



Promoting Competition,

Protecting You

**MALAYSIA
COMPETITION COMMISSION**

Annual Report 2011

June - December



COMPETITION
CREATES
EFFICIENCY

www.mycc.gov.my

Contents ▶

- | | | | |
|----|---|----|----------------------------|
| 2 | Minister's Foreword | 18 | The Competition Act 2010 |
| 4 | Chairman's Message | 20 | The Competition Commission |
| 6 | CEO's Message | 24 | The Year in Review |
| 10 | About the Malaysia Competition Commission | 30 | In the News |
| 12 | Commission Members | 33 | Financial Statements |
| 14 | Organisational Structure | 47 | Contact Us |
| 16 | Milestones | | |





Minister's Foreword

YB DATO' SRI ISMAIL SABRI YAAKOB

Minister of Domestic Trade,
Co-operatives and Consumerism

2011 marked a turning point for the Malaysian business landscape, a paradigm shift in doing business in the country, with the setting up of the Malaysia Competition Commission (MyCC), established to ensure compliance with the Competition Act 2010 (CA2010).

The road that led to the enactment of the CA2010 and the establishment of the MyCC under the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) included numerous consultations with key representatives from government agencies, chambers, associations and civil societies before the final policy and bill was gazetted in June 2010. This was followed by an 18-month grace period giving businesses sufficient time to comply with the law.

Identified as one of the Strategic Reform Initiatives (SRIs) under the Economic Transformation Programme (ETP), the implementation of competition law is imperative in fostering a healthy and competitive economy. Competition drives enterprises to be more innovative and responsive to consumer demand, leading to an economy that operates more efficiently through lower pricing and choice. In turn, an enhanced economic performance encourages higher levels of private investment and job creation, perpetuating a cycle that will bring about a developed economy. The Government is committed to the successful implementation and enforcement of the CA2010, which is applicable across all industries and firms.

Although competition law is seen as a driver of economic growth, it would be wrong to treat it as a remedy that will automatically serve consumer interests. Competition law strives to promote and protect the process of competition by regulating the conduct of commercial entities. The ultimate benefit to consumers is indirect – through lower prices, higher quality products, and a wider array of choices.

While the Act is enacted to promote competition, I believe the spirit of inclusiveness is one of the main factors that will enable it to be effective. To this end, various steps were taken to ensure stakeholders' interests and concerns were taken into account while drafting the Guidelines that have been issued to date by the MyCC.

In line with that belief, advocacy is key in enforcing the Act, and the MyCC had gone full throttle in educating the stakeholders through its numerous advocacy programmes not only on the Act but also the three guidelines. It is therefore crucial that all businesses understand the benefits and challenges in respect of compliance with this law and vital for Malaysian companies to adopt international best practices and standards to equip themselves in competing in a global arena.

The milestones achieved in the few months the MyCC was set up in 2011 reflect the organisation's commitment to public service. While there are challenges ahead with the impending enforcement of the CA2010 in January 2012, I am certain that with the MyCC's continuous efforts and dedication, the upcoming year will be a successful one.



YB DATO' SRI ISMAIL SABRI YAAKOB

Minister of Domestic Trade,
Co-operatives and Consumerism

Chairman's Message



TAN SRI DATO' SERI SITI NORMA YAAKOB
Chairman

2011 At a Glance

In the first six months of its existence, the Malaysia Competition Commission (MyCC) drafted three guidelines on Market Definition, Anti-competitive Agreement and Complaints Procedures. The MyCC believes that stakeholder engagement is paramount in creating a relevant, transparent and objective Competition Act. To this end, six public consultations were held where over 500 participants from various sectors were engaged, to gain valuable feedback.

In line with the MyCC's belief that public awareness and understanding of the law are key elements in the effective implementation of the Competition Act 2010 (CA2010), numerous advocacy activities were conducted nationwide. To that end, a total of 34 advocacy programmes were organised and successfully completed.

Other materials including pamphlets on the CA2010 and the MyCC's role were published to additionally spread awareness and educate the public. At the same time, the MyCC website was developed and launched in order to further support the dissemination of information and as a platform for the public's reference on the CA2010 and the MyCC.

Looking Forward

CA2010 will come into force on 1 January 2012, marking the end of the 18-month grace period for businesses to comply with the Act. Looking forward, the MyCC is developing a strategy plan and identifying main priority sectors to focus on. The key thrust of the plan is advocacy, underscoring the MyCC's belief that understanding and support for the law are main factors in achieving compliance.

The three draft guidelines are expected to be finalised by the first quarter of 2012, after taking into account the submissions and feedback received during the public consultation exercises. The MyCC will also continue its outreach programmes via advocacy seminars and conferences, and also through educational information publicised through media platforms.

The MyCC is also committed to provide opportunities conducive to the development and growth of its staff. As the Commission expands in the following year, we look forward to the addition of other highly motivated and capable staff.

Acknowledgements

The success of any organisation rests on its workforce and I am fortunate to have a highly dedicated and capable team. I would like to offer my sincere gratitude to all our employees whose unflagging dedication and hard work have come through during this challenging period. I would also like to thank the management team and my colleagues on the Board for ensuring that the organisation's goals are on track. Special thanks also go to former Commission members, YBhg. Datuk Mohd. Zain bin Mohd. Dom and YBhg. Dato' Noriyah binti Ahmad, for their significant contributions before their retirement from public service.

We had additionally received tremendous support and guidance from the Government, in particular the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC), for which we are extremely thankful. I would also like to express my appreciation to the numerous stakeholders and members of the public for their feedback and support.

Despite the challenges that loom ahead, I believe that through the continued cooperation and commitment of everyone, the MyCC will continue to curb anti-competitive business practices, thus aiding the country to flourish further with an economy based on sound business principles.



TAN SRI DATO' SERI SITI NORMA YAAKOB
MyCC Chairman



Chief Executive Officer's Message

SHILA DORAI RAJ
Chief Executive Officer

The start of any new venture is always fraught with challenges.

