

laporan tahunan 2011
Suruhanjaya Komunikasi dan Multimedia Malaysia



Suruhanjaya Komunikasi dan Multimedia Malaysia
Malaysian Communications and Multimedia Commission

LAPORAN TAHUNAN 2011



memperluas jangkauan

MEMPERLUAS JANGKAUAN

Inisiatif Jalur Lebar Negara yang rancak dijalankan kini telah membuahkan hasil. Di samping itu, Bidang Utama Ekonomi Negara (NKEA) CCI turut memacu pertumbuhan yang tinggi dalam bidang perkhidmatan komunikasi selain membolehkan anjakan paradigma daripada infrastruktur dan akses kepada aplikasi dan kandungan. Dengan inisiatif yang dijalankan, jangkauan dapat diperluaskan.



SURUHANJAYA KOMUNIKASI DAN MULTIMEDIA MALAYSIA
MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

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Matlamat Dasar Kebangsaan

10 MATLAMAT DASAR KEBANGSAAN BAGI KOMUNIKASI DAN MULTIMEDIA DI MALAYSIA

- Menjadikan Malaysia sebagai pusat dan tumpuan utama dunia bagi perkhidmatan komunikasi dan multimedia
- Menggalakkan pewujudan masyarakat di mana perkhidmatan berdasarkan maklumat sebagai asas pembangunan kualiti hidup yang berterusan
- Mencambahkan dan memupuk sumber maklumat dan perlambangan budaya tempatan
- Mengawal selia bagi faedah jangka panjang pengguna akhir
- Menggalakkan tahap keyakinan pengguna yang tinggi dalam penyampaian perkhidmatan daripada industri itu
- Memastikan penyediaan perkhidmatan sama rata yang mampu dibayar melalui infrastruktur kebangsaan yang sentiasa ada
- Mewujudkan suasana aplikasi yang giat bagi pengguna akhir
- Memudahkan pengagihan secara berkesan sumber seperti tenaga buruh mahir, modal, pengetahuan dan aset kebangsaan
- Menggalakkan pembinaan keupayaan dan kecekapan dalam industri percantuman Malaysia
- Menjamin keselamatan maklumat dan kebolehpercayaan dan keutuhan rangkaian

Nilai-nilai Teras

- Berwibawa
- Integriti
- Kompeten

Visi

Mewujudkan suatu industri komunikasi dan multimedia yang berdaya saing, cekap dan kian mengawal selia sendiri yang menjana pertumbuhan bagi memenuhi keperluan ekonomi dan sosial negara.

Misi

Kami komited untuk:

- Menggalakkan capaian kepada perkhidmatan-perkhidmatan komunikasi dan multimedia
- Memastikan para pengguna menikmati pilihan dan tahap perkhidmatan yang memuaskan pada harga yang berpatutan
- Menyediakan proses pengawalseliaan yang telus bagi memudahkan persaingan yang adil dan kecekapan dalam industri
- Memastikan penggunaan terbaik sumber-sumber spektrum dan penomboran
- Mengadakan perundingan dengan pengguna dan penyedia perkhidmatan secara lazim serta memudah usaha sama dalam industri

Piagam Pelanggan

Janji kami kepada pelanggan kami ialah:

Pengguna Awam

- Merekodkan semua aduan yang diterima
- Memberikan maklum balas kepada pengadu dalam tempoh tiga (3) hari bekerja
- Memajukan aduan yang diterima kepada penyedia perkhidmatan berkaitan dalam tempoh lima (5) hari bekerja
- Membuat susulan tentang status aduan daripada penyedia perkhidmatan selepas 15 hari

Pemohon Penguntukan Radas (PR)

- 60 hari untuk memproses permohonan PR tertakluk kepada mesyuarat Jawatankuasa Pelesenan, penyelarasan sempadan dan kelulusan FACSMAB, JTC dan trilateral (Malaysia, Singapura dan Indonesia)

Penguntukan Penomboran

- 30 hari untuk memproses permohonan penyerahan hak biasa contohnya, Permohonan Penomboran PSTN
- 45 hari untuk memproses permohonan penyerahan hak khas contohnya, telefon mudah alih, kod pendek

Pemohon Lesen

- 45 hari dari tarikh permohonan lengkap diterima untuk memproses permohonan lesen NFP, NSP dan CASP dan mengesyorkan kepada Menteri untuk kelulusan
- 30 hari dari tarikh permohonan lengkap diterima untuk memproses pendaftaran kelas NFP dan NSP
- 15 hari dari tarikh permohonan lengkap diterima untuk memproses pendaftaran lesen kelas ASP

Pelesenan

- Menggalakkan persaingan adil dan pembangunan pasaran melalui proses kawal selia yang telus seperti yang telah digariskan dalam Akta Komunikasi dan Multimedia (AKM) 1998
- Menyediakan penyelesaian terhadap pertikaian apabila perlu
- Menggalakkan kawal selia yang berkesan dengan memantau semua perkara penting berkaitan prestasi memegang lesen dan melaporkan kepada Menteri di setiap penghujung tahun
- Mengkaji semula Syarat dan Peraturan setiap tiga (3) tahun atau apabila diarahkan oleh Menteri. Ini bagi memastikan Syarat dan Peraturan kekal relevan

KEHENDAK PERUNDANGAN

Menurut Seksyen 47 Akta Suruhanjaya Komunikasi dan Multimedia Malaysia 1998, Suruhanjaya Komunikasi dan Multimedia Malaysia dengan ini menerbitkan satu laporan mengenai aktiviti-aktiviti SKMM dan mengemukakan kepada Menteri Penerangan, Komunikasi dan Kebudayaan berserta satu salinan Penyata Kewangan Kumpulan Wang SKMM yang telah diaudit bagi Tahun Berakhir 31 Disember 2011 untuk dibentangkan di hadapan kedua-dua Majlis Dewan Rakyat dan Dewan Negara.

contents



002

THE MINISTER'S FOREWORD

004

CHAIRMAN'S MESSAGE

009

MCMC'S COMMITTEE

018

COMMUNICATIONS & MULTIMEDIA
STATISTICAL HIGHLIGHTS

022

BROADBAND & CONTENT

046

DEVELOPMENT

068

MONITORING & REGULATION

122

SERVICES & SUPPORT

142

GOVERNANCE & AUDITED
FINANCIAL STATEMENTS

168

STATISTICS ON COMMUNICATIONS &
MULTIMEDIA 2011

The year 2011 followed on the successes and formula in bringing broadband connection to the people living in all corners of Malaysia. No-holds are barred in efforts to close the gaps in broadband availability towards reaching a fully connected 1Malaysia.



The Minister's Foreword

The networks and services, wireless villages (*Kampung Tanpa Wayar*), cellular towers, Community Broadband Centres, the 1Malaysia netbook distribution programme, and U-Pustaka were all pushed to newer heights. High speed broadband coverage also increased by passing over 1 million premises.

All these laid the foundation for industry growth in new services and in getting more people to use it as a digital lifestyle. The industry can be seen to continue its growth from past years to now reaching RM48.9 billion by end 2011 from RM33 billion in 2006 and RM41 billion in 2009, which is in tandem to technological advancement and growth in demand.

2011 also saw increased tempo in the development of creative content and applications where foundation is being built or strengthened in preparing for it to be a major contributor in

sustaining future growth of the industry and contributing towards our target of becoming a high income nation. Weaknesses and gaps are being addressed so that Malaysia can leverage on it not only to create economic value but also to promote local content from our rich culture and heritage.

As broadband takes its bite deeper into the fabric of Malaysian lives, the new found empowerment from wider availability and choice of broadband connectivity also brings along many positives and some negatives. On the positives, we have found cases where our broadband programmes have enriched and transformed lives. We intend to bring out these inspiring cases to the open. Reducing the negative elements and keeping people safe on the network, in particular women and children took greater prominence as various awareness initiatives are rolled out.

To end, this Annual Report 2011 presents clear information on the activities and functions of the Malaysian Communications and Multimedia Commission as the regulator and developer of the industry. I am confident that the Commission is strongly placed to continue its efforts in supporting and facilitating the transformation to a digital economy and in broadband connecting 1Malaysia to the world.

DATO' SERI UTAMA DR RAIS YATIM

*Minister of Information,
Communications and Culture*

reported in *Online and Upcoming: The Internet's Impact on Aspiring Countries*, published in January 2012 by McKinsey & Company. This ranks Malaysia on par with some other developing countries. The future of our industry looks bright and in the coming years, Internet contribution to Malaysia GDP can be further enhanced through development in the focus areas and initiatives under the NKEA-CCI including getting online activity to be an increasing part of doing business for a greater number of SMEs. The MCMC underpins and support the Economic Transformation Programme in which the NKEA-CCI is one of the twelve NKEAs that is expected to contribute to the overall socio-economic wellbeing of the nation. We took operational sponsorship of the NKEA-CCI ETP programme and facilitating delivery of over 57 projects. In 2011, NKEA-CCI returned a sterling performance in the delivery of the projects which contributed to the Minister being the top rank achiever among all the Ministers involved in the NKEA. Ensuring the continued success of the NKEA-CCI programme is important to us as it charts out the framework and initiatives to develop growth areas from new content and applications services while pushing and enhancing what we already have in place towards achieving the 2020 goal of a sustainable, high income economy for all.

In the field of multichannel pay television, it is also interesting to note that CASBAA Report 2011 (Association of digital multichannel TV, content, platforms, advertising and video delivery across Asia) entitled *Regulating for Growth 2011: A Regulatory Regime Index for Asia Pacific Multichannel Television* rated the Malaysian regulatory

environment as one of the favourable market environments in the same rank as Japan and Australia, and closely behind the most favourable environment which is Hong Kong and New Zealand. The same report further puts the GDP contribution by Malaysian multichannel pay-TV at 0.5% which is among the highest in the 15 benchmark countries and compares favourably with US (at 0.8% of GDP) and UK (at 0.6% of GDP) and is better than Singapore (at 0.1%) and Hong Kong (at 0.2%). Profit margin for multichannel pay TV in Malaysia is also among the lowest at 25-30%.

CLOSING THE GAPS TOWARDS A CONNECTED 1MALAYSIA

We want to ensure that every citizen is broadband connected and able to access the Internet. Making available access is one thing and empowering the people to use it effectively is what we are trying to also achieve so that no one is left behind in this development.

Firstly our one million 1Malaysia Netbook initiative which comes with an affordable broadband subscription package distributed to students of low income families has facilitated not only the students but also their family to access the internet. Like a seed being planted into a family, the scheme could probably grow in empowering not only one student but impact about five people in the household. This distribution was carried out at a feverish pace reaching as many as 471,379 by end of 2011.

People in the urban areas usually can easily get free Wifi access in restaurants or coffee shops brought about by the value seen by the shop owners and service providers, as well

as those made available through a requirement for Kuala Lumpur City Hall area under the Connected@KL project of the EPP ensuring broadband for all, which involves an estimated 1,000 premises. In rural areas, the scenario is different and to supplement and improve access to internet in these areas, the village WiFi hotspot (*Kampung Tanpa Wayar*) concept was suggested by our Minister to compliment the services available from the CBCs. Up to end of 2011, 1,408 *Kampung Tanpa Wayar* hotspots and 251 CBCs were implemented to close the gap and benefit over one million people in rural areas.

We are working on all fronts as we march forward towards a Connected 1Malaysia by 2020. Two NKEA-CCI Entry Point Projects (EPP) focus on extending broadband infrastructure. The first one is the EPP ensuring broadband for all, which addresses the urban gaps through industry focus group engagements and amendments to building by-law enabling new developments or premises to be broadband ready. The second is the EPP extending reach of infrastructure addressing sub-urban and rural areas which includes building 1000 new towers to bring mobile coverage to 97% by 2012. So far, 326 towers were completed in 2011.

The existing SchoolNet and the rollout of 1BestariNet by the Ministry of Education in 2011 will provide a broadband connectivity platform to over 9,000 urban and rural schools throughout Malaysia for an integrated learning environment. The extensive nationwide network will facilitate lower cost extension of broadband infrastructure and the opportunity to leverage upon it for other purposes in areas near to the rural schools.

tomorrow, encourages the nurturing of the creative content industry, track and trace and lifestyle applications in Connecting 1Malaysia. Whereas *pushing boundaries* seeks opportunities to leverage on the use of content and applications in other sectors in particular for learning, healthcare and government, expected to see us push our up GNI and new job creation in the coming years.

In 2011, 38 content and application-based projects were evaluated and sponsored under the NKEA-CCI of which most KPIs are met. Key highlights include more than 28,000 hours of national archives, films, documentaries, visual and audio content being digitised to promote and commercialise content on Malaysia's cultural richness. In addition, more than RM300 million worth of content and intellectual property rights have been exported globally. MyEmail was launched too, enabling a secured communication channel to more than 3,000 government e-service applications already online as we approach the goal of zero physical Government counter services by 2020. Security and trade facilitation pilot project and edible bird nest traceability development using RFID showed much promise going forward into 2012.

Creative content industry received a big boost with the launch of the National Creative Industry Policy in October 2011 and facilitated by funds or grants including RM100 million allocated under the MCMC as well as the RM25 million contribution to set up the Akademi Seni Budaya dan Warisan Kebangsaan (ASWARA)'s Digital Animation and Multimedia Laboratory. 77 SMEs became

recipients of the grants from the MCMC Creative Industry Fund which totals RM35 million by end of 2011. Global market opportunities for our content are also being explored with our presence at MIPTV, MIPCOM, Hong Kong Film Mart and Asia TV Forum in collaboration with other government agencies and local companies raking a total of RM140 million in investment and RM24 million in sales.

Access to a good collection of books in our libraries is a challenge as they are usually available only in specific libraries. Going around looking for it can be both difficult and time consuming and probably a costly affair too. However, the situation no longer has to be this way with the launch of the U-Pustaka service in March 2011. This project led by a consortium of eight libraries nationwide enables the people living anywhere to borrow and return books without having to be present at the specific libraries. Served by a portal, electronic payment and postal services, it has gathered over 180,000 members and visited by people from around the world by end of 2011. This collaborative initiative has won us the MSC Malaysia Asia Pacific ICT Awards (MSC Malaysia APICTA) 2011 but more importantly it won the hearts of many as the large collection and resources are now accessible to all, touching and enriching many whose quest for knowledge are now fully open.

EMPOWERING THE INDUSTRY

We promote and encourage the industry to self-regulate and to develop industry human capacity to upgrade its ability to manage and compete not only domestically

but also globally. In 2011, we step this effort up further by engaging the industry in knowledge and skills training besides ongoing self development of industry codes/ guidelines by members of the industry forums themselves in particular technical, consumer, access and content codes. The industry is encouraged to comply with their own codes and guidelines.

The wisdom to understand and comply with the provisions of the law comes from knowing and understanding it. Education and training are thus important to build a self regulating industry and to know what is best for itself. On this note, we embarked on a journey to have our SKMM Academy take on to develop and channel relevant learning and development programmes for the industry. For example, in our collaboration with Universiti Teknologi Malaysia, we are now offering certificate courses in basic and advanced spectrum management. Regulatory courses, workshops and panel discussions in collaboration with a number of institutions are also delivered such as on networked content and social media development, network security, technology, market, as well as compliance workshops for licensees.

The industry's technical standards forum is also active in developing standards and guidelines to manage and promote the industry in particular on safety and interoperability. In 2011, a set of standards on digital terrestrial television, in particular on the receiver was updated in preparation for the launch of digital terrestrial TV and the process of migration from analogue to digital. Critical



MCMC's Committee

- COMMISSION MEMBERS
- COMMISSION MEMBERS WHOSE SERVICE
TENURE ENDED IN 2011
- EXECUTIVE COMMITTEE

Commission Members



SITTING FROM LEFT TO RIGHT

Dato' Dr. Madinah Mohamad
Dato' Mohamed Sharil Tarmizi
Dato' Sri Kamaruddin Siaraf

STANDING FROM LEFT TO RIGHT

Datuk Idris Abdullah
Dato' Thanarajasingam Subramaniam
Datuk Mohamad Salim Fateh Din

Dato' Mohamed Sharil Tarmizi

Dato' Mohamed Sharil Mohamed Tarmizi was appointed as Chairman of the Malaysian Communications and Multimedia Commission (MCMC) effective 16 October 2011. He served as a Member of the Commission from 1 May 2006 for two terms during which time he was subsequently invited to join the MCMC as Chief Operating Officer on 16 June 2008 prior to his current appointment.

He has extensive experience particularly in the areas of legislation and the communications and multimedia industry. Prior to joining MCMC as Chief Operating Officer, Executive Director and Head of Strategic Planning at a local reputable firm that offers financial advisory services and strategic consulting.

In the international arena, Dato 'Sharil is recognised for his expertise in the field of Internet governance in which he was elected unanimously as the Chairman of the Government Advisory Committee (GAC) for two consecutive terms from January 2003 to March 2007 by the members consisting of developed and developing countries. During the same period, he was the first officer from the Government sector who had served as a member of the Board of the Internet Corporation of Assigned Names and Numbers (ICANN), a world regulatory body for Internet domain names.

At the end of his tenure with ICANN, he was honoured by the GAC, ICANN Board and Global Internet community for successfully navigating the GAC and ICANN in finding a solution on Internet Governance in two United Nations World Summits on the Information Society in Geneva (2003) and Tunis (2005).

He is one of the few members of ICANN selected to develop a framework for the introduction of non-ASCII character set in the global domain name system, to enable communities to have Internet domain names in languages other than English or Roman letters, thus narrowing the digital divide.

Dato' Mohamed Sharil has also worked for the International Trade Organization (WTO) in the field of capacity building, helping a number of countries to undergo regulatory reforms in preparation for globalisation.

Among his notable achievements was his involvement in the development of the Telecom Reference Paper on Telecommunications Sector and also in the production of two reference papers on Postal Services in Postal Sector and Express Delivery for WTO. In addition, he was one of the main consultants representing the telecommunications sector in negotiations sessions at WTO besides involvement in the trade and economic cooperation agreement involving Malaysia, for instance with Japan, Australia and New Zealand. He was also a part-time consultant for the International Telecommunications Union (ITU) and the World Bank, particularly in the area of spectrum and regulatory reform.

He has led several courses around the world, working with organisations such as the Pacific Island Telecommunications Association (PITA), Asia Pacific Telecommunity (APT) and a number of regulatory organisations around the world.

His writings on subjects related to Internet and new media have been widely used. As an expert in various fields, he was appointed as the Deputy Chairman for a child online protection programme by the ITU Board, an effort to address the negative online content in cyberspace, particularly on young people and children. He also sits on the Board of Trustees of the International Partnership Against Cyber Threats (IMPACT), an international organisation that implements cybersecurity programme on behalf of the ITU.

In the local arena, he is a member of the Board of Directors of the Multimedia Development Corporation (MDeC), the organisation that manages and oversees Multimedia Super Corridor (MSC Malaysia).

He holds a Bachelor's Degree in Law from University College of Wales, Aberystwyth and qualified as a Barrister from Gray's Inn, England and Wales (UK).

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.

Datuk Mohamad Salim Fateh Din

Datuk Mohamad Salim Fateh Din was appointed as a Member of the Malaysian Communications and Multimedia Commission on 1 December 2010 for a period of 2 years.

He is the Managing Director of Gapurna Sdn. Bhd. and a Board Member of the Gapurna Group. Datuk Mohamad Salim owns and manages property development and investment business through Gapurna Sdn. Bhd. and its subsidiary companies in the group. As a real estate developer, Gapurna is among the first to adopt the 'Green' concept. The hallmark developments that Datuk Mohamad Salim had 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 ("LEED")); and are hailed as industry benchmarks for being among the "Greenest, Most Sustainable and Integrated" developments in the country.

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. One of his notable achievements includes the reengineering of the processes for the modern distribution centre in Giant Sepang.

Datuk Mohamad Salim is the pioneer who introduced the "Super Store Petrol Station" concept to leading oil companies in Malaysia. He was also highly instrumental in the setup of the Malaysia-Pakistan Business Council which he now chairs. In recognition of his unwavering contributions to support the bilateral trade opportunities between Malaysia and Pakistan, he was awarded with the 'Medal of Excellence' by the Government of Pakistan.

In addition, he is also a Member of the Board of Trustees who has long served in Cheras Education Foundation and an Independent Non-Executive Chairman of British American Tobacco Malaysia Bhd.

Datuk Idris Abdullah

Datuk Idris Abdullah was appointed as a Commission Member on 7 November 2011. He holds a First Class Bachelor of Laws (Hons) from University of Malaya and later started his career as a lawyer in 1981.

Datuk Idris is currently a senior partner at Idris and Company Advocates, Kuching, Sarawak. He also holds several key positions in Malaysia and Singapore, namely as a Director of Bank Pembangunan (Malaysia Development Bank) Berhad, Chairman/Director of Pembangunan Leasing Corporation Sdn Bhd, Chairman/Director of PLC Credit & Factoring Sdn Bhd, Chairman/Director of Magnus Energy Group Ltd (listed on Singapore SESDAQ), Chairman/Director of APAC Coal Ltd (listed on Australian Stock Exchange), Chairman/Director of Xian Leng Holdings Bhd (listed on Malaysian Stock Exchange), Chairman/Director of Industrial Power Technology Pte Ltd and Director of Konsortium Rangkaian Serantau (Regional Network Consortium) Sdn Bhd. He is also a Commission Member of the Companies Commission of Malaysia (SSM).

Executive Committee



STANDING FROM LEFT TO RIGHT

Y.M. Tengku Zaib Raja Ahmad

Chief Services and
Support Officer

Dato' Mohd Ali Hanafiah

Chief Planning and
Development Officer

Dato' Jailani Johari

Chief Regulatory and
Supervisory Officer



STANDING FROM LEFT TO RIGHT

Nor Akmar Shah Minan

Acting Senior Director
Broadband Management

Laila Hassan

Acting Senior Director
Market Regulation

Nur Sulyna Abdullah

Acting Senior Director
International Affairs, Corporate
Communication and Legal

Mohd Shafie Othman

Acting Senior Director
Universal Service Provision

Koay Hock Eng

Acting Senior Director
Knowledge Management and
Information Resource

Yow Lock Sen *(not in picture)*

Acting Senior Director
Special Projects

Highlights of Statistics on Communications & Multimedia as at end of 2011

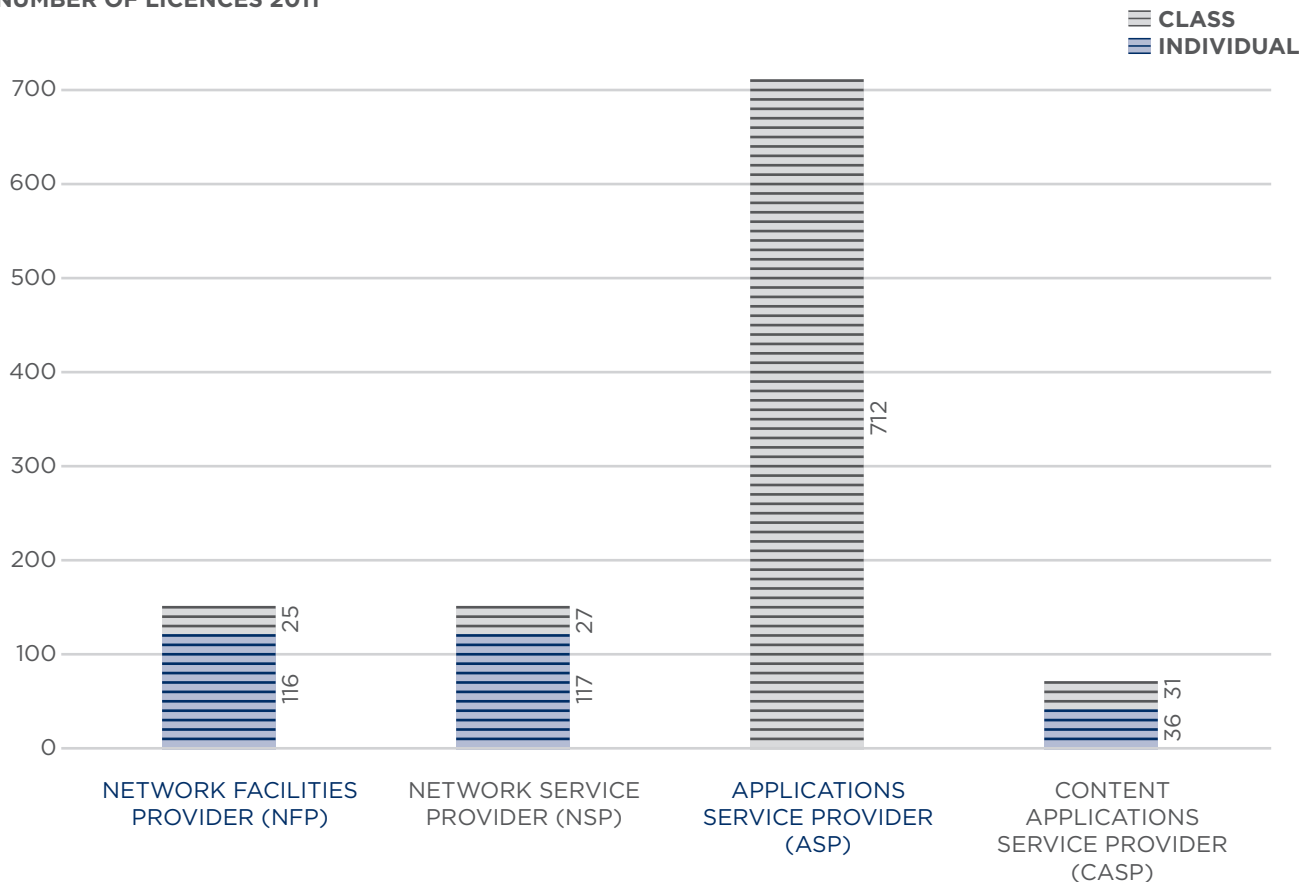
PENETRATION RATES AT A GLANCE

YEAR	BROADBAND		CELLULAR PHONE	DEL
	PER 100 INHABITANTS	PER 100 HOUSEHOLDS	PER 100 HOUSEHOLDS	PER 100 INHABITANTS
Note	a	b	c	d
2010	16.6	55.6	119.2	42.5
2011	19.4	62.3	127.7	37.3

Explanatory notes:

- a 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.
- b The broadband penetration rate per 100 households is calculated by dividing the estimated number of private households with broadband access by the number of private households and multiplying by 100. Non-private household subscriptions and public WiFi subscriptions are not taken into account.
- c The cellular telephone 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.
- d 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.

NUMBER OF LICENCES 2011



NUMBER OF BROADBAND SUBSCRIPTIONS AND PENETRATION RATE

YEAR	FIXED (WIRED) ('000)				WIRELESS ('000)			MALAYSIA NOTEBOOK ('000)	TOTAL ('000)
	ADSL	SDSL	FIBER	OTHERS ¹	MOBILE	PAY PER USE	OTHERS		
2011	1,733.4	9.6	68.4	14.6	2,071.2	601.7	290.4	123.0	4,912.3
TOTAL POPULATION ('000)									28,704.8

POPULATION PENETRATION RATE 19.4

HOUSEHOLDS

2011	1,448.2	0.5	59.6	5.5	1,295.2	601.7	283.7	123.0	3,817.4
TOTAL NUMBER OF HOUSEHOLDS ('000)									6,675.5

HOUSEHOLD PENETRATION RATE² 62.3

NON-HOUSEHOLDS

2011	285.2	9.1	8.8	9.1	776.0		6.7		1,094.9
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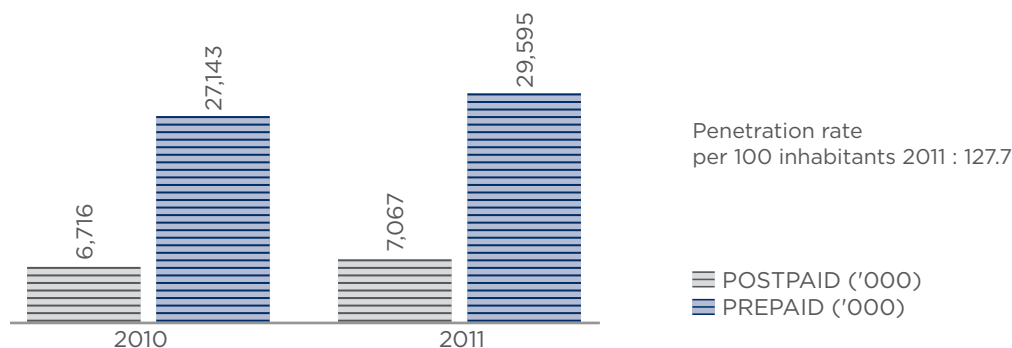
Explanatory notes:

Beginning this issue, broadband subscriptions are recategorised into Fixed (wired) and Wireless. WiMax falls under Wireless.

1 Including satellite, fixed wireless and VDSL

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

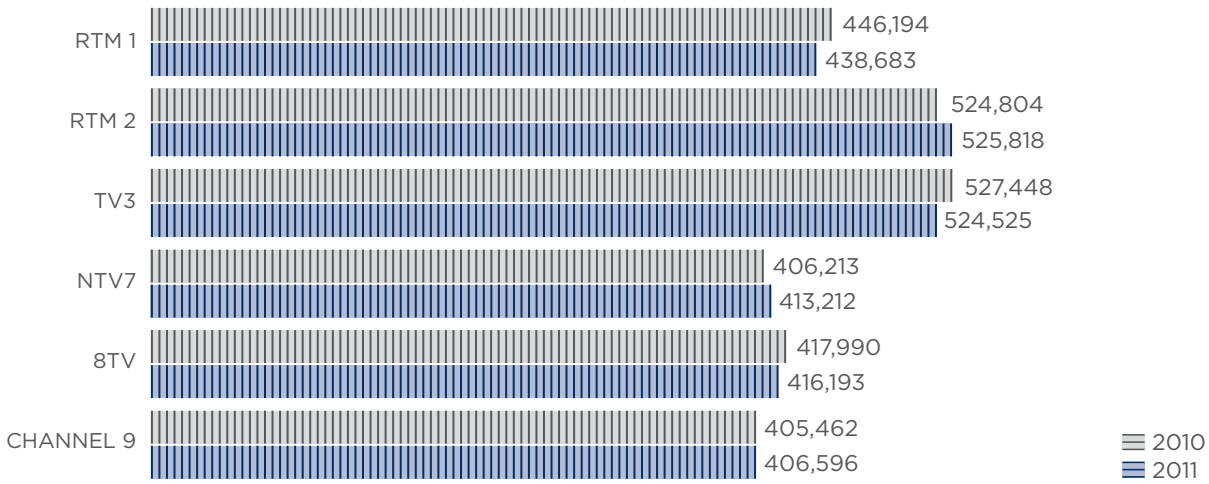
NUMBER OF CELLULAR TELEPHONE SUBSCRIPTIONS AND PENETRATION RATE



Explanatory notes:

The penetration rate refers to the total number of subscriptions divided by total population and multiplied by 100. A penetration rate of over 100% can occur because of multiple subscriptions. Includes 3G.

NUMBER OF BROADCAST MINUTES, FREE TO AIR TV

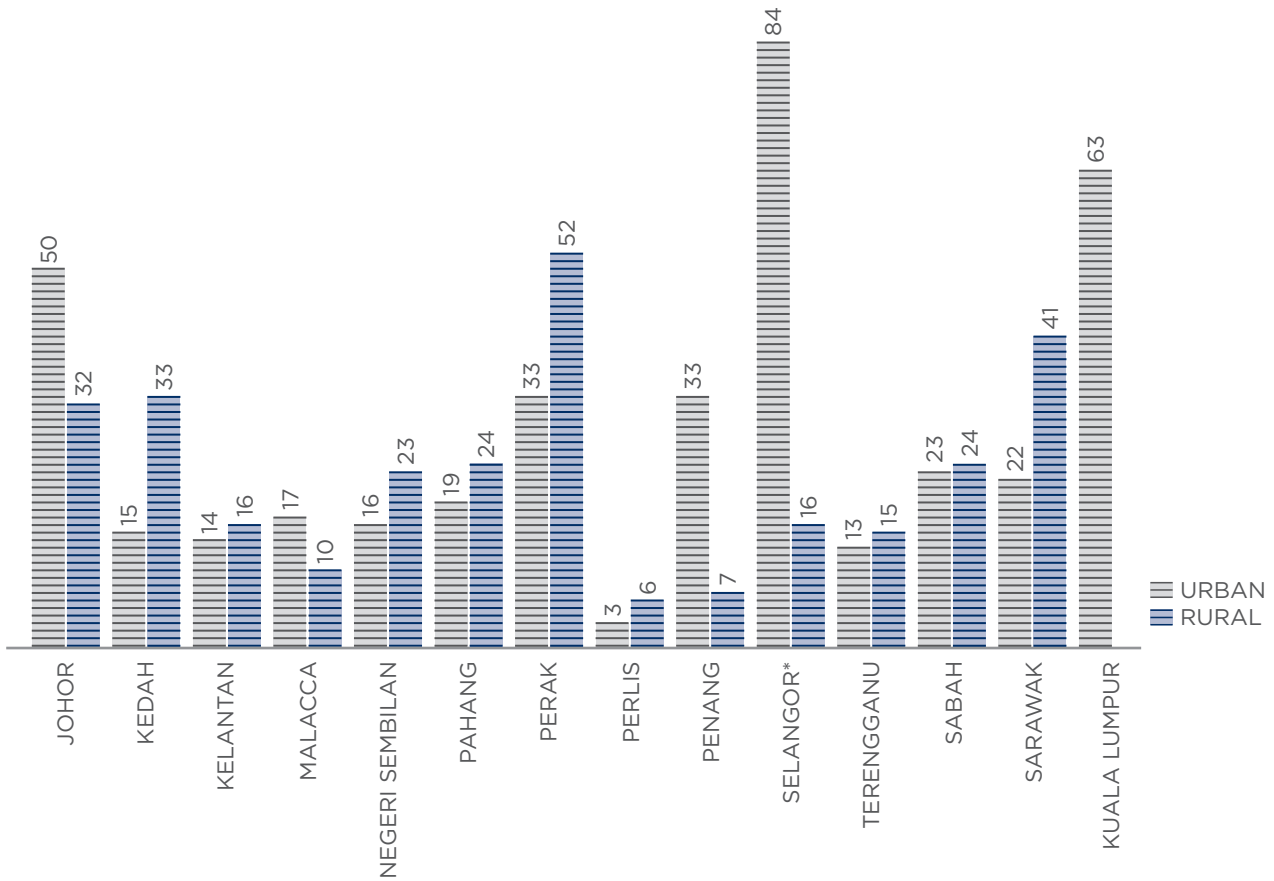


Source: AGB Nielsen

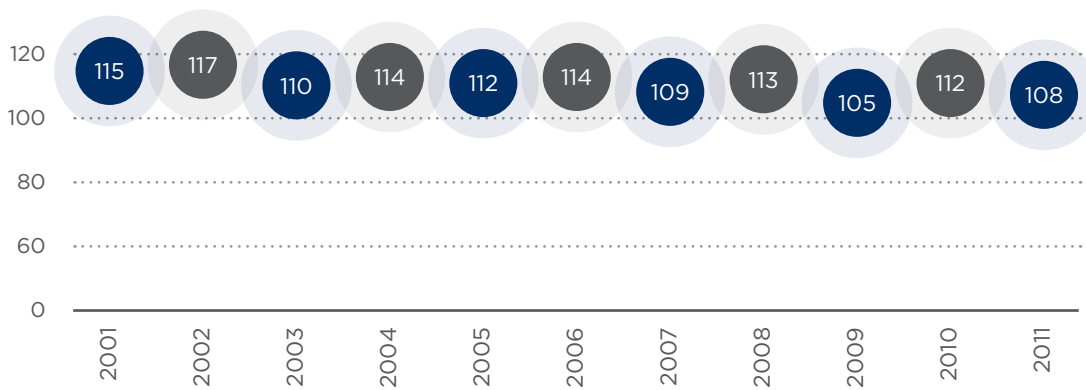
NUMBER OF PAY TV SUBSCRIPTIONS ('000)

YEAR	NUMBER OF SUBSCRIPTIONS ('000)			PENETRATION RATE PER 100 HOUSEHOLD
	HOUSEHOLD	NON-HOUSEHOLD	TOTAL	
2010	2,946	9	2,955	44.6
2011	3,039	11	3,050	45.5

POSTAL ESTABLISHMENTS



NUMBER OF COURIER LICENCES



As of 31 December 2011



Spurring Progress & Stimulating Growth

Broadband facilities are now becoming a basic necessity. In this century, it became the basic infrastructure rather than a form of luxury. It propels Malaysia in becoming a more competitive nation in the international arena.

