



ANNUAL REPORT
2010
Connecting 1MALAYSIA





CONNECTING 1MALAYSIA

Technology in communications and multimedia generates a flow of ideas, creativity and knowledge that connects Malaysians of all ages, religions or races. MCMC is the catalyst in creating a dynamic environment and inevitably realising the vision of 'Connecting 1Malaysia'.

STATUTORY REQUIREMENT

In accordance with Section 47 of the Malaysian Communications and Multimedia Commission Act 1998, the Malaysian Communications and Multimedia Commission hereby publishes a report that entails the activities of the Commission and has submitted it to the Minister of Information Communication and Culture together with a copy of its Audited Financial Statements of the Malaysian Communications and Multimedia Commission Fund for the Year Ended 31 December 2010 to be laid before both Houses of Parliament.

ANNUAL REPORT 2010

Connecting 1MALAYSIA

“Every citizen, no matter where they may be, should and will enjoy the benefits of broadband and ICT to enable Malaysia to become a high-income economy.”

*YAB Dato' Sri Mohd. Najib Bin Tun Haji Abdul Razak
Launch of Digital Pekan 1Malaysia, 30 January 2010*

“The advent of ICT telecommunications infrastructures, specifically high speed broadband, will change our way of life - the world will become smaller and we will be able to communicate faster and more efficiently.”

*YB Dato' Seri Utama Dr. Rais Yatim
Launch of National Broadband Initiative, 24 March 2010*




**KEMENTERIAN
PENERANGAN
KOMUNIKASI
& KEBUDAYAAN**
**INISIATIF
JALUR LEBAR
NEGARA**

**NATIONAL
BROADBAND
INITIATIVE**

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To establish Malaysia as a major global centre and hub for communications and multimedia information and content services.

NATIONAL POLICY OBJECTIVES

10 National Policy Objectives for the Communications & Multimedia Industry

To promote a civil society where information-based services will provide the basis of continuing enhancements to quality of work and life.

To grow and nurture local information resources and cultural representation that facilitate the national identity and global diversity.

To regulate for the long-term benefit of the end user.

To promote a high level of consumer confidence in service delivery from the industry.

To ensure an equitable provision of affordable services over ubiquitous national infrastructure.

To create a robust applications environment for end users.

To facilitate the efficient allocation of resources such as skilled labour, capital, knowledge and national assets.

To promote the development of capabilities and skills within Malaysia's convergence industries.

VISION

A globally competitive, efficient and increasingly self-regulating communications and multimedia industry generating growth to meet the economic and social needs of Malaysia.

MISSION

We are committed to:

- Promoting access to communications and multimedia services;
- Ensuring consumers enjoy choice and satisfactory level of services at affordable prices;
- Providing transparent regulatory processes to facilitate fair competition and efficiency in the industry;
- Ensuring best use of spectrum and number resources; and
- Consulting regularly with consumers and service providers and facilitating industry collaboration.

To ensure information security and network reliability and integrity.



CLIENT'S CHARTER

Our undertaking to our clients are:

General Consumers

- Recording/logging of all complaints received
- Acknowledgement to complainants within 3 working days
- Forward complaints received to relevant service provider or respective department in MCMC within 5 working days
- Follow-up on status of complaints from service provider after 15 days

Apparatus Assignment (AA)

- 60 days to process the AA application, subject to the Licence Committee meeting, border co-ordination by FACSMAB, JTC and Trilateral (Malaysia, Singapore and Indonesia) meetings and approvals

Number Assignment

- 30 days to process normal assignment applications e.g. PSTN Numbering Application
- 45 days to process special assignments e.g. mobile, short codes

Licence Applicants

- 45 days from receipt of complete application to process NFP, NSP and CASP licence applications and to recommend to the Minister for approval
- 30 days from receipt of complete submission to process NFP and NSP class licence registrations
- 15 days from receipt of complete submission to process ASP class licence registration

Licensees

- Promote fair competition and market development through transparent regulatory processes as outlined in the CMA 1998
- Provide resolutions to disputes when necessary
- Promote effective regulation by monitoring all significant matters relating to the performance of its licensees and reporting to the Minister at the end of each financial year
- Review the Rules & Regulation every three years or as and when directed by the Minister. This is to ensure that the Rules & Regulation remain relevant



The Minister's Foreword

Leaping Ahead with Broadband

Year 2010 has focused on the development of communications technology and culture among Malaysians. The National Broadband Initiative launched by the Prime Minister in early 2010 has opened a new chapter in the history of communication development of our country. The Government worked together with the industry to achieve 50% broadband penetration, and thankfully, we achieved the targets, and in fact successfully exceeded it, at 55.6%.

The revenue from the communications sector as a whole has increased by 11% to RM45.8 billion compared to RM41.2 billion in 2009. Looking back on the performance of this industry five years ago, it has grown at a compounded annual growth rate or CAGR of 46%, an increase of RM14.4 billion. In 2010 also, the domestic revenue for the communications and multimedia is at RM35.4 billion, representing 6.3% of Gross Domestic Product (GDP). Meanwhile, if we take into account the foreign income, then the overall revenue of the industry was RM45.8 billion, representing 8.9% of the Gross National Product (GNP).

Infrastructure or access to basic broadband is ready with the construction of communications towers, development of Community Broadband Centres throughout the country, the formation of Digital Districts to help the economic and social development in specific areas and distribution of 1Malaysia Netbooks to deserving groups, particularly students from disadvantaged families, so that they have an equal opportunity to compete.

Content industry development is an important catalyst in the development of communications and multimedia industry, leading to economic growth.



The *Kampung Tanpa Wayar* initiative across the country has been accelerated so that people have access to broadband services in underserved areas. This means we need to shift our attention to increase the quality of broadband services, usability, content development and electronic communications, the Internet or cyberspace. This shift is to provide good and relevant services to Malaysians, so that they are directly involved in the nation's progress.

Internet and cyberspace is now a catalyst which allows various aspects of life such as services, business and relationships to integrate with one another, in an efficient and speedier way that reflects the 1Malaysia concept.

This means that the development of the content industry in our country has big potential. Products and services of the communications and content industry are worth more than RM48 billion a year in this country. Free-to-air TV stations generated RM 2 billion worth of broadcasting income in a year. On average the creative industries in developed countries accounted for between 1 and 5 per cent to Gross Domestic Product (GDP). In the Malaysian context, the creative industry is projected to contribute an estimated 1.27% to the GDP. The content industry has strong potential for growth and the government will strive to push the creative industry as a source of employment and income, therefore pushing towards a high-income nation.

Products and services of the communications and content industry are worth more than RM48 billion a year in this country.

Content industry development is an important catalyst in the development of communications and multimedia industry, leading to economic growth. This was established in the Economic Transformation Programme (ETP) and Government Transformation Programme (GTP) which is led by our Prime Minister and launched in 2010. Among the 12 sectors identified as the catalysts for ETP is the Communications, Content and Infrastructure (CCI) that is led by the Ministry of Information, Communication and Culture (MICC). The Operational Sponsors Group is a collaborating group comprising MCMC, government bodies, private sectors and the industry.

Our efforts to develop the communications and multimedia industry in Malaysia has been acknowledged by countries around the world, with visits by other countries to Malaysia, to see and learn about our progress, as well as invitations by the industry to participate at international forums. A significant honour to the country, the Prime Minister was awarded the World Telecommunication and Information Society Award on 17 May 2010 in conjunction with the World Telecommunication and Information Society Day held by the International Telecommunication Union (ITU), for his efforts to strengthen cyber security internationally, and improve the ICT infrastructure to develop the country and the people of 1Malaysia.

To end, this Annual Report 2010 presents clear information on the activities and functions of the Malaysian Communications and Multimedia Commission whose role as the regulator and industry developer of communications and multimedia. I am confident the Commission will continue its efforts in connecting 1Malaysia to the world.

Dato' Seri Utama Dr Rais Yatim

Minister of Information, Communication and Culture Malaysia



Chairman's Message

Fulfilling our Promise on Broadband

2010 opened its doors to a new era in the world of communications and multimedia in Malaysia with the launch of the National Broadband Initiative (NBI) by the Prime Minister and the continuous effort towards bringing broadband to the entire nation. The launch of NBI has enabled the industry to focus on improving high speed broadband services and stimulate demand and benefit to the people in need of ICT towards becoming a developed nation.

Economic changes could multiply several times if broadband infrastructures are applied and implemented in business matter or our daily lives. In this context, the digital lifestyle initiative will introduce applications and content to increase productivity and map our way towards realising an advanced and competitive Malaysian community. I am pleased to note that the Malaysian Communications And Multimedia Commission (MCMC) has fulfilled its promise to increase broadband penetration to 50% at the end of 2010, and even surpassed the target with a penetration of 55.6%.

This is further supported by the extension of cellular telephone population coverage being pushed to almost ubiquity with over 95% population and subscriptions attaining 119.2% per 100 population. I can say that Malaysians are now truly connected! This achievement is meant to widen access of broadband services to the whole nation.

The household broadband penetration rate has been steadily rising where we reached 21.1% at end 2008 and rising to 31.7% in 2009. To reach and surpass this 50% target in 2010 is a major step forward as it creates the momentum to accelerate or propel us to reach higher levels of broadband penetration.

This impressive achievement is attributed largely to the close working arrangements and support of the industry in the all round push to reach this national goal. I am of course very happy and privileged to be in this position to see through this major challenge and milestone in the nation's progress towards connecting more people and making it relevant in their lives.

Acceleration occurs when monitoring and efforts towards economic growth are harnessed to move the industry forward and the determination to achieve the status of a developed nation by the year 2020. I believe in the strategy of putting broadband ICT in everyone's hand and once our people have and know how to use it, things will not be the same anymore; like what they say "everything else will be history".

Higher Quality and Higher Speed Broadband Service

Quality and speed are most pertinent for consumers as the industry struggles to meet the heavy demand fuelled by exponential growth in 2010. We must move on to invest and implement next generation broadband infrastructure so that better services with low latency and high speed can be offered besides bringing in huge economic benefits and new growth to Malaysia in the coming years.

For this, the momentum began with the implementation of the National Broadband Plan in 2010 through the launch of the next generation High Speed Broadband or HSBB retail service with services up to 20Mbps in March 2010 and covering some parts of Klang Valley by the end of 2010. This service was launched in March 2010 by our Prime Minister at Dataran Merdeka Kuala Lumpur in conjunction with the launch of the National Broadband Initiative.

Regulatory for growth

Industry research have shown that a good regulatory system contributes to a stronger industry. This leads to the conclusion that the industry's growth is harnessed through a well regulated environment.

Through regulation, broadband penetration target achievement led to rise in revenue for the communications and multimedia industry from RM41 billion and market capitalisation from RM103.5 billion or 10.4% of the total Bursa Malaysia market capitalisation in 2009 to a revenue of RM46 billion and market capitalisation to RM118 billion or 9.3% of the total Bursa Malaysia market capitalisation in 2010. The 2010 revenue represented 6.3% (estimated) and 8.9% of GDP and GNI respectively and is a significant contribution to the Malaysian economy.

The market is characterised by a small number of big players and many small niche players especially in the applications service class. In numbers, the total number of players remained fairly constant in 2010 compared to those in 2009 due to the convergence of communications and multimedia services offered by one or a few major service providers.

There is however an increase in MCMC licensees being listed on ACE market with a total number of 113 companies listed, out of these, 30 companies or 27% are MCMC licensees (2009: 17 companies or 15% out of 116). This indicates that the smaller ones have moved up and improve their capability to tap financial resources to invest and expand. The market is generally competitive with many new and innovative service offerings and packages chasing for existing and new market share and growth.

The Economic Transformation Programme (ETP) is a comprehensive programme on what we as a country need to do over the next ten years to achieve a high-income nation status. The Programme has a clear implementation roadmap to help us deliver the results. The Commission is leading the ETP in transforming the Communications, Content and Infrastructure Sector which is one of the 12 key economic areas that is key to secure our future at MCMC.

There are a total of 34 entry point projects from the ten (10) Entry Point Projects (EPP). The total EPP CCI contribution to the GNI in 2020 is expected to be about USD5.1 billion. As of end of 2010, of the 34 EPP projects, 28 were already implemented or in various stages of implementation.

Amongst the initiative and entry point projects are the Track and Trace project for container management at customs and burung walit nest management, the setup of a regional network consortium to build submarine cables to America, Telepresence services, e-Government projects, Select TV and MyMediaNet, restructuring of contents industry, subscription packages for mobile telephone, smartnet, 1BestariNet, 'Kampung Tanpa Wayar' and amendments to UBBL to ensure broadband for all premises.

Living with broadband ICT

We hope to transform our lives to one of a higher level, either in business or in social, contributing to 1Malaysia and our move to a high-income nation status that is both all inclusive and sustainable. We are facilitating the use of broadband ICT to transform the nation in service delivery such as e-Govt, e-health, smart Government, smart school, digital homes and districts, post and courier, transport and logistics and even in edible bird nest supply chain management.

The list is long and it goes on to show that if we are able to increasingly embed broadband ICT to these many aspects of daily dealings it will surely improve our productivity and competitiveness as well as wealth creation. There are opportunities for all to tap and we will take it to the industry with much vigour, creating awareness and encouraging them to take it up either as a business or in their business to impact on digital living.

Among the programmes carried out in 2010 are the launch of the Digital Districts in Pekan, Pahang; Pagoh, Johor; and Jempol, Negeri Sembilan which saw various broadband ICT programmes to uplift the community in the districts as well as to quick start the process of transformation which includes smart collaborations with various stakeholders from the Government, private sector and academia, a personal computer (PC) ownership drive including the delivery of the 1Malaysia Netbook programme and services such as wireless hotspots, free email accounts and e-Government services.

A Broadband Experience Centre was also established in each of the Districts which provide good opportunities for the people in the area to experience new broadband services and applications. The Broadband Experience Centres were organised as part of the education and awareness programmes in relation to use of broadband ICT services and to create more local content leading to increase literacy and digital inclusion.

The phrase "bringing the library into your living room" sums up what is ubiquitous library or u-Pustaka as it is known as and promoted. U-Pustaka involves innovative information delivery service through web publishing, collaboration, content management and inter-lending service components of consortium member libraries in the u-Pustaka project to unlock knowledge resources and to foster an engaging lifelong learning experience anytime, anywhere for continued enhancement to quality of work and life. The initiative, which began during the tenure of the previous Chairman of MCMC, Datuk Dr Halim Shafie, opened for membership in 2010 and 174,000 members signed up by the end of 2010.

It is great news for all of us who takes a passionate interest in reading and the pursuit of knowledge. It provides unparalleled access to our vast library collections to anyone, anytime and anywhere. We believe this will help transform Malaysia into an inclusive knowledge society.

In 2010, we revealed the digital lifestyle Malaysia initiative for consultations with the industry on the approach to promote digital lifestyle applications services and the adoption of the Internet of Things. This has been largely completed and some projects have even gone pass the Proof-of-Concept stage. 2011 will see further development in this area and I am very excited at the way things are being laid out and how it will transform our lives.

Broadband ICT pushes and pulls mails and parcels

While broadband ICT adoption and the electronic connected network spreads, mails and parcel handling with a sizeable physical connected network is in dire need to transform in order to meet future challenges ahead. Postal and courier is no doubt an essential element to the efficient functioning of the economy and society as a whole as it provides the physical, financial and electronic connectivity to business and non-business users, to both domestic and international destinations. It should be noted that Postal services in Malaysia, on a daily basis, handles an estimated three (3) million postal articles, moved by more than 20,000 postmen and couriers, at more than 1,000 service outlets nationwide. Erstwhile mail volumes are declining due to electronic substitution, the consumption of small packet and parcel service is expected to grow in tandem with the development of online businesses as articles and goods need to be moved efficiently.

To ensure that Malaysia is up to these challenges, a new postal strategy for the period 2010 to 2014 was launched. It is to provide a roadmap for the transformation and development of the postal and courier sector to compliment electronic connectivity with the physical connection by post and courier. As the strategy outlines, it shall bring the sector towards efficiency and modernisation thus contribute to economic viability.

Competent Regulation to Promote Investment

Regulation and monitoring of the industry is important to ensure the whole eco-system is optimised to ensure a level playing field for all and that the right platform and infrastructure are built by licensees to meet the demands of consumers. A strong regulatory framework will promote confidence in the sector and in return promote investment. It will certainly move the industry forward to achieve the ten national policy objectives for communications and multimedia services for the country.

Monitoring of performance and compliance of licensees, consumer and content codes, access and interconnection, mandatory codes, offences and prohibitions under the CMA 1998, as always takes up a lot of resources in 2009 as well as in 2010. The Commission had its hands full managing the increasing number of cases on improper use of online, new media and Internet abuse. Generally compliance by licensees were good overall and those service providers were very responsive in addressing non-compliances. Security on the Internet remains a concern from the number of phishing incidences and its impact on level of confidence in online transaction.

Most cases investigated indicated that consumer awareness on cyber crimes, online ethics and available security tools are required to strengthen consumers against on-line security breaches.

Protecting the Consumer

Consumers in Malaysia are today spoilt for choice among the many packages offered by service providers. The choices may be between a wired and wireless service, how much bandwidth to subscribe, post or pre paid, digital satellite or broadband IPTV, the period of subscription, the devices on offer, easy payment schemes, coverage and quality offered and ultimately which service provider to choose from. Consumers now also have the ability to port their mobile number since the numbers are no longer tied to a particular service provider because of their mobile number. Such freedom of choice presents a challenge to the consumer to be adequately informed in regard to the products and services on offer and to know what is best for them.

In such an environment, consumer complaint resolution and education is of paramount importance. The Commission together with the designated industry consumer forum provides such advocacy. The main objective is to create an environment with a high level of self regulation where consumer issues are discussed, debated and resolved by the industry itself with minimum intervention from the Commission. Ultimately, consumer awareness is improved and with their collective strength could influence service providers to ensure good products and service and honour their promise. In this respect, the year had seen many engagements either through exhibitions and events to education forums for consumers.

With the development of industry and further choices for consumers, the number of consumer complaints had grown in tandem. Consumer awareness programmes on Internet safety, online transactions, online ethics, radiation safety issues from cellular base stations and mobile phones were held throughout the country in collaboration with consumer forums and other Government agencies. With the efforts on awareness and education, MCMC's recent Internet User Survey shows an increase in awareness on these two issues.

Ensuring That We Are 1 'Connected' Malaysia

The push to ensure that no one is left out in obtaining access to broadband services reached a feverish tempo in 2010. The National Broadband Initiative left no stone unturned, with added programmes such as the 1Malaysia Netbook initiative with a target delivery of up to 1 million netbooks to deserving groups. Each netbook is packaged with broadband connectivity in order that the recipients to be connected to the Internet. This initiative is further supported by the USP Community Broadband Centres (CBC) infrastructure and new community broadband wireless access (CBA) points, also known as 'Kampung Tanpa Wayar' or Wireless Villages. The Kampung Tanpa Wayar initiative is a subset to the Digital District, another initiative embarked to complete the holistic broadband picture.

The Magic Map tool that we have developed earlier was put to good use in the mapping, planning and identification of areas to enable the express delivery of the broadband access services so that the 1Malaysia Netbooks can immediately be used when it arrives in the hands of those identified recipients. I would say that this is a landmark programme and does attract a lot of local and international attention, but more rewarding is when we see the glittering eyes and the happiness of the young student recipients as they walk up to receive this tool meant to better their future.

Research initiatives to address needs and build knowledge resource

Research is a key process to address industry challenges and in charting the way forward in a well informed manner. It helps to build a knowledge resource base, databases and a networking forum from which we can rely on as well as builds confidence in our approaches in tackling issues and industry development. The Commission conducts its own research on a regular basis as well as collaborate or outsourced to others including Institutions of Higher Learning and research service houses.

The Commission have ongoing research programmes in the areas of new media, spectrum technical and management, consumer protection, statistical and market research as well as publications and education forums such as seminars to inform the industry of findings. Our series of studies on hand phone users and household use of the Internet survey provide interesting insights into how the Malaysian demographics react to the use of the two key communication tools available to them.

Notable of mention in 2010 is the launch of our MCMC TecnoLab (Technology Innovation Lab) where research, technology and innovation of new products and services are showcased for visitors to experience. In the first series of exhibition the iDOLA netbook and WiWi access point were featured.

Optimum management of resources to fuel growth

MCMC is entrusted with managing key resources such as numbering and address resources, Spectrum management and the Universal Service Fund. Efficient management of Spectrum is very important to ensure that wireless communications are free from interferences; numbers and addresses are needed for routing and delivery of communication as well as access to services.

In this regard, it is the Commission's responsibility to ensure that adequate public mobile cellular numbers and internet addresses are available and distributed efficiently. The rapid take up of mobile telefon subscriptions has put pressure on the current public mobile cellular numbering resource based on 3 + 7 to move to 3 + 8. The new public cellular phone numbering will take off with the prefix-011 followed by eight digit numbers (011 1XXX XXXX). This is one of the long-term planning measures undertaken by the Commission after taking into consideration that the existing public cellular phone numbering format of 3 + 7 is quickly running out and will not be able to support and accommodate demands from the industry in the near future. This new implementation is also a result of the increase in the number of cellular service providers and the potential of various service applications which will be made available due to the advancement of communication technologies.

IPv4 addresses are also running out and the move to IPv6 is imminent if not urgent to ensure that the limitation of addresses will not inhibit growth especially in implementation of the internet of things. 2011 will see increase efforts in this area, so watch this space!

Migration of analogue TV to digital, spectrum dividend and re-farming were also areas in focus in 2010 with issues being keenly debated with the industry. Most of the policy foundations are in place and 2011 will see further developments in this area.

Engaging International Co-operation

We have been active in engaging with our regional neighbours and the international community where we aim to promote our interest and foster greater cooperation, expand our network and harmonisation in communications and multimedia through the various international organisations. Such engagements are important as it helps to better mutual understanding of regulatory and best practices. In turn it helps us to benchmark our regulatory environment to international standards, improve human resource development, foster industry competitiveness and facilitation of trade and partnerships.

17 May 2010 is a date to remember as it is the highlight of our efforts so far in being the recipient of the prestigious World Telecommunication and Information Society Award 2010, in Shanghai, China. The award was presented to our Prime Minister by the International Telecommunications Union. This award acknowledges distinguished personalities for their contribution to building an inclusive and more equitable information society. The award acknowledges the support provided by Malaysia in the work of ITU in strengthening global cyber security through the International Multilateral Partnership Against Cyber Threats (IMPACT) Centre in Cyberjaya and acknowledging our Prime Minister for placing a high priority on strengthening ICT infrastructure as part of his economic and government transformation programme.

Building the future team in MCMC

As mentioned, I am proud to have a very dedicated team to assist me and to drive the industry to reach the goals and objectives of the Commission. In 2010, MCMC continued to employ and replenish staff members to fill new existing positions that fell vacant due to a number of retirements. It is realised that in order for the Commission to continue carrying our duties and responsibilities with excellence there needs to be a committed team that is ready to take on the challenges of the future

I would like to record my gratitude to the senior officers who have left MCMC due to retirement for their erstwhile contribution and support. A number of new talents and professionals were brought in to fill the gaps whilst we continued the services of experience officers to help nurture the young ones. Organisational realignment and continued skills development focusing on a performance driven culture were actively pursued. The MCMC Academy was upgraded to take on the various in-house programmes and industry collaborative training with greater intensity in support of this capacity development push.

TAN SRI KHALID BIN RAMLI
Chairman

Commission Members

TAN SRI KHALID RAMLI

Tan Sri Khalid Ramli, was appointed Chairman of the Malaysian Communications and Multimedia Commission (SKMM) on 16 October 2009.

Tan Sri was previously the Director General of Implementation Coordination Unit (ICU) of the Prime Minister's Department. Immediately before his appointment at the ICU, Tan Sri Khalid served as the Secretary of the Penang State Government. He has served as a Public Administrator in various capacities since 1972.

He was formerly a member of Pemudah and Co-Chairman of the Efficiency Working Group. He was also previously a Board Member of Petronas. He holds a Bachelor's Degree (Honours) of Arts from University of Malaya and a Masters of Public Administration from the University of Southern California, United States of America.





DATO' SRI KAMARUDDIN SIARAF

Dato' Sri Kamaruddin Bin Siaraf, was reappointed as a Commission Member of the Malaysian Communications and Multimedia Commission effective from 10 April 2011 for a period of two years. Dato' Sri Kamaruddin had served 35 years in the Government in various capacities including as the Secretary General of the Ministry of Information, State Secretary of Negeri Sembilan and Director General of Tourism Malaysia. Currently, he is the Secretary General to the Ministry of Information, Communication and Culture.

As the Secretary General, Dato' Sri is very much involved in the formulation of the National Creative Industry Policy, the setting up of the Personal Data Protection Commission, Broadband Initiatives Content Development and 1Malaysia campaign and initiatives. Currently, Dato' Sri is the Chairman of ASWARA and Menara Kuala Lumpur. He also sits on the Board of GITN Sdn Bhd. and BERNAMA.

DATO' MADINAH MOHAMAD

Dato' Madinah Mohamad was officially appointed as Secretary General, Ministry of Science, Technology and Innovation, Malaysia (MOSTI) on 22 April 2009. As the Secretary General to the Ministry, she is very much involved in the administration of MOSTI and directly in charge of the development of science, technology and innovation in Malaysia. The drafting and formation of new policies with respect to innovation is one of her main priorities. The implementation and progress of related policies which is already endorsed by the Government, such as Biotechnology Policy, IT Policy and National Science and Technology Policy are also within her purview.

She graduated with a Bachelor's degree in Political Science from Universiti Sains Malaysia and a Master's degree in Human Resource Development from Universiti Putra Malaysia. She began her career as an Administrative and Diplomatic Officer in 1981 with the Ministry of Foreign Affairs. Prior to her current position, Dato' Madinah has had vast working experience in various Government agencies such as the Public Service Department, the Ministry of National and Rural Development, the Ministry of Works, and the National Unity and Integration Department.

Dato' Madinah Mohamed was appointed as a Commission Member on 21 March 2010.





DATO' THANARAJASINGAM SUBRAMANIAM

Dato' Thanarajasingam has served over 36 years with the Malaysian Foreign Ministry. Dato' Thanarajasingam's last stint was as the Ambassador of Malaysia to France and Portugal from 2006 until his retirement in early 2010. Prior to that, he had served as the Ambassador of Malaysia to Brazil, Suriname, Guyana and Venezuela between 1998 to 2001. He was made the Deputy Permanent Representative, Permanent Mission of Malaysia to the United Nations, New York, U.S.A between 1993 to 1997.

In 1996, he served as Chief of Staff to the United Nations General Assembly President as well. At the local and regional fronts, he has held various distinctive positions including the Deputy Secretary-General for Multilateral Affairs, Ministry of Foreign Affairs from 2004 to 2006 where he handled all matters pertaining to international economics and international organisations. He also served as the Director General of ASEAN, 1Malaysia.

He holds a Bachelor of Arts (B.A) degree from University of Malaya in 1973 and Master of Arts (M.A) degree from New York University, USA in 1985.

In recognition of his contributions, he received many awards and the most recent one was in 2010, where he was awarded the Grand Officier dans l'Ordre National du Mérite, from the Government of France. He was appointed as a Member of the Malaysian Communications and Multimedia Commission on December 2010 for the period of 2 years.

DATUK HJ MD AFENDI HAMDAN

Datuk Hj Md Afendi Hamdan born in Sandakan, Sabah, has been appointed as a Commission Member of the Malaysian Communications and Multimedia Commission (MCMC) effective from 29 December 2009 for a period of two years. He was appointed as one of the directors on the Board of Directors in FINAS (National Film Development Corporation Malaysia) and contributed substantially in the content development industry. He was later appointed as one of the Board Members for Universiti Teknikal MARA (UNITEK) in 2009.

He graduated from the University of Wisconsin, Steven Point, USA, in 1989 with a Bachelor of Science in Business Administration with a minor in Management Information System (Computer Science). Previously a banker, he subsequently ventured into the business world as an entrepreneur in 1992.

In 1995, he was appointed as the Deputy Chairman Sabah Tourism by Yang Di-Pertua Negeri Sabah until 1998. In 1996, he succeeded in setting up the Dewan Perniagaan Melayu Negeri Sabah and was appointed as the Yang DiPertua.

Later in 2007, he was appointed as a Director of Borneo Aqua Harvest Berhad, a public-listed company on Mesdaq Kuala Lumpur, dealing in fish rearing and marine development. He is also an IT and film enthusiast who strongly believes in the development of content and technology.





DATUK MOHAMAD SALIM FATEH DIN

Datuk Mohamad Salim Bin Fateh Din is the Chief Executive Officer of Gapurna Sdn. Bhd. and its group of companies. He is also the Non-Executive Chairman of GCH Retail (Malaysia) Sdn. Bhd., a subsidiary of Dairy Farm International Holdings Ltd., the operator of the Giant Hypermarkets, Guardian and Cold Storage retail chain.

Datuk Mohamad Salim is a pioneer who introduced the "Super Store Petrol Station" concept to leading oil companies namely Shell, Esso, BP and Caltex. He was responsible for designing the latest distribution centres for retailer Giant.

Nonetheless, Datuk Mohamad Salim's principal business is property investment and development. He is among the first few developers who adopted the green concept. The hallmark developments that he spearheaded include the P.J. Sentral Garden City and the 348 Sentral at KL Sentral.

Both developments have garnered the highest standards of Green Building Index (GBI) as well as LEED (Leadership in Energy & Environmental Design) and are hailed as industry benchmarks for being among the "Greenest, Most Sustainable and Integrated" developments in the country.

Datuk Mohamad Salim was also highly instrumental in the setup of the Malaysia-Pakistan Business Council which he now chairs. He has contributed unwaveringly towards the creation of bilateral trade opportunities amongst both Governments as well as the business communities of Malaysia and Pakistan.

He was appointed as a Member of the Malaysian Communications and Multimedia Commission on 1 December 2010 for a period of 2 years.

PUAN NURAFFIZA AHMAD

Nuraffiza Ahmad is the Secretary to the Commission. She holds a Bachelor of Laws (Honours) degree and Masters in Law from the International Islamic University of Malaysia. She has been called to the Malaysian Bar and was admitted as a Syariah lawyer in the Federal Territory as well as Negeri Sembilan.



Commission Members Whose Service Tenure Ended In 2010



Datuk Mohd. Zain b.
Mohd. Dom
(1 January 2008 - 31 December 2010)



Dato' Mohamed Sharil
Tarmizi
(1 May 2008 - 30 April 2010)



Datuk Idris Abdullah
(26 May 2008 - 25 May 2010)



Dato' Dr. Gan Khuan Poh
(2 April 2008 - 1 April 2010)

Executive Committee



Dato' Mohamed Sharil Tarmizi
Chief Operating Officer



Dato' Jailani Johari
Chief Regulatory & Supervisory Officer



Mohd Ali Hanafiah
Chief Planning & Development Officer



Y.M. Tengku Zaib Raja Ahmad
Chief Services & Support Officer



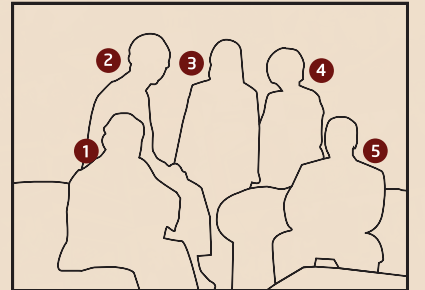
1. Zulkarnain Mohd Yasin
Acting Senior Director
Monitoring & Enforcement Division

3. Norizan Baharin
Acting Senior Director
Licensing & Assignment

5. Mohd Shafie Othman
Acting Senior Director
Universal Service Provision

2. Toh Swee Hoe
Special Projects Officer

4. Laila Hassan
Acting Senior Director
Market Regulation





1. Yow Lock Sen
Acting Senior Director
Special Projects

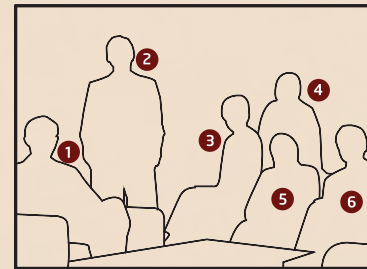
2. Roslan Mohamad
Acting Senior Director
Content Development & Growth
Area Division

3. Nur Sulyna Abdullah
Acting Senior Director
International Affairs, Corporate
Communication & Legal

4. Eneng Faridah Iskandar
Acting Senior Director
Digital Security Services

5. Nor Akmar Shah Minan
Acting Senior Director
Broadband Management

6. Koay Hock Eng
Acting Senior Director
Knowledge Management &
Information Resource



1. Zeti Marziana Muhamed
Director
Facilitator & Monitoring

2. Sharina Md Deris
Commission Secretariat

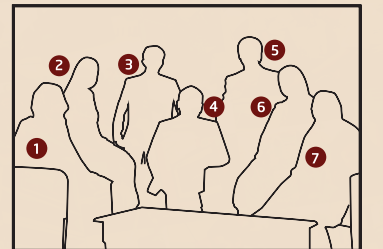
3. Raja Mukhrizamin Raja Busu
Special Officer to Chairman

4. Ahmad Razif Ramli
Director
Strategic Information System

5. Azizan Mohd Afandi
Executive Director
Consumer Forum of Malaysia
(Communications & Multimedia)

**6. Monalisatul Akida
Mohd Khamis**
Commission Secretariat

7. Nuraffiza Ahmad
Secretary to the Commission



Statistics on Communications & Multimedia as at end of 2010

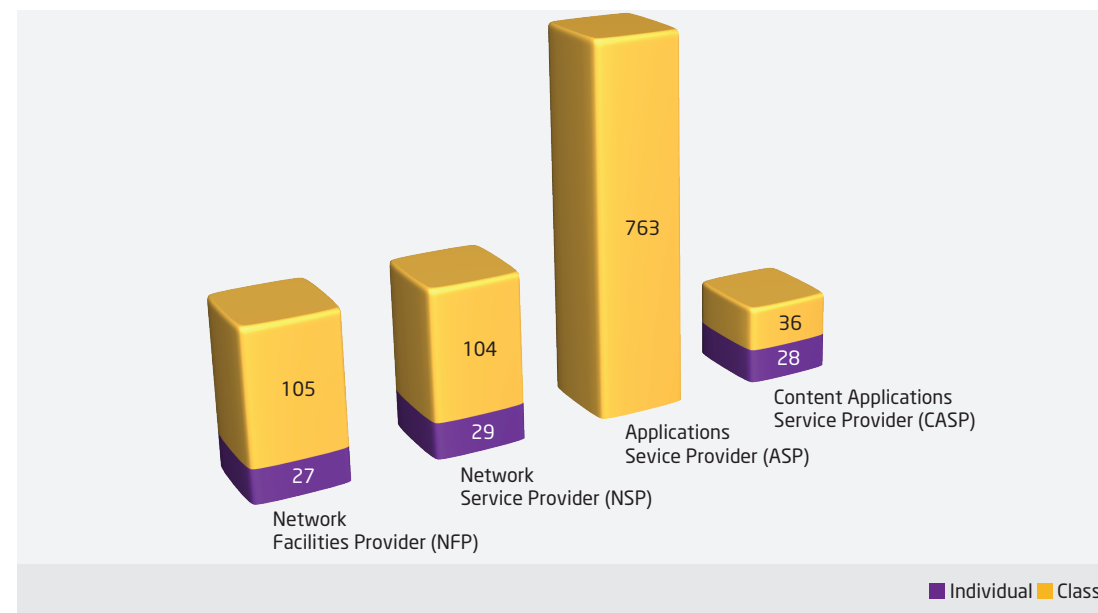
1. Penetration rates at a glance

Year	Quarter	DEL	Broadband		Cellular phone
		Per 100 households	Per 100 inhabitants	Per 100 households	Per 100 inhabitants
Notes		a	b	c	d
2009		44.0	9.2	31.7	
2010		42.5	16.6	55.6	119.2

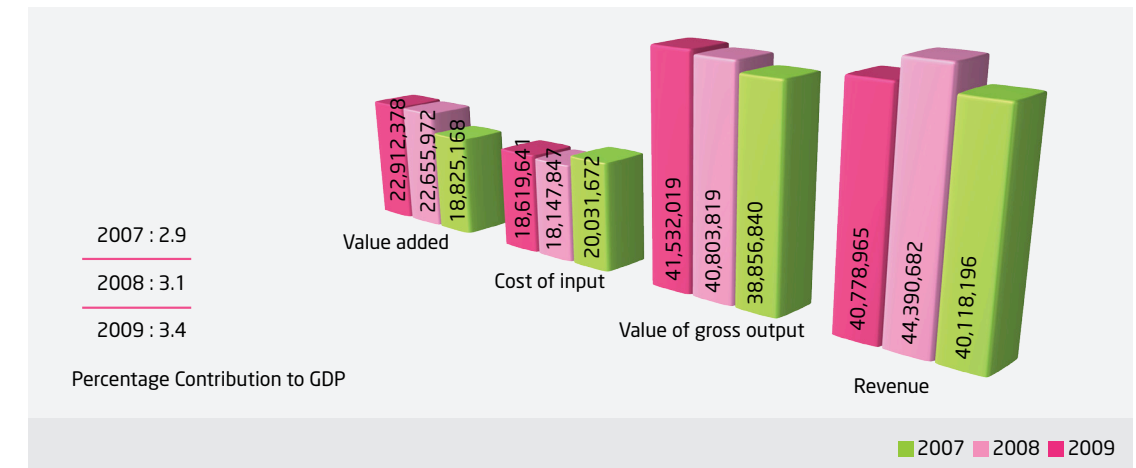
Explanatory notes :

- a. The DEL penetration rate per 100 households is calculated by dividing the number of private household subscriptions by the number of private households and multiplying by 100.
- b. The broadband penetration rate per 100 inhabitants is calculated by dividing the sum of household and non-household subscriptions by the number of inhabitants and multiplying by 100. Public Wi Fi subscriptions are not taken into account.
- c. The broadband penetration rate per 100 households is calculated by dividing the number of subscriptions used in private households by the number of private households and multiplying by 100. Non-private household subscriptions and public WiFi subscriptions are not taken into account.
- d. The penetration rate refers to the total subscriptions divided by the total population and multiplied by 100. A penetration rate over 100% can occur because of multiple subscriptions.

2. Number of licences 2010



3. Value added and contribution to GDP, telecommunications industry



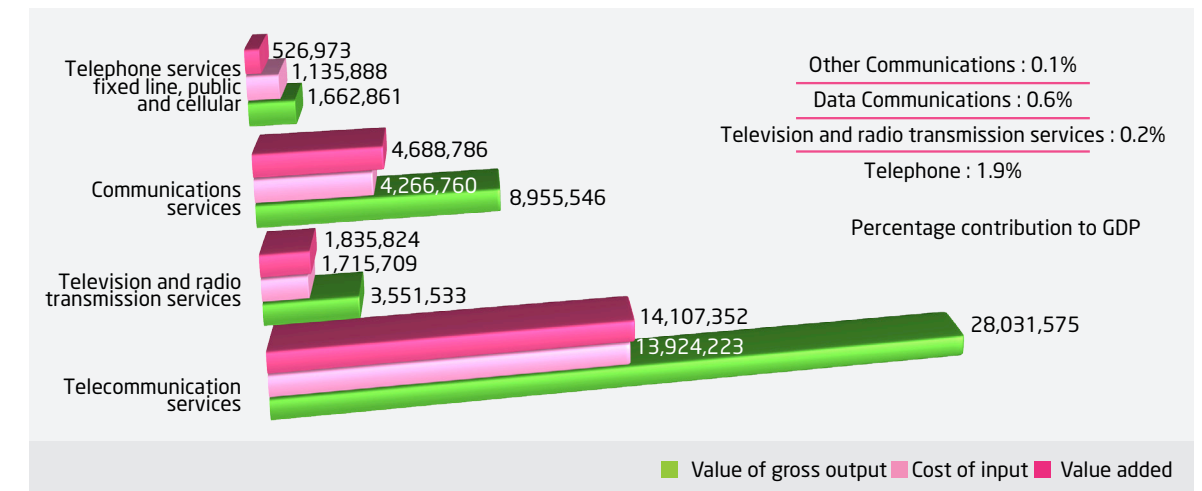
Source :
DOS

Explanatory notes for tables 4 to 7 :

Telecommunications includes the transmission of sounds, images, data or other information via cables, broadcasting, relay or satellite. Also includes the maintenance of the network. Cover Class 6420 of the Malaysian Standard Industrial Classification 2000 (MSIC 2000) and item as follows :

- 64201 Telephone services (public and mobile) including telegraph and telex communication and facsimile transmission.
- 64202 Television and radio transmission services. Excludes production of radio and television programs, whether or not combined with broadcasting.
- 64203 Data communications services including network operations.
- 64204 Paging service.
- 64209 Other telecommunication services not elsewhere classified in the MSIC 2000.

4. Value added and contribution to GDP, telecommunications industry by service, 2008



Source :
DOS

Explanatory notes :
Please see notes for table 3.

5. Number of broadband subscriptions

Year	Wired ('000)			Wireless ('000)			1 Malaysia Netbook Phase ('000)	Total ('000)
	ADSL	SDSL	Others ¹	Mobile	Pay Per Use	Others		
Total								
2010	1,702.3	9.6	278.0	1,982.4	601.7	25.3	123.0	4,722.2
Total population ('000)								28,552.7
Population penetration								18.9
Households								
2010	1,421.4	0.6	259.7	1,241.5	601.7	23.9	123.0	3,671.6
Total number of households								6,622.7
Household penetration rate ²								57.6
Non - Households								
2010	280.9	9.0	18.4	740.9		1.4		1,050.6

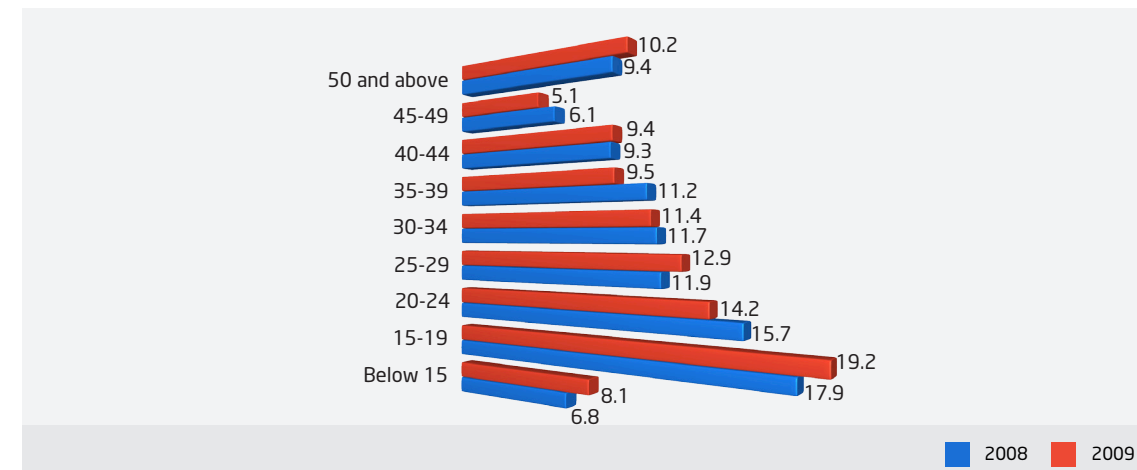
Explanatory notes :

Reclassified 1Malaysia Netbook as a group of its own.

1. Including satellite, fixed wireless, VDSL, Fiber, WiMax and Unifi

2. The household penetration rate is calculated based on households and not subscriptions. A household with multiple subscription is counted as 1.

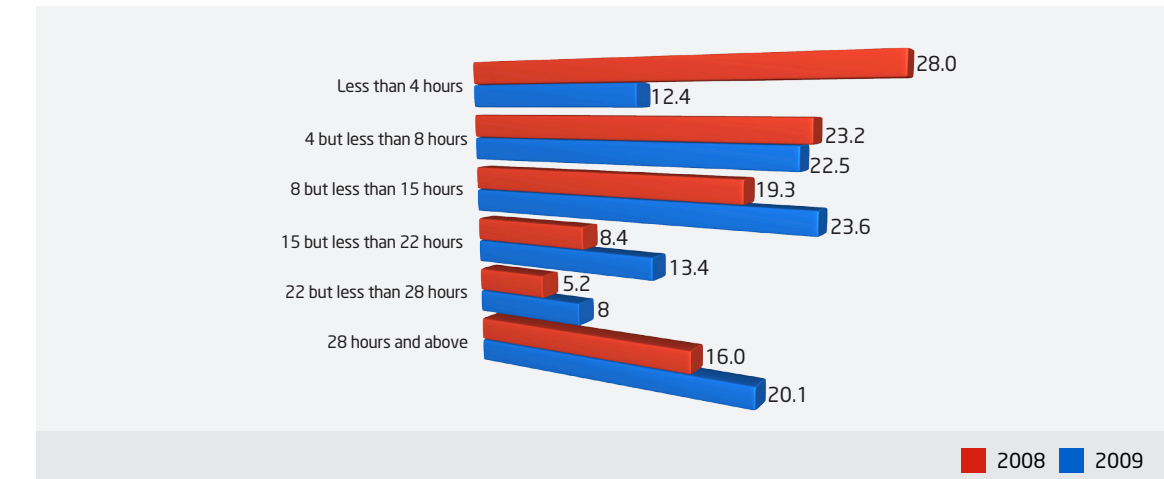
6. Percentage of home Internet users by age categories



Explanatory notes :

Please see notes accompanying Table 7

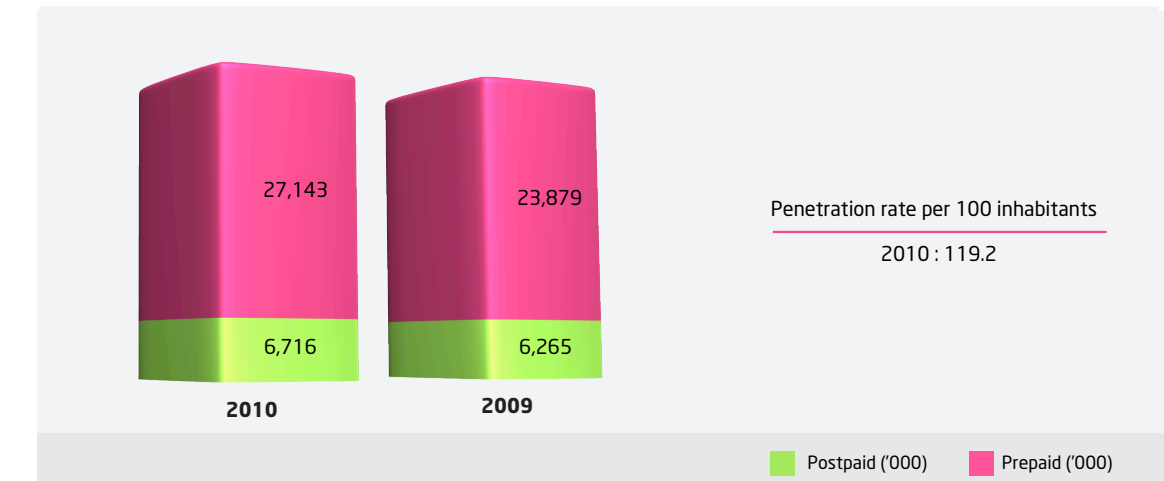
7. Percentage of home Internet users by number of hours of use per week



Explanatory notes :

From the Household Use of the Internet surveys conducted by the MCMC in 2005, 2006 and 2008. The survey covers only users from private households in Malaysia that access the Internet through ADSL and/or dialup.

8. Number of cellular telephone subscriptions and penetration rate

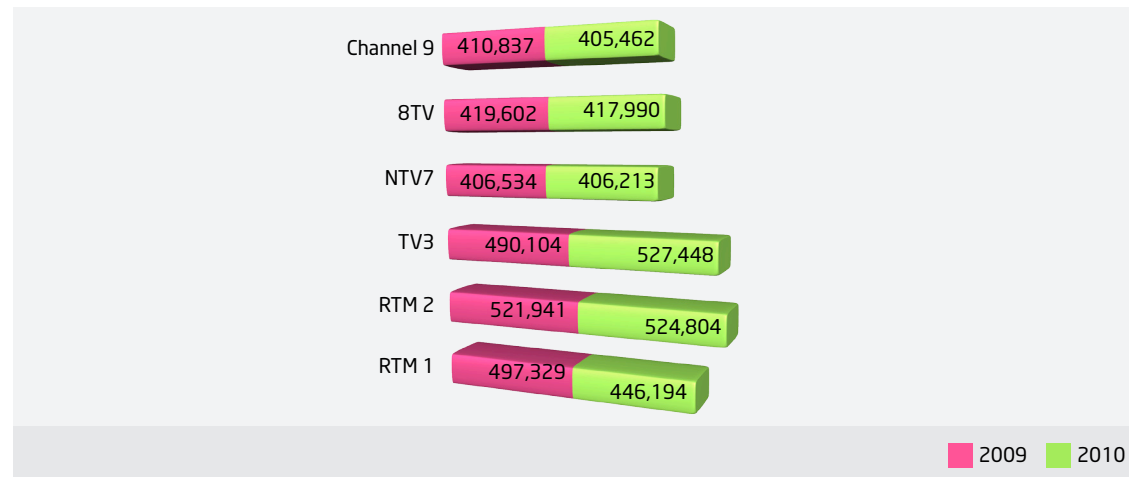


Explanatory notes :

The penetration rate for cellular phone is expected to exceed 100.0% in the first quarter 2009. The penetration rate refers to the total subscriptions divided by the total population and multiplied by 100. A penetration rate of over 100% can occur because of multiple subscriptions.

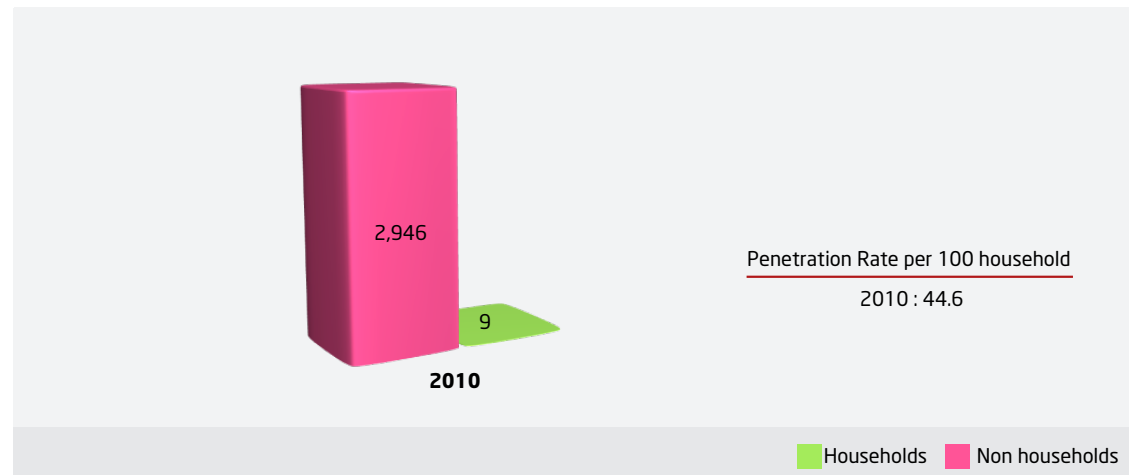
Includes 3G.

9. Number of broadcast minutes, Free to Air TV

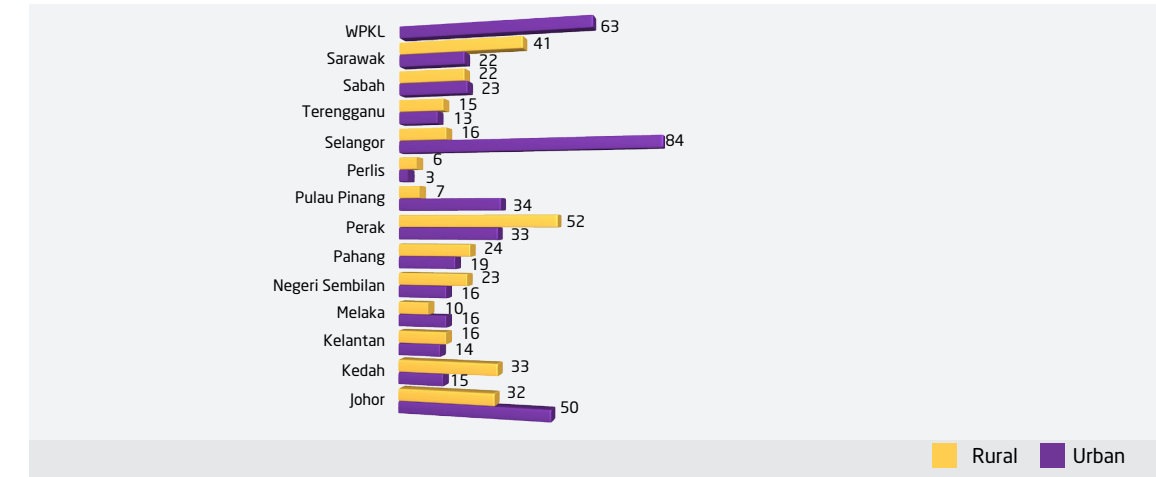


Source :
AGB Nielsen

10. Number of pay TV subscriptions ('000)

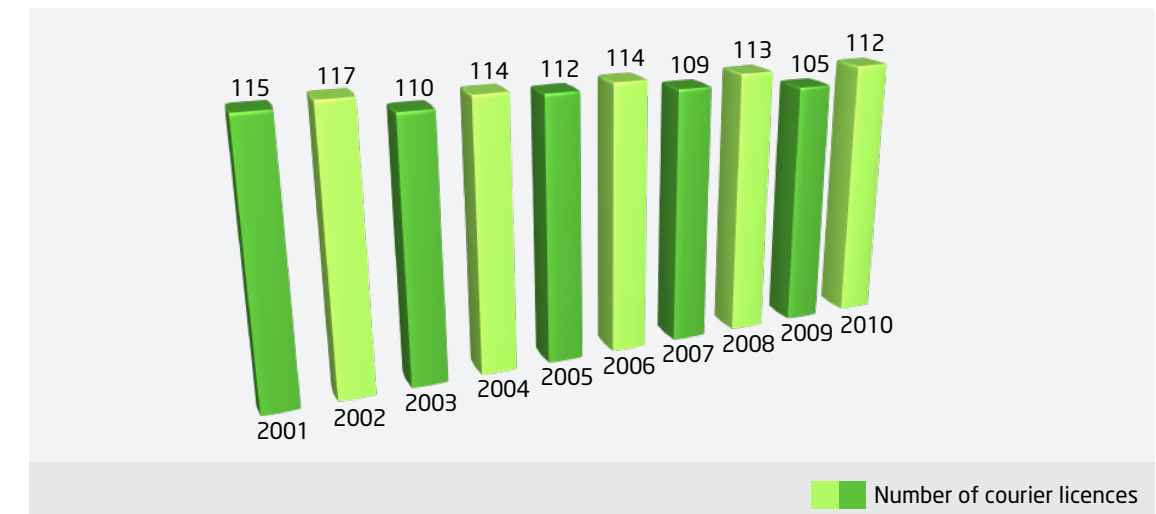


11. Postal establishments



Source :
Pos Malaysia Berhad

12. Number of courier licences



Complete statistics regarding communications and multimedia can be found in Appendix 1 in the CD-ROM version of the 2010 Annual Report or at MCMC's website at www.skmm.gov.my

Chapter 1

Broadband & Content

- Broadband Management
 - National Broadband Initiative
 - Economic Transformation Programme
 - Growth Areas
- Content Development



BROADBAND MANAGEMENT

NATIONAL BROADBAND INITIATIVE

CATALYSING THE NATION'S TRANSFORMATION PLAN THROUGH BROADBAND

The National Broadband Initiative shall act as a catalyst for the social and economic transformation process towards a high-income and developed nation status. It helps the nation to generate competitive growth based on innovation, creativity, high value and free flow of information. The broadband initiative is a comprehensive strategy to deliver broadband service to every corner of the country and not only concentrated in economic and business areas. Broadband is the main catalyst to stimulate local content development industry and e-commerce, apart from benefitting the economy through an increase in productivity. Broadband has also stimulated growth for various products and services, including smart telephone, wireless technology and home entertainment services such as video on demand.

Realising the contribution of broadband to the growth of Gross Domestic Product (GDP), the Government through the Ministry of Information, Communications and Culture (MICC) has continued the implementation of the National Broadband Plan (NBP), which was introduced in July 2007 by the Ministry of Energy, Water and Communications (MEWC) previously. The National Broadband Plan's target to achieve 50% broadband penetration rate for each household by the end of 2010 has become the Key Performance Indicator (KPI) for MICC. At the end of 2010, the target was achieved with 56% penetration rate.

At the same time, broadband services have been identified as catalyst for the implementation of the Economic Transformation Programme through the National Key Economic Area for Communications, Content and Infrastructure (NKEA CCI) and the Digital Malaysia Master Plan, expected to contribute Gross National Income (GNI) of more than RM60 billion by 2020.

The growth of broadband services and cellular together with content development is the main focus for the communications and multimedia industry. The broadband infrastructure is set to develop an ecosystem that will encourage use of digital technology in all aspects of economy and life.

The importance of setting up broadband services was stated in the Tenth Malaysian Plan (RMK-10). The RMK-10 has targeted to achieve 75% broadband penetration rate by 31 December 2015. To achieve this target and objective, cooperation between the Government and telecommunication companies will be strengthened to broaden network coverage, increase network speed and improve broadband capability. The Government will ensure that broadband facilities are provided in both residential and commercial areas.