The gazetting of the Competition Act 2010 and the Competition Commission Act 2010 may have been the culmination of several years of policy drafting and numerous consultations. But as a newly established Commission enforcing an area of law that is unfamiliar to many in the country, the Malaysia Competition Commission's (MyCC) journey has just begun.

As they say, Rome was not built in a day. Whilst the setting up of the MyCC is no exception, since its official operations started in June 2011, we have hit the ground running, in setting the basic framework before the 18-month grace period for businesses to comply with the Act comes to a close.

In a nutshell, the Competition Act 2010 prohibits two types of anti-competitive practices: anti-competitive agreement between enterprises such as price fixing, market sharing, limiting or controlling market access and bid rigging arrangements; and abuse of dominant position.

The MyCC is also empowered to conduct a review into any market in determining whether there are any distortions to the competitive process. Upon conclusion of the market review, the MyCC is to publish its findings and recommendations.

The MyCC may also receive complaints and conduct any investigations into possible infringement of the law. The Commission also have the powers to determine the outcome of any investigations and impose pecuniary penalties in the event of an infringement.

As the nation enters into a new era of economic policy with the implementation of this law, the MyCC has formulated several strategies for 2012 to ensure smooth and effective implementation of the Competition Act 2010.

Advocacy

For the year 2012, the MyCC's main focus continues to be on advocacy and capacity building. Advocacy is an integral part of any competition authority's work plan, be it an agency that has been in existence for decades and even more so for a newly established agency. Various extensive and dedicated advocacy programmes have been designed where initiatives will be targeted at priority sectors and key stakeholders.

Among the events targeted for 2012 include a Compliance Workshop for private enterprises, Bid Rigging Workshop for Government agencies and the 8th East Asia Top Level Officials Meeting (EATOP) and the 7th East Asia Conference (EAC).

Various briefings with industry associations are also being planned to ensure the outreach is maximised. The MyCC has additionally drawn up plans to introduce competition policy and law as a degree programme at a local university. Meantime, plans to collaborate with Government training institutes, such as the Judicial and Legal Training Institute (ILKAP) and the National Institute of Public Administration (INTAN), to introduce the same subject in the form of short training programmes are also in the pipeline.

Enforcement

As the MyCC is an enforcement agency, and in recognizing the fact that we face capacity constraints, resources will be utilized in the most effective manner to ensure maximum mileage. The MyCC also recognises the fact that enforcing the Act may require major adjustments to the way businesses are conducted and therefore plans to prioritise its activities in order to implement the Act in the most efficient and effective manner. While a 'soft approach' via advocacy is the main means of enforcement, the MyCC will also concentrate on "low-hanging fruits" in order to send a strong message out. This will involve enforcing section 4(2) to the Competition Act 2010 where practices such as price fixing, market sharing, limiting or controlling market access and bid rigging arrangements will be of immediate focus.

Guidelines

The MyCC has also recently concluded a series of public consultations on the draft Guidelines on Market Definition, Guidelines on Anti-competitive Agreement, and Guidelines on Complaints Procedures targeted to be issued by first quarter of 2012. As part of its continuous efforts to facilitate businesses, for the year 2012, the MyCC will issue more Guidelines to clarify and explain more of the concepts and terminologies contained in the Competition Act 2010. These guidelines will be posted on the MyCC's website for comments and views from the public and related industries.

Institutional Capacity Building

The MyCC will continue to enhance the strength and capacity of its organisation to enable us to implement the law effectively. Key emphasis will be on the expansion of the institution and recruitment of relevantly qualified officers, integrity being of utmost consideration. Relevant Commission employees will be sent to various courses and on-the-job attachment programmes to other more matured competition authorities abroad. Commission members will also be trained and study visits to other Commissions are being planned to enable knowledge sharing, exchange of information through peer networking and establishment of Memorandum of Understanding (MoUs) for continuous capacity building for both Commission members and employees of the MyCC.

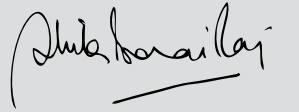
Special Committee

In order to further enhance the competition ecosystem, a Special Committee will be set up to establish interworking arrangements between the Commission and other sector regulators. The purpose of this Special Committee will be to discuss issues of concern regarding competition matters which may not only be under the sole jurisdiction of MyCC but also other sector regulators such as the Malaysia Communication and Multimedia Commission, Bank Negara Malaysia, Securities Commission and the likes. The Terms of Reference for this Committee are being drawn up and the first meeting is being scheduled for, in the first quarter of 2012.

Looking Ahead

The MyCC's work plan is progressive and while the public expects us to change the landscape overnight, the responsibility of the business community to ensure compliance is equally important. The cooperation of all parties, including the media in covering and disseminating important competition-related issues, as well as the public in alerting any anti-competitive behaviour, is important in implementing the Act. Together we should work to ensure that a competitive environment is created for the benefit of the nation and the people.

