

Lifestyle





1 Establish Malaysia as a major global centre and hub for communications and multimedia information and content services

2 Promote a civil society where information-based services will provide the basis of continuing enhancement to quality of work and life

3 Grow and nurture local information resources and cultural representation that facilitate the national identity and global diversity

4 Regulate for the long-term benefit of the end-user

5 Promote a high level of consumer confidence in service delivery from the industry

6 Ensure an equitable provision of affordable services over ubiquitous national infrastructure

7 Create a robust application environment for end users

8 Facilitate the efficient allocation of resources such as skilled labour, capital knowledge and national assets

9 Promote the development of capabilities and skills within Malaysia's convergence industries

10 Ensure information security and network reliability and integrity





VISION

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

MISISON

We are committed to:

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




Digital Lifestyle




DIGITAL LIFESTYLE
illustrates new challenges for MCMC.

Digital has become the primary media channel for people and the primary media for online users in many countries with rapid development.

MCMC has successfully promoted access to communications and multimedia services by ensuring consumers enjoy choice and a satisfactory level of services at affordable prices.



DIGITAL LIFESTYLE is a new landscape to generate growth to meet the economic and social needs of Malaysia.



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ABOUT MCMC

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Transportation



Transportation is one of the six
digital lifestyle ecosystems.

Foreword by the Minister of Communications and Multimedia

Since the last decade, the lifestyle of Malaysians has experienced tremendous change. The way Malaysians carry out their daily activities, especially the way they communicate with each other is no longer restricted to distance and time. The people of this nation are experiencing connected living. Indeed, nearly 20 years ago, pager, telex, telegram and public telephone were used as main tools for communication and business affairs, but now social media and the emergence of advanced technology equipment have dominated almost every aspect of the people's lives.



Foreword by the Minister of Communications and Multimedia (continued)

The emergence of various advanced technology equipment and mobile applications such as WhatsApp, WeChat and other social media mobile applications have enabled the population to perform any business without having to travel from one place to another. This means that just by pressing a button of a keyboard on mobile devices, we can pay bills, shop, search for locations, check flight schedules and perform check-ins, book a taxi, read the latest news, chat with more than one person at the same time and do various activities online in real time.

Actually, the ease and convenience enjoyed today has become the major thrust for the initiative of Malaysian Digital Lifestyle, which is pioneered by the Malaysian Communications and Multimedia Commission (MCMC). The initiative emphasizes six sectors namely transport, agriculture, district, entertainment, learning and work, the government has always been committed to promote and intensify the development, as well as the usage of applications and services in its daily business. This includes the usage of Internet of Things (IoT) infrastructure to generate growth and improve the population's quality of life.

The government has implemented various initiatives towards realizing this agenda. For instance, organizing Malaysia Developers' Day (MDD) that brings the local application developers together to produce competitive applications. The event was jointly organized for the first time with a major US-based telecommunications company, AT&T, which is also part of the government's continued commitment in developing creative content industry in this country.

In addition, the speed of ICT technology has also changed the way we deal with disasters that happen in front of our eyes. It was very obvious when our nation was hit by floods recently. In the effort to collect contributions or donations to the victims of the disaster, a donation drive using short messaging services or SMS was introduced. The method is easy and also convenient for the people to donate through their phones.

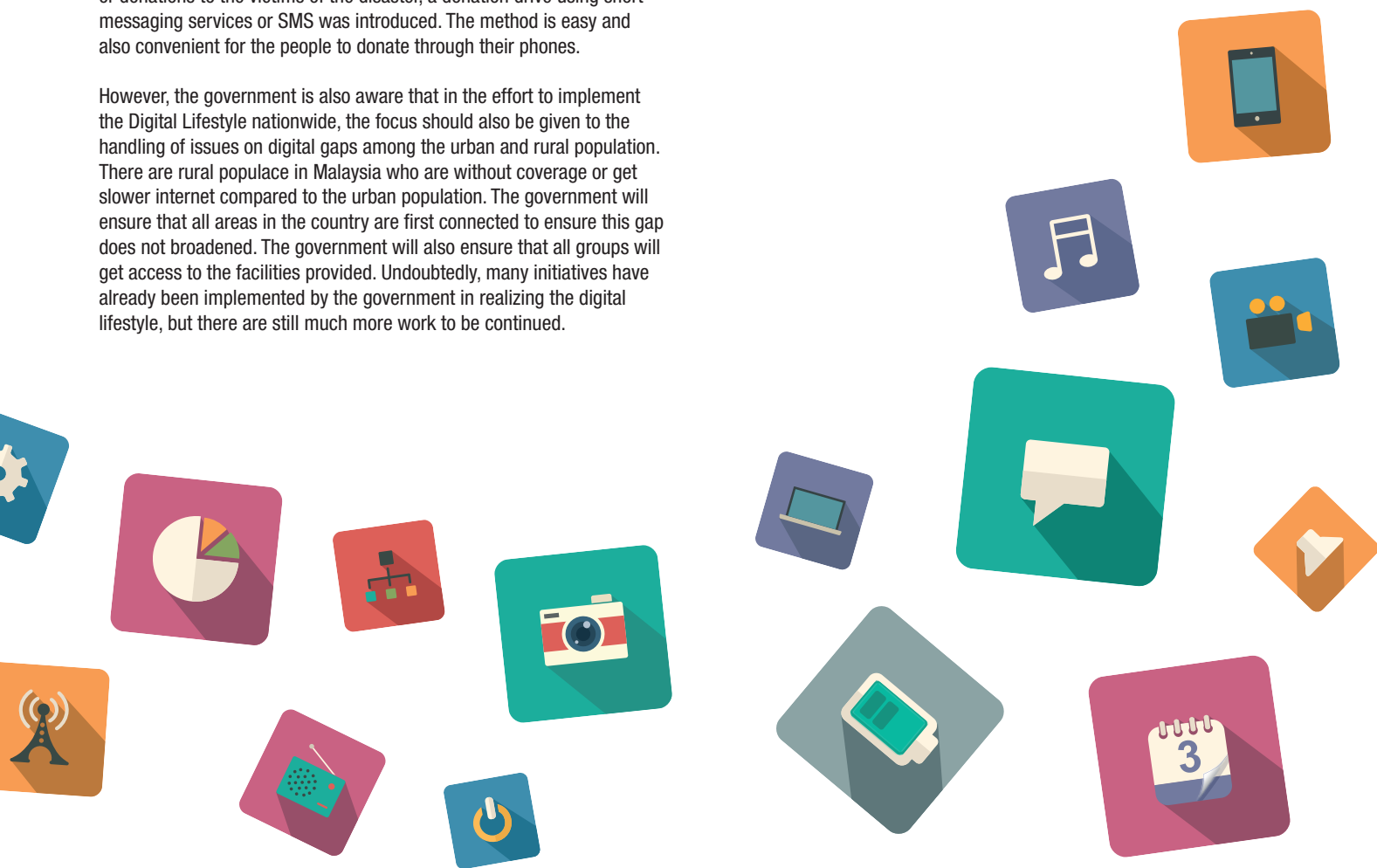
However, the government is also aware that in the effort to implement the Digital Lifestyle nationwide, the focus should also be given to the handling of issues on digital gaps among the urban and rural population. There are rural populace in Malaysia who are without coverage or get slower internet compared to the urban population. The government will ensure that all areas in the country are first connected to ensure this gap does not broaden. The government will also ensure that all groups will get access to the facilities provided. Undoubtedly, many initiatives have already been implemented by the government in realizing the digital lifestyle, but there are still much more work to be continued.

The theme of the MCMC Annual Report for 2013 that focuses on the Digital Lifestyle will highlight all initiatives implemented by the MCMC in supporting the effort of the government to create an informative and competitive Malaysian society. Let us join our hands to make this Digital Lifestyle initiative, a success.

Dato' Sri Ahmad Shabery Cheek

Minister

Ministry of Communications and Multimedia of Malaysia



Message from the Chairman



The Change of Leadership

2013 was a meaningful year for MCMC. It was the year where the 13th Election was held and shortly thereafter in May, we welcomed on the appointment of Dato' Sri Ahmad Shabery Cheek, who was appointed to lead a Ministry that was renamed as the "Ministry of Communications and Multimedia".

Dato' Sri Ahmad Shabery took over the position after Tan Sri Dr. Rais Yatim whom, with him, we have achieved a lot of success. I would also like to take this opportunity to thank Tan Sri Dr. Rais Yatim for the guidance and advice during the period he served as the minister.



Message from the Chairman (Continued)

For the first time, MCMC has undergone internal changes in the beginning of this year to improve delivery, productivity and efficiency. Our KPIs are more detailed and focused with an emphasis on the speed. With a total of about 700 employees, we hope to become a model of government agency that is able to bring Malaysia into the Digital Age effortlessly.

Achievement and Recognition

A4AI (Alliance for Affordable Internet 2013) recognizes Malaysia as the top developing country in the effort to provide internet to the people at affordable rates. It is an achievement to be proud of by MCMC, those involved in the industry and all Malaysians.

The Youth Communications Package (Pakej Komunikasi Belia) that encourages teenagers under the age of 30 to buy mobile devices with a rebate of RM200 was introduced and had received very good response, and the devices ran out of stock, quickly. At the end of 2013, 1.5 million teenagers received the benefits from the initiative. In order to help increasing the RM200 rebate package, MCMC in collaboration with the telcos introduced the 'Affordable Package' (Pakej Mampu Milik), where the telecommunication package was sold only to those in certain districts such as in Sabah, Kelantan, and Pahang with the broadband penetrations were still below 50%.

In addition, some of MCMC's achievements in this year are related to 'phishing' cases in collaboration with the Royal Malaysian Police and Bank Negara through education and enforcement.

Initiatives

As the convergence era has increasingly become part of our daily lives, MCMC initiated Digital Lifestyle Malaysia (DLM) in August, which was launched by the Prime Minister, Dato' Sri Mohd Najib Tun Razak. DLM was undertaken by MCMC as preparation for the people in facing various situations in life involving the internet issues, such as health and transport.

Our experience in facing the flood situation in the East Coast outside of the Peninsular at the end of this year has motivated us to re-think and adjust strategies to better withstand unforeseen calamities. What I found, good telecommunication services are extremely important, not only for the rescue teams but also for the victims. Apart from food and water, they requested from us, power banks. This means that the facilities to communicate with family and friends are not only a 'desire', but it has become a 'need'.

Concerned towards the suffering of disaster victims, the Minister has launched SMS13993, which is an easy way to donate through short messaging services (SMS). In this year, SMS13999 has been used to help flood victims in Kelantan, Terengganu and Pahang, as well as the victims of typhoon Haiyan which hit the Philippines. Congratulations to the service providers that were involved for their cooperation.

Among the other initiatives is our commitment to develop creative contents online, which is demonstrated by the Malaysia Developers' Day competition, where we challenged the local application developers to produce applications that are qualified to become the winner. The event was co-organized with AT&T from the US, which had received very good response and will continue to be an annual event for MCMC.

Other encouraging developments include the official opening of MCMC's office in Beaufort, Sabah. With the office in Beaufort in opened, the total of MCMC offices is three including Kota Kinabalu and Sandakan. The offices will facilitate the public in the nearby area.

Challenges

Social media has become a challenge for the MCMC in the year 2013. We found that more Malaysians become the 'netizens', thus increasing the need to educate them to always be careful, sensitive and conscientious when online. Unfortunately, there are a handful of netizens who are using social media as a tool for negative purposes such as offending others, deceiving and inciting. As the regulator, developer and minder of the digital age, the decision to deal with the public via social media is very difficult and cannot be changed, but steps have to be taken.

The role and limitations of MCMC as the regulator, which is stated in the Communications and Multimedia Act 1999, is often misinterpreted by other parties. Nevertheless, we continue to educate the public via mass and social media, and also meet the target through Click Wisely (*Klik Dengan Bijak*).

'Dropped calls' became a very serious issue this year, where MCMC was much criticized for, and it needed to be addressed. We took these criticisms positively and we renewed our efforts in the service provided to ensure telco companies deliver quality services as promised.

The Next Journey

MCMC is in the preparatory process towards digital television. The tender process of our Digital Terrestrial Television Broadcasting (DTTB) continues where we have received proposals from three shortlisted companies. The duty of MCMC is to ensure that these companies, which selected by the committee, are able to keep to their promises.

In 2014, MCMC will continue what we have done so far, namely the infrastructure development for industrial expansion, as planned. However, after what have been said and done, the main duty of MCMC is as the regulator that enforces the Communications and Multimedia Act 1999. We will continue to do more enforcement activities in 2014 and also develop, educate and prepare Malaysia towards a digital future.

Dato' Mohamed Sharil Tarmizi

Chairman

Malaysian Communications and Multimedia Commission



Commission Management



Dato' Mohamed
Sharil Tarmizi



Dato' Sri
Kamaruddin
Siaraf



Tan Sri Dr
Madinah Mohamad



Datuk Idris
Abdullah



Tan Sri Mohamad
Salim Fateh Din



Dato'
Thanarajasingam
Subramaniam



Datuk Mohd
Nazri Abdullah



Datuk Che
Azemi Haron



Mr. Chew
Liong Kim

MCMC's Management



Toh Swee Hoe

Dato' Mohd Ali
Hanafiah Mohd
Yunus

Tengku Zaib
Raja Ahmad

Norizan Baharin

Zulkarnain
Mohd Yasin

Toh Swee Hoe

Chief Industry Regulation Officer

Dato' Mohd Ali Hanafiah Mohd Yunus

Chief Industry Development Officer

Tengku Zaib Raja Ahmad

Chief Support and Services Officer

Norizan Baharin

Head of Division, Licensing and Assignment

Zulkarnain Mohd Yasin

Head of Division, Monitoring and Enforcement



**Lt Col Asmuni
Yusof (B)**



Laila Hassan



Koay Hock Eng



**Eneng Faridah
Iskandar**



**Nor Akmar
Shah Minan**

Lt Col Asmuni Yusof (B)

Head of Division, Network Security and Surveillance

Laila Hassan

Head of Division, Market Regulation

Koay Hock Eng

Head of Division, Industry Research

Eneng Faridah Iskandar

Head of Division, Outreach and Engagement

Nor Akmar Shah Minan

Head of Division, Broadband Management

MCMC's Management



**Aisharuddin
Nuruddin**

Uzer Tajudin

Faizah Zainal Abidin

Mohd Hussin Ali

**Nur Sulyna
Abdullah**

Aisharuddin Nuruddin

Head of Division, Infrastructure Development and Standards

Uzer Tajudin

Head of Division, Rural Development

Faizah Zainal Abidin

Head of Division, Spectrum and Numbering Planning

Mohd Hussin Ali

Head of Division, State Coordination

Nur Sulyna Abdullah

Head of Division, International Affairs, Legal and Secretariat



Khaneeza Khalid

Cho Shi Chong

Bawani Selvaratnam

Sheikh Raffie Abd Rahman

Ahmad Razif Ramli

Norina Yahya

Khaneeza Khalid

Head of Division, Human Capital Management and Competency Development

Cho Shi Chong

Head of Division, Finance, Property and Administration

Bawani Selvaratnam

Head of Division, Policy Development

Sheikh Raffie Abd Rahman

Head of Department, Strategic Communication

Norina Yahya

Head of Department, Legal and Commission Secretary

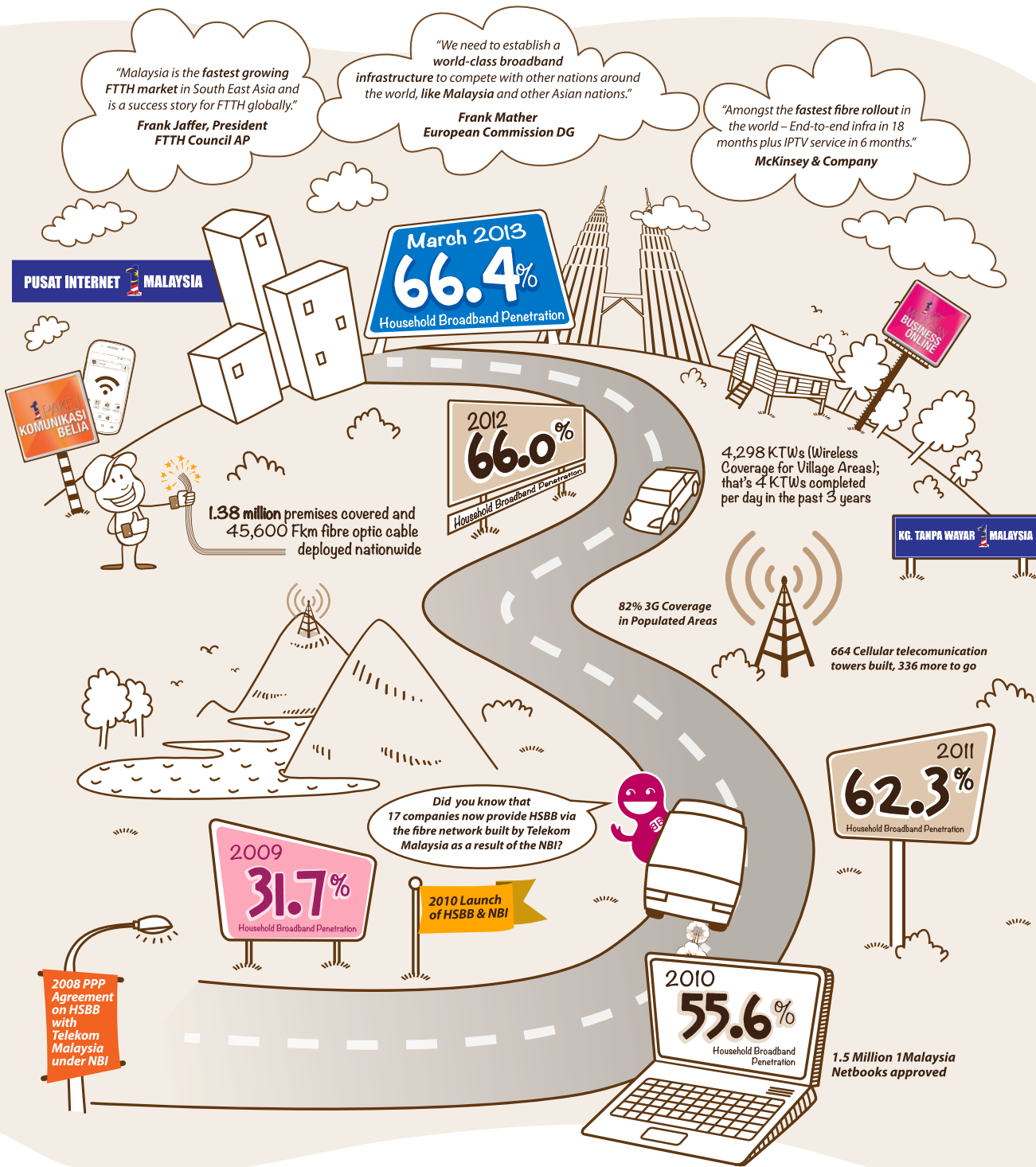
Not in picture:

Ahmad Razif Ramli

Head of Department, Strategic Information Systems



Our Broadband Journey...



The National Broadband Initiative (NBI) was launched on 24 March 2010 to coordinate a national strategy that will bring broadband to the whole nation. Back then, our household broadband penetration rate was 31.7%. The household broadband penetration is now 66.4%

What we have achieved in the past 3 years can only be possible with the support and commitment of the industry, the people and the government.

Let's continue to build our future..., together. Thank you Malaysia !



INDUSTRY DEVELOPMENT

Policy Development (PDD)
Spectrum and Numbering Planning (SPND)
Infrastructure Development and Standards (IDSD)
Broadband Management (BMD)
Rural Development (RDD)
Strategic Trade Act 2010 (STA 2010) (STD)

Agriculture



Agriculture is one of the six digital
lifestyle ecosystems.

POLICY DEVELOPMENT (PDD)

DROPPED CALLS ISSUES



Review of the Mandatory Standards for Quality of Service (Public Cellular Service) (Determination No. 2 of 2002)

Review of the Mandatory Standards for Quality of Service (Public Cellular Service) (Determination No. 2 of 2002)

The measures of consumer protection have always been one of the MCMC's priorities. Accordingly, several Mandatory Standards for Quality of Service for various services were issued. These Mandatory Standards are to ensure that suppliers of services will deliver the appropriate level of quality of services in the provision of services to consumers.

In order to ensure that these documents remain relevant in line with the technology development and changes in the industry, MCMC has started reviewing existing Mandatory Standards, beginning with the Mandatory Standards for Quality of Service (Public Cellular Service) (Determination No. 2 of 2002) (MS QoS PCS).

The first document reviewed was MS QoS PCS as there was an increase in the number of complaints on dropped calls. The standards included in MS QoS PCS were established in 2002 and many changes related to the network, technology and also the number of customers has taken place since then. In order to resolve the issue on dropped calls as soon as possible, MCMC has decided to focus on the standards for two specific matters in the document which are, Endpoint Service Availability (ESA) and rate of dropped calls.

The original standards established in the instrument of 2002 were as follows:

- i. ESA for both connections of intra and inter network calls shall not be less than 90%; and
- ii. Dropped calls for intra network shall not exceed 5%.

Following the review, the standards of ESA have been increased to 95% and the standards of dropped calls have changed, where the rate of dropped calls for intra and inter network should not exceed 3%.

The revision on the standards has been implemented through Variation to Commission Determination on the Mandatory Standards for Quality of Service (Public Cellular Service) (Determination No. 2 of 2002), Determination No. 1 of 2013. The Determination went into effect from 9 July 2013 and it can be accessed in the website of MCMC.

MCMC has also provided a Guideline on the testing procedure for ESA and rate of dropped calls to determine the compliance of service providers to the Mandatory Standards.

Review of the Guideline on the Provision of Wireless Local Area Network (WLAN) Service

The rapid development on the implementation of services by using WiFi hotspot nationwide and the increase of consumers for this service have created a need for MCMC to update the Guideline for Wireless Local Area Network (WLAN) Services that was issued in 2005. The matters that were not significant in 2005, such as the security of WLAN and the congestion of frequencies that are used for the WLAN services, have now become issues, and should be handled through various platforms, including through review of the Guideline.

The main features that are added to the Guideline include the clarification about the ecosystem of WLAN and details about the regulatory framework applicable under the Communications and Multimedia Act 1998 (including the licensing requirements, the allocation of spectrum and the conditions attached thereto). The WLAN hotspot providers (WHP) are also encouraged to implement the security features for Access Points to prevent malicious activities and to protect consumers who are using the network.

The updated Guideline also calls upon the WHP to install appropriate facilities (such as screening) to ensure disallowed or prohibited contents are not easy to access and appropriate warning notices should also be displayed at the content pages of WHP services in an effort to protect under-aged children. The updated Guideline also provides several measures to handle interruptions in the related usage of frequencies in the provision of WLAN services.

The Guideline came into force on 11 November 2013.



SPECTRUM AND NUMBERING PLANNING (SPND)

Spectrum Planning

Spectrum resources is a national asset managed by MCMC based on the provisions of CMA 98 and the Communications and Multimedia (Spectrum) Regulations 2000. In general, the management of spectrum covers main activities such as:

- i. allocation of spectrum that is divided into three main categories which are spectrum, apparatus and class;
- ii. technical coordination with neighbouring and international countries;
- iii. bilateral coordination at the domestic level between the Government agencies and MCMC; and
- iv. allocation and utilisation policy such as Spectrum Plan and Standard Radio System Plan (SRSP).

Activities Throughout 2013

Radio frequency spectrum involves the coordination with international parties and the International Telecommunication Union (ITU) including the coordination of space satellite and terrestrial systems. The activities are in accordance with the terms of the Radio Regulations (RR) and ITU, where these regulations are the international regulations specifying the use of international frequencies worldwide.

Among the activities organized throughout 2013 are as follows:

Space Satellite System

Providing feedback for requests to perform the Satellite Coordination and also for frequency interference published weekly by the ITU. Throughout 2013, the feedback to carry out the satellite coordination and notification was processed to inform the relevant countries where there were frequency interference. The coordination between countries on a bilateral basis was done to reach an agreement to ensure that the relevant satellite network can share the frequencies without causing any interference with each other.

Satellite Coordination Meeting

Satellite Coordination is the process in which the use of any frequency at an orbital position requires coordination with nearby satellites using the same frequency in accordance with the rules and regulations set by each administration in determining zero frequency interference.

This Coordination Rule is consistent with the agreed resolutions at the ITU level. The coordination is implemented to resolve frequency interference between relevant parties amongst other countries. In 2013, a total of five meetings of satellite coordination were successfully carried out as in the following table.

Month	Administration
February	Japan
March	Russia
September	Indonesia
October	United Kingdom
November	Thailand

Table 1: Satellite Coordination Meetings organized in 2013

Registration of Maritime Mobile Service Identity (MMSI) Number to ITU

Maritime Mobile Access and Tracking System is a system that collects information or data for each registered ship from all over the world and it can be accessed by maritime users for reviewing and sharing of information that can be accessed directly.

The system is provided for the purpose of supporting the activities of Global Maritime Distress and Safety System (GMDSS). It can be beneficial to the user to identify the safety standards of the relevant ships, as well as additional information related to a ship.

MMSI is a number consisting nine digits that have their own specific meaning given uniquely to each ship in the maritime mobile service. The first three digits represent the country where the licence of the ship is produced, followed by the next six digits assigned as the identity of the ship.

National Preparatory Working Group for WRC-2015 (NPWG WRC-2015)

World Radiocommunication 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 or four years to consider and make changes to the Radio Regulations (RR) at the ITU level. RR also sets the allocation and usage of frequencies around the world.

MCMC is responsible for coordinating input from the industry and subsequently summarising the Malaysian's view on each identified agenda of WRC. The input from the industry is obtained through the establishment of a National Working Group or National Preparatory Working Group (NPWG). The membership of this working group consists of representatives from MCMC, Ministry of Defence, Royal Malaysian Police, the Department of Civil Aviation and relevant licence holders from the communication and multimedia sector and other stakeholders such as the Malaysian Amateur Radio Association (MARTS).

In general, the involvement of MCMC are as follows:

- i. Providing suggestions and proposals for formulating Malaysia's view on each agenda of WRC-2015 in the Asia-Pacific Telecommunity Preparatory Group (APG); and
- ii. Participating in the APG meeting in order to ensure Malaysia's view is considered in the proposal at the APG level.

Technical Coordination between Country Borders

Technical coordination in the border areas is essential to ensure a more efficient use of frequencies and also to overcome the problem of interference. This coordination is handled according to specifications and regulations that have been specified at the domestic level as well as international.

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

- i. Frequency Assignment and Allotment Coordination between Singapore, Malaysia, Armed Forces and Brunei (FACSMAB);
- ii. Joint Technical Committee between Malaysia-Thailand (JTC);
- iii. Joint Committee on Communications between Malaysia-Indonesia (JCC); and
- iv. Trilateral Coordination Meeting between Indonesia, Malaysia and Singapore.

Among the main activities discussed by the above committees are related to determining the distance of coordination zone involved, coordination of radio spectrum planning, frequency usage registration in the border areas and solutions of frequency interference in the area.

At the same time, the registration for the use of radio frequencies to the ITU is also implemented to protect the use of frequencies in Malaysia, especially in the international border areas.

Four Coordination Platforms

- i. FACSMAB Coordination
 - A total of 12 FACSMAB Meetings were successfully conducted from January to December 2013 and two FACSMAB Review Meetings were held in January 2013 in Kota Kinabalu and in December 2013 in Singapore.
 - The meetings had successfully resolved some outstanding issues involving the use of frequencies in the border areas of Malaysia, Singapore and Brunei.
 - The meetings consisted of representatives from the communications authorities of their respective countries such as MCMC, IDA and AIT and Armed Forces from all the three related countries.
 - These meetings served as a platform for discussions on frequency registration that took place.
- ii. JTC Committee
 - Throughout 2013, two JTC Committee meetings were held in June 2013 in Malacca, followed by Koh Samui, Thailand in December 2013.
 - The meetings had successfully resolved some outstanding issues involving the use of frequencies in the border areas of Malaysia and Thailand.
 - The meetings consisted of representatives from the communications authorities of their respective countries such as MCMC, NBTC and a few radio communication operators, and government agencies from both countries.
 - These meetings served as a platform for discussions on frequency registration that took place.

iii. JCC Committee

- Throughout 2013, JCC meeting was held once, which was in November 2013 in Lombok, Indonesia.
- The meeting had successfully resolved some outstanding issues involving the use of frequencies in the border areas of Malaysia and Indonesia.
- The meeting consisted of representatives from the communications authorities of their respective countries such as MCMC, DG SDPPI and a few radio communication operators, and government agencies from both countries.
- This meeting served as a platform for discussions on frequency registration for use in stations located in the border region.

iv. Trilateral Coordination Meeting between Indonesia, Malaysia and Singapore

- Throughout 2013, the Trilateral Coordination Meeting was held once in April 2013 in Solo, Indonesia.
- The meeting had successfully resolved some outstanding issues involving the use of frequencies in the border island of Batam/Bintan/Riau (Indonesia), Southern Johor (Malaysia) and Singapore.
- The meeting consisted of representatives from the communications authorities of their respective countries such as MCMC, IDA and DG SDPPI.
- This meeting served as a platform for discussions on frequency registration for use in stations located in the border region.

Frequency Usage Registration in the Border Regions at ITU

The main purpose of registration is to ensure that the frequency usage, especially in the border regions, is protected and received verification from the ITU. Therefore, the use of an agreed frequency in the FACSMAB, JTC and JCC has been registered at the ITU throughout 2013.

Standard Radio System Plan (SRSP)

Technical specifications and technical limitations to the use of certain spectrum bands for wireless system or service are described in the Standard Radio System Plan (SRSP) documents. Through the establishment of a working group comprising of government agencies, communications and multimedia industry, broadcast agencies, consumer radio spectrum association and also higher education institutions, related matters were discussed to produce SRSP documents. These documents will be reviewed and revised to ensure the needs of the current spectrum usage can be met.

In 2013, MCMC published four SRSP documents to facilitate the use of International Mobile Telecommunications (IMT) system in mobile bands and fixed services. The frequency bands involved in the SRSP documents are as follows:

- i. SRSP 504 contains the requirements for mobile cellular and IMT systems operating in the frequency band of 825MHz up to 835MHz which is paired with 870MHz up to 880MHz, and 880MHz up to 915MHz which is paired with 925MHz up to 960MHz;
- ii. SRSP 508 contains the requirements for mobile cellular and IMT systems operating in the frequency band of 1710MHz up to 1785MHz and 1805MHz up to 1880MHz;
- iii. SRSP-547 FWA contains the requirements for wireless fixed systems operating in the frequency band of 13.75GHz up to 14.40GHz and 15.70GHz up to 16.60GHz; and
- iv. SRSP-548 FS contains the requirements for fixed service systems of line-of-sight radio relay operating in the frequency band of 71.00GHz up to 76.00GHz and 81.00GHz up to 86.00GHz.



INFRASTRUCTURE DEVELOPMENT AND STANDARDS

NETWORK AND INFRASTRUCTURE PLANNING



National Network Database

National Network Database (NND) was established to support and facilitate daily and periodic activities of MCMC and the industry. NND also serves to gather information on network infrastructure that have been implemented (updating information) in this country for record purposes, analysis and also planning. NND can be also used by the MCMC and the Ministry as the main source of providing information for preliminary studies on Infrastructure Sharing, Common Ducting and Domestic Roaming. It also provides information on fibre optics, microwave networks, and switch exchanges.

Geographic Information System (GIS) function is entered at the NND to enable and facilitate users to view and analyse information on:

- i. Fibre optic routes, node locations (DSLAM, BRAS), capacity and usage, and others;
- ii. Wireless infrastructure; and
- iii. Ground stations, switch stations, cable landing stations and others.

MCMC has developed the Communication Infrastructure Management System (CIMS) for the purpose of self-management of the industry's online information at the NND. A series of training on the usage of CIMS were held in early 2012 which were attended by postal and courier service providers, as well as various Federal and State Government agencies.

A total of 16,630 wireless data communications infrastructure were uploaded into the CIMS as of the end of 2013. The main categorisation is as follows:

Category	Total
Tower	8,598
Roof top	6,496
Dual-function	992
Temporary tower	193
In building	351
Grand Total	16,630

Table 1: Main Categories of Wireless Data Communications Infrastructure uploaded in CIMS in year 2013.

World Bank Report

Based on the World Bank Report "Doing Business 2013" for the indicator of "Dealing with Construction Permits", Malaysia has leapfrogged to the 43rd position out of 189 countries, compared to the 96th position out of 185 countries in the previous year.

POSITION	2014 (6/189)	2013 (12/185)	2012 (18/183)	2011 (21/180)
Dealing with Construction Permits	43	96	113	111

Various efforts have been implemented to standardize the processes and procedures between the technical departments of Kuala Lumpur City Hall (DBKL) and external technical agencies including MCMC.

A research group, the Focus Group Dealing Construction Permit (FGDCP), was established to conduct a comprehensive study on identifying regulatory and non-regulatory rules to ensure it can reduce the burden placed by the authority to the business community when dealing with construction permits. The introduction of OSC1Submission is as a platform to obtain approvals that only requires 10 procedures and 100 days to be processed compared to 37 procedures and 140 days previously.

Quality of Service

MCMC is concerned with cellular coverage issues and quality of services (QoS) delivered by network service providers in Malaysia. MCMC is also responsible in coordinating improvement plans for cellular coverage issues and QoS across the country through cooperation between network service providers and also network facility providers.

In 2013, meetings on the Improvement of Cellular Coverage were held periodically with cellular network services providers and other network facility providers such as Verticom, Asiaspace, eDotco and others to resolve issues of cellular coverage nationwide. The meetings also served as a platform for the industry to develop a master plan design, of which several projects on network cellular improvement have been identified through this meeting such as MEX Highway (route protocol), National Museum, Menora Tunnel, New Klang Valley Expressway (NKVE), Saujana Putra, Alam Impian and others.

MCMC also focused on the improvement of coverage in the buildings at strategic locations such as KLIA 2 Terminal, Putrajaya International Convention Centre (PICC), Ministry of Communication and Multimedia of Malaysia, Ministry of Rural and Regional Development, Ministry of Housing and Local Government, Ministry of Women, Family and Community Development, National Palace and others. Apart from that, more than 20 locations were identified and discussed in regular meetings for improvement of coverage.

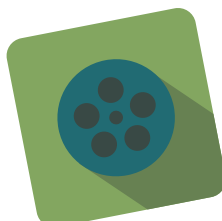
In addition to that, there are several large-scale projects for network improvement undertaken by the MCMC such as Langkawi Coverage Improvement and also Putrajaya Blueprint that are currently under preliminary details and implementation. The efforts have improved coverage and enhanced the quality of voice and data services through the addition of new communication towers, the introduction of repeaters, network optimisation and more frequent network configuration activities.

In certain cases where the acquisition of sites is quite difficult, MCMC will assist the industry by issuing a letter of support to relevant stakeholders such as LLM, PLUS, PTG, PBT and other agencies to enable the upgrading of network quality can be carried out.

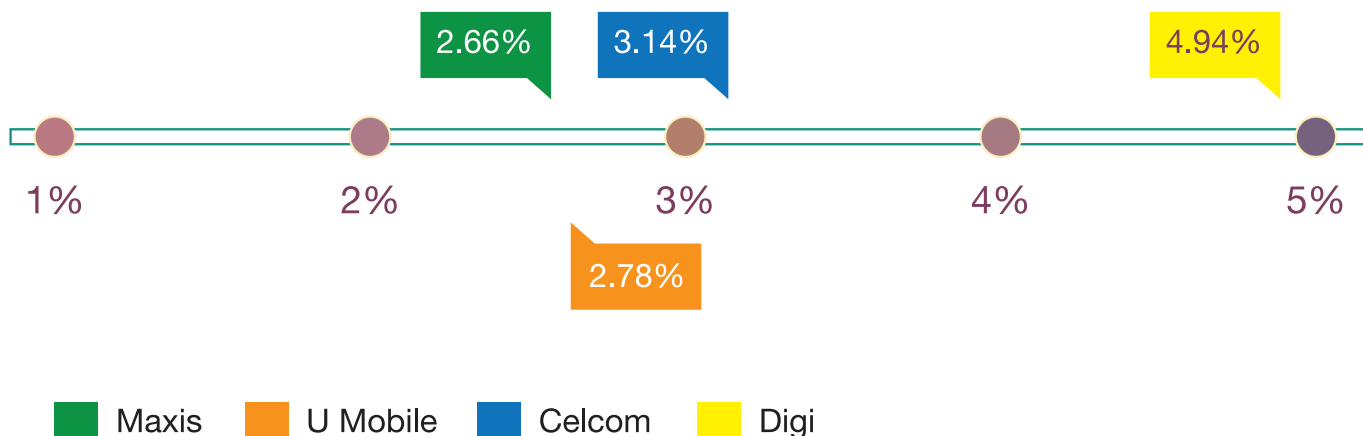
Quality Testing of Cellular Network Services

In order to improve the quality of services provided by the cellular service providers, MCMC introduced the Mandatory Standards for Quality of Service (Public Cellular Service) Determination No. 1 2013 which came into effect since 9 July 2013. Several criteria have been tightened up such as the rate of dropped calls that was reduced to 3% compared to 5% previously. Meanwhile, the rate for End-point Service Availability (ESA) was increased to 95% compared to 90% previously.

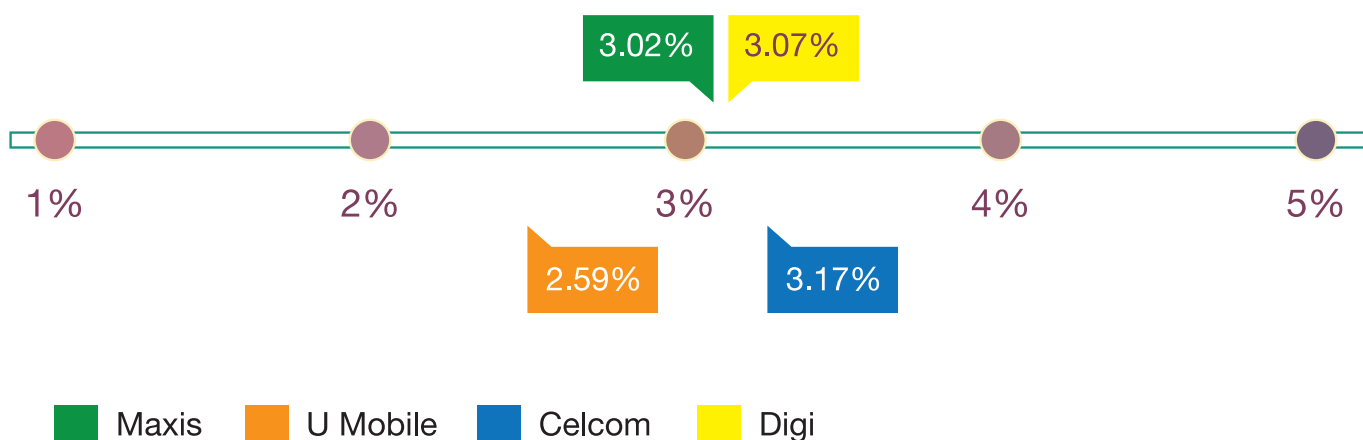
The following charts show the performance of cellular service providers for dropped calls based on the assessments conducted by the Regional Office of MCMC for second half of 2013 nationwide and the performance of dropped calls rate at the Protocol Gateway throughout 2013 conducted by the Head Office of MCMC.



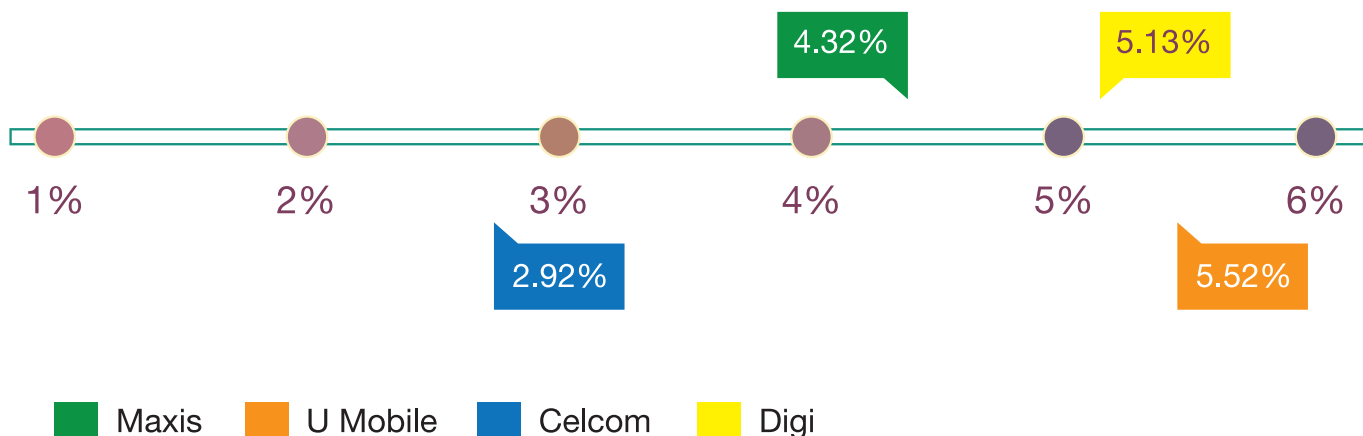
Dropped Calls Rate - Northern Territory (Perlis, Kedah, Penang & Perak)



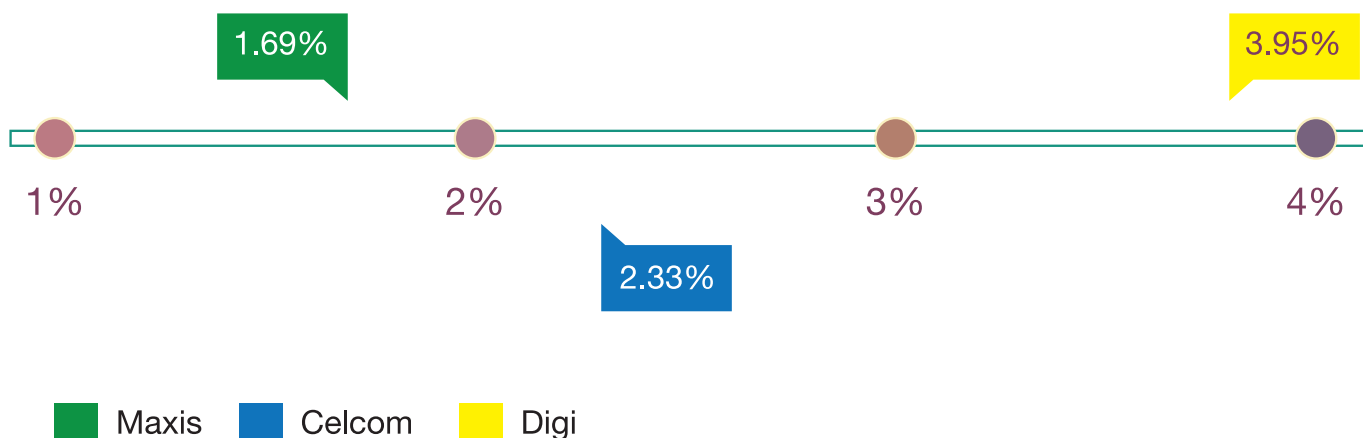
Dropped Calls Rate - Central Territory (Selangor, Negeri Sembilan, Kuala Lumpur & Putrajaya)



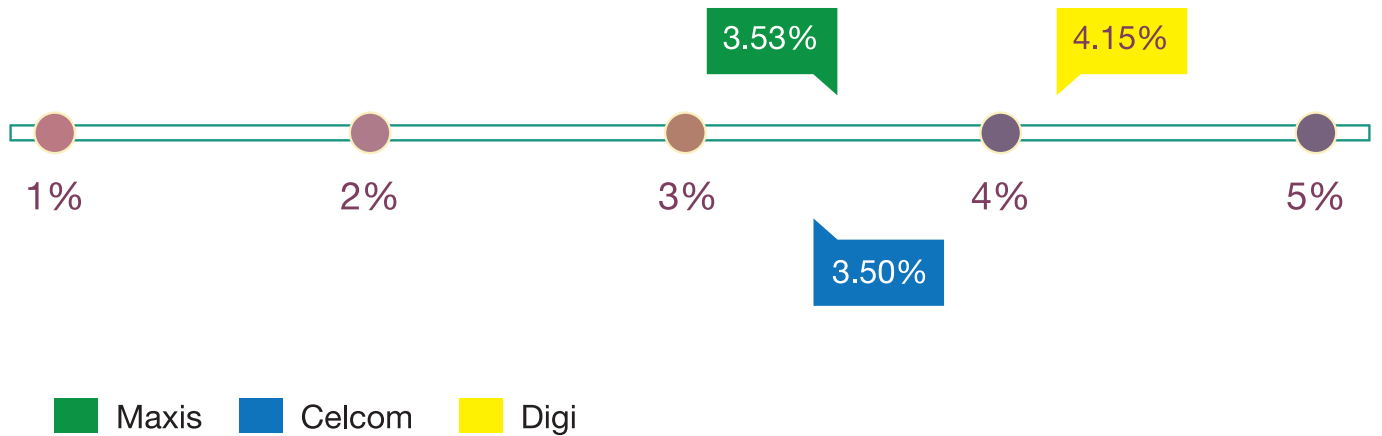
Dropped Calls Rate - Southern Territory (Melaka & Johor)



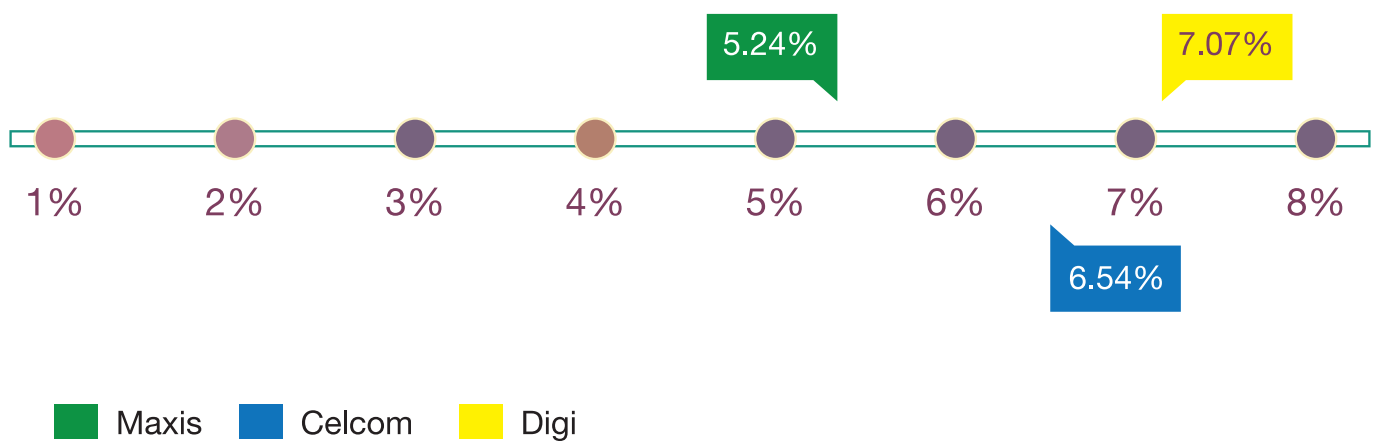
Dropped Calls Rate - Eastern Territory (Kelantan, Terengganu & Pahang)



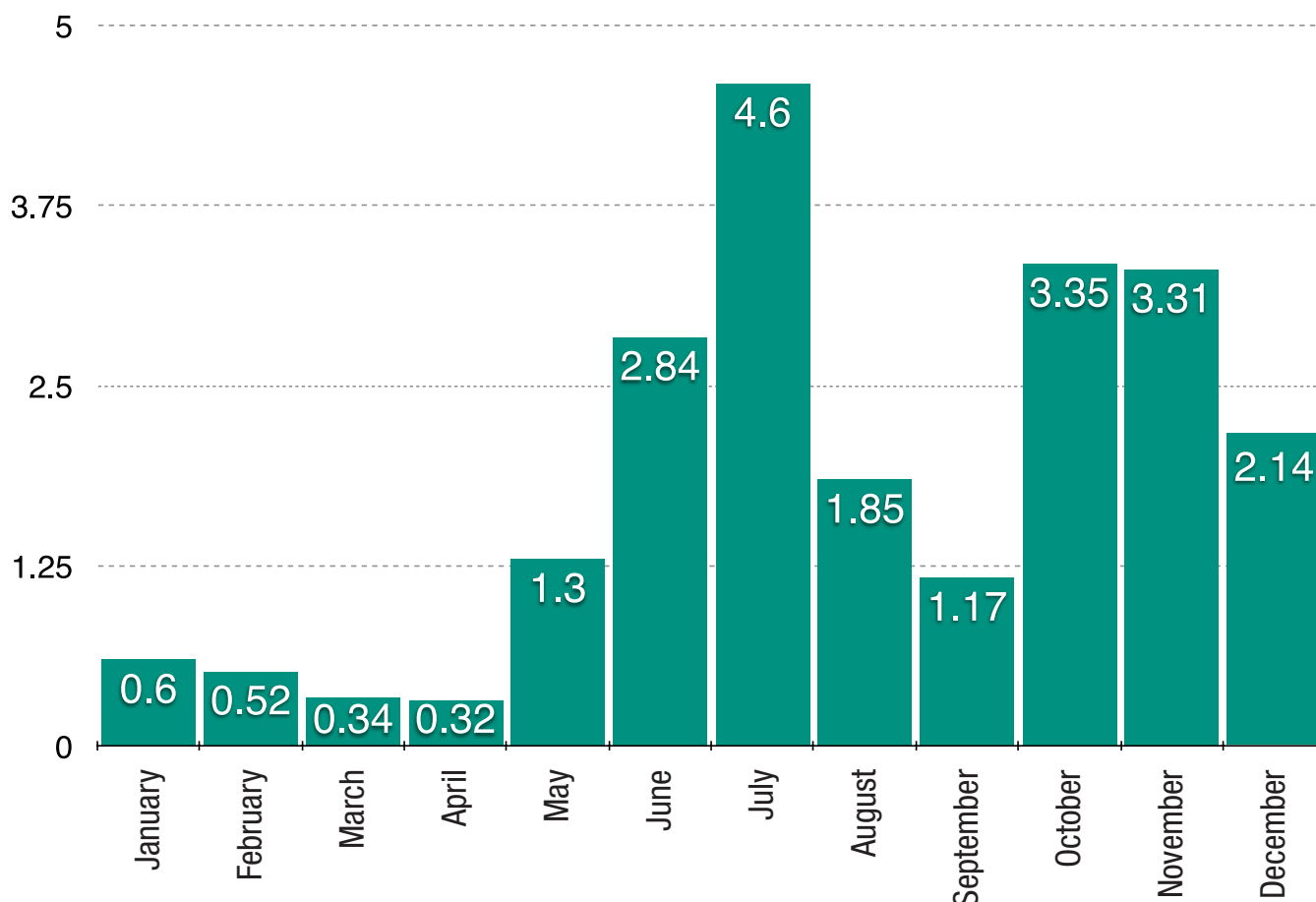
Dropped Calls Rate - Sarawak



Dropped Calls Rate - Sabah



Dropped Calls Rate - Protocol Gateway Throughout 2013



Testing of Fixed Line and Mobile Broadband Access Services

Testing of Broadband Access Services have been conducted on wired and wireless services to measure performance based on the Determination of the Mandatory Standards for Quality of Service (Broadband Services), Determination No. 1 2007 (for wired broadband) and reference to the KPI Minister 2013 (for wireless broadband). The evaluation was carried out in three main cities in Malaysia namely Klang Valley, Kuantan and Johor Bahru from 18 November 2013 until 6 December 2013 involving 15 different locations.

The table below shows the broadband services throughput performance for fixed line broadband services:

Service Providers	Service Type	Average throughput rate based on bandwidth subscription (%)	
		Download	Upload
TM	Wired	76.27%	54.80%
MAXIS		99.45%	99.90%
TIME		55.65%	35.95%

Table 2: Wired Broadband Services throughput performance in 2013



The table below shows the broadband services throughput performance for wireless broadband services:

Service Providers	Type of Service	Advertised Bandwidth (Mbps)	Average throughput rate based on bandwidth subscription (%)	
			Download	Upload
CELCOM	Wireless	7.2	18.33%	12.92%
YES		20.0	13.70%	8.75%
P1		4.0	31.00%	-
MAXIS		-	-	-
DIGI		-	-	-
UMOBILE		-	-	-

Table 3: Wireless Broadband Services throughput performance in 2013

TECHNOLOGY DEVELOPMENT

MyIX

MyIX operation is managed by Internet Operators Association of Malaysia or better known as MyIX Association, an association registered with the Malaysian Registrar of Societies (ROS).

MyIX has undergone positive development in terms of membership and bandwidth usage. 11 companies have become association members between January 2013 and December 2013, bringing to a total membership of 68. The highest record of bandwidth usage ever recorded was on the month of November 2013 with 39.2Gbps.

Membership growth trend and bandwidth usage are as tabulated in Figure 1.

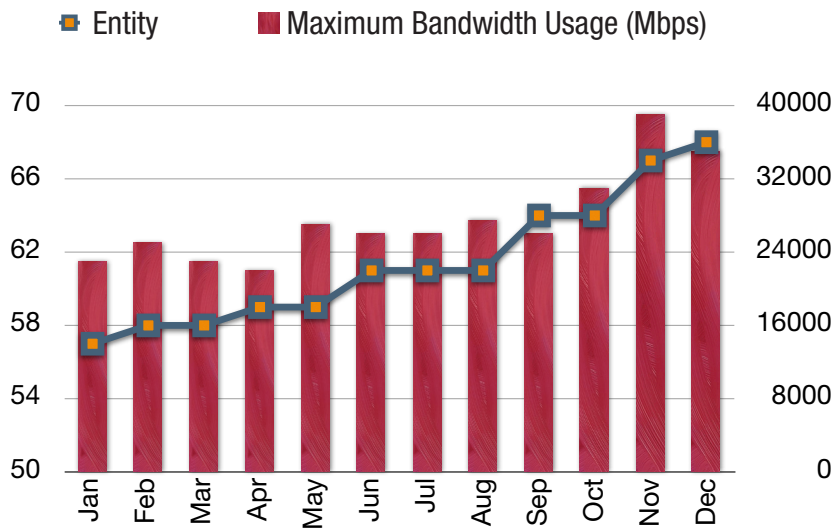


Figure 1: MyIX Growth Trend on 2013



Industry Technology Seminar

IEEE Lecture Series Programme

On 27 June 2013, MCMC collaborated with IEEE VTS Malaysia in organizing a seminar on wireless communication technology entitled "Entering the Path towards Terabit/s Wireless Link". The seminar was presented by Prof Gerhard Fettweis, who is a Chairman Professor of Vodafone at TU Dresden, one of the well-known universities in Germany. Among the highlights of the seminar were the further exposure on the development of wireless communications and the implications towards the development of flash memory. The evolution of wireless data rates was also discussed as it is related with the capacity development of flash memory.

Sharing Session with ICNIRP Experts

In the effort to enhance industrial knowledge on the emission of electromagnetic fields (EMF), MCMC organized a knowledge sharing session with an expert from the International Commission on Non-Ionizing Radiation Protection (ICNIRP), Dr Michael Repacholi on 31 October 2013. He is the founder member and used to chair the International Radiation Protection Association (INIRC/IRPA) and also the first chairman of ICNIRP at its inception in 1992. This sharing session was aimed to inform the current developments related to EMF at ICNIRP/WHO and also to clarify various issues related to EMF radiation.

