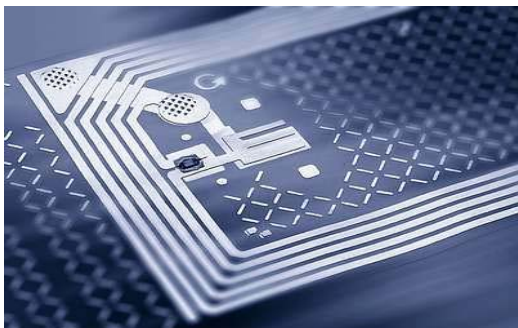


The State of Affairs for Logistics and RFID in Malaysia



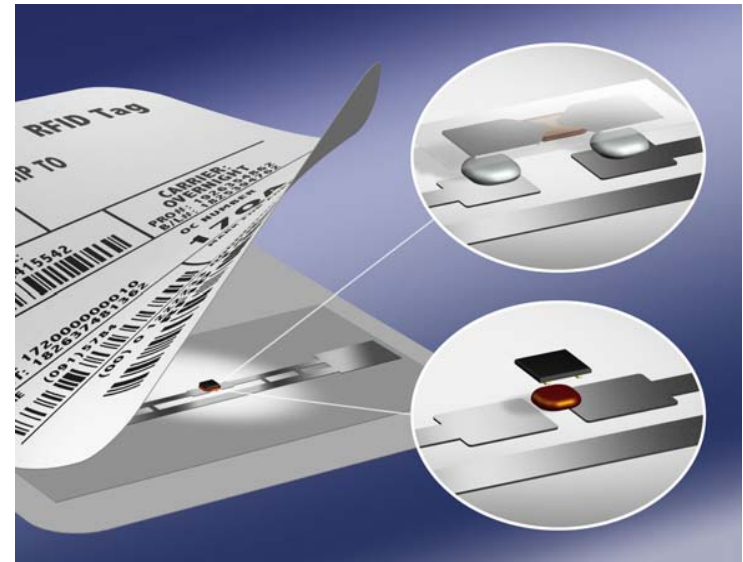
Some facts of RFID Technology in Malaysia

- Malaysia Microchip Project – smallest RFID in the world.
- 0.7 mm X 0.7 mm
- Third bands of radio frequency
- Developed in collaboration with FEC Japan.
- Total Project Cost USD50.0 million
- Cost per chip USD0.06 excluding the applications.
- Projected to reach market value of USD12.3 billion in 2010.



Government Pilot Initiatives

- Ministry of Domestic and Consumer Affairs – B Certificates Security Labels for film disk.
- KLIA – Hong Kong International Airport – tracking of baggage.
- RFID Car License Plates



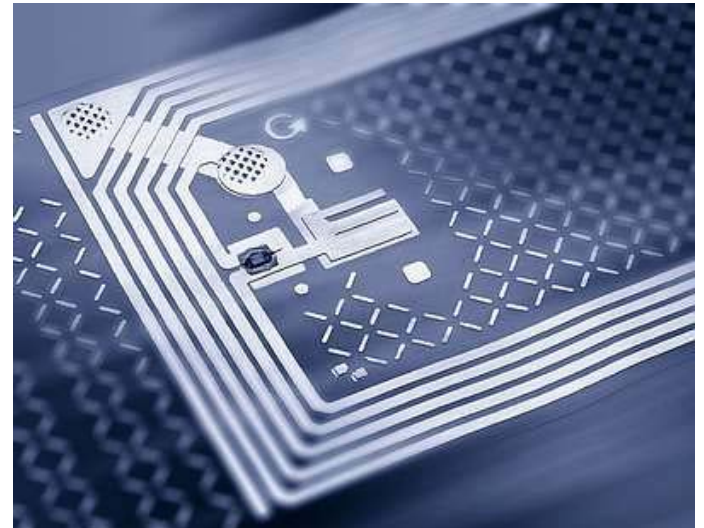
Largest Private Sector Implementation

- Touch n Go (e-Purse using RFID technology)
- Estimated 2-3 million cards issued.
- Used primarily for tols and parking lots.



Private Sector Pilots / Projects

- Faber Medi-serve – auxiliary services for hospital. (Bed-linen)
- MDT Technology – tracking of students.



Logistics

- Malaysia Logistics Council – early 2007.
- Chaired by Deputy Minister of Ministry of International Trade and Industry (MITI)
- Set up under the Third Industrial Master Plan (IMP3) - focal point for the overall coordination of policies, strategies and regulations for the further development of the logistics industry.
- To form four focus groups to undertake the tasks at the sub-sectorial level.



Projection for Logistics Business

- Under the IMP3, the logistics industry is targeted to grow 8.6 % during the plan period (2006-2020), and is projected to contribute 12.1% to the country's gross domestic product by 2020.
- In addition, the volume of total cargo handled by ports is expected to increase by more than three fold, from 252.6 million tonnes in 2005 to 751 million tonnes in 2020, while the volume of air cargo trade is projected to increase by more than twofold, from 1 million tonnes in 2005 to 2.4 million tonnes in 2020.
- Rail cargo volume, meanwhile, is expected to increase almost five- fold, from 4 million tonnes in 2005 to 18.6 million tonnes in 2020.

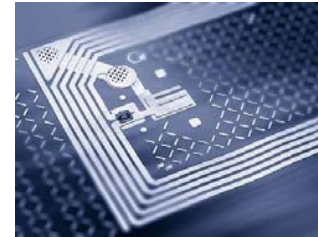


Incentives

- Attractive incentives to eligible companies undertaking integrated logistics services, that cover the entire supply chain, which includes the procurement of software and hardware; warehousing; distribution (transportation and freight services); packaging activities and Customs clearance.
- Financial Incentives – taxes, capital expenditure etc.



Challenges



- Incentives not specific.
- Different Ministries
 - RFID (Ministry of Science, Technology and Innovation)
 - Logistics Council (Ministry of International Trade and Industry)
 - Incentives (Ministry of Finance)