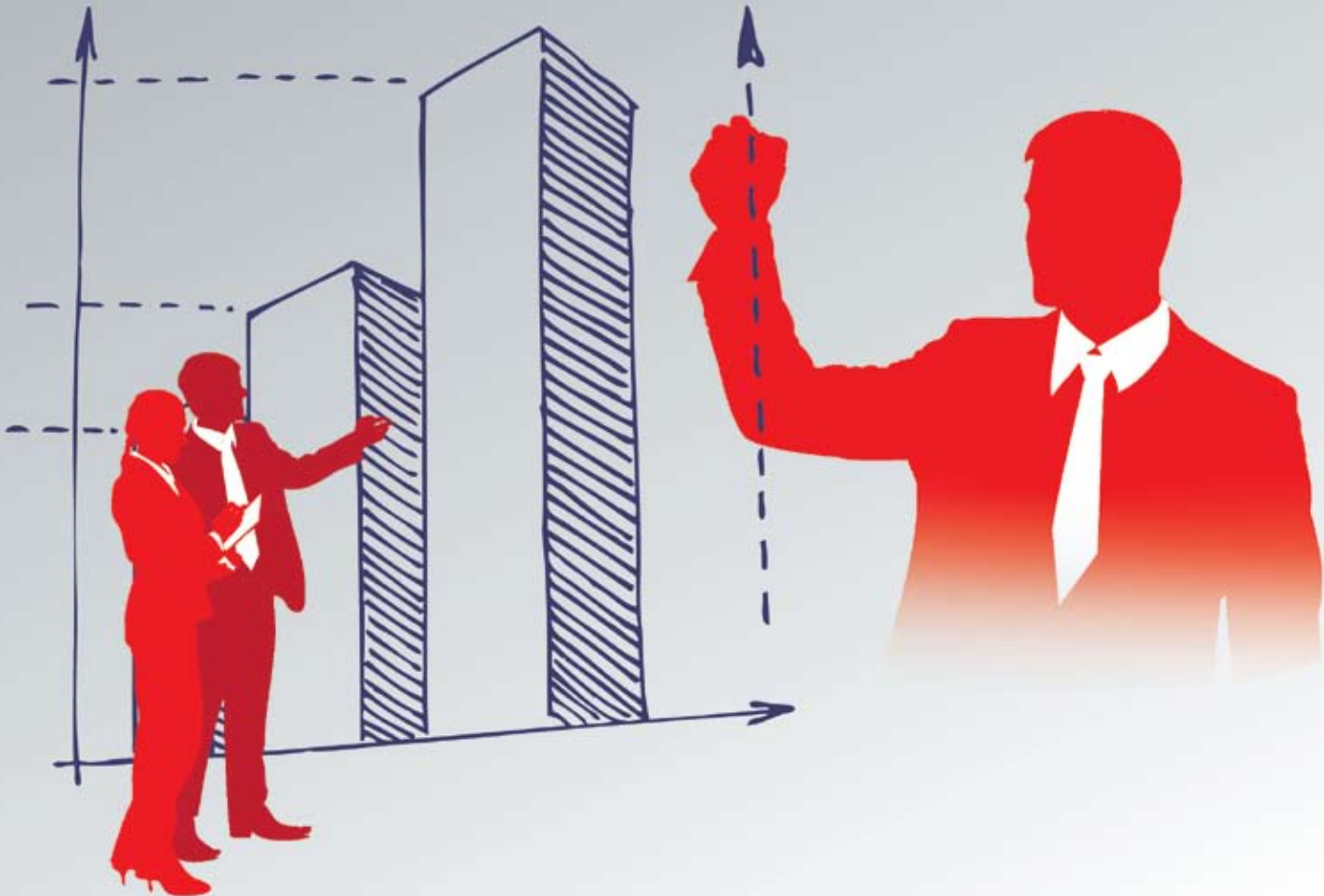
The journey of a thousand miles begins with a single step. With the enactment of the Competition Act 2010, we have collectively taken a step towards a more progressive nation.



SHILA DORAI RAJ

MyCC Chief Executive Officer

BUSINESS grows
with **COMPETITION**



ABOUT THE MALAYSIA COMPETITION COMMISSION

The Malaysia Competition Commission (MyCC) is an independent body established under the Competition Commission Act 2010 to enforce the Competition Act 2010. Its main role is to protect the competitive process for the benefit of businesses, consumers and the economy.

COMMISSION'S MAIN FUNCTIONS

The Competition Commission Act 2010 empowers the Malaysia Competition Commission (MyCC) to carry out functions such as implement and enforce the provisions of the Competition Act 2010, issue guidelines in relation to the implementation and enforcement of the competition laws, act as advocate for competition matters; carry out general studies in relation to issues connected with competition in the Malaysian economy or particular sectors of the Malaysian economy; inform and educate the public regarding the ways in which competition may benefit consumers in, and the economy of Malaysia.

VISION & MISSION

VISION

We shall be the authority nurturing and driving a conducive competition culture.

We shall be a credible, reliable and efficient functional authority and partner, acknowledged for our high organizational strength and capability in reforming the business environment from a competition standpoint.

MISSION

To ensure a conducive competition culture in line with international best practices. We shall nurture and drive such a culture through the education of stakeholders and the effective application on the competition law without fear or favour.

Commission Members

1



1. **Tan Sri Dato' Seri Siti Norma Yaakob**
Chairman
Former Chief Judge of Malaya and served as a High Court Judge, an Appeal Court Judge and a Federal Court Judge
2. **Tan Sri Abdul Gani Patail**
Attorney-General of Malaysia
3. **Dato' Noriyah Binti Ahmad**
Director-General
Economic Planning Unit

4. **Datuk Dr Rebecca Fatima Sta Maria**
Secretary-General
Ministry of International Trade and Industry
5. **Datuk Mohd Zain Bin Mohd Dom**
Secretary-General
Ministry of Domestic Trade, Cooperatives and Consumerism
6. **Prof. Dato' Dr. Sothi Rachagan**
Vice-President (Academic Affairs)
Nilai University

2



3



4



5



6



7. **Ragunath Kesavan**
Legal Practitioner
Former President of Malaysian
Bar Council
8. **Tan Sri Dato' Dr Michael O K Yeoh**
Chief Executive Officer
Asian Strategy & Leadership
Institute (ASLI)
9. **Abd Malek bin Ahmad**
Executive Director of an IT and
3-D animation firm
10. **Prof. Datin Dr Hasnah Haron**
Dean
Faculty of Graduate School of Business
Universiti Sains Malaysia

