxury items are aimed primarily at foreign tourists, who flock to Malaysia for shopping and recreation. The development of premium shopping outlets is a result of the nation's strategic ETP's Entry Point Project 3 (EPP3), which was devised to boost this avenue for economic growth. The targeted contribution of premium outlets to the GNI is RM875.2 million by the year 2020; they are also expected to provide 1,500 job opportunities for Malaysians.

To date, five premium outlets operate in different parts of the country close to main tourist entry points; namely, Sepang (Selangor), Kulaijaya (Johor), Penang and Melaka. The newest, Horizon Village Outlet which will open its doors by mid-2018 is in Serenia City, Selangor, which is located 10 kilometres away from the Mitsui Outlet Park near the Kuala Lumpur International Airport (KLIA).

Outlook

The rapid growth of the services sector over the years has significantly contributed to the development of other sectors in Malaysia. The business services sub-sector for example, has supported the manufacturing sector in gaining higher productivity gains through usage of professional services (including accounting and taxation, engineering, legal, architectural and telecommunication services) and ICT services. Given its importance, the Government is fully committed to propel the services sector further as the primary driver of Malaysia's economic growth in our journey to become a developed, inclusive and well-respected nation in the world.

Although global growth is expected to slow a little over the next two years, partly due to the belt-tightening of foreign

investors, protectionist trade policies, rising geopolitical tensions and recent winds of trade war concerns between the United States and China, the emerging Asian markets however, can look forward to continued growth as their fundamentals remain strong; Malaysia tops Bloomberg's 2018 emerging market scorecards among 21 developing countries. To remain attractive to investors, the nation must maintain its current tack of forward-looking policies and sectoral reforms, and adapt to the technological change that is sweeping the world.

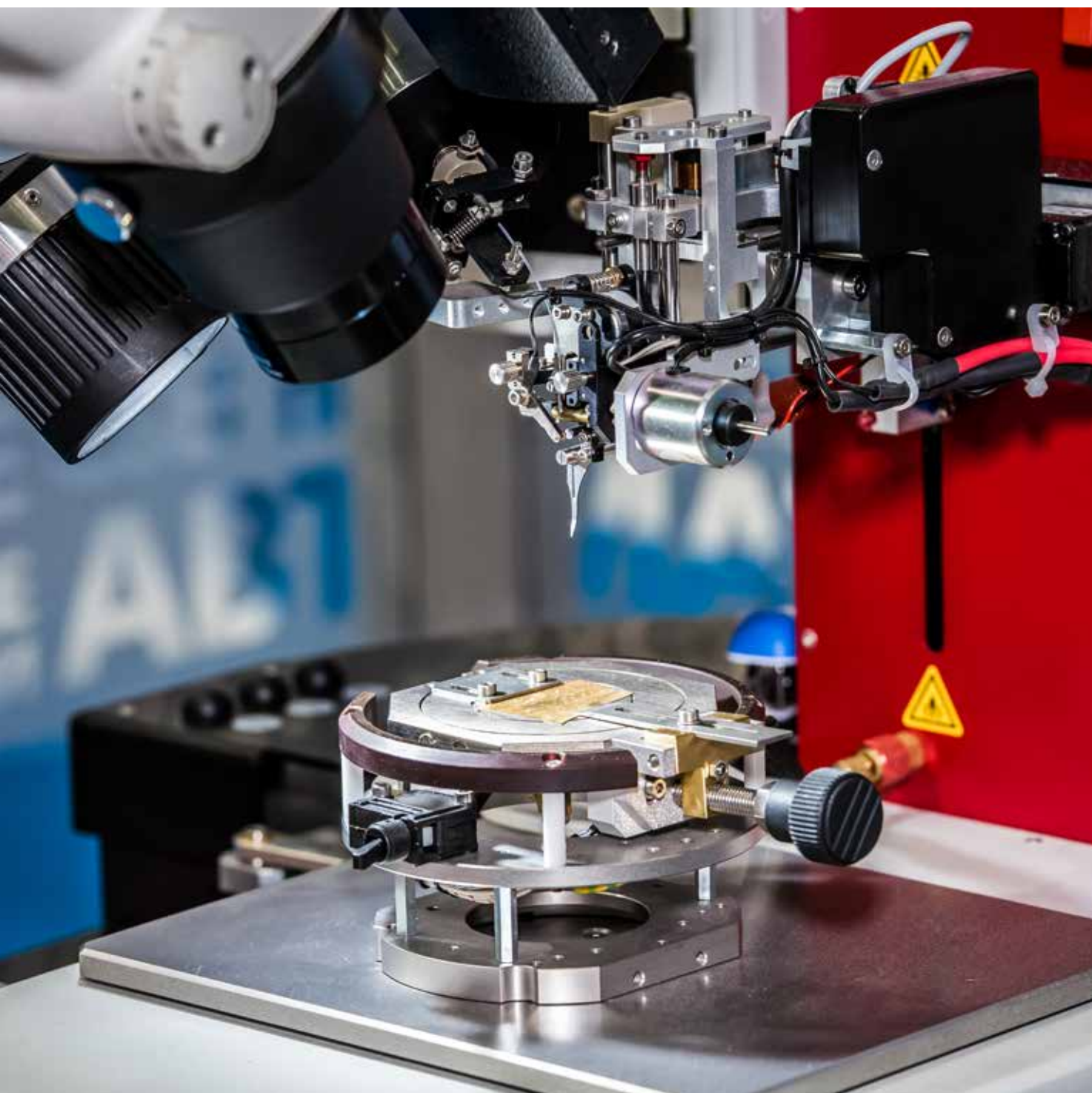
The nation's Digital Free Trade Zone (DFTZ), which has within it the first international hub of Alibaba's Electronic World Trade Platform, is one of the most advanced e-commerce hubs worldwide. Its stringent standards of delivery time for physical goods has been set to within 72 hours of purchase to anywhere in the world, or 24 hours within a country; Malaysia's central location will be key to fulfilling this promise.

The ASEAN region is home to 630 million consumers and collectively the world's sixth largest economy at over US\$2.4 trillion GDP annually. Just as it has since the beginnings of international commerce centuries ago, Malaysia's strategic location make it the natural gateway to Southeast Asia, within easy reach of many of the world's most dynamic economies. From an e-commerce standpoint, these hubs in Malaysia provide many advantages, with the availability of sophisticated services for warehousing, packaging, transportation, and other logistical aspects of fulfilling an e-commerce transaction such as customs clearance and managing returned merchandise.

Being future-ready is essential in meeting the new digital challenges. The nation's growth also has to be environmentally responsible for long-term sustainability in order to bring Malaysia to the next level of development. All these and more present exciting opportunities for new investments in the services sector.

“Although global growth is expected to slow a little over the next two years, partly due to the belt-tightening of foreign investors, protectionist trade policies, rising geopolitical tensions and recent winds of trade war concerns between the United States and China, the emerging Asian markets however, can look forward to continued growth as their fundamentals remain strong.”

MIDA has transformed the country's industrial landscape from an agricultural-based economy to a high industrialised nation which now includes IoT and Industry 4.0. |



06 | VALUE UPGRADES IN MOTION

Sustainable manufacturing and innovations introduced by the Fourth Industrial Revolution (Industry 4.0) continue to impact global manufacturing. Given its importance, Malaysia's manufacturing industry has also been embracing Industry 4.0. In particular, it has been preparing to increase automation in traditionally labour-intensive industries.

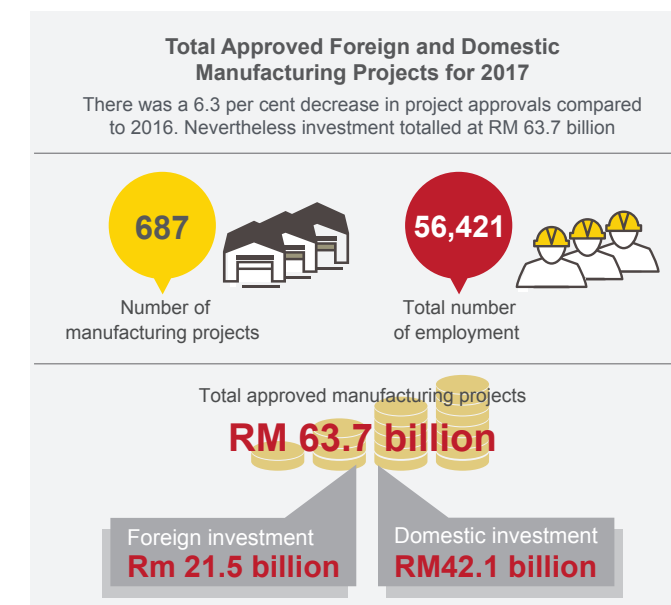
As a whole, the manufacturing sector is shifting away from production of raw materials and commodities towards higher-value-added activities. This will enable it to move further up the value chain to stay competitive in the global economy. In support of this endeavour, MIDA continues to drive economic and employment growth through 2018 through the allocation of RM452.7 million under the High Impact Fund. Specifically, it has set its focus on driving such growth in the Eleventh Malaysia Plan (11MP)'s '3+2' catalytic and high-growth sectors. These sectors include electrical and electronic products (E&E), machinery and equipment (M&E), chemicals and chemical products, aerospace, and medical devices.

Malaysia's manufacturing sector ended 2017 on a high note. While there was a 6.3 per cent (687 projects) decrease in project approvals as compared to 2016's figure of 733 approvals, investments nevertheless totalled RM63.7 billion. This was 8.9 per cent higher than 2016's figure of RM58.5 billion; indicating higher capital-intensive projects. This is in line with Malaysia's push towards more strategic, higher-quality investments. Of these approvals, 62 per cent were for new projects worth RM39.5 billion.

Foreign investments totalled RM21.5 billion, or 33.8 per cent of all investments. Of this sum, RM13.9 billion (64.2%) was for expansion/diversification projects. The E&E industry attracted the largest amount, with RM8.1 billion worth of investments. Other industries that brought in high levels of foreign investments include non-metallic mineral products (RM4.1 billion) and chemicals and chemical products (RM2.4 billion).

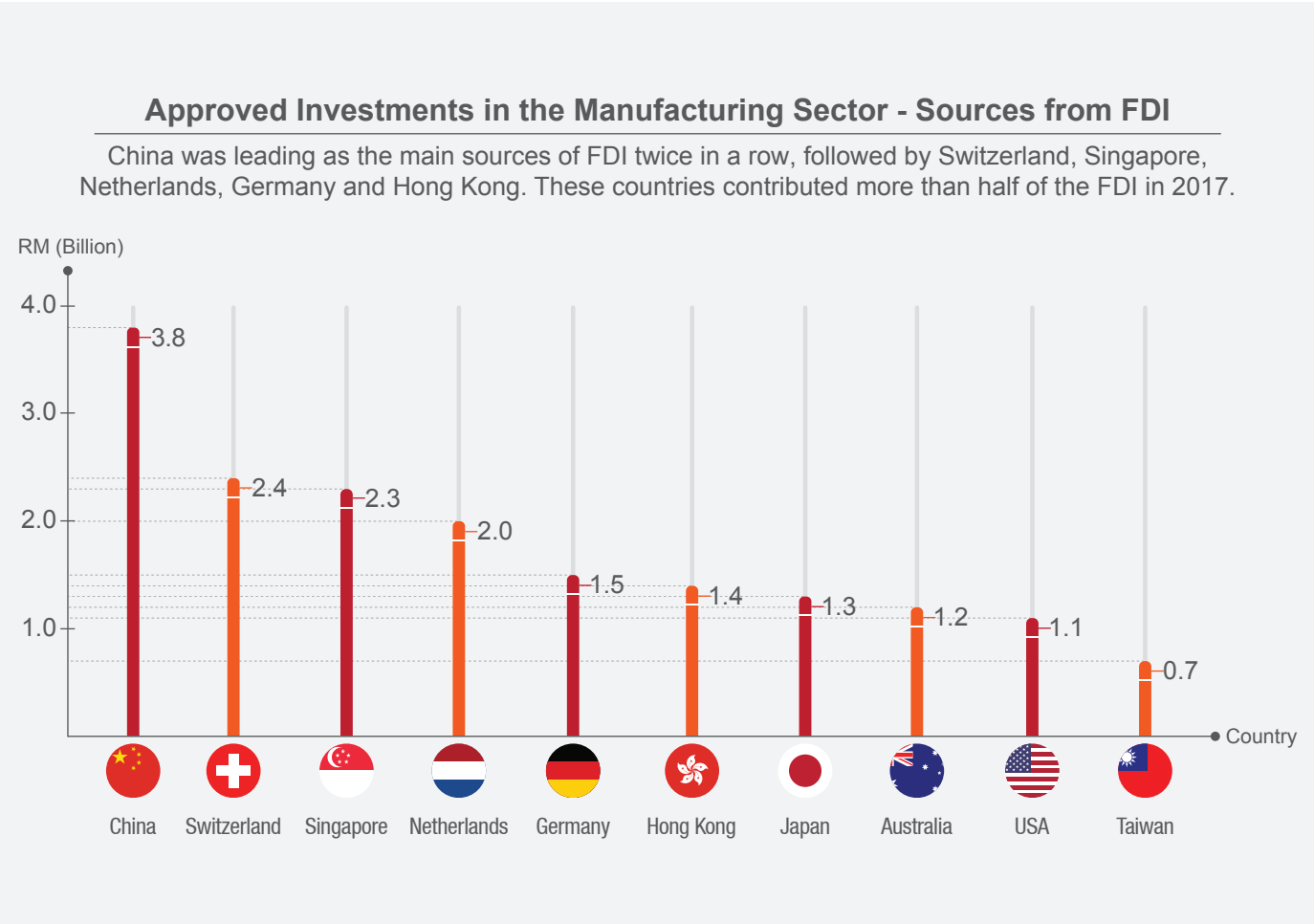
The People's Republic of China (PRC) was the manufacturing sector's biggest foreign investor in 2017,

with investments of RM3.9 billion. This was followed by Switzerland (RM2.4 billion), Singapore (RM2.3 billion), and the Netherlands (RM2.0 billion).



Meanwhile, approved domestic investments amounted to RM42.1 billion, representing a 35.4 per cent increase over 2016's figure of RM31.1 billion. Of this, new projects attracted RM31.8 billion worth of investments. Petroleum products including petrochemicals and natural gas led the way (RM25.6 billion or 60.8 per cent). This was followed by non-metallic mineral products (RM3.5 billion) and transport equipment (RM3.3 billion).

The capital intensity of projects approved in the manufacturing sector in 2017, as measured by capital investment per employee (CIPE), was RM1,128,742.



This is a significant increase of 23.7 per cent from 2016’s CIPE of RM912,239. The industry with the highest CIPE was petroleum products including petrochemicals (RM9,344,028), followed by non-metallic mineral products (RM1,581,899) and chemicals and chemical products (RM1,499,266).

In 2017, petroleum products including petrochemicals and natural gas recorded the highest total investments approved, charting RM26 billion – an increase of over RM6.5 billion from 2016. This was followed by E&E products, at RM9.7 billion. Investments into non-metallic mineral products (RM7.7 billion) exceeded the amount invested in 2016 (RM3 billion) by 2.5 times.

Projects approved in 2017 opened up 56,421 job opportunities. Of these, managerial, technical, or supervisory (MTS) roles made up 14,155 (25.1%) positions. There were 9,870 (17.5%) positions for skilled workers. Most of the jobs created were in E&E (10,593), transport equipment (9,112), and machinery and equipment (6,078).

Malaysia’s **E&E industry** continued its significant contributions to the nation’s economy. In 2017, the industry attracted RM8.2 billion in foreign investments. This represented 84.5 per cent of total investments in the industry. It also brought in the second-greatest amount of total investments (RM9.7 billion) in the sector. It was the country’s largest export earner in 2017, bringing in RM343 billion and accounting for 36.7 per cent of the total value of exports.

Of the 109 projects approved, 89 were expansion/diversification projects worth RM8.3 billion. The E&E industry accounted for approximately 18.8 per cent of all new employment opportunities created, with 2,830 (26.7%) of them in being MTS positions, and 827 (7.8%) in skilled occupations.

Electronic components represented 43.7 per cent of total investments in the E&E industry. In 2017, a total of 45 approved projects brought in investments worth RM4.2 billion. Of these, 42 were expansion/

diversification projects with investments worth RM4.1 billion. The sub-sector was largely driven by FDI, which comprised RM3.6 billion. One significant project approved was a RM1.1 billion expansion project by majority foreign-owned TF AMD Micro. It plans to engage in wafer chip scale packaging and wafer bumping fabrication activities.

Approved investments of RM4.2 billion were spread across 33 projects in the industrial electronics sub-sector in 2017. There were 24 expansion/diversification projects with investments worth RM3.4 billion (80.9%). FDI played a large role, amounting to RM3.6 billion. A notable major approved project was a RM2.6 billion expansion project by Robert Bosch Malaysia, a wholly foreign-owned company, to manufacture instrument cluster panels and connectivity modules.

The electrical sub-sector saw 30 projects approved in 2017 with investments totalling RM1.1 billion. Of these, seven were new projects. FDI dominated this sub-sector, attracting investments of RM865 million (78%). One significant project approved was a RM150 million expansion by Success Electronics & Transformer Manufacturer Sdn. Bhd., a majority Malaysian-owned company, to manufacture smart lighting systems.

There was a new consumer electronics project worth RM111 million in 2017 from wholly foreign-owned Pioneer DJ Technology Malaysia Sdn. Bhd. It will fabricate DJ equipment products and accessories, PCB assemblies, jigs and fixtures, and audio products.

Exports of the **transport equipment** industry amounted to RM17.1 billion in 2017. Aerospace sub-sector exports made up RM8.5 billion, closely followed by road vehicle exports of RM7.5 billion. Out of the 79 approved projects worth RM4.8 billion, there were 33 new projects, which accounted for 77.1 per cent (RM3.7 billion) of the total investments. DDI amounted to RM3.3 billion (68.7%). The approved projects generated 1,867 MTS positions and 1,506 skilled positions.

The Malaysian automotive sub-sector produced 499,639 motor vehicles: 459,558 passenger vehicles and 40,081 commercial vehicles. There were a total of 61 projects approved in 2017, attracting investments

totalling RM2.6 billion. Domestic investments amounted to RM1.5 billion (58%). Of all the approved projects, 27 were new projects, accounting for 77 per cent (RM2 billion) of total investments.

MIDA undertook various initiatives to promote investments into the aerospace sub-sector; one of which was a special project mission to Japan. During this mission, MIDA co-organised a seminar with the Nagoya Chamber of Commerce and Industry, and the Chubu Aerospace Industrial Technology Center, on investment opportunities in the aerospace industry.

In 2017, a total of 13 projects worth RM649.9 million were approved in the aerospace sub-sector. DDI took up 80 per cent of these investments (RM518.9 million). All approved projects were for aerospace manufacturers supplying to Tier One and Tier Two companies. One significant project approved was a new RM144.8 million initiative by majority Malaysian-owned T7 Kilgour Sdn. Bhd. to develop a specialised metal treatment plant for the aerospace industry. The plant will offer 95 job opportunities.