Research Collaboration

Memorandum of Understanding (MoU) on Research and Development (R&D) between MCMC and Universiti Teknologi Malaysia (UTM)

26 July 2011 had marked another milestone for MCMC when a Memorandum of Understanding (MoU) was signed with UTM for a joint research and human capital development.

This collaboration focused on four strategic areas, but not limited to, Long Term Evolution (LTE), unification of cellular and broadcasting technologies, multimedia subsystems, Internet protocols in cellular networks and studies related to radio frequency emissions.

Following the successful establishment of LTE laboratories in 2012, this collaboration has embarked a project to build three more technological laboratories at the Wireless Communication Centre (WCC), UTM namely Wireless Industry Emission (WIE) laboratory, Specific Absorption Rate (SAR) laboratory and Radio Frequency and Interference laboratory.

These facilities are expected to be completed in 2014 and encourage innovation and exploration in the national communication technology consistent with the policy objectives of the MoU.

Moreover, this MoU has also successfully implemented a variety of communications technology related courses in collaboration with the MCMC Academy. The courses totalling 927 man-days were held throughout 2013 involving 285 participants from MCMC and the industry.



STANDARDS DEVELOPMENT

Certification Programmes

Certification programmes by MCMC are subjected to Communications and Multimedia (Technical Standards) Regulations 2000. Section 186 of the Communications and Multimedia Act 1998 (CMA 98) allocates methods for the appointment of Registered Certifying Agency to carry out certification programmes on behalf of MCMC. As of 31 December 2013, four public organisations were appointed as MCMC Registered Certifying Agencies:

No.	Organisation	Registration Category	Appointment Date
1.	SIRIM QAS International Sdn Bhd (SQASI)	Certification of Communications Equipment	3 September 2003
2.	Akademi Laut Malaysia (ALAM)	Certification of competence in skill areas designated for maritime radio operator	3 September 2003
3.	Malaysian Multimedia College (MMC); formerly known as Kolej Latihan Telekom	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

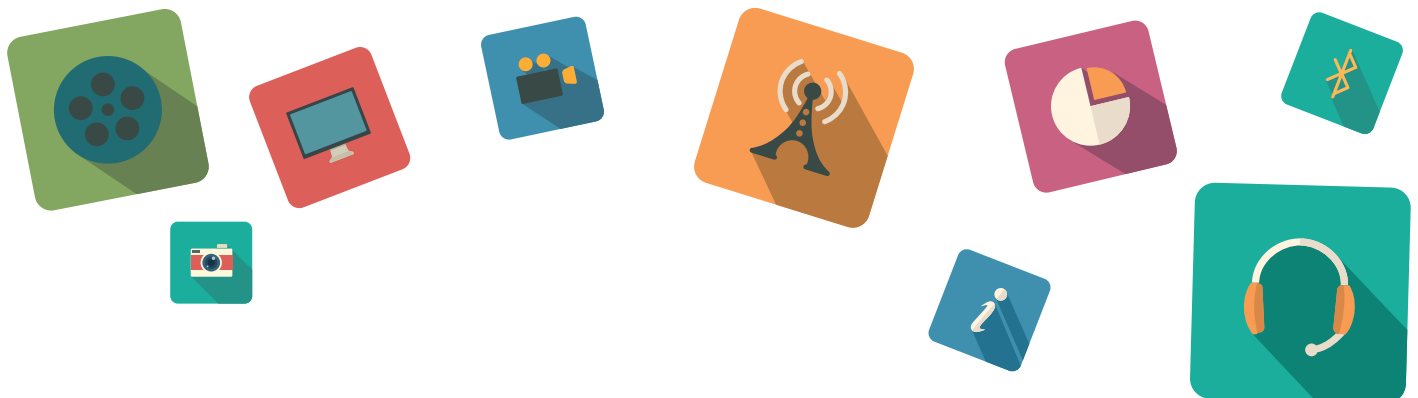
Table 4: List of MCMC Registered Certifying Agencies

MCMC also handles its own certification programmes for Class A and Class B amateur radio operators competency certification in fixed skilled areas.

The number of certifications that were issued in 2013 by MCMC and the MCMC Registered Certifying Agencies are as follows.

No.	Certification Agency	Category	Number of certifications issued	
1.	MCMC	a) Amateur Radio Operator (Class A)	16	1,277
		a) Amateur Radio Operator (Class B)	1,261	
2.	SQASI	a) Communications Equipment (Telephony)	247	2,496
		a) Communications Equipment (Radio)	2,249	
3.	ALAM	a) General Operator Certification (GOC)	845	980
		a) Restricted Operator Certification (ROC)	135	
4.	MMC	a) Cabling Provider (New Issuance)	2,734	5,314
		a) Cabling Provider (Renewal)	2,580	
5.	UMT	a) General Operator Certification (GOC)	0	0
GRAND TOTAL			10,067	

Table 5: Number of registered certifications in year 2013





For amateur radio operator Class B certification programmes, MCMC has successfully developed a computerized system to conduct radio amateur examination (RAE) which is known as Online RAE (ORAE) and integrated with MCMC Radio Amateur Examination system (SEMS) which was developed in 2011 and started operating in the early of 2012. The computerized radio amateur examination is held on a monthly basis since May 2013 as an addition to the existing RAE session.

Standards Development

In accordance with the provisions of the Communications and Multimedia Act 1998 (CMA 1998), MCMC has appointed Malaysian Technical Standards Forum Berhad (MTSFB) as MCMC's Industry Forum effective 27 October 2004. MTSFB is responsible to develop Voluntary Industry Code which covers the aspects of interoperability and security of network facilities.

MTSFB has submitted eight technical documents to MCMC to be registered as Voluntary Industry Code as allocated under Section 95 CMA 1998. All documents were approved for registration by the Commission on 31 January 2013 and listed in the MCMC website. Details of the documents are as follows:

No.	Document Title
1.	MCMC MTSFB TC G001:2013 - Compression Table of Service Information (SI) Descriptions for Digital Terrestrial Television Broadcast Service
2.	MCMC MTSFB TC G002:2013 - Middleware Profile for Digital Terrestrial Television Broadcast Service
3.	MCMC MTSFB TC T001:2013 - Specification for Terminal Equipment Connecting to the Public Switched Telephone Network (PSTN)
4.	MCMC MTSFB TC T002:2013 - Specification for Analogue Calling Line Identity Presentation (A-CLIP) Facility for Technical Specification for Connection to PSTN
5.	MCMC MTSFB TC T003:2013 - Specification for Private Automatic Branch Exchange (PABX) System for Connection to PSTN
6.	MCMC MTSFB TC T004:2013 - Specification for Digital Terrestrial Television Broadcast Service Receiver
7.	MCMC MTSFB TC T005:2013 - Specification for Direct-to-Home (DTH) Satellite Broadcast Receiving Antenna
8.	MCMC MTSFB TC T006:2013 - Specification for Direct-to-Home (DTH) Satellite Broadcast Receiver (DTH Set-Top Box)

Table 6: Technical Codes developed by MTSB in 2013

Organised Seminars

A total of three compliance seminars were successfully held which were organised in collaboration with SIRIM QAS International Sdn Bhd (SQASI), the MCMC Registered Certifying Agency. The seminar was entitled "Awareness Seminar on Communications Equipment Certification" and aimed to give awareness and complete information to participants on the legal requirements related to importation, marketing and operation of communications equipment. This seminar was dedicated to university students because they are one of the largest users of communication devices especially smartphones. The topics highlighted include the aspects of the certifications requirements (compliance with the technical codes) and the allocation of apparatus for its operation.

The information on the organised seminars are as follows:

No.	Date	Venue
1.	15 May 2013	Universiti Malaysia Perlis, Perlis
2.	18 September 2013	Universiti Teknologi Malaysia, Johor
3.	13 November 2013	Universiti Malaysia Sarawak, Sarawak

Table 7: Awareness Seminar on Communications Equipment Certification organized by MCMC in 2013



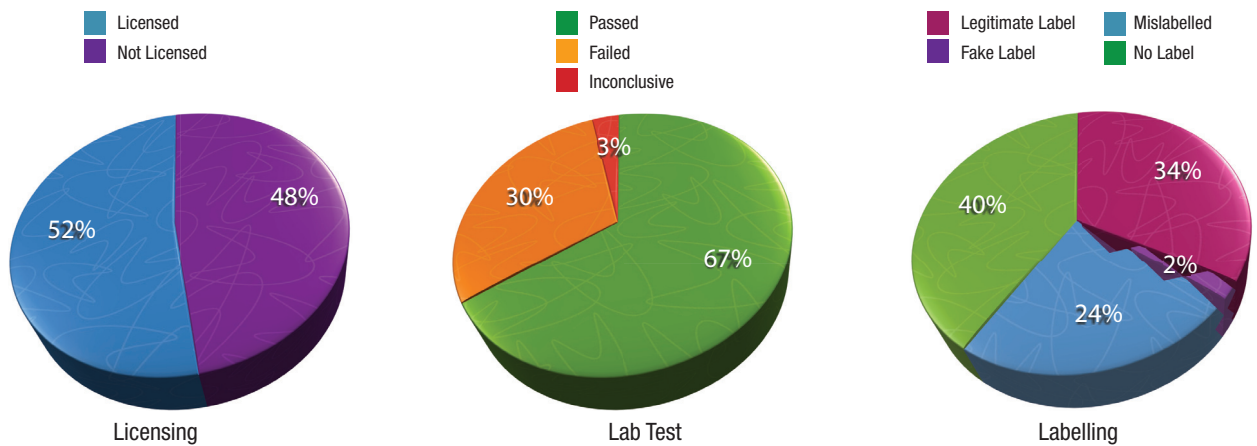
Market Surveillance

The Market Surveillance Programme for communications equipment was carried out from 1 July 2013 to 31 December 2013. MCMC has appointed SIRIM QAS International Sdn Bhd (SQASI) to conduct this programme. The main objective of this programme was to protect consumers by ensuring that all communications equipment in the market always comply the technical codes and safe to be used.

Secondly, through the liberalization of market, it is easier for the communications equipment to enter the domestic market, and effective and continuous market surveillance programme must be put in place in order to monitor the status of those equipment and only legitimate products can be made available in the market.

A total of 108 samples were assessed consisting of 18 categories of communications equipment including mobile phones, Bluetooth devices, WiFi, walkie-talkie, GSM Alarm System and wireless media players.

The samples were evaluated and tested as required under the surveillance programme. The results are as follows:

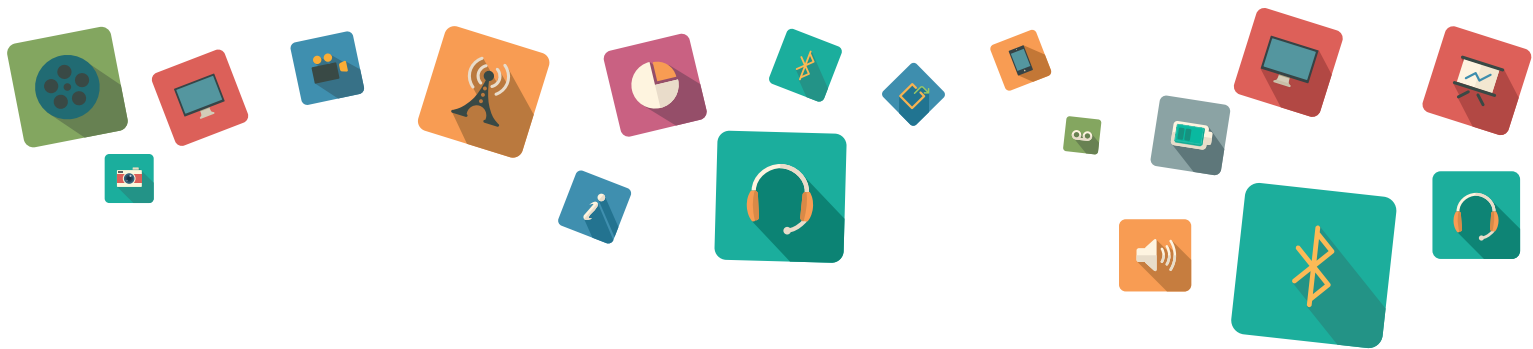


	*Licensed	**Not Licensed	Passed	Failed	Inconclusive	Legitimate Label	Fake Label	Mis-labelled	No Label
Licensing	52 (48%)	56 (52%)	-	-	-	-	-	-	-
Laboratory Tests	-	-	73 (67%)	32 (30%)	3 (3%)	-	-	-	-
Labelling	-	-	-	-	-	60 (34%)	4 (2%)	42 (24%)	71 (40%)

Figure 2: Overall Statistics of 108 models

Notes:
 * Sample model is available in the database of certified models by SIRIM QAS International Sdn Bhd (SQASI).
 ** Sample model is not available in the database for certified models by SIRIM QAS International Sdn Bhd.

Appropriate legal actions have been identified and will be taken against parties responsible for selling/supplying communications equipment which have been identified as failed to comply with the provisions of CMA 98 and the regulations therein. This programme has been continued in 2013 with more comprehensive methods in order to enhance consumers' confidence towards national communications equipment market.





BROADBAND MANAGEMENT

NATIONAL BROADBAND INITIATIVE ACHIEVEMENTS IN 2013

Continued Growth of Broadband in Malaysia

The growth rate of broadband has continued to increase in 2013. A total of 6.4 million subscriptions for broadband was recorded at the end of 2013. One of the important factors that need to be known is the demand for broadband in Malaysia mostly came from mobile broadband users. The total number for mobile broadband users has increased from 3.6 million at the end of 2012 to 3.8 million at the end of 2013. The high speed broadband also sees an increase of 126,000 new subscriptions throughout the current year.

In 2013, the broadband penetration rate in Malaysia recorded a positive growth and successfully exceeded the target set by the Broadband Commission for the digital development under ITU and UNESCO. The target set for a developing nation in 2015 is to achieve 40% household broadband penetration rate. Malaysia has achieved the household broadband penetration rate of 67.2% this year.

The growth of broadband subscriptions is expected to continue based on the data that 84% from the populated areas in Malaysia are under the broadband services coverage. Malaysia will focus more on improving the quality of services and work hard through various initiatives to improve the household broadband penetration rate to 75% by year 2015.

Therefore, users can now enjoy a wider coverage as a result from the National Broadband Initiative (NBI). The broadband coverage has also been extended to remote areas nationwide through the implementation of various projects under NBI. Improvements in current technology will not only enhance the coverage, but the speed of ADSL broadband has also doubled from the previous year. ADSL users can now enjoy the speed up to 8Mbps with the option to subscribe IPTV services from the same service providers.

From the results of all initiatives and quality improvements of broadband services, the growth of 11.5% for household broadband penetration rate was recorded at the end of 2013 since NBI was launched in 2010, as illustrated in Figure 1 below:

Household Broadband Penetration 2009-2013

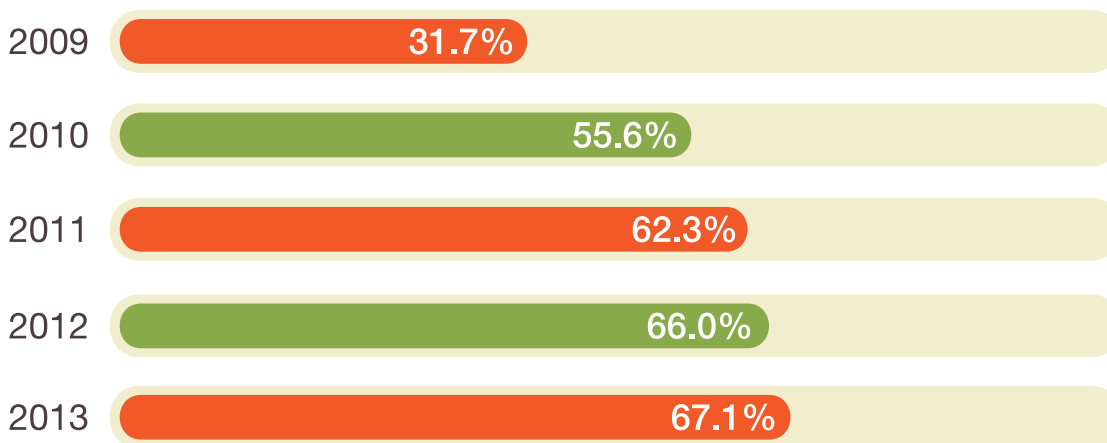


Figure 1: Household Broadband Penetration 2009-2013

All the states in Malaysia have exceeded the targets for a minimum broadband penetration rate of 40% set by the Broadband Commission for a developing nation. The household broadband penetration rate by state for 2013 can be seen in Table 1 as follows:

State	Household Broadband Penetration Rate (%)	State	Household Broadband Penetration Rate (%)
Johor	65.1	Penang	80.3
Kedah	53.3	Selangor	79.1
Kelantan	41.9	Terengganu	57.3
Melaka	64.7	Sabah	53.8
Negeri Sembilan	74.6	Sarawak	53.5
Pahang	60.1	Kuala Lumpur	111.7
Perak	51.7	Labuan	64.0
Perlis	67.4	Putrajaya	81.9

Table 1: Household Broadband Penetration Rate by State in 2013



Growth of Fixed Line Broadband

In Malaysia, fixed line broadband is the most stable network to access Internet services via a variety of technology that started with dial-up, satellite, xDSL and FTTx.

Up to the end of 2013, a total of 2.3 million fixed line broadband customers were recorded from users of various technologies such as xDSL and FTTx. The most subscribed technology was xDSL with 1.6 million customers. 98 HSBB exchanges have been upgraded nationwide and 1.4 million new ports have been installed. As a result, a total of 125,000 new HSBB customers recorded to make up the grand total of HSBB customers increased to 668,000 at the end of the year. The increase of HSBB subscriptions was due to the migration of the existing ADSL customers to HSBB services. The breakdown of fixed line broadband subscriptions by technology can be seen in Figure 2 below:

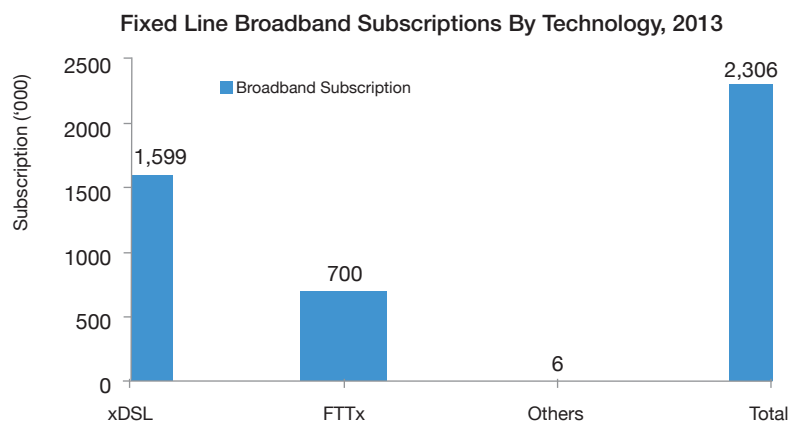


Figure 2: Fixed Line Broadband Subscriptions by technology for year 2013

Growth of Wireless Broadband

The wireless broadband services in Malaysia are improving continuously over time. The wireless broadband services in Malaysia are provided through various technologies such as 2.5G (GPRS and EDGE), 3G and 4G including the newly introduced LTE. However, the wireless broadband technology does not achieve the speed achieved by broadband via fibre connections at present.

In 2013, mobile broadband services (HSPA and 3G) continued to be the major contributor in terms of broadband connectivity in Malaysia with the total subscriptions of 3.29 million (86.9% of wireless broadband) compared to other technologies. Apart from that, the LTE services which began in the third quarter of 2013 recorded a total of 8,000 subscriptions. The subscriptions for LTE technology are expected to increase in 2014 due to an increase in coverage areas and better quality of services as a result of various initiatives to be implemented. In addition, the public can also access the Internet in the areas which have the Wireless Village (KTW) coverage that provides WiFi to enable them accessing the Internet especially for those who receiving the 1Malaysia Netbook.

Besides, the subscriptions of wireless broadband services from other technologies include WiMAX and EV-DO. The breakdown of broadband subscriptions by technology is shown in Figure 3 below:

Subscription of Wireless Broadband 2013

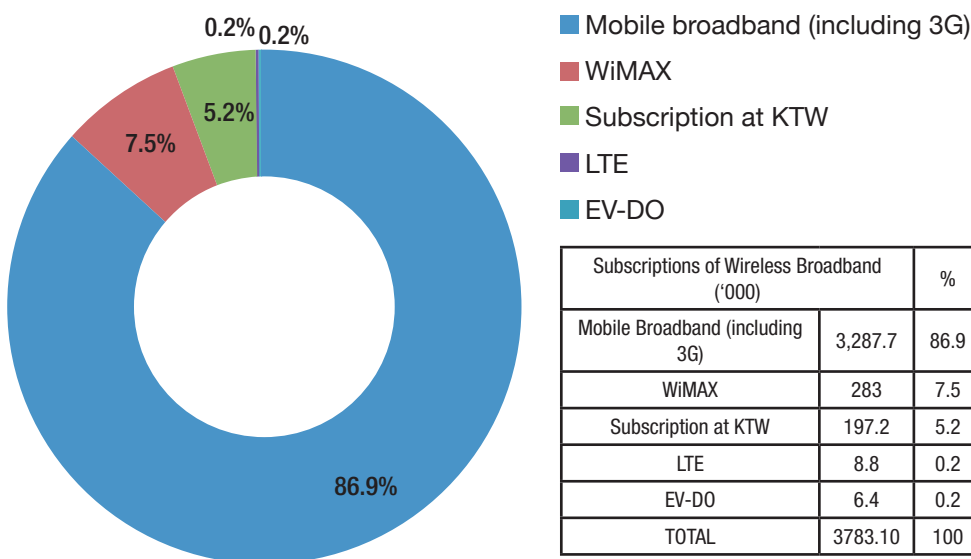


Figure 3: Subscription of Wireless Broadband for year 2013



No. 1 in Broadband Affordability

In 2013, Malaysia was ranked first in broadband affordability among 46 developing nations. Malaysia was accompanied by other countries in successive positions such as Mauritius, Brazil, Peru and Colombia. This was the first report of its kind published by the Alliance for Affordable Internet (A4AI), a combination involving more than 40 members. This initiative was sponsored by Google, Omidyar Network, the UK Department for International Development, and USAID regarding the affordability for developing nations.

Malaysia has shown on how the rapid progress to make broadband affordable can be achieved when technology innovations are combined with open policies and regulatory environment that stimulate supply and demand for broadband. The important factors that lead to the success are:

- i. Increasing awareness on broadband through promotion programmes;
- ii. Increasing online contents of Government services through various areas such as e-learning and e-health to stimulate demand from the public;
- iii. Giving rebates to youth to encourage them to buy smartphones as an innovative method to reduce broadband subscription cost; and
- iv. Cooperating with private sectors to improve the broadband infrastructure through public-private partnership (PPP).

Report by ITU: Measuring the Information Society (MIS) 2013

Based on the report published by the ITU entitled "Measuring the Information Society (MIS) 2013"; The ICT Development Index (IDI) for Malaysia recorded the value of 5.04 points, which exceeded the global average value of 4.35 points. This means that Malaysia has successfully surpassed the target set for developing nations as well as the average level of the world and Asia Pacific. The index achievement has also increased compared to the report of the previous year with 4.82 points. Malaysia has improved the infrastructure and the ICT usage from aspects of positive growth achievement for the subscriptions of broadband and total Internet users. Malaysia's achievement is illustrated in Figure 4 below:



Source: "Measuring the Information Society 2013" Report By ITU

Figure 4: Comparison of IDI value for global, regional and country average for developing/developed, Asia and Pacific, 2012

In the same report, Malaysia has been outstanding in the Digital Native (DN) category. Malaysia was in the 4th position globally in this category with the achievement of 13.4% for Digital Native 2012. Malaysia also recorded a high total of penetration rate (66%) in the overall Internet penetration for all ages in 2012.

Internet Speed Improvement

A study conducted by Akamai entitled “State of the Internet” reported that in the second quarter of 2013, Malaysia was in the 64th position globally in the Internet speed with an average of 3.1Mbps (end of 2012: 2.3 Mbps – an increase from the 70th position to the 64th). The changes made year by year have recorded an increase of 42% as shown in Table 2 below:

Global Rank	Country	Average Q2'13 Mbps	Changes QoQ	Changes YoY
1	South Korea	13.3	-6.3%	-6.4%
2	Japan	12.0	-6.5%	11%
4	Hong Kong	10.8	-0.8%	21%
27	Singapore	6.5	-0.7%	27%
39	Taiwan	5.5	36%	46%
45	Australia	4.8	13%	9.8%
49	New Zealand	4.6	7.5%	20%
51	Thailand	4.5	14%	42%
64	Malaysia	3.1	14%	42%
71	China	2.8	29%	92%
108	Indonesia	1.7	13%	125%
111	Vietnam	1.7	22%	4.4%
114	The Philippines	1.6	12%	29%
119	India	1.3	6.8%	23%



Table 2: A Study by Akamai on the Internet in the Second Quarter of 2013

Source: <http://www.akamai.com>

The study on the Internet speed by Akamai is the output of the data collected from 2,113,813 unique addresses or IP for Malaysia. This study shows that 27% from these IPs have the speed more than 4Mbps. The top speed for the Internet access in Malaysia was 26.6Mbps or 63% faster compared to previous year.

Broadband Infrastructure Development

The Economic Planning Unit (EPU) has approved the allocation of RM250 million to KKMM under the 10th Malaysia Plan (10MP) for the construction of broadband infrastructure in Sabah and Sarawak under the initiative of Broadband for General Population (BBGP). The project known as the Core Network of BBGP provides fibre-based core networks to rural areas in Sabah and Sarawak. 76 connections based on fibre optic will be implemented with the overall length of 2,462km. The project implementation scope can be seen in Figure 6 below:

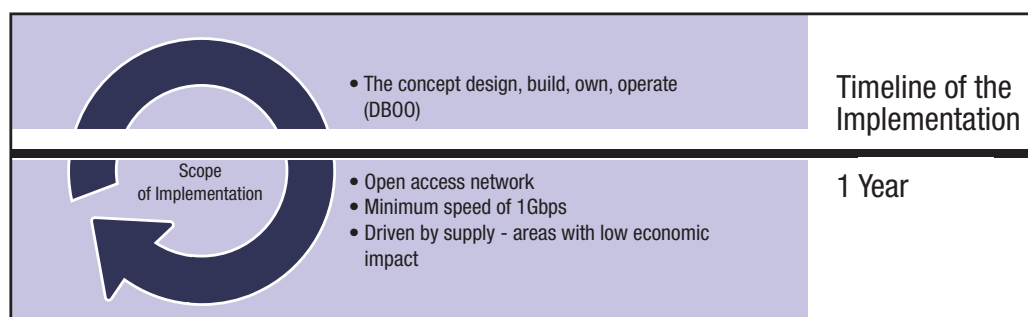


Figure 5: Scope of the implementation of the BBGP Core Network Project in Sabah and Sarawak

Until December 2013, all 76 connections were completed and ready to serve. The networks have the ability to provide core connections with the broadband capacity up to 1Gbps. Therefore, the participating service providers can deliver more quality broadband services in the rural areas by using the completed connections.

ENCOURAGING DEMAND FOR NATIONAL BROADBAND

National Broadband Awareness and Promotion Programme

Efforts to encourage the demand for broadband services were continued by focusing on the aspects of awareness, content development and affordability. Consequently, to increase public knowledge on the usage and importance of broadband, various promotional activities were undertaken through awareness programmes and advertising on print and electronic media.

Promotion and awareness programmes have been organised continuously since 2010 to create public awareness on the importance of broadband. These programmes were conducted nationwide, but focus was given in the areas where the broadband penetration rate was lower than the national level. A total of eight 1Malaysia Broadband Carnivals (KJL1M) and two Mini KJL1Ms were held throughout 2013 as shown in Figure 6. These programmes were organized under the collaboration of KKMM, MCMC and Telekom Malaysia Berhad (TM).

Among the activities conducted were the ICT based competitions for students and the public, Klik Dengan Bijak programme, quizzes, online games, Internet experience corner and other various interesting activities. Throughout these programmes, special broadband package (Affordable Package) was also promoted including the distribution of 1Malaysia Netbook. Successful online entrepreneurs who benefited from the use of broadband also shared their experience with visitors. The programmes successfully attracted the attendance of more than 66,000 visitors during the organization and received encouraging responses through new broadband subscriptions.



Figure 6: List of Mini KJL1M and KJL1M Centre throughout 2013

The promotion programmes also involved the Malaysian Administrative Modernization and Management Planning Unit (MAMPU) under the Prime Minister's Department. MAMPU also focused on the promotion of government online services which involved the participation of various related agencies. These programmes have successfully promoted the e-government service, which is one of the initiatives under the Economic Transformation Programme (ETP) through the areas of Communications Content and Infrastructure (CCI). In addition, awareness programmes were also actively held through active participation in various programmes organized in partnership with other ministries and agencies, as well as Regional Offices of MCMC.



In order to create an IT-literate society especially in rural areas, ICT training programmes were organised to educate participants on leveraging ICT for learning and enhancement of their socio-economic standing. The programmes to upgrade the socio-economic level by online start up were also introduced to help local entrepreneurs expanding their markets. The training and workshops were held in conjunction with the carnivals at 1Malaysia Internet Centre (PI1M). The learning modules comprise basic knowledge of technology, computer maintenance skills, the use of social media, constructing websites and blogs to promote businesses, and also the security aspects of the Internet. During the year 2013, a total of 321 participants have attended the training programmes and received training recognition certificates.

Economic Transformation Programme (ETP)

The Economic Transformation Programme (ETP) has surpassed the 4th year of its implementation. In order to help the country to achieve a developed nation status by 2020, 12 National Key Economic Areas (NKEA) have been identified which are:

- i. Oil, Gas and Energy;
- ii. Palm Oil and Rubber;
- iii. Financial Services;
- iv. Tourism;
- v. Business Services;
- vi. Electrical and Electronics;
- vii. Wholesale and Retail;
- viii. Education;
- ix. Healthcare;
- x. Communications Content & Infrastructure;
- xi. Agriculture; and
- xii. Greater Kuala Lumpur/Klang Valley

NKEA Communications Content and Infrastructure (CCI) has played a pivotal role particularly in the communications and multimedia sector in an effort to make Malaysia as a high income nation by 2020. The sector that has witnessed rapid developments has also played the enabler role in the development of the national economy.

NKEA CCI is led by a Steering Committee chaired by the Minister of Communications and Multimedia, Dato' Sri Ahmad Shabery Cheek. It is assisted by the Operation Committee under the leadership of MCMC Chairman and supported by PEMANDU, Ministries and relevant Government Agencies as well as private parties.

NKEA CCI Achievement for the Year 2013

Since the inception in 2010, NKEA CCI has crossed a broad ecosystem, from the content production to the development of network infrastructures, services and equipment through the introduced 10 Entry Point Projects (EPP).

In 2013, a total of 65 projects under 10 EPP were monitored by the NKEA CCI committee, as shown in Figure 7. These include five new projects that were introduced and two existing projects that were removed from the monitored list in 2012.

The projects introduced in 2013 emphasized on the development of applications and online Government services, as well as the development of integrated security system and interactive platform in public, private and commercial vehicles in Malaysia.

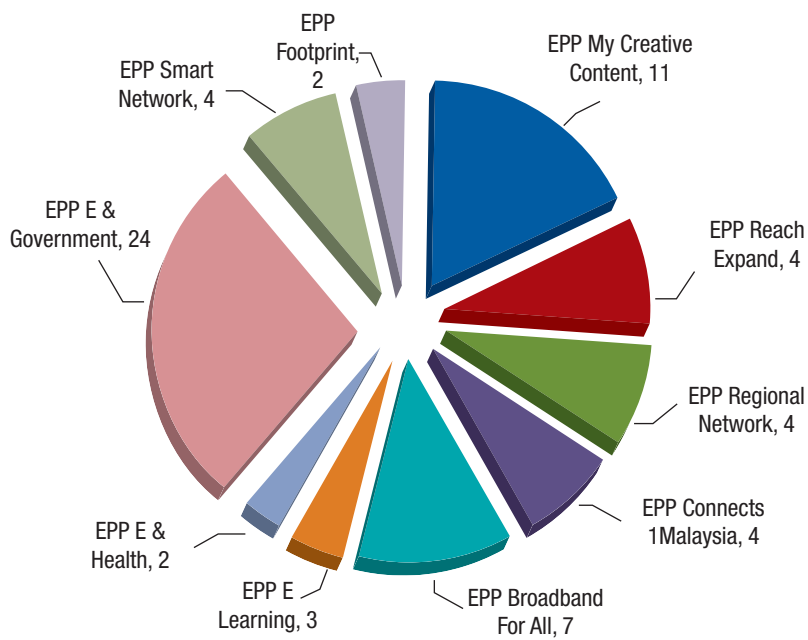


Figure 7: 65 projects identified under the NKEA CCI since 2010 until now

In 2013, the key performance indicator (KPI) for NKEA CCI has targeted a total of RM 31 billion contribution to the Gross National Income (GNI) and has achieved an impressive performance where the 65 projects have contributed RM 30.4 billion with the achievement of 98% up to the end of 2013. This contribution makes the achievement of GNI for the overall NKEA of RM 949.30 billion. NKEA CCI has also introduced 13,785 jobs and involved Private Investment of RM 161.10 billion as shown in Table 3.

KPI	Target 2013	Achievement	Score
Overall GNI (RM billion)	960.00	949.30	99%
GNI for NKEA CCI (RM billion)	31.00	30.40	98%
Overall Jobs introduced	14,892	13,785	93%
Overall (RM billion)	148.00	161.10	109%

Table 3: NKEA CCI Achievement based on GNI, Total Jobs and Private Investment in 2013

Since 2010, from 65 projects introduced under the NKEA CCI, 35 projects have been completed (53.8%) of which 13 projects were completed in 2013, namely:

- i. Telepresence;
- ii. Get Malaysian Business Online 2.0;
- iii. Disability Information System - System Improvement;
- iv. Expansion of E-Halal;
- v. Muslim Marriage Management System (SPPIM);
- vi. Government Electronic Regional Advancement Transformation (GREAT);
- vii. MyMobile;
- viii. Proliferation of Broadband amongst SME and Business Premises;
- ix. National Regulatory Network Initiative;
- x. Enhancing Network Database;
- xi. BBGP Backhaul in Sabah and Sarawak;
- xii. Cahaya Malaysia Submarine Cable Network; and
- xiii. Custom RFID Tracking.

Based on the Key Performance Indicator (KPI) set for the year 2013, NKEA CCI has shown outstanding performance with 102% achievement. A detailed report on KPIs, targets and achievements by EPP is shown in Table 4.



EPP	KPI 2013	Target	Achievement	Percentage
Creative Content	Revenue of export from creative content (RM Million)	600	564.892	94.15%
	Number of hours of digitised content (Hour)	28,000	26,154	93.41%
	Number of titles uploaded for market access (Unit)	10,000	10,066	100.66%
Connecting 1Malaysia	Get Malaysian Business Online (GMBO): The number of new online business (Unit)	50,000	34,040	68.1%
E-Learning	Percentage of schools connected up to 10Mbps (Range 4-10 Mbps) (%)	90	88.34	98.16%
	Percentage of schools connected up to 4Mbps (Range 2-4 Mbps) (%)	100	100	100%
E-Healthcare	Health facilities connected with broadband - Accumulated (minimum 2Mbps) (Unit)	3,000	2,850	95.00%
	Health facilities using ICT systems – Accumulated (Unit)	2,500	2,547	101.88%
E-Government	Online services – Accumulated (%)	70	70.34	100.49%
	Agencies adopting Digital Document Management System (Unit)	1	1	100%
Broadband for All	Broadband access to populated areas (Greater KL) at a minimum speed of 2Mbps-supply (%)	90	88	97.78%
	Access to broadband in all states at a minimum speed of 2Mbps -supply (%)	50	57	113.6%
Extend Reach	Number of program sites commissioned (Unit)	1,187	1,250	105.31%
Regional Network	Bandwidth wholesale price reduction (%)	20	33	165%
				102%

Table 4: List of NKEA CCI KPI achievements for the year 2013

NKEA CCI Key Achievements in the Year 2013

NKEA CCI has recorded a consistent growth in 2013 based on the activities that have been planned by the government and private sectors. This point is briefly explained as follows:

Film in Malaysia Incentive and Creative Content Industry Guild

Film in Malaysia Incentive (FIMI) was approved in April 2012 and effectively implemented on 1 January 2013. This initiative was aimed to attract foreign investment through minimum investment of RM5 million by foreign production companies to Malaysia and were offered incentives of 30% rebate. Local production companies which spend at least RM2.5 million was also given the same incentives.

This project has achieved the target of RM100 million in total expenses of production set for the year 2013 where RM148.4 million was spent until the end of 2013. The establishment of Creative Content Industry Guild (CCIG) is to create a body that can commission film professionals. A list of members will be included in the directory of CCIG. At the end of 2013, CCIG had recorded a total of 4,348 registered members.

Telepresence

VADS has continued its excellent performance that was achieved in 2012 by creating 124 new telepresence sites in 2013 where it exceeded the target of 48 new sites.

1Bestarinet

Through the 1Bestarinet programme, MOE targets all six million students of Primary and Secondary Government School to have the access to high speed Internet. Until now, the percentage of schools connected to the Internet speed of 4Mbps-10Mbps is 87.7% (6,347 of 7,238 schools) while the number of schools that have connections of 4Mbps is 2,651.



Healthnet Platform

All Government health institutions have been targeted to connect to the Healthnet platform that will provide a one-stop centre for information that can be shared between healthcare providers, patients and insurance companies. This platform also offers better access to health-related information and services needed by patients.

At the end of 2013, this EPP has seen a number of 2,850 healthcare institutions upgraded or connected with high speed Internet, in which the results were slightly lower than the target of 3,000. In addition, 2,547 health facilities utilised the E-Healthcare for various transactions during the period, which exceeded the target of 2,500 and contributed to the achievement of 101%.

Digital Document Management System (DDMS)

EPP E-Government has targeted Paperless Government by introducing DDMS to increase the use of digital documents. This initiative has shown increasing number of agency that used DDMS in 2013, namely the Ministry of Human Resources. The Ministry is the third agency to use DDMS after the successful implementation by PEMANDU and MAMPU in 2012.

Broadband for All

Since its introduction, the major aim of this initiative was to make broadband as basic utilities such as electricity and water. Uniform Building By-Laws (UBBL) 1984 was amended to include the communications infrastructure as one of the basic needs. This amendment requires the construction of mains in all new residential and commercial areas throughout the country.

At the end of 2013, seven states had gazetted the amendments to UKBS 1984, which were Perlis, Kelantan, Malacca, Perak, Selangor, Terengganu and Johor.

Extending Reach

This EPP aimed to reduce the digital gaps in rural areas by 2020 with the participation of industrial parties through public and private partnerships. Until the end of 2013, a total of 137 P11M was accomplished, 835 KTW has been implemented, and 287 Time3 communications tower were completed.

Cahaya Malaysia Cable System

Cahaya Malaysia Cable System is a project under the Regional Network EPP which built the submarine cable system linking Malaysia to Japan and Hong Kong. It was completed in February 2013 and will enhance Malaysia's international bandwidth capacity to 5Tbps.

CONTENT DEVELOPMENT

Continued development of the CCI is the basis for Malaysia's transition from middle to high income economy. Thus, NKEA CCI is intended to drive continuous growth in communications services and enable a paradigm shift from infrastructure and access to applications and contents.

The opportunities for growth in content and application development are better where NKEA CC is identified as one of 12 NKEAs.

Malaysia has taken proactive steps by focusing on infrastructure and access to creative content and applications. The industry is expected to become a catalyst in contributing to the economy and preparing Malaysia towards a high income nation by 2020. Therefore, the Government's aspiration is to increase the Gross National Income (GNI), of which the contribution of CCI is three times more than RM22.0 billion in 2009 to RM57.7 billion in 2020. In order to achieve the GNI of RM57.7 billion later in 2020, it is indeed a need for all parties to increase their effort to foster the development of local creative contents.

In support of these aspirations and increase in efforts, content development initiatives undertaken by the MCMC have been divided into four main focus areas:

- i. Incentives
- ii. Human Capital
- iii. Strategic Initiatives
- iv. Research and Development

Incentives

Creative Industry Development Fund (MCMC-CIDF)

MCMC has allocated RM100 million to the MCMC-CIDF for a period of three years (2011-2013) by focusing on the development of content for TV, mobile and the Internet. The purpose of the fund is to develop the local creative content industry in line with the national policy objectives under the CMA 98, which targets Malaysia as a global content development hub.

The objective of the MCMC-CIDF is to facilitate and encourage Malaysian participation in the creation and publishing of multimedia content that has a global value in creativity, originality and innovation. It is hoped that the incentive for development of the local creative content industry can further enhance the competitiveness of the national content industry as an economic growth area.

For the period from January 2011 to 31 December 2013, a total of RM50.5 million from the MCMC-CIDF was approved for the development of 111 projects including eight other projects for financial aid to agencies under the MCMC namely RTM, FINAS, and the National Visual Arts Development Board. Figure 8 shows the performance of MCMC-CIDF from 2011 to 2013.

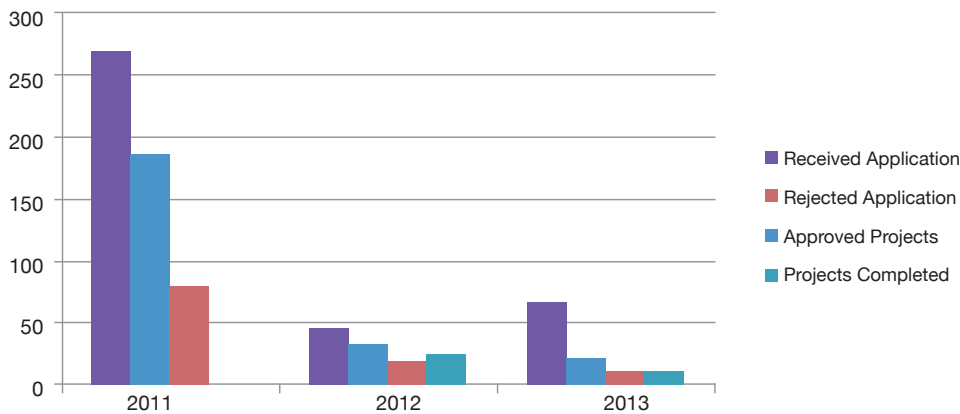


Figure 8: Performance DPK-MCMC for 2011-2013

As of 31 December 2013, a total of RM27.4 million was disbursed to MCMC-CIDF grantees based on the agreed milestones of which a total of 40 projects were successfully completed. Figure 9 shows the details of the completed projects by genre and income generated.

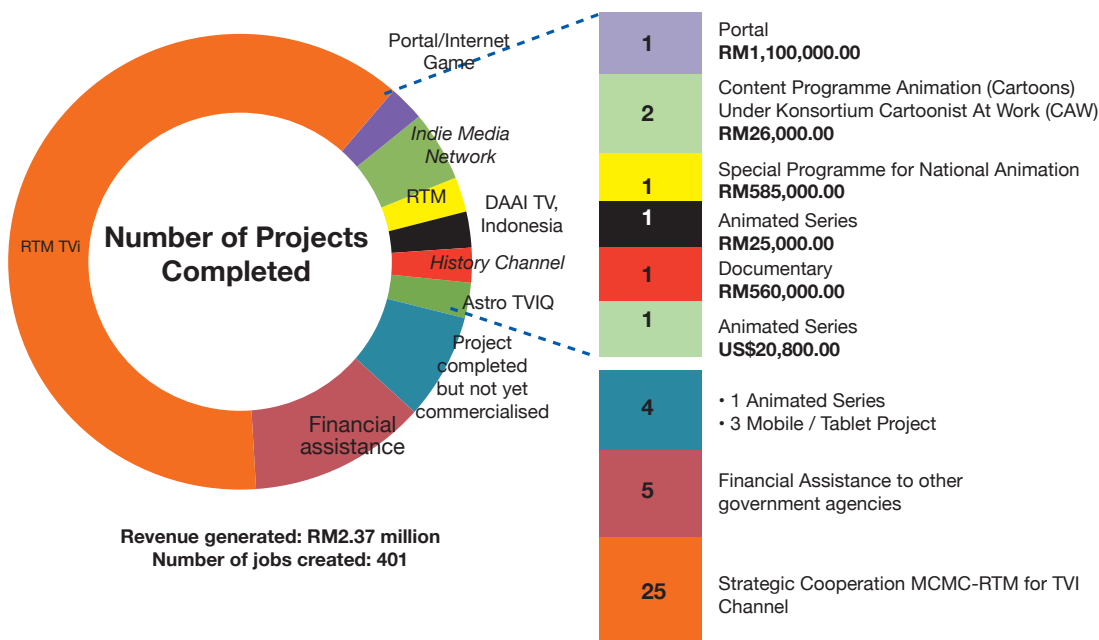


Figure 9: Details of the project according to genre and the total revenue generated

Based on the focus areas, the majority of applications received under the MCMC-CIDF focused on animation, web portal/Internet and mobile content, as shown in Figure 10.

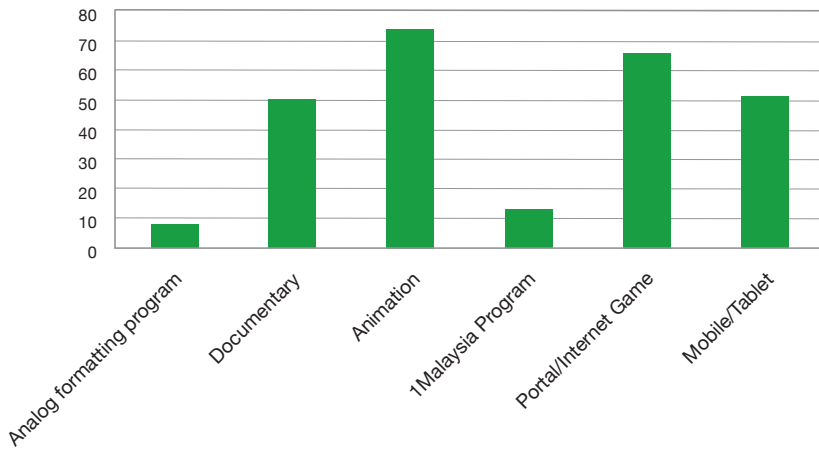


Figure 10: Application according to interest

From 111 approved projects, 38% of them were animation, 25% documentary, 17% 1Malaysia Programmes, 9% mobile content and 6% Internet projects, whereas the remaining 5% was the category of original format programme as shown in Figure 11.

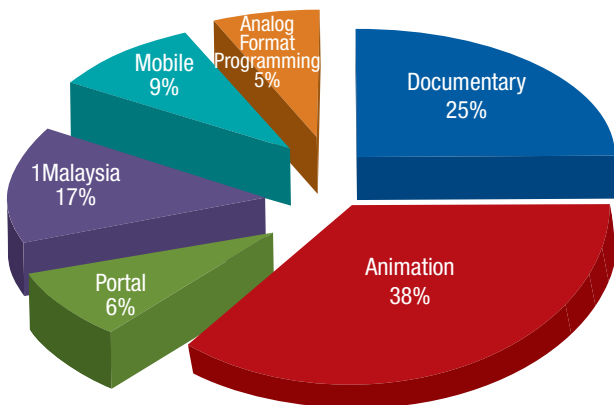


Figure 11: Projects approved according to interest



HUMAN CAPITAL CAPACITY BUILDING

League of Creative Teens 2013

Apart from the assistance in the form of incentives, MCMC has also outlined several initiatives to develop capacity building for the content industry, and one of them was the League of Creative Teens 2013 (LoCT 2013). The main objective of this initiative was to give exposure to secondary school students about the opportunities of content development in Malaysia. It was a follow-up programme of the League of Creative Teens held in 2010 and 2011 in collaboration with the Ministry of Education Malaysia (MOE), RTM and FINAS.

League of Creative Teens 2013 is a competition that aims to encourage the creation of local contents in the states and national level. The content creations submitted to this competition were made up of a variety of forms such as documentaries, short dramas, advertising or public service messaging.

This competition was opened to all secondary school students nationwide. Each entry was between two to five minutes and related to the theme of broadband and the spirit of 1Malaysia. The theme for LoCT 2013 was “Klik Dengan Bijak” or “Click Wisely”.

At LoCT 2013, MCMC received 3,073 online entries nationwide. From these entries, 838 videos were evaluated by panel of judges to select the winner of the states and national level. The National awards ceremony was held at the Auditorium Perdana, Angkasapuri and was attended by the Minister of Communications and Multimedia.



National League of Creative Teens Winners

Malaysia Developers' Day 2013

MCMC also collaborated with other agencies such as AT&T Global in organizing the Malaysian Developers' Day (MDD).

MDD is a competition to develop mobile applications that is jointly organized by the MCMC and AT&T Global. It was opened to all application developers and non-developers where they only have 24 hours to form a team and come up with their ideas into mobile applications, of which they have chances of winning prizes totalling US\$14,000 (RM45,000). MDD 2013 was the first programme of its kind in the Asia Pacific region and this initiative was introduced as a catalyst for future innovation and entrepreneurship programmes.

This programme aimed to provide participants with resources and networking opportunities to produce quality applications in a short period of time with low cost. Participants had access to Application Programming Interfaces (API) owned by AT&T that can be applied as additional function.

More than 250 creative individuals including programmers, designers, students, marketing professionals and entrepreneurs participated in the first time organized of MDD.



Malaysia Developers' Day Winners

In addition, the MCMC had also partnered with the Post-Production, Animation, Visual Effects Creative Content Association of Malaysia (POSTAM) in organizing the International Conference on Creative Content (IC3) that was held in December 2013. The conference was part of an effort to promote and increase the participation of players in the production of competitive contents and can be marketed locally and internationally. The theme for the 2013 conference was “Road to Hollywood”.

MCMC is also working with another agency namely the Malaysian Association of Creativity and Innovation (MACRI) through Linkages Project. Linkages Project is a competition to produce short videos of youths about the knowledge and practice of the elderly to be delivered by young people in interesting and creative ways.



STRATEGIC INITIATIVES

Exploring Overseas Markets

Apart from inculcating the development of local content, MCMC takes the initiative to expand the local content export revenue through global market exploration programmes together with other government agencies such as FINAS, MDeC and local companies. Collaborative efforts involving MCMC bring local content to the international markets such as MIPTV, MIPCOM and Asia Television Forum (ATF). In addition, the collaboration between MCMC and Creative Content Association of Malaysia (CCAM) also bring local content to MyContent in Dubai.

In April 2013, MCMC was one of the host agencies that brought Malaysian companies to MIPTV 2012 in Cannes, France to market local content and seek partners at the international level. MIPTV is one of the events hosted by Reed MIDEM in Cannes. It is the largest media marketing centre in the world for partnerships, buying, selling, investment and distribution of content for all platforms.

According to the official statistics by the organizers, MIPTV 2013 has attracted more than 11,000 visitors from 100 countries with 4,000 buyers and has recorded an increase in the presence of digital players. Of the total number of buyers, 800 were from digital platforms and this shows that there is an increased presence of digital players. The total sales for the MIPTV 2013 was recorded at RM25.1 million.

MCMC also participated in the MIPCOM 2013 market which was held in October in Cannes, France. The Malaysian delegations to MIPCOM 2013 was led by the Minister of Communications and Multimedia, Datuk Seri Ahmad Shabery Cheek. The total sales recorded from this market was RM108 million.

In addition, another expedition on exploring the global markets was the Asia Television Forum (ATF) 2013 that was held in December 2013 in Singapore. The sales of local content in this market were recorded at RM2.12 million. 2013 also saw the collaboration of MCMC with the Creative Content Association of Malaysia (CCAM) in exploring the Middle East and North Africa (MENA) by taking part in MyContent Dubai market. The total sales of this market were RM3.5 million.

Overall, the total sales from the market exploration programmes are as follows:

Sales Transactions on Local Content in International Markets	
Content Market	Sales Value (RM million)
MIPCOM	108
MIPTV	25.1
ATF	2.12
MyContent Dubai	3.5
Total	138.72

Sources: FINAS & CCAM

Table 5: Total sales of local content through Market Exploration Programmes in the year 2013

The participation and contribution from MCMC on the global market have once again borne fruit as in previous years. The total sales value in 2013 was RM138.72 million. These programmes are expected to assist local companies to generate more revenue for the nation through sales of local contents. The programmes contribute directly to realise the NKEA and the National Policy Objectives for the communications and multimedia industry.

RESEARCH AND DEVELOPMENT

Research on Future Development Prospects of Local Creative Content

MCMC has appointed Multimedia University (MMU) to conduct a research entitled Future Development Prospects of Local Creative Content on 1 April 2012.

The results of this research are expected to provide input on the direction of the local content industry to regulators and agencies in terms of financing, the sustainability of content producers, as well as the demand for local content for 5 years, 10 years and 15 years. This study also covers benchmark countries such as Australia, Indonesia, India, Canada, Hong Kong and Korea. The full report of this study is expected to be tabled and presented to the MCMC by MMU in the first quarter of 2014.



INITIATIVES THROUGH BUDGET 2013

Youth Communications Package (YCP)



This programme was announced by the Prime Minister in the presentation of Budget 2013 and it aimed to provide access to information of target groups namely youths aged 21 to 30 years old with monthly income of RM3,000 and below. The government has given the mandate to MCMC to implement this programme. It offered a rebate of RM200 for the purchase of a 3G smartphone where RM300 million was allocated for this program that benefited approximately 1.5 million youths.

This programme was launched on 1 January 2013 and ended on 31 December 2013. Applications were done online through websites and qualified applicants can claim rebate from mobile phones sales representatives appointed by cellular telecommunication companies that participated in this programme. A total of 10,024 mobile phone sales representatives that represented eight cellular telecommunication companies joined this programme, and 108 phone models were offered throughout the programme timeframe.

The cellular telecommunications companies involved in this programme were Celcom, Digi, Maxis, Tron, Tune Talk, U Mobile and YTL Communications (YES).

In terms of the breakdown of categories of applicants, 89% were working youths, while 11% were students. For the phones categories, 75% of applicants bought the phones with the value of RM500 and below.

Get Malaysian Business Online (GMBO)



The initiative of Get Malaysian Business Online (GMBO) was introduced in 2012 to help Small Medium Enterprise (SME) staying active online by increasing the usage of Internet and broadband especially traditional entrepreneurs. This initiative has the capability to push business revenue by marketing their products globally and increasing their productivity.

GMBO was promoted through integrated strategies such as public relations, media, direct marketing, online marketing and marketing partners. The response was encouraging where at the end of 2012, more than half a million visitors visited the GMBO's website. Nearly 30,000 SMEs signed up to participate in this programme and of this number, about 10,000 SMEs registered domains for their business websites.

GMBO Grant Programme 2013

In an effort to increase the response rate of GMBO, this programme was rebranded to approach a wider base of potential entrepreneurs.

Therefore, in the presentation of Budget 2013, the Prime Minister announced an initiative to encourage the participation of online entrepreneurs. An incentive of RM1,000 was offered to entrepreneurs, especially women entrepreneurs who have developed websites to promote their business online.