7



8

9

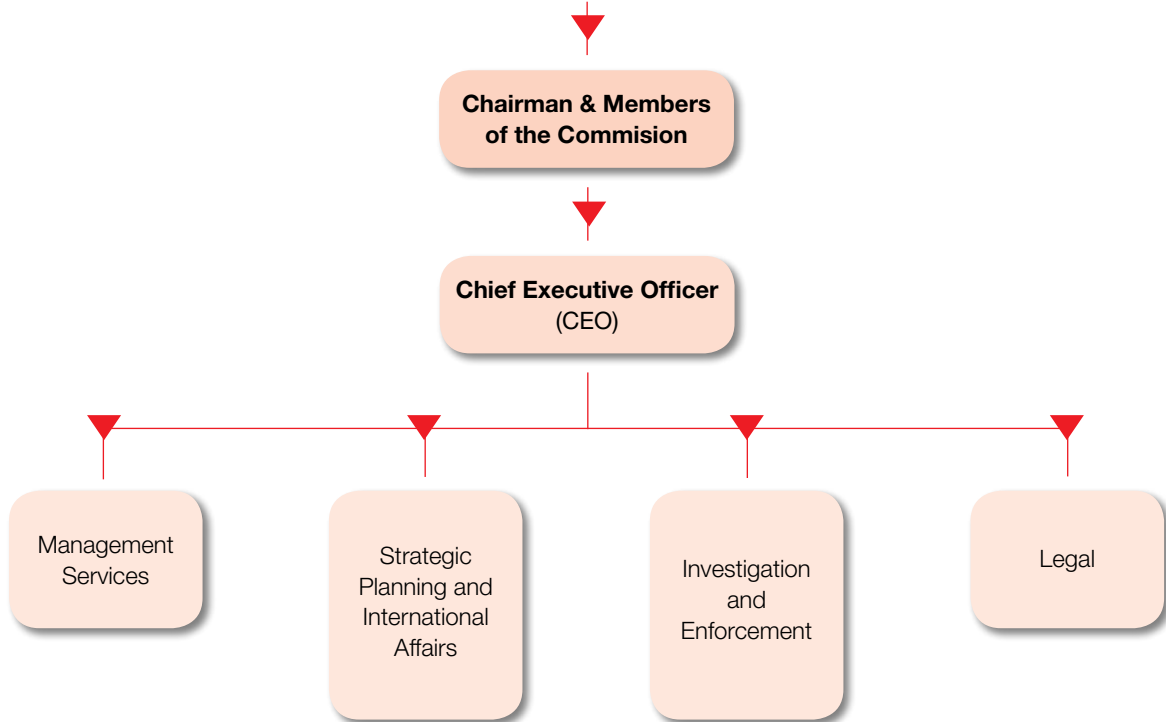


10

Organisational Structure



MALAYSIA COMPETITION COMMISSION



A large field of white, glossy spheres arranged in a grid pattern, receding into the distance. One sphere in the middle-right area is a vibrant red, standing out from the rest. The text is overlaid on the lower-left portion of the image.

COMPLIANCE as a
BUSINESS CULTURE



Milestones

Oct 2005 ▶

The final draft policy (then known as the Fair Trade Practices Policy - FTTP) was approved by the Cabinet on 26 October 2005.

- The Ministry formed a consultative group known as the CG25 comprising representatives from key government agencies, several chambers, associations and also the civil society to deliberate on aspects of the draft bills based on the FTTP. Based on the feedback received after numerous consultations with this group, several aspects of the draft bills were reviewed.

Further discussions were held with respective stakeholders before the final change in policy, which focused on competition aspects only.

◀ **Sept - Oct 2009**

Apr 2010 ▶

The new policy and bill were submitted to the Cabinet and approved on 2 April 2010. It was subsequently tabled and read in the Lower House of Parliament on 12 April 2010 and received Royal Assent on 2 June 2010 and gazetted on 10 June 2010.

Following this, an 18-month grace period was given to allow companies to comply with the law as well as to allow sufficient time for the Ministry to establish the Commission.

Sept 2010 ▶ An interim competition unit was then set up in the Ministry in September 2010 to plan for the establishment of the Commission. An implementation competition committee was set up to assist in the initial programmes of the interim competition unit which included the establishment of the Commission and conducting advocacy programmes.

A Competition Lab, comprising full time and part time lab members from the public and private sector, was formed to look at issues that could assist in the swift and resolute implementation of the law.

◀ **Feb - Apr 2011**

Apr 2011 ▶ The Chairman of the Commission was appointed on 1 April 2011.



Nine other members of the Commission were appointed on 1 May 2011.

◀ **May 2011**

Jun 2011 ▶ The Chief Executive Officer and other Commission officers were appointed in June 2011.

The Competition Commission had drafted three guidelines and conducted six public consultations where the views of relevant stakeholders from various sectors were taken into account.

◀ **Dec 2011**

Jan 2012 ▶ The Competition Act 2010 to come into force.

The Competition Act 2010

Scope of the Competition Act 2010

The Competition Act 2010 (CA2010) applies to all commercial activities, both within and out of Malaysia, that have negative or anti-competitive effects on the markets in Malaysia, except where such activities are expressly excluded from the scope of CA2010.

Activities not covered by the Competition Act 2010

- Activities which involve an exercise of governmental authority.
- Activities carried out pursuant to the principle of solidarity.
- Purchasing of goods or services not intended for resale or re-supplying.

Further, CA2010 does not apply to the commercial activities that are regulated by the:

- Communications and Multimedia Act 1998
- Energy Commission Act 2001

Other conduct or agreements excluded from the scope of the Competition Act 2010

- Agreement or conduct that complies with the law.
- Collective bargaining or collective agreement between employers and trade unions on behalf of employees.
- Services of general economic interest, which cover public utilities, or having the character of a revenue-producing monopoly.

CA2010 applies to and covers all kinds of 'goods' which includes all kinds of products, buildings and other structures, vessels and vehicles, utilities like provision of clean water and sewerage, minerals, trees and crops as well as animals including fish.

Lodging a Complaint

The MyCC relies strongly on complaints from the general public in its enforcement of the law. Any person who has reason to suspect that an enterprise, competitor, supplier, customer, individual or any other business or trader is involved in an anti-competitive agreement or has abused its dominant position may lodge a complaint with the MyCC.