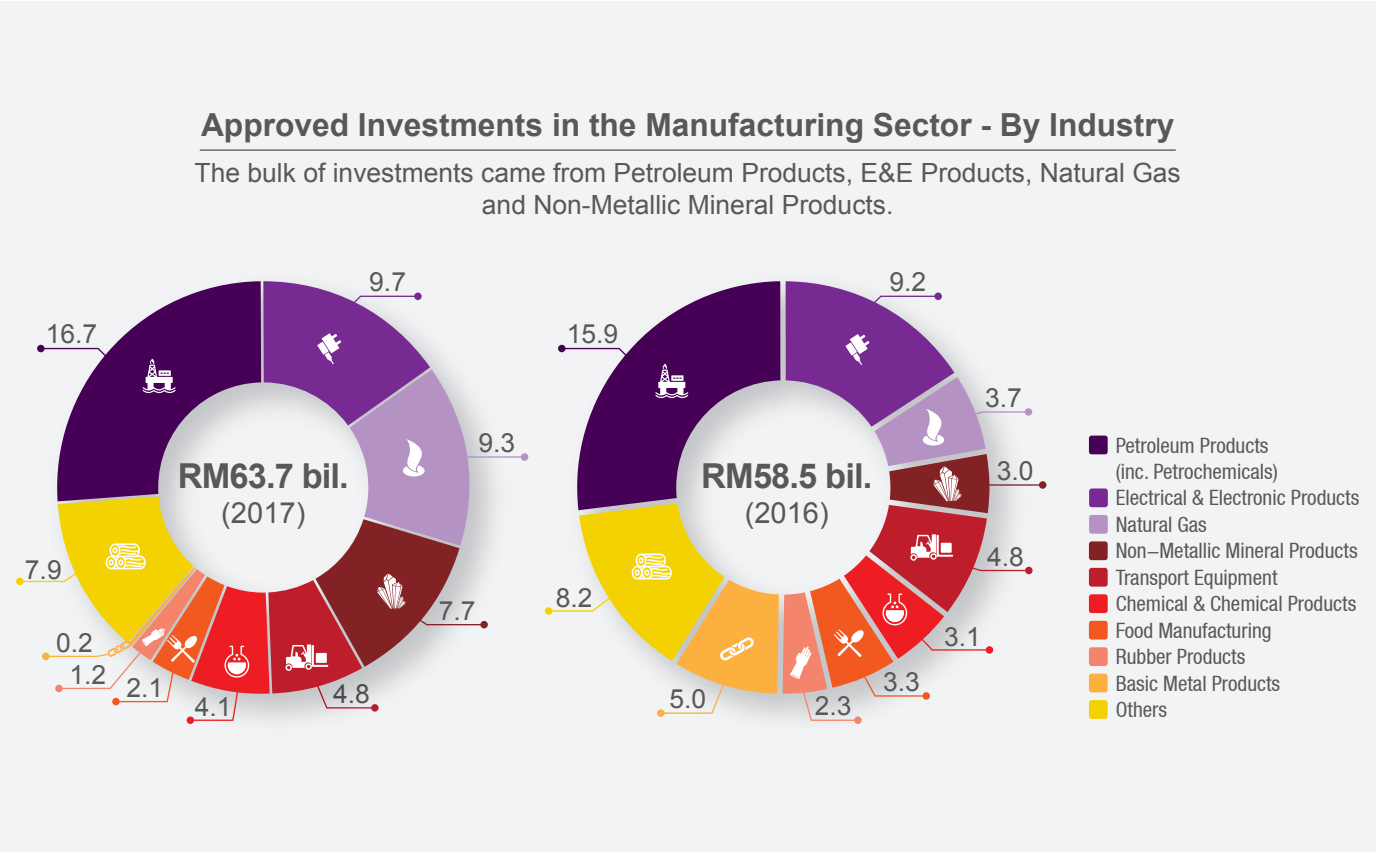
The shipbuilding and ship repair (SBSR) sub-sector in Malaysia has been identified as an economic growth support sector under the IMP3 and the Malaysian Shipbuilding/Ship Repair Industry Strategic Plan 2020. In order to deal with the various challenges faced by the industry, MIDA established the SBSR Advisory Panel. This acts as a platform to oversee the development of the SBSR industry.

MIDA Open Day 2017 National Aerospace & Defence Industries

MIDA Open Day 2017 Video

MOHD KHAIRIZAL MOHD ISA
SENIOR MANAGER HR & ADMIN
NATIONAL AEROSPACE & DEFENCE INDUSTRIES SDN BHD

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There were five SBSR projects with investments reaching RM1.5 billion. Of the projects approved, DDI made up 87 per cent, or RM1.3 billion, of total investments. These projects created 1,487 employment opportunities, with MTS positions as well as skilled labour forming 639 (43%) of total employment. One of the two new projects was by Muhibbah Group, which involved a total investment of RM1.4 billion for SBSR activities.

The **M&E industry** has linkages to various large-scale economic sectors such as manufacturing, construction, and services. Thus, it is speeding Malaysia’s transition into a high-technology, Industry 4.0-ready nation. In line with this development, Malaysia is already the leading manufacturer of specialised-process machinery for the E&E industry and automation equipment in the SEA region.

In 2017, investments amounting to RM2.2 billion were spread across a total of 77 approved projects. Of these, 39 were new projects (RM1.3 billion or 61.6%). Domestic investments totalled RM1.4 billion (63.6%). These approved projects generated 6,078

jobs, of which 1,485 are in the MTS categories and 2,546 are for skilled workers.

The specialised machinery sub-sector accounted for 37 approved projects with investments worth RM1.4 million. These included 22 new projects, with investments of RM939.5 million (65.5%). Domestic investments in this sub-sector amounted to RM996.4 million (69.4%).

The general industrial machinery sub-sector ranked second, with investments worth RM431.4 million in 19 projects. Eight were expansion/diversification projects with a total investment of RM237.6 million (55.1%). Investments were primarily driven by DDI of RM368.7 million (85.5%).

Investments approved in the machinery/equipment modules and industrial parts/components sub-sector totalled RM104.4 million in 2017. This included nine expansion projects with RM80.8 million (77.4%) in investments. Domestic investments came up to RM59.9 million (57.4%).

One expansion/diversification projects and two new projects were approved in the power-generating M&E sub-sector, with foreign investments dominating at RM190 million and DDI at RM6.2 million. All three projects were in the production of equipment for renewable energy generation.

Five expansion/diversification projects in the M&E maintenance, upgrading, or reconditioning sub-sector brought in FDI worth RM19.4 million. The projects mainly focused on the upgrading and reconditioning of material-handling machinery.

A significant foreign expansion project that was approved is worth RM81 million and is being carried out by a company located in Pulau Pinang. Under the project, it will manufacture wafer deposition equipment and related modules for the front-end semiconductor industry. Another expansion project by a wholly Malaysian-owned company attracted investments worth RM56 million. The company is diversifying into the production of automated machines and related modules and components.

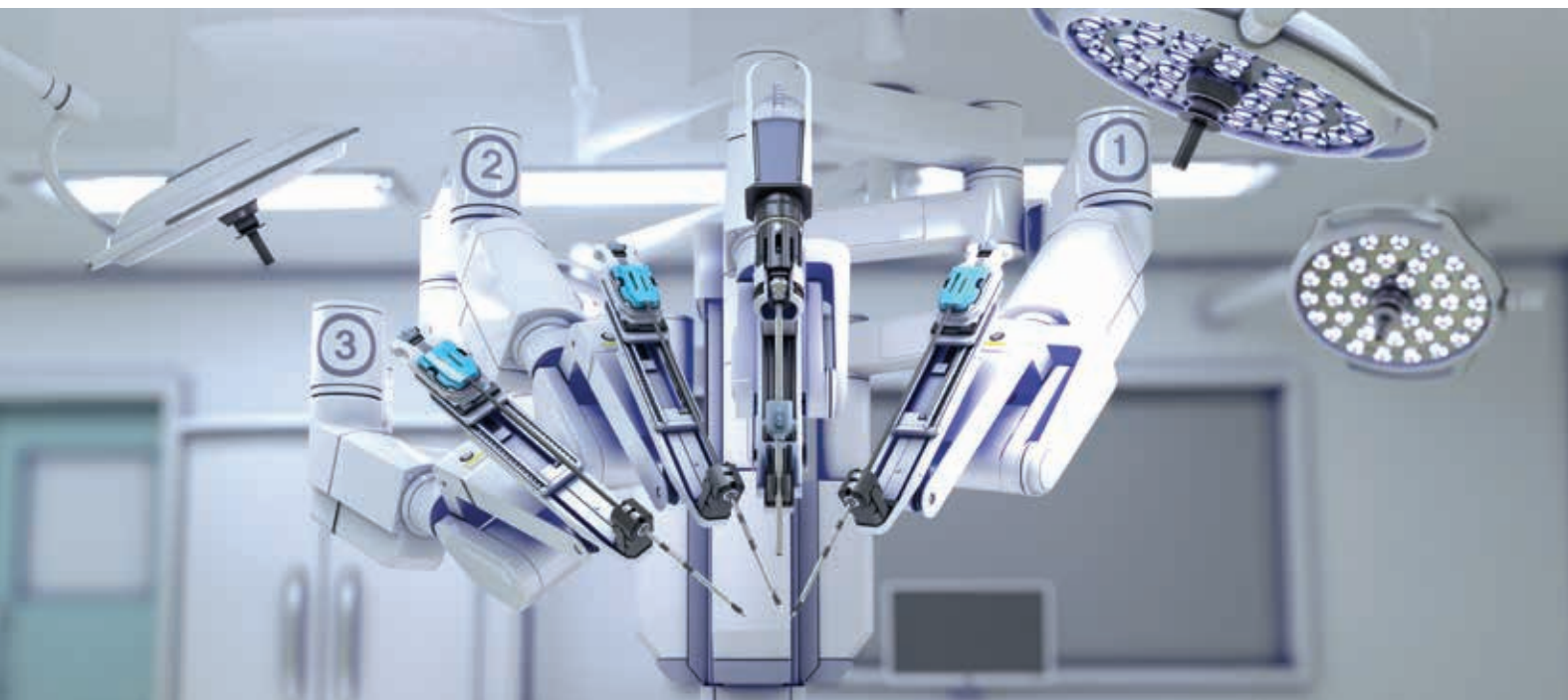
Malaysia’s **engineering support industry (ESI)** is a vital industry encompassing companies carrying out a wide range of activities. The ESI sub-sector supports the country’s industrial development, due to its linkages to various economic sectors such as manufacturing, construction, transportation, and the primary industries.

Some 36 ESI projects were approved in 2017, chalking investments worth RM504.5 million. Of these, 18 were new projects with investments of RM357.3 million (70.8%). Domestic investments were in the majority, amounting to RM358 million (71%).

The machining sub-sector saw total investments of RM238.4 million across 15 projects. Nine were expansion/diversification projects, attracting investments worth RM119.6 million (50.2%). DDI made up RM176.2 million (73.9%) of this. The casting sub-sector had one new domestic project approved worth RM63.7 million. The mould and die sub-sector’s 11 projects brought in investments worth RM80.7 million. These comprised five new projects with domestic investments of RM46 million (71.3%) and six expansion/diversification projects worth RM16.2 million, of which FDI totalled RM12.8 million (79%).

The stamping sub-sector had two new projects with approved investments of RM33 million. Foreign investments totalled RM29 million (87.9%). There were five approved projects in the surface treatment sub-sector with investments of RM72.1 million. Of these, three were new projects totalling RM64.1 million. DDI came up to RM60.7 million (84.3%). The jigs and fixtures sub-sector had one new project and one diversification project approved, with total investments of RM13.1 million, comprising FDI of RM9.2 million (70%).





Productivity at the Forefront of Manufacturing

The 11MP views productivity as a game-changer. It outlines efforts undertaken to boost productivity in a focused and targeted manner, with clear outcomes at the national, sectoral, and enterprise levels. The launch of the *Malaysia Productivity Blueprint* (MPB) on 8 May 2017 indicates the Government's seriousness to raise productivity, thus driving Malaysia towards becoming a high-income nation by 2020. This is especially critical in the manufacturing sector, as it is key to the success of the other sectors' progress and growth. Having the manufacturing sector geared towards the production of more high-value, diverse, and complex products will help to expand businesses within the sector. It will also help create new businesses and job opportunities that further expand Malaysia's economy.

The 11MP has set a minimum target of 3.7 per cent growth in Malaysia's annual labour productivity by 2020. Of the nine priority sub-sectors identified by the MPB to have *Sector Productivity Nexus* set up, four of them are from the manufacturing sector. These include E&E, chemical and chemical products, agro-food, and M&E.

Five key strategic thrusts – building the workforce of the future, driving digitalisation and innovation, making industry accountable for productivity, forging a robust

ecosystem, and securing a strong implementation mechanism – have been formulated as the basis of recommendations to raise productivity.

Specifically, the steps to be taken under the key strategic thrusts include:

- ◆ Restructuring Malaysia's workforce by raising the number of high-skilled workers and tightening entry of low-skilled workers;
- ◆ Strengthening the readiness of enterprises to effectively adopt and exploit technology (such as Industry 4.0, see box article);
- ◆ Reducing reliance on non-critical subsidies, linking financial assistance and liberalisation efforts to productivity outcomes, and strengthening industry positioning in higher value-added segments of the value chain;
- ◆ Addressing regulatory constraints, and developing a robust accountability system to ensure effective implementation of regulatory reviews; and
- ◆ Embedding a culture of productivity through a nationwide movement, and driving accountability in productivity performance through effective governance mechanisms.

One significant investment worth RM52 million was from a Malaysian-owned company, which is now diversifying to produce parts for the medical devices and O&G industries.

Malaysia's **fabricated metal products** industry comprises various value-added metal-shaping processes essential in the creation of machines, parts, and structures for various industries – making it a critical cross-industry sub-sector.

The sub-sector saw 71 projects approved in 2017, with investments totalling RM1.1 billion. Of these, 43 were new projects worth RM829.3 million, or 74.2 per cent of total investments. Domestic investments made up the majority of investments, or RM794.7 million (71.1%).

The **basic metal products** industry in Malaysia plays a primary role in developing the manufacturing and construction sectors. The industry includes both the manufacturing of ferrous (iron and steel) and non-ferrous (aluminium, tin, copper etc.) metal products.

In 2017, there were 15 projects approved involving the manufacture of basic metal products with investments worth RM183.2 million. Two-thirds of these projects were expansion/diversification projects, with total investments of RM133.5 million. The lion's share, or 93.6 per cent (RM171.4 million) of approved investments, came from domestic sources.

There were three metal recycling projects approved, with Shan Poornam Metals Sdn. Bhd., Bay Aluminium Industries Sdn. Bhd., and Asahi G&S Sdn. Bhd. each having one. These projects attracted combined investments of RM31.9 million. Two of these companies are located in Pulau Pinang, with one in Selangor. These projects are meant to transform waste into higher-value-added products, through the recycling of precious metals and secondary aluminium ingots.

The Malaysia **textiles and textile products** industry includes companies active across a broad range of upstream (e.g. production of natural and synthetic fibre and yarn, and woven and non-woven fabrics, as well as bleaching, dyeing, and finishing) and downstream activities (e.g. manufacture of ready-to-wear garments and textile products). The industry was the country's 11th largest export earner in 2017, contributing approximately

RM15.3 billion (1.6%) to Malaysia's total exports of manufactured goods. The USA was still the leading export market for Malaysia's textile products, purchasing RM2.2 billion (14.6%) of the industry's total exports.

In 2017, a total of 12 projects were approved in the industry, representing RM428.8 million worth of investments. Foreign investors took the lead, bringing in RM322.3 million (75.2%). Approved investments were concentrated in the production of primary textiles, with



eight projects of RM389.9 million. The production of ready-to-wear garments had three projects approved (RM33.8 million). One project worth RM5.1 million was approved in the textile accessories sub-sector. A notable approved investment was a RM316.7 million expansion project by a wholly foreign-owned company, Penfabric Sdn. Bhd. The project will produce yarn, grey fabric, and piece-dyed, printed, and yarn-dyed finished fabric.

The **non-metallic mineral products** industry is a vital sub-sector due to its multiple cross-industry linkages. Industry players supply raw and processed materials to domestic manufacturing industries, as well as export minerals and mineral-based value-added products. This makes the industry essential to local, regional, and global supply chains.

In 2017, investments totalling RM7.6 billion across 45 non-metallic mineral projects were approved. There were 20 expansion/diversification projects worth RM5.5 billion. Foreign investments were worth RM4.1 billion (53.2%), while domestic investments contributed RM3.5 billion (46.8%).

Of these 45 projects, 21 were for cement and concrete products and 12 projects were for IBS components. Six were for other non-metallic products, four were meant to produce glass products, and the remaining two were investments into manufacturing ceramic and clay-based products.

One of the major projects approved in 2017 was a RM1.6 billion expansion of a majority foreign-owned project by CGPV Industrial Building System Sdn. Bhd. to produce IBS components. Another notable investment was from Altech Chemicals Sdn. Bhd., a new wholly foreign-owned project worth RM1.2 billion. The company aims to manufacture HPA, which is essential to the production of synthetic sapphire.

The **medical devices** sub-sector is expected to have a positive impact on the Malaysian economy, being designated as one of the '3+2' high-growth sub-sectors under the 11MP. Over 90 per cent of medical devices manufactured in Malaysia were exported. In 2017, these exports were valued at RM17.7 billion, a sharp rise from the RM9.7 billion exported in 2016.

In 2017, the industry recorded total approved investments of RM2.2 billion. This generated employment opportunities for an estimated 2931 people across 25 projects. FDI was worth RM1.6 billion (72.7%). There were 19 expansion/diversification projects worth RM2.1 billion. Of the 25 projects in total, 19 of them, worth RM1.9 billion (88.7%), were mainly for the manufacture of high-end, high-value-added medical devices.

One such project was an expansion by B. Braun Medical Industries Sdn. Bhd., a foreign-owned company, with investments of RM1.2 billion to manufacture medical devices and surgical instruments, among others. Approximately 809 additional jobs will be created, of which 164 are salaried positions of RM10,000 per month and above. Another project is a RM222 million expansion by foreign-owned Visco Technology Sdn. Bhd. to manufacture medical lenses. These lenses are the first of their kind to be manufactured in Malaysia. The project will create an additional 257 employment opportunities, of which 64 will be for Malaysians.

The Malaysian **pharmaceutical** industry has been steadily growing over the last decade. As at 2017, the Drug Control Authority (DCA), under the Ministry of Health Malaysia, licensed 251 facilities. They are categorised into 158 facilities that produce traditional medicine, 83 facilities that produce pharmaceuticals, and 10 facilities that produce veterinary products. DCA has 23,650 pharmaceutical products registered, including traditional products (51.6%), prescription medication (27.7%), non-prescription/over-the-counter medication (13%), health supplements (4.7%), and veterinary medicine (3%).

The nine pharmaceutical projects approved in 2017 attracted investments worth RM517.9 million. Of these, three were new projects with investments of RM304.9 million (58.9%). The majority of investments (59.4%) came from DDI of RM307.4 million. One major project was from AJ Biologics Sdn. Bhd., a new foreign-owned operation with investments of RM139 million to produce human vaccines. The project created 105 job opportunities, 57 per cent of which were in science and technical fields.

Being one of the world's 17 megadiverse countries, as identified by The World Conservation Monitoring Centre, Malaysia's rich biodiversity means the nation has a solid foundation for the development of a successful **biotechnology** industry. Biotechnology refers to technology based on harnessing various biological processes to develop technologies and products. The sub-sector is generally classified into the biomedical, bioindustrial, and bioagricultural areas.

Six new projects with investments of RM814 million were approved in 2017, generating employment opportunities for 176 people. Foreign investors contributed more than 90 per cent of approved investments (RM780.3 million). The largest investment by far was a new project by foreign-owned Verdezyne Sdn. Bhd. It will manufacture dodecanedioic acid (DDDA) using yeast fermentation technology.

There were 12 projects approved in the **agriculture** sector in 2017, bringing in RM44.9 million in investments. These approved projects, including nine new ones, were all funded by domestic sources. One of the projects approved was a new investment by a wholly-Malaysian-owned company valued at RM15.1 million to cultivate herbs and vegetables in Melaka.

Malaysia's food processing sub-sector includes all companies involved in value-added activities utilising agricultural or horticultural products. This includes the manufacturing of cocoa & chocolate products, fishery products, cereals & cereal products, and processed fruits & vegetables. Throughout 2017, MIDA had organised various nationwide awareness and outreach programmes

in the industry. These programmes assisted industry players to overcome challenges in meeting increasing global demands and rapid changes of technology. They updated and familiarised the industry players on the policies, incentives, assistance, and facilitations available to boost their competitiveness.

In 2017, approved 66 food processing projects, with investments worth RM2.3 billion were approved. DDI totalling RM1.4 billion (63%) dominated the sub-sector. The 44 new and 22 expansion/diversification projects resulted in employment opportunities for 4,644 people.