HIGH SPEED BROADBAND

Under the NBI, efforts were focused to both aspects of supply and demand. The HSBB Public Private Partnership took off in 2008 to connect areas of economic activities with the next generation high speed broadband network. These nationwide areas include the Klang Valley, industrial areas and key industrial sites such as Iskandar Malaysia.

BROADBAND FOR GENERAL POPULATION

Several new initiatives were introduced early 2010 under the NBI, including the 1 million 1Malaysia Computer Programme targeted for school children from low-income families and low-income groups living in rural areas. The programme was to encourage the use of broadband amongst students and increase broadband penetration. This programme is expected to increase the household broadband penetration rate by 10%. Apart from encouraging demand, the Minister also spearheaded the implementation of Kampung Tanpa Wayar (KTW). The broadband capacity at the Pusat Akses Komuniti and Pusat Maklumat Rakyat were also upgraded.

DIGITAL DISTRICT PROGRAMME

With the broadband infrastructure and the implementation of KTW, the Digital District Programme was introduced. The main focus of this initiative is to develop an information society at the local level, whilst duplicating and spreading the benefits of a digital lifestyle to other districts, eventually covering all cities and states within Malaysia, hence creating a ripple effect towards the digitalisation of Malaysia.

BROADBAND DEMAND STIMULATION

The broadband demand stimulation addresses '3A' levers, which include Awareness, Attractiveness and Affordability. These '3A' factors must be able to answer the question often posed by the public - "What's in it for me?" Thus, several initiatives were outlined for the year 2010 including National Broadband Awareness and Promotion Campaign, Low Cost PC Bundling Packages and affordable broadband subscription as well as other segmented efforts.

CONTENTS, COMMUNICATIONS AND INFRASTRUCTURE NKEA (CCI NKEA) UNDER THE ECONOMIC TRANSFORMATION PROGRAMME (ETP)

For the years leading to 2020, Malaysia will increase its broadband penetration and the quality of service to support the aspiration of Economic Transformation Programme and to realise the vision of achieving a developed nation status by the year 2020. Continuous development in the Contents, Communications and Infrastructure (CCI) sector had been identified as an important sector to help the transformation from middle-income to high-income economy. The CCI NKEA was aimed at driving a high growth in communication service area apart from allowing a paradigm shift from infrastructure and access to applications and contents.



Governance of the National Broadband Initiative and the Economic Transformation Programme

In ensuring the success of programmes and projects under the National Broadband Initiative, the Cabinet Committee of the National Broadband Implementation is a high-level committee that makes policy decisions. Some decisions are made to ensure action plans developed can be implemented objectively.

Among the policies decided in a number of committee meetings are as follows :

- Address issues of quality and speed of broadband and lower the cost of broadband and the subscription price;
- To provide focus on awareness and promotion activities to increase broadband penetration of households;
- Making compulsory installation of communication facilities and other utilities in a new areas
- Review the policy incentives / financing for the ownership of bandwidth for specific groups;
- Ensure Government departments subscribe to high speed broadband for Government applications;
- Monitor the distribution and use of laptop amongst students for the benefits of ICT.

Apart from the above, the progress report on implementation of the Communications Content and Infrastructure projects under the NKEAs are also presented in each meeting of the Cabinet Committee on National Broadband Implementation.



For the success of CCI NKEA, public and private sectors must work closely together under the overall leadership of the Ministry of Information, Communication and Culture (through Dato' Seri Utama Dr Rais Yatim as Chairman of the steering committee) and the Commission (through Tan Sri Khalid Ramli as Chairman of the Operations' Sponsors). Through this governance, the public sector will take the lead by removing regulatory barriers, promote opportunities and more equitable participation of services and monitor issues that impact the sector as a whole or for the nations' benefit. The public sector will also coordinate the various entities within the private sector and stakeholders in the public sector. The private sector will provide most of the resources and the main driver of the delivery of EPP products. The private sector will be assured of the commercial value of investments in the EPP and the assurance of an appropriate regulatory framework to make a worthwhile investment.

To ensure successful implementation, the following were undertaken :

- Minister of Information, Communication and Culture provides a strong public sector leadership through MCMC's appointment as the leader of operations;
- Private sector representatives will work closely with the public at the stage of implementation; and
- The MCMC ETP team will support and expand the MCMC's current capacity on project management. Minister of Information, Communication and Culture provides a strong public sector leadership through MCMC's appointment as the leader of operations;

Progress report on the National Broadband Initiative and Economic Transformation Programme under CCI NKEA are also submitted to the National Information Technology Council, whose role is to advise additional programmes to existing initiatives. Among the decisions previously made was to standardise the implementation of the Community Access Centres based on the 1Malaysia concept, so that it can be more public-centric.

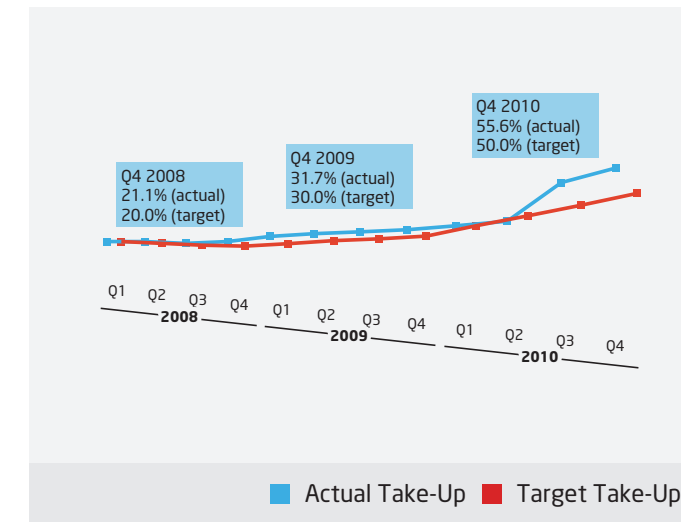
Overall, the programmes in the National Broadband under the CCI NKEA are monitored in weekly meetings of the Communications Brigade chaired by the Minister of Information Communications and Culture. The issues that constrain the implementation of the initiatives is given specific focus for immediate solutions.

ACHIEVEMENTS OF THE NATIONAL BROADBAND INITIATIVE FOR 2010

Measurement and Indicators for Broadband Take-Up

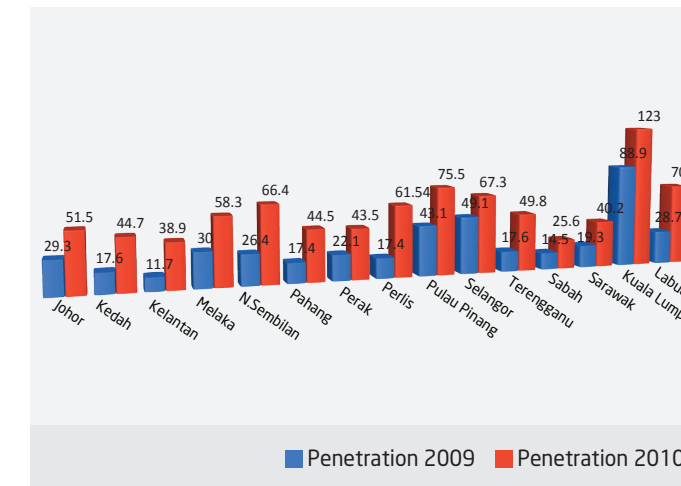
The broadband penetration rate is being monitored on a weekly basis. Indirectly, service providers are able to monitor their performance through the broadband penetration rate at national level. As at the end of 2010, the household broadband penetration rate was 55.6%, surpassing the target of 50%.

The figure below illustrates the actual broadband penetration rate for the country compared to the target set.



Graph 1: Comparison of Actual and Target of National Broadband Penetration Rate

The household penetration rate for each state up to 31 December 2010 is as illustrated in the figure below:



Graph 2 : Household Penetration Rate For Each State

High Speed Broadband

In providing access points for the network, a total of 1.3 premises passed will be provided using 95 exchanges in Zone 1. The coverage area includes Klang Valley, industrial areas and development corridors such as the Iskandar Corridor Malaysia. The technology that will be used to access the high speed broadband network includes Fibre to the Home (FTTH), Multi Access Node with VDSL2 (MSAN with VDSL2) and MSAN with ADSL2+ as well as Ethernet-to-the-Home (ETTH). This project is the result of Public Private Partnership Agreement between the Malaysian Government and Telekom Malaysia Berhad (TM).

The elements that form the core of the network include Metro-E, Broadband Remote Access Server (BRAS), IP Core, Transmission Control and Support System. The International Network elements include submarine cable network, International Gateways (IGW) located in Malaysia and International IP Point (IP POP) in countries which had been identified. The initiative to upgrade the international cable system network for Asia Pacific area namely Asia Pacific Cable Network (APCN) 2 was completed in 2010. New initiatives and efforts to upgrade the submarine cable system are currently being implemented.

For the High Speed Broadband (HSBB) rollout, a total of RM3,393 million was invested to provide fibre optic infrastructure in Klang Valley, IDR, Industrial Zone in Penang, Johor and Kedah. As at the end of 2010, a total of 10,730 fibre optic cables were installed for core network and access throughout the country. A total of 759,700 premises were passed by the HSBB network, involving 48 exchanges.

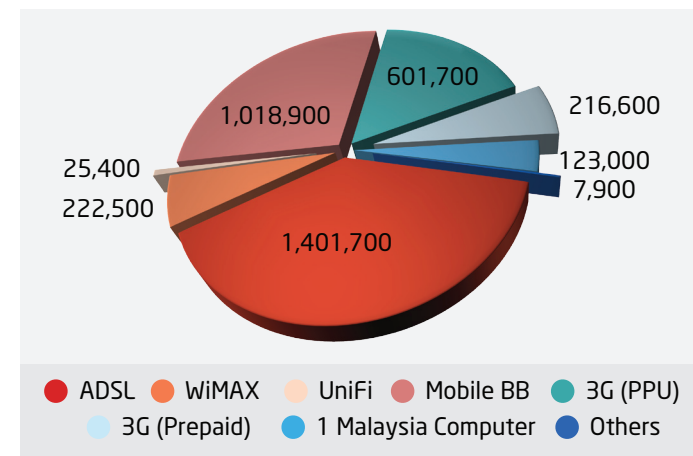
The installation works for Metro-E equipment are still being implemented and as at December 2010, 113 nodes were installed at 56 locations. The implementation of international submarine cable network for SMW4 Upgrade 3, APCN2 Upgrade 2b and ASE (News) is still progressing.

The HSBB Retail (UniFi) was launched on 24 March 2010 and the commercial service was offered starting from 29 March in the coverage area of four (4) exchanges. As at the end of 2010, the UniFi service was ready to be provided from 48 exchanges in stages. The total commercial subscriptions as at December 2010 are 31,906 involving 28,699 residential customers and 4,207 business customers.

Broadband for the General Population

In ensuring the broadband for the general population (BBGP) rollout throughout the country, several initiatives had taken place in 2010. Several initiatives were introduced by the Prime Minister under the National Broadband Initiative to ensure every Malaysian whether in urban or rural areas would have access to broadband. The initiatives are led entirely by MCMC to increase the broadband penetration for each household throughout the country. Among the initiatives stated is the distribution of 1Malaysia Computers to deserving students, the provision of individual broadband access to household at each of the 251 Community Broadband Centre (CBC) locations throughout the country, the provision of Community Broadband Centre (CBC) in a smaller scale at 121 Information Department Offices identified nationwide and the provision of broadband access to kampung areas identified nationwide.

In addition, the broadband for general population rollout enabled the public to enjoy broadband service through various technologies such as ADSL, HSPA, Fixed Wireless (FW), WiMAX, iBurst, and Evolution Data Only (EV-DO). Based on the current trend, the demand for wireless broadband is on the rise and surpasses the demand for fixed-line broadband, with more than 57% of the take-up is for ADSL technology, 35% for 3G/HSDPA mobile broadband and 5% for WiMAX. The remaining is for take-up for other technologies.



Graph 3 : Total of Household Take-up According to Technology

BROADBAND DEMAND STIMULATION

The broadband demand stimulation addresses '3A' levers, which include Awareness, Attractiveness and Affordability. These '3A' factors must be able to answer the question often posed by the public - "What's in it for me?" Thus, several initiatives were outlined for the year 2010 including National Broadband Awareness and Promotion Campaign, Low Cost PC Bundling Packages and affordable broadband subscription as well as other segmented efforts.

Broadband Awareness Programmes and Promotion

In increasing consumer knowledge on broadband, several promotions were executed such as advertisements in the print and electronic media, including TV and radio commercials. Apart from that, online promotions were also carried out through www.broadband.my website and by introducing the BB (broadband) icon on Facebook. Among the programmes carried out by MICC with the collaboration of MCMC and service providers were *Kembara Jalur Lebar 1Malaysia* and *Karnival Jalur Lebar 1Malaysia* in Terengganu, Sarawak and Sabah.

A total of 1,034 broadcasts were made through TV commercials, with an average of 2.3 million viewers. As for radio, a total of 3,608 broadcasts were made with an average of 3.6 million listeners. Print ads were also carried out and were able to attract 2 million customers through a total of 105 ads. Online promotions were also carried out through www.broadband.my website and by introducing the BB (broadband) icon on Facebook. SMS blast was also carried out by the service providers.

Approaching the public in a continuous manner is necessary to increase their awareness on broadband. Among the programmes carried out was *Kembara Jalur Lebar 1Malaysia*. The programme involved 251 locations in Peninsular Malaysia and 127 locations in Sabah and Sarawak. In addition, *Karnival Jalur Lebar 1Malaysia* led by the Ministry of Information, Communications and Culture (MICC) with the collaboration of MCMC and service providers was also carried out at three (3) locations namely Dataran Shahbandar Kuala Terengganu; Padang Merdeka, Kuching, Sarawak; and Padang Merdeka, Kota Kinabalu, Sabah. This programme offered a guide on the use broadband applications to target groups including students, parents, rural communities and Small and Medium Enterprise (SME). It also helped to increase new broadband take-up.

Affordable Computer and Broadband Subscription Package



Under the National Broadband Initiative, a computer ownership and broadband subscription programme was introduced - 1Malaysia Computer Programme. A total of 1 million netbook packages were allocated under the programme. The packages were targeted for school children from low-income families and low-income groups living in rural areas.

In addition, to increase public demand for broadband service and the affordability to own a computer, service providers were encouraged to provide broadband subscription package combined with affordable computer.

One of TM's undertakings under the HSBB Project is to work with the Government to provide broadband packages with low cost Internet access device. As such, TM had launched TM's broadband package with 1Malaysia Computer in May 2010. A total of 100,000 packages were completed at the end of 2010.

In addition, TM also implemented the Streamyx-Netbook Programme for qualified university students from low-income families under the 2010 Budget. A total of 100,000 packages were distributed by the end of 2010.

Digital District Programme

Digital District programme, which was introduced for the first time through the Digital Pekan, is based on the concept of a digital district or digital city in countries such as Korea (Digital Guro), Kenniswijk District in Netherland and Stockholm in Sweden. The main focus of this initiative is to develop an information society at local level, whilst duplicating and spreading the benefits of a digital lifestyle to other districts, eventually covering all cities and states within Malaysia, hence creating a ripple effect towards the digitalisation of Malaysia. To date, the digital district programme has been implemented at three (3) districts namely Pekan, Pagoh and Jempol.

The implementation of digital district is to enhance the tie between the communities and the Government through the use of ICT. In addition, it also provides the communities in the area with an opportunity to adopt new technologies apart from developing local service and contents.

Such programmes will be continued each year to ensure that the awareness campaign succeeded in reaching its objectives.

ECONOMIC TRANSFORMATION PROGRAMME

THE INTRODUCTION OF CONTENTS, COMMUNICATIONS AND INFRASTRUCTURE NKEA (CCI NKEA) UNDER THE ECONOMIC TRANSFORMATION PROGRAMME

Continuous development in the Contents, Communications and Infrastructure (CCI) sector had been identified as an important sector to help the transformation from middle-income to high-income economy. The CCI National Key Economic Area (CCI NKEA) was aimed at driving a high growth in communication service area apart from allowing a paradigm shift from infrastructure and access to applications and contents.

The Contents, Communications and Infrastructure sector covers a wide ecosystem, from content development to network, service and device. In 2009, this sector had contributed a total of RM22 billion to the Gross National Income (GNI) through telecommunications, TV and broadcasting as well as post and courier.

Targets and Aspiration

The main goal of CCI NKEA is to raise the CCI sector's GNI contribution threefold from RM22.0 billion in 2009 to RM57.7 billion by 2020. This incremental GNI is driven by ten (10) Entry Point Projects (EPPs) which will deliver RM16.6 billion cumulative GNI and four business opportunities that will deliver RM11.7 billion in GNI. In addition to EPPs and business opportunities, the GNI impact includes RM7.5 billion of contribution from the multiplier effect created by EPPs from other sectors. To deliver on this vision, efforts should be refocused in stimulating demand rather than only building out supply. CCI NKEA had identified the following 10 Entry Point Projects (EPPs) with three (3) key themes such as Serving Tomorrow, Pushing Boundaries and Enhancing Foundations.

Theme	Entry Point Project
Serving Tomorrow	EPP1 : Nurturing Malaysia's creative content industry
	EPP4 : Connecting 1Malaysia
	EPP10 : Deploying 1Malaysia payments (transferred to Financial Service NKEA)
Pushing Boundaries	EPP6 : Establishing E-Learning
	EPP7 : Launching E-Healthcare
	EPP8 : Deepening E-Government
Enhancing Foundations	EPP2 : Extending Reach
	EPP3 : Extending Regional Network
	EPP5 : Ensuring Broadband for all
	EPP9 : Offering Smart Network

Table 1 : Theme and Category for Entry Point Project

There are 35 projects that have been identified and placed under the management and monitoring of each of the EPP listed above. Among the projects announced so far are as follows:

- Tracking System for Swiftlet Bird Nest (Trace and Track EPP)
- Regional Network Consortium (Regional Network EPP)
- SelectTV (Malaysia's Creative Content Industry EPP)

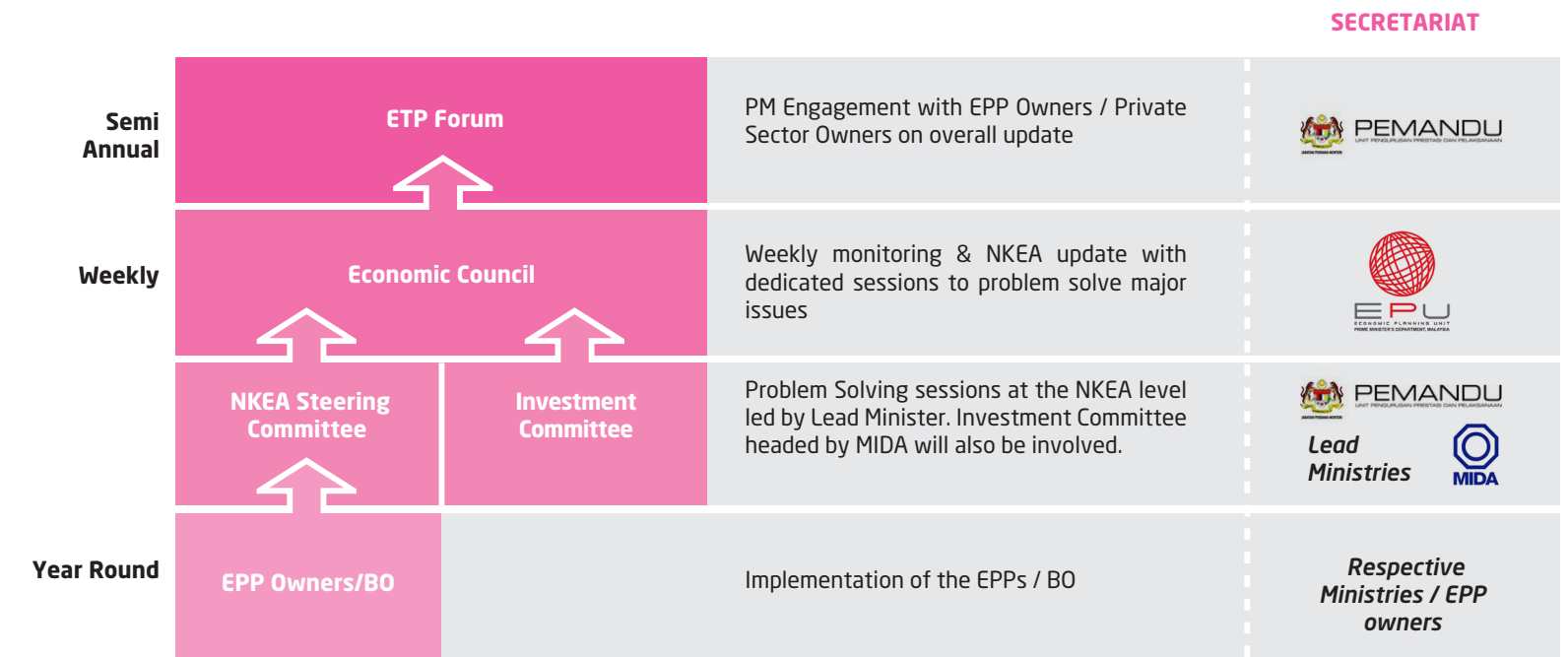
The breakdown of the number of projects according to EPP are as follows:

EPP	EPP Name	No of Latest Projects
EPP1	Nurturing Malaysia's Creative Content Industry	7
EPP2	Extending Reach	4
EPP3	Extending the Regional Network	4
EPP4	Connecting 1Malaysia	1
EPP5	Ensuring Broadband for All	6
EPP6	Establishing E-Learning	3
EPP7	Launching E-Healthcare	2
EPP8	Deepening E-Government	2
EPP9	Offering Smart Network	4
EPP11	Trace and Track	2

Table 2 : Breakdown Of The Number Of Projects According To EPP

Management and Monitoring

The CCI-NKEA sector is managed by PEMANDU under the Prime Minister's Department with the Chairman of MCMC as the chairman of the operational sponsor and the Minister of Information Communications and Culture as the chair of the steering committee. Multilevel monitoring is put in place to ensure timely delivery of each project.



Graph 4 : Project Monitoring For Timely Delivery of Projects

GROWTH AREAS

DIGITAL LIFESTYLE AND THE INTERNET OF THINGS INITIATIVE

As we embark on the last decade from 2010 towards reaching 2020, the reality of Malaysia becoming a developed nation, especially in terms of being an advanced nation within the info-communications technology arena takes on a more urgent approach. We realise that time is of the essence in order for us to reach the ultimate vision to become a high income nation that would benefit all.

This final lap in our race may be the grand finale to provide the finishing touches to link up the significant mega-efforts within ICT development of the past two (2) decades. In this respect, it is timely that the MCMC as the regulator and industry promoter empowered under the Communications and Multimedia Act 1998, comes forth with the Digital Lifestyle Malaysia or DLM Initiative.

As we now move closer towards 2020, there is a need to reflect the reasons behind building the requisite broadband infrastructure with such tenacity. We need not look back too far as our core values and the National Policy Objectives as embedded under the Communications and Multimedia Act 1998 remain unchanged.

Firstly, there is a need to establish Malaysia as a major global centre and hub for communications, multimedia information and content services. In this respect, providing broadband facility is just the beginning, but with this primary objective of being a major global hub, comes the challenge for the nation's ICT planners to carve out a niche for ourselves.

Secondly, just how well we succeed to grow and nurture local information resources and cultural representation that facilitate national identity and global diversity will become the litmus test for our civil society. In addition, the ability to create conducive environment for all thereby ensuring a ubiquitous provision of affordable services over Digital Lifestyle Malaysia national infrastructure would be of paramount importance.

Last but not least, there must be an abundance of robust applications for all in Malaysia so that there is a sustainable value-added proposition for us by the year 2020 under a 1Malaysia theme. Be that as it may, much of what is desired above lies within the concept of the 'Internet of Things', which has now been recognised by the International Telecommunication Union (ITU) as a universal phenomenon synonymous with ICT services and devices linking up to the Internet to enable economic development in various parts of the globe. East Asia alone has seen a surge in government-initiated 'Internet of Things' (IOT) ecosystems with the Koreans, Japanese, Taiwanese and the Chinese each having major programmes in this arena.

It is now apt for the mooted and implementing the Digital Lifestyle Malaysia initiative, which embarks on a concept which combines ubiquity and the Internet of Things. After building the requisite broadband infrastructure, there is now the need to use the same for the betterment of our lifestyles as well as for national development. This remains one of the biggest ICT developmental challenges for the next decade: HOW BEST TO DEVELOP A COMMON DIGITAL LIFESTYLE ECOSYSTEM RIDING ON INFO-COMMUNICATION TECHNOLOGY FOR ALL IN MALAYSIA?

CREATING A BETTER QUALITY OF LIFE WITHIN A DYNAMIC DIGITAL LIFESTYLE ECO-SYSTEM

If there is anything which can be introduced to a typical village or rural community that the local population will accept, adapt and change their way of life for the better, then it has to be ICT-related.

Social behavioural practice - whether as a result of better content on local television or via the Internet, or whether shopping or tickets can now be booked online - can have a direct effect on the benefits which members of society derive from ICT. However, ICT does present potential damages which may exert a negative influence. The same is true if one assumes technology to solve all social problems (although problem-solving may often be related to technological change in one way or another).

We need to be guided by the principle that the adoption of Internet within the communities may not make any sense for the laymen unless there is a benefit for them to use and eventually to pay for such services. However, in order for the communities to recognise the services and benefits for a Digital Lifestyle Malaysia ecosystem, there must be a sense of belonging.

As such, in designing a digital lifestyle ecosystem, very often what matters most is relevance and buy-ins. However, the situation is not as simple as just asking the laymen about what they want coming out of ICT. Very often, the benefits can only be ascertained after the ecosystem exists when the masses can then begin to appreciate it. In the sense, the philosophy behind most macro economic planners is apt - supply has to come before demand and the planners have to create the platform first to test out the relevance and get the buy-ins. Change may come slowly but, if there are greater concerted efforts to promote the adoption of ICT services which can only come with public-private sector collaboration, then change has to happen in a sustainable manner.

COMPETING INTERNATIONALLY USING ICT THROUGH INCREASED PRODUCTIVITY AND SUSTAINABILITY

In the competitive world of business and free market economies, we need to design a digital lifestyle system which not only discourages complacency, but more importantly, facilitates increased productivity and sustainability. From the viewpoint of a typical small or medium-sized corporation, trying to increase productivity using ICT very often does not come free of charge as a business case has to be defined before there is a willingness to spend the investment amount on ICT services.

However, in many instances, investment into ICT services may be a case of short term savings versus long term benefits. This is where if the initial cost factor seems to be the main stumbling block, then the Government has a role in facilitating a digital lifestyle ecosystem which enables the participation of the masses thus creating economies of scale.

Sustainability of the ecosystem then becomes the next biggest issue for whatever the initial capital expenditure required for building the Digital Lifestyle ecosystem, it still remains a one-time affair. However, the success or failure of the project very often lies in whether the local business community accepts and uses the system to maintain its sustainability.

BOOSTING ECONOMIC GROWTH

Economic growth using ICT as an enabler seems to be one of the best value propositions which transcends race, religion or creed. Growth can be sustainable if we can add value to the extent where there is further contribution towards the Gross National Income (GNI). Hence, MCMC's priorities would be to determine or ascertain key economically value-added growth areas which will then be the basis for building up our key digital lifestyle ecosystems. As the nation moves into the constantly changing and dynamic world of ICT, what remains important is to realise that economic growth can only be sustained if it incorporates private sector participation.

As such MCMC's role in facilitating growth is in tandem with the National Key Economic Areas, a few mega-ecosystems including transport and logistics, agriculture and the telecommunications which will be the focal pillars for development into digital lifestyle ecosystems.



ENABLING HIGHER INCOME FOR ALL

The question is how best to develop a digital lifestyle ecosystem such that those who benefit most and enjoy higher incomes would be those that succeed in living, breathing and experiencing the new lifestyle, thus ensuring not only a better living but also more sustainable cash flow to afford new ICT services and content. In this manner, it would encourage those left behind to catch up.

MCMC has to be mindful that notwithstanding the need to build these digital lifestyle ecosystems from those in the urban areas, there is an urgent need to deliver suitable sustainable ecosystems in the sub-urban and rural areas as well. Higher income comes naturally where if we take the purchasing power parity into consideration, and factorise the costs of living discrepancies between rural and urban, ICT remains one of the best enablers to bridge the digital divide.

IMPLEMENTING THE DIGITAL LIFESTYLE AND INTERNET OF THINGS

U-Library system introduced cashless payment method which had received approval in September 2010 from the Treasury Malaysia (MOF) and Accountant General's Department Malaysia (JANM) for transactions involving payment of fine and charges for delivery service by PosLaju, apart from the use of printed receipt and online receipt. The payment method approved is as follows:

- a. Online receiving method through portal using MEPS FPX and Quik2Go
- b. Receiving method through electronic method using kiosk or over the counter using MEPS e-Debit and Touch n Go
- c. Allowing added value service through U-Library Kiosk

Another integration implemented was the registration of membership in an integrated manner using MyID (MyKad/MyKid/MyPR). The National Registration Department had given the approval for online authorisation service which enables immediate data verification for identity card number and user name for a user who wishes to register as a U-Library member.

Container Tracking

Malaysia was one of the first few countries that started tracking containers using RFID back in 2004. A technical trial using RFID and internal tracking model for locating containers was conducted at the Johor Port. Since then, Malaysia has taken greater prominence in container tracking.

From 2011 to 2015, the country will continue to expand and move to implement the track and trace technology commercially between local bonded zones, free zones ports and other bottleneck spots. Port authorities and regulators such as customs organisations have already started to amend operating manuals to incorporate RFID data. This will ensure that there is a positive value-added contribution to clearance operations and measurable improvements in efficiency, time and cost savings.

The Royal Malaysian Customs is considering mandating extensive use of RFID within their eco-system.

AGRICULTURE AND FOOD TRACEABILITY

This initiative will provide timely, accurate and relevant traceability information to enhance emergency management, market access, industry competitiveness and consumer confidence. Agriculture and food production is one of the pillars of the Digital Lifestyle Malaysia eco-systems and traceability provides us with the ability to follow an item or group of items - be it animal, plant, food product or ingredient - from any point in the supply chain to another. For example, a beef or pork traceability system will generally require three (3) parts, namely, animal identification, premises identification and animal movement.

Edible Birds Nest

MCMC noted that the benefits and priority that add the ability to track and trace would contribute to the swiftlet nest industry. The annual global market for swiftlet nest is about RM10.2 billion of which Malaysia is currently the second largest producer with about RM1.2 billion annually. While the tradition of consuming edible birds nest has been developed over many centuries especially in China, the average consumer in China and even elsewhere cannot differentiate the genuine to the fake birds nest. The situation is getting out of hand by virtue of the high profit margin for these edible birds nest whereby far too many fakes and adulterated products are being sold in the retail market, both locally and overseas. Very often, even if a consumer were to buy from a reputable birds nest shop, the shop owner does not realise that he or she is actually selling fakes or adulterated products. The usual excuse given would be that they have obtained it from their suppliers who are also reputable. Due to the high profit margin, very often the temptation is to mix the fakes and the real products together. The situation has reached such a critical point

according to the Peoples Republic of China Ministry of Agriculture officials, up to 60% of this product being sold in China are either fakes or adulterated products.

Malaysian edible birds nest have just started making inroads into China and in this respect, the Malaysian government's Department of Veterinary Services (DVS) has gone far ahead of many other countries in coming out with Guidelines for Swiftlet nest producers, better known as Good Animal Husbandry Practices or GAHP, to regulate Malaysian producers using these guidelines and thus, to maintain quality and consumer confidence of our products.

Halal Food

Malaysia has reached a stage in its economic development where it can position itself to be the world leader in the production of halal food. The use of the track and trace system will set a new benchmark in the EPC-Global Halal Standards. This has been proven at the recent Asian Games at the end of December 2010 where halal food boxes were tagged with RFID tags, which has enabled tracking from the Kontena Nasional Warehouse (certified by the Department of Islamic Development) to Panyu Port via Guangzhou, China in time for the Asian Games 2010.

The essence of this project is that not only should the food be certified halal but the supply chain journey should also be certified halal in terms of requirements of food and safety requirements.

SUMMARY

The Government efforts so far have pushed broadband penetration to new levels and is still pushing and will continue to push to further increase household broadband to the next target of 75% by 2015, a second push is already in place to increase broadband speed and quality to handle next generation type services. This is on-going and will see increased fibre speed to the home.

Industry revenue continues to have a healthy growth from RM40 billion in 2009 to RM45.8 billion in 2010. New future areas of growth are expected to come from initiatives such as the NKEA-CCI programme supplemented by the Digital Lifestyle Malaysia.

Year 2011 will see the basic framework and foundation of the Digital Lifestyle Malaysia taking shape in creating greater awareness of its potential and benefits. Innovation and creativity of the industry will be harnessed to build digital lifestyle and 'Internet of Things' applications and services. This will, in turn, see a paradigm shift from the way Malaysians live, work and play - generating new value and growth contributing to a sustainable and high income nation by 2020.

CONTENT DEVELOPMENT

The functions and roles of the Content and Industry Development Department are in line with the national policy objectives for the communications and multimedia industry as follows:

1. To establish Malaysia as a major global centre and hub for communications and multimedia information and content services.
2. To grow and nurture local information resources and cultural representation that facilitate the national identity and global diversity.

NETWORK CONTENTS FRAME WORK

Objectives

1. To establish Malaysia as a major global hub for content services.
2. To stimulate demand for Malaysian contents at local and international level.
3. To manage Networked Content Development Grant.
4. To create and implement development plan for network development industry for the next five (5) years.

Implementation Strategies

- Incentives
- Capacity Development
- Policy and Regulation

Development Scope

- Mobile Telephone Communication
- Broadcasting
- Internet

Key Performance Indicator (KPI)

The Key Performance Indicator (KPI) for the Content and Industry Development Department is as follows :

KRA3: Industry Development

Achievement 1 : To create a conducive environment for creativity and innovation development

Achievement 2 : To promote local company market, products and services globally

CONTENT DEVELOPMENT INCENTIVES

Networked Content Development Grant (NCDG)

The Networked Content Development Grant (NCDG) with an allocation of RM20 million in 2007 was increased to RM50 million in 2009; as networked content is becoming increasingly important in the communications and multimedia sector. The main objective of this grant is to provide funding assistance to content developers in line with the objective of MyICMS 886. The grant aims to facilitate and encourage the involvement of Malaysians in the creation, production and distribution of highly creative and marketable networked contents. Table 3 below provides some key facts and figures on the NCDG in 2010:

No.	Description	Status (as at 31 Dec 2010)
1	Number of applications received	102
2	Number of unsuccessful applications	47
3	Number of applications approved	8
4	Number of applications on WIP (Work-In-Progress)	47
5	Total amount of grant disbursed	RM3,643,576.00
6	Total amount of grant approved	RM5,719,350.00

Table 3: Facts and Figure Related to NCDG

All the applications received had been carefully and transparently managed as the fund offered is in the form of a grant. The applications received were evaluated and approved by two committees namely the Business and Technical Committee (NBTC) and the Management Committee (Commission Members). The NBTC is a Committee comprising content experts nominated by ten organisations with interest in the local content industry. The main role of NBTC members is to evaluate and provide recommendations on all applications to the Management Committee. The Management Committee comprises Commission Members chaired by MCMC Chairman. The main role of the Management Committee is to make decision with regards to NCDG approval to ensure the projects evaluated and recommended by the NBTC are in line with NCDG's objectives, national policy objectives as set out in the Communications and Multimedia Act (CMA) 1998 as well as MyICMS 886's objectives.

The NCDG projects had received several international recognitions. Table 4 shows the achievements of the NCDG projects as at the end of 2010.

Creative Industry Development Fund 2011

This fund will replace the Networked Content Development Grant (NCDG), which ended at the end of 2010 following the conclusion of MyICMS implementation. The Creative Industry Development Fund (DPIK) is for the period of 3 years from 2011 till 2013. The main focus of this fund is to develop local content for television broadcast and gives priority to new and old industry players for the following genres:

- Documentary
- Animation
- Original Format
- Interactive Programme specifically for children
- Programme with 1Malaysia concept

CAPACITY DEVELOPMENT

In 2010, MCMC continued its collaboration with Maxis to organise Mobile Content Challenge (MCC). MCC is a programme designed specifically for students in institutions of higher education in Malaysia that combines the concept of competition and capacity development to develop more creative and innovative mobile telephone contents. MCMC had been a joint sponsor for this programme since 2007 and the implementation of MCC is in line with MCMC's strategic approach to develop the industry through collaboration with industry players. After organising MCC for 3 years, MCMC and Maxis agreed not to continue with the competition concept but still provide encouragement, support and assistance to past winners to realise their projects in line with the objectives above.

MCMC also collaborated with ASTRO and MDeC in organising another programme at micro level to spur content development that focuses on TV contents. The programme is known as NextGen Contentpreneur Awards 2010 (NCA). NCA is a reality programme exclusive for students in institutions of higher education studying communications, broadcasting and multimedia. NCA played an important role in enhancing and discovering local talents in showcasing their creativity by expressing themselves in a more innovative way.

NCDG Recipient	Achievements
Inspidea Sdn Bhd	<ul style="list-style-type: none"> Inspidea with the collaboration of The Children's Television Network Company in United Kingdom, Kids Co had produced an animation series "Boo and Me". Animation "Mustang Mama Diehard Sports Fan Season 2" had managed to penetrate several international markets including Japan, Singapore, Russia, Lebanon, Canada and Italy.
Firdaus Maju Sdn Bhd	<ul style="list-style-type: none"> "Alexander Bukan Zulkarnain" was broadcast on ASTRO channel in January 2009. A book based on the same study was published in 2009 and 30,000 copies were sold.
Murasu Systems Sdn Bhd	<ul style="list-style-type: none"> Murasu collaborated with Berita Harian and Harian Metro to offer news in Jawi script for mobile telephone users. Murasu also managed to produce Mobile Jawi for iPhone and Blackberry users.
Just Mobile Sdn Bhd	<ul style="list-style-type: none"> Its product, "Interactive TV Game Show" was broadcast on 8TV in December 2009; Just Mobile collaborated with a mobile telephone content development company, Orange, in Netherland to produce "World Cup mobile games". Chosen as a finalist at the 360° Content Competition held in conjunction with MIPTV 2010, Cannes.
Bill Adam Sdn Bhd	<ul style="list-style-type: none"> Bill Adam collaborated with Maxis, DiGi and Celcom to offer content under the Telco brand. The company launched the "Animated Mobile Greeting Cards" with Maxis in August 2009. Bill Adam collaborated with a US company, Vringo to penetrate Armenian and Turkish markets.
Trinity Wizards Sdn Bhd	<ul style="list-style-type: none"> For the time being, MoPetz product has more than 20 thousands subscribers and the number is on the rise; MoPetz platform was leveraged to produce a platform for mobile telephone games and a platform for mobile telephone advertising which were used by EA, the biggest mobile telephone games developer and GLU, the second largest mobile telephone games developer.
Avant Garde Advertising Sdn Bhd	<ul style="list-style-type: none"> 52 episodes (5 minutes each) of flash animation with online flash game for each episode.
Creative Enterprise Sdn Bhd	<ul style="list-style-type: none"> An online animation version of Gila-Gila magazine (12 issues starting with Issue No. 1)

Table 4 : NCDG Projects and Achievements

MCMC had taken the initiative to organise another programme in the form of a competition to nurture content development among secondary school students. Known as the 'Liga Remaja Kreatif', it was launched by the Minister of Information, Communications and Culture (MICC). The programme is a competition to create a video with the theme "Broadband for 1Malaysia". 711 entries were received from secondary school students throughout the country. In addition, MCMC also organised two (2) seminars on the opportunities in the networked content industry, held in Johor Bahru and Kuching.

Among the seminars organised in 2010 are as follows:

No.	Seminar
1.	Seminar Kesedaran ICT Tawau - Consumer Forum
2.	Lecture - <i>Syarahan Pesona</i> - Seni ASWARA
3.	Seminar on Animation - ASWARA
4.	Talk in Conjunction with Launch of Maxis 1Store
5.	Malaysian Content - Maxis
6.	Seminar - <i>Kehadiran Talian</i> - MyNic
7.	Seminar - <i>Perpustakaan Digital</i> - Melaka
8.	Seminar ICT - Innovation Day, UTM
9.	Forum - <i>'Masa Depan Industri Kreatif'</i> - MICC

Table 5: List of Seminars

Among the workshops organised in 2010 are as follows:

Workshop Title	Collaboration
Bengkel Kandungan di Kawasan Sarawak	MCMC, Filem Negara, FINAS
2 Bengkel Kandungan	MDeC and Astro at MMU and UiTM
Bengkel Bercerita Digital	MCMC
Bengkel 'Blogging'	MCMC

Table 6 : List of Workshops

POLICY AND REGULATION

Among the key initiatives related to the policy approved by the Cabinet on 12 November 2010 was the National Creative Industry Policy. In addition, MCMC also played an important role in the National Content Development Policy, which is a supplementary policy to National Creative Industry Policy. MCMC played a big role in establishing these policies. The active role of the Department in establishing both national policies had improved the credibility and image of MCMC as a key leader in the development of content industry in Malaysia.

In addition, MCMC Grant for Creative and Innovative Content and Application (MAGICCA) was approved in 2010. This grant is a special grant for students in public and private institutions of higher education to produce projects related to contents/ applications that are of high quality and commercial value. It was planned to be launched and implemented in the fourth quarter of 2011 when institutions of higher education commence their new academic sessions. A total of RM20 million were allocated for the period of five (5) years.

To help the marketing, promotion and exhibition of content products at international level in a structured and integrated manner, the Content and Industry Development Department together with MICC, FINAS and MDeC had participated in market access programme at the global content markets such as America, France, Hong Kong, Singapore and Middle East; and had collaborated with agencies such as MATRADE and SMIDEC to market local content overseas. This collaboration generated a total of RM6 million in revenue from the sale of creative contents in 2010.

Chapter 2

Development

- Infrastructure Development and Standards
- Spectrum Policy Planning
- Special Projects
- Universal Service Provision



INFRASTRUCTURE DEVELOPMENT AND STANDARDS

HIGH SPEED BROADBAND (HSBB)

On 24 March 2010, the Prime Minister and the Deputy Minister, together with the Minister of Information, Communications and Culture, witnessed the launch of the High Speed Broadband (HSBB) service by Telekom Malaysia Berhad at Dataran Merdeka, Kuala Lumpur. Known as UniFi, HSBB is a triple play service that allows television broadcast, broadband and telephone service to be provided to the subscribers using fibre optic technology. For a start, the service was available in the coverage areas of Shah Alam, Taman Tun Dr Ismail, Subang Jaya and Bangsar exchanges.

As at 31 December 2010, Telekom Malaysia (TM) had surpassed its "premises passed" target of 759,700 compared to the original target of 753,448. This positive development had encouraged TM to expand its UniFi service to another 48 exchange coverage areas in stages as follows:

Starting from end of March 2010		Starting from end of September 2010	
1.	Bangsar	1.	KLIA
2.	Shah Alam	2.	Menara TM
3.	Subang Jaya	3.	Teluk Panglima Garang (Industrial)
4.	Taman TDI	Starting from end of November 2010	
Starting from early July 2010		1.	Batu
1.	Bukit Kemuning	2.	Bintang
2.	Cyberjaya	3.	Cheras
3.	Damansara	4.	Jalan Kebun
4.	Duta	5.	KL Sentral
5.	Kepong	6.	Keramat
6.	Subang Terminal Airport	7.	Taman Midah
7.	Melawati	8.	Pekeliling
8.	Puchong	9.	PJ Central
9.	Putrajaya	10.	Saga
10.	Sg Buloh	11.	Serdang
11.	USJ	12.	Sungai Long
12.	Wangsa Maju	13.	San Peng
13.	IDR (Gelang Patah)	14.	Sentul
14.	Bayan Baru (Industrial)	Starting from end of December 2010	
15.	Bukit Tengah (Industrial)	1.	Seberang Jaya
16.	Kulim Hi-Tech (Industrial)	2.	Kelana Jaya
17.	Permas (Industrial)	3.	Sg Renggam
18.	Selat Kelang Utara (Industrial)	4.	Kelang
19.	Senai (Industrial)	5.	Kuala Pauh
		6.	Setapak
		7.	Selayang Baru
		8.	Taman Petaling

Table 7 : UniFi Coverage Areas

In terms of investment, TM had spent more than RM3.4 billion as at 31 December 2010. As stipulated in the Public Private Partnership (PPP) Agreement signed on 16 September 2008, Malaysian Government had invested a total of RM1.5 billion as at 31 December 2010.

UNIFORM BUILDING BY-LAWS 1984 CLAUSE 25 AMENDMENT

MCMC had also worked with the Ministry of Housing and Local Government to amend Clause 25 of the Uniform Building By-Laws 1984. As a result, the Cabinet had agreed with the recommendations to make Communication facility compulsory under Clause 25 of the Uniform Building By-Laws 1984.

The obligation to provide Communication facility under this provision was one of the overall efforts to increase communication service penetration, especially in new developments. Through this provision, new development is required to provide basic communication infrastructure so as to facilitate service providers in providing their services.

MCMC MAGICMAP

MCMC also continuously strived to improve and upgrade the processes for updating and storing data on national communication infrastructure. With the launch of MagicMap, the public is able to obtain general information on the country's communication infrastructure by registering online at <http://mapserve.MCMC.gov.my>. The information provided can be used by anyone for the purpose of coordinating, planning, monitoring and implementing their responsibilities. In 2010, MCMC started the next phase to ensure that the collection and updating of data can be improved, thus, ensuring overall data reliability.

On 2 March 2010, the Infrastructure Development and Standard Division received the Malaysian Communications and Multimedia Commission Innovation Award for the MagicMap project.

On 1 December 2010, the MagicMap project was named the recipient of the Best Innovation Award 2010 in conjunction with the Innovation Day 2010 celebration held by the Ministry of Information, Communications and Culture.

PARLIAMENT COORDINATION

This Division also served as the information centre for coordinating Parliament questions, assisting the Ministry in relevant Parliamentary sessions and other tasks. As the Parliament information centre, the Division liaised with MCMC internal divisions, the Ministry as well as licensees to ensure that the answers by the Members of Parliament were timely and accurately prepared. For 2010, MCMC prepared more than 150 papers to answer questions from *Dewan Rakyat* and *Dewan Negara*.

OSC (ONE STOP CENTRE) IMPROVEMENT

In line with the continuous service delivery improvement in the public sector, MCMC had also worked with the Ministry of Housing and Local Government to review and improve the template for *Senarai Semak* and *Senarai Semak Terperinci Agensi Teknikal* to be adopted by all Local Authorities, industry players and OCS stakeholders. These documents can be assessed online at MCMC's website (www.MCMC.gov.my) and Local Government Department's website (www.jkt.kpkt.gov.my).

Apart from that, the Division was also involved in awareness and compliance activities in communication infrastructure development with the collaboration of State Government, Local Government Department, industry players and OSC stakeholders to ensure smooth OSC implementation. Among the activities carried out are as follows:

No.	Date	Title	Location
1	17 Feb 2010	Communication Infrastructure Development Seminar	Kota Bahru
2	22 June 2010	<i>Bengkel Pemahaman Template Seragam Senarai Semak Dokumen dan Agensi Teknikal Luaran</i>	Genting Highland
3	31 Dec 2010	Enforcement Coordination Workshop Among Agencies Involved with Construction Industry	Port Dickson

Table 8 : Awareness and Compliance Activities

GREEN TECHNOLOGY

Green Technology and climate change are among the country's main agenda. In line with the New Economic Model, Malaysia had targeted to reduce carbon dioxide (CO₂) emission by 40% by 2020. The Information and Communication Technology (ICT) sector as an enabler sector is seen as capable to be the main catalyst in realising this target.

In line with the nation's aspiration, MCMC in a collaboration with Malaysian Technical Standards Forum Berhad (MTSFB) established the Green ICT task force in 2010. The task force consisted of representatives from:

- Network Facility Provider Company
- Network Service Provider Company
- Technology Provider
- Public Institution of Higher Education (IPTA)
- Technology Consultant
- Government Agencies

The Green ICT Task Force is responsible to develop and implement activities covering Green ICT Promotion and Awareness; develop, implement and evaluate Green ICT Solutions for the ICT sector as well as develop guidelines and Green ICT Metrics.

In addition, beginning 2010, MCMC was appointed as the Technical Evaluation Committee for the Green Technology Roadmap at national level. Led by the Ministry of Energy, Green Technology and Water, the Committee serves several important functions including evaluating and developing framework and setting direction for green technology in Malaysia in order to achieve the targets set by 2020.

TECHNOLOGY AND STANDARDS

Certifying Programme

Certifying Programme by MCMC is subject to the Communications and Multimedia (Technical Standards) Regulations 2000. Section 186 of the Communications and Multimedia Act 1998 provided MCMC with a method to appoint Licensed Certifying Agencies to carry out certifying programme on behalf of MCMC.

As at 31 December 2010, three (3) public organisations had been appointed as MCMC's Licensed Certifying Agencies as follows:

No.	Organisation	Registration Category	Appointment Date
1	SIRIM QAS International Sdn Bhd (SQASI)	Certification for Communication Equipment	3 September 2003
2	Akademi Laut Malaysia (ALAM)	Certification for proficiency in skill area determined for Marine radio operator	3 September 2003
3	TMMC (previously known as Kolej Latihan Telekom)	Certification for proficiency in skill area determined for other than radio operator (Cabling Provider)	15 July 2002

Table 9: Licensed Certifying Agencies

MCMC also conducted certifying programme for the category of proficiency in skill area determined for amateur radio for Class A and Class B.

The number of new certifications issued was 8,136 while the number of renewals was 1,401; combined, the overall total number of certifications issued was 9,537.

No.	Organization	Category	Number of Certifications Issued
1	MCMC	Amateur Radio Operator (Class A)	24
		Amateur Radio Operator (Class B)	1,436
2	SQASI	Communication Equipment (Telephony)	362
		Communication Equipment (Radio)	1,731
3	ALAM	AM Operator Certification (GOC)	647
		Limited Operator Certification (ROC)	137
4	TMMC	Cabling Provider (New Issuance)	3,799
		Cabling Provider (Renewal)	1,401
TOTAL			9,537

Table 10: Number of Certifications

Standard Collaboration Programme

On 18 May 2010, the Malaysian Technical Standards Forum Bhd (MTSFB) and the Telecommunications Technology Association (TTA) Korea had reached an understanding with regards to a collaboration programme to share experience and expertise in the development of ICT standards and the provision of communication services especially for mobile communications, wireless broadband and digital broadcasting.

This collaboration programme was supported by regulatory bodies from both countries namely MCMC and the Korean Communications Commission (KCC).

This collaboration programme was also in line with the International Telecommunications Union's (ITU) resolution to overcome the standardisation divide between countries in the Asia Pacific region and countries in the American and European region, originated from the lack of experts and financial allocation as stated in ITU Strategic Plan 2008 - 2011 (Resolution 71, ITU Plenipotentiary Conference).

Through this collaboration programme, several activities were organised, including:

- Meeting on ICT Standard Development Programme between MTSFB, TTA and MCMC held at MCMC from 18 - 20 May 2010;
- Workshop on Bridging Standardisation Divide co-organised by ITU held at MCMC from 29 - 30 June 2010;
- ITU Working Group Meeting Interactive Simulation Training Session held at MCMC on 1 July 2010; and
- Technical visit to Korea involving meetings and visits to research institutions and major Korean industries from 23 - 26 November 2010.

This collaboration programme had successfully facilitated sharing of information and expertise apart from nurturing a stronger two-way cooperation between Malaysia and Korea in the development of ICT standards which could give a big contribution in the provision of infrastructure and more efficient, better quality and more affordable communication services.

Compliance Seminar

On 5 August 2010, MCMC and SIRIM QAS International Sdn Bhd organised a seminar entitled "Seminar Pengimportan, Pemerakuan dan Pelancaran Label Pemerakuan" at the Shah Alam Convention Centre (SACC), Shah Alam. The seminar aimed at providing awareness especially to manufacturers, exporters and distributors on the legal provisions and certifying procedures for communication equipment that must be complied with before they can be marketed in this country. At the same seminar, a new certification label was launched by MCMC Chairman. The new label was equipped with better safety features to prevent forgery.

Technology Seminar

On 30 November 2010, MCMC and Segi Maju Consortium Sdn Bhd, with the support of MTSFB, organised a technology seminar entitled "Trunk Radio - Beyond Voice with TETRA" held at MCMC. The seminar aimed at sharing the latest development in digital trunked radio technology known as TETRA, which is widely used in transportation, utility, oil and gas industry as well as public security agencies and the military. The seminar was the first in a series of latest technology sharing talks introduced by MCMC known as MCMC Technolab X'change. The series represents a continuation of the establishment of MCMC Technology Lab, which was launched by MCMC Chairman on 29 April 2010.

MCMC Technology Lab

MCMC Technology Lab was launched by Tan Sri Khalid Ramli, MCMC Chairman on 29 April 2010. It took place at MCMC Headquarters in Cyberjaya.

To make this possible, MCMC had collaborated with Malaysian Technical Standards Forum Bhd (a forum designated under the Communications and Multimedia Act 1998 and under the jurisdiction of MCMC), MIMOS Bhd (an agency under MOSTI), Perneq Corporation Bhd, Nadi-Ayu Technologies Sdn Bhd and Packet One Networks Sdn Bhd.

LTE Technology Exhibition at MCMC

LTE technology exhibition and demonstration was officiated on 28 June 2010 by the Deputy Minister, Dato' Joseph Salang Gandum, held at MCMC. The event was an end-to-end LTE technology exhibition - a comprehensive commercial service solution exhibition for the next generation network. It was held for three 3 days from 28 till 30 June 2010 and was open to the public.

The exhibition was organised with the collaboration of Huawei. Visitors were able to experience the latest mobile broadband solutions for themselves through live demos, interactive technical workshop and so forth. At the same event, visitors were also able to discover upcoming technology, products and services as well as market trend in the future for cellular broadband solutions.

Standard Development

In line with the provision of the Communications and Multimedia Act (CMA) 1998, MCMC had designated MTSFB as the Industry Forum since 27 October 2004. MTSFB is responsible for the development of Voluntary Industry Codes covering interoperability and network facilities security aspects.

In 2010, the following technical standards were successfully developed and registered as Voluntary Industry Codes under the CMA 1998:

- a. Technical Standards and Infrastructure Requirements (Part 3): Radio-communications Network Infrastructure (External); and
- b. Technical Standard of In-Building Fibre Cabling for Fibre-To-The-Premise (FTTP).

In addition, MCMC with the collaboration from MTSFB, is also in the midst of reviewing ten (10) technical specifications adopted in the communication equipment certifying process.

Electromagnetic Field (EMF) Emissions Regulation

In regulating the Electromagnetic Field emissions, MCMC had issued a mandatory standard Determination namely the Commission Determination on the Mandatory Standard for Electromagnetic Field Emission from Radiocommunications Infrastructure, Commission Determination of 1 of 2010 on 30 December 2010. The Mandatory Standard Determination was determined through the mandatory standard process as stated in the Communications and Multimedia Act (CMA) 1998.

The mandatory standard is targeted to service providers who possess a transmitter antenna and among others stipulates the level of exposure allowed, in compliance with the international standard known as International Commission on Non-Ionising Radiation Protection (ICNIRP). It also clarifies the responsibility of the service provider in sending emission simulation to the regulator as recommended by the International Telecommunications Union (ITU), in addition to site management requirements.

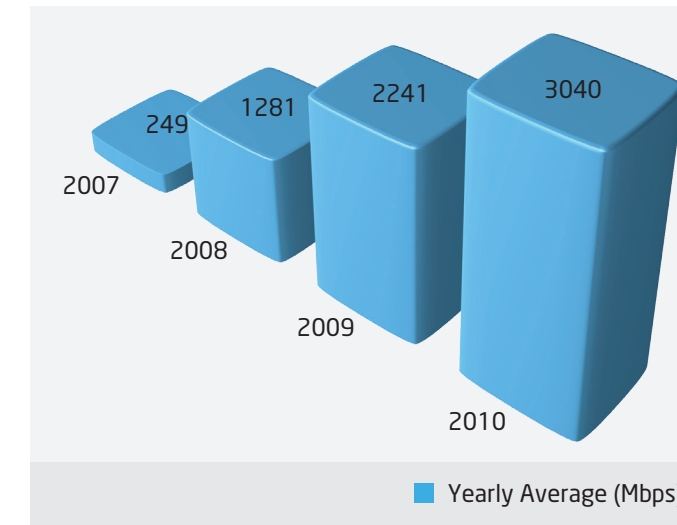
Strategic Trade Act (STA 2010)

The Strategic Trade Act under the jurisdiction of the Ministry of International Trade and Industry (MITI) was gazetted on 10 June 2010. The Act involving various Government agencies is related to export control, transit and tranship transfer of dual-use equipment otherwise known as strategic goods. MCMC had played an active role in the development of the act and the regulations under it. MCMC was also authorised to issue export permit licenses and to carry out enforcement and investigation activities for strategic goods category for computer, telecommunication and network security category.

MyIX Phase Two Project

MyIX Phase Two Project is a continuation project following the success of MyIX Phase 1 Project in December 2006 in the Klang Valley which aimed to improve the efficiency and service quality of the existing nodes as well as the expansion of MyIX nodes to other regions including Northern, Southern, Eastern, Sabah and Sarawak. The overall project was fully completed in December 2010 involving a cost of RM17.5 million for the contract period between two (2) and three (3) years as stipulated in the tender specifications.