Formal complaints may be lodged with the MyCC through submission of the complaint form to the MyCC. All information provided will be dealt with in strict confidence. The complaint form is available for download from the MyCC website, www.mycc.gov.my, and can be emailed to complaints@mycc.gov.my.

Penalty

The maximum amount of penalty that the Commission is entitled to impose under the law is 10% of the worldwide turnover of an enterprise over the period during which the infringement occurred.

The Competition Commission

Malaysia Competition Commission

The Malaysia Competition Commission (MyCC) was established to ensure compliance with CA2010, to carry out investigations on complaints regarding possible anti-competitive behaviors, to carry out market reviews, and to impose penalties where there are infringements of the competition law.

The Commission consists of the Chairman, four members representing the government and five members representing the private sector. All these members, including the Chairman, are appointed by the Prime Minister upon the recommendation of the Minister of Domestic Trade, Co-operatives and Consumerism (MDTCC). A member of the Commission is appointed for a term of three years with eligibility for re-appointment subject to a maximum of two consecutive terms.

Functions of the MyCC

- Advising the Minister or any other public or regulatory authority on all matters concerning competition.
- Alerting the Minister to the actual or likely anti-competitive effects of current or proposed legislation and to make recommendations to the Minister, if appropriate, for the avoidance of these effects.
- Implementing and enforcing the provisions of the Competition Act 2010 and the Competition Commission Act 2010.
- Issuing guidelines in relation to the implementation and enforcement of the two laws.
- Advocating competition matters.
- Carrying out general studies on issues connected with competition in the Malaysian economy or particular sectors.
- Collecting information on the performance of the Commission's functions.
- Publishing information and raising awareness among commercial or trade entities and among the public concerning the two laws and the manner in which the Commission will carry out its functions under the two laws.
- Informing and educating the public on ways in which competition may benefit consumers and the economy of Malaysia.
- Considering and recommending reform of the two laws.

Powers of the MyCC

The MyCC has the authority to:

- Impose financial penalty for the infringement of CA2010.
- Impose fees or charges for services provided by the Commission.
- Grant loans, scholarships and advances to its employees.
- Co-operate with any corporate body or government agency for the purpose of performing the functions of the Commission.
- Require enterprises to provide information to assist the Commission in the performance of its functions.
- Do anything incidental to any of its functions and powers.

Where Choice

L

INN



V

Which Leads To

LEADS To

INNOVATION

GROWTH

Competition is essential because it leads to innovation. Companies that innovate win customers and grow financially. And consumers benefit from a wider and more innovative range of products, leading to more choices for all.

The Year in **Review**

The Malaysia Competition Commission

The Competition Act and the Competition Commission Act were gazetted on 10 June 2010. The acts aimed to encourage national economic development by encouraging and protecting the competition process in the market and consequently protecting consumer interests. To enforce provisions in the Competition Act 2010, the Competition Commission was established under the Competition Commission Act 2010 on 1 April 2011.

The individuals designated as members of the MyCC were also announced by the Minister of Domestic Trade, Co-operatives and Consumerism on 1 May 2011. The Chairman of the Commission is joined by four government representatives from the Ministry of Domestic Trade, Co-operatives and Consumerism, the Economic Planning Unit, Prime Minister's Department, the Attorney-General, and the Ministry of International Trade and Industry, and five representatives from the private sector. The MyCC's members are experts in various areas like law, economy, business, industry, trade, public administration, competition and consumer protection. All efforts were made to ensure the various sectors are represented to enable the MyCC to achieve its aspirations.

The MyCC office has been operational since 1 June 2011. Since then the MyCC has established six working committees to aid in implementing its major functions. Each working committee is headed by a MyCC member with representatives from the relevant private and public sectors. The working committees are as follows:

- (i) Finance and Procurement Committee;
- (ii) Human Resources Committee;
- (iii) Advocacy Committee;
- (iv) Publicity and Communication Committee;
- (v) Internal Guidelines Committee; and
- (vi) External Guidelines Committee.

For the year 2011, the MyCC has also held a total of eight Commission Members' meetings.



The appointment of the MyCC Chairperson, Tan Sri Dato' Seri Siti Norma Yaakob

ACTIVITIES

Advocacy Programmes

In ensuring that the objective and impact of the Competition Act 2010 is understood and adopted by stakeholders, the MyCC actively undertook organising advocacy programmes. These advocacy programmes were vital in ensuring that the Competition Act 2010 is adopted comprehensively as well as to indirectly ensure that the relevant parties conduct self-assessments of their respective business activities. Furthermore, during the first phase of implementation, the MyCC was of the view that advocacy programmes would help provide a basic understanding of the new law and its implication as well as to convey the message that competition law not only imposes constraints but also provides enormous business opportunities. In 2011 alone, a total of 34 advocacy programmes were conducted all over Malaysia, including the East Malaysia states of Sabah and Sarawak, exceeding the originally planned 26 programmes.

Meanwhile, a strategy plan titled “MyCC Strategy Plan for Competition Advocacy 2012-2014” is being developed and several main priority sectors that the MyCC will focus on have been identified in this plan. These priority sectors will be the focus for the MyCC in terms of its advocacy programmes as well as in terms of reviewing their practices in the following years.

Preparation of Guidelines

The introduction of guidelines, which will be issued by the MyCC from time to time, will explain in a more comprehensive way the application procedures, concepts and main considerations that will be taken into account during an investigation of infringement under the Competition Act 2010.

By the end of December 2011, the MyCC had drafted three guidelines and conducted six public consultations where more than 500 participants from various sectors were engaged. The three guidelines are targeted to be finalized in the first quarter of 2012 after taking into account the relevant stakeholders’ views. The said guidelines are as follows:

- (i) Guidelines on Complaint Procedures;
- (ii) Guidelines on Market Definition; and
- (iii) Guidelines on Anti-competitive Agreement.