BROADBAND & CONTENT

- BROADBAND MANAGEMENT
- ECONOMIC TRANSFORMATION PROGRAMME
- CONTENT DEVELOPMENT
- DIGITAL TRANSITION



2010 PENETRATION

2011 PENETRATION

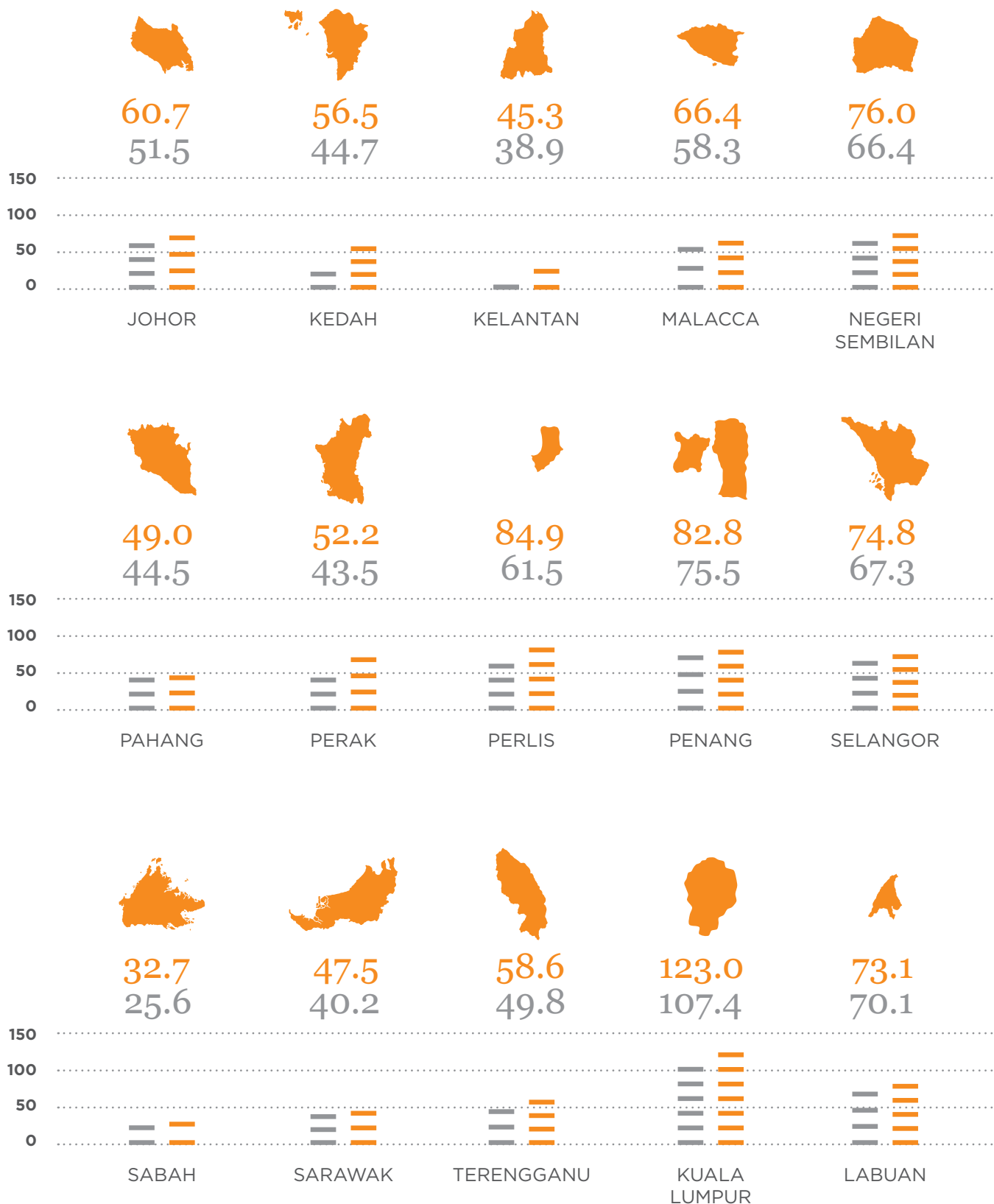


Figure 2 Household penetration rate by states

HIGH-SPEED BROADBAND

The implementation of high-speed broadband under the Public Private Partnership Agreement between the Malaysian Government and Telekom Malaysia Berhad (TM) has linked 1.16 million premises, with a total target of 1.3 million connections expected to be completed by the end of 2012. High-speed broadband connection involves the coverage area of 95 exchanges within high economic impact location and includes upgrading of the Metro network and the core network across the country as well as international networks abroad. Until December 2011, the total investment has reached RM4,801 million, and involved the access network, domestic and international core networks. In order to provide the core and access networks, 20,873 km of fibre optic cable has been installed throughout the country. The high-speed broadband services coverage area can be seen in Figure 3.

Unifi, one of the retail high-speed broadband services was launched in March 2010 and has recorded a total of 239,821 subscriptions, i.e. 204,365 for homes and 35,455 for business. This project had also connected 1,500 Government offices, 81 public and private universities and 27 Internet centres in urban and suburban areas.

Under the “open access” concept, 30,000 access have been offered to other telecommunication providers to offer high-speed broadband services under their own brand, which results in giving more choices to consumers. To date, more than 800 contractors and local companies have benefited from the training programmes and project implementation.

BROADBAND FOR THE PUBLIC

The initiatives to provide broadband services to the public are driven by private companies in competitive areas and Universal Service Provision

(USP) in underserved and rural areas. Through these two initiatives, the broadband coverage is extended to 81% of populated areas. Cell phone coverage has reached 95% of populated areas with cellular subscription rates exceeding 125%. USP initiatives are carried out through the implementation of Wireless Village (KTW) and Community Broadband Centre (CBC), and the construction of telecommunication towers to house the cellular transmitter system and wireless broadband.

A total of 1,408 KTW, 326 towers and 251 CBCs have been developed in rural and underserved areas. In addition, community access facilities are also made available at public premises such as libraries, Information Office and other locations.

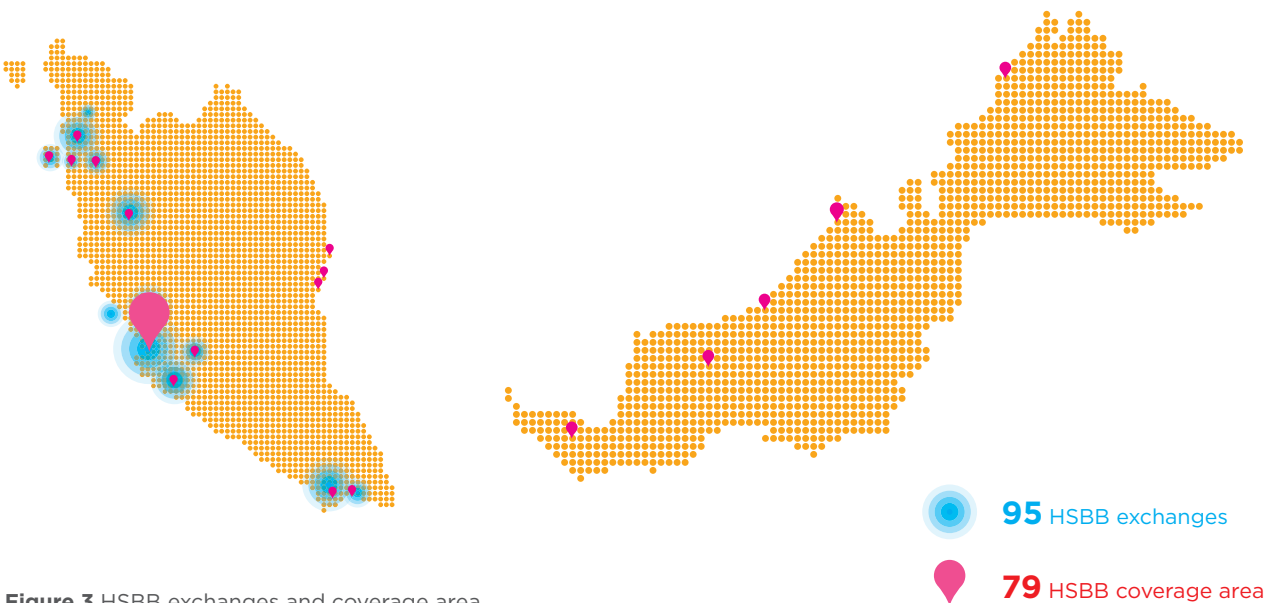


Figure 3 HSBB exchanges and coverage area

BROADBAND SUBSCRIPTIONS

Currently, the demand for wireless broadband services has increased to 55% of the total demand for broadband subscriptions. Breakdown of subscription packages according to the types of technologies used can be referred in Figure 4.

PROMOTING NATIONAL BROADBAND DEMAND

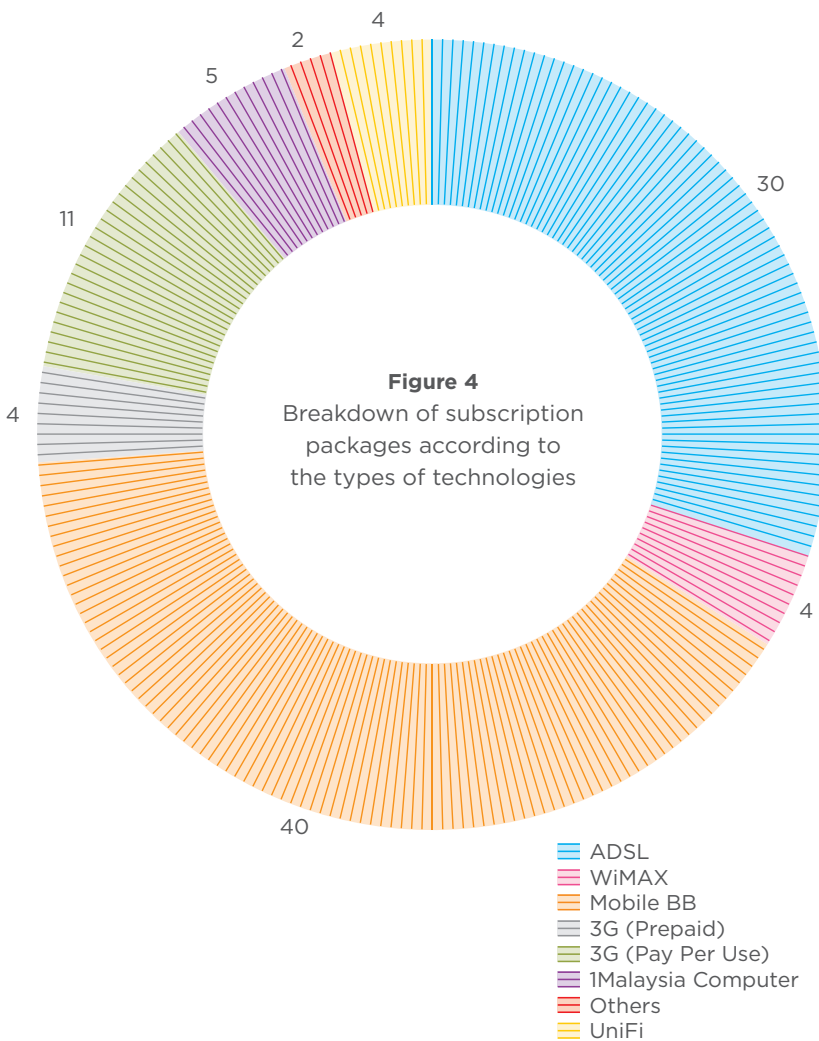
AWARENESS AND PROMOTION OF THE NATIONAL BROADBAND INITIATIVES

To promote demand towards broadband, focus has been given

on awareness, attractiveness and affordability aspects. As a measure to improve the user's knowledge on broadband, a number of activities were carried out through print and electronic media such as TV and radio ads. In addition, events such as the 1Malaysia Broadband Travel and 1Malaysia Broadband Carnival were also held throughout the country. These initiatives will be expanded to other states, especially in small towns where the broadband penetration rates are low.

A total of 6 events were conducted in Perak, Sarawak, Pahang, Sabah, Johor and Terengganu throughout 2011. Campaigns for local communities such as Siok Bah Broadband were also held in states with low broadband penetration rate.

Besides that, a training programme that included the aspects of ICT skills, development and content management, installation, troubleshooting and maintenance of the computer were also given to the general public, and were conducted in several CBCs. This training programme aims to help individuals to embrace ICT as a learning resource and as a channel to increase revenue. A total of 39,356 participants have participated and benefited from this programme. Rural residents who do not have the equipment and access to broadband can also register at the CBC to enroll in the ICT skills training programme.



Economic Transformation Programme

NATIONAL ECONOMIC KEY AREAS (NKEA) & COMMUNICATION CONTENT AND INFRASTRUCTURE (CCI)

National Key Economic Areas (NKEA) Content Communication & Infrastructure (CCI), which now has passed its first year of implementation, plays a key role in improving the quality of life of Malaysians. This is accomplished through providing universal access to enhance communication facilities and government services that improve productivity and business efficiency, which will further promote the development of technology and new applications.

CCI NKEA RESULTS

The Performance & Management Delivery Unit (PEMANDU) and Operating Committee with support from the ministries and agencies have identified 57 projects under the management and supervision of the 10 Entry Point Projects (EPP). The breakdown of number of projects in EPP is shown in Figure 5.

A total of 8 projects out of 57 projects was completed under the monitoring and management of CCI NKEA. These projects include:

- Establishment of Filming Incentives Division (EPP Creative Content)
- Establishment of the Creative Industries Division (EPP Creative Content)
- The launch of the 1Malaysia Email (EPP E-Government)
- Collaboration between the Government Transformation Plan (GTP) and Economic Transformation Plan (ETP) to ensure that the communications infrastructure used basic utilities (EPP Extending Reach)

In 2011, a total of 16 projects have been announced by the Prime Minister, including:

- Establishment of Konsortium Rangkaian Serantau Sdn Bhd (EPP Regional Network)
- Content Delivery Through IPTV System (EPP Creative Content)
- Launch of Online Business (EPP Connecting 1Malaysia)
- Launch of MedikTV Channel in hospitals and government clinics (EPP E-Health)
- Swiftlet Nest Online Traceability System (EPP Track & Trace)
- Wi-Fi facilities in Business Premises in Kuala Lumpur (EPP Broadband For All)

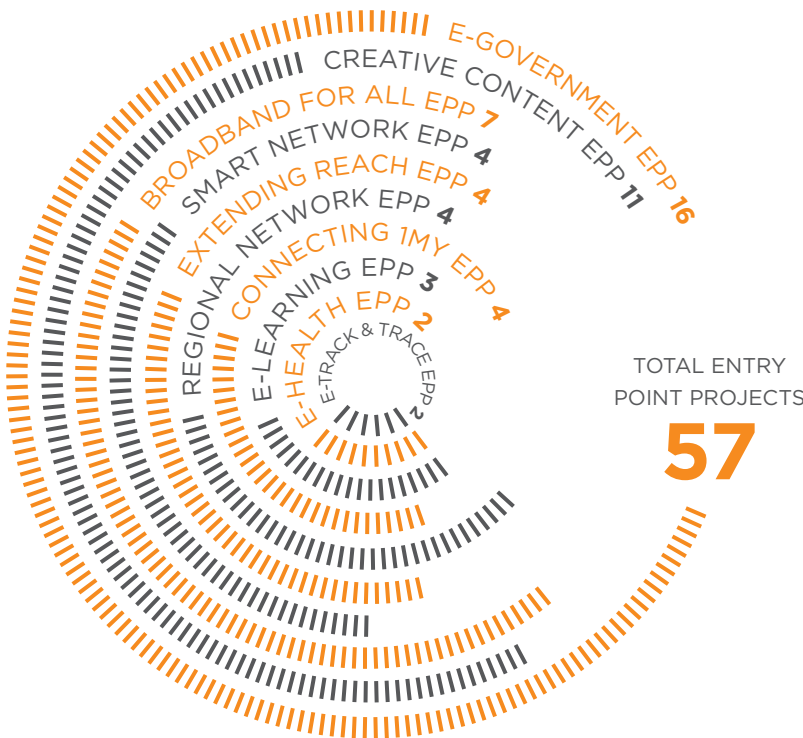


Figure 5 Breakdown of number of projects in EPP

CCI NKEA under the supervision of the Ministry Of Information Communications & Culture (MICC) is progressing well and has achieved the Key Performance Indicators 2011 that have been established, based on the three themes, namely Serving Tomorrow, Pushing Boundaries and Enhancing Foundations.

CCI NKEA CONTRIBUTIONS TO THE COMMUNICATIONS AND MULTIMEDIA INDUSTRY

CCI NKEA has significantly improved the country's level of communications and multimedia. With the USP initiatives, broadband coverage has been expanded, thus increasing the country's broadband penetration rate. Improving the delivery system and the online government communication through secure communication channels have also helped the public to perform government services efficiently and not limited to a particular device. Government Transformation Programme (GTP) and Economic

Transformation Programme (ETP) are working together and have managed to improve infrastructure in rural areas by providing basic amenities, including water, electricity, roads and telecommunications facilities and broadband services to everyone.

The application of more advanced technologies especially in the creation and delivery of creative content and electronic commerce has strengthened the country's total domestic value added. In addition, the introduction and use of new technologies and applications such as tele-presence and tracking system using Radio-frequency Identification

(RFID), development of new channels are also seen as a measure to improve efficiency in management.

With the continuous efforts between MCMC and the industry, Malaysia is on its way to becoming a more connected, educated and culturally competent nation. Through this, we are able to realise the goal of turning Malaysia into a high-income nation by 2020.

MOBILE SERVICES

124.7% or 35.7 million
SUBSCRIPTION OF CELLULAR SERVICE (Q3 OF 2011)

10 million
SUBSCRIPTION OF 3G SERVICES (Q3 OF 2011)

FIXED LINE SERVICES

2% or RM200 million
INCREASE OF REVENUE

POSTAL AND COURIER SERVICES

INTRODUCTION OF NEW COURIER SERVICE

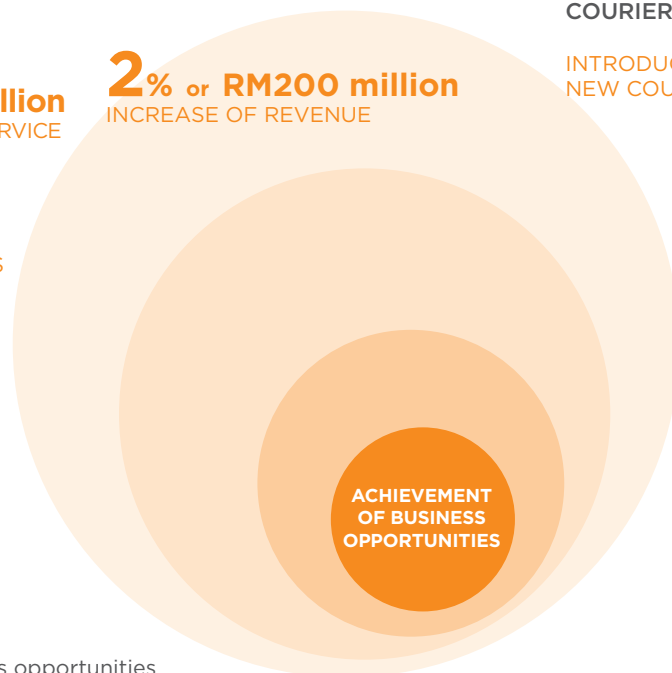


Figure 6 Achievement of business opportunities

of the target block approach to achieve the Digital Nation status. In order to gain benefit from the initiatives, the Digital Village concept was also introduced in district region to create a sustainable ecosystem.

The Digital Region programme shall give focus to the foundation that extends to the broadband services in terms of digital and wireless technology offerings. This Digital Village initiative also aims to promote a beneficial environment that can support effective knowledge-learning sessions and experience through CBCs.

DEVELOPMENT AND BASIC CONCEPTS OF DIGITAL VILLAGE

Referring to the Figure 9, Digital Village’s implementation will cover the following key aspects:

VALUE CREATION

This shall cover the development and delivery aspects of the content to promote and realise the demand for the local digital growth and opportunities through high quality access and affordability. It covers community outreach programmes and assistance from professionals of various fields, such as agriculture, health and education. The main driving force for realising value creation for sustainable economic ecosystem in rural areas is through digital empowerment.

SUSTAINABILITY

This concept aims to transform the CBC into a self-sustaining centre by fostering and nurturing the capabilities of the CBC.

QUALITY OF LIFE

This aspect will create new social and economic opportunities for the community through ICT empowerment, developmental programmes for people living in rural areas, health and maintenance support and place to store learning materials that can improve their qualities of life.

AN APPROACH TO DIGITAL VILLAGE INITIATIVE

Based on smart and strategic collaborations between interested parties in the communication field – the Government, public and private sectors together with MCMC, the Digital Village initiatives will see the alignment of all new initiatives from various stakeholders such as MDeC, GSIAC, EPU, PEMANDU and all related parties, as can be referred on Figure 10. In developing a comprehensive ecosystem, initiatives related to the development of the Economic Transformation Programme (ETP) and the Government Transformation Programme (GTP) should also strengthen the economy status of people living in rural areas. The role of MCMC through CBC, KTW, communication towers and the distribution of 1Malaysia Computer can support the Rural Transformation Programme (RTP) through this ecosystem. The exposure and the effectiveness of these RTP measures would also attract investments from private sectors, thus creating employment opportunities which can encourage the younger generation to return to their hometowns and work there.

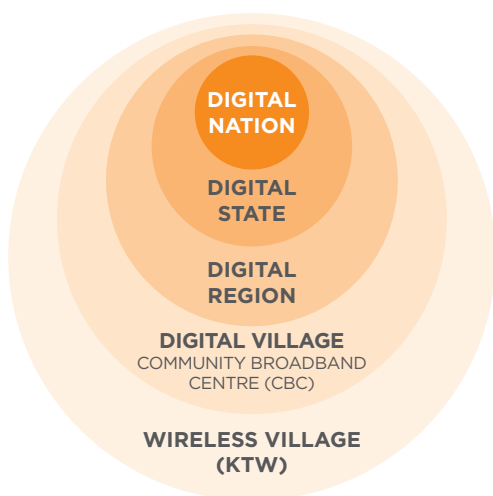
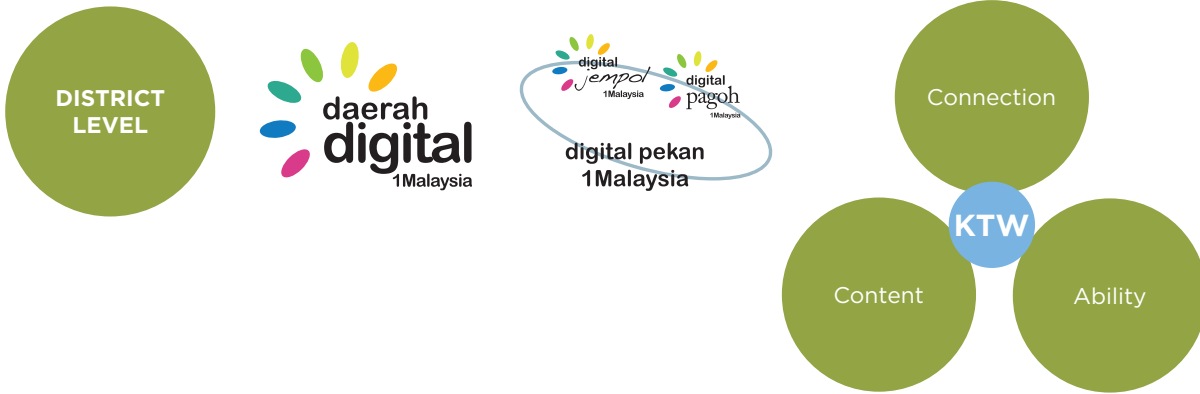
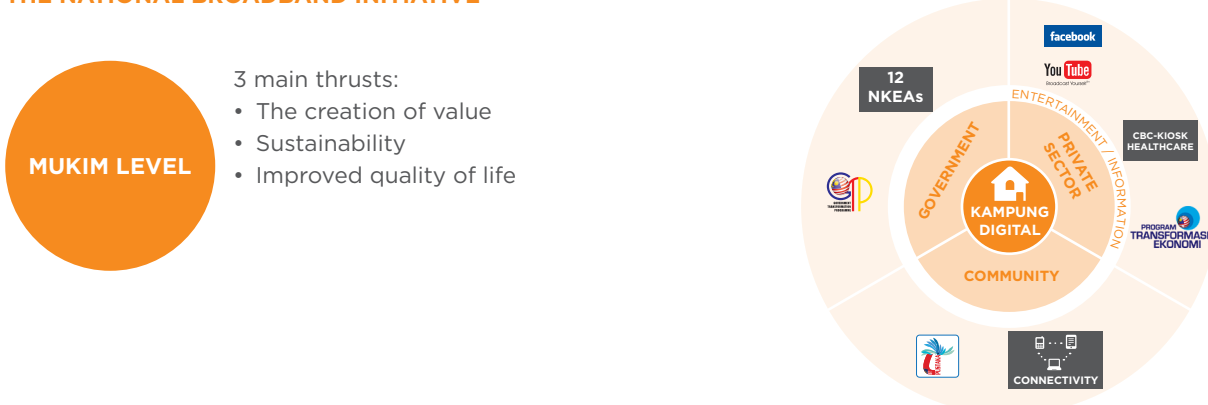


Figure 8 Target block approach to achieve the Digital Nation

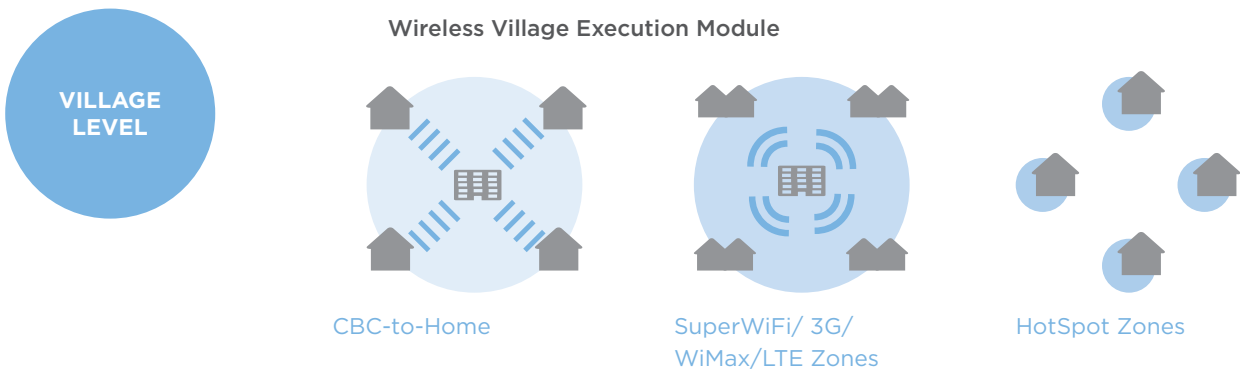
SPURRING THE CULTURE OF TECHNOLOGY



TRANSFORMATION OF THE RURAL ECONOMY THROUGH THE NATIONAL BROADBAND INITIATIVE



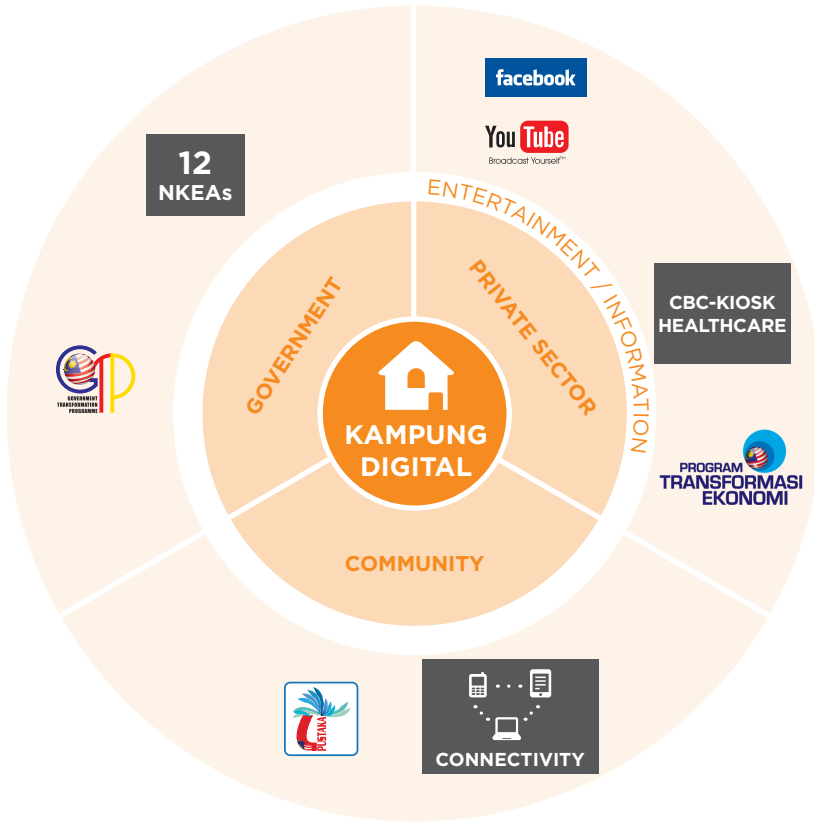
EXTENDING REACH THROUGH WIRELESS VILLAGE



RESULTS

- Empowering local entrepreneurs through ICT
- Increase the combination of various stakeholders
- Increasing GNI/GDP through the locals' creativity and productivity
- Extending the reach of rural and urban communities
- Bridging the digital divide
- Improve rural communication infrastructure

Figure 9 Digital District Development Block - Introduction to Digital Village Concept



"Smart Integration with various government agencies, the private sector and communities to generate economic growth in line with the ETP, GTP & SRI"

Figure 10 Digital Village Ecosystem

CURRENT PARTNERS

STRATEGIC PARTNERS

FUTURE COLLABORATION

APPLICATIONS SOFTWARE



DIGITAL MALAYSIA MASTERPLAN



SERVICE PROVIDERS



INFRASTRUCTURE



MODULES/RESEARCH





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:

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

NETWORK CONTENTS FRAMEWORK

Objectives:

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

Focus:

- a. Documentary
- b. Animation
- c. Original Format Programme
- d. Interactive Programme for Children
- e. Nation Building Programme (1Malaysia)
- f. New Media

Implementation Strategies:

- a. Incentives
- b. Capacity Development
- c. Policy and Regulation
- d. Exploring the global market

Development Scopes:

- a. Mobile Telephone Communication
- b. Broadcasting
- c. Internet

Target:

- a. Malaysian companies ranging from small and medium enterprises (SMEs) with at least 51% local shareholding.

Implementation Strategies:

- a. Incentives
- b. Capacity Development
- c. Policy and Regulation
- d. Exploring the global market

CONTENT DEVELOPMENT INCENTIVES

MCMC CREATIVE INDUSTRY DEVELOPMENT FUND (CIDF-MCMC)

MCMC has allocated RM100 million for CIDF-MCMC for a period of 3 years (2011-2013) which focuses on the development of television content, mobile content and Internet content. The purpose of this provision is to develop creative local content industry in line with the aspirations of national policy under the Communications and Multimedia Act 1998, which aims to make Malaysia a global hub for content development. Network Content Development Grant (NCDG), which was established in 2007 in accordance with MyICMS Blueprint (2006-2010) expired at the end of 2010 and the remainder of the grant funds have been absorbed into CIDF-MCMC.

The objective of CIDF-MCMC is to facilitate and encourage Malaysians to get involved in the creation and publication of creative, original, innovative and world-class multimedia content. This incentive strives to stimulate the development of the local creative industry, which eventually will drive the growth of our economy.

Table 1 shows the status of CIDF-MCMC as at 31 December 2011.

NO	DESCRIPTION	MICC'S AGENCY	NO. OF COMPANIES	TOTAL FUNDS APPROVED (RM)
1	CIDF-MCMC Projects under MCMC	MCMC	10	7,653,808.50
2	i. Strategic collaboration to develop TVi Content	RTM	26 (30 projects)	10,000,000.00
	ii. Nation-building Reality Programme	RTM	1	1,000,000.00
	iii. Bakat i (Sabah & Sarawak)	RTM	-	100,000.00
3	Patriotic Documentary Special Programme	FINAS	20	5,000,000.00
4	Patriotic Animation Special Programme	National Film Department of Malaysia	10	5,000,000.00
5	Local Animation Programme	MCMC	7	5,000,000.00
6	Fiction Animation Budget Allocation	FINAS	2	1,000,000.00
7	Sanctuary of Faith (Temple, Mosque & Church)	FINAS	1	150,000.00
8	Financial Help for Digitalisation	Balai Seni Visual Negara	-	500,000.00
9	Financial Help for Creative Industry	Kraftangan Malaysia	-	500,000.00
	Total		77	35,903,808.50

Table 1 Status of CIDF-MCMC Fund in 2011

C PATRIOTIC DOCUMENTARY SPECIAL PROGRAMME
 The Patriotic Documentary Special Programme is a strategic collaboration project between MCMC and the National Film Development Corporation Malaysia (FINAS) to develop a patriotism-themed documentary related to history, such as historical figures, historical sites and the study of historical events. For this initiative, MCMC has allocated RM5 million to FINAS from the CIDF-MCMC.

A total of 142 companies had been invited to the 'pitching' run by FINAS from 27 to 30 September 2011. For the second pitching, 37 companies were selected to present on 15-16 December 2011 before being shortlisted. The fund will be offered to 20 companies.

D PATRIOTIC ANIMATION SPECIAL PROGRAMME
 For this strategic collaboration between MCMC and the Department of National Film Malaysia (FNM), MCMC has allocated RM5 million of the CIDF-MCMC to develop animation with patriotic messages and to focus on the content on history such as historical figures and historical events.

41 proposals from 32 companies were received and invited to the 'pitching' conducted by the FNM from 26 to 28 September 2011.

From the pitching, a total of 10 companies had been approved to receive the CIDF.

E 7 LOCAL ANIMATION PROJECTS
 Seven companies were offered CIDF-MCMC with a total funding of RM5 million to develop animations with local content. The content will be based on 1Malaysia concept, folk, humor, elements of conflict and a display of interesting events.

CAPACITY DEVELOPMENT

MCMC GRANT FOR INNOVATIVE & CREATIVE CONTENTS & APPLICATIONS (MAGICCA)

MCMC Grant for Innovative & Creative Contents & Applications (MaGICCA) is offered specially to students in higher education institutions (HEIs) to develop projects related to high quality and potential content and application to be commercialised. MCMC will conduct a pilot project in Multimedia University (MMU) with a budget allocation of RM1 million for its first year. MaGICCA will be extended to all higher education institutions in Malaysia the following year if the pilot project in MMU receives encouraging response.

In addition, MCMC has also undertaken a number of initiatives in content development capacity. Among them is organising a competition to foster interest on content development among high school students in conjunction

with the Independence Day celebration. A competition to develop a Merdeka video with the theme "ICT and Independence" was conducted. The competition received overwhelming responses from high school students from across the country with a total of 1,282 entries. MCMC also organised online games in places like Felda Chemplak Barat, Sandakan, Tawau, Papar and Lahad Datu.

MCMC together with Post Production Animation and Creative Content Association Malaysia (POSTAM) organised the International Conference on Creative Content in 2011 on 27 September 2011. This conference is one of the many efforts to promote and expand the involvement of artists to produce competitive and marketable content locally and abroad. The presence of international speakers also created opportunities to exchange ideas among art activists to develop local content and learn the technical aspects of creating it.

In the effort to develop human capital capacity in animation and multimedia content industry, MCMC has donated RM25 million to ASWARA to establish the Digital Animation and Multimedia Laboratory. This proactive effort intends to nurture the talent, creativity and skills in the content industry. This will hopefully create a positive impact on the country's creative multimedia content industry.

Consistent with DIKN, among the major initiatives related to this policy are Malaysia Content Definition Guidelines that have been brought forward to MCMC in October 2011. These guidelines are provided to guide the content industry players, policy makers, broadcasters and telecommunications companies in developing, promulgating and regulating content in Malaysia. MCMC's active role in realising the implementation of DIKN and drafting of the DIKN Action Plan and Guidelines Definition Content Malaysia has managed to increase MCMC's credibility and image as one of the leaders in the development of content industry in Malaysia.

BENEFITS OF DIGITAL BROADCASTING

Analogue broadcasting uses a lot of spectral bands (7 or 8 Megahertz) from the total spectrum to broadcast a single TV channel. With digital broadcasting technology, a spectrum of the same thread can accommodate up to 10 digital TV channels.

Thus, people can enjoy more channels, while enjoying interactive and new applications at the same time such as T-commerce, T-info, T-newspapers and various channels of information to narrow the digital gap.

The quality of service is also improved as the transmission of digital TV channels using satellite platform is still reliable during bad weather.

TV needs more channels to open up opportunities for Government and industry to increase the production of local content to meet the preferences of people from all walks of life and foster the spirit of 1Malaysia.

The need and demand for more TV channels have opened up the opportunities for Government and the industry to increase the production of local content that can fulfil people from all walks of life, encouraging the spirit of 1Malaysia.

As spectrum is a scarce resource, the digitalisation of free TV channels will allow for more spectrums to be allocated for the purpose of providing new services to the people.

METHODS AND IMPLEMENTATION OF POLICY

In 2011, MCMC has continued the planning of national digitalisation project by refining the policies and methods of implementation and reviewing of standards and Digital Terrestrial TV broadcasting technology.

National Economic Council in April 2011, has agreed, among other things, that the allocation of spectrum would give priority to free-to-air broadcasters until the closure of analogue broadcasting services. Assignment of spectrum to paid broadcasters will be considered after the closing of analogue broadcasts.

National Economic Council has also agreed with the method of digital TV broadcasting infrastructure

through the appointment of a single infrastructure provider (Common Integrated Infrastructure Provider (CIIP)) that will build, operate and own the infrastructure, from the private sector. CIIP will then lease digital TV platform capacity to Government and all private broadcasters within the specified time frame.

This method of sharing digital TV transmission and broadcasting hub infrastructure between broadcasters would provide savings to the broadcasters, compared with the method in the analogue era. From this method, broadcasters no longer need to invest too much on purchasing and maintaining digital TV transmission equipments. These savings can be used for research and development of content and applications.