The GMBO Grant Programme was initiated on 1 January 2013 and ended on 31 December 2013. The programme targeted 50,000 entrepreneurs in which that they must meet the conditions set.

In order to ensure the programme was available to all entrepreneurs nationwide, the MCMC conducted numerous educational and promotional activities such as lectures, workshops, seminars, interviews on radio and television and published articles in the print media. Moreover, the MCMC has also collaborated with more than 20 agencies and related companies to expand the promotions further and to facilitate entrepreneurs to attain GMBO grants.

With this initiative that was undertaken by the MCMC, it has received nearly 42,000 applications and approved more than 34,000 applications. In connection with this, RM34 million has been paid to these entrepreneurs.

RURAL DEVELOPMENT

The Universal Service Provision (USP) programmes for the year 2013 focused on four initiatives which are 1Malaysia Netbook, 1Malaysia Wireless Village (KTW1M), Cellular Coverage Expansion (Time 3) and 1Malaysia Internet Centre (PI1M).

Implementation

1Malaysia Netbook

The 1Malaysia Netbook initiative aims to distribute 1.68 million netbooks to the target groups of secondary school students from low-income family and low-income earners who live in the areas under the coverage. The distribution of Netbooks has been implemented through several phases.

Packages of affordable broadband subscriptions are also offered to the netbook receivers and MCMC hopes that this initiative may contribute to the increase of broadband penetration rate in the country.

At the end of 2013, a total of 1,115,397 netbooks were distributed nationwide, whereby 259,072 were distributed in 2013.

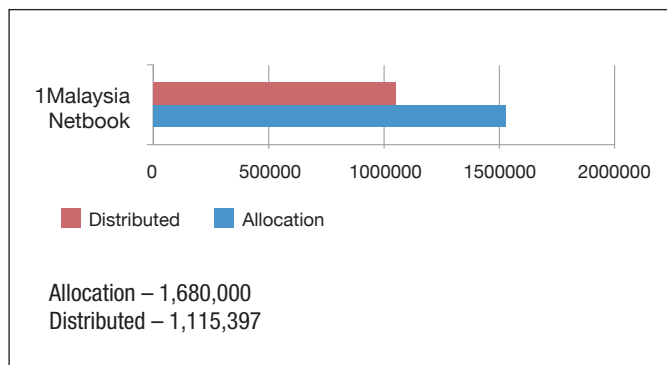


Figure 1: 1Malaysia Netbooks distributing program achievement

1Malaysia Wireless Village (KTW1M)

The KTW1M initiative focuses on providing collective wireless Internet access for the rural communities especially to those who received the 1Malaysia netbooks at the selected locations in the lesser coverage areas.

At the end of 2013, a total of 835 KTW1M were built to make up to the grand total nationwide to 4,679 KTW1M.

Expansion Cellular Coverage

Under this initiative, a total of 1,000 telecommunication towers will be built for public cellular coverage in the rural and extremely remote areas with the density of population of 80 per squared kilometre.

699 towers have been built nationwide, where 35 new towers were completed in 2013. Currently, 301 towers are under construction and when fully completed, it is expected to increase the cellular population coverage nationwide to 97%.

1Malaysia Internet Centre (PI1M)

PI1M provides Internet access services with the speed up to 4Mbps at the selected premises for consumers in the rural areas and the groups who are getting lesser coverage across the country.

In 2013, 137 PI1M were built including two in the urban areas to make up a grand total for completed and operational PI1M of 424 locations.

Summary

The total achievements for three major initiatives of USP (KTW1M, Time 3 and PI1M) are 5,802. The breakdown is shown in Figure 2.

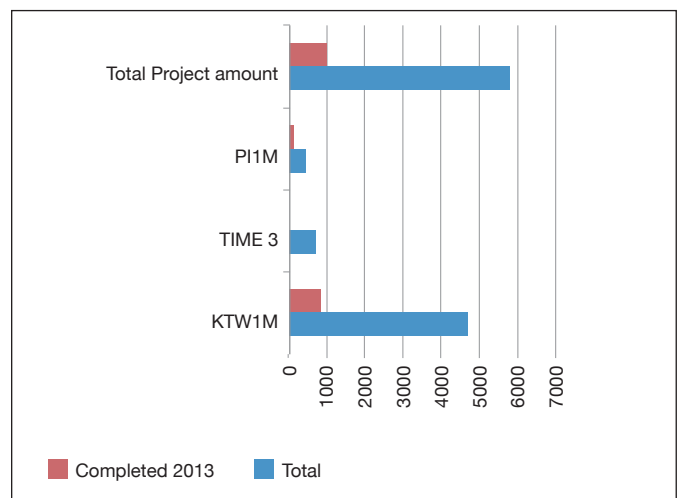


Figure 2: Achievement of Key Initiatives for Universal Service Provision for the year 2013

The Impacts of USP Project

Overall, the implementation of USP Projects nationwide has contributed to the increase of national broadband penetration rate. The projects under the National Broadband Initiatives have put the broadband penetration rate to 67.2% at the end of 2013.

STRATEGIC TRADE ACT 2010 (STA 2010)

The Strategic Trade Act (STA) 2010 (Act 708) is the legislation to control export, transfer, transit and brokerage of strategic items and technology, including weapons and any related materials, as well as activities supporting the formation, development, production and delivery system of weapons of mass destruction, in line with Malaysia's responsibility for the national security and international obligations. STA 2010 has been enforced since 1 January 2011.

Other Agencies

The Strategic Trade Secretariat (STS) which is under the Ministry of International Trade and Industry (MITI) was established to administer and lead the activities under this Act. In line with the effort, a Strategic Trade Controller has been appointed to coordinate the implementation of STA 2010.

Other than MCMC, other licensing agencies involved are the Ministry of International Trade and Industry (MITI), Atomic Energy Licensing Board (AELB) and the Pharmaceutical Services Division (PSD), Ministry of Health.

Meanwhile, the enforcement agencies involved based on the Strategic Trade Act 2010 include

- (a) Royal Malaysian Customs;
- (b) Royal Malaysian Police;
- (c) Malaysian Maritime Enforcement Agency (MMEA); and
- (d) MCMC.

Strategic Items

Controlled strategic items under the STA 2010 refers to items and technology included under the Strategic Trade (Strategic Items) Order 2010. This order covers all controlled items under the global export control regime and consistent with the United Nations Security Council Resolutions.

UNLISTED ITEMS	TECHNOLOGY TRANSFER
If the person is notified by the Authorities concerned; or If the person knows, the items may be used or related to a restricted activity	Through deemed export such as transferring the technology to foreign countries

LISTED ITEMS	
Category	Item
Category ML	Military Items
Category 0	Nuclear materials, facilities and equipment
Category 1	Special materials and related equipment
Category 2	Materials processing
Category 3	Electronics
Category 4	Computers
Category 5	Telecommunications and "Information Security"
Category 6	Sensors and lasers
Category 7	Navigation and avionics
Category 8	Marine
Category 9	Aerospace and propulsion

MILITARY ITEMS

DUAL PURPOSE ITEMS

Items that can be found commercially for public use that might have military applications

*MCMC is responsible for controlling strategic items under Category 4 and 5.

STA Permit Applications for Category 4 and 5

In 2013, a total of 740 online permit applications were received for Category 4 (Computer) and Category 5 (Telecommunication and “Information Security”). Out of those numbers, 660 permits were issued, and 80 applications were rejected due to incomplete and inaccurate information.

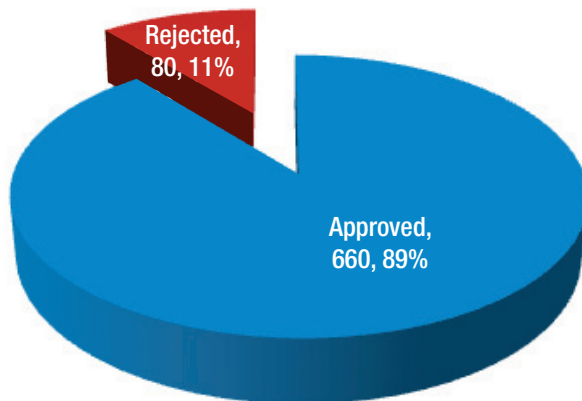


Figure 1: STA Online Permit Application for the year 2013

Audit Implementation for Permit Holders/Certificate Brokers under STA 2010

In June 2013, MCMC together with other agencies have implemented the permit/certificate auditing on the shortlisted companies based on the permits/certificates issued in 2012. The audit was led by MITI with the support from technical bodies and STA licensing agencies.

STA Awareness Programme

MCMC has been in touch with several agencies/organizations and also particular target groups from the industries to deliver the awareness on STA 2010. Apart from calling them to attend the organized awareness programmes, MCMC also connects with the industries by having the outreach session and joining the related exhibitions.

Multilateral Collaboration

Apart from connecting with the stakeholders and local agencies, MCMC also collaborates with counterparts from within and outside to provide and share various technical assistances to further develop and improve the implementation of this Act such as Federal Office of Economics and Export Control (BAFA) and Australian Defence Export Control Office (DECO).

INDUSTRY DEVELOPMENT

Licensing and Assignment (LAD)
Market Regulation (MRD)
Industry Research (IRD)
Network Security and Surveillance (NSSD)
Monitoring and Enforcement (MED)
Outreach and Engagement (OED)
Digital Signature and Postal Affairs (DSPAD)

Region



Region is one of the six digital
lifestyle ecosystems.

LICENSING AND ASSIGNMENT

LICENSING

Licensing Activity

MCMC is responsible for issuing licenses under the Communications and Multimedia Act 1998 (CMA 98), the Postal Services Act 1991 (PSA 1991) and the Digital Signature Act 1997 (DSA 97).

Licenses under the Communications and Multimedia Act 1998 (CMA 98)

The licensing regime as provided under the CMA 98 allows a licensee to undertake activities targeting specific market segments. This creates opportunities to expand continuously into the industry, particularly in the area of Applications Service Providers and for a more effective utilization of network infrastructure.

There are four categories of licensable activities, namely:

- i. Network Facilities Provider (NFP)
- ii. Network Service Provider (NSP)
- iii. Applications Service Provider (ASP)
- iv. Content Applications Service Provider (CASP)

Under these four categories, 2 types of licences are issued, the Individual Licence and Class Licence. Individual Licence is issued for activities that require higher regulatory standards, while the Class Licence is subjected to the registration process and less regulatory standards.

Particularly, there are three categories of individual licenses:

Network Facilities Provider Individual Licence (NFP-I)

This license is issued to a company that owns and/ or provide network facilities such as radio communication transmitters and links, fixed links and cable, as well as towers that are used with the facilities of other networks. The full list of network facilities that require this license are specified under Regulation 19 of the Licensing Regulation CMA 98.

Network Service Provider Individual Licence (NSP-I)

Services covered under the category of Individual Licence include broadband services, broadcast distribution services, cellular mobile services, access application services and space services. The full list of network services that require this license are specified under Regulation 20 of the Licensing Regulation CMA 98.

Content Application Service Provider Individual Licence (CASP-I)

This license is issued to those that provide content applications services such as satellite broadcasting, subscription broadcasting, terrestrial free-to-air television broadcasting and terrestrial radio broadcasting.

Licensing Activities

MCMC has processed 39 individual license applications in 2013. The application breakdown by licence category are as follows:

- i) 16 applications of NFP-I licences;
- ii) 21 applications of NSP-I licences; and
- iii) 2 applications of CASP-I licences.

The Minister has approved a total of 15 NFP-I licences, 18 NSP-I licences and 2 CASP-I licences out of all applications.

Renewal Application for NFP and NSP Individual Licence

MCMC also processed 2 applications for licence renewal for NFP-I category and 3 for NSP-I category. All applications for renewal have been approved by the Minister.



Class Licence Award under the Communications and Multimedia Act 1998

A total of 20 applications were received for NFP Class licence registration, 22 applications for NSP Class licence, 27 applications for CASP Class licence and 541 applications for ASP Class licence.

The total registration for the various class licences applied for 2013 are as follows:

Application to Modify, Vary or Revoke Conditions or Impose Additional Conditions for Individual Licence

Type Of Class Licence	Total Number Of Registered Licensee
NFP	20
NSP	22
CASP	27
ASP	541
Total	610

In addition to new licence application, MCMC has also managed the processing of application related to modifying, varying or revoking the conditions or imposing further conditions on individual licence.

Applications to vary the special licence conditions were accepted and processed for seven NFP-I licences, one NSP-I licence and three CASP-I licences.

The application for changing conditions of special licence that was approved by the Minister is in respect to licensee's operational area, type of network facilities, location of the control centre and newscast.

Table 1: Class Licence applications registered for the year 2013

Applications to Re-Assign or Transfer of Individual Licence Ownership

5 license holders returned their individual licence throughout 2013.

The Minister has also approved the application to transfer the NSP-I license ownership of Samata Communications Sdn Bhd to Clixster Mobile Sdn Bhd.

Nominated Facilities Provider

Pursuant to Section 130 CMA 98, the Minister may, on the recommendation of MCMC, determine that a licensed network facilities provider, except the owner of any network facilities, is a provider of nominated facilities for the network facilities for the purposes of the CMA 98, if the Minister is satisfied that the nomination would not prevent the achievement of goals of the CMA 98 and the administration of CMA 1998.

No application for the nominated facilities provider was received by MCMC in 2013.

List of licensees can be found on the MCMC website, www.mcmc.gov.my.



ASSIGNMENT

Assignment Activity

The Malaysian Communications and Multimedia Commission (MCMC) is the regulatory body responsible for issuing the assignment which allows the assignment holder to utilise radio frequencies. It covers all use of radio frequencies under the category of Spectrum Assignment (SA), Apparatus Assignment (AA) and Class Assignment (CA). This section provides a report on the tasks, and activities carried out by the Department of Radio Spectrum Assignment (RSAD) under the Licensing and Assignment Division (LAD) for the year 2013.

Type of Assignment

Spectrum Assignment (SA)

The number of base stations for SA International Mobile Telecommunication (IMT2000) or Third Generation (3G) Spectrum Assignment installed in year 2013 was 17,762. Table 2 illustrates the number of base stations installed by Celcom (Malaysia) Berhad (Celcom), Universal Mobile Telecommunications System Sdn Bhd (UMTS), U Mobile Sdn Bhd (U Mobile) and DiGi Telecommunications Sdn Bhd (DiGi) by region.

REGION/OPERATOR	CELCOM	UMTS	U MOBILE	DIGI	TOTAL
CENTRAL	1,753	1,811	1,442	1,774	6,780
SOUTHERN	775	913	790	700	3,178
NORTHERN	744	786	791	835	3,156
EASTERN	627	576	492	365	2,060
SABAH	406	271	163	458	1,298
SARAWAK	493	356	129	312	1,290
TOTAL	4,798	4,713	3,807	4,444	17,762

Table 2: Number of base stations installed by the Operator

Total fee collection for SA IMT2000 obtained from Celcom, UMTS, U Mobile and DiGi is RM161 million. Table 3 illustrates the amount of fees collected for SA IMT2000.

OPERATOR	SA FEE (RM)	SA MAINTENANCE FEE (RM)	TOTAL (RM)
DIGI	-	52,493,280.00	52,493,280.00
CELCOM	-	46,976,160.00	46,976,160.00
UMTS	-	34,838,160.00	34,838,160.00
U MOBILE	7,400,000.00	19,636,720.00	27,036,720.00
TOTAL (RM)	7,400,000.00	153,944,320.00	161,344,320.00

Table 3: Total fees collected for SA IMT2000

Apparatus Assignment (AA)

The number of new applications for AA that have been processed and approved in 2013 was 23,170. Meanwhile, the renewal of existing AA was 95,524. Table 4 shows the number of new AA applications that have been processed according to service types.

SERVICE TYPE	TOTAL NEW APPLICATION	TOTAL RENEWAL APPLICATION	TOTAL
Microwave Station	11,994	42,318	54,312
Cellular Radio Base Station	3,206	31,468	34,674
Fixed Land Station	2,110	12,321	14,431
Earth Station	3,202	4,440	7,642
Land Mobile Station	537	2,418	2,955
Amateur Station	1,532	1,191	2,723
Broadcast Station	35	910	945
Ship Station	414	325	739
Flight Mobile Station	124	61	185
Flight Service Station	15	68	83
Space Station	1	4	5
TOTAL	23,170	95,524	118,694

Table 4: Total of AA applications by type of service

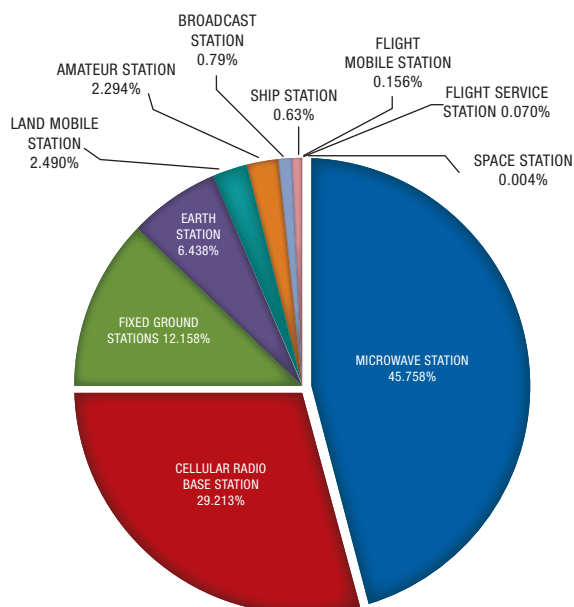


Figure 1: AA percentage of application by type for the year 2013

MONTH	AA FEE TOTAL COLLECTION (RM)
JANUARY	79,160,634.00
FEBRUARY	5,794,837.00
MARCH	6,777,042.00
APRIL	6,270,400.00
MAY	769,369.00
JUNE	2,596,741.00
JULY	1,819,402.00
AUGUST	674,578.00
SEPTEMBER	1,983,409.00
OCTOBER	5,483,835.00
NOVEMBER	17,030,231.00
DECEMBER	106,916,283.00

Table 5: AA Fee Total Collection

Other Activities

Integrated Site Visits

For the first time starting from 2013, integrated site visit activities involving RSAD, Monitoring and Compliance Department (MCD), Rural Development Division (RDD) and MCMC Regional Offices were carried out.

The activities involved during the integrated site visit that has been carried are shown in Table 6.

NO	DEPARTMENT/DIVISION	ACTIVITY
1	RSAD	AA Inspection and Compliance Verification
2	RDD	Audit for Universal Service Provision (USP) projects
3	MCD	Monitoring of prepaid card user registration and market surveillance
4	Regional Offices	Extensive Endpoint Service Availability Testing (EESAT)

Table 6: List of Department/Division involved and the activities carried out in 2013

Overall, four of the integrated site visits that were carried out involving the inspection on a total of 620 AA certificates. Table 7 reports the information on the activities.

NO	DATE	LOCATIONS OF ACTIVITY	TOTAL OF AA
1	4 - 7 March 2013	Hulu Selangor, Ulu Langat, Kuala Langat dan Sepang, Selangor; Jelebu dan Lenggeng, Negeri Sembilan	190
2	11 - 13 June 2013	Lundu dan Bau, Sarawak	69
3	21 - 23 October 2013	Kuala Terengganu dan Kuala Berang, Terengganu	254
4	29 - 31 October 2013	Kluang dan Mersing, Johor	107
GRAND TOTAL OF AA INSPECTED			620

Table 7: List of integrated site visit activities

Photographs related to the activities during integrated site visits are as below.



MCMC Officer inspect the transmitter station in Ulu Beranang, Negeri Sembilan



AA certificate of inspection activities on the transmitter for UPS Projects in Lunda, Sarawak

Trial Transmission Verification Activities

In addition to the above activities, the trial transmission verification or experimental activities were also conducted by MCMC officers for the purpose of inspecting and verifying approved transmission.

In order to fulfill one of the conditions for awarding AA trial/ experimental certificate, the MCMC officers should be present and certify the transmission. It is intended to ensure the frequency and parameters used are in compliance with all the conditions stated in the certificate of AA trial or experiment and the conditions of the approval granted by MCMC.

Trial Transmission Verification of Broadband Services

TD-LTE Technology Trial Transmission Verification Using the 2600MHz Frequency Band

Application for AA trial using 2600 MHz frequency band TD-LTE system for a period of three months was made by the operator and MCMC had carried out the trial transmission verification activities in selected locations to ensure base stations have been installed and complied with the specified regulations.

Date and location of base stations that were visited during the trial transmission verification activities are provided in Table 8 below:

DATE	LOCATION
24 October 2013	Oriental Plaza, Kuala Lumpur
	Tung Shin Hospital, Kuala Lumpur
	Lot 10 Shopping Centre, Kuala Lumpur

Table 8: Location of 2600 MHz TD-LTE Trial

Trial Transmission Verification of Broadcasting Services

MCMC has also engaged in trial transmission verification of broadcasting services in selected locations to ensure base stations have been installed and complied with the conditions of the specified approval. Table 9 shows the details related to this activity.

BIL	DATE OF VERIFICATION	LOCATION OF BASE STATION	SERVICE	CONTENT	BROADCASTERS	PROBATION PERIOD (MONTH)
1	2 January 2013	TM Bukit Besi	Radio FM	Ultra FM	Copyright Laureate Sdn Bhd	12
2	1 March 2013	TM Bukit Tampin	TV Analog	TV AlHijrah	AlHijrah Media Corporation	12
3	5 March 2013	TM Bukit Besi	Radio FM	1M4U	Genmedia Sdn Bhd	12
4	4 June 2013	TM Bukit Besar	Radio FM	Hot FM	Synchrosound Studios Sdn Bhd	6
5	25 June 2013	TM Tanjong Lobang	Radio FM	IKIM FM	Institut Kefahaman Islam Malaysia (IKIM)	12
6	21 August 2013	TM Bukit Lambir	Radio FM	My FM	Measat Radio Communications Sdn Bhd	12
7	21 August 2013	TM Bukit Lambir	Radio FM	Hitz FM	Measat Radio Communications Sdn Bhd	12
8	21 August 2013	TM Bukit Lambir	Radio FM	Melody FM	Maestra Broadcast Sdn Bhd	12
9	21 August 2013	TM Bukit Lambir	Radio FM	Era FM	Maestra Broadcast Sdn Bhd	12
10	29 October 2013	TM Bukit Trig	Radio FM	Sinar FM	Perfect Excellence Waves Sdn Bhd	6
11	4 to 6 December 2013	TM Bukit Singgalang	TV Analog	NTV 7	Natseven TV Sdn Bhd	6
12		TM Bukit Nyabau	TV Analog	NTV 7	Natseven TV Sdn Bhd	6
13		TM Bukit Kayu Malam	TV Analog	NTV 7	Natseven TV Sdn Bhd	6

Table 9: List of trial inspection and verification activities for broadcasting services throughout 2013



Inspection and verification of the decentralisation attempts of Alhijrah Analog TV at the TM Bukit Tampin Transmitter Station

Transmission Verification of Microwave Services for Experimental Purposes

MCMC has approved 12 AA applications for the microwave services of 10.4 GHz frequency bands to Universiti Teknologi Petronas (UTP) to carry out Wireless Communication over Evaporative Duct (WiDUCT) experimental activities on the coast between Endau, Johor to Rompin, Pahang in September 2013. This experiment aims to study the characteristics of evaporation channels in Malaysian waters that can be used as a medium of wireless communications services.

MCMC has carried out an experimental transmission verification activity of microwave services in selected locations to ensure microwave transmitters were installed and complied with the conditions of approval.

Date and location for experimental transmission stations of microwave services visited during the verification activities are shown in Table 10 below:

DATE	LOCATION
8 November 2013	Penyabung Fishermen Village, Johor Nenasi, Pahang

Table 10: Experimental transmission location of WiDUCT microwave services



Inspection activities on the experimental transmission equipment for microwave services in the Penyabung Fishermen Village, Johor



Spectrum Management System Migration (SpMS)

SpMS is an important spectrum management system to MCMC. It serves as an efficient spectrum management system. Taking into account the increasing number of AA applications each year as well as the limited capacity of the existing SpMS system, MCMC has agreed to carry out the SpMS migration project.

This migration project focuses on the upgrading of the existing spectrum management system by focusing on improvements in terms of time and quality for more accurate and effective AA processing and technical analysis evaluation.

The SpMS migration project is expected to start in early 2014 and will be completed within two years. It will be developed in stages through three phases, based on the types of services namely fixed services, mobile services and others as well as compliance modules.

Periodic Meetings with Officers from Regional Offices

Periodic meetings with Officers from Regional Offices were held to provide more information on the AA processing procedures and to share latest information on routine matters and solutions related to the AA processing.

Three sessions of the Periodic Meetings with Officers from Regional Offices were held by RSAD throughout the year 2013.

The following list shows the Regular Meetings held:

NO	VENUE	DATE
1	North Regional Office (NRO)	9 – 10 2013
2	Sarawak Regional Office (SwRO)	22 – 23 May 2013 & 4 – 5 October 2013
3	Sabah Regional Office (SbRO)	12 – 13 June 2013

Table 11: List of Periodic Meetings held throughout 2013

Briefings and discussions held were related to the enhancement of AA application processing. Among the items covered are:

NO	SUBJECT
1	Information sharing related to procedures using SpMS system.
2	Information sharing on the call number of amateur radio repeater (New Amateur Radio Repeater Callsign).
3	Information sharing on the call number of amateur radio club (New Amateur Radio Club Callsign).
4	Information sharing on the integration between SpMS and SIFS systems and constraints of AA processing procedures.
5	Learning sessions and demonstrations using SpectraEMC in conducting technical analysis for the application of private repeater station (Private Network Repeater).

Table 12: List of presentations conducted by RSAD in 2013

Bilateral Coordination Meeting between MCMC and the Royal Malaysian Police (PDRM)

As in previous years, RSAD has organized a Bilateral Coordination Meeting between MCMC and PDRM on 29 – 30 May 2013 in Langkawi, Kedah. The meeting was attended by officers from the RSAD, Spectrum and Numbering Planning Division (SNPD), International Spectrum Coordination Department (ISCD), Department of Spectrum Engineering and Interference Disorder (SEIRD), and Northern Regional Office, while PDRM was represented by officers from the Communications Unit, PDRM. This meeting was held to discuss the needs and frequencies usage coordination by PDRM.

Seminar on AA Awareness

RSAD has organised several awareness seminars on AA throughout 2013. These awareness seminars were organised to provide exposure to users of trunk radio, private network as well as amateur radio. RSAD was invited as a speaker and participated in two seminars held. Table 13 shows the list and details of the seminars held.

DATE	ORGANISER (REGIONAL OFFICE)	SEMINAR
April 25 th , 2013	Sabah Regional Office	Awareness Seminar on Maritime Services Frequency Usage and Private Network at Parliamentary Level in Labuan, Sabah
December 12 th , 2013	Central Regional Office	Seminar on Amateur Radio 2-2013 at SACC, Shah Alam

Table 13: List of the awareness seminar on AA



MANAGEMENT OF NUMBERING

Introduction

As stated in Section 180 of CMA 98, MCMC is responsible in developing numbering and electronic addressing plan for network system and application services. Thus, MCMC has produced Numbering and Electronic Addressing Plan (NEAP) on 26 January, 2013.

Any use of numbering and electronic addressing for network system or application services in Malaysia are regulated through NEAP.

This report provides the information of numbering assignments to network service providers, the IPv6 initiatives and Mobile Number Portability (MNP) for year 2013.

Numbering Assignments

The following are numbering categories used for network system and application services in Malaysia:

- i. Geographic Numbering;
- ii. Non-Geographic Numbering; and
- iii. Other Numbering.

I. Geographic Numbering

- a. Geographic numbering are numbers that are used for services that rely on a location where the digit in the number indicates respective geographical location or called services.
- b. The use of geographic numbering is limited to fixed line and data services such as the Public Switch Telephone Network (PSTN), Integrated Services Digital Network (ISDN), High Speed Broadband (HSBB), Direct Inwards Dialling (DID) and other similar services.
- c. A total of 331,000 numbers for PSTN, ISDN and HSBB services have been allocated to various service providers as shown in Table 14:

TOTAL NUMBERS	SERVICE PROVIDER	TOTAL
179,000	Telekom Malaysia Berhad	331,000
32,000	Packet One Networks Sdn Bhd	
110,000	Redtone Marketing Sdn Bhd	
10,000	YTL Communications Sdn Bhd	

Table 14: Geographic Numbering Assignments

- d. Most of Geographic Numbering assignments described above are for the purpose of providing HSBB services.

II. Non-Geographic Numbering

- a. Non-geographic numbering is the number used for services that are not dependent on the geographical area. Those numbers are the Short Code (SC), Special Service Numbers (SSN) and Mobile Number Portability (MNP).
- b. Table 15 below shows the Special Code (SC) and Special Service Numbers (SSN) assignment in 2013:

TYPE OF NUMBERS	NUMBER OF ASSIGNMENT	SERVICE PROVIDER	TOTAL
Special Service Numbers (1-300)	1	Telekom Malaysia Bhd	1
Independent Short Code (ISC)	1	Enabling Asia Sdn Bhd	5
	1	DiGi Telecommunications Sdn Bhd	
	1	Ceres Telecom Sdn Bhd	
	1	Celcom Axiata Sdn Bhd	
	1	Maxis Mobile Services Sdn Bhd	

Table 15: SSN and ISC assignments for year 2013

c. Mobile Number for Cellular Services

i. 7 million mobile numbers have been allocated to mobile service providers in 2013 as shown in Table 16 below:

SERVICE PROVIDER	PREFIX	SUBSCRIBER NUMBER	TOTAL NUMBERS
YTL Communications Sdn Bhd	011	3000 0000 – 3099 9999	1,000,000
Altel Communications Sdn Bhd	011	3200 0000 – 3299 9999	1,000,000
Enabling Asia Sdn Bhd	011	3400 0000 – 3499 9999	1,000,000
Tune Talk Sdn Bhd	011	3500 0000 – 3599 9999	1,000,000
U Mobile Sdn Bhd	011	3700 0000 – 3799 0000	1,000,000
Ceres Telecom Sdn Bhd	011	3800 0000 – 3899 0000	1,000,000
U Mobile Sdn Bhd	011	3900 0000 – 3999 0000	1,000,000

Table 16: Mobile Numbering Assignments for year 2013

ii. As of 31 December 2013, 29.5 million of the 100 million mobile numbers under the prefix 011 were allocated to various Mobile Network Operators (MNO) and Mobile Virtual Network Operators (MVNO).

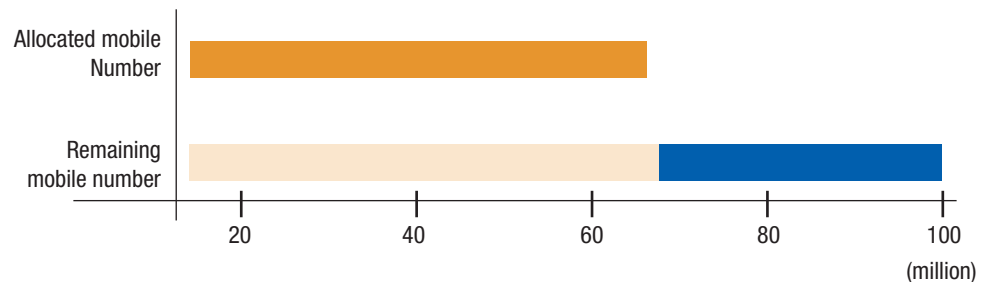


Figure 3: 011 Prefix Allocation until December 2013

III. Other Numbering

a. Other numbering are numbers other than Geographic and Non-geographic numbers such as International Mobile Subscriber Identity (IMSI), National Signalling Point Code (NSPC) and International Signalling Point Code (ISPC).

b. Only one assignment of IMSI number was given last year as shown in Table 17 below:

TYPE OF NUMBER	NUMBER OF ASSIGNMENT	SERVICE PROVIDER	TOTAL
International Mobile Subscriber Identity (IMSI)	1	Altel Communications Sdn Bhd	1

Table 17: IMSI Number Assignments

c. IMSI is a unique international identification number for mobile terminals and mobile users. It is necessary to enable the terminal and users to communicate among the network provider that provides mobile services.

Numbering Audit

The purpose of the numbering audit implementation is to ensure that the numbers that have been allocated to service providers are used efficiently.

MCMC has implemented an audit of numbering for all Short Codes used by Celcom, Maxis and DiGi in 2013.

From the results of the audit, all inactive Short Codes were returned to MCMC as shown in Figure 4.

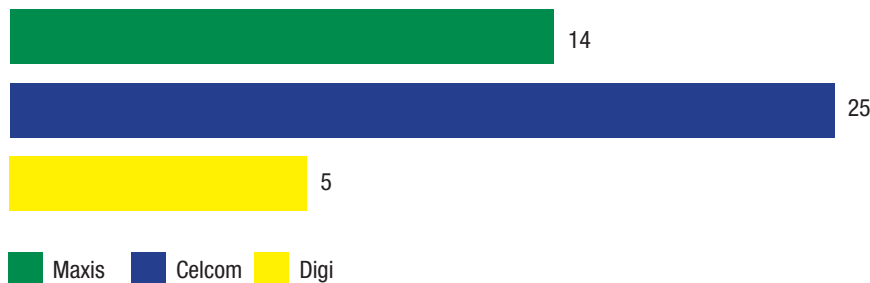


Figure 4: Short Codes were returned to MCMC by Service Providers in 2013

Number Management System (NUMSYS)

MCMC has developed Electronic Addressing and Numbering systems called Number Management System (NUMSYS). The system was completely developed in the Fourth Quarter of 2013. It is expected that all service providers may make online number application in the Second Quarter of 2014.

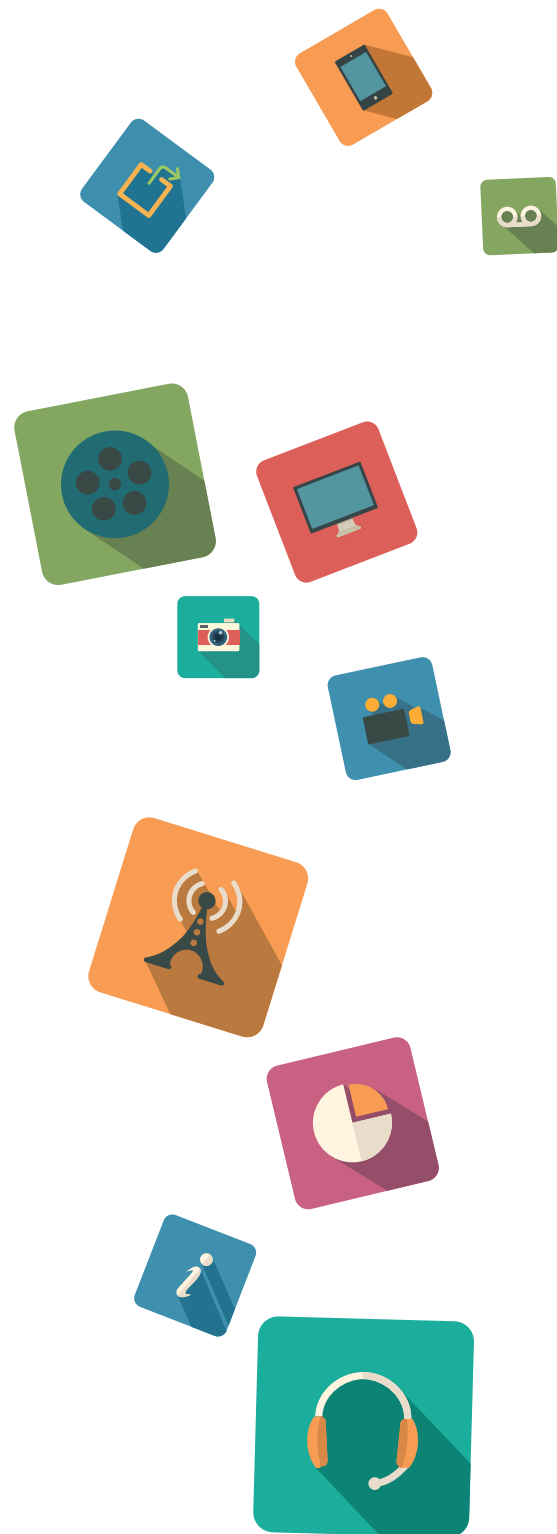
The main functions of NUMSYS are as follows:

- i. Database system for Electronic Addressing and Numbering used by all service providers in Malaysia;
- ii. Automatic processing system for processing the applications of numbering assignment, renewal, suspension, revocation and re-assignment of numbering submission using online system;
- iii. Billing process of number application, assignment fees and hand over the certificate of assignment;
- iv. Generate relevant reports for regulatory and numbering management planning; and
- v. Ensure the integrity of the database for the numbering assignment.

Single Number for Customer Service Careline - 1CARE (12273)

MCMC has reviewed the use of different numbers of customer service provided by the service providers to provide and manage the interaction and customer experience.

Each number is divided according to different services based on the needs of the customer's markets and segments. This problem is confusing to the public and indirectly generates an unfavourable environment to customer while using this service. Thus, MCMC has approved a single short code number called 1CARE (12273) to service providers to be used as a customer service careline number in 2013. The number has been launched by each service provider in the fourth quarter of 2013. This service enables people to use the same short code numbers regardless of the service provider.



IPv6 Initiatives for Year 2013

MCMC has appointed Malaysian Technical Standards Forum Bhd (MTSFB) as a Centre of Excellence for IPv6 (IPv6 CoE) in June 2013. IPv6 CoE has been assigned to assist the IPv6 transition in Malaysia and to achieve the government's target to become a country that has dual stack IPv6 in 2015. Among the activities carried out by the IPv6 CoE in 2013 are as follows.

IPv6 Promotions and Awareness Campaigns

a. IPv6 Transition Workshop IPv6

IPv6 Transition workshops were organised at six locations nationwide involving the Northern, Eastern, Sabah, Sarawak and Central Regions. This workshop series started in July and ended in December 2013 for the purpose of raising the awareness and help parties in the industry for the transition towards IPv6. These two-day workshops were attended by 759 participants from the government and private sectors.

b. IPv6 Portal

IPv6 Portal has been developed and ready in December 2013. This portal will be a reference and provide information regarding IPv6 to the Internet users in Malaysia and can be accessed through www.mtsfbcoe.org.my.

- **IPv6 Booklet**
IPv6 Booklet is part of the IPv6 promotion and awareness program. It can be used as a reference to learn basic information regarding on IPv6 such as 'What is IPv6?' and 'Why do users need to switch to IPv6?'. IPv6 booklet can be downloaded through the portal as described above.

c. Human Capital Development

IPv6 CoE has organized IPv6 Certification Training to the private sector in November 2013 with the objective of increasing the efficiency of participants regarding IPv6. The five-day training was offered to 15 organizations nationwide located in Mid Valley, Kuala Lumpur. The Communication Convergence Professional Society (CCPS) was appointed to organize the IPv6 training.

d. IPv6 Consultation Service Program

IPv6 Consultation Service Program was implemented from October 2013 as one of the efforts to help the industry in implementing the IPv6 transition. The program had received an overwhelming response in which seven organizations have benefited from the expert consultation service provided by IPv6 CoE as of December 2013.

In addition to the activities undertaken, the Numbering Management Department (NMD) has also implemented several activities related to IPv6 as follows:

i. IPv6 Surveillance

NMD has been developing IPv6 Surveillance System in July 2013 to monitor the implementation of IPv6 in Malaysia through the availability of IPv6 on the website (www), e-mail and Domain Name System (DNS) that is registered under the Malaysian Country Code Top Level Domain (ccTLD). This system is expected to be completed in April 2014.

ii. Certified IPv6 Professional Training (CIPP) for Financial and Banking Sectors

IPv6 training has been organized for four days and attended by 30 participants including banks and insurance companies in Malaysia. This training was conducted in Kuala Lumpur from 16 to 19 December 2013.

Mobile Number Portability (MNP)

Mobile Number Portability (MNP) service in Malaysia was launched on 29 August 2008. During the five years of operation, MNP has successfully provided ongoing benefits to mobile users in Malaysia to choose a service provider that meets their needs.

A total of 4.28 million of ported numbers (cumulative) or 10.05% of total mobile users were recorded. Table 18 shows the ported mobile number transactions from 2008 until 2013.

Year	Total Mobile Subscriber	Total Ported Mobile Number Yearly	Percentage Of Ported Mobile Number Yearly
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%
2012	41,325,000	880,272	2.4%
2013	42,445,000	1,004,888	2.3%

Table 18: Total Ported Mobile Number for year 2008 until 2013

From the total, 95% are consumer porting, while the other 5% are non-consumer porting. Table 19 shows the total number of consumer porting and non-consumer porting numbers from 2008 until 2013.



Year	Yearly Consumer Porting	Yearly Non-Consumer Porting
2008	209,202	2,490
2009	1,051,613	23,377
2010	666,265	30,542
2011	665,696	39,242
2012	836,909	43,363
2013	959,794	45,094
Total	4,389,479	184,108

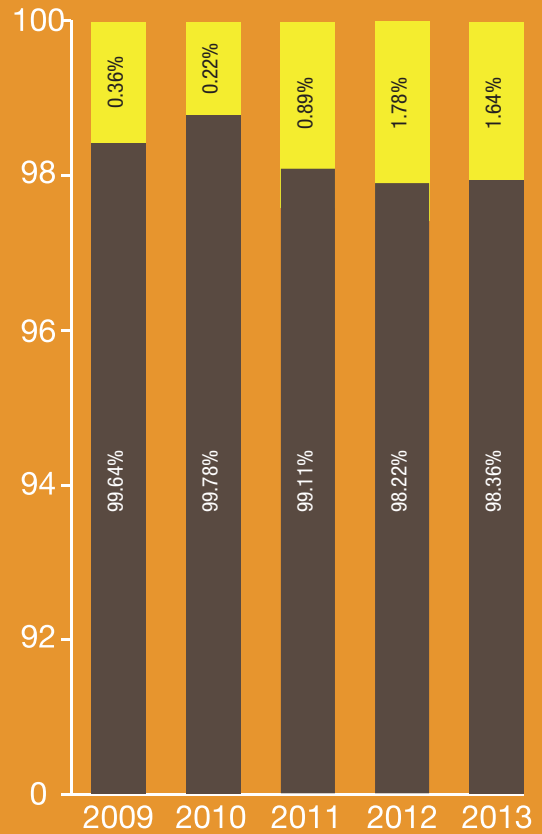
Table 19: Total Consumer and Non-consumer porting from 2008 until 2013

For consumer porting, 98.3% were successfully switched within two working days. Figure 5 shows the timeframe and annual percentage for porting within two working days.

Meanwhile for non-consumer porting, 99.5% were successfully switched within five working days. Figure 6 shows the timeframe and annual percentage for porting conducted within five working days.

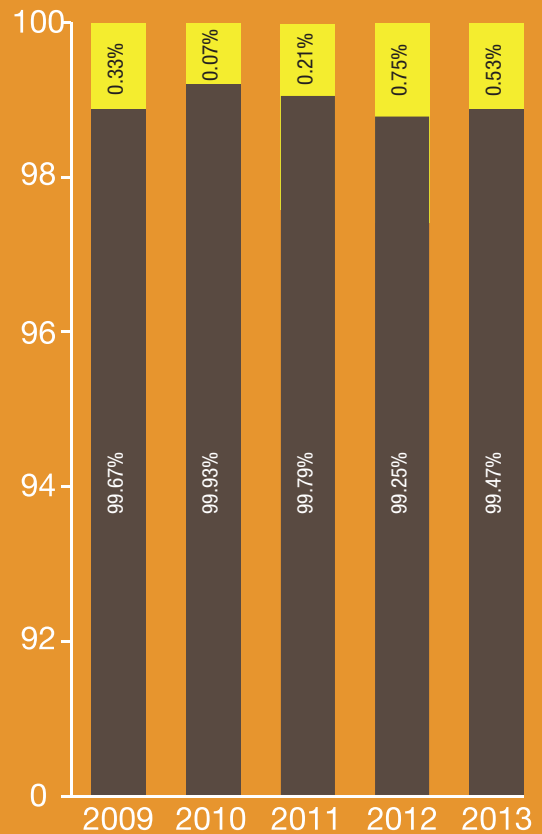
Note:
 1 Consumer porting is a transaction of Mobile Number Portability application that requires users to provide personal identification number such as identity cards (new or old), passport or police/military identification card.

2 The timeframe of Consumer Porting is two working days and the timeframe of Non-Consumer Porting is five working days.



Exceeded two days

Figure 5: Transfer Time for Consumer Number



Exceeded five days

Figure 6: Transfer Time Period for Non-Consumer Number



The rate of rejected porting application is 24.5% of the total applications. Figure 7 shows dropped percentage for rejected applications due to the initiatives taken by the service provider to resolve related issues.

The percentage of rejected porting numbers application dropped from 35% in 2008 to 24% at the end of 2013.

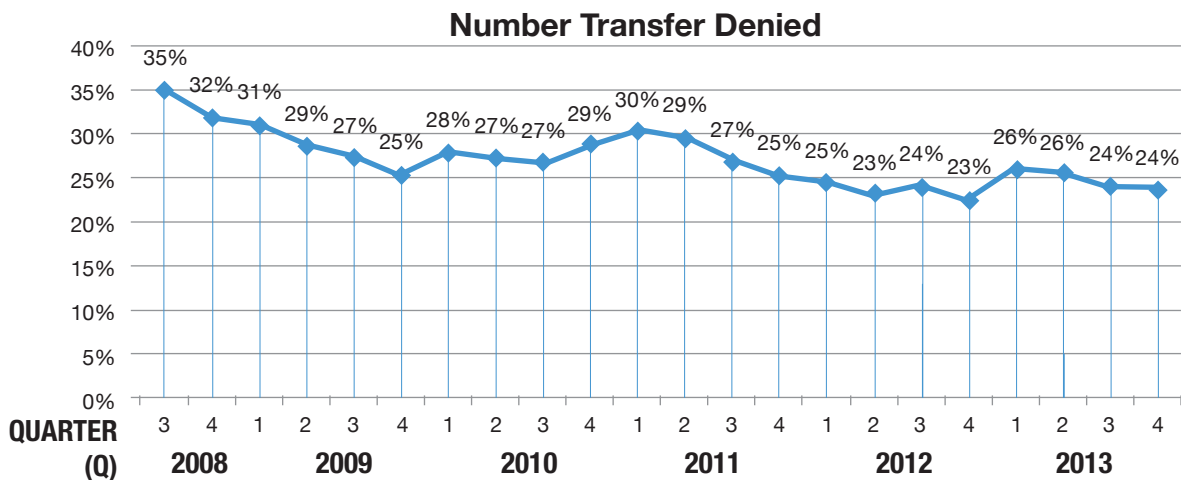


Figure 7: Number Transfer Application Rejected In The Year 2013

Note:
Transfer of non consumer number is a mobile number portability transaction that does not require personal identification number for example the registration number of a business or association may be used.

Five service providers of porting services and three service providers of non-porting services were involved in MNP as of 31 December 2013. A summary of service providers is listed in Table 20.

Service Providers of Porting Services



Service Providers of Non-porting Services



Table 20: List of Service Providers for Porting Services year 2013

Management of the Number Portability Centre

An agreement between MCMC and Talian Gerak Alih Sdn Bhd (TGA) in operating and managing the Number Portability Centre (NPC) was signed on 28 August 2008 for a period of five years. The agreement expired on 28 August 2013.

The agreement has been extended until the end of 2013 to enable a new agreement to be finalized for the next five years.

Note:
Mobile Number Portability (MNP) is a service that allows customers to keep their existing mobile phone number when switching to another service provider. NPC is a solution to the MNP that functions as a centre and number repository to ensure mobile number porting is accomplishable among the mobile service providers.

MARKET REGULATION

COMPETITION AND ACCESS

Competition and Access Department is responsible for developing and implementing policies related to competition and access, monitoring of relevant regulatory instruments compliance and conducting investigations on complaints of anti-competitive practices and access issues.

Competition

Accounting Separation

MCMC focused on improving the competition framework in 2013. In line with this, the major initiatives undertaken by MCMC is the implementation of accounting separation. Accounting separation framework was established in 2012. MCMC has determined that service providers who earn income and/ or the amount of assets below than RM3 million will be required to submit regulatory accounts showing the income and net assets at the wholesale and retail levels. Meanwhile, other service providers are required to submit regulatory accounts at the service level by clarifying the costs, revenues, assets and liabilities of identified wholesale and retail services.

To guide the industry in the preparation of regulatory financial statements, MCMC has organized several training sessions in 2013 for all service providers that are subjected to accounting separation.

The training is primarily focused on the overall framework of accounting separation. MCMC has organized several trainings for service providers who are involved in the implementation of accounting separation. The trainings focus on the overall framework of accounting separation, revenue sharing and cost allocation, transfer charges, the mean capital employed and adjustments, and an overall overview of current cost accounting. MCMC also guides service providers in preparing documents related to, network cost driver and non-network cost driver. In addition, MCMC also organizes special sessions with each service provider for them to address the issues and provide guidance for solutions to any problem.

MCMC has taken an approach to implement accounting separation by stages. Thus, in 2013, service providers were required to submit the earnings report for the first six months as well as related documents, including the network cost driver. These reports were reviewed by MCMC together with the service provider. As of 31 December 2013, service providers have also provided and submitted non-network cost driver to MCMC.

Discussions between MCMC and the Malaysian Institute of Accountants (MIA) were held to understand the audit issues arising from the implementation of accounting separation. Based on the MIA request, MCMC has set up training for them and their auditors to ensure that they have the same understanding.

Dominance Study

MCMC has also started a dominance study of communications market in 2013. Previous dominance studies were conducted in 2003. Since then, the communications sector in Malaysia has experienced rapid development in technology and innovation of products that bring a significant market changes in the communications sector. Therefore, MCMC has decided it is time to perform another dominant study that takes into account the significant changes to encourage healthy and effective competition in the communications market.

Works on the dominance study had begun in November 2013. The first phase of this project involved the distribution of questionnaires and discussions with key service providers for the purpose of collecting data, information and feedback. MCMC is expected to launch a public inquiry of dominance in 2014 and will issue a determination of the dominance in the third quarter of 2014.

Rates Rules

MCMC has initiated a study to review the Rates Rules gazetted in 2002. Questionnaires were prepared and distributed at the end of December 2013 to the licensees who provide retail regulated services under the Rates Rules and also to the licensees who provide retail broadband services. The study is expected to be completed in 2014.

Access

The Implementation of Mandatory Standards on Access Pricing 2013

The Mandatory Standards on Access Pricing (MSAP) came into force on 1 January 2013. If the licensees are to provide facilities and services in the access list and the price for the facilities and services specified in MSAP, they will be required to amend the Access Revised Document by displaying their new prices. They are also required to amend their access agreement in consistent with the new prices as contained in the MSAP. MCMC has to ensure that the Access Revised Document was amended and the access agreement submitted was registered.

During the negotiation of new or additional access agreement, some licensees are dealing with issues that are then forwarded to MCMC. After evaluating these issues, MCMC has updated the Guideline on Implementation of the Commission Determination on the Mandatory Standards on Access Pricing and Frequently Asked Questions to explain to the licensees to assist their negotiations.

Malaysian Access Forum Berhad (MAFB)

MAFB has been designated as an Access Forum under section 152 of the Communications and Multimedia Act 1998 on 30 March 2003. Its membership rose from 24 licensees in 2012 to the current membership of 27 licensees. Most of the MAFB activities in 2013 were to develop the framework for towers, poles, ducts and pits. MAFB has held several meetings to conduct their work, and has submitted a framework to MCMC in November 2013.

CONSUMER PROTECTION AND COMPLAINTS BUREAU

As the receiving centre of complaints to MCMC, the Consumer Complaints Bureau received numerous complaints about telecommunications, broadcasting, the Internet, and postal and courier services, as well as content issues in new media.

A total of 11,395 complaints were received by the Consumer Complaints Bureau during 2013, an increase of 15.9% compared to 9,826 complaints received in 2012.

Comparison of complaints received since 2002 is shown in Figure 1.

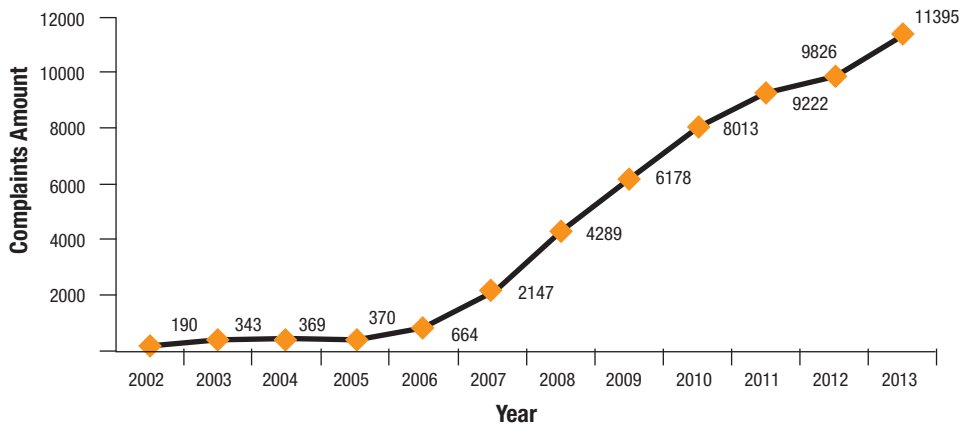


Figure 1: The number of consumer complaints received by MCMC from 2002 until 2013

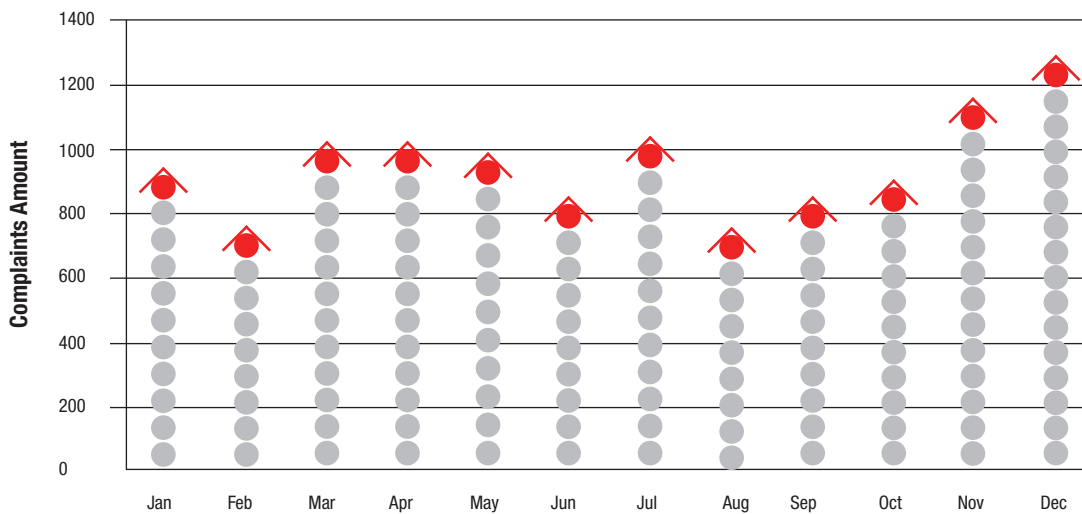


Figure 2: The number of complaints received by month for the year 2013

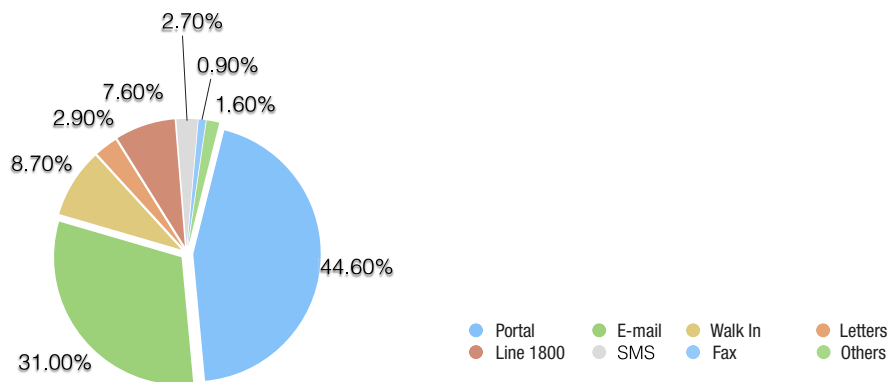


Figure 3: The number of complaints received according to complaints channels

About 89.5% of complaints were directly received from the public, while the rest were from law enforcement agencies, government agencies and consumer organizations.