MyCC's Working Visit to Competition Commission of Singapore (CCS)

Capacity Building Programmes

Since the institution was set up in June 2011, the MyCC has sent its officers for several capacity building programmes. In 2011 alone, the MyCC was involved in 14 capacity building programmes for its officers. The members of the Commission were given a training programme by United Nations Conference on Trade and Development (UNCTAD) while a working visit to the Competition Commission of Singapore as well as to Europe by two Commissioners was also undertaken in July 2011 and November respectively. Regular capacity building programmes are vital in cultivating and producing expertise within the organisation, even more so since the MyCC is a quasi-judicial body that acts as a facilitator of competition policy and law in the country.

OTHER ACTIVITIES

Involvement of the MyCC in Free Trade Negotiations

The MyCC has also been actively involved in the various negotiations being undertaken by Malaysia. Technical advice on competition policy and law was given for the Trans-Pacific Partnership Agreement (TPP), the Malaysia-EU FTA and the Malaysia-Australia FTA.



MyCC Chairperson, Tan Sri Dato' Seri Siti Norma Yaakob, officiates the APEC Training Course on Competition Policy

International Conferences and Training

The MyCC, with the cooperation of the Japan Fair Trade Commission (JFTC) successfully organised an Asia-Pacific Economic Cooperation (APEC)-level conference and training session titled “APEC Training Course on Competition Policy – Effective Mechanism Against Cartel Offences” from 10 to 12 October 2011. This event was attended by 21 participants from the APEC member economies. The speakers consisted of seven competition experts from other countries. Since the focus of the event was on cartel activities, several Government officials involved in policy formulation were also invited to attend. Journalists from the media were also invited as this was the beginning of an advocacy effort towards building the understanding of competition law for them.



Attendees of the APEC Training Course on Competition Policy

The session was immensely useful as a platform for knowledge exchange on the latest techniques in the fight against cartel activity and its impact on competitive process and national economy. The sharing of knowledge and experiences provided via the session was rather timely given that Malaysia was to enforce the Competition Act 2010 in January 2012.



The APEC Training Course on Competition Policy in progress



Institutional Building

The year also saw the institution being developed in terms of recruitment of relevant officers and staff as well as drafting key documents to ensure governance and transparency. The Financial Procedures as well as the Terms of Service for MyCC employees began to be drafted while several internal standard operating procedures were deliberated on and drafted too. Plans were also underway to identify a suitable office premise for the MyCC.

In conferring an identity for the MyCC, the corporate logo and official website, which enhances the MyCC's corporate image, was launched on 23 September 2011. The website, which can be accessed at www.mycc.gov.my, acts as a bridge between the MyCC and the public, which is important in disseminating and sharing information with regards to the MyCC's activities particularly in relation to the legal aspects, enforcement and other incidental matters.

In addition to this, the MyCC has issued leaflets on the Competition Act 2010 and information about the Malaysia Competition Commission for the general public. Plans to produce more informative material, such as a corporate video and booklets on competition law for the general public, business and the public sector, are underway.

The MyCC also became a member of the International Competition Network (ICN) in June 2011, enabling it to be part of the only international body exclusively devoted to competition law enforcement. ICN members are made up of national and multinational competition authorities.



The launch of the MyCC logo and corporate website by YB Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Co-operatives and Consumerism



MyCC Logo



MyCC Website

Courtesy Calls

In spite of being newly established, the MyCC received numerous distinguished local and foreign guests. On the domestic front, the MyCC Chairman had received a number of courtesy calls from the Performance Management and Delivery Unit (PEMANDU), the Board of Engineers, the Malaysia Quarry Association and from the Bar Council. The first Chairman of the Australia Consumer and Competition Commission (ACCC), Alan Fels, visited the MyCC in August 2011 and gave an insight into how Australia developed the culture of competition and issues that ACCC implemented in the organisation, which helped build the organization into what it is today.

In order to establish ties with the media, the Chairman also hosted a “Lunch with Editors” on 29 August 2011 in Kuala Lumpur. It provided an opportunity for the editors to get to know the members of the Commission as well as the executives. A short briefing on the Act was given by the Chief Executive Officer as an introduction to competition issues, which journalists could begin to be familiar with.

In the News

MyCC to look into MAS, AirAsia deal

REGULATORY FRAMEWORK: Commission to look into development of deal closely to see if any competitive activities or agreements arise

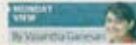
KUALA LUMPUR: Malaysia Competition Commission (MyCC) will officially look into the deal between Malaysia Airlines (MAS) and Air Asia when the Competition Act 2010...

MyCC gains mileage before race

THE saying having to learn how to crawl before you can walk does not seem to apply to the rule the Malaysian Competition Commission (MyCC) is having to take on even before the Competition Act 2010 comes into force on New Year's Day.

MyCC, now given just a little over six months to get its house in order in what was its first year of work, has already started to lay out its road map, and guidelines before January 1, 2012.

"There came a time that some sensitive areas which decided to become allies and demonstrate their services. The Malaysia Airlines AirAsia alliance got together mapping with questions on whether this would create anti-competitive behaviour and possible unfair treatment. It is understood that, just like in many of us, this time, came as a surprise, even to MyCC. But, instead of just waiting for the Act to come into force, MyCC, doesn't have to do anything until then and before anyone was announced it.



MyCC Chairman, Datuk Seri Dr. M. Suresh Kumar.

Most of the complaints that it receives are on the transportation sector and price fixing of consumer goods.

MyCC, as a watchdog, has the power to probe and collect the Competition Act 2010. It has the power to conduct market research where there may be a monopoly or abuse of power and an indication to see if the parties being investigated are in fact abusing their power. Trade associations may also be sought for price fixing. What is very interesting to note is that even government organisations can be investigated by MyCC. Not surprisingly though, a question that is likely to be raised is — could there be interference in the investigations? It is comforting to note that in a report to people available to the public and where available to show an investigation, the commission will state a and another the reasons for choosing it.

For example, if an artificial sweetener is found to be used in soft drinks, the commission will look into it. It will also look into the use of artificial sweeteners such as those found in soft drinks of various brands. Several sections of general economic interests and collective agreements, they may only on Section 2 as jointly entering into an anti-competitive agreement.