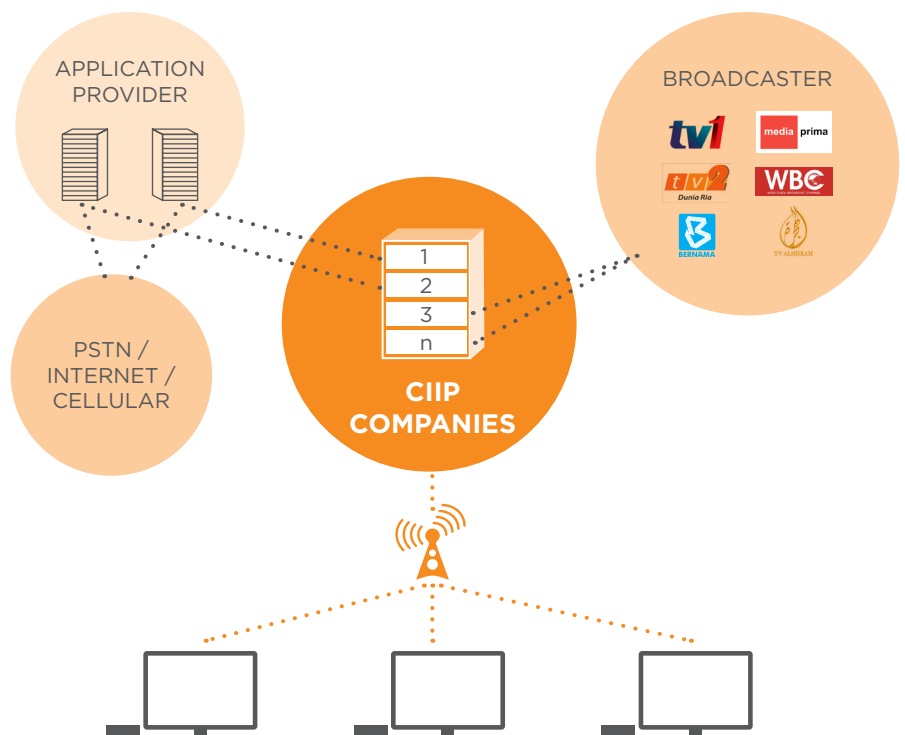


Figure 12 Infrastructure sharing by broadcasters through a single infrastructure provider

BROADCASTERS REQUIREMENTS AND READINESS

From July until August 2011, MCMC underwent consultations with broadcasters in preparing the policy framework and implementation of digital TV broadcasting infrastructure, an outcome from the National Economic Council.

MCMC also recognises the need of the broadcasters to include the numbers of new digital TV channels, target, and regional broadcast coverage area. All of these requirements have been included as part of the requirements in the RFP.

Until the end of 2011, the Government and all private broadcasters have been equipped with digital studio broadcasting equipment which includes the publication, recording and broadcast on the air.

EARLY EXPOSURE

To give early exposure to the industry in digital terrestrial TV broadcasting, MTSFB conducted a one-day seminar held at the Commission Headquarters on June 27, 2011. The seminar featured experienced speakers from inside and outside of the country where they shared information and experience in conducting the digitalisation of broadcasting to participants of the stations broadcasters, suppliers and manufacturers.

WITHDRAWAL OF TAX EXEMPTION TO PURCHASE EQUIPMENT AND BROADCASTING SYSTEM

Exemption period for the industry and broadcasters to purchase equipment and broadcasting system had expired in June 2011. To support the transition from analogue to digital broadcast which will cost a considerable amount in many years to come, MCMC together with MIDA gave the green light to carry on with this tax exemption. This measure is also important to ensure the healthy growth of the broadcasting sector.

THE NEXT STEP

MCMC will be appointing the new CIIP at the end of 2012. With the appointment of CIIP, the construction of broadcast transmission infrastructure can be implemented throughout Malaysia. People can expect to enjoy digital terrestrial TV broadcasts in 2013 for Klang Valley, followed by major cities across the country. Digital terrestrial TV coverage is expected to be enjoyed by 98% of the population by 2015.



Enriching Lives & Connecting the World

The provision of transparent and comprehensive services has been beneficial to all Malaysians. It allows them to connect to the world, share their knowledge and conduct businesses.

DEVELOPMENT

- DEVELOPMENT OF INFRASTRUCTURE & STANDARDS
- SPECTRUM POLICY & PLANNING
- UNIVERSAL SERVICE PROVISION



Development of Infrastructure and Standards

CERTIFICATION PROGRAMME

The Certification Programme by the Commission is subject to The Communications and Multimedia (Technical Standards) Regulations 2000. Section 186 of the Communications and Multimedia Act 1998 provides the method for MCMC to appoint Licensed Certifying Agencies to conduct a certification programme on behalf of MCMC. Until 31 December 2011, four organisations have been appointed as the MCMC's Licensed Certifying Agencies, which are shown in Table 2.

NO	ORGANISATION	CATEGORY	DATE OF APPOINTMENT
1	SIRIM QAS International Sdn Bhd (SQASI)	Certification for communication equipment	3 September 2003
2	Akademi Laut Malaysia (ALAM)	Certification of competence in skill areas designated for maritime radio operator	3 September 2003
3	Telekom Multimedia College (TMMC)	Certification of competence in skill areas designated for other than radio operator (cabling provider)	15 July 2002
4	Universiti Malaysia Terengganu (UMT)	Certification of competence in skill areas designated for maritime radio operator	1 March 2011

Table 2 Organisations appointed as the Licensed Certifying Agency by MCMC

MCMC also conducted its own competency certification programme in skill areas for amateur radio operators for Class A and Class B. Total certification issued in 2011 by the Commission and registered certification agencies are shown in Table 3.

The total number of certificates issued in the year 2011 amounted to 10,754, an increase of 12.8% compared to 2010, amounting to 9,537.

NO	CERTIFYING AGENCY	CATEGORY	TOTAL
1	MCMC	a. Amateur Radio Operator (Class A)	31
		b. Amateur Radio Operator (Class B)	1,330
		Total	1,361
2	SQASI	a. Communication Equipment (Telephony)	325
		b. Communication Equipment (Radio)	1,698
		Total	2,023
3	ALAM	a. AM Operator Certification (GOC)	1,091
		b. Restricted Operator Certification (ROC)	144
		Total	1,235
4	TMMC	a. Cabling Provider (New Issuance)	4,778
		b. Cabling Provider (Renewal)	1,345
		Total	6,123
5	UMT	a. AM Operator Certification (GOC)	12
		Total	12
GRAND TOTAL			10,754

Table 3 Number of certifications issued by the certifying agency

STANDARD DEVELOPMENT

In accordance with the provisions of the Communications and Multimedia Act 1998 (CMA 1998), MCMC has registered the Malaysian Technical Standards Limited (MTSFB) as the Industry Forum, beginning on the 27th of October 2004. MTSFB is responsible for developing the Voluntary Industry Code covering interoperability and security aspects of network facilities.

In 2011, MTSFB has developed a number of documents consisting of technical standards, technical specifications and guidelines that have been submitted to MCMC for registration. The documents are shown in Table 4.

NO	TITLE OF DOCUMENT
1	Guideline on IPv6 Implementation and Compliance Test
2	Technical Specification for Direct to Home Satellite Receiving Antenna
3	Technical Specification for Direct to Home Satellite Receiver
4	Technical Specification for Analogue Calling Line Identity Presentation Facility for Connection to Public Switched Telephone Network (revision to SKMM FTS P ACLIP Rev. 1.01:2007)
5	Technical Specification for Private Automatic Branch Exchange System for Connection to Public Switched Telephone Network (revision to SKMM FTS P PABX Rev. 1.01:2007)
6	Technical Specification for Digital Terrestrial Television Receiver (revision to SKMM WTS STB-FTA Rev. 1.01:2008)
7	Technical Standard for Compression Table of Service Information Descriptions for Digital Television Broadcast Service
8	Technical Standard for Middleware Profile of Digital Television Broadcast Service

Table 4 List of documents submitted

In addition, the MTSFB is also developing a number of standard documents that are expected to be completed in 2012. Among them are:

NO	TITLE OF DOCUMENT
1	Technical Specification for Terminal Equipment for Connection to Public Switched Telephone Network
2	Technical Standard of In-Building Fibre Cabling For Fibre-to-the-Premise
3	Technical Specification for Short Range Devices (Revision to SKMM WTS SRD Rev 1.01:2007)]
4	Technical Specification for Broadband Wireless Access Equipment (Revision to SKMM WTS BWA Rev 1.01:2007)
5	Technical Specification for GSM Mobile Terminals (Revision of SKMM WTS GSM Rev 1.01:2007)
6	Technical Specification for IMT-2000 Third Generation (3G) Cellular Mobile Terminals (Revision to SKMM WTS IMT-MT Rev 1.01:2007)]
7	Technical Standard for Asymmetric Digital Subscriber Line (ADSL) Transceivers (Revision to SKMM FTS ADSL Rev 1.01.2007)”
8	Technical Standard and Infrastructure Requirements (TSIR) - Part 4: Radiocommunications Network Infrastructure (Internal)
9	Technical Standard on Green ICT Work Practices
10	Technical Standard for Internet Protocol Television

Table 5 Standard documents for 2012

SEMINARS

SEMINAR ON COMPLIANCE IN CERTIFICATION REQUIREMENTS FOR COMMUNICATIONS EQUIPMENT UNDER THE COMMUNICATIONS AND MULTIMEDIA ACT 1998

A total of two compliance seminars were successfully held in year 2011. The seminar was jointly organised by SIRIM QAS International Sdn Bhd (SQASI), which is a Licensed Certification Agency for MCMC.

The seminar, entitled “Communications Equipment Under CMA 98” aimed to create awareness amongst manufacturers, importers and distributors regarding the legal requirements and procedures that must be observed for certifying communications equipment before it can be marketed in the country.

Details of both the organisation of the seminar are shown in Table 6. Due to overwhelming response, MCMC will continue organising similar events aside from holding road shows throughout the country, as a measure to expand it to various target groups of consumers in 2012.

COMPLIANCE SEMINAR ON SPECIFIC ABSORPTION RATE (SAR) AND FREQUENCY ELECTROMAGNETIC FIELDS (EMF)

On 20 October 2011, MCMC has announced the enforcement of compliance regarding the Specific Absorption Rate (SAR) and Frequency Electromagnetic Fields (EMF) for all communications equipment. The enforcement began on 2 November 2011.

With such enforcement, all radio communication equipment such as mobile phones and two-way radios must be made to comply with the limits set before being issued with certification by SQASI. Such a requirement is one of the MCMC initiatives to ensure the communications equipment complies with international standards and guidelines on the SAR and EMF towards protecting the health and safety of people.

MCMC and SQASI also organised a technical lecture titled ‘Understanding on Specific Absorption Rate (SAR) and EMF Exposure Requirements for Equipment Certification’ at MCMC’s Auditorium, Cyberjaya. The lecture was presented by Michael Milligan, the Secretary for the Mobile Manufacturers Forum (MMF).

NO.	DATE	VENUE
1	23 June 2011	Holiday Inn Hotel, Glenmarie, Shah Alam, Selangor
2	10 November 2011	Pullman Kuching Hotel, Sarawak

Table 6 Compliance seminars in 2011

PUBLIC AWARENESS SEMINARS

Some of the seminars and public awareness programmes organised by MCMC and MTSFB in the year 2011 are shown in Table 7.

NO	EVENT / SEMINAR
1	MCMC TecnoLab X'change - "Enhancing Property Value via Fibre Optics Broadband". This seminar was held on January 19, 2011, and was a joint effort between MCMC and Leader, assisted by MTSFB..
2	Smart Networks Seminar was held on March 24, 2011. The seminar was jointly organised by the MCMC and MTSFB and supported by Performance Management and Delivery Unit (PEMANDU).
3	World IPv6 Day Seminar was held on 8 June 2011. It was jointly organised by MCMC and MTSFB, with support from the Ministry of Information, Culture and Communications, Administrative Modernisation and Management Planning Unit (MAMPU) and 'The Internet Society (ISOC) '.
4	Digital Terrestrial Television Broadcast Seminar was held on 27 June 2011. This seminar was jointly organised between MTSFB and MCMC.
5	Importance of Standards and Migration to Smarter Network & Greener Technology Seminar was jointly organized by the MCMC and MTSFB in collaboration with the Telecommunication Technology Committee (TTC), Japan on October 12, 2011.

Table 7 Public Awareness Seminar organised by MCMC, MTSFB and the industry

HSBB

Until 31 December 2011, Telekom Malaysia (TM) has exceeded its target of 1,145,987 premises passed by hitting 1,165,758. The premises involved 81 exchanges in areas depicted in Table 8.

In terms of expenditure, TM has spent more than RM4.801 billion as of 31 December 2011. As agreed on the Public-Private Partnership (PPP) Agreement signed on 16 September 2008, the Malaysian Government has made a payment of RM2.26 billion as of 31 December 2011.

NO	AREA	NUMBER OF PREMISES
1	Klang Valley	1,077,520
2	Wilayah Persekutuan	39,008
3	Penang	25,248
4	Kedah	9,222
5	Perak	3,936
6	Negeri Sembilan	5,632
7	Malacca	5,192

Table 8 Number of premises passed in 2011

AMENDMENT OF LAWS PROVISIONS 25 UNIFORM BUILDING (UBBL) 1984

In May 2011, the National Council for Local Government has agreed to the proposed amendments to the provisions of the Uniform Building By-laws 25 (UBBL) 1984, approved by the Cabinet in November 2010.

The broadband penetration rate in new development areas can be increased by making communication facility a compulsory in new developments. With the availability of this provision, new developments should provide the basic telecommunication infrastructure to facilitate service providers in giving services to the residents. To implement this decision, MCMC is working with Kuala Lumpur City Hall to identify the processes, procedures and the necessary documents as a condition of issuance of completion and compliance (CCC).

To execute this, the developer is obligated to provide the communication infrastructures and equipments, including manholes and mains (internal and external) and cables (internal) according to the specifications and standards.

RF/EMF RADIATION SAFETY

MCMC is responsible for managing issues related to radiation safety/EMF at the national level. Thus, MCMC has partnered with the Malaysian Nuclear Agency to assess the compliance level of communication transmitters with the RF radiation levels. A total of 124 RF radiation testings were conducted throughout the country in 2011.

A series of radiation safety awareness forums were held in collaboration with MCMC’s regional offices MCMC. This forum is intended to convey accurate information on RF radiation emitted by the tower and transmitter

communication infrastructures as well as to correct the misconception regarding the effect of RF radiation on human health and safety.

For the first time, the forum highlighted the achievements of the world’s leading scientists in the field of radiation safety/EMF, Dr. CK Chou, who has over 40 years of experience in the study of the impact of biological, medical applications and exposure standards and measurement of electromagnetic energy. Dr Chou is also the Chairman of TC 95, Electromagnetic Safety International Committee of the Institute of Electrical and Electronics Engineers (IEEE), based in the United States.

STATE	DATE	VENUE
Penang	28 Jul	Bukit Jambul Resort
Negeri Sembilan	29 Nov	Nilai Springs Resort Hotel
WPKL/Selangor	30 Nov	Renaissance Hotel, KL
Malacca	1 Dec	Melaka International Trade Centre, Ayer Keroh
Johor	2 Dec	Persada International Convention Centre, JB

Table 9 RF Radiation Safety and Awareness Forums in 2011



EPP BROADBAND FOR ALL (BROADBAND FOR ALL) UNDER NKEA

MCMC has led EPP Broadband for All (BBFA) under the NKEA Content, Communications and Infrastructure (CCI), and strives for improved regulatory framework in coordinating communications infrastructure construction needs. Under the EPP BBFA, several initiatives have been carried out:

1. Industry focus groups aimed at identifying the technical requirements for the provision of communications infrastructure industry, including fixed and wireless.
2. Regulatory focus group aimed at updating and identifying regulatory requirements to enable the communication infrastructure is built.
3. Access focus groups aimed at identifying the steps necessary to enable the sharing of fixed infrastructure such as mains where it will accelerate the construction of new infrastructure such as fibre optics and become more economical.

CONNECTED@KL

One of the projects identified under CCI NKEA is Connected@KL, a project aimed at improving the use of and access to broadband facilities in Kuala Lumpur. With the cooperation of the Kuala Lumpur City Hall (DBKL), food premises under DBKL governance are required to provide internet access via Wi-Fi technology for the convenience of visitors and customers.

A survey involving almost 1,000 food premises in Kuala Lumpur was conducted in 2011 to determine the level of availability and to obtain an accurate picture before implementing the plan.

Terms of Wi-Fi installation were first enacted for new application and renewal of premise licences by the City Hall for in 2012 and involved food premises with an area of 120 square metres or more.

EXTENSIVE ENDPOINT SERVICE AVAILABILITY TESTING (EESAT)

EESAT, an acronym for Extensive Endpoint Service Availability Testing is a testing procedure on a cellular network based on Quality of Service Standards Mandatory for cellular services. The two main parameters measured were Dropped Call Rate (DCR) and Endpoint Service Availability (ESA). Mandatory standards for cellular

service quality have set that the DCR shall not exceed 5% and ESA shall not be less than 90%.

Cellular network service quality tests were conducted from 12 May 2011 - 24 June 2011 and involved Celcom, DiGi, Maxis and U Mobile and covered cities and main roads in almost all states in Malaysia except Penang and Perak. The areas involved in the test are shown in Table 10.

STATE	LOCATION
Klang Valley	Kuala Lumpur, Putrajaya, Cyberjaya, Klang, Gombak, Hulu Langat, Petaling, highways in Kuala Lumpur, Karak, Nilai, Seremban, Port Dickson, Smart Tunnel, ERL & LRT Putra
Malacca	Bandaraya Melaka
Johor	Johor Bahru, pinggir Johor Bahru
Perlis	Kangar, Padang Besar, Arau, Bukit Keteri, Chuping
Kedah	Alor Setar, Lebuhraya Bukit Kayu Hitam, Kuala Perlis, Sungai Petani, Gurun, Sik, Kulim
Pahang	Kuantan, Lebuhraya Pantai Timur, Bandar Pusat Jengka, Muadzam Shah, Beserah, Pekan, Gambang, Temerloh, Mentakab, Jerantut, Bera, Kuala Lipis, Raub
Terengganu	Kuala Terengganu, Dungun, Kerteh, Jerteh, Penarik, Kuala Berang, Chukai
Kelantan	Kota Bharu, Bachok, Tumpat, Pasir Mas, Ketereh, Pasir Puteh, Tanah Merah, Gua Musang
Sabah	Kota Kinabalu, Inanam, Likas, Putatan, Penampang, Sandakan
Sarawak	Kuching, Bau, Tebedu, Lundu, Serian, Bintawa, Miri, Bintulu

Table 10 Locations of EESAT

MyIX REPORT

Just 5 years after the First Phase of MyIX was established in Klang Valley, the industry through the Internet Operators Association of Malaysia (MyIX Association) as the operation manager is now able to continue operating without being too dependent on MCMC.

Prior to the handover to the industry, MCMC has helped to finance MyIX's capital expenditure (CAPEX) and operating expenditure (OPEX) for five years since its inception in December 2006.

Towards the end of 2011, MyIX Association membership has reached 43 members. Performances of the annual traffic have increased by an average of 20 times since MyIX began operations as shown in Figure 13.

MyIX 2011 BOARD MEMBERS

- 1 AIMS Data Center Sdn Bhd
- 2 TM Berhad
- 3 Jaring Communication Sdn Bhd
- 4 Maxis Broadband Sdn Bhd
- 5 Celcom Axiata Sdn Bhd
- 6 MyKRIS Asia Sdn Bhd
- 7 REDtone - CNX Sdn Bhd
- 8 TTDotCom Sdn Bhd
- 9 Packet One Networks Sdn Bhd

MyIX 2011 PERMANENT & ASSOCIATE MEMBERS

- 1 TM
- 2 Jaring
- 3 AIMS Data Centre
- 4 Maxis
- 5 Digi Communication
- 6 TT dotcom
- 7 REDtone CNX
- 8 Extreme Broadband
- 9 Free Net
- 10 Y-Max Services
- 11 V Telecoms
- 12 VDSL Network
- 13 MyKRIS Asia
- 14 Clear-Comm
- 15 NTT MSC

- 16 Packet One Networks
- 17 U Mobile
- 18 OCE
- 19 Celcom Axiata
- 20 GTC
- 21 Macro Lynx
- 22 YTL Communications
- 23 Astro
- 24 Sedco Communications
- 25 KKIPC
- 26 Net On Board
- 27 Pacnet Malaysia
- 28 Techavenue
- 29 IPServerOne
- 30 Piradius
- 31 Webvision Network
- 32 Hostemo Technology
- 33 Mudah.my
- 34 Webserver (ACME)
- 35 Fox Data
- 36 Gigabit Hosting
- 37 MyKris Penang
- 38 Exabyte
- 39 MNC Wireless
- 40 Pacific Link Telecom
- 41 Colohost
- 42 PP telecom
- 43 Aktif Setegap

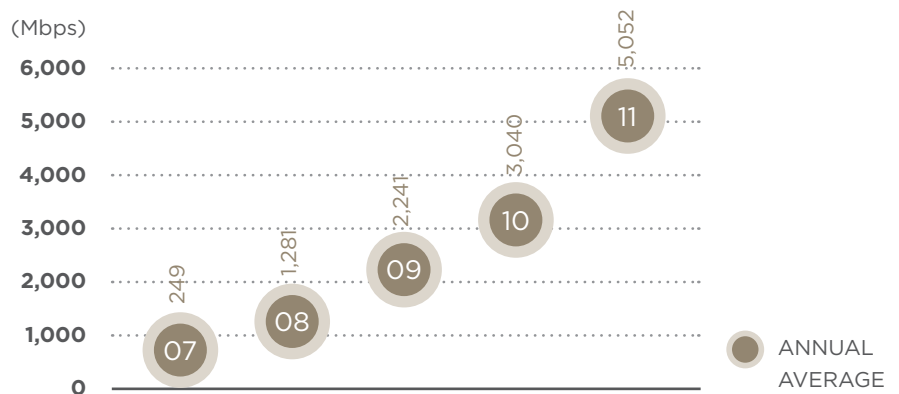


Figure 13 Performance of Annual Report Traffic

The enforcement agencies involved in accordance with the Strategic Trade Act 2010 include:

- 1 Royal Malaysian Customs
- 2 Royal Malaysia Police
- 3 Malaysia Maritime Enforcement Agency
- 4 MCMC

This Act is also supported by the

- 1 Attorney General Chambers
- 2 Ministry of Foreign Affairs
- 3 Disease Control Division, Ministry of Health Malaysia
- 4 Ministry of Agriculture and Agro-Based Industry Malaysia
- 5 Science and Technology Research Institute for Defence (STRIDE)

CONTROL ON STRATEGIC ITEMS

Control over the items contained in the Order of the Strategic Trade (Strategic Items) 2010 has been developed according to the following categories:

- 1 Category 0: Nuclear materials, facilities and equipment
- 2 Category 1: Special materials and related equipment
- 3 Category 2: Materials Processing
- 4 Category 3: Electronics
- 5 Category 4: Computers
- 6 Category 5: Telecommunications and "information security"

- 7 Category 6: Sensors and lasers
- 8 Category 7: Navigation and avionics
- 9 Category 8: Marine
- 10 Category 9: Aerospace and Propulsion

**MCMC is tasked to control strategic goods for Category 4 and 5.*

IMPLEMENTATION OF STRATEGIC TRADE ACT 2010 IN MCMC

On 21 July 2011, MCMC has put two officers in the Strategic Trade Secretariat (STS) to be exposed to the permit application processes and systems used to acquire the processing permits for Category 4 and 5.

STS will process the permits for controlled items under the supervision of MCMC until further notice.

STA PERMIT APPLICATION FOR CATEGORY 4 AND 5

Until 31 December 2011, a total of 382 online permit applications had been received for category 4 involving computers and category 5 involving telecommunications and 'information security'.

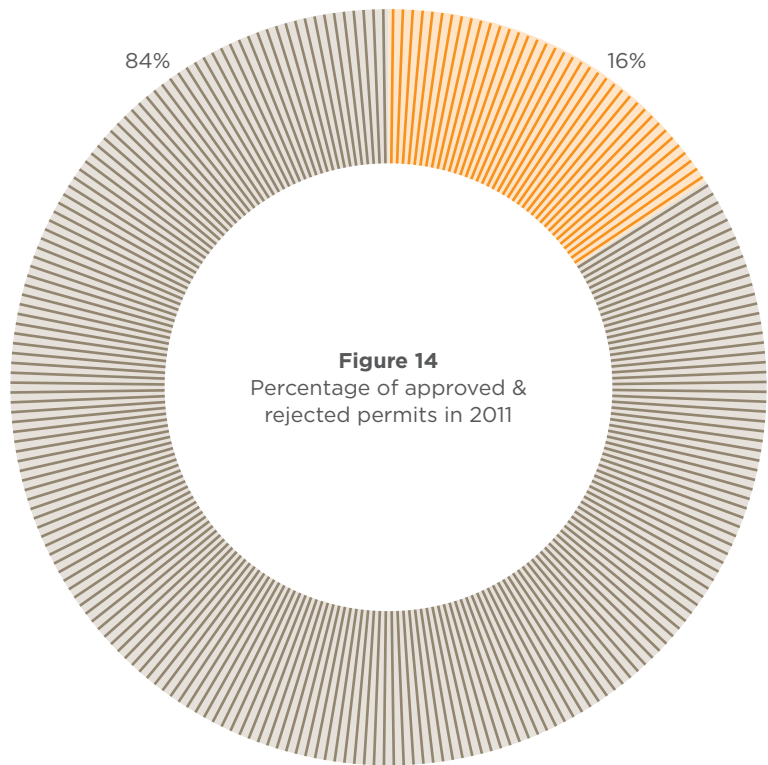


Figure 14
Percentage of approved & rejected permits in 2011

Spectrum Policy & Planning

Radio frequency spectrum involves the coordination between international parties and ITU as well as coordination with satellite systems and terrestrial space.

These activities must comply with the Radio Regulations (RR) and the set international frequency by ITU used worldwide. Among the activities conducted during the year 2011 are as follows:

Space Satellite Systems

Space Satellite Systems provide feedback to the demand to carry satellite coordination and interference published by ITU every week. A total of 400 responses to exercise coordination and notification of satellite interference were processed during 2011. The purpose of the feedback is to inform the

relevant countries about frequency interference, coordination between countries on a bilateral basis to reach an agreement to ensure that the relevant satellite network can share a frequency without causing interference to each other.

Satellite Coordination Meeting

Satellite Coordination is the process of determining the frequency at an orbital position and requires close coordination with the satellite frequencies for use in accordance with the rules and regulations set by each administration that can overcome interference problems between nations. Coordination rules are executed in conformity with the resolutions which have been agreed at the Union (ITU). A total of five satellite coordination meetings were held in 2011, as shown in Table 13.

ITU Frequency Registration for Satellite Transmitter Station

18 satellite transmitters have been registered in ITU in 2011.

Registration of Maritime Mobile Service Identity (MMSI) to ITU

Maritime Mobile Service Identity (MMSI) is a system that collects information or data for each registered ship from all around the world. It can be accessed by maritime users to check shared information directly.

The system is provided to support Global Maritime Distress Safety System (GMDSS) to identify the level of security and additional information related to a ship.

MMSI is a number consisting of nine digits uniquely given to each ship under maritime mobile service. The first three digits represent the license issuance country and is followed by six digits to identify the ships. A total of 170 MMSI numbers were registered in 2011.

NO	2011	ADMINISTRATION
1	July	Indonesia
2	September	United Kingdom
3	October	Turkey
4	November	China
5	December	United States

Table 13 Satellite Coordination Meeting

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

World Radio Communication Conference (WRC) is a conference under the auspices of the United Nations to discuss and coordinate the allocation of radio frequencies worldwide. It is held every three/ four years to consider and make changes to the Radio Regulations (RR) which require the provision and use of frequencies around the world.

MCMC is responsible for reporting the views of the industry and Malaysia's stand on each WRC agenda outlined. The view from the industry is gained through the National Preparatory Working Group (NPWG). Members of the working group consists of representatives from MCMC, Ministry of Defence, Royal Malaysia Police, the Civil Aviation Department and holders of the relevant licenses from the communications and multimedia sector and other stakeholders such as the Malaysian Amateur Radio Association (Marts).

MCMC's involvement is as follows:

- i Provide suggestions and recommendations for the formulation of Malaysia's views on every agenda of WRC-2012 in the Asia-Pacific Telcommunity Preparatory Group (APG), and
- ii Involved in the APG and the Conference Preparatory Meeting (CPM) to ensure Malaysia's views are taken into account. In 2011, the Commission attended the meeting in Geneva CPM and APG5 meeting in Busan, Korea.
- iii Joint Committee on Communications between Malaysia – Indonesia (JCC)
- iv Trilateral Coordination Meeting between Indonesia, Malaysia and Singapore

The determination of distance for zones coordination for use of the spectrum, the coordination of radio spectrum planning, registration of frequency used in border areas and solutions for interference in the area were some of the main agendas discussed in the sessions.

Technical Coordination Between Borders

Technical coordination in border areas is important to ensure an efficient use of frequencies that can solve the problem. Coordination is handled in accordance with specifications and regulations stipulated on the domestic and international levels.

There are four coordination platforms established to address the use of radio spectrum in the border areas of the country:

- i Frequency Assignment Committee of Singapore, Malaysia and Brunei Darussalam (FACSMAB)
- ii Joint Technical Committee between Malaysia – Thailand (JTC)

The registration of the use of radio frequencies to the ITU is also designed to protect the use of frequencies in Malaysia, especially in the area of the international border.

Bilateral Coordination Meeting between Malaysian Armed Forces (ATM) and MCMC

This bilateral meeting was held in December 2011 in Kuala Lumpur and aimed to discuss the issues related to the requirements and needs on spectrum management of ATM’s radio communication. It became one of the discussion platforms to ensure that each issue was handled well and given appropriate action. Meeting of members comprised of representatives from the ATM (representing all the services in ATM) and related departments in the MCMC.

Spectrum Planning

The new Spectrum Plan document was published on 27 September 2011. This document was based on the ITU Radio Regulations 2008 and is to replace Spectrum Plan document version November 2006.

Standard Radio System Plans (SRSP)

The basis of the legal requirements and technical aspects of the use of certain spectrum bands for wireless system or services are described in the Standard Radio System Plans (SRSP). Through the establishment of a working group consisting of government, communications and multimedia industry, broadcasters, consumer association on radio spectrum and higher education institutions, related matters were discussed to produce the above mentioned documents. These documents will be reviewed and revised to ensure that the needs of the current spectrum usage can be met. A review of the 13 above-mentioned policy documents by regular services has also been implemented to meet the requirements for the use of Satellite Services in the same band.

Negotiations between the industry and government agencies have been carried out to find the best solutions to address this issue so that users would only experience minimal impact while meeting the new requirements of the satellite sector.

A joint working group with the industry was established to develop a new policy to allow the Fixed Service to operate in the frequency band 4GHz and 80GHz. The new policy in this 4GHz band connects radio communication systems at the transmitter stations located on oil rigs in the middle of the ocean with the head office on land.

As for the new policy in 80GHz band, it will meet the needs of the industry in addressing the capacity demand of the consumers in the future.

Lecture Series

MCMC also organised three lectures on the use of spectrum, the latest wireless technology and the future prospects. These lectures were used as platforms for sharing knowledge, experience as well as strengthening the relationship between industry, government and other parties.

No LECTURE TOPICS

1	The Regulatory Impact of the Migration from Digital Mobile Radio (DMR)
2	Small Cell (Personalisation of Base Station)
3	Propagation Impairment Migration Techniques for Satellite Communication Systems

Figure 14 2011 Lecture Series

1MALAYSIA COMPUTER

1Malaysia Computer programme aims to distribute 1 million units of laptops/netbooks to high school students from Government/ Government-aided schools and students from the Public School/Private Higher, the poor and low-income groups living in underserved areas.

1Malaysia Computer programme targets to distribute 1 million units of laptops/netbooks to the target groups in three phases: Phase 1, Phase 2 and Phase 3.

Since announced by the Prime Minister on 24 March 2010, RM1 billion from the USP Fund has been allocated for the purpose of granting laptops/netbooks packages to target groups. In 2011, the 1Malaysia Computer programme continued with Phase 2 and Phase 3. The target group consisted of high school students from Government/Government-aided schools and students of Public/Private Higher Learning Institutions who came from low-income families living in underserved areas.

Apart from the benefits received by the target group of this program, the 1Malaysia Computer programme is expected to open up opportunities for small and medium enterprises (SMEs) in particular indigenous groups in various areas including innovation, content development, creativity and human development, installation of equipments, training and awareness campaign to users or collaborative engagement through the implementation of the activities. Consequently, this will increase the subscription rate for broadband services throughout Malaysia. Figure 16 lists the allocation of 1Malaysia Computer Phase 2 and Phase 3A throughout the country.

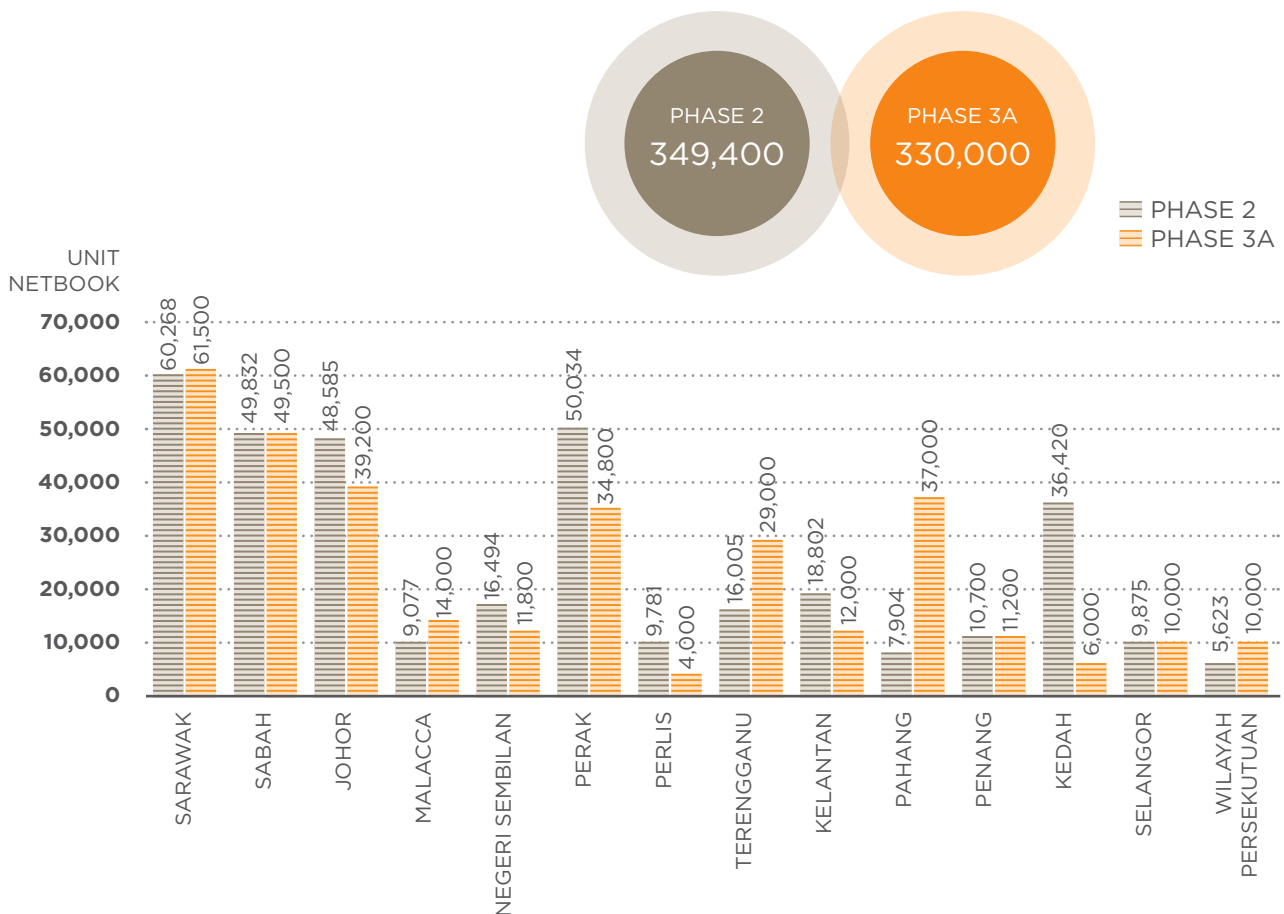


Figure 16 Provision of 1Malaysia Computer programme for Phase 2 and Phase 3A by state

TIME 3

Time 3 is a programme to expand cellular coverage targets by constructing 1,000 new telecommunication towers. Upon completion, the cellular population coverage is predicted to increase from 92% to 97%. The targeted areas include extreme rural areas across the country with a population of fewer than 80 people per square foot. In 2011, a total of 233 new towers were built and are now fully operational. In the same year, a total of 304 towers have started construction with another 336 have gone through the bidding process.

With an increase from 127 in 2010 to 233 towers in 2011, the cellular population coverage rate has increased from 95.12% to 95.43% by the end of 2011. Despite the small increase due to the low rate of population in the target areas, the impact on rural communities are still noteworthy as the community can now enjoy the convenience of cellular services in their respective areas. This is evidenced by record of high usage in the rural areas of new coverage in Sabah and Sarawak. Number of towers by state and their status in 2011 is shown in Figure 18.

The implementation is targeted for completion by end of 2012. With the completion of all these towers, cellular population coverage is projected to soar to 97%.