The first step is to report a problem with the service provider. If the complaint is not resolved, the second step to be taken by the user is making a complaint to the Consumer Forum (CFM). MCMC has been the last channel for users to raise complaints if they are not resolved.

About 70% of the 11,395 complaints received in 2013 were related to the provision of service provider and service performance. Complaints received were related to:

- i. Unsatisfactory service especially the disruptions of service and the quality of internet connection;
- ii. Billing and charging, particularly the dispute over data and roaming charges;
- iii. No subscription of SMS/ MMS services particularly mobile content services;
- iv. No service or poor service coverage particularly mobile and broadband services;
- v. Disputes over the terms and conditions of Fair Usage Policy;
- vi. Postal and courier services;
- vii. Other complaints such as misrepresentation of the services rendered, false registration, and unfair practices.

The remaining 30% of the total complaints received were related to provisions and actions under MCMC's jurisdiction. These types of complaints involved:

- i. New media contents, SMS, MMS, TV and radio;
- ii. Cybercrime such as phishing;
- iii. Spectrum interference;
- iv. Illegal installation of parabolic TV transmitter and non-standard equipment;
- v. Telecommunication structure and radiation;
- vi. The implementation of 1Malaysia Netbook program, Youth Communication Package (Pakej Komunikasi Belia, PKB), Get Malaysian Business Online (GMBO) and other complaints.

MCMC has also received complaints that were not under its jurisdiction such as fraud, online purchases, copyright issues, gambling, internet investments scheme, and others. The complaints were referred to relevant agencies for further action.

No	Complaint Category	No. Of Complaint
1	Unsatisfactory service	2,412
2	Content issues - the website/blog/social networking, TV, radio, SMS, email	1,993
3	Billing and charging	1,437
4	No area coverage service or less satisfying - cellular, broadband/3G, fixed line, TV & radio	1,291
5	SMS/MMS service - no subscription, promotions, spam, fraud	1,266
6	Wireless Village (Kampung Tanpa Wayar, KTW)	532
7	Disputes over terms and conditions	398
8	Cybercrime	349
9	Misrepresentation of service provided - misconduct of agent/misleading promotion	276
10	Others	258
11	Spectrum interference	227
12	Youth Communication Package (Pakej Komunikasi Belia, PKB)	201
13	Not under the jurisdiction of MCMC	182
14	Unfair practices by service provider	146
15	False/fraudulent registration	127
16	Postal and courier	101
17	Parabolic TV/non-standard equipment	67
18	Telecommunication structure and radiation	50
19	Services at P11M/ Community Broadband Library	35
20	1Malaysia Netbook	27
21	Get Malaysia Business Online	10
22	Amateur radio/apparatus assignment	9
23	Unregistered operator	1
	TOTAL	11,395

Table 1: Category/ type of complaints received in 2013

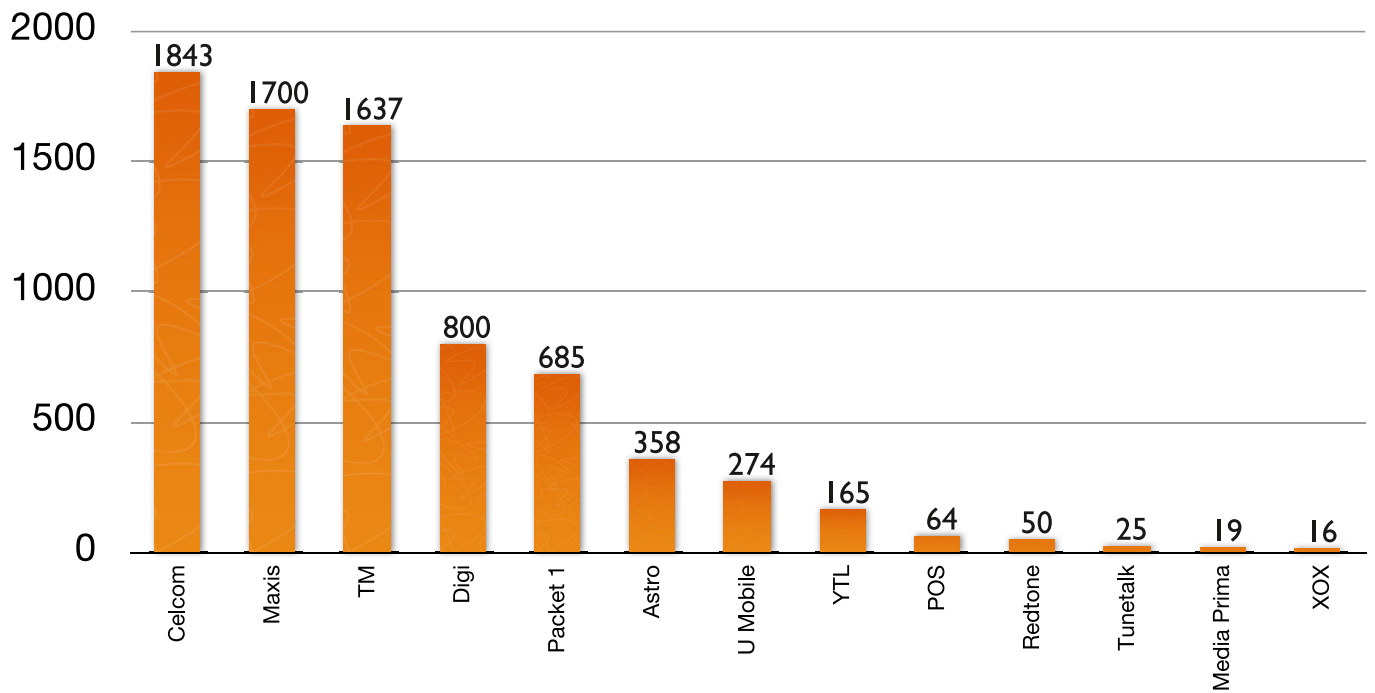


Figure 4: The number of complaints received according to service provider

About 22.9% of 11,395 complaints were resolved within 72 working hours, which exceeded the target Key Performance Indicator (KPI) set by the ministry for the year 2013.



SPECTRUM ENGINEERING AND INTERFERENCE RESOLUTION

Radio spectrum is essential for communication and it is depleting. MCMC has performed continuous monitoring and reviewing of the spectrum in 2013. Monitoring and management of the spectrum is considered as the “two main pillars” to create a perfect environment for the use of radio spectrum because its usage efficiency relies heavily on these two aspects in this industry.

As wireless services grow and demand increases, radio interference, which happened rarely in the past, is now becoming more frequent and this has resulted in the complexity of radio frequency management. One of the main causes of radio interference is the flooding of wireless/electronics devices that can be easily obtained or purchased online and often escapes Customs inspection. The latest main challenge is to ensure that the quality of service can be provided at a satisfactory level despite the growing number of devices that are against the law.

Spectrum Monitoring and Interference Investigation

On 1 January 2013 to 4 November 2013, 198 cases of Radio Frequency Interference (RFI) were reported.

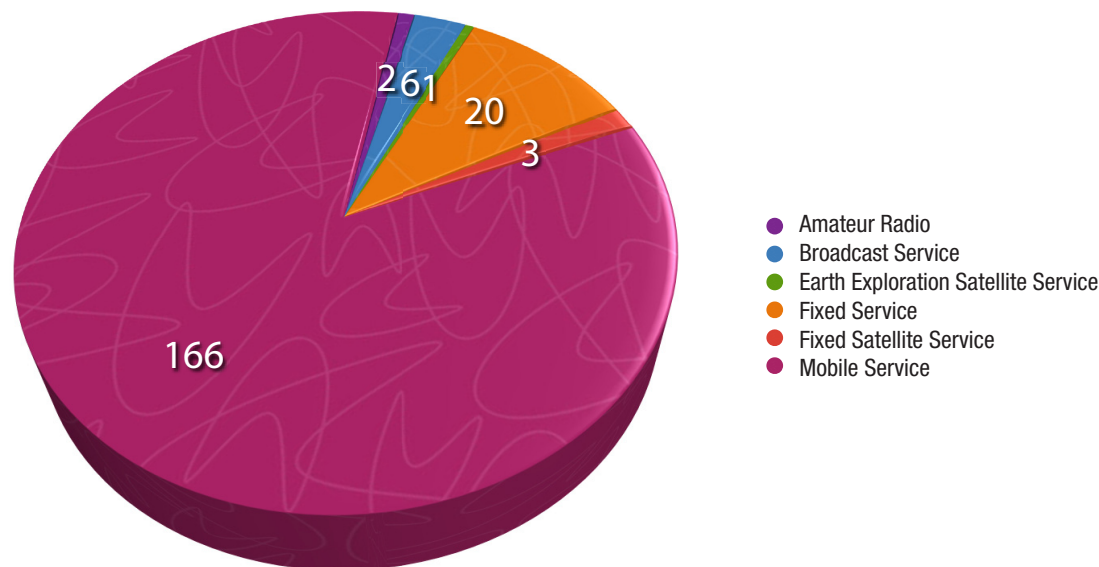
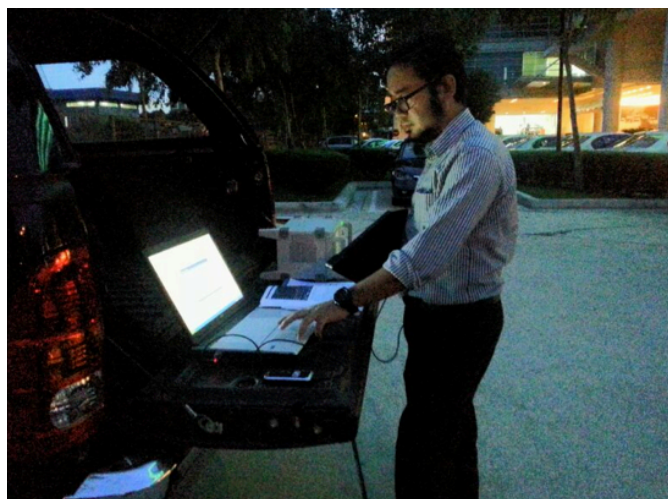


Figure 5: Spectrum Interference statistics according to services from the year 2013

Off the 198 cases received for the year 2013, 155 cases are being investigated or awaiting investigation in which 72% is for RFI P1 which most often occurred in the Central Region (Selangor, Kuala Lumpur and Negeri Sembilan). The remaining 43 cases were resolved during this period.

The effort of finding solutions for the cases of P1 requires a long time and faces many difficulties as the spectrum scanner should be at the location to identify the actual source of interference caused by the use of non-standard equipment. There were many cases where the interference was received from multiple locations or sources. The data showed the interference of P1 WiMax network had spread to other states due to growing number of RFI in regions.



MCMC engineers investigating mobile devices using RFI on location



In addition, there were 41 RFI pending or under investigation cases in connection with cellular phone service providers, especially Maxis and U-Mobile. Most of the complaints involved WCDMA or 3G network.

As of November 2013, MCMC has closed 17 cases related to U-Mobile and Maxis. Among the source of the disruption in this cases were caused by the use of repeater / defective booster, non-standard RFID reader, broken walkie-talkie transmitter and receiver, and the use of non-standard DECT phone.



Non-Standard RFID transmitter and receiver



Monitoring of Special Occasions

Malaysia is one of the main destinations for motor sports, broadcasting, management and other activities. These events involve the use of ad-hoc spectrum for wireless devices by the broadcasters of the event, communication for team racing and vehicle monitoring equipment. Events held each year at the Sepang Circuit is:

- i. FIA Formula 1 Grand Prix
- ii. Japan SuperGT
- iii. MotorGP

Mobile monitoring vehicle was used by MCMC to monitor the use and disruptions to user during events. To reduce the interference from available fixed or cellular phone service operator, MCMC acts as a coordinator of the technical aspects for spectrum usage to minimize the effect of disruptions to the parties.



MCMC mobile surveillance system located in Sepang Circuit



Monitoring Quality of Service (QoS)

In addition to investigating interference complaints, MCMC is also involved in the implementation of monthly monitoring of service quality for major cellular service providers. This is to ensure the service provider will provide a quality of service according to the appointed benchmarks and in line with the conditions of their licence.

For example, the protocol routes that have been established for monitoring in Cyberjaya, Putrajaya, MEX Highway, and KLIA to Subang Airport are as follows:

No	Area	Distance (KM)
1	Cyberjaya	30
2	Putrajaya	55
3	MEX Highway (both directions)	50
4	KLIA to Subang Airport via ELITE and NKVE	123
TOTAL		258

Table 2: Protocol routes established for monitoring in Klang Valley

A comparative analysis of network performance was carried out using the ActixOne system. This system was introduced in July 2012 as a neutral QoS benchmark comparison platform because it allows a comparative analysis of the data to be carried out for multiple operators. This software helps to avoid any differences or disputes of the final analysis result, although the data was obtained either from the test drive tools or different operators to MCMC.



The tools used by MCMC to monitor QoS

The transmitter test stations CDMA2000-1x that were placed in three different locations in Batam were Bukit Mata Kuching, Nongsa and Tanjung Pinggir. NASCMOC stations in Johor Bahru and Pasir Gudang were used as receiving stations for Malaysia. While in Singapore, the receiving stations are located in the office of IDA and Sentosa through their mobile monitoring stations.



MARKET RESEARCH AND INTELLIGENCE

Market Research and Intelligence Department (MRID) provides data and industry analysis for an overview of the communications and multimedia industry overall performance in terms of trends, results, stock price and market capitalization. The industry analysis conducted also includes a detailed study of the licensee. This is to provide feedback about the market in terms of investment and business development.

This Department has also published the annual Industry Performance Report (IPR) as stipulated in the Communications and Multimedia Act 1998. The IPR 2012 reported the current trends, technological development and advances in the communications and multimedia services in Malaysia. This report also includes information on economic and financial activities, licensing activities, consumer protection, content services, universal service provision program, postal and courier services, and forecasts for the future market.



INDUSTRY RESEARCH

Industry Research Division consists of three departments, namely the Department of Statistics, Department of Information Management and Knowledge Resources, and Department of Periodical Publications, specifically in charge of the publication of MCMC prime magazine, the .myConvergence.

Department of Statistics

Department of Statistics is a one-stop centre for statistics and indicators related to the communications and multimedia industry, postal and courier industry, as well as digital signatures. Statistics information are essential for decision making in any organisation, especially for an organisation like MCMC, where the decision taken must be necessarily based on proof. Thus, the quality and accuracy of the data published must be seriously taken care of by this department.

Two types of data that are collected by the Department of Statistics are primary and secondary data/management records.

The primary data is collected through a scientifically developed survey and focused on specific areas. The study is conducted in the CATI Centre (MCMC's Computer-Assisted Telephone Interviewing Centre) operating at Wisma Pahlawan, Kuala Lumpur. The primary survey is looking at the end user of communications and multimedia services, their demographic, socio-economic background, practices, experiences and options related to the various services provided. This information is not in the licensees' customers records and should be collected directly from the end-user.

Studies of MCMC Hand Phone Users Survey and Household Use of the Internet Survey are two surveys that are continuously conducted every year since 2004. It has been proven to be very useful and provided data for monitoring and also consumer insights. This information has contributed to the effort in providing better services to consumers.

MCMC has published the reports of the Hand Phone Users Survey 2012 and the Household Use of the Internet Survey 2012 in 2013.

At the same time, the Department of Statistics has successfully launched the 2013 editions of both surveys. These 2013 reports will be made public after the completion of the quality assurance process.

The report of the study is available in printed form and can be downloaded for free from MCMC website.

Apart from the two studies mentioned above, six additional studies that primarily focus on the use of broadband have been implemented in 2013. The main goal of these studies was to determine the broadband penetration rate in household by the end of 2013, which was determined as 67.1%.

The secondary data is also important, where the data is compiled based on the reports submitted periodically by the licensees based on the administrative records and/ or records of their customers. The reports will be sorted, cleaned and aggregated before the main data is published in a series of Bilingual Book of Statistical Information. These books on communications and multimedia industry are issued on a quarterly basis, while for the postal and courier industry, they are released every half year.

The books are available in printed form and can be downloaded for free from MCMC website.



The research reports published in 2013



Research Report 2013. The final research product might be different from the above image



Statistical Information Communication and Multimedia Books published in 2013



Handbook of Statistics of Postal and Courier Services published in 2013

The Department of Statistics continued to play an active role at the international level in 2013. The department had actively participated in the 1st ITU Expert Group Meeting on ICT Household Indicators (EGH) in São Paulo, Brazil on 4 to 6 June 2013. The Department was also actively involved in the 4th ITU Expert Group Meeting on Telecommunication/ ICT Indicators (EGT) in Mexico City, Mexico on 2 to 3 December 2013 and the 11th World Telecommunications/ ICT Indicators Symposium on 4 to 6 December 2013, which was also organized by ITU in Mexico City, Mexico.

Since 2008, Department of Statistics has represented MCMC as a General Secretary of the Asia-Pacific Internet Research Alliance (APIRA). APIRA provides a forum for organisations in Asia Pacific regions that conduct researches and studies in the form of statistical, among other is the use of the Internet and its relation with the social and economic facts.

In recognition of its strong commitment and sustained contributions to APIRA, MCMC was honoured to host the 10th APIRA International Conference in 2013. This conference was successfully held at the Royale Chulan Hotel, Kuala Lumpur on 23 to 25 September 2013 and attended by 120 international and local participants.

Department of Management Information and Knowledge Resources

MCMC Department of Information Management and Knowledge Resource, through its Knowledge Resource Centre offers 5,210 titles for reference and to be used by MCMC staff at the end of 2013. It is also open to the industry and public.

The department also conducts activities related to MCMC Information Management Initiatives and ease consumers through the Internet. For this purpose, MCMC Knowledge Resource Centre can be accessed through <http://krc.skmm.gov.my> or MCMC website.

After operating for more than 14 years, it has attracted many users from MCMC staff, as well as industry professionals, researchers and students.

12 sessions of Tea Talk@ 3 Series were carried out in 2013 for the implementation of strategies for MCMC Information Management Initiatives which are “promoting networking/ informal relationship between those in need and those who have”.

Most of the presenters were MCMC staffs. This program was conducted in a friendly and informal environment for more conducive knowledge sharing. This series has attracted many staff to attend and gain knowledge especially in the field of telecommunications and multimedia. Tea Talk@ 3 sessions have been recorded in a digital format for future references.



11th World Telecommunications/ICT Indicators Symposium organised by ITU



10th APIRA International Conference 2013



Tea-talk @ 3 was friendly and informal



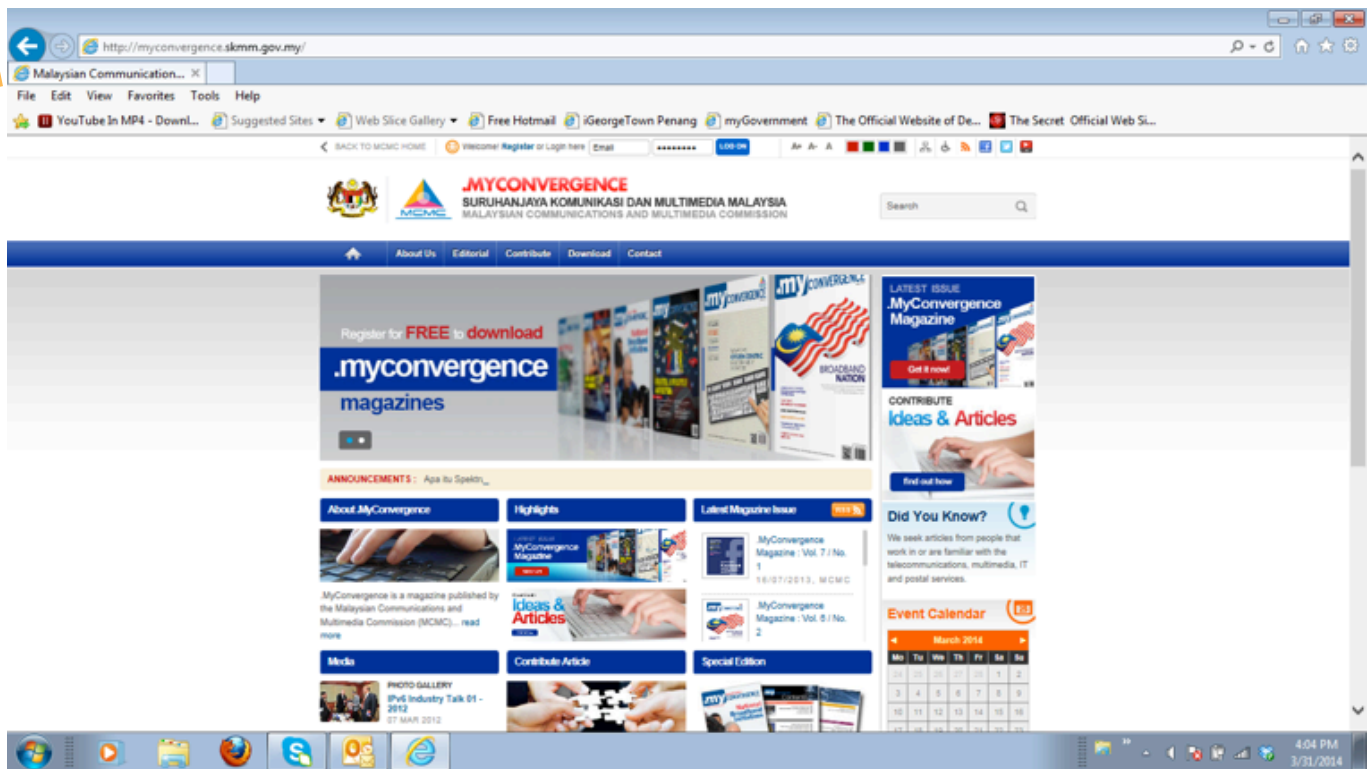
Conducive atmosphere in Knowledge Resource Center

Department of Periodical Publications (.myConvergence magazine)

Department of Periodical Publications manages the production of the '.myConvergence' magazine twice a year. This venture is suitable to support the information management activities by the Department of Information Management and Knowledge Resource. It civilizes the process of information sharing by providing a platform where implicit knowledge is transferred into explicit knowledge based on the expertise of MCMC and Industry.



.myConvergence magazine



.myConvergence portal: still in construction

The department also maintains an online portal that is updated together with the printed publication of the magazine. In 2013, a newly look portal was created to make it more user friendly and easier to use besides to standardize its appearance with other MCMC portals. The new portal that is still in the maintenance process will include better features in managing and collecting information about portal users through a user registration system.

Moving forward, the department hopes to create a repository of knowledge about technical and non-technical articles that can be shared and published not only in .myConvergence, but also in other MCMC publications.

NETWORK SECURITY AND SURVEILLANCE

OBJECTIVE

In accordance with one of the National Policy Objectives in CMA 1998 of “ensuring information security and network reliability and integrity”, MCMC through the Network Security and Surveillance Division (NSSD) has played an important role in ensuring the objective is achieved by implementing planned initiatives and focusing on cyber security in Malaysia.

Based on the objective of becoming a leader in cyber security in the country, MCMC has planned and implemented several initiatives that are suitable with the goals such as collecting information and continuous intelligence activities to reduce cybercrime, strengthen the capacity of digital forensics, continuous national network surveillance and strengthening the digital security management to enhance the protection of critical infrastructure in the country during the year 2013.

MCMC has also placed special emphasis on capacity building through training and awareness sessions to strengthen its ability in dealing with ongoing security issues and cybercrime. MCMC’s involvement in the cooperation within and outside the country is in line with the current needs.

ADDRESSING CYBERCRIME

One of the main challenges in today’s cyber world is a noticeable increase of cybercrimes in Malaysia. To address these issues, MCMC has established Digital Forensics Department and Network Intelligent Department to assist in the investigation and enforcement of relevant laws in cyberspace.

Digital Forensics

The role of the Digital Forensics Department (DFD) is to advise and assist digital forensics continuously for the investigation and cyber law enforcement to MCMC and law enforcement agency. DFD’s primary mission is professionally committed to implementing digital forensics investigation with effective quality services.

Establishment of Digital Forensics Laboratory

One of the main MCMC’s initiatives in addressing cybercrime is the establishment of Digital Forensics Laboratory. The Laboratory that started its operation in January 2013 provides digital forensics services as follows:

- i. Computer Forensics
- ii. Mobile Phone Forensics
- iii. Data Recovery Forensics

The DFD has continued its efforts to strengthen the quality of digital forensics services provided throughout the year 2013. The Department received a total of 81 cases and the number of cases handled are as follows:

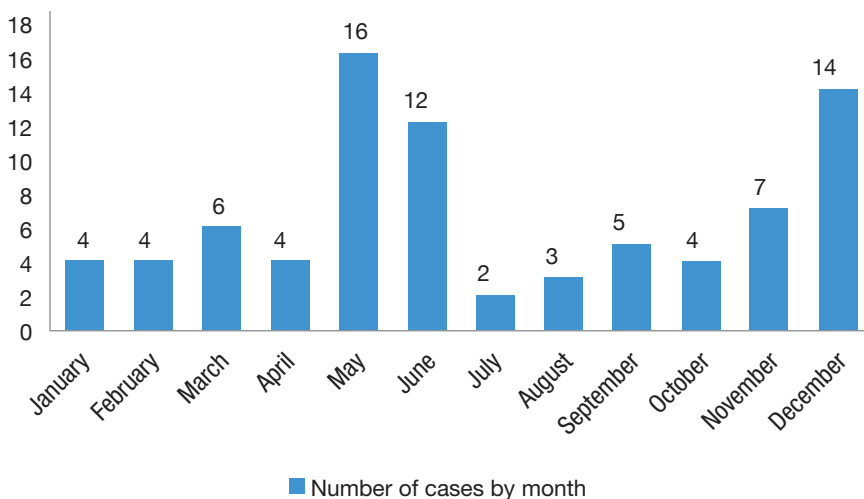


Figure 1: Number of cases received by the DFD throughout the year 2013

Cases handled were received from MCMC’s Department of Investigation itself and other law enforcement agencies. The following are the statistics of cases received from law enforcement agencies.

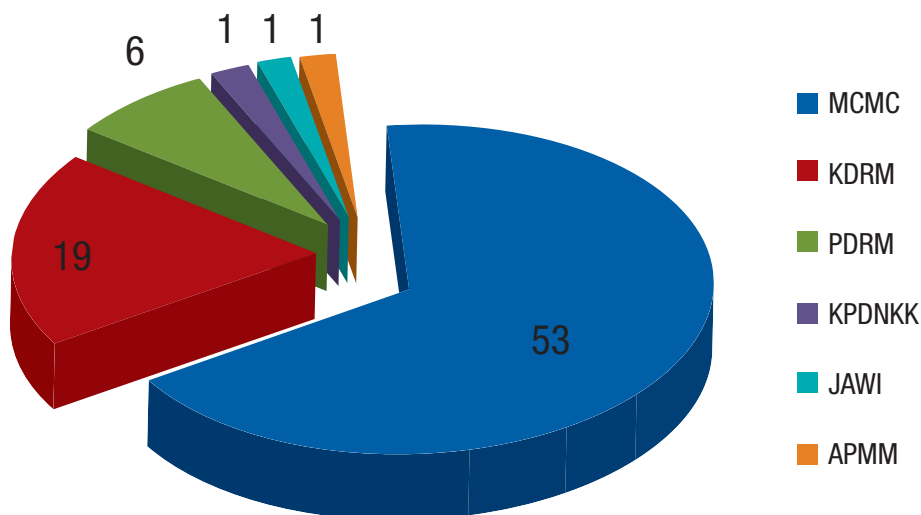


Figure 2: Statistics of cases received from MCMC Investigation Department and Law Enforcement Agencies

References:

- MCMC - Malaysian Communications and Multimedia
- KDRM - Royal Malaysian Customs
- PDRM - Royal Malaysian Police
- KPDNKK - Ministry of Domestic Trade, Cooperatives and Consumerism
- JAWI - Department of Federal Territory Islamic Affairs
- APMM - Malaysian Maritime Enforcement Agency

Manageable Cases are as follows:

- i. Insulting His Majesty the King/Sultan/National leaders
- ii. Insulting religion
- iii. Offensive content/ obscene
- iv. Hacking
- v. Drug smuggling
- vi. Copyright abuse

Network Intelligent

Network Intelligent Department (NID) plays the role in providing intelligence support to assist investigation and enforcement of cyber laws. This department was established in March 2013, committed to monitoring the Internet and carrying out intelligence activities as well as gathering confidential information to assist the Investigation Department.

Basic tasks undertaken by this Department are:

- i. Internet monitoring of the latest issues
- ii. Intelligence from website and social media to obtain requested information by:
 - a. internal parties (MCMC Investigation Department)
 - b. external parties (law enforcement agencies)

The NID continues its efforts to assist the Investigation Department and enforcement agencies like PDRM in getting confidential information throughout the year 2013. This department received 428 cases in 2013, and the amount of manageable cases are as follows:

Number of Cases by Month for 2013

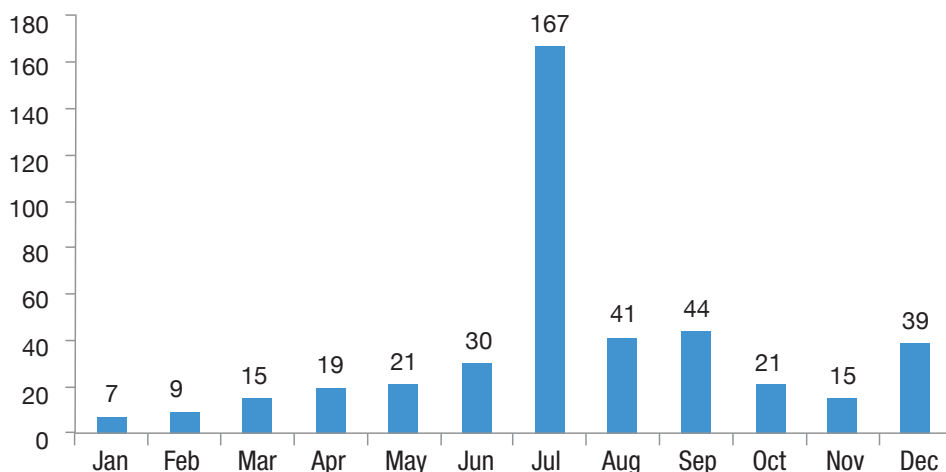


Figure 3: Number of cases received by the NID throughout the year 2013

The statistics of cases received from law enforcement agencies are as follows.

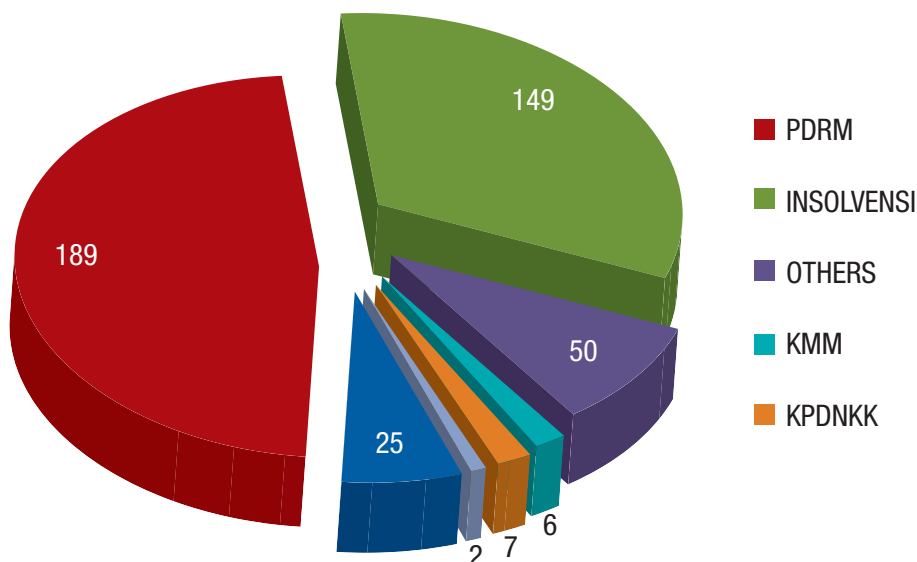


Figure 4: Statistics of cases received from MCMC investigation Department and Law Enforcement Agencies

Reference:

- MCMC - Malaysian Communications and Multimedia
- PDRM - Royal Malaysian Police
- INSOLVENSİ - Department of Insolvency Malaysia
- KPDNKK - Ministry of Domestic Trade, Cooperatives and Consumerism
- KKM - Ministry of Health Malaysia
- JAKIM/JAIS - Department of Islamic Development Malaysia/ Department of Islamic Development Selangor

Phishing Threats

One of the noticeable cybercrimes is phishing attacks. These attacks can leak sensitive information such as personal data, as well as can be used for identity theft and misuse by irresponsible party.

The collaboration between MCMC, PDRM and Central Bank has managed to reduce the cybercrime. Based on close observation of the latest trends in cyber security, NSSD found that phishing was one of the highest online fraud activities that aims to steal personal information or identity via email. The personal information obtained from email phishing are often used to hack into the victim’s bank account.

From this collaboration, the MCMC Network Security Centre or SNSC has successfully disabled 2,611 phishing websites in Malaysia in 2012. The number of phishing Websites decreased to 1,478 in 2013. Quick action by the SNSC that is responsible in reducing and recording phishing reports is the main contributor to the decline in phishing cases. In most cases, SNSC does not spend more than four hours to disable phishing website. Based on the observation by SNSC, the longer the period of phishing websites in operation, the higher the losses that can occur. Therefore, prompt action to curb the relevant website is very important.

The decrease in case shows that the enforcement activity on phishing websites has been very successful. It also proves the increasing awareness of the public about the procedure of online banking services. The reduction of phishing cases also indirectly increase consumers’ confidence in using online banking and e-commerce.

MONITORING NATIONAL NETWORK SECURITY AND PROTECTING CRITICAL INFRASTRUCTURE

Along with advances in the cyber world, new forms of threats and attacks in cyberspace are growing. To address these challenges, MCMC constantly supervises and monitors national network security to detect cyber attacks and protect communication’s critical infrastructure and national information.

This monitoring task is undertaken by SNSC, which serves as the national Internet network thermometer to provide overall understanding of macro cyber threat level with the involvement and cooperation of both public and private sectors.

The year of 2013 was a challenging year due to the occurrence of several important incidents and events in Malaysia like the aggression in Lahad Datu, Sabah and the 13th Malaysian General Election. Surveillance was carried out by MCMC and focused on any information and false news through social media and the Internet that can interrupt the investigation by the authorities. MCMC has also conducted a special surveillance during the 13th General Election to prevent spreading of false information that can disrupt public order.

The SNSC has detected and handled a total of 7,816 cases of cyber security incidents throughout 2013 of which most of them were aggression incident and malware attacks.

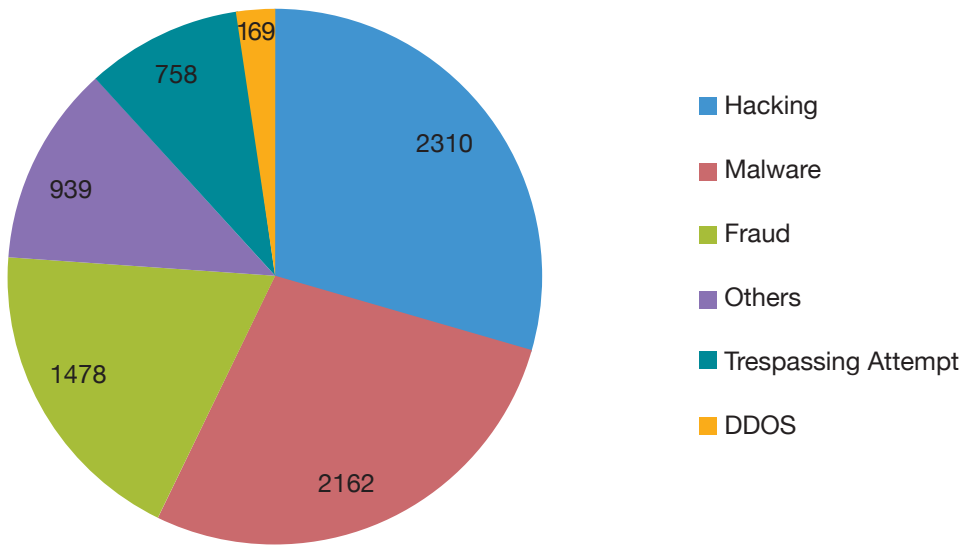


Figure 5: Statistics of cyber security incidents by type of attack for the year 2013

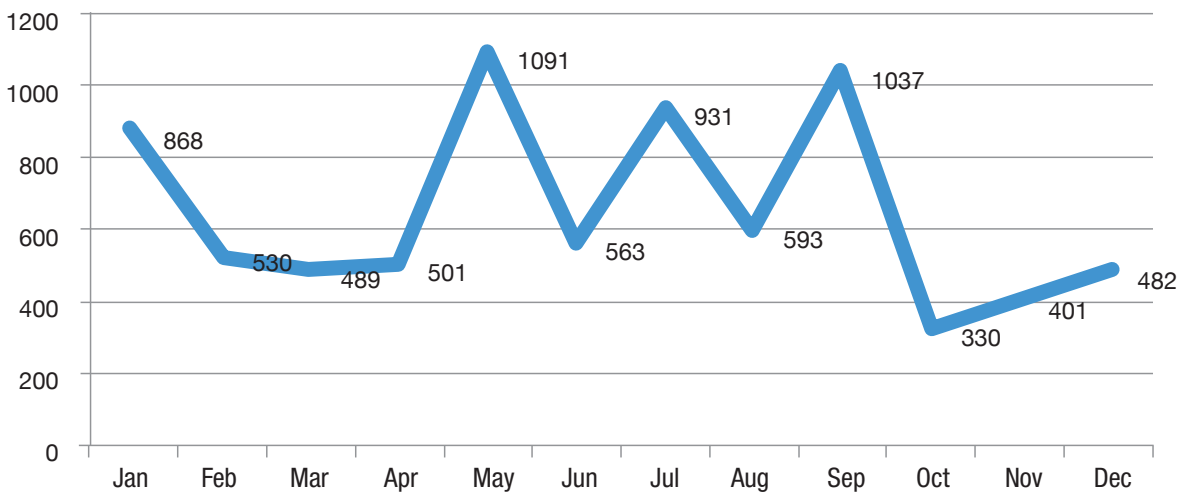
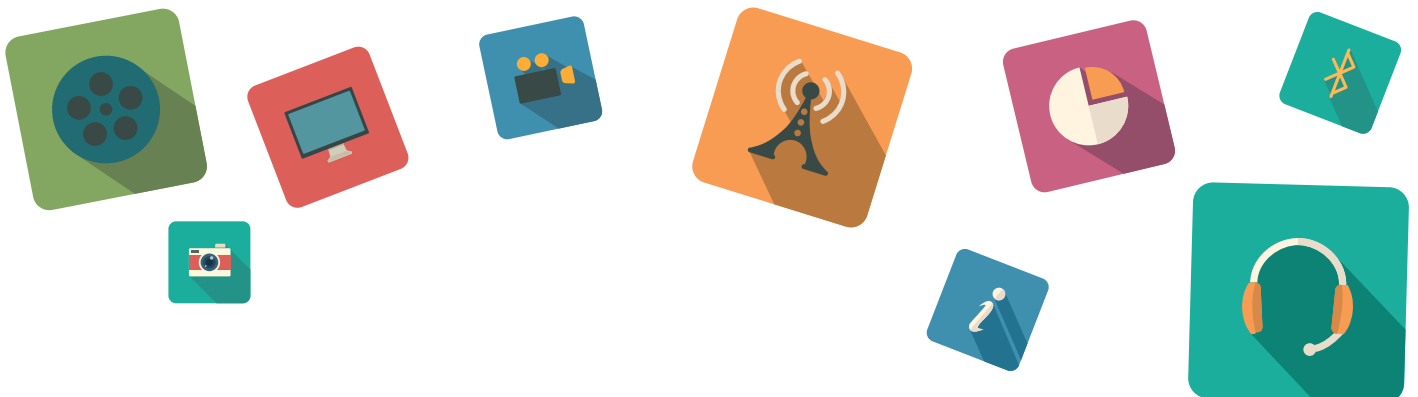


Figure 6: Statistics of cyber security incidents by month throughout the year 2013



Cyber Drill Exercise 2013

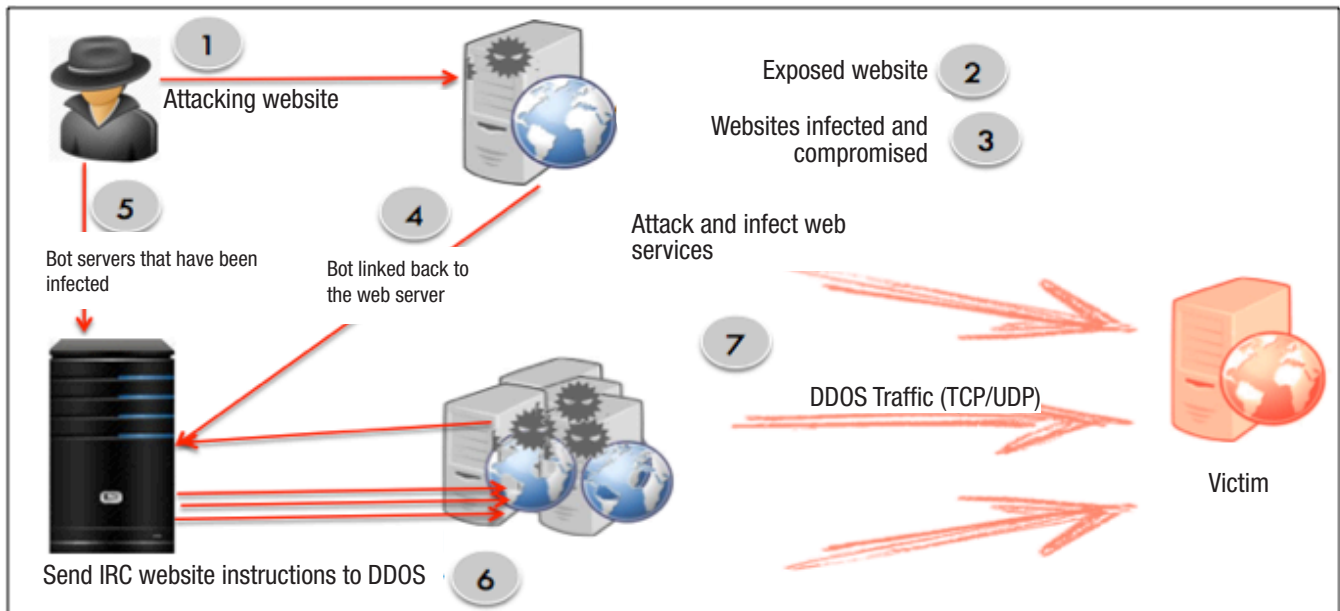
One of the annual initiatives in dealing with cyber crisis for Critical National Information Infrastructure (CNII) was the Cyber Drill Exercise that was participated by MCMC in accordance with the Policy and Mechanism for National Cyber Crisis Management. For 2013, the focus of the Cyber Drill Exercise was on DDOS threat.

At the regional level, the SNSC had joined the ASEAN Cyber Drill Exercise in September 2013. ASEAN Cyber Drill (ACID) focused on the cooperation between Computer Emergency Response Team (CERT) and the agencies involved in addressing cyber security issues, as well as to identify the technical capabilities of an organization at the ASEAN level. All countries in ASEAN are required to participate in ACID, which is organized by IDA Singapore.

SNSC has also organized Cyber Drill program with the Malaysia's Internet Access Service Provider (IASP), the internet service provider in Malaysia. Cyber Drill exercise is a threat simulation process on the Internet which was organised by IASP and CERT and coordinated by SNSC. The main objective of this exercise was to assess the readiness of the Malaysian IASP in its effort to reduce cyber threats.

In addition, the National Cyber Crisis Exercise or X-MAYA was held by the National Security Council (NSC) for all CNII sectors including communication and information sector. Through this program, the readiness of agencies and CNII organizations can be improved in addressing cyber security threats and incidents more effectively.

X-MAYA program was held on 20 November 2013. Eight teams participated and the majority were Malaysian IASP. Some of the activities carried out during the implementation of IASP Cyber Drill 2013 were log analysis, network security analysis, infrastructure design and also cyber drill implementation.



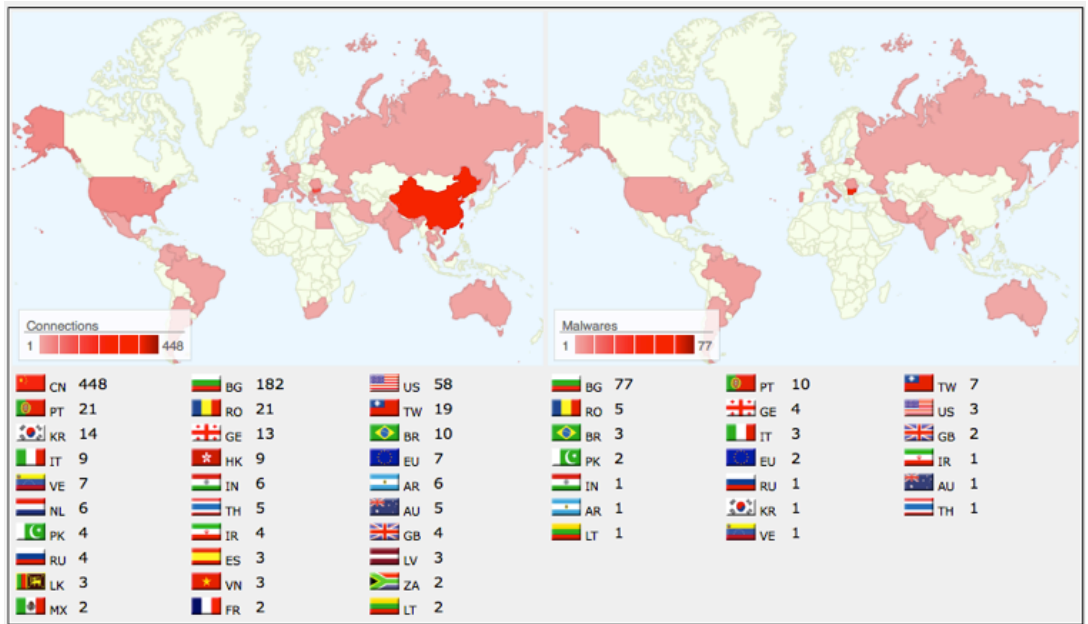
The Drill Maneuver was conducted with two scenarios, Web Defacement by corporate simulation from participants and Botnet and DDOS attacks against websites. After Drill Maneuver had been launched, each team was required to manage the incidents or known as incident handling (IH) according to procedures, as well as the analysis of the network and Botnet attacks.

Through this Cyber Drill programme, MCMC as a sector leader is able to evaluate the capabilities and readiness of agencies and CNII organizations under the communications and information sector in facing cyber threats or attack.



MADU.Net and PRACTICE

To improve the capabilities of network security surveillance, SNSC has also carried out specific initiatives to enhance technical capacity through two of its projects, MADU.Net and PRACTICE.



Source: <http://www.skmm.gov.my/cybersecurity/>

MCMC's MADU.Net project aims to identify types of attacks and malware on a network in Malaysia. SNSC will be able to detect the latest threats and malware by analysing the obtained information, thus providing the equipment in the network analysis conducted. MADU.Net system installation includes selected organizations' network system and targeting of 20 sensors installation in 2014.

For a similar purpose but in larger scale and involves overseas network, SNSC has collaborated with the Japanese through PRACTICE project which focuses on the detection and analysis of malware types, the ability to anticipate the next cyber attack and for quick response towards internet security threats. The PRACTICE project has been fully adapted to cyber security agencies in neighbouring countries like Indonesia through its ID-SIRTII and Thailand through its ETDA.



STRENGTHENING CYBER SECURITY AND INTERNET GOVERNANCE

MCMC has involved in various activities to reinforce and strengthen the digital security management for the communications and multimedia industry in Malaysia, in line with the responsibilities of MCMC as a regulator of the communications and multimedia sector.

Cyber Security Governance

In addition to the continuation of Information Security Management Systems (ISMS) certification programs for 11 organizations that are critical in the communications and multimedia industry, MCMC has also taken proactive steps to perform several additional initiatives to improve the digital security governance for the industries, such as training workshops, forums, and strengthening the digital security management through industry survey program.

As for the ISMS certification program, MCMC through its Digital Security Management Department (DSMD) has been monitoring and advising 11 selected organizations in accordance with MCMC responsibilities as the regulator of the communications and multimedia industry. Until December 2013, 10 organizations had obtained the ISMS certification. MCMC had also organized a training on Information Security Management Workshop (Certified Information Security Manager or CISM) in October 2013 to strengthen the knowledge and capabilities of resources for selected organizations.

Apart from focusing on the certification program, MCMC has also conducted additional initiatives and involved in following programs:

- i. Perbincangan Meja Bulat antara MCMC dan Agensi Penguatkuasaan
Dalam tahun 2013, MCMC telah mengambil inisiatif untuk menerajui Perbincangan Meja Bulat antara Suruhanjaya di Malaysia. Tujuan forum ini ditubuhkan adalah untuk mewujudkan perkongsian maklumat dan kerjasama aktiviti di antara Suruhanjaya dan Agensi Penguatkuasaan yang berkesan dalam menjamin keselamatan maklumat dan kebolehpercayaan dan keutuhan rangkaian di infrastruktur maklumat kritikal masing-masing. Inisiatif ini adalah untuk mendokong aspirasi dan dasar berkaitan keselamatan siber negara iaitu Dasar Keselamatan Siber Negara (NCSP).

Agencies involved in the forum are:

- a. MCMC
- b. Central Bank of Malaysia
- c. Energy Commission (EC)
- d. Land Public Transport Commission (SPAD)
- e. National Water Services Commission (SPAN)
- f. Security Commission (SC)
- g. Department of Civil Aviation (DCA)
- h. Petroliaam Nasional Berhad (PETRONAS)

- ii. Standards Development
Throughout the year 2013, MCMC has involved in the Working Group (WG) for the standards development of information safety. In specific, the working groups participated by the MCMC were:
 - a. Information Security Management Systems (WG/G/5-1)
 - b. Security Controls and Services (WG/G/5-4)
 - c. Identity Management and Privacy Technologies (WG/G/5-5)
 - d. Proof of Identity (WG/G/5-8)

Management and Maintenance of .my Domain Names

In accordance with Section 181 (1) CMA 1998, MCMC has appointed MYNIC Berhad (MYNIC) as the administrator to manage and maintain an integrated electronic address database in Malaysia. MCMC as a regulatory body to oversee compliance issues and plays a role in promoting and planning strategies in the development of .my domain name.

The .my domain, a Top Level Domain (ccTLD), is one of the assets and identities for Malaysia. Thus, management of .my domain name needs to be regulated in ensuring public registration is not against any culture, norms and laws of Malaysia. This includes the protection of sensitive names, intellectual property, geographical names, and regulated names (for example, the domain name with the words financial or bank that will confuse the public without proper regulatory).

The third-level domain name (3LD) “. com.my” continues to be the most popular domain name with 130,018 registrations for the year 2013. It is the highest domain that are registered by companies with online identity in Malaysia. However, the second-level domain name (2LD) “.my” recorded 51,721 registrations after it was introduced in 2007. The domain “. my” is shorter and easier to spell, making it more attractive to individuals, organizations or companies who wanted to have their name and identity on the Internet.

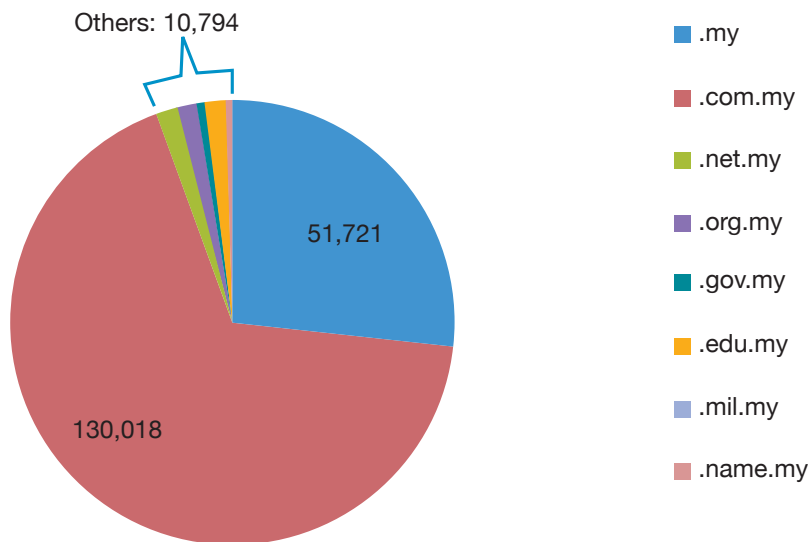


Figure 7: .my domain total amount in Malaysia for 2013

CAPACITY DEVELOPMENT AND COLLABORATION PROGRAMME

To enhance the ability and capability in addressing the issue of cyber security, MCMC staff has involved in various types of training and courses throughout the year 2013.

Among the attended courses were:

NO.	NAME OF TRAINING	LOCATION	DEPARTMENT INVOLVED
1.	Data Recovery Basic & Advance Course	Kuala Lumpur	Digital Forensics Department
2.	Forensics Acquisition & Analysis Course	Kuala Lumpur	Digital Forensics Department
3.	Intermediate Forensics Acquisition & Analysis Course	Kuala Lumpur	Digital Forensics Department
4.	EnCase V.7 Computer Forensics 1	Kuala Lumpur	Digital Forensics Department
5.	EnCase V.7 Computer Forensics 2	Kuala Lumpur	Digital Forensics Department
6.	Quality Management System Training	Kuala Lumpur	Digital Forensics Department
7.	EnCase Examinations of Macintosh and Linux Operating Systems	Kuala Lumpur	Digital Forensics Department
8.	Data Recovery Guidelines, Policy and Procedure	Kuala Lumpur	Digital Forensics Department
9.	ISO/IEC 17025:2005 Internal Auditing	Kuala Lumpur	Digital Forensics Department
10.	Internet Investigation Training	Kuala Lumpur	Digital Forensics Department
11.	PC-3000 Training	Kuala Lumpur	Digital Forensics Department
12.	XRY Foundation & Intermediate	Kuala Lumpur	Digital Forensics Department
13.	FTK v5 Bootcamp	Singapore	Digital Forensics Department
14.	Phone Forensics Deconstructed	Wyboston Lakes, Bedfordshire, UK	Digital Forensics Department
15.	Cellebrite UFED	Singapore	Digital Forensics Department
16.	SANS SEC440 – Kawalan Keselamatan: Perancangan, Pelaksanaan dan Pengauditan	Kuala Lumpur	Digital Security Management Department and Network Intelligent Department
17.	Kursus Siasatan, Pendakwaan Dan Advokasi yang Berkesan bersama Jabatan Peguam Negara	Kuala Lumpur	Digital Security Management Department
18.	Cyber Intelligence Immersion Training	SKMM Academy, Cyberjaya	Network Intelligent Department, Cyberjaya
19.	SANS 504 – Hacker Technique, Exploit and Incident Handling	Cyberjaya	Network Security Centre, MCMC
20.	SANS 408 – Computer Forensic Investigation – Windows depth	Cyberjaya	Network Security Centre, MCMC

Table 1: Courses attended during the year 2013

Courses and Talks

In addition to courses and training for staff, MCMC was heavily involved in awareness programs and trainings related to cyber security with the goal of increasing knowledge of the public and government departments on governance and cybercrime.