There are special exemptions are provided for government-linked companies, MAS AirAsia, for example, may be able to fall back on this section.

If the parties can show that there is an identifiable technological, efficiency and social benefits arising from the agreement or perhaps that the detrimental effect of the agreement on competition is proper to be in the best interests.

Another possibility is for the parties to show that the agreement does not substantially eliminate competition. MyCC has 20 members, whom Chairman is the former chief judge of Malaysia's High Court Suresh Kumar and an chief executive officer in Kuala Lumpur. The commission is supported by seven staff.

Give Commission full power, says ACCIS



ACCIS Chairman, Datuk Seri Dr. M. Suresh Kumar, speaking at a press conference.

KUALA LUMPUR: The Association of Banks in Malaysia (ABM) has urged the government to give the Competition Commission (MyCC) full powers to investigate and act on cases of abuse by...

ABM Chairman, Datuk Seri Dr. M. Suresh Kumar, said that the Commission should have the power to investigate and act on cases of abuse by banks and other financial institutions. He said that the Commission should have the power to investigate and act on cases of abuse by banks and other financial institutions. He said that the Commission should have the power to investigate and act on cases of abuse by banks and other financial institutions.

Malaysia Competition Commission is Ready to Enforce the Act

Competition reforms will benefit consumers, companies and the economy



MyCC Chairman, Datuk Seri Dr. M. Suresh Kumar, speaking at a press conference.

The Malaysia Competition Commission (MyCC) is ready to enforce the Competition Act 2010. MyCC Chairman, Datuk Seri Dr. M. Suresh Kumar, said that the Commission is ready to enforce the Act. He said that the Commission is ready to enforce the Act. He said that the Commission is ready to enforce the Act.

Ensuring healthy, fair competition

LAW TAKES EFFECT: Competition Act 2010 promotes a level playing field in the marketplace

WITNESSING the dawn of a new era in the Malaysian marketplace, the Competition Act 2010 has taken effect on January 1, 2012. The Act is a landmark legislation that will ensure a level playing field in the marketplace. It will ensure that all businesses are treated equally and that no one has an unfair advantage over others.

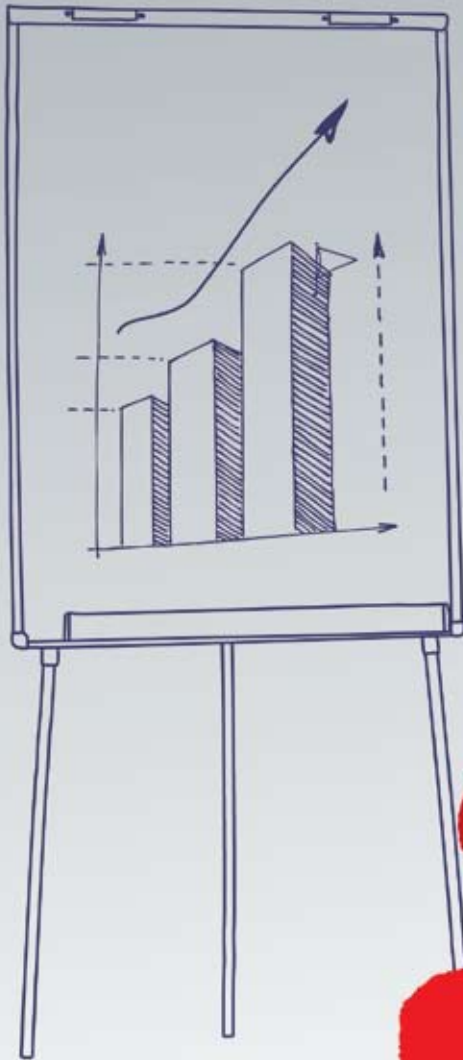


MyCC Chairman, Datuk Seri Dr. M. Suresh Kumar.

The Act will ensure that all businesses are treated equally and that no one has an unfair advantage over others. It will ensure that all businesses are treated equally and that no one has an unfair advantage over others. It will ensure that all businesses are treated equally and that no one has an unfair advantage over others.



MyCC



Consumer **INTEREST**
Our **ULTIMATE GOAL**



FINANCIAL STATEMENTS

34	Certificate of the Auditor General
35	Statement by the Members
36	Statutory Declaration
37	Balance Sheet
38	Income Statement
39	Statement of Changes in Equity
40	Cash Flow Statement
41	Notes to the 2011 Financial Statements

Certificate
of the
**Auditor
General**



**SIJIL KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
SURUHANJAYA PERSAINGAN MALAYSIA
BAGI TAHUN BERAKHIR 31 DISEMBER 2011**

Penyata Kewangan Suruhanjaya Persaingan Malaysia bagi tahun berakhir 31 Disember 2011 telah diaudit oleh wakil saya. Pihak pengurusan bertanggungjawab terhadap penyata kewangan ini. Tanggungjawab saya adalah mengaudit dan memberi pendapat terhadap Penyata Kewangan tersebut.

Pengauditan telah dilaksanakan mengikut Akta Audit 1957 dan berpandukan piawaian pengauditan yang diluluskan. Piawaian tersebut menghendaki pengauditan dirancang dan dilaksanakan untuk mendapat kepastian yang munasabah sama ada Penyata Kewangan adalah bebas daripada kesilapan atau ketinggalan yang ketara. Pengauditan ini termasuk memeriksa rekod dan dokumen secara semak uji dan bagi memastikan ketepatan angka dan pendedahan yang mencukupi dalam Penyata Kewangan. Penilaian juga dibuat terhadap prinsip perakaunan yang digunakan, unjuran signifikan oleh pengurusan dan persembahan Penyata Kewangan secara keseluruhan. Saya percaya pengauditan yang dilaksanakan memberi asas yang munasabah terhadap pendapat saya.