■ COMPLETED
■ UNDER CONSTRUCTION
■ IN PLANNING

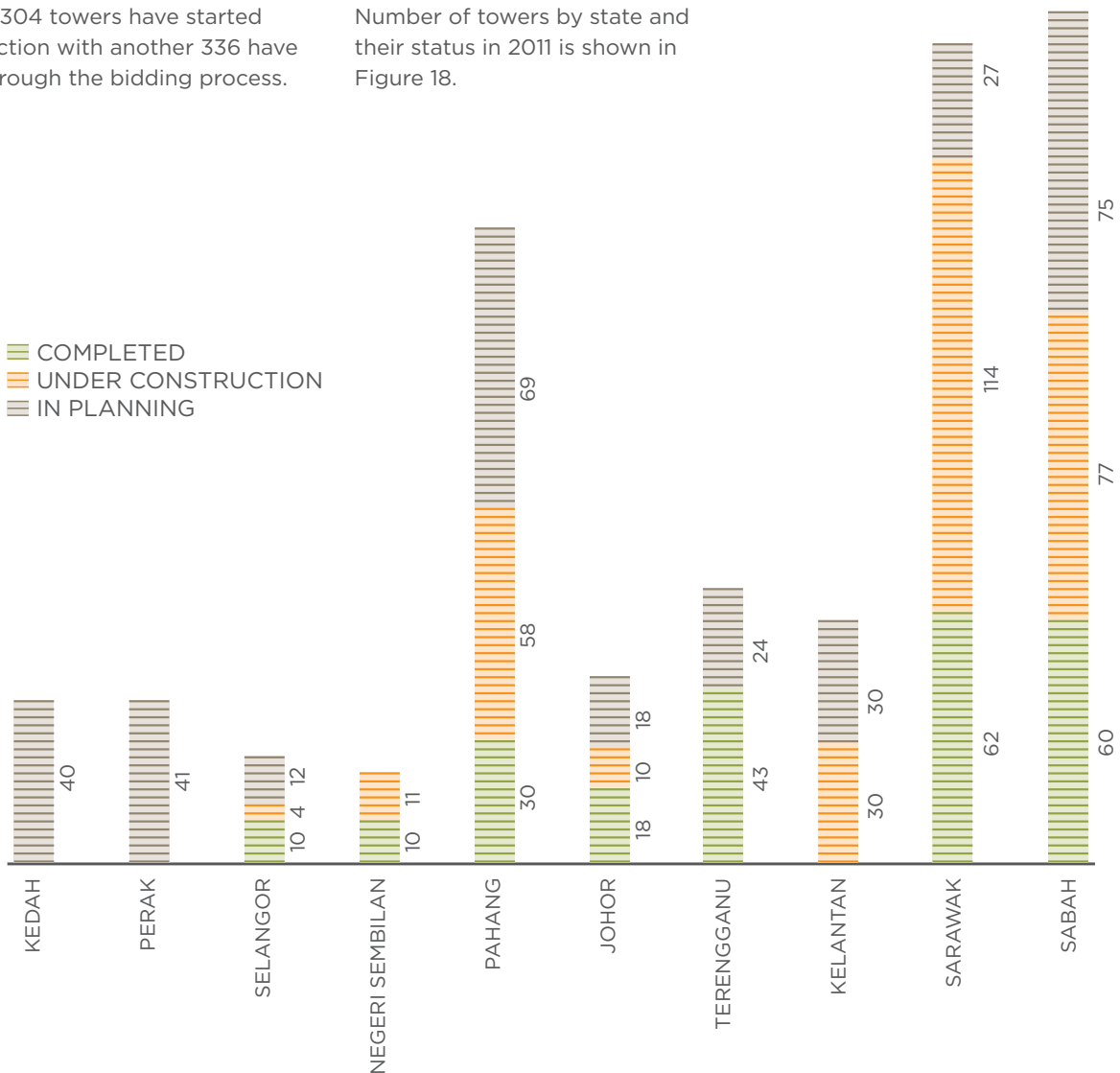


Figure 18 Number of towers according to states



Fostering Harmony

Proper guidelines and controls are essential to maintain the harmony and balance within the community. Interactions become easier and relationships between individuals are now more meaningful.

MONITORING & REGULATION

- MARKET REGULATION
- LICENSING & RESOURCE ASSIGNMENT
- MANAGEMENT & ASSIGNMENT OF NUMBERS
- COMPLIANCE
- REGULATION & ENFORCEMENT
- POSTAL & COURIER SERVICES
- DIGITAL SIGNATURE

Licensing & Resource Assignment

ASSIGNMENT ACTIVITIES

MCMC is the agency responsible to issue assignments on the use of radio frequency assignment. It covers all uses of radio frequency categories under the Spectrum Assignment (SA), Apparatus Assignment (AA) and Class Assignment (CA). This section provides a report on the work and activities undertaken by the Radio Spectrum Allocation Department (RSAD) in 2011.

TYPES OF ASSIGNMENT

1 Spectrum Assignment

Based on the IMT2000 Spectrum Assignment, a total of 55,518 base stations have been installed in 2011. Table 10 shows the number of base stations installed by Celcom, UMTS, U Mobile and DiGi for the year 2011. The total proceeds from Celcom, UMTS, U Mobile and DiGi were approximately RM126 million,

obtained through Spectrum Assignment Fees, Spectrum Maintenance Fees and Change in Spectrum Assignment Fees. Table 11 shows the total of fees collected from the Spectrum Assignment in 2011.

REGION / OPERATOR	CELCOM	UMTS	U MOBILE	DiGi	TOTAL
Northern	4,426	4,343	814	688	10,271
Eastern	2,258	2,688	24	21	4,991
Central	9,464	9,452	3,291	2,007	24,214
Southern	4,913	4,489	632	540	10,574
Sabah	1,311	841	-	583	2,735
Sarawak	1,458	1,107	-	168	2,733
TOTAL	23,830	22,920	4,761	4,007	55,518

Table 10 Total base stations installed by the operators in 2011

ASSIGNMENT HOLDERS	SA FEE	SA MAINTENANCE FEE (2011)	SA MODIFICATION FEE (RM)	TOTAL (RM)
CELCOM		41,760,800		41,760,800
UMTS		38,505,600		38,505,600
U MOBILE	22,200,000	7,998,480	1,000	30,199,480
DiGi		15,602,160		15,602,160
TOTAL (RM)	22,200,000	103,867,040	1,000	126,068,040

Table 11 Total of fees collected from the Spectrum Assignment in 2011

2 Apparatus Assignment

Referring to Table 12, the number of new applications and renewal applications for Apparatus Assignment processed and approved stood at 17,429 and 83,146.

TYPE OF ASSIGNMENT	NEW APPLICATION	RENEWAL APPLICATION	TOTAL
Ship Stations	269	852	1,121
Aeronautical Mobile Stations	122	318	440
Land Mobile Stations	359	1122	1481
Amateur Stations	1,649	1981	3,630
Broadcasting Stations	721	206	927
Flight Service Stations	9	52	61
Cellular Radio Base Station	1,267	22,518	23,785
Permanent Land Stations	3,183	6,237	9,420
Microwave Stations	9,076	46,045	55,121
Earth Stations	774	3,815	4,589
TOTAL	17,429	83,146	100,575

Table 12 Number of apparatus assignment applications by type of services for the year 2011

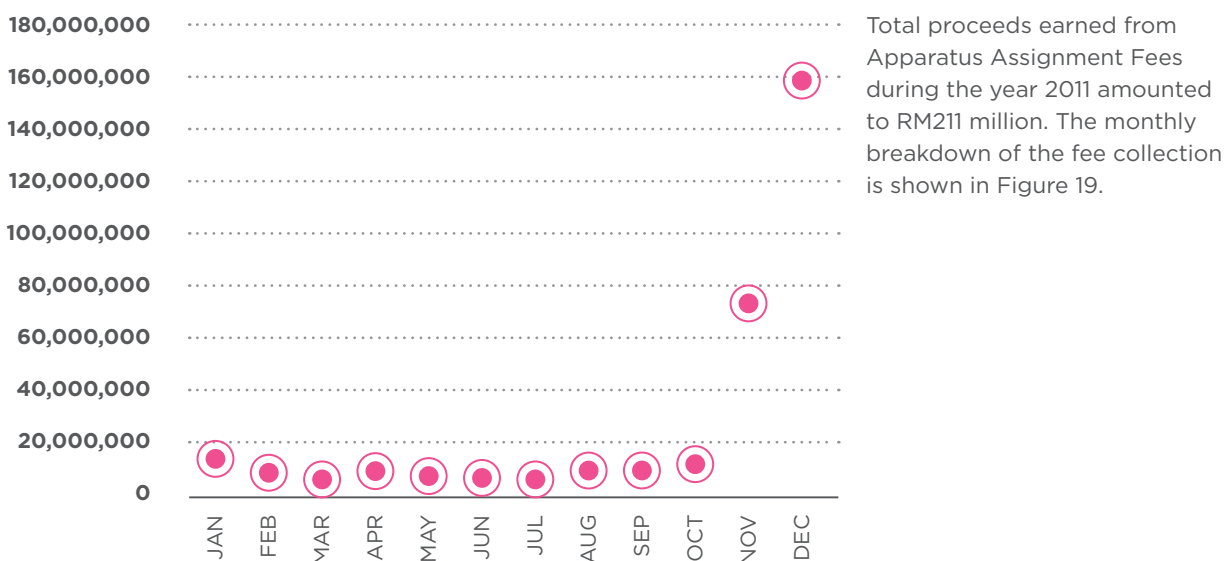


Figure 19 Total Apparatus Assignment Fees collected in 2011

3 Apparatus Assignment Verification Audit

Inspection and compliance verification activities on Apparatus Assignments undertaken by the Radio Spectrum Assignment Department (RSAD) are to ensure that all communication equipment has Apparatus

Assignment Certificate and complies to the terms and conditions determined by MCMC. A total of six inspection and verification activities have been conducted throughout the country involving a total of 2,357 Apparatus Assignment. Information related to these activities is shown in Table 13.

NO	DATE	APPARATUS ASSIGNMENT INSPECTIONS CONDUCTED	LOCATION	TOTAL APPARATUS ASSIGNMENTS INSPECTED
1	25-28 January 2011	WiMAX transmitter stations owned by YTL Communications Sdn Bhd in the Northern Region	Perak, Kedah, Penang and Perlis	565
2	1-4 March 2011	WiMAX transmitter stations owned by YTL Communications Sdn Bhd in the Southern Region	Malacca and Johor	444
3	10-13 May 2011	WiMAX, Fixed Services and Mobile Services transmitter stations in the Eastern Region	Pahang and Terengganu	608
4	18-21 October 2011	WiMAX, Fixed Services and Mobile Services transmitter stations in the Northern Region	Perak and Kedah	308
5	9 November 2011	VSAT stations in Karak, Pahang and Banting, Selangor	Karak, Pahang and Banting, Selangor	4
6	22-25 November 2011	WiMAX, Fixed Services, Mobile Services and Broadcasting Services transmitter stations in the Sarawak Region	Miri and Limbang	428
TOTAL APPARATUS ASSIGNMENT INSPECTED				2,357

Table 13 List of inspection and compliance verification activities in 2011

4.2 Verification of Broadband Wireless Access Transmission Trial

4.2.1 Confirmation of trial transmission of LTE technology using 2.6 GHz frequency band

MCMC has approved the apparatus assignment for Long Term Evolution (LTE) technology testing at selected locations to few of the licencees. It is intended to provide an opportunity for them and for MCMC to identify potential and actual capabilities of LTE technology using 2.6 GHz frequency band.

Subsequently, inspection and verification activities for LTE trials have been carried out by MCMC. During the year 2011, MCMC has approved trial LTE using 2.6 GHz band to four companies. The approved trial period is for a maximum of six months, up until 31 December 2011. Three of the companies have conducted trials in Klang Valley area while another one held the trial in the state of Johor. A total of 12 base stations accreditation audit were conducted.

4.2.2 Verification of LTE TDD (Time-Division Duplex) Technology Transmission Trial using the 2.3 GHz frequency band

Verification of trial transmission using LTE TDD technology in the 2.3 GHz frequency band was also carried out in Selangor. The objective of these trials is to test the functionality and capabilities of these technologies in static and mobile applications.

4.2.3 Verification of LTE Technology Transmission Trial using the 850 MHz frequency band

Verification activities of LTE technology trial transmission in 850 MHz band are done to test the capability of LTE technology and the coverage area by using the lower band frequency

Information on verification activities are shown in Table 16.

DATE OF ACTIVITY	LOCATION
24 March 2011	Menara Atlan, Kuala Lumpur Wisma Celcom, Kuala Lumpur
13 April 2011	Quill 7, KL Sentral, Kuala Lumpur
5 July 2011	Wisma GP, Petaling Jaya Highway Center, Petaling Jaya
13 July 2011	Mutiara Hotel, Johor Bahru
11 November 2011	PTP, Johor Johor Port, Johor
14 December 2011	SHT Tunnel, Shah Alam Batu 3, Shah Alam Central Sugar Shah Alam Subang Hi-Tech, Shah Alam

Table 15 Locations of the trial LTE 2.6 GHz

DATE OF ACTIVITY	LOCATION
11 September 2011	Mutiara Hotel, Johor Bahru PTP, Johor Johor Port, Johor

Table 16 Locations of the LTE 850 MHz Technology Trials

8 Approval on Apparatus Assignment and Licensing Division Committee Meeting

As a measure to improve customers' experience, MCMC has undertaken the initiative to organise the Apparatus Assignment Approval Committee Meeting. The objective of the meeting is to ensure that all apparatus application are processed according to customer charter and comply to the policies and guidelines.

The Committee is chaired by the Senior Director of Licensing and Assignment and staffed by the Director of Radio Spectrum Assignment, Director of Spectrum Policy and International Technical Coordination, Director of Engineering and Spectrum Interference Resolutions, Director of Policy Research and Development



Department, Director of Licensing Department, and Director of the Competition and Access Department.

The meeting is conducted on a weekly basis. A total of 42 meetings were conducted during the year 2011, which has reviewed and considered the application apparatus throughout 2011.

9 Awareness on Apparatus Assignment Course

In 2011, MCMC has organised awareness courses for shippers, private network and amateur radio to give exposure on the apparatus assignment. Briefing sessions were also conducted for MCMC Regional Officers and Satellite Vehicle Tracking users on e-Spektrum. Table 18 shows the list of awareness programmes related to apparatus assignment conducted in 2011.

MONTH	PROGRAMME
Jan 2011	Briefing on functional application of e-Spektrum to satellite vehicle tracking users at MCMC, Cyberjaya
Feb 2011	Briefing on class assignments, introduction to AAIG, private network, ship stations, amateur radio stations and aircraft at MCMC, Cyberjaya with MCMC Regional Officers. Seminar on Amateur Radio at Shah Alam Convention Centre
Dec 2011	Marine Resources Awareness Programme with Perlis Department of Fisheries Seminar on Amateur Radio at Shah Alam Convention Centre

Table 18 The list of awareness programmes related to apparatus assignment conducted in 2011

Issuance of Class Licence under the CMA 1998

A total of 25 applications were received for registration of NFP, 28 for NSP, 31 for CASP and 713 for ASP, as shown in Table 19.

LICENCE CLASS	NUMBER OF REGISTERED LICENSEES
NFP	25
NSP	28
CASP	31
ASP	713

Table 19 Number Of Registration For The Various Class Licences

Application for variation of Individual Licence Conditions/ Surrender or Transfer of Individual Licences

In addition to the new licence application, MCMC also handles the processing of applications to modify, alter or revoke the conditions, or impose further conditions of the individual licences in 2011.

Applications to modify the conditions of the licences were received for 11 NFP individual licences and 5 CASP individual licences; with 10 of them being approved by the Minister – 10 applications to modify the NFP (I) licence and 5 to modify the CASP (I) licence.

The applications to modify NFP (I) licence were related to types of network facility, the scope of licence and the operational area of the licence holder. While for the CASP licence, the applications involved the location of the control centre and the conditions of the content.

In 2011, a total of 3 licensees had surrendered their licences. They are Magxo Sdn Bhd, Best Multimedia Sdn Bhd and Asiaspace Digital Network Sdn Bhd. Magxo Sdn Bhd has surrendered their NSP (I) licence, Best Multimedia Sdn Bhd has surrendered their NFP (I) and NSP (I) licences while Asiaspace Digital Network Sdn Bhd has surrendered NFP (I), NSP (I) and CASP (I) licences. As a result, these companies are no longer holding any licences.

The list of licensees whose licences were revoked due to the failure to pay their annual licence fee is shown in Table 20.

The individual licensees that had transferred the ownership of their individual licenses in 2011 are as follow:

- 1 Setia Haruman Sdn Bhd has transferred the NFP (I) and NSP (I) licences to Setia Haruman Technology Sdn Bhd effective 23 May 2011; and
- 2 Asia Media Sdn Bhd has transferred NFP (I), NSP (I) dan CASP (I) licences to Maha Semarak Sdn Bhd effective 13 December 2011.

Nominated facilities provider

Pursuant to Section 130 CMA 1998, the Minister may, on the recommendation of MCMC, determine that licenced network facilities, besides the owner of other network facilities, is a facility provider for the the network facility for the purpose of CMA 1998, if the Minister is satisfied that the nomination will not impede the attainment and administration of CMA 1998.

In 2011, Fibrecomm Network (M) Sdn Bhd was appointed as the named Facility Provider over two determinations by the Minister for two separate agreements with Tenaga Nasional Berhad and Sabah Electricity Sdn Bhd.

NO	LICENCEE WITH LICENCE REVOKED	TYPE OF LICENCE	EFFECTIVE DATE
1	Airosys Sdn Bhd	NFP(I) & NSP(I)	8 Mar 2011
2	eB Technologies Sdn Bhd	NFP(I) & NSP(I)	8 Mar 2011
3	Obnet Sdn Bhd	NFP(I) & NSP(I)	5 Sep 2011

Table 20 List of licensees with their licences revoked

Management and Assignment of Numbers

In accordance with the 10 policy objectives outlined in the Communications and Multimedia Act (CMA) 1998, the efficient management of numbering resources is critical to ensure the provisioning of the network services and application services offered to the consumers can be done systematically.

THE IMPLEMENTATION OF NEW NUMBERING FORMAT FOR MOBILE CELLULAR SERVICES

As a measure to meet future demands for adequate reserved mobile cellular numbers, MCMC has introduced a new format of numbering system in the first quarter of 2011 by launching prefix 011, which utilises 8 digits of the user's number. This project was planned by MCMC with the industry earlier in the third quarter of 2009 and was ensured to not affect the existing services.

The implementation of this new format is specifically to overcome the insufficient numbers of the mobile cellular services and to meet future demands. This measure can also help the industry to explore new markets especially in the application field to meet consumers' demand.

PREFIX FOR MOBILE CELLULAR SERVICE PROVIDERS

MCMC has determined that all mobile cellular services will share the new prefix 011 with 8 digits of number to all service providers, including the existing cellular service providers, WiMAX service providers and Mobile Virtual Network Operators to ensure a more efficient usage of the numbers.

Table 21 shows the list of licence holders with the assigned mobile cellular telephone numbers in 2011.

In total, there are 154 million numbers provided, including the prefixes 010, 012, 013, 014, 016, 017, 018 and 019 with 7-digit numbers. As of 31 December 2011, 45.95% (70.76 million) of the total telephone numbers have been assigned.

PREFIX	CUSTOMER NUMBER	TOTAL OF NUMBER	SERVICE PROVIDER
011	14,000,000 - 14,499,999	500,000	Maxis Mobile Services Sdn Bhd
011	17,500,000 - 17,999,999	500,000	Maxis Mobile Services Sdn Bhd
011	14,500,000 - 14,999,999	500,000	Celcom Axiata Berhad
011	15,500,000 - 15,999,999	500,000	Celcom Axiata Berhad
011	26,000,000 - 26,999,999	1,000,000	DiGi Telecommunications Sdn Bhd
011	20,000,000 - 20,499,999	500,000	Talk Focus Sdn Bhd
011	18,500,000 - 18,999,999	500,000	Tune Talk Sdn Bhd

Table 21 The assigned block of numbers for mobile cellular service providers in 2011

PREFIX FOR BROADBAND SERVICES

MCMC has approved the prefix 0159 for broadband services due to good reception of the broadband services by Malaysians.

This new prefix is able to support the Government initiatives towards increasing the growth rate of broadband users in Malaysia. The block numbers approved by MCMC in 2011 for the broadband services are shown in Table 22.

Until December 2011, the total of numbers approved for broadband services was recorded at 1.05 million, involving prefix 0158 and 0159.

PREFIX FOR TELEPHONY SERVICE OVER INTERNET PROTOCOL (TSOIP) SERVICES

The TSOIP services are well received and favoured by Internet users due to easy access and widespread

availability of 3G services, WIMAX, broadband, HSBB and WiFi, all by using existing access terminals.

This type of service also allows the users to make phone calls and download files from the Internet, at cheaper rates compared to other broadband services.

The block numbers approved by MCMC in 2011 for broadband services are shown in Table 23.

In order to meet consumers' demand for various application services, a total of 860,000 of numbers for TSOIP service have been approved.

PREFIX	CUSTOMERS NUMBER	SERVICE PROVIDER
0159	2,000,000 - 2,499,999	Celcom Axiata Berhad
0159	6,000,000 - 6,499,999	DiGi Telecommunications Sdn Bhd

Table 22 Number blocks for Broadband Service Providers

PREFIX	CUSTOMERS NUMBER	SERVICE PROVIDER
0154	6,000,000 - 6,499,999	Telekom Malaysia Berhad
0154	8,780,000 - 8,789,999	Tg Agas Technology Sdn Bhd

Table 23 Number blocks for TSOIP Service Providers

OTHER NUMBERS ASSIGNMENT

Other assignment of numbers approved by MCMC in 2011 are shown in Table 24.

NUMBERING TYPE	NUMBERING ASSIGNMENT	SERVICE PROVIDER	TOTAL
ISPC (International Signalling Point Code)	4	DiGi Telecommunications Sdn Bhd	4
NSPC (National Signalling Point code)	20	R&L Telecommunications Sdn Bhd	520
	500	DiGi Telecommunications Sdn Bhd	
ISC (Independent Short Code)	10	Celcom Axiata Berhad	12
	2	Baraka Telecoms Sdn Bhd	
PSTN (Public Switch Telephone Network)	60	Telekom Malaysia Berhad	115
	22	Telekom Malaysia Berhad (HSBB)	
	15	Maxis Mobile Services Sdn Bhd	
	12	TT dotcom Sdn Bhd	
	2	YTL Communications Sdn Bhd	
	4	Packet One Networks (Malaysia) Sdn Bhd	

Table 24 Other assignment of numbers

PROVISION OF INTERNET PROTOCOL VERSION 6 (IPv6) FOR PRIVATE SECTOR

The implementation of IPv6 in Malaysia is monitored by the National IPv6 Implementation Monitoring Committee chaired by the Ministry of Information, Communications and Culture (MICC). MCMC has been given the role as a catalyst for the private sector while Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) was for the public sector.

Based on the information gathered from the public and private sector, the level of IPv4 usage in Malaysia and the global growth of IPv6, the date of IPv6 readiness has been determined as follows:

- a Available in dual-stack IPv6 by the end of 2013;
- b Full availability of IPv6 (native) by end of 2015.

According to the IPv6 Compliance Audit report, the latest status of ISP in Malaysia is as follows:

a The availability of ISP Infrastructures

IPv6 Compliance Audits Phase 1 and Phase 2 were performed to monitor the level of readiness of the ISP infrastructure. As of December 2011, a total of 16 ISPs have had available IPv6 infrastructure.

b The readiness of the ISP providing services to users

IPv6 Compliance Audit Phase 3 was conducted in the fourth quarter, in 2011 to monitor the availability of ISPs in providing IPv6 connectivity to customers. 16 major ISPs were involved of which 12 successfully performed the audit phase 3 and expressed their commitment to provide IPv6 connectivity to customers in 2012; while DiGi, Packet 1, Time and U Mobile were not ready to do IPv6 Compliance Audit Phase 3.

Table 25 lists the service provider that had undergone IPv6 Compliance Audit Phase 1, 2 and 3.

IPv6 Compliance Audit Phase 3 Committee was established to monitor the execution of the audit done by the ISP based on the self audit method. This committee will consistently monitor the commitment by the ISP and will provide report to the National IPv6 Implementation Monitoring Committee.

SERVICE PROVIDER	IPv6 READY INFRASTRUCTURE (PHASE 1 & 2)	IPv6 READY CUSTOMERS SERVICES (PHASE 3)
1 NTT MSC Sdn Bhd	●	●
2 Telekom Malaysia Berhad	●	●
3 Maxis Broadband Sdn Bhd	●	●
4 Celcom Axiata Berhad	●	●
5 Jaring Communications Sdn Bhd	●	●
6 GITN Sdn Bhd	●	●
7 Global Transit Communications Sdn Bhd	●	●
8 MacroLynx Sdn Bhd	●	●
9 Optical Communication Engineering (OCE)	●	●
10 Redtone CNX Broadband	●	●
11 VADS Berhad	●	●
12 YTL Communications Sdn Bhd	●	●
13 U Mobile Sdn Bhd	●	-
14 DiGi Telecommunications Sdn Bhd	●	-
15 Time dotCom Berhad	●	-
16 Packet One Networks (M) Sdn Bhd	●	-

Note IPv6 Compliance Audit Phase 3 above does not include cellular number services as the service is not IPv6 ready.

Table 25 List of Service Providers for IPv6 Compliance Audit

The following activities and initiatives planned by MCMC are expected to be done in the first quarter of 2012 and will support the development of human capital, promotion and consumer awareness for the successful implementation of IPv6 in Malaysia:

a Development of Human Capital (Traning/Workshop)

MCMC has planned to provide IPv6 Training Programme for 80 engineers between February and March 2012.

b IPv6 Deployment Kit

A total of 2000 posters and 500 mini booklets has been printed and distributed to Government bodies and the the industry in the first quarter of 2012. This kit contains basic information on

how to to check whether the existing system is IPv6-ready and has guidelines to implement the IPv6.

c IPv6 Tunnel Broker

IPv6 Tunnel Broker allows the users to access any IPv6 services and applications on the Internet. This service is expected to be completed in the second quarter of 2012.

MOBILE NUMBER PORTABILITY (MNP)

Mobile Number Portability (MNP) Service has been available in Malaysia for more than 3 years since it was first launched in October 2008. The percentage of numbers ported in 2011 has not changed much compared with 2010, i.e. 2% as shown in Table 26.

The total of cellular numbers ported until 31 December 2011 is 2,688,427 which shows an 8.1% growth compared to 2010 with 7.8%.

Figure 20 shows the number of porting activities for each quarter of the year (non-cumulative) since its launch in the third quarter 2008 to fourth quarter 2012. The number of porting activities in 2011 shows an increase from 155,946 in the first quarter to 200,678 in the fourth quarter. This is probably contributed by the increase in promotional activities from the cellular service providers and the introduction of new packages in that particular year. The addition of total cellular subscribers from 33.8 million in 2010 to 35.7 million in 2011 has also contributed to this increase.

YEAR	NUMBER OF CELLULAR SUBSCRIBERS	TOTAL OF CELLULAR NUMBERS PORTED	PERCENTAGE OF CELLULAR NUMBERS PORTED
2008	27,700,000	211,692	0.8%
2009	30,400,000	1,074,990	3.5%
2010	33,800,000	696,807	2.1%
2011	35,700,000	704,938	2.0%

Table 26 Total of numbers ported from 2008

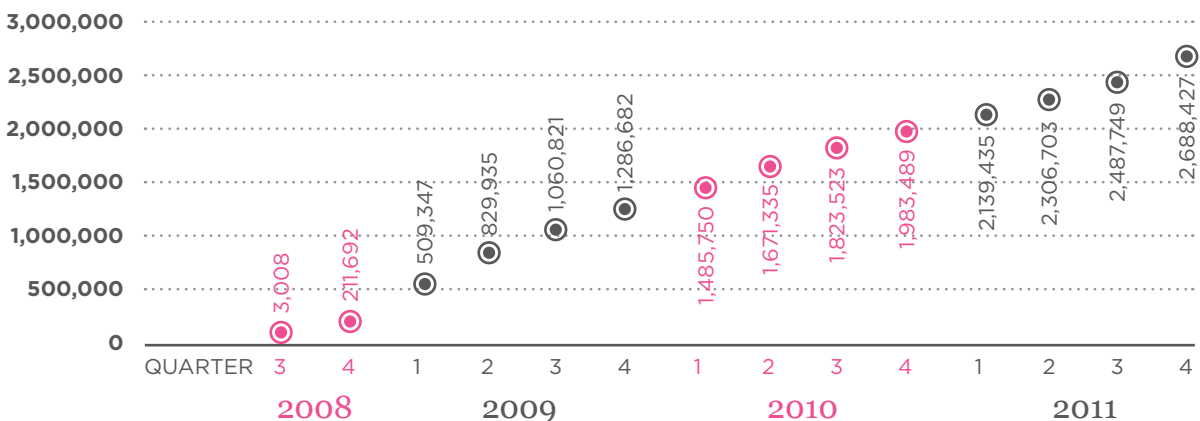


Figure 20 Total of cellular numbers ported (cumulative) on quarterly basis

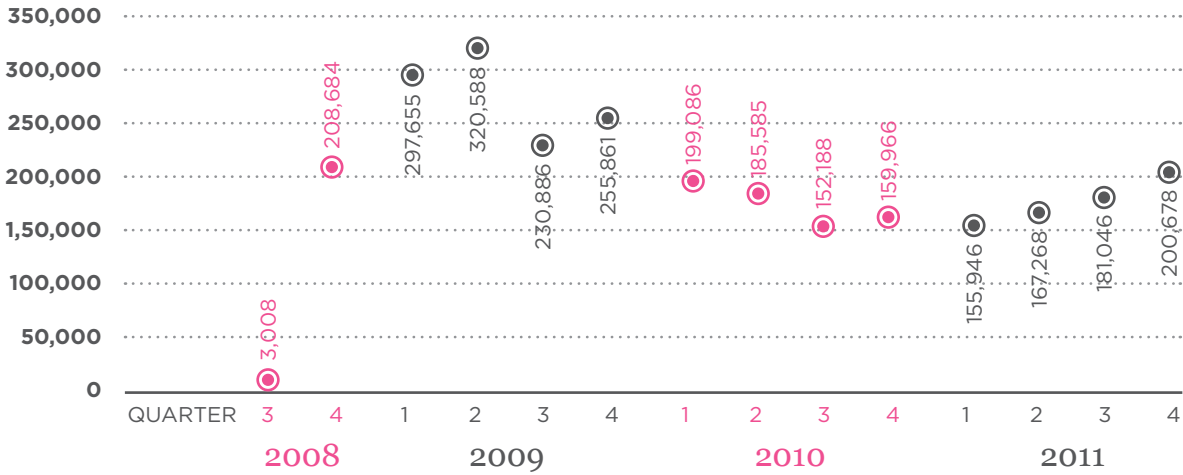


Figure 21 Total numbers ported in each quarter (non-cumulative)

DURATION TAKEN FOR PORTING NUMBERS

Porting numbers can be divided into two categories namely Consumer Ports (Individual) and Non-Consumer Ports

(Corporate/Business Clients). Upon approval, the duration taken to port the numbers shall take a maximum number of 2 days for Consumer Ports and 5 days for Non-Consumer Ports.

CONSUMER PORTS

On average, 99% of numbers has been ported within 2 days, as shown in Figure 22.



Figure 22 Consumer Ports

NON-CONSUMER PORTS

For Non-Consumer Ports, almost 100% of the numbers has been successfully ported in less than 5 days, as shown in Figure 23.

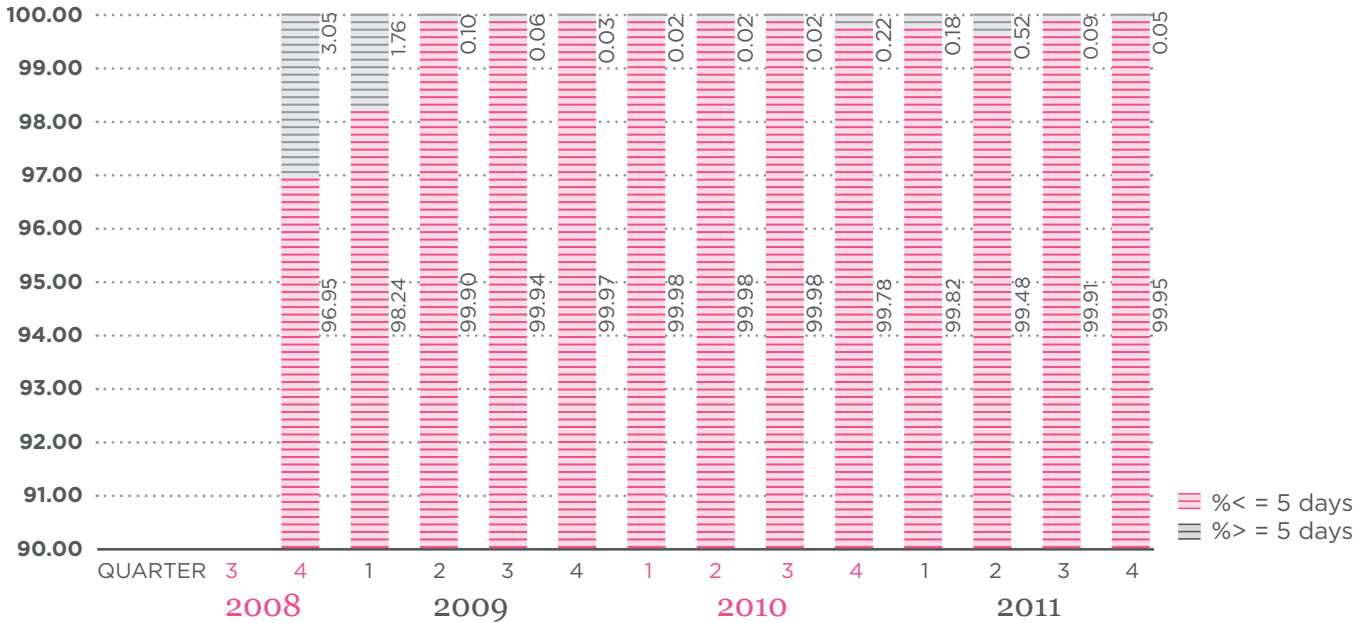


Figure 23 Non-Consumer Ports

Table 27 shows the comparison of total ported numbers between the Consumer Ports and Non-Consumer Ports. The percentage of non-users transfer number increased from 4.4% in 2010 to 5.6% in 2011.

YEAR	CONSUMER PORTS	NON-CONSUMER PORTS
2008	209,202	2,490
2009	1,051,613	23,377
2010	666,265	30,542
2011	665,696	39,242
GRAND TOTAL	2,592,776	95,651

Table 27 Total of Consumer Ports and Non-Consumer Ports

Compliance

CONSUMER PROTECTION

The telecommunications and ICT sector remains one of the fastest growing and most buoyant sectors in the world, including in Malaysia. Nowadays, social and economic activities can be done anywhere, anytime with just a click.

However, with the rapid pace of technology and widespread of various services and applications, consumers sometimes find it difficult to choose the right content services at the right time. This has put them in an inconvenience with not knowing what to do when they are in that situation.

Thus, MCMC as the custodian in maintaining the balance between the rights of the consumers, industry and the investors, always ensures that the consumers are given options and have access to high quality services at competitive pricings. This, at the same time will benefit the users with the initiatives that have been planned thus narrowing the digital gap.

Consequently, the provisions of the consumer protection act have been designated to promote and protect the interests of consumers in matters of communication and multimedia services. As the regulator for the CMA 1998, MCMC plays an important role in ensuring the industry respond to the needs of consumers and instill their confidence in the quality of the services offered. This can be achieved through development and enforcement of consumer codes and standards, resolution of the consumer's

dispute, accurate and effective regulation on the rates imposed and by offering quality services.

As a measure to protect the consumers' right, MCMC had organised a seminar on "Consumers Right in the Communications and Multimedia Services" throughout the country. Among the countries visited were Johore, Kelantan, Terengganu, Kedah, Sabah, Negeri Sembilan, Selangor and Putrajaya.

QUALITY OF SERVICE MANDATORY STANDARDS

MCMC regulates the performance of the application and network service providers by mandating the standards on the quality of service. Mandatory standards are the minimum standards that must be met by service providers in their service offerings to customers.

SERVICE MANDATORY STANDARDS ARE CREATED TO:

- i Improve and protect the rights of the consumers;
- ii Measure the quality of services received or used by users based on the actual criteria and specifications; and
- iii Improve Malaysia's global competitiveness through robustness of the industry.

To comply with certain standards, complaints against service providers shall not exceed the maximum number of complaints. Non-compliance to the Quality of Service Mandatory Standards is an offense under

Section 105 (3) of the Communications and Multimedia Act (CMA) 1998, and the offender shall be liable to a fine not exceeding RM100,000 or imprisonment not exceeding two years, or both.

Currently, there are 7 Quality of Service Mandatory Standards registered between 2003 and 2011. The mandatory standards include:

- 1 Public Switched Telephone Network (PSTN)
- 2 Public Cellular Services (PCS)
- 3 Dial Internet Access Service (DIAS)
- 4 Content Application Service (CAS)
- 5 Payphone Services (PP)
- 6 Digital Leased Circuit Services (DLL)
- 7 Broadband Access Services (BB)

As required under the Quality of Service Mandatory Standards, service providers are required to submit semi-annual reports to demonstrate their compliance with these standards. MCMC will conduct a random or selected audit on the report submitted by the service providers to ensure they are authentic and meet the minimum standards that have been set.