During the year 2013, the participated programs were:

NO	DEPARTMENT	PROGRAM/ TALK	ORGANIZED BY
1.	Digital Forensics Department	Panel for Ethical Hacking and Legal Issues in Cyber World for i-Hack Competition 2013 program	Universiti Teknologi MARA (UiTM) - Shah Alam
		Speaker for Chemical Forensics and Intelligence Sampling program	Pharmaceutical Services Division, Penang Health Department
		i. Speaker for Computer Communication Network & Forensics (CCNF) on Windows Forensic program	Management Science University (MSU)
		ii. Speaker for Course on Cyber Crime & IT Security	Royal Malaysian Air Force (TUDM)
		i. Speaker for Course on Electronic Evidence	Judicial and Legal Training Institute (ILKAP)
		ii. Speaker for Course on Cyber Crime & IT Security	Muda Agricultural Development Authority (MADA) - Alor Setar
		i. Speaker for Basic Course on Cyber Security	Royal Malaysia Police (PDRM) –Police College, Cheras
		ii. Speaker for Phishing Crime in Online Banking Malaysia Experience	National Institute of Public Administration (INTAN) – Sarawak Campus
		Speaker for Special Branch Senior Officer Basic Course on Cyber Crime & IT Security	Royal Malaysia Police (PDRM) –Police College, Cheras
		i. Speaker for Click Wisely (Klik Dengan Bijak) Camp	MCMC - Melaka
		ii. Training for Trainers, PLKN	MCMC and National Service Training Department (JLKN)- Sabah
		iii. Speaker for Cybercrime & Multimedia Seminar	Royal Malaysia Police (PDRM) - Kuala Terengganu IPK
		iv. Speaker for Awareness Seminar on Cybercrime & IT Security	Universiti Teknologi MARA (UiTM) - Machang
		v. Speaker for MCMC's Investigating Officers	MCMC - Port Dickson
		i. Speaker for Information Protection and Security Seminar	Universiti Teknologi Mara (UiTM) Segamat
		ii. Training for Trainers, PLKN	MCMC and National Service Training Department (JLKN) - Sarawak, Johor, Kelantan, Kedah and Selangor
		iii. Speaker for Investigation and Prosecution of Cybercrime Case Course	Pharmaceutical Services Division, Ministry of Health Malaysia
2.	Digital Security Management Department	ICT Security Course	Protective Security Training Centre Malaysia, ENSTEK
		Cybercrime and Security Information Course	MADA Alor Setar
		Protection and Information Security Seminar	UiTM Segamat
		Security and Ethics of the Internet Usage	SGAM Annual Conference
3.	Network Intelligent Department	Speaker for Internet as a Threat/Intelligence Tool	PDRM College, Cheras
		Speaker for Internet as a Threat/Intelligence Tool	PDRM College, Cheras

Table 2: List of Programs and Talks conducted by NSSD during the year 2013



Collaborative Programs

MCMC as the industry communications and multimedia regulator has involved in collaborations related to cyber security and internet governance.

The International collaboration programs are:

- i. ICANN 47 Durban, South Africa
MCMC as a Malaysian representative of the Government Advisory Committee (GAC) for ICANN had participated in the 47th ICANN meeting in Durban, South Africa in July, 2013 to discuss issues related to internet governance at the international level.
- ii. 6th ASEAN-JAPAN Information Security Policy Meeting
MCMC together with KKMM had participated in the ASEAN-Japan Information Security Meeting in Manila in October 2013. The meeting is an annual programme for exchanging views among participants with the goal to enhance international collaboration and the effort of Japan and ASEAN countries in the information security field.
- iii. APT 4th Workshop on Disaster Management/Communications
Asia Pacific Telecommunity (APT) organised a workshop on Disaster Management/Communication in Manila on 23 – 25 July 2013. MCMC as a Malaysian representative had participated to discuss the readiness and the use of communications systems for public safety during disasters in the Asia Pacific region.

Overseas and Local Delegation Visits

Collaborations with law enforcement agencies from both local and foreign countries are essential. Digital Forensics Department was also visited by law enforcement agencies, local and foreign delegates for experience and expertise sharing.

The MCMC was visited by the Minister of Communications and Multimedia Malaysia, Royal Malaysian Customs, Royal Malaysian Police, Malaysian Maritime Agency and foreign delegations from Thailand and Vietnam in 2013.

Apart of improving the collaboration, programs were also able to improve MCMC's image as one of the leading agencies in Malaysia in dealing with cybercrime.



MONITORING AND ENFORCEMENT

COMPLAINTS AND INVESTIGATION

In 2013, the Enforcement and Investigation Department (EID) had received 518 complaints. The number has increased 2% as compared to the same period for 2012. The complaints include:

- i. 400 complaints received from MCMC internal departments; and
- ii. 118 complaints received from other enforcement agencies, for example, the Royal Malaysian Police (RMP).

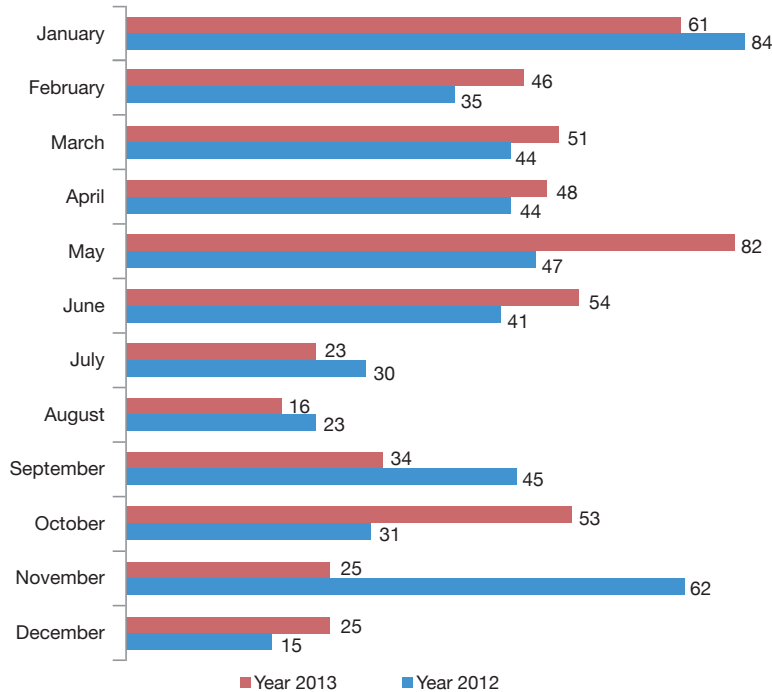


Figure 1: Comparison of number of complaints received by the EID for 2012 and 2013

Complaint Category

TYPE OF OFFENCES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CATEGORY: Section 233 (obscene, indecent, false, menacing or offensive content)													
SMS/MMS/Crank Call	21	15	27	24	31	20	6	6	8	2	2	3	165
Email	2	-	1	2	7	1	4	1	2	1	-	1	22
Blog	-	1	-	10	10	1	-	-	-	-	-	-	22
Website	1	2	-	3	3	-	-	-	-	-	-	1	10
Social network	5	1	6	5	29	8	1	2	2	3	0	6	68
Portal	-	-	2	0	0	0	1	-	-	-	-	-	3
CATEGORY: Others													
Section 242	24	22	11	-	1	13	7	4	-	-	23	10	115
Section 239	4	1	3	3	3	-	4	-	-	-	-	-	18
Section 205	1	-	1	-	-	-	-	-	-	-	-	-	2
Section 206	-	-	-	-	-	2	-	-	-	-	-	4	6
Section 11 APP 2012	-	-	-	-	-	2	-	-	-	-	-	-	2
Section 65 APP 2012	-	-	-	-	-	-	-	1	-	1	-	-	2
Regulation 16 Standard Technique	3	4	-	1	-	7	-	2	22	44	-	-	83
TOTAL	61	46	51	48	84	54	23	16	34	51	25	25	518

Table 1: Statistics of complaints received and investigated by the EID for 2013 based on categories

Complaints and Investigation under Section 233

Number of complaints received related to the offence involving SMS/MMS was the highest, amounting to 57% of the total complaints under Section 233 CMA 1998.

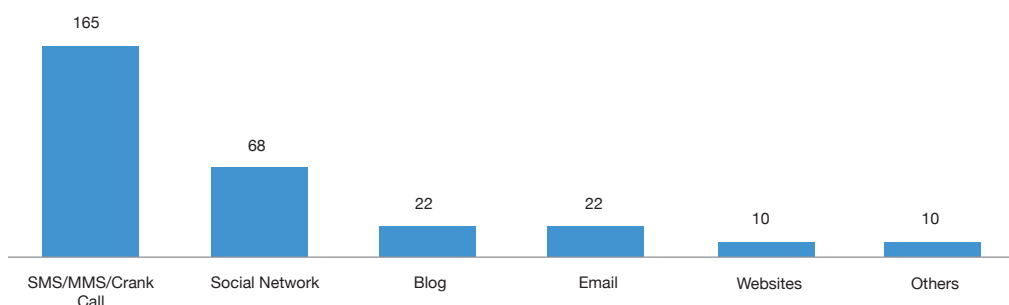


Figure 2: Statistics of complaints received and investigated by the EID under Section 233 AKM 1998 in the 2013 based on offence medium

Investigation Papers

A total of 297 investigation papers were referred to the Deputy Public Prosecutor (DPP) in the year 2013 encompassing Investigations Papers opened from 2008 until 2013.

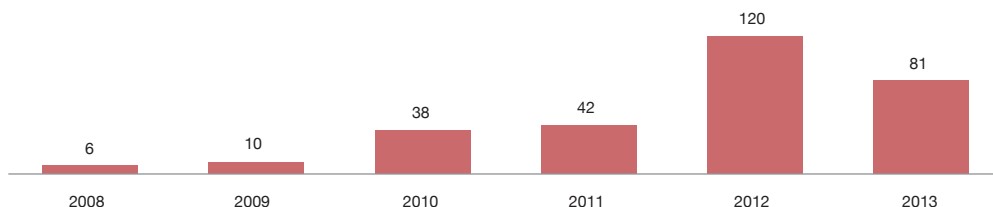


Figure 3: Statistics of the number of investigation papers referred to the Deputy Public Prosecutor for 2013 based on the year the Investigation Papers were opened.

	Number of Investigation Papers	Status				
		NFA	Further Investigation	Compound	Charged	Others
January	42	12	6	20	4	-
February	33	9	7	13	-	4
March	35	7	10	9	2	7
April	24	11	3	6	-	4
May	20	5	4	5	3	3
June	27	7	3	13	2	2
July	25	2	14	2	7	-
August	21	5	7	1	8	-
September	6	2	1	-	3	-
October	24	3	18	2	1	-
November	24	22	1	-	1	-
December	16	15	1	-	-	-
TOTAL	297	100	75	71	31	20

Table 2: Status of Investigation Papers referred to the Deputy Public Prosecutor for 2013



Prosecution in Court

A total of 29 cases were prosecuted in 2013. 19 were found guilty and fined amounting to RM262,000. The penalty imposed by the court ranged from RM4,500 to RM25,000 for each case.

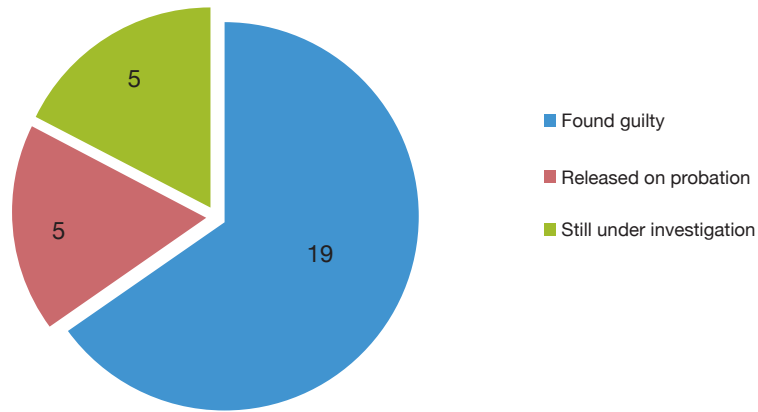


Figure 4: Details of cases prosecuted in the court by the Deputy Public Prosecutor for 2013

Compounding of Offences

56 offers of compounding of offences were issued by the MCMC for violating conditions of license, written instruments, allocation of CMA 1998 and its subsidiary legislation. The sum of RM1,630,000 was paid following the compounding offers.

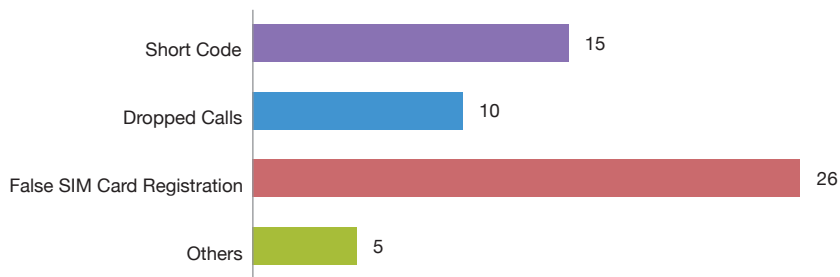


Figure 5: Statistics for offers of compounding of offences for 2013 based on types of offence

There was a significant increase in the offers of compounding of offences issued by MCMC and the amount of compound paid in 2011, 2012, and 2013 as follows:

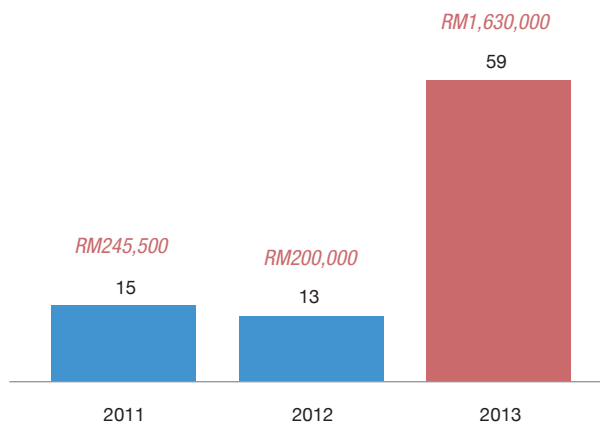


Figure 6: Comparison of offers of compounding of offences and the amount paid for 2011, 2012 and 2013

MONITORING AND COMPLIANCE (BROADCASTING)

Monitoring and Compliance (Broadcasting) Department (MCBD) conducts monitoring and evaluation of broadcast content compliance by the Content Applications Service Provider (CASP-I) individual licence holders based on a Special License Conditions and provisions of the law under CMA 1998.

In accordance to CMA 1998, all private broadcasters need the CASP-I license to operate in Malaysia, and it requires the license holders to comply the license conditions established in the CASP-I license. The license holders should take actions to ensure its compliance to the imposed license conditions.

The Special Conditions for the CASP-I license are as follows:

- i. License holder is required to comply with the provision of content that has determine specific percentage for provision of content in Malay;
- ii. License holder is required to broadcast public announcement for Government, public or nation interest;
- iii. License holder is required to comply with the commercial advertisement broadcasting time limit given;
- iv. All broadcasting content are subjected to the Film Censorship Act 2002 and its regulations;
- v. License holder is not allowed to broadcast any content that:
 - a. directly disseminates any religious belief other than Islam; and
 - b. intrudes sensitivity and sentiment of any race or religion in this country; and
 - c. contains cultural and moral values against national aspiration.
- vi. License holder is required to obtain written approval from MCMC to broadcast live or delayed telecast in their station; and
- vii. License holder is required to comply with the Content Code and the Consumer Code.

4 main activities carried out by MCBD in 2013 are as follows:

- a) Complaint monitoring and management;
- b) Industry capacity and capabilities development;
- c) Supervising activities on Communications and Multimedia Content Forum (CMCF) of Malaysia; and
- d) New project initiatives.

Complaint Monitoring and Management

	*Paid Television	**Free-to-Air (FTA) Terrestrial Broadcasting	Terrestrial Radio	*** Others
Commercial Advertisement	1	10	6	-
Programme Content (obscene, indecent, false, menacing or offensive)	20	7	16	1
Others (copyright)	-	-	-	1
Subtotal	21	17	22	2
Total		62		

Table 3: Complaints received by MCBD throughout 2013

Note:

*ASTRO, HYPPTV, ABN;

**TV3, TV9, NTV7, 8TV & TVAH;

***Public or all TV

Table 3 shows an overview of the complaints received by MCBD in 2013. MCBD received 62 complaints on broadcasting contents. There were 44 complaints on program content, 17 complaints on commercial advertisement, and only one complaint on copyright. Meanwhile, there were 22 complaints on terrestrial radio, 21 complaints on paid television and 17 complaints on FTA terrestrial television.

Most complaints were related to obscene, false, offensive, menacing, violence, horror, as well as offending racial sensitivities and sentiments contents. More than half of the complaints were on commercial advertisement related to products and services such as betting and gambling, slimming product and products with fake or baseless claims.

Other than complaints received by MCMC's Consumer Complaints Bureau, there were complaints received from various legislative enforcement government agencies such as Ministry of Communications and Multimedia (KKKM), Ministry of Home Affairs (KDN), Ministry of Health, Medicine Advertisement Board (KKLIU), National Film Development Corporation (FINAS), Film Censorship Board (LPF), Islam Advancement Department Malaysia (JAKIM), Ministry of Domestic Trade Cooperation and Consumerism (KPDNKK), Malaysian Communications and Multimedia Content Forum (CMCF) and others.

Action Taken in 2013

In 2013, a total of 38 complaints or 61.3% from the total complaints received by MCBDB did not violate the CMA 1998.

	FIR	Reminder	No infringement	Forwarded to CMCF
*Subscription Television	4	3	13	0
** Terrestrial Free-to-Air (FTA) Television	3	1	13	0
Terrestrial Radio	2	3	10	7
*** Others	0	0	2	0
TOTAL	9	7	38	7

Table 4: Action taken for complaints in 2013

Nine complaints were found to infringe the CMA 1998 and were forwarded to the EID for enforcement actions. Seven letter of reminders were issued to license holders.

Public Service Announcement (PSA)

In accordance with the Special License Conditions, MCBDB is responsible for ensuring that CASP-I license holders carry public announcements for the Government, public or national interest. MCBDB has been the reference point to facilitate PKA matters since 2012 and has received and distributed 117 PSA from various Ministries and other agencies in 2013. Most of the CASP-I license holders have complied with the license conditions.

Capacity Building and Industry Awareness

MCBDB has introduced a new approach in content compliance workshop that has become part of the action plan to increase the compliance among CASP-I license holders. The aim of the approach is to ensure that each CASP-I license holder understands and coordinates their interpretation on the guidelines issued by all agencies. Therefore, the approach focuses on a practical and two-way communication, as well as the involvement between TV broadcasters and other agencies. It requires close cooperation among Government agencies such as LPF and KKLIU. The content compliance workshop with new approaches was organized on 12 and 13 April 2013. Based on the feedback forms, 99.9% participants were satisfied with the new approach.

The following table shows the industrial capacity development programmes organized by MCBDB in 2013.

No.	Programme	Date	Location
1	MCMC Content Compliance Workshop 2013: Advertisement and Film Censorship	12 & 13 April 2013	Grand Lexis Hotel, Port Dickson
2	Malay-Speaking Skills Course MCMC-DBP 2013	5 & 6 Jun 2013	Putrajaya Marriot Hotel and Spa
3	MCMC-CMCF Content Compliance Workshop 2013: Commercial Advertisement 2013	4 September 2013	Hilton Hotel and Resorts Petaling Jaya
4	Malay-Speaking Skills Course MCMC-DBP 2013	23 & 24 October 2013	Putrajaya Marriot Hotel and Spa
5	MCMC Content Compliance Workshop 2013: Advertisement and Film Censorship	13 & 14 December 2013	Philea Resort and Spa, Melaka

Table 5: Industrial Capacity Building Programmes conducted in 2013

In achieving and promoting effective self-regulation among industries and the public, MCBDB cooperates with various Ministries and Government agencies including KKMM, KKM, KKILU, LPF, JAKIM and FINAS.



Monitoring Activities of Communications Multimedia Content Forum (CMCF) Malaysia

Communications and Multimedia Content Forum (CMCF) was authorised by MCMC under the Communications and Multimedia Act 1998 to act as the body responsible for facilitating and encouraging self-regulation among local content industries based on the Content Code provisions.

CMCF was established in February 2001 and officiated on 29 March 2001 by MCMC as an independent body with the involvement of all relevant parties including communications and multimedia industry to administer issues pertaining to content disseminated through electronic network.

In addition, CMCF has established its Complaints Bureau and Content Advisory Centre for consumers and industrial members to voice out their complaints on matters related to media content delivered over electronic network.

In 2013, CMCF retained its goal to promote and educate appropriate usage and method to access content electronically. CMCF delivered various briefings during seminars as well as attended workshops, discussion sessions, and exhibitions. The involvement of Content Forum is shown in the table below.

Type of Activities	Frequencies
Roadshow/Exhibition	34
Seminar/Workshop/Conference	37
Total	71

Table 6: Number of activities/programmes conducted by CMCF in 2013

Receipt of Complaints

The following table represents types of complaints received by CMCF from 1 January 2013 until 31 December 2013:

Category	Frequency
Advertisement content	19
Mobile content/services	158
Broadcast content (TV & radio)	20
Internet content	230
Others	4
Total	431

Table 7: Categories of complaints received by CMCF in 2013

CMCF received 431 complaints and six complaints of advice. A total of 389 complaints were received from the public, 42 from other sources (MCMC, MCMM and others) and one complaint from the industry. All complaints received by CMCF were related to advertisement content, mobile content/service, broadcast content, advertisement content and others.

Initiatives of New Projects

Content Monitoring Centre

Looking at the rapid development and the increase of television programme channels in Malaysia, especially among paid TV services and considering the Digital Terrestrial Television Broadcasting introductory plan, there is a need for MCMC to create its own content monitoring centre. The number of programme channels has increased to 348 TV channels and 59 radio channels. This situation posed difficulties and increased challenges for content monitoring activities due to lack of appropriate instruments and facilities. The establishment of the Content Monitoring Centre will enable MCBBD to conduct monitoring activities proactively, systematically and thoroughly.

In the fourth quarter of 2012, an agreement was achieved from the Meeting of Commission for MDCB to establish a Content Monitoring Centre. The tender process for the project has already been executed since the first quarter of 2013, and it is currently at the final stage before it is completed and followed by contract awarding. MCBBD anticipated that the centre will be installed at MCMC in the second quarter of 2014.

Live or Delayed Telecast Broadcasting Application System (e-LDTA)

The rapid growth of broadcast industry has brought about the increase in number of applications to broadcast live or delayed telecast programmes by radio and TV stations as compared to earlier years. In 2013, MCBBD received 277 applications as compared to 246 applications in 2012. MCBBD found that the total number of late applications sent to MCMC increased to 179 applications in 2013 and most of them required fast approval and late applications due to the unforeseen circumstances by license holders.

MCBBD with the cooperation from Strategic Information System Department (SISD) is currently in the process of developing e-LDTA. It is a system that will enable the delivery and evaluation system for all applications for live or delayed telecast programmes to be done automatically and expedite the process. At the same time, this process will streamline and improve the efficiency level of the overall application and evaluation processes as compared to the document process based on paper. MDCB expected that the e-LDTA system will be deployed by the end of the fourth quarter of 2014.

As soon as the e-LDTA system is in use, all applications sent by CASP-I license holders will be electronically recorded and stored, and this will enable supervisors to identify any problems and monitor MCBBD evaluation status on the applications.

MONITORING AND COMPLIANCE (COMMUNICATION)

Consumer Protection

The development of communications and multimedia industry has experienced rapid revolution and has become one of the areas that are given the priority in most countries especially Asia region.

Beyond the rapid ICT development, it is undeniable that there exists consumers' dissatisfaction towards communication services provided. Common complaints received are on poor internet service, poor coverage quality, websites and SMS contents that violated the CMA 1998 regulations, as well as unreasonable service charges by service providers.

Consumers begin to realise the importance of communications and multimedia. However, they also need to know their rights as consumers so that they will not be easily tricked by the services offered. The role of MCMC is very important in ensuring consumers are given services that meet their needs, requirements and satisfaction.

Consumers need to strengthen themselves to avoid unnecessary fraudulence, malpractice and suppression by service providers through increase in knowledge, self-empowering, knowing and practising their rights as consumers.

Consumer rights can be seen through:

- i. Consumer rights in market;
- ii. Consumers unite to fight for their rights; and
- iii. Together in actions.

Report on Service Quality Compliance

MCMC regulates the performance of applications and network service providers by establishing Quality of Service Mandatory Standards, the minimum standards that need to be complied by service providers.

The objective of establishing the Quality of Service Mandatory Standards are:

- i. enhance and protect the rights of consumers;
- ii. provide consumers with a clear and specific criteria for measuring the quality of services received or used;
- iii. enhance global competitiveness of the country by promoting industrial prosperity.

To comply with certain standards, service providers cannot exceed the maximum number of complaints. For example, complaints like service disconnection or network disruption within a complaint process period. Non-compliance to the Quality of Service Mandatory Standards is an offence under Section 105(3) CMA 1998. The offenders can be fined not exceeding RM100,000 or face imprisonment not exceeding two years, or both.

The Quality of Service Mandatory Standards registered between 2003 and 2011 are:

- i. Public Switched Telephone Network Service (PSTN)
- ii. Public Cellular Service (PCS)
- iii. Dial-up Internet Access Service (DIAS)
- iv. Content Application Service (CAS)
- v. Public Payphone Service (PP)
- vi. Digital Leased Line Service (DLL)
- vii. Broadband Access Service (BB)

As stated under the Quality of Service Mandatory Standards, service providers are required to submit mid-year reports to show compliance with the standards. Random or selected audit will be conducted by MCMC on reports submitted by the service providers to ensure its validity and reliability.

Approach Taken for Disobeying Mandatory Standards

An investigation paper will be issued to service provider who do not comply with the Mandatory Standards. For the report of Service Quality Compliance December 2012, six investigation papers were issued for further action under Section 105 (AKM) 1998.

Mobile Content Services

The increase in mobile phone usage each year is driven by various factors such as expansion of cellular coverage areas, competitive and attractive package offers by telecommunication companies and the use of mobile phone applications to send SMS and MMS. Up to the 3rd quarter of 2013, the rate of cellular telephone service penetration has reached 146.1% (Fact and Figure, MCMC).

In line with the development, the role and responsibilities of MCMC have become more challenging in the effort to ensure mobile content development service benefits consumers in Malaysia and protects consumers' rights. Normal complaints received from mobile content service consumers/clients are spam, promotional SMS, misleading market activities and the validity of charges to consumers.

A total of 710 complaints were received in 2013. This means that the complaints received in 2013 has decreased by 20%.

The complaints received are as follows:

No	Types of complaint	No. of Complaints
1	Unsubscribed SMS	686
2	Promotional SMS	12
3	Not receiving subscribed content services	2
4	Unprocessed request to end subscription	2
5	Misleading competition	2
6	Others	6

Table 8: Number and category of complaints received by MCDC in 2013

The table above shows that complaints regarding 'unsubscribed services' is the highest, 96.6% from the total complaints received in 2013. Complaints regarding promotional SMS decreased to 12 compared to 15 in 2012 due to the effect of MCMC directive for providers to stop any marketing and promotion activities through short code for mobile content services.

Approach Taken to Address Consumers' Issues/Complaints

1. Enforcement Action on the Mandatory Standards for the Provision of Mobile Content Services (Mandatory Standards). In 2013, seven letter of reminders were issued to relevant service providers.

Should the content providers repeat the offence, legal action will be taken. Any infringement to the Mandatory Standards can be fined up to RM100,000 or two years imprisonment.

2. Other administrative action taken is suspending short codes involving various infringement offences on the Mandatory Standards provisions. In 2013, a total of 17 short codes were suspended.

No	Short Code	Mobile Content Service Provider	Non Compliance Case	Date Suspended
1	37878	Mexcomm	Non Compliance of Para 50 and 51, MS for MCS	24-Apr-13
2	36989	Ionnex Sdn Bhd	Non Compliance of Para 50 and 51, MS for MCS	24-Apr-13
3	33101	ICE Mobile	Non Compliance of Para 50 and 51, MS for MCS	24-Apr-13
4	33383	MYIT Technology	Non Compliance of Para 53, MS for MCS	24-Apr-13
5	33300	Mexcomm	Non Compliance of Para 25, MS for MCS	16-May-13
6	33443	Matrix Tech Management Sdn Bhd	Non Compliance of Para 25, MS for MCS	22-May-13
7	33392	Ezymobile International	Non Compliance of Para 25, MS for MCS	23-May-13
8	33443	Matrix Tech Management Sdn Bhd	Non Compliance of Para 25, MS for MCS	23-May-13
9	37272	Everest Mobile	Non Compliance of Para 25, MS for MCS	22-May-13
10	33233	Everest Mobile	Non Compliance of Para 25, MS for MCS	23-May-13
11	33101	ICE Mobile	Non Compliance of Para 25, MS for MCS	5-June-13
12	32520	M-Mode Mobile Sdn Bhd	Non Compliance of Para 25, MS for MCS	10-June-13
13	33377	M-Mode Mobile Sdn Bhd	Non Compliance of Para 25, MS for MCS	10-June-13
14	37770	Everest Mobile Sdn Bhd	Non Compliance of Para 25, MS for MCS	6-June-13
15	33392	Ezymobile International Sdn Bhd	Non Compliance of Para 25, MS for MCS	12-June-13
16	32996	Macro Kiosk Berhad	Non Compliance of Para 25, MS for MCS	12-June-13
17	33101	ICE Mobile	Non Compliance of Para 8.12, Industrial Procedures, MCS	22-Oct-13

Table 9: List of Short Codes suspended in 2013



Termination of Telephone Line Displayed on Illegal Advertisements in Local Council Areas (PBT)

Termination of telephone lines displayed on illegal advertisements is MCMC's commitment with the cooperation from service providers to assist local authorities to overcome issues regarding illegal advertisements. These actions have been executed since early 2012 through an official application by local councils to MCMC. A standard operating procedure was issued by the Ministry of Housing and Local Government (MHLG) with the cooperation from MCMC to coordinate and standardize the work process. Illegal advertisements include personal loan (loan shark), enhancement medicines and massage services. Until December 2013, a total of 1,051 lines were terminated.

“Save Me 999” Application for the Handicap

Malaysia Emergency Response System (MERS999) was implemented under the supervision of KKMM whereby Telekom Malaysia Berhad (TM) was appointed as the implementing agency. The national emergency service provider involved in the use of MERS999 system are as follows:

- i. Royal Malaysian Police
- ii. Malaysia Fire and Rescue Department
- iii. Ministry of Health Malaysia
- iv. Department of Civil Defence; and
- v. Malaysian Maritime Enforcement Agency.

After more than 5 years of implementation, a number of improvement has been made to the system. In accordance to the improvisation and expansion of the MERS999 system, TM has developed an application for smartphones (involving only Android and iOS in the initial phase) named 'SaveME999' to give an alternative to voice emergency call.

“SaveMe999” was launched by Dato' Sri Ahmad Shabery Cheek, the Minister of Communications and Multimedia on 9 September 2013. This is the Government's responsibility to improve the current emergency service according to Section 192 (1) CMA 1998 under the required application service.

This application is beneficial to 464,697 registered disabled, comprising 42,909 visually-impaired persons, 55,517 hearing-impaired, 153,918 physically-impaired, 170,809 with learning difficulties, 2,725 speech-impaired, 16,998 mentally-impaired and 22,091 with other disabilities.

“SaveMe999” is very beneficial to victims in distress condition and unable to speak such as those facing heart attack, trauma, kidnap victim or people in a threatening situation.

If emergency occurs, the application can be activated by pressing the “SaveMe999” icon on the smartphone screen. The caller will determine the type of incident and the information on caller's location will be identified automatically by the smartphone Global Positioning System (GPS). This information will then be channelled to the 999 Emergency Call Centre officers.

The “SaveMe999” application can be downloaded for free via Apps Store or MERS 999 portal at www.999.gov.my. It can be launched using Android (version 2.2 and above), iOS (version 5 and above), Blackberry (version 6 and 7) and Windows Phone (version 7 and 8) smartphones. However, users need to have data plan from any internet service provider in Malaysia. There is no registration or monthly fees charge and users can activate the application via Wi-Fi.

Communications and Multimedia Consumer Forum of Malaysia (CFM)

Communications and Multimedia Consumer Forum of Malaysia (CFM) was established in February 2001 as an organisation representing relevant parties including the “Providers and Users” for communications and multimedia industry. CFM was appointed by MCMC as the Communications and Multimedia Consumer Forum in 2002 to protect the rights of consumers in accordance with the requirements of CMA 1998, which encourages industry self-regulatory.

As a forum for consumers, CFM is assigned to provide Consumer Code that will be used as a basic guideline by communications and multimedia service providers. General Consumer Code of Practice (KAPA) was accepted by MCMC as Industry Code in 2002, as well as Internet Access Code.

Main Functions of CFM:

i. Code Drafting

To draft, develop, prepare, amend, modify, review and update the Codes.

ii. Laws

To advise the Councils on legal considerations and requirements.

iii. Membership

To enlist and update CFM membership.

iv. Education and Promotion

To promote the objectives and publish CFM activities and provide channels for dissemination of public information and general knowledge regarding consumers rights.

v. Complaints Handling

To provide channels for lodging complaints relating to consumer matters. To provide guidance for handling complaints and grievances and to recommend solutions of such complaints.

vi. Compliance and Monitoring

To increase the understanding of the General Consumer Code (GCC) among service providers, to encourage adoption of GCC service providers' procedure, practices and policy, to ensure a high level of compliance with GCC and to prepare industry for self-regulation.

Organisational Structure

CFM comprises members from both providers (service provider) and users (consumer association, group with special interest, non-governmental organizations, academicians,) in communications and multimedia industry. It has an appointed Council, involving 13 members, representing the service user and the service provider. To ensure operational efficiency, the Council has formed a working committee to review various aspects of operation and function of CFM such as managing complaints, designing and Code compliance, increasing consumers' awareness and education and others.

The committee is as follows:

i. Compliance and Complaint Management Committee

Responsible to plan, review, and provide recommendations and guide complaints and compliance activities.

ii. Code Drafting and Corporate Committee

Responsible to plan, review, and provide recommendations on General Consumer Code (GCC) and Alternative Dispute Resolution (ADR) of CFM mechanism.

iii. Communication and Public Relation Department

Responsible for all communications and public relation activities including media, government, publications, education and awareness activities to empower consumers as well as membership to recruit new members and updating information.

Summary of CFM Activity for the Year 2013

Public Involvement

CFM has organized and participated in various public involvement. One of the important events was the launch of ConsumerInfo Portal and Consumer Guide organized on 10 December 2013. It is an important event for CFM as the portal is one of CFM main initiatives of increasing consumers' awareness on how to make the best choice for communications and multimedia services. The event was officiated by the Minister of Communications and Multimedia, Dato' Seri Ahmad Shabery Cheek with the attendance of Datuk Che Azemi Haron, Deputy Secretary General (II) from MCMC, Dato' Mohamed Shahril Tarmizi, MCMC Chairman and other invited guests including CFM Council Members, members, representatives from relevant organizations and the press.

CFM has published two SHOUT! news publications in 2013 whereby the latest was published as a bilingual version (English and Malay) to make it easier for all consumers in Malaysia. CFM also published an industrial guidebook of "Determining What Is Best For You" in both English and Malay languages to assist consumers in making better choice when purchasing communications and multimedia services including useful tips and short explanation on their rights and responsibilities as consumers.

In 2013, CFM carried out seven media interviews and issued six press releases. During the involvement in various media, CFM has appeared in newspapers, TV and radio for 35 times, an increase of 45.8% as compared to 24 times in 2012.

In conjunction with the 12th Anniversary, CFM has organized Creative Pledge Contest on Facebook. This is one of the initiatives to increase the online existence of CFM. The year 2013 has witnessed the involvement of CFM in various events all over the country, with 31 different events throughout the year. Overall, CFM has participated in 20 events as exhibitors, six events as guest speaker, 3 workshops/lectures, and organized two awareness seminars. CFM was also invited by MCMC to participate in their various events including the "Broadband Carnival" and "Klik Dengan Bijak". CFM also participated in ICT based events such as Sarawak ICT Carnival in November.



PROGRAMME	LOCATION
12th Anniversary Online Contest – Most Creative Pledge	CFM
CFM Consumer Awareness Programme with <i>Amanah Ikhtiar</i>	UiTM Hotel, Dungun
<i>'Program Himpunan Kasih Sayang'</i> with <i>'Klik Dengan Bijak'</i> (Sabah State Level)	Menumbuk, Kuala Penyu, Sabah
CFM Consumer Awareness Programme with Ranaco Education & Training Institute	Kemaman, Terengganu
Commercial Crime Prevention Campaign with the Royal Malaysian Police (RMP)	The Curve, Mutiara Damansara
1Malaysia Broadband Carnival organized by MCMC	Kemaman, Terengganu
Radio Interview with Terengganu FM	Kemaman, Terengganu
1Malaysia Broadband Carnival organized by MCMC	Kulim, Kedah
National Consumer Day and Month 2013 with KPDNKK	Pantai Batu Burok, Kuala Terengganu
Interview with Sinar Harian Terengganu	Pantai Batu Burok Kuala Terengganu
1Malaysia Sustainable Expenditure Seminar organized by Kuala Lumpur Consumers Safety Association (PKPKL)	Emerald Puteri Hotel, Sungai Petani, Kedah
Complaints, Compliance and Enforcement Seminar	The Palace Hotel, Kota Kinabalu, Sabah
Participation in the UMNO General Assembly	PWTC
Chinese New Year Malaysian Open House Ceremony (MRTM)	Puchong, Selangor
1Malaysia Sustainable Expenditure Seminar	Kuantan, Pahang
1Malaysia Care Programme	Bukit Beruntung
The Launching of Know Our Neighbour & 1Malaysia Internet Centre	Kerinci, KL
<i>PKP Seminar 'Hak Keselamatan Pengguna Perjuangan Kami'</i>	Ipoh, Perak
<i>PKP Seminar 'Hak Keselamatan Pengguna Perjuangan Kami'</i>	Port Dickson
<i>PKP Seminar 'Hak Keselamatan Pengguna Perjuangan Kami'</i>	Melaka

Table 10: CFM Summary Activities for the year 2013

Code Drafting and Corporate Committee (CDCC)

Compliance Code Draft for mobile Agents and Providers has been completed and is expected to be sent to MCMC at the end of the first quarter of 2014.

Compliance and Complaints Management Committee (CCMC)

In 2013, CFM received 6,257 complaints, an increase of 172% as compared to 3,631 complaints received in 2012.

CFM has processed all complaints and was successfully closed 87.6% of the complaints in 30 commercial days, slightly lower than the GCC benchmark of 95%.

COMPLAINT DURATION	YEAR		PERCENTAGE COMPARISON
	2012	2013	
<15 days	73.46%	69.27%	4.19%
<30 days	89.55%	87.62%	1.93%
>30 days	10.45%	12.38%	1.93%

Table 11: Percentage of complaints closed in 2013

NEW MEDIA

The New Media Department (NMD) was established in 2011 to strengthen the monitoring efforts of prohibited content and improve the performance of MCMC in managing complaints about online contents.

Internet Complaint

In 2013, NMD reviewed and handled 687 complaints pertaining to internet content, most of which were received from the public. This amount represents an increase from the number of complaints received in 2012.

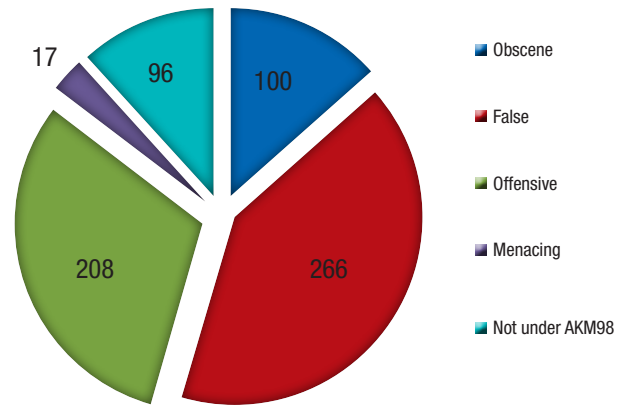
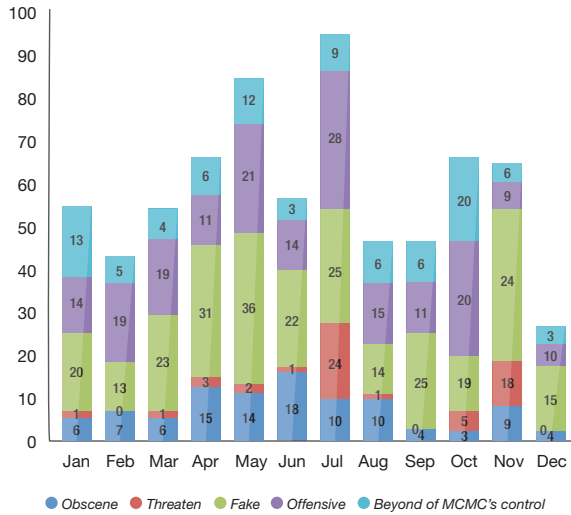


Figure 7: Complaints received by the NMD by category for the year 2013

Figure 8: Types of Complaints received by NMD for 2013

	SOCIAL WEBSITE	E-MAIL	BLOG	WEBSITE	OTHERS	TOTAL COMPLAINT
Jan	14	8	10	22	-	54
Feb	18	3	9	14	-	44
Mar	24	5	9	15	-	53
April	23	5	19	19	-	66
May	51	6	12	16	-	85
Jun	24	2	11	21	-	58
Jul	32	6	8	24	-	70
Aug	24	4	6	12	-	46
Sep	29	4	5	8	-	46
Oct	36	4	7	17	3	67
Nov	39	2	8	14	3	66
Dec	10	1	3	10	8	32
TOTAL COMPLAINT	324	50	107	192	14	687

Table 12: Total new media complaints according to medium in 2013

- Among the actions taken in addressing complaints include:
- i. Report abuse to the administrator or the service provider;
 - ii. Notice/warning letter to the content/website owner;
 - iii. Restrict Malaysian user access to websites (390 websites were blocked in 2013);
 - iv. Investigation and prosecution under CMA 1998; and
 - v. Escalation to other relevant enforcement agencies.



Figure 9: Websites blocked by NMD due to violations of written laws in Malaysia

NMD Initiatives

To enhance NMD effectiveness in its operation, a new initiative was introduced particularly to enhance the action of blocking websites known as the Landing Page System (LPS) Project.

Based on Section 263 (2) CMA 1998, internet service provider companies (ISP) are required to assist MCMC in preventing behaviour or attempted behaviour of any offence under any written laws in Malaysia or other than that in enforcing the National law.

Therefore, through this project, the implementation of actions to block ISP was executed at the stage of Domain Name System (DNS) server whereby consumers attempting to access any websites that violate the National law will be sent to the LPS website that contains the following information:

- i. The website could not be accessed in Malaysia as the content violates the National law;
- ii. Section 263(2) CMA 1998 – ISP general obligation;
- iii. Legal provision that has been breached;
- iv. Details of enforcement agency that blocks the access to the website.



Figure 10: Sample of LPS Notice



Akses kepada laman sesawang ini dihalang di bawah seksyen 263(2) Akta Komunikasi Dan Multimedia 1998 kerana melanggar undang-undang Malaysia di bawah:

Access to this site has been denied under section 263(2) Communications And Multimedia act 1998 as it violates the following Malaysian law:

AKTA/ACT

Akta Komunikasi Dan Multimedia 1998
Communication And Multimedia 1998

KESALAHAN/OFFENCE

Melanggar peruntukan Sekyen 211/233
Breached provision of Section 211/233

AGENSI PENGUATKUASA/ENFORCEMENT AGENCY

Suruhanjaya Komunikasi dan Multimedia Malaysia
Communications and Multimedia Commission

Pertanyaan/Inquiries: newmedia.unit@cmc.gov.my

The project is in the early phase of implementation and is expected to be fully implemented in the second quarter of 2014.

Monitoring Efforts

Given the number of sites are too many to be monitored, NMD carries out the monitoring of internet content by focusing on the content that can negatively affect national safety and public interest. The monitored content will be reviewed to ensure they do not conflict with CMA 1998, the guidelines set forth or the law of other countries.

IMPLEMENTATION MONITORING

The role of the Implementation and Monitoring Department is to ensure that new individual license holders regardless of the NFP(I) NSP(I) and CASP(I) licenses comply to several special individual license conditions which are:

- i. Implementation of service within 12 months after licenses are issued
- ii. Compliance to the Detail Business Plan (PPT) in five years
- iii. Forwarding the half-year Progress Report
- iv. Compliance to 30% Bumiputera shareholder.

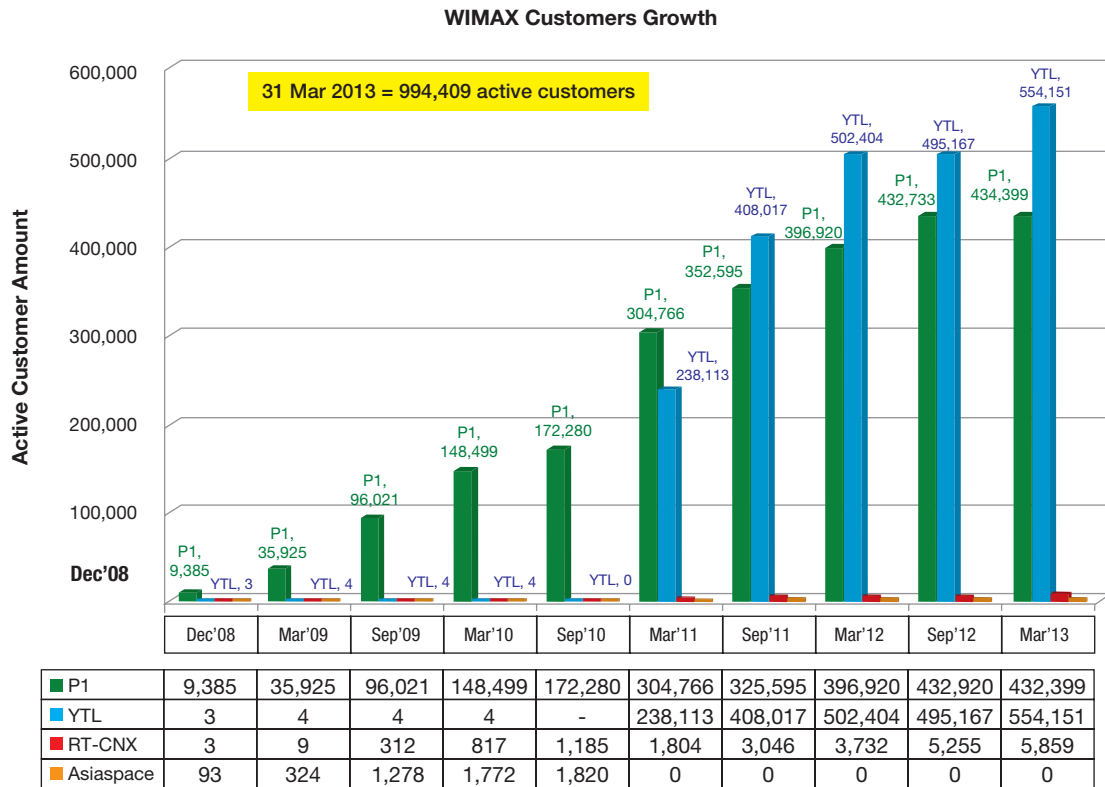
Implementation monitoring or spectrum provision allocation is also given to license holders that is WiMAX at the 2300MHz band, 3G at the 2100MHz band and the latest 4G at the 2600MHz. This includes the migration of Digital Channel Radio System (SRSD) using 410-430MHz band from the analogue and the migration date will be on 31 December 2015. The evaluation of implementation performance is based on the half-year progress report compared to the target in PPT.

Managing visit to service site is very important to ensure that MCMC can conduct audit on service implementation and spectrum band usage by the licensed operators.

31 March 2013 marked the end of five years PPT for WiMAX operators at 2300MHz band, that is Packet One Network (M) Sdn Bhd (P1) in Malaysia, Y-Max Networks Sdn Bhd (YTL) for West Malaysia only and REDtone-CNX Broadband Sdn Bhd (RT-CNX) for Sabah and Sarawak only. Meanwhile, for Asiaspace Broadband Sdn Bhd (Asiaspace) the implementation performance as compared to PPT will only be evaluated in 2018.



The following diagram shows the increase of active WiMAX users since December 2008 to 31 March 2013 and population coverage performance.



WIMAX Operator	Population Coverage
P1	89.32%
YTL	107.43%
RT-CNX	37.13%

Figure 11: WIMAX subscriber growth from December 2008 until March 2013

Failure to comply special license conditions will enable MCMC to take any action under CMA 1998 including suggestion to the Minister to suspend or revoke individual licenses. For the Spectrum Allocation, MCMC can impose penalty from the Bank Guarantee and can allocate spectrum to a more qualified operator.



OUTREACH AND ENGAGEMENT

KLIK DENGAN BIJAK™ (CLICK WISELY) PROGRAMME

MCMC has introduced the 'Klik Dengan Bijak' programme (KDB) in July 2012 with the purpose of educating and raising awareness on safe and positive Internet usage and simultaneously reminding the public of cybercrime awareness.

The KDB Programme has three clear objectives:

- Security** - to educate the community to use the Internet safely
- Alertness** - to encourage the community to be alert while interacting online
- Responsibility** - to inculcate positive network content usage among the community

For 2013, KDB's participation and activities were focused on the main target group particularly youth within the age range of 18 to 24 years old. The main messages to them are as follows:

- Think before you act;
- Ensure your secrecy/ personal information is protected.

To connect youth with KDB, a KDB Facebook website and an Instagram account were created. The KDB Facebook (www.facebook.com/klikdenganbijak) was opened in September 2013 and as of 31 December 2013, it has 8,958 'Like'.

To attract youth's interest and participation, the KDB awareness campaign was expanded in various kind of advertisements, including:

- i. Television and radio commercial advertisements. The advertisements can be accessed at: <http://www.youtube.com/user/klikdenganbijak?feature=watch>
- ii. Printed advertisements. The design of printed advertisements are as follows:
- iii. Video recordings of activities organized in KDB were produced for online broadcasting. The videos cover selected programmes organized throughout the year and can be reached at <http://www.facebook.com/media/?set=vb.183810588455060&type=2>



Activities and Programmes for 2013

In 2013, a total of 1,179 KDB activities were carried out throughout the country with the purpose of expanding and introducing KDB programme to the public. It was done through various programmes/activities such as 1Malaysia Broadband Carnival, 1Malaysia Netbook distribution, seminars, workshops, conferences and programmes organized with strategic partners.

Nearly 90% of the programmes and/or activities organized contained highly educational elements including the training of trainers' session for instructors such as the 1Malaysia Internet Centre managers and assistant managers (PI1M), the National Service Programme trainers (PLKN) and others, as well as talks, lectures or training programmes conducted by the MCMC officers to the target groups.

No	Programme	Total Programme
1.	Programme with Youth and Students	116 programmes
2.	Program in conjunction with the Netbook Distribution	228 schools
3.	Launching at the State Level	Sabah, Terengganu
4.	1Malaysia Broadband Carnival	18 programmes
5.	PI1M Managers' & Broadband Library Training	41 training sessions
6.	Training at PI1M and <i>Klik Dengan Bijak</i> Roadshow	468 training sessions
7.	Lectures, Seminars and Workshops	47 programmes
8.	Collaboration with Strategic Partners	190 programmes
9.	Others	69 programmes

Table 1: Programmes and activities carried out in 2013

Programme Highlights for 2013

There were several highly encouraging achievements by KDB in 2013. Among them were the acceptance of KDB programme as a module for National Service Training Programme (PLKN), and the organisation of a workshop on the New Approach for Online Children Protection – Training Programme and the Malaysian Development Action Plan, 2013 TWTUP Johor Programme and 2013 Scout Camping.

- i. Our cooperation with the National Service Training Department (JLKN) has resulted in the formulation of a special module known as *Klik Bijak@PLKN*. The new sub-module under the Character Building module consists of elements that teach trainees on safety, alertness and responsibility while surfing the Internet and using social media. The module also teaches trainees to evaluate and analyse the validity of information posted on the Internet and based on the principles of Rukun Negara in line with the campaign of good values and politeness campaign. A few training sessions for the trainers on *Klik Dengan Bijak* module were organized throughout the country involving 1,600 trainees. It will be introduced to trainees starting in 2014.



- ii. A workshop was organized with the cooperation from the ITU IMPACT and the Ministry of Women, Family and Community Development from 9 to 13 December 2013. A total of 80 officers and representatives from relevant government agencies and non-governmental organizations attended the “New Approach for Online Children Protection” seminar – Training Programme and the Malaysian Development Action Plan. The seminar was aimed at increasing the understanding and capability of policy makers, legal enforcement agencies, front-line officers, instructors and social activists to prepare the nation towards developing a national strategy on online children protection. The participants were exposed to experiences in the United Kingdom by Dr. Sangeet Bhullar, the Founder and Executive Director of WISE KIDS in developing an approach to promote internet safety practices to various stakeholders at the national and international levels. The participants assisted in developing the National Action Plan on Online Children Protection that will act as the framework in protecting children in the rapidly changing digital network environment.



- iii. TWTUP Johor 2013 was held at the Iskandar Malaysia Information Centre, Danga Bay, Johor Bahru with the aim of giving exposure for youths on their responsibility while using social media. The one-day programme was attended by youngsters actively involved with Twitter. The event was a platform to assist youngsters to protect their online safety and reputation, particularly with the current trend such as selfies (taking own photo), online personal information, peer group pressure and personal information theft.



- iv. The year 2013 has witnessed for the very first time MCMC organizing a programme managed under the KDB initiative with the Malaysian Scouting Association. The programme known as “Program Perkhemahan Klik Dengan Bijak 2014” was successfully organized in November 2013 at the Melaka Scout Camp. The four-day programme was attended by young (male and female) scout members from all over the country. The programme was aimed at giving exposures on lack of safety on the Internet and to educate them on steps to avoid fraudulent on cyber space. Participants were given exposure on various form of understanding safety on the Internet, tips and precautions needed when using any application, email, online forums, social network, file sharing, online games and blogs. These steps were taken to create awareness among the youngsters on the importance of appropriate Internet usage and to increase their awareness on online activity risks.