MyIX membership continued to increase and as at 31 December 2010, its registered members were 30. Its usage rate was also on the rise where the traffic volume increased more than 13 folds overall (1300%) compared to when it was launched in 2007.



Graph 5: MyIX Traffic Usage Increased More Than 13 Folds

Nation's Key Target Centres

In May 2010, three (3) central MyIX exchange nodes located at AIMS Data Centre Sdn Bhd, JARING Communication Sdn Bhd and Network Control Centre (NCC) Fiberrail were listed as Key Targets by the Key Target Centres (JPSP), Chief Government Security Office.

Internet Provider Association of Malaysia

The Internet Provider Association of Malaysia or better known as MyIX Association is the body responsible to lead MyIX operation.

On 15 July 2010, the MyIX Association had successfully made two (2) amendments in the association constitution as follows:

- a. To amend item 1 which is the name of the association from "Persatuan Pengendali Internet Selangor dan Wilayah Persekutuan" to "Persatuan Pengendali Internet Malaysia".
- b. To amend item 6 which is membership regulation is open to registered companies in Malaysia where the business conducted involves local contents channelled through the Internet.

The amendments allowed MyIX Association to receive more memberships from all over the country and also from local content providers in line with MyIX phase two implementation.

SPECTRUM POLICY AND PLANNING

Spectrum resource is a precious national asset managed by MCMC in accordance with the Communications and Multimedia Act (CMA) 1998 and Communications and Multimedia (Spectrum) Regulations 2000.

In general, spectrum management covers the following main activities:

1. Spectrum assignment (3 main categories namely spectrum, apparatus and class) to service user/provider;
2. Technical coordination with neighbouring countries and internationally;
3. Two-way coordination at domestic level between Government Agency and MCMC; and
4. Spectrum assignment and usage policy according to Spectrum Plan and Standard Radio System Plan (SRSP).

2010 ACTIVITIES

Radio frequency spectrum involves coordination with international parties and International Telecommunication Union (ITU) including coordination with regards to space satellite system and terrestrial system. These activities are in accordance with the terms and conditions set out in the Radio Regulations (RR) as well as ITU where they represent international regulations that determine international use of frequency. Among the activities carried out in 2010 are as follow:

Space Satellite System

This includes providing response information on request to conduct satellite coordination and frequency interference published by ITU every week.

A total of 400 responses to carry out satellite coordination were processed and the same number of frequency interference notices was issued in 2010.



The purpose of the responses is to notify the relevant countries where frequency interference occurs. Bilateral coordination among the countries is conducted to reach an agreement to ensure that the relevant satellite network could share frequency without causing interference to one another.

Satellite Coordination Meeting

Satellite Coordination is a process where the use of any frequency at a certain orbital position requires coordination with the nearby satellite, which uses the same frequency, according to the rules and regulations set out by each administration in determining that there is no frequency interference.

The Coordination Rules are in line with the resolution that had been agreed upon at ITU level. Coordination is carried out to resolve frequency interference among relevant parties from other countries. In 2010, six (6) satellite coordination meetings were held as per Table 11.

No.	Date (2010)	Administration
1.	April	Russia
2.	May	Indonesia
3.	August	Korea
4.	September	United Arab Emirates
5.	October	Russia
6.	December	Saudi Arabia

Table 11: Satellite Coordination Meetings

Registration at ITU for Satellite Frequency for MEASAT Satellite Networks

The International Spectrum Policy and Coordination Department had registered and submitted 15 filings of MEASAT satellite networks to ITU.

Registration at ITU for Maritime Mobile Service Identity (MMSI)

The Maritime Mobile Access and Tracing System is a system to collect information or data for every registered ship from all over the world and it can be accessed directly by the maritime community for the purpose of checking and information sharing.

The system is primarily intended to support the Global Maritime Distress and Safety System (GMDSS) activities. It allows the users to identify ship stations in distress and additionally provide pertinent vessel information.

MMSI is a nine-digit number that has a unique meaning and is assigned to each ship under the maritime mobile service. The first three (3) digits represent the country issuing the ship's license followed by the next six (6) digits, which represent the ship's identity. A total of 100 MMSI numbers were registered in 2010.

The Use of 46 Degree East (46E) Orbital Position for Satellite Project by Syarikat MEASAT Satellite Systems Sdn Bhd

The International Spectrum Policy and Coordination was involved in the 46 degree east (46E) project for the joint-venture communication satellite project by Syarikat MEASAT Satellite Systems Sdn Bhd (MSS) and an overseas operator, under the Ministry of Communications and Information Technology Azerbaijan. This project marked the first time that Malaysian satellite orbit was used by a foreign country, in this case, Azerbaijan. This satellite will be owned by both parties where Syarikat MSS will provide expertise in technical fields, satellite requisition and purchase, project management and the satellite launch. The project received approval from the Minister on 6 January 2010.



National Preparatory Working Group for World Radio Conference (NPWG WRC-2012) and World Radiocommunication Conference (WRC-2012)

WRC is a conference under the patronage of the United Nations to discuss and coordinate radio frequency assignment around the world. It is held once every three/four years to consider and amend the ITU Radio Regulations (RR). RR determines the assignment and the use of frequency all around the world.

The International Spectrum Policy and Coordination Department is responsible to coordinate input from the industry and then formulate Malaysia's view on each WRC agenda identified. Input from the industry is obtained through the establishment of the National Preparatory Working Group (NPWG). The membership of this working group consists of representatives from MCMC, the Ministry of Defence, the Royal Malaysia Police, the Department of Civil Aviation, and relevant licensees from the communications and multimedia sector as well as other stakeholders such as Malaysian Radio Amateur Transmitters' Society (MARTS). The International Spectrum Policy and Coordination Department is generally involved as follows:

- i. To put forth suggestions and recommendations to formulate Malaysia's view on each WRC-2012 agenda at Asia Pacific level (Asia-Pacific Telecommunity Preparatory Group (APG)); and
- ii. To be involved in APG meetings to ensure Malaysia's view is taken into consideration.

In 2010, MCMC had attended and provided input at the APG3 (in China) and APG4 (in Hong Kong) meetings.

Technical Coordination between National Borders

Technical coordination at border areas is important to ensure a more efficient use of frequency and to resolve interference problems. This coordination is carried out according to the specifications and regulations set out at domestic as well as international level.

There are four (4) coordination platforms established to resolve the use of radio spectrum at border areas namely:

- i. Frequency Assignment & Allotment Coordination between Singapore, Malaysia, Armed Forces & Brunei (FACSMAB);
- ii. Joint Technical Committee between Malaysia - Thailand (JTC);

- iii. Joint Committee on Communications between Malaysia - Indonesia (JCC);
- iv. Trilateral Coordination Meeting between Indonesia, Malaysia and Singapore (Trilateral).

Among the main activities discussed by these committees are those that are relevant to the determination of distance for the coordination zones involved, coordination of radio spectrum planning, registration of the use of spectrum at border areas and frequency interference resolution at those areas.



At the same time, the use of radio frequency registration to the ITU is also carried out to protect the use of frequency in Malaysia especially at international border areas.

FOUR COORDINATION PLATFORM

i. Frequency Assignment & Allotment Coordination between Singapore, Malaysia, Armed Forces & Brunei (FACSMAB)

- In 2010, a total of 12 FACSMAB meetings were held from January till December and one (1) FACSMAB Review Meeting was held in March 2010 in Penang, Malaysia. The meeting had managed to resolve several matters arising involving the use of spectrum at Malaysia, Singapore and Brunei border areas.
- Members consist of representatives from authorities from the communication sectors of respective countries such as MCMC, IDA and AITI as well as Defence Agency from all three countries.
- The meeting was also a platform where discussions on frequency registration had taken place.

ii. Joint Technical Committee between Malaysia - Thailand (JTC)

- Throughout the year, one (1) JTC Committee meeting was held in Hua Hin, Thailand in May 2010.
- The meeting had managed to resolve issues with regards to the use of frequency at Malaysia and Thailand border areas.
- Members consist of representatives from authorities from the communication sector of respective countries such as MCMC, NBTC and several radiocommunication operators as well as Government agencies from both countries.
- The meeting is also a platform where discussions on frequency registration had taken place.

iii. Joint Committee on Communications between Malaysia - Indonesia (JCC)

- In 2010, one (1) JCC meeting was held in September in Penang, Malaysia.
- This meeting had managed to resolve a few issues involving the use of frequency at Malaysia and Indonesia border areas.
- Members consist of representatives from authorities from the communication sector of respective countries such as MCMC, DG POSTEL and several radiocommunication operators as well as Government agencies from both countries.
- The meeting is also a platform where discussions on frequency registration had taken place.

iv. Trilateral Coordination Meeting between Indonesia, Malaysia and Singapore (Trilateral)

- In 2010, two (2) Trilateral meetings were held in July in Singapore and in November in Makassar, Indonesia.
- This meeting had managed to resolve a few issues involving the use of frequency at border areas, namely the islands of Batam/Bintan/Riau (Indonesia), Southern Johor (Malaysia) and Singapore.
- Members consist of representatives from authorities from the communication sector of respective countries such as MCMC, IDA, and DG POSTEL.
- The meeting is also a platform where discussions on frequency registration had taken place.

Registration of the Use of Frequency at National Border Areas at ITU

The main purpose of the registration of frequency is to ensure that the use of frequency especially at national border areas is protected and authorised by ITU. Therefore, the use of frequency, which had been agreed at FACSMAB, JTC and JCC level, was registered with ITU throughout 2010.

Standard Radio System Plan (SRSP)

The Standard Radio System Plan (SRSP) is a document that explains the legal and technical requirements in the use of specific spectrum band for wireless system or service. It is based on the provision of the Malaysian Spectrum Plan. The document was produced through a consultation process by establishing several working groups with members from the Government sector, communications and multimedia industry, broadcasting board, radio spectrum users association and institutions of higher education. These working groups will produce, study and review various SRSP documents so that they will be able to meet current requirement, in line with current practices and methods.

In 2010, MCMC had reviewed and published new SRSP documents as follows:

No.	Document No.	Title
1.	524M	Requirement for International Mobile Telecommunications-2000 (IMT-2000) Services Operating in the Frequency Bands 1885 MHz to 2025 MHz and 2110 MHz to 2200 MHz
2.	537	Requirements for Digital Trunked Radio Systems (DTRS) Operating in the Frequency Band 410 MHz To 430 MHz
3.	502M	Requirements for Trunk Radio Systems (TRS) Operating in the Frequency Band 806MHz to 821MHz and 851 MHz to 866 MHz

Table 12 : New SRSP Documents

Lecture Series

In 2010, MCMC conducted five (5) lectures related to the use of spectrum, the latest and upcoming wireless technology. The lectures served as a platform for knowledge and experience sharing, apart from strengthening the ties between industry, Government and other parties.

No.	Lecture	Title
1.	May 2010	Communication with Frequency Higher than 25GHz
2.	August 2010	Smart Transportation System
3.	October 2010	Wireless Strategies
4.	November 2010	Mobile Broadband - Towards IMT-Advanced
5.	December 2010	Cognitive Radio Technology

Table 13 : Lecture Series

SPECIAL PROJECTS

Every now and then, opportunities arise for MCMC to push forward projects and initiatives to further contribute to the development of the communications and multimedia sector. Such projects, known as special projects are usually not in the existing programme and when resources permit and when opportunities fall within our mission and objectives, MCMC has taken up leadership in a number of such special projects in collaboration with the industry. Among the key ones initiated in 2010 are:-

- Digital lifestyle projects;
- Projects to facilitate SMEs to use and take up broadband as a business;
- Extending radio and TV services to people living in hard-to-reach rural areas with the direct-to-home satellite service; and
- Projects under the Communications Content and Infrastructure National Key Economic Area (CCI-NKEA).

DIGITAL LIFESTYLE PROJECTS



MCMC started work in early 2010 on a framework for the development of rich digital lifestyle applications to enhance and improve our business and social lives. The framework, known as Digital Lifestyle Malaysia (DLM) was completed in August and was issued to the public for consultation in September 2010.

This framework, which includes an allocation of RM62.5million for Proof-of-Concepts and pilots, is expected to make its impact in 2011. Digital Lifestyle Malaysia takes cognizance of a number of ICT applications, projects or initiatives that are already offered or in various stages of development by MCMC or others aiming at improving service delivery and living. Examples are digital lifestyle services such as mySMS 15888, myEG, digital homes, ubiquitous digital library, RFID track and trace and the digital district projects.

The DLM initiative takes off from where we are today by further pushing forward to provide an environment for the industry to develop and launch new applications to enrich digital living and enable widespread use, leveraging upon the telecommunications infrastructure in particular cellular and broadband that have reached a very high level of penetration. Six (6) key eco-systems defined in DLM are transport, agriculture, learning, working and a locality or home-district environment.

These digital lifestyle eco-systems are supported by intelligent ICT infrastructures to facilitate industry players to conceptualise, plan and develop new rich applications for digital living of the future. When the six (6) key eco-systems and intelligent ICT infrastructures are in place, the pace of development of new digital living applications can be accelerated with creative and innovative applications fuelling greater use and take up for digital living leading to further industry growth.

MCMC is fully committed to the digital lifestyle development and a special purpose Digital Lifestyle Engagement Centre will be set up under the DLM initiatives to facilitate, promote and manage the development of new applications/projects and the intelligent infrastructure supporting DLM.

PROMOTING USE OF ICT IN BUSINESS AND AS A BUSINESS

This project - which is in the form of a series of seminars and workshops as well as follow-ups on matters beyond the seminars - is aimed at creating awareness and providing a platform of networking and facilitation to interested parties in particular SMEs (as they are the backbone and main driver of the economy representing 99.2% of all establishment and contribution to GDP of 31% (2010) in Malaysia) on the following two (2) aspects:-

- Broadband ICT as a "business"; and
- Broadband ICT as a tool for business.

The idea was first mooted in February 2010 and research was undertaken to identify the best approach to be taken to supplement those existing in the industry and to map out the current and immediate (1-2 years) opportunities and those beyond the timeframe and is expected to ripen in 3-5 years that are available in the industry. The key approach is on showcasing success stories and the sharing of inspiration or innovation from entrepreneurs who have been successful through their exploitation of broadband ICT. The series will also provide trends towards this end from thought leaders, service providers, vendors and market analysts.

The areas of development identified are:-

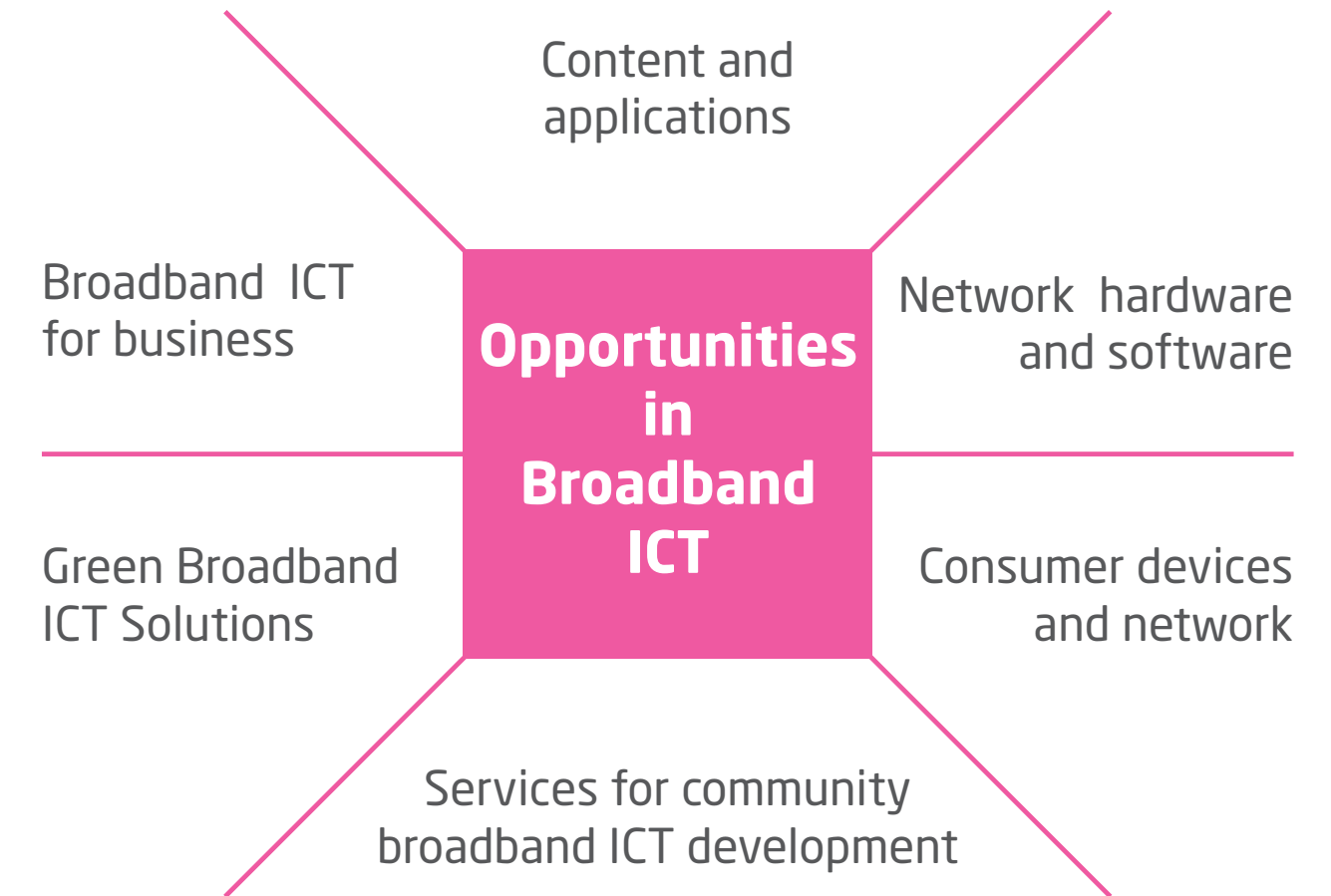
- Creating content and applications production;
- Broadband enterprise applications or solutions;
- Green solutions - sustaining ICT and reducing carbon footprint;
- Consumer devices and network appliances; and
- Network hardware and software.
- Services for development of broadband ICT community.

The project was approved in November and the launching conference is expected to be held by early 2011.

EXTENDING RADIO AND TV SERVICES TO PEOPLE LIVING IN HARD-TO-REACH RURAL AREAS

People living in hard-to-reach rural areas have been without TV and radio services for a long time. In most countries, the last frontier areas or the last 5% of the population living in remote rural areas is always a challenge to provide such services. In the spirit of 1Malaysia, MCMC in November 2010, started a collaborative programme with ASTRO to deliver 3,800 decoders and television sets to these people (all in Sabah and Sarawak). The service delivered will consist of eight (8) TV channels and 19 radio channels covering not only the free-to-air TV channels but also five (5) ASTRO channel offerings.

Details of the collaboration are being worked out and it is expected to be completed for launch by mid 2011. Through the provision of this service, they can enjoy their favourite TV and radio programmes without having to wait for the terrestrial broadcasting service to reach them.



Graph 6 : Opportunities in Broadband ICT

UNIVERSAL SERVICE PROVISION



The Universal Service Provision (USP) initiative is a continuous effort to promote wide use of network and application services through the installation of network facilities and the provision of network and application services in underserved areas or groups within the underserved community.

As at December 2010, our country has reached 55.6% broadband penetration rate and 95.12% cellular coverage.

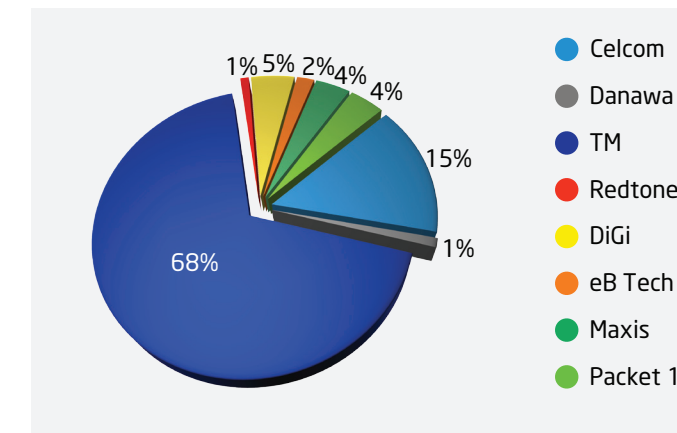
USP PROJECTS

Several projects were implemented in 2010 under the USP Programme. These projects were implemented as part of continuous initiative by MCMC in its efforts to bridge the digital divide between the rural and urban communities. Included under the National Broadband Initiative, these projects were officially launched by the Prime Minister on 24 March 2010.

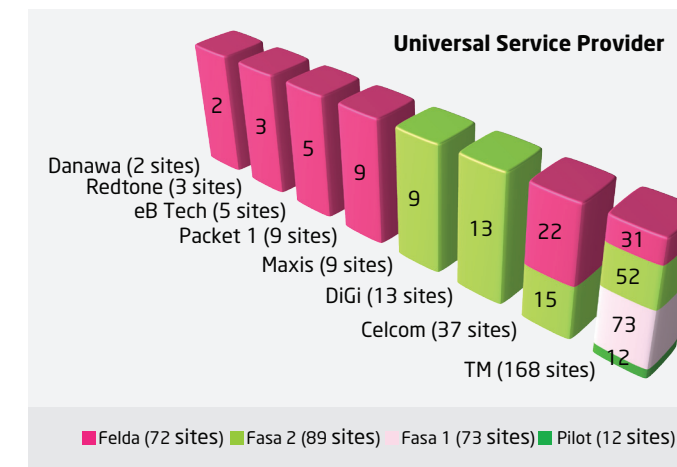
Community Broadband Centre (CBC)

The Community Broadband Centre (CBC) is an initiative to develop and implement a collaboration programme that has a positive social and economic impact on the targeted communities. Under this initiative, broadband service is provided to rural communities through the creation of CBC in areas identified throughout the country. Beginning with CBC pilot projects and expansion of locations, this initiative had successfully developed 246 CBCs, which have been in operation all over the country. At this time, there is a plan to add 325 CBCs, based on the concept of sustainability.

The CBC rollout as at December 2010 is as follows:



Graph 7: CBC Operators



Graph 8: CBC Phases

Mini Community Broadband Centre (Mini CBC)

The Mini Community Broadband Centre (Mini CBC) is an additional initiative to the CBC project where Internet service is provided at the Department of Information's premises throughout the country.



A total of 121 District Information Offices all over the country had been identified and each office will be equipped with collective broadband access and five (5) units of computer. In addition, through the concept of "Train the Trainers", training will be provided to the officers of Information Offices involved.

As at 31 December 2010, a total of 72 Mini CBCs were completed. The number of Mini CBCs according to states is as follows:

State	Completed	In Rollout Process
Johor	6	-
Kedah	6	-
Kelantan	7	-
Melaka	2	-
Negeri Sembilan	1	-
Pahang	8	-
Perak	2	-
Sabah	4	-
Sarawak	27	-
Selangor	4	-
Terengganu	5	-
TOTAL	72	-

Table 14: Mini CBC Rollout

1Malaysia Computer



The provision of 1Malaysia netbook computer provides broadband Internet access to the low-income group. This approach is expected to increase the country's broadband penetration rate, which had reached 55.6% by the end of 2010.

The 1Malaysia Computer programme was implemented in stages, starting with the distribution of 123,500 units of netbook for the first phase, followed by 349,000 units for the second phase and the rest of the netbooks for subsequent phases. This effort will be supported by the Kampung Tanpa Wayar (KTW) initiative to enable the recipients of 1Malaysia Computer to easily access the Internet.

In 2010, a total of 115,846 netbooks were distributed and the rest of the distribution will be implemented in 2011. The rollout of the 1Malaysia Computer in details according to states for the first phase is as follows:

State	Allocated	Distributed	Balance
Perlis	1,500	1,500	-
Kedah	10,000	10,000	-
Perak	7,500	7,500	-
Selangor	6,000	6,000	-
Negeri Sembilan	8,000	8,000	-
Melaka	6,500	6,500	-
Johor	22,500	22,500	-
Kelantan	10,000	10,000	-
Terengganu	8,500	8,500	-
Pahang	18,500	18,500	-
Sarawak	14,500	14,500	-
Sabah	10,000	10,000	-
Total	123,500	123,500	-

Table 15: 1Malaysia Computer Rollout Phase 1

Time 3



The Time 3 programme is an initiative to expand cellular coverage throughout the country, focusing on remote and rural areas. Under this programme, 1,000 new towers will be constructed nationwide. This programme was started in 2009 and as at the end of 2010, 127 towers had been completed. The balance 873 towers are currently being implemented in stages until 2012.

The national population coverage rate is expected to continue to increase from 95% to 97% when all the towers are completed. The number of towers according to states and their rollout phases are as per Table 16. As at December 2010, the national population coverage rate had reached 95.12%.

State	Phase 1A	Phase 2		Total Areas
		Batch 1	Batch 2	
Johor	13	36	10	59
Kedah	-	40	-	40
Kelantan	21	30	30	81
Negeri Sembilan	12	21	-	33
Pahang	50	63	94	207
Perak	21	41	-	62
Sabah	-	60	152	212
Sarawak	-	62	141	203
Selangor	-	26	-	26
Terengganu	10	43	24	77
Total	127	422	451	1,000

Table 16: Distribution of USP Tower Sites According to States 2009 - 2012

Kampung Tanpa Wayar (KTW)



The *Kampung Tanpa Wayar* (KTW) initiative was inspired by the Minister of Information, Communications and Culture as part of MCMC's continuous initiative to realise USP objectives as set out in the Communications and Multimedia Act 1998, USP Regulations 2002, which is to provide collective and individual access to Internet access service in underserved areas.

Furthermore, this KTW initiative also enables the targeted communities who live in the USP designated areas, especially the recipients of netbook under the 1Malaysia Computer initiative, to enjoy broadband service in line with the efforts to increase the household broadband access subscription rate in tandem with the National Broadband Plan.

This project is scheduled to begin in 2011 and will be implemented in several phases. However, as at 31 December 2010, a total of 12 KTWs were completed under the KTW project as a result of collaboration between MCMC and service provider (Pernecc Corporation) through Pernecc's corporate social responsibility as listed in Table below:

No.	State	District	Kampung
1	Sarawak	Kuching	Kg. Gita
2	Sarawak	Sibu	Kg. Bahagia Jaya
3	Sarawak	Julau	Rh Guntol
4	Sarawak	Julau	Rh Changgan
5	Sarawak	Limbang	Kg. Bunga Raya
6	Johor	Pagoh	Kg. Sari Baru
7	Sabah	Kudat	Pulau Banggi
8	Sabah	Batu Sapi	Kg. Istimewa
9	Sabah	Batu Sapi	Kg. Bokara
10	Negeri Sembilan	Jejebu	Kg. Teriang
11	Kelantan	Galas	Kg. Sg. Terah
12	Kelantan	Galas	Kg. Baru Gua Musang

Table 17 : *Kampung Tanpa Wayar*

In addition, the existing Perpustakaan Desa, school, community centres and halls throughout the country will be identified and will be involved in KTW planning to cater for broadband service to those areas to benefit the users as well as the surrounding communities.

UNIVERSAL SERVICE PROVISION FUND

Universal Service Provision Fund (USP Fund) was established under the provision of Section 204 of the Communications and Multimedia Act (ACM) 1998. The objective of USP Fund is to implement network facilities, network services and applications services in the underserved areas and communities.

The Communications and Multimedia (Universal Service Provision) Regulations 2002 stipulates that the contribution by licensees is based on three factors namely:

1. List of designated services;
2. Weightage factors; and
3. Six (6) percent of weighted net revenue.

Regulation 27 of the USP Regulations states that all licensees whose weighted net revenue derived from the designated services exceeds Minimum Revenue Threshold of RM2 million in the previous calendar year shall contribute 6% of their weighted net revenue to the USP Fund. Content Applications Services Provider (CASP) licence holders are exempted from contributing to the USP Fund.

Project claims in the form of Capital Expenditures (CAPEX) and Operating Expenditures (OPEX) from the USP Fund is disbursed to the designated service providers upon approval from the Commission, as stipulated by the USP Regulations.

The USP Fund is placed as Fixed Deposits at licensed financial institutions. Interest generated from the placement of the USP Fund in the Fixed Deposits is paid back to the USP Fund.

Chapter 3

Monitoring and Regulation

- Licensing and Resource Assignment
 - Licensing
 - Apparatus Assignment and Spectrum Assignment
 - Number Management
 - Mobile Number Portability
- Compliance
- Monitoring And Enforcement 2010
 - Consumer Complaints Bureau
 - Content Regulation
 - Investigation and Enforcement
 - Prosecution
 - Security, Trust and Governance
 - Spectrum Monitoring and Enforcement
- Postal Services
- Digital Signature



LICENSING & RESOURCE ASSIGNMENT

LICENSING

The Malaysian Communications and Multimedia Commission (MCMC) issue licences under the Communications and Multimedia Act (CMA) 1998, the Postal Services Act (PSA) 1991 and the Digital Signature Act (DSA) 1997.

LICENCES UNDER THE COMMUNICATIONS AND MULTIMEDIA ACT (CMA) 1998

As the communications and multimedia industry evolves towards convergence, licences under the CMA 1998 are formulated to be both technology and service neutral. The licensing regime as provided for under the CMA 1998 enables a licensee to undertake activities that are market specific. This creates opportunities for expansion into the industry particularly in the area of Applications Service Provider and provides for a more effective utilisation of network infrastructure.

There are four (4) categories of licensable activities under the CMA 1998:

- NFP (Network Facilities Providers)
- ASP (Application Service Providers)
- NSP (Network Services Providers)
- CASP (Content Application Service Providers)

Under these four (4) categories of licences, two (2) types of licences are issued, namely, Individual licence and Class licence. The individual licences are granted for activities which require a high degree of regulatory control while class licences, only requiring registration, are renewable annually. The list of licensees is in the respective registers maintained by MCMC.

Specifically, there are three (3) categories of individual licence activities:

Network Facilities Provider (NFP) Individual Licence

This licence would be required by those who own and/or provide certain network facilities such as radio communication transmitters and links, fixed links and cables and towers which are used in conjunction with other network facilities.

Network Service Provider (NSP) Individual Licence

Services licensable under this type of licence include bandwidth services, broadcasting distribution services, cellular mobile services, access application services and space services.

Content Application Service Provider (CASP) Individual Licence

This licence is required for the provisioning of content applications services such as satellite broadcasting, subscription broadcasting, terrestrial free-to-air TV and terrestrial radio broadcasting.

LICENSING ACTIVITIES

In 2010, MCMC has processed new applications for the following licences:

- a. 21 Network Facilities Provider individual licences (NFP(I));
- b. 21 Network Service Provider individual licences (NSP(I)); and
- c. 12 Content Applications Service Provider individual licences (CASP(I)).

Out of those applications, the Minister approved 20 NFP(I) licences, 20 NSP(I) licences, and 11 CASP(I) licences and these licences were registered by MCMC.

Among the infrastructures included under the NFP individual licence are earth station network facilities, cable and fixed links, radio communication transmitters and links.

As for NSP individual licence, the service category generally provided to the applicant includes bandwidth services, access application services, switching services and gateway services.

Application for CASP(I) is related to subscription broadcasting services and terrestrial radio broadcasting services.

One of the applications for a new licence for NFP(I), NSP(I) and CASP(I) was from Measat Broadcast Network Systems Sdn Bhd (MBNS). This application involved the migration of MBNS from Broadcasting Licence under the Broadcasting Act 1988 and Telecommunications Licence under the Telecommunications Act 1950 to NFP, NSP and CASP individual licences under the Communications and Multimedia Act 1998.

APPLICATION FOR RENEWAL OF NFP AND NSP INDIVIDUAL LICENCES

MCMC also processed three applications for renewal of NFP individual licence, three applications for renewal of NSP individual licence and 18 applications for renewal of CASP individual licence. All the applications were approved for renewal by the Minister.

CLASS LICENCE ISSUED UNDER THE COMMUNICATIONS AND MULTIMEDIA ACT 1998

A total of 29 applications were received for registration in the NFP class licence category, 30 applications for the NSP class licence category, 29 applications for the CASP class licence category, and 526 applications for the ASP class licence category. The number of registration for the various class licences for 2010 is as follows:

Class Licence	Number of Registered Licensees
NFP	29
NSP	30
CASP	29
ASP	526

Table 18 : Number Of Registration For The Various Class Licences

APPLICATION FOR VARIATION OF INDIVIDUAL LICENCE CONDITIONS/SURRENDER OR TRANSFER OF INDIVIDUAL LICENCES

In addition to new licence application, MCMC also processed applications for variation of the licence conditions in 2010.

Application for variation to the special licence conditions was also received for four NFP individual licences, three NSP individual licences, and four individual CASP licences. With regards to NFP(I) licence category, applications to vary licence conditions concerned the type of network facilities with additional shareholder conditions such as changes in the company's shareholding structure as well as equity percentage of foreign shareholding permitted.

With regards to CASP individual licence category, applications to vary licence conditions concerned the location of control centre, the operation area of the licensee, the change in broadcast language as well broadcasting news in Mandarin.

In 2010, a total of two (2) licensees had surrendered their licenses namely Telshine Sdn Bhd and Extiva Communications Sdn Bhd.

The list of licensees whose licences were revoked due to the failure to pay their annual licence fee is as follows:

No	Licensee whose Licence was Revoked	Licence	Effective Date
1.	Nasioncom Sdn Bhd	NFP(I) & NSP(I)	6 July 2010
2.	Asia Telecommunications Sdn Bhd	NSP(I)	15 December 2010

Table 19 : Licensee whose Licence was Revoked

APPARATUS ASSIGNMENT AND SPECTRUM ASSIGNMENT

This report presents the tasks and activities carried out by the Radio Spectrum Assignment Department (RSAD) in 2010. The information provided includes the total collection obtained from Spectrum Assignment and Apparatus Assignment as well as Audit activities on Apparatus Assignment carried out nationwide. This report also provides information on the innovation introduced by RSAD through the launch of MCMC Apparatus Assignment Interactive Guide portal.

OVERALL COLLECTIONS

Month	Total Collection (RM)
January	3,774,416
February	2,206,493
March	37,168,600
April	5,744,416
May	5,623,766
June	1,698,254
July	1,076,073
August	2,583,157
September	2,654,092
October	6,597,610
November	53,596,851
December	199,798,094
Total	322,521,822

Table 20: Total Collection By Month For 2010

Overall, a total of RM322.5 million was collected by the Radio Spectrum Assignment Department (RSAD) in 2010. The collection consist of applications for Spectrum Assignment and Apparatus Assignment. The monthly collections since early 2010 are shown in Table 20.

SPECTRUM ASSIGNMENT

Quarter	Total Collection (RM)
1	30,956,864
2	7,200,792
3	0
4	60,399,360
Total	98,557,016

Table 21: Total Collection for Spectrum Assignment By Quarter In 2010

A total of RM98.5 million was collected in 2010 for Spectrum Assignment. The quarterly collections for 2010 are shown in Table 21.

APPARATUS ASSIGNMENT

A total of 46,369 applications amounting to RM223.9 million were processed and approved in 2010. Table 22 shows the total application and collection by quarter in 2010.

Quarter	Total Apparatus Assignment Approved	Total Apparatus Assignment Not Approved	Total Collection (RM)
1	8,150	84	12,192,645.00
2	7,274	139	5,865,644.00
3	3,646	1	6,313,322.00
4	27,299	0	199,593,195.00
Total	46,369	224	223,964,806.00

Table 22 : Total Applications and Collection For Apparatus Assignment By Quarter In 2010

Out of the total number processed, 224 applications were not approved for the following reasons:

- Incomplete application
- Application specifications were not in compliance with the stipulated standards
- The spectrum transmitter station site was located within a prohibited area

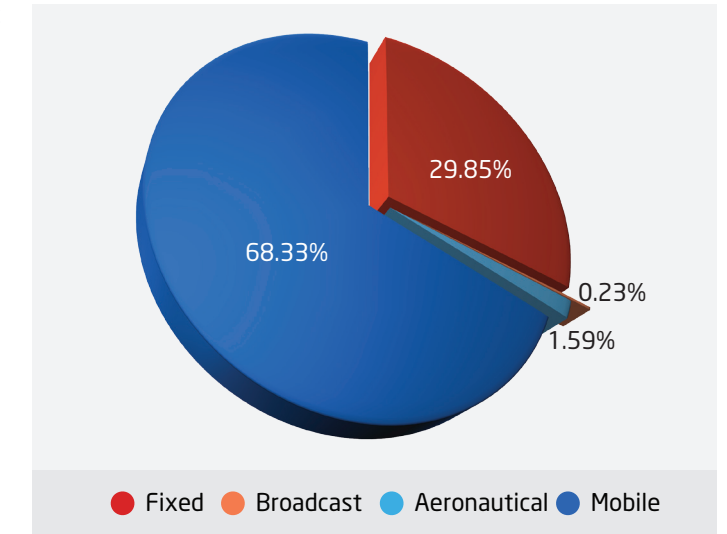
Apparatus assignment is categorised according to the following types of service:

- Mobile service
- Fixed service
- Broadcast service
- Aeronautical service

The applications according to the types of service in 2010 are shown in Table 23 and Graph 9. Overall, the highest application percentage is for mobile service followed by fixed service, broadcast service and aeronautical (satellite) service.

No	Type of Service	No. of Applications	Application Percentage
1	Mobile	31,682	68.33%
2	Fixed	13,842	29.85%
3	Broadcast	108	0.23%
4	Aeronautical	737	1.59%
Total Applications		46,369.00	100%

Table 23: Applications For Apparatus Assignment According To The Types Of Service



Graph 9: Percentage of Application for Apparatus Assignment According To The Types Of Service

APPARATUS ASSIGNMENT AUDIT

To ensure that all the approved applications were in compliance with all the criteria stipulated, audit activities for apparatus assignment were conducted. In 2010, a total of nine (9) audit activities were carried out in Peninsular Malaysia, Sabah and Sarawak, involving inspections on 2,998 Apparatus Assignments. Details of the Apparatus Assignment audit are provided in Table 24.

Date Of Audit Implementation (2010)	Audit Description	Total Apparatus Assignments Inspected
25-29 January	Apparatus Assignment audit for TV and FM Radio station in Northern Region (Perak, Kedah, Penang and Perlis)	79
1-5 February	Apparatus Assignment audit for TV and FM Radio station in Eastern Region (Pahang, Terengganu and Kelantan)	80
29 March - 2 April	Apparatus Assignment audit for frequency station in Sarawak Region (Sibu and Bintulu).	536
26-29 April	Apparatus Assignment audit for frequency station in Sabah Region (Kota Kinabalu, Ranau, Keningau, Tenom and Beaufort).	871
17-20 May	Apparatus Assignment audit for microwave frequency station, mobile station, private network and WiMAX in Southern Region (Melaka and Johor).	109
5-9 July 2010	Apparatus Assignment audit for microwave frequency station, mobile station, private network and WiMAX in Northern Region (Penang and Ipoh).	523
2-6 August	Apparatus Assignment audit for frequency station in Sabah Region (Tawau and islands around Semporna)	39
4-8 October	Apparatus Assignment audit for microwave frequency station, mobile station and WiMAX owned by REDtone Communications Sdn Bhd in Sabah Region (Kota Kinabalu and Kundasang)	83
15-23 December	Apparatus Assignment audit for microwave frequency station and WiMAX owned by YTL Communications Sdn Bhd at Central Region (Negeri Sembilan, Putrajaya, Selangor and Kuala Lumpur)	678
Total Apparatus Assignments Inspected		2,998

Table 24 : List of audit activities carried out for Apparatus Assignment in 2010

ACTIVITIES FOR APPARATUS ASSIGNMENT AUDIT

Photos of audit activities carried out for Apparatus Assignment in Peninsular Malaysia, Sabah and Sarawak are shown below:



1. Inspection on an apparatus owned by Yumemi Shinju Sdn Bhd at Pulau Batik Pearl Farm, Sabah.
2. Inspection activity on microwave station owned by Maxis in Pulau Pinang.
3. Audit activity at Kuala Lumpur Tower for broadcast station owned by RTM.
4. Audit activity in Sarikei, Sarawak for the inspection on cellular station owned by Celcom.
5. Inspection activity on Apparatus Assignment for private network station carried out in Johor Bahru.

MCMC APPARATUS ASSIGNMENT INTERACTIVE GUIDE PORTAL

The RSAD launched the MCMC Apparatus Assignment Interactive Guide Portal in the middle of 2010. The portal serves as a guide and provides detailed information on how to apply for Apparatus Assignment for all types of service. The bilingual (Bahasa Malaysia and English) portal acts as an interactive guide for users. The portal can be visited at <http://aaig.skmm.gov.my/Flash.aspx>. A screenshot of the portal's main page is shown in Graph 10 below.



Graph 10 : The Main Page of MCMC Apparatus Assignment Interactive Guide Portal

NUMBERING MANAGEMENT

Numbers are national resources where MCMC is responsible for the control, planning, administration, management and their assignment.

One of MCMC's main objectives set for the numbering management in 2010 is to overcome the problem of insufficient cellular numbers to cater for the increasing number of customers and the entry of new operators such as the WiMAX and Mobile Virtual Network Operator (MVNO).

The collaboration between MCMC and the industry had resulted in the increase of cellular telephone numbers from 80 million to 180 million through the introduction of a new eight-digit format to the existing customer telephone numbers. The increase is 120% from the total number of existing cellular telephone numbers.

THE IMPLEMENTATION OF EIGHT-DIGIT CELLULAR TELEPHONE NUMBER

To ensure the capacity of existing cellular numbers is sufficient to cater for the rapid development of cellular telephone service industry and strong demand from the subscribers from all walks of life, MCMC had introduced a new format in the form of eight-digit cellular telephone number.

In general, the planning process was carried out much earlier in 2009 although the implementation of the new format was officially introduced on 15 December 2010.

This new format helped cellular telephone operators obtain additional numbers which can be used to cater the current need to meet increasing customer demand. The existing seven-digit cellular telephone numbers are no longer sufficient to cater for the current demand.

NUMBERING ASSIGNMENT

In 2010, MCMC processed and approved numbering assignments as follows:

Numbering Type	No. of Assignments	Licensees	Total
International Signalling Point Code	5	TM	6
	1	YTL	
International Mobile Subscriber Identity	1	Segi Maju Consortium	1
Independent Short Code	7	Tune Talk	9
	2	Celcom	
Public Switch Telephone Network (PSTN)	30	TM	82
	48	P1	
		Maxis	

Table 25 : Number Application

A total of 13 million numbering assignments were approved in 2010 for various cellular telephone providers such as Celcom, Maxis, DiGi and U Mobile, WiMAX service providers such as YTL and Packet One as well as MVNO service providers such as Tune Talk, XOX, RedTone and Baraka.

Out of the total 13 million numbering assignments, 7.5 million were assigned for the implementation of eight-digit cellular telephone number, three (3) million numbers under the 010 prefix for additional numbering assignments, two (2) million numbers under the 018 prefix for WiMAX service providers and 500,000 under the 0159 prefix for mobile broadband service.

Prefix	Subscriber Number	Total Number (k)	Service Provider
0159	200 0000 - 249 9999	500	Celcom
	350 0000 - 359 9999 440 0000 - 459 9999 550 0000 - 559 9999 650 0000 - 659 9999	500	Packet One
	400 0000 - 419 9999 570 0000 - 599 9999	500	Celcom
	600 0000 - 649 9999	500	Baraka
	420 0000 - 439 9999 700 0000 - 719 9999 890 0000 - 899 9999	500	Maxis
	770 0000 - 819 9999	500	Tune Talk
	830 0000 - 879 9999	500	XOX
	1000 0000 - 1049 9999	500	Packet One
	1050 0000 - 1099 9999	500	Redtone
011	1100 0000 - 1199 9999	1,000	U Mobile
	1200 0000 - 1299 9999	1,000	Maxis
	1300 0000 - 1349 9999	500	XOX
	1350 0000 - 1399 9999	500	Baraka
	1500 0000 - 1549 9999	500	Tune Talk
	1600 0000 - 1699 9999	1,000	DiGi
	1700 0000 - 1749 9999	500	YTL
	1800 0000 - 1849 9999	500	TM
	1900 0000 - 1999 9999	1,000	Celcom
	018	330 0000 - 349 9999 580 0000 - 629 9999 630 0000 - 659 9999 670 0000 - 719 9999 795 0000 - 824 9999 920 0000 - 939 9999	2,000
Total		13,000	

Table 26 : Number Assignment

NUMBERING RULES

Numbering Rules were established for reasons as provided below:

- To make compliance with the procedures of application, revocation and provision of numbering assignments as well as compliance with numbering use conditions as set out in the Numbering and Electronic Addressing Plan (NEAP) by the licensees as mandatory.
- Action may be taken not only on the licensees but also on any individuals who breach the rules and conditions set out in the NEAP.
- To ensure that the licensees use numbering assignments more efficiently and at an optimum level since numbers are scarce national resources.
- To impose an application fee and annual fee for each numbering assignment for operational cost, system development and improvement of Numbering Management.

The Numbering Rules are expected to be enforced by the end of 2010 however it is subject to the approval from the Attorney General.

REPORT ON THE IPv6 IMPLEMENTATION ACTIVITIES 2010 BY MCMC

IPv6 Audit - Phase 2

To ensure IPv6 readiness in Malaysia, MCMC in collaboration with MTSFB and Internet Service Providers (ISPs), had agreed to carry out the IPv6 Audit (Phase 2) which was conducted from the 7 21 December 2009. The main objective of the audit was to ensure the IPv6 global and local Inter-ISP connectivity.

Due to the request from a few ISPs, the implementation date had been extended to 15 January 2010. A total of 17 ISPs were involved and 11 of them had successfully completed the audit. The list of ISPs involved in the IPv6 Audit (Phase 3) and summary of the Audit's outcomes are provided as follows.

No	Internet Service Provider (ISP)	Test Method	
		IPv6 Forum ISP Logo	International Peering Test
1	Jaring	Yes	Yes
2	NTT MSC	Yes	Yes
3	Maxis	Yes	Yes
4	TM	Yes	Yes
5	Time dotCom	No	Yes
6	DiGi	Yes	Yes
7	Global Transit Communication	Yes	Yes
8	GITN	Yes	Yes
9	V Telecoms	No	No
10	Packet One Network	Yes	Yes
11	Vads Bhd	Yes	Yes
12	Celcom	Yes	Yes
13	U Mobile	No	No
14	Bizsurf Msc Sdn Bhd	No	No
15	Oce	Yes	Yes
16	Extreme Bb	No	Yes
17	YTL Communications Sdn Bhd	No	No

Table 27 : Summary of Outcome - Audit (Phase 3)

Recommendation to Set Up Country Internet Registry (CIR)

The recommendation to set up CIR was put forth by ITU and was presented by the National Advance IPv6 (NAV6) in March 2010. The purpose of CIR's establishment is as an addition to the five existing Regional Internet Registries (RIRs) namely APNIC, LACNIC, AFRINIC, RIPE NCC and ARIN.

Malaysia presented an opinion paper to ITU, represented by MCMC to express Malaysia's opinion towards the recommendation. Malaysia had emphasised that the recommendation presented by the NAV6 did not represent opinion from the Government of Malaysia. Malaysia had recommended that the existing RIR structure is maintained for the time being and that more focus should be given on the use of IPv6 globally.

Registration of IPv6 Domain Name System(DNS)

The Ministry of Information, Communications and Culture, in its discussion with MCMC, had determined the percentage of IPV4 DNS that must be registered with DNS IPv6 in its effort to increase the use of IPv6 in Malaysia. The percentage agreed to be achieved by the Web Hosting party is as follows:

2010 - 10%
2011 - 25%
2012 - 50%

The total percentage agreed in 2010 was 10% of the total 100,000 IPv4 DNS. The total had to be fixed to 100,000 because the number of DNS varies every day. As at end of December 2010, a total of 2,009 IPv4 DNS were registered with IPv6 DNS.

The summary of IPv6 DNS registration in 2010 is provided below:

Month*/Category	.my	.com.my	.net.my	.org.my	.gov.my	.edu.my	.mil.my	.name.my	Total
Jan 2010	86	93	17	10	1	1	0	0	208
Feb 2010	90	95	17	10	2	1	0	0	215
March 2010	82	84	17	9	2	1	0	0	195
April 2010	91	87	17	9	1	1	0	0	206
May 2010	94	86	17	8	1	1	0	0	207
June 2010	181	878	45	22	3	6	0	2	1137
July 2010	255	1081	57	34	3	6	0	2	1438
August 2010	323	1381	71	52	60	15	1	4	1907
September 2010	325	1390	68	50	60	14	1	4	1912
October 2010	344	1430	76	53	64	14	1	5	1987
November 2010	362	1446	78	52	64	16	1	5	2024
December 2010	370	1455	75	55	31	16	1	6	2009

Table 28 : Summary of IPV6 DNS Registration in 2010

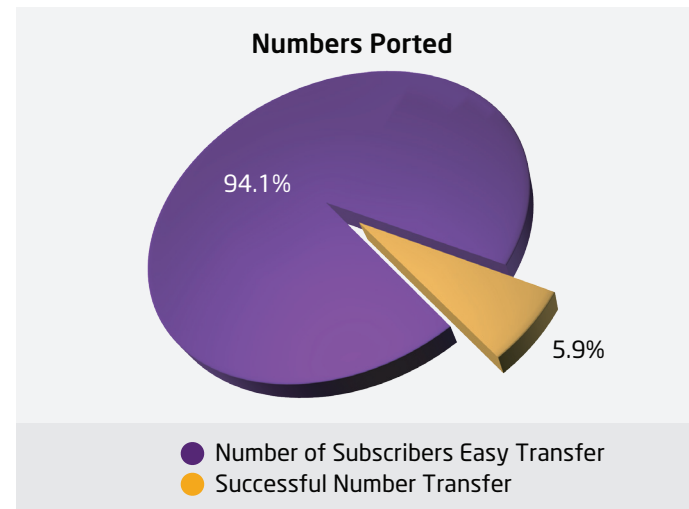
MOBILE NUMBER PORTABILITY

The implementation of Mobile Number Portability (MNP) is in line with one of the national policy objectives under the Communications and Multimedia Act (CMA) 1998 where MCMC is responsible to regulate for the long-term benefit of the end user and promote a high level of consumer confidence in service delivery from the telecommunications and multimedia service provider. MNP was introduced to spur a healthy competition in the cellular service sector which in turn leads to improved quality of service, more attractive package offerings, and to bring the readiness of the local cellular industry players to a higher level, in line with the effort to encourage them to compete at international stage.

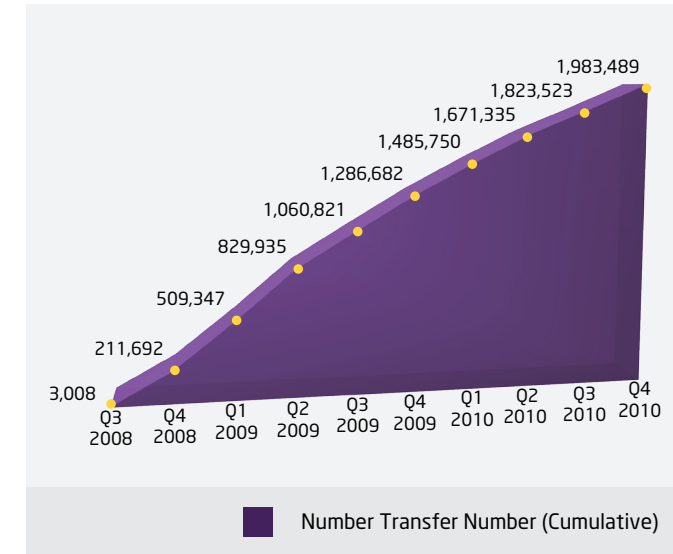
After almost three (3) years since its launch (October 2008), various attractive call packages had been introduced to consumers by every service provider. As a result, the cellular consumer penetration rate increased from 98.9% in 2008 to 105.4% in 2009 and 119.2% in 2010. This represents an increase of 6.5% in 2009 compared to 13.8% in 2010. The decreasing number of porting figures and more stable porting activities in 2010 indicate that the service providers were equally competitive, compared to the quality of their service at the beginning of its implementation.

ACTIVITIES IN NUMBER PORTABILITY

Since the launch of MNP in October 2008, a total of 1,983,489 numbers have been successfully ported. This figure represents approximately 5.9% from the total number of mobile users in Malaysia (based on approximately 33.86 million mobile subscriptions for the fourth quarter of 2009*).
*Source: MCMC's Facts & Figures.

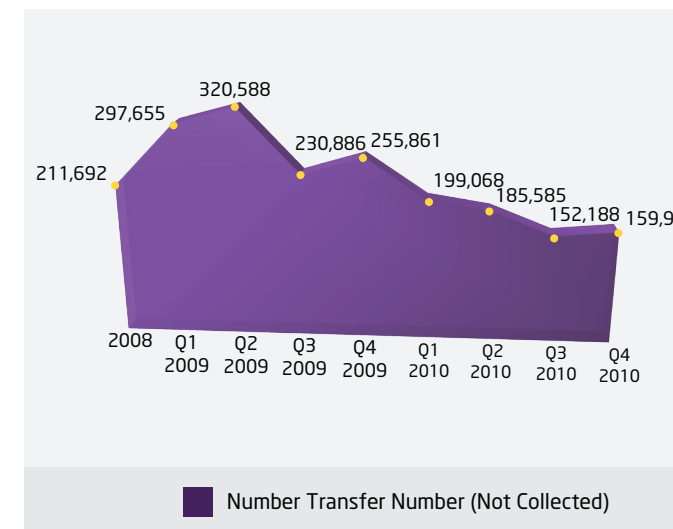


Graph 11: Percentage Of The Numbers Successfully Ported For Mobile Users



Graph 12 : Total Numbers Ported (Accumulated) for Each Quarter

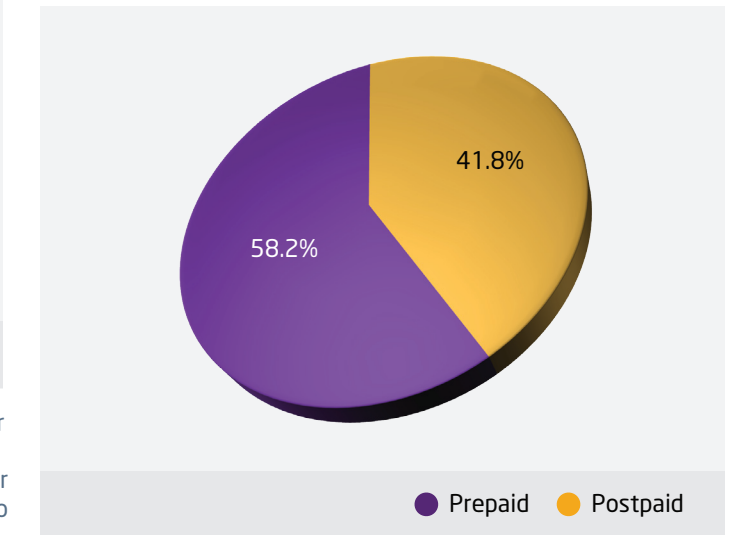
Graph 13 shows that the number porting activities for each quarter is gradually decreasing and seems to stabilise. This may be due to the equally competitive services offered by each cellular provider.



Graph 13 : Total Numbers Ported for Each Quarter (Not Accumulated)

Postpaid & Prepaid

Out of the 1,983,489 numbers ported, 58.2% chose postpaid package while 41.8% chose prepaid when porting their numbers to a new service provider.



Graph 14: Percentage of Customers Choosing Postpaid and Prepaid Packages

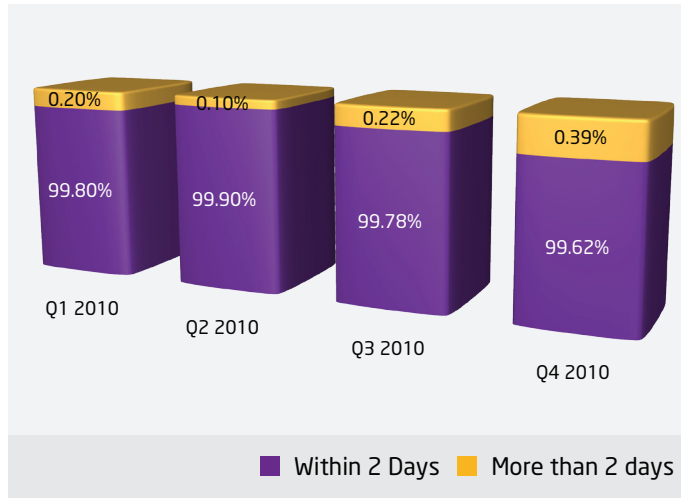
Duration Taken for Porting

The duration taken for porting can be divided into two (2) categories namely the duration for Consumer Ports (individuals) and also Non-Consumer Ports (corporate clients). The two (2) categories are distinguished as the complexity in porting across the numbers between the two categories differs significantly.

Consumer Ports (Individuals)

The maximum porting duration allowed by MCMC is 2 days.

Based on Graph 15, the percentage of consumer ports successfully performed within two (2) days decreased by 0.16% in the fourth quarter compared to the third quarter. The decrease is caused by the MNP gateway system's technical glitches faced by the service providers during the porting period.