Notably, there were two new projects by Dindings Poultry Development Centre Sdn. Bhd., a majority Malaysian-owned company, with investments of RM385.9 million to manufacture animal feed products in Perak and Johor. Another significant project approved was a new operation by a wholly-foreign-owned company, with investments of RM263.8 million, to undertake R&D and manufacturing of soft gel flavour capsules in Selangor.

The launching of the National Biomass Strategy 2020, and initiatives undertaken by the Government in promoting investment in environmental sustainability, has made the **palm biomass** industry more dynamic. In October 2017, MIDA, together with the Government of Sarawak, and Agensi Inovasi Malaysia (AIM), organised the International Biomass Conference Malaysia (IBCM) 2017 in Kuching, Sarawak, to further promote the utilisation of palm biomass into high-value-added products. This event benefitted 1,226 participants, comprising key local and foreign industry players within the biomass ecosystem.

“Malaysia currently produces approximately 73.8 billion cubic metres of natural gas and 705 thousand barrels of crude oil per day. Malaysia has the world's largest production facility of LNG at a single location, with an annual production capacity of up to 29.3 million metric tonnes.”



Game on Industry 4.0

The Industry 4.0 revolves around the use of autonomous robotics, additive manufacturing, cloud computing, big data analytics, the Internet of Things and sensor technologies. In Malaysia, Industry 4.0 is expected to help increase productivity and lower costs for manufacturers, as well as eliminate their dependence on foreign labour. Connected enterprises can aggregate information from the production, supply chain, and procurement business units (amongst others) to enhance efficiency, improve productivity, create higher-quality products, and create a safer working environment.

To this end, the Ministry of International Trade and Industry (MITI), the Ministry of Science, Technology & Innovation (MOSTI) and the Ministry of Higher Education had collaborated to draft a National Industry 4.0 Policy Framework. A high-level task force, chaired by the Secretary-General of MITI, had also been established to spearhead the government's policy and strategy on Industry 4.0; and an industrial study on "Future of Manufacturing: Industry 3+2" by MIDA, which is expected to underscore the way forward for these industries vis-à-vis Industry 4.0.

MITI and MIDA have held several seminars, dialogues, briefings, workshops, and conferences on smart manufacturing and other Industry 4.0-related issues. From this, many companies from a range of industries have indicated their plans to invest heavily in Industry 4.0. MIDA and Malaysia Digital Economy Corporation (MDEC) have also collaborated on the Digital *Transformation Acceleration Programme* (DTAP) to provide Malaysian

companies a structured approach to digital transformation and help them adopt emerging digital technologies. In addition, MIDA is also working closely with other government agencies and industry associations to promote awareness and develop talent capital within the target industries.

Companies that have already incorporated Industry 4.0 features into their operations include Konica Minolta, Western Digital, Infineon, Dell, ST Microelectronics, and Hewlett Packard. Companies that are in the process of implementing Industry 4.0 features include Top Glove, Sony, Sandisk, Alliance Contract Manufacturing, and Press Metal Bintulu. Some companies have also indicated their plans to implement in Industry 4.0 in the near future; namely, Panasonic, First Solar, Intel, Daikin, and Proton.

Just as many major MNCs and large companies have been moving fast in terms of embracing Industry 4.0, it is crucial for local companies and SMEs to do the same, and integrate into the MNCs' global value chain in order to remain competitive in the long term.

Further, to meet talent requirements, companies need to invest in the training and up-skilling of their workforce. For instance, the Malaysian Institute of Technology Academy offers short courses in its Senior Management Development Programme on Industry 4.0. Companies that successfully transform their workplace cultures, and manage the change in their operations effectively, will be future-proof and ready to move towards Industry 4.0 – offering greater product customisation at lower costs, effectively becoming market leaders in their fields.

The palm biomass industry witnessed eight projects approved in 2017, with investments totalling RM78.4 million. Domestic investments made up the lion's share, amounting to RM63.3 million (80.7%).

The **chemicals and chemical products** industry is one of the '3+2' catalytic sectors by the Government, and was ranked the third-largest contributor of manufactured goods to Malaysia's total exports in 2017.

In 2017, a total of 46 projects with investments totalling RM2.4 billion were approved. Of these, 29 were new projects (RM1.9 billion). DDI amounted to RM1.2 billion (50.6%), while FDI brought in approximately RM1 billion more than 2016's figure of RM219.9 million. The approved projects created 2,218 new job opportunities, of which 667 (30.1%) were in MTS roles, and 317 (14.3%) were for skilled workers.

One notable investment approved is a project by domestically-owned Sokachem Sdn. Bhd. worth RM105 million, which will be undertaken in two phases. The company will produce chemical dispersions in Klang, Selangor, and also chemical emulsions in the future.

Oleochemicals are generally derived directly from naturally-occurring fats and oils from organic (i.e. animal and vegetable) sources. The demand for oleochemicals is expected to increase, as the consumer market continues to grow for products such as cosmetics, insect repellents, dietary supplements, speciality soaps, and biodegradable plastics.

In 2017, the industry attracted total investments of RM382.2 million, which were spread across four expansion/diversification projects. Over 59 per cent of these investments were sourced from FDI (RM226.3 million). One notable diversification project was by Fatty Chemical (Malaysia) Sdn. Bhd., with additional investments of RM165.4 million to produce oleochemical derivatives, at its existing location in Prai, Pulau Pinang.

The **petroleum products including petrochemicals** industry is one of Malaysia's leading industries, covering natural gas, petroleum products, and petrochemical products. Malaysia currently produces approximately 73.8 billion cubic metres of natural gas and 705 thousand barrels of crude oil per day. Malaysia has the

world's largest production facility of LNG at a single location, with an annual production capacity of up to 29.3 million metric tonnes.

It is also the industry that was the magnet for the highest DDI in 2017. This amounted to RM25.6 billion out of RM26 billion in approved investments. The 10 approved projects created 1,949 job opportunities. Half of the projects approved were new projects worth RM23.7 billion. The flagship for this industry was a new project by PETRONAS to produce LNG in Sarawak. The PETRONAS Floating LNG Satu showcases Malaysian capabilities in creating a floating LNG facility; the first of its kind anywhere.

The **plastic products** industry is one of the most vibrant industries in Malaysia's manufacturing sector. Malaysia has been a net exporter of plastic products for the past seven years. In 2017, Malaysia exported RM13.3 billion worth of plastic products.

The plastic products industry saw 33 projects approved in 2017 with investments worth RM714.2 million. FDI contributions amounted to RM407.7 million. There were 16 new projects that were worth a total of RM402.6 million. One notable project approved in 2017 was of Saiyakaya (M) Sdn. Bhd., a Malaysian-owned company that invested RM19.7 million into the production of polyethylene (PE) protection film.

The **rubber products** industry comprises three sub-sectors; namely, latex products, tyres & tyre-related products, as well as industrial and general rubber products. It has been identified as one of the biggest potential contributors to GNI, owing to its downstream applications, which have a large cross-industry effect.

In 2017, there were 17 projects worth RM1.0 billion approved in the industry (excluding rubber-based medical devices). The approvals included five expansion/diversification projects valued at RM636 million. Eight of the total approved projects were wholly Malaysian-owned. There was also a joint-venture project worth RM5.1 million.

The **wood & wood products and furniture & fixtures** industry is clearly transitioning up the value chain, from mostly concentrating on primary processing activities

and the production of generic products to producing high-value-added furniture with creative and unique design aesthetics. The industry continues to be a major contributor to the country's economy, as Malaysia was ranked as one of the top 10 largest exporters of furniture in the world, 80 per cent (or RM8.1 billion out of RM10.14 billion) of which is wood-based.

MIDA carried out several awareness programmes on the Automation Capital Allowance (ACA) incentive in Batu



Pahat and Muar in 2017, both of which accounted for the production of more than 70 per cent of Malaysia's furniture exports.

There were 39 projects approved in the sub-sector in 2017, as compared to 57 in 2016. However, the total investments of RM648.2 million represented a modest 4 per cent decrease from 2016. Domestic investments totalled RM503.7 million.

The furniture sub-sector racked in investments of RM171 million across 13 projects. Domestic investments accounted for RM90.2 million of total investments. There were eight new projects with investments of RM53 million, all from Malaysian-owned companies. FDI accounted for 70 per cent of the approved expansion/diversification projects.

Two projects worth RM23.6 million in the panel products sub-sector, and three projects worth RM23.9 million in the mouldings and builders' carpentry and joinery sub-sector were approved in 2017. Elsewhere, 12 projects with investments of RM112.3 million were also approved. One significant project approved was a diversification project worth RM59 million by a wholly foreign-owned company to manufacture composite wood products, made from wood waste and bonded together with a resin.

Malaysia's **paper, printing, and publishing** industry encompasses pulp manufacturing; paper and paper product manufacturing; and printing and publishing. The industry's performance remains steady, with over 20 paper mills in the country capable of producing a total of approximately 1.9 million metric tonnes per annum.

A total of 10 projects were approved in the industry in 2017, with investments reaching RM347.9 million. Of these, half were new projects with investments of RM203.1 million (58%).

Companies in this industry have been increasing the level of technology employed, as evidenced by a CIPE of RM704,178, a dramatic increase of 76.3 per cent from the CIPE of RM399,338 the year before. Domestic players dominated the industry, making up RM243 million (71.1%) of total approved investments.

The paper and paper products sub-sector recorded the majority of investments, coming to a cool RM336.2 million spread across eight projects. The largest single investment in this sub-sector was by a newly-approved majority Malaysian-owned joint venture project to produce moulded paper products. This project accounted for a total of RM133.6 million, or 38.4 per cent of investments approved.

Outlook

The Malaysian economy in 2018 is expected to grow between five and 5.5 per cent from a year earlier, driven by resilient domestic demand, which is itself expected to grow by 5.5 per cent. Private-sector expenditure is projected to expand by 7.3 per cent and contribute 72.9 per cent to GDP. All major sectors of the economy are expected to register growth.

Global mega trends in the E&E industry include Industry 4.0; pervasive robotics and automation in manufacturing facilities, logistics and warehousing, and the increasing adoption of intelligent home and building technologies; a move towards modernising 'lean' manufacturing; and the digital lifestyle/economy. MIDA is ramping up efforts in developing the ecosystem to cater to the growing needs of the E&E industry as it embraces Industry 4.0.

Malaysia is encouraging M&E companies to position themselves as 'one-stop centres' in providing total manufacturing solutions. These one-stop centres would then offer integrated services from product conception to serial production.

As the nation moves towards Industry 4.0, there is an accelerating pace of innovation in the medical devices industry. Local companies are taking R&D more seriously,

while incorporating robotics, automation, integrated processes, and IoT into their manufacturing processes.

Significant opportunities exist in activities that enable the generation of higher-value-added palm biomass products. There is on-going interest in using palm biomass to manufacture pellets, fibre, and briquettes. This has positively shaped the paradigm on the benefits of using biofuels. Malaysia is fast becoming an exciting destination for biomass-based investments in the region. Many reputable international investors and technology partners are exploring the possibility of investing into the production of industrial sugars, biopolymers, pulp & paper products, and biochemical products. Malaysia is also gradually shifting into the production of higher-value-added oleochemical derivatives and bio-based chemicals. The Malaysian Palm Oil Board has been spearheading R&D activities, and MIDA has been promoting more collaborative efforts between industry players and research institutes to commercialise R&D findings.

The Pengerang Integrated Petrochemical Complex (PIPC) is set to highlight Malaysia's status as a global leader in the petrochemical products industry. The petrochemical projects under PIPC will enable companies to better assess and exploit their opportunities in manufacturing downstream intermediate and speciality chemicals, which provide greater returns and higher-value exports.

There is still significant room for improvement in regard to the upskilling of workers in the manufacturing sector, as well as addressing the current shortage of qualified STEM graduates. This is especially true as companies across several industries start embracing Industry 4.0 and conducting R&D to move themselves up the value chain.

“ Global mega trends in the E&E industry include Industry 4.0; pervasive robotics and automation in manufacturing facilities, logistics and warehousing, and the increasing adoption of intelligent home and building technologies; a move towards modernising 'lean' manufacturing; and the digital lifestyle/economy. ”

As the principal authority for investments promotion in Malaysia, MIDA undertook numerous activities both overseas and domestically.



07 | KEEPING MALAYSIA ON THE MAP

In the face of challenges wrought by a changing economic landscape and growing protectionist trade policies, Malaysia has continued to hold fast to the ropes, keeping investors keen through the winning mix of its top-rate geographical location in the heart of ASEAN, capable workforce, sound infrastructure, strong economic fundamentals, and business-friendly climate.

At the helm of investment efforts, MIDA worked steadfastly alongside the Malaysian Government to ensure that potential and return investors were provided with all the information and assistance necessary to help them in their investment efforts. To that end, MIDA conducted seminars, briefings and roundtable meetings to address key concerns of investors regarding government policies and investment issues, and travelled overseas to execute trade missions and to attend relevant forums.

Domestically, investment remained strong with local investors dedicating RM142.4 billion to be funnelled back into the country. To support efforts to encourage domestic investment, MIDA assisted in disseminating critical information regarding the investment policies, incentives, and business opportunities relevant to Malaysian business communities. MIDA's efforts also extended to local supply chain management; in 2017, MIDA helped to develop local supply chains by organising a series of Supply Chain Conferences that aimed to encourage Multinational Companies (MNCs) and Large Local Companies (LLCs) to support local businesses and SMEs. Through these efforts, MIDA hopes to stimulate greater local business operations and create opportunities for home-grown businesses to create potentially ground-breaking linkages with MNCs and LLCs.

MIDA also worked hard to enhance business connectivity channels to encourage networking and to bridge the gap between MNCs, LLCs, GLCs, local chamber and industry associations. By doing so,

MIDA hoped to stimulate the exchange of ideas and get these entities talking about pertinent issues and new business opportunities. Building on this, MIDA established the SME Investment Desk, to provide potential business investors with a one-stop centre at MIDA State Offices where they could go to get all the information and assistance they require.

On the global stage, foreign direct investment figures dipped significantly, driven largely by the hit to developed economies; Europe and North America both experienced a decline in FDI inflows, by 27 and 33 per cent respectively. Nonetheless, Malaysia's performance in attracting foreign investments remained respectable, with a healthy RM41 billion flowing into the country – feeding primarily the Mining and Quarrying, Manufacturing, and Financial Services sectors.

To promote and attract foreign investment in 2017, MIDA undertook a diverse range of promotional programmes and activities. These included Trade and Investment Missions (TIMs); Round Table meetings and Mini Seminars; Specific Project Missions (SPMs); International Seminars, Forums and Dialogues with foreign chambers; advertisements; and advertorials. Through these programmes, MIDA sought to both encourage fresh investments and reinvestments (expansion and diversification projects) from existing investors, especially in high-technology, capital-intensive, and high value-added industries. MIDA's activities also extended to conducting briefings for foreign delegations, private sector groups,



MDBC Outlook 2017

industry associations, chambers of commerce, and government agencies; these briefings provided an opportunity for MIDA to update stakeholders on new policies, relevant incentives, and the state of the nation's business environment.

By the end of 2017, MIDA had received around 100 enquiries from foreign and local companies regarding the establishment of manufacturing and services projects. MIDA also welcomed more than 100 visits by foreign delegations and overseas investors.

Deepening Fruitful Ties

Malaysia has always prided itself on being an attractive destination for individuals and organisations alike. As more countries enter the ring, Malaysia now faces the challenge of remaining relevant in the face of evolving business needs. In order to rebrand the nation as a future-focused nation, Malaysia has had to take steps to improve upon existing productivity and competitiveness ideals as well as move with the times in terms of embracing the Internet of Things (IoT) and the fourth industrial revolution (Industry 4.0).

With global FDI taking an overall downward turn, MIDA stepped up its efforts to remain relevant to investors with a cornucopia of promotional activities and programmes. In line with the New Economic Model (NEM) and the targets set under the Economic Transformation Programme (ETP), MIDA took strides towards attracting and securing quality investments that would offer greater opportunities in terms of job prospects, knowledge transfer, and future expansion efforts. At the heart of this is the dawn of the digital economy. As Malaysia embarks on its journey up the value chain, innovation-based and knowledge-intensive projects with high growth opportunities have become the ideal. Through the pursuit of these high-quality investments, MIDA hopes that Malaysians will benefit indirectly through the spill-over effect of greater business opportunities and higher quality jobs.

In a targeted approach to procure foreign investment, MIDA organised and participated in five trade and investment missions (TIMs) abroad in 2017. These missions were attended by Malaysian Government officials (including officials from state government) and representatives from regional economic corridors and the private sector. Through these missions, MIDA sought to update investors on the local business climate, and to enhance and promote business and partnership opportunities within the nation. Included within each TIM were seminars on trade and investment opportunities, round table meetings, business matching meetings, and exclusive networking sessions.

From April to December, MIDA and its team of representatives travelled to India (Mumbai and Delhi); Japan (Osaka and Tokyo) and South Korea (Seoul); Saudi Arabia and Turkey; Europe (Hamburg, Amsterdam and Stockholm); and Sri Lanka.

MIDA also assisted in the organising of overseas seminars, meetings and company visits to capitalise on the official visits of YAB Prime Minister, YAB Deputy Prime Minister, YB Minister of MITI, YB Deputy Minister of MITI, and the CEO of MIDA. Collectively, the group attended the annual World Economic Forum in Switzerland; working visits to Shanghai, Beijing, Taiwan, Hangzhou, Iran, the UAE, Singapore, Bahrain, Sri Lanka, the Maldives, and the USA; the Belt and Road Conference in Beijing; the Forbes Global CEO Conference in Hong Kong; and the Malaysia-Taiwan Summit.

The year 2017 also saw the undertaking of 15 Specific Project Missions abroad. These missions saw MIDA visiting select companies in a few target countries in 2017, focusing primarily on companies associated with high-technology, capital-intensive, and high value-added industries.

MIDA also participated in 33 international seminars, forums and briefings in 2017, including (among others) the World Economic Forum in Switzerland, the Malaysia-France Seminar on High Speed Rail, the Ease of Doing Business ASEAN vs Latin America meeting, the Saudi-Malaysian Business Forum, the Malaysia-Britain: Partners in a Post-Brexit World meeting, the EUMalaysia Trade and Investment Forum, the Hangzhou and Belt and Road Conference, the ASEAN@50 conference, and the Nikkei Business Forum.

Home, Where The Heart Is

Domestic investment flourished primarily in the services sector, following the trend set in past years. To encourage local investors, MIDA continued to update potential investors on relevant policies, incentives and business opportunities, and assisted in helping to strengthen local supply chains. The newly-minted SME Investment Desk has helped to make strides in delivering information to small business owners, by simplifying the process of finding relevant information for first-time investors. Through this initiative, MIDA hopes to encourage greater domestic investment and drive the establishment of more homegrown businesses and projects.

In 2017, MIDA hosted six Supply Chain Conferences within the nation. The objective of these conferences was to provide a platform for MNCs and LLCs to share the success of their programmes supporting SMEs looking to expand into global markets, to determine and resolve supply chain issues and challenges faced by MNCs and SMEs, to create opportunities for local companies and SMEs to grow their operations both domestically and overseas, and to encourage the utilisation of local products and services by MNCs, LLCs and other Malaysia-based foreign companies.

From May to November, MIDA hosted conferences in the East Coast Region (Pahang), the Northern Region (Penang), the Southern Region (Johor), at the National Level (Kuala Lumpur), in East Malaysia (Sarawak), and in Kelantan in conjunction with MITI Day.

“By the end of 2017, MIDA had received around 100 enquiries from foreign and local companies regarding the establishment of manufacturing and services projects. MIDA also welcomed more than 100 visits by foreign delegations and overseas investors.”



MIDA also conducted specific industry seminars, workshops and business clinics, in order to circulate information regarding business opportunities in the manufacturing and services sectors, create hardy business linkages between local businesses and government agencies, encourage MNCs to assist and support local home-grown businesses, and provide a platform for industry players to discuss the issues and challenges that they faced within their respective industries.