SUMMARY REPORT FOR PERIOD ENDING JUNE 2011

For the reporting period ending June 2011, MCMC has received 57 reports from the relevant service providers. Based on the reports received from the 249 relevant standards, nine of them did not comply with standards. The overall percentage of compliance is 96.39%. Digital leased line services and broadband access services have the highest compliance, respectively at 6.35% and 6.25%.

Table 28 shows the overall compliance with the related standards.

CUSTOMER SATISFACTION SURVEY

The Customer Satisfaction Survey is done to complement the Quality of Service Mandatory Standards. The intention of this survey is to measure the customers' satisfaction level of telecommunications and multimedia services in Malaysia. It covers fixed line services, cellular services, Internet access services (dial-up and broadband), public telephones, digital leased services, free-to air television and radio services, cable television, and postal and courier services.

In 2011, MCMC has successfully conducted two customer satisfaction surveys that focused on cellular and

broadband services. MCMC adopted telephone interviews and face-to-face interviews with respondents to gather the findings. The results from this study are released in the second quarter of 2012. The findings will be shared with the service providers for the purpose of improving their quality of services.

MOBILE CONTENT SERVICES

Cellular phone penetration rate at the fourth quarter of 2011 has reached 123% (source: Facts and Figures, MCMC). This has opened up opportunities for the development of value-added services such as content and applications to grow.

SERVICE	NUMBER OF STANDARDS	NUMBER OF STANDARDS COMPLIED	NOT COMPLIED TO THE STANDARDS	PERCENTAGE COMPLIED (%)	PERCENTAGE DID NOT COMPLY (%)
Public Switched Telephone Network (PSTN)	50	50	0	100.00%	0.00%
Public Cellular Services (PCS)	16	16	0	100.00%	0.00%
Dial Internet Access Service (DIAS)	4	4	0	100.00%	0.00%
Content Application Service (CAS)	27	27	0	100.00%	0.00%
Payphone Services (PP)	9	9	0	100.00%	0.00%
Digital Leased Circuit Services (DLL)	63	59	4	93.65%	6.35%
Broadband Access Services (BB)	80	75	5	93.75%	6.25%
TOTAL	249	240	9	96.39%	3.61%
Percentage	96.39%	3.61%			

Table 28 Overall compliance based on services

This scenario provides a great challenge for MCMC in ensuring the development of mobile content offered gives benefit to consumers in Malaysia. A variety of consumer issues arise such as spam, advertising and marketing activities and the validity of the charges to the consumer.

In 2011, MCMC has received a total of 339 complaints related to mobile content services. The complaints cover various matters as shown in Table 29.

Continued efforts are needed to address issues such as enforcement, administration and monitoring. Awareness programmes are also essential to empower self-regulation. In 2011, MCMC has opened 40 investigation papers for breaching the Mandatory Standards for Mobile Content Service Provision (Mandatory Standards), which, if found guilty can be fined a maximum of RM100,000.00 or imprisonment for up to two years or both.

In the meantime, a number of administrative actions have been taken for violation of Mandatory Standards. These actions are shown in Table 30.

MCMC also conducts monitoring activities on the provision of mobile content services by subscribing/buying the services provided to identify the service provider's level of compliance to the mandatory standards. In addition, advertisements are also monitored to ensure that consumer interests are protected.

A series of awareness programmes was also held all over Malaysia including Sabah and Sarawak to educate consumers regarding mobile content. Through this program, users are exposed to mobile contents and self-regulation to empower the consumers is also strengthened.

Development of mobile content services is an important area in the communications industry in our country because it allows communication tools to function and play a role in the society. Without content, the advanced communication tools that we have will not be able to function at its best.

Major challenges for MCMC in the mobile content sector come from spam activities, misleading advertising and pricing of content services offered as well as all forms of unsolicited or false advertising.

As a measure to address these issues, MCMC has imposed Mandatory Standards for Mobile Content Services on 1 July 2010. Offense for Mandatory Standards can lead to a fine of RM100,000 or two years imprisonment or both.

In 2010, 44 enforcement actions were taken against service providers of mobile content for breaching the Mandatory Standards outlined in Table 31.

NO	TYPE OF COMPLAINT	NUMBER OF COMPLAINTS
1	Marketing activities through SMS	110
2	Failed service termination	10
3	Services not subscribed	217
4	Billing disputes	2

Table 29 Complaints relating to mobile content services

NO	ACTIONS TAKEN	NUMBER OF CASES
1	Suspension of short code	32
2	Suspension of password	116

Table 30 Actions taken in 2011

NO	ACTIONS TAKEN IN 2010	NUMBER OF CASES
1	Short code suspension	10
2	Password suspension	32
3	Compound cases	1
4	Cases brought to court	1

Table 31 Number of cases on non-compliance on Mandatory Standards enforcement action

SEMINAR ON CONSUMER RIGHTS IN COMMUNICATIONS AND MULTIMEDIA SERVICES

In 2011, MCMC in cooperation with the Consumer Forum of Malaysia (CFM) has organised an awareness seminar on consumer rights in the communications and multimedia services. The seminar was conducted from July to December 2011 and involved 10 seminars in 8 locations in Johore, Kelantan, Terengganu, Kedah, Sabah, Penang, Selangor and the Federal Territory of Putrajaya.

The purpose of the seminar was to raise awareness and educate people about the rights of consumers in the communications and multimedia industry. This is based on complaints received by MCMC on issues regarding fraud cases, getting a paid SMS service, misleading advertisements, radiation and cable theft. The invitations were also extended to service providers, the Consumer Forum Malaysia, Pos Malaysia and Bank Negara to participate and to panel the seminar.

This panel session is important because it serves as a conduit for consumers to voice their concerns and their dissatisfaction with the service offered. From this programme, the user will get immediate feedback from the service providers. This idea also allows a self-regulatory mechanism, in which the user is given the opportunity to participate in the development of codes and consumer protection.

NO	DATE	VENUE
1	21 July	Sekolah Kebangsaan Putrajaya Precint 8 (2)
2	14 September	Renaissance Hotel, Kota Bharu Kelantan
3	29 September	Sabah Hotel, Sandakan, Sabah
4	30 September	Sekolah Kebangsaan Bukit Garam 2, Kinabatangan, Sabah
5	13 October	Ri-Yaz Heritage Resort & Spa, Terengganu
6	26-27 November	Dataran Tawau, Sabah
7	3-4 December	Dataran Kota Tinggi, Johor
8	6 December	De Palma Hotel, Shah Alam Selangor
9	10 December	UMNO Building, Kuala Nerang, Kedah
10	22 December	Thistle Port Dickson Resort, Port Dickson

Table 32 Seminars on Consumer Rights in Communications and Multimedia Services

Monitoring & Enforcement

CUSTOMER COMPLAINT BUREAU (CCB)

As the centre for lodging complaints, Customer Complaint Bureau (CCB) receives various types of complaints that cover telecommunication services, broadcasting, Internet, postal and courier services.

In 2011, a total of 9,221 complaints were received by the Bureau of Consumer Complaints. There is an increase of more than 15% compared with 8,013 complaints received in 2010. Comparison of complaints received since 2002 is shown in Figure 25.



Figure 25 Consumer complaints received by MCMC from 2002 until 2010

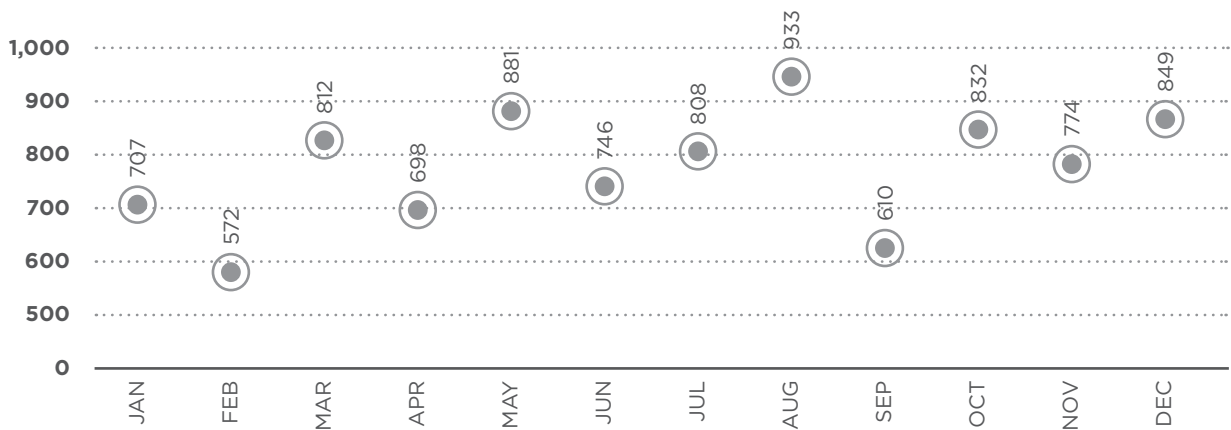


Figure 26 Number of complaints received by month for the year 2011

91% of the total complaints were received directly from the public, while the rest came from law enforcement agencies, government agencies and consumer organisations. Almost 58% (5,321) of complaints were made via Complaints Commission (<http://aduan.skmm.gov.my>) and the number of walk-in complainants at MCMC's office has also increased to a total of 652 complaints compared to 459 in 2010. Other complaint channels available are e-mail, 1800 hotline, SMS, mail and fax.

A total of 70% out of 9,221 complaints received in 2011 was related to the provision of the service provider and service performance. The highest type of complaint received was on

the quality of service with 2,820 complaints (30% of total complaints) of which involved the Internet services/connection that is not satisfactory, service interruptions and delays in installation/activation. Other complaints received were related to bills and charges, coverage of services, short messaging services (SMS), postal and courier services abuse, unfair practices and disputes over the terms and conditions.

The remaining 30% is related to the provisions and action under MCMC jurisdiction, which were related to the content on the Internet, SMS, TV and radio, cyber crimes such as phishing,

spectrum interference, illegal assembly transmitting satellite TV, telecommunications structures and radiation and a variety of other complaints. There were also complaints which were not under the jurisdiction of MCMC such as software/hardware purchasing, contests, copyright, gaming, Internet investment schemes and others. These complaints were referred to the related agency for further action.

On average, 20% of the 9,221 complaints were resolved within 72 working hours which has achieved the Key Performance Index (KPI) set by the Minister for the year 2011.

NO	TYPE OF COMPLAINTS	NUMBER OF COMPLAINTS
1	Poor service received	2,820
2	Content issues - website, blog, social media, TV, radio, SMS, e-mail	1,627
3	Billing & charges	1,228
4	SMS services - did not subscribe, promotions, spam	1,052
5	Poor/No Services Coverage Area - cellular, broadband/3G, fixed, TV and radio Liputan Kawasan Yang Tiada	680
6	Cyber crime	397
7	Others	209
8	Not under the jurisdiction of MCMC	131
9	False information on the services rendered - misconduct of agents or misleading promotions	218
10	Postal and courier	56
11	False registration / fraud	96
12	Spectrum interference	107
13	Unfair practices	317
14	Parabola TV/Non-standard equipment	51
15	Telecommunications structure / radiation	53
16	Disputes on terms and conditions	19
17	Amateur radio / Apparatus Assignment	17
18	Wireless Village	71
19	1Malaysia Computer	71
TOTAL		9,222

Table 33 Category / Type of Complaints Received in 2011

CONTENT REGULATION

The Department of Content Regulation is responsible in conducting monitoring activities on broadcast content based on the provisions of the Communications and Multimedia Act (CMA) 1998, the Individual Content application Service Provider (CASP-I) licence conditions, the Communications and Multimedia Content Code and other relevant guidelines.

In addition, MCMC also established relationships with various Government agencies and ministries, including MICC, Ministry of Home Affairs (MOHA), the Board of Film Censors, Content Forum, the Department of Islamic Development Malaysia (JAKIM) and the National Film Development Corporation Malaysia (FINAS).

MCMC has also organised awareness programmes and training sessions for the CASP-I licence holders as a proactive measure to ensure that the legal provisions concerning the content of broadcasting by the licensees are observed. For instance, MCMC has held 2 training programmes in 2011 which were the Workshop and Seminar on Content Regulation in June and December 2011.

Management of consumer complaints related to content such as advertisement and radio broadcasting is among MCMC’s critical role. Thus, MCMC has always acted on complaints by monitoring and facilitating the resolution of complaints received from consumers.

TYPE OF COMPLAINTS RECEIVED IN 2011

Internet

In 2011, MCMC has received 515 complaints related to the content of the Internet, compared with 1,114 complaints in 2010. 234 complaints were in relation to indecent content, 232 complaints on contents that are menacing or offensive in nature, and 42 false contents. Another 7 complaints were found to be outside MCMC’s purview.

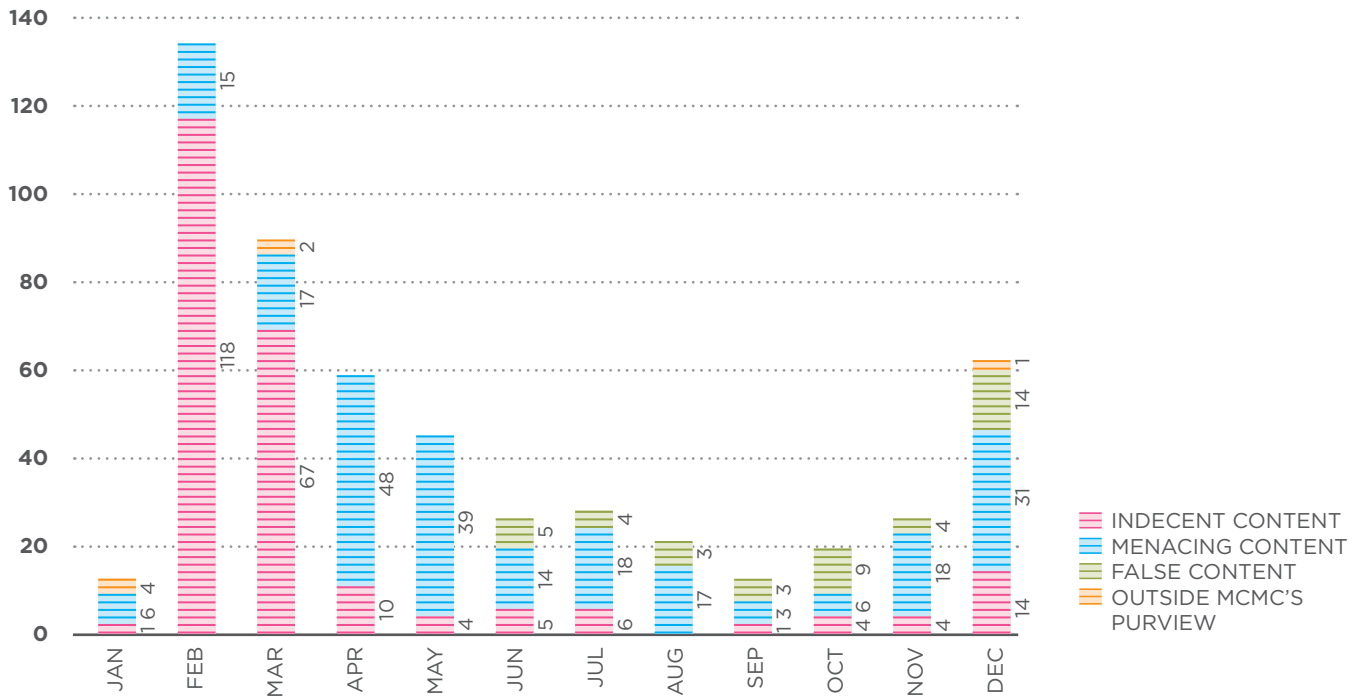


Figure 27 Types of Internet complaints received in 2011

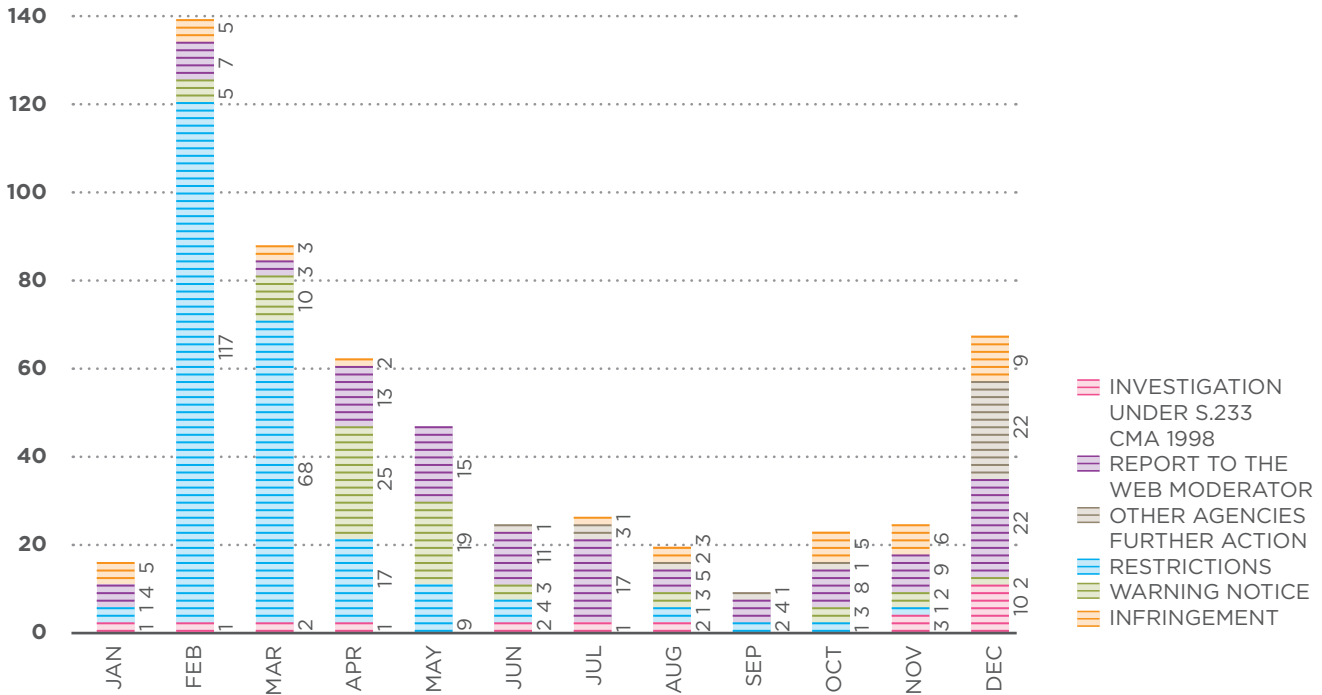


Figure 28 Actions taken in 2011

Among the proactive actions taken by MCMC to overcome the complaints were to restrict access to certain websites (221 cases), and to issue 72 notices and 132 reports to the moderators. At the same time, a total of 13 Internet related cases were investigated under the CMA 1998; 39 complaints were found to violate CMA 1998 while another 8 complaints were forwarded to other agencies for their further action.

Television

The breakdown of complaints received for television can be referred to from Figure 29. 16 of the 27 complaints were related to the programme content. These complaints included violence

content, insulting to certain cultures, racial-insensitive content, offensive and unsuitable discussion topics. Another 5 complaints in other categories were on frequency coverage and replay of the broadcast. This was followed by 4 complaints on the content of advertisements, and 2 complaints regarding technical offenses such as the content featured less than 60% of the local content, technical offenses, or content that is flooded with advertisements.

COMPLAINTS RECEIVED ACCORDING TO TELEVISION STATIONS

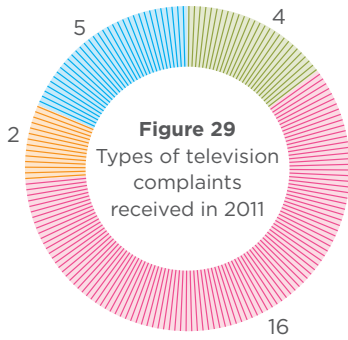
Referring to Figure 30, among the stations receiving complaints were Astro, TV3, TV9, 8TV, NTV7

and Public Television. Astro has recorded the highest number of complaints with 10 complaints, followed by TV3 with 9 complaints, Public Television with 4 complaints, NTV7 with two complaints and one report each for TV9 and 8TV.

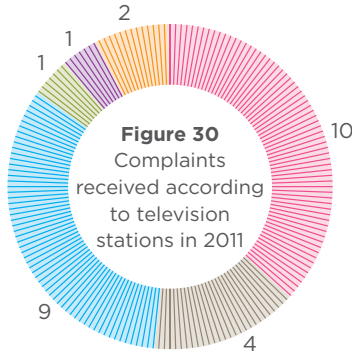
ACTIONS TAKEN IN 2011

Upon processing, a total of 21 cases were found not in breach of CMA 1998. This was followed by enforcement action on 2 cases, with 2 cases given advice and another 2 cases still under further scrutiny by MCMC, as shown in Figure 31.

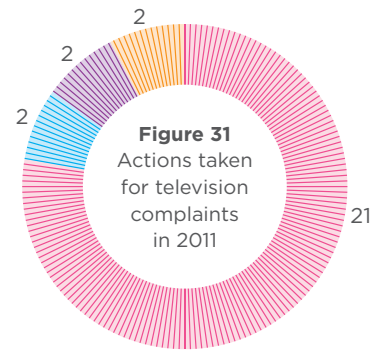
Television



- CONTENT OF ADVERTISEMENT
- TELEVISION CONTENT PROGRAMME
- TECHNICAL ERRORS
- OTHERS



- ASTRO
- PUBLIC TELEVISION
- TV3
- TV9
- 8TV
- NTV7



- BREACH OF LICENCE
- NOT IN BREACH OF CMA 98
- UNDER INVESTIGATION/INQUIRY
- ADVICE

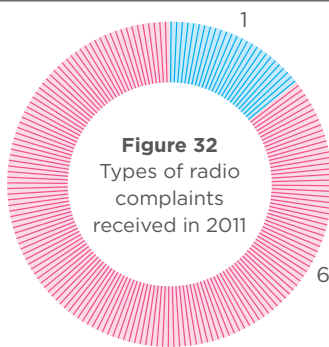
Radio

Referring to Figure 32, a total of 7 radio-related complaints were received. 6 complaints were related to programme content, such as topic of conversations that touched upon religious matters, the negative nature of content and contents with insensitive and racial sentiments. There was only 1 complaint received in relation to other categories.

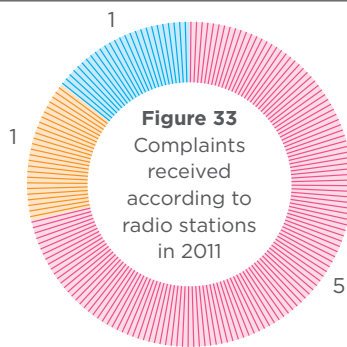
COMPLAINTS RECEIVED ACCORDING TO RADIO STATIONS
Referring to Figure 33, complaints were received for 3 radio stations namely BFM, 988 and THR Raaga. BFM recorded the highest number of complaints, followed by 988 and THR Raaga.

ACTIONS TAKEN IN 2011
Figure 34 shows the actions taken to resolve the complaints received in 2011. After processing, it was found that 6 cases reported did not contravene the CMA1998 while one case that was recorded in December required further action from MCMC.

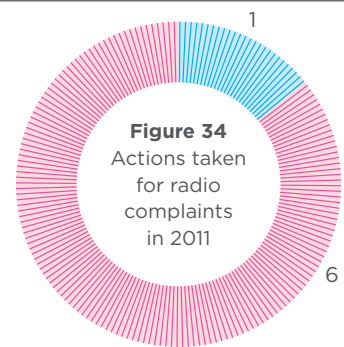
Radio



- RADIO CONTENT PROGRAMME
- OTHERS



- BFM
- 988
- THR RAAGA



- NOT IN BREACH OF CMA 98
- ENFORCEMENT ACTION (FIR)

ASPECTS OF STRENGTHENING THE CAPACITY

Apart from carrying out its corporate responsibility, MCMC also conducted Corporate Social Responsibility activities. In 2011, 34 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.

MCMC has also collaborated with Media Prima in educating primary school students to use the Internet positively. The programme is called 'TV3 Kids School Attack' and was carried out in 9 schools all over the country. Table 35 summarises the activities conducted in 2011.

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

Table 34 Universities awarded with the research grants

NO	MONTH	ORGANISER	COURSE	VENUE
1	Jan 2011	MCMC Sabah & Keningau District Office	ICT Safety Awareness Campaign	Keningau, Sabah
2	Feb 2011	Faculty of Qur'an and Sunnah, Islamic Science University of Malaysia	Seminar Blogger and Multimedia	USIM, Bandar Baru Nilai, Negeri Sembilan
3	Mar 2011	Sabah State Computer Services Department	Conference on Public Sector ICT Security Sabah	Pacific Sutera Resort, Kota Kinabalu
4	Apr 2011	Institut Pendidikan Guru, Tun Abdul Razak Campus, Kota Samarahan, Kuching, Sarawak	Talks on Cyber Security	Kuching, Sarawak

NO	MONTH	ORGANISER	COURSE	VENUE
19	Sep 2011	MCMC with Media Prima	TV3 Kids School Attack	SK Tun Doktor Ismail, Sabak Bernam, Selangor
20	Sep 2011	MCMC with Media Prima	TV3 Kids School Attack	SK Meru, Klang, Selangor
21	Oct 2011	Selangor Islamic Religious Department	Policy & Strategy Implementation Seminar (Media Role in Facing the Threat of Faith)	Shah Alam
22	Oct 2011	MCMC	Talks on Cyber Crime	Kuala Terengganu
23	Oct 2011	Judicial and Legal Training Institute	Law and Policy Around the World	Bangi
24	Oct 2011	MCMC	ICT Security Awareness Briefing	SKMM, Cyberjaya
25	Oct 2011	MCMC	Workshop on Media Challenges	Crystal Crown, Petaling Jaya
26	Oct 2011	Ministry of Women, Family and Community Development	ICT Security Awareness Briefing	Kuala Lumpur
27	Oct 2011	MCMC with Media Prima	TV3 Kids School Attack	SK Taman Kota Kulai, Kulai, Johore
28	Nov 2011	Ministry of Education	ICT Security Awareness Briefing	Kuala Lumpur
29	Nov 2011	Sabah Youth Council	Internet at Your Fingertips Briefing	Kota Kinabalu
30	Nov 2011	Ministry of Health	Briefing on The Role of MCMC in Regulating Cyber Media	Seremban
31	Nov 2011	MCMC	ICT Security Awareness Briefing	Papar
32	Nov 2011	MCMC with Media Prima	TV3 Kids School Attack	SK Brickfields 2, Kuala Lumpur
33	Novr 2011	MCMC with Media Prima	TV3 Kids School Attack	SK Taman Rakyat, Kedah
34	Nov 2011	MCMC with Media Prima	TV3 Kids School Attack	SK Sg. Duri, Sg. Bakap, Penang

Table 35 The activities carried out in 2011

TELEVISION APPEARANCES

In addition to community outreach through lectures and briefings, MCMC has also made appearances in television. A total of 8 interview sessions were conducted in 2011. The aim was to create public awareness on the abuse of the Internet and the importance of cyber security in their daily lives. Table 36 shows a summary of the interview that was broadcasted.

MCMC has partnered with Astro to protect the public from abuse of Internet and to promote Consumer Complaints Bureau through the following mechanisms:

- a Displaying of crawlers on Internet security through channels @ 15;
- b Monthly billing statement

PUBLICATION

Handbooks and pamphlets about safety on the Internet were also distributed to the public such as:

- a Safety Handbook on the Internet;
- b Safety Brochure on the Internet;
- c Brochure on Making Safer Password;
- d Internet Banking brochure; and
- e Brochure on Fraud on the Internet.

This initiative aims to raise public awareness of the safety and danger on the Internet.

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 2011, CMCF conducted 106 public relations initiatives and awareness activities. Guest speaker from Cybersecurity Malaysia was invited to give talks on Internet security during the CMCF. Besides that, CMCF was also included in exhibitions like broadcast Asia 2011, Upin & Ipin ICT Carnival, seminars on Content Regulation 2011 and Securing the Network 2011.

Table 37 showcases the summary of activities held in 2011.

NO	MONTH	CHANNEL	PROGRAMME	TITLE
1	Jan 2011	RTM 1	Program Bicara Rakyat	Kebebasan & Tanggungjawab Media
2	Jan 2011	TV3	Malaysia Hari Ini	Penyalahgunaan Laman Rangkaian Sosial
3	Jan 2011	Astro Awani	Sudut Pandang	Penipuan di Internet
4	Feb 2011	Astro Awani	U Wartawan	Penyalahgunaan Laman Rangkaian Sosial
5	Mar 2011	TV3	Malaysia Hari Ini	Kebebasan & Tanggungjawab Media Baru
6	Jun 2011	TV Al-Hijrah	Assalamualaikum	Laman Rangkaian Sosial
7	Jul 2011	TV3	Malaysia Hari Ini	Kempen Keselamatan Internet-School Attack
8	Dec 2011	TV9	Nasi Lemak Kopi O	Pornografi Semakin Menjadi-jadi

Table 36 Television appearances and interviews conducted in 2011

CMCF also organised a seminar on Communications and Multimedia Content Code Malaysia and Internet Security at Cinta Sayang Resort in Sungai Petani, Kedah on 28 February 2011. The participants comprised students and lecturers from various institutions of higher learning in the Northern Region.

Besides working with MCMC and the Ministry of Information, Communications and Culture in educating the public, CMCF also works with government bodies such as Ministry of Health, Ministry of International Trade and Industry, the National Council of Women’s Organisations (NCWO), the National Population and Family Development (LPPKN), the Selangor Islamic Religious Department and the Ministry of Women, Family and Community Development.

111 complaints were received by the CMCF in 2011 and a total of 16 requests were given to the content advisories. Of the 111 complaints, 72 complaints were received from the public, 4 complaints were received from the industry and 35 complaints were received from other parties. The complaints were related to advertising, mobile content, content broadcasting and Internet content. However, no court cases were reported for 2011.

ACTIVITY	FREQUENCY
Exhibition	76
Seminar / Workshop / Conference	23
Visits	1
Others	6
TOTAL	106

Table 37 Summary of activities in 2011

CATEGORY	NUMBER OF COMPLAINTS RECEIVED
Advertising	6
Mobile content / services	23
Broadcast content (TV & Radio)	11
Internet content	71
Others	-
TOTAL	111

Table 38 Summary of complaints received by category

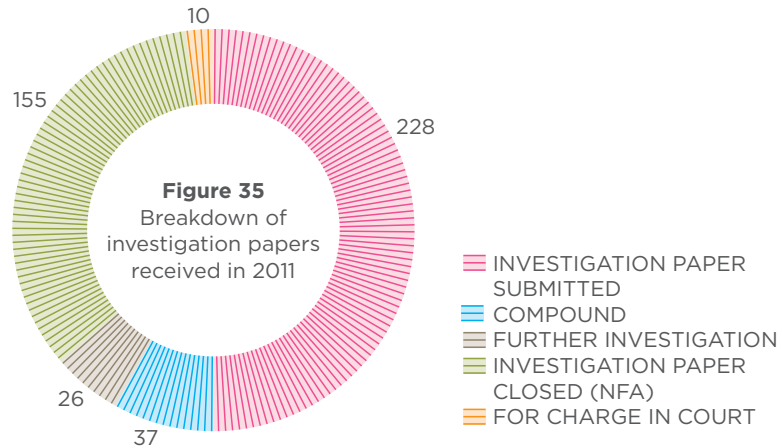
Summary of complaints received by category is shown in Table 38.

As a regulatory body for MCMC, CMCF will continuously organise training sessions for the industry and general public. This is in line with its objective to educate the industry and raise the public awareness on matters related to content.

PROSECUTION

The Prosecution Department had received 228 cases and investigation papers for Deputy Public Prosecutor further action. Of the total, 10 cases were directed to court hearing, 26 to be further investigated, 37 papers were offered compounds and 155 papers were ordered to be closed (NFA).

The breakdown of the investigation papers handled by the Prosecution Department is shown in Figure 35.



There were 10 cases charged in 2011, besides cases from previous years that were still on trial or resolved in 2011. The cases can be referred at Table 39 and Table 40.

NO	CHARGED	OFFENCE	DATE CHARGED	STATUS	COURT DECISION
1	Nor Hisham Osman	Sending comment that is obscene in nature	13 Mar 2009	Pleaded Guilty	Fined RM12,000.00
2	Chan Hon Keong & Khoo Sui Shuang	Sending comment that is obscene in nature	13 Mar 2009	On Trial	Trial On 22-23 Mar 2012
3	Smart Digital Communication Berhad	Failed to manage and entertain customer complaint in adequate and proper manner	18 Aug 2010	Pleaded Guilty	Fined RM5,000.00
4	Irwan Bin Abdul Rahman	Sending comment that is false in nature	2 Sep 2010	DNAA	DNAA
5	Maslina binti Hashim	Providing obscene communication for commercial purpose	11 Oct 2010	Pleaded Guilty	Fined RM5,000.00
6	Muhammad Noor bin Ismail	Sending comment that is obscene in nature	8 Nov 2010	Pleaded Guilty	Fined RM6,000.00
7	William Wong Hee Nging & Juliana Kon Fui Ling	Possession of non-standard equipment	30 Nov 2006	Pleaded Guilty	Fined RM18,000.00

Table 39 Cases from previous years resolved in 2011

For cases that have been charged in court during the year 2011, the list and the status of these cases are as follows:

NO	CHARGED	OFFENSE	DATE CHARGED	STATUS	COURT DECISION
1	Mexcomm Sdn Bhd	Non-compliance with licence conditions	22 Mar 2011	Pleaded Guilty	Fined RM50,000.00
2	Jobsake.Dotcom Sdn Bhd	Failed to submit Audited Account and Net Income Statement	7 Apr 2011	Pleaded Guilty	Fined RM5,000.00
3	Commzgate Sdn Bhd	Failed to submit Audited Account and Net Income Statement	18 Apr 2011	Pleaded Guilty	Fined RM10,000.00
4	Global Touch Solutions Sdn Bhd	Failed to submit Audited Account and Net Income Statement	18 Apr 2011	Pleaded Guilty	Fined RM10,000.00
5	West Infinity Sdn Bhd	Failed to submit Audited Account and Net Income Statement	18 Apr 2011	DNAA	DNAA
6	Yazid Mohd Zain	Sending comment that is obscene in nature to HRH Sultan of Johor	4 May 2011	DNAA	DNAA after pardoned by HRH
7	Smart Digital Communication Berhad	Failed to submit Audited Account and Net Income Statement	23 May 2011	Warrant of Arrest	Case citation on 22 Mar 2012
8	ERP 21 Sdn. Bhd.	Providing application service without valid licence	23 Jun 2011	DNAA	DNAA
9	Seiketsu Enterprise Sdn Bhd	Providing application service without valid licence	29 Nov 2011	Pleaded Guilty	Fined RM20,000.00
10	Centel Network	Providing application service without valid licence	20 Dec 2011	Pleaded Guilty	Fined RM10,000.00

Table 40 Cases charged in court in the year 2011

With 80% of mobile phone users using prepaid services, MCMC through continuous monitoring and enforcement always ensures that the procedure and effective measures are used in the process of registration of prepaid users. This is done by ensuring service providers capture customers' information accurately based on the information contained in MyKad, passports and other identification papers.

In addition to the verification carried out by the service providers, MCMC also conducted a verification process on users' information through the cooperation of the National Registration Department (NRD).

To date, NRD has confirmed a total of 12.93 million users' data by MCMC and of this amount, less than 5.5% (713,372) were returned by the NRD as inaccurate data. The inaccuracy happened either because of mistakes in the spelling of names or mismatched identification numbers. This

data is then returned to the service provider to reconfirm the information. If the information is not confirmed, the service provider will terminate the service.

In 2011, MCMC has conducted a number of sessions on the verification process for manual registration of the prepaid services with NRD. A total of 1.8 million data had been sent to NRD for the verification process, as shown in Table 41.

	DATA PROCESSED BY NRD	TOTAL DATA NOT FOUND	PERCENTAGE OF FALSE REGISTRATION
FIRST SERIES (March 2011)	868,026	53,913	6.2%
SECOND SERIES (October 2011)	939,264	92,337	9.8%

Table 41 Number of data sent to National Registration Department

PENGENALAN NAMA DOMAIN ANTARABANGSA/ 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.

At the end of 2011, the registration of Jawi, Tamil and Chinese IDN as the second domain name was opened to public. Until December 2011, a total of 1,392 domains had been registered – 294 for Jawi characters, 149 for Tamil characters and 949 for Chinese characters.

DOMAIN NAME SYSTEM SECURITY EXTENSION (DNSSEC)

DNSSEC is a technology which was introduced to improve Internet security in line with international specifications set by the Internet Engineering Task Force (IETF). It aims to increase the level of security to protect Internet users against attacks such as cache poisoning, 'pharming' and 'phishing'.

In 2011, MCMC and .my DOMAIN REGISTRY have conducted programmes to promote

this type of technology in Malaysia. Among them are:

- 1 Workshops on DNSSEC and IPv6 for ASEAN country code top-level domain (ccTLDs), PWTC, Malaysia.
- 2 DNSSEC Workshops for 44th APECTEL participants in Kuala Lumpur.

To date, the percentage of DNSSEC technology adoption in the domain name is still too low. However, the level of awareness of this technology is continuing to increase based on the feedback from programme participants. With more and more information shared on the importance of DNSSEC in protecting DNS server, it is expected that the percentage of adoption will increase each year.