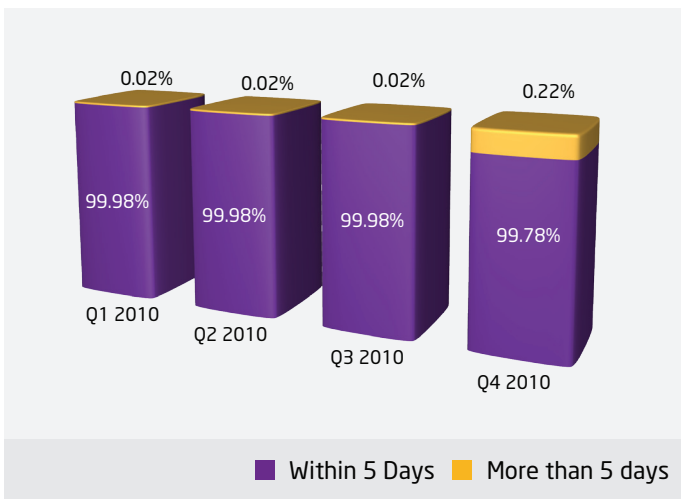


Graph 15 : Consumer Ports

Non-Consumer Ports (Corporate Clients)

The maximum porting duration allowed under the MNP Industry Business Rules is five (5) days.

Based on Graph 6 below, the percentage of non-consumer ports successfully performed within five (5) days had decreased by 0.2% in the fourth quarter compared to the third quarter. The decrease is caused by the MNP gateway system's technical glitches faced by the service providers during the porting period in the fourth quarter.



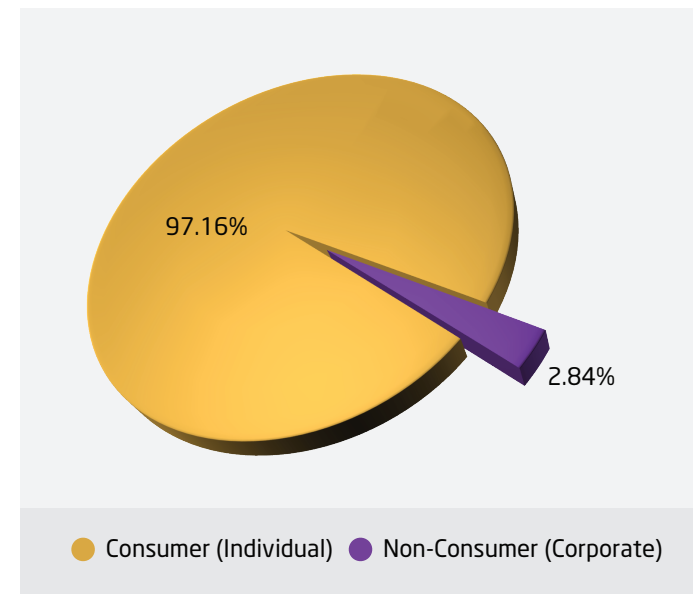
Graph 16: Non-Consumer Ports

The Ratio of Consumer Ports (Individuals) to Non-Consumer Ports (Corporate Clients)

From the total successful ports, 97.16% is consumer ports while 2.84% is non-consumer ports.

Consumer Ports (Individuals)	1,927,081	97.16%
Non-Consumer Ports (Corporate Clients)	56,408	2.84%
Total	1,983,489	69,735

Table 29 : Total Consumers



Graph 17: The Ratio Of Consumer Ports To Non-Consumer Ports

COMPLIANCE

CONSUMER PROTECTION

MCMC plays an important role in finding a balance in the overall right between the consumer, industry and investor. In the context of consumer, MCMC ensures that the consumers in Malaysia have access to the competitive rate setting, wide choices, quality service, appropriate broadcast contents including benefits from initiatives planned to bridge the digital divide (through the Universal Service Provision Fund).

In accordance to this, the provision in the consumer protection act had been set to promote and protect the consumer right in matters pertaining to the communication and multimedia services. As the implementer of the Communications and Multimedia Act (CMA) 1998, MCMC shoulders a significant responsibility in ensuring the industry's response to consumer need, consumer confidence towards quality of service provided and the reliability in the provisioning of services to consumer. All these can be achieved through the development and enforcement of consumer codes and standards, resolution of consumer disputes and effective rate regulation.

In achieving this goal, a few mechanisms were implemented to ensure consumer protection including the offering of quality services, required applications services, resolution of consumer disputes, rate regulation, compliance with licence conditions over rate effectiveness and accuracy.

MANDATORY STANDARDS FOR QUALITY OF SERVICE

To ensure the consumer right and to ensure the consistency in the provisioning of communications and multimedia services, a series of Mandatory Standards for Quality of Service (MSQoS) was developed since January 2003. The minimum quality of service covers normal standards for main services for fixed line telephone, cellular phone service, broadcast content applications and broadband.

The existence of MSQoS ensures commitment from the service providers to comply with the minimum standards set and at the same time, protects consumer right. To ensure service providers' compliance with the standards, a few penalties, including jail sentence, were imposed on the licensees who fail to comply with the minimum standards set.

There are seven (7) services currently covered under the Mandatory Standards registered between 2002 and 2009:

1. Public Switched Telephone Network
2. Public Cellular Service
3. Internet Dial-Up Service
4. Content Applications Service
5. Public Payphone Service
6. Digital Leased Line Service
7. Broadband Access Service

As at June 2009, a total of 48 licensees had submitted their respective MSQoS reports to MCMC. From this number, only eight (8) licensees (16.3%) were found non-compliance with the standards set. The licensees did not comply with the standards for Digital Leased Line Service and Broadband Access Service.

With the increase in wireless broadband subscription and consumer complaints on quality standards for Broadband Access service, MCMC is of the opinion that it is necessary to develop quality standards for wireless broadband service (BWAS) and to review the existing quality standards for broadband access service (BWA) so that consumer rights can be protected apart from obtaining high standards from the respective service providers.

Therefore, MCMC had carried out public enquiry process to obtain feedbacks and comments from the public as provided in the Communications and Multimedia Act (CMA) 1998. The public enquiry process was carried out from 4 October until 18 November 2010 and MCMC received 11 public enquiry submissions for BWA service and 13 for BWAS.

Subsequent to the public enquiry, a more comprehensive approach will be taken in regulating BWAS and BWA service to ensure that the industry continues to grow and at the same time to ensure that consumer interest is protected.

CUSTOMER SATISFACTION SURVEY

Customer satisfaction review complements the mandatory standards for quality of service. The purpose of this review is to measure customer satisfaction level of telecommunications and multimedia service in Malaysia. It covers fixed line telephone service, cellular phone service, Internet access service (dial up Internet and broadband Internet), Public Telephone, Digital Leased Line Service, Free-to-Air Television, Free-to-Air Radio, Paid Television, as well as courier and post service.

In 2010, MCMC successfully carried out four customer satisfaction surveys which focused on courier, postal, Free-to-Air television, Free-to-Air radio service. MCMC conducted face-to-face interview with the respondents as well as telephone interviews. The survey outcome report will be published in the fourth quarter of 2011.

The report will be shared with the telecommunications as well as post and courier service providers for the purpose of improving the quality of service provided.

MOBILE CONTENT SERVICES

The development of mobile content services is an important area in the country's communication industry as it allows communication tools to function and play a role in our society. Without mobile contents, the advanced communication tools we own will not be able to function well.

MCMC's biggest challenge with regards to mobile content service is spam activities, misleading advertisements and rates for the content services provided and the provision of all kinds of advertisements that are either not requested or false.

In its effort to overcome this issue, MCMC had made effective the Mandatory Standard for Mobile Content Service on 1 July 2010 (Mandatory Standard). An offence under this Mandatory Standard leads to a fine of RM100,000 or to imprisonment for a term of two (2) years prison or to both.

In 2010, 44 enforcement actions were taken on mobile content service providers with regards to non-compliance with the Mandatory Standard outlined.

No	Actions taken in 2010	Number of Cases
1.	Suspension of Short Code	10
2.	Suspension of Keyword	32
3.	Compounding of cases	1
4.	Cases charged in courts	1

Table 30: Action Taken for Non-Compliance

COMMUNICATIONS AND MULTIMEDIA CONSUMER FORUM OF MALAYSIA

The Consumer Forum (CFM) was established in February 2001 as a society with representation from all relevant parties, including the "supply and demand" side of the communications and multimedia industry. It was designated by MCMC as the Communications and Multimedia Consumer Forum in 2002 to protect the rights of consumers of that sector, in line with the requirements of the Communications and Multimedia Act (CMA) 1998 which facilitates industry self-regulation.

Among its important tasks is to draft and prepare Consumer Codes that would be used as a base guideline for the provisioning of services by the communication and multimedia service providers. The Malaysian Communication and Multimedia General Consumer Code and the Internet Access Code were adopted in 2002.

Objectives and Functions

- To promote the national policy objectives as stated in the Communications and Multimedia Act (CMA) 1998
- To draft, develop and prepare Codes that protect the rights of the consumer.
- To engage in and undertake research on matters within the jurisdiction of the forum, and to collect, prepare and distribute statistics as may be considered desirable or beneficial to all or any of the forum's objectives and purposes.
- To provide an avenue and channel for lodging complaints, disputes and grievances pertaining to consumer matters
- To recommend inexpensive and practical alternative dispute resolution procedures.
- To recommend procedures for compensation and/or any other mode of action to the customer in case of a breach of a Code
- To promote and create public awareness of the Codes and their enforcement as well as education regarding consumer rights.
- To administer sanctions on breaches of the Codes by CFM members.

- To invite, collect and collate public opinion and views on consumer matters and monitor service delivery of the communications and multimedia industry.
- To enhance consumer confidence through the promotion and encouragement of high standards of service, conduct and performance throughout the communications and multimedia industry; and
- To regularly update MCMC on the progress of the CFM.

ORGANISATION STRUCTURE OF CFM

Forum's Elected Council consists of 13 members, who represent the demand and supply side. The Forum's management and functions are supported by several elected working committees:

- Membership and Management Committee
 - To enlist and update membership of CFM
- Codes Drafting Committee
 - To draft, develop, prepare, amend, modify review and update the Codes
- Complaints Handling and Compliance Committee
 - To provide avenues for lodging complaints relating to consumer matters
 - To provide for procedures for handling complaints and grievances
 - To consider, judge and recommend solutions for the resolution of such complaints
 - To enhance the understanding of the General Consumer Code among service providers
 - To promote adoption of the General Consumer Code in service providers' procedure, practices and policy
 - To ensure a high level of compliance with the General Consumer Code
 - To prepare the industry for self-regulation
- Education and Promotions Committee
 - To promote the objectives and publish the activities of CFM
 - To provide avenues for dissemination of public information and education regarding consumer rights

ACTIVITIES CARRIED OUT BY CONSUMER FORUM IN 2010

Education and Promotions Committee

- The CFM had implemented 25 initiatives for education and awareness programmes which are 39 awareness programmes, 3 interviews through radio and TV; and 33 publications and online media.
- The main goal is to ensure that the public:
 - is aware of CFM's existence and main functions
 - know their rights as consumer
 - is aware of the avenues for lodging complaints and the procedures for handling consumer disputes and grievances on service providers
 - has the understanding of national policies in the communications and multimedia industry

Codes Drafting Committee

The General Consumer Code is being reviewed and revised by the Consumer Forum.

Complaints Handling and Compliance Committee

In 2010, CFM received 1,785 complaints and 80% of these complaints were resolved. CFM consistently ensures that each complaint received is resolved within the time period stated in the General Consumer Code. To date, the CFM increased the number of complaints resolved within fifteen (15) business days by 5% compared to 2009 and reduced the turnaround time for complaint resolution within thirty (30) business days to 27%.

Membership and Management Committee

CFM has a total of 35 members

MONITORING AND ENFORCEMENT 2010

Long term strategy was in place to ensure continuity in the development of professional work force to regulate the industry, equipped with the necessary experience in the area of security. As a result, the number of MCMC's officers who had received certificates acknowledged by international security body had also increased in 2010. Collaboration with professionals in areas such as legislation and cyber security, be it local or overseas, including the FBI and the Council of Europe had also been successfully implemented in 2010.

CUSTOMER COMPLAINT BUREAU (CCB)

MCMC had received 8,015 complaints in 2010, of which MCMC had exceeded the Minister's KPI with targets specifically related to responses and actions taken on the complaints received as summarised below: -

KPI	Targets	Average Performance in 2010
Responses to complaints within 24 hours	70%	84.9%
Actions taken on complaints within 72 hours	5%	15.2%

Table 31 : Key Performance Indicator

PROSECUTION DEPARTMENT

In 2010, a total of 297 investigation papers were forwarded to MCMC's Prosecution Department for further instruction by the Deputy Public Prosecutor. A total of 21 cases were instructed by the Deputy Public Prosecutor to be registered and prosecuted in court, however, to date 15 cases were registered and prosecuted at relevant Session Courts; 76 investigation papers for further investigation, 51 investigation papers were offered compound and 149 investigation papers for NFA. The Department had successfully achieved the KPI targets set which requires result within seven (7) days upon receiving Investigation Paper and a minimum of ten (10) court cases within a year.

INVESTIGATION

The Investigation Department opened a total of 582 investigation papers in 2010. Most of the cases investigated in 2010 revolved around the misuse of Short Messaging System or SMS (49.6%), followed by sending menacing emails and comments on websites (22.8%). During this period, a total of RM426,000.00 compounds was collected for various offences.

The total number of Investigation Papers completed in 2010 is 706, thus meeting the targets set for each investigation officer which requires the completion of three (3) investigation papers every month.

SECURITY, TRUST AND GOVERNANCE DEPARTMENT (STGD)

In 2010, the inspection process carried out on the prepaid registration distributors in various locations had covered three (3) regions in Peninsular Malaysia and Sarawak. MCMC also introduced International Domain Name (IDN) in Bahasa Jawi, Chinese and Tamil. The list of characters in Jawi was sent to IANA and included in the international domain name list. A task force to review policies on Sensitive Domain Name Registration to allow migration to an automated registration system (SNDRP) had been established in 2010. Anti-phishing laws had also been completed during this period and are currently pending approval by the Ministry of Information, Communications and Culture. In addition, the Network Security Centre (NSC) had recorded 2,194 incidents throughout 2010. MCMC also blocked 1,072 websites that were found to break the laws of the country, compared to 318 sites in 2009.

CONTENT REGULATION DEPARTMENT (CRD)

Three (3) new systems were studied and identified to facilitate the New Media Monitoring process in 2010. Recommendation for amendments to the CMA 1998 was also put forward in 2010. In addition, CRD also put forth recommendations on licence conditions for FTA TV, CASP - Content Licence Condition Review and to register Music Content Sub Code with the cooperation from CMCF. CRD also managed to process all 15 applications for TV programmes within the stipulated time frame (30 days), apart from reviewing and updating Compulsory Airing Ruling for Astro (Licence Conditions) and National Policy on Women.

A total of 22 seminars, talks and workshops were organised in 2010, surpassing original target of ten (10) seminars. CRD was also involved in 14 media interviews/panelists for talk show programmes, surpassing original target of five (5) programmes during the same period. 15 statements were issued for Press Conference within the three (3) days as stipulated. In addition, MCMC had also attended 95 percent (compared to 90 percent) of the meetings with government agencies as a permanent member and provided feedbacks within the stipulated time frame. A total of four (4) meetings with CMCF were also held to evaluate the Forum's performance throughout 2010.

In addition, MCMC also prepared input and feedbacks for Parliament sessions, the mass media, Ministries and Government agencies, licensees as well as the public within three (3) days. Apart from that, information updates and briefings were also provided to the Minister/ Deputy Minister with regards to any Parliament questions either as a reply or to be presented at Dewan Negara or Dewan Rakyat.

CONSUMER COMPLAINT BUREAU

Since the inception of Consumer Complaints Bureau (CCB) in August 2007, the number of complaints received by MCMC is on increasing trend. The comparatives of complaints received since year 2002 are as shown in Graph 18.

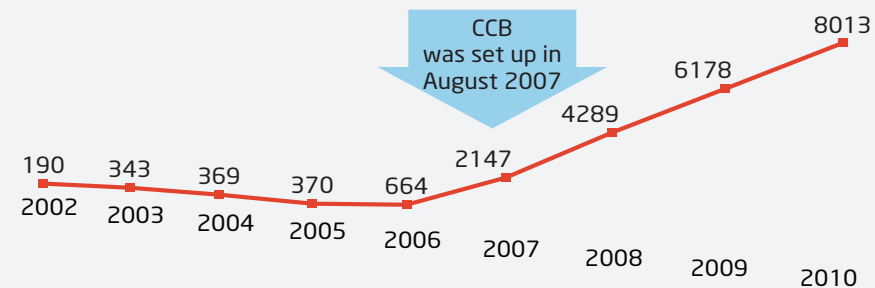
The main source of complaints was those received directly from the public (92%) with the remaining complaints received from the Ministries such as Ministry of Information, Communications and Culture, Ministry of Domestic Trade, Co-Operatives and Consumerism, Public Complaint Bureau, consumer associations and other government agencies. The most popular channel used for submission of complaints is online at Aduan MCMC (<http://aduan.MCMC.gov.my>). The other channels that are made available for the public to lodge complaints are through email, 1800 hotline line, SMS, letter, fax and walk-in.

In 2010, a total of 8,013 complaints were received by CCB, an increase of nearly 30% compared to 6,178 complaints received in 2009. The types of complaints received range from telecommunications services to broadcasting, Internet and postal/ courier service.

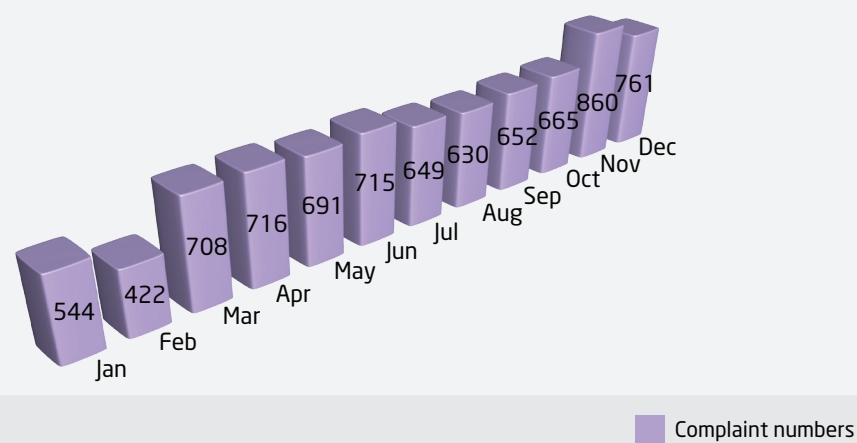
From the total of 8,013 complaints received in 2010, 76% of the complaints are regarding service provider's provisioning and service performance. The complaints received are related to poor service delivery/performance, billing and charging, service coverage, SMS service, postal and courier, misrepresentation of service, unfair practices and dispute on terms and conditions.

The remaining 24% are regarding the provisions and action under MCMC. The types of complaints received are related to content on the Internet, SMS, TV and radio, cyber crime such as phishing, spectrum interference, illegal installation of TV parabolic dish, telecommunication structure and radiation and other miscellaneous complaints. There were also complaints received that are not under MCMC jurisdiction such as non-delivery of online purchases.

Out of 8,013 complaints, 95% of them have been resolved or noted. 16.7% of the complaints have been addressed within 72 working hours which exceeded 5% target of the Key Performance Index of the Minister on "Action taken over complaints within 72 working hours" for 2010.



Graph 18 : Consumer Complaints Received by MCMC from Year 2002 to 2010



Graph 19 : Number of Complaints Received by Month in 2010

No	Category of Complaint	No of Complaints
1	Poor service	3445
2	Content issues - website/blog/social network, TV, radio, SMS, email	1205
3	Bill and Charging	835
4	SMS service - unsubscribed, promotional, spam, scam	826
5	No/Poor service coverage - cellular, broadband/3G, fixed line, TV & radio transmission	573
6	Cybercrime	233
7	Miscellaneous	171
8	Not Under MCMC Jurisdiction	164
9	Misrepresentation of Service - misrepresentation by dealer, misleading advertisement/promotion	140
10	Postal and Courier Service	68
11	False/Fraud Registration	76
12	Spectrum Interference	62
13	Unfair practice	57
14	TV Parabola/Non Standard Equipment	56
15	Telecommunication Structure/Radiation	44
16	Dispute Terms and Condition	37
17	Radio Amateur/Apparatus Assignment	20
Total		8013

Table 32: Category/Type of Complaints Received in 2010

CONTENT REGULATION

MCMC embraces the responsibilities to monitor compliance with content standards and codes by Content Applications Service Providers (CASP), relevant Applications Service Providers (ASP) including traditional broadcast services and newer services such as online publishing and information services.

In relation to content regulation, MCMC's primary role is to ensure that the contents provided support the Government's national policy objectives as set out in Communications and Multimedia Act 1998 (CMA) for the communications and multimedia sector and portray the rich heritage of Malaysian culture, identity and values. In this respect, MCMC oversees the regulatory framework for the converging industries of telecommunications, broadcasting and online activities in ensuring that the services and content provided are suitable, of quality and is considerate of the needs of all segments of Malaysian community by making the recommendation for any necessary changes in policy and codes.

MCMC realises that in order to achieve its objective in content regulation, the public must be involved. As such, MCMC operates to generate and enhance public awareness and to provide education and information on content policies, codes and standards. With this fundamental strategy, MCMC also assists the Content Forum in the implementation of its numerous activities in promoting self-regulation amongst the industry and public.

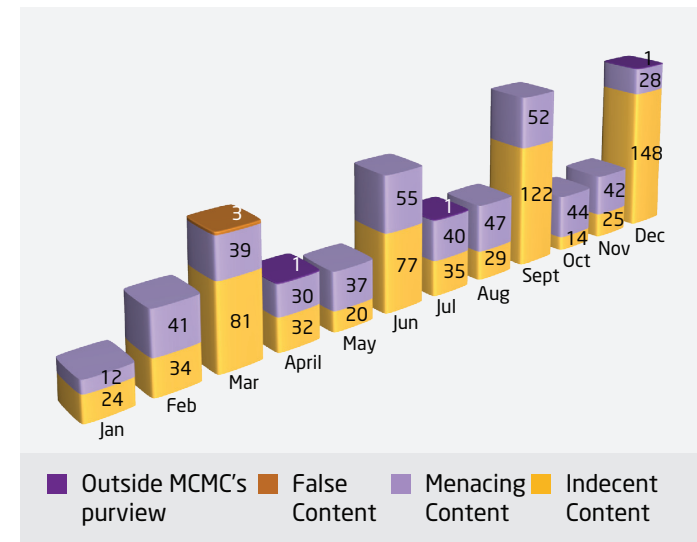
MCMC acknowledges the importance of public complaints on broadcasting content including advertisements, online content, and mobile content. It will respond by doing further monitoring, evaluating, and taking the necessary action on the matter, including providing reports on the public concern about standards and effectiveness of content policies, codes and standards as well as enforcement action.

In implementing and ensuring its function to regulate the networked content industry, MCMC actively collaborates with various Ministries and government agencies including the Ministry of Information, Communication and Culture, Ministry of Home Affairs (MoHA), Ministry of Health (MoH), the Censorship Board, the Content Forum, JAKIM (Department of Islamic Development Malaysia) and FINAS (National Film Development Corporation Malaysia).

MCMC specifically provides advice on any matters concerning Section 211 and 233 under the CMA 98 in relation to the provisioning of prohibited content on the networked environment.

INTERNET

Type of Complaints Received In 2010



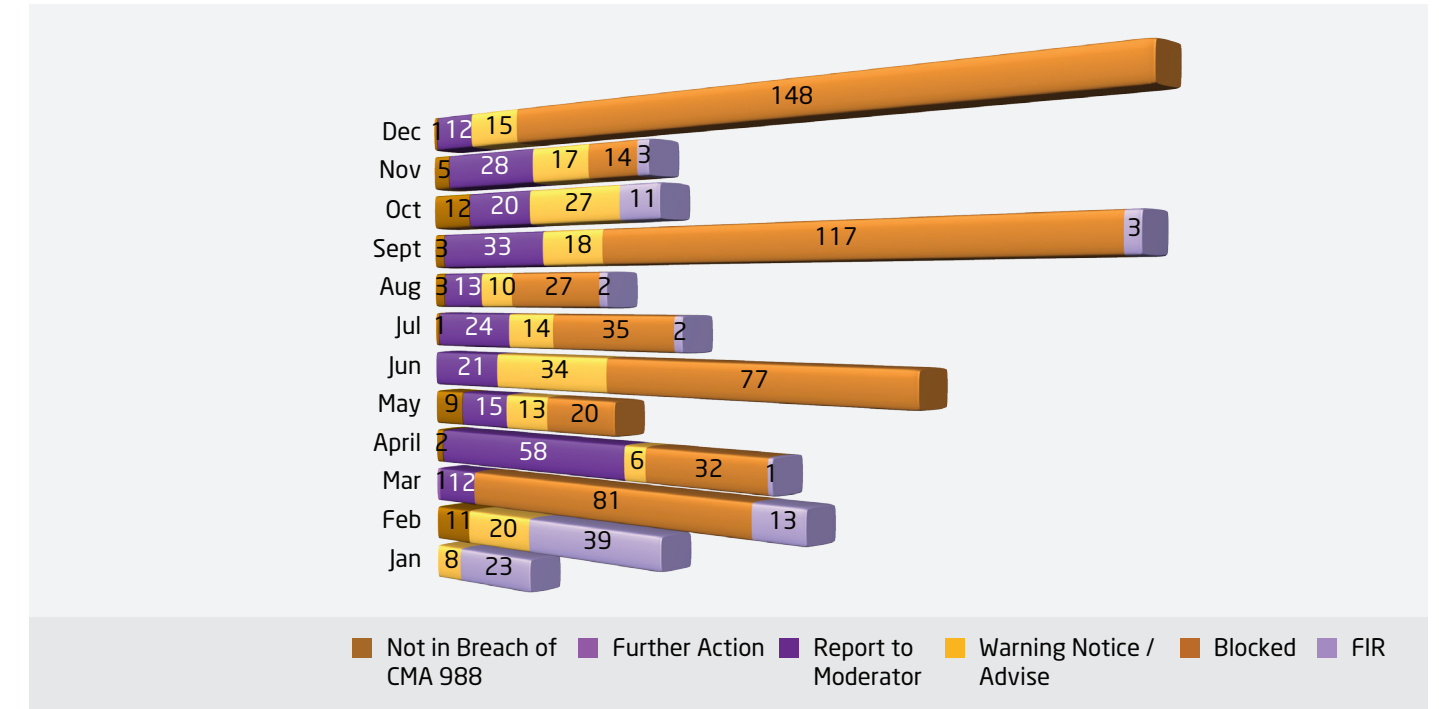
Graph 20 : Types Of Internet Complaints Received In 2010

The year 2010 had recorded a total of 1,114 complaints received related to the Internet content. As represented by Graph 20, the month of December had shown a rapid increase as compared to November where the total number of complaints were 67 in November and 176 in December. In this month, 148 complaints received were related to indecent content, 28 complaints received were about menacing content and one (1) complaint received was outside of MCMC's purview. This was followed by September where the total number of complaints received were 174. January recorded the lowest number of complaints with 36. Of this number, 24 complaints were related to indecent content while 12 complaints were related to menacing content.

In March, 3 complaints were received related to false content used on the Internet. In addition, three (3) complaints received were outside of MCMC's purview; each respectively received in April, July and December 2010.

Action Taken In 2010

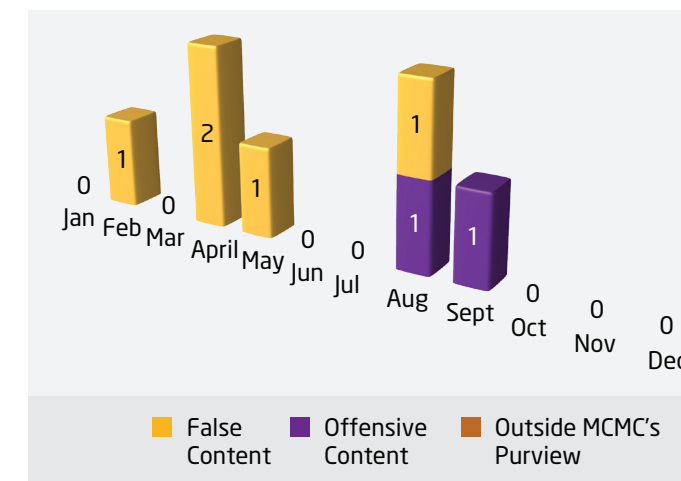
Graph 21 represents actions taken by the Commission on the complaints received. In total, 1,114 actions were taken in 2010. December recorded the highest number of actions taken. Blocking of websites represents the highest number of actions taken by the Commission in December with 148 cases. The largest contributor is websites that are characterised by phishing and pornographic websites. In December, 15 warning notices were sent and 12 cases were reported to the moderators and one (1) case was found not to be in breach of the Communications and Multimedia Act (CMA) 1998. This is followed by September, where 117 websites were blocked, 33 cases were reported to the moderators, 18 warning notices were distributed, and three (3) actions were taken respectively for First Information Report (FIR) and for cases which were not in breach of CMA 1998.



Graph 21 : Action Taken For Internet Complaints

RADIO

Types of Complaint Received In 2010

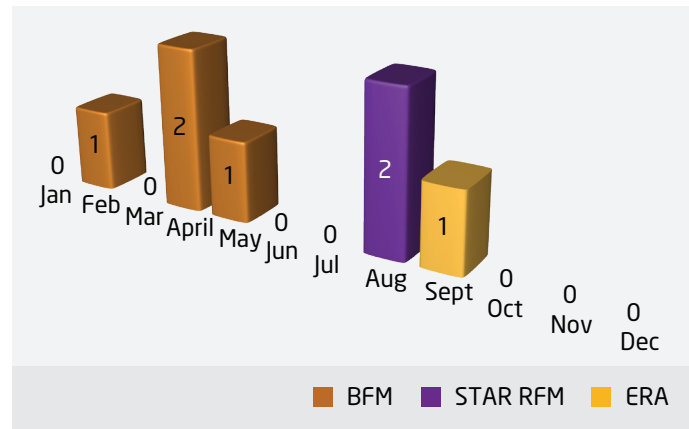


Graph 22 : Types Of Radio Complaints Received In 2010

Graph 22 represents the types of complaints received for radio. A total of seven (7) complaints were received for radio in the year 2010. Only two (2) complaints were received related to the offensive content presented by the radio stations, and one (1) complaint each for August and September.

There were five (5) complaints received related to false content where one (1) complaint was received in February, two (2) in April, one (1) in May and one (1) in August.

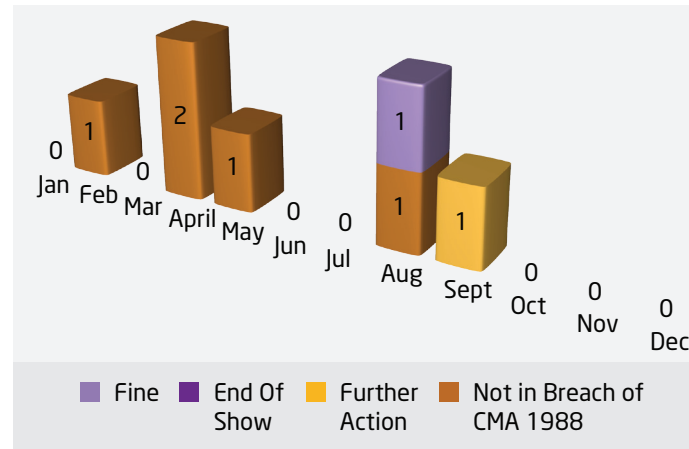
Complaints Received According To Radio Stations 2010



Graph 23 : Complaints Received According To Radio Stations In 2010

Graph 23 represents complaints received based on radio stations. In 2010, complaints were made against three radio stations; namely BFM, Star RFM and Era. BFM received the most number of complaints followed by Star RFM and ERA. BFM received four (4) complaints - one (1) in February, two (2) in April and one (1) in May. There were two (2) complaints received for Star RFM and one (1) complaint for ERA in August and September, respectively.

Actions Taken In 2010

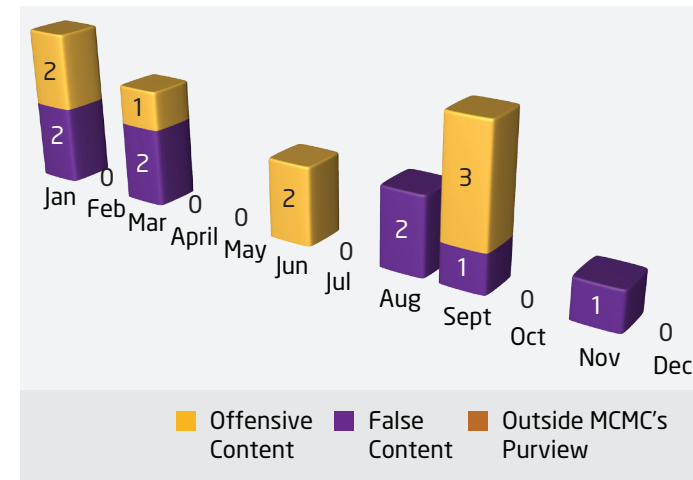


Graph 24 : Actions Taken For Radio Complaints In 2010

Graph 24 represents actions taken in 2010 to solve the complaints received. In 2010, out of the seven (7) cases reported, five (5) cases were found not to be in breach of the CMA 1998. There was one (1) case where a fine of RM10,000 was imposed on the radio station. In October, there was one (1) case which required further action from the Commission.

TELEVISION

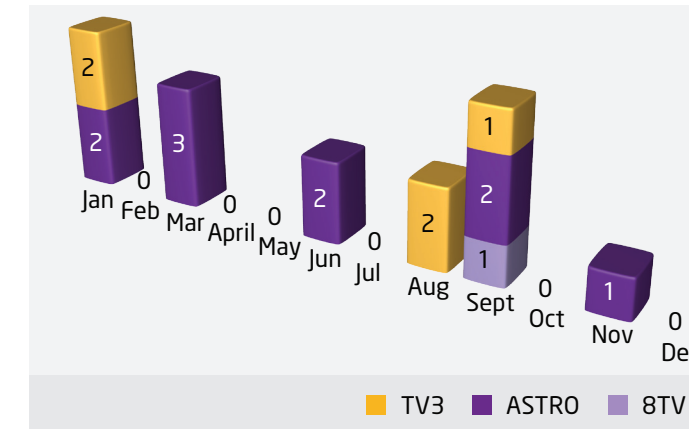
Types Of Complaint Received In 2010



Graph 25 : Types of Television Complaints Received In 2010

In 2010, the total complaints received for television were 16. The highest number of complaints was recorded in January and September, with four (4) complaints each. However, September had the most number of complaints related to false content with three (3) complaints. In January, two (2) complaints were received with regards to false content presented by the broadcasters and two (2) complaints were related to offensive content. June and August each had two (2) complaints.

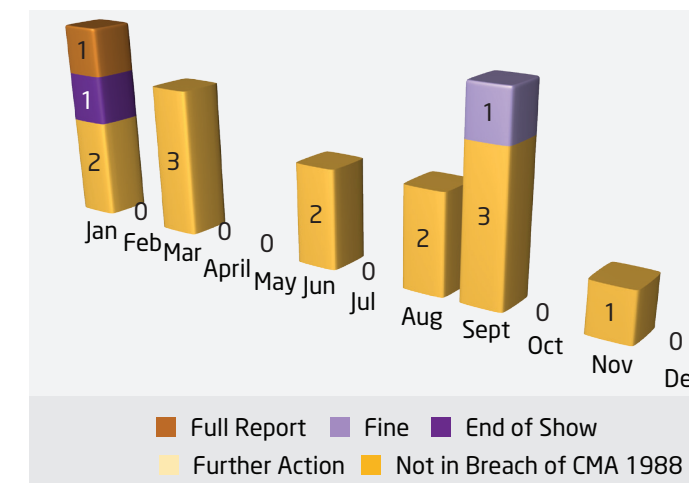
Complaints Received According To Television Stations 2010



Graph 26 : Complaints Received According To Television Stations In 2010

Graph 26 represents the number of complaints received based on TV stations. TV3, 8TV and Astro had received complaints from many parties in 2010. Among the broadcasters, Astro received the highest number of complaints at ten (10). This is followed by TV3 with five (5) complaints; two (2) complaints in January, two (2) complaints in August and one (1) complaint in September. 8TV only received one complaint which was in September.

Actions Taken In 2010



Graph 27 : Actions Taken For Television Complaints In 2010

In 2010, most of the complaints received were found not in breach of the CMA 1998. During that period, 13 complaints reported were not in breach of the Act. In September, a compound of RM10,000 was imposed on one broadcaster.

COMPLAINT RESOLUTION

In managing the increasing number of incoming complaints, MCMC in 2009 developed an internal Standard Operation Procedure (SOP), which serves as a guideline to process and evaluate the complaints.

To increase the efficiency of the SOP, MCMC also conducted training programmes centred on areas of complaint handling and first level investigations for all regional executive staff in 2010. The purpose of the training was to provide guidance to everyone involved on how to systematically manage and resolve complaints, as well as to equip them with the necessary knowledge and skills on ingredients of offences and investigation powers under the CMA 1998.

MCMC will refer to the CMA 1998, relevant licence conditions, Content Code, and other regulations to evaluate the complaints. In the case of Internet complaints, each complaint will be reviewed according to Section 233 of the CMA 1998, based on the nature of the content, evidence of intent, and whether there are local elements in the content.

It should be noted that most of the complaints received from the public were made through the Consumer Complaints Bureau. There are also complaints that were forwarded to MCMC by other Ministries and other regulatory bodies or Government agencies.

During the training, staff members were introduced to effective complaint handling and understand complainants' expectations, perceptions and perspectives. On top of that, they were also trained on how to assess complaints and formulate solutions. One of the goals of the training was to strengthen their understanding in conducting effective interviews and following the standard procedure based on the Investigation Handbook. They were also trained on how to track the IP addresses, hosts and websites as well as extracting email headers.

They were also briefed on the overview of complaint handling process. To increase their understanding towards the training, samples of the common cases were shared with the regional staff. They were also introduced to blog monitoring process as well as the broadcast monitoring. Moreover, the training also touched on the data gathering and the investigative process.

RESEARCH COLLABORATION ON NETWORKED MEDIA CONTENT BETWEEN MCMC AND INSTITUTIONS OF HIGHER LEARNING

Throughout the years, the media landscape has been changing dramatically along with the development in technology which, in turn, has started up new trends of perceptions and attitudes of the public towards media and its content. The rate that the new media content being consumed is overwhelming. Fuelled by the popularity of user-generated content and social media networks, these trends have greatly changed the way messages are shared and how information is organised and disseminated.

2010 has witnessed the emergence of the social networking. According to the Nielsen Company (2010), Facebook was ranked number one in terms of usage where it represents about 67% of social media users, followed by Myspace and Twitter. As the technology evolves, the trend will perhaps be different by the end of 2010. From a study conducted by Universiti Sains Malaysia, a report from Grey Review (2009) notes that Facebook is the top social network in Malaysia, followed by YouTube and Friendster. The statistics implies that it is not impossible that the new media could replace the conventional media one day.

With these changes taking place in the media landscape, the public now has the ability to access, find and share information almost instantly. These innovative ways even enable them to interact with each other in finding unbiased and reliable sources of information. It is clear that the main reason for the acceptance of these new media by the public is because of the convenience of mobility and sharing that the new media can offer while others cannot. However, it is very crucial for the public to be aware of the negative consequences that the new media can cause if the information is not handled responsibly. Confusion and anxieties will take their toll on society if false and misleading information is transmitted.

As the influence of the new media grows, its benefits as well as its impacts will become immense. This has gained serious attention from the Government, especially negative outcomes stemming from online pornography, false information and online gambling; especially on the precaution steps that the Government takes in enhancing consumer protection as well as promoting content development.

The initiative is aimed at assisting the Commission and the Government to achieve national interest objectives such as promoting not only an online environment with quality content, but also proficient and responsible users who are able to gain the benefits of new media to their advantage. This is part of the regulatory strategy by the Commission to encourage an industry that is self-regulated through education and awareness to the public. 2010 was the second year where MCMC had embarked on a research collaboration programme with a number of private and public institutions of higher learning to establish knowledge resources on the usage of new media outlets by Malaysians.

Four (4) universities were selected from 11 proposals involving eight (8) universities in response to call for proposal in 2009. The selection process was a result of careful consideration by a panel represented by members of the academic community, industry and MCMC.

The four (4) universities that were awarded with the research grant are as follows:-

University	Title
Universiti Utara Malaysia (UUM)	<i>Social Media as Persuasive Technology for Business: Trends and Perceived Impact in Malaysia</i>
Universiti Sains Malaysia (USM)	<i>Captivated with Facebook : Constructions, Contexts and Consequences</i>
International Medical University (IMU)	<i>My Online Friends Understand Me Better - The Impact of Social Networking Site Usage on Adolescent Social Ties and Mental Health</i>
Sunway University College	<i>Unveiling Online Perception toward "1Malaysia" Over Time : A Social Impact Analysis</i>

Table 33 : Universities Awarded Research Grant

This one-year project is hoped to produce findings that could be used to develop practical practices and policies for managing both the positive and negative aspects of new media more effectively for long term period.

The public will be able to have access to the findings of the studies through seminars and publications of MCMC. In addition, MCMC will continue to conduct programmes designed to raise awareness and educate segments of the society beginning with schools within the Klang Valley.

CAPACITY BUILDING

Apart from carrying out its corporate responsibility, MCMC also conducted Corporate Social Responsibility activities. In 2010, 30 activities were conducted to reach out to the Government agencies, industries and the public. MCMC organised seminars, talks and workshops as part of its ongoing effort to educate and raise awareness towards the safe use of online networking.

The table summarised the activities carried out in 2010:

No	Month	Organiser	Title	Venue
1	Jan 2010	MCMC	<i>Seminar Ancaman Siber Masa Kini</i>	Pulau Pinang
		MCMC	<i>Simposium Media dan Perpaduan</i>	Pulau Pinang
2	Feb 2010	KPDNKK	<i>Kursus Pengenalan Siasatan Internet/Forensik</i>	Skudai, Johor
		MCMC	<i>Seminar Radio Amatur Wilayah Utara</i>	Kuala Perlis
		MCMC	<i>Seminar Keselamatan Internet: Tanggungjawab Siapa?</i>	Sandakan, Sabah
3	March 2010	MCMC	<i>Seminar Kesedaran Perkhidmatan Radio Maritim, Radio Amatur dan Rangkaian Persendirian</i>	Tawau, Sabah
		MCMC	<i>Seminar Radio Amatur Wilayah Utara 2010 April 2010</i>	Pulau Pinang
		Johor Women's League & Kontijen Polis Johor	<i>Urban Safety Forum For Ladies April 2010</i>	Johor Bahru
		TV9	<i>Program Majalah Wanita I-Glam</i>	Cyberjaya
4	April 2010	Jabatan Penerangan	<i>Bengkel Technology Update - Jenayah Siber</i>	Johor
		MCMC	<i>Ceramah di Sekolah Menengah Ara Pasong</i>	Johor
		Dewan Bahasa dan Pustaka & MCMC	<i>Kursus Keterampilan Berbahasa Melayu</i>	Cyberjaya
5	May 2010	Institut Latihan Kehakiman & Perundangan (ILKAP)	<i>Ceramah Bagi Kursus Cyber Laws In Malaysia</i>	ILKAP, Selangor
		MCMC	<i>Ceramah Kursus Keselamatan Digital</i>	Sandakan, Sabah
		TV9	<i>Program Nasi Lemak Kopi O - Telefon Copycat</i>	Selangor
		TV3	<i>Program Remaja - Keselamatan Rangkaian Sosial</i>	Selangor
6	June 2010	Sekolah Menengah Kebangsaan Taman Connaught	<i>Ceramah mengenai penyalahgunaan laman rangkaian sosial dikalangan remaja</i>	Sekolah Menengah Kebangsaan Taman Connaught.
		TV3	<i>Remaja TV3-Penyalahgunaan Laman Sosial</i>	Studio NTV7, Glenmarie, Shah Alam

No	Month	Organiser	Title	Venue
7	July 2010	BERNAMA RADIO 24	<i>Penyalahgunaan Internet</i>	Wisma Bernama, Kuala Lumpur
		Sekolah Rendah Padang Tembak, Kuala Lumpur	<i>Ceramah mengenai penyalahgunaan Internet</i>	Sekolah Rendah Padang Tembak, Kuala Lumpur
		Universiti Malaysia Pahang	<i>Taklimat Kesedaran dan Keselamatan Penggunaan Internet, Program Merakyatkan Seni Budaya</i>	Universiti Malaysia Pahang
		Universiti Kebangsaan Malaysia	<i>Ceramah Anti Jenayah ICT</i>	Universiti Kebangsaan Malaysia
8	August 2010	MCMC & CMCF	<i>Seminar Tahunan Kawal Selia Kandungan-“1 Malaysia, 1 Kandungan”</i>	Cyberjaya
		TV3	<i>Aduan Rakyat-Penyalahgunaan Laman Web</i>	Cyberjaya
		Pejabat Wilayah Utara, MCMC	<i>Seminar Ancaman Siber Masa Kini</i>	Bangunan SUK Perak
		Universiti Islam Antarabangsa Malaysia	<i>“Cyber Awareness and Safety Campaign”</i>	Kulliyah of ICT, Universiti Islam Antarabangsa Malaysia
		LHDN	<i>Sidang Media Bersama LHDNM SKMM</i>	Wisma Hasil, Jalan Duta
9	October 2010	Institut Latihan Kehakiman dan Perundangan	<i>Kursus “Cybercrime Legislation”</i>	Institut Latihan Kehakiman dan Perundangan, Bandar Baru Bangi, Selangor
		MYNIC Berhad	<i>Seminar “Online Presence: Your Gateway to Success”</i>	Kota Kinabalu, Sabah
		MCMC HQ	<i>“Complaints Handling & Investigation Training”</i>	Pejabat MCMC di Wilayah Tengah, Wilayah Timur, Wilayah Utara, Wilayah Selatan, Wilayah Sarawak & Wilayah Sabah MCMC offices nationwide

Table 34: Activities for Year 2010

COMMUNICATIONS AND MULTIMEDIA CONTENT FORUM OF MALAYSIA

The Communications and Multimedia Content Forum of Malaysia (CMCF) has been designated as a content forum under Section 212 of the Communications and Multimedia Act (CMA) 1998. CMCF was established in February 2001, as a society under the aegis of the MCMC to govern content and address content related issues disseminated by way of the electronic networked medium.

In 2010, CMCF conducted 59 public relations initiatives and awareness activities. The table below gives a snapshot of the activities involving CMCF throughout the year:

No	Type of Activity	Frequency
1	Roadshows / Exhibitions	19
2	Seminars / Workshops / Conferences	30
3	Site Visit	4
4	Others	6
	Total	59

Table 35 : Activities and Frequency

One of the major events was the invitation by the United Nations Children’s Fund Malaysia Country Office to attend a media conference in conjunction with the International Children’s Day of Broadcasting (ICDB) 2010. It aligned with UNICEF’s aim which is to inspire broadcasters around the world to create channels for more children to speak out and be heard. CMCF was also included in several roadshows or exhibitions throughout 2010. Some examples were Terengganu ICT and Multimedia Fair 2010 and Seminar ICT Negeri Sembilan 2010. On top of that, CMCF was also involved in talks and seminars in educating the public about the ICT.

Apart from collaborating with MCMC and the Ministry of Information, Communications and Culture, CMCF also participated in meetings with other Government agencies. Some other Government agencies involved were the Ministry of Health, the Ministry of International Trade and Industry as well as the National Council of Women’s Organisation (NCWO).

In 2010, CMCF recorded a total of 164 complaints and 14 advisory cases. Compared to 2009, there were no cases reported in mediation or hearing. Out of the 164 complaints, 158 complaints were received through members of the public, 15 were from the members of the industry and five (5) were from other parties. CMCF received complaints for advertising content, mobile content/ services and broadcasting content.

In 2010, CMCF received four (4) complaints regarding advertising content, 32 complaints regarding mobile content/services, 13 complaints regarding the broadcasting contents and 115 complaints regarding Internet content. The summary of the complaints received is as follows:

Category	Number of complaints received
Advertising content	4
Mobile content/services	32
Broadcasting content (TV & Radio)	13
Internet content	115
Others	-
Total	164

Table 36 : Complaints Received by CMCF in 2010

For advisory cases last year, CMCF received a total of 14 cases. Out of these cases, 65% or 9 cases were reported for Internet content. The advertising content and the broadcasting content received the same number of cases, each with (2) advisory cases. The least advisory case received was for mobile content with only one (1) case reported. The summary for the advisory cases is as follows:

Category	Number of advisory cases received
Advertising content	2
Mobile content	1
Broadcasting content (TV & Radio)	2
Internet content	9
Services	-
Others	-
Academic	-
Total	14

Table 37 : Advisory Cases Received in 2010

As a self regulatory body under MCMC, CMCF has set a line of improvements and initiatives for the year 2011 to better monitor and provide the best services to the public and industry.

INVESTIGATION AND ENFORCEMENT

In 2010, enforcement actions had been taken by MCMC for various offences under the Communications and Multimedia Act (CMA) 1998 and Postal Services Act (PSA) 1991. The cases received had been carefully analysed to ensure that investigation can be carried out in a more systematic manner. There was an increase of 582 cases in 2010 compared in 2009.

The cases investigated in 2010 are as follows:

No	Cases	Laws	No. of Cases (2009)	No. of Cases (2010)
1	Sending offensive, obscene, indecent, menacing or false short messaging services (SMS)	Section 233 (1)(a) CMA	66	289
2	Sending/Posting offensive, obscene, indecent, menacing emails/ websites or blogs	Section 211/233(1)(a) CMA	82	133
3	Breach of licence conditions	Section 242 CMA	24	28
4	Making prank calls to 999 emergency number	Section 233(1)(b) CMA	50	0
5	Providing application service without license	Section 126 CMA	57	4
6	Prohibiting the provision of programme contents that can disturb the understanding or feelings of any races or religions	Section 206(3) CMA	0	2
7	Possession of non-standard equipment	Section 239 CMA	36	44
8	Providing courier services without licence	PSA 1991	4	5
9	Use of apparatus without apparatus assignment	Section 157 CMA	0	7
10	Failure to submit Return of Net Revenue (RONR) & Failure to submit audited account	Reg. 29 & 33, C&M (USP) Regulation	10	64
11	Obligation of a designated universal service provision	Reg. 11, C&M (USP) Regulation	1	0
12	Use of apparatus without apparatus assignment	Reg. 20, C&M (Spectrum) Regulation	13	0
13	Failure to deal reasonably with consumer complaint	Section 188 CMA	8	4
14	Damage to network facilities	Section 235 CMA	1	0
15	Fraudulent use of network facilities, network services, etc.	Section 232 CMA	0	2
Total Cases Investigated			352	582

Table 38 : Number of Cases Investigated in 2010

Based on Table 38 above, enforcement activities showed that more cases were reported in 2010 compared to 2009. The cases can be classified as follows:

- 289 cases or 49.6% related to misuse of short messaging service (SMS);
- 133 cases or 22.8% related to sending email and comment with intent to annoy in websites/blogs; and
- 158 cases or 27.1% related to non-compliance case by licensee

From 582 cases investigated in 2010, 158 were non-compliance cases by licensees. The cases investigated are as follows:

No	Types of Offence	No. of Cases
1	Breach of licence conditions	36
2	Non-compliance to Mandatory Standard on Quality of Service	20
3	Non-compliance to General Consumer Code	4
4	Provision of contents that are conflicting with local value and culture	1
5	Failure to deal reasonably with consumer complaint	4
6	Failure to submit Return of Net Revenue (RONR) & Failure to submit audited account	64
7	Failure to contribute to USP Fund	8
8	Non-compliance to a Direction of the Commission	14
9	Use of apparatus without Apparatus Assignment (AA)	7
Total		158

Table 39 : Number of Cases According to Offence

INVESTIGATION AND ENFORCEMENT ACTIVITIES

The following tables show the status of cases investigated in 2010 by the Investigation Department for various offences under the CMA 1998 and related laws.

No	Cases Investigated	No. of Cases
1	Charged in courts	15
2	Compounds paid	40
3	Cases closed due to: <ul style="list-style-type: none"> Insufficiency of evidence; or Complainant withdraw their complaint; or Website hosted outside the country. 	175

Table 40 : Cases Investigated

No	Cases Charged in Courts	No. of Cases
1	Licensee <ul style="list-style-type: none"> Breach of licence condition Failure to submit Return on Net Revenue (RONR) 	3 7
2	Other Offenders <ul style="list-style-type: none"> Provision of obscene application through the Internet for commercial purposes Comments that are offensive in character Unlicensed Network Facilities, Network Services and Application Services 	2 2 1
Total		15

Table 41 : Number of Cases Charged in Court

No	Status of Cases Charged in Courts	No. of Cases
1	Pending trial	10
2	Found guilty	4
3	Discharged Not Amounting to Acquittal (DNAA)	1

Table 42 : Status of Cases Charged in Courts

No	Compounding of Cases	Amount (RM)
1	Compound Offered	446,000.00
2	Compound Paid	426,000.00
3	Compound Pending Appeal	20,000.00

Table 43 : Compound Cases

INTEGRATED OPERATION WITH ENFORCEMENT AGENCIES

Monitoring activities and enforcement operation were also actively carried out in 2010 with the collaboration and coordination from other Government enforcement agencies such as Road Transport Department (JPJ) and PDRM, especially in integrated operations such as "Operasi Bersepadu Ops Tonto", "Operasi Bersepadu Penguatkuasaan Ulak Tiket Di Terminal Sementara Bukit Jalil" and "Pasukan Operasi Bersama" with the help of National Security Council.