To that end, 21 specific industry seminars were hosted over the course of 2017. Among these were the Inaugural Meeting of the E-fulfilment Working Group, the Smart Manufacturing Seminar, the Specialised Building Materials Supply Chain Conference, the Langkawi International Maritime and Aerospace Exhibition 2017, the 7th International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM) 2017, the IoT Conference 2017, and the International Biomass Conference Malaysia.

MIDA's work also extends to organising official meetings between YB Minister of MITI and local players within the industry. In 2017, YB Minister of MITI met with three LLCs to identify their potential in developing the business ecosystems for their respective industries, harness and leverage upon the outsourcing opportunities created by these companies, and to establish a good rapport that would allow these companies and MIDA to exchange new ideas and to provide updates on ongoing situations in regards to domestic investment. The LLCs YB Minister of MITI met were Permodalan Nasional Berhad (PNB) and Group of Companies, Media Prima Berhad, and Petronas Dagangan Bhd.

YB Minister of MITI also engaged in four 'Turun Padang' events over the course of the year, in order to visit facilities and factories and to open up discourse with industry players. The year 2017 saw the Minister travelling across the country to visit Decathlon Malaysia, Finisar (M) Sdn Bhd and Movie Animation Park Studio, STMicroelectronics, and other major industry players in Johor. During these meetings, YB Minister of MITI took the opportunity to update the companies and their stakeholders on the latest relevant government policies and initiatives.

In 2017, MIDA teamed up with BURSA Malaysia to organise a programme to engage with Malaysian companies and to encourage them to expand their businesses for listing on 11 May at MIDA.

MIDA also rolled out the SME Investment Desk in 2017, to provide SMEs with a one-stop centre for all their investment needs. Through the SME Investment Desk, MIDA is able to advise SMEs on the Government's initiatives and facilitate the transformation of SMEs' capabilities and productivity. The SME Investment Desk

also eases the way for SMEs to develop sustainable business collaborations through supply chain development at the local, regional and global levels.

Through the SME Investment Desk, MIDA has also been able to reach out to SMEs nationwide, enabling it to compile, maintain and update the records on Malaysia's SMEs. In total, 40 programmes were run throughout Peninsular and East Malaysia; these programmes were participated in by 2,198 individuals from 1,212 companies.

MIDA, through the Domestic Investment Division, also supports and collaborates with other agencies by organising programmes for Investment Promotion Officials from African Countries and other foreign countries. In 2017, MIDA liaised with the Bangladesh Investment Development Authority and the Ministry of Public Administration Bangladesh, the Sri Lanka Institute of Development Administration, the Malaysian Dongguan Entrepreneurs Federation, the Small and Medium Enterprises and Regional Innovation cluster of Japan, and took part in Investment Promotion for African Countries, among others. MIDA also facilitates visit from the local universities and institutions, to provide them with a better understanding about MIDA and the current investment scene in Malaysia.

Domestic Investment Strategic Fund

Launched in 2012, the Domestic Investment Strategic Fund (DISF) encourages the participation of Malaysian-owned companies in high value-added, high-technology, knowledge-intensive and innovation-based industries. Through the DISF, companies can receive grants to cater for expenditures incurred when training Malaysian talent; R&D activities carried out in Malaysia; the modernisation and upgrading of facilities and tools; obtaining international standards and certification; and the licensing or purchase of new or high technology.

“ Launched in 2012, the Domestic Investment Strategic Fund (DISF) encourages the participation of Malaysian-owned companies in high value-added, high-technology, knowledge-intensive and innovation-based industries. ”

Domestic Investment Strategic Fund (DISF)

270 Total projects **RM1,328.1 million** Total grants

approved grants

- Capital grants **RM 842 .5 million**
- Research and Development grants **RM 332.4 million**
- Training grants **RM 74.7 million**
- Licensing and purchase of new and/ or high technology grants **RM49.9 million**
- Certification and international standards grants **RM28.6 million**

By the end of 2017, a total of 270 projects with investments amounting to RM13 billion were approved, with grants totalling RM1,328.1 million. Of this, RM74.7 million went to training grants, RM332.4 million went to R&D grants, RM842.5 million went to capital grants, RM28.6 million went to certification and international standards, and RM49.9 million went to grants for the licensing and purchase of new and/or high technology.

Electrical and Electronics (E&E) took up the bulk of grants, with 34 projects valued at RM344.7 million. This was followed closely by Transport, with 32 projects valued at RM338.8 million, and Machinery and Advanced Engineering, with 100 projects valued at RM250.9 million. Throughout Malaysia, the states with the highest allocation of grants were Selangor, with RM533.1 million for 102 projects, and Penang, with RM410.9 million for 79 projects.

MIDA's audited financial statements for the year ending 31 December 2017. |



08 | FINANCIAL STATEMENTS

**CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 31
DECEMBER 2016**



LAPORAN KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA
BAGI TAHUN BERAKHIR 31 DISEMBER 2017

Laporan Mengenai Penyata Kewangan

Pendapat

Penyata Kewangan Lembaga Pembangunan Pelaburan Malaysia telah diaudit oleh wakil saya yang merangkumi Penyata Kedudukan Kewangan pada 31 Disember 2017, Penyata Prestasi Kewangan, Penyata Perubahan Aset Bersih, Penyata Aliran Tunai serta Penyata Prestasi Bajet bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota kepada penyata kewangan seperti dinyatakan pada muka surat 1 hingga 29.

Pada pendapat saya, penyata kewangan ini memberikan gambaran yang benar dan saksama mengenai kedudukan kewangan Lembaga Pembangunan Pelaburan Malaysia pada 31 Disember 2017 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia dan Akta Lembaga Pembangunan Pelaburan Malaysia (Pemerbadanan) 1965 (Akta 397).

Asas Kepada Pendapat

Saya telah melaksanakan pengauditan berdasarkan Akta Audit 1957 dan *The International Standards of Supreme Audit Institutions*. Tanggungjawab saya diuraikan selanjutnya di perenggan Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan dalam laporan ini. Saya percaya bahawa bukti audit yang diperoleh adalah mencukupi dan bersesuaian untuk dijadikan asas kepada pendapat saya.

Kebebasan dan Tanggungjawab Etika Lain

Saya adalah bebas daripada Lembaga Pembangunan Pelaburan Malaysia dan telah memenuhi tanggungjawab etika lain berdasarkan *The International Standards of Supreme Audit Institutions*.

CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd)

Maklumat Lain Selain Daripada Penyata Kewangan dan Laporan Juruaudit Mengenainya

Lembaga Pengarah Lembaga Pembangunan Pelaburan Malaysia bertanggungjawab terhadap maklumat lain dalam Laporan Tahunan. Pendapat saya terhadap penyata kewangan Lembaga Pembangunan Pelaburan Malaysia tidak meliputi maklumat lain selain daripada Penyata Kewangan dan Laporan Juruaudit mengenainya dan saya tidak menyatakan sebarang bentuk kesimpulan jaminan mengenainya.

Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan

Lembaga Pengarah bertanggungjawab terhadap penyediaan penyata kewangan Lembaga Pembangunan Pelaburan Malaysia yang memberi gambaran benar dan saksama selaras dengan piawai pelaporan kewangan yang diluluskan di Malaysia dan Akta Lembaga Pembangunan Pelaburan Malaysia (Pemerbadanan) 1965 (Akta 397). Lembaga Pengarah juga bertanggungjawab terhadap penetapan kawalan dalaman yang perlu bagi membolehkan penyediaan penyata kewangan Lembaga Pembangunan Pelaburan Malaysia adalah bebas daripada salah nyata yang ketara sama ada disebabkan fraud atau kesilapan.

Semasa penyediaan penyata kewangan Lembaga Pembangunan Pelaburan Malaysia, Lembaga Pengarah bertanggungjawab untuk menilai keupayaan Lembaga Pembangunan Pelaburan Malaysia untuk beroperasi sebagai satu usaha berterusan, mendedahkannya jika berkaitan serta menggunakannya sebagai asas perakaunan.

Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan

Objektif saya adalah untuk memperoleh keyakinan yang munasabah sama ada penyata kewangan Lembaga Pembangunan Pelaburan Malaysia secara keseluruhannya adalah bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan, dan mengeluarkan Laporan Juruaudit yang merangkumi pendapat saya. Jaminan yang munasabah adalah satu tahap jaminan yang tinggi, tetapi bukan satu jaminan bahawa audit yang dijalankan mengikut *The International Standards of Supreme Audit Institutions* akan sentiasa mengesan salah nyata yang ketara apabila ia wujud. Salah nyata boleh wujud daripada fraud atau kesilapan dan dianggap ketara sama ada secara individu atau agregat sekiranya boleh dijangkakan dengan munasabah untuk mempengaruhi keputusan ekonomi yang dibuat oleh pengguna berdasarkan penyata kewangan ini.

Sebagai sebahagian daripada pengauditan mengikut *The International Standards of Supreme Audit Institutions*, saya menggunakan pertimbangan profesional dan mengekalkan keraguan profesional sepanjang pengauditan. Saya juga:

CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd)

- Mengenal pasti dan menilai risiko salah nyata ketara dalam penyata kewangan Lembaga Pembangunan Pelaburan Malaysia, sama ada disebabkan fraud atau kesilapan, merangka dan melaksanakan prosedur audit yang responsif terhadap risiko berkenaan serta mendapatkan bukti audit yang mencukupi dan bersesuaian untuk memberikan asas kepada pendapat saya. Risiko untuk tidak mengesan salah nyata ketara akibat daripada fraud adalah lebih tinggi daripada kesilapan, kerana fraud mungkin melibatkan pakatan, pemalsuan, ketinggalan yang disengajakan, representasi yang salah, atau mengatasi kawalan dalaman.
- Memahami kawalan dalaman yang relevan untuk merangka prosedur audit yang bersesuaian tetapi bukan untuk menyatakan pendapat mengenai keberkesanan kawalan dalaman Lembaga Pembangunan Pelaburan Malaysia.
- Menilai kesesuaian dasar perakaunan yang diguna pakai, kemunasabahan anggaran perakaunan dan pendedahan yang berkaitan oleh Lembaga Pengarah.
- Membuat kesimpulan terhadap kesesuaian penggunaan asas perakaunan untuk usaha berterusan oleh Lembaga Pengarah dan berdasarkan bukti audit yang diperolehi, sama ada wujudnya ketidakpastian ketara yang berkaitan dengan peristiwa atau keadaan yang mungkin menimbulkan keraguan yang signifikan terhadap keupayaan Lembaga Pembangunan Pelaburan Malaysia sebagai satu usaha berterusan. Jika saya membuat kesimpulan bahawa ketidakpastian ketara wujud, saya perlu melaporkan dalam Laporan Juruaudit terhadap pendedahan yang berkaitan dalam penyata kewangan Lembaga Pembangunan Pelaburan Malaysia atau, jika pendedahan tersebut tidak mencukupi, pendapat saya akan diubah. Kesimpulan saya dibuat berdasarkan bukti audit yang diperolehi sehingga tarikh Laporan Juruaudit.
- Menilai sama ada keseluruhan persembahan termasuk pendedahan penyata kewangan Lembaga Pembangunan Pelaburan Malaysia memberi gambaran yang saksama.

Saya telah berkomunikasi dengan Lembaga Pengarah, antaranya mengenai skop dan tempoh pengauditan yang dirancang serta penemuan audit yang signifikan termasuk kelemahan kawalan dalaman yang dikenal pasti semasa pengauditan.

Laporan Mengenai Keperluan Perundangan dan Peraturan Lain

Berdasarkan keperluan Akta Lembaga Pembangunan Pelaburan Malaysia (Pemerbadanan) 1965 (Akta 397), saya juga melaporkan bahawa pada pendapat saya, rekod perakaunan dan rekod lain yang dikehendaki Akta untuk disimpan oleh Lembaga Pembangunan Pelaburan Malaysia telah disimpan dengan sempurna menurut peruntukan Akta.

Hal-hal Lain

Laporan ini dibuat untuk Lembaga Pengarah dan bukan untuk tujuan lain. Saya tidak bertanggungjawab terhadap pihak lain bagi kandungan laporan ini.


(LIM SOK KIANG)
b.p. KETUA AUDIT NEGARA
MALAYSIA

PUTRAJAYA
21 OGOS 2016



STATEMENT BY THE CHAIRMAN AND A MEMBER OF THE BOARD

LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)
(Ditubuhkan di Malaysia di bawah Akta Lembaga Pembangunan Pelaburan Malaysia
(Pindaan) 2011)

PENYATA Pengerusi dan Seorang Ahli Jemaah

Kami, **AZMAN MAHMUD** dan **DATO' KHODIJAH ABDULLAH** yang merupakan Pengerusi dan salah seorang Ahli Jemaah, Lembaga Pembangunan Pelaburan Malaysia, dengan ini menyatakan bahawa, pada pendapat Jemaah, Penyata Kedudukan Kewangan, Penyata Prestasi Kewangan, Penyata Perubahan Aset Bersih, Penyata Aliran Tunai dan Penyata Prestasi Bajet yang berikut ini berserta dengan nota-nota di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan kewangan Lembaga Pembangunan Pelaburan Malaysia, pada 31 Disember, 2017 dan hasil kendaliannya serta perubahan kewangannya bagi tahun yang berakhir pada tarikh tersebut.

Bagi pihak Jemaah,


DATO' AZMAN MAHMUD

PENGERUSI

20 OGOS 2018

KUALA LUMPUR

Bagi pihak Jemaah,


DATO' KHODIJAH ABDULLAH

AHLI JEMAAH

20 OGOS 2018

KUALA LUMPUR

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

LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)

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

Saya, **MOHAMED ZUHARI MOHAMED NOR** pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA dengan ikhlasnya mengakui bahawa Penyata Kedudukan Kewangan, Penyata Prestasi Kewangan, Penyata Perubahan Aset Bersih, Penyata Aliran Tunai dan Penyata Prestasi Bajet 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 20 OGOS 2018)



MOHAMED ZUHARI MOHAMED NOR

Di hadapan saya,



PESURUHJAYA SUMPAH

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

| | Note | 31 December 2017 (RM) | Restated 31 December 2016 (RM) |
|--|------|--------------------------|--------------------------------------|
| NON CURRENT ASSETS | | | |
| • Property, Plant and Equipment | 3 | 143,393,613 | 152,447,100 |
| • Intangible Assets | 4 | 1,267,941 | 61,532 |
| • Investment Properties | 5 | 326,810 | 326,810 |
| • Loans and Receivables from Exchange Transactions | 6 | 5,183,388 | 8,058,783 |
| | | 150,171,752 | 160,894,225 |
| CURRENT ASSETS | | | |
| • Loans and Receivables from Exchange Transactions | 6 | 8,299,266 | 5,074,195 |
| • Cash and Cash Equivalents | 7 | 103,588,635 | 233,345,822 |
| | | 111,887,901 | 238,420,017 |
| Total Assets | | 262,059,653 | 399,314,242 |
| CURRENT LIABILITIES | | | |
| • Payables | 8 | 20,012,648 | 28,863,753 |
| • Deferred Grants | 9 | 66,753,263 | 183,433,486 |
| • Provision for Performance Remuneration | 10 | 2,206,133 | 2,581,294 |
| • Employee Benefits Obligation | 11 | 384,494 | 760,474 |
| | | 89,356,538 | 215,639,007 |
| NON-CURRENT LIABILITIES | | | |
| • Payables | 8 | 1,492,233 | 1,410,232 |
| • Post-Employment Benefits Plan | 11 | 11,101,368 | 10,664,481 |
| | | 12,593,601 | 12,074,713 |
| Total Liabilities | | 101,950,139 | 227,713,720 |
| ASET BERSIH | 12 | 160,109,514 | 171,600,522 |
| • Accumulated Operational Fund | | 156,759,514 | 168,250,522 |
| • Accumulated Computer Loan Fund | | 350,000 | 350,000 |
| • Accumulated Conveyance Fund | | 3,000,000 | 3,000,000 |
| Total Net Assets and Liabilities | | 262,059,653 | 399,314,242 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | 31 December 2017 (RM) | Restated 31 December 2016 (RM) |
|---|------|--------------------------|--------------------------------------|
| REVENUE FROM NON - EXCHANGE TRANSACTIONS | | | |
| • Transfers From Government Grant | 13 | 146,672,000 | 145,374,600 |
| • Transfers From Special Account Interest (Development) | | 30,000,000 | 32,317,000 |
| • Adjustment From Deferred Grants - Special Account (Development) | | (7,689,742) | — |
| • Deferred Income From Special Account (Development) | | 430,678,346 | 454,959,649 |
| • Deferred Income From Special Account (Operating) | | 291,375 | 140,420 |
| • Deferred Income From MIDA Development Grant | | 9,281,156 | 1,166,031 |
| | | 609,233,135 | 633,957,700 |
| REVENUE FROM EXCHANGE TRANSACTIONS | | | |
| • Rental Income | 14 | 834,677 | 661,733 |
| • Interest Income / Hibah Profits | 15 | 8,915,822 | 9,334,918 |
| • Other Income | | 1,209,314 | 1,156,143 |
| • Doubtful Debts Recovered | | 176,130 | 0 |
| | | 11,135,943 | 11,152,794 |
| Total Revenue | | 620,369,078 | 645,110,494 |
| EXPENSES | | | |
| • Wages, Salaries and Employee Benefits | 16 | 96,051,029 | 101,783,225 |
| • Rental Expenses | | 28,708,403 | 27,803,596 |
| • Professional Fees / Other Services and Hospitality | | 27,090,586 | 20,747,817 |
| • Depreciation and Amortisation Expenses | 17 | 3,598,268 | 17,238,686 |
| • Impairment Lost of Financial Assets | | 106,928 | 577,144 |
| • Communication And Utilities Expenses | | 10,216,286 | 9,802,557 |
| • Repairs and Maintenance | | 7,232,912 | 7,557,473 |
| • Travelling Expenses | | 8,710,623 | 7,024,471 |
| • Other Expenses | 18 | 18,794,619 | 3,981,272 |
| • Amortisation From Special Accounts (Development) | | 430,678,346 | 454,959,649 |
| • Amortisation From Special Accounts (Operating) | | 291,375 | 140,420 |
| Total Expenses | | 631,479,375 | 651,616,310 |

cont'd >>

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

<< cont'd

| | Note | 31 December 2017 (RM) | Restated 31 December 2016 (RM) |
|---|------|--------------------------|--------------------------------------|
| OTHER GAINS OR LOSSES | | | |
| • Gain On Disposal of Motor Vehicle | | 0 | 38,326 |
| • Gain On Sales | | 0 | 3,939 |
| • Gain / (Loss) On Foreign Exchange | | (380,711) | 252,349 |
| | | (380,711) | 294,614 |
| Surplus / (Defisit) For The Year | | (11,491,008) | (6,211,202) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2017

| | Accumulated Operational Fund Note 12 | Accumulated Conveyance Loan Fund Note 12 | Accumulated Computer Loan Fund Note 12 | Total |
|--|--|---|---|--------------------|
| | RM | RM | RM | RM |
| Balance as at 1 January 2016 (Restated) | 174,461,724 | 3,000,000 | 350,000 | 177,811,724 |
| Surplus / (Deficit) For The Year | (6,211,202) | 0 | 0 | (6,211,202) |
| Balance as at 1 January 2017 | 168,250,522 | 3,000,000 | 350,000 | 171,600,522 |
| Surplus / (Deficit) For The Year | (11,491,008) | 0 | 0 | (11,491,008) |
| Balance as at 31 December 2017 | 156,759,514 | 3,000,000 | 350,000 | 160,109,514 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | 31 December 2017 (RM) | Restated 31 December 2016 (RM) |
|--|------|--------------------------|--------------------------------------|
| CASHFLOWS FROM OPERATING ACTIVITIES | | | |
| (Deficit) for the year | | (11,491,008) | (6,211,202) |
| Non Cash Movement | | | |
| • Depreciation of Property, Plant and Equipment | | 3,277,566 | 17,193,408 |
| • Amortisation of Intangible Assets | | 320,702 | 45,279 |
| • (Gain) on Disposal of Motor Vehicles | | – | (38,326) |
| • Equipments Written Off | | 167 | 5,768 |
| • Provision For Performance Remuneration | | 2,206,133 | 2,581,294 |
| • Impairment Loss of Financial Assets | | 106,928 | 577,144 |
| • Provision for Post-Employment Benefit Plan | | 1,044,032 | 1,169,639 |
| • Adjustment for Work In Progress | | 13,570,271 | – |
| • Adjustment From Special Account (Development) | | 7,689,742 | – |
| • Interest/Hibah Income From Deposit/Financing | | (8,915,822) | (9,334,918) |
| Operating Surplus Before Changes In Working Capital | | 7,808,711 | 5,988,086 |
| Changes In Working Capital | | | |
| • Decrease In Receivable | | 15,505 | 1,591,685 |
| • (Decrease) / Increase In Payables | | (8,769,104) | 3,915,380 |
| • (Decrease) in Provision For Performance Remuneration | | (2,581,294) | – |
| • Decrease in Post-Employment Benefit Plan | | (983,124) | (807,397) |
| Cash Generated From Operations | | (4,509,306) | 10,687,754 |
| • Interest Income From Deposits / Hibah Profits Received | | 8,443,712 | 8,411,918 |
| Net Cash Flows Generated From Operating Activities | | 3,934,406 | 19,099,672 |