CYBER SECURITY

CYBERCRIME LAW COURSE IN COLLABORATION WITH JUDICIAL AND LEGAL TRAINING INSTITUTE (ILKAP) AND COUNCIL OF EUROPE (COE)

Although there is an increase of the number of specialists in the field of information and communication technology (ICT) all over the world, the judges and prosecutors still seem to be less exposed to cybercrime and electronic evidence relating to ICT. For two consecutive years, MCMC in collaboration with the Judicial and Legal Training Institute (ILKAP) and the Council of Europe (COE) has organised a course dedicated to discussing legal and technical

cybercrime legislation. This course is essential for providing exposure to law enforcement agencies, prosecutors and judges in dealing with cyber crime in Malaysia. This course is critical as the number of cyber crime statistics keeps increasing each year.

ASEAN-JAPAN NETWORK SECURITY MEETING

In the arena of international cyber security, MCMC took part in the Meeting of ASEAN-Japan Network Security, held from 12 to 14 September 2011 in Tokyo, Japan. This involved being a leader for the Reinforcement Initiative 4.2, which is a common standard for network security to ensure the readiness and integrity of networks across ASEAN. At the same time, MCMC has contributed to the ICT Masterplan 2015 (AIM2015) and Terms of Reference of the ASEAN Network Security Action Council (ANSAC).

In addition, an agreement was also reached between the ASEAN countries and Japan in implementing cyber security awareness programme for the ASEAN region and Japan for 2012.

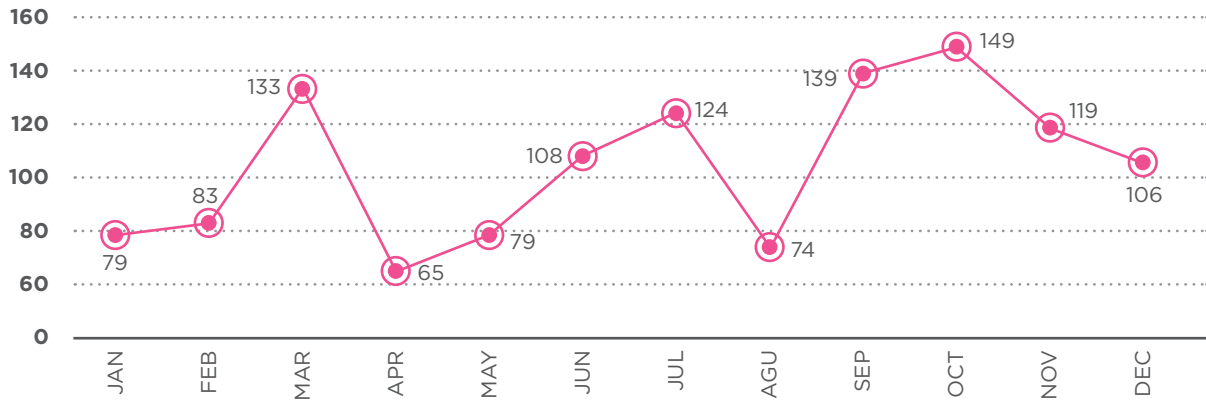


Figure 37 Phishing Statistics in 2011

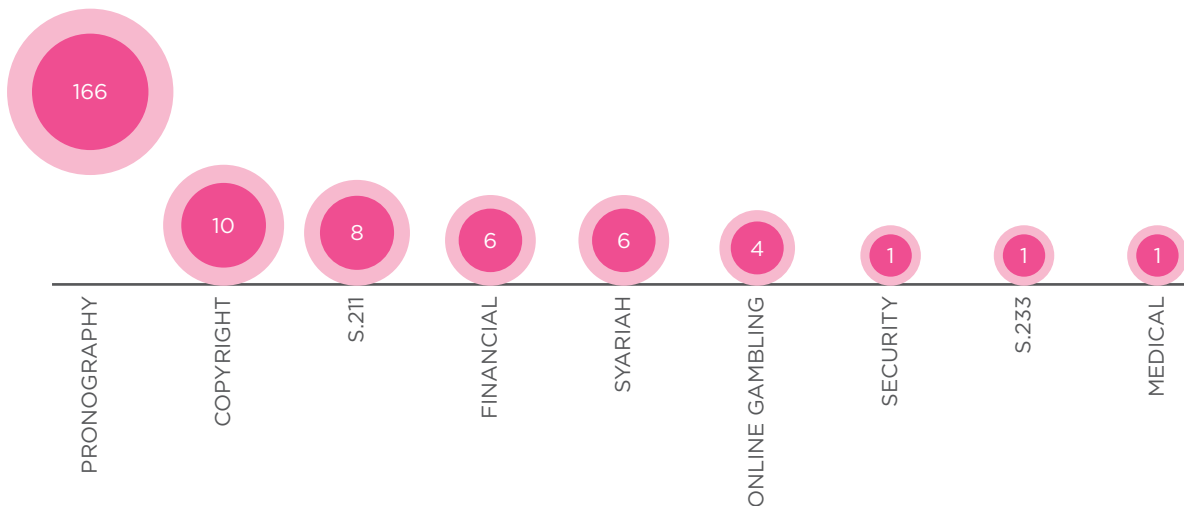


Figure 38 Preventive actions on misuse of content application services in 2011

To increase the level of readiness against cyber attack towards critical network information infrastructure, SNSC has been actively involved in two cyber crisis charity training. At the national level, SNSC has joined the charity training X-Maya 4 organised by the National Security Council to assess the level of readiness in facing the national cyber incident. As a leader in the communications sector, SNSC acts as a coordinator for other players such as Telekom Malaysia, MYNIC and Jaring. At the ASEAN

level, SNSC has participated in the ASEAN Cert Incident Drill (ACID 2011) of which the objective is to improve the coordination between the ASEAN countries in reducing the frequency of cyber attacks. For this purpose, SNSC has been working closely with member countries in various aspects in terms of increased network security and information-sharing initiatives.

MCMC also organised three industry talks that focused on issues related to network security, in collaboration

with cyber security experts such as the SANS Institute, Hack In The Box (HITB) and MYNIC. Cyber security portal (<http://www.skmm.gov.my/cybersecurity>) and anti-phishing (<http://www.skmm.gov.my/antiphishing>) are also used as an important platform for disseminating important information to the public and stakeholders on the phishing and cyber incidents.

WORKSHOP ON TECHNOLOGY AND TEST FOR TRANSMISSION OF DIGITAL VIDEO BROADCASTING - TERRESTRIAL SECOND TECHNOLOGY (DVB-T2)

In early March 2011, Asia-Pacific Broadcasting Union (ABU) and the Digital Video Broadcasting consortium, Radio Television Malaysia (RTM) and Rohde & Schwarz (R&S) Malaysia had conducted a technical workshop to test the transmission of the second generation of DVB in the Klang Valley. MCMC was invited to conduct the test using the upgraded data collection mobile at that time.

SEIRD together with the experts for DVB, Digital TV Labs (DTV Labs) UK, R&S and Sony Malaysia had analysed the second generation DVB transmission and discovered that the technology is more capable in terms of coverage and quality. A total of 40 participants from across Asia Pacific had taken part in the test measurements. Measurements were carried out from the 6 to 7 March 2011, and covered three regions. One of the most remote locations, Bandar Setia Alam, was found to receive good second generation DVB signals from the transmitters located in the KL Tower. Two other transmitters were located in Angkasapuri which are also not far from the KL Tower and at the same time were at the heart of Kuala Lumpur. All of the second-generation signals were found to provide better coverage than the first generation signals.

MCMC team led by SEIRD for the spectrum monitoring provision at SIC.

FORMULA 1 PETRONAS MALAYSIA CHAMPIONSHIP 2011

The world's major auto event, Formula 1 is held in Malaysia every year. From 8 to 10 April 2011, SEIRD was assigned to monitor the use of spectrum at the Sepang International Circuit. As one of the most prestigious events, a variety of the latest and best technology in the world of motorsport was showcased during the event. MCMC was responsible for assigning the usage of the spectrum and to ensure the standard compliance for all types of communications equipment in SIC.

During the event, SEIRD had received 63 complaints regarding tracking and radio frequency interference (RFI). Most of RFI complaints were resolved before the official event race day.



Postal & Courier Services

NATIONAL POSTAL STRATEGY (2010-2014)

2011 PERFORMANCE

Second year of implementation of the National Postal Strategy (NPS) saw major development and achievements on the objectives of postal and courier services through a comprehensive NPS 2010-2014 planning.

The NPS 2010-2014 development programme will continue to be based on the positive growth of the new Postal Services Act 2011 and autonomous liberalisation policy by the courier service industry, in line with the Government's Economic Transformation Plan.

NPS has not only improved the performance in 2011, but has also driven the growth of this sector from which the dynamic changes will bring new challenges to the market, the players and regulators. Table 42 lists the main targets achieved in 2011.

PERFORMANCE INDICATOR

ACHIEVEMENTS IN 2011

THRUST 1 - UNIVERSAL POSTAL SERVICE

New Postal Services Act

Approved by the Senate in 21 December 2011.

Protecting the Universal Postal Service through licence conditions/provisions of the law

Through the new Act, MCMC works to protect the Universal Postal Service.

Coverage of nationwide home delivery service (USO)

400 Community Postmen were appointed under the Sabah & Sarawak Postal Transformation Plan

Postal outlets per head of population over the country (USO)

110 new outlets realised since 2010

THRUST 2 - QUALITY OF SERVICE

Compliance to the standard packaging quality

The new service standard for domestic packaging services has been completed. MCMC has appointed the consultant to measure the performance of the packaging services.

Courier quality performance

The average achievement of the courier services was 79% in 2010.

Postal safety guidelines and disaster plan

POSM has submitted Business Contingency Plan to MCMC on 8 August 2011.

Reviewing the domestic mail service standards

The new service standard for 2011-2015 for domestic mail has been completed.

THRUST 3 - IMPROVE PRODUCTIVITY

Seminar on Codes of best practice via MCMC Academy

Seminars on security and shipping of dangerous goods, and road safety will be conducted. Discussions with MITRANS is in progress to promote the development of capacity.

Develop pilot projects addressing rural postal

Ongoing pilot project in Pekan will be completed in February 2012.

Road safety awareness campaign

To continue collaboration programmes with JKJR.

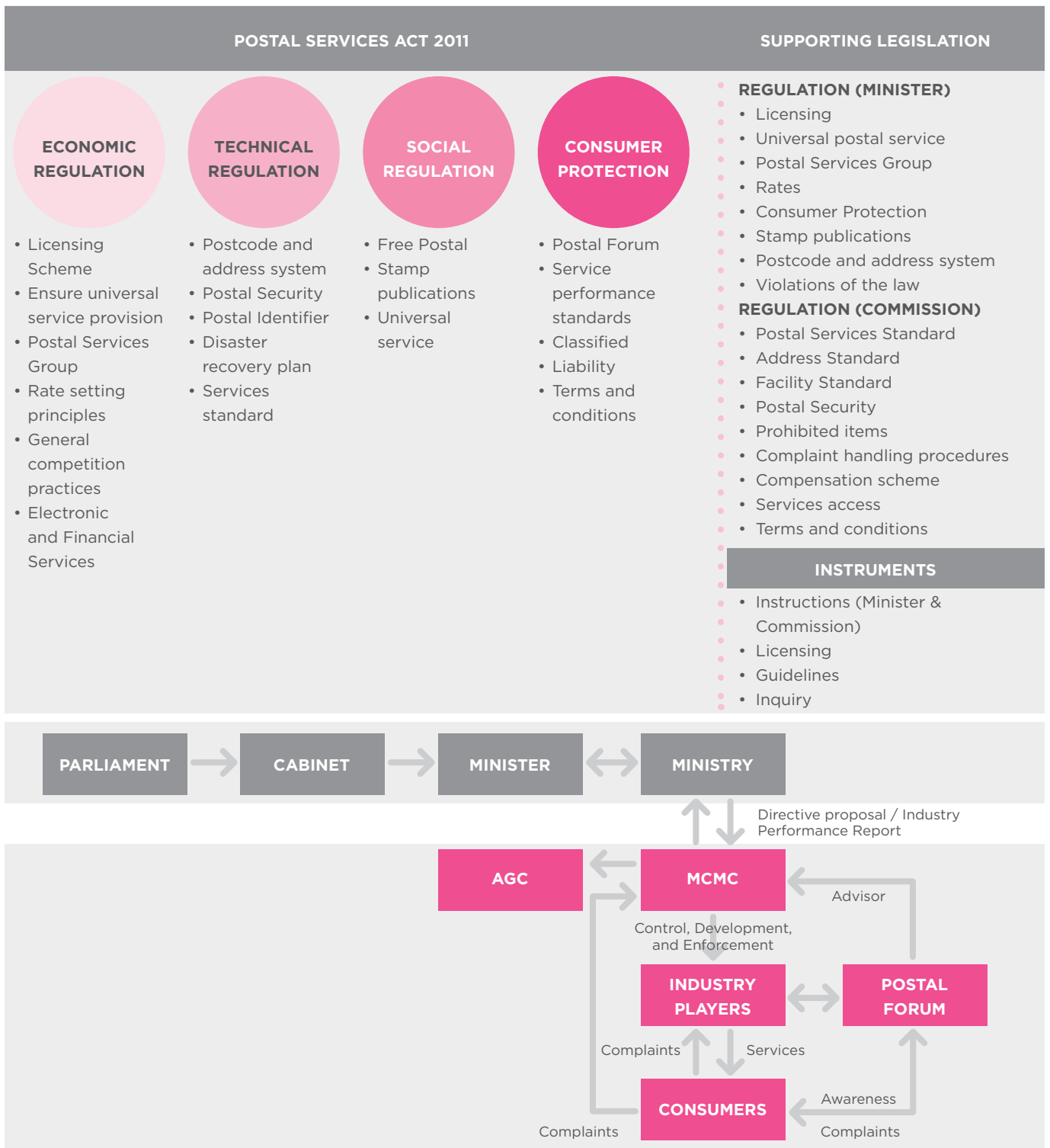
PERFORMANCE INDICATOR**ACHIEVEMENTS IN 2011****THRUST 4 - INDUSTRY GROWTH**

Competition provision	Competition Act 2010 will take effect on 1 January 2012. The New Postal Services Act will also cover the issue of competition.
Publishing industry facts and figures	MCMC publishes statistics twice a year.
Letter-writing competition at national level	45,000 entries received in 2011.
National postal and courier conference	Courier Industry Workshop conducted on 21 September 2011.
Overall coverage nationwide courier delivery service (percentage of population)	91% coverage of populated areas receive the shipment.
Preparation of a database of comprehensive postal and courier network	CIMS (MagicMap v2) for postal dan courier.
New courier licencing guidelines	Based on the approval of Courier Industry Development Plan draft.
New licencing regime (USO and non-USO licence)	Completed through the new Postal Act. Drafting process of Licencing Regulations is in progress.
Creating postal services financial compliance framework	Postal financial services rely on the enforcement by BNM under the new Financial Services Act for Business 2011.
National philatelic exhibition	Exhibits were displayed at the National Museum and state libraries. MCMC allocated RM500 to each Malaysian participant at the World Stamp Exhibition 2011 in Yokohama. Exhibits by participants are still being documented.
Stamp design award	Discussions are underway, stamp votes will be implemented in the first quarter of 2012 to select the most popular stamp issued in the year 2011.

THRUST 5 - INTERNATIONAL DEVELOPMENT

Leading the Project Team on CA UPU Terminal Fee Governance Issues	Malaysia chaired the Group Project in every CA UPU session.
Joined the UPU Council (CA/POC)	Malaysia is an active UPU member. Became a member of several working groups and presented papers at the UPU.
Formulate policies for the liberalisation of the postal and courier sector	MICC has autonomously liberalised courier services (100% foreign equity ownership allowed) beginning 1 January 2012.
UPU Certification for International Exchange Office	Malaysia International Exchange Office at KLIA has received gold award from the UPU.
Initiate international mail electronic remittance service	Malaysia internal systems are not ready to exchange services with other countries. Exchange process with Indonesia is currently running.

Table 42 Strategic achievement in 2011 by the National Postal Strategy 2010-2014



QUALITY OF SERVICES FOR DOMESTIC POSTAL AND PARCEL SERVICES 2011-2015

MCMC has set the standard for postal and domestic parcel services for year 2011 until 2014.

OBJECTIVE	2011	2012	2013	2014	2015
Speed	89.0%	89.0%	89.0%	89.0%	89.0%
Reliability	99.93%	99.94%	99.95%	99.96%	99.97%

CATEGORY	PENINSULAR MALAYSIA	SABAH & SARAWAK
Domestic		Until D+3
Between states		Until D+4

Table 44 Domestic letter services standard

OBJECTIVE	2011	2012	2013	2014	2015
Speed	Benchmark	82.0%	82.0%	82.0%	82.0%
Reliability	Benchmark	99.94%	99.95%	99.96%	99.97%

CATEGORY	PENINSULAR MALAYSIA	SABAH & SARAWAK
Local Delivery		Until D+3
NATIONAL DELIVERY		
Domestic		Until D+5
Between states		Until D+7

Table 45 Domestic parcel services standard

ANNUAL STAMP PRODUCTION 2011

The year 2011 has seen the production of interesting stamps themes in the world of philatel. Pos Malaysia has issued various stamps to commemorate important historical events and also special themes based on categories. Overall, a total of 14 stamps were issued, focusing on a variety of topics - crafts, values, sports and royal castles, as listed in Table 46.

Few events worth highlighting:

- AFF Suzuki Cup 2010 was marked as one of Malaysia historical events as this is the first time we won the trophy. Prior to this in 1996, Malaysia succeeded in getting to the finals.
- Noble Values is one of the government's initiatives to adopt and implement the values of society in Malaysia for all walks of life. The campaign aims to strengthen the identity and nature of dependence within the community.

NO	THEME	DATE
1	Kids Pets (Rabbit)	18.01.2011
2	Highlands Tourism	21.02.2011
3	AFF Suzuki Cup 2010 Champion	28.02.2011
4	Spices	23.03.2011
5	Artifacts of National Heritage	11.04.2011
6	Setemku - Silver Handicraft	28.04.2011
7	Noble Values	13.06.2011
8	100 Flights in Malaysia	30.06.2011
9	Royal Palaces	28.07.2011
10	Joint Issue Malaysia / Indonesia	08.08.2011
11	Visual Arts - Series II	09.09.2011
12	Letter Box (Stamp Week)	09.10.2011
13	Underground Engineering Excellence	21.11.2011
14	Royal Institution	12.12.2011

Table 46 Themes created in 2011

On this basis, Malaysia has adopted a liberal licensing regime for the courier service. MCMC has issued licenses to more than 110 operators; where most of them are popular brands in the international and local levels. As a result of this liberal policy courier and economic growth for the past 30 years, Malaysia has succeeded in attracting investments from major courier operators and world-class continents.

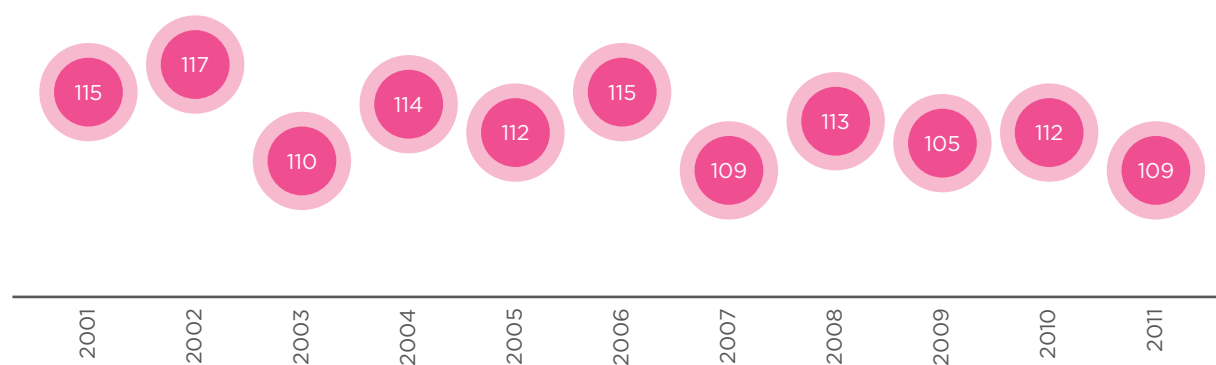


Table 42 Number of licensed courier company (2001-2011)

A total of 8 new applications were approved in 2011 to the following companies:

- a Bestline Express Services Sdn Bhd
- b Daylight First Hub Express Sdn Bhd
- c YBL International Sdn Bhd
- d SF Global Express (M) Sdn Bhd
- e Utusan Transport Sdn Bhd
- f BS Express Sdn Bhd
- g Inter GSA Freight Services Sdn Bhd
- h ADS International Express Sdn Bhd

1MALAYSIA LETTER-WRITING COMPETITION

MCMC has been instrumental in supporting the 1Malaysia initiatives. One of them was to organise 1Malaysia Letter-Writing Competition with Pos Malaysia Berhad, MICC and Ministry of Education.

The theme for 2011 required students to imagine themselves as one of the prominent freedom fighters and deliver the message to maintain independence enjoyed by Malaysians today.

The competition was opened to school students across the country to give them the opportunity to test their ingenuity and intelligence, as well as to raise awareness on the need for broader and deeper knowledge before translating them into writing.

The competition received overwhelming response with various critical and creative ideas received from the 45,788 entries – 8,957 from primary school and 36,831 from high school, which ran from 1 May 2011 to 30 July 2011.

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 are 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:

- a Digicert Sdn Bhd achieved full compliance in all mandatory areas of control; and
- b 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.

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 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. Figure 44 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:

- a "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 the mobile phone's penetration rate has surpassed 100% in Malaysia).
- b 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.

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.

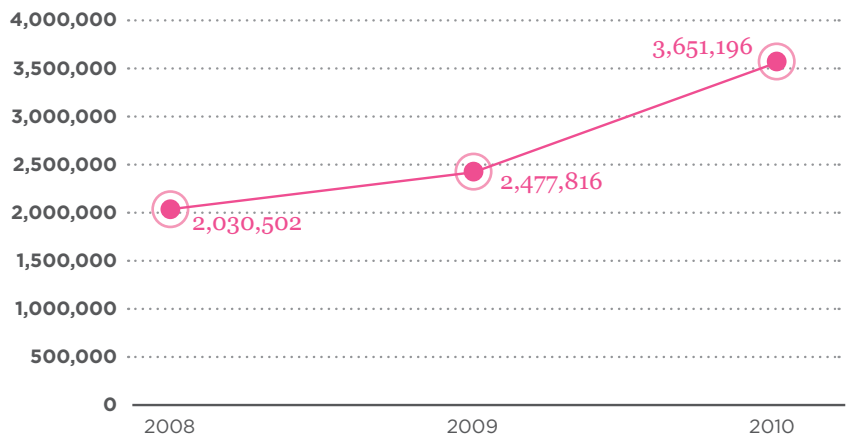


Figure 44 Growth of Digital Signature Certification issued by the Certification Authority in Malaysia

Empowering A Smart Community

A knowledgeable and self-reliant community will encourage the formation of a competitive society that is ready to face challenges.

SERVICES AND SUPPORT

- ORGANISATIONAL DEVELOPMENT
- HUMAN CAPITAL DEVELOPMENT
- MCMC ACADEMY
- STRATEGIC INFORMATION SYSTEM
- HUMAN CAPITAL DEVELOPMENT
- KNOWLEDGE MANAGEMENT & RESOURCE CENTRE
- INTERNATIONAL AFFAIRS
- CORPORATE COMMUNICATION



Human Capital Development

In 2011, the Human Capital Management Division has focused on increasing the capacity and performance of talent to support the initiatives undertaken by MCMC.

A total of 31 employees were identified to hold higher position and were given broader and more challenging scope of work to achieve all of MCMC's key performance indicators (KPIs) and objectives.

Improvement initiatives with regards to the management of talent and career development support level will open up opportunities for all support staff to increase their knowledge, improve efficiency and enhance their ability to perform their responsibilities at greater capacity in all divisions and departments.

Adjustments have been made at the support staff level based on the three career management portfolio, according to departments and specialty groups. The implementation will be carried out early 2012, starting with 42 employees from support level. This initiative is also a follow-up to the Broadbanding programme that has been implemented for the executives in the previous year. Aimed to polish their talent and potential internal workforce, this move is expected to strengthen support for MCMC. Recognition will also be given to the deserving personnels after the implementation of this programme. Beginning 2011, MCMC has introduced MCMC Competency Model for staff at support level as a measure to empower the Commission Performance Management System (ACHIEVE).

Recognising the importance of maintaining existing talent and attracting new talent, a total of 147 new talents have been identified to join MCMC of which 50% represent the executives and non-executives group respectively. The year 2011 also saw the success of the Human Capital Management Division when the ranks and grades of 42 members of MCMC have been increased.

From the efforts undertaken, MCMC has managed to record a lower Employee Turnover rate at 5.0%, as compared to Malaysia's Employee Turnover Rate* of 15.7% in 2010.

* Source from Aon Hewitt Malaysia

POSITION	GRADE	NUMBER OF STAFF
Chairman	-	1
Chief Operation	P 12	0
Chief	P 9	4
Senior Director	P 8	1
Director	P 7	25
Director	P 6	32
Deputy Director / Senior Executive / Senior Engineer	P 5	93
Assistant Director / Executive / Engineer	P 4	144
Executive Secretary / Executive Assistant / Technical Support	S 3	13
Secretary / Executive Assistant	S 2	102
Driver / General Worker	S 1	27
TOTAL		442

Table 44 Number of identified staff

Comparison of Key Performance Indicator (KPI) in the following quarters with development achievements in 2011 is also shown in Figure 47.

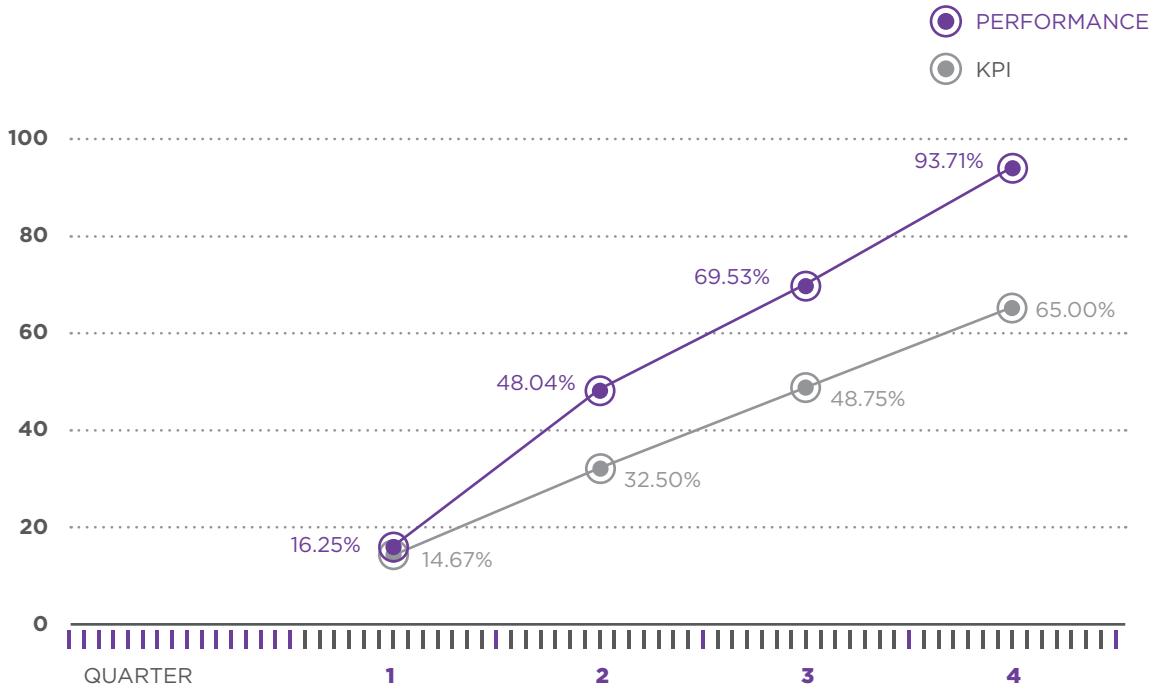


Figure 47 Comparison of the percentage of quarterly indicators (KPIs and Performance 2011)

In line with efforts to develop the communications and multimedia industry, MCMC is now taking proactive measures to provide training to the workforce engaged in critical areas in Malaysia. To ensure the effectiveness of implementation, MCMC Academy's roles and responsibilities were expanded in 2012 with emphasis on development of various fields of telecommunications and the multimedia industry in Malaysia, and are not limited to members of MCMC's workforce.

Knowledge Management & Resource Centre

Knowledge Management & Resource Centre is divided into three departments – The Department of Statistics (STAT), Market Research Department (MRD) and the Knowledge and Resource Centre (KRC).

DEPARTMENT OF STATISTICS

As a reference point for statistics, the Department of Statistics has carried out numerous activities involving the communications and multimedia industry, postal and courier services as well as digital signatures. This department collects data which is divided into two, namely primary data and secondary data. Primary data is data collected from users of the services while the secondary data is gathered through customer records maintained by service providers in the country. Both types of data are important to provide an accurate picture of the sectors mentioned above.

The primary data is gathered through scientific research conducted at the centre of the MCMC Data Collection Centre (CATI) located at Wisma Pahlawan, Kuala Lumpur. This study captures data from users via computer-assisted telephone. Since its inception, MCMC CATI Centre has attracted the interest of researchers and in 2011 the centre has received

a delegation from Universiti Kebangsaan Malaysia (UKM).

In 2011, the Department of Statistics has conducted a total of 6 studies. 2 of them were annual surveys, namely the Mobile Consumer Study 2011 and Study of Internet Usage at Home 2011, which aimed to report the usage rates of mobile phones and the Internet in Malaysia. Data obtained from these studies are analysed by statisticians and are published on annual basis, which in turn will be used by local and international researchers. The other 4 studies measured the rate of household broadband penetration and involved Prepaid Mobile Broadband, Mobile Broadband Study, Broadband over Mobile, and WiMAX Broadband Users Survey. Through these studies, it was discovered that the household broadband penetration rate in 2011 has reached 62.3%, which is 2.3% above the target of 60% set. The Department is also working with the Implementation Coordination Unit (ICU) to study the effectiveness of 1Malaysia Computer programme.

Among the secondary data obtained from industry players and related parties are the number of broadband subscriptions, mobile phone, fixed line phone, public phone, digital signature subscription, post offices, postal workforce, the

coverage of the postal service, postal vehicles, traffic, tariffs, and other related numbers. These data are also reported and published in the bilingual statistical information book on a quarterly and half-year.

Since 2010, the statistical information booklet has been presented in a more user-friendly format since 2010 to attract more readers and analysts to read it.

From 2008 onwards, the Department of Statistics has represented MCMC as General Secretary for the Asia-Pacific Internet Research Alliance (APIRA). The department has also achieved another remarkable success when elected as Chairman to represent MCMC for the second meeting of the ITU Expert Group for Telecommunication Indicators (EGTI) in 2011.

DEPARTMENT OF MARKET RESEARCH

Communication and multimedia is an industry that is constantly evolving and has a high level of competitiveness, in line with advancements in technology. Thus, monitoring and research on market trends have been made a priority to ensure that the industry continues to thrive in Malaysia.

The Department of Market Research is assigned to implement the study in accordance with the current industry requirements, and on the topical areas through the provision of market research report as a platform to exchange views and the latest information in the relevant industry. The studies conducted are published in various formats of print or electronic media, including Summary of Industry Trends Report (BIT), Industry Performance Report (IPR)



Among reports published by Department of Statistics.

and MyBroadband newsletter. In addition, the Department of Market Research has also sponsored the Opportunities through ICT Broadband Conference.

The publication of the Industry Trends Report (BIT) seeks to report and discuss areas of topical and current developments in the communications and multimedia industry by focusing on the development of the industry outside of the country or matters that affect the development of the market in Malaysia. This report is published twice a year.

INDUSTRY PERFORMANCE REPORT

The annually published Industry Performance Report reviews current trends, developments and technological advances in communications and multimedia services in Malaysia and around the globe.

This report also incorporates the economic and financial performance of the communications industry sectors that can serve as a guide to bridging the digital divide by identifying the industry access indicators, licensing activities, consumer protection measures and programmes to provide universal services.

CONFERENCE ON OPPORTUNITIES THROUGH ICT BROADBAND

On 24 and 25 May 2011 at MCMC Cyberjaya, the Market Research Department has organised a Conference on Opportunities through ICT Broadband. The conference lasted for two days and was one of the initiatives that have been planned by MCMC for the Industrial Development Series Programme. At the conference, the Industrial Development Series Programme was also launched by the Minister of Information, Communications and Culture of Malaysia, Dato' Seri Utama Dr. Rais Yatim in the presence of the delegates of the communications and multimedia industry.

The conference aims to create a healthy business portal for ICT companies besides driving the growth of the economy under the Economic Transformation Programme (ETP), the New Economic Model (NEM) and the 10th Malaysia Plan (10MP).

A total of 19 local and international speakers have been invited to discuss the topics related to opportunities through ICT broadband and their success stories in leading this industry.

The conference drew 200 participants from the members of the industry, investors, institutions, vendors, and multimedia communication licencees from inside and outside of the country. The conference also received encouraging participation from companies promoting telecommunications, electronics, software, banking and others.



KNOWLEDGE & RESOURCE CENTRE

MCMC Knowledge & Resource Centre is open to the public and stores the latest information on the communications and multimedia industry in print media, secondary media storage or online. Offering a collection of over 4,500 titles in 2011, this resource centre also conducts activities related to MCMC Knowledge Management Initiatives and provides Internet services to its users. The portal can be accessed at the resource centre or by visiting <http://library-svr.cmc.gov.my/> or <http://www.skmm.gov.my/Commission>.

Operating for more than 12 years, it has attracted many users especially MCMC staff, researchers and students. SearchHub, an easier and faster way to search for information is capable of displaying results from related industry portals and the public domain. In 2011, a number of 28,000 searches were recorded.

In implementing the third strategy of MCMC Knowledge Management Initiatives i.e. 'The sharing of knowledge from courses attended with other staff who perform similar tasks', 4 sessions of Sharing the Jewel were conducted in 2011.

Through the fourth strategy - 'Promoting networking/informal relationship between those in need and those who give', a total of 13 sessions of the Tea Talk@3 were conducted in the year 2011. Most of the presenters featured MCMC's staff and were conducted casually. It has attracted the interest of many staff to attend and gain knowledge, especially in the telecommunications and multimedia field. Tea Talk@3 sessions have been recorded and published in compact discs format as a reference in the future.



MCMC Knowledge & Resource Centre.

(dot)myConvergence Magazine, published two times a year, is one of the department's notable achievements in providing information through articles related to the telecommunications and multimedia industry. The magazine which features articles written by MCMC employees and industry representatives is also a useful reference document for local readers as well as those from abroad. It can be accessed via <http://www.myconvergence.com.my>.



.myCONVERGENCE magazine published by MCMC.

International Affairs

MCMC participates actively in the international forums 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 particularly the first National Policy Objective for facilitating Malaysia's transformation into an industry global hub. Consequently MCMC engages with various international organizations as listed in the Ministerial Direction issued under Section 269 of the Act.

The purpose of MCMC's participation in various international activities and forums 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 at international level 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 further involved as the sectorial 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 Harmonization 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:

1 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:
 - a Frequency Allocation Committee of Singapore, Malaysia and Brunei (FACSMAB)
 - b Joint Technical Committee on Coordination and Assignment of Frequencies along the Malaysia-Thailand Common Border (JTC)
 - c Joint Coordination Committee between Malaysia and Indonesia (JCC)
 - d Trilateral coordination involving Indonesia, Malaysia and Singapore

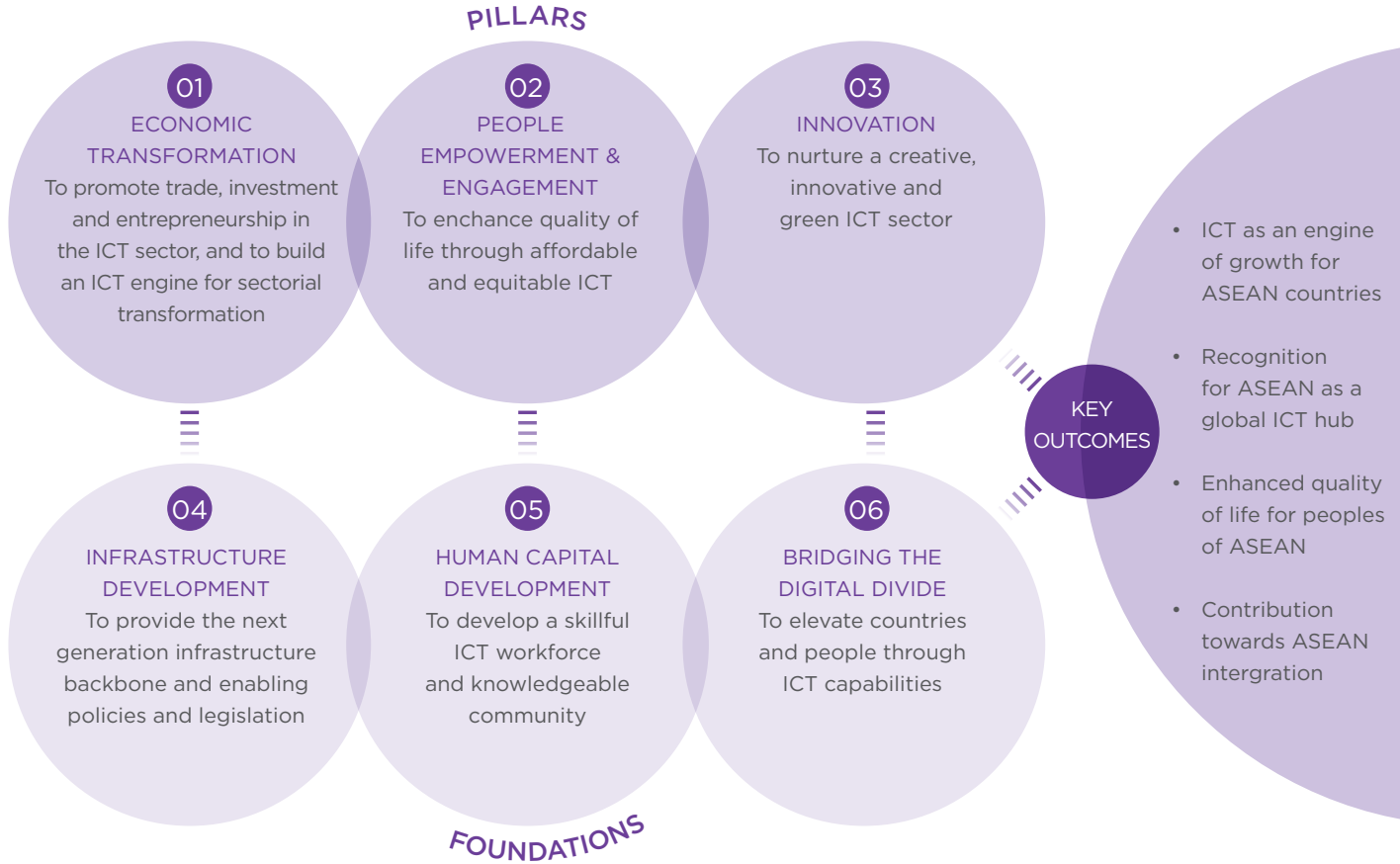
2 ASIA PASIFIC

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

3 INTERNATIONAL/ INTERGOVERNMENTAL ORGANISATIONS

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

In summary, MCMC had participated in a total of 114 conferences and meetings in 2011 as well as received 12 foreign delegations on study/working visits. However, the majority of the work in 2011 was focused on the ASEAN sector with Malaysia as the host of the event.