COURSES

A total of 15 courses had been attended by MCMC officers through collaboration with other Government agencies in 2010 in the effort to improve knowledge of their duties with regards to enforcement. The following table shows the courses conducted in 2010:

No	Name of Courses	Organiser
1	<i>Building Effective Interpersonal Skills: A key To Success in the Workplace</i>	Elite Essential Sdn Bhd
2	"Kursus Kesedaran Tentang Kerahsiaan Dokumen Dan Maklumat Di MCMC"	MCMC
3	Basic Translation	MCMC
4	Digital Investigation	Jabatan Kesihatan Negeri Sabah
5	Advertisement Investigation	Jabatan Kesihatan Malaysia
6	Seminar On Practical Approaches To Forensic Accounting	Attorney General's Chambers
7	"Kursus Keterampilan Bahasa Melayu"	Dewan Bahasa & Pustaka
8	Seminar On Cyber Forensics :Issues & Challenges	Attorney General's Chambers
9	Terrorist Use Of The Internet	American Embassy
10	"Program Peningkatan Kemahiran Kaunseling Tahap 1, 2 & 3"	KPKK
11	Seminar "Amendment To The Criminal Procedure Code: Pre -Trial Conference, Case Management, Plea Bargaining and Others Provisions"	Attorney General's Chambers
12	"Mutual Legal Assistance And Extradition Proceedings" Training	ILKAP
13	<i>Cybercrime Legislation Course</i>	ILKAP
14	<i>Intelligence Support Systems (ISS) World Asia Pacific</i>	Telestrategies
15	"Bengkel Cadangan Penubuhan Akademi Latihan Jenayah Rentas Sempadan"	Ministry of Home Affairs

Table 44 : Name of Courses and Organiser

ACTIONS TAKEN TOWARDS WEBSITES 2010

Action Taken	Total
Websites Blocked	1072
Warning Notice/Advice	223
Complaint Report On Misuse To Website Moderator	303
Total	1598

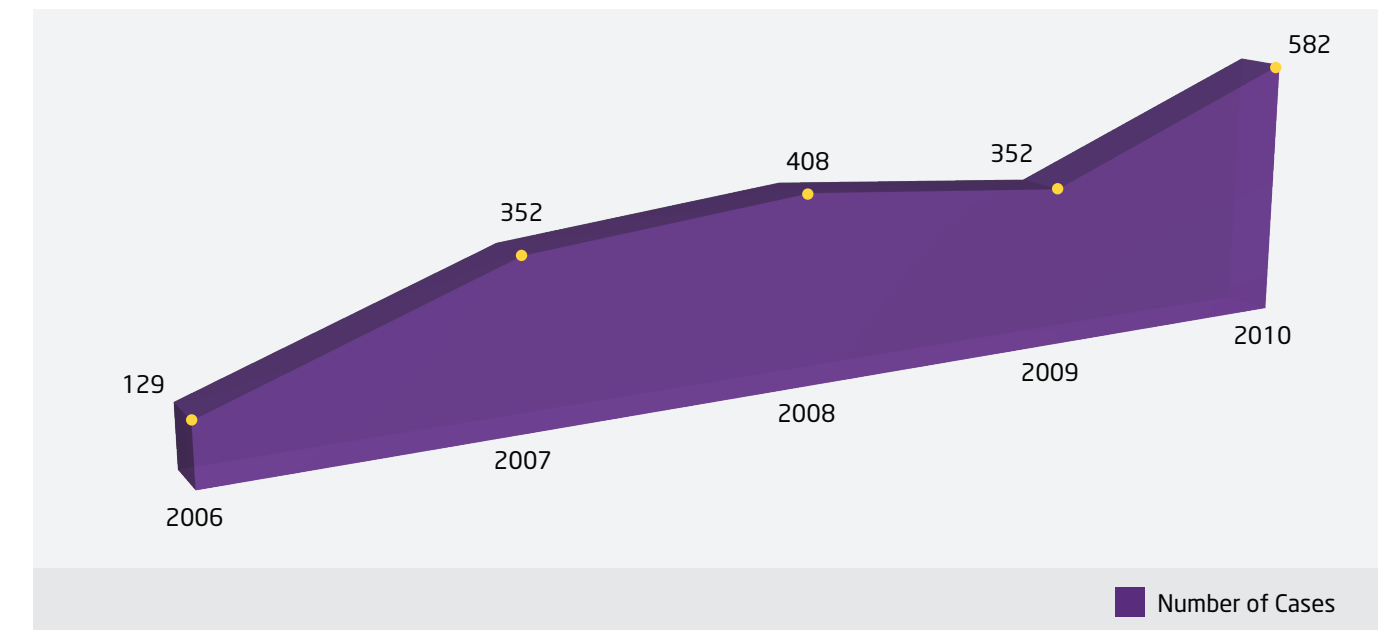
Table 45 : Type and Number of Action Taken

BLOCKED WEBSITES - 2010

No	Offence	Agency	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1	Phishing	MCMC/ PDRM	55	51	56	52	33	34	18	22	37	126	136	73	693
2	Obscene	MCMC	27	4	27	33	0	24	60	0	0	138	0	0	313
3	Syariah Crime	JAIN/JAKIM	0	2	2	0	2	3	6	0	1	7	0	0	23
4	Medicines (Advertisement and Sale) ACT	KKM	1	0	3	1	2	0	1	1	0	0	0	0	9
5	S233 AKM 1998	MCMC	0	0	1	3	0	0	1	0	0	1	0	0	6
6	S211 AKM 1009	MCMC	1	3	1	7	0	0	0	0	1	0	1	0	4
7	Copyright	KPDNKK	0	0	3	2	3	0	0	2	0	1	0	0	14
8	Financial	SSM	0	0	1	0	1	0	0	0	0	0	0	0	2
9	Others	PDRM	0	0	0	0	0	0	0	0	0	0	1	0	1
Total			84	60	94	98	41	61	86	25	39	273	138	68	1072

Table 46 : Number of Blocked Websites

NUMBER OF CASES INVESTIGATED IN 2010



Graph 28 : Number of Cases Investigated According to Years

INVESTIGATION PAPERS OPENED IN 2010

Month / Offence	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sec. 233(1)(a) AKM 1998	50	15	49	73	31	25	6	7	20	5	7	-	289
Sec. 211(1)/233(1)	29	35	8	29	18	14	-	-	-	-	-	-	133
(a) AKM 1998	7	1	-	3	-	4	-	-	1	7	-	-	23
Sek.242 AKM 1998	28	20	8	-	8	-	-	-	-	-	-	-	64
Reg.29(a) Reg.KM(PPS)2002	1	3	-	-	-	-	-	-	-	-	-	-	4
Sec.188 AKM 1998	1	1	6	1	-	-	-	-	-	1	-	-	4
Sec.126 AKM 1998	17	6	1	3	3	-	-	5	1	3	-	-	44
Sec.239 AKM 1998	1	-	-	1	1	-	-	-	-	-	-	-	4
Sec. 25 APP 1991	-	-	-	1	-	1	-	-	-	-	-	-	1
Sec. 30 APP 1991	5	-	-	-	-	-	-	-	1	-	-	-	7
Sec. 157 AKM 1998	-	-	-	-	-	-	-	1	1	-	-	-	2
Sec. 206 (3) AKM 1998	-	-	-	-	-	-	2	-	-	-	-	-	2
Sec.232 AKM 1998	-	-	-	-	-	-	-	-	1	-	-	4	5
Sec.242 AKM 1998	139	81	72	111	61	44	8	13	25	17	7	4	582

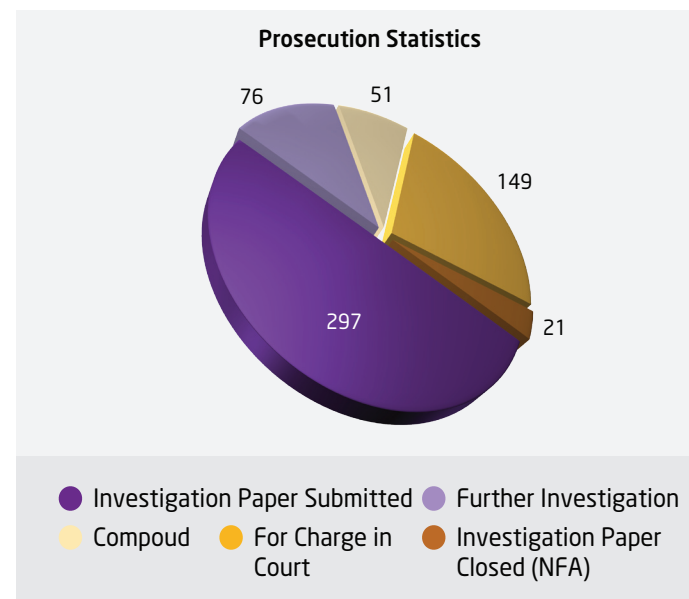
Table 47 : Investigation Papers Opened in 2010

PROSECUTION

In 2010, the Prosecution Department also witnessed the appointment of new Director/Deputy Public Prosecutor. Among the main duties of the Deputy Public Prosecutor, in general, and the Prosecution Department, in particular, are:

- To regulate, coordinate and provide instruction with regards to investigation paper for matters under the purview of the Communications and Multimedia Act 1998 [Act 588], the Digital Signature Act 1997 [Act 562] and the Postal Services Act 1991 [Act 465];
- To provide instruction and permission to prosecute for cases under the purview of the abovementioned Acts;
- To carry out prosecution for cases under the Communications and Multimedia Act 1998 [Act 588], the Digital Signature Act 1997 [Act 562] and the Postal Services Act 1991 [Act 465] at Magistrates and Session courts; and
- To provide any information and feedbacks required by MCMC and Attorney General's Chambers

The breakdowns of investigation papers submitted to the Prosecution Department are shown as follows:



Graph 29 : Statistics by the Prosecution Department

Listed below are the cases charged in courts throughout 2010 and their status:

No	Charged	Offence	Date Charged	Status
1	Tajul Zairi Bin Tajuddin	Providing obscene communication for commercial purpose	27 May 2010	Pleaded guilty
2	Macro Kiosk Berhad	Non-compliance with licence conditions	29 June 2010	Pleaded guilty
3	Micro Communication System	Failed to submit Audited Account and Net Income Statement	6 July 2010	On trial
4	eB Technologies (M) Sdn Bhd	Failed to submit Audited Account and Net Income Statement	6 July 2010	On trial
5	Smart Digital Communication Berhad	Failed to submit Audited Account for the purpose of calculating relevant annual licence fee	15 July 2010	On trial
6	Nukilan Mahir Sdn Bhd	Failed to submit Audited Account and Net Income Statement	26 July 2010	Pleaded guilty
7	Smart Digital Communication Berhad	Failed to manage and entertain customer complaint in adequate and proper manner	18 August 2010	On trial
8	Irwan Bin Abdul Rahman	Sending comment that is false in nature	2 September 2010	On trial
9	Nano Media Technologies Sdn Bhd	Failed to submit Audited Account and Net Income Statement	20 September 2010	DNAA
10	MCSB System (M) Berhad	Failed to submit Audited Account and Net Income Statement	20 September 2010	On trial
11	Perak Intergrated Network Services Sdn Bhd	Failed to submit Audited Account and Net Income Statement	20 September 2010	Charge withdrawn
12	Maslina Binti Hashim	Providing obscene communication for commercial purpose	11 October 2010	On trial
13	Muhammad Noor Bin Ismail	Sending comment that is obscene in nature	8 November 2010	On trial
14	ERP 21 Sdn. Bhd.	Operate without valid (ASP) licence	8 November 2010	DNAA
15	Iscalar HT Technology Sdn. Bhd.	Failed to submit Audited Account and Net Income Statement	22 November 2010	On trial

Table 48 : Status of Cases Charged in Court

CASES IN 2009

No	Charged	Offence	Date Charged	Status	Court Decision
1	Fatimah Maisurah & Fuad Ariff	Sending comment that is obscene in nature	16 March 2009	On trial	Trial on 13 - 14 February 2011
2	Muslim Ahmad	Sending comment that is obscene in nature	13 March 2009	On trial. OKS called to enter defence	Trial at defence stage on 8 February 2011
3	Nor Hisham Osman	Sending comment that is obscene in nature	13 March 2009	On trial	Trial on 23 - 25 March 2011
4	Chan Hon Keong & Khoo Sui Shuang	Sending comment that is obscene in nature	13 March 2009	On trial	Trial on 28 February 2011
5	Rutinin Bin Suhaimin	Sending comment that is obscene in nature	13 March 2009	DNA	Discharged and acquitted not amounting to call for defence. Appeal was filed to Kota Kinabalu High Court
6	Shamsher Ali	Possession of non-standard equipment	13 January 2009	DNAA	Discharged Not Amounting or Acquittal (DNAA)
7	Ali Bin Hassan	Possession of non-standard equipment	13 January 2009	DNAA	Discharged Not Amounting o Acquittal (DNAA)

Table 49 : Status of Cases in 2009

CASES IN 2008

No	Charged	Offence	Date Charged	Status	Court Decision
1	Gen-X Technology Sdn Bhd	Failure to contribute to USP Fund	7 August 2008	On trial	Mention on 11 February 2011
2	Yo Mobile Sdn Bhd	Failure to contribute to USP Fund	29 October 2008	Pleaded guilty	Fined RM40,000.00

Table 50 : Status of Cases in 2008

CASES IN 2006

No	Charged	Offence	Date Charged	Status	Court Decision
1	William Wong Hee Nging	Possession of non-standard equipment	30 November 2006	On trial	Trial on 21 - 22 February 2011
2	Juliana Kon Fui Ling	Possession of non-standard equipment	30 November 2006	On trial	Trial on 21 - 22 February 2011
3	Hallo Communication	Providing application service without valid licence	15 November 2006	OKS called to enter defence	Guilty and fined RM10,000 and sent to prison for 1 day

Table 51 : Status of Cases in 2006

CASES FOR APPEAL

No	Charged	Offence	Date Charged	Status	Court Decision
1	Kuantan Otoshimi	Possession of non-standard equipment	1 March 2007	Appeal to High Court by TPR after being discharged and acquitted by court	Appeal dismissed and decision by YA Hakim Session Court maintained
2	Sow Kuen Chun	Prank or fake calls	28 January 2008	Appeal to High Court by TPR on penalty under Section 294 KTJ	Appeal dismissed and decision by YA Hakim Session Court maintained

Table 52 : Status of Cases for Appeal

With regards to the case involving the use of Internet application service to provide obscene communication for commercial purposes, there were two (2) cases charged in 2010 for offence under Section 233(2) CMA 1998 namely Public Prosecutor vs Tajul Zairi Tajuddin, where OKS was charged at Session Court Jenayah 4, Klang on 27 May 2010. OKS pleaded guilty and was fined RM30,000, failing which 6 months imprisonment and OKS paid the fine and no appeal was filed. Another case for the same offence is Public Prosecutor vs Maslina binti Hashim where OKS was charged at Session Court Jenayah 4, Klang on 11 October 2010. OKS pleaded guilty and requested for trial.

With regards to the case trial under Section 126 CMA 1998 namely licensing of network facilities, network services and application services, Public Prosecutor vs Hallo Communications, at Session Court (Crime) Johor Bahru, Court was satisfied with all the evidence and testimony by prosecution witnesses at the conclusion of the prosecution case. The accused was called to enter defence and the prosecution failed to raise any reasonable doubts. Court had sentenced one (1) year imprisonment and RM10,000 fine, failing which two (2) months imprisonment. No appeal was filed.

On 29 June 2010, one (1) case with regards to the provisioning and imposing payment for SMS service to Celcom subscribers through short code 36767 without their consent which was a breach of Section 127(3) CMA 1998 progressed at Session Court Jenayah 2, Kuala Lumpur namely Public Prosecutor vs Macro Kiosk Berhad. OKS pleaded guilty to both charges and Court had sentenced them a RM50,000 fine and OKS paid the fine. No appeal was filed.

In the mean time, there were two (2) cases charged under Section 233(1)(a) CMA 1998 involving the sending of obscene and/or false comment namely Public Prosecutor vs Irwan Abdul Rahman who was charged on 2 September 2010 at Session Court Klang, Selangor and Public Prosecutor vs Muhammad Noor Bin Ismail who was charged on 8 November 2010 at Session Court Ayer Keroh Melaka. Both pleaded not guilty and requested for trial.

A few series of seminars and presentations of working papers were attended by representatives from the Prosecution Department in 2010 to further strengthen the department. At the same time, the Prosecution Department should also be prepared with amendments on the laws of the country and one of most important amendments related to the Criminal Procedure Code where amendments and the inclusion of new sections will indirectly impact the Department. Among the courses and seminars attended by the Prosecution Department's officers are as follows:

- i. 'Licensing Organisation Workshop' at JW Marriot Hotel Kuala Lumpur
- ii. 'Seminar on Cyber Forensics - Issues and Challenges' at the Attorney General's Chambers, Putrajaya
- iii. 'Seminar on the Practical Approaches to Forensic Accounting'

- iv. 'Training on CMCF and Content Code - Media Self Regulation' at the CMCF's office, Petaling Jaya, Selangor
- v. 'Workshop on the Standard Operating Procedure for Cybercrime Cases' at Cyber Security Malaysia, Seri Kembangan Selangor
- vi. 'Seminar on the Amendments of the Criminal Procedure Code' at the Attorney General's Chambers, Putrajaya

At the same time, throughout 2010, the Prosecution Department had prepared, without fail, monthly reports to be submitted to the Minister of Information, Communications and Culture. This was followed by statistical reports which were also prepared and presented to the Attorney General's Chambers through monthly statistics meeting for cases in the states and enforcement agencies chaired by the Head of Prosecution Division, Attorney General's Chambers.

The Prosecution Department was also responsible in preparing the Guidelines for Cyber Offences under the Communications and Multimedia Act 1998. The preparation of these guidelines is to explain the form of cyber cases where actions can be taken under the Communications and Multimedia Act 1998. These guidelines will also be used in meetings conducted by three (3) Ministries namely the Ministry of Home Affairs, the Prime Minister's Department and Ministry of Information, Communications and Culture.

To date, the Deputy Public Prosecutor and two (2) Prosecution Officers in the Prosecution Department are handling all court cases - be it mention, trial or continuation of trial - at High Court, Session Court and Magistrates Court nationwide. All investigation papers will be studied by the Deputy Public Prosecutor in the Prosecution Department. However, there are still investigation papers that will be referred to the Commercial Crime Unit, the Attorney General's Chambers and/or Prosecution Division, Attorney General's Chambers for further instruction, if need be and for high profile cases.

SECURITY, TRUST AND GOVERNANCE

PREPAID REGISTRATION

In 2005, the Malaysian Government had made registration of all prepaid telephone users mandatory. The main reason was to prevent the abuse of prepaid telephone service, which was on the rise, and at the same time, to overcome security problem originating from the use of prepaid service. All users were required to register as long as they remain a prepaid user in Malaysia.

As at the fourth quarter of 2010, there were a total of 33,800,000 cellular phone subscriptions in Malaysia. From this figure, 26,630,000 of the subscriptions are for prepaid public cellular services and the balance 6,750,000 are for postpaid public cellular services.

As around 80% of the mobile phone users in the country are prepaid users, MCMC has, through its monitoring and enforcement activities, ensured that all necessary precautions are taken and relevant processes are put in place for the registration of prepaid users, especially relating to the recording of subscribers information to ensure that the Service Providers accurately record the subscribers information based on the information contained in the MyKad, passport and other valid identification documents.

In addition to the verification carried out by the Service Providers, data that are recorded manually are put through second round of verification by MCMC with the assistance of the National Registration Department (NRD).

To date, a total of 10.33 million user data have been verified with NRD by MCMC and out of this figure, less than 4.6% were returned by NRD as unmatched. The unmatched data due to error in the spelling of the name or mismatched identification number, are then returned to the Service Providers for a third round of verification and those that cannot be rectified, the numbers will be terminated.

In 2010, MCMC had conducted several rounds of verification process with NRD on the manual registration of prepaid cellular users. A total of 2.5 million data had been sent to NRD for verification process as per table below:-

Date Sent to NRD	Total Data Sent for Verification	Date Received from NRD	Total Data Found Unmatched by NRD
3 March 2010	871,987	2 April 2010	52,312
9 June 2010	827,641	4 August 2010	52,023
10 November 2010	837,392	28 December 2010	45,590

Table 53 : Number of Data Sent To National Registration Department

In 2010, spot checks were conducted in the Central Region, Sarawak and Southern Region. A total of 786 dealers were checked with details as below:-

Region	Number of Dealers checked
Central Region (Kuala Lumpur & Selangor)	226
Sarawak	293
Southern Region (Negeri Sembilan, Melaka & Johor)	267

Table 54 : Number of Dealers Checked

From this number, a total of 84 dealers did not comply with the registration guidelines and appropriate action had been taken against them by the respective Service Providers.

ANTI SPAM LEGISLATION

In the fourth quarter of 2007, MCMC embarked on a Strategic Study to enact Anti Spam Laws in Malaysia.

The Strategic Study also reviewed the provision of existing laws with regards to spam in Malaysia, putting forth recommendations for policies and strategies that are progressive in nature as well as proposing the best approach and necessary changes in fighting spam in Malaysia including formulating specific laws with regards to spam.

The draft legislation had been finalised and forwarded to the Ministry of Information, Communication and Culture for approval in February 2010.

Category	.my	.com .my	.net .my	.org .my	.gov .my	.edu .my	.mil .my	.name .my	Total
	23220	81852	2316	2313	1031	1666	7	400	112805

Table 55 : Number of Domain Names “.my” 2010

MANAGEMENT AND MAINTENANCE OF .MY DOMAIN NAMES

MCMC, pursuant to Section 181 (1) of the CMA 1998 appointed .my DOMAIN REGISTRY as the sole administrator to maintain and administer an integrated electronic address database. MCMC as the regulator oversees compliance issues and plays a promotional and developmental role in .my related matters and strategies.

For the year 2010, both .my Domain Registry and MCMC had initiated these projects that are ongoing/completed:

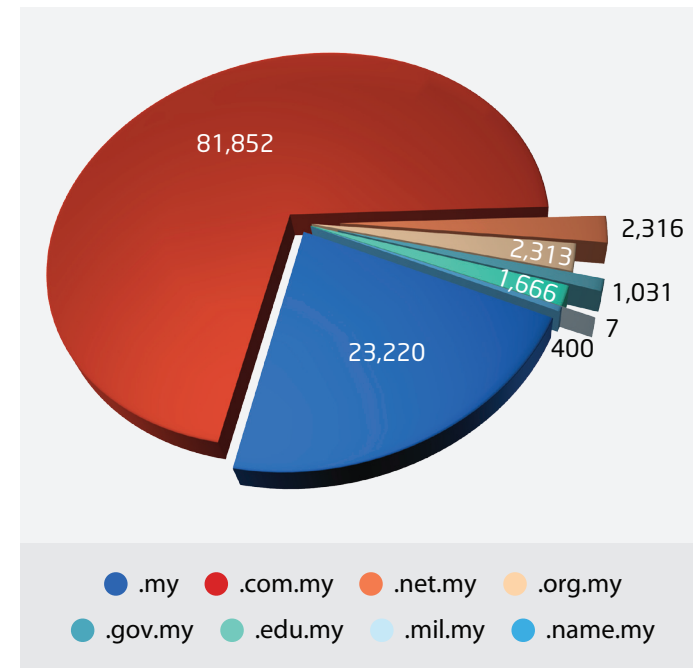
Increase on the uptake of .my domain names

MCMC in collaboration with .my Domain Registry had undertaken a number of awareness programmes to increase the uptake of .my domain names among Malaysian Internet users.

MCMC and .my Domain Registry organised the following seminars to attract more .my domain name registrations:

- “Online Presence: Your Gateway to Success” in Kota Kinabalu, Sabah on 21st October 2010
- “Online Presence: Your Gateway to Success” in Penang, on 23rd Dec 2010.

As of December 2010, there are a total of 112,805 .my domain names registrants, increased by 24% compared to 91,188 registrations in December 2009. Details of the breakdown of .my domain names are provided below:



Graph 30 : Number of Domain Names

INTRODUCTION OF INTERNATIONALISED DOMAIN NAMES (IDN)

Internationalised Domain Names (IDNs) are domain names represented by local language characters. Such domain names could contain letters or characters from non-ASCII scripts (for example, Jawi, Tamil and Chinese).

IDN in Malaysia will be another way for the commercial body to leverage and promote their product and services to non-English speaking users while at the same time, preserving Malaysia's multi ethnic culture and language.

For 2010, .my DOMAIN REGISTRY, MCMC and reference panel from academics and government agencies met and discussed all the possible issues related to IDN implementation in Malaysia. IDN character for Jawi was submitted to the Internet Assigned Numbers Authority (IANA). Malaysia is the first in the world to implement Jawi in domain name. The table is listed in <http://www.iana.org/domains/idn-tables/>. IDN Market Survey was also completed, to study the readiness of Malaysian local Internet community in accepting IDN. From the survey, most participants believe that Malaysia is ready for IDN, especially for Chinese characters.

IDN testbed for Jawi, Chinese and Tamil scripts had been successfully launched (myIDNtestbed) with a total of 337 participants.

DNS SECURITY EXTENSION (DNSSEC)

Domain Name System Security Extension (DNSSEC) is an upgrade to the security of the Internet which conforms to the international specifications set by the Internet Engineering Task Force (IETF). It is designed to add security by protecting Internet users against attacks such as cache poisoning, pharming and phishing.

A few workshops were organised by .my DOMAIN REGISTRY to provide training and awareness to DNS administrator and service providers. .my DOMAIN REGISTRY had also completed both closed testbed and public trial for DNSSEC.

.myDNSSEC was launched by YBhg. Dato' Noraini Ahmad, Chairman of .my DOMAIN REGISTRY on 16 December 2010.

AWARENESS PROGRAMMES

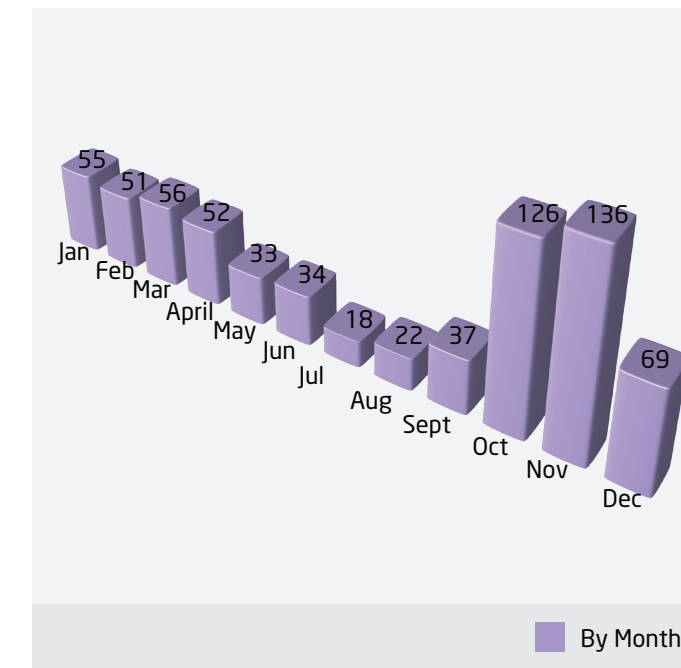
The following are awareness programmes conducted by the Security, Trust And Governance Department (STGD) for 2010:-

Event	Target Audience	Date
Opportunities and Threats in ICT Workshop, Kota Kinabalu, Sabah	Secondary school students in Kota Kinabalu, Sabah	April 2010
Securing The Network 2010 Series 1	Industry	May 2010
Lecture on the Misuse of Social Network Websites Among Teenagers	Sekolah Menengah Taman Connaught, Kuala Lumpur	June 2010
Lecture on the Misuse of Internet Among Teenagers	Sekolah Rendah Padang Tembak 2, Kuala Lumpur	July 2010
Securing The Network 2010 Series 2	Industry	July 2010
Briefing on Awareness and Safe Use of the Internet	Universiti Malaysia Pahang	July 2010
Cyber Threats Seminar in Ipoh Perak	Staff of State Government, Education Department and Technology Education Unit of Perak State	August 2010
i-Hack Competition, UiTM Shah Alam	Universities	August 2010
Cyber Awareness Campaign, in collaboration with Universiti Islam Antarabangsa	Secondary School Students	August 2010
"Kuliah Modul Program Pegawai Integriti Bertauliah" organised by SPRM	Senior and Middle Management government officers	October 2010
"Online Presence: Your Gateway to Success" Seminar, jointly organised with MYNIC Kota Kinabalu, Sabah	Small Medium Enterprise, Industries and Public	October 2010
Cybercrime Training for Prosecutors and Judges, ILKAP	Prosecutors, Judges, Enforcement	October 2010
"Online Presence: Your Gateway to Success" Seminar, jointly organised with MYNIC Penang	Small Medium Enterprise, Industries and Public	December 2010

Table 56 : List of Awareness Programmes

MCMC NETWORK SECURITY CENTRE (SNSC)

One of the national policy objectives set out in the Communications and Multimedia Act (CMA) 1998 is to ensure reliable and secure network. In 2010, a total of 689 phishing incidents involving local banking and financial institutions were reported to SNSC compared to 206 incidents in 2009. This is a significant increase from 2009 and SNSC continues to collaborate with the Internet Banking Task Force (IBTF), an industry task force looking at issues of banking frauds and financial industry. In addition, Cyber Security Malaysia (CSM) plays a role in carrying out awareness campaigns to raise public awareness on phishing and complaints on phishing websites. MCMC also issued a press statement on 28 July 2010 reminding the public to be wary of the phishing attempts.



Graph 31 : Phishing Incidents Reported in 2010

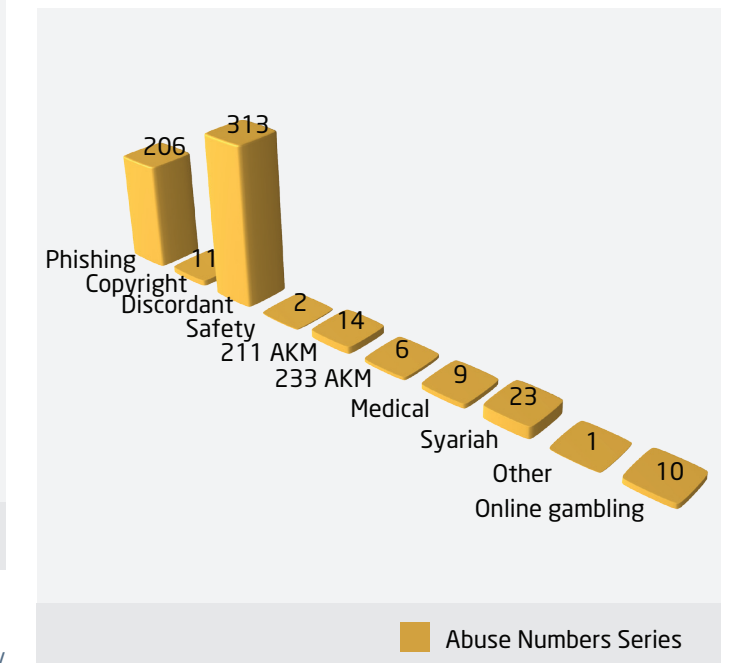
The MCMC Anti-Phishing Portal (<http://www.MCMC.gov.my/antiphishing>), developed in collaboration with the IBTF, continues to be a significant channel for MCMC to provide information to the Malaysian public on phishing incidents and how the Internet users can identify phishing and protect themselves from financial losses due to phishing incidents. MCMC received a number of phishing reports through this portal from the public.

SNSC was also involved in various network security awareness campaigns to inform the public on how they can ensure their own safety when they are online, as well as providing them with information on how to get help should they experience any

cyber attacks. In 2010, SNSC officers were involved in numerous events and talks organised by the MCMC Regional Offices. SNSC organised three industry talks focusing on issues related to securing the network as follows:

1. Securing The Network 2010 Series 1: Cyber Threat Landscape, 25 May
2. Securing The Network 2010 Series 2: Online Crimes, 15 July
3. Securing The Network 2010 Series 3: The Age Of Botnet, 20 December

SNSC also work closely with various other Malaysian enforcement agencies in preventing the misuse of network facilities, network service, application service and content application service. To date, MCMC has also taken various enforcement actions under sections 211 and 233 of the Communications and Multimedia Act 1998 for dissemination of offensive content and misuse of network services or application services.



Graph 32 : Misuse of Network Facilities Reported in 2010

At the ASEAN level, SNSC participated in ASEAN Cyber Drill (ACID 2010) exercise to enhance coordination among ASEAN member states in mitigating cyber attacks. Apart from that, SNSC also collaborated with other similar agencies in ASEAN and APEC on various network security capacity building and information sharing initiatives.

SNSC also participated in X-Maya 3 Cyber Drill exercise organised by the National Security Council to gauge national preparedness in dealing with cyber incidents. Telekom Malaysia and Celcom also participated in the cyber drill exercise.

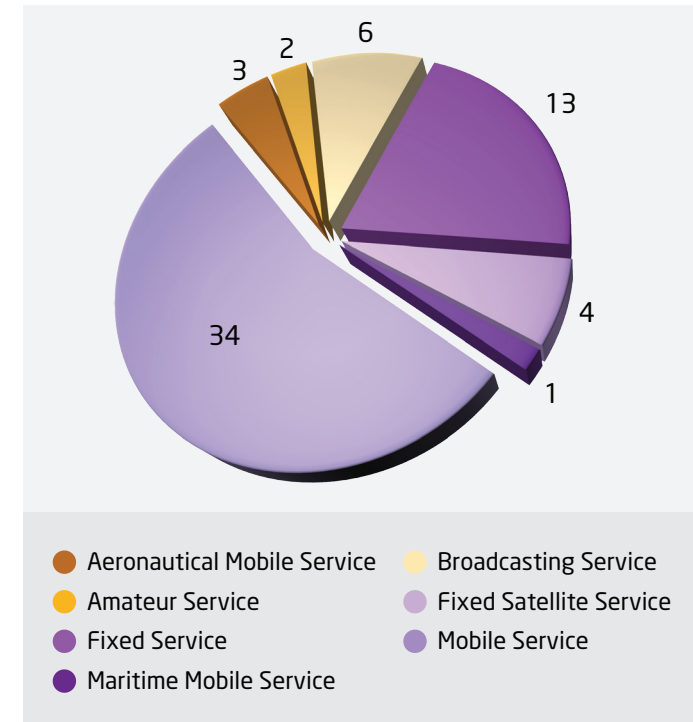
SPECTRUM MONITORING AND ENFORCEMENT

The Spectrum Engineering and Interference Resolution Department (SEIRD) is responsible to monitor and analyse the use of spectrum for the purpose of planning and assignment at national level. The use of spectrum is subject to spectrum regulations as set out in the Communications and Multimedia Act (CMA) 1998. SEIRD also implements projects by providing engineering equipment and capability to manage national spectrum.

Upon the completion of NASMOC (National Spectrum Monitoring and Control Centre) in previous years, a few upgrade projects to strengthen the spectrum monitoring capability were continued every year. In 2010, SEIRD had upgraded one unit of spectrum data collection mobile unit so that it would meet current requirements. For the following year, SEIRD had undertaken procurement to purchase three (3) more data collection mobile units to carry out monitoring operation and data calculation. All the mobile units were also equipped to monitor the upcoming digital TV service.

Procurement was also made to monitor the performance of broadband penetration as well as 2G, 3G and WiMAX systems. The targets set for spectrum interference resolution is 70% from the total complaints received each year. This is because not all spectrum complaints can be resolved immediately but instead it may require the enactment of a new policy or changes in the spectrum assignment and planning if necessary.

SEIRD had received and resolved 63 complaints with regards to radio frequency interference in 2010. The breakdowns of interference complaints according to service categories based on International Telecommunications Union (ITU) are as follows:



Graph 33 : Statistics Interference Complaints

Nearly 54% of interference complaints were regarding Mobile Service. 12 out of 34 interference complaints were reported by Polis Diraja Malaysia (PDRM) following interference from a pager experienced by the new RMPnet communication system. PDRM, through RMPnet, had installed radio frequency filter on the pager transmitter to resolve the interference. However, the installation could only reduce the interference. To resolve it completely, the pager transmitter must change to the frequency set in stages until 2012.

A total of three (3) interference complaints were reported by Packet One Networks Sdn Bhd due to the use of non-standard equipment. The use of this equipment was very widespread. The equipment was used to wirelessly connect video and audio signals. Among the uses traced are as follows:

1. Wirelessly connecting video and audio signals from Astro receiver to a second television set located at a distant location.
2. Wirelessly connecting video signals from surveillance camera placed outside the house to a television set inside the house.

The complaint was considered serious since the effect produced by the use of this equipment had disrupted the WiMAX service provided by Packet One. Shown below are photos of non-standard equipment traced for enforcement action.



POSTAL SERVICES

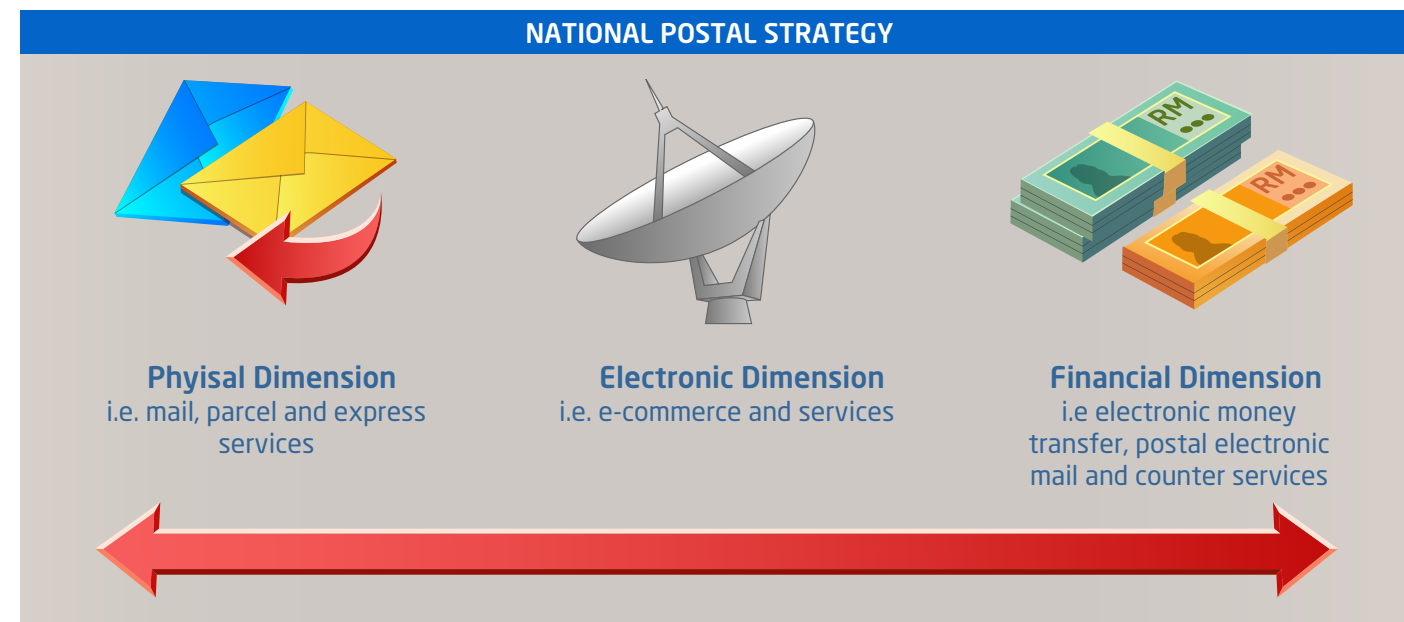
NATIONAL POSTAL STRATEGY (2010-2014)

Effective postal and courier services which meet commercial and social needs of the country are important to both competitiveness and social cohesion. As such, the Government intends to promote a vibrant postal and express market, an efficient post office network to meet the country's present and future needs, as well as quality and affordable postal service that can be provided to everyone in Malaysia.

The NPS 2010-2014 lays an aggressive and coherent development agenda for the postal and courier sector in Malaysia. It is designed to meet the changing needs of customers, market and operating environment driven mainly by the information revolution, globalisation, and the changing economic climate.

As the postal and courier sector becomes more complex and dynamic in future, a high level of collaboration, coordination and commitment by all players involved are essential in realising the NPS objectives. This document will be reviewed and updated in two years time as the economic and business environment continues to change.

The NPS covers the three important dimensions of the postal and courier services namely: physical, financial and electronic as shown in Graph 34.



Graph 34 : Dimension of the NPS

The NPS is organised around five (5) strategic thrusts as shown in Table 58.

Universal Postal Service	<ul style="list-style-type: none"> The objective is to stimulate a sustainable universal postal service which is adapted to the social, economic and technological environment
Quality of Service	<ul style="list-style-type: none"> The objective is to provide timely, reliable delivery, and improved customer service across all access points
Improve Productivity	<ul style="list-style-type: none"> The objective is to improve productivity through human capital development, process innovation and mechanisation
Industry Growth	<ul style="list-style-type: none"> The objective is to foster the growth of the 3 dimensions: physical, electronics and financial
International Development	<ul style="list-style-type: none"> The objective is to enhance international development

Table 57 : The Five Strategic Thrusts in NPS (2010 - 2014)

Table 58 shows key programmes under the NPS which will be implemented during the 2010-2014 period.

VISION The postal and express sector - an essential component of the Malaysian economy				
MISSION To drive the development and growth of a robust postal and express sector in line with the economic and social needs of the nation				
THRUST 1	THRUST 2	THRUST 3	THRUST 4	THRUST 5
Universal Postal Service	Quality of Service	Industry Growth	Improve Productivity	International Development
OBJECTIVES				
The objective is to stimulate a sustainable universal postal service which is adapted to the social, economic and technological environment	The objective is to provide timely, reliable delivery, and improved customer service across all access points	Fostering the growth of postal and express market	The objective is to improve productivity through human capital development, process innovation and mechanisation	The objective is to enhance international development
PROGRAMMES				
Develop a universal postal regulation and criteria	Develop quality of service performance standard and measurement system for the postal and express services	Promote fair competition through appropriate regulation whilst fostering cooperation among industry stakeholders	Stimulate the use of technology to improve productivity - mail and parcel automation and self service terminal	Play leadership role in the Universal Postal Union (UPU) and Asia Pacific Postal Union (APPU)
Develop a robust tariff regime	Enhance consumer satisfaction	Foster growth via development of new products and services	Promote network sharing	Leverage on the Free Trade Agreements
Establish a funding model for universal postal service	Stimulate the use of technology to improve service performance	Expand the express service coverage nationwide	Nurture human capital development and capacity building	Escalate Malaysia's standing in international fora
Improve access to the postal outlets nationwide	Enhance security and trust	Develop robust licensing regime	Improve national postal addressing and postcode system	Strengthen Malaysia's connectivity to the international postal and express network
Improve mail delivery service coverage in rural areas		Protect the environment	Increase involvement in trading and electronics services	
		Promote development of national philately	Promote health and safety culture	

Table 58 : The NPS Framework

OUTCOMES

The implementation of the National Postal Strategy is expected to lead to major transformations in the postal and couriers industry. Key deliverables are shown in Table 59.

Indicator	End of Year				
	2010	2011	2012	2013	2014
THRUST 1 - UNIVERSAL POSTAL SERVICE					
Review postal tariff	•				
PROGRAMME					
Home delivery service coverage nationwide (USO)	77%	-	-	-	95%
Postal outlet per population nationwide (USO)	22,400	-	-	-	15,000
New Postal Services Act		•			
THRUST 2 - QUALITY OF SERVICE					
Compliance with domestic ordinary mail quality performance	>88%	>88%	>88%	>88%	>88%
Average courier service quality performance	>88%	>88%	>88%	89%	>90%
THRUST 3 - IMPROVE PRODUCTIVITY					
Level of automated mail processing in the national mail and parcel hub	>10%	>15%	>30%	>35%	>50%
Best practices seminar through MCMC Academy	•	•	•	•	•
Review national postcode system				•	
Establish sustainable development policy			•		
THRUST 4 - INDUSTRY GROWTH					
New courier licensing policy		•			
Aggregate courier service coverage (% population)					>90%
THRUST 5 - INTERNATIONAL DEVELOPMENT					
Commencement of international postal electronic remittance service	•				
Commencement of the UPU RFID Global Monitoring System for international mail	•				
Develop a liberalisation policy for the postal and courier sector		•			
Secure UPU Postal Operation Council seat at the UPU Doha Congress 2012			•		

Table 59 : The Strategic Outcomes

In a nutshell, the NPS anticipates the changing environment under which the postal and courier sector is operating and ensures the country is having the right strategies for the future development of sector that will support the country moves towards a high income economy by 2020.

POSTAL TRANSFORMATION PLAN FOR SABAH AND SARAWAK (PTPSS)

PTPSS is a two-year public-private initiative between MCMC and Pos Malaysia to increase the rural home mail delivery coverage and improve rural community access to basic postal service in Sabah and Sarawak. PTPSS was launched by Dato' Seri Utama Dr. Rais Yatim, Minister of Information, Communications and Culture on 13 May 2010.

This project will improve the postal inclusion gradually in the rural areas of Sabah and Sarawak. This is in line with the objective set under the National Postal Strategy to raise the home mail delivery service level to 95 percent and reduce the postal access to 15,000 people per post outlet by 2014.

PTPSS was jointly funded by MCMC and Pos Malaysia to support its implementation while the latter will absorb the operational cost. Under the programme, Pos Malaysia will appoint 400 Posmen Komuniti, 1,000 Wakil Pos Komuniti and operate 10 mobile post offices or Pos-on-Wheels. The project summary is shown in Graph 60.

Description	Touch Points	Costing
COMPONENT A Roll-out Mobile Post Office or 'Pejabat Pos Bergerak' (PPB)	<ul style="list-style-type: none"> Increase access to postal services to 52 new rural locations Equipped with VSAT will enable online services much desired by the locals - ASB, JPJ and LHDN 	<ul style="list-style-type: none"> RM400,000 per unit PPB 10 units (5 units each state) Total cost: RM4 million
COMPONENT B Appointment of Posmen Komuniti as a rural mail carrier	<ul style="list-style-type: none"> Improve last mile delivery performance and wider delivery coverage to areas without proper address Approximately 144,000 people in Sabah and 212,000 people in Sarawak will greatly benefit from this initiative within 2 years period Support the Small and Medium Industry (SMI) products distribution network 	<ul style="list-style-type: none"> RM500 allowance monthly for 2 years 400 people Total cost: RM4.8 million
COMPONENT C Enhance the role of Postal Agents	<ul style="list-style-type: none"> Increase the socio-economic of the rural people by providing 400 new jobs and create additional income to 1,000 rural folks 	<ul style="list-style-type: none"> RM50 allowance monthly for 2 years 1,000 people or locations Total cost: RM1.2 million

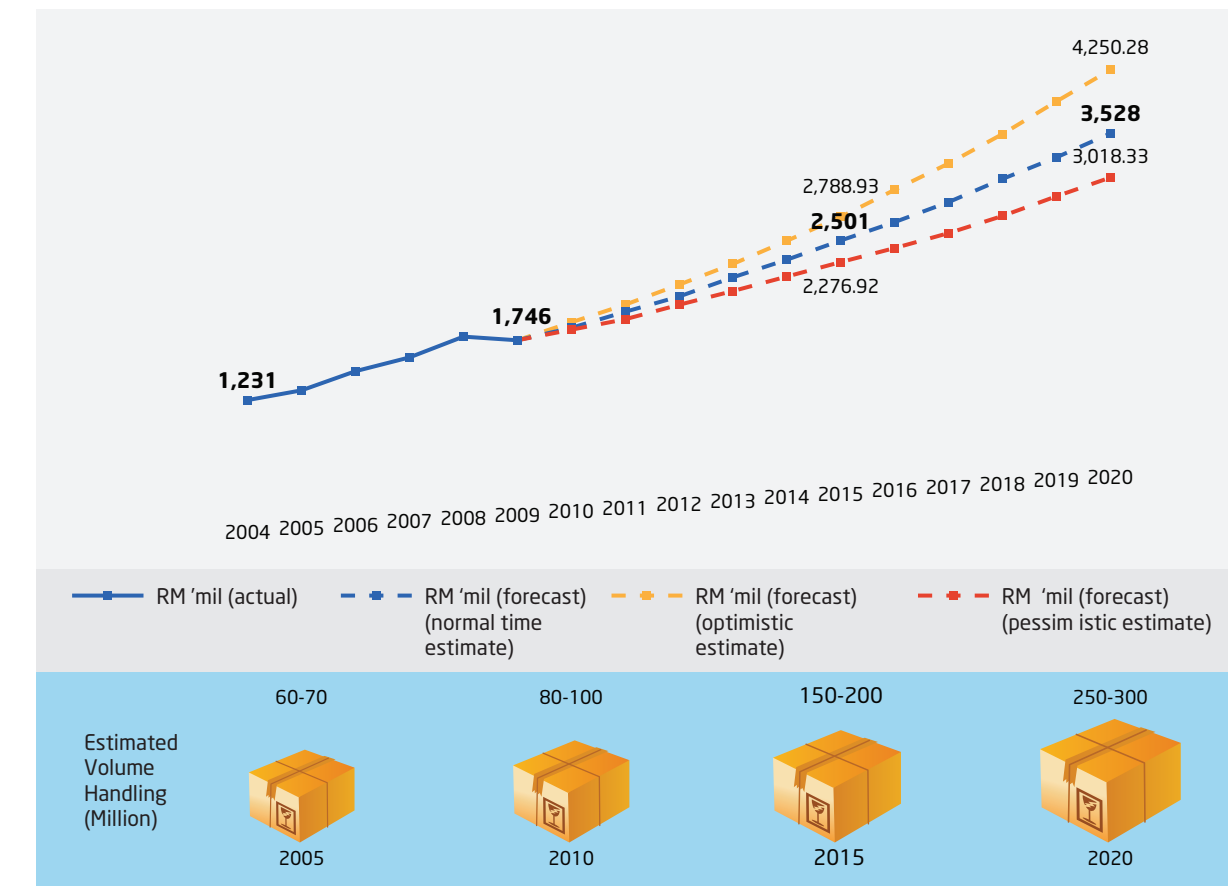
Table 60 : PTPSS Project Components

COURIER SERVICES

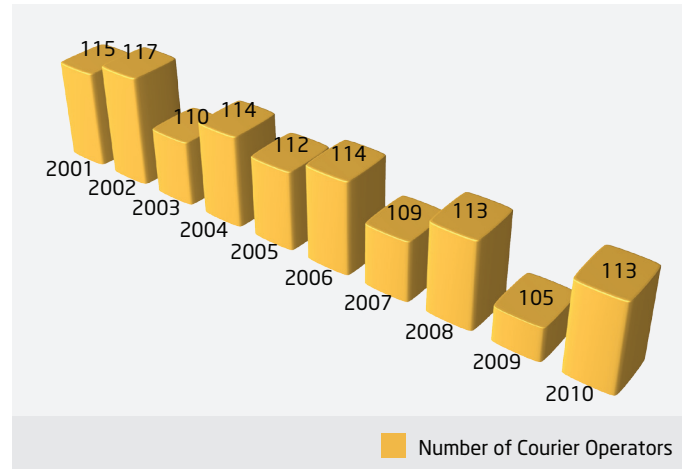
COURIER SERVICE IS GROWING STRONG

The Malaysian courier sector is expected to surpass RM4billion level by year 2020 with a handling capacity of more about 300 million items per year. The strong growth will be supported by the B2C and C2C e-commerce segments.

The Malaysian courier sector is competitive with 113 licensed operators as at December 2010. The number of operators has fluctuated from 100 to 120 over the last eight (8) years (see Exhibit 6). The trend indicates the market force has played its role in stabilising the number despite the current entry criteria that is relatively simple to meet.



Graph 35 : Courier Market Trend



Graph 36 : The Number of Courier Operators from 2001 -2010

The Commission had issued 8 new licences in 2010 to the following companies:

- FMX (M) Sdn Bhd
- Premiere Express & Freight (M) Sdn Bhd
- Macrolink Express (M) Sdn Bhd
- Morning Express (M) Sdn Bhd
- Syarikat Penghantaran Worldgate Sdn Bhd
- Bestline Express Services Sdn Bhd
- Daylight First Hub Express Sdn Bhd
- J One Global Solution (M) Sdn Bhd

STAMPS

An Overview Of Special Stamp Issues In 2010

2010 was another interesting year in the philatelic world. Pos Malaysia issued a wide range of special and commemorative stamps. In total, Pos Malaysia issued 16 special themes of stamps which focused on various different topics - the natural world, Malaysian culture such as the traditional festive foods, children games and Pahang heritage.

Some of the highlights:

- Upin & Ipin stamp has been voted number 2 in the top 10 most touching stamps 2010 in the world by the StampNews.com.
- 1Malaysia Series tells a story of the country steeped in culture and tradition now on its way to become an advanced nation.
- The 125th Anniversary of Malayan Railway features the evolution of railway service in Malaysia from steam locomotive to electric powered train, and from single track to electrified double track.
- The old post office stamps were issued during the world post day.



- Malaysian Currency
- National Definitive Series (New Tariff)
- Malayan Railway
- Traditional Past Times with Upin & Ipin and friends
- 1Malaysia series II



No	Theme	Date of Issuance
1	Malaysian Currency	18 January 2010
2	Tigers	23 February 2010
3	Ferns	10 March 2010
4	Malaysian Markets	23 March 2010
5	Medical Excellence	26 April 2010
6	Firefly	10 May 2010
7	Malayan Railway	22 June 2010
8	National Definitive	1 July 2010
9	Threatened Habitats	15 July 2010
10	Grand Knight of Valour	31 July 2010
11	Traditional Festive Food	10 August 2010
12	Orang Asli Lifestyle	27 September 2010
13	Old Post Offices	9 October 2010
14	Heritage of Pahang	24 October 2010
15	1Malaysia Collection - Series II	10 November 2010
16	Traditional Past Time with Upin & Ipin and friends	13 December 2010

Table 61 : The 2010 Stamps Issues

DIGITAL SIGNATURE

PUBLIC KEY INFRASTRUCTURE (PKI)

To improve security and strengthen online consumer's trust, Public Key Infrastructure (PKI), which is monitored by MCMC, was introduced to help retail users and organisations prevent identity theft and other incidents of online fraud. PKI is subject to the Digital Signature Act (DSA) 1997, which was enacted to put Malaysia on a solid foundation in the field of ICT apart from improving the trust of the consumer and business when performing online transactions.

The use of digital signature under the DSA 1997 is subject to the procedures as set out by the laws and has a non-repudiation impact. Therefore, digital signature is the most trusted means compared to other electronic signatures such as the use of PIN or User Name and Password.

To ensure the effectiveness of the certification authorities in distributing digital signature certificates, MCMC also ensures that a reliable system is used to issue them. The certification authorities are also required to meet the preconditions set out in the DSA 1997 before issuing any digital certificates to subscribers. These strict conditions are necessary to ensure a high level of integrity among the certification authorities in Malaysia. To date, no cases were reported by any party to MCMC with regards to integrity breach by the certification authorities and the digital signatures issued by them.

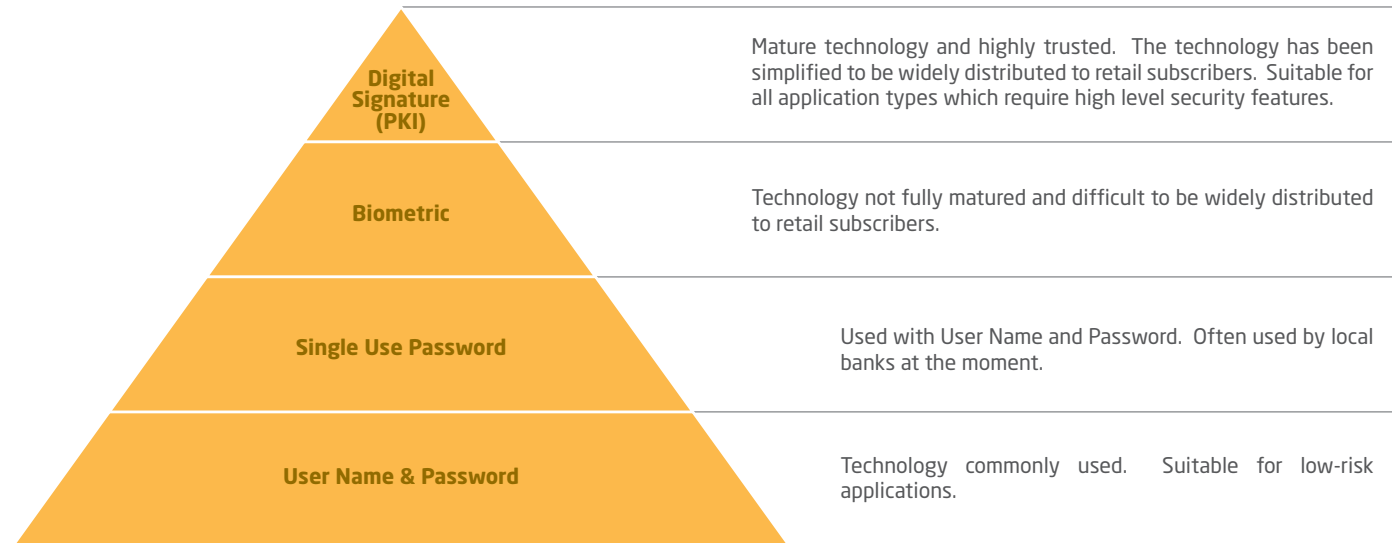
For this purpose, the certification authorities are required to carry out annual performance audit by auditors with expertise in the field of computer safety as acknowledged by MCMC. The performance audit report of certification authorities for 2010 is as follows:

- Digicert Sdn Bhd achieved full compliance in all mandatory areas of control; and
- MSC Trustgate Sdn Bhd achieved full compliance in five areas of control and good compliance for the other areas. For those areas of control that received good compliance, MCMC requested them to submit a monthly report until they managed to resolve the comments by their appointed auditors.

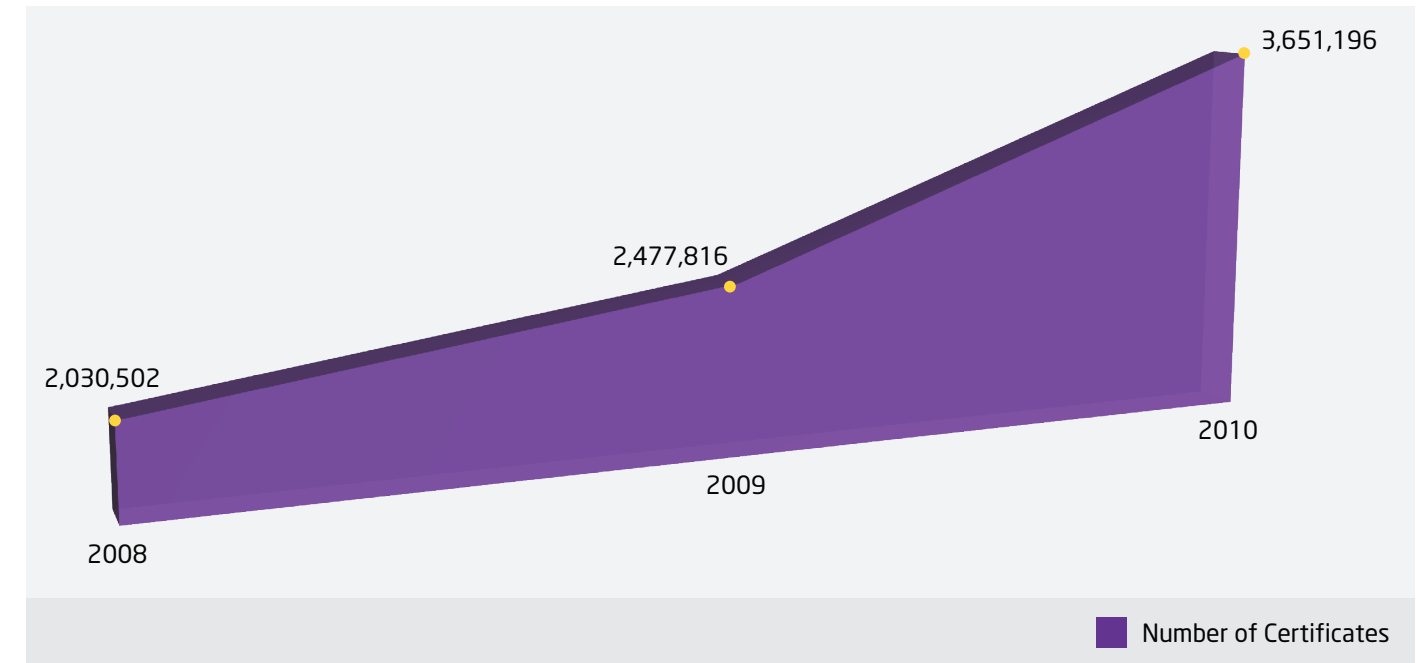
DEVELOPMENT OF PUBLIC KEY INFRASTRUCTURE

MCMC also played a role in promoting the use of digital certificate in the public and private sector which was on the rise from year to year. In 2010, the number of digital certificates had already surpassed 3.5 million compared to two (2) million in 2008, representing more than 75% increase during the two-year period. 92% of the digital certificates were issued by Digicert Sdn Bhd while the remaining by MSC Trustgate Sdn Bhd. Graph 37 shows the growth of digital certificates in Malaysia.

The use of PKI in Malaysia is yet to achieve widespread status. However, a paradigm shift towards the use of PKI is beginning to be felt following the development of several high impact projects where MCMC serves as the technical advisory body. The said projects are:



Graph 37 : Hierarchy of Self Identification in the Virtual World to Ensure the Safe Use of Electronic Application in the Market.