>> cont'd

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

<< cont'd

| | Note | 31 December 2017 (RM) | Restated 31 December 2016 (RM) |
|---|----------|--------------------------|--------------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant, Equipment | | (9,321,628) | (1,239,044) |
| Purchase of Intangible Assets | | – | (76,400) |
| Proceeds From Sale of Motor Vehicle | | – | 38,327 |
| Net Cash Flows Generated From Investing Activities | | (9,321,628) | (1,277,117) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds From Special Account (Development) | | 340,510,000 | 554,005,584 |
| Payment By Special Account (Development) | | (460,678,346) | (487,136,229) |
| Proceeds From Special Account (Operating) | | 370,912 | 334,137 |
| Payment By Special Account (Operating) | | (291,375) | (140,420) |
| Proceeds From Development Account (MIDA) | | 5,000,000 | – |
| Payment By Development Account (MIDA) | | (9,281,156) | (832,461) |
| Net Cash Flows Generated From Financing Activities | | (124,369,965) | 66,230,611 |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | (129,757,187) | 84,053,166 |
| Cash and Cash Equivalents at 1 January | | 233,345,822 | 149,292,656 |
| Cash and Cash Equivalents at 31 December | 7 | 103,588,635 | 233,345,822 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

| | 2017 Original Budget | 2017 Adjustment | 2017 Final Budget | 2017 Actual Revenue | 2016 Actual Revenue |
|-------------------------------------|----------------------------|--------------------|----------------------|--|----------------------------|
| | RM | RM | RM | RM | RM |
| BUDGETED REVENUE | | | | | |
| Operating Grant Allocation | 150,672,000 | (4,000,000) | 146,672,000 | 146,672,000 | 145,374,600 |
| Rental Income | 600,000 | | 600,000 | 834,678 | 661,733 |
| Income From Development Grant | 22,000,000 | | 22,000,000 | 22,310,258 | 32,317,000 |
| Income From Fixed Deposits Interest | 8,000,000 | | 8,000,000 | 8,879,534 | 9,299,340 |
| Interest Income/ Hibah Profit | 40,000 | | 40,000 | 36,287 | 35,578 |
| Other Income | 2,000,000 | | 2,000,000 | 1,003,615 | 1,408,493 |
| Total Revenue | 183,312,000 | (4,000,000) | 179,312,000 | 179,736,372 | 189,096,744 |
| | Original Budget 2017 | Adjustment 2017 | Final Budget 2017 | Actual On Comparable Basis 2017 | Budget Variance 2017 |
| | RM | RM | RM | RM | RM |
| OPERATING EXPENSES (VOT B) | | | | | |
| <u>Expenses</u> | | | | | |
| Emolument | 96,119,700 | – | 96,119,700 | 96,079,161 | 40,539 |
| Goods and Services | 33,609,600 | 46,350,510 | 80,960,110 | 84,147,516 | (3,187,406) |
| Other Payments | 942,700 | – | 942,700 | 2,913,275 | (1,970,575) |
| Total Operating Expenditure | 130,672,000 | 46,350,510 | 178,022,510 | 183,139,952 | (5,117,442) |

Note:The budget and the accounting basis is different.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017

1. General Information

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

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

The Financial Statements were approved via a Board Resolution on 20 August 2018.

2.1 Basis of Preparation

(a) Reporting Period and Entity

The preparation of MIDA Financial Statements is subject to the 1980 Statutory Bodies (Accounts and Annual Reports) where the reporting period is not specified in the Act. Therefore, the financial year of MIDA is January 1 to December 31 in accordance with Section 3 of the Financial Procedure Act 1957 [Act 61].

The financial statements are presented in Ringgit Malaysia (RM), which is the functional and reporting currency of MIDA.

(b) Compliance Statements

The financial statements are prepared on an accrual basis.

The financial statements are prepared in accordance with the Malaysian Public Sector Accounting Standards (MPSASs). MPSAS 33 allows a first-time adopter a period of up to three years to recognize and/or measure certain assets and / or liabilities.

In its transition to accrual basis MPSASs, MIDA took advantage of this transitional exemption for post-employment benefit plan. During this transitional period, MIDA is not required to change its accounting policy in respect of the measurement of these liabilities. As a result, it is unable to make an explicit and unreserved statement of compliance with accrual basis MPSASs in preparing its transitional MPSAS financial statements for this reporting period. MIDA intends to recognize and / or

measure its post-employment defined benefit plan by 31 December 2018.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flows statement is prepared using the indirect method.

The preparation of financial statements in conformity with the MPSAS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying MIDA's accounting policies.

2.2 Summary of Significant Accounting Policies

Standards and Interpretations issued, not yet effective and early adopted by MIDA.

MIDA has elected to early adopt all standards and interpretations issued by the Accountant General's Department (AGD) that are effective and applicable for the financial year beginning 1 January 2017 as follows:

MPSAS

| | |
|----------|---|
| MPSAS 1 | Presentation of Financial Statements |
| MPSAS 2 | Cash Flow Statements |
| MPSAS 3 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MPSAS 4 | The Effect of Changes in Foreign Exchange Rate |
| MPSAS 9 | Revenue from Exchange Transactions |
| MPSAS 13 | Leases |
| MPSAS 14 | Events After the Reporting Date |
| MPSAS 16 | Investment Property |
| MPSAS 17 | Property, Plant and Equipment |
| MPSAS 19 | Provisions, Contingent Liabilities and Contingent Assets |
| MPSAS 20 | Related Party Disclosures |
| MPSAS 21 | Impairment of Non-Cash Generating Assets |
| MPSAS 23 | Revenue from Non-Exchange Transactions (Taxes & Transfers) |
| MPSAS 24 | Presentation of Budget Information in Financial Statements |
| MPSAS 25 | Employee Benefits |
| MPSAS 26 | Impairment of Cash-Generating Assets |
| MPSAS 28 | Financial Instruments : Presentation |
| MPSAS 29 | Financial Instruments : Recognition and Measurement |
| MPSAS 30 | Financial Instruments : Disclosures |

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

MPSAS 31 Intangible Assets
MPSAS 33 First-Time Adoption of Accrual Basis MPSASs

MIDA does not expect that the adoption of the following MPSASs will have any material impact on the current period and may not likely affect future periods.

MPSAS 5 Borrowing Costs
MPSAS 6 Consolidated and Separate Financial Statements
MPSAS 7 Investments in Associates
MPSAS 8 Interest in Joint Ventures
MPSAS 11 Construction Contracts
MPSAS 12 Inventories
MPSAS 22 Disclosure of Financial Information about General Government Sector
MPSAS 27 Agriculture
MPSAS 32 Service Concession Agreement: Grantor
MPSAS 34 Separate Financial Statements
MPSAS 35 Consolidated Financial Statements
MPSAS 36 Investment in Associates and Joint Ventures
MPSAS 37 Joint Agreements
MPSAS 38 Disclosure of Interest in Other Entities

a) Revenue Recognition

Hasil daripada Urusniaga Bukan Pertukaran

Transfers Revenue

Revenues from non-exchange transactions with Federal Government are measured at fair value and recognized on obtaining control of the asset (cash) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to MIDA and can be measured reliably.

Revenue from Exchange Transactions

Interest Income

Interest income is recognised using the effective interest rate method.

Estimated future cash flow is discounted using effective interest rate to the carrying amount of net assets through usage of financial assets. This rate is being used to determine the interest income for each

period from the outstanding principal.

Rental Income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Investment Property

Investment property comprising freehold land is held for long term rental yields or for capital appreciation or both, and is not occupied by MIDA.

Investment property is measured initially at cost, including transaction costs. After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. As the investment property is a freehold land, there is no depreciation charge.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to MIDA and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in other gains/(losses)-net, in surplus or deficit. Transfers are made to or from investment properties only when there is a change in use.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd)

c) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for freehold land and work in progress which are not depreciated. Depreciation on assets under work in progress commences when the assets are ready for their intended use. Only property, plant and equipment costing RM2,000 and above per item is capitalised. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits and service potential associated with the item will flow to MIDA and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in surplus or deficit during the financial period in which they are incurred.

Depreciation is charged at rates calculated to allocate the cost of the asset less any estimated residual value over its remaining useful life:

| | |
|---------------------|---------------|
| • Buildings | 2% per annum |
| • Renovations | 20% per annum |
| • Motor vehicles | 20% per annum |
| • Computer hardware | 20% per annum |
| • Office equipment | 10% per annum |

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

At the end of the reporting period, MIDA assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying

amount is greater than its estimated recoverable amount or recoverable service amount.

MIDA derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in other gains/(losses)-net, in surplus or deficit, when the asset is derecognised.

d) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Operating Leases - MIDA as Lessee

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to surplus or deficit on the straight-line basis over the lease period.

Operating Leases - MIDA as a Lessor

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

e) Intangible Assets - Computer Systems and Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by MIDA are recognised as intangible assets when the following criteria are met:

- (i) it is technically feasible to complete the software product so that it will be available for use;
- (ii) management intends to complete the software product and use or sell it;

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

- (iii) there is an ability to use or sell the software product;
- (iv) it can be demonstrated how the software product will generate probable future economic benefits or service potential;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- (vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives, which does not exceed 5 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

f) Impairment Of Non-Financial Assets

Impairment of Cash Generating Assets

In assessing value in use, MIDA has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

Impairment of Cash Generating Assets

Impairment losses of continuing operations, are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

An assessment is made for assets at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, MIDA estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

Impairment of Non-Cash-Generating Assets

MIDA assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, MIDA estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, MIDA has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd)

f) Impairment Of Non-Financial Assets (cont'd)

In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, MIDA determines fair value less cost to sell based on the best available information.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, MIDA estimates the asset's recoverable service amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in surplus or deficit.

g) Instrumen Kewangan

Financial Assets

Classification

MIDA classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. MIDA's loans and receivables comprise 'receivables' and 'cash and cash equivalents' in the statement of financial position.

Recognition and Initial Measurement

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

Subsequent Measurement

Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

Derecognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and MIDA has transferred substantially all risks and rewards of ownership.

Impairment of Financial Assets Carried at Amortised Cost

MIDA assesses at each reporting date whether there is objective evidence that MIDA's financial assets is impaired. MIDA financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of MIDA's financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- MIDA debtors are experiencing significant financial difficulty;
- Default or delinquency in interest or principal payments;
- The probability that debtors will enter bankruptcy;
- Observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

MIDA first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If MIDA determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

in a MIDA financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the recoverable amount.

Financial Liabilities

Recognition and Initial Measurement

MIDA's financial liabilities include payables. Payables are classified as other financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value.

Subsequent Measurement

Other financial liabilities are subsequently carried at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

h) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Provisions

Provisions are recognised when MIDA has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditures

expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

j) Employee Benefits

Short Term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as employee benefit obligation in the statement of financial position.

MIDA recognises a liability and an expense for bonuses, based on a formula that takes into consideration the surplus attributable to MIDA after certain adjustments. MIDA recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Post-Employment Pension Benefits

MIDA has post-employment pension benefit schemes in accordance with local conditions and practices. These benefits plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which MIDA pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and MIDA has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. MIDA's contributions to defined contribution plans are charged to surplus or deficit in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd)

j) Employee Benefits (cont'd)

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

In its transition to accrual basis MPSASs, MIDA took advantage of the transitional exemption for post-employment benefit plan as allowed under MPSAS 33. During this transitional period, MIDA is not required to change its accounting policy in respect of the measurement of these liabilities. As a result, it is unable to make an explicit and unreserved statement of compliance with accrual basis MPSASs in preparing its transitional MPSAS financial statements for this reporting period. MIDA intends to recognize and/or measure its post-employment defined benefit plan by 31 December 2018.

k) Foreign Currency Transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which MIDA operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is MIDA's functional and presentation currency.

Transactions in foreign currencies are initially accounted for at the Accountant General's Department of Malaysia (AG) ruling rate of exchange on the date of the transaction. Cash and cash equivalents denominated in foreign currency are reported at the statement of financial position by applying the exchange rate on December.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in surplus or deficit within other gains or losses.

l) Significant Judgments And Sources of Estimation Uncertainty

The preparation of MIDA's financial statements in conformity with MPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of any contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Operating Lease Commitments – MIDA as Lessor

MIDA has entered into property leases of certain of its properties. MIDA has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Provisions

Provisions are measured at the best expenses budget required to complete on the date of reporting.

Impairment of Receivables

MIDA assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, MIDA considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

3. Property, Plant and Equipment

| | Freehold Land | Building | Renovations | Motor Vehicles | Computer Hardware | Office Equipment | Work In Progress | Total |
|---|-------------------|--------------------|-------------------|------------------|-------------------|------------------|------------------|--------------------|
| | RM | RM | RM | RM | RM | RM | RM | RM |
| AT COST | | | | | | | | |
| 1 January 2017 | 42,000,000 | 106,917,902 | 41,111,174 | 8,171,641 | 48,978,695 | 3,245,923 | 15,802,941 | 266,228,276 |
| Additions | – | – | – | – | 34,475 | 5,997 | 9,236,856 | 9,277,328 |
| Adjustments | | | | | | | (15,053,082) | (15,053,082) |
| Disposals | – | – | – | – | (1,540,499) | (1,299) | – | (1,541,798) |
| Written Off | – | – | – | – | – | – | – | – |
| 31 December 2017 | 42,000,000 | 106,917,902 | 41,111,174 | 8,171,641 | 47,472,671 | 3,250,620 | 9,986,715 | 258,910,724 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES | | | | | | | | |
| 1 January 2017 | – | 14,964,674 | 41,111,135 | 7,381,121 | 48,379,453 | 1,944,793 | – | 113,781,176 |
| Depreciation Charge for The Year | – | 2,138,358 | – | 473,550 | 385,932 | 279,726 | – | 3,277,566 |
| Disposals | – | – | – | – | (1,540,461) | (1,170) | – | (1,541,631) |
| Written Off | – | – | – | – | – | – | – | – |
| 31 December 2017 | – | 17,103,032 | 41,111,135 | 7,854,671 | 47,224,924 | 2,223,349 | – | 115,517,111 |
| NET BOOK VALUE | | | | | | | | |
| 31 December 2017 | 42,000,000 | 89,814,870 | 39 | 316,970 | 247,747 | 1,027,271 | 9,986,715 | 143,393,613 |
| 31 December 2016 | 42,000,000 | 91,953,228 | 39 | 790,520 | 599,242 | 1,301,130 | 15,802,941 | 152,447,100 |

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

3. Property, Plant and Equipment (cont'd)

| | Freehold Land | Building | Renovations | Motor Vehicles | Computer Hardware | Office Equipment | Work In Progress | Total |
|---|-------------------|--------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|
| | RM | RM | RM | RM | RM | RM | RM | RM |
| AT COST | | | | | | | | |
| 1 January 2016 | 42,000,000 | 106,917,902 | 41,111,174 | 8,655,435 | 49,342,280 | 3,235,011 | 14,713,310 | 265,975,112 |
| Additions | – | – | – | – | 128,916 | 20,497 | 1,089,631 | 1,239,044 |
| Disposals | – | – | – | (483,794) | – | – | – | (483,794) |
| Written Off | – | – | – | – | (492,500) | (9,585) | – | (502,085) |
| 31 December 2016 | 42,000,000 | 106,917,902 | 41,111,174 | 8,171,641 | 48,978,696 | 3,245,923 | 15,802,941 | 266,228,277 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES | | | | | | | | |
| 1 January 2016 | – | 12,826,316 | 32,888,939 | 7,299,811 | 42,883,663 | 1,559,148 | – | 97,567,877 |
| Depreciation Charge for The Year | – | 2,138,358 | 8,222,196 | 565,101 | 5,983,883 | 283,870 | – | 17,193,408 |
| Disposals | – | – | – | (483,791) | – | – | – | (483,791) |
| Written Off | – | – | – | – | (488,092) | (8,225) | – | (496,317) |
| 31 December 2016 | – | 14,964,674 | 41,111,135 | 7,381,121 | 48,379,454 | 1,944,793 | – | 113,781,177 |
| NET BOOK VALUE | | | | | | | | |
| 31 December 2016 | 42,000,000 | 91,953,228 | 39 | 790,520 | 599,242 | 1,301,130 | 15,802,941 | 152,447,100 |

4. Intangible Assets

| | Computer Software | System | 2017 Total | 2016 Total |
|---------------------------------|-------------------|------------------|------------------|-----------------|
| | RM | RM | RM | RM |
| COST | | | | |
| As at 1 January | 305,711 | 237,775 | 543,486 | 467,086 |
| Reclassification | – | 1,527,111 | 1,527,111 | 76,400 |
| As at 31 December | 305,711 | 1,764,886 | 2,070,597 | 543,5486 |
| ACCUMULATED AMORTISATION | | | | |
| As at 1 January | 305,301 | 176,653 | 481,954 | 436,675 |
| Charge for the Year | – | 320,702 | 320,702 | 45,279 |
| As at 31 Disember | 305,301 | 497,355 | 802,656 | 481,954 |
| NET BOOK VALUE | | | | |
| As at 1 January | 410 | 61,122 | 61,532 | 30,411 |
| As at 31 December | 410 | 1,267,531 | 1,267,941 | 61,532 |

Computer software relates to the licence fee and professional fees arising directly from bringing the asset to its working condition.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

5. Investment Property

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|---|-----------------------|-----------------------|
| As at Date | 326,810 | 326,810 |
| Rental Revenue from Investment Property | 439,920 | 388,800 |

The fair value of the invesment property carried at cost amounted to RM129,100,000 as at 31 December 2011. The fair value was determined based on last valuation performed by Jabatan Penilaian dan Perkhidmatan Harta (JPPH).

6. Loan and Receivables from Exchange Transaction

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|-----------------------------------|-----------------------|-----------------------|
| Other receivables | 1,336,854 | 3,020,325 |
| Less: Accumulated Impairment Loss | (507,942) | (577,144) |
| | 828,912 | 2,443,181 |
| Advance | 253,910 | 98,819 |
| Staff Loan: | 764,593 | 895,219 |
| • Computer Loan | 52,126 | 51,865 |
| • Motor Vehicle Loan | 712,467 | 843,354 |
| Deposit | 7,089,092 | 6,966,446 |
| Prepayment | 4,546,147 | 2,729,313 |
| | 13,482,654 | 13,132,978 |
| Analyse Into: | | |
| Current Portion | 8,299,266 | 5,074,195 |
| Non-Current Portion | 5,183,388 | 8,058,783 |
| | 13,482,654 | 13,132,978 |

Other receivables are non-interest bearing whilst staff loan bears interest of 4% per annum. They term of payment is 30 days except for staff loan.

| | Neither Past Due Nor Impaired | Past Due But Not Impaired | | | |
|-------------------|-------------------------------|---------------------------|--------------|---------------|------------|
| | RM | < 30 Days | 30 – 90 Days | 90 – 180 Days | > 180 Days |
| | RM | RM | RM | RM | RM |
| Advance | 253,910 | – | – | – | – |
| Staff Loan | 764,593 | – | – | – | – |
| Deposit | 7,089,092 | – | – | – | – |
| Other receivables | 214,552 | 121,828 | 125,495 | 94,270 | 481,905 |

Other than computer loans which are unsecured, motor vehicle loans are secured by way of a charge over the motor vehicles in favour of MIDA. Credit risk over the staff loans is insignificant as the outstanding amounts are recovered on monthly basis through payroll deductions.