Participants of Networked Media Content Seminar 2013

KDB Strategic Partners

In 2013, various cooperation were implemented with agencies that assisted in enhancing the public awareness on information safety, issues and risks pertaining to the Internet. The agencies that had collaborated with MCMC are as follows:

No	Agency
1.	National Service Training Department (PLKN)
2.	Ministry of Women, Family and Community Development (KPWKM)
3.	International Telecommunication Union-International Multilateral Partnership Against Cyber Threats (ITU-IMPACT)
4.	Royal Malaysian Police
5.	National Security Council (MKN)
6.	Ministry of Domestic Trade, Cooperative and Consumerism (KPDNKK)

Table 2: List of Strategic Partners

The involvement of strategic partners will be continued in 2014 to educate and create awareness among the target groups through three main core programmes, which are security, alertness and responsibility.

Network Media Content Research Collaboration Programme 2013

Network Media Content Research Collaboration Programme (NMCR) was founded by the MCMC as a source of information and knowledge related to network media and its content. The NMCR programme is a collaboration between the MCMC and research institutions in Malaysia. Through this programme, the results of the studies will be shared via various channels and platforms.

One of the sharing platforms was the annual seminar organized by the MCMC. The Network Media Content Seminar 2013 was organized with the objective to share information with the public. In 2013, the seminar was organized at the Marriot Hotel Putrajaya and received an overwhelming response. An increase in the interest can be seen through the participation and media coverage. The first NMCR publication "Media Matters" was distributed to participants during the seminar. The publication contained all the studies conducted under the NMCR programme.



Opening remarks by the Chief Officer for Industry Regulation and Supervision

A total of two studies were completed in 2013. The study by the International Medical University entitled "An Intervention for Problematic Internet Usage among Young Adults: A Pilot Study" has developed a basic programme to reduce the Internet usage problem among youngsters. Each individual is unique and needs a different approach, and through this study, the appropriate approach for any individuals will be more understood.

The second study was conducted by the Universiti Sains Malaysia on the usage of Facebook among youngsters entitled "Captivated with Facebook: Constructions, Context and Consequences". The study has successfully documented activities done by youngsters on their Facebook and exposed their level of understanding on the social media usage. The challenges and enjoyment of using social website by youngsters can be better understood.

To determine the strategic way forward, MCMC had organized a Focus Group Retreat from 1 to 2 April 2013 at the Cyberview Resort and Spa, Cyberjaya. The retreat was attended by regulators, government representatives, researchers, academicians and representatives from various industries. It was held for two days to enable MCMC to design a research agenda and identify the core research areas for the next five years.



Participants of Network Media Content Group Retreat 2013

In addition, for the very first time, MCMC had organized an academic roundtable discussion on 4 June 2013. The discussion was a platform to hear and discuss on studies conducted on the Malaysian General Election. Through this method, the main issues and challenges faced to control the Internet and social media in the general election context were able to be shared.

It is important to continue the 2013 activities mentioned above to encourage information sharing among stakeholders and to increase the understanding on the development of role and influence of new media in our community.



STRATEGIC ENGAGEMENT (u-PUSTAKA)

For 2013, the activities conducted from the initiative of u-Pustaka can be summarized into the three aspects:

- i. education, teaching and promotion;
- ii. governance, implementation and support service; and
- iii. research and development.

Education, Teaching and Promotion

Education, teaching and promotion approaches contribute significantly to the literacy of u-Pustaka information in the effort of highlighting the role of u-Pustaka information service in assisting people to increase their understanding and skills using u-Pustaka to improve quality of life, work quality and strengthening the community relationship. Through these approaches, the existence of the Electronic Government Service that inculcate Malaysian digital lifestyle are made known and can be delivered to the people.

Education

The u-Pustaka Literacy Information Programme aimed at educating communities at all levels on the benefit of u-Pustaka service were conducted at the public and private higher learning institutions, community colleges, polytechnics, secondary and primary schools, training colleges and skills training centres which involved 12 locations selected by MCMC Regional Offices and also invitations received from the institutions. All programme sessions were conducted with the assistance and support from the MCMC Regional Offices that had selected the locations.

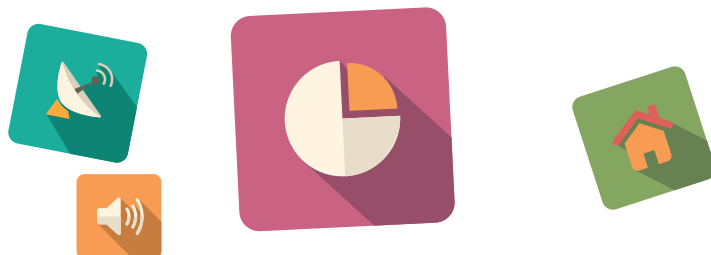
u-Pustaka also participated in the Smartkids Expo 2013 that took place at PWTC from 19 to 21 April 2013. This largest children *education expo* feature the *u-Pustaka service aspiration and the Klik Dengan Bijak* programme to children and parents, particularly promoting the platform that can increase the knowledge and awareness level among children. This will then produce a smart generation in using online knowledge source and selecting positive information from the cyber world wisely. u-Pustaka was honoured when Her Royal Highness Raja Zarith Sofia, the Sultanah of Johor visited the u-Pustaka exhibition area and attended the story session based on a book written by her.



Teaching

By looking at the importance of the role of libraries to the communities in this country, the implementation of "ICT Programme through the House of Knowledge (PICTMGI)" was created by the MCMC to distribute netbook and to teach staff of selected village libraries staff throughout the country. This includes libraries under the Federal Government or those under the State Government where 13 launching ceremonies and 15 briefings were conducted. The programme was successful and can be proud of as all State Public Library and National Library had established a close cooperation with MCMC. The programme had received support from all state leaders. The launching ceremonies were officiated by all level of leaders involving the Sultan, Chief Ministers, Deputy Ministers, EXCO, State Assemblymen, State Secretaries and Permanent Secretaries of the Ministries.

Village libraries were chosen based on the availability and sustainable access to the Internet available at the village libraries. This is to ensure the use of netbook can fully maximize the Internet facility at the libraries whether through the USP project, Broadband Library, Wireless Village or the internet access developed by the library itself. 12,000 units of 1Malaysia netbook were distributed to all village libraries whereas the PICTMGI programme focused on the programme content by adding three teaching modules; u-Pustaka, *Klik Dengan Bijak* (KDB) and Get Malaysian Business Online (GMBO).



Promotion

u-Pustaka activities with the “go and meet people on the ground” (*turun padang*) approach took place in 10 locations covering Terengganu, Kelantan, Negeri Sembilan, Sabah, Perak, Melaka, Pahang and Kuala Lumpur through a series of programmes such as 1Malaysia Broadband Carnival (KJL1M), 1Malaysia Community Carnival (KK1M), KDB and Electronic Government Online track by MAMPU. MCMC was also invited to exhibit the u-Pustaka at the National Digital Conference 2013 organized by MAMPU and INTAN, and also at the Malaysian Digital Lifestyle Expo. The expo witnessed two of the u-Pustaka members, i.e. Mrs. Rapeah Hassan, a traditional food entrepreneur and Miss Nor Aishah Ariffin, a handicapped person running knitting business online and has benefitted from the programme that were chosen as the Broadband Empowered Entrepreneur Award Winners 2013.

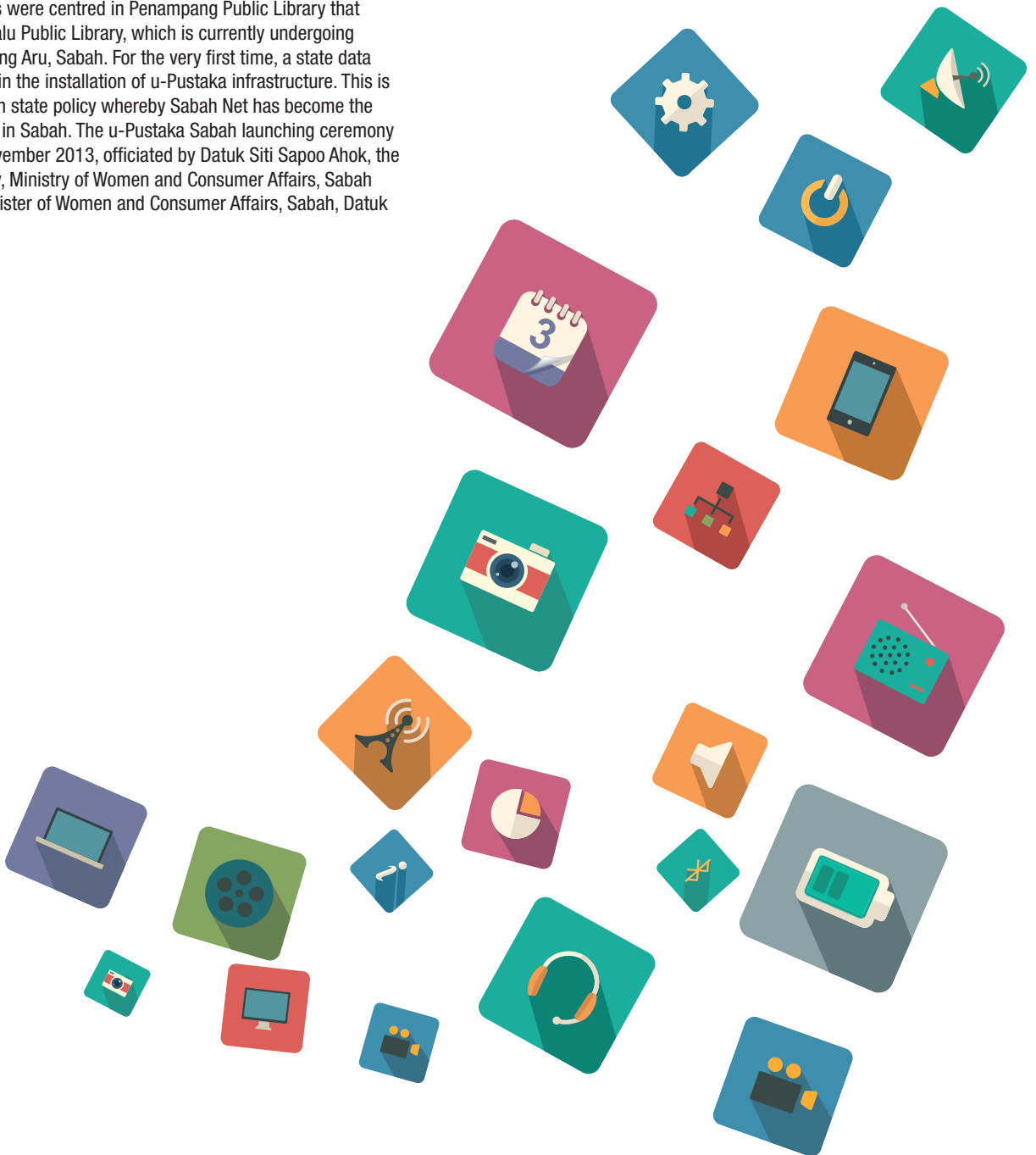
The u-Pustaka promotion was conducted via mass media and the ‘u-Pustaka Roadshows’ by MCMC and u-Pustaka Library Consortium. Nowadays, people have started to recognize u-Pustaka and the use of the portal shows that the portal is continuously accessed by visitors from Malaysia and other countries including 114 countries and 1,105 cities. They are from the neighbouring countries, Asia Pacific, the United States of America, Europe, Russia, Poland and Iceland. u-Pustaka membership has reached 331,820 people, and a total of 16,235 transactions of borrowing and returning of books were recorded on 31 December, 2013.



Governance, Implementation and Support Service of u-Pustaka

u-Pustaka governance activities for 2013 was continued by benefitting from the budget allocated for all matters pertaining to u-Pustaka. The Strategic Engagement Department worked closely with the Communication Sector, Ministry of Communications and Multimedia in the Ministry's audit management and the u-Pustaka budget listed in the Ministry's Broadband Trust Account. All u-Pustaka consortiums submitted their performance report regularly to coordinate and update the u-Pustaka portal by the u-Pustaka content development team that consists of members from each library consortium.

The year 2013 had witnessed the implementation of u-Pustaka in Sabah, the latest u-Pustaka member with the collaboration from Sabah State Library. The activities were centred in Penampang Public Library that replaced Kota Kinabalu Public Library, which is currently undergoing construction in Tanjung Aru, Sabah. For the very first time, a state data centre was involved in the installation of u-Pustaka infrastructure. This is in line with the Sabah state policy whereby Sabah Net has become the server for u-Pustaka in Sabah. The u-Pustaka Sabah launching ceremony took place on 30 November 2013, officiated by Datuk Siti Sapoo Ahok, the Permanent Secretary, Ministry of Women and Consumer Affairs, Sabah representing the Minister of Women and Consumer Affairs, Sabah, Datuk Hajah Azizan Dun.



Research and Development

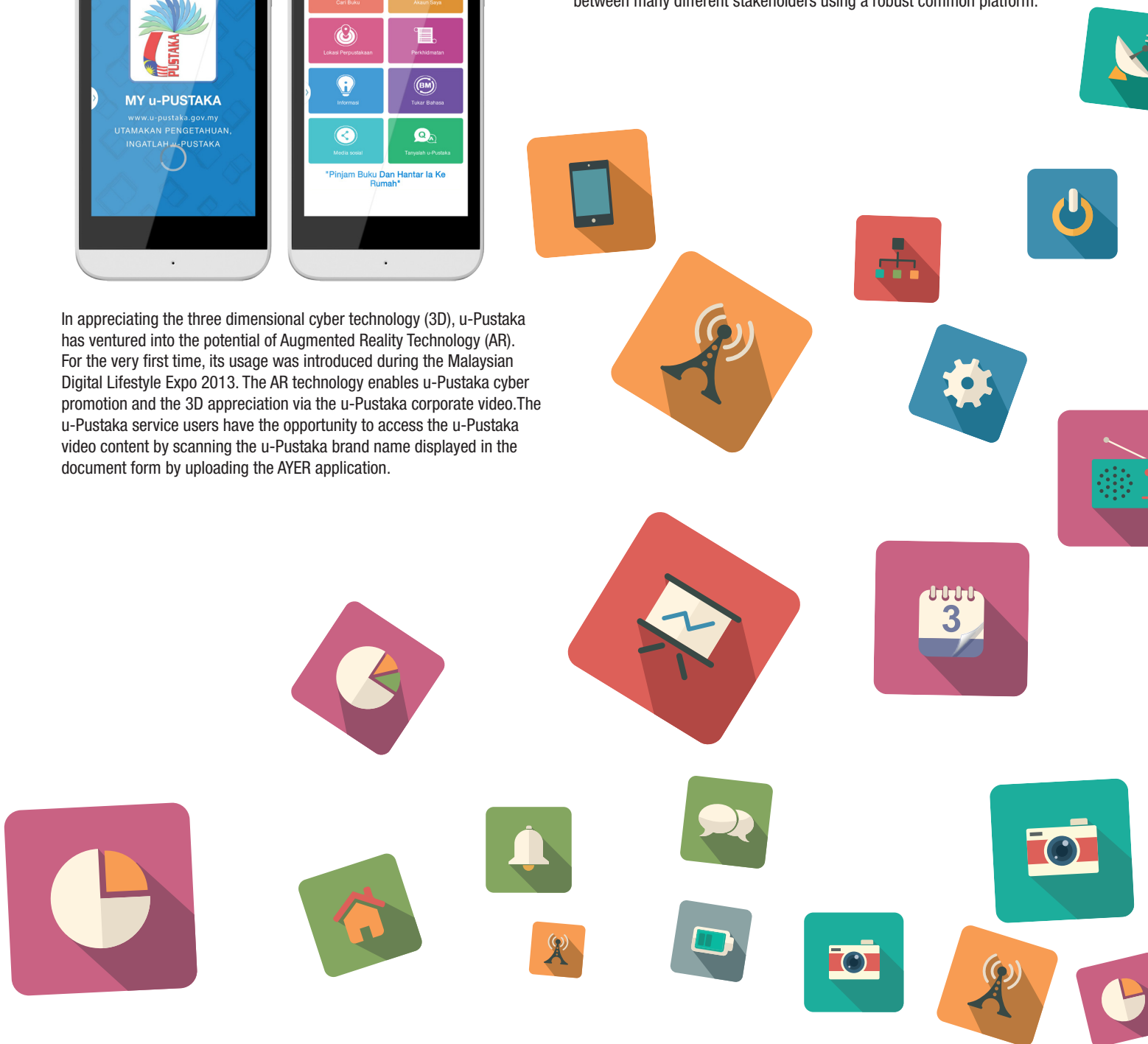
u-Pustaka mobile application development (mobile apps) has started in December 2013 with 15 types of u-Pustaka services were included in the application. The interconnection with MyClear and Pos Malaysia as the strategic partners is continued in the mobile application as u-Pustaka members are able to use their mobile phone to make payments and choose the book delivery service by Pos Laju. The mobile u-Pustaka application is expected to be completed in the first quarter of 2014 and will be launched during that period.



In appreciating the three dimensional cyber technology (3D), u-Pustaka has ventured into the potential of Augmented Reality Technology (AR). For the very first time, its usage was introduced during the Malaysian Digital Lifestyle Expo 2013. The AR technology enables u-Pustaka cyber promotion and the 3D appreciation via the u-Pustaka corporate video. The u-Pustaka service users have the opportunity to access the u-Pustaka video content by scanning the u-Pustaka brand name displayed in the document form by uploading the AYER application.

Recognition

On 5 March 2013 at the OneWorld Hotel Petaling Jaya, u-Pustaka was chosen as the Malaysia FutureGov 2013 award winner for the Technology Leadership category by the Asia Pacific FutureGov. The recognition of u-Pustaka was highlighted by the organiser as the 'catalyst of knowledge power that contributes to the Malaysian K-economy through technology usage in providing wider accessibility to books, strengthening the library ecosystem and reducing the digital divide'. It is a collaboration with various parties. The description of the award description is as follows "If 'knowledge is power', then the Malaysian Communications and Multimedia Commission 'u-Pustaka' has applied spark plugs to the Malaysia's knowledge economy through its use of technology to widen access to books, strengthen the library ecosystem and reduce the digital divide. More than 326,000 members of u-Pustaka are able to order 28,000 different titles out of more than 1 million collections from any of the participating Consortium Libraries – a successful collaboration between many different stakeholders using a robust common platform.

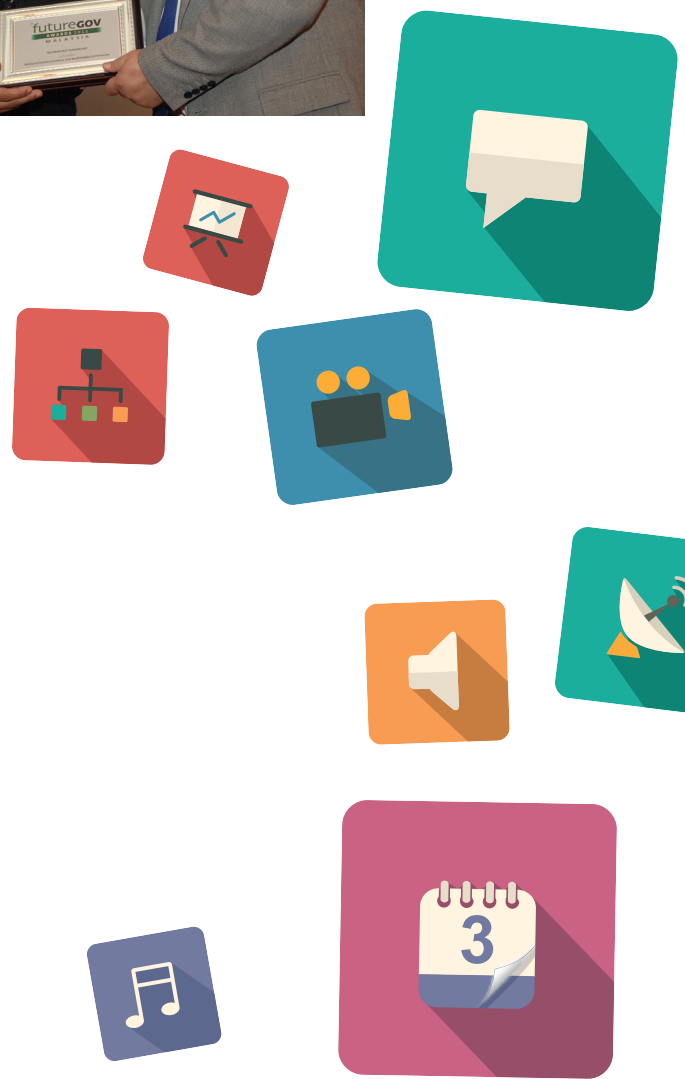




The success of u-Pustaka in 2013 was continued as u-Pustaka won the runner-up for Best Poster at the Taiwan e-Learning and Digital Archive Programme (TELDAP) International Conference from 6 to 9 March 2013. 51 countries from all over the world participated in the competition including from the Academy Science of China, National Library of Taiwan and Harvard University, US. u-Pustaka has received the attention from international jury panelists and then chose u-Pustaka as the Runner-Up for the competition.

Locally, u-Pustaka had represented MCMC in the Ministry of Communications and Multimedia Best Innovation Award competition and had attended an interview session in the early round which was also attended by other agencies under the Ministry. u-Pustaka presented 'u-Pustaka: The Heart of Knowledge for National Transformation' and it was selected as the winner for the award for 2013. The award was presented by Dato' Jailani Johari, the Deputy Minister of Communications and Multimedia in conjunction with the Ministry's Innovation Day 2013.

The continuous effort of u-Pustaka is an initiative that links the assets of the country's knowledge and services modernization that becomes a meeting point of u-Pustaka service without time and space boundaries for the people. This will be continued in the aspect of technology together with u-Pustaka Consortium to face the economic challenges and fulfil the current IT requirements in preparing the people in confronting information explosion and choose valid information wisely, as well as information that can give benefit and positive value.



DIGITAL SIGNATURE AND POSTAL AFFAIRS

POSTAL AND COURIER SERVICES

National Postal Strategy 2012 Performance (2010-2014)

Year 2013 marked the 4th year of the implementation of the National Postal Strategy (NPS). A number of initiatives and main targets were achieved through the five NPS main cores: universal services, service quality, increasing productivity, industrial development and international development.

- Postal Services Act 2012 was gazetted on 1 April 2013 to create a modern regulatory regime to spur the nation's postage and courier industry.
- The Postal Service Methods (Postage Rate Rules) 2010 under the Postal Services Act 1991 was amended and gazetted on 31 March 2013. Therefore, new international charges have been specified.
- RM8.64 million from the MCMC budget was allocated to implement the second phase of the Sabah and Sarawak Postal Transformation Plan (SSPTP). The plan will take place for two years based on the success of SSPTP 2010-2012. There will be an additional six units of mobile post offices as a one-stop service centre in rural areas.
- The performance of domestic mail service quality for year 2012 was 89.5%, which has increased from 87.8% in 2011.
- 93 courier service companies were successfully migrated to the new courier license scheme in March 2013.
- The National Letter Writing Competition 2013 received 79,875 participations.
- Two Stamp Exhibitions were held in 2013

Figure 1: Major achievements of NPS in 2013

Postal Services Act 2012 Enforcement

Postal Services Act 2012 (Act 741) was passed by the Parliament in December 2011 and was gazetted 1 April 2013 to replace the Postal Services Act 1991 (Act 465). This is based on the gazette number P.U. (B) 94/2013. The Postal Services Act 2012 contains new provisions with the purpose of regulating the postal service industry in an environment with many industrial players, encouraging appropriate industry development and protecting the universal postal service.

The Act also provides the regulation of ancillary matters to ensure the quality of postal services can be obtained with reasonable rates and quality, as well as ensuring the continuous development of the postal industry in an ever competitive environment.

Inline with the developments, MCMC has prepared a draft on the regulations under the new Act such as the licensing and regulation of universal service. The Universal Service Regulations framework was designed to ensure quality universal service can be provided by the universal service operators. The development of postal system in all states also promotes healthy and competitive postal services. The Licensing Regulations outline provisions on the new licensing regime, which is the details of universal and non-universal service licenses.

Consultation sessions with industry representatives were conducted to consider their official feedbacks in drafting these regulations. A special retreat session with senior officers of Pos Malaysia Berhad and Communications Division, Ministry of Communication and Multimedia was also conducted to discuss on issues and improve the draft of these regulations. The draft regulations were forwarded to the Ministry and are still in the process of being refined by the Legal Counsel since April 2013.

In addition, there are several other rules under the Postal Services Act 2102 that will be developed involving four categories of regulation; economic, technical, social and consumer protection. MCMC's functions have been enhanced by ensuring that the universal service can be provided on an ongoing basis, managing the Postal Service Fund and improving the postcode and address system in Malaysia.

Phase 2 Sabah and Sarawak Postal Transformation Plan (SSPTP)

The government has allocated RM8.64 million from the MCMC fund to continue the implementation of the SPTP 2010-2012 based on the success of this initiative. The private and government agencies cooperation between MCMC and Pos Malaysia aims to improve the coverage of mail delivery to houses in rural areas and improve the access to basic postal services to rural communities in Sabah and Sarawak.

The second funding is based on the NPS target to achieve 95% mail delivery to houses and reduce the postal access ratio up to 15,000 people per every postal outlet by 2014. Nearly one million of residents in remote Sabah and Sarawak have benefited from this project. Six new mobile post offices will be added under this programme and are expected to operate in stages at the beginning of 2014.

Service Complaints

57 complaints were received in 2011, and until December 2013, 103 complaints were received. The complaints were from consumers, consumer organisations and those through the Public Complaint Bureau on postal and courier services.

The complaints were from various categories such as complaints on service quality, late delivery, lost or damaged items, postmen's and delivery personnel's attitude, unsatisfactory charges, poor customer service and others.

NO	CATEGORY	NO. OF COMPLAINTS		
		2011	2012	2013
1.	Late delivery	19	30	40
2.	Unsatisfactory services	13	10	26
3.	Lost items	9	16	16
4.	Postmen's/delivery personnel's attitude	8	2	4
5.	Unsatisfactory charges	1		4
6.	Unsatisfactory terms and conditions			
7.	Unsatisfactory customer service	3	4	6
8.	Others	4	4	7
Total		57	66	103

Table 1: Types of Complaints Received until 31 December 2013

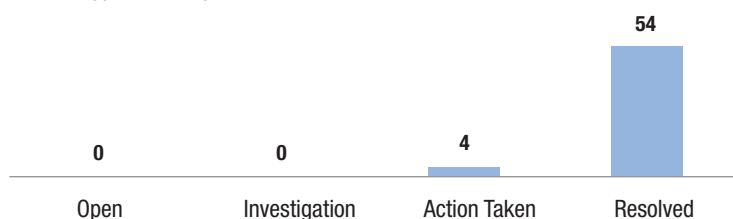


Figure 2: Current Status of Complaints Until December 31, 2013

International Mail Tariff

The Postal Service Methods (Postage Charges Rate) 2010 under the Postal Services Act 1991 was amended and gazetted on 31 March 2013. Therefore, new international charges have been specified.

The amendment for the international tariff is needed due to the rapid changes in the global economic situation. This is due to various situation such as inflation, increase of fuel price, transportation cost, and most importantly, the increase in international delivery cost. These factors contribute to the increase in the operational cost for mail and international packaging.

Pos Malaysia has implemented the new tariff on 15 May 2013 and made an announcement on the increased rate at all the post offices and its website to inform consumers.

Stamp and Philately Development



Special Edition Stamps

Pos Malaysia issued special stamps with 15 themes in 2013. Stamp series that have attracted the public attention are the stamps with the 50 Years Malaysia, the Traditional Salad and the Woodpecker themes. The performance for all the stamps are shown in Exhibit 4.



NO	THEME	ISSUE DATE	QUANTITY	SALE PERCENTAGE
1	WOODPECKER	13.01.13	667,000	97
2	EXOTIC PETS	05.02.13	722,000	96
3	NATIONAL UNITY	26.03.13	1,241,800	95
4	LIGHTHOUSES IN MALAYSIA SERIES 2	30.04.13	1,292,000	90
5	WONDERS OF MALAYSIAN FORESTS	13.05.13	347,000	73
6	LIVING CORALS IN MALAYSIA	28.06.13	1,282,000	96
7	TRADITIONAL SALAD	25.07.13	1,237,000	98
8	TRI-NATION STAMP	23.08.13	382,000	72
9	MUSEUMS AND ARTEFACTS	02.09.13	1,542,000	74
10	50 YEARS MALAYSIA DAY	16.09.13	436,700	100
11	UNICEF CHILDREN STAMPS	22.10.13	1,086,700	91
12	RARE FRUITS SERIES IV	28.10.13	586,700	85
13	100 YEARS RHB BANK	23.11.13	1,238,000	65
14	BABA AND NYONYA HERITAGE	29.11.13	882,000	91
15	ENDANGERED WILD CATS IN MALAYSIA	23.12.13	882,000	60*

Source: Pos Malaysia Berhad

*Estimate

Table 2: Performance of stamps issuance in 2013



First Humanitarian Stamp

For the very first time, Pos Malaysia has issued humanitarian stamp to aid the Philippines' Haiyan typhoon victims. The stamp that was issued on 14 November 2013 is from the Setemku range and sold to the public at RM10.00 with RM6.00 will be contributed to the disaster fund. As of 11 December 2013, 30% of the stamps were sold.

Kedah Royal Stem Presentation

The exhibition was organised by MCMC with the cooperation from the Philatelic Society of Malaysia in conjunction with 100 years of Kedah stamps and Pos Malaysia with the support of the Kedah State Government. The exhibition was held at Alor Setar Tower on 20 -23 March 2013.

The guest of honour was His Royal Highness Dato' Sri Utama Tan Sri Tunku Annuar AlHaj Ibni Al Marhum Sultan Badlishah, Tunku Bendahara of Kedah.

International philatelists also presented their special collections related to Kedah including Queen Elizabeth's collections that are rarely shown to the public. The collection was brought directly from London. There were presentations by four international philatelists as follows:

- i. Mr Michael Sefi, The Keeper of Queen Elizabeth's Collections;
- ii. Dr Prakob Chirakiti, President of the Thailand Philately Association;
- iii. Dato' Anuar Bashah, President of Philately Association, Malaysia; and
- iv. Mr Vincent Ong, Representative from Singapore Philately Association.

The presentation also featured collections of Kedah Royal stamps and Great Britain stamps including the history of Kedah postal services. The exhibition was opened to all Alor Setar Tower visitors and was classified as a successful exhibition.

The exhibition is part of the MCMC effort in assisting the Philatelic Society of Malaysia and Pos Malaysia to strengthen Malaysian stamps to a higher level as well as increase public awareness on the country's history through philately artefacts exhibition kept by local and international philatelies.

Tri-Nation Stamp Exhibition

The Tri-Nation Stamp Exhibition was held on 23 -25 August 2013 in conjunction with the Independence Day and 50th Anniversary of Malaysia. It was held at Pos Malaysia Headquarters, Kuala Lumpur. The exhibition was participated by participants from Thailand and Singapore. It was officiated by Dato' Jailani Johari, the Deputy Minister of Communications and Multimedia Malaysia. It was also participated by school children around Kuala Lumpur. Similar to the stamp exhibition that was organised in Kedah, this exhibition was also organised successfully.

World Youth and Asian Stamp Exhibition 2014

MCMC has prepared the Stamp Exhibition Plan (2012-2014), where several stamp exhibitions have been planned at state, national and international levels. The highlight will be the World Youth and Asian Stamp exhibition in 2014 that will be organised for the very first time in Malaysia. It is hoped that all initiatives that have been successfully implemented and yet to be implemented will elevate the culture and tradition of our country internationally.

On 1 -6 December 2014, Malaysia will be the host for World Youth and Asian Stamp at the Kuala Lumpur Convention Centre. MCMC with the cooperation of Pos Malaysia, Philatelic Society of Malaysia and the Ministry of Communications and Multimedia. Preparation has been made to ensure that the exhibition will be smooth.



**WORLD
POST
DAY** 9 OCTOBER

World Post Day

World Post Day is celebrated annually on 9th of October to mark the anniversary of the establishment of the Universal Postal Union (UPU). The Universal Postal Union aims to establish and maintain the independent structure flow for postal service at the international level throughout the world. The theme for this year's celebration is 'The Post, Delivering for People and Business Daily'.

Malaysia celebrated the World Post Day through publications and new media such as Facebook, Twitter and MCMC's website. This includes articles and announcements from main local newspapers; for example in Utusan Malaysia and The Star. The Minister of Communication and Multimedia has also delivered his message in conjunction with the World Post Day. In the message, he mentioned that postal service has become an important infrastructure in contributing towards the nation's economy, social and unity development.

An interview session with Mr. Mohd Zaidi Abdul Karim, the Head of Postal Affairs and Digital Signature Department at the Bernama Radio was also conducted. The MCMC territorial Offices had organized activities such as mini carnivals in conjunction with the World Post Day.

Courier Service

Courier service is the core enabler for e-business. A new courier licensing scheme was established at the end of 2012 with the purpose of improving the quality and courier industry service achievements in line with current e-business requirements.

Courier companies need to enhance their competitiveness, provide modernised infrastructures and increase their capacities to meet the government aspiration in becoming a high income and developed nation.

All 93 active courier licenses were successfully migrated in March 2013 to the three established license classes, A, B and C compared to the previous scheme.

CLASS LICENSE	BUMI	NON-BUMI	GLC	FOREIGN	OTHERS*
Class A	7	5	0	11	1
Class B	15	14	2	0	3
Class C	8	14	0	0	13
Total	30	33	2	11	17

Table 3: Summary of classification according to equity

Note: Based on 51% or more equity ownership. Source: MCMC.

*Others – Mixed equity ownership

TYPE OF LICENSE	CLASS A	CLASS B	CLASS C
Service Scope	<ul style="list-style-type: none"> International courier service Within states and between states domestic courier service 	<ul style="list-style-type: none"> International courier service (inbound) Within states and between states domestic courier service 	<ul style="list-style-type: none"> Domestic courier service within same states <p>Note: Following areas are categorized as same state due to geographical factors:</p> <ol style="list-style-type: none"> Selangor, Kuala Lumpur and Putrajaya Sabah and Labuan
Licensing criteria	<ul style="list-style-type: none"> Paid-up capital (RM1,000,000) Good business plan 	<ul style="list-style-type: none"> Paid-up capital (RM500,000) Good business plan 	<ul style="list-style-type: none"> Paid-up capital (RM100,000) Good business plan
General license conditions	<ul style="list-style-type: none"> Industry Code of Practice compliance Quality standard compliance Ensuring service integrity 		
Special license conditions	<ul style="list-style-type: none"> Providing tracking and tracing services Minimum access: 5 business premises Provide customer service Yearly license fee: RM30,000 rebate if qualified 	<ul style="list-style-type: none"> Providing tracking and tracing services Minimum access: 5 business premises Provide customer service Yearly license fee: RM10,000 rebate if qualified 	<ul style="list-style-type: none"> Annual license fee: RM500.00

Table 4: Conditions and Schemes for the New Courier Licensing Service



The Association of Malaysian Express Carriers (AMEC) with the cooperation from MCMC has been actively organizing various activities for the courier service industry. One of them was the Courier Industry Networking Session conducted on 29 May 2013 which involved the presentations from the Public Land Transport Commission (SPAD) and the Ministry of Human Resource. A total of 84 1Malaysia netbooks were distributed by the MCMC to the children of courier industry staff who excelled in their studies.

At the end of 2013, the total number of licensed courier companies will reach 93 with an estimation of RM2.35 billion industrial value based on 7% of the average increase in 2012.

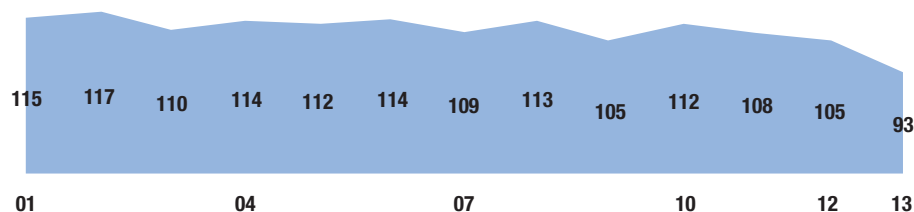


Figure 3: Total number of Licensed Courier Companies (2001-2013)

1Malaysia Letter Writing Competition

1Malaysia Letter Writing Competition that has been going since 2010 is part of the main performance indicators in the NPS document. The cooperation between Pos Malaysia, MCMC, MCMM, and the Ministry of Education has successfully carried out this programme on 15 April to 31 July 2013.

The competition was opened to all Malaysians and was divided into three categories with different themes:

- i. Category A – Primary School (Standard 1-6)
Theme: Love Malaysia (*Sayang Malaysia*)
- ii. Category B: Secondary School (Form 1-5)
Theme: My Dream Malaysia (*Malaysia Impianku*)
- iii. Category C: Open (18 years old and above)
Theme: The Spirit of Patriotism (*Semangat Patriotisme*)

A total of 39 winners were selected from the total of 79,875 participations received. The prizes given to the winners are as Exhibit 5:

CATEGORY A	CATEGORY B	CATEGORY C
First Place - RM1,000	First Place – RM2,000	First Place – RM2,000
Second Place – RM750	Second place –RM1,500	Second Place – RM1,500
Third Place – RM500	Third Place RM1,000	Third Place – RM1,000
10 X consolation prize RM200	10 X consolation prize RM200	10 X consolation prize RM200

Table 5: Prizes for the 1 Malaysia Letter Writing Competition

The prize giving ceremony took place on 14 November 2013 together with the Stamp Week, a Pos Malaysia annual event. The event was officiated by Dato’ Jailani Johari, Deputy Minister of Communications and Multimedia.

In line with the purpose of the theme, it was hoped that the programme can contribute in inculcating the spirit of 1Malaysia and love the country as aspired by the Prime Minister.



DIGITAL SIGNATURE

MCMC is the regulator for Certifying Authorities under the Digital Signature Act 1997. To date, three Certifying Authorities have been authorised, which are Digicert Sdn Bhd in 1999, followed by MSC Trust gate Sdn Bhd in 2000 and the latest is Telecom Applied Business Sdn Bhd in 2013 as per Figure 4:

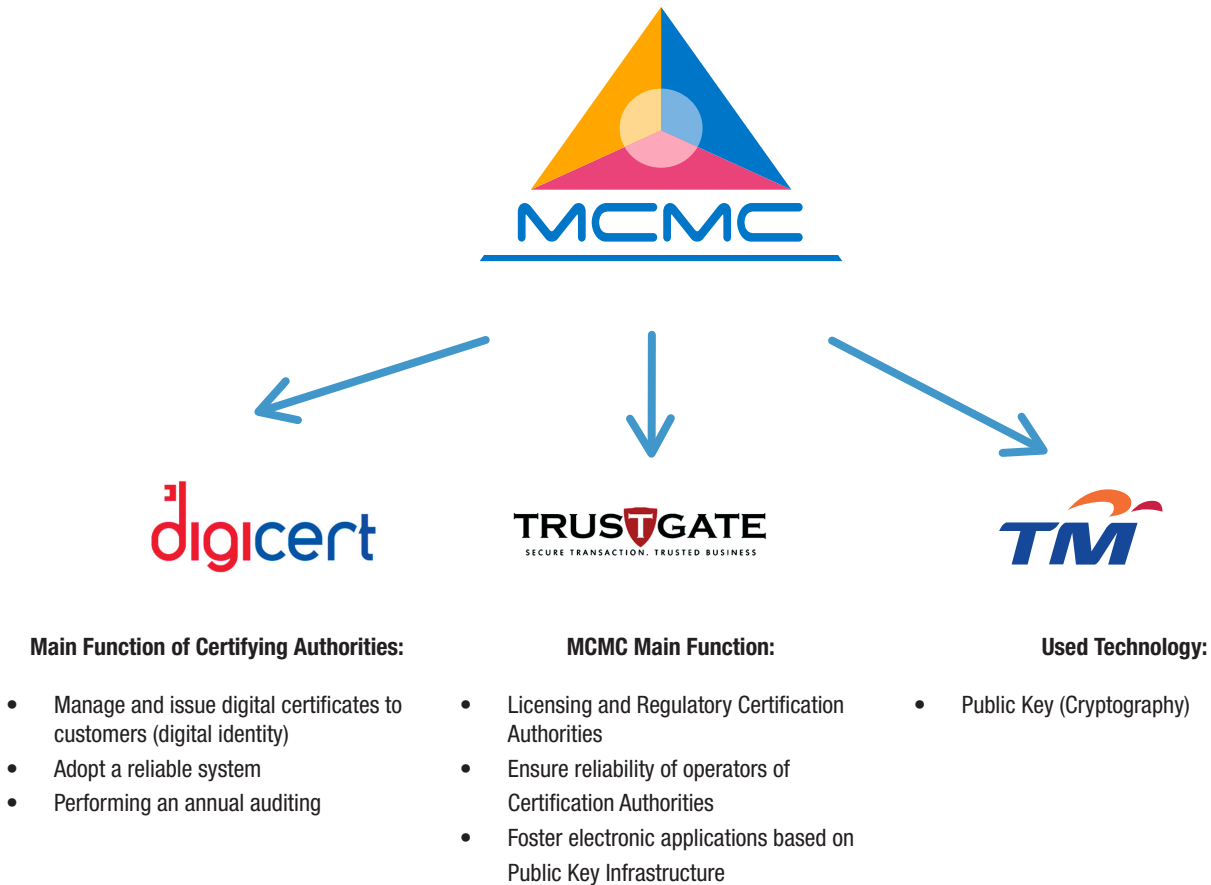


Figure 4: Regulatory Board for Digital Signatures

The rapid growth of digital economy in Malaysia can be seen with the expansion of broadband lines throughout the country. Continuous and sustained growth of electronic trading facility or e-commerce, e-payment, e-banking and other online services are the catalysts for the digital economy initiatives. The rapid growth has successfully increased the country's productivity and enhanced the daily activities of the Malaysian population.

However, it should be noted that there are weaknesses when online services are widely used or used without control. Issues such as identity theft and online fraud are widely reported in the media nowadays. Most online safety features (usernames and passwords) cannot provide adequate protection for online consumer services.

In order to enhance consumers' safety and confidence in the cyber world or online, the Public Key infrastructure (PKI) that is monitored by MCMC will be able to assist retail consumers and organisations in avoiding identity theft and other online fraud incidents. PKI is subjected to the Digital Signature Act (DSA) 1997. The Act was formulated to position the country on a strong foundation in the ICT field and increase consumers and businesses confidence when dealing in cyberspace or online.

Identity Confirmation

Under DSA 1997, the use of digital signature is subjected to the procedures specified by the law and has a non-repudiation effect. Therefore, it is a digital signature with the highest trust level then the use of other electronic signatures such as the use of a PIN number or Username and Password.

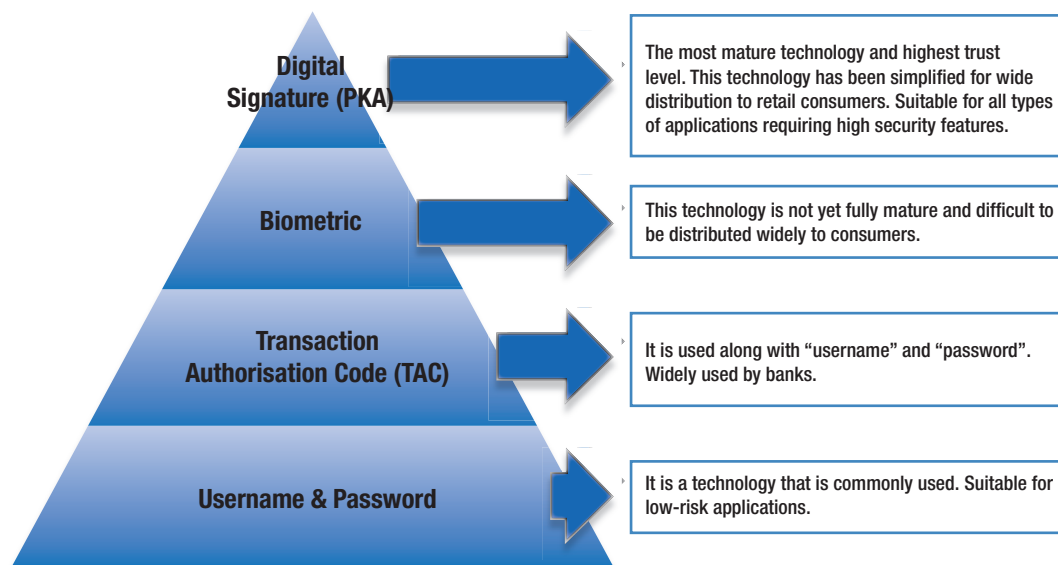


Figure 5: Hierarchy of Digital Identity In The Virtual World To Ensure Safety In The Market Use of Electronic Applications

In order to ensure the effectiveness of the licensed Certifying Authority in distributing digital signature certificates, MCMC also ensures they use a reliable system for issuing digital certificates. They also have to comply with the prerequisites set by DSA 1997 before issuing digital certificates to the client. Strict requirements are necessary to ensure the integrity of the licensing authorities in Malaysia is at the highest level. Until now, no cases has been reported to MCMC regarding the violation of the integrity of licensed certifying authorities and the digital certificates issued by any party.

Annual WebTrust Audit Compliance

In ensuring compliance with the annual audit requirement, the Certifying Authorities are required to undertake performance audit each year by the auditors who have the expertise in the field of computer security as recognized by MCMC and introducing a compliance audit based on the WebTrust Principles for Certification Authority (WebTrust). WebTrust principle was developed by the American Institute of Certified Public Accountants (AICPA) and the Canadian Institute of Chartered Accountants (CICA).

The principle is adopted by the Certifying Authorities in other countries as a standard. Among the advantage of WebTrust Principle is the Certification Authorities that have been accredited by WebTrust can apply to attach the principle certificate to website browsers such as Mozilla, Internet Explorer, Safari and others. MCMC expects that all Certifying Authorities will be accredited before mid-2014. Until November 2013, MSC Trustgate Sdn Bhd has become the first to receive the accreditation in Malaysia. Other Certifying Authorities are in the process of obtaining the accreditation latest by the first quarter of 2014.

Business Continuity Plan (BCP)

MCMC has introduced a Guideline for Business Continuity Plan to ensure the continuity and safety of the Certifying Authorities should there be any interruption or catastrophe to the operations.

The BCP involves planning and organising of resources and procedures that would enable the Certification Agencies to respond and ensure continuous critical operational functions in the event of interruptions either within or outside the industry. The readiness of continuous critical and important services is a must for the Certification Agencies to gain trust from consumers, ensure procedure compliance and protect its reputation. It is important for the Certification Agencies to continuously increase their capability to respond immediately in ensuring the reliability of critical business process during major interruptions.

Public Key Infrastructure Development in Malaysia

MCMC plays its role in developing the use of digital certificates in both public and private sectors that have increase from year to year. In 2013, the total digital certificates surpassed 5 million as compared to 4.3 million in 2012, an increase of 16% in a year. 92% were issued by Digicert Sdn Bhd and the rest by MSC Trustgate Sdn Bhd. Since Telecom Applied Businesses (TAB) has just obtained the license in the middle of 2013 from MCMC, TAB has not marketed their product yet. Figure 6 exhibits the growth of digital certificates in Malaysia.

Public Key Infrastructure Development in Malaysia is growing rapidly

The Risk of Certification Authorities is becoming increasingly important in creating a reliable cyberspace eco-system

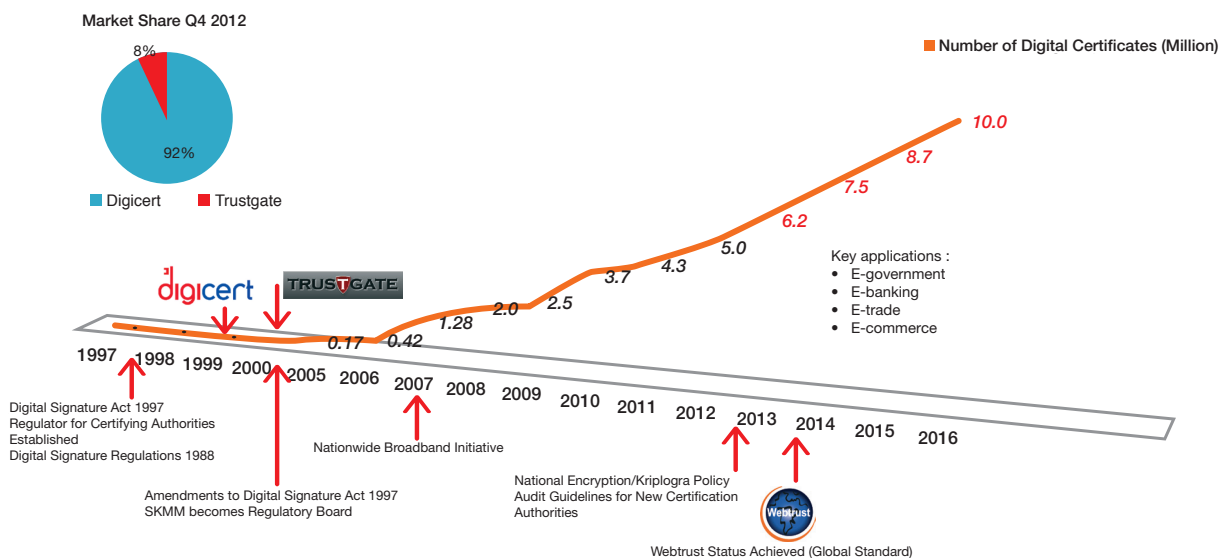


Figure 6: Growth of digital signatures in Malaysia

The PKI in Malaysia is still developing and not comprehensive. However, the paradigm shift of PKI can be seen with the development of various high impact projects whereby applications based on PKI have been developed by both public and private agencies. These include Malaysian E-Passport, Peninsular Malaysia E-Court and others. MCMC is currently cooperating with government agencies to identify existing manual processes for improvisation using the PKI method.



Implementation of Initiatives by MCMC

MCMC expects that with the introduction of PKI Mobile project in Malaysia, the use of PKI will increase in parallel with internet banking users with a total of 10.2 million. The improvement will not occur abruptly but the increase will be periodic. Figure 7 exhibits MCMC initiatives to enhance digital signature certificates in Malaysia.

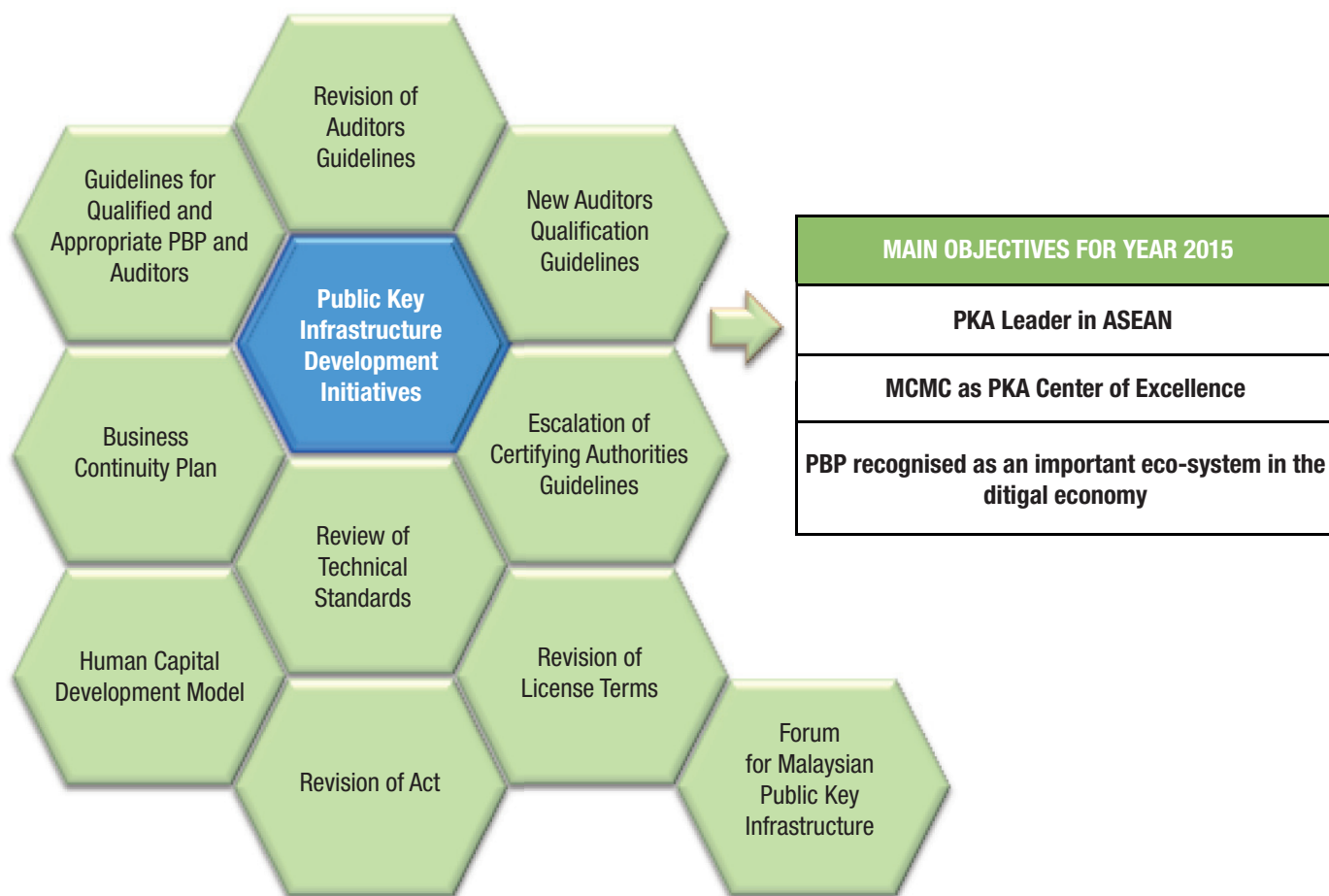


Figure 7: Public Key Infrastructure Development Initiatives



In ensuring the National Public Key Infrastructure achieves world standard by 2015, MCMC has designed the development plan for the period of 2012 to 2015. Among the initiatives executed in 2012-2013 are as follows:

- i. Reviewing audit guidelines - executed in 2013;
- ii. Business Continuity Plan - executed in 2013;
- iii. Qualified and Appropriate Auditors and Certifying Authorities Guidelines - will be executed in 2014;
- iv. New Auditors Qualification Guidelines - will be executed in 2014;
- v. Escalation of Certifying Authorities Guidelines - will be executed in 2014;
- vi. Reviewing of Technical Standards - will be executed in 2014;
- vii. Human Development Programme - will be executed in 2014;
- viii. Reviewing Acts - will be executed in 2014;
- ix. Reviewing Licensing Conditions - will be executed in 2014; and
- x. Malaysia Public Key Infrastructure Forum - will be executed in 2014.

In 2015, MCMC targets for the Certifying Authorities to become the main leader for the Public Key Infrastructure in ASEAN with the total digital certificates issuance exceeding 8 million users and become an important player in the country ecosystem from the security and digital identity aspects. MCMC as the regulatory body for the Certifying Authorities becomes an excellent centre for Public Key Infrastructure (PKI) in Malaysia.