Graph 38 : Number of Certificate Issued by CA's in Malaysia

- "Mobile PKI" for the rollout of banking application and payment made through mobile phone (if successfully rolled out, this will even further boost the use of digital certificate as mobile phone's penetration rate has surpassed 100% in Malaysia);
- Establishing guidelines to enable digital certificates issued by ASEAN countries adopted among them especially in the ASEAN Single Window application that will facilitate the exchange of documents between Customs; and

Through the introduction of Mobile PKI project, MCMC also expected that the use of PKI in Malaysia will increase in line with the number of Internet banking users which stands at 10.2 million. However, this increase may not happen overnight, but instead it will be gradually realised.

Chapter 4

Support @ MCMC

- Organisational Development
- Human Capital Management
- MCMC Academy
- Strategic Information Systems
- Knowledge Management and Resource Centre (Industry Research)
- International Affairs
- Corporate Communications



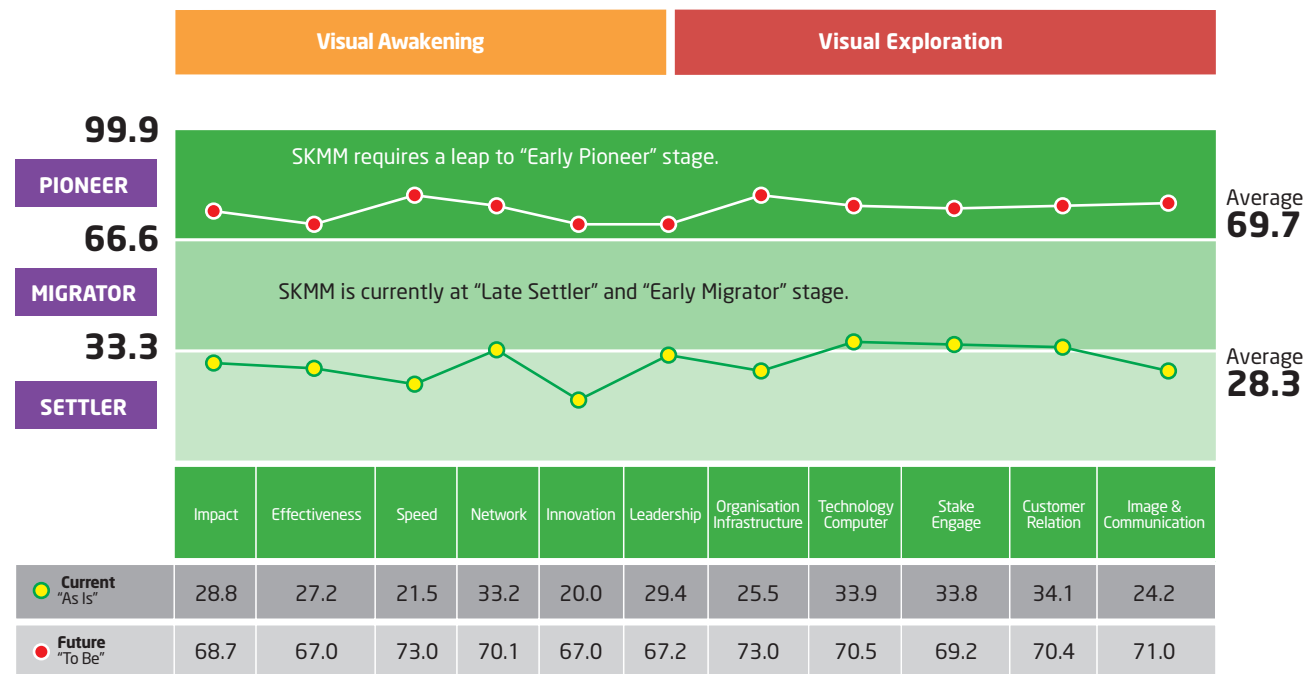
ORGANISATIONAL DEVELOPMENT

In 2010, the Commission continued its focus on becoming a performance-driven organisation. The Commission made deliberate attempts and managerial interventions to make the organisation highly strategy-focused, which translated into greater organisation-wide clarity and understanding of the Commission's objectives and goals; and alignment of resources, processes, structure, people and leadership towards the achievement of these objectives and goals.

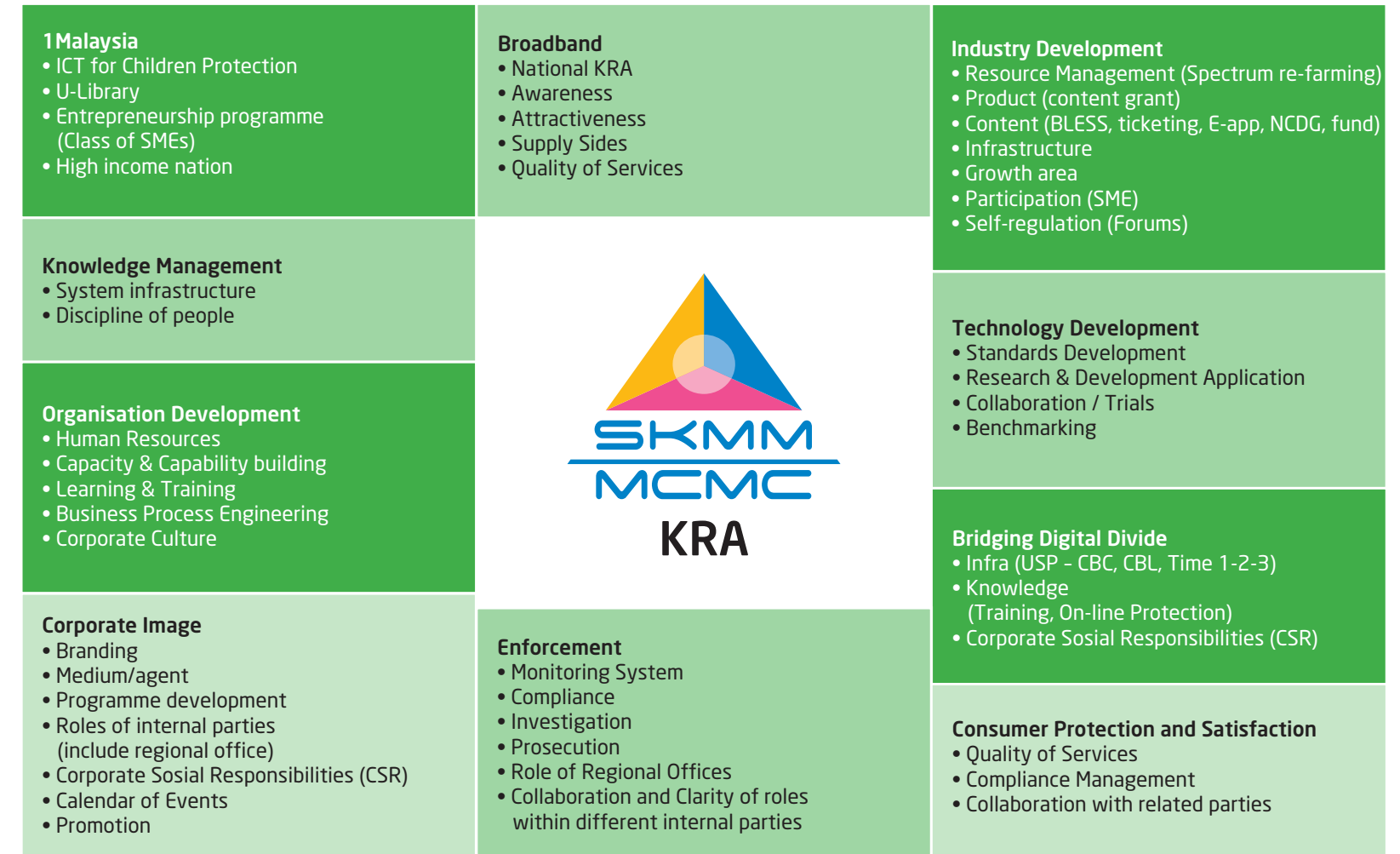
The year 2010 saw the Commission put in place the Blue Ocean Strategy (BOS) concept in developing its Strategic Plan 2010 - 2012. The cornerstone of BOS is the value innovation concept. Value innovation places equal emphasis on value and innovation. This equal emphasis will compel the Commission to constantly look for a leap in value for customers and itself, unlike the usual value-cost trade-offs where one dimension wins at the expense of the other.

MCMC @ Macro level, visually awakened @ Settler stage and the Commission is exploring to push forward into Pioneering stage within the next 3 years. The identified ten (10) KRAs and 150 strategic initiatives are expected to spearhead this transformation.

The change management programme in 2010 was an extension of 2009 endeavour to break new grounds in providing the Commission with enhanced processes, procedures and capacities to deal with challenges brought about by evolving external environment. MCMC undertook the initiative to streamline its processes and make them more efficient resulting in reduction of process lead time, process defects and waste or non value-added activities. Its major targets were to reduce cycle time of client charter promise and increase efficiency and effectiveness. The methodology used Cross Functional Process Mapping (CFPM) and Lean Six Sigma led to a continuous improvement mind-set and culture of reducing process waste.



Graph 39 : Blue Ocean Strategy (BOS)



Graph 40 : 10 Key Result Areas

No.	Project Title	Issue Statement & Project Goals
1.	Courier Licence Application (New and Renewal)	Current new and renewal courier licence application processing time goal is 30 days. However, actual time including approval by the Minister often exceeds 60 days. Improved process flow by MCMC is expected to reduce overall lead time, uphold the 'People first, Performance now' commitment and promote new investment as well as job creations. The goals of this project are to achieve 90% of applications to be processed within seven (7) working days and 100% of applications to be processed within ten (10) working days for both new and renewal licence applications, from the point of complete licence application submission until LCM Paper and Slide approved for LCM presentation by Head of Division.
2.	Individual Licence Application	The goal of this project is to improve the overall processing time to within 60 days, from the point of official acknowledgement of application submitted by the applicant until recommendation letter to the YB Minister.
3.	Microwave Application	Currently RAD receives on the average 1,500 new microwave applications/month. Out of these, only 40% of applications were processed within 60 days. The remaining 40% and 20% of applications were processed within 90 days and 120 days respectively. This has resulted in the increase of backlog, customer dissatisfaction and affected the image of MCMC. The goal of this project is to achieve 60% of new microwave applications to complete processing within 45 days and the remaining 40% within 60 days.
4.	Procurement Process	The Procurement lead time is not consistent due to current quotation process. Thus, complaints were received from user department on delays and this had affected the department's productivity. The current lead time for the procurement processing for amount from RM10,000 to RM50,000 is 18 days on average and 57 days maximum; and for amount more than RM50,000 is 24 days average and max of 42 days. The goal is to achieve a maximum of 10 working days for procurement for the amount between RM10,000 to RM50,000; and maximum of 15 working days for the amount more than RM50,000.
5.	Tender Process	The challenge is to reduce the lead time for both categories of tender to less than 90 days, and at the same time, to ensure that the transparency in policies and procedures is adhered to.
6.	Internal Complaints Handling	Consumer Complaints Bureau (CCB), as a focal point to deal with public complaints, received an average of 480 complaints/ month through various channels. It is vital for CCB to reduce the lead time for escalation from five (5) to two (2) days as it will improve the overall complaints handling time for the service provider/internal department to attend and resolve the complaint.

Table 62 : Project Title, Issue Statement & Project Goals

Supporting the national agenda for creativity and innovation, two (2) projects was chosen to represent MCMC in a competition organised by the Kumpulan Inovatif dan Kreatif (KIK) and another Innovation Competition at Ministry level.

HUMAN CAPITAL MANAGEMENT

The Human Capital Management Division began 2010 with a focus to continuously support MCMC into becoming a performance-driven organisation while ensuring that the organisation has a culture that fosters value innovation and strives for excellence.

This is in line with the 2010 - 2012 Strategic Plan where the Human Capital Management Division is responsible to identify and ensure that MCMC employees have the relevant aptitude, skills and knowledge to achieve its goals and objectives.

This also means that the existing staff members need to improve their skills in tandem with the latest development, not just technically but also in terms of their understanding of the current trends taking place within the industry. The Division is also responsible to ensure that the new talents joining MCMC are equipped with relevant skills and knowledge so as to allow them to execute their duties in the best and fastest way possible, thus contributing to MCMC's achievements.

This alignment is necessary for the Division to support one of the KRAs under the Organisational Development that focuses on strengthening human resources; enhancing capacity and capability, learning and training; improving business process re-engineering and enhancing MCMC's corporate culture.

TALENT CHALLENGE

The need to retain existing talents and attract new ones is crucial in the MCMC's talent management agenda. As such, a total of 58 new talents were recruited in 2010 and 60% of them were hired at the executive level.

2010 also witnessed the Division embarking on efforts to ensure that the expertise and efficiency of internal talents improved and that they were accorded with both trust and priority. This was proven when 50 staff members were promoted to higher grades and ranks. MCMC has a low turnover rate at 7.35%.

*Voluntary turn over rate for Malaysia is 13% - source: Aon Hewitt Malaysia

TALENT STRENGTH@MCMC

Position	Grade	Number of Staff
Chairman		1
Chief Operating Officer	P12	1
Chief Officer	P9	3
Senior Director	P8	4
Director	P7	22
Director	P6	36
Deputy Director/Senior Executive/Senior Engineer	P5	81
Assistant Director/Executive/Engineer	P4	136
Executive Secretary /Assistant Executive/Technical Support	S3	11
Secretary/Assistant Executive	S2	115
Driver/General Worker	S1	27
Total		436

Table 63 : Position, Grade and Number of Staff

HUMAN CAPITAL STRATEGIC INITIATIVE

Human Capital Development plays a role in ensuring the existence of high potential talents to support MCMC towards achieving its vision and mission, in line with the national policy objective.

Therefore, the Human Capital Management Division had adapted the Broad Banding Programme, which was first introduced in 2007, for executive staff, based on the current changes and requirements to provide MCMC's internal talents with the opportunity to enhance their capability, efficiency and knowledge, in line with their increased responsibilities following successful completion of the programme.

This also served as recognition to MCMC's internal talents for their continuous support. The same initiative is also at a planning stage to provide non-executive staff members with the same opportunity and recognition in the nearest future.

This recognition has the capability to improve the enthusiasm and motivations of MCMC's employees at all levels and indirectly strengthen their commitment towards the organisation.

The Division will also continue to strengthen MCMC's Performance Management System (ACHIEVE) by introducing the MCMC's Competency Model in its implementation to help MCMC become a performance-driven organisation.

The Lean Six Sigma Programme continued to show impact to ensure all MCMC's internal procedures and processes were carried out transparently, efficiently and effectively so as to ensure genuine customer satisfaction.

MCMC ACADEMY

Among the role and responsibilities of MCMC Academy include:

- Improving the performance level of MCMC workforce to lead the Communications and Multimedia Industry with excellence.
- Identifying the main knowledge areas to enhance the staff capability at all levels to ensure that MCMC performance remains at the highest level.
- Collaborating with industry players toward enhancing competitive edge and technical expertise, be it in the Asia region or in the world.
- Monitoring existing expertise and being alert of the latest development to enable MCMC to be at its peak performance at all time.
- Collaborating with IPTA in Malaysia and in the region to develop technical programs for industry development.

Among others, MCMC's main targets and objectives include:

- Ensuring seven (7) or more training days to all MCMC employees including those at Regional offices.
- Making MCMC Academy a one-stop reference for all learning and development activities for MCMC employees at all levels.
- Helping MCMC to have a competitive edge, develop talent and contribute to achieving a high-level competency in the area of communications and multimedia.
- Pushing MCMC Academy toward excellence and contribute toward long-term industry development and progress.
- Contributing toward the implementation of IT literacy through direct involvement in delivering training programs nationwide.

MCMC ACADEMY'S ACHIEVEMENTS - TRAINING AND HUMAN CAPITAL DEVELOPMENT FOR 2010

Category	No. of Programmes	No. of Training Days	Participation
Internal Courses Courses organised by MCMC Academy	49	75	1,177
Local Courses Courses organised by third parties in Malaysia	129	487	296
Overseas Courses Courses organised by third parties outside of Malaysia	29	91	53
Total	207	653	1,526

Table 64 : Training and Human Capital Development

MCMC had invested RM1.1 million on training and development initiatives as part of its efforts to enhance human capital skills and knowledge. Through this development investment, MCMC was able to provide a total of 207 training programmes involving 1,526 participants.

The number of training days accumulated was 653 days and the average number of training day for each employee is 10.3 days. The development initiatives included organising Compliance and Regulatory Course to industry players with the aim to provide deeper understanding of legal provisions under the Communications and Multimedia Act 1998, Postal Services Act 1991 and Digital Signature Act 1997.

At the end of 2010, MCMC Academy had conducted a training requirement analysis to identify training requirements for implementation in 2011. From the analysis, the training requirements were divided into technical and non-technical training involving more than 300 programmes.

STRATEGIC INFORMATION SYSTEM

The Strategic Information System Department (SISD) continued its role as a strategic partner in supporting MCMC's vision and mission. Various initiatives were implemented in 2010 covering MCMC's IT infrastructure and application system, including:

1) MagicMap

A mapping application system using Google Earth technology to facilitate the monitoring of telecommunication infrastructure. The system was developed using internal expertise from both SISD (application and database development) and Technology, Standard and Network Department, who was the main content contributor and user of the system.

2) Ensuring 99% readiness of MCMC's network system access

SISD had upgraded ICT infrastructure for optimum use to strengthen MCMC's ICT service delivery to both the industry and rakyat. This was achieved by enhancing the capacity of leased line between the regional offices and branches throughout Malaysia, in addition to enhancing the Internet service capacity for management-related use and online service.

3) Transformation of MCMC's official portal

MCMC's portal had a facelift to allow a more effective delivery of information to the industry and the public. The upgrade was also in line with the guidelines issued by MAMPU.

4) "Fault Management System" Portal (<https://fms.MCMC.gov.my>)

This system helps in matters related to governance, in addition to regulating MCMC's financial matters in an integrated manner, using ORACLE Financial System. This system is a platform which is integrated with other application systems involving MCMC's financial process namely Spectrum Management System (SPMS), Employee Management System (KAIZENHR), ePAYMENT and eFUND system.

5) MCMC Integrated Financial System "SiFS"

This system helps in matters related to governance, in addition to regulating MCMC's financial matters in an integrated manner, using ORACLE Financial System. This system is a platform which is integrated with other application systems involving MCMC's financial process namely Spectrum Management System (SPMS), Employee Management System (KAIZENHR), ePAYMENT and eFUND system.

6) eFUND System

This system allows for a smoother governance process in managing data for USP fund collection. This was done through automatic RONR withdrawal process through data integration from licensing management system (eLMS), thus enabling regulatory activities for fund collection to be carried more effectively.

SISD also contributed towards providing the best support services to all internal and external events where expertise and knowledge on ICT and systems application were needed, to enable MCMC programmes to be conducted efficiently.

KNOWLEDGE MANAGEMENT AND RESOURCE CENTRE DIVISION

The Knowledge Management and Resource Centre Division consists of three departments namely, Statistics Department, Market Research Department and Resource Centre Department.

STATISTICS DEPARTMENT

Statistics is an important element in decision-making in an organisation. The Statistics Department is the focal point of all statistics for Communications and Multimedia industry, Post and Courier as well as Digital Signature.



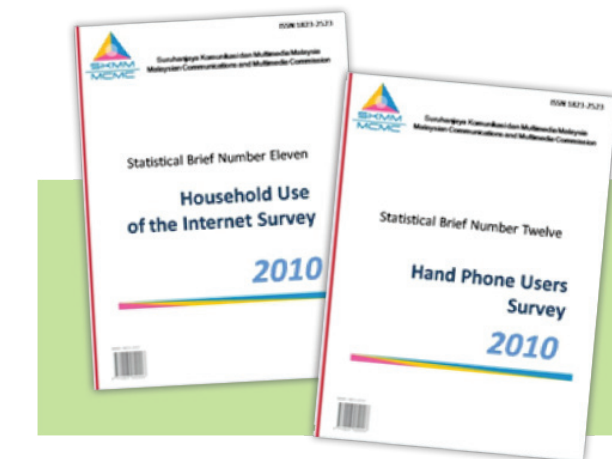
The Statistics Department collects primary and secondary data. Primary data is collected through MCMC's computer-assisted data centre. This centre has been in operation for the past seven years beginning in 2004 and is located in Wisma SunwayMas Shah Alam. It was later moved to Wisma Pahlawan Kuala Lumpur in 2008. This computer-assisted data collection centre can house 50 part-time interviewers at any given time.

Before a survey is conducted, the interviewers will be given a briefing on the survey and the methods to interview respondents, conducted by the statistician on duty. The centre operates daily from 10.00am till 6.00pm. A survey will take two to four weeks to be completed. This centre has also been used by Universiti Teknologi Malaysia to carry out TV and Radio Consumer Satisfaction Survey.



In 2010, a total of 5 surveys were conducted, including Hand Phone User Survey (HPUS) and Household Use of the Internet Survey (HUIS). HPUS has been conducted every year beginning in 2004 while HUIS was started in 2005. The information obtained from these surveys had been extensively used by both local and overseas researchers. The reports for both surveys can be obtained from MCMC's website.

Apart from HPUS and HUIS, three other surveys were conducted in 2010. These surveys were Mobile Broadband Survey, Prepaid Mobile Broadband Survey and Broadband through Mobile Phone Survey. These surveys were conducted to measure the household broadband penetration rate and they had helped to achieve the country's broadband penetration rate of 55.6% in 2010.



The Statistics Department also had compiled secondary statistics from licensees through forms distributed to them. Secondary data was also obtained from other sources such as the Department of Statistics. Among the statistics obtained from the licensees included statistics for fixed line, cellular phone, public phone, SMS, number of paid TV subscriptions and number of post offices. These statistics were compiled and published quarterly or half-yearly. These publications are:

- Communications & Multimedia - Statistics Information Book
- Post & Courier - Selected Facts and Figures



MARKET RESEARCH DEPARTMENT

In the fast changing landscape of the communications and multimedia industry globally, there is a need to understand the industry developments for proactive reasons to garner opportunities arising

From this perspective, the MCMC market research concentrates on topical areas of development through market research reporting as a platform for sharing industry views and market trends or tips in collaborative mode.

The MCMC independent research on market trends and development are published in various types of MCMC market research reports and publications. These are in the form of Industry Performance Report, special Market Research Report and newsletters

Market Research Report



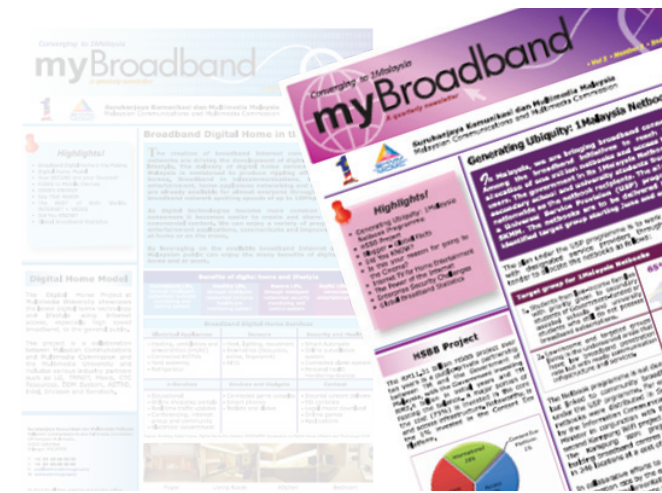
Market Research Reports published in 2010 that focused on industry development were:

- Teleworking - A network for Employer Employment
- Radio Frequency Identification (RFID) Wireless Network - Some Pain, Much to Gain

Essentially, the respective reports feature a brief overview of the stated markets, including views on international and domestic development, and growth within that industry segment.

The analysis also covers a comparison of these market developments worldwide, and a review of the Malaysian markets in the area concerned. Also featured are impacts to value chain due to the changing industry landscape in digitisation and convergence.

MyBroadband Newsletter



myBroadband is a newsletter published quarterly to provide snapshots of broadband development in Malaysia including global trend.

Country Report

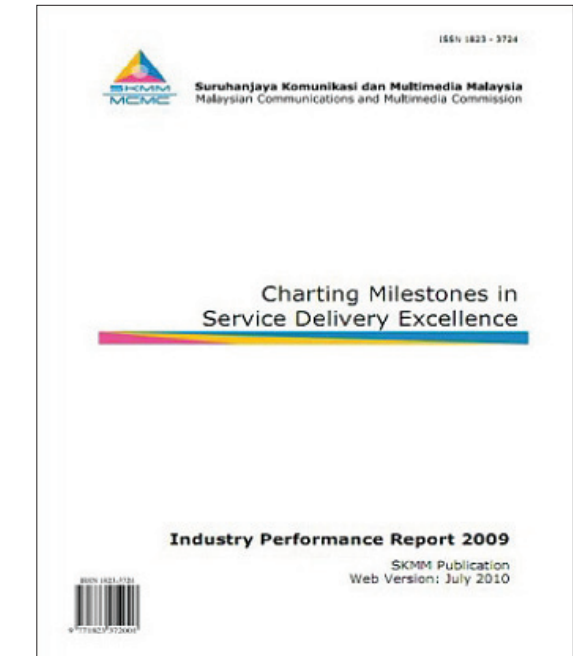


Country Report is exclusively published to provide a high-level report in an ad hoc manner, and it covers topical areas in the communications and multimedia industry development such as broadband development and new sector demand such as wireless broadband; apart from compilation of government policies that drive towards the growth of communications and multimedia industry in Malaysia.

Industry Performance Report

The Industry Performance Report is published annually as provided in Section 15, Part V of the Communications and Multimedia Act 1998.

It is also seen as playing an important role to report and review trend, technological development and advances in the communications and multimedia service in the country and globally.



The report also covers economic and financial performance of communications and multimedia industry sectors including performance indicator for communications and multimedia service; licensing activities; consumer protection measures; and universal service provision programme aimed at bridging the digital divide.

KNOWLEDGE RESOURCE DEPARTMENT



Open to the public, the Resource Centre provides latest information in communications and multimedia industry, be it in the form of printed copies, secondary storage media and online subscriptions. After operating for more than 10 years, the centre has attracted many users especially among MCMC's employees, researchers, students and the industry. Easy and quick search (SearchHub) is provided in MCMC's information portal to show search results from portals related to industry and public domain.

To implement the fourth MCMC's Knowledge Management strategy ('Promoting informal networking/connections between those who need it and those who can provide'), the Resource Centre had conducted 12 Tea Talk @3 sessions in 2010. Most of the presenters were MCMC's employees and Tea Talk @3 was conducted as an informal knowledge sharing session. It managed to attract many MCMC's employees to take part as part of their learning process especially in the field of communications and multimedia.



The MCMC Resource Centre boasts a collection of 4,800 titles in 2010 apart from carrying out MCMC's Knowledge Management Initiative activities and providing Internet service to its users. The resource centre portal can be accessed at <http://library-svr.cmc.gov.my/> or through MCMC's website at <http://www.MCMC.gov.my/>.



The (dot)myConvergence magazine, published twice yearly, reflects the department's effort in providing selected articles for knowledge-sharing in the field of communications and multimedia. It has become a useful reference locally and abroad. The articles were written by MCMC's employees and industry representatives and can be accessed through <http://www.myconvergence.com.my>.

INTERNATIONAL AFFAIRS

INTRODUCTION

MCMC participates actively in international events to promote Malaysia's interest in the communications and multimedia industry. A close partner with the Ministry of Information, Communications and Culture (MICC), MCMC represents the Malaysian regulatory authority for the communications and multimedia sector; and at the same time building the country's international profile through participation in international activities.

MCMC's international activities are guided by the Communications and Multimedia Act 1998, in particular the first National Policy Objective for facilitating Malaysia's transformation into an industry global hub. Consequently MCMC engages with various international organisations as listed in the Ministerial Direction issued under Section 269 of the Act.

The purpose of MCMC's participation in various international activities is to:

- Aid local communications and multimedia industry to identify expansion opportunities in foreign markets; and
- Manage progressive market liberalisation of the communications and multimedia sector;
- Influence outcomes and developments internationally through positions held and papers or views presented; and
- To keep up-to-date with the latest international developments and trends in the communications and multimedia sector.

MCMC works synergistically with its counterparts in the region as well as internationally to enhance regulatory measures and best practices towards mutual industry competitiveness and growth, as well as facilitate inbound and outbound investments and trade and to develop network and human resource capabilities in the communications and multimedia arena.

MCMC is furthermore involved as the communication sector expert in various bilateral and multilateral negotiations such as Free Trade Agreements and Economic Partnership Agreements lead by the Ministry of International Trade and Industry and MICC.

In terms of functional focus areas, MCMC's international activities can be divided into the following:

- Management of frequency, numbering and Internet addressing
- Standards and Interoperability
- Mutual Recognition Arrangements
- Trade and Liberalisation

- Security and Harmonisation of e-commerce and cyber security activities
- Content Cooperation and information exchange

Sectorially, International Activities can be divided along geopolitical and economic lines such as:

ASEAN

- ASEAN Telecommunications Regulators' Council Meeting (ATRC)
- Telecommunications and IT Senior Officials Meeting (TELSOM)
- Telecommunications and IT Ministers' Meeting (TELMIN)
- Border Coordination Meetings to manage and resolve any frequency interference and allocation matters with our neighbours:
 - Frequency Allocation Committee of Singapore, Malaysia and Brunei (FACSMAB)
 - Joint Technical Committee on Coordination and Assignment of Frequencies along the Malaysia-Thailand Common Border (JTC)
 - Trilateral coordination involving Indonesia, Malaysia and Singapore

ASIA PACIFIC

- Asia Pacific Telecommunity (APT)
- APEC Telecommunications Working Group (APEC TEL)
- Asia Pacific Postal Union (APPU)

INTERNATIONAL/INTERGOVERNMENTAL ORGANISATIONS

- International Telecommunication Union (ITU)
- Universal Postal Union (UPU)
- Internet Corporation for Assigned Names and Numbers (ICANN)

In total MCMC participated in 163 conferences and meetings in 2010 as well as received 17 foreign delegations on study/working visits. However, the majority of the work in 2010 was focused on the two major ITU conferences; the World Telecommunications Development Conference and the Plenipotentiary Conference as well as the various regional preparatory meetings which preceded these two (2) preeminent events.

ITU WORLD TELECOMMUNICATION DEVELOPMENT CONFERENCE 2010 (WTDC 10)



The ITU World Telecommunication Development Conference is the ITU forum for the discussion and consideration of the latest trends in telecommunications/ICT development and to establish the priorities, projects and programmes for the Telecommunication Development Bureau of the ITU (ITU-D). This conference is held once every four years.

The fifth World Telecommunication Development Conference (WTDC-10) was held in Hyderabad India from 24 May to 4 June 2010. The WTDC-10 was attended by 924 participants including Ministers responsible for Communications and ICT, Ambassadors and government and industry representatives from 138 countries.

The Malaysian Delegation was led by Dato' Joseph Salang, Deputy Minister of Information, Communications and Culture Malaysia and consisted of officials from MICC and MCMC as well as industry participants. In his address to the conference Dato' Joseph Salang highlighted Malaysia's achievements in the communications and multimedia arena and stressed that the decisions of the ITU at this conference should reflect the principles of transparency, equity and accountability as well as respect the sovereignty of its member states. Dato' Joseph Salang was elected as one of the Vice-Chairmen of the Conference representing the Asian Region.

Puan Nur Sulyna Abdullah, Director, International Affairs, chaired the Asia Pacific Telecommunity Preparatory Group for WTDC-10, which coordinated the contributions from the Asia Pacific region to the WTDC-10. Malaysia submitted two papers on Managing Cybersecurity Challenges of Social Networking Applications and Initiatives to facilitate and promote greater broadband adoption and bridging of the digital divide through nurturing the development of local content. Both papers were well received and were incorporated into conference outcomes of the WTDC-10.



At the end of the two-week meeting, the WTDC-10 adopted the Hyderabad Declaration, which highlighted the main priorities for the Development Bureau for the next four years as well as the Hyderabad Action Plan to assist developing countries in achieving universal access, programmes for information and communication, infrastructure and technology development, ICT applications and IP based network-related issues, capacity building and digital inclusion, emergency communications and climate change issues for least developed countries and countries with special needs.

ITU PLENIPOTENTIARY CONFERENCE 2010 (PP-10)



The ITU Plenipotentiary Conference is the highest policy-making organ of the ITU and is held every four years. It is the key event at which ITU Member States decide the future role of the organisation, thereby determining the organisation's ability to influence and affect the development of Information and Communication Technologies (ICTs).

Among others, the ITU Plenipotentiary Conference will:

- Set the ITU's general policies and direction;
- Adopt four-year strategic and financial plans; and
- Elect the Senior Management team1, the members of Council and the members of the Radio Regulations Board.

The 18th ITU Plenipotentiary Conference met for three weeks in Guadalajara, Mexico from 4 to 22 October 2010. It was attended by 2,022 registered participants and observers from 167 ITU Member States, 42 Sector Members and observer organisations, including over 70 Ministers, 26 Deputy Ministers and 35 ambassadors.



The Malaysian Delegation was led by Dato' Seri Utama Dr. Rais Yatim, Minister of Information, Communications and Culture Malaysia and consisted of officials from MICC, MCMC and industry. In his address to the Plenipotentiary, Dato Seri Utama Dr. Rais Yatim stressed on the need to preserve cultures, values and traditions which are increasingly being eroded by the abuse of technology. Dato Seri Utama Dr. Rais Yatim called on the ITU to be the catalyst to harness measures to curb the misuse and abuse of the Internet.

The PP-10 also saw the re-election of Malaysia into the ITU Council for a fourth consecutive term; coming in with the fourth highest number of votes out of 17 countries which were vying for a place in the allocated 13 seats for the Asia and Australasia region.

The ITU Council is the governing body which acts on behalf of the Plenipotentiary during the years between Plenipotentiaries and meets annually at the ITU headquarters in Geneva.

A representative from MEASAT was re-elected as a member of the Radio Regulations Board which approves technical criteria used by the Radiocommunication Bureau in the application of the Radio Regulations.

Following the successful completion of the PP-10, the ITU's mandate has been strengthened towards bridging the digital divide, accelerating broadband roll-out and implementing the outcomes of the World Summit on the Information Society. ITU's involvement has also been extended in areas such as use of information and communication technologies to manage climate change and disaster response; conformance and interoperability as well as accessibility for persons with disabilities. The PP-10 had furthermore agreed on ITU's Strategic Plan for 2012-2015 and adopted the Financial Plan for the same period. Both will eventually help the ITU to implement and achieve the decisions in the next four years.

CORPORATE COMMUNICATIONS @ MCMC

In all communications, it is essential that what we say about the Commission is consistent with the organisation's policies. This is all the more important in all external communications by MCMC and its staff.

Each member of the Commission is a reflection of the total institutional image. The key towards sustaining an institutional image is that agreed corporate messages must be consistently communicated to the relevant audiences.

CORPORATE COMMUNICATIONS IN 2010

The year 2010 was a whirlwind of events to say the least. Events and activities during the year were geared to support the implementation of the National Broadband Initiative (NBI) which was officially launch by the Prime Minister, Dato' Seri Mohd. Najib Tun Razak on 24 March 2010.

Under the NBI, corporate communications were actively involved in the activities of the Broadband Awareness and Promotion Campaign led by the Ministry of Information Communications and Culture, and project implementation activities to reach the national target of 50% household broadband penetration rate by end of 2010. Of note are the distribution of 1Malaysia Netbooks to students from underprivileged families and deserving groups within communities, the 'Kampung Tanpa Wayar' and Community Broadband Centre events that delivered and showcased the connectivity of underserved communities, the Universal Services Provision programmes throughout the country and expansion of the MyIX network facilities to Sabah and Sarawak.

In addition, communication activities of the Commission also supports the objectives of the 10 National Objectives for the Communications and Multimedia industry, the Communications and Multimedia Act 1998 as well as Corporate Social Responsibilities (CSR), educational and awareness initiatives.

The year began with a rousing inspirational New Year's message from the Minister of Information Communications and Culture at the Ministry's monthly gathering of staff and management in January, followed by the launch of the NBI and High-Speed Broadband Services by Telekom Malaysia at Dataran Merdeka, Kuala Lumpur.

The year progressed and was punctuated with key events and media cover that shaped the communications and multimedia landscape of the country especially where it involved the participation of both the regulators and industry such as the Digital Pekan launch by the Prime Minister.

2010 culminated with events that showcased implementation of projects under purview of MCMC such as the Digital Pagoh and Digital Jempol event in Negeri Sembilan being the culmination of the Digital District initiative for 2010.

The year 2011 sees a continuation of the many projects being implemented by MCMC as the regulator and developer of the communications and multimedia in the country.

Even though the NBI has successfully reached the 50% penetration rate at the end of 2010, the Initiative continues with the next stage of target of 65% and 75% penetration by 2011 and 2012, leading to 100% broadband penetration by 2015.

LIST OF MCMC EVENTS FOR 2010

01.01.10
'Gegar Generasiku RTM'
Dataran Merdeka, Kuala Lumpur

07.01.10
Monthly MCMC Assembly (January)
MCMC Auditorium

09.01.10
Visit by MCMC Chairman to CBC
Lundu, Sarawak

22.01.10
Internet Broadband Awareness Programme
'Ke Arah Generasi 1Malaysia Celik IT'
Tawau, Sabah

25.01.10
'Juara Rakyat' Programme + Cyberkids Camp
for Children
Tawau Sabah



28.01.10
Launch of MyIX & CBC (Negeri Sarawak)
Lundu, Sarawak



30.01.10
Launch of Digital Pekan
Dewan Konvensyen Sultan Haji Ahmad Shah, Pekan Pahang

04.02.10
Launch of 1Malaysia Melaka
Reception - PM with 50,000 Rakyat
Melaka

06.02.10
1Malaysia Carnival, Melaka
Dataran Graha Makmur MBMB, Melaka

20.02.10
1Malaysia Chinese New Year Open House
Pandamaran Klang, Selangor

23.02.10
Technology Park Malaysia, Bukit Jalil
Technology Park Malaysia, Bukit Jalil

23.02.10
Launch of TM Point On Wheels
Menara TM, Bangsar KL

03.03.10
Visit by the Minister Dato' Seri Utama Dr. Rais Yatim to MCMC
MCMC Cyberjaya



04.03.10
Visit of Minister of Communications and Information Technology, Arab Republic of Egypt
MCMC Cyberjaya

09.03.10
New Media Content Research (NMCR) Seminar - MCMC and IPTA
MCMC Auditorium

16.03.10
Launch of Cafe Walk by MCMC Chairman, Tan Sri Khalid Ramli
MCMC Cyberjaya



17.03.10
Talk on National Broadband Initiative (NBI)
Carcosa Seri Negara, Taman Tasik Perdana, Kuala Lumpur

19.03.10
Explanation of National Broadband Initiative (NBI) BERNAMA
Bangunan Sultan Abdul Samad, Kuala Lumpur

24.03.10
Launch of the National Broadband Initiative (NBI) with TM
Dataran Merdeka, Kuala Lumpur



29.03.10
License Handover Ceremony to Measat Broadcast Sdn Bhd by the Dato' Seri Utama Dr. Rais Yatim
MCMC Auditorium

30.03.10
MCMC Double Time & Launching of NSCC by Dato' Seri Utama Dr. Rais Yatim
MCMC Auditorium

31.03.10
Use of Private Network Service Frequency, Amateur Radio and Maritime Awareness Seminar

03.04.10
Launch of 'Gagasan 1Malaysia AMEC'
Campaign by Datuk Joseph Salang
MCMC Auditorium



03.04.10
Official Opening of CBC CBC Kg Teriang
Besar
Mersing Johor

22.04.10
Official Opening Mini CBC Kuala Kubu Baru
Hulu Selangor

23.04.10
Official Opening of e-kiosk 'Generasi Digital'
& CBC
Serendah, Selangor

29.04.10
Launch of MCMC Technology Lab
MCMC Cyberjaya

01.05.10
ICT Workshop With K-Bestari
**Methodist Pilley Institute, Sibu,
Sarawak**

29.04.10
ICT Day Negeri Sembilan
Rantau, Negeri Sembilan

06.05.10
General Consumer Code Review Conference
MCMC Auditorium

12.05.10
Launch of 'Liga Remaja Kreatif'
Dewan Suarah Sibu, Sarawak



12.05.10
Launch of Kampung Tanpa Wayar
Kg Bahagia Jaya Teku, Sibu, Sarawak

12.05.10
Launch of Komputer 1Malaysia + Siaran
RTM Menerusi Satelit ke Pedalaman
Sarawak dan Sabah
Sibu, Sarawak



14.05.10
Kempen Derma Darah bersama Pusat Darah
Negara
MCMC Cyberjaya



06.06.10
Launch and ICT Digital Carnival 1Malaysia
Pagoh Muar
Pagoh-Muar, Johor

17.06.10
Launch of Awareness and Promotion
Programme National Broadband
Hotel Sheraton Imperial KL

22.06.10
Johor Science Technology & ICT Week 2010
Dewan Persada Johor Bahru, Johor

28.06.10
Official Launch of Huawei Long-Term
Evolution (LTE) Technology Roadshow
MCMC Cyberjaya

05.07.10
1Malaysia Seminar
MCMC Cyberjaya

13.07.10
Launch of 'Kembara Jalur Lebar Negara'
MCMC Cyberjaya

15.07.10
Launch of 1Malaysia Computer & Postal
Transformation in Sabah
Pulau Banggi, Sabah



24.07.10
Launch of CBC Kg Ubai
Kuantan, Pahang

03.08.10
Annual Seminar Content Regulation
'1Malaysia 1Kandungan'
MCMC Auditorium

05.08.10
SIRIM QAS Seminar on Importation &
Certification of Communication Equipment,
and Launching of New Certification Label
SACC Shah Alam

07.08.10
i-Hack 2010
UiTM Shah Alam

24.08.10
Breaking Fast with Orphans
Organised by the Sports Club, Welfare &
Industry
Community Club Cyberjaya



26.08.10
'Merakyatkan Kibaran Jalur Gemilang'
Programme
Brickfields Bangsar KL

17.09.10
Launch of Kg Tanpa Wayar & Distribution
1Malaysia Netbook
**Rumah Panjang Guntol, Nanga Bekiok,
Merurun, Julau Sibu Sarawak**



20.09.10
KPKK Monthly Assembly
ASWARA, Kuala Lumpur

22.09.10
MCMC Aidilfitri Celebration
MCMC Cyberjaya

20.10.10
'Penghayatan 1Malaysia' Exhibition
PWTC, Kuala Lumpur

21.10.10
School Got Content Online
MCMC Auditorium

26.10.10
Launch of Kg Tanpa Wayar Sg Terap
DUN Galas Gua Musang, Kelantan

11.11.10
Digital Terrestrial TV Broadcasting -
Migration to Digital Era
MCMC Auditorium

13.11.10
Sports Club - Flood Aid Mission To Kedah
Kedah

23.11.10
Launch of Kg Tanpa Wayar Kg Chennah
Jelebu, Negeri Sembilan

24.11.10
'1Malaysia Inovatif' Exhibition
Stadium Putra Bukit Jalil, Kuala Lumpur

29.11.10
Digital Home Symposium
MMU Cyberjaya

01.12.10
Innovation Day 2010 & Logo Launch KPKK
**Kompleks Kraf, Jalan Conlay, Kuala
Lumpur**

02.12.10
Malaysia-Korea TV Content Showcase &
Forum Hosted by Korea Communications
Commission (KCC) - Organised by Korea
Internet & Security Agency (KISA) & MCMC
Nikko Hotel, Kuala Lumpur

09.12.10
1Malaysia Broadband Carnival
Pulau Warisan, Terengganu

09.12.10
East Coast Games & PMS
JKKK, Terengganu

14.12.10
Digital Jempol 1Malaysia
Jempol, Negeri Sembilan

19.12.10
Launch of Kg Tanpa Wayar Kg Bunga Raya
Limbang
Limbang, Sarawak

21.12.10
Regulatory & Compliance Course by MCMC
Academy
MCMC Cyberjaya

26.12.10
1Malaysia Christmas Open House
**Portugese Settlement, Ujong Pasir,
Melaka**

Chapter 5

Governance and Audited Financial Statements



GOVERNANCE AND AUDITED FINANCIAL STATEMENTS

The Malaysian Communications and Multimedia Commission (MCMC) is a regulatory body established under the Malaysian Communications and Multimedia Act (Act 589) (MCMCA). MCMC regulates the communications and multimedia industry as well as the postal industry. In particular, the activities and services regulated by MCMC are broadcasting, telecommunications, online services including network facility used to provide such services as well as contents provided through such facility and network. In addition, MCMC also regulates the postal and courier industry as well as digital signatures.

Under the provision of the MCMCA and the Communications and Multimedia Act (CMA) 1998, the functions and responsibilities of MCMC include:

- To regulate the telecommunications, broadcasting and content services provided through telecommunications facility and network as well as postal and courier services
- To plan, regulate and administer national resources namely spectrum, numbering and electronic addressing
- To plan and implement bridging the digital divide program through the Universal Service Provision
- To regulate competition in the communications and postal sector
- To regulate communications and postal industry's compliance with the relevant laws, license conditions, practice codes, technical standards and service quality as well as other regulatory framework with regards to consumer protection and national interest
- To facilitate self-regulation by the industry and to jointly implement self-regulation to resolve industry issues
- To represent Malaysia's interest in international forum for communications and multimedia as well as postal sector
- To put forth recommendation and advice with regards to the communications and postal industry to the Government from time to time
- To report any matters including performance with regards to the communications and multimedia as well as postal industry

The Postal Services Act 1991 and the Digital Signature Act 1997 provides MCMC with a function to regulate the postal and courier industry, and to monitor and facilitate licensing activities, in addition to activities carried out as the certification authority for the digital signature industry.

MCMC considers governance as fundamental to its operations as its actions and decisions would have a significant impact on the stakeholders. The principles of good governance is ingrained in the Malaysian Communications and Multimedia Commission Act (MCMCA) 1998 as well as the Communication and Multimedia Act (CMA) 1998 where the powers and functions of MCMC are defined. MCMC, primarily, is required to play a dual role, as an industry developer and industry regulator. As an industry developer, it recommends regulatory policies and implements policy decisions contained in the legislations and Ministerial Directions provided for under the CMA.

The CMA establishes the framework for regulating the communications and multimedia sector. A significant feature of the CMA is the identification of the Government's national policy objectives (NPO) for the communications and multimedia sector. The 10 national policy objectives provide the basis and rationale for policy formulation and regulatory intervention. The communications and multimedia sector is a constantly evolving sector, dictated by technology changes and the NPO gives the direction for the communications and multimedia industry.

MCMC is committed to transparency and public disclosure within the confidential boundary stipulated under the MCMCA and CMA.

The principle of transparency which underpins good corporate governance is very much a significant feature of the regulatory framework in the CMA. The principle of openness is clearly embedded in the CMA wherein MCMC has the obligation to carry out public enquiry and consultations with the stakeholders on matters of significant interests to the public or licensees. A public enquiry may be launched by MCMC on its own initiative, or by a request from a person. Alternatively, the Minister may direct MCMC to conduct a public enquiry. A public enquiry will generally involve the Commission's announcement of the enquiry and call for submissions in respect to the matters being examined. MCMC then may report and make a determination on any matter specified in the CMA after the minimum 45 days of consultation period.

The principle of transparency is also reflected in the provision pertaining to the maintenance of registers. MCMC has the obligation under the CMA to maintain registers in both the physical and electronic forms. The matters that are required to be registered include Ministerial Directions, Ministerial Declarations, Ministerial Determinations, Commission Directions, Commission Determinations, licenses issued and spectrum assigned to licensees.

Another feature of transparency which is uniquely provided for in the CMA is the requirement for MCMC to provide a written statement of reasons if requested by the licensees in cases where MCMC exercised its powers which has a mandatory effect of compliance through the issuance of Commission Directions on specific licensees.

The sound governance mechanism provided in the CMA is aimed to give confidence to the stakeholders in the decisions made by MCMC and ensure that they have a full understanding of the way MCMC implements Government policies and how these would contribute to industry growth and consumer protection. According to Section 47, MCMCA (Act 589), MCMC is responsible for proper accounts of the Malaysian Communications and Multimedia Commission Fund. After the end of each financial year, MCMC shall prepare a statement of accounts for that financial year which shall include a balance sheet and an account of income and expenditure as soon as possible to be certified by independent auditors appointed by MCMC. After the statement of accounts has been audited, MCMC shall as soon as possible send a copy of the statement of accounts certified by the auditors and a copy of the auditor's report to the Minister who shall cause them to be laid before both Houses of Parliament, together with a report dealing with activities of the Commission for the preceding financial year. MCMC's statement of accounts which includes a balance sheet and account of income is audited by Messrs KPMG accounting firm as the appointed external auditor.

Commission Members

The Commission consists of nine members appointed by the Minister as follows:

- a Chairman;
- three members representing the Government; and
- not less than two but not more than five other members.

Details on the Commission membership is provided in the Table below while the Commission Members' biodata are provided under the section entitled "Commission Members" in this report.

No.	Commission Members	Date of Appointment	Date of Cessation of Tenure	Term
1.	Tan Sri Khalid b. Ramli - (Chairman)	16 October 2009	15 October 2011	First
2.	Dato' Kamaruddin b. Siaraf - Government Representative	10 April 2009	9 April 2011	First
3.	Datuk Mohd. Zain b. Mohd. Dom - Government Representative	1 January 2008	31 December 2010	First
4.	Dato' Mohamed Sharil bin Mohamed Tarmizi	1 May 2008	30 April 2010	Second
5.	Datuk Idris Abdullah	26 May 2008	25 May 2010	First
6.	Dato' Dr. Gan Khuan Poh	2 April 2008	1 April 2010	Fourth
7.	Dato' Madinah bt Mohamad - Government Representative	21 March 2010	20 March 2012	First
8.	Datuk Hj Md Afendi bin Hamdan - Non-Government Representative	29 December 2009	28 December 2011	First
9.	Dato' Thanarajasingam - Non-Government Representative	1 December 2010	30 November 2012	First
10.	Datuk Mohamad Salim bin Fateh Din - Non-Government Representative	1 December 2010	30 November 2012	First

According to Section 20 Act 589, MCMC's Chairman shall be the chief executive of the Commission. Government representatives appointed as Commission members are Secretary General of the Ministry of Information, Communication and Culture Malaysia and Secretary General of the Ministry of Science, Technology and Innovation Malaysia. In addition to the Government representatives, also appointed as Commission members are Datuk Md Afendi Hj Hamdan, Datuk Mohamad Salim bin Fateh Din and Dato' Thanarajasingam Subramaniam.

The Commission has oversight over the fulfillment of MCMC's general duties and specific statutory responsibilities as specified under the four Acts mentioned above while the Chairman who is also Chief Executive is responsible for the overall administration, management of the functions and the day to day affairs and have general control of the employees of the Commission. In discharging his duties, the Chief Executive acts under the general authority and directions of the Commission. He chairs the Commission meeting and as the Chief Executive, he also chairs meetings at management level such as Management Committee, Licensing Committee, Planning Committee and other strategic work committee created from time to time.

Commission Meetings

In 2010, the Members of the Commission met nine (9) times and one (1) special meeting. A total of 12 Commission Members meetings were held till the end of September 2011.

Since the number of Commission members is small, they implemented the direction to increase the frequency of Commission Meeting to two (2) times a month starting March 2011 while on the other hand, the number of Commission Committees established under section 15 Act 589 was reviewed and reduced. This is to ensure governance with respect to faster decision making process, made possible by higher frequency of Commission Meeting. In the mean time, to ensure the responsibilities of Commission members are equally distributed, each member sits in one Commission Committee according to his or her area of expertise. Based on the review of the establishment of the Commission Committees, the following are the committees deemed suitable and beneficial to be established:

- Audit Committee
- Human Development Committee; and
- Content Development Committee.

The Audit Committee was chaired by Datuk Mohamad Salim Bin Fateh Din and the two other members were Dato' Madinah bt Mohamad and Dato' Thanarajasingam Subramaniam. The Audit Committee's primary functions include to approve internal and external audit plan, to advise Commission members with regards to risks, internal control, compliance with laws, regulations as well as internal control framework. In addition, the Audit Committee also recommends that the audited financial statements of MCMC fund and Universal Services Provision Fund be approved.

Human Capital Development Committee was chaired by Datuk Sri Kamaruddin b. Siaraf and the two other members were Tan Sri Khalid Ramli and Dato' Thanarajasingam Subramaniam. The terms of reference for the Human Capital Development Committee include recommending annual salary increment percentage as well as bonus payout, considering the promotion of MCMC's senior officers, and recommending policies with regards to human capital development to Commission Members.

Content Development Committee was chaired by Datuk Md Afendi b. Hj Hamdan and the other two members were YBhg Dato' Madinah Mohamad and Dato' Thanarajasingam Subramaniam. Among its functions include considering and approving application for Networked Content Development Grant as well as recommending policy to spur the development of local content industry.

In addition to the governance activities described above, MCMC also gives briefings to the Minister of Information, Communication and Culture from time to time to present MCMC's views and recommendations with regards to improvement and suggestions to overcome issues related to the communications and multimedia industry in Malaysia, apart from discussing the implementation of various policy recommendations. In discharging its duties as a statutory body, MCMC, as and when required, also provide briefings to Members of Parliament.

Revision of the Communications and Multimedia Act (CMA) 1998 (Act 588)

To further enhance the operations of MCMC as a performance-based organisation, the existence of solid governance is given emphasis. There were several initiatives implemented in 2010 to strengthen MCMC's governance so that its functions are applied efficiently and effectively in an ever-changing environment. A main initiative is the revision of the CMA 1998 (Act 588) to improve MCMC's framework as a regulatory organisation. The revision of Act 588 takes into account changes in the operational environment of MCMC together with the preparation of a legal framework that would be conducive in managing and dealing with risks as well as new challenges, specifically those that arise in the cyber world. The revision of Act 588 is expected to be complete by the end of 2011.

Malaysian Communications and Multimedia Commission

Statement of financial position as at 31 December 2010

	Note	2010 RM'000	2009 RM'000
Non-current assets			
Property, plant and equipment	3	81,544	110,000
Current assets			
Fees and other receivables	4	27,281	26,747
Prepayments		7	431
Current tax asset		-	320
Cash and cash equivalents	5	1,783,780	1,462,574
Total current assets		1,811,068	1,490,072
Total assets		1,892,612	1,600,072
Represented by :			
Accumulated fund	6	1,474,683	1,228,407
Liabilities			
Non-current liability			
Deferred income	7	98,508	113,956
Current liabilities			
Deferred income	7	266,686	229,267
Other payables and accrued expenses	8	52,015	28,442
Provision for taxation		720	-
Total current liabilities		319,421	257,709
Total liabilities		417,929	371,665
Total equity and liabilities		1,892,612	1,600,072

The notes on pages 165 to 183 are an integral part of these financial statements.

Malaysian Communications and Multimedia Commission

Statement of income and expenditure for the year ended 31 December 2010

	Note	2010 RM'000	2009 RM'000 restated
Income			
Operating license fees		82,722	89,193
Spectrum fees		302,036	250,633
Interest income		40,614	35,921
Gain on disposal of plant and equipment		218	112
Reversal of impairment loss on fees receivables		870	240
Other income		10,701	8,696
		437,161	384,795
Expenditure			
Human resource expenses		43,057	39,955
Administrative expenses		36,067	30,110
Special projects expenses		37,227	12,236
Industry development grant expenses		5,473	-
Audit fee		50	44
Rental expenses			
- premises		1,133	934
- network		1,599	816
- others		551	474
Depreciation of property, plant and equipment	3	34,445	33,344
Impairment loss on fees receivables		950	885
Rebate entitlement expenses		16,790	-
Other expenses		3,505	3,493
		256,314	262,504
Excess of income over expenditure before tax		256,314	262,504
Income tax expense	9	10,038	8,981
Excess of income over expenditure after tax		246,276	253,523

The notes on pages 165 to 183 are an integral part of these financial statements.

Malaysian Communications and Multimedia Commission

Statement of total recognised gains and losses for the year ended 31 December 2010

There were no recognised gains and losses other than the net surplus for the current financial year and the previous financial years.

The notes on pages 165 to 183 are an integral part of these financial statements.

Malaysian Communications and Multimedia Commission

Statement of cash flows for the year ended 31 December 2010

	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Excess of income over expenditure before tax	256,314	262,504
Adjustments for :		
Depreciation of property, plant and equipment	34,445	33,344
Gain on disposal of plant and equipment	(218)	(112)
Interest income	(40,614)	(35,921)
Operating surplus before changes in working capital	249,927	259,815
Changes in working capital :		
Deferred income	21,971	144,178
Fees and other receivables and prepayments	1,594	(2,950)
Federal consolidated fund	-	(512)
Other payables and accrued expenses	23,573	(17,220)
Cash generated from operations	297,065	383,311
Tax paid	(8,998)	(10,535)
Net cash generated from operating activities	288,067	372,776
Cash flows from investing activities		
Acquisition of plant and equipment	(6,073)	(7,956)
Interest received	38,910	40,699
Proceeds from disposal of plant and equipment	302	257
Net cash generated from investing activities	33,139	33,000
Cash flows from financing activities		
Payment to the consolidated trust fund	-	(116,480)
Net cash used in financing activities	-	(116,480)
Net increase in cash and cash equivalents	321,206	289,296
Cash and cash equivalents at 1 January	1,462,574	1,173,278
Cash and cash equivalents at 31 December (Note 5)	1,783,780	1,462,574

The notes on pages 165 to 183 are an integral part of these financial statements.