Movements on the accumulated impairment of laons and receivables are as follows:

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|--------------------------|-----------------------|-----------------------|
| At 1 January 2017 | 577,144 | – |
| Paid during the year | (176,130) | – |
| Impaired during the year | 106,928 | 577,144 |
| At 31 December 2017 | 507,942 | 577,144 |

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

7. Cash and Cash Equivalents

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|--|-----------------------|-----------------------|
| Cash in Hand | 28,122 | 31,922 |
| Cash at Banks | 23,088,403 | 62,390,900 |
| Short Term Deposits with Licensed Institutions | 80,472,110 | 170,923,000 |
| | 103,588,635 | 233,345,822 |

Cash at bank earns interest at floating rates based on daily deposits bank rates.

Deposits are made for varying periods, depending on the immediate cash requirements of MIDA and earn interest at the respective short-term deposit rate. The weighted average interest rate as at 31 December 2017 is 3.48% (2016: 3.48%) per annum. These deposits are monies which are restricted for use of approved projects.

8. Payables

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|------------------------|-----------------------|-----------------------|
| Other Payables | 14,880,358 | 21,793,180 |
| Retention Contract Sum | 1,591,628 | 4,777,590 |
| | 16,471,986 | 26,570,770 |
| Deposits Received | 3,700 | 2,400 |
| Accruals | 5,029,195 | 3,700,816 |
| | 21,504,881 | 30,273,986 |
| Analyse Into: | | |
| Current Portion | 20,012,648 | 28,863,753 |
| Non-Current Portion | 1,492,233 | 1,410,232 |
| | 21,504,881 | 30,273,985 |

Short term payables are non-interest bearing and have an average term of one month.

9. (i) Deferred Grants - Special Accounts (Development)

| | Strategic Investment, High Impact Project and Domestic Investment Strategic Fund | Upgrading of Basic Infrastructure of Existing Industrial Estates | Industry Studies and Others | 2017 Total | 2016 Total |
|-------------------------------|--|--|-----------------------------|-------------------|--------------------|
| | RM | RM | RM | RM | RM |
| As at 1 January | 176,355,332 | (3,758,489) | – | 172,596,843 | 105,728,488 |
| Received During the Year | 301,701,000 | 12,500,000 | 26,300,000 | 340,510,000 | 554,004,584 |
| Transfer to Operating Grant | (30,000,000) | – | – | (30,000,000) | (32,317,000) |
| Adjustment to Operating Grant | 7,689,742 | – | – | 7,689,742 | – |
| Expenses Paid During the Year | (414,105,941) | (5,887,948) | (10,684,457) | (430,678,346) | (454,819,229) |
| As at 31 December | 41,649,133 | 2,853,563 | 15,615,543 | 60,118,239 | 172,596,843 |

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

9. (ii) Deferred Grants - Special Accounts (Operating)

| | Contribution Accounts | NKEA | 2017 Total | 2016 Total |
|-------------------------------|-----------------------|----------------|----------------|----------------|
| | RM | RM | RM | RM |
| As at 1 January | 510,728 | 100,001 | 610,729 | 417,012 |
| Received During the Year | 307,912 | – | 370,912 | 334,137 |
| Expenses Paid During the Year | (291,375) | – | (291,375) | (140,420) |
| As at 31 December | 590,265 | 100,001 | 690,266 | 610,729 |

(iii) Deferred Grants - Development Accounts (MIDA)

| | 2017 (RM) | 2016 (RM) |
|----------------------------------|-------------------|--------------------|
| As at 1 January | 10,225,914 | 11,391,945 |
| Received During the Year | 5,000,000 | – |
| Interest on Deposit with Bank | 8,768,237 | 9,011,075 |
| Adjustment from Special Accounts | (7,689,742) | – |
| Received During the Year | (13,673,752) | (385,035) |
| Depreciation and Amortisation | (2,925,868) | (16,456,445) |
| Adjustment to Operating Grant | 10,521,125 | 7,830,405 |
| Received During the Year | 5,000,000 | – |
| Expenses Paid During the Year | (9,281,156) | (1,166,031) |
| As at 31 December | 5,944,758 | 10,225,914 |
| Total of Deferred Grants | 66,753,263 | 183,433,486 |

10. Provision of Performance Remuneration

| | 2017 (RM) | 2016 (RM) |
|---|------------------|------------------|
| PERFORMANCE REMUNERATION | | |
| As at 1 January | 2,581,294 | – |
| Performance Remuneration Paid During the Year | (2,581,294) | – |
| Provision for the Year | 2,206,133 | 2,581,294 |
| As at 31 December | 2,206,133 | 2,581,294 |

Performance remuneration accrue to staff on an annual basis subject to the achievement of predetermined performance standards. The provision is an estimate of the amount due to staff in the service of MIDA at the reporting date based on staffs performance assessments taking into consideration the performance trends and the availability of budget for performance remuneration.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

11. Post-Employment Benefit Plans

| | 2017 (RM) | 2016 (RM) |
|-------------------------|-------------------|-------------------|
| At 1 January | 11,424,955 | 11,062,713 |
| Adjustment | (19,945) | (2,354) |
| Contributions Paid | (963,180) | (805,043) |
| Additional Contribution | 1,044,032 | 1,169,639 |
| At 31 December | 11,485,862 | 11,424,955 |
| Analyse Into: | | |
| Current Portion | 384,494 | 760,474 |
| Non-Current Portion | 11,101,368 | 10,664,481 |
| | 11,485,862 | 11,424,955 |

Post-employment benefit plans represents cash award in lieu of accumulated leave. This cash award is given to employees who are unable to utilise all their leave up to a maximum of 150 days due to exigency of the service. The cash award is paid on the last working day upon retirement and it is calculated based on the employees' salaries as at the statement of financial position.

In its transition to accrual basis MPSASs, MIDA took advantage of the transitional exemption for post employment benefit plan. During this transitional period, MIDA is not required to change its accounting policy in respect of the measurement of these liabilities. As a result, it is unable to make an explicit and unreserved statement of compliance with accrual basis MPSASs in preparing its transitional MPSAS financial statements for this reporting period. MIDA intends to recognise and/or measure its postemployment defined benefit plan by 31 December 2018.

12. Net Assets

| | 2016 (RM) | 2017 (RM) |
|---|--------------------|--------------------|
| (i) ACCUMULATED OPERATIONAL FUND | | |
| At 1 January | 168,250,522 | 174,461,724 |
| Interest Received from Special Accounts (Development) | 30,000,000 | 32,317,000 |
| Received During the Year | 146,672,000 | 145,374,600 |
| Interest on Deposit with Bank | 147,583 | 323,844 |
| Revenue / Other Income | 3,247,411 | 2,112,492 |
| Expense Paid During the Year | (185,306,215) | (179,674,764) |
| Adjustment of Development Account | (15,521,125) | (7,830,405) |
| Adjustment Paid During the Year | (11,818) | |
| Deferred Grants from Development Account | 9,281,156 | 1,166,031 |
| At 31 December | 156,759,514 | 168,250,522 |
| (iii) ACCUMULATED CONVEYANCE FUND | | |
| At 1 January / 31 December | 3,000,000 | 3,000,000 |
| (iv) Accumulated Computer Loan | | |
| At 1 January / 31 December | 350,000 | 350,000 |

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

13. Transfers from Government Grant

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|-------------------------------|-----------------------|-----------------------|
| Unconditional Grant: | | |
| Government Grants - Operating | 146,672,000 | 145,374,600 |
| | 146,672,000 | 145,374,600 |

14. Rental Income

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|----------------------------|-----------------------|-----------------------|
| Investment Property Rental | 439,920 | 388,800 |
| Office Space Rental | 150,256 | 58,102 |
| Parking Rental | 216,199 | 214,831 |
| Others | 28,302 | – |
| | 834,677 | 661,733 |

15. Interest Income / Hibah Profits

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|-------------------------------|-----------------------|-----------------------|
| Interest on Deposit at Banks | 8,879,534 | 9,299,340 |
| Interest on Conveyance Loan | 31,156 | 34,233 |
| Hibah Profit on Computer Loan | 1,924 | 846 |
| Interest on Deposit | 3,208 | 499 |
| | 8,915,822 | 9,334,918 |

16. Wages, Salaries and Employee Benefits

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|-------------------------|-----------------------|-----------------------|
| Salaries and Wages | 65,204,883 | 63,360,438 |
| Fixed Allowances | 9,411,257 | 10,002,134 |
| Statutory Contributions | 11,306,971 | 11,832,428 |
| Overtime Allowances | 1,494,380 | 1,490,460 |
| Other Monetary Benefits | 8,633,538 | 15,097,765 |
| | 96,051,029 | 101,783,225 |

17. Depreciation and Amortisation Expenses

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|-------------------------------|-----------------------|-----------------------|
| Property, Plant and Equipment | 3,277,566 | 17,193,407 |
| Intangible Assets | 320,702 | 45,279 |
| | 3,598,268 | 17,238,686 |

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

18. Other Expenses

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|------------------------|-----------------------|-----------------------|
| Transporation Expenes | 753,708 | 1,133,592 |
| Supplies and Materials | 15,125,957 | 1,632,276 |
| Miscellaneous Expenses | 2,914,787 | 1,209,636 |
| Equipments Written Off | 167 | 5,768 |
| | 18,794,619 | 3,981,272 |

19. Related Party Disclosures

The key management personnel, as defined by MPSAS 20 Related Party Disclosures, are the members of Board, who together constitute the governing body of MIDA. The total remuneration of members of Board, on a full-time equivalent basis, receiving remuneration from MIDA are:

| | 31 December 2017 | 31 December 2016 |
|--------------------|------------------|------------------|
| Total remuneration | RM 908,370 | RM 1,052,154 |
| Number of persons | 13 persons | 13 persons |

Remuneration of Key Management Personnel

| | 31 December 2017 (RM) | 31 December 2016 (RM) |
|--------------------------|-----------------------|-----------------------|
| Salary | 468,748 | 466,736 |
| Allowance | 401,310 | 440,843 |
| Performance Remuneration | 38,312 | 144,575 |
| | 908,370 | 1,052,154 |

* Allowances include travel, vehicle, accomodation, subsistence and others.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

20. Financial Instruments - Financial Risks Management

Exposure to currency, interestrate, liquidity and credit risk a rises in the normal course of MIDA's operations. This note presents information about the MIDA's exposure to each of the above risks, policies and processes for measuring and managing risks and MIDA's management of funds.Further quantitative disclosures are included throughout these financial statements.

The fair value of the financial assets and liabilities are included at the amount a twch the instrument could be exchanged in a current transaction between willing parties.The fair values of the financial assets and liabilities approximate their carrying amounts as at the end of the financial reporting.

Credit Risk

Credit risk is the risk of financial loss to MIDA if customers or counter parties tof inancial instruments fail to meet their contractual obligations, and it a rises principally from MIDA's receivables and cash and cash equivalents.The carrying amount of these financial assets at end oft he financial year represents the maximum credit exposure.

Credit quality

Credit quality is assessed risk of default attached to counter parties to which MIDA extends credit and also those parties with whom MIDA invests. As such, the credit quality assessed extends to the customers of MIDA.

The customer base of MIDA consists of individuals and companies. Credit ratings, from external rating agencies, are not readily available for all customers. Also, it is not financially viable to obtain external credit ratings for all customers due to the nature of the customer base. For the purpose of determining the credit quality of customers, MIDA applies its past experience with customers in determining the risk of default.

Receivables from Exchange Transactions

Receivables from exchange transactions are amounts owed by individuals, companies and a represented net of impairment losses.MIDA has a credit risk policy in place, and the exposure to credit risk is regularly monitored. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

MIDA's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.MIDA has no significant concentration of credit risk, with exposure spread over a large number of individuals, and is not concentrated in any particular sector or geographic area. MIDA establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

Cash and Cash Equivalents

MIDA limits its exposure to credit risk by investing cash and cash equivalents with only reputable financial institutions that have a sound credit rating, and with inspecific guidelines set in accordance with MIDA's Jawatankuasa Pelaburan Tunai approved investment policy. Consequently, the MIDA does not consider there to be any significant exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk of MIDA not being able to meet its obligations as they fall due.MIDA's approach to managingl iquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due,with out incurring unacceptable losses or risking damage to MIDA's reputation. MIDA ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

| | Not Due | < 30 Days | 30-180 Days | >180 Days | Total |
|--------------------|-----------|------------|-------------|-----------|------------|
| | RM | RM | RM | RM | RM |
| 2017 | | | | | |
| LIABILITIES | | | | | |
| Other Payables | 2,876,812 | 12,000,000 | 15,678 | 1,579,496 | 16,471,986 |

Market Risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the MIDA's income or the value of its financial instrument holdings.The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on the risk.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

20. Financial Instruments - Financial Risks Management (cont'd)

The policies for managing each of these risks are as follows:

Foreign Current Risk

MIDA is exposed to foreign-currency risk in maintaining the operating costs of its 23 overseas branches. The exposure to MIDA a rising from foreign currency risk is minimal. MIDA monitors the risk by sending remittances once in two (2) months. The foreign currency balances are translated using the Accountant General's rate.

Interest Rate Risk

MIDA is exposed to interest rate risk as MIDA invest funds in fixed and floating interest rates. The risk is managed at MIDA's level in accordance with its risk management policy. The weighted average interest rates and maturity profile on financial instruments as at 31 December 2016 are as follows:

| | Weighted Average Interest Rate | 3 Months and Less |
|---------------------------|--------------------------------|-------------------|
| | RM | RM |
| FINANCIAL ASSETS | | |
| Cash and Cash Equivalents | 3.48% | 80,472,110 |

21. Capital Commitments

Capital expenditure contracted for at the end of the financial year but not yet incurred is as follows:

| | 31 December 2017 RM | 31 December 2016 RM |
|-------------------------------|------------------------|------------------------|
| Property, Plant and Equipment | – | 838,736 |
| Intangible Assets | 840,933 | 1,797,799 |
| | 840,933 | 2,636,535 |

22. Operating Lease Rentals

MIDA as a Lessee

Future minimum lease payment under non-cancellable operating leases:

| | 31 December 2017 RM | 31 December 2016 RM |
|---|------------------------|------------------------|
| BUILDINGS | | |
| Due Within One Year | 38,241,586 | 31,401,539 |
| Due Within Two to Five Years | 29,652,951 | 31,777,502 |
| Later Than Five Years | 3,958,490 | 4,347,413 |
| | 71,853,027 | 67,526,454 |
| | | |
| Minimum lease payments recognised as an expense during the year | 28,708,403 | 27,803,596 |

MIDA as a Lessor

Future minimum lease income under non-cancellable operating leases:

| | 31 Disember 2017 RM | 31 Disember 2016 RM |
|----------------------------|------------------------|------------------------|
| INVESTMENT PROPERTY | | |
| Due Within One Year | 388,800 | 388,800 |
| | | |
| BUILDING | | |
| Due Within One Year | 168,000 | 163,500 |

MIDA lets building and properties under operating leases. Building and property rental income earned during the year was RM556,800 (2016:RM552,300). No property has been disposed of since 31 December 2017.

23. Taxation

MIDA has be engranted tax exempt status based of the letter by Ministry of Finance dated 5 February 2015 [Rujukan P.U.(A) 158/1987 {Perintah Cukai Pendapatan (Pengecualian) (bil.24)1987}].

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2017 (cont'd.)

24. Transition of MPSAS

Basis of Transition to MPSAS

The transition and adoption date of MPSAS was 1 January 2016

Reconciliation of Net Assets on 1 January 2016

| | Net Assets as at 1 January 2016 (RM) |
|---|---|
| Opening balance of net assets as at 1 January 2016 | 295,014,601 |
| Adjustments: | |
| • Derecognition of Special Accounts | (105,810,931) |
| • Adjustments on Deferred Grants - Development | (17,603,147) |
| Restated Opening Balance of Net Assets as at 1 January 2016 | 171,600,522 |

Explanation of Transition to the MPSAS

The transition to MPSAS includes restatement of certain accounts in MIDA's financial statements to reflect the following adjustments and reclassifications pursuant to the requirements of current accounting policies under MPSAS. The nature of these adjustments and reclassifications are as follows:

| | As Previously Stated | Adjustments/ Reclassifications | As Stated Under MPSAS |
|---|----------------------|--------------------------------|-----------------------|
| | RM | RM | RM |
| At 1 January 2016 | | | |
| Deferred Grant Special Accounts (Development) | – | 105,810,931 | 105,810,931 |
| Deferred Grant MIDA Development Fund | – | 11,391,945 | 11,391,945 |
| Accumulated Development Fund | 177,894,630 | (177,894,630) | – |
| Accumulated Operational Fund | 7,959,040 | 166,502,685 | 174,461,725 |

25. Budget Information

The budget is approved on a modified cash basis by nature of classification. The approved budget covers the fiscal period from 1 January 2017 to 31 December 2017.

The budget is approved on a modified cash basis by nature of classification. The approved budget covers the fiscal period from 1 January 2017 to 31 December 2017.

The budget and the accounting basis differ. The financial statements for MIDA is prepared on the accrual basis, using a classification based on the nature of expenses in the statement of financial performance.

The amounts in the financial statements were recast from the accrual basis to the modified cash basis, and reclassified by nature of classification to be on the same basis as the final approved budget.

A reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the year ended 31 December 2017 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

| | Operating | Investing | Total |
|---|---------------|-------------|---------------|
| | RM | RM | RM |
| Actual Amount on Comparable Basis as presented in Budget and Actual Statement | (183,139,952) | – | (183,139,952) |
| Basis Differences | | | |
| • Contingent Income | 178,263,414 | – | 178,263,414 |
| • Other Basis Income | (119,031,910) | (1,567,584) | (120,599,494) |
| Difference of Actual Amount in Cash Flow Statement | (123,908,448) | (1,567,584) | (125,476,032) |

In 2017, MIDA stayed on top of promoting the national investment agenda both locally and abroad.



10 | APPENDICES

Events

MIDA's participation in local and overseas events in 2017.