The full document can be accessed at the following:
<http://www.asean.org/documents/ASEAN%20ICT%20Masterplan%202015.pdf>

Figure 48 ICT ASEAN 2015 Masterplan

11th ASEAN TELECOMMUNICATIONS AND IT SENIOR OFFICIALS MEETING

The 11th ASEAN Telecommunications and IT Senior Officials Meeting (11th ASEAN TELSOM) was held prior to the 10th TELMIN from 10-12 January 2011. Similar to TELMIN, the TELSOM is a regional platform to tackle wide-ranging issues concerning telecommunications and IT and comprises senior Telecommunications and IT Officials duly designated from each of the

10 ASEAN Member States. In keeping with the established practice, as host of the meeting, Malaysia took over the Chairmanship of the ASEAN TELSOM for the work cycle 2010-2011.

The 11th TELSOM among others considered and endorsed the final text of the ASEAN ICT Masterplan 2015 as well as the projects for implementation during the 2010-2011 cycle. As the 2010-2011 work cycle was the first year of implementation for the AIM 2015, focus has been

towards putting the building blocks in place to kick-start the various initiatives and actions in the AIM2015. Although many of these initiatives and actions are due to be completed over the next three to four years, the initial steps are important to ensure delivery in a timely manner. Many projects have been undertaken in the 2010-2011 cycle towards this with an emphasis on:

- Realignment of the ASEAN TELMIN institutional structure

Corporate Communication

JANUARY

13 & 14

TELMIN & TELSOM
Royal Chulan Hotel KL



18

Visit to CBC, Felda
Chempelak Barat
Segamat, Johor

25

U-Library Seminar
- *Extending Beyond
Traditional Boundaries*

FEBRUARY

26

Launch of KTW,
Kg. Merlimau Pasir
Merlimau, Malacca

MARCH

1

Launch of KTW,
Kg. Desa Murni
Merlimau, Malacca

5

Launch of KTW,
Kg. Rumpun Makmur
Kerdau, Pahang

22

Launch of KTW,
Kg. Sungai
Rotan
Jejebu, Negeri
Sembilan

30

Launch of
U-Pustaka
National Library
Kuala Lumpur



APRIL

20

Launch of
New Mobile
Roaming Rates

25

Agreement Signing
Ceremony & Press
Conference

Economic Transformation
Programme Sector

Communications Content
and Infrastructure
(NKEA-CCI)



26

Launch of KTW,
Felda Pasoh 3
Jelebu, Negeri
Sembilan

MAY

24 & 25

Conference on Opportunities for all in Broadband ICT 2011



30

Launch of KTW, Kg. Serampang Indah **Jempol, Negeri Sembilan**

JUNE

1

Launch of 1Malaysia Netbook **Rembau, Negeri Sembilan**



3

Launch of KTW, Kg. Kerangai **Jejebu, Negeri Sembilan**

8

World IPv6 Day 2011 Officiating Ceremony - V6 Connecting Everything

10

Launch of RTM Broadcast Expansion to Rural Areas in Sabah & Sarawak over Satellite (PSRTVSAT)

20

LID Delegation Visit to MCMC



23

Launch of KTW, Kampung Batu 8, Lepar **Pekan Pahang**

28

Launch of Tower, **Kerdau**

30

Officiating of U-Pustaka Negeri Sarawak **Sarawak**

JULY

2

Launch of KTW, Kampung Poun **Jelebu, Negeri Sembilan**

5

Launch of U-Pustaka Negeri Sembilan **Negeri Sembilan**

7 - 9

Remembering Malaysia Prominent Figures Programme - Allahyarham Tun Abdul Razak **UiTM Jengka, Pahang**

11

Malaysia Open House Programme: Gawai Dayak 2011

14

Casual Lunch with YB Dato' Seri Utama Dr. Rais Yatim, Minister of Information, Communication and Culture

14

Award Giving Ceremony for Liga Remaja Kreatif Peringkat Kebangsaan 2010

18

Launch of ISO Awareness Programme / ISO Compliance Implementation

20

Launch of KTW, Kampung Peradong, **Jelebu, N. Sembilan**

21

U-Pustaka Information Literacy Program IT Managers And Supervisors at CBCs and CBLs all over the country - " Towards a Better Life in Rural Area with u-Pustaka" **Putrajaya International Convention Centre (PICC) Putrajaya**

23

Handing Over of Netbook 1Malaysia from Tampin Parliament **Negeri Sembilan**

26

Signing of MoU (MCMC-UTM) **Skudai, Johor**

31

Launch of Sabah Broadband Promotion by MCMC Chairman **Sandakan, Sabah**



AUGUST

12

Launch of Swiflet Tracking System
Labis, Johor

16

Majlis Amal Ramadhan MCMC 2011

SEPTEMBER

11

Aidilfitri-Merdeka Malaysia Open House 2011, Kg. Guar Perahu
Penang

13

KPKK Open House at Kraftangan Malaysia

19

Networked Media Content Seminar 2011

22

Majlis Mesra Aidilfitri MCMC 2011

23

Tawau Broadband Promotion
Tawau, Sabah

27

Merdeka Video Competition 2011 Prize Giving Ceremony
The Royal Chulan Hotel KL



OCTOBER

15 & 16

1Malaysia Broadband Carnival, Dataran Kedamaian Taiping, Taman Tasik Taiping
Taiping, Perak

21 - 23

Temasya Pantai Timur 2011
Pekan, Pahang

29

1Malaysia Broadband Carnival
Lahad Datu, Sabah

29 & 30

Broadband Promotion, Beaufort, Sabah bersama Festival Begandang 2011
Sabah

29 & 30

1Malaysia Broadband Carnival, Dataran Sibu
Sarawak



NOVEMBER

10

Communications Equipment CMA 98 Seminar

12 & 13

1Malaysia Broadband Carnival, Padang Astaka Majlis Daerah Temerloh
Pahang

22 - 24

KPKK Innovation Day Exhibition 2011

24 - 27

27 Jelebu Carnival - Distribution of 1Malaysia Netbook
Jelebu, Negeri Sembilan

25 - 27

ICT Carnival Negeri Sembilan
Negeri Sembilan

26 & 27

1Malaysia Broadband Carnival
Tawau, Sabah

29 - 2 DEC

EMF Awareness Campaign

DECEMBER

3 & 4

1Malaysia Broadband Carnival, Padang Majlis Daerah
Kota Tinggi, Johor

6

MyIX Awareness Briefing

17 & 18

'Siok Bah Broadband', Likas Sports Complex
Kota Kinabalu, Sabah



*Governance & Audited
Financial Statements*



Statement of Financial Position

As at 31 December 2011

	Note	2011 RM'000	2010 RM'000
Non-current assets			
Property, plant and equipment	3	82,046	81,544
Current assets			
Fees and other receivables	4	40,904	27,281
Prepayments		422	7
Cash and cash equivalents	5	2,056,532	1,783,780
Total current assets		2,097,858	1,811,068
Total assets		2,179,904	1,892,612
Represented by:			
Accumulated fund	6	1,756,481	1,474,683
Liabilities			
Non-current liability			
Deferred income	7	105,421	98,508
Current liabilities			
Deferred income	7	225,363	266,686
Other payables and accrued expenses	8	89,342	52,015
Current tax liability		3,297	720
Total current liabilities		318,002	319,421
Total liabilities		423,423	417,929
Total fund and liabilities		2,179,904	1,892,612

The notes on pages 148 to 163 are an integral part of these financial statements.

Statement of Income and Expenditure for the year ended 31 December 2011

	Note	2011 RM'000	2010 RM'000
Income			
Operating license fees		105,349	82,722
Spectrum fees		344,157	302,036
Interest income		59,914	40,614
Gain on disposal of plant and equipment		5	218
Reversal of impairment loss on fees receivables		250	870
Other income		9,669	10,701
		519,344	437,161
Expenditure			
Human resource expenses		52,570	43,057
Administrative expenses		51,390	36,067
Special projects expenses		46,529	37,227
Industry development grant expenses		44,220	5,473
Audit fee		50	50
Rental expenses			
- premises		1,376	1,133
- network		2,111	1,599
- others		1,304	551
Depreciation of property, plant and equipment	3	15,488	34,445
Impairment loss on fees receivables		493	950
Rebate entitlement expenses		-	16,790
Other expenses		7,283	3,505
		222,814	180,847
Excess of income over expenditure before tax		296,530	256,314
Income tax expense	9	(14,732)	(10,038)
Excess of income over expenditure after tax	6	281,798	246,276

The notes on pages 148 to 163 are an integral part of these financial statements.



Statement of Total Recognised Gains and Losses for the year ended 31 December 2011

There were no recognised gains and losses other than the net surplus for the current financial year and the previous financial year.

Statement of Cash Flows

for the year ended 31 December 2011

	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Excess of income over expenditure before tax	296,530	256,314
Adjustments for:		
Depreciation of property, plant and equipment	15,488	34,445
Gain on disposal of plant and equipment	(5)	(218)
Interest income	(59,914)	(40,614)
Operating surplus before changes in working capital	252,099	249,927
Changes in working capital:		
Deferred income	(34,410)	21,971
Fees and other receivables and prepayments	(792)	1,594
Other payables and accrued expenses	37,327	23,573
Cash generated from operations	254,224	297,065
Tax paid	(12,155)	(8,998)
Net cash generated from operating activities	242,069	288,067
Cash flows from investing activities		
Acquisition of plant and equipment	(15,990)	(6,073)
Interest received	46,668	38,910
Proceeds from disposal of plant and equipment	5	302
Net cash generated from investing activities	30,683	33,139
Net increase in cash and cash equivalents	272,752	321,206
Cash and cash equivalents at 1 January	1,783,780	1,462,574
Cash and cash equivalents at 31 December (Note 5)	2,056,532	1,783,780

The notes on pages 148 to 163 are an integral part of these financial statements.

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 on **30 August 2012**.

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 years 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*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes - Deferred Tax: Recovery of Underlying Assets*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investment in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

1 BASIS OF PREPARATION (continued)

a Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013 (continued)

- Amendments to FRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)
- Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures*

The financial statements of the Commission for the annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Commission will not be adopting the above FRSs, Interpretations and amendments.

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.

Notes to 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, unless otherwise stated.

a Financial Instruments

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

a Financial Instruments (continued)

iii Derecognition (continued)

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.

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.

Notes to The Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b Property, plant and equipment (continued)

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

Fees and other receivables are categorised and measured as loans and receivables in accordance with Note 2(a)(ii).

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)(ii).

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

e Impairment of assets (continued)

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.

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.

Notes to The Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

g Fees and other income

i Operating licence fees

Operating licence fees are recognised on the following basis:-

- a a minimum RM50,000 or a maximum license fees of 0.50% of Gross Annual Turnover of the licensee 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.

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 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/								
1 January 2011	6,916	160,189	3,799	6,389	10,873	36,729	4,647	229,542
Additions	1,047	5,389	324	2,952	–	–	6,278	15,990
Disposals	–	(15)	–	–	–	–	–	(15)
Reclassifications	–	1,131	–	–	–	1,070	(2,201)	–
At 31 December 2011	7,963	166,694	4,123	9,341	10,873	37,799	8,724	245,517
Accumulated depreciation								
At 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/								
1 January 2011	4,851	131,169	2,787	4,539	–	4,652	–	147,998
Charge for the year	652	12,507	360	1,220	–	749	–	15,488
Disposals	–	(15)	–	–	–	–	–	(15)
At 31 December 2011	5,503	143,661	3,147	5,759	–	5,401	–	163,471
Net book value								
At 31 December 2009	2,020	58,707	1,273	2,562	10,873	32,811	1,754	110,000
At 31 December 2010/								
1 January 2011	2,065	29,020	1,012	1,850	10,873	32,077	4,647	81,544
At 31 December 2011	2,460	23,033	976	3,582	10,873	32,398	8,724	82,046

Notes to The Financial Statements

4 FEES AND OTHER RECEIVABLES

	2011 RM'000	2010 RM'000
Fees receivables (see Note 12.3)	2,883	2,732
Interest income receivables	35,500	22,254
Advances to staff	373	915
Other deposits	934	441
Other receivables	703	390
Staff loans	511	549
	38,021	24,549
	40,904	27,281

5 CASH AND CASH EQUIVALENTS

	2011 RM'000	2010 RM'000
Cash and bank balances	16,451	107,631
Deposits placed with licensed banks	2,040,081	1,676,149
	2,056,532	1,783,780

6 ACCUMULATED FUND

	2011 RM'000	2010 RM'000
Initial fund	60,000	60,000
Accumulated surplus brought forward	1,414,683	1,168,407
Payments made to the consolidated trust fund	-	-
	1,414,683	1,168,407
Excess of income over expenditure after tax	281,798	246,276
Accumulated surplus carried forward	1,756,481	1,474,683

The initial fund has been utilised to finance the working capital of the Commission.

7 DEFERRED INCOME

	2011 RM'000	2010 RM'000
Current		
Spectrum fees		
3G spectrum assignment fees	72,818	75,855
Apparatus assignment fees	151,821	190,055
Operating license fees		
Class license fees	724	776
	225,363	266,686
Non-current		
Spectrum fees		
3G spectrum assignment fees	104,628	97,883
Apparatus assignment fees	793	625
	105,421	98,508
Total deferred income	330,784	365,194

Deferred income relates to the amount of unearned income from payments made by licensees that will only be recognised in future financial periods.

8 OTHER PAYABLES AND ACCRUED EXPENSES

	2011 RM'000	2010 RM'000
Other payables	16,460	9,621
Accrued expenses	72,882	42,394
	89,342	52,015

Notes to The Financial Statements

9 INCOME TAX EXPENSE

	2011 RM'000	2010 RM'000
Current tax expense		
Malaysia - current year	14,592	10,014
- prior year	140	24
Total income tax expense	14,732	10,038
Reconciliation of tax expense		
Excess of income over expenditure before taxation	296,530	256,314
Income tax calculated using Malaysian tax rate of 25%	74,133	64,079
Tax exempt income	(115,244)	(99,277)
Non-deductible expenses	55,703	45,212
	14,592	10,014
Under provision in prior year	140	24
	14,732	10,038

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:

	2011 RM'000	2010 RM'000
Commission and Executive Committee Members' Remuneration	6,010	4,165

11 CAPITAL COMMITMENT

	2011 RM'000	2010 RM'000
Property, plant and equipment		
Authorised but not contracted for	127,280	127,651
Contracted but not provided for	5,330	5,733
	132,610	133,384

12 FINANCIAL INSTRUMENTS

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 2011 RM'000	L&R/ OL 2011 RM'000	Carrying amount 2010 RM'000	L&R/ OL 2010 RM'000
Financial assets				
Fees and other receivables	40,904	40,904	27,281	27,281
Cash and cash equivalents	2,056,532	2,056,532	1,783,780	1,783,780
	2,097,436	2,097,436	1,811,061	1,811,061
Financial liabilities				
Other payables and accrued expenses	89,342	89,342	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

12.3 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.

Notes to The Financial Statements

12 FINANCIAL INSTRUMENTS (continued)

12.3 Credit risk (continued)

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
2011			
Not past due	1,305	–	1,305
Past due 1 - 90 days	253	–	253
Past due 91 - 360 days	1,277	–	1,277
Past due more than 360 days	6,950	(6,902)	48
	9,785	(6,902)	2,883
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 had been provided for the amount not past due as it was related to the impairment losses incurred by the same licensee in the past years.

The movements in the allowance for impairment losses of fees receivables during the financial year were:

	2011 RM'000	2010 RM'000
At 1 January	6,659	6,579
Impairment loss recognised	493	950
Impairment loss reversed	(250)	(870)
At 31 December	6,902	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.

12 FINANCIAL INSTRUMENTS (continued)

12.3 Credit risk (continued)

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 as shown in Note 5.

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
2011			
Other payables and accrued expenses	89,342	89,342	89,342
2010			
Other payables and accrued expenses	52,015	52,015	52,015

Notes to The Financial Statements

12 FINANCIAL INSTRUMENTS (continued)

12.5 Interest rate risk

The Commission is exposed to interest rate risk on its fixed deposits placements. 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.

	2011			2010		
	Effective interest rate %	Within 1 year RM'000	1-5 years RM'000	Effective interest rate %	Within 1 year RM'000	1-5 years RM'000
Fixed rate instrument						
Deposits	3.01	2,040,081	–	2.88	1,676,149	–

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 transactions with key management personnel other than the key management personnel compensation as disclosed in Note 10.

Other related party transactions

There are no other related party transactions during the financial year.



Statement by the Members of the Malaysian Communications and Multimedia Commission

We, **Dato' Mohamed Sharil bin Mohamed Tarmizi** 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 1 to 25 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 2011 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:

Dato' Mohamed Sharil bin Mohamed Tarmizi

Datuk Mohamad Salim bin Fateh Din


Selangor,

Date: **30 August 2012**

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 1 to 25 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 Selangor on **30 August 2012**.



Tengku Zaib Raja Ahmad

Before me:



NO: 69A, JALAN SS 21/37
DAMANSARA UTAMA,
47400 PETALING JAYA,
SELANGOR DARUL EHSAN.



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 2011, 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 1 to 25.

Management of the Commission's Responsibility for the Financial Statements

The Management of the Commission is 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 Management 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 Management 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 2011 and of its income and expenditure and cash flows for the year then ended.



Other Matters

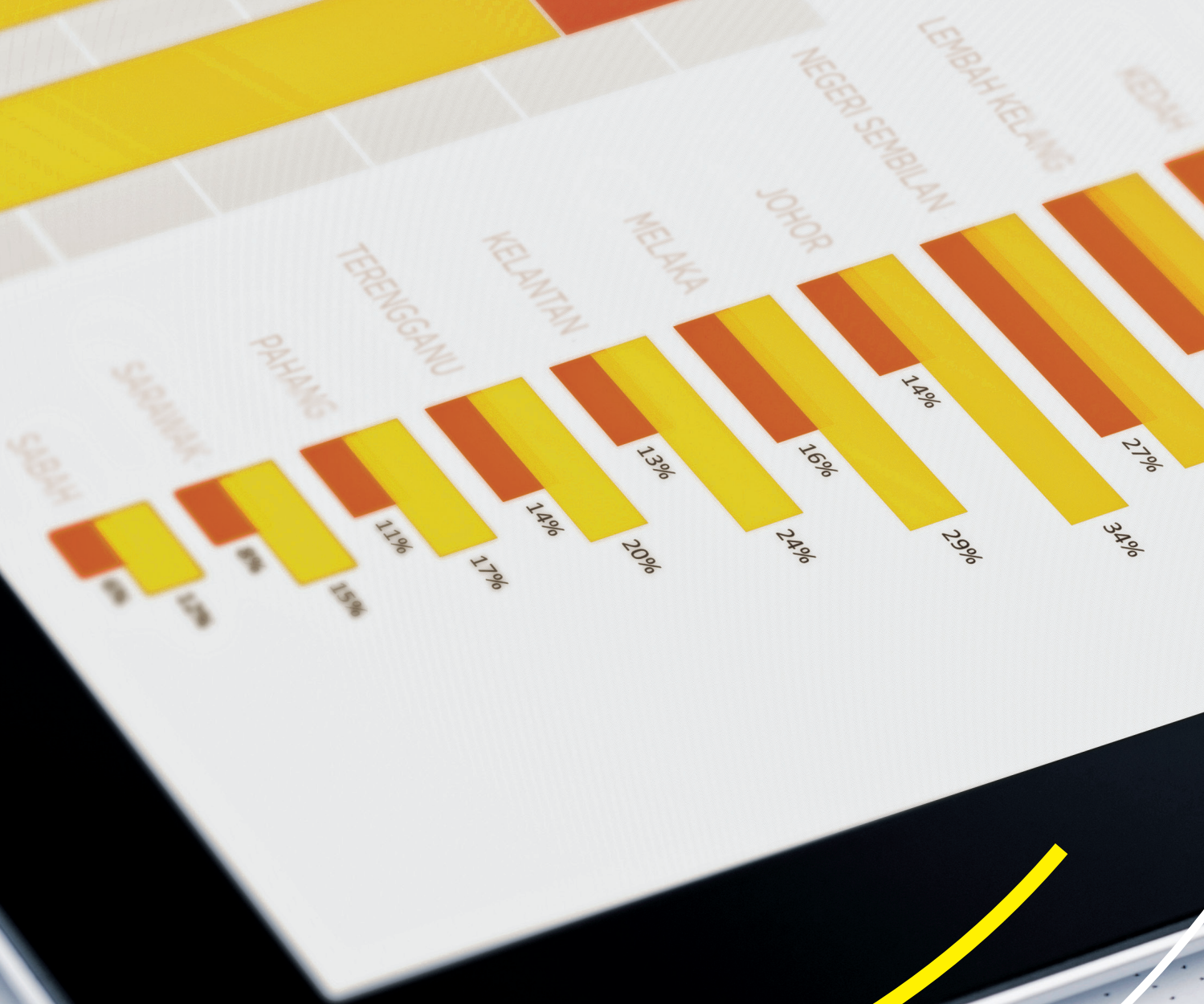
This report is made solely to the members of the Commission, as a body, in accordance with Section 47(2) of the Malaysian Communications and Multimedia Commission Act 1998 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/12(J)
Chartered Accountant

Petaling Jaya,

Date: **30 August 2012**





APPENDIX

*Statistics on Communications
& Multimedia 2011*

1 MALAYSIA BASIC INDICATORS

YEAR	POPULATION (million)	HOUSEHOLDS (‘000)	GDP (RM)		CONSUMER PRICE INDEX (CPI)
			CURRENT PRICES (billion)	CONSTANT PRICES (billion)	
Note	a			b	c
2010	28.40	6,605	765.965	559.554	101.2
2011	28.70	6,675	881.080	709.261	103.2

Source: DOS, BNM.

Explanatory notes:

a. Population projections as of end of period, based on census 2000.

b. Base year is 2000.

c. Base year is 2010.

The CPI reported against a quarter, refers to the average index for the period spanning 1st January to the end of that quarter.

2 PENETRATION RATES AT A GLANCE

YEAR	BROADBAND		CELLULAR PHONE	DEL
	PER 100 INHABITANTS	PER 100 HOUSEHOLDS	PER 100 HOUSEHOLDS	PER 100 INHABITANTS
Note	a	b	c	d
2010	16.6	55.6	119.2	42.5
2011	19.4	62.3	127.7	37.3

Explanatory notes:

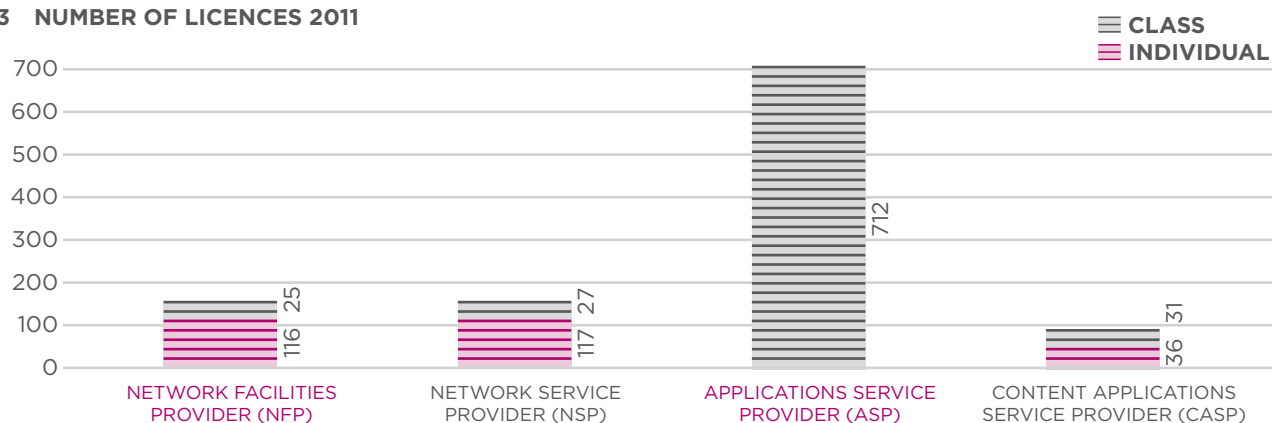
a The broadband penetration rate per 100 inhabitants is calculated by dividing the sum of household and non-household subscriptions by the number of inhabitants and multiplying by 100. Public WiFi subscriptions are not taken into account.

b The broadband penetration rate per 100 households is calculated by dividing the estimated number of private households with broadband access by the number of private households and multiplying by 100. Non-private household subscriptions and public WiFi subscriptions are not taken into account.

c The cellular telephone 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.

d 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.

3 NUMBER OF LICENCES 2011



4 NUMBER OF PERSONS ENGAGED IN THE TELECOMMUNICATIONS INDUSTRY

YEAR	TOTAL NUMBER OF PERSONS ENGAGED DURING DECEMBER OR THE LAST PAY PERIOD			
	TOTAL	EMPLOYEES FULL-TIME	EMPLOYEES PART-TIME	SALARIES AND WAGES PAID ('000)
2007	44,303	43,951	352	2,385,533
2008	40,133	40,008	125	2,201,388
2009	40,146	39,988	158	2,241,733

5 NUMBER OF BROADBAND SUBSCRIPTIONS AND PENETRATION RATE

YEAR	FIXED (WIRED) ('000)				WIRELESS ('000)			MALAYSIA NOTEBOOK ('000)	TOTAL ('000)
	ADSL	SDSL	FIBER	OTHERS ¹	MOBILE	PAY PER USE	OTHERS		
2011	1,733.4	9.6	68.4	14.6	2,071.2	601.7	290.4	123.0	4,912.3
TOTAL POPULATION ('000)									28,704.8
POPULATION PENETRATION RATE									19.4
HOUSEHOLDS									
2011	1,448.2	0.5	59.6	5.5	1,295.2	601.7	283.7	123.0	3,817.4
TOTAL NUMBER OF HOUSEHOLDS ('000)									6,675.5
HOUSEHOLD PENETRATION RATE ²									62.3
NON-HOUSEHOLDS									
2011	285.2	9.1	8.8	9.1	776.0		6.7		1,094.9

Explanatory notes:

Beginning this issue, broadband subscriptions are recategorised into Fixed (wired) and Wireless. WiMax falls under Wireless.

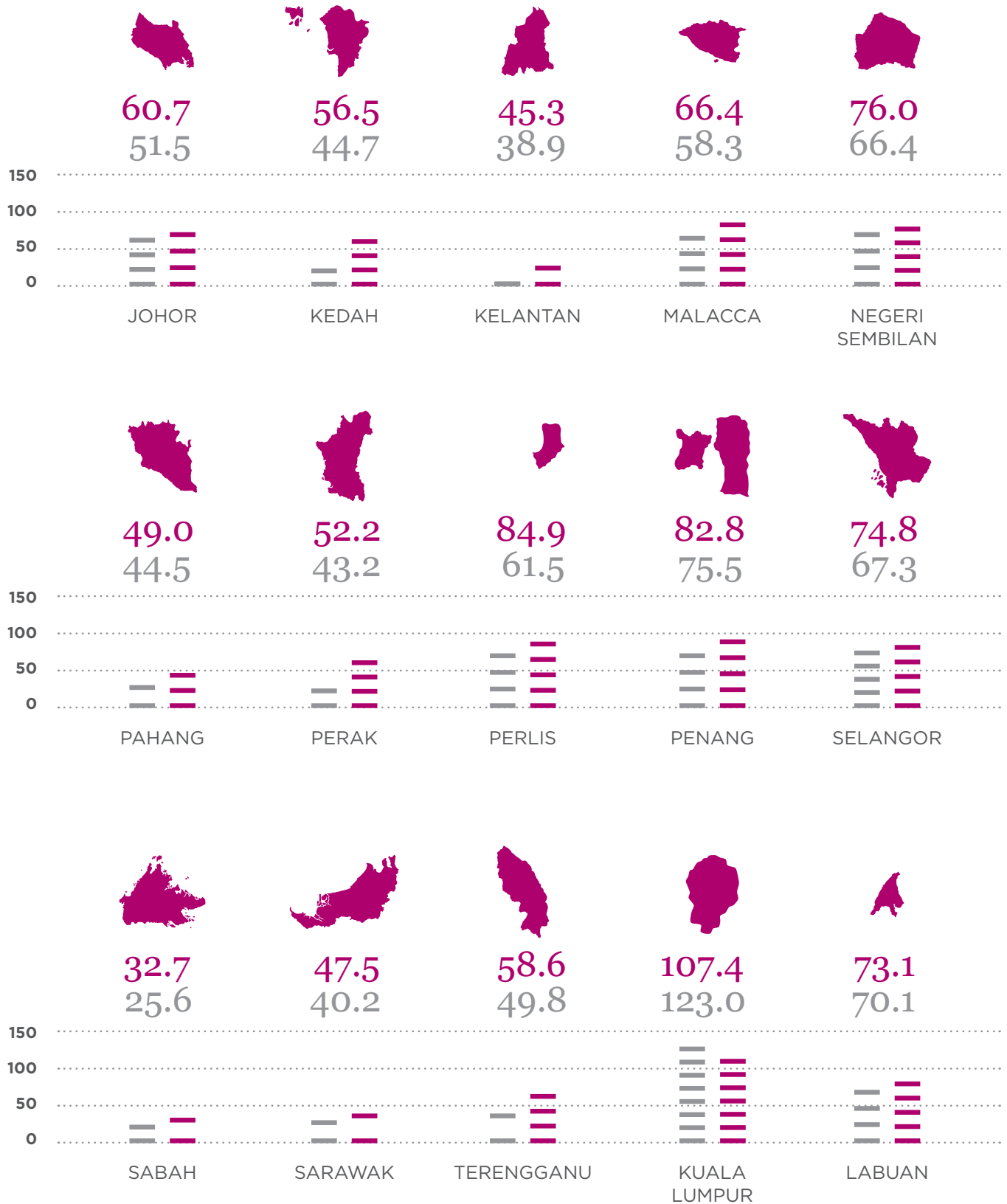
¹ Including satellite, fixed wireless and VDSL

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

6 BROADBAND PENETRATION RATE PER 100 HOUSEHOLDS BY STATE

— 2010 PENETRATION

— 2011 PENETRATION



8 COMMUNITY ACCESS

STATE	COMMUNITY BROADBAND CENTRE (CBC)		MINI COMMUNITY BROADBAND CENTRE (MINI CBC)	COMMUNITY BROADBAND LIBRARY (CBL)	WIRELESS VILLAGE	
	NUMBER OF CENTRES	MEMBERS			MCMC CSR	CBC TO HOME
Johor	45	34,046	8	6	2	251
Kedah	20	13,168	10	11		148
Malacca	13	5,330	2	5	1	91
Negeri Sembilan	16	12,351	3	7	11	127
Pahang	37	21,886	11	6		198
Perak	15	11,916	11			102
Perlis	3	2,173				20
Penang			1		4	0
Selangor	12	11,850	6	11		96
Terengganu	17	10,979	6	9		93
Sabah	19	18,150	23	1	1	164

Source: MCMC, MICC

Explanatory notes :

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.

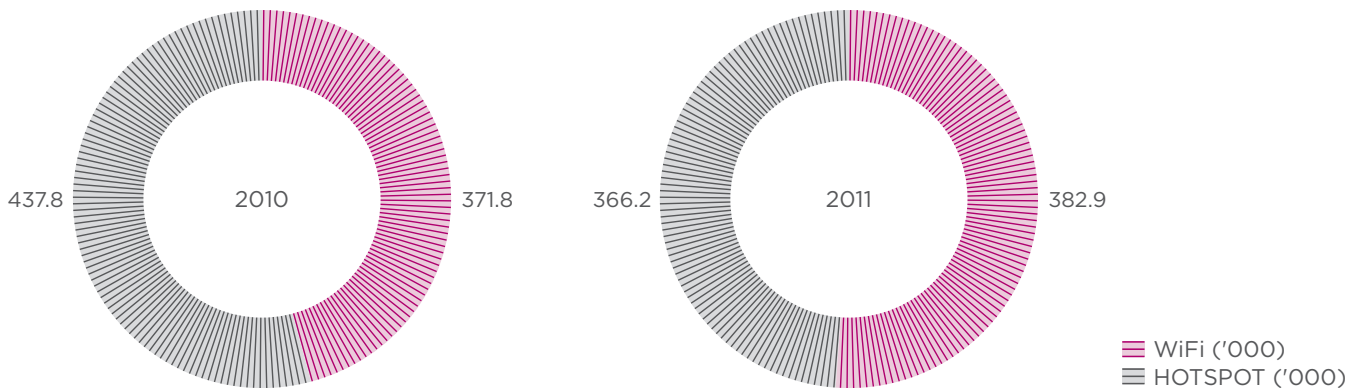
Community Broadband Libraries (CBL). The provision of broadband Internet access to libraries is a project implemented under the USP. The purpose of the implementation is to provide Internet access in underserved areas throughout the country. Initially, the focus of the project is to assist libraries in providing facilities to the marginalised community of digital development in rural areas through

access to communications 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 CBCs are co-located with Information Department offices all over the country and cover communities living near the mini CBC. Each mini CBC is equipped with 5 personal computers and broadband access.

Kampung Tanpa Wayar is a project under USP programme. Its objective is to provide wireless broadband access by installing WiFi antennas in strategic places.