Malaysian Communications and Multimedia Commission

Notes to the financial statements

Principal activities

The principal activities of the Malaysian Communications and Multimedia Commission are to implement and to enforce the provisions of the communications and multimedia laws as stipulated in the Communications and Multimedia Act (CMA) 1998 and the Malaysian Communications and Multimedia Commission Act (MCMCA) 1998.

The address of the principal place of business is as follows :

Principal place of business

63000 Cyberjaya
Selangor Darul Ehsan

The financial statements were approved by the Commission's Members.

1. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS) and accounting principles generally accepted in Malaysia.

The Commission has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Commission :

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2011

- Amendments to FRS 132, Financial Instrument: Presentation - Publishing Rights Classification

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate

The Commission plans to apply the abovementioned standards, amendments and interpretations :

- From the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 or 1 January 2011, except for the following which are not applicable :
 - Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues
 - FRS 3, Business Combinations (revised)
 - FRS 127, Consolidated and Separate Financial Statements (revised)
 - Amendments to FRS 2, Share-based Payment
 - Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
 - Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
 - Amendments to FRS 138, Intangible Assets
 - IC Interpretation 12, Service Concession Agreements
 - IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
 - IC Interpretation 17, Distribution of Non-cash Assets to Owners
 - Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
 - IC Interpretation 4, Determining whether an Arrangement contains a Lease
 - IC Interpretation 18, Transfers of Assets from Customers

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

- From the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 or 1 January 2012, except for the following which are not applicable :
 - IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
 - Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement
 - IC Interpretation 15, Agreements for the Construction of Real Estate

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impact to the current and prior periods financial statements upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Commission's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Commission, other than those disclosed in the following notes :

- Note 2(a) – Financial instruments
- Note 2(c) – Fees and other receivables

(a) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. The significant change in accounting policy is discussed in Note 14.

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Commission becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instruments categories and subsequent measurements

The Commission categorises financial instruments as follows :

Financial assets

Loans and receivables

Loans and receivables category comprises fees and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review of impairment (see Note 2(e)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the statement of income and expenditure.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of income and expenditure.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the statement of income and expenditure.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Commission and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income and expenditure as incurred.

2. Significant accounting policies (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the statement of income and expenditure on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows :

- Office and communication equipment 6 - 7 years
- Computer equipment 3 - 5 years
- Furniture and fittings 6 - 7 years
- Motor vehicles 5 years
- Building 50 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(c) Fees and other receivables

Prior to 1 January 2010, fees and other receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, fees and other receivables are categorised and measured as loans and receivables in accordance with Note 2(a).

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with licensed banks and highly liquid investments which have an insignificant risk of changes in value.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 2(a).

(e) Impairment of assets

(i) Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

2. Significant accounting policies (continued)

(e) Impairment of assets (continued)

(i) Financial assets (continued)

An impairment loss in respect of loans and receivables is recognised in the statement of income and expenditure and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income and expenditure, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the statement of income and expenditure.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that largely are independent of the cash inflows of other assets and or group of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the statement of income and expenditure. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

2. Significant accounting policies (continued)

(e) Impairment of assets (continued)

(i) Financial assets (continued)

Impairment losses recognised in prior periods are assessed at the end of each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the statement of income and expenditure in the year in which the reversals are recognised.

(f) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Commission has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Commission's contributions to statutory pension funds are charged to the statement of income and expenditure in the year to which they relate. Once the contributions have been paid, the Commission has no further payment obligations.

(g) Fees and other income

(i) Operating license fees

Operating license fees are recognised on the following basis :-

- a) a minimum RM50,000 or a maximum license fees of 0.50% of Gross Annual Turnover is recognised on an accrual basis upon the anniversary of the license and annually thereafter.
- b) the difference between the minimum and the maximum refers to maximum rebates of 0.35% given to licensees only upon meeting the criteria set and approved by the Commission.

2. Significant accounting policies (continued)

(g) Fees and other income (continued)

(ii) Spectrum fees

Spectrum fees consist of apparatus and spectrum assignment fees. Renewal notifications are sent to the assignment holders before the expiry of the assignment. Upon receiving the notification, the assignment holders are required to make a fresh application for new assignment. Spectrum fees are recognised on an accrual basis over the license periods granted.

(iii) Interest income

Interest income is recognised in the statement of income and expenditure as it accrues, taking into account the effective yield on the asset.

(h) Income tax expense

Income tax expense is in respect of tax on interest income received during the financial year. All other income is exempted from taxation as the Commission is tax exempt under Section 127(3) of the Income Tax, 1967.

Income tax expense comprises of current tax. Income tax expense is recognised in the statement of income and expenditure.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3. Property, plant and equipment

	Office and communication equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Freehold land RM'000	Building RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2009	5,326	153,739	3,258	6,325	10,873	36,729	210	216,460
Additions	686	4,612	303	811	-	-	1,544	7,956
Disposals	(1)	(22)	-	(312)	-	-	-	(335)
At 31 December 2009 / 1 January 2010	6,011	158,329	3,561	6,824	10,873	36,729	1,754	224,081
Additions	905	1,860	238	177	-	-	2,893	6,073
Disposals	-	-	-	(612)	-	-	-	(612)
At 31 December 2010	6,916	160,189	3,799	6,389	10,873	36,729	4,647	229,542
Accumulated depreciation								
At 1 January 2009	3,212	69,154	1,814	3,563	-	3,184	-	80,927
Charge for the year	780	30,485	474	871	-	734	-	33,344
Disposals	(1)	(17)	-	(172)	-	-	-	(190)
At 31 December 2009 / 1 January 2010	3,991	99,622	2,288	4,262	-	3,918	-	114,081
Charge for the year	860	31,547	499	805	-	734	-	34,445
Disposals	-	-	-	(528)	-	-	-	(528)
At 31 December 2010	4,851	131,169	2,787	4,539	-	4,652	-	147,998
Net book value								
At 31 December 2008	2,114	84,585	1,444	2,762	10,873	33,545	210	135,533
At 31 December 2009 / 1 January 2010	2,020	58,707	1,273	2,562	10,873	32,811	1,754	110,000
At 31 December 2010	2,065	29,020	1,012	1,850	10,873	32,077	4,647	81,544

4. Fees and other receivables

	2010 RM'000	2009 RM'000
Fees receivables	2,732	3,365
Interest income receivables	22,254	20,550
Advances to staff	915	189
Other deposits	441	433
Other receivables	390	1,757
Staff loans	549	453
	27,281	26,747

5. Cash and cash equivalents

	2010 RM'000	2009 RM'000
Cash and bank balances	107,631	6,840
Deposits placed with licensed banks	1,676,149	1,455,734
	1,783,780	1,462,574

6. Accumulated fund

	2010 RM'000	2009 RM'000
Initial fund	60,000	60,000
Accumulated surplus brought forward	1,168,407	1,031,364
Payments made to the consolidated trust fund	-	(116,480)
	1,168,407	914,884
Excess of income over expenditure after tax	246,276	253,523
Accumulated surplus carried forward	1,474,683	1,228,407

The initial fund has been utilised to finance the working capital of the Commission.

7. Deferred income

	2010 RM'000	2009 RM'000
Current		
Spectrum fees		
3G spectrum assignment fees	75,855	22,839
Apparatus assignment fees	190,055	205,798
Operating license fees		
Class license fees	776	629
Individual license fees	-	-
Courier license fees	-	1
	266,686	229,267
Non-current		
Spectrum fees		
3G spectrum assignment fees	97,883	113,339
Apparatus assignment fees	625	617
	98,508	113,956

Deferred income relates to the amount of unearned income from advance payment by licensees for future financial periods.

8. Other payables and accrued expenses

	2010 RM'000	2009 RM'000
Other payables	9,621	8,095
Accrued expenses	42,394	20,347
	52,015	28,442

9. Income tax expense

	2010 RM'000	2009 RM'000
Current tax expense		
Malaysian - current year	10,014	8,981
- prior year	24	-
Total income tax expense	10,038	8,981

Reconciliation of tax expense

Excess of income over expenditure before taxation	256,314	262,504
Income tax calculated using Malaysian tax rate of 25%	64,079	65,626
Tax exempt income	(99,277)	(87,218)
mNon-deductible expenses	45,212	30,573
	10,014	8,981
Under provision in prior year	24	-
	10,038	8,981

The Commission has been granted tax exemption from Year of Assessment 2000 onwards by the Ministry of Finance under Section 127(3)(b) of the Income Tax Act, 1967. The current tax expense is in respect of interest income not exempted from tax.

10. Key management personnel compensation

The key management personnel compensation is as follows :

	2010 RM'000	2009 RM'000
Commission and Executive Committee members' remuneration	4,165	3,760

11. Capital commitment

	2010 RM'000	2009 RM'000
Property, plant and equipment		
Authorised but not contracted for	127,651	24,500
Contracted but not provided for and payables	5,733	1,356
	133,384	25,856

12. Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

12.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :

- (a) Loans and receivables (L&R); and
- (b) Other liabilities (OL)

	Carrying amount RM'000	L&R / OL RM'000
2010		
Financial assets		
Fees and other receivables	27,281	27,281
Cash and cash equivalents	1,783,780	1,783,780
	1,811,061	1,811,061
Financial liabilities		
Other payables and accrued expenses	52,015	52,015

12.2 Financial risk management

The Commission has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Interest rate risk

12. Financial instruments (continued)

12.3 Credit risk

Credit risk is the risk of a financial loss to the Commission if a licensee or counterparty to a financial instrument fails to meet its contractual obligations. The Commission's exposure to credit risk arises principally from its fees and other receivables, bank balances and deposits placed with licensed banks.

Fees and other receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and monitors the exposure to credit risk on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from fees and other receivables is represented by the carrying amounts in the statement of financial position as disclosed in Note 4.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are major licensees that have been transacting with the Commission. The Commission uses ageing analysis to monitor the credit quality of the fees receivables. Any receivables having significant balances past due more than 360 days, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

The ageing of fees receivables as at the end of the reporting period was :

	Gross RM'000	Individual impairment RM'000	Net RM'000
2010			
Not past due	1,742	(250)*	1,492
Past due 1-90 days	212	-	212
Past due 91-360 days	1,328	(300)	1,028
Past due more than 360 days	6,109	(6,109)	-
	9,391	(6,659)	2,732

*Allowance for impairment losses of fee receivables has been provided for the amount not past due as it is related to the impairment losses incurred by the same licensee in the past years.

12. Financial instruments (continued)

12.3 Credit risk (continued)

The movements in the allowance for impairment losses of fees receivables during the financial year were :

	2010 RM'000
At 1 January on adoption of FRS 139 (Note 14)	6,579
Impairment loss recognised	950
Impairment loss reversed	(870)
At 31 December	6,659

The allowance account in respect of fees receivables is used to record impairment losses. Unless the Commission is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Deposits placed with licensed banks

Risk management objectives, policies and processes for managing the risk

Deposits are allowed to be placed only with licensed financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Commission has only placed deposits with domestic licensed banks. The maximum exposure to credit risk arising from deposits placed with licensed banks is represented by the carrying amounts in the statement of financial position.

12. Financial instruments (continued)

12.4 Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they fall due. The Commission's exposure to liquidity risk arises principally from its various payables.

The Commission maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Commission's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM'000	Contractual cash flows RM'000	Under 1 year RM'000
Other payables and accrued expenses	52,015	52,015	52,015

12.5 Interest rate risk

The Commission is exposed to interest rate risk on fixed deposits. The Commission does not transact in any interest rate swaps.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their average effective interest rates at the reporting date and the periods in which they mature.

	2010			2009		
	Effective interest rate %	Within 1 year RM'000	1-5 years RM'000	Effective interest rate %	Within 1 tahun RM'000	1-5 years RM'000
Fixed rate instrument						
Deposits	2.88	1,676,149	-	2.63	1,455,734	-

12. Financial instruments (continued)

12.5 Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Commission does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect the statement of income and expenditure.

12.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, fees and other receivables and other payables and accruals approximate fair values due to the relatively short term nature of these financial instruments.

13. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Commission if the Commission has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Commission and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Commission either directly or indirectly. The key management personnel include all the Members of the Commission, and certain members of senior management of the Commission.

The Commission has a related party relationship with its Members and key management personnel.

Transactions with key management personnel

There are no other transactions with key management personnel other than key management personnel compensation as disclosed in Note 10.

Other related party transactions

There are no significant related party transactions other than those disclosed in Note 10 in the financial statements.

14. Significant change in accounting policy

FRS 139, Financial Instruments: Recognition and Measurement

Impairment of fees and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for fees and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

This change in accounting policy has been made in accordance with the transitional provisions of FRS 139.

The adoption of FRS 139 impact to the opening balance of retained earnings as at 1 January 2010 is as follows :-

	RM'000
Balance at 1 January 2010	1,228,40
Reversal of allowance for doubtful debts	6,579
Impairment loss allowance on adoption of FRS 139	(6,579)
Restated as at 1 January 2010	1,228,407

15. Comparative figures

Certain comparative figures have been restated to conform with current year's presentation. The changes in comparative figures are as stated below :

	31.12.2009	
	As restated RM'000	As previously stated RM'000
Administrative expenses	30,110	42,346
Special project expenses	12,236	-

Malaysian Communications and Multimedia Commission

Statement by the Members of the Malaysian Communications and Multimedia Commission

We, **Tan Sri Khalid Ramli** and **Datuk Mohamad Salim bin Fateh Din**, being two of the Members of the Malaysian Communications and Multimedia Commission, do hereby state that in the opinion of the Members of the Commission, the financial statements set out on pages 161 to 183 are drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Commission as of 31 December 2010 and of its income and expenditure and cash flows for the year then ended.

On behalf of Members of the Malaysian Communications and Multimedia Commission :



Tan Sri Khalid Ramli
Chairman



Datuk Mohamad Salim bin Fateh Din
Commission Member

Kuala Lumpur,
Date : 09 August 2011

Malaysian Communications and Multimedia Commission

Statutory declaration

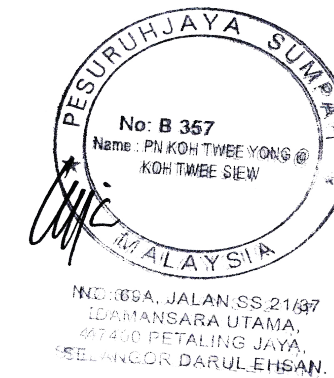
I, **Tengku Zaib Raja Ahmad**, the officer primarily responsible for the financial management of Malaysian Communications and Multimedia Commission, do solemnly and sincerely declare that the financial statements set out on pages 161 to 183 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 09 August 2011.



Tengku Zaib Raja Ahmad

Before me :



Independent auditors' report to the members of Malaysian Communications and Multimedia Commission

We have audited the financial statements of Malaysian Communications and Multimedia Commission (Commission), which comprise the statement of financial position as at 31 December 2010, and the statements of income and expenditure, total recognised gains and losses and cash flows of the Commission for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 161 to 183.

Commission Members' Responsibility for the Financial Statements

The members of the Commission are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia, and for such internal control as the members of the Commission determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Commission's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Commission, as well as evaluating the overall presentation of the financial statements.

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


Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Commission as of 31 December 2010 and of its income and expenditure and cash flows for the year then ended.

Other Matters

This report is made solely to the members of the Commission, as a body, in accordance with Section 47(2) of the Malaysian Communications and Multimedia Commission Act 1998 and for no other purpose. We do not assume responsibility to any other person for the content of this report.


KPMG
Firm Number : AF 0758
Chartered Accountants


Ahmad Nasri Abdul Wahab
Approval Number : 2919/03/12(J)
Chartered Accountant

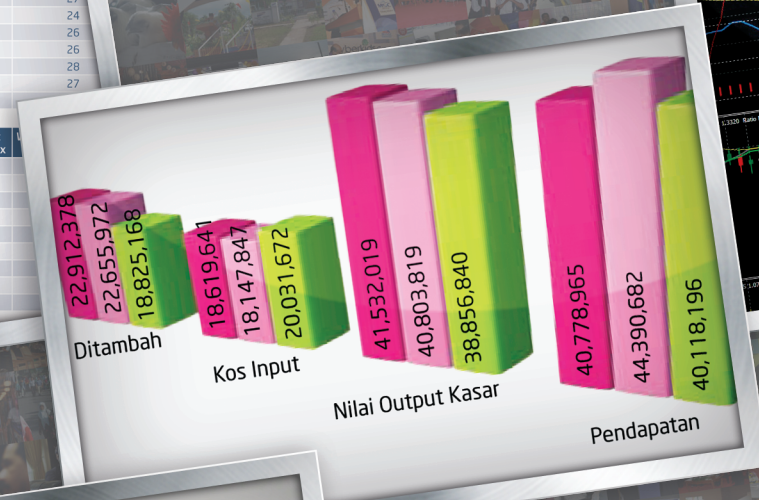
Petaling Jaya,
Date : 09 August 2011

Tahun	Individu	Korporat	Kerajaan
2010	8,123	130,778	3,436,111
2011	8,145	139,817	4,037,264

47. Kedudukan Malaysia dalam indeks berkaitan ICT

Tahun	Connectivity Scorecard	Digital Economy Rankings	Networked Index
2002			
2003		39	27
2004		35	24
2005		37	26
2006		36	26
2007	1	34	28
2008	1	38	27
2009	1	38	27
2010	1	36	27

Tahun	e-Business Readiness Index	e-Government Readiness Index
2002		
2003		43
2004	33	42
2005	35	43
2006	37	43
2007	36	43
2008	34	34
2009	34	34
2010	32	32



Attachment 1

Communications and Multimedia Highlights 2010

1. Malaysia basic indicators

Year	Quarter	Population (million)	Household ('000)	GDP (RM)		Consumer Prices Index (CPI)
				Current prices (bilion)	Constant prices (bilion)	
Notes		a			b	c
2010		28.40	6,605	765.965	559.554	101.2

Source :
DOS, BNM

Explanatory notes :

- a. Population projections as at end of period, based on census 2000
b. Base year for is 2000
c. Base year for is 2010

The CPI reported againts a quater, refers to the average index for the period spanning 1st January to the end of that quater.

2. Penetration rates at a glance

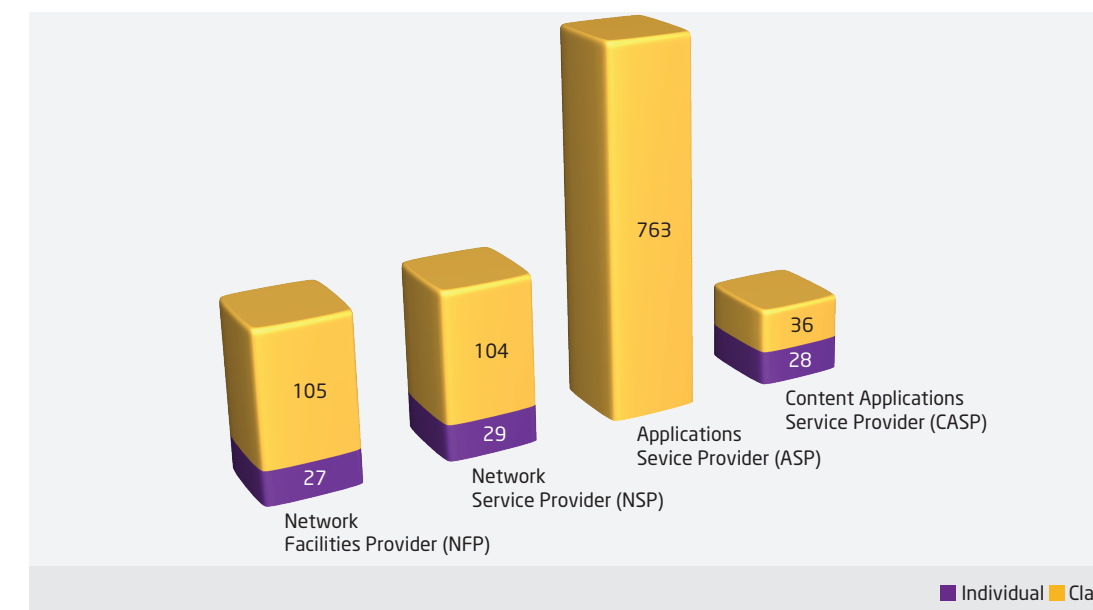
Year	Quarter	DEL	Broadband		Cellular phone
		Per 100 households	Per 100 inhabitants	Per 100 households	Per 100 inhabitants
Notes		a	b	c	d
2009		44.0	9.2	31.7	
2010		42.5	16.6	55.6	119.2

Explanatory notes :

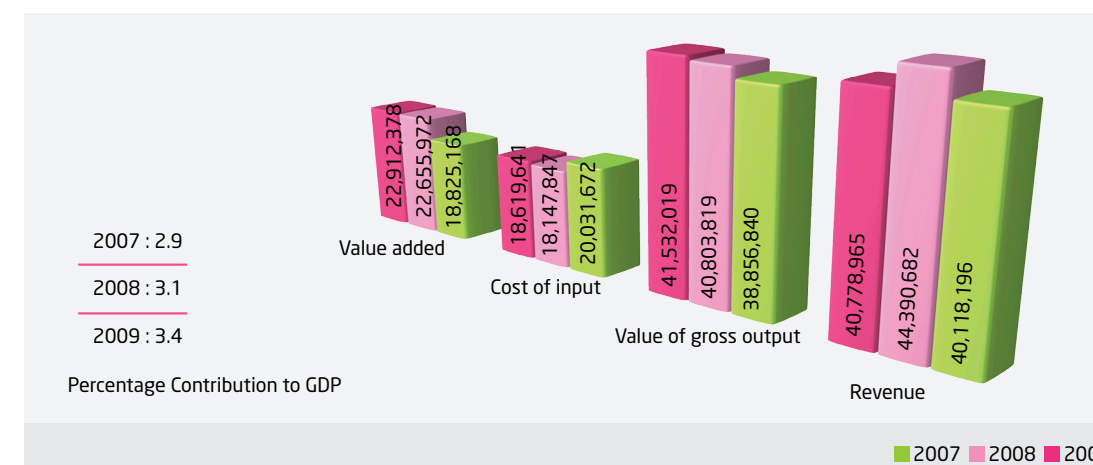
- a. The DEL penetration rate per 100 households is calculated by dividing the number of private household subscriptions by the number of private households and multiplying by 100.
b. The broadband penetration rate per 100 inhabitants is calculated by dividing the sum of household and non-household subscriptions by the number of inhabitants and multiplying by 100. Public WiFi subscriptions are not taken into account.

- c. The broadband penetration rate per 100 households is calculated by dividing the number of subscriptions used in private households by the number of private households and multiplying by 100. Non-private household subscriptions and public WiFi subscriptions are not taken into account.
d. The penetration rate refers to the total subscriptions divided by the total population and multiplied by 100. A penetration rate over 100% can occur because of multiple subscriptions.

3. Number of licences 2010



4. Value added and contribution to GDP, telecommunications industry



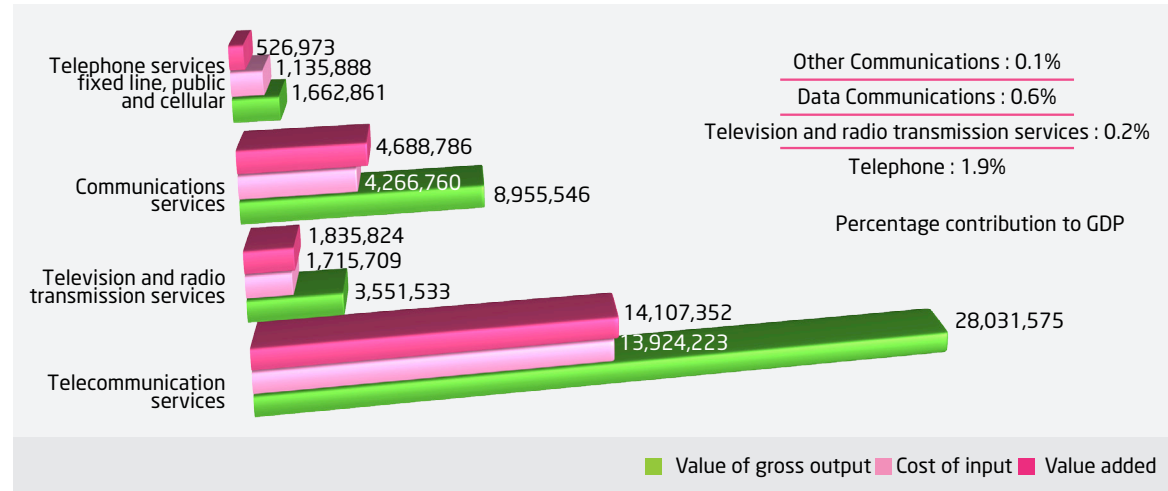
Source :
DOS

Explanatory notes for tables 4 to 7 :

Telecommunications includes the transmission of sounds, images, data or other information via cables, broadcasting, relay or satellite. Also includes the maintenance of the network. Cover Class 6420 of the Malaysian Standard Industrial Classification 2000 (MSIC 2000) and item as follows :

- 64201 Telephone services (public and mobile) including telegraph and telex communication and facsimile transmission.
64202 Television and radio transmission services. Excludes production of radio and television programs, whether or not combined with broadcasting.
64203 Data communications services including network operations.
64204 Paging service.
64209 Other telecommunication services not elsewhere classified in the MSIC 2000.

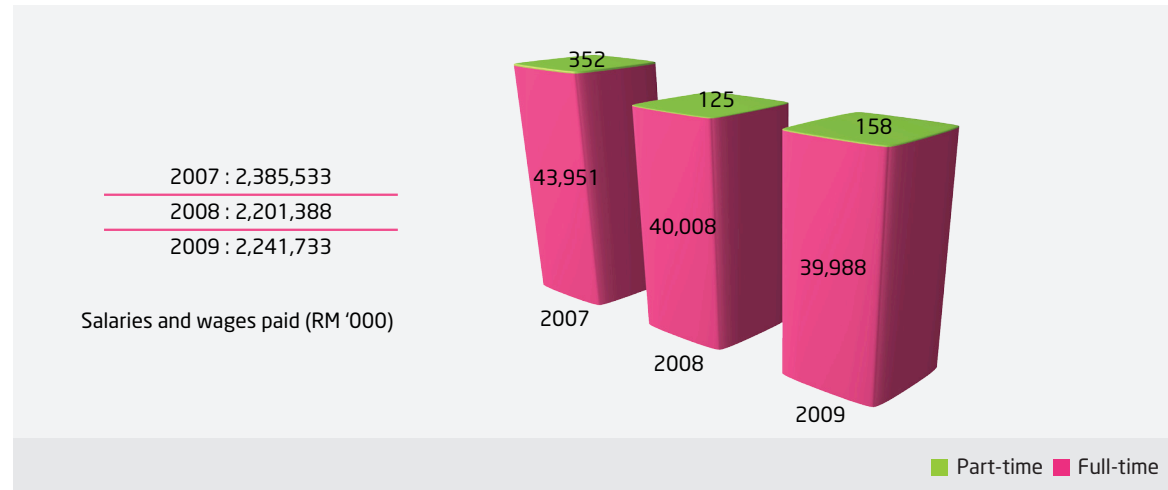
5. Value added and contribution to GDP, telecommunications industry by service, 2008



Source : DOS

Explanatory notes : Please see notes for table 4.

6. Number of persons engaged in the telecommunication industry



Source : DOS

Explanatory notes : Please see notes for table 4.

7. Number of persons engaged in the telecommunication industry by service, 2008

Types Service	Total number of persons engaged during December or the last pay period			Salaries and wages paid
	Total	Employees		
		Full-time	Part-time	
Telephone services (fixed line, public and cellular)	28,635	28,535	100	1,510,337
Television and radio transmission services	4,454	4,425	29	246,661
Data Communications services	8,036	7,884	152	452,732
Other telecommunication services	4,250	4,250	-	242,753
Total	45,375	45,094	281	2,452,483

Source : DOS

Explanatory notes : Please see notes for table 4.

8. Number of broadband subscriptions

Year	Wired ('000)			Wireless ('000)			1 Malaysia Netbook Phase ('000)	Total ('000)
	ADSL	SDSL	Others ¹	Mobile	Pay Per Use	Others		
Total								
2010	1,702.3	9.6	278.0	1,982.4	601.7	25.3	123.0	4,722.2
Total population ('000)								28,552.7
Population penetrate								18.9
Households								
2010	1,421.4	0.6	259.7	1,241.5	601.7	23.9	123.0	3,671.6
Total number of households								6,622.7
Household penetration rate ²								57.6
Non - Households								
2010	280.9	9.0	18.4	740.9		1.4		1,050.6

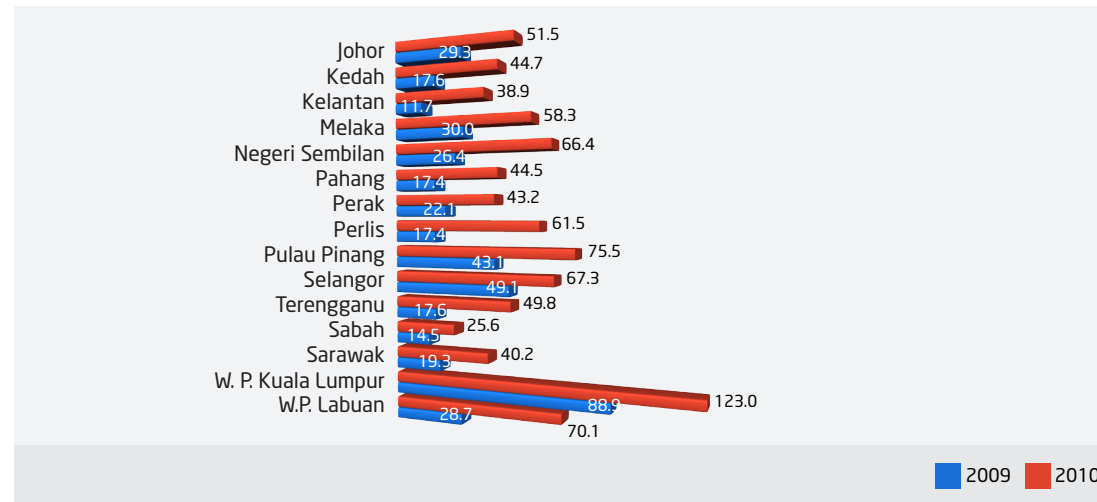
Explanatory notes :

Reclassified 1Malaysia Netbook as a group of its own.

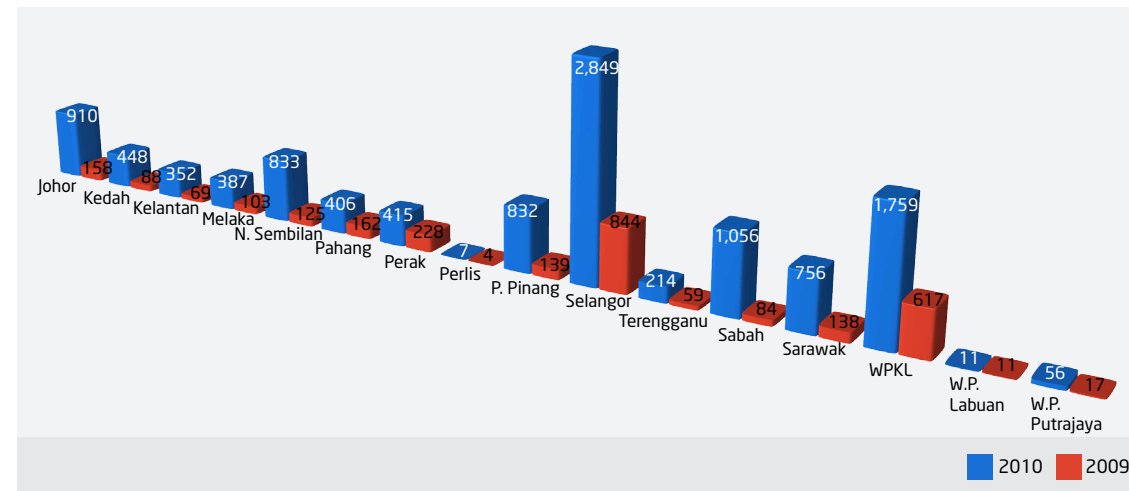
1. Including satellite, fixed wireless, VDSL, Fiber, WiMax and Unifi

2. The household penetration rate is calculated based on households and not subscriptions. A household with multiple subscription is counted as 1.

9. Broadband penetration rate per 100 households by state



10. Number of Hotspot locations by state



11. Community Access

State	Community Broadband Centre (CBC)		Mini Community Broadband Centre (Mini CBC)	Community Broadband Library (CBL)	Community Communications Development Programme (CCDP)	Rural Internet Centres	Kampung Tanpa Wayar
	Number	Member					
Johor	45	35,071	6	7		6	1
Kedah	20	14,404	6	17	2	4	
Kelantan	20	10,219	7	11		2	2
Melaka	13	5,317	2	5		1	
Negeri Sembilan	16	10,601	1	7		3	1
Pahang	37	18,427	7	6		3	
Perak	15	11,604	2		55	2	
Perlis	3	2,063			1	5	
Pulau Pinang						1	
Selangor	12	8,134	4	11		6	
Terengganu	17	10,443	5	9		2	
Sabah	19	16,830	4	1		3	3
Sarawak	30	23,474	26	26		4	5
WP KL							
WP Labuan							
WP Putrajaya							
Total	247	166,587	70	100	58	42	12

Source : SKMM, KPKK

Explanatory notes :

Community Broadband Centres

Community Broadband Centres (CBC) provide collective community Internet access to underserved areas identified under the Universal Service Provision (USP) programme. Each CBC is equipped with IT equipment including personal computers connected to the Internet via broadband to allow rural communities to enjoy the benefits of the Internet as enjoyed by those living in urban areas. It is hoped that the CBC will contribute towards achieving success in national initiatives to bridge the digital divide between urban and rural communities.

Community Broadband Library

The provision of broadband Internet access to libraries is a project implemented under the USP. The purpose of the implementation is to provide Internet access in underserved areas throughout the country. Initially, the focus of the project is to assist libraries in providing facilities to the marginalized community of digital development in rural areas through access to communication and training. This project also aims to expand the functions of library staff from only focusing on the physical books and resources in a library's possession to encompass electronic and Internet-based resources and thus empowering them to be an agent of change in improving the socio economic condition of society through new ways of learning facilitated by the Internet.

Mini Community Broadband Centres

Mini CBC is a project under USP programme to close the digital divide. Mini CBC are co-located with Information Department offices all over the country and covers communities living near the Mini CBC. Each mini CBC is equipped with 5 personal computers and a broadband access.

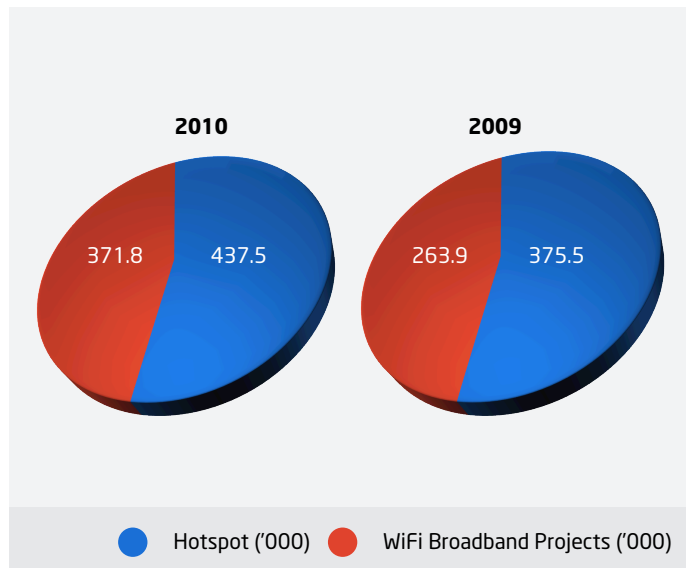
Community Communications Development Programme

The Community Communications Development Programme (CCDP) was initiated and funded by the MCMC. Its objective is to increase community access to network services and facilities.

Kampung Tanpa Wayar

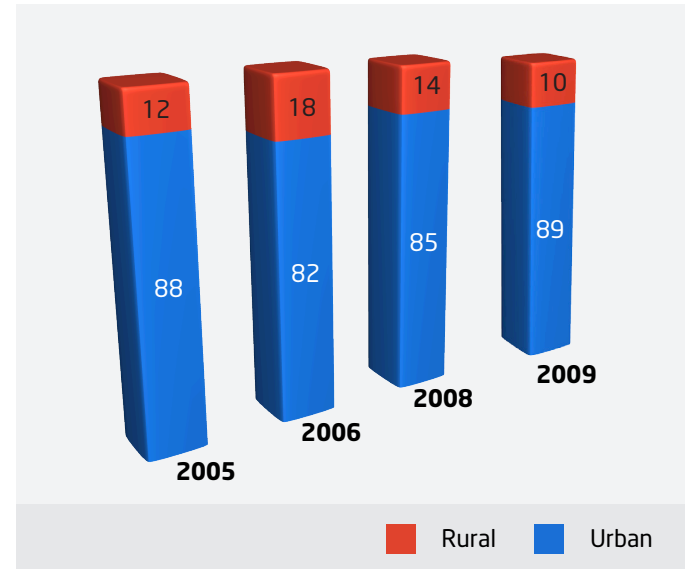
Kampung Tanpa Wayar is a project by service provider in rural areas. Its objective is to provide wireless broadband access by installing WiFi antennas in strategic places.

12. Number of hotspot subscriptions



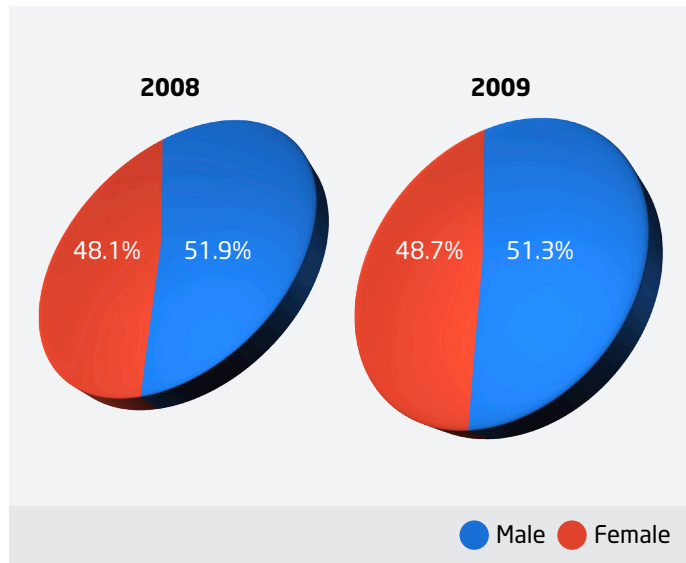
Explanatory notes :
WiFi broadband include Wireless@KL, WiFi@Perak, MyBroadband WiFi@Penang and DANAWA

13. Percentage distribution of Internet users by urban & rural areas



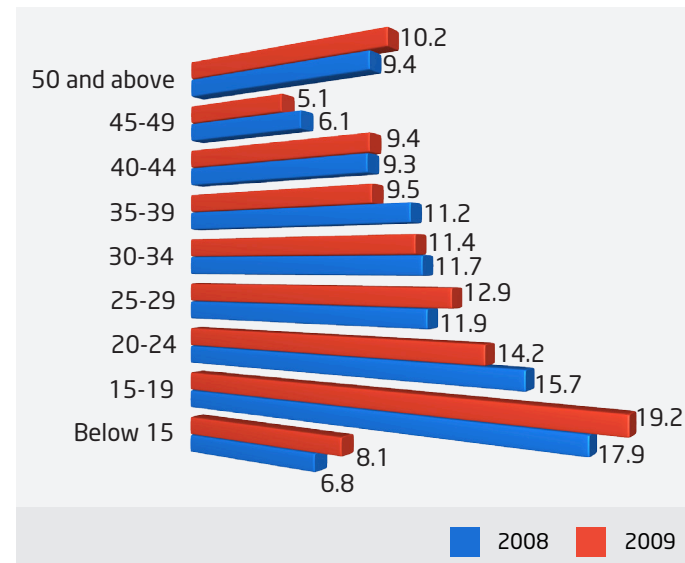
Explanatory notes :
Tables 13 - 17
From the Household Use of the Internet surveys conducted by the MCMC in 2005, 2006 and 2008. The survey covers only users from private households in Malaysia that access the Internet through ADSL and/or dialup.

14. Percentage of internet users by gender



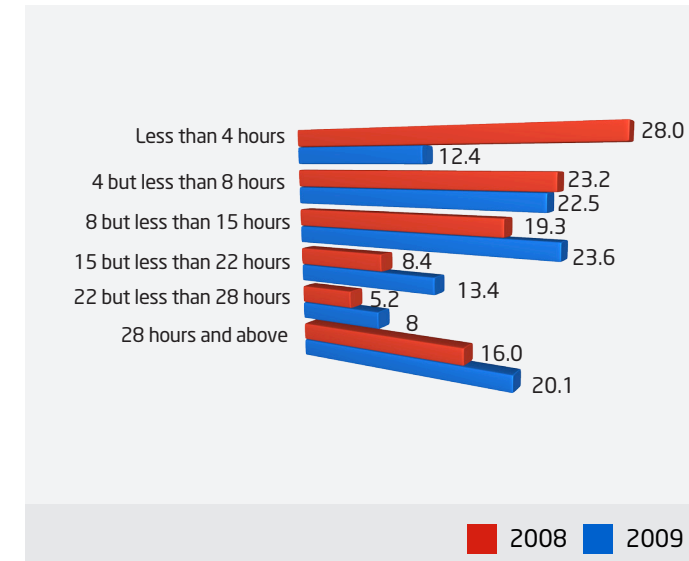
Explanatory notes :
Please see notes accompanying Table 13

15. Percentage of home Internet users by age categories



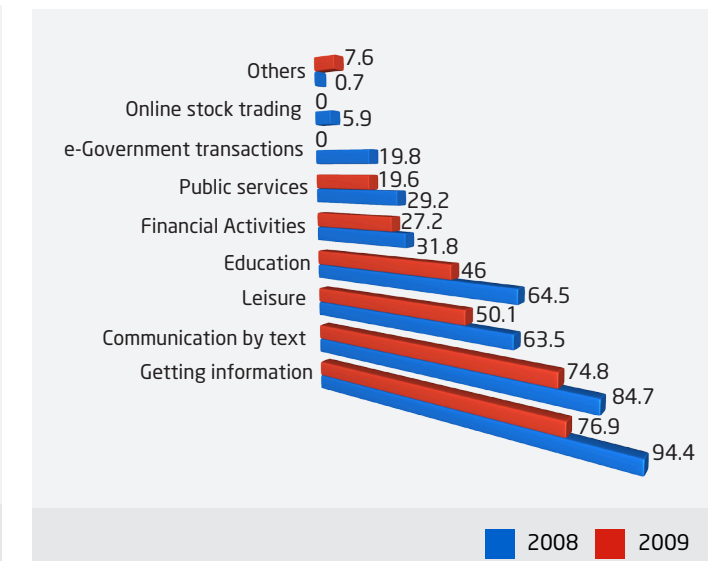
Explanatory notes :
Please see notes accompanying Table 13

16. Percentage of home Internet users by number of hours of use per week



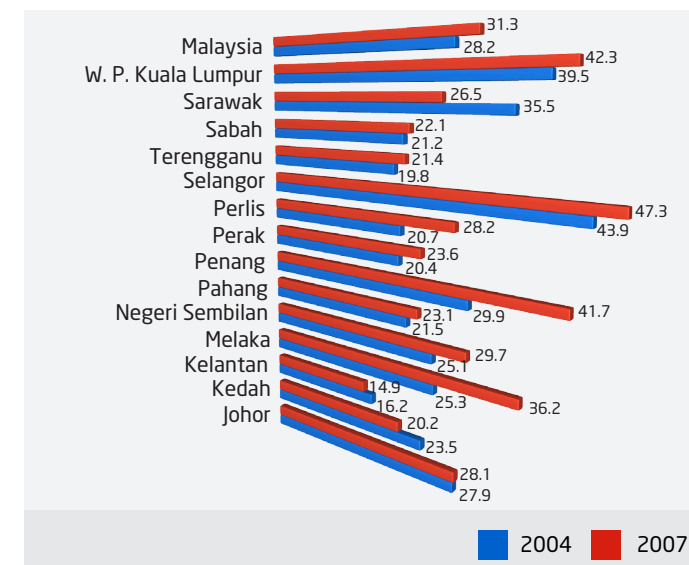
Explanatory notes :
Please see notes accompanying Table 13

17. Main usage of the Internet in homes



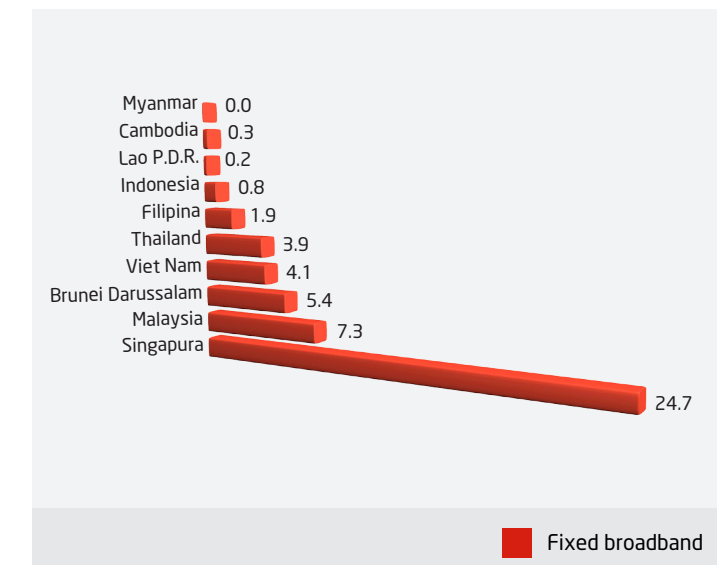
Explanatory notes :
Please see notes accompanying Table 13

18. Percentage of households with access to a personal computer by state



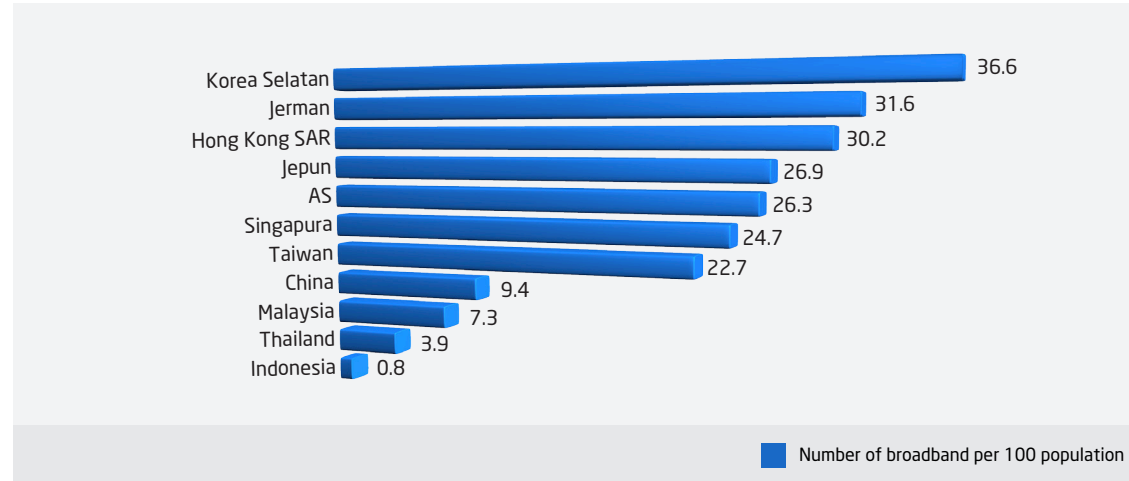
Source :
Department of Statistics, Malaysia

19. Fixed broadband per 100 inhabitants, ASEAN countries



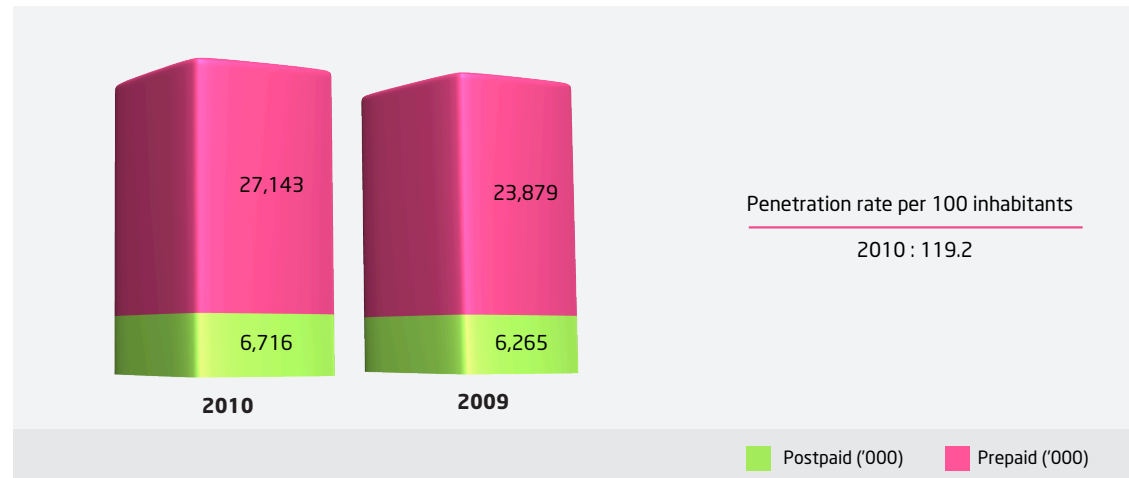
Source :
MCMC, ITU

20. Fixed broadband per 100 inhabitants for 10 biggest trading partners



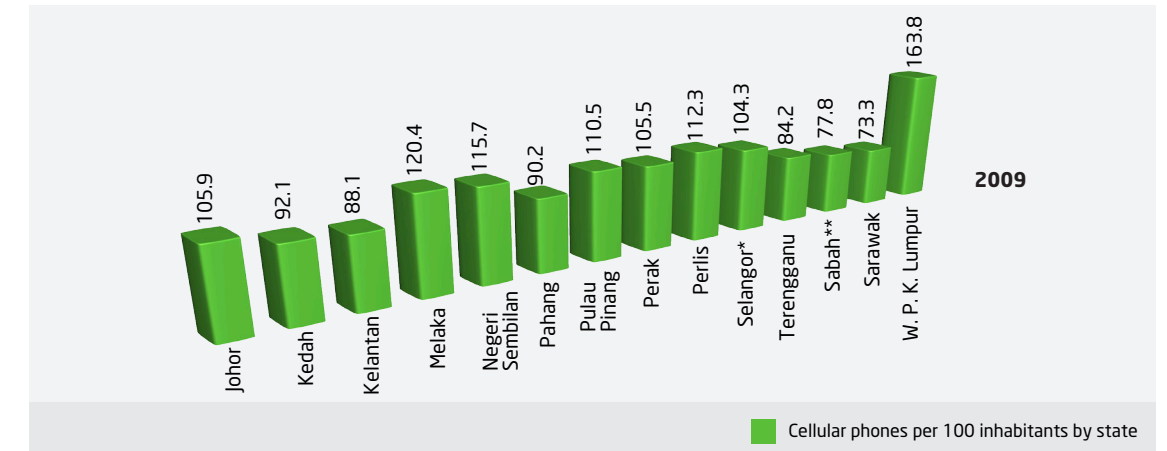
Source :
MCMC, ITU

21. Number of cellular telephone subscriptions and penetration rate



Explanatory notes:
The penetration rate for cellular phone is expected to exceed 100.0% in the first quarter 2009. The penetration rate refers to the total subscriptions divided by the total population and multiplied by 100. A penetration rate of over 100% can occur because of multiple subscriptions. Please see table 23.

22. Cellular phones penetration rate per 100 inhabitants by state



Explanatory notes :
* - Including W. P. Putrajaya
** - Including W. P. Labuan

The calculation of the penetration rate by state was based on:

- estimated distribution of subscriptions by state
- estimated population by state

The former was derived from the annual Hand Phone Users Survey (HPUS) conducted by the MCMC. While the latter was provided by the Department of Statistics, Malaysia.

A penetration rate is calculated as :

$$\frac{\text{Number of subscriptions in a state}}{\text{Population in the state}} \times 100$$

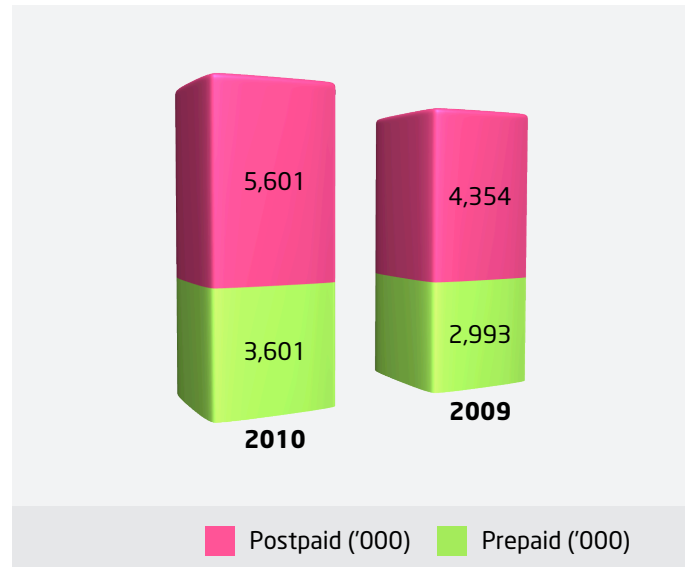
Users are reminded that the annual HPUS is a survey and, like all surveys, is subject to:

- sampling errors
- non-sampling errors

Sampling errors can be quantified and are reported in the survey report. Non-sampling errors however cannot be quantified.

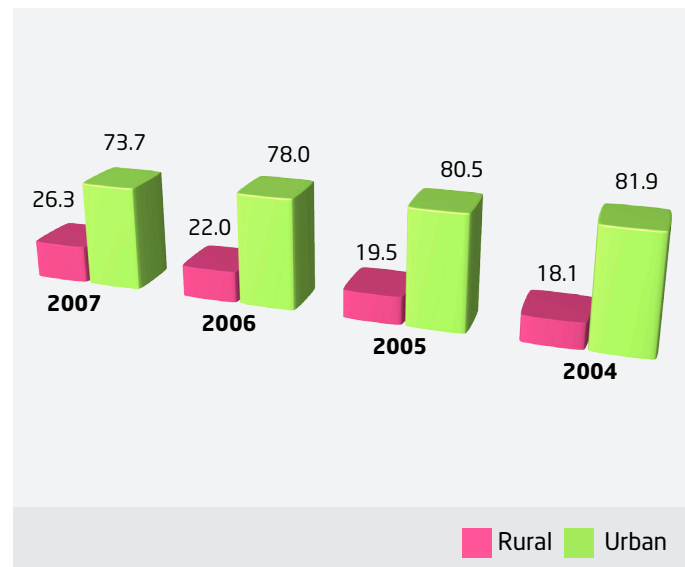
These figures are therefore to be used with caution.

23. 3G subscriptions



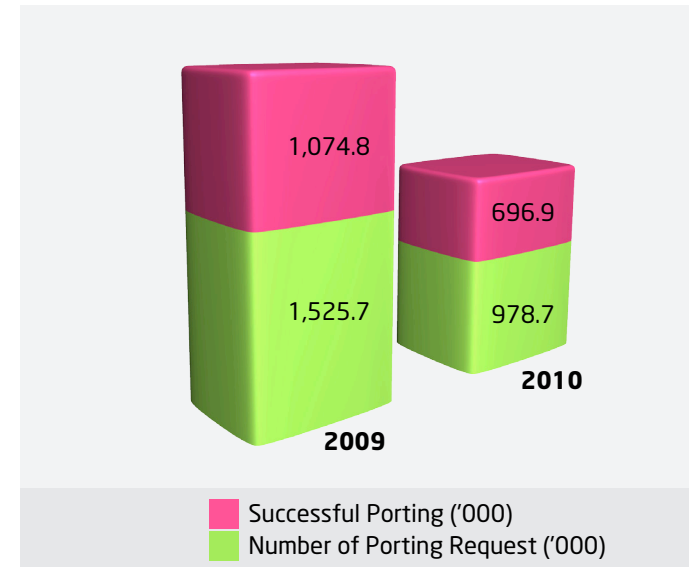
Explanatory notes :
3G subscriptions shown above are also counted in Table 21

25. Percentage distribution of cellular telephone users and urban dan rural areas

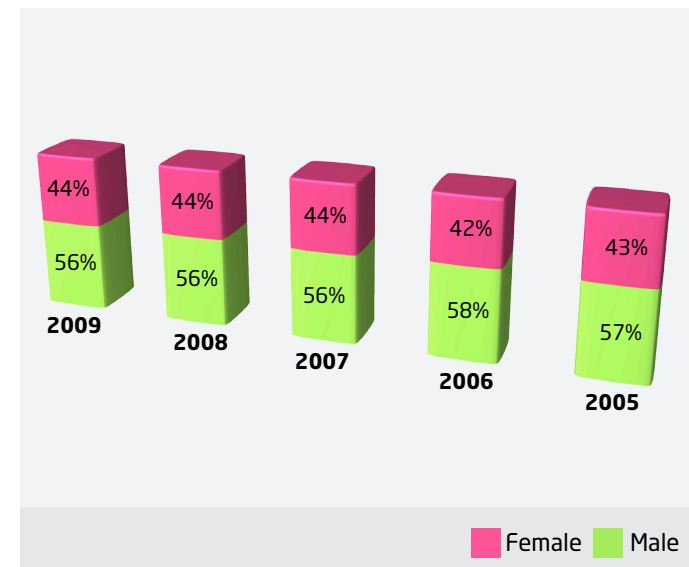


Explanatory notes :
Table 27-28 are from the Hand Phone Users surveys conducted by the MCMC annually.