Appendix 1 Local events

| NO. | NAME OF EVENT | ORGANISER | VENUE | DATE |
|-----|--|--|---|-----------------|
| 1. | Karnival Riuh Ringgit 2017 | Bank Negara Malaysia | Pusat Dagangan Dunia Putra (PWTC), Kuala Lumpur | 13 – 15 January |
| 2. | FMM Kedah / Perlis Workshop: Tax Incentives for Automation in Manufacturing Industry | FMM Kedah / Perlis with collaboration of MIDA Kedah / Perlis | Park Avenue Hotel, Sungai Petani, Kedah | 24 January |
| 3. | Seminar The Impact & Prospect of Sustainable Transportation and Logistics | UniKL & Supported by MIDA | Hotel Seri Malaysia, Kangar, Perlis | 16 February |
| 4. | Karnival Keusahawanan Dan Kerjaya Belia Negara (3KBN) | University Malaysia Terengganu & NBOS | University Malaysia Terengganu | 17-18 March |
| 5. | Langkawi International Maritime and Aerospace Exhibition (LIMA) 2017 | Ministry of Defence (MINDEF) | Mahsuri International Exhibition Centre (MIEC), Pulau Langkawi, Kedah | 20 – 24 March |
| 6. | SME Bank Xcess 2017 | SME Bank | Pullman Ballroom, Pullman Hotel, Bangsar, Kuala Lumpur | 29 March |
| 7. | SME Bank Mini Excess 2017 – Pusat Wilayah Sabah | SME Bank Group | Hotel Promenade, Kota Kinabalu | 31 March |
| 8. | Pameran Perdagangan Halal Malaysia (MIHAS) 2017 | MATRADE | Kuala Lumpur Convention Centre (KLCC) | 5 – 8 April |
| 9. | 6th. Sabah Oil & Gas Conference & Exhibition | IEC Midas | Grand Ballroom, The Magellan Sutera Harbour Resort, Kota Kinabalu | 10 – 11 April |
| 10. | Karnival Kembara Kerjaya 2017 | Jabatan Tenaga Kerja | Dewan Tun Sakaran, TH Hotel, Kota Kinabalu | 24 April |
| 11. | SME Bank Mini Xcess 2017 Selangor Region | SME Bank | Allson Klana Resort, Seremban | 27 April |
| 12. | Karnival Kembara Kerjaya 2017 | Jabatan Tenaga Kerja | Dewan Masyarakat Tun Mustapha, Lahad Datu, Sabah | 28 April |

Events (cont'd)

MIDA's participation in local and overseas events in 2017.

Appendix 1 Local events (cont'd)

| NO. | NAME OF EVENT | ORGANISER | VENUE | DATE |
|-----|--|--|--|--------------|
| 13. | Karnival Kembara Kerjaya 2017 | Jabatan Tenaga Kerja | Dewan Masyarakat Sandakan, Sabah | 29 April |
| 14. | Dialogue Session with CM of Perlis on the National Budget 2018 | Pejabat Kewangan Negeri Perlis & Unit Perancang Ekonomi Negeri Perlis | Dewan Warisan, Kangar, Perlis | 5 May |
| 15. | Gathering of Rising Entrepreneurs Act Together (GREAT) 2017 | Malaysian Global Creativity Centre (MAGIC) | Main Ballroom, Magellan Sutera Resort, Kota Kinabalu | 6 – 7 May |
| 16. | Minggu PKS 2017 Peringkat Negeri Melaka | SME Corp Malaysia (Melaka) | Mydin Mall, MITC Ayer Keroh, Melaka | 12 – 14 May |
| 17. | Kedah Halfest 2017 | Kedah State Government & Unit Pembangunan Usahawan Negeri Kedah (UPUK) | Perkarangan Amanjaya Mall, Sungai Petani, Kedah | 18 – 21 May |
| 18. | SME Week Sabah 2017 | MITI, SME Corp Malaysia, Kerajaan Negeri Sabah | South Atrium, 1 Borneo, Hypermall, Kota Kinabalu | 19 – 21 May |
| 19. | 8th MPMA International Plastics Conference | MPMA | Holiday Inn, Kuala Lumpur | 23 – 24 May |
| 20. | ASEAN-India BizTech Expo & Conference | ASEAN-India Business Council and ASEAN Business Advisory Council | Kuala Lumpur Convention Centre (KLCC) | 24 – 25 May |
| 21. | Karnival Minggu PKS 2017 | SME Corp. Perlis | Perkarangan Giant Superstore, Kangar, Perlis | 24 – 26 May |
| 22. | METALTECH 2017 | Trade Link ITE Sdn. Bhd. | Putra World Trade Centre (PWTC) | 24 – 27 May |
| 23. | Supply Chain Conference for Northern Region | MIDA (Domestic Investment & Supply Chain Coordination Division) | Penang Skills Development Corporation (PSDC), Penang | 24 July |
| 24. | APHM International Healthcare Conference and Exhibition 2017 | Association of Private Hospitals of Malaysia (APHM) | Kuala Lumpur Convention Centre (KLCC), Kuala Lumpur | 25 – 27 July |
| 25. | Forum E-dagang Kebangsaan (National eCommerce Forum) | MITI & MDEC | MITI | 26 July |
| 26. | FMM Perak Seminar on Free Trade Agreements (FTAs): What to look out for and how to maximize the benefits | FMM Perak | FMM Perak | 27 July |
| 27. | Career Fair Organised by MIDA in conjunction with Jelajah Usahawan MITI & Agensi 2017, Labis, Johor Darul Takzim | MIDA & SWADAYA Johor | Dewan Jubli Intan, Labis, Johor | 29 July |

Events (cont'd)

MIDA's participation in local and overseas events in 2017.

Appendix 1 Local events (cont'd)

| NO. | NAME OF EVENT | ORGANISER | VENUE | DATE |
|-----|--|--|---|-----------------|
| 28. | Exhibition in Latin America (LATAM) Business Day | MITI, MATRADE & LATAM | MITI Kuala Lumpur | 1 August |
| 29. | Briefing on Government Facilitation In Adopting Automation Process | MIDA Johor | MITI Johor | 3 August |
| 30. | Program GLC Explorace 2017 | MITI, UEM Group Berhad & MIDF | Sime Darby Convention Centre (SDCC), Bukit Kiara | 8 August |
| 31. | ASEAN Day Celebration | MITI | MITI Kuala Lumpur | 9 August |
| 32. | International Conference on World Class Sustainable Cities 2017 (WCSC) | Real Estate & Housing Developers' Association Malaysia Wilayah Persekutuan Kuala Lumpur (REHDA KL) | Royale Chulan Kuala Lumpur Hotel | 10 August |
| 33. | Malaysia Aerospace Summit 2017 (MyAero'17) | MITI & Agencies | MITI | 15 August |
| 34. | Supply Chain Conference for Southern Region | MIDA | Thistle Hotel, Johor | 17 August |
| 35. | Program Sehari Bersama Usahawan di Tanjung Manis | SME Corp Sarawak | Dewan IKS Pusaka Tanjung Manis, Sarawak | 17 August |
| 36. | Visit Perak 2017 and Indian Cultural & Arts Festival and Entrepreneurship Expo | PICCC | Little India, Ipoh Perak | 18 – 20 August |
| 37. | Seminar on Investment Opportunity and Facilitation by MIDA to Malaysia Plastic's Manufacturer Association (MPMA) | Malaysia Plastic's Manufacturer Association (MPMA) | SME Corp Perak | 23 August |
| 38. | Business Excellence (BE) Seminar and Forum 2017 | MPC Sarawak | Borneo Convention Centre Kuching (BCKK) | 23 August |
| 39. | Program Bavarian Workshop/ Seminar Industry 4.0 | MIDA | Bio-Xcell Johor | 23 August |
| 40. | Bavaria Industry 4.0 Workshop | PostInvest | Penang Skills Development Centre (PSDC) | 25 August |
| 41. | Ekspo Usahawan Bumiputera Pulau Pinang (PENBEX) dan Hari Koperasi Negara 2017 | PERDASAMA | Midtown Perda, Tasek Gelugor | 27 – 30 August |
| 42. | Breakbulk South East Asia 2017 Exhibition | Trade Link ITE Sdn. Bhd. | Kuala Lumpur Convention Centre (KLCC), Kuala Lumpur | 4 – 6 September |

Events (cont'd)

MIDA's participation in local and overseas events in 2017.

Appendix 1 Local events (cont'd)

| NO. | NAME OF EVENT | ORGANISER | VENUE | DATE |
|-----|--|---|---|-------------------|
| 43. | Briefing By MIDA And MATRADE For MICCI Members | MICCI | SME Corp Perak Office | 6 September |
| 44. | Forum on Industry 4.0 and Digital Free Trade Zone SME On Boarding Workshop | University Technology Petronas | University Technology Petronas | 6 September |
| 45. | Perak Festival of Ideas - An Awareness Seminar on Future Training Of The Workforce for The Industry 4.0 | Perak Human Capital Development Centre | PHCDC Auditorium | 9 September |
| 46. | Program Digital Free Trade Zone (DFTZ) SME Onboarding Workshop 2017 | SME CORP & MATRADE | KSL Hotel | 12 September |
| 47. | Selangor International Expo 2017 (SIE 2017) | Invest Selangor Berhad | Setia Alam Convention Centre (SACC) | 14 - 17 September |
| 48. | Domestic Seminar For Northern Region 2017 | MIDA (Domestic Investment & Supply Chain Coordination Division) | The Pure Hotel, Sungai Petani, Kedah | 14 September |
| 49. | Malaysia International Agriculture Technology (AGRI) Malaysia Exhibition 2017 | One International Exhibition Sdn. Bhd. | Setia City Convention Centre (SCCC) | 28 – 30 September |
| 50. | Booth Malaysian Pavilion in Conjunction with 56th FIATA World Congress 2017 | Federation of Malaysian Freight Forwarders (FMFF) and Ministry of Transport (MOT) | Kuala Lumpur Convention Cente (KLCC) | 4 – 8 October |
| 51. | Ekspo Johor Berkemajuan Bagi Kluster 'INVEST JOHOR' | Kerajaan Negeri Johor | Dataran Mahkota, Iskandar Puteri Johor | 6-14 October |
| 52. | Digital Free Trade Zone Apac 2017 Conference | Management Event Ltd. | Intercontinental Hotel Kuala Lumpur | 9 – 10 October |
| 53. | International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM 2017) | Green Technology Division, MIDA | Kuala Lumpur Convention Centre (KLCC) | 11 – 13 October |
| 54. | Seminar on Industry 4.0, Digital Free Trade Zone and MIDA Incentives | MITI and agencies (Northern Region) | Swiss Garden Hotel, Lumut Perak | 14 October |
| 55. | National Innovation and Creative Economy Expo 2017 (NICE 2017) | MOSTI | Technology Park Malaysia, Bukit Jalil | 12 – 16 October |
| 56. | Roundtable Meeting between YB Datuk Ahmad Maslan, Deputy Minister of MITI & YBhg. Dato’ N. Rajendren, Deputy Chief Executive Officer II with industry players/stakeholders | MIDA Kuala Lumpur | Borneo Convention Centre Kuching (BCKK) | 19 October |

Events (cont'd)

MIDA's participation in local and overseas events in 2017.

Appendix 1 Local events (cont'd)

| NO. | NAME OF EVENT | ORGANISER | VENUE | DATE |
|-----|---|--|--|------------------|
| 57. | International Biomass Conference Malaysia 2017 (IBCM) | Agensi Inovasi Malaysia (AIM) | Borneo Convention Centre Kuching (BCKK) | 19 – 20 October |
| 58. | Explorasean - Opportunities and the Way Forward Programme | PERDASAMA | MATRADE Hall | 25 October |
| 59. | MNCs & SMEs Supply Chain Development and Opportunities | Domestic Investment & Supply Chain Coordination Division (DISC), MIDA | Shangri-la Hotel Kuala Lumpur | 30 October |
| 60. | Forum Mini eDagang bersempena dengan lawatan TYT Wang Bingnan, Timbalan Menteri Perdagangan (MOFCOM), Republik Rakyat China | NKEA & Monitoring Division - eCommerce Unit, Ministry of International Trade and Industry (MITI) | Dewan Perdana, Menara MITI Kuala Lumpur | 7 November |
| 61. | SMIDEX Showcase 2017 | SME Corp. Malaysia | Malaysia International Trade & Exhibition Center (MITEC), Kuala Lumpur | 15 – 17 November |
| 62. | World Islamic Economic Forum (WIEF) 2017 | World Islamic Economic Forum Foundation participated by International Trade and Industry (MITI) and agencies | Kuching, Sarawak | 21 – 23 November |
| 63. | Malaysia - Nikkei Business Forum 2017 | Foreign Direct Investment (FDI) Division, MIDA | Mandarin Oriental Kuala Lumpur | 30 November |
| 64. | Program Next Entrepreneurs Exchange Track (NEXT) | AKI and Outreach Division, Ministry of International Trade and Industry (MITI) | Dewan Perdana Menara MITI, Kuala Lumpur | 5 December |

Events (cont'd)

MIDA's participation in local and overseas events in 2017.

Appendix 2 Oversea events

| NO. | NAME OF EVENT | ORGANISER | VENUE | DATE |
|-----|--|--|--|-----------------|
| 1. | Taiwan New Year Consume Fair | Bureau of Foreign Trade (BOFT), Taiwan | Taiwan World Trade Centre (TWTC) | 13 – 15 January |
| 2. | International Trade Council Event | CPA Partnership Pte Ltd and Labuan IBFC | TKP Conference Center, Singapore | 20 January |
| 3. | 2017 ASEAN Trade & Investment Outlook Seminar | Korea Chamber of Commerce and Industry (KCCI) | KCCI Building, Seoul | 24 January |
| 4. | Business Link | MUFG | PACIFICO Yokohama, Japan | 10 February |
| 5. | Furniture and Light Fair | - | Stockholm Massan | 7 February |
| 6. | Briefing on Malaysian Economic Outlook 2017 | Malaysian High Commission | Malaysian High Commission | 27 February |
| 7. | Seminar on Iskandar Region: Investment Opportunities and Future Development | Italian Chamber of Commerce Singapore and IRDA | Withers LLP, Singapore | 2 March |
| 8. | Chicago's International Trade Commissioners <i>(Note: Participated as a Panelist)</i> | The International Trade Association of Greater Chicago | Carlucci Rosemont, Rosemont, Illinois | 15 March |
| 9. | Cosmopack | So.G.eCos.ApA | Bologna, Milan | 16 – 20 March |
| 10. | Mecspe | Senaf Srl | Parma, Milan | 23 – 25 March |
| 11. | German-Asian Business Dialogue | Member of German Parliament | Allianz Berlin, Germany | 29 March |
| 12. | Offshore Mediterranean Conference (OMC) | OMC Srl | Ferrara, Milan | 29 – 31 March |
| 13. | International Tourism Exchange (BIT) | Fieramilano Spa | Milan | 2 – 4 April |
| 14. | Medtec Europe 2017 | Messe Stuttgart | Stuttgart, Germany | 4 – 6 April |
| 15. | Salone Internazionale del Mobile | Federlegno Arredo | Milan | 4 – 9 April |
| 16. | Global Logistics / Investment Environment Seminar | Korea Integrated Logistics Association | KINTEX1, Goyang-si | 18 April |
| 17. | Hi-Tea Briefing on Sime Darby Business Park | Sime Darby Property and MIDA | Marina Mandarin, Singapore | 18 April |
| 18. | Technology Hub | Senaf Srl | Milan | 20 – 22 April |
| 19. | Hannovermesse | Deutsche Messe AG | Fairgrounds Hannover, Germany | 23 – 27 April |
| 20. | Cosmofarma | Bologna Fiere / Federfarma | Bologna, Milan | 5 – 7 May |
| 21. | ASEAN Business Dialogue | Netherlands Ministry of Foreign Affairs | Ministry of Foreign Affairs, Den Haag, Netherlands | 11 May |
| 22. | Lamiera | Ucimu | Milan | 17 – 20 May |

Events (cont'd)

MIDA's participation in local and overseas events in 2017.

Appendix 2 Oversea events (cont'd)

| NO. | NAME OF EVENT | ORGANISER | VENUE | DATE |
|-----|---|---|-------------------------------------|------------------------|
| 23. | BIE | Fierabie | Montichiari-BS, Milan | 18 – 20 May |
| 24. | Metef | Veronafiore Spa | Verona, Milan | 21 – 24 May |
| 25. | Business Meeting between Commercial Attaches and Korean SMEs | Korea Federation of SMEs (K-BIZ) | Chamber Hall, K-BIZ Building, Seoul | 22 May |
| 26. | World IT Show (ASEAN Korea Investment Promotion Seminar on ICT) | Ministry of Science, ICT and Future Planning | COEX, Seoul | 24 – 26 May |
| 27. | Expo 2017 Astana | “National company “Astana EXPO-2017” | Astana, Kazakhstan | 10 June – 10 September |
| 28. | International Food Machinery & Technology Exhibition (FOOMA Japan) | The Japan Food Machinery Manufacturers’ Association | Tokyo Big Sight, Koto, Tokyo | 13 - 16 June |
| 29. | Food Taipei (In conjunction with Halal Taiwan and Seminar on Opportunities in Food and Halal Industries in Malaysia with Iskandar Malaysia) | Taiwan External Trade Development (TAITRA) | Taiwan World Trade Centre | 22 June |
| 30. | LASER World of Photonics 2017 Fair | Messe München | Munich, Germany | 28 – 30 June |
| 31. | BioTaiwan 2017 | Industrial Development Bureau | Taiwan | 2 July |
| 32. | Taiwan ASEAN Investment Collaboration Forum | Department of Investment Services (DOIS), Ministry of Economic Affairs | Taiwan | 14 July |
| 33. | Business Opportunities KL-SG High Speed Rail (HSR) | Singapore Business Federation (SBF) and Malaysia-Singapore Business Council (MSBC) | Singapore Business Federation (SBF) | 18 August |
| 34. | China-Asean Expo (CAEXPO) Nanning, China | People's Government of Guangxi Zhuang Autonomous Region & MOFCOM China | Nanning, China | 14 – 17 September |
| 35. | MACAU International Trade & Investment Fair (MIF) | Macau Trade and Investment Promotion Institute (IPIM), and co-organised by 15 economic and commercial authorities and trade associations from Macao, Hong Kong and Mainland China | Macau | 19 – 20 October |
| 36. | InvestKL Conversations on Rail Opportunities in Malaysia | InvestKL and supported by Malaysian High Commission and AmCham Singapore | Malaysian High Commission | 26 October |
| 37. | AIRTEC Fair | Airtec GmbH & Co. KG | Halbergmoos, Germany | 24 – 26 October |

VIP Visitations

Investment promotion visits facilitated by MIDA for the Prime Minister of Malaysia, the Deputy Prime Minister of Malaysia, the Minister of International Trade and Industry, the Deputy Minister of International Trade and Industry and CEO of MIDA in 2017.

Appendix 3 VIP Visitations

| NO. | PROGRAMME | DATE |
|-----|--|-------------------------|
| 1. | World Economic Forum (WEF) Annual Meeting, Davos, Switzerland | 17 – 21 January |
| 2. | Working Visit to Shanghai and Beijing | 21 – 25 February |
| 3. | Working Visit to Shanghai and Beijing | 13 – 18 April |
| 4. | YAB PM Working Visit to Alibaba, Hangzhou and Belt and Road Conference in Beijing | 12 – 17 May |
| 5. | Working Visit to Hangzhou, Zhejiang Province, PRC | 24 – 27 May |
| 6. | Official Visit to Iran and UAE | 5 – 8 June |
| 7. | 23rd China Lanzhou Investment & Trade Fair in Lanzhou & CEO's Working Visit To Chengdu Expo & Conference | 4 – 10 July |
| 8. | Official Visit to Taiwan, Qingdao (China) and Shanghai (China) | 11-18 July |
| 9. | CAEXPO China | 11 – 14 September |
| 10. | Official Visit to USA in conjunction with YAB PM Visit | 10 – 14 September |
| 11. | Working Visits to Shenzhen & The Forbes Global CEO Conference in Hong Kong | 22 – 27 September |
| 12. | Official Visit to Singapore | 11 – 12 October |
| 13. | Official Visit to Taiwan in conjunction with Malaysia-Taiwan Summit | 24 – 27 October |
| 14. | YBM II Official Visit to Beijing | 29 – 30 November |
| 15. | Official Visit to San Jose and Chicago | 27 October – 6 November |
| 16. | Working Visit to Singapore, Beijing and Shenyang, PRC | 12 – 15 December |
| 17. | Official Visit to Bahrain in conjunction with YAB PM Visit | 15 – 17 December |
| 18. | YAB PM Visit to Sri Lanka & Maldives | 18 – 20 December |

International Investment Promotion

Investment promotion missions, round table meetings, seminars and other trade promotion activities organised in 2017.