SERVICES AND SUPPORT

Digital Malaysia (DMD)
Regional Coordination (RCD)
Human Capital Management and Competency
Development (HCMCD)
Integrity, Discipline and Governance (IDGD)
International Affairs, Legal and Secretariat (IADLS)
Strategic Communication (SCD)

Entertainment



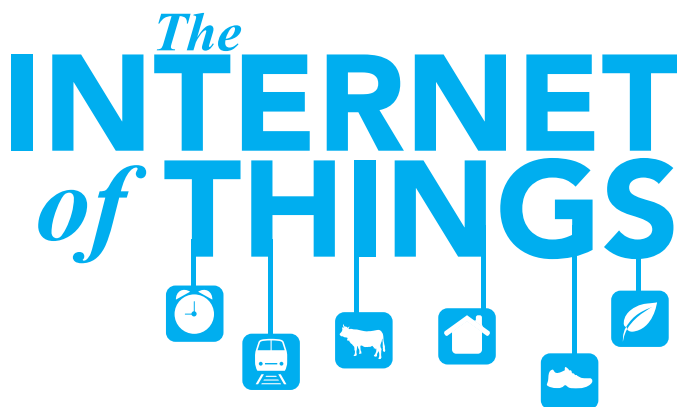
Entertainment is one of the six
digital lifestyle ecosystems.

DIGITAL MALAYSIA



Digital Lifestyle and Internet of Things

In preparation for the country to face a future which is becoming increasingly connected, the MCMC established the Department of Digital Lifestyle and the Internet of Things in 2013. This department is entrusted with introducing digital lifestyle to the society whereby every electronic device and service will be implanted with Internet capabilities and simultaneously transforming all aspects of life, work and recreation. For instance, a shopping experience will be different as compared to now if that experience is reworked into a digital lifestyle framework. Products in the market will be equipped with electronic identification system based technology such as RFID, barcode, QR and NFC. The system can recognize users who often visit the store or shopping mall, extends a warm welcome as well as calls their names. Users can search for items required, along with size, price, variety and location of the items through their mobile smartphones or through devices such as Google Glass. Payment can be made without the use of cash through smartphones and the ordering of goods can be delivered to just anywhere in the world.



However, investments on IoT projects to promote a digital lifestyle are fraught with challenges in terms of inadequate awareness on prospects regarding the Internet of Things, lack of conviction regarding its safety features and security, as well as the relatively costly initial investment which hindered the development of a digital lifestyle ecosystem and its large-scale implementation of a sustainable nature. By taking into account its benefits and the challenges that need to be addressed, the MCMC has facilitated industries to innovate. It has also spearheaded the adoption of the Internet of Things in four key ecosystems: Connected Healthcare, Home and Community Living, Traceability, and People Friendly Commuting

Projects under Four Key Ecosystems in 2013

Home and Community Living – Collaboration between DLM and the Malaysia Environment Heritage Organisation (WASM)

Collaboration with WASM began as a result of a brainstorm with DLM which was intended to assist government efforts to develop minds and an appreciation towards raising awareness on environmental preservation/conservation efforts. The collaboration is focused on mobilizing and gaining awareness, concern and the cooperation of its members together with affiliated groups, bodies/support groups as well as the local community in Malaysia regarding activities in preserving/conserving the environment.

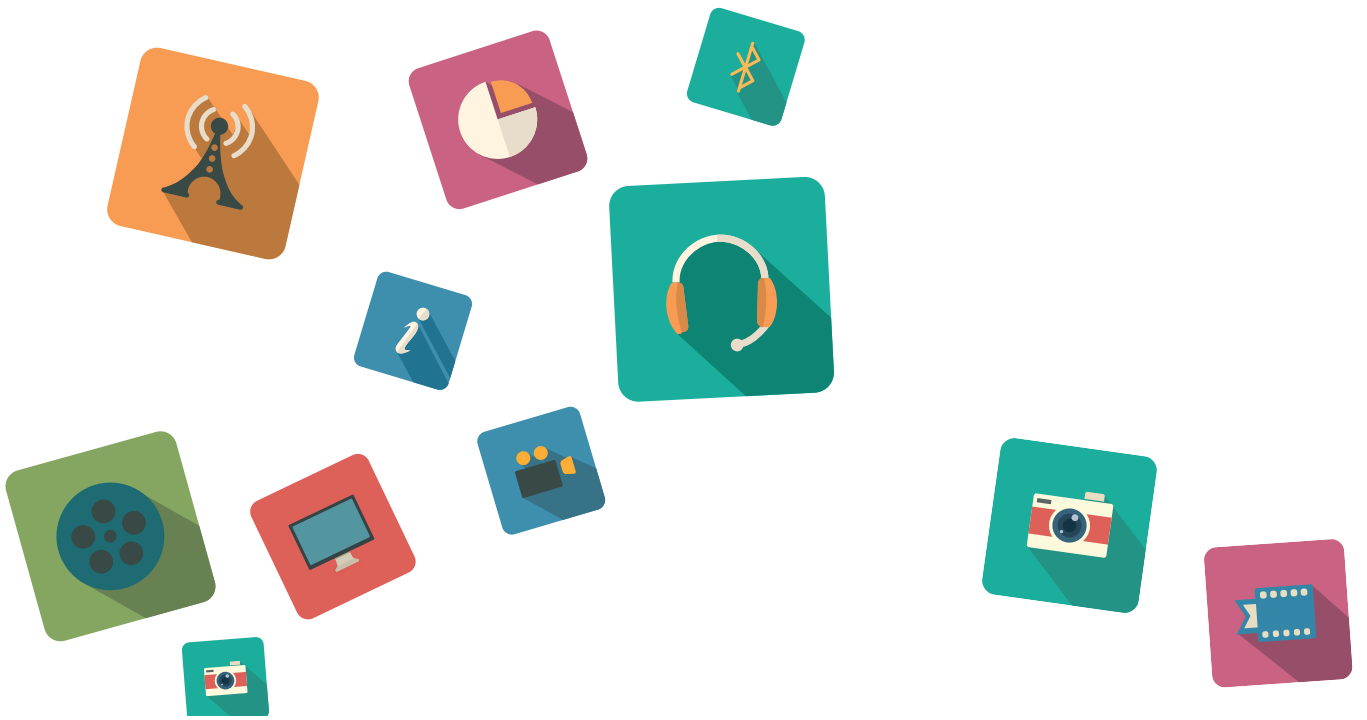
PERTUBUHAN WARISAN ALAM SEKITAR MALAYSIA
(2785-10-WKL) PPM/WKL-1357/10, PPPWKL:0314/10/)



The main goals of WASM are as follows:

- i. Promote the application and use of new technologies that are environmentally friendly in order to enhance the effectiveness in preserving heritage and environmental care; and
- ii. Consolidate ideas, resources and efforts to conduct programmes in raising awareness and charitable works that involve target groups and the local community for the preservation/conservation of the environment.

As a strategic measure and long-term cooperation with WASM, DLM has developed a heritage and environmental portal to coordinate information sources and centralized activities for the application by WASM on an ongoing basis.



Preparations went well in organising the launch of the “Intelligent Environment” programme in January 2014 with the cooperation of agencies such as the Forestry Department Peninsular Malaysia (JPSM), the Selangor Water Management Authority (LUAS), the Department of Irrigation and Drainage (JPS), the Sepang Municipal Council (MPS), the District Education Office, together with DLM technology partners. It included exhibitions and general awareness campaigns which served as initial programmes in Corporate Social Responsibility in support of the goals of WASM.

WASM PARTNERS



The theme of the main activity was on the conservation of mangrove tree species as a national asset to address the phenomenon of erosion and landslides along the country’s coastline. Participation by DLM highlighted the use of social media such as Instagram, Facebook, Twitter and others to enable the continuous monitoring of mangrove species that were being restored. This was because each of these mangrove seedlings was handed over to individual recipients from among the local community and tagged using RFID markers. This approach would increase ownership, engagement and links between the community and the environment in accordance with the programme’s aims including tapping into the viral effect to promote the initiative.

The target location for the programme was along Kuala Sungai Sepang because the area is a gazetted conservation site for mangrove tree species by JPSM.

User-Friendly Transportation - myJourney

The MCMC together with the Malaysian Land Public Transport Commission (SPAD) have set up a project called myJourney to increase the use of public transport whereby users or tourists who come to Malaysia can surf the web or download myJourney application to their smartphones to access transport information such as arrival time, bus number and others.



This application will provide comprehensive information about public transportation. The focus of this service is to provide real-time information on buses, trains, light rail transits (LRT) and commuters. This service will be extended to include location of parking lots, places of interest in Malaysia including tourism and communication facilities.

The project is divided into several phases. The first phase is expected to be adopted in the third quarter of 2014.

Traceability - e-Seal Secured Trade Facilitation System - Royal Malaysian Customs Department

This project comprises Smartag Solutions Berhad and the Royal Malaysian Customs Department (RMCD) whereby containers entering and leaving the country are monitored using the RFID system. This system is installed on the container and scanned with the RFID Scanner to determine the location of the container during its presence in Malaysia. The RFID system is based on GS1 EPC global EPCIS standard together with ISO18186: 2010.

Among the advantages of this system is that it saves time during customs inspection, ensures that the safety of containers is better secured (the RFID can detect if a container is tampered with before it reaches its destination) and a more satisfactory service in terms of human resources.

Up until 31 December 2013, the total number of K8 forms (goods brought in from one free zone to another) which employed RFID binders was at 307,490 while the total number of containers using K8 forms was 18,058 and the total number of RFID binders used was 36,415. To date, five companies are using the RFID system despite the fact that the Royal Malaysian Customs Department (RMCD) does not make it a primary condition in import and export activities.



Connected Healthcare - Remote Patient Monitoring

The main thrust of this project is to allow for healthcare services to be conducted at home with the use of e-health applications - which is one aspect of the Digital Home Ecosystem. This project is expected to enhance living standards, save money and increase the demand for broadband. It seeks to determine the feasibility of business models as value-added services provided by healthcare providers, and to state/verify conditions that need to be fulfilled for subsequent placement.

The Implementation Committee comprised representatives from the MCMC, Mahkota Medical Centre and the Ministry of Health (Tele-Health Division). Representatives from the Melaka General Hospital were later nominated to be part of the Implementation Committee in March 2012, while input was secured from the Melaka State Health Department during both phases.

A pilot project which involved collecting samples from 40 respondents who used five types of remote monitoring devices (Wrist Clinic, Wireless BP Meter 102, Wireless Glucometer, Weight Scale WS210, and Watch Me RF) were connected via USB devices to monitor various parameters from their home surroundings.

The respondents who participated in this project consisted of existing patients, and new patients taken in based on recommendations by doctors involved in the study together with volunteers. Respondents were required to monitor their conditions or to use equipment to track parameters at regular intervals as advised by doctors, and the results were monitored from afar by health providers and doctors.

A total of 40 samples were targeted for the experimental project, of which the category of disease or problem identified to be monitored included diabetes, high blood pressure, chronic heart diseases and overall well-being. All the respondents were carefully selected after consultations and clinical examinations by doctors. Permission to participate in this pilot project was at the respondents' own risk and the doctors'. Among the criteria for selection were:

- i. Suitability for monitoring at home (according to type/nature of disease);
- ii. Inclination of respondents towards the concept of home monitoring;
- iii. Respondents were able to look after themselves/with family support for remote monitoring from home; and
- iv. Possession of a laptop/computer and Internet access.

Some of the challenges faced in recruiting respondents were as follows:-

- i. Technological barriers;
- ii. Cultural/social/psychological barriers; and
- iii. Operational constraints.

Some of these barriers could be addressed through education and direct training by doctors, but the others were subject to various factors including but not limited to the improvement of broadband infrastructure, the requirement to show strong clinical recommendations and the design of simple technology to be installed by the patient and which facilitated use by the patient. Some comments on the pilot projects and ways for improvement are as follows:

- i. Suggestion to send the device to the patient's home rather than asking the patient to gather at the hospital. The patient has to wait for a long time for the preparation and configuration of equipment (some had to come twice to collect equipment);
- ii. Unsure if doctors keep the results of patients. It would be better if the doctor could offer advice more often. Patients should be acquainted with more health education so that they have a better understanding of their own condition;
- iii. Cost of payment should be appropriate and affordable to the user;
- iv. There should be a nurse who comes to the patient's house for an arranged follow-up (the patient could be an elderly person who may have forgotten to do a test) and for training on the device; and
- v. Reset - patients may forget to take a second reading.

With the advancements in medical technology and improvement in infrastructure, the potential and demand for remote patient monitoring especially for the elderly in Malaysia is expected to gain momentum in the near future.

Looking after patients at home rather than at the hospital for chronic diseases and post-acute care management can be translated into huge savings for the healthcare system. Thus, exploring patient monitoring mechanisms is a timely move, besides enhancing the development of digital technology and improving the delivery of healthcare services to the public.

Based on studies, it is estimated that:

- i. The US healthcare system can reduce its costs to nearly US\$200 billion in the next 25 years if remote monitoring devices are used routinely in cases of heart failure, diabetes, Chronic Obstructive Pulmonary Diseases (COPD), and chronic wounds or skin ulcers.
- ii. Those with chronic diseases bear costs up to 3.5 times more than other health conditions, and account for 80% of all daily beds in hospitals and 96% of home nursing visits.
- iii. Studies suggest that monitoring patients remotely is capable of reducing emergency visits and the re-admission of chronic patients by 30%, while travel costs can be saved up to 20%.

According to Coye et al. (2009), remote patient monitoring technology can facilitate six components of chronic disease management:

- i. Early intervention - to detect deterioration and intervene before unscheduled service and prevention are required.
- ii. Integrated care - data exchange and communication for some diseases contracted by the patient, diversity of suppliers and the level of complexity of a disease;
- iii. Training - motivational interviews and other techniques to encourage behavioural changes in the patient including personal care;
- iv. Enhance trust - satisfaction and a trusting 'relationship' with suppliers;
- v. Changes in workforce - conversion to lower costs and more healthcare workers including medical assistants, community and social health workers; and
- vi. Increased productivity for healthcare workers - reduction in time for home nursing visits, travel time and automatic documentation.

The use of remote patient monitoring technology in reducing re-admissions of post-acute patients has also been studied in-depth abroad. The studies revealed that a combination of home monitoring and training reduced re-admissions to hospitals for heart failure by 72% and for heart disease patients treated in hospitals by 63%. According to the study, whereby a small fraction is related to this context, the technology in remote patient monitoring is poised to make a profound impact in several aspects, primarily in reducing the cost of healthcare. This applies to public hospitals in Malaysia in accordance with the Government's intention to gradually reposition its role from being a main provider to that of a regulator and facilitator.

As for private hospitals, the remote patient monitoring technology will assist in reducing the length of stay in hospital for patients with chronic illnesses or post-acute care management.

This helps in improving hospital bed turnover (i.e. number of patients per bed), and reduces the risk or danger of hospitalization, being infected while at the hospital, wrongly administered drugs and falling.

Based on the pilot project, it was found that benefits associated with the concept of remote patient monitoring was generally well-understood by respondents. However, concerns and challenges as highlighted need to be addressed to enable more patients to benefit from this service besides convincing them to utilize it. In addition, the cost of technology may need to be addressed to achieve greater economies of scale through commercialization.

The scenario will become more exciting with a population that is increasingly becoming technologically literate and progressing in the use of wireless, mobile applications. In order to gain early acceptance, it is advisable to meet via face-to-face, tele-consultations and video conferences. Admittedly, this first pilot project was undertaken in a private sector atmosphere in which the environment, financial background, setting and the mindset of respondents, among others, may differ from the public sector.

Pilot Project - 1Malaysia Internet Centre E-Healthcare (PI1ME-H)

The 1Malaysia Internet Centre E-Healthcare (PI1ME-H) is a pilot project which is intended to facilitate people living in rural areas to access health services via an integrated healthcare service by merging ICT with broadband. In addition, it also aims to provide the rural community with awareness on proactive health.

So far the MCMC has set up a total of 426 PI1M across the country by providing Internet access to underserved broadband areas collectively identified under the Universal Service Provision (USP). Each PI1M is equipped with a minimum bandwidth of 2Mbps, computers, training and ICT rooms.

Apart from its primary purpose of providing Internet access, PI1M also functions as a one-stop centre for organising monthly activities for the rural community. With the addition of the primary healthcare service in PI1M, it has increased facilities and extended the healthcare ecosystem and the ongoing monitoring between the community and selected government clinics.

An integrated healthcare management ecosystem for the community can be provided based on this project. The main components of the ecosystem are as follows:

Component	Information
Medical Equipment	<p>The equipment below will be supervised at PI1M:</p> <ul style="list-style-type: none"> • Glucose Meter • Blood Pressure Meter • Weighing Scale (measures weight and level of hydration) • Digital Hearing Thermometer
Medical Examination	<ul style="list-style-type: none"> • This medical examination includes blood test and urine to identify diseases such as high blood pressure, kidney disease, liver disease such as hepatitis, early signs of cancer, lipid profile and others.
Health Awareness Programme	<ul style="list-style-type: none"> • Discussions on Health/health information covering topics such as nutrients, overall health and body weight management through MyHealth website, and health education on a monthly basis at each location.
Consultation/Information	<ul style="list-style-type: none"> • Consultation sessions with specialists/doctors via an electronic network.
Health Portal	<ul style="list-style-type: none"> • Establish a local community portal for registration, medical record and access to MyHealth portal.

This initiative has shown healthcare service delivery to the rural communities where emphasis can be given on aspects of healthcare in their daily activities.

There are two approaches in the implementation of the pilot project, PI1ME-H.

Approach Phase 1:

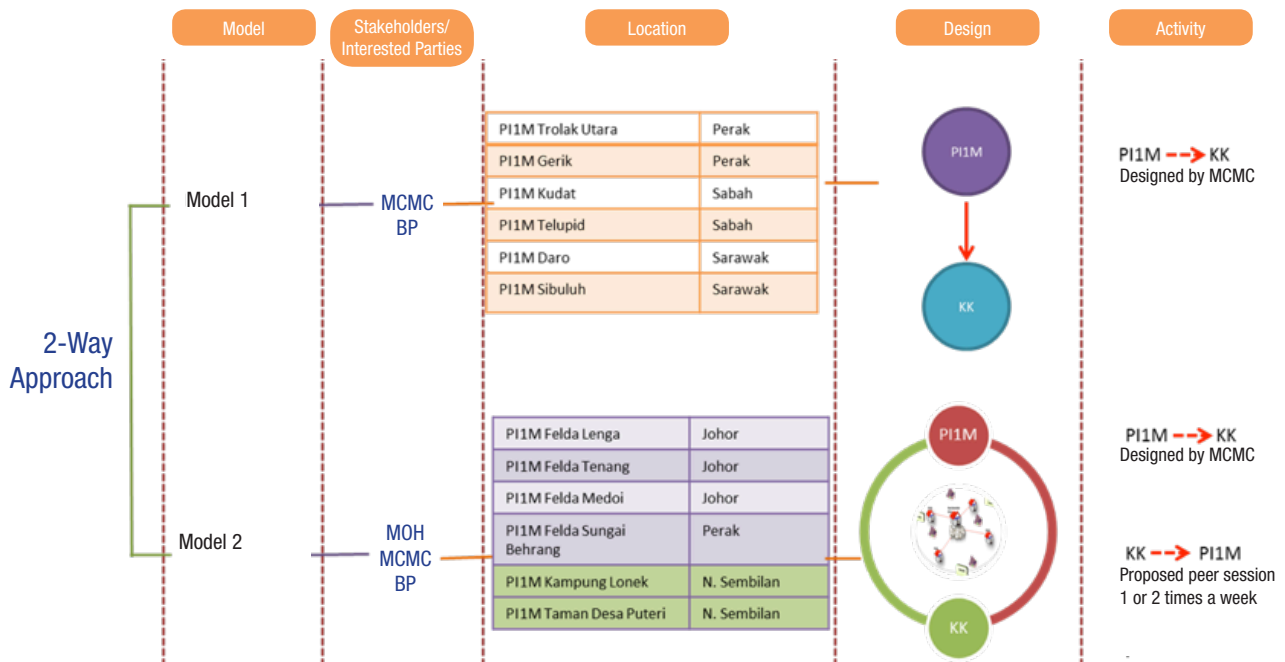
Six PI1M in Sabah, Sarawak and Perak have been selected under the Phase 1 development. The monitoring process will be handled solely by an appointed private health sector during the scheduled period and government clinics will be the reference point if required based on results of medical examinations.

Approach Phase 2:

The second phase of the approach will involve six PI1M in Peninsular Malaysia based on the geo-mapping structure. Basically, patient monitoring will be managed by government clinics with limited engagement from the private health sector. It will focus primarily on promotion and basic operational processes.

Phase 1 of the pilot project will operate in 2014 for a period of six months.

Project Framework



Additional Workshops and Seminars to Instil Awareness on DLM Activities

DLM workshops and other seminars were held in collaboration with UTM, IEEE of the United States of America and IRDA, Malaysia in Johor Bahru and the MCMC-MMU MESCORP Conference in Cyberjaya. The MCMC (DLM) was invited to speak and share on initiatives regarding The Internet of Things in the GS1 Malaysia Supply Chain and Logistics Summit and the Asian Logistics and Transport Show. The DLM Department launched a smartphone application called Mobile Digital Lifestyle which could be accessed through iOS and Android platforms in August 2013.

Digital Lifestyle Expo 2013 (DLE 2013) First Edition

Three major national agencies of the ICT industry - the MCMC, the National ICT Association of Malaysia (PIKOM) and Commtech Asia Sdn Bhd, combined forces for the first time to organise the largest ICT exhibition in Malaysia, 'Digital Lifestyle Expo - DLE 2013' at the Kuala Lumpur Convention Centre from 23 to 25 August 2013.

DIGITAL LIFESTYLE EXPO 2013
CONSUMER ELECTRONICS AND MOBILE

AUG 23 - 25 | **HALL 5, KL CONVENTION CENTRE**

Organised by: **PIKOM** | Key exhibitor: **SKMM MCMC**

GoMobile
The Ultimate Mobile Lifestyle Event

DIGITAL LIFESTYLE MALAYSIA
Living • Healthcare • Commerce • Commuting

The main objectives in organising the Digital Lifestyle Expo 2013 included:

- Providing a platform to promote digital lifestyle applications and services;
- Fostering the development of communications and multimedia content and applications as drivers of growth in the digital economy; and
- Leading the development of a culturally connected society.

The organisation of this expo provided an excellent platform for the MCMC to showcase Malaysia's digital world perspective in the future. It was based on four key areas, namely, Smart Village, Home and Community Living, e-Health and e-Transportation. This expo did not merely feature an IT community savvy in managing their work and daily lives in a connected manner but also added value and benefits to the quality of their lifestyle through information access in real time via applications which have been developed.

Basically, DLM exhibitions organised by the MCMC were centred on the adoption and usage of ICT en masse in daily life. This concept by DLM encompassed six basic smart life ecosystems such as Education, Transportation, Entertainment, Work, Agriculture and Community/Society based on areas or activities where ICT is empowered for the purpose of improving and enhancing its impact on daily life and providing socio-economic benefits in a sustainable manner. A total of 27 types of exhibitions were conducted. Various exciting strategies to attract visitors were made available such as restaurant meal offers (DinerPass), eBook vouchers (e-Sentral), wireless LED lights demonstration (Opto), bus travel consultant (CatchThatBus), NFC technology (TapWay), myPLUSmiles personal plan using Touch 'n Go card (Cruise GPS) and mystery gifts (Frenzy application) which caught the public's attention.

To further enhance the dissemination of information, learning and information sharing with the public on the digital lifestyle of the future and workshop sessions were held with 25 presentations by field experts regarding the potential and trend of Internet Devices.

The theme of the expo is 'Living A Future Connected Lifestyle' whereby broadband services are capable of benefitting users (corporate members and civil society) to create, innovate and enhance new services with innovative ideas that are more creative for all digital lifestyle ecosystems, thus bridging the digital divide besides fulfilling the needs of the people. The launch of DLM was officiated by the Malaysian Prime Minister, Dato' Sri Mohd Najib Tun Haji Abdul Razak. He said that the future of the digital economy in Malaysia will hinge largely on how the country develop, nurture and utilize ICT. The Prime Minister was also confident that technology and a digital lifestyle will be differentiation factors which will steer Malaysia to a new level of success, well-being and global recognition. "I can see that there is so much more that we can explore and do to make greater use of the innovative broadband and ICT," he said. The ceremony was also attended by the Minister of Communications and Multimedia, Dato' Sri Ahmad Shabery Cheek.



It was estimated that more than 150,000 visitors visited the expo. The large number of visitors provided an opportunity for the public to familiarize themselves with an ICT-based digital lifestyle. The expo also extended opportunities to the corporate and business communities to explore, evaluate and get better acquainted with the DLM concept, subject to availability of the relevant applications and content.

BEE 2013 Awards

The expo also incorporated the Broadband Empowered Entrepreneur - BEE 2013 Awards ceremony. The aim was to acknowledge the excellent achievements of small entrepreneurs who have succeeded in developing and transforming their conventional offline businesses to online. The Prime Minister presented the BEE 2013 awards to eight excellent online entrepreneurs who had benefitted from the National Broadband Initiative.



Award recipients posing with Prime Minister



REGIONAL COORDINATION

Highlights of 2013

The year 2013 proved to be a stimulating year for the Regional Coordination Division (RCD). Besides operating Regional Offices and the Corporate Social Responsibility Unit, the RCD was also actively involved in project implementation activities undertaken by the Universal Service Provision (USP) programme. In addition, monitoring, enforcement, public awareness, infrastructure and community development, coordination with government agencies, state governments and the local authorities, communications management during natural disasters and so on were also undertaken through Regional and Branch Offices together with the Corporate Social Responsibility Unit.

Restructuring the Organisational Structure of Regional Offices

Despite this, more emphasis on monitoring and enforcement has been made as one of the focal points for 2013. In order to ensure achievement of the stated KPIs, a restructuring of Regional Offices was conducted. Four core departments were set up for this purpose which encompassed infrastructure development, management and resources monitoring, regulatory compliance and awareness, administration and the postal service. Four new Branch Offices have also been opened to facilitate the operations of Regional Offices i.e. in Ipoh, Melaka, Sibul and Beaufort.

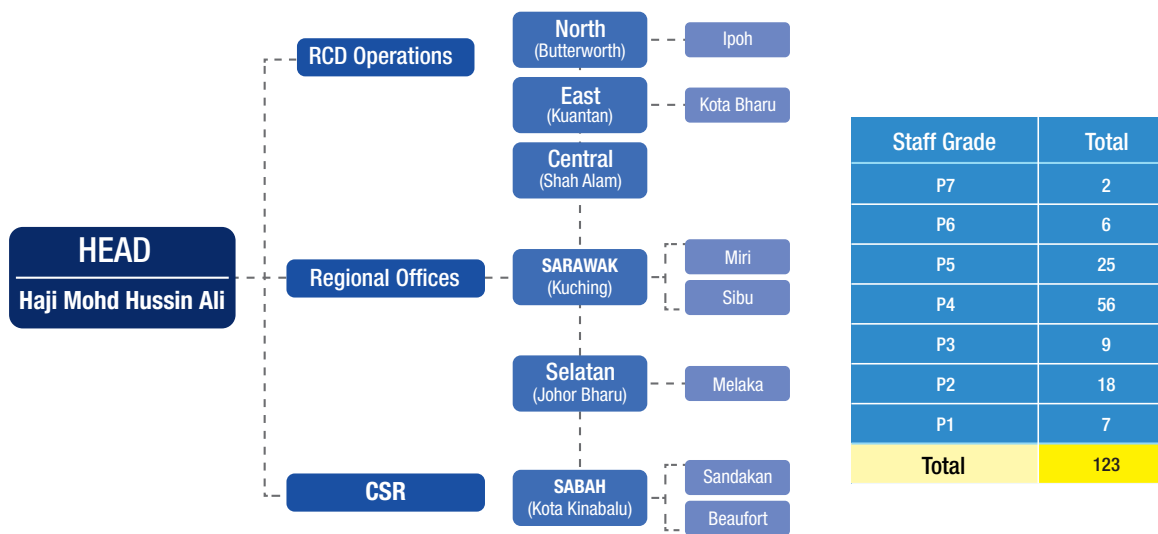


Figure 1: Current Structure of Regional Coordination Division (RCD)

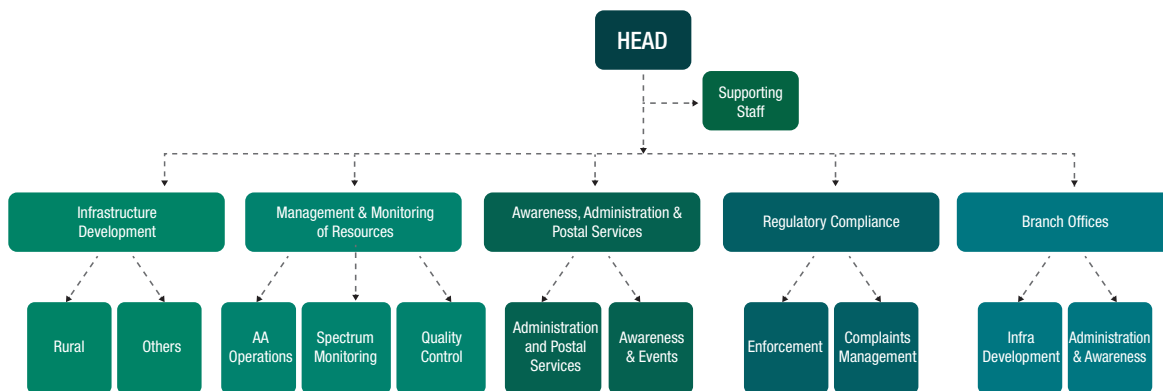


Figure 2: Current Structure of Regional Offices

Principal Activities

Universal Service Provision (USP)

Overall, the RCD by way of its Regional Offices recorded a 94% achievement in its implementation of projects under USP such as 1Malaysia Netbook, 1Malaysia Internet Centre (PI1M), Wireless Village (KTW) and tower/transmitter under the Cellular Service Quality Improvement Project (Time3). This exceeded the performance target of 90% in the implementation of projects set for 2013.

Public Awareness

An outstanding achievement was also secured through public awareness activities conducted by the Regional Offices in which training was given to more than 130,000 people on the programme, Klik Dengan Bijak (Click Wisely) and Get Malaysian Business Online (GMBO) which were held via PI1M across the country and in collaboration with relevant organisations. In addition, a total of 523 public awareness programmes were also conducted to provide information to the public about rights in consumerism, postal services and legislation related to communications and multimedia in Malaysia.

Monitoring and Enforcement

The RCD through its Regional Offices had conducted a total of 2,699 monitoring and enforcement activities throughout the year 2013, which included among others, aspects of compliance to mandatory service quality standards, legislation, licensing, and others.

Coordination with Agencies/State Governments/Local Authorities (PBT)

Regional and Branch Offices liaised with One Stop Centres at 173 Local Authorities (PBT) across the country to ensure that applications for the installation of telecommunications infrastructure were processed in less than two weeks. Besides this, liaison with the local authorities and state governments was established to address issues related to consumerism and societal concerns regarding the negative impact of ICT.

Corporate Social Responsibility (CSR)

CSR activities of the MCMC were intended to assist in enhancing living standards with the use of ICT. In addition to the 151 CSR assistance provided to community members who qualified, the MCMC also participated in several projects such as environmental protection at Sungai Pelek, Sepang and charitable works such as gotong royong (communal work) for flood disaster relief. A total of RM2 million had been spent on CSR activities in 2013.

Direction for 2014

The RCD will focus on a service delivery that is efficiently and effectively enhanced for the people and the state governments.

KPI	Performance	Performance	KPI
90% netbook distributed	96%	500	120 enforcement activities
90% KTW completed	98%	457	300 cellular service quality tests
90% PI1M completed	90%	437	60 broadband service quality tests
90% T3 completed	91%	459	420 radio/spectrum frequency monitoring
90% infra application processed and responded within 14 days from date of receipt	99%	265	120 compliance audits
80% complaints resolved within 15 days from date of receipt	90%	291	180 AA audit holders
80% new AA application process completed within 2 days from date of receipt	96%	138	72 programmes on consumer awareness
90% AA renewal process completed within 3 days from date of receipt	98%	152	60 awareness programmes on legislation of the Communications and Multimedia Act
101,300 participants for KDB programme	360,743 participants	48	18 awareness programmes on Postal Service Act
30,024 participants for GMBO programme	98,614 participants	122	60 programmes on reach out to the community
12 joint enforcement activities	28	42	18 CSR programmes

Table 1: RCD Activities and Achievements in 2013

HUMAN CAPITAL MANAGEMENT AND COMPETENCY DEVELOPMENT



MCMC continues to be committed in the transformation towards becoming an organisation that has a strategic focus and based on performance in line with the development and implementation of three years Strategic Plan. The 2013 – 2015 Strategic Plan provides a comprehensive focus in tandem with the eight thrusts of MCMC to stimulate the industry and achieve the national goals. The Eight Strategic Thrusts are as follows:

- i. To develop and increase the infrastructure quality and coverage.
- ii. To increase the quality of work and life through information and content services.
- iii. To optimize the usage of resources.
- iv. To improve compliance to regulations.
- v. To accelerate the growth of the industry's capacity and capability.
- vi. To increase the stakeholders' engagement in order to allow MCMC becoming the entity that generates added value.
- vii. To develop the organisation's capability (employee's ability, availability and expertise) to meet the demand based on the functions of MCMC.
- viii. To ensure continuous improvement while moving towards innovative approaches consistent with the usage of current technology.

MCMC has completed a full cycle of the strategic management process which encompasses the formulation of strategies, thrusts, objectives, key performance indicators (KPIs) and strategic initiatives. These objectives have been cascaded to the KPIs of departments and divisions as one of the initiatives of human capital developments in supervision and reward based on performance. The previous MCMC's industrial strategic plans and developments have been used for reference and comparison purposes.

From the point of view of the human resources management, the major project for this year is the implementation phase of the restructuring of Terms and Conditions of Services, which was approved and enforced on October 2012. The review on the rewards and benefits of MCMC aims to retain the existing employees and at the same time attract the applications of the new potential candidates as an initiative towards becoming employer of choice.

In addition to that, focus has been given to employees' welfare with the organisation of Health Day Programme, which is part of the employee wellbeing programme to foster the culture of healthy life.

In terms of competency development and to support the efforts among government agencies in promoting mobilization of employees between organisations this year, MCMC has taken part for the first time in Cross Fertilisation Programme.



Talent Management Challenges

Attracting Interests and Retaining Employees

Increasing MCMC's reputation as the employer of choice is important to attract the interests of suitable candidates in order to continue MCMC's mission to move forward. Employer branding is one of the communication efforts by MCMC for the existing employees and for the prospective potential candidates to produce a distinguished workplace. The efforts involve employees' recruitment, retaining the existing employees and the employee engagement initiative. Outreach programmes which involve local universities have done to inform on the employment opportunities at MCMC.

The dropout rate of MCMC also remains under 4% which is the same as previous year. This has shown that MCMC is on the right track in supporting its mission and retaining uniquely skilled employees.

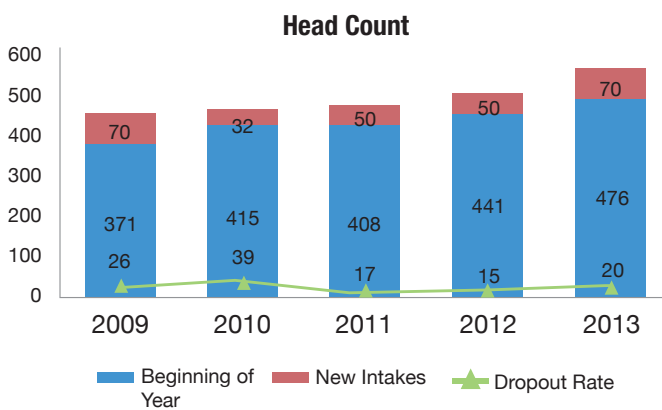
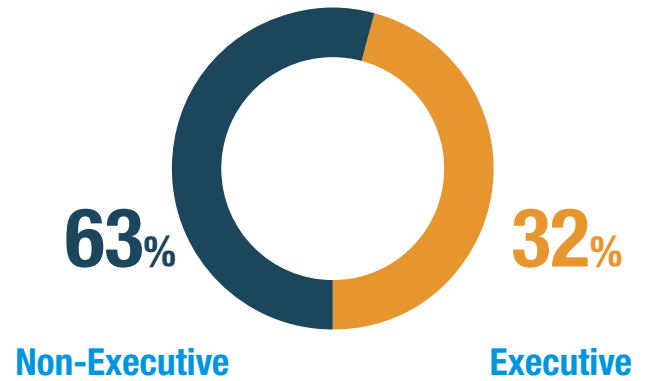


Figure 1: Statistics of Human Capital Management in MCMC 2008-2013

Talent Profile: Ratio of Executive to Non-Executive



Distribution of Executive



Distribution of Non-Executive



MCMC ACADEMY

The Academy plays two major roles; the first is to uphold the vision of MCMC in creating a competitive, efficient and self-regulated communications and multimedia industry that generates growth to fulfil the demands of social and national economy through efforts on increasing the capacity and capability of the workforce.

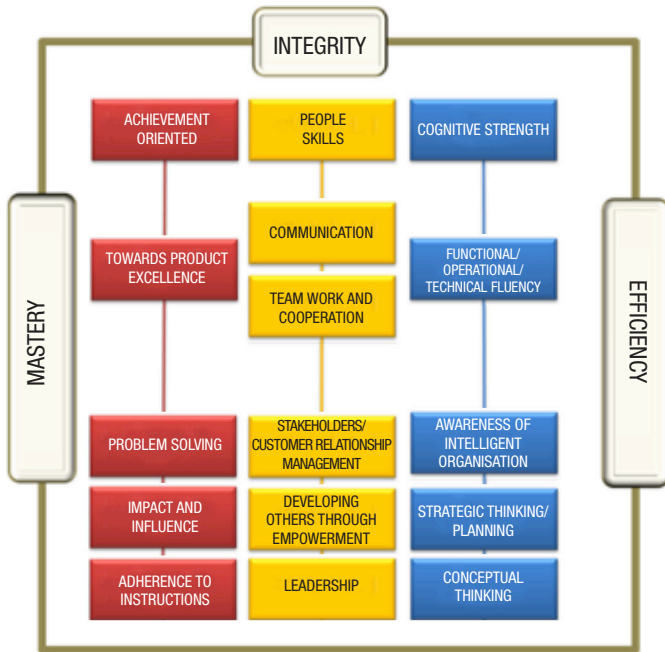
The second role is that the Academy promotes a lifelong learning culture among employees and industry. The lifelong learning refers to the knowledge and skills needed to manage continuous learning process in order to forecast and adapt to changes in processes, technology, requirements of rules and regulations, rules of the employers, and others.

Activities in 2013

Activities of the Academy for 2013 focused on the capacity and capability developments.

The internal development activities focused on the core competencies of the organisation which are:

- i. achievement orientation;
- ii. cognitive strength; and
- iii. human skills.



In 2013, a total of 76 internal trainings were conducted by the Academy and other agencies in MCMC. The employees were participated in external courses conducted domestically and abroad. Generally, the participation of courses can be classified as follows:

- i. Internal management training
 - a. The Induction Programmes for new employees of MCMC were conducted four times with the involvement of 132 new employees;
 - b. The State Development Office Programmes trained employees at the State Offices in the specific areas at nearby locations. This approach reduced the cost implications with savings in travel costs and accommodations for the participants; and
 - c. The competency based Development and Learning Programmes at the levels of Commissions, clusters, divisions, departments and individuals parallel with the strategic directions of MCMC. Among the critical trainings conducted including the Project Management Certification for the management group of MCMC, which involved 58 participants.
- ii. Industrial Development Programmes were also organised to benefit the industry and also MCMC:
 - a. The spectrum regulation and communications technology trainings covered 30 training sessions participated by 285 participants from the industry and MCMC. This collaborative venture involved Universiti Teknologi Malaysia and the participation of MEASAT for Satellite Communications Introduction Courses; and
 - b. Three sessions of Network Security, Forensics and Management Training with SANS Institute involving 60 participants from the industry, government agencies and MCMC.
- iii. External Programmes organised by training providers:
 - a. Domestic Trainings were represented by 46% of the total trainings; and
 - b. Overseas Trainings were represented by 16% of the total trainings. The participations for the trainings abroad were more into technical and regulatory which were not conducted domestically.

For MCMC, the KKMM has set the training standards for all agencies under its governance of seven days training for each employee.

The Academy has successfully maintained good performance as the average total training days for every employee has surpassed the KPI set for three years in a row. In 2013, the performance of the Academy reached 107.9%, exceeded the target of 75% of the overall total of employees attended the seven days trainings as set by KKMM. The details are shown in Table and Figure 1.

Particular	2010	2011	2013
Average total number of days of training for each MCMC's employee	6.3 days	6.6 hari	7.81 days
Performance (based on average of 7 days for each employee)	90.00%	93.71%	111.6%

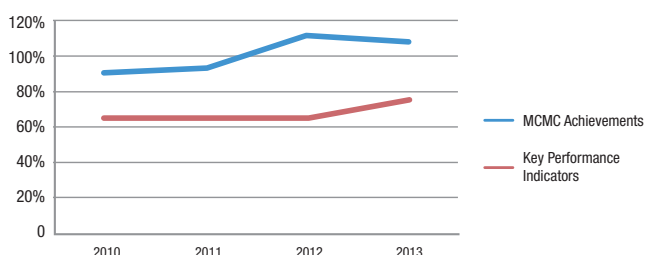


Figure 1: Comparison of Key Performance Indicators (KPI) from the year 2010 to 2013

Improvement on Strategic Competency Development

Despite various efforts done to increase the capacity and capability of workforces in 2013, it is time to ensure the competitiveness in communications and multimedia industry in order to anticipate and be prepared for future needs. Our intention is to contribute effectively to the improvement of competencies for the industry and employees in a more systematic and strategic way.

Industrial Competency Development

For 2013, the MCMC Academy has identified several target groups in the ecosystem of communications and multimedia industry such as:

- primary and secondary school students
- higher learning institute students and graduates; and
- workers (adults) and communities.

The primary focus of improving the competencies and capacity of the target group would involve the following activities:

- awareness programme on the development of self-efficiency and the industry;
- competency development programmes (through trainings and others);
- certification programmes;
- research and publishing; and
- financing.

The MCMC Academy is expected to help improving the technical efficiency of officers in other government agencies by contributing the skills of MCMC's experts in various areas. Among the agencies involved prior to this including Human Resource Development Fund (HRDF), Royal Malaysian Police College, Royal Malaysian Customs and Malaysian Anti-Corruption Academy. The Academy hopes to expand and strengthen the trainings cooperation in the future.

Competency Development

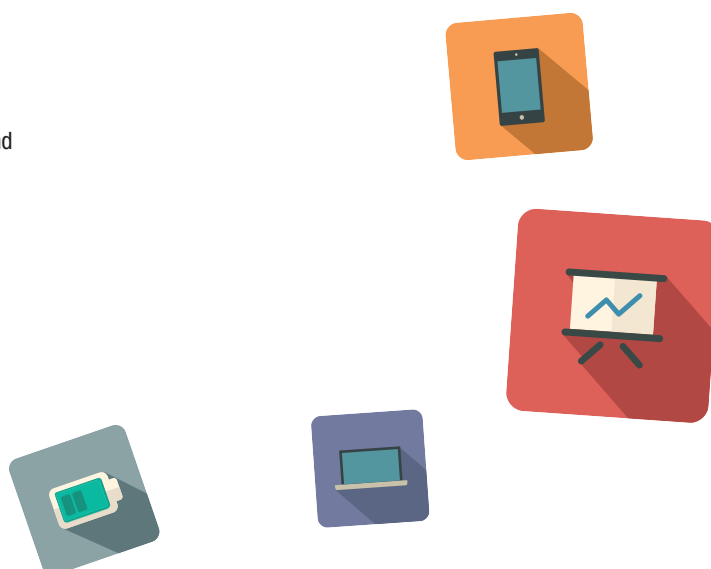
In tandem with the strategic development of the industry, the competency development for MCMC's employees also needs to be given priority. For 2014, the MCMC Academy will begin with the framework of the competency in accordance to the strategic thrusts of MCMC. In line with the framework of the competencies, various activities will be implemented including:

- identifying and registering experts of MCMC;
- programme design and development;
- human capital development and leadership;
- domestic and international trainings; and
- assessment and formulation of training activities report.

Aspirations of MCMC Academy

The MCMC Academy aspires to achieve the Centre of the Excellence (COE) status as a leader of the industrial human resource development through various initiatives which add value to the development of the industry such as:

- enhancement of strategic relationships with the industry, higher learning institutes, government agencies, domestic and international organisations towards strengthening the suitability of graduates to enter the Communications and Multimedia Industry;
- creating Demand and Supply Analysis on Jobs which can be made as basic strategic plans for the Communications and Multimedia industry towards contributing to the economic growth of the nation; and
- a source of references by various parties within and outside the country in various aspects of telecommunications and multimedia



PROGRAMMES/ACTIVITIES

Among the programmes/activities held throughout 2013 are as follows:

INTEGRITY COMMUNICATIONS SESSION NO. 1/2013

The session entitled "Cultivating Integrity in Everyday Life" aims to establish an organisation with strong moral and ethical characteristics, disciplined working citizens and reflecting MCMC as an organisation with integrity. This session was conducted at all MCMC Regional Offices nationwide beginning from February until April 2013. Invited speakers were from the Malaysian Institute of Integrity, Penang State Integrity Institute, Sarawak Chief Minister's Office Department, State Public Sector Training Institute (Insan) and Institute of Integrity, Leadership and Spirituality Training.

CLASSIFIED DOCUMENTS MANAGEMENT WORKSHOP

This workshop aims to give awareness and understanding on government official documents and secret management procedures, provide technical expertise and operational management of documents security, provide a basic exposure on security measures and protection of government secrets, as well as promote awareness and responsible attitude towards official secrets security control. The Classified Documents Management Workshop was held on 27 April 2013 and invited a speaker from the Office of the Chief Security Officer of Malaysian Government (Training Unit) to conduct the workshop.

EXCELLENT DRIVER COURSE

The course was held on 27 April 2013 which aimed to make MCMC's drivers to be more responsible and positive, nurture excellent working culture and meet the needs of accountable parties, provide exposure and understanding about road safety aspects and enhance confidence level, appearances and practice excellent etiquette. This course was attended by all drivers under MCMC and the speaker was from Global Intelligence Network (M) Sdn Bhd.

MCMC INTEGRITY RELATIONS OFFICER WORKSHOP

The MCMC Integrity Relations Officer Workshop aims to improvise specific knowledge and exposure on the integrity and importance of a task, provide awareness on legal and regulatory compliances, and cultivate awareness on integrity working culture as the catalyst for personal and organisational excellence. The selected officers attended the course for five days at the Malaysian Anti-Corruption Academy, Jalan Duta, Kuala Lumpur and received useful inputs on integrity from the calibre speaker of the National Key Result Areas (NKRA), Universiti Teknologi Malaysia, Malaysian Institute of Integrity, Ministry of Finance, and Amanah Raya Berhad. It was also attended by the Chief Support and Services of MCMC, Tengku Zaib Raja Ahmad, who has given his inputs and manage to deliver his lecture on 'Integrity Elements Within SKMM Values (AIC) & Competency Model' during the workshop.

INTEGRITY COMMUNICATIONS SESSION NO. 2/2013

The Integrity Communications Session No. 2/2013 entitled 'Elements of Integrity in Talent Management' and 'Integrity in Procurements and Claims' held the objective to create an organisation with strong moral and ethical characteristics, disciplined working citizens and reflect MCMC as organisation with integrity. This session was conducted at all MCMC Regional Offices nationwide beginning from 3 until 27 September 2013. The lecture was delivered by Cho Shi Chong, the Head of Division, Finance, Property and Administration of MCMC.

SUSTAINABLE SERVICE WORKSHOP PHASE 1

The Sustainable Service Workshop Phase 1 was one of the additional initiatives by IDGD in developing the scope of governance in departments. Among the objectives of the workshop are to review critical functions, risk assessments, impact analysis on services and recovery options strategy on identified critical functions, and also develop SCM plans including the Emergency Reaction Plan (ERP), Disaster Recovery Plan (DRP) and Crisis Communication Plan (CCP). The workshop was held for five days in October 2013 at the Putrajaya Marriott Hotel and the speakers from MAMPU ICT Compliance Division were invited to deliver the lectures.

LECTURE ON INTERNAL CONTROL

Another initiative from the IDGD in enhancing the functions of MCMC governance was by organising Lecture on Internal Control attended by working citizens of MCMC who were appointed as the Integrity Relations Officers and Mr Amizi Shahrulizan Alias, the MCMC Head of Internal Audit Department, was invited as the speaker. The objective of the lecture was to safeguard organisational resources from fraud, waste and abuse of power, provide and maintain the reliable information and financial, and disclose fairly and timely information.

MCMC INTEGRITY DAY CELEBRATION

The MCMC Integrity Day Celebration is among the largest and most important programme for the Integrity, Disciplinary and Governance Department, where the objective is to promote integrity agendas in order to strengthen and enhance the integrity among MCMC manpower, families and communities especially those dealing with MCMC, as well as improve self-awareness, understanding and appreciation of integrity through conducted activities and programmes. With the general theme of 'Strengthening Integrity Culture is a Shared Responsibility', it was celebrated by all MCMC Regional Offices nationwide from 7 until 29 November 2013. Expert speakers were invited such as from the Malaysian Institute of Integrity, Penang State Integrity Institute, the Malaysian Anti-Corruption Commission, the Division of Commercial Crime Investigation of Miri, Sarawak Chief Minister's Department, Malacca and Pahang Islamic Religious Department Melaka and Pahang and the Marine Police Training Centre in Johor Bahru.

INTERNATIONAL AFFAIRS, LEGAL AND SECRETARIAT

MCMC continues to participate actively in international activities to promote Malaysia's interest in the development of communications and multimedia industry in the international arena. The close cooperation between MCMC and KKMM has opened up a space for MCMC to represent Malaysia as the regulatory authority, developing communications and multimedia sector and at the same time, creating and driving the profile and image of the country through participation in international activities.

MCMC's international engagements are guided by the Communications and Multimedia Act 1998, in particular the National Policy Objective for facilitating Malaysia's transformation into a global industry hub. At the same time, MCMC also nurtures the engagement with various international organisations as listed in the Ministerial Direction issued under Section 269 of the Communications and Multimedia Act 1998.

The main objectives of MCMC's engagement in various international activities are to:

- i. attract the interests of local and international players in the communications and multimedia industry to identify opportunities in the international market;
- ii. manage progressive market liberalisation in the communications and multimedia sector;
- iii. participate actively in influencing decisions and developments in international forums through positions held, working papers and views presented; and
- iv. keep up-to-date on the latest international developments and trends in communications and multimedia.

MCMC cooperates with its counterparts in the regional and international countries to develop understanding on the effective regulatory measures. This matter has given impacts on improving the competitiveness of the industry, facilitating inbound and outbound investments and trades and creating networks and human resource capabilities in the production of communication and multimedia tools, which also leads to applications and transactions. To this day, MCMC has also acted as an expert at various negotiation sectors involving two parties or participation of many countries such as the Free Trade Agreements and Economic Partnership Agreements which are chaired by the Ministry of International Trade and Industry (MITI) and MCMC.

Major activities and functions of MCMC can be seen through the following focused areas:

- i. management of frequency, numbering and registration of internet addressing;
- ii. standards and interoperability;
- iii. Mutual Recognition Agreements;
- iv. trade and liberalisation;
- v. security and harmonisation of e-Trade activities;
- vi. accounting tariffs and rates;
- vii. contents; and
- viii. collaboration in information exchange.

The activities of MCMC can be seen through the following focused areas by sector:

ASEAN Region

- i. ASEAN Telecommunications Regulators' Council Meeting (ATRC)
- ii. ASEAN Telecommunications and IT Senior Officials Meeting (TELSOM)
- iii. ASEAN Telecommunications and IT Ministers' Meeting (TELMIN)
- iv. Border coordination meetings to manage and resolve any frequency interference and allocation matters with the neighbouring countries:
 - 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); and*
 - c. *Trilateral Coordination involving Indonesia, Malaysia and Singapore.*

Asia Pacific Region

- i. Asia Pacific Telecommunity (APT)
- ii. APEC Telecommunications Working Group (APEC TEL)
- iii. Asia Pacific Postal Union (APPU)
- iv. Asia Pacific Regulators' Roundtable on Broadcasting.

International/Intergovernmental Organisations

- i. International Telecommunication Union (ITU);
- ii. Universal Postal Union (UPU);
- iii. Internet Corporation for Assigned Names and Numbers (ICANN)

Overall, for 2013, MCMC participated in 183 international conferences and meetings, as well as received 18 foreign delegations on study/working visits. However, the focus for 2013 was more on the participation in two major seminars, namely the ITU Telecom World and CommunicAsia 2013 apart from a number of bilateral and ASEAN regional level meetings.



Ministerial Forum on ICT and CommunicAsia 2013

The Ministerial Forum on ICT is an annual event organised by the Singapore government to discuss and debate related issues on telecommunications and ICT, as well as digital regime environment. This event covers forums and exhibitions on ICT, telecommunications equipment and innovations from ICT companies from around the world especially the Asian region. This programme is usually attended by the ministers of communications and ICT and senior government officials as well as representatives of the communications and ICT industry from Asia-Pacific, Middle East and Africa.

The Ministerial Forum on ICT is a forum where ministers responsible in the communications and ICT are invited to discuss issues related to policies and developments of communications and ICT industry. For this year, 26 countries took part in this forum. Malaysia was represented by the Minister of Communications and Multimedia. Other countries include Saudi Arabia, Bangladesh, Brunei Darussalam, Cambodia, Costa Rica, Ethiopia, Japan, Laos, Maldives, Myanmar, New Zealand, Qatar, the Philippines, Republic of Macedonia, Singapore, Vietnam and more.

Nine Malaysian telecommunications agencies/companies took part to show their products at the Malaysian Pavilion in conjunction with CommunicAsia 2013. Those taking part were MCMC, Redtone, Celcom Axiata, TM, Digi, Maxis, Measat, Time dotCom, and U Mobile.

Unlike previous years, this year's concept was slightly different without the launching of Malaysian Pavilion. It was replaced with a reception to symbolize the launch of the Malaysian Pavilion. The Malaysian reception ceremony was officiated by Dato' Sri Ahmad Shabery Cheek, the Minister of Communications and Multimedia of Malaysia on 18 June 2013 shortly after the bilateral meeting with the Minister of Communications and Information of Singapore. Present at the ceremony were Dr Yaacob Ibrahim (Minister of Communications and Information of Singapore), Dato' Hj Abdullah (Minister of Communications of Brunei Darussalam), U Myat Hein (Minister of Communications and Information Technology of Myanmar) and ASEAN senior officials who were responsible on the telecommunications and ICT areas.

APEC Telecommunications and Information Working Group

Malaysia has been actively involved in the meetings of the Working Group on Telecommunications (APEC TEL) to address the priorities set by telecommunications ministers and leaders in order to promote the transition from the Asia-Pacific information infrastructure to the Asia Pacific information society.