24. Mobile Number Portability



26. Percentage cellular telephone users by gender

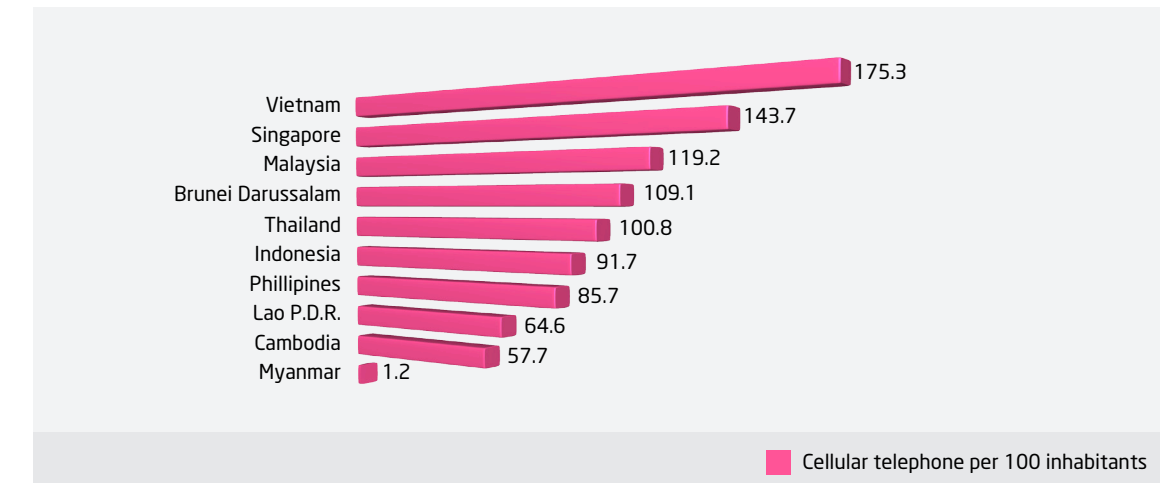


27. Short message services

Year	Total (juta)	Per subscription
Notes	a	
2009	89,408	2,966
2010	96,795.6	2,859

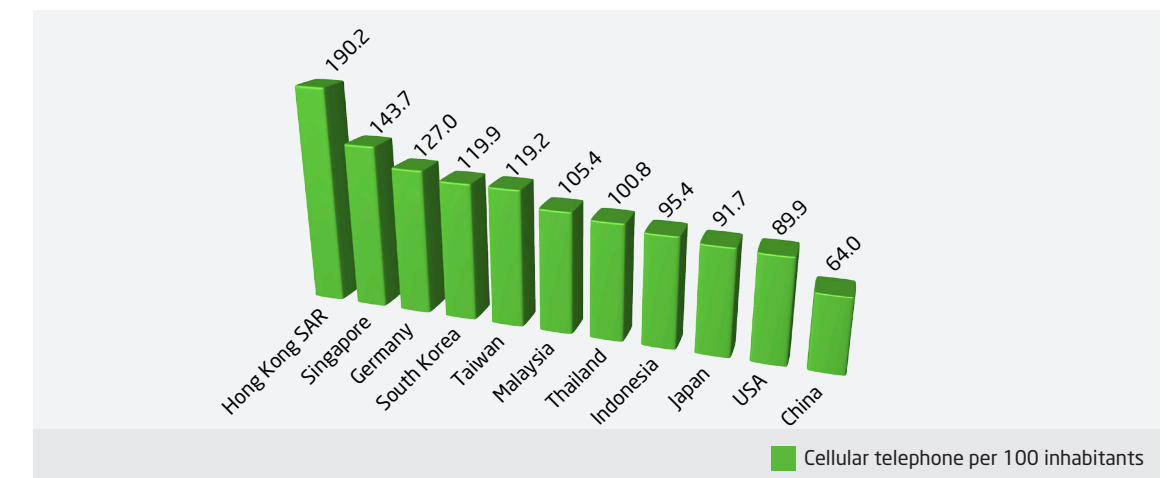
Explanatory notes :
Figures refer to the number of SMSes sent within the period.

28. Cellular telephone per 100 inhabitants, ASEAN countries



Source :
MCMC, ITU

29. Cellular telephone per 100 inhabitants for 10 biggest trading partners



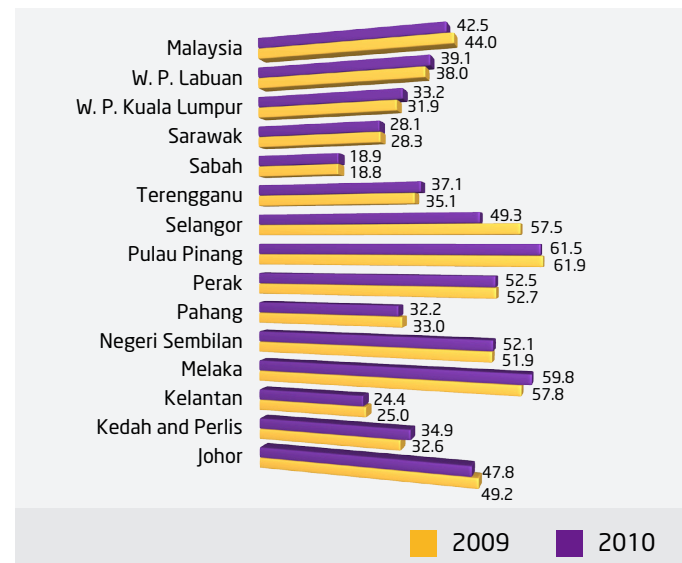
Source :
MCMC, ITU

30. Number of DEL connections and penetration rate

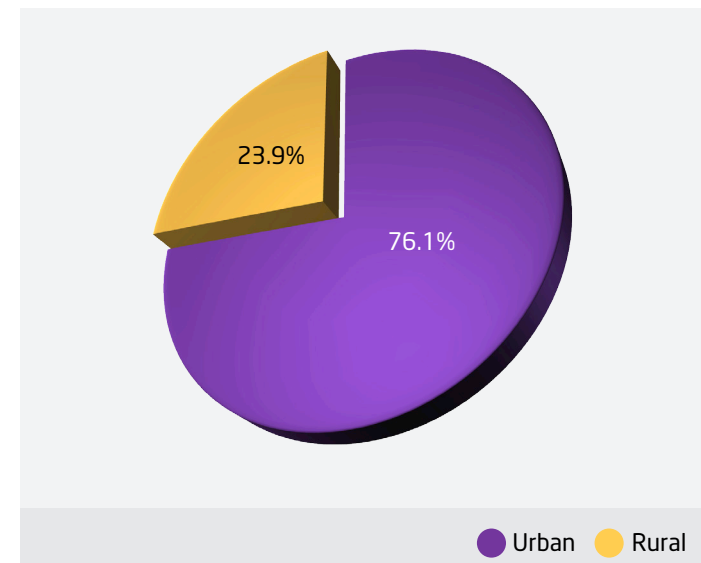
Year	Residential		Number of business subscriptions ('000)	Total subscriptions ('000)
	Number of subscriptions ('000)	Penetration rate (per 100 households)		
Notes				a
2009	2,734	44.0	1,578	4,312
2010	2,804	42.5	1,560	4,364

Explanatory notes :
Direct Exchange Line (DEL) connects a customer's equipment to the Public Switched Telephone Network (PSTN) and has a dedicated port on a telephone exchange.

31. DEL penetration rate per 100 household by state



32. Percentage DEL residential subscriptions by urban and rural areas



Explanatory notes :
*Including W.P. Putrajaya

33. DEL network, capacity used

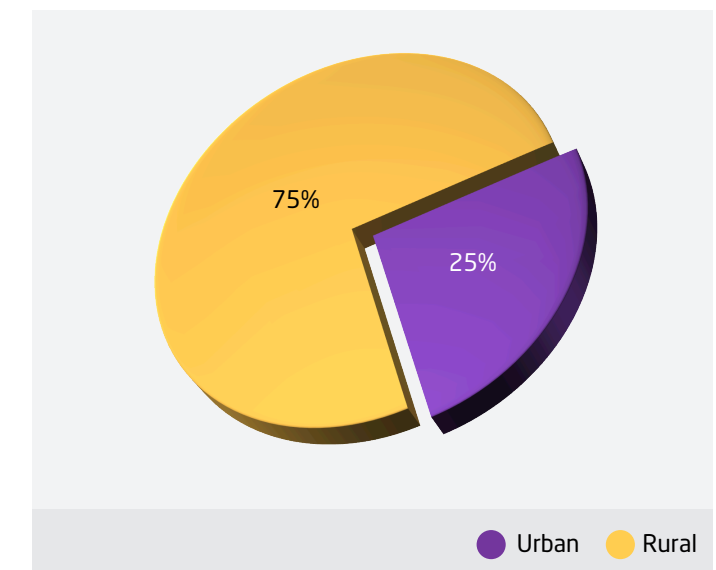
Year	Capacity used (%)	Waiting list ('000)
2009	47.8	39
2010	48.1	42

34. Public payphones

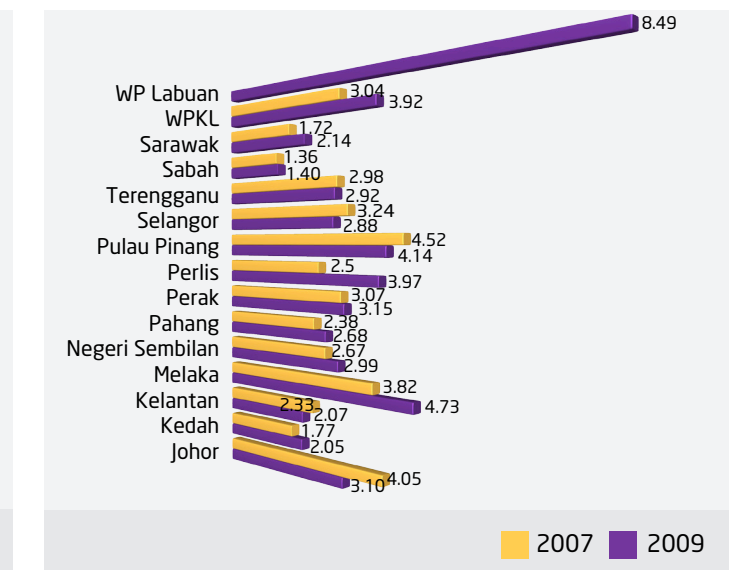
Year	Total ('000)	Per 1,000 inhabitants
2009	79	1.37
2010	39	1.37

Explanatory notes :
Payphones refers to the total number of all types of public telephones including coin, card-operated ones and combos.
No distinction is made between operational and non-operational payphones.

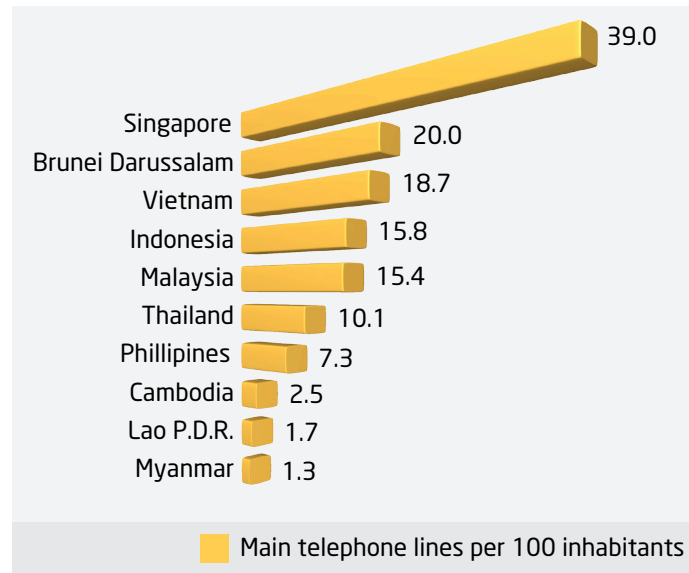
35. Percentage of public payphones by urban and rural areas in 2009



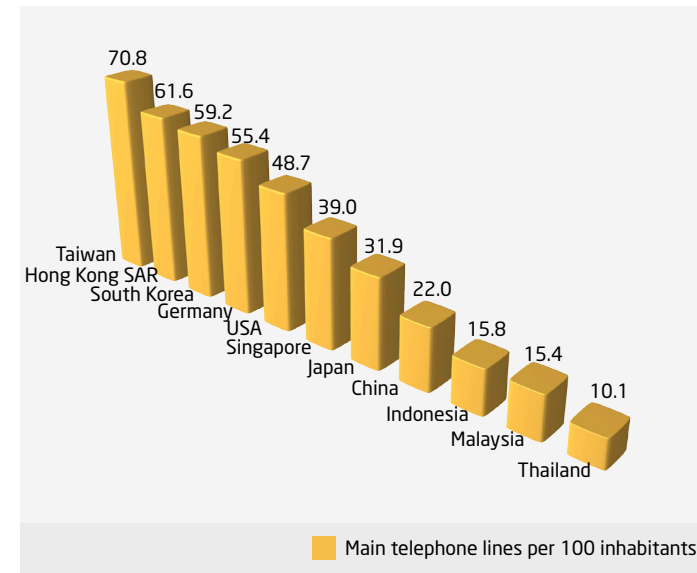
36. Number of public payphones per 1000 inhabitants by state



37. Main telephone lines per 100 inhabitants, ASEAN countries



38. Main telephone lines per 100 inhabitants for 10 biggest trading partners



39. Percentage of households with access to Radio/Hi-fi by state

State	2000	2002	2004	2007
Johor	83.5	89.2	87.1	86.8
Kedah	79.9	85.3	81.5	72.7
Kelantan	76.9	81.7	85.1	81.8
Melaka	85.1	92.8	90.8	88.5
Negeri Sembilan	85.8	90.9	90.3	87.0
Pahang	80.5	90.6	84.0	85.0
Perak	83.8	90.4	88.2	88.8
Perlis	81.5	90.7	84.3	70.5
Penang	83.8	89.3	86.2	77.1
Selangor	82.1	90.6	88.2	83.7
Terengganu	74.0	79.8	73.2	71.5
Sabah	62.5	76.1	73.6	70.5
Sarawak	70.8	83.9	83.4	76.7
W. P. Kuala Lumpur	79.8	88.8	88.0	84.2
Malaysia	78.8	87.5	84.5	81.4

Source :
Department of Statistics, Malaysia

40. Percentage of households with access to television by state

State	2000	2002	2004	2007
Johor	88.8	96.1	95.4	98.7
Kedah	88.8	93.5	96.5	96.8
Kelantan	83.2	90.9	94.0	95.4
Melaka	90.3	95.9	97.8	98.4
Negeri Sembilan	91.1	95.1	96.6	98.0
Pahang	86.6	94.5	95.9	97.3
Perak	90.1	96.4	98.1	98.3
Perlis	90.3	95.2	95.5	96.3
Penang	90.3	95.8	97.1	98.1
Selangor	87.1	95.0	97.8	98.9
Terengganu	86.4	92.0	92.6	95.5
Sabah	66.5	81.3	87.1	90.5
Sarawak	72.5	89.3	97.3	92.8
W. P. Kuala Lumpur	84.6	97.9	93.8	99.0
Malaysia	84.3	93.8	95.2	96.9

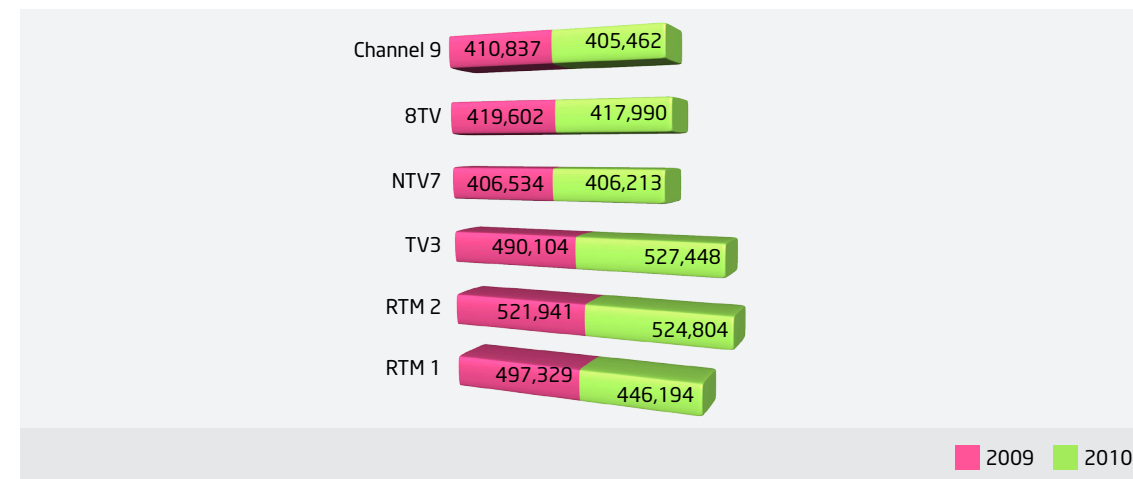
Source :
Department of Statistics, Malaysia

41. Percentage of households with access to VCR/VCD/DVD by state

State	2000	2002	2004	2007
Johor	56.0	74.8	78.9	84.0
Kedah	45.4	61.5	71.6	72.8
Kelantan	28.2	51.3	68.1	65.6
Melaka	59.4	74.7	78.7	81.6
Negeri Sembilan	60.3	76.0	81.7	83.1
Pahang	49.1	66.9	75.1	75.0
Perak	57.3	73.8	76.9	78.1
Perlis	41.8	59.4	71.0	68.7
Penang	69.5	80.6	83.5	85.7
Selangor	66.8	78.4	85.8	87.8
Terengganu	36.3	56.7	62.4	64.2
Sabah	35.8	56.2	68.1	72.5
Sarawak	45.6	64.6	84.7	77.1
W. P. Kuala Lumpur	68.6	82.1	83.5	79.8
Malaysia	53.5	71.0	77.4	79.4

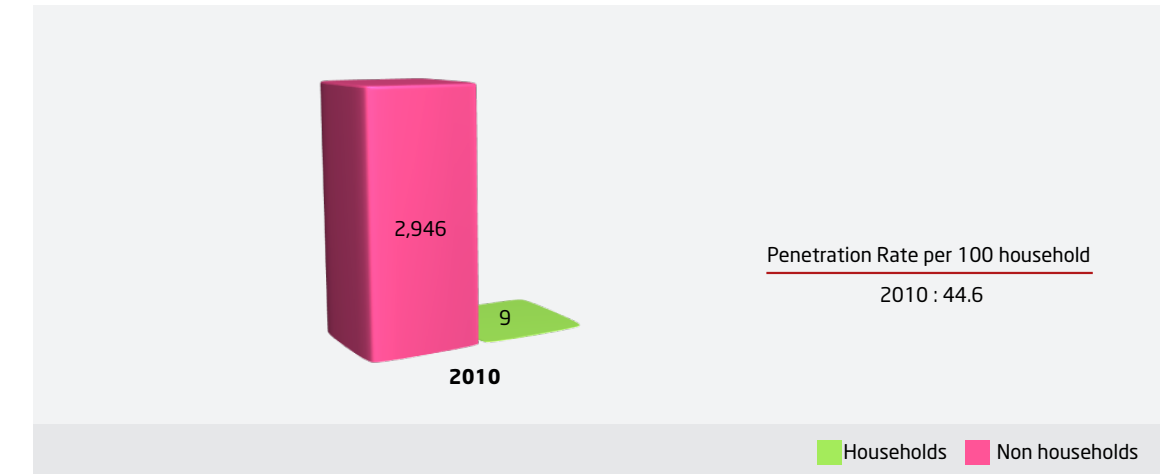
Source :
Department of Statistics, Malaysia

42. Number of broadcast minutes, Free to Air TV

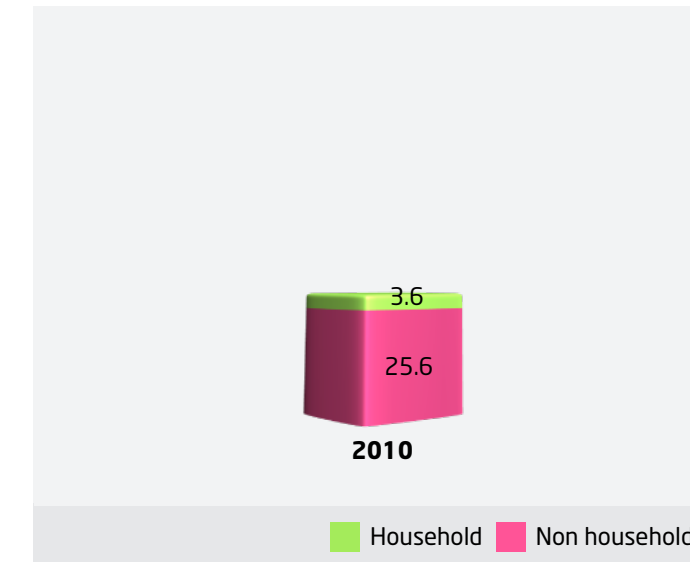


Source :
AGB Nielsen

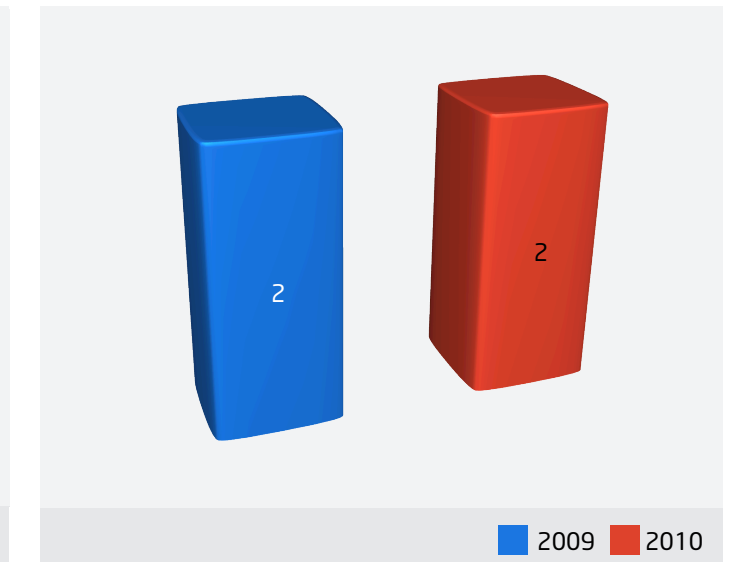
43. Number of pay TV subscriptions ('000)



44. Number of IPTV subscriptions



45. Number of Certification Authorities



Explanatory notes :
Refers to Certification Authorities licenced under the Digital Signature Act 1997.

46. Malaysia ranking for ICT related indices

Year	Connectivity Scorecard	Digital Economy Rankings	Networked Readiness Index (NRI)	ITU Digital Access Index (DAI)	Digital Opportunity Index (DOI)
2004		33	27		
2005		35	24		59
2006		37	26		57
2007		36	26		
2008	1	34	28		
2009	1	38	27		
2010	1	36	28		

Year	e-Business Readiness Index	e-Government Readiness Index	World Competitiveness Yearbook	ICT Development Index
2004	33	42		
2005	35	43		
2006	37			
2007	36		23	55
2008	34	34	19	56
2009			18	
2010		32	10	

Explanatory notes :

Connectivity Scorecard

The Connectivity Scorecard looks at quality and quantity of ICT usage and infrastructure and relates it to a country's social and economic prosperity. 25 'Resource and Efficiency Driven' and 25 'Innovation Driven' economies are studied (as defined by the World Economic Forum (WEF)). Study commissioned by Nokia Siemens Networks. Malaysia is in the "Resource and Efficiency Driven" group of economies.

e-Readiness Ranking

e-Readiness is the readiness of a country's information and communications technology (ICT) infrastructure and the ability of its consumers, businesses and government to use ICT to their benefit. The index has been compiled for 69 economies by Economist Intelligence Unit.

Networked Readiness Index (NRI)

Networked Readiness Index (NRI) measures the propensity for countries to exploit the opportunities offered by ICT. The index has been compiled for 115 economies by World Economic Forum.

Digital Access Index (DAI)

Measures the overall ability of individuals in a country to access and use new ICTs. The index has been compiled for 40 economies by International Telecommunication Union. It was published only for 1998 and 2002.

Digital Opportunity Index (DOI)

The DOI is a standard tool that governments, operators, development agencies, researchers and others can use to measure the digital divide and compare ICT performance within and across countries. The DOI has been compiled for 181 economies by International Telecommunication Union for 2005 and 2006.

e-Business Readiness

e-Business Readiness is a measure of e-business environment, a collection of factors that indicate how amenable a market is to Internet-based opportunities.

E-Government readiness index

E-government is being deployed not only to provide citizen services but for public sector efficiency purposes, improving transparency and accountability in government functions and allowing for cost savings in government administration.

World Competitiveness

World Competitiveness Yearbook publishes competitiveness of nations, ranking and analysing how nation manage its resources and competencies. Published since 1989 it compares the competitiveness of 58 economies on the basis of over 300 criteria.

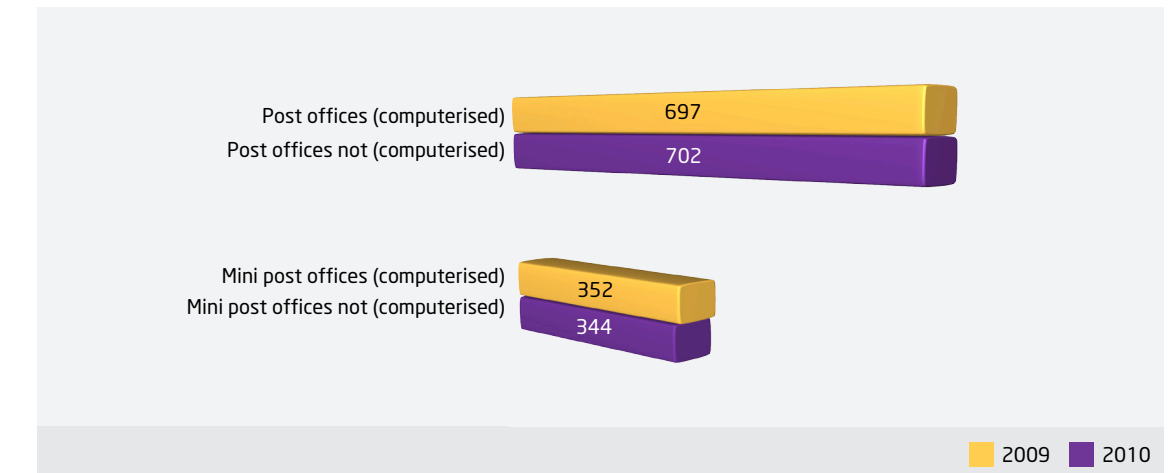
ICT Development Index (IDI)

The Index captures the level of advancement of ICTs. It also measures the global digital divide and examines how it has developed in recent years.

47. Number of Certification Issued by Type

Year	Domestic holder			Foreign holder	Total
	Organisation			Organisation	
	Individual	Corporate	Government	Corporate	
2010	8,123	130,778	3,436,115	711	3,575,727

48a. Postal establishments



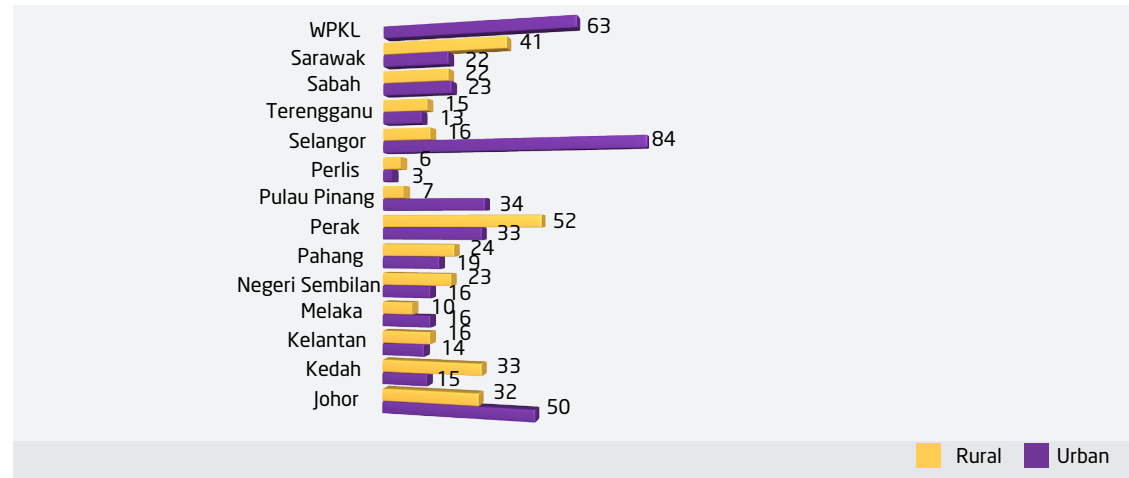
Source :

48a - 58 are from Pos Malaysia Berhad

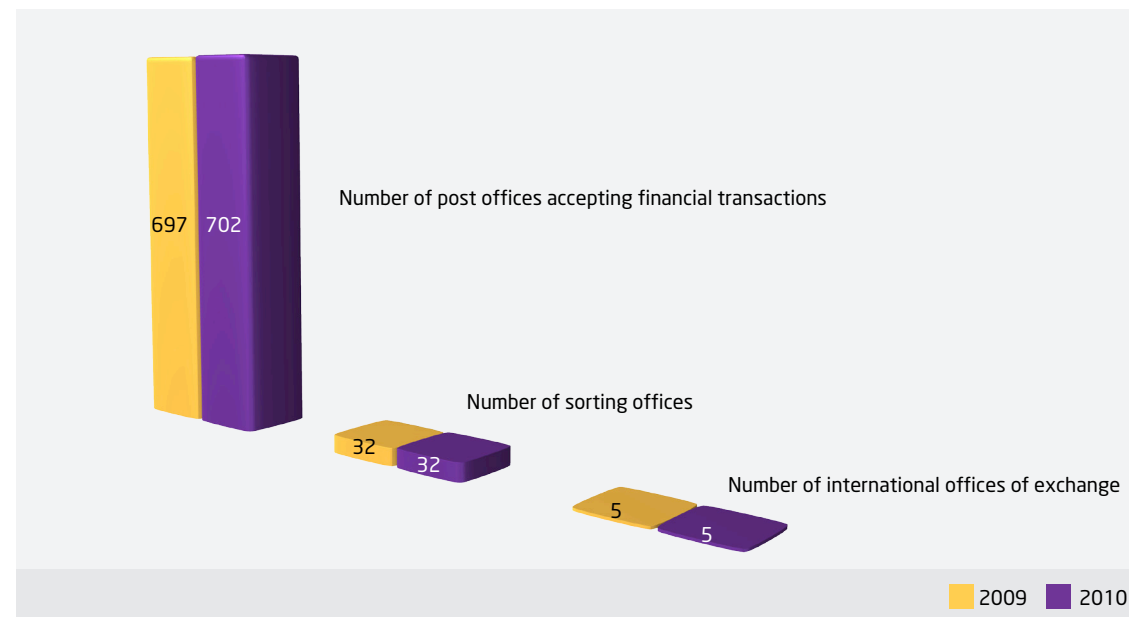
Note :

Computerised post office refers to online post office with online systems

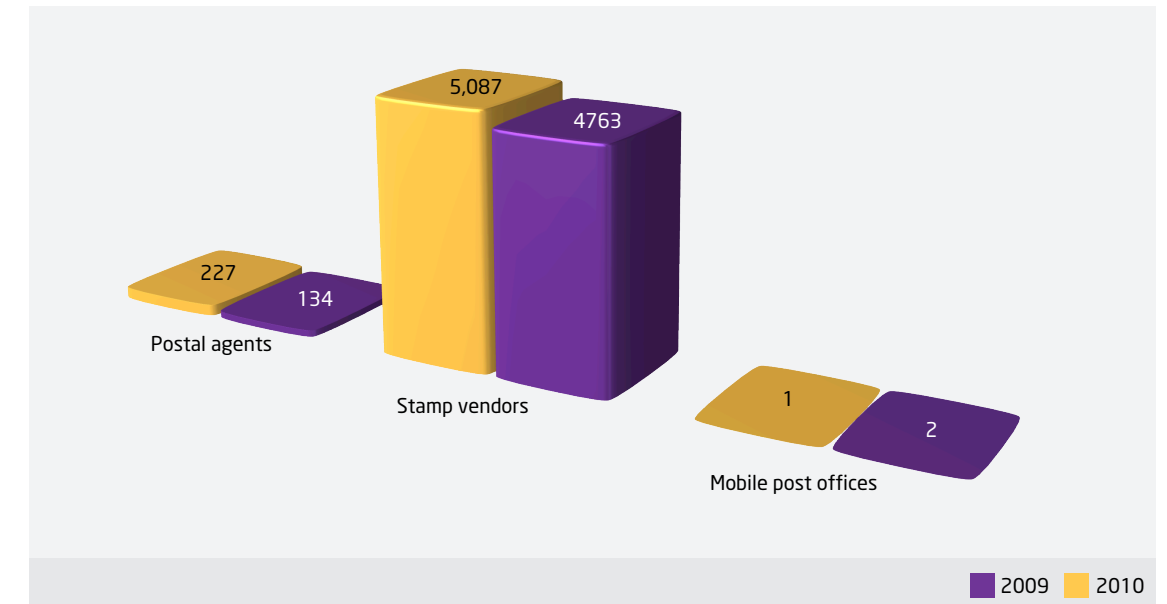
48b. Postal establishments



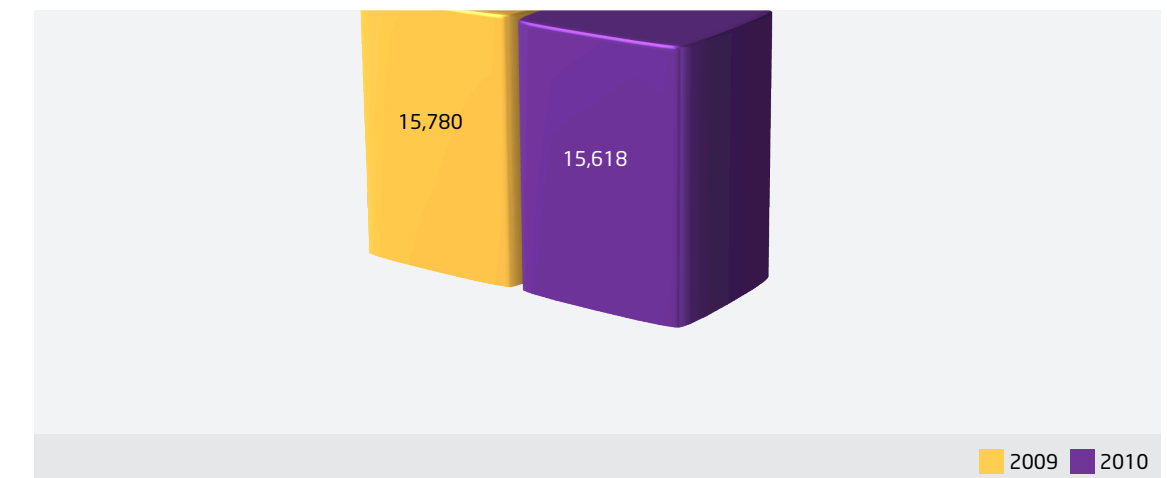
48c. Postal establishments



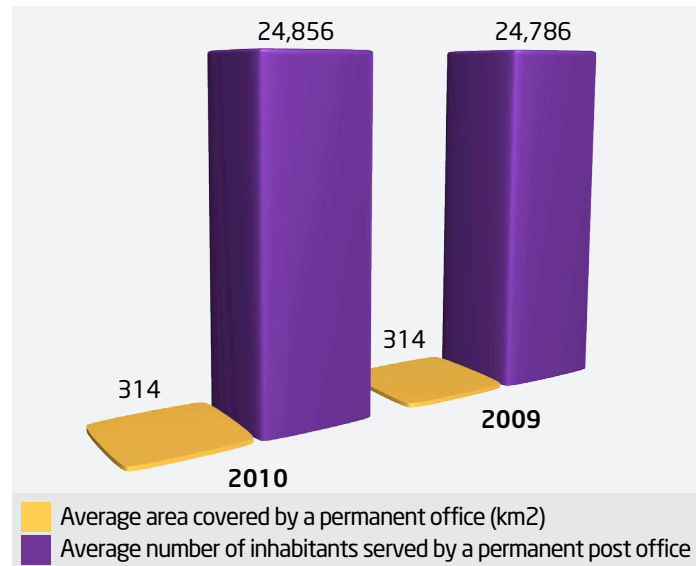
48d. Postal establishments



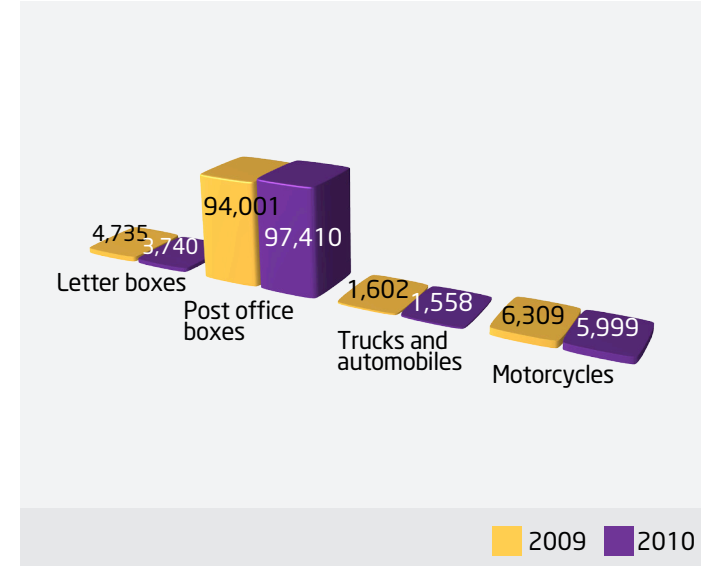
49. Postal staff



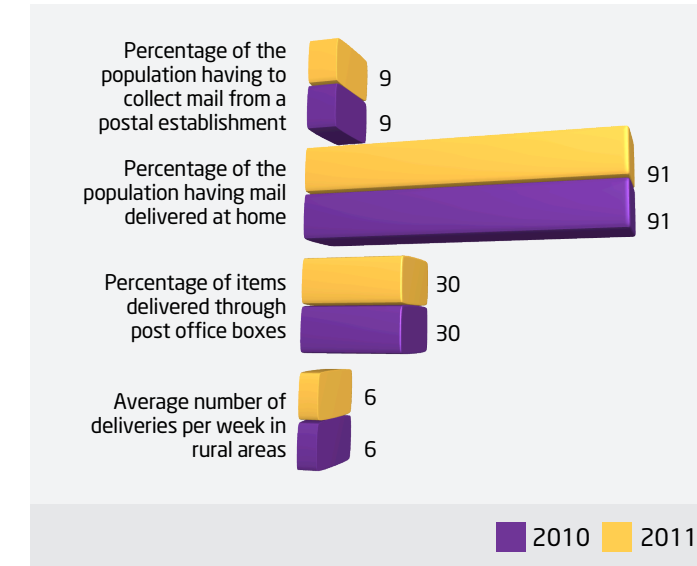
50. Postal coverage and service



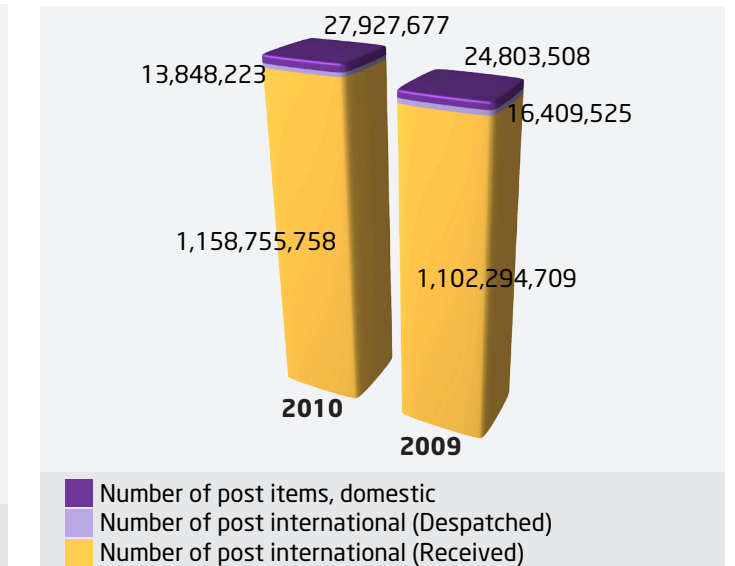
51. Post boxes and postal vehicles



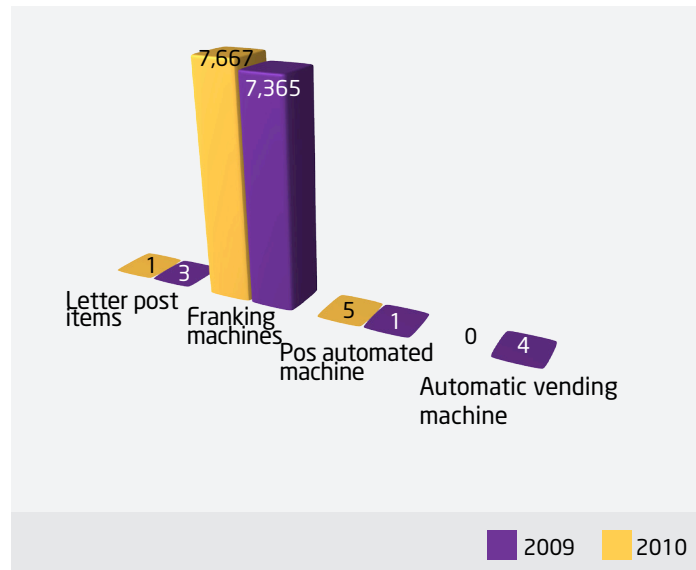
53. Delivery of mail



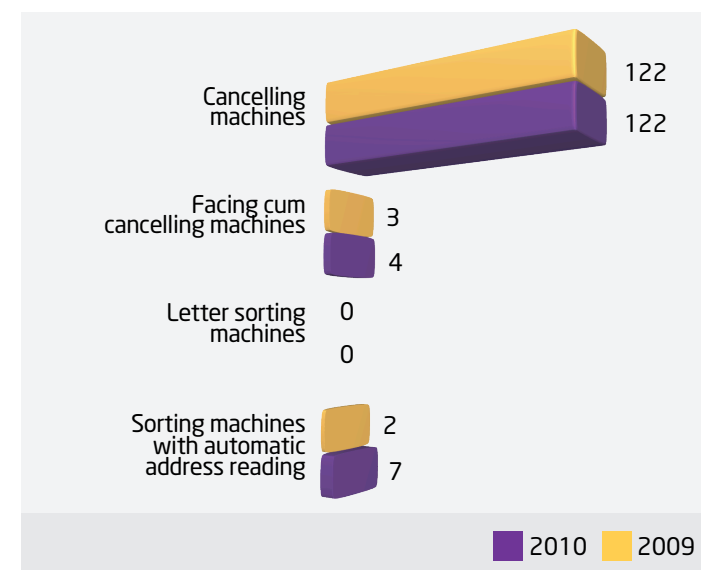
54. Postal traffic



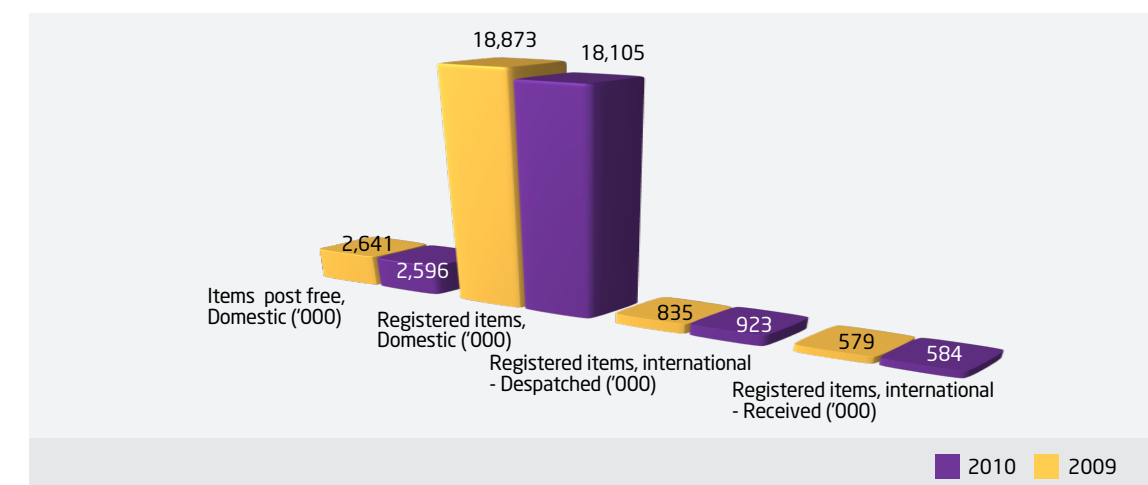
52a. Postal machines



52b. Postal machines

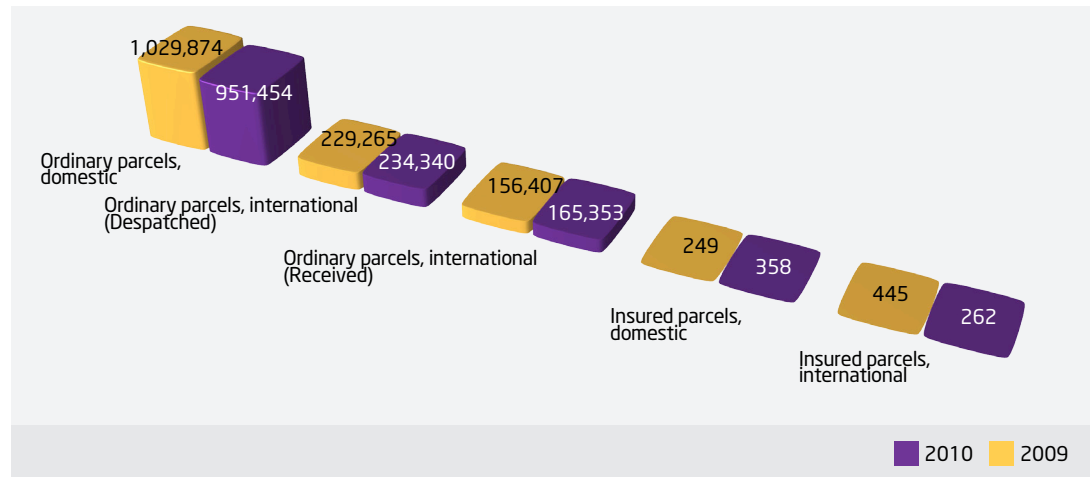


55. Postal traffic - special treatment



Explanatory notes:
 1. Use of automatic vending machines for stamps or prepayment labels is reduced from 2006 and phased out in quarter three 2010.
 2. Use of post automated machines started from 2009

56. Postal parcel service



57a. Financial service

Year	Number of money orders, domestic service	Value of money orders, issued in the domestic service (RM)
2009	785,800	348,661,420
2010	724,171	341,876,329

57b. Financial service

Year	Despatched	Received	Despatched	Received
2009	5,663	2,548	2,086,236	3,615,007
2010	3,195	2,339	1,040,539	2,905,274

58. Philately

Year	Stamp issues			SODA members	
	Special	Commemorative	Definitive	New members	Total members
2009	10	5	1	877	57,579
2010	15	2	0	762	59,277

Source :
57a-57b are from Pos Malaysia Bhd

Explanatory notes :

Special

Shows the beauty, uniqueness, pride, heritage, art, culture, personality, development of science and technology, civilisation, history as well as the uniqueness of flora and fauna of Malaysia.

Commemorative

Commemorating important events in history which took place locally or internationally or events that are significant such as an inaugural ceremonies, and anniversaries.

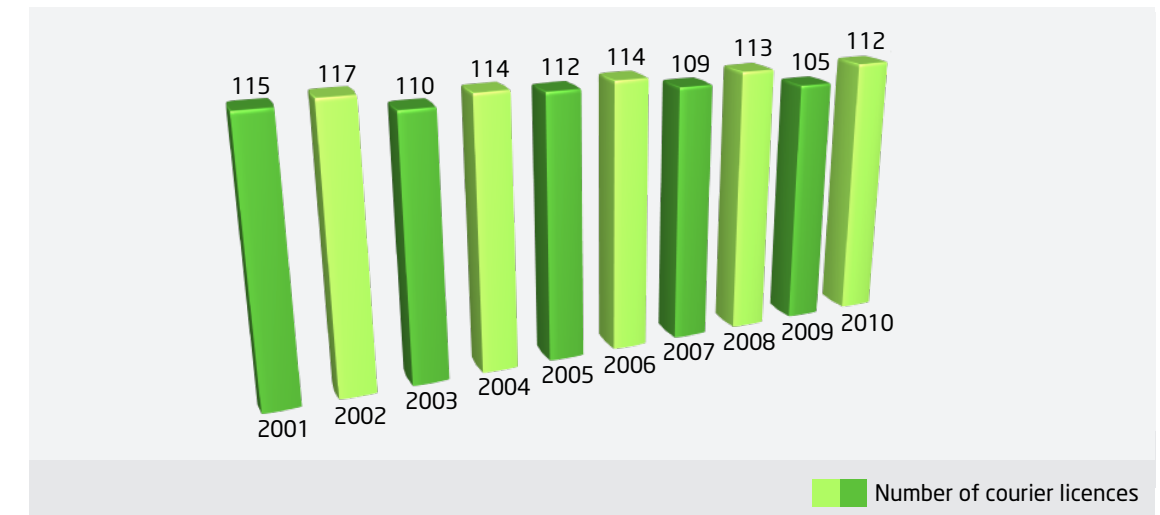
Definitive

Stamps illustrate national aspects such as agriculture, plantation etc. These changes once every 5 years on average.

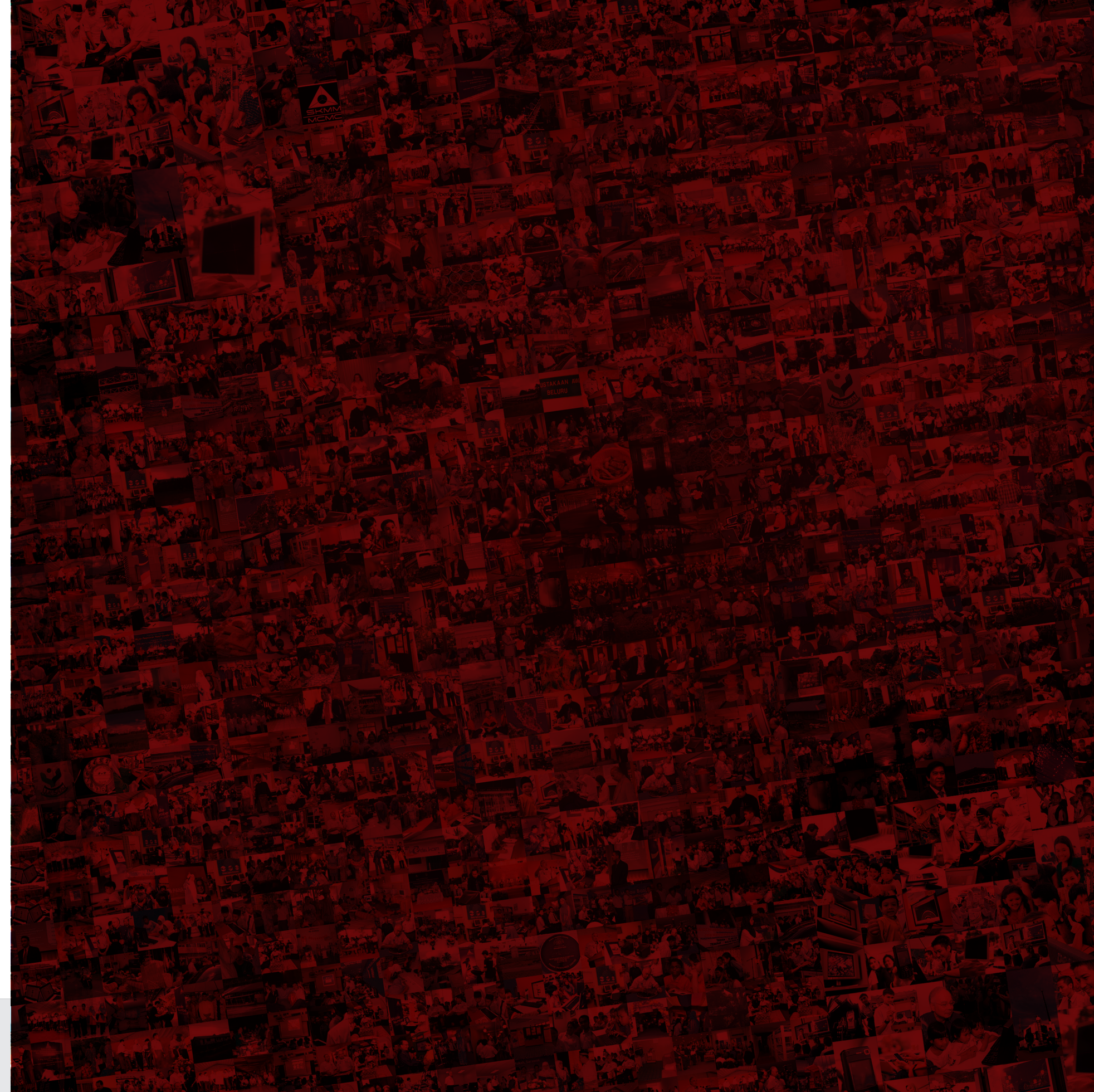
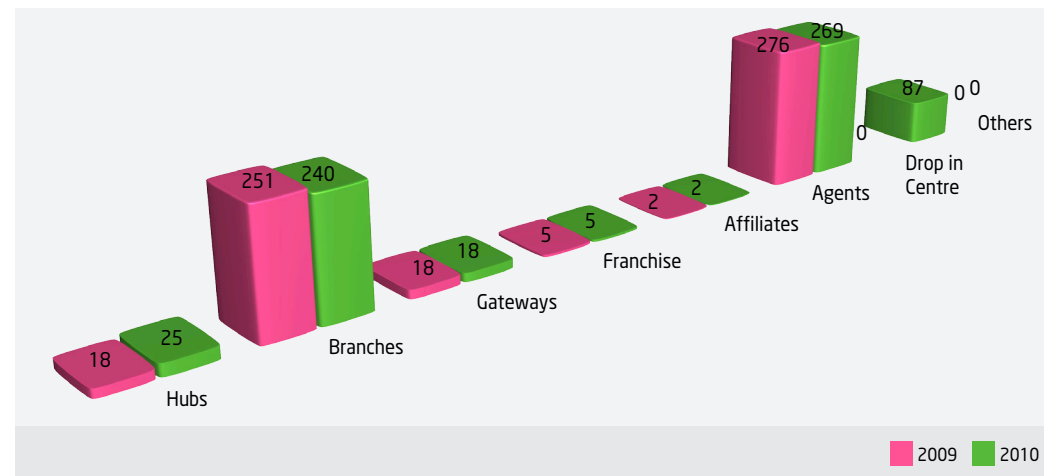
SODA

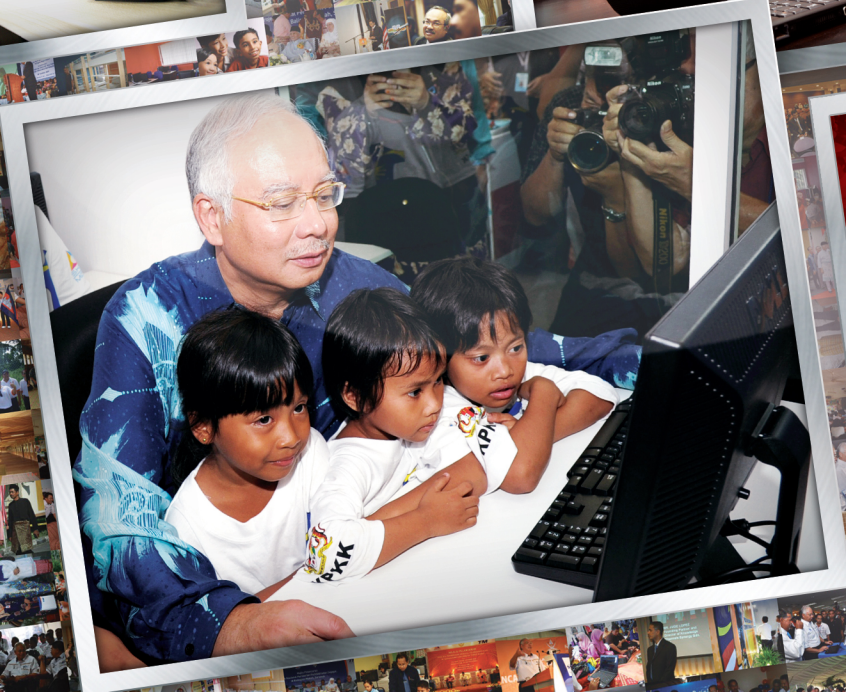
Standing Order Deposit Account. New SODA accounts can be opened at Post Office counters, Philately Counters or by post.

59. Number of courier licences



60. Courier establishments









**KEMENTERIAN
PENERANGAN
KOMUNIKASI
& KEBUDAYAAN**

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