9 NUMBER OF HOTSPOT AND WiFi BROADBAND PROJECT SUBSCRIPTIONS

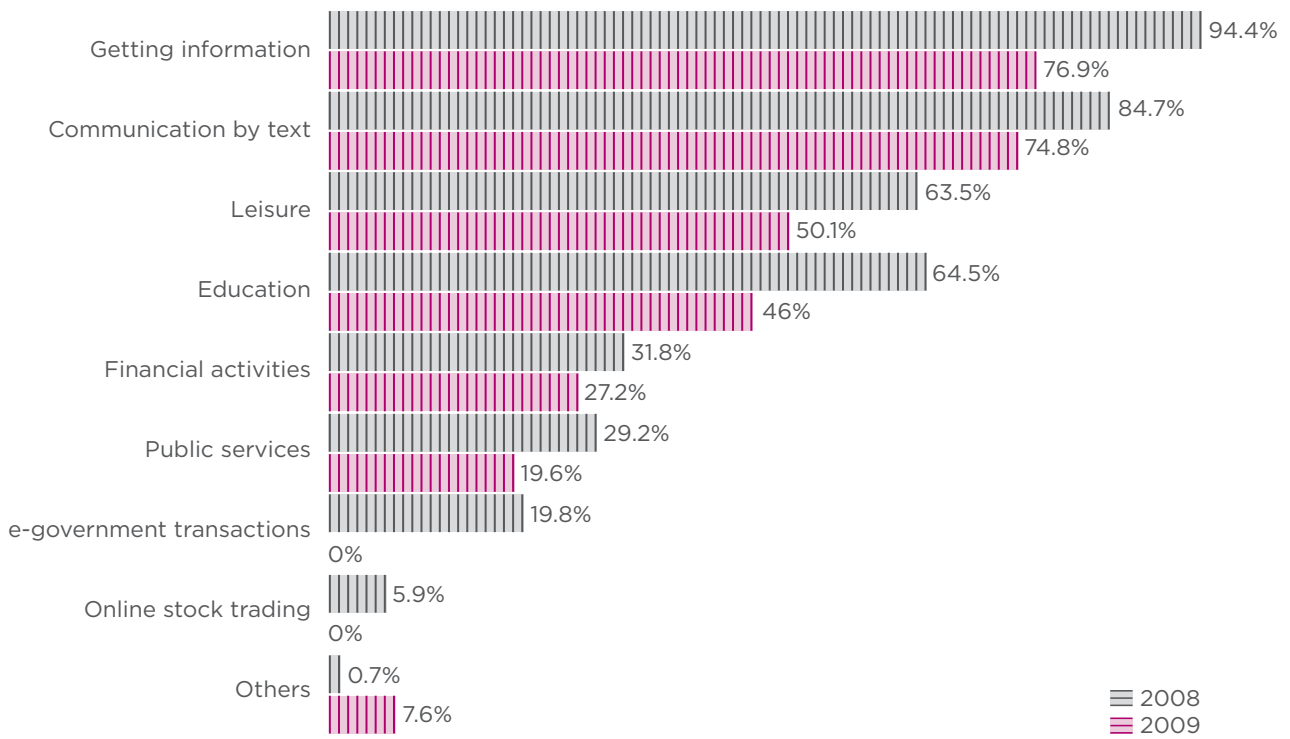


Explanatory notes:

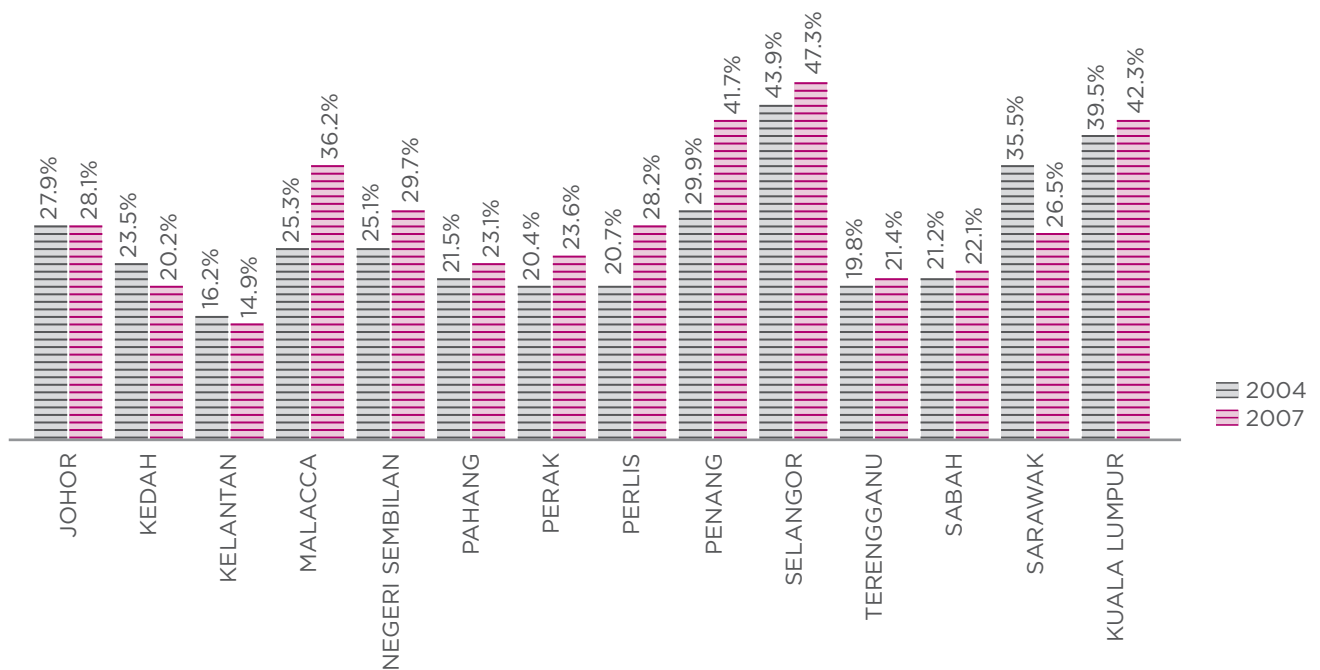
WiFi broadband include Wireless@KL, WiFi@Perak, MyBroadband WiFi@Penang and DANAWA



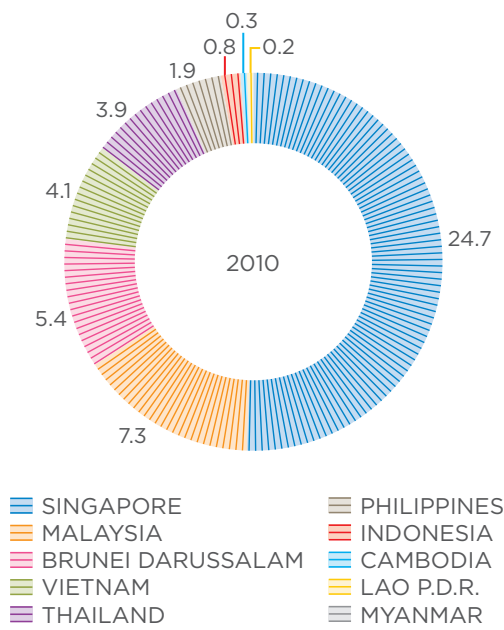
12 HOUSEHOLD USE OF THE INTERNET BY MAIN USE



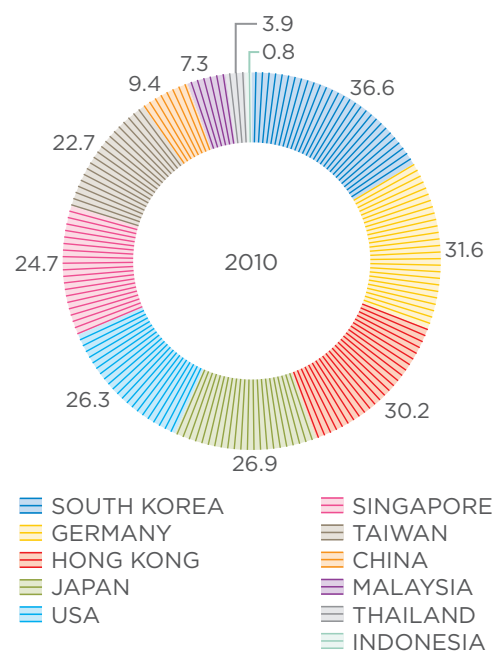
13 PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO PERSONAL COMPUTER BY STATE



14 FIXED (WIRED) BROADBAND PER 100 INHABITANTS, ASEAN COUNTRIES

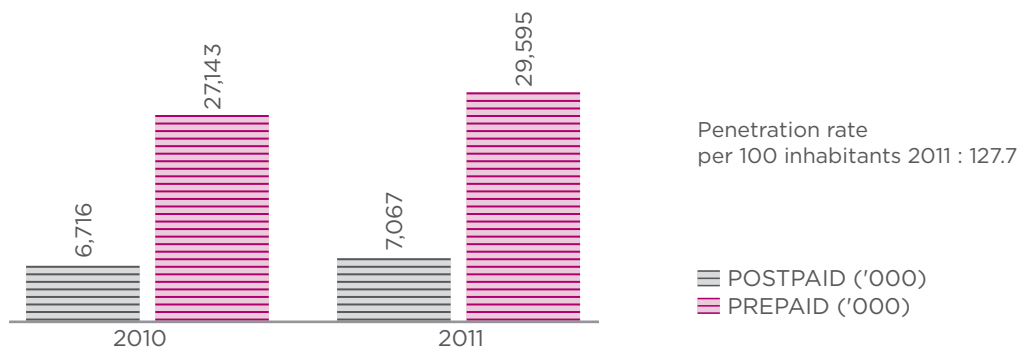


15 FIXED (WIRED) BROADBAND PER 100 INHABITANTS COMPARED WITH 10 BIGGEST TRADING PARTNERS, MALAYSIA



Source: MCMC, ITU

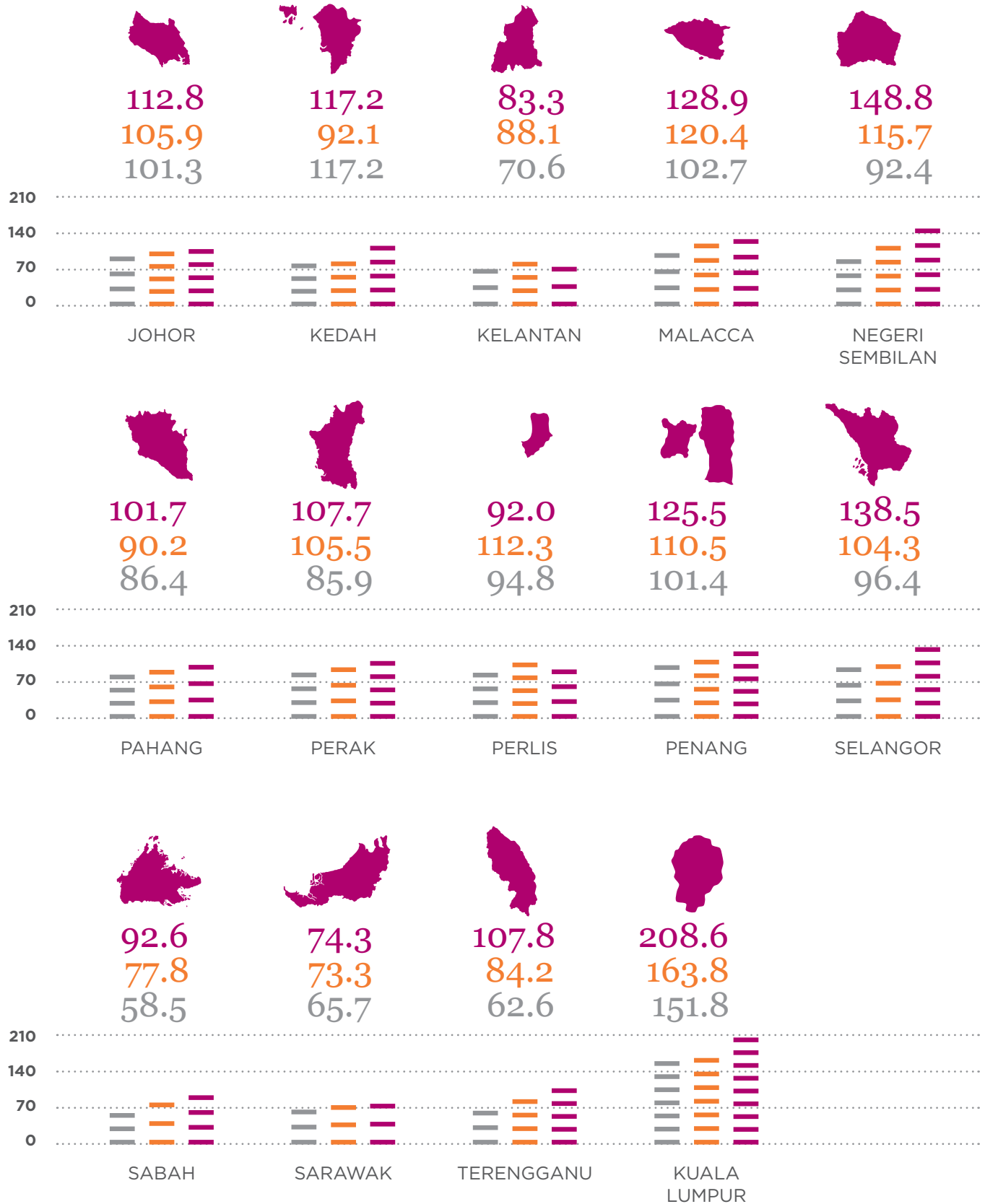
16 NUMBER OF CELLULAR TELEPHONE SUBSCRIPTIONS AND PENETRATION RATE



Explanatory notes:
 The penetration rate refers to the total number of subscriptions divided by total population and multiplied by 100. A penetration rate of over 100% can occur because of multiple subscriptions. Includes 3G.

17 CELLULAR TELEPHONE PENETRATION RATE PER 100 INHABITANTS BY STATE

— 2008 PENETRATION RATE
 — 2009 PENETRATION RATE
 — 2010 PENETRATION RATE



22 SHORT MESSAGE SERVICES (SMS)

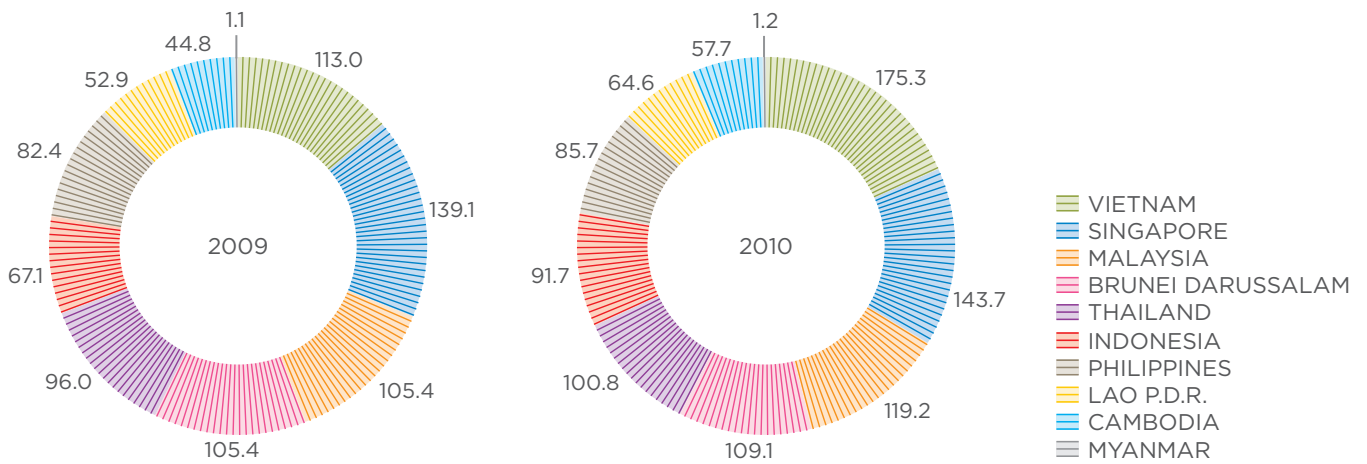
YEAR	TOTAL (million)	PER SUBSCRIPTION
2010	96,795.6	2,859
2011	93,120.5	2,623

Note a

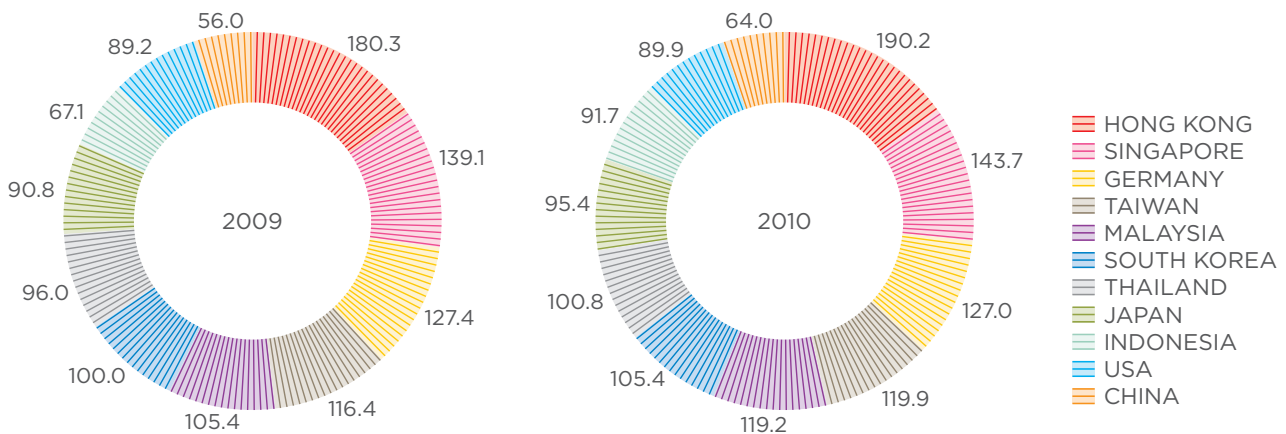
Explanatory notes:

a Figure refers to the number of SMSes sent within the period

23 CELLULAR TELEPHONE PER 100 INHABITANTS, ASEAN COUNTRIES



24 CELLULAR TELEPHONE PER 100 INHABITANTS COMPARED WITH 10 BIGGEST TRADING PARTNERS, MALAYSIA



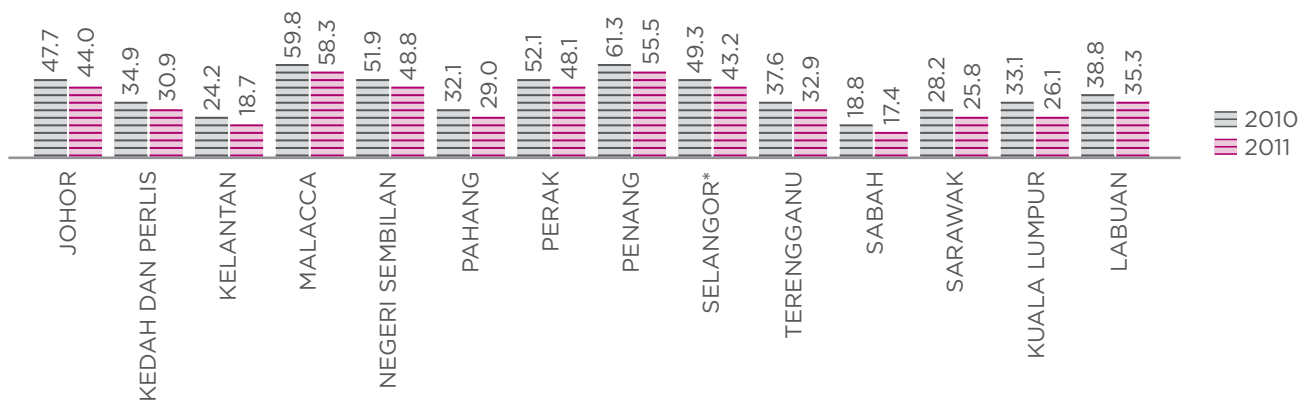
25 NUMBER OF DEL CONNECTIONS AND PENETRATION RATE

YEAR	HOUSEHOLD		NON-HOUSEHOLD ('000)
	NUMBER OF SUBSCRIPTIONS	PENETRATION RATE (PER 100 HOUSEHOLDS)	
2010	2,804	42.5	1,600
2011	2,491	37.3	1,600

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

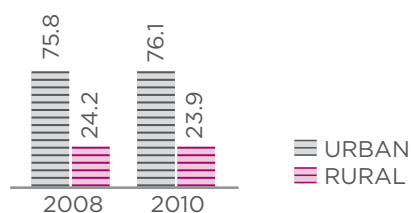
26 DEL PENETRATION RATE PER 100 HOUSEHOLDS BY STATE



Explanatory notes:

* Including W.P. Putrajaya

27 PERCENTAGE DEL HOUSEHOLD SUBSCRIPTIONS BY URBAN AND RURAL AREAS



28 DEL NETWORK, CAPACITY USED

YEAR	CAPACITY USED (%)	WAITING LIST('000)
2010	48.1	42
2011	48.1	40

29 NUMBER OF PUBLIC PAYPHONES

YEAR	TOTAL ('000)	PER 1,000 INHABITANTS
2010	39	1.37
2011	44	1.53

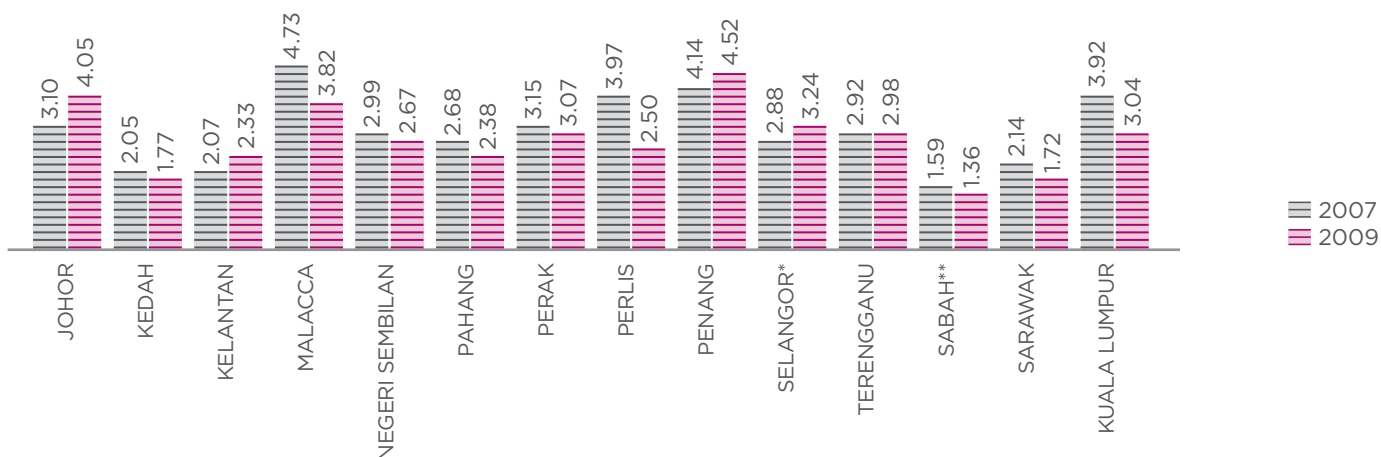
Explanatory notes:

Payphones refer to all types of public telephones including coin, card-operated ones and combos. No distinction is made between operational and non-operational payphones.

30 PERCENTAGE OF PUBLIC PAYPHONES BY URBAN AND RURAL AREAS



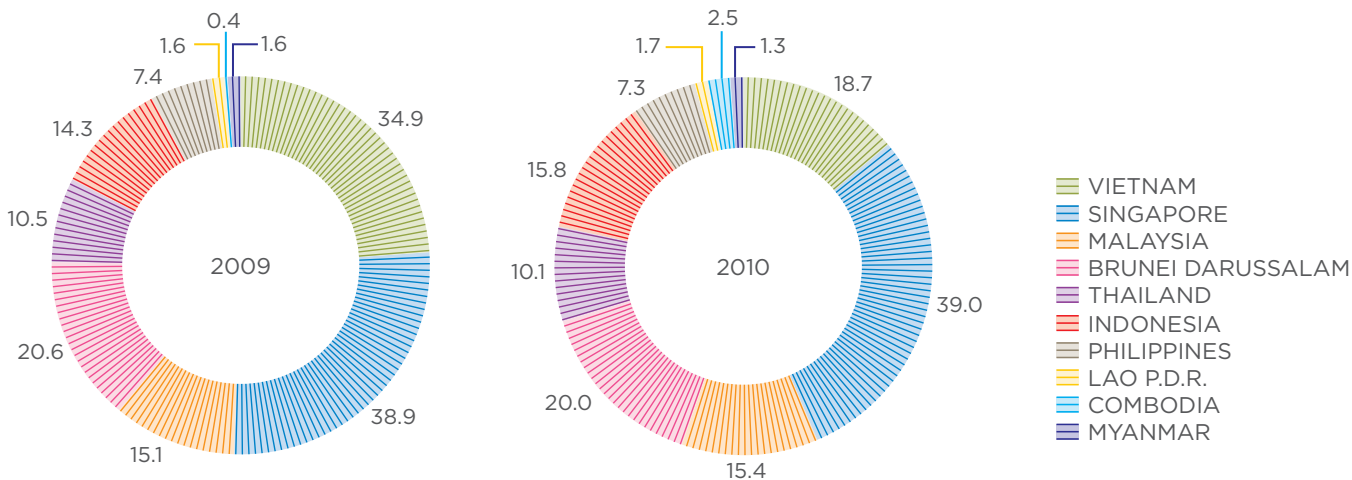
31 NUMBER OF PUBLIC PAYPHONES PER 1,000 INHABITANTS BY STATE



Explanatory notes:

* Including W.P. Putrajaya
 ** Including W.P. Labuan

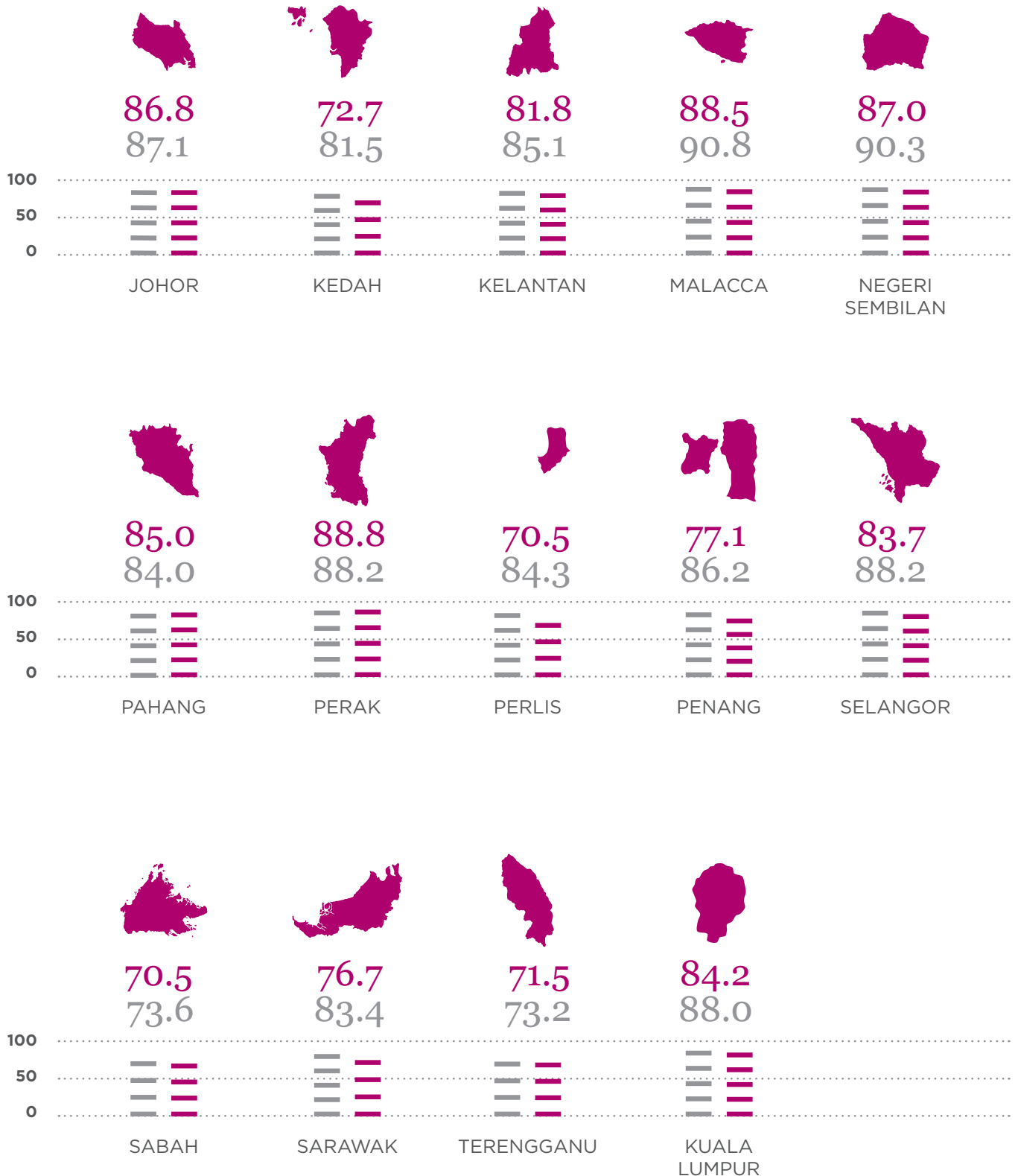
32 MAIN TELEPHONE LINES PER 100 INHABITANTS , ASEAN COUNTRIES



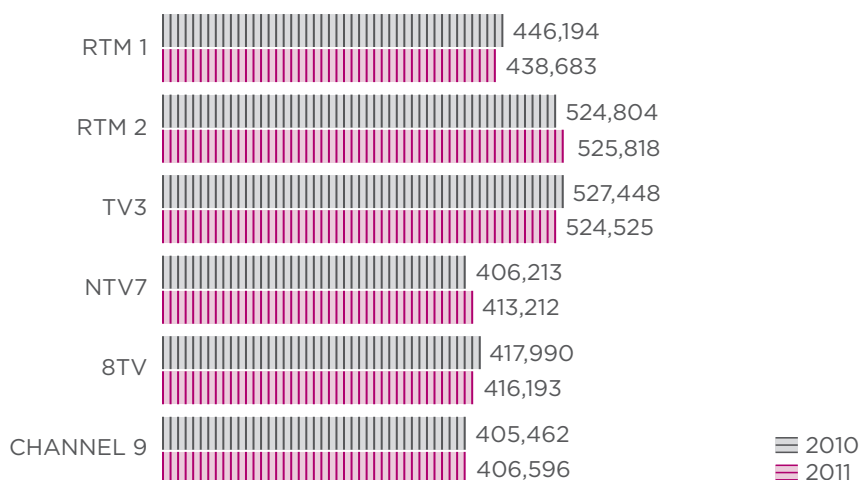


33 PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO RADIO/HI-FI BY STATE

— YEAR 2004
— YEAR 2007



34 NUMBER OF BROADCAST MINUTES, FREE TO AIR TV



Source: AGB Nielsen

35 NUMBER OF PAY TV SUBSCRIPTIONS ('000)

YEAR	NUMBER OF SUBSCRIPTIONS ('000)			PENETRATION RATE PER 100 HOUSEHOLD
	HOUSEHOLD	NON-HOUSEHOLD	TOTAL	
2010	2,946	9	2,955	44.6
2011	3,039	11	3,050	45.5

36 NUMBER OF IPTV SUBSCRIPTIONS

YEAR	NUMBER OF SUBSCRIPTIONS ('000)	
	HOUSEHOLD	NON-HOUSEHOLD
2010	25.6	3.6
2011	198.0	34.6

37 NUMBER OF CERTIFICATION AUTHORITIES

YEAR	NUMBER OF LICENCES
2010	2
2011	2

Explanatory notes:

Refers to Certification Authorities licensed under the Digital Signature Act 1997

38 MALAYSIA RANKING FOR ICT RELATED INDICES

YEAR	CONNECTIVITY SCORECARD	NETWORKED READINESS INDEX (NRI)	DIGITAL ECONOMY RANKING (BEFORE 2010 E-READINESS INDEX)
2005	-	24	35
2006	-	26	37
2007	-	26	36
2008	1	-	34
2009	1	27 ¹	38
2010	1	28 ²	36
2011	1	-	-

YEAR	E-GOVERNMENT READINESS INDEX	WORLD COMPETITIVENESS SCOREBOARD	ICT DEVELOPMENT INDEX
2005	43	-	-
2006	-	-	-
2007	-	23	55
2008	34	19	57
2009	-	18	-
2010	32	10	58
2011	-	16	-

Explanatory notes:

1 Networked Readiness Index 2009-2010

2 Networked Readiness Index 2010-2011

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. (<http://www.connectivityscorecard.org>)

DIGITAL ECONOMY RANKING 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 70 economies by Economist Intelligence Unit. Prior to 2010 it was known as the e-readiness index. (<http://www.graphics.eiu.com>)

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. (<http://weforum.org>)

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. This index is created by the UN Public Administration Network. (<http://www2.unpan.org/egovkb/index.aspx>)

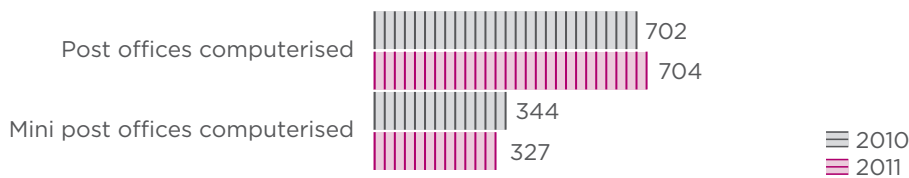
WORLD COMPETITIVENESS SCOREBOARD publishes competitiveness of nations, ranking and analysing how a nation manages its resources and competencies. Published since 1989 it compares the competitiveness of 59 economies on the basis of over 331 criteria. The scoreboard is published by the IMD Business School, Switzerland. (<http://www.imd.org>)

ICT DEVELOPMENT INDEX (IDI) captures the level of advancement of ICTs. It also measures the global digital divide and examines how it has developed in recent years. This index is produced by the International Telecommunication Union. (<http://www.itu.int>)

39 NUMBER OF CERTIFICATES ISSUED BY TYPE

YEAR	DOMESTIC HOLDER			FOREIGN HOLDER	TOTAL
	INDIVIDUAL	ORGANISATION		ORGANISATION	
		CORPORATE	GOVERNMENT	CORPORATE	
2010	8,123	130,778	3,436,115	711	3,575,727
2011	8,151	130,884	4,111,018	836	4,250,889

40a POSTAL ESTABLISHMENTS



Source: Pos Malaysia Berhad

Note: Computerised post office refers to online post office with online systems

40b POSTAL ESTABLISHMENTS



43 POST BOXES AND POSTAL VEHICLES

YEAR	NUMBER OF BOXES		NUMBER OF VEHICLES	
	LETTER BOXES	POST OFFICE BOXES	TRUCKS AND AUTOMOBILES	MOTORCYCLES
2010	3,740	97,410	1,558	5,999
2011	3,575	96,803	1,655	6,056

Source:
Pos Malaysia Berhad

44A POSTAL MACHINES

YEAR	NUMBER		
	POST AUTOMATED MACHINE	FRANKING MACHINES	MACHINES FOR FACING LETTER POST ITEMS
2010	5	7,667	1
2011	10	7,924	0

Nota

1

Source:
Pos Malaysia Berhad

Explanatory notes:

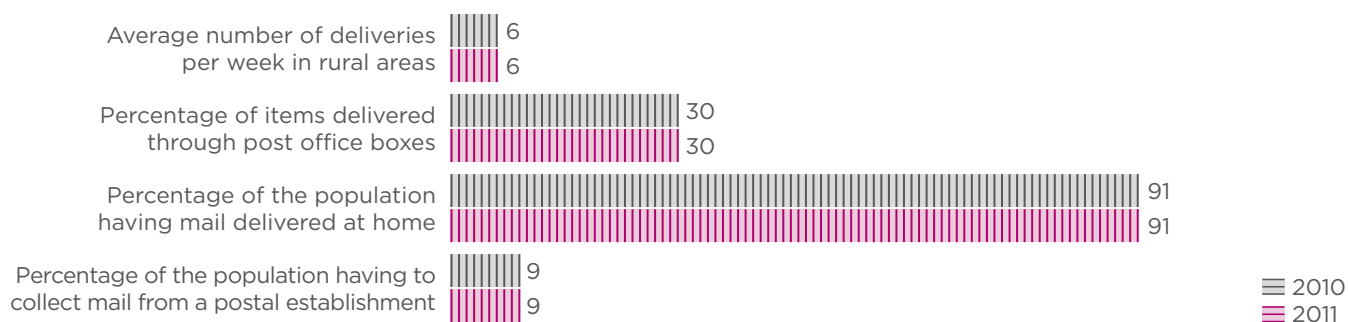
1 2 units of 'Machines for facing letter post items' are no longer used and will be disposed

44b POSTAL MACHINES

YEAR	NUMBER		
	CANCELLING MACHINES	FACING CUM CANCELLING MACHINES	SORTING MACHINES WITH AUTOMATIC ADDRESS READING
2010	122	4	7
2011	122	4	7

Source:
Pos Malaysia Berhad

45 DELIVERY OF MAIL



Source:
Pos Malaysia Berhad

46 POSTAL TRAFFIC

YEAR	NUMBER OF LETTER POST ITEMS, DOMESTIC SERVICE	NUMBER OF LETTER POST ITEMS, INTERNATIONAL SERVICE	
		DESPATCHED	RECEIVED
2010	1,102,294,709	16,409,525	24,803,508
2011	1,034,449,223	18,115,534	26,535,164

Source:
Pos Malaysia Berhad

47 POSTAL TRAFFIC - SPECIAL TREATMENT

YEAR	NUMBER OF ITEMS POST FREE, DOMESTIC SERVICE ('000)	NUMBER OF REGISTERED ITEMS, DOMESTIC SERVICE ('000)	NUMBER OF REGISTERED ITEMS, INTERNATIONAL SERVICE	
			DESPATCHED ('000)	RECEIVED ('000)
2010	2,596	18,105	923	584
2011	2,829	18,012	965	675

Source:
Pos Malaysia Berhad

48 POSTAL PARCEL SERVICE

YEAR	ORDINARY PARCELS, DOMESTIC SERVICE	ORDINARY PARCELS, INTERNATIONAL SERVICE	
		DESPATCHED	RECEIVED
2010	951,454	234,340	165,353
2011	587,131	294,689	195,109

YEAR	INSURED PARCELS, DOMESTIC SERVICE	INSURED PARCELS, INTERNATIONAL SERVICE	
		DESPATCHED	
2010	358	262	
2011	163	226	

Source:
Pos Malaysia Berhad

49A FINANCIAL SERVICE

YEAR	NUMBER OF MONEY ORDERS, DOMESTIC SERVICE	VALUE OF MONEY ORDERS, ISSUED IN THE DOMESTIC SERVICE (RM)
2010	724,171	341,876,329
2011	609,265	265,964,433

49b FINANCIAL SERVICE

YEAR	NUMBER OF MONEY ORDERS, INTERNATIONAL SERVICE		VALUE OF MONEY ORDERS, INTERNATIONAL SERVICE (RM)	
	DESPATCHED	RECEIVED	ISSUED	RECEIVED
2010	3,195	2,339	1,040,539	2,905,274
2011	2,040	1,737	626,155	2,213,739

Source:
Pos Malaysia Berhad



52 COURIER ESTABLISHMENTS