The APEC TEL meeting is held twice a year. In 2013, members of the APEC TEL met for the 47th time in Bali, Indonesia from 22-27 April 2013 and the 48th APEC TEL in Honolulu, Hawaii, the United States of America from 16-21 September 2013, where both meetings brought important values to Malaysia, particularly for the MCMC. At the closing of the 47th APEC TEL meeting, the duty as the Chairperson of the meeting was given to Nur Sulyna Abdullah (Malaysia) from Kenji Tanaka (Japan). In taking on the role as chairperson of the meeting of the APEC TEL Working Group, Malaysia has been entrusted to chair over four meetings and to monitor the planning and implementation of the work plans of the forum for two years.

13th Asia-Pacific Telecommunity Policy Regulators Forum

The 13th Asia-Pacific Telecommunity Policy Regulators Forum (APT PRF) was held in Kuala Lumpur, Malaysia from 8-10 October 2013. The forum was jointly organised by MCMM and MCMC.

APT PRF-13 is considered as one of the most important forums as it discusses current issues in the area of regulatory and policy of telecommunications and ICT at the Asia-Pacific region by taking into account the current issues in the world.

This forum is the best platform for dialogue on issues of policy and regulatory framework as it was attended by high-profile participants from the government sectors across the Asia-Pacific region. Malaysia was given the opportunity to host it in 2009.

It was attended by 172 participants representing 20 members of the APT, one associate member, 10 affiliate members, one international organisation and 14 from other organisations. A total of 10 sessions were held within three days and the speakers were gathered from different areas such as policy makers, regulators and international organisations to further expand the topic of discussions.

Among the issues discussed in this forum were regulatory structure must include technology and service convergence. In addition, the governments were also proposed to provide flexibility to regulators to decide and enforce the law.

The discussion issues were also touched on the topics such as challenges of broadband and infrastructure implementations, contents applications and services, cyber security and disaster management.



ITU Telecom Conference 2013

The International Telecommunication Union (ITU) TELECOM World Conference 2013 was held in Bangkok, Thailand from 19-22 November 2013. The ITU Telecom World Conference is an annual programme organised by the Board of International Telecommunication Union and was first introduced in 1971. For this year, it was held after the Connect Asia-Pacific Summit, which took place in the same venue. It is a huge gathering or global ICT community and society which was attended by heads of countries, communications ministers of ITU member countries and also chief executives of world's leading telecommunications companies and industrial players from various countries.

At ITU Telecom World 2013, they met in several programmes planned as Meet-a-Leader, the Ministerial Roundtable, Visionary Keynote and Big Conversation sessions. As the leading agency for ICT related issues, ITU managed to gather and unite government and private sectors in the industry comprising of developing and emerging countries in a neutral platform. Malaysia has participated in the ITU Telecom World for several times, namely in 2003, 2009, 2011 and 2012.

As in previous years, the Secretary General of ITU, Dr. Hamadoun Toure has sent a formal invitation to Malaysia to participate in the highest forum or dialogue during the ITU Telecom World 2013 in Bangkok. Malaysian delegations to the conference were headed by the Minister of Communications and Multimedia of Malaysia and accompanied by the Chairman of MCMC together with senior officials of the KKMM and MCMC.

During the ITU Conference in Bangkok, a special ceremony was held to give recognition to successful online business entrepreneurs. The award known as the Broadband Transformational Power of Broadband Digital Icon Award 2013 is a joint initiative of ITU and MCMC. The award was given to Puan Kabilah Hassan, a seaweed entrepreneur from Kunak, Sabah who has successfully transformed the conventional business of seaweed to an online business venture and managed to increase her income from RM400 to RM20,000 a month. The Digital Icon Award 2013 was jointly presented by the Secretary General of ITU, Dr. Hamadoun Toure and Dato' Sri Ahmad Shabery Cheek.

In addition, MCMC and ITU have also organised a competition to promote the broadband transformation power and its effects on individuals, organisations or communities. This competition required participants to produce a video recording and all contested videos should be based on true stories and narrated the success of individuals as a result of using broadband. This video competition involved participations of the countries in Asia-Pacific region. A total of 22 videos from 11 countries in the form of video clips were received in this competition. It was divided into four categories as follows:

- i. Broadband for Youths/Women/Girls/Persons with Disabilities/Elderly;
- ii. Broadband in all phases of disaster management and risk reduction;
- iii. Broadband for promoting and/or strengthening SMEs/Entrepreneurs; and
- iv. Broadband for communities/schools.

Seven lucky winners were selected in this competition and each of them received prizes of US\$5,000 for the winners and US\$3,000 for runner-ups of each category. Two winners from Malaysia were Mohd Saiful Bin Isa and Zamri Bin Wahid. Other winners were participants from various countries as follows:

- i. Shahryar Muhammad Khan - Pakistan
- ii. Georgia Lindgren - Australia
- iii. Toshikazu Sakano - Japan
- iv. Osama Manzar - India
- v. Jeffrey N. Lianto - the Philippines

Malaysia is a member of ITU which actively participates in meetings, discussions and workshops organised by ITU, and Malaysia is a council member for the 2010-2014 session representing countries in the regions of Asia and Australasia. Malaysia's participation in the ITU Telecom World shows strong commitment and willingness in the development of telecommunications, preserving bilateral relations between Malaysia and other member countries and at the same time maintaining visibility as of the leader among developing countries in the areas of telecommunications to ensure continuous trust of other countries towards Malaysia.

ITU Telecom World which has been introduced since 1971 is one of the trademark services of ITU and an annual event organised by the ITU that covers exhibitions and forums in the telecommunications sector. It is a platform for discussions at the highest level, information sharing and cooperation that are required to drive the success of global ICT community, as well as to scrutinize socio-economic challenges. This ITU Telecom World 2013 will explore the theme of Embracing Change in a Digital World.

The 4th APT Cybersecurity Forum

The 4th Cybersecurity Forum (Asia-Pacific Telecommunity Cybersecurity Forum - APT CSF-4) was held in Kuala Lumpur, Malaysia from 3-5 December 2013. It was jointly organised by the KKMM and MCMC. It was attended by 89 participants comprising members of APT, affiliate members and others.

This forum is one of the platforms where stakeholders in cyber security areas in the region gather to enhance regional collaboration for addressing cybercrimes issues, spamming activities, as well as improving cyberspace security. It is also a centre where attendees can share information, experience, knowledge and expertise in cyber security.

A total of 10 sessions were held within three days and the forum had received overwhelming response from the attendees. Meanwhile, the speakers present were experts in cyber security areas of their respective organisations. They have also updated the latest information in their respective countries. In addition, attendees were touched on the topics that will be discussed in the next forum as follows:

- i. promoting public awareness; and
- ii. children's safety in cyberspace

STRATEGIC COMMUNICATION

2013 ACTIVITIES AT A GLANCE

2013 was another hectic and challenging year for the Strategic Communications Department (SCD). Throughout 2013 alone, the SCD has been involved in tens of series of activities or programmes which were conducted by MCMC or at the level of Ministry of Communications and Multimedia.

Most engagements were focused on the coordination of programmes and support assistance in the smooth running of organised activities.

Among the series of activities involving SCD throughout 2013 include:

- i. 1Malaysia Broadband Carnival (KJL1M)
- ii. Youth Communication Package (YCP)
- iii. CommunicAsia 2013 in Singapore
- iv. Malaysia Developer's Day (MDD)
- v. ICT Programmes through Knowledge
- vi. League of Creative Teens 2013 (LoCT 2013)
- vii. World Telecommunications and Information Society Day 2013 (WTISD)
- viii. Launching of SK Telecom Community Broadband Centre in Tomani, Sabah
- ix. Launching of Humanitarian Fund of the Ministry of Communications and Multimedia of Malaysia for typhoon Haiyan and flood victims
- x. Launching of Consumer Info Portal in Putrajaya
- xi. MCMC exhibition in conjunction with the UMNO General Assembly at PWTC

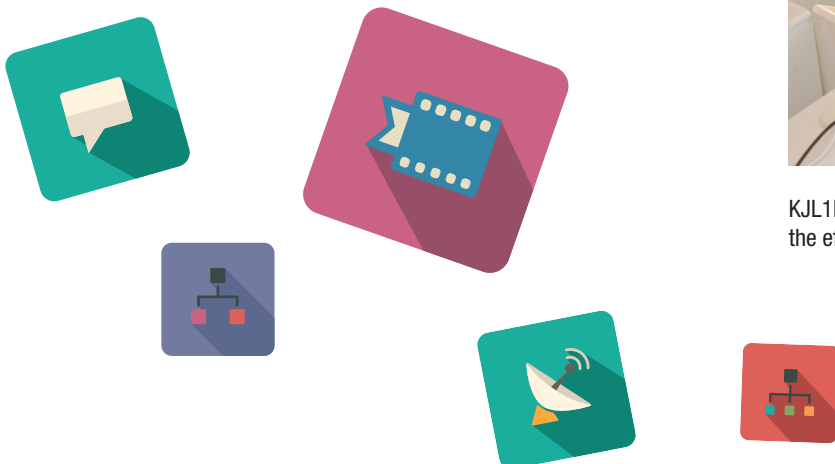
1Malaysia Broadband Carnival (KJL1M)

A total of eight KJL1Ms and two Mini KJL1Ms were organised in 2013. The events were jointly organised by the Ministry of Communications and Multimedia of Malaysia and Telekom Malaysia Berhad (TM).

During the carnivals, a variety of activities were carried out including the using Internet wisely, ICT-based competitions for students and general public, special promotions on broadband package and sharing success stories of entrepreneurs benefited from using broadband.



KJL1M provides opportunities to the general public to understand more on the efforts made by MCMC to improve the national broadband



Youth Communications Package (YCP)

A total of 10,024 mobile phone dealers of eight (8) mobile telecommunications companies have participated in the programme. A total of 108 phone models were offered when the package was implemented in 2013. The programme was announced by the Prime Minister in the Budget 2013 which meant to provide information access to youths, aged 21 to 30 years old with a monthly income of RM3,000 and below. The programme offered RM200 rebates for the purchase of 3G smartphone where an allocation of RM300 million was made that benefited 1.5 million of youths. Up to 31 December 2013, the YCP successfully met its target.

Malaysia Developers' Day (MDD)

More than 250 individuals from various backgrounds such as students, programmers, marketing specialists and entrepreneurs participated in the Malaysia Developers' Day (MDD), which is a competition to develop mobile applications organised by MCMC in collaboration with AT&T, a leading telecommunications company in the United States of America that was held on 7 to 8 September previously.

Located at the Westin Hotel, Kuala Lumpur, Malaysia became the first country in Asia Pacific to receive the honour of organising MDD. Team Pillow won the first place with their application called the "Perks", while the second runner-up prize was won by team Pronto with the application called "Speed Alert", which allows the user to detect the speed of the bus during the ride. Meanwhile, the third place went to team ShoutOut.



Malaysia Developer's Day (MDD) event has successfully attracted more than 250 participants from various backgrounds

Liga Remaja Kreatif (LRK)

A total of 3,073 online entries were received for League of Creative Teens 2013. Out of that number, 838 videos were evaluated by panel of evaluators for the state and national levels.

SMK Luar Bandar No. 1 Sibul of Sarawak was crowned as the league champion in 2013, and SMK Rapat Setia finished second while Asia-Pacific Smart School won the third place. Each of the schools took home a cash prize of RM10,000, RM7,500 and RM5,000 respectively. The national prize giving ceremony LoCT 2013 was officiated by the Minister of Communications and Multimedia, Dato' Sri Ahmad Shabery Cheek at the Perdana Auditorium, Angkasapuri



SMK Luar Bandar No. 1 Sibul of Sarawak was crowned as the League of Creative Teens champion in 2013 at the National Level



Get Malaysian Business Online (GMBO) Grant Programme 2013

A total of 42,000 applications for GMBO were received by MCMC throughout 2013. Of the total, MCMC has approved 34,000 applications. A total of RM34 million has been channelled by MCMC to those eligible to receive the grant. Throughout 2013, various promotional activities and cooperation with agencies and companies were put in place to ensure GMBO was enjoyed by entrepreneurs nationwide. Some of the activities organised were lectures, workshops and interviews in mass media.



Various initiatives have been implemented to intensify the promotion of grants for Get Malaysian Business Online (GMBO)

APPROACH OF HANDLING OUTSTANDING ISSUES

Press Release

During 2013, a total of 36 press releases were issued by the Department of Strategic Communications. Among others, the press releases touched on the issues such as social media abuse, insulting Yang di-Pertuan Agong, internet restrictions issues, online contents problems, dropped calls issues and using Internet wisely.

The press releases are issued to explain the truth about some issues that are still happening as well as correcting wrong interpretations by the people who are still not clear on the issues raised.

Social Media

Besides administering the website of MCMC, the SCD has also taken the initiative to set up Facebook, Twitter and Instagram accounts in the middle of last year as the means to interact with social media users. Through FB, Twitter and Instagram, MCMC will now be able to get direct feedbacks from the users in real time.

Now, the MCMC's FB, Twitter and Instagram can be accessed at the following links:

- i. <https://www.facebook.com/SuruhanjayaKomunikasiMultimediaMalaysia>
- ii. [@skmm_mcmc](https://twitter.com/SKMM_MCMC)
- iii. http://instagram.com/skmm_mcmc#@skmm_mcmc



Figure 1: Facebook Page, Twitter and Instagram of MCMC

MCMC APPEARANCE IN MASS MEDIA

In order to strengthen the relationship with the media, SCD also held meeting sessions with the top management of the media from time to time. This is another proactive measure undertaken by SCD towards ensuring the delivery of generated news reaches the target groups and achieves the desired goals.

Also, in 2013, the name of MCMC received a wide coverage from the media, either through exclusive interviews, press conferences or through special appearances in talk show programmes on both local televisions and radio stations such as TV3, RTM, NTV7, TV9 TV AlHijrah and Bernama Radio24.

Other than broadcasting stations, interviews with printed media such as Utusan Malaysia, Berita Harian, Sinar Harian, The Star and New Straits Times were also carried out. Heads of relevant Divisions or Departments will be interviewed on topics relevant to their areas of work. Issues such as cybercrime, social media abuse, hacking and phishing were among the issues focused by most of the mass media last year. Overall, the MCMC had featured not less than 30 times in the mass media during 2013. The numbers are inclusive of invitations and exclusive interviews from the media, which is a strong indication that the MCMC has always been the focus of the mass media.

Year 2013 also saw the news announcements by MCMC on smartphones rebates under the Youth Communications Package (YCP) as the second most searched news as reported by Zeitgeist which was released by Google.

PROGRAMMES



MCMC APPEARANCES IN TV/NEWSPAPER INTERVIEWS

TOPIC	GUEST	PROGRAMME	DATE
Cybercrime	Sheikh Raffie Abd Rahman Head of Department Strategic Communication	Nasi Lemak, Kopi O (TV9)	17 May 2013
Phishing	Dato' Mohamed Sharil Tarmizi MCMC Chairman	PC with the Royal Malaysian Police (PDRM)	1 July 2013
Malaysia Developer's Day (MDD)	WToh Swee Hoe Chief Industry Regulation Officer Tengku Zaib Raja Ahmad Chief Support and Services Officer	NTV7 Morning Breakfast Show Selamat Pagi 1 Malaysia Malaysia Hari Ini (MHI) Agenda Awani	Between mid-August up to early September 2013
World Postal Day	Zaidi Abdul Karim Head of Department Digital Signature and Postal Affairs	Ala Carte Pagi (Bernama Radio24)	9 Oct 2013
KKMM Humanitarian Fund (TKKMM)	Tengku Zaib Raja Ahmad Chief Support and Services Officer Mohd Hussin Ali Head of Division Regional Coordination	Selamat Pagi 1 Malaysia (SP1M) Hello On Two (RTM2) Malaysia Hari Ini (MHI)	Between the end of October to early November 2013
Stolen mobile phones	Zulkarnain Mohd Yasin Head of Division Monitoring and Enforcement	The Star Online	Early September
Get Malaysian Business Online (GMBO)	Azizan Mohd Afandi Head of Department Secretariat Planning & Coordination	Utusan & Sinar Harian	July & August



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

LEARNING



Learning is one of the six digital
lifestyle ecosystems.

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	Note	2013 RM'000	2012 RM'000
Assets			
Non-current asset			
Property and equipment	3	349,993	147,943
Current assets			
Fees and other receivables	4	30,121	54,478
Prepayments		-	7
Cash and cash equivalents	5	2,020,432	2,027,960
Total current assets		2,050,553	2,082,445
Total assets		2,400,546	2,230,388
Represented by:			
Accumulated funds	6	1,925,832	1,877,724
Liabilities			
Non-current liability			
Deferred income	7	89,308	97,258
Current liabilities			
Deferred income	7	211,848	165,728
Other payables and accrued expenses	8	172,441	88,831
Current tax payable		1,117	847
Total current liabilities		385,406	255,406
Total liabilities		474,714	352,664
Total accumulated fund and liabilities		2,400,546	2,230,388

The notes on pages 153 to 165 are an integral part of these financial statements.

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM'000	2012 RM'000
Income			
Operating license fees		119,364	111,093
Spectrum fees		433,452	354,662
Interest income		69,733	72,317
Gain on disposal of equipment		-	262
Other income		11,331	10,241
		<u>633,880</u>	<u>548,575</u>
Expenditure			
Human resource expenses		78,911	59,568
Administrative expenses		67,782	60,311
Special projects expenses		359,749	232,433
Industry development grant expenses		9,807	13,963
Audit fee		75	65
Rental expenses			
- premises		3,931	3,665
- network		1,925	2,162
- others		4,203	596
Depreciation of property and equipment	3	16,438	17,027
Impairment loss on fees receivables, net		200	500
Rebate entitlement expenses		11,538	11,001
Other expenses		13,330	7,264
Loss on disposal of equipment		7	-
		<u>567,896</u>	<u>408,555</u>
Excess of income over expenditure before tax		65,984	140,020
Tax expense	9	(17,876)	(18,777)
Excess of income over expenditure after tax	6	<u>48,108</u>	<u>121,243</u>

The notes on pages 153 to 165 are an integral part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2013

There were no recognised gains and losses other than the excess of income over expenditure after tax for the current financial year and the previous financial year.

The notes on pages 153 to 165 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM'000	2012 RM'000
Cash flows from operating activities			
Excess of income over expenditure before tax		65,984	140,020
Adjustments for:			
Depreciation of property and equipment		16,438	17,027
Loss/(Gain) on disposal of equipment		7	(262)
Interest income		(69,733)	(72,317)
Operating surplus before change in working capital		12,696	84,468
Changes in working capital:			
Deferred income		38,170	(67,798)
Fees and other receivables and prepayments		18,103	(18,995)
Other payables and accrued expenses		61,859	(511)
Cash generated from/ (used in) operation		130,828	(2,836)
Tax paid		(17,606)	(21,227)
Net cash generated from/(used in) operating activities		113,222	(24,063)
Cash flows from investing activities			
Acquisition of property and equipment	(i)	(196,747)	(82,929)
Interest received		75,994	78,153
Proceeds from disposal of equipment		3	267
Net cash used in investing activities		(120,750)	(4,509)
Net decrease in cash and cash equivalents		(7,528)	(28,572)
Cash and cash equivalents at 1 January		2,027,960	2,056,532
Cash and cash equivalents at 31 December	5	2,020,432	2,027,960

The notes on pages 153 to 165 are an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2013 (continued)

(i) Acquisition of property and equipment

During the year, the Commission acquired property and equipment with an aggregate cost of RM218,498,000 (2012: RM82,929,000), as follows:

	2013 RM'000	2012 RM'000
Satisfied by payments	196,747	82,929
Payable to suppliers	21,751	-
	<u>218,498</u>	<u>82,929</u>

The notes on pages 153 to 165 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 (“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 authorised for issue by the Commission’s Members on 10 July 2014.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Commission have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Commission:

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

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions
- Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, Financial Instruments (2009)
- MFRS 9, Financial Instruments (2010)
- MFRS 9, Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

1. Basic of preparations (continued)

(a) Statement of compliance (continued)

The Commission plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for Amendments to MFRS 12, Amendments to MFRS 127 and IC Interpretation 21 which are not applicable to the Commission.
- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to MFRS 2, Amendments to MFRS 3 and Amendments to MFRS 8 which are not applicable to the Commission.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Commission except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Commission is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(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 is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") 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 estimates are 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 other than as disclosed in Note 2(e)(i), impairment of receivables.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position 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, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

2. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Financial instruments categories and subsequent measurement

The Commission categorises financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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 for 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 expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the statement of income and expenditure.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of income and expenditure.

(b) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less any 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. The cost of self-constructed assets also includes the cost of materials and direct labour.

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 and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised in the statement of income and expenditure.

(ii) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Commission, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to statement of income and expenditure. The costs of the day-to-day servicing of property and equipment are recognised in statement of income and expenditure as incurred.

2. Significant accounting policies (continued)

(b) Property and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the statement of income and expenditure on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Freehold land is not depreciated. Property and equipment under construction 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 at the end of the reporting period and adjusted as appropriate.

(c) Fees and other receivables

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

(e) Impairment

(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.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period 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 are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

2. Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Other assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the statement of income and expenditure. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

(f) Employee benefits

(i) 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 liability 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.

(ii) State plans

The Commission's contributions to the statutory pension funds are charged to the statement of income and expenditure in the financial year to which they relate.

(g) Fees and other income

(i) Operating license fees

Operating license fees are recognised on the following basis:-

- a) a minimum RM50,000 or a maximum license fees of 0.50% of Gross Annual Turnover 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 as it accrues using the effective interest method in the statement of income and expenditure.

(h) Operating lease

Leases, where the Commission does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in statement of income and expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised in statement of income and expenditure as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to the statement of income and expenditure in the reporting period in which they are incurred

(i) Income tax

Income tax expense is in respect of tax on interest income earned 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.

2. Significant accounting policies (continued)

(i) Income tax (continued)

Income tax expense comprises current tax. Income tax expense is recognised in the statement of income and expenditure.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 financial years

(j) Fair value measurement

From 1 January 2013, the Commission adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The adoption of MFRS 13 has not significantly affected the measurements of the Commission's assets or liabilities.

3. Property 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 2012	7,963	166,694	4,123	9,341	10,873	37,799	8,724	245,517
Additions	482	1,837	178	1,976	-	-	78,456	82,929
Disposals	(196)	(368)	(19)	(1,572)	-	-	-	(2,155)
Reclassification	228	4,086	-	-	-	-	(4,314)	-
At 31 December 2012/ 1 January 2013	8,477	172,249	4,282	9,745	10,873	37,799	82,866	326,291
Additions	848	892	191	-	-	-	216,567	218,498
Disposals	(3)	(2,260)	-	-	-	-	-	(2,263)
Reclassification	63	11,950	-	918	-	462	(13,393)	-
At 31 December 2013	9,385	182,831	4,473	10,663	10,873	38,261	286,040	542,526
Accumulated depreciation								
At 1 January 2012	5,503	143,661	3,147	5,759	-	5,401	-	163,471
Charge for the year	544	14,021	296	1,410	-	756	-	17,027
Disposals	(194)	(365)	(19)	(1,572)	-	-	-	(2,150)
At 31 December 2012/ 1 January 2013	5,853	157,317	3,424	5,597	-	6,157	-	178,348
Charge for the year	601	13,276	277	1,524	-	760	-	16,438
Disposals	(3)	(2,250)	-	-	-	-	-	(2,253)
At 31 December 2013	6,451	168,343	3,701	7,121	-	6,917	-	192,533
Net book value								
At 1 January 2012	2,460	23,033	976	3,582	10,873	32,398	8,724	82,046
At 31 December 2012/ 1 January 2013	2,624	14,932	858	4,148	10,873	31,642	82,866	147,943
At 31 December 2013	2,934	14,488	772	3,542	10,873	31,344	286,040	349,993

4. Fees and other receivables

	2013 RM'000	2012 RM'000
Interest income receivable	23,403	29,664
Fees receivables (Note 11.4)	2,924	20,823
Other deposits	2,814	1,108
Staff loans	639	584
Advances to staff	234	1,516
Other receivables	107	783
	<u>30,121</u>	<u>54,478</u>

5. Cash and cash equivalents

	2013 RM'000	2012 RM'000
Cash and bank balance	16,293	28,151
Deposits in licensed banks	2,004,139	1,999,809
	<u>2,020,432</u>	<u>2,027,960</u>

6. Accumulated funds

	2013 RM'000	2012 RM'000
Initial fund	60,000	60,000
Accumulated surplus brought forward	1,817,724	1,696,481
Excess of income over expenditure after tax selepas cukai	48,108	121,243
	<u>1,925,832</u>	<u>1,877,724</u>

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

7. Deferred income

	2013 RM'000	2012 RM'000
Current		
Spectrum fees		
3G spectrum assignment fees	87,623	90,524
Apparatus assignment fees	123,516	74,082
Operating license fees		
Class license fees	709	1,122
	<u>211,848</u>	<u>165,728</u>
Non-current		
Spectrum fees		
3G spectrum assignment fees	88,518	96,573
Apparatus assignment fees	790	685
	<u>89,308</u>	<u>97,258</u>
Total deferred income	<u>301,156</u>	<u>262,986</u>

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

	2013 RM'000	2012 RM'000
Other payables	3,484	14,146
Accrued expenses	168,957	74,685
	<u>172,441</u>	<u>88,831</u>

9. Tax expense

	Nota	2013 RM'000	2012 RM'000
Current tax expense			
Current year		17,433	18,365
Prior year		443	412
Total income tax expense		<u>17,876</u>	<u>18,777</u>
Reconciliation of tax expense			
Excess of income over expenditure before tax		65,984	140,020
Income tax calculated using Malaysian tax rate of 25%		16,496	35,005
Non-deductible expenses	9.1	141,999	102,151
Tax exempt income		<u>(141,062)</u>	<u>(118,791)</u>
		17,433	18,365
Under provision in prior year		443	412
		<u>17,876</u>	<u>18,777</u>

9.1 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. Capital commitment

	2013 RM'000	2012 RM'000
Property and equipment		
Authorised but not contracted for	200,989	174,107
Contracted but not provided for	82,598	93,569
	<u>283,587</u>	<u>267,676</u>

11. Financial instruments

11.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R"); and
- (b) Financial liabilities measured at amortised cost ("FL")

11. Financial instrument (continued)

11.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (FL) RM'000
2013		
Financial assets		
Fees and other receivables	30,121	30,121
Cash and cash equivalents	2,020,432	2,020,432
	<u>2,050,553</u>	<u>2,050,553</u>
Financial liabilities		
Other payables and accrued expenses	(172,441)	(172,441)
2012		
Financial assets		
Fees and other receivables	54,478	54,478
Cash and cash equivalents	2,027,960	2,027,960
	<u>2,082,438</u>	<u>2,082,438</u>
Financial liabilities		
Other payables and accrued expenses	(88,831)	(88,831)
11.2 Net gains arising from financial instruments		
	2013	2012
	RM'000	RM'000
Net gains on:		
Loans and receivables	69,533	71,817

11.3 Financial risk management

The Commission has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

11.4 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 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 the exposure to credit risk is monitored 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.

11.4 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 365 days, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

The Commission maintains an ageing analysis in respect of fees receivables only.

The ageing of fees receivables as at the end of the reporting period was as follows:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2013			
Not past due	1,971	-	1,971
Past due			
1 - 90 days	553	-	553
Past due			
91 – 365 days	400	-	400
Past due more than 365 days	4,537	(4,537)	-
	7,461	(4,537)	2,924
2012			
Not past due	1,195	-	1,195
Past due			
1- 90 days	19,007	-	19,007
Past due			
91 – 365 days	621	-	621
Past due more than 365 days	6,944	(6,944)	-
	27,767	(6,944)	20,823

No allowance for impairment losses of fees receivables has been made for the remaining past due receivables as the Commission monitors the results and repayments of these licensees regularly and is confident of the ability of these licensees to repay the balances owing.

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

	2013 RM'000	2012 RM'000
At 1 January	6,944	6,902
Impairment loss recognised	300	550
Impairment loss reversed	(100)	
Impairment loss written off	(2,607)	(50)
	4,537	6,944

The allowance account in respect of fees receivables is used to record impairment losses. Unless the Commission is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Deposits placed with licensed banks

Risk management objectives, policies and processes for managing the risk

Deposits are allowed to be placed only with licensed banks or 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 statements of financial position as shown in Note 5. The Commission has no significant concentration of credit risk other than the placements are with six domestic licensed banks.

11.5 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 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Maturity analysis

The financial liability of the Commission does not bear any contractual interest and hence, the contractual cash flows resemble the carrying amounts.

11.6 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.

Exposure to interest rate risk

The interest rate profile of the Commission's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2013 RM'000	2012 RM'000
Fixed rate instruments		
Financial assets - Deposits	<u>2,004,139</u>	<u>1,999,809</u>

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.

11.7 Fair value information

The carrying amounts of cash and cash equivalents, fees and other receivables and other payables and accruals reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

12. Operating lease

Leases as lessee

Non-cancellable operating lease rentals are payable as follows

	2013 RM'000	2012 RM'000
Less than one year	3,221	3,221
Between one and five years	2,684	5,905
	<u>5,905</u>	<u>9,126</u>

The Commission leases information technology infrastructure equipments under operating leases. The leases run for a period of 3 years, with an option upon expiration of the primary term or any renewal term thereafter either to:

- return the equipments to the Lessor
- renew the letting of all equipments; or
- purchase the equipments from the Lessor for the Buy-Out Price

Contingent rent recognised as an expense during the year amounted to RM 3,221,000 (2012: RM 537,000).

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 or jointly 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Commission either directly or indirectly. Key management personnel includes all the Members of the Commission, and senior management of the Commission.

The Commission has related party relationship with its key management personnel.

The related party transactions of the Commission are shown below:

	2013 RM'000	2012 RM'000
Key management personnel's compensation	<u>3,792</u>	<u>2,916</u>

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

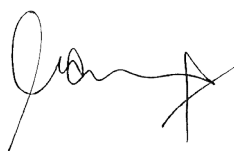
STATEMENT BY THE MEMBERS

We, Dato' Mohamed Sharil bin Mohamed Tarmizi and Chew Liong Kim, 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 22 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Commission as of 31 December 2013 and of its income and expenditure and cash flows for the financial year then ended.

Signed on behalf of the Members of the Malaysian Communications and Multimedia Commission:



Dato' Mohamed Sharil bin Mohamed Tarmizi



Chew Liong Kim

Selangor,


Date: 10 July 2014

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

STATUTORY DECLARATION

I, Tengku Zaib Raja Ahmad, the officer primarily responsible for the financial management of Malaysian Communications and Multimedia Commission, do solemnly and sincerely declare that the financial statements set out on pages 1 to 22 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 above named in Selangor on 10 July 2014.



Tengku Zaib Raja Ahmad

Before me:



Ng Say Hung

No. 9-3, Jalan PJS 8/4,
Bandar Sunway, 46150
Petaling Jaya, Selangor D.E.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

We have audited the financial statements of the Malaysian Communications and Multimedia Commission ("Commission"), which comprise the statement of financial position as at 31 December 2013 of the Commission, and the statements of income and expenditure, total recognised gains and losses and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 22.

Management of the Commission's Responsibility for the Financial Statements

The Management of the Commission is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Management of the Commission is also responsible for such internal control as the Management of the Commission determine is 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 about 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 judgement, 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 give a true and fair view of the financial position of the Commission as of 31 December 2013 and of its income and expenditure and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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: 2583/08/14(J)
Chartered Accountant

Petaling Jaya,

Date: 10 July 2014

COMMUNICATIONS & MULTIMEDIA STATISTICS 2013



STATISTICS ON COMMUNICATIONS AND MULTIMEDIA FOR 2013

1. Malaysia Basic Indicators

YEAR	POPULATION	ISI RUMAH ('000)	GDP (RM)		CONSUMER PRICE INDEX (CPI)
			CURRENT PRICE (BILLION)	CONSTANT PRICE (BILLION)	
Notes	a	b		c	d
2013	29.91	6,939	984.453	786.695	107.1

Sources: Prime Minister's Department

Notes:

- Population projection at the end of the period based on the 2010 census.
- Number of households is obtained by dividing the population by the average size of households.
- Base year is 2005.
- Base year is 2010.

The CPI for a period refers to the average index from 1st January until the end of that period.

2. Penetration Rates at a Glance

YEAR	BROADBAND		CELLULAR PHONE	DIRECT EXCHANGE LINE
	PER 100 INHABITANTS	PER 100 HOUSEHOLDS	PER 100 INHABITANTS	PER 100 HOUSEHOLDS
Notes	a	b	c	d
2013	22.6	67.1	143.8	32.4

Notes:

- The broadband penetration rate per 100 inhabitants is calculated by dividing the number of subscription for household and non-household by the number of the total population, and multiplying by 100. Public WiFi is not taken into account.
- The broadband penetration rate per 100 households is calculated by dividing the number of subscriptions for private households by the total number of private households and multiplying by 100. Non-household and public WiFi subscriptions are not taken into account.
- Cellular phone penetration rate is calculated as the total subscription divided by the total population and multiplied by 100. Penetration rates exceeding 100% can be attributed to customers with more than one subscription.
- Direct exchange line (DEL) penetration rate per 100 households is calculated by dividing the number of private household subscriptions by the number of private households and multiplied by 100.

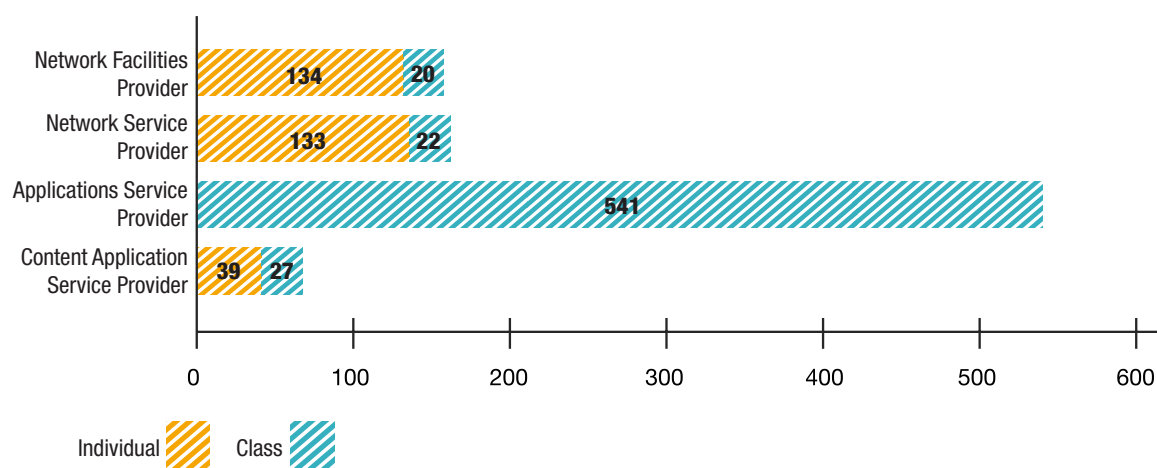
3. Malaysia's Ranking in ICT-related Indices

	2012	2013
Connectivity Scorecard	-	2
Network Readiness Index (NRI)	29	30
Digital Economy Ranking (Before 2010 E-Readiness Index)	-	-
E-Government Readiness Index	40	-
World Competitiveness Yearbook	14	15
ICT Development Index	59	-

Notes:

- Network Readiness Index 2009 – 2010
- Network Readiness Index 2010 – 2011
- (...) Data is not available for that particular year

4. Number of Licences for 2013



5. Number of Broadband Subscriptions and Penetration Rate for 2013

CATEGORY	TYPES OF BROADBAND SUBSCRIPTIONS			TOTAL ('000)
	FIXED (WIRED) a	WIRELESS b	1MALAYSIA NETBOOK	
Household	1,962.5	2,408.5	187.1	4,558.1
Household Penetration Rate	67.1			
Non-household	411.9	1,403.3	N/A	1,815.2
Overall Total Subscriptions	2,374.4	3,811.8	187.1	6,373.3
Population Penetration Rate				22.6

Notes:

a. Including ADSL, SDSL, VDSL, Fibre Optic, Satellite and Fixed Wireless.

b. Including Mobile Broadband, WiMAX and EVDO.

6. Broadband Penetration Rate Per 100 Households by State 2013

STATE	SUBSCRIPTION				PENETRATION RATE
	PRIVATE HOUSEHOLD SUBSCRIPTION	JOINT HOUSEHOLD		TOTAL	
		CBC	CBL		
Johor	496.09	17.52	31.92	545.53	65.1
Kedah	233.81	8.52	10.62	252.95	53.3
Kelantan	130.06	7.46	7.26	144.78	41.9
Melaka	124.09	3.77	8.88	136.74	64.7
Negeri Sembilan	173.42	5.78	12.12	191.32	74.6
Pahang	175.28	13.50	19.02	207.80	60.1
Perak	293.10	5.42	14.58	313.10	51.7
Perlis	34.46	1.11	2.82	38.39	67.4
Penang	330.99	0.00	2.34	333.33	80.3
Selangor	1,144.21	5.58	9.30	1,159.09	79.1
Terengganu	118.65	6.27	9.78	134.70	57.3
Sabah	195.95	9.30	30.24	235.49	53.8
Sarawak	259.49	13.22	37.32	310.03	53.5
WP Kuala Lumpur	521.63	0.00	0.36	521.99	111.7
WP Labuan	12.25	0.00	0.54	12.79	64.0
WP Putrajaya	19.82	0.00	0.12	19.94	81.9
Others (Unknown Sources)	0.13			0.13	
TOTAL	4,263.43	97.45	197.22	4,558.10	67.1

7. Community Access for 2013

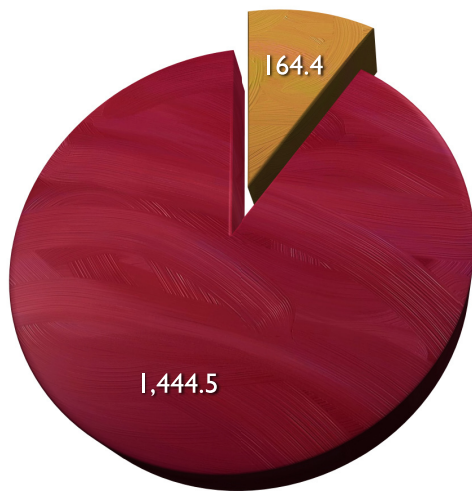
STATE	1MALAYSIA INTERNET CENTRE(1MIC)		MINI COMMUNITY BROADBAND CENTRE (MINI CBC)	COMMUNITY BROADBAND LIBRARY (CBL)	1MALAYSIA WIRELESS VILLAGE
	NUMBER OF CENTRES	MEMBERS			
Johor	49	62,443	8	6	560
Kedah	33	25,549	7	17	246
Kelantan	29	21,419	10	11	176
Melaka	16	10,370	2	5	159
Negeri Sembilan	22	17,933	3	7	230
Pahang	51	37,840	11	6	429
Perak	22	16,004	11	-	279
Perlis	3	3,816	-	-	48
Penang	-	-	1	-	25
Selangor	20	16,297	6	11	188
Terengganu	24	17,818	6	9	205
Sabah	49	51,698	23	1	890
Sarawak	45	40,662	33	26	919
WP KL	1	992	-	-	9
WP Labuan	-	-	-	-	18
WP Putrajaya	-	-	-	-	4
TOTAL	364	322,841	121	99	4,385

8. Number of Hotspot Locations by State for 2013



9. Number of Hotspot Subscription for 2013

● Hotspot ('000) ● WIFI Broadband Project ('000)



10. Number of Cellular Phone Subscriptions and Penetration Rates for 2013

SUBSCRIPTION TYPE	TOTAL ('000)
Post-paid	7,763
Prepaid	35,233
TOTAL SUBSCRIPTIONS	42,996
PENETRATION RATE PER 100 RESIDENTS	143.8%

Notes:

Cellular telephone penetration rate is calculated as total subscriptions and divided by the total population and multiplied by 100. Penetration rates exceeding 100% can be attributed to customers with more than one subscription..

Including 3G

11. 3G Subscriptions for 2013

SUBSCRIPTION TYPE	TOTAL ('000)
Post-paid	4,794
Prepaid	13,235
TOTAL SUBSCRIPTIONS	18,029

Notes:

3G subscriptions shown above are also calculated in Table 10

12. Mobile Number Portability for 2013



Request for Number Portability	388.2
Successful Number Portability	290.9
Total ('000)	

13. Short Messaging Service (SMS) for 2013

Total (Million) ¹	17,090.4
Per Subscription	398

Notes:

¹ 1. The figure shows the number of SMS sent in the reference period.

14. Number of Direct Exchange Line Connections and Penetration Rates for 2013

Household		Number Of Subscriptions For Business ('000)	Total Subscription ('000) ¹
Number Of Subscription ('000)	Penetration Rate (Per 100 Household)		
2,247	32.4%	1,499	3,746

Notes:

¹ Direct Exchange Line connection refers to fixed line connections that connect a customer's equipment to the exchange.

15. Penetration Rate of Direct Exchange Line (DEL) Per 100 Households by State for 2013

STATE	PENETRATION RATE (%)		
Johor	40.3	Penang	50.0
Kedah and Perlis	27.4	Selangor*	29.6
Kelantan	16.5	Terengganu	29.2
Melaka	46.9	Sabah	19.6
Negeri Sembilan	43.7	Sarawak	25.4
Pahang	27.9	WP Kuala Lumpur	15.2
Perak	41.8	WP Labuan	37.8
		Malaysia	32.4

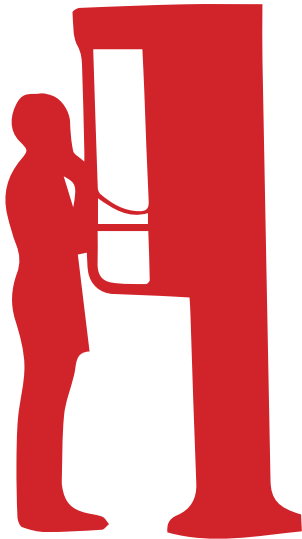
Notes:

*Including W.P Putrajaya

16. Percentage of Direct Exchange Line Capacity Used for 2013

CAPACITY USED (%)	WAITLIST ('000)
61.0	...

17. Number of Public Payphones for 2013



TOTAL (‘000)	22
PER 1,000 RESIDENTS	0.74

18. Broadcast Minutes for Free-to-Air TV for 2013

							Total
133,649	133,803	132,155	102,774	105,138	105,444	101,649	814,612

19. Number of Pay-TV Subscriptions for 2013

NUMBER OF SUBSCRIPTIONS (‘000)			PENETRATION RATE PER 100 HOUSEHOLDS
HOUSEHOLDS	NON-HOUSEHOLDS	TOTAL	
3,841	24	3,865	55.7%

20. Number of IPTV Subscriptions for 2013

NUMBER OF SUBSCRIPTION (‘000)		
HOUSEHOLDS	NON-HOUSEHOLDS	TOTAL
554.6	103.5	658.4

21. Number of Digital Signature Certifying Authorities for Year 2013

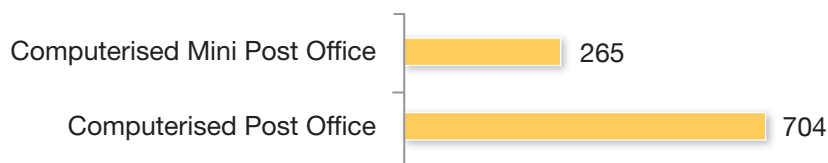
NOTES	NUMBER OF LICENCES
Refers to Certifying Authorities licensed under the Digital Signature Act 1997	2

22. Number of Digital Signature Certificates Issued by Type for 2013

INDIVIDUAL	DOMESTIC USER		INTERNATIONAL USER	TOTAL
	ORGANISATION		CORPORATE ORGANISATION	
	CORPORATE	GOVERNMENT		
8,474	198,749	5,991,307	1,001	6,199,531

23. Postal Establishments (Various Functions/Services) for 2013

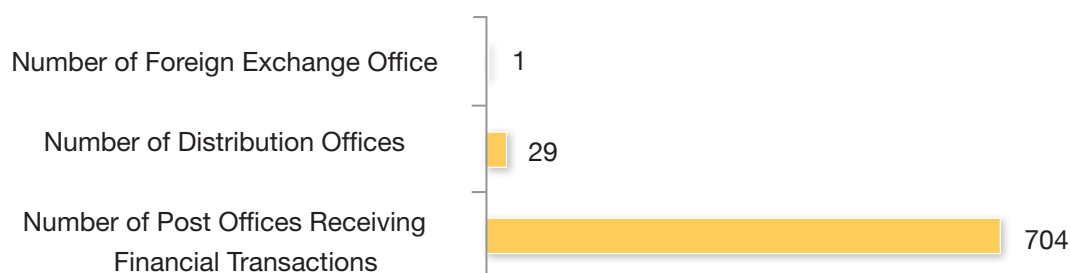
a. Postal Establishment by Type



b. Postal Establishment by State

STATE	COMPUTERISED POST OFFICE		TOTAL COMPUTERISED POST OFFICE
	URBAN	RURAL	
Johor	49	32	81
Kedah	13	35	48
Kelantan	14	15	29
Melaka	16	11	27
Negeri Sembilan	16	23	39
Pahang	19	24	43
Perak	37	50	87
Perlis	3	6	9
Penang	33	7	40
Putrajaya	2	0	2
Sabah	21	26	47
Sarawak	24	38	62
Selangor	82	17	99
Terengganu	13	15	28
WP Kuala Lumpur	63	0	63
Total	405	299	704

c. Postal Establishment by Functions



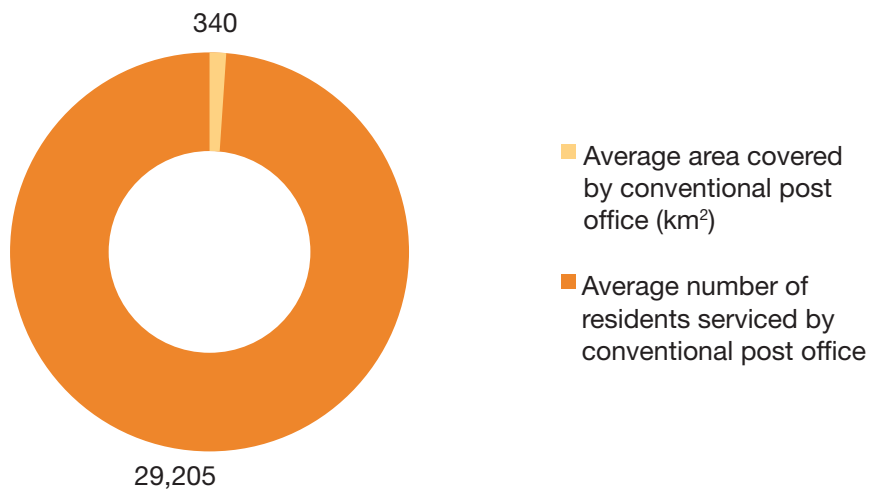
d. Postal Establishment by Services



24. Postal Staff for 2013

Number of Full Time Staff **17,072**

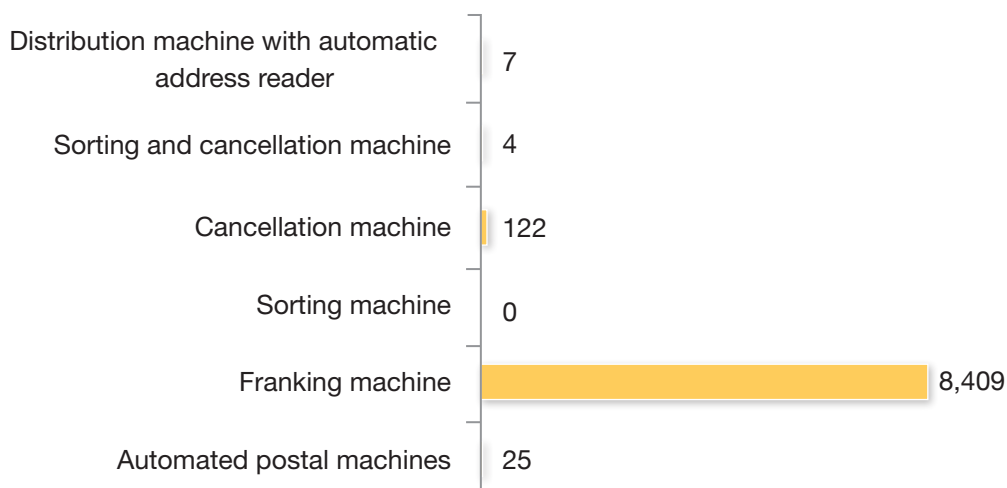
25. Postal Office Coverage and Service for 2013



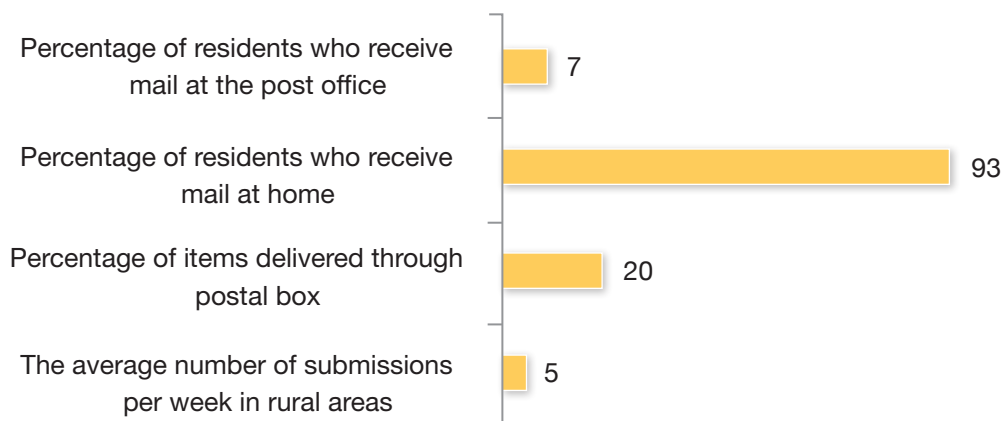
26. Post Boxes and Postal Vehicles for 2013

NUMBER OF BOXES		NUMBER OF VEHICLES	
LETTER BOXES	POST OFFICE BOXES	TRUCKS AND AUTOMOBILES	MOTORCYCLES
3,322	96,912	2,094	7,596

27. Postal Machines (Various Functions/Services) for 2013



28. Delivery of Mail for 2013



29. Postal Traffic for 2013

NUMBER OF DOMESTIC MAIL SERVICES	INTERNATIONAL MAIL SERVICES	
	DESPATCHED MAI LS	RECEIVED MAI LS
978,094,914	13,896,987	21,217,722

30. Postal Traffic – Special Treatment for 2013

DOMESTIC SERVICE		INTERNATIONAL SERVICE	
NUMBER OF FREE ITEMS POSTED ('000)	NUMBER OF REGISTERED ITEMS ('000)	NUMBER OF REGISTERED ITEMS DESPATCHED ('000)	NUMBER OF REGISTERED ITEMS RECEIVED ('000)
2,649	21,230	848	954

31. Postal Parcel Service for 2013

DOMESTIC SERVICE		INTERNATIONAL SERVICE		
NORMAL PARCELS	INSURED PARCELS	NORMAL PARCELS DESPATCHED	NORMAL PARCELS RECEIVED	INSURED PARCELS DESPATCHED
662,681	381	199,681	220,210	704

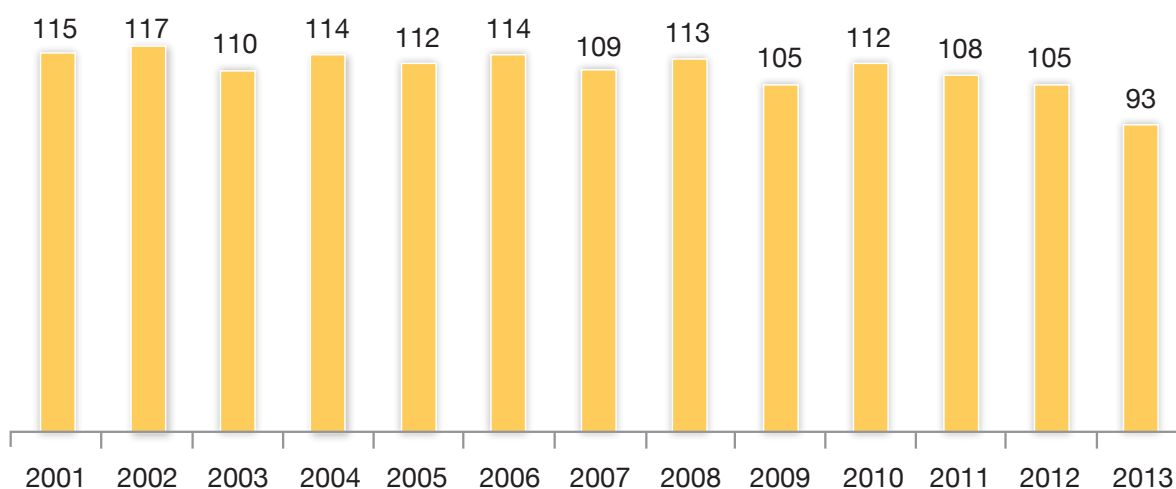
32. Financial Services (Various Functions/Services) for 2013

DOMESTIC SERVICE		INTERNATIONAL SERVICE			
NUMBER OF MONEY ORDERS	TOTAL VALUE OF MONEY ORDERS ISSUED (RM)	NUMBER OF MONEY ORDERS		TOTAL VALUE OF MONEY ORDERS	
		DESPATCHED	RECEIVED	DESPATCHED	RECEIVED
702,177	326,186,475	3,464	501	1,957,338	941,789

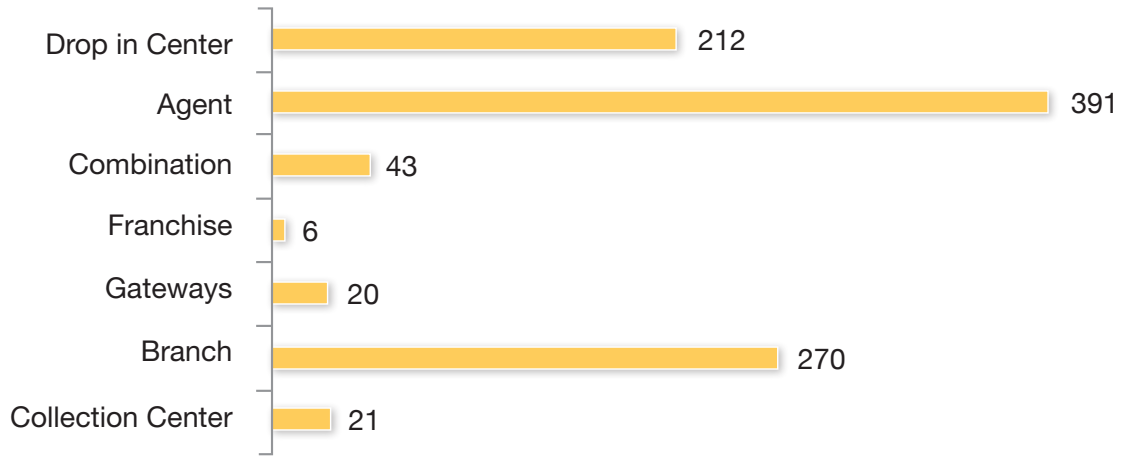
33. Philately for 2013

STAMP ISSUES			SODA MEMBERS*	
SPECIAL	COMMEMORATIVE	DEFINITIVE	NEW MEMBERS	TOTAL NUMBER OF MEMBERS
13	2	0	6,233	70,895

34. Number of Courier Licenses



35. Courier Offices for 2013



CHANGING
WITH THE WORLD



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