Appendix 4 General Trade and Investment Missions (TIM)

| NO. | PROGRAMME | DATE |
|-----|--|-------------------|
| 1. | Trade & Investment Mission to Mumbai and Delhi, India | 1 – 5 April |
| 2. | Trade & Investment Mission to Japan & Korea (Osaka, Tokyo & Seoul) | 9 - 14 April |
| 3. | Trade & Investment Mission to Saudi Arabia & Turkey | 24 – 30 September |
| 4. | Trade & Investment Mission to Europe (Hamburg / Amsterdam / Stockholm) | 17 – 24 October |
| 5. | Trade & Investment Mission to Sri Lanka in conjunction with YAB PM Visit | 16 – 18 December |

Appendix 5 Specific Project Missions

| NO. | TARGET SECTOR | COUNTRY VISITED | DATE |
|-----|--|--|--------------------------|
| 1. | Life Sciences & Medical Technology Division | Japan & Korea | 2 – 13 July |
| 2. | Food Technology & Resource Based Industries Division | China | 3 – 14 July |
| 3. | Oil & Gas and Maritime Technology Division | Singapore & Johor | 24 – 26 July |
| 4. | Machinery & Metal Division | Japan | 23 – 29 July |
| 5. | Life Sciences & Medical Technology Division | Singapore | 28 – 30 August |
| 6. | Oil & Gas and Maritime Technology Division | Europe (UK & Norway) | 3 – 9 September |
| 7. | Electrical & Electronics Division | Taiwan | 10 – 16 September |
| 8. | Food Technology & Resource Based Industries Division | Korea & Japan | 27 September – 7 October |
| 9. | Building Technology & Lifestyle Division | China | 24 – 30 September |
| 10. | Transport Technology Division | Japan | 29 October – 4 November |
| 11. | Machinery & Metal Division | Europe (Italy, Switzerland, Liechtenstein, Spain & France) | 22 October – 4 November |
| 12. | Chemical & Advanced Materials Division | Korea & Japan | 6 – 17 November |
| 13. | Business Services & Supply Chain Innovation Division | Singapore | 30 October – 3 November |
| 14. | Business Services & Supply Chain Innovation Division | Europe (France & Spain) | 26 November – 3 December |
| 15. | Green Technology Division | Japan & Korea | 23 November – 1 December |

International Investment Promotion (cont'd)

Investment promotion missions, round table meetings, seminars and other trade promotion activities organised in 2017.

Appendix 6 Seminars, Forums and Briefings

| NO. | PROGRAMME | DATE |
|-----|---|-----------------|
| 1. | MCKIP – Opening Ceremony | 9 January |
| 2. | YBM MITI's breakfast meeting with The Swedish Companies hosted by the Swedish Ambassador | 12 January |
| 3. | Breakfast Meeting hosted by AMCHAM | 13 January |
| 4. | MDBC Outlook 2017 | 16 January |
| 5. | World Economic Forum 2017, Davos, Switzerland | 17 – 21 January |
| 6. | US-ASEAN Report Launch Event : Advancing the AEC, Digital Economy & Free Flow of Data (Malaysia) | 18 January |
| 7. | Malaysia-France Seminar on High Speed Rail (HSR), Kuala Lumpur | 19 January |
| 8. | Italy Breakfast Meeting with YBM Italian Ambassador & Co | 26 January |
| 9. | Ease of Doing Business Asean vs Latin America | 6 February |
| 10. | AMCHAM Follow Up Meeting chaired by YAB PM | 20 February |
| 11. | MIDA ASEAN Korea Centre Seminar on Malaysia Smart Manufacturing, Kuala Lumpur | 21 February |
| 12. | Saudi Malaysian Business Forum 2017, Kuala Lumpur | 28 February |
| 13. | SMITA Bix Connect Day – AEC: The Force Awaken | 29 March |
| 14. | Malaysia-Britain Partners in a Post Brexit World, Kuala Lumpur | 5 April |
| 15. | EU – SME Instrument Welcoming Reception MIHAS 2017, Kuala Lumpur | 6 April |
| 16. | Economic Outlook 2017 in the Era of Trump Administration | 6 April |
| 17. | Hannover Messe 2017 | 24 – 28 April |
| 18. | EU Malaysia Trade & Investment Forum 2017 | 27 April |
| 19. | Hangzhou and Belt and Road Conference in Beijing | 12 – 17 May |
| 20. | Panel Discussion Political Development in The German Election Year: What Impact on the European Union | 16 May |
| 21. | South East Asia Venture Capital & Private Equity Conference 2017 | 17 May |
| 22. | JICA-EPU 60 Years & Beyond Seminar | 18 May |
| 23. | 23rd China Lanzhou Investment & Trade Fair in Lanzhou | 4 – 10 July |
| 24. | ASEAN Korea Investment Promotion Seminar on ICT Seoul in conjunction with The World IT Show 2017 @ Korea | 24 – 27 May |
| 25. | 2nd Investment Working Group (IWG) Meeting of Malaysia-Taiwan Economic Cooperation Committee (MTECC) in Taipei, Taiwan & 2nd Taiwan-ASEAN Investment Strategic Partnership Forum in Kaohsiung on Taiwan | 11 – 18 July |
| 26. | 13th Malaysia-Singapore Joint Ministerial Committee Meeting for Iskandar Malaysia @ Iskandar Puteri, Johor Bahru | 30 July |

International Investment Promotion (cont'd)

Investment promotion missions, round table meetings, seminars and other trade promotion activities organised in 2017.

Appendix 6 Seminars, Forums and Briefings (cont'd)

| NO. | PROGRAMME | DATE |
|-----|---|-------------------|
| 27. | ASEAN@50 Conference | 4 August |
| 28. | Intra-ASEAN Investment Forum, Kuala Lumpur | 10 August |
| 29. | CAEXPO China | 11 – 14 September |
| 30. | The Forbes Global CEO Conference in Hong Kong | 22 – 27 September |
| 31. | Qatar Malaysia Economic Forum | 16 October |
| 32. | Malaysia Taiwan Industrial Collaboration Summit at Taiwan | 24 – 27 October |
| 33. | Nikkei Business Forum 2017 | 30 November |

Domestic Investment Promotion

Investment promotion missions, round table meetings, seminars and other trade promotion activities organised in 2017.

Appendix 7 Industry Seminars / Workshops

| NO. | PROGRAMME | VENUE | DATE |
|-----|--|--|---------------|
| 1. | E-fulfillment Working Group Inaugural Meeting No.1/2016 | MIDA | 9 January |
| 2. | Smart Manufacturing Seminar | Perdana Hall, MIDA | 12 January |
| 3. | Mini MIDA Job Fair 2017 in Pontian, Johor | Pontian | 1 February |
| 4. | Brainstorming Session on Human Capital Requirement and Reverse Logistics on E-Commerce/E-fulfillment | MIDA | 1 March |
| 5. | MIDA Job Fair in conjunction with MITI Day 2017 in Perak (Northern Region)* | Perak | 5 March |
| 6. | PV CellTech Conference 2017 | Perdana Hall, MIDA | 14 – 15 March |
| 7. | Specialised Building Materials Supply Chain Conference | MIDA | 16 March |
| 8. | Langkawi International Maritime and Aerospace Exhibition 2017 | Langkawi | 21 – 25 March |
| 9. | 6th Sabah Oil and Gas Conference and Exhibition (SOGCE), Magellan Sutera Resort, Kota Kinabalu Sabah | Magellan Sutera Resort, Kota Kinabalu, Sabah | 10-11 April |
| 10. | SEMICON SEA 2017 | Penang | 25 – 27 April |
| 11. | The 8 th International Plastic Conference 2017 (collaboration with Malaysian Plastics Manufacturers Association - MPMA) | Holiday Inn Kuala Lumpur | 24 – 25 May |
| 12. | 2 nd Graphene Malaysia 2017 (collaboration with Nano Malaysia) | Double Tree by Hilton, Kuala Lumpur | 10 – 11 July |

Domestic Investment Promotion (cont'd)

Investment promotion missions, round table meetings, seminars and other trade promotion activities organised in 2016.

Appendix 7 Industry Seminars / Workshops (cont'd)

| NO. | PROGRAMME | VENUE | DATE |
|-----|--|---|------------------|
| 13. | Supply Chain Programme with Medical Devices & Pharmaceuticals Industries | Penang | 24 July |
| 14. | Program Jelajah Usahawan MITI & Agensi (JUM) - MIDA Career Fair | Labis | 28 – 29 July |
| 15. | Launching of AMMI Medical Device Outlook Report 2017 | Perdana Hall, MIDA | 2 August |
| 16. | Logistics Roundtable Meeting in Sarawak | Bintulu, Sarawak | 26 September |
| 17. | 7 th International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM) 2017 | KLCC | 11 – 13 October |
| 18. | IoT Conference 2017 | Perdana Hall, MITI | 16 November |
| 19. | International Biomass Conference Malaysia | Borneo Convention Centre, Kuching, Sarawak | 16 – 18 November |
| 20. | MIDA Job Fair in conjunction with MITI Day 2017 (Eastern Region)* | Grand Riverview Hotel, Kota Bharu, Kelantan | 19-20 November |
| 21. | Pharmaceutical Investment Advisory (PharmIAP), Medical Devices Investment Advisory Panel (MDIAP) Meetings & Working Groups | Board Room, MIDA | 17 December |

Appendix 8 Seminars / Workshops

| NO. | CONFERENCE | VENUE | DATE |
|-----|-------------------------------|--|--------------|
| 1. | Southern Region - Melaka | Hatten Hotel, Melaka | 30 March |
| 2. | Northern Region - Kedah | The Pure Hotel, Kedah | 14 September |
| 3. | National Level - Kuala Lumpur | InterContinental Hotel, Kuala Lumpur | 8 November |
| 4. | East Malaysia - Sabah | The Pacific Sutera, Kota Kinabalu, Sabah | 7 December |

Appendix 9 Domestic Investment Group Networking

| NO. | ASSOCIATION | VENUE | DATE |
|-----|--|-------------|--------------|
| 1. | Muar Furniture Association | Muar, Johor | 28 July |
| 2. | Malaysian Association of Asian Young Entrepreneurs (MAAYE) | MIDA | 12 September |
| 3. | SME International Trade Association of Malaysia (SMiTA) | MIDA | 4 October |
| 4. | Persatuan Usahawan Maju Malaysia Pahang (PUMM) | MIDA | 10 October |
| 5. | Dewan Perniagaan Usahawan Kecil Malaysia (DPUKM) | MIDA | 11 October |

Domestic Investment Promotion (cont'd)

Investment promotion missions, round table meetings, seminars and other trade promotion activities organised in 2016.

Appendix 10 Supply Chains Programmes

| NO. | CONFERENCE | VENUE | DATE |
|-----|--|---|-------------|
| 1. | East Cost Region - Pahang | Zenith Hotel, Pahang | 22 May |
| 2. | Northern Region - Penang | PSDC, Penang | 24 July |
| 3. | Southern Region - Johor | Persada Johor Bahru | 17 August |
| 4. | Seminar Pelaburan dan Pembangunan PKS (In conjunction of MITI Day) | Grand Riverview Hotel, Kota Bharu, Kelantan | 20 October |
| 5. | National Level - Kuala Lumpur | Shangri-La Hotel, Kuala Lumpur | 30 October |
| 6. | East Malaysia Region - Sarawak | UCSI Hotel, Sarawak | 22 November |

Appendix 11 Meetings with Local Conglomerates

| NO. | CONFERENCE | VENUE | DATE |
|-----|--|-------------|-----------|
| 1. | Meeting between YB Minister of MITI with Permodalan Nasional Berhad (PNB) and Group of Companies | PNB | 17 April |
| 2. | Meeting & Dialogue Session Between YB Minister MITI with Media Prima Berhad | Media Prima | 16 May |
| 3. | Meeting & Dialogue Session Between YB Minister MITI with Petronas Dagangan Bhd | Petronas | 17 August |

Appendix 12 *Turun Padang's* Programme

| NO. | PROGRAMME | VENUE | DATE |
|-----|---|--------------------|-------------|
| 1. | Working Visit YB Minister of MITI to Decathlon Malaysia | Decathlon Malaysia | 23 February |
| 2. | Turun Padang YB Minister of MITI to Finisar (M) Sdn Bhd and Movie Animation Park Studio | Ipoh, Perak | 5 May |
| 3. | Working Visit YB Minister of MITI and Roundtable Meeting with Major Industry Players in Johor | Johor | 15 May |
| 4. | Turun Padang YB Deputy Minister (Trade), MITI to STMicronelectronics | Muar, Johor | 13 July |

Domestic Investment Promotion (cont'd)

Investment promotion missions, round table meetings, seminars and other trade promotion activities organised in 2016.

Appendix 13 Other events

| NO. | AGENCY / COMPANY | COUNTRY | DATE |
|-----|--|-------------------|--------------|
| 1. | Bangladesh Investment Development Authority (BIDA) | Bangladesh | 7 June |
| 2. | MIDA-JICA TCTP: Investment Promotion For African Countries | African Countries | 16 August |
| 3. | Ministry of Public Administration Bangladesh (MoPA) | Bangladesh | 24 August |
| 4. | Politeknik Kota Bharu | Malaysia | 7 September |
| 5. | IP Bridge Inc. | Japan | 14 September |
| 6. | TCTP SME Support (Entrepreneurship Through Information Technology) - Palestine | Palestine | 10 October |
| 7. | PUMM Pahang with Zhao Qing Society (China) | Malaysia & China | 10 October |
| 8. | Sri Lanka Institute of Development Administration (SLIDA) | Sri Lanka | 25 October |
| 9. | SME Corporation | Malaysia | 31 October |
| 10. | Malaysia Dongguan Entrepreneurs Federation (MDEF) | Malaysia | 17 November |
| 11. | Small And Medium Enterprises And Regional Innovation, Japan (SMRJ) | Japan | 19 December |
| 12. | Bangladesh Civil Service Administration Academy Bangladesh & UCTC, UPM, Malaysia | Bangladesh | 21 December |

Public Relations and Media Communications

Media conferences, press conferences and industry familiarisation programmes and other public relations programmes organised by the Investment Communications Division in 2017.

Appendix 14 Public Relations and Media Communications held in 2017.

| NO. | ADVERTISEMENT / ADVERTORIAL | DATE |
|-----|---|-----------------------|
| 1. | China Daily – Malaysia Special | May 2017 |
| 2. | The Japan Times – Malaysia Special Focus | August 2017 |
| 3. | Bernama Digital Video Coverage for MIDA Open Day 2017 | September 2017 |
| 4. | Site Selection – Sectors on a Mission : Three “Catalytic” Industries Are Charged With Boosting Malaysia’s Industrial Ecosystems | September 2017 |
| 5. | Site Selection – Best Supporting Actors : The Awards Go to Two Industries – Medical Devices And Aerospace – With Long Careers Ahead of Them | November 2017 |
| 6. | The Economist (Healthcare) – In Perfect Health : How the Healthcare Industry is Thriving In Malaysia | July to November 2017 |
| 7. | The Economist (Aerospace) – Flying High: How The Aerospace Industry is Soaring in Malaysia | July to November 2017 |
| 8. | The Economist (M&E) – Fully Equipped : How Malaysia is Leading Asia in Machinery and Equipment Manufacturing | July to November 2017 |
| 9. | The Economist (E&E) – Digital Dynamism : How Malaysia is Driving the Global Electronics Sector | July to November 2017 |
| 10. | The Economist (E-commerce and E-fulfilment) : Ease and Fulfilment: How Malaysia is Enabling the Growth of E-commerce | July to November 2017 |
| 11. | NST – The Changing Landscape of Malaysia's Investment Structure - Manufacturing | September 2017 |
| 12. | NST – Where Are Our Manufacturers Now? | September 2017 |
| 13. | NST Supplement – Five Decades of Industrial Development : MIDA 50th Anniversary | September 2017 |
| 14. | MAJECA Publication – Enabling Economic Empowerment , The Story of MAJECA Malaysia Japan Economic Association 1977-2017 | October 2017 |
| 15. | Intelligence Sourcing Magazine-December Issue | December 2017 |

11 | CONTACTING MIDA

Addresses of MIDA Headquarters, State and Overseas Offices.

MIDA WORLDWIDE NETWORK

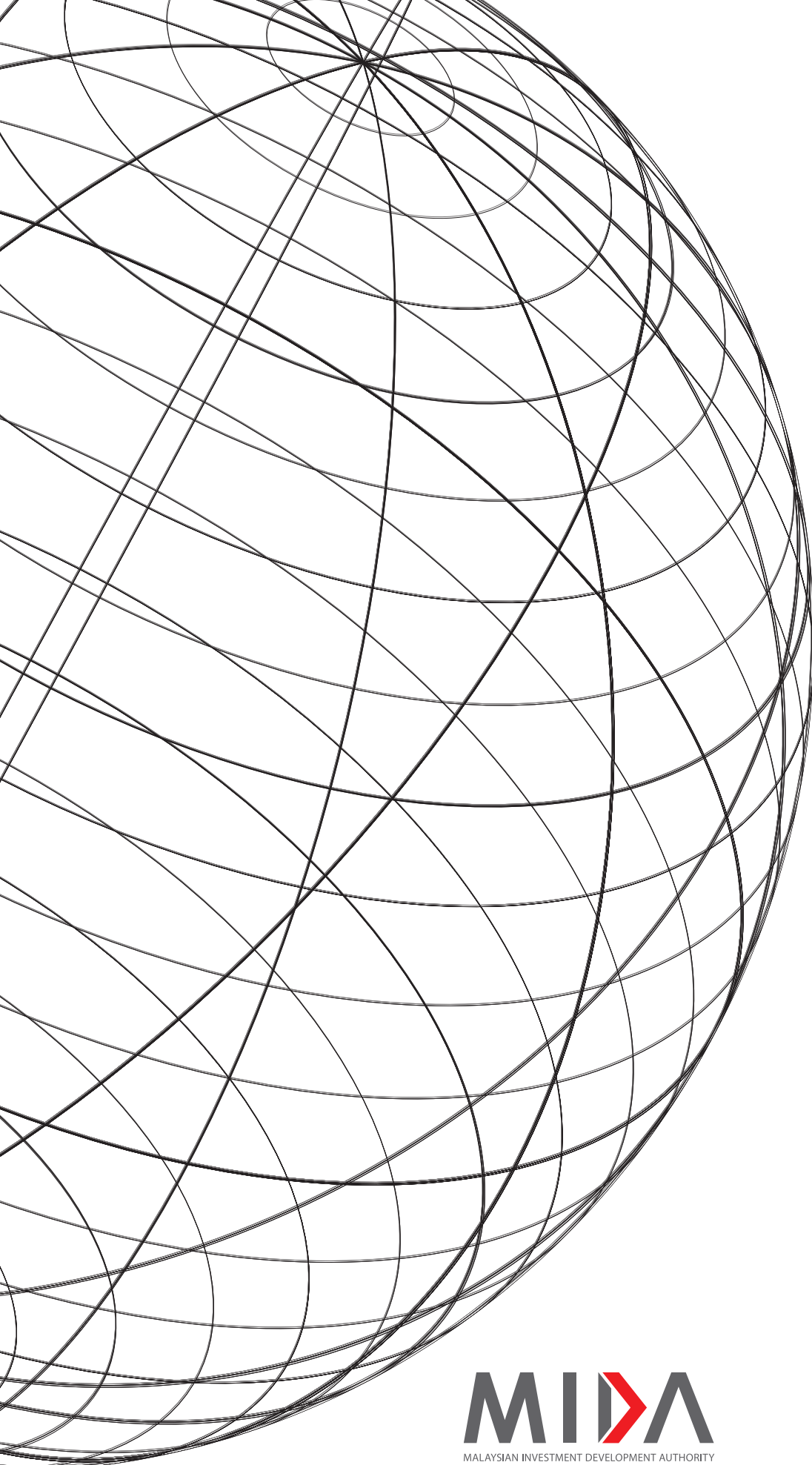
With its headquarters in Malaysia’s capital city of Kuala Lumpur, MIDA has established a global network of 23 overseas offices covering Asia, Europe, North America, and Australia to assist investors interested in establishing manufacturing projects and services. Investors are encouraged to discuss their project interests with MIDA officers at MIDA’s headquarters in Kuala Lumpur or at its overseas closest to them.

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