Pada pendapat saya, Penyata Kewangan ini memberi gambaran yang benar dan saksama terhadap kedudukan kewangan Suruhanjaya Persaingan Malaysia pada 31 Disember 2011 serta hasil operasi dan aliran tunai untuk tahun tersebut adalah selaras dengan piawaian perakaunan yang diluluskan.

(NIKRUL TARMIZI BIN AWALLUDIN)
b.p. KETUA AUDIT NEGARA
MALAYSIA

PUTRAJAYA
31 JULAI 2012





Statements by the Members

PENYATA Pengerusi dan Seorang Ahli Lembaga Pengarah Suruhanjaya Persaingan

Saya, TAN SRI DATO' SERI SITI NORMA YAAKOB dan ENCIK ABD. MALEK BIN AHMAD yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah Suruhanjaya Persaingan dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Lembaran Imbangan, Penyata Pendapatan dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan Suruhanjaya Persaingan pada 31 Disember 2011 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

Bagi pihak Lembaga,

Bagi pihak Lembaga,

TAN SRI DATO' SERI SITI NORMA YAAKOB
PENERUSI
SURUHANJAYA PERSAINGAN

TARIKH: 25 Julai 2012
TEMPAT: KUALA LUMPUR

ABD. MALEK BIN AHMAD
ANGGOTA
SURUHANJAYA PERSAINGAN

TARIKH: 25 Julai 2012
TEMPAT: SELANGOR

Statutory Declaration

PENGAKUAN OLEH KETUA PEGAWAI EKSEKUTIF YANG BERTANGGUNGJAWAB KE ATAS PENGURUSAN KEWANGAN SURUHANJAYA PERSAINGAN

Saya, SHILA DORAI RAJ (IC No: 560713-04-5010), pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan SURUHANJAYA PERSAINGAN dengan ikhlasnya mengakui bahawa Lembaran Imbangan, Penyata Pendapatan dan Penyata Aliran Tunai dalam kedudukan kewangan yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akuan Berkanun, 1960.

Sebenarnya dan sesungguhnya)

diakui oleh penama di atas)

di Petaling Jaya Selangor)

pada 1-9 JUL 2012)

Shila Dorai Raj

SHILA DORAI RAJ
KETUA PEGAWAI EKSEKUTIF,
SURUHANJAYA PERSAINGAN



[Signature]
19/7/12
PESURUHJAYA SUMPAH
1 9 JUL 2012

Balance Sheet

for the financial period ended 31 December 2011

	Note	2011 RM
PROPERTY, PLANT AND EQUIPMENT	4	367,679
CURRENT ASSETS		
Deposits and Prepayments	5	24,038
Accrued Interest		12,450
Fixed Deposit - Bank Kerjasama Rakyat Malaysia	6	3,002,795
Cash and Bank Balances	7	4,161,117
		7,200,400
CURRENT LIABILITIES		
Other Payables and Accruals		83,738
NETT CURRENT ASSETS		7,116,662
		7,484,341
FINANCED BY :		
Launching Grant	8	7,484,341
		7,484,341

Income Statement

for the financial period ended 31 December 2011

	Note	2011 RM
REVENUE AND EARNINGS		
Allocation from the Government of Malaysia	8	10,578,605
Bank / Fixed Deposits Interest		47,975
		10,626,580
Less : EXPENDITURE		
Emoluments		407,724
Travel and Accommodation Expense Claims		341,069
Utilities and Communication Expenses		25,426
Rental Expenses		111,241
Depreciation		24,301
Petrol		4,699
Office Expenses		25,053
Professional fees		173,030
Allowance for Members of the Commission		399,735
Entertainment Expenses, Honorarium and Contributions		4,419
Development Expenditure		1,625,542
		3,142,239
NET INCOME FOR THE YEAR		7,484,341

Statement of **Changes in Equity**

for the financial period ended 31 December 2011

	2011
	RM
Balance as at 1 June 2011	–
Nett income for the financial period	7,484,341
Balance as at 31 December 2011	7,484,341

Cash Flow Statement

for the financial period ended 31 December 2011

	2011
	RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Nett Income for the Year	7,484,341
Adjustments:	
Depreciation	24,301
Fixed Deposit Interest	(47,975)
NETT INCOME BEFORE CHANGES	7,460,667
IN WORKING CAPITAL	
Increase in Receivables	(36,488)
Increase in Payables	83,738
NETT CASH GENERATED FROM OPERATING ACTIVITIES	7,507,917
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property, Plant and Equipment	(391,980)
Interest Received from Fixed Deposit	47,975
NETT CASH USED IN INVESTING ACTIVITIES	(344,005)
Nett Increase in Cash and Cash Equivalents	7,163,912
Cash and Cash Equivalents at Beginning of Year	–
Cash and Cash Equivalents at End of Year	7,163,912
Cash and Cash Equivalents Represented by :	
Cash And Bank Balances	4,161,117
Deposits with Licensed Bank	3,002,795
	7,163,912

Notes to the **2011 Financial Statements**

1. General Information

- 1.1 The Malaysia Competition Commission (MyCC) was established on 1 June 2011 under the Competition Commission Act 2010 (Act 713).
- 1.2 The 2011 Financial Statements were presented, agreed upon and approved by the Members of the Commission on 23 July 2012.

2. Primary Objective

The primary objective of the Competition Commission is to implement and enforce the provisions of the Competition Act 2010 and educate the public regarding the ways in which competition may benefit consumers and the economy of Malaysia.

3. Significant Accounting Policies

3.1 Basis of Preparation

The financial statements of the Commission have been prepared under the historical cost convention and in accordance with the accounting standards for private entities (Private Entity Reporting Standards (PERS)) approved by the Malaysian Accounting Standards Board (MASB).

- 3.2 The Malaysia Competition Commission received a development grant under the Tenth Malaysia Plan (10MP) from the Government of Malaysia for the amount of RM10,578,605 to meet the financial liabilities & capital expenditure of the Commission.

Notes to the 2011 Financial Statements (Continued)

3. Significant Accounting Policies (continued)

3.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of property, plant and equipment is computed on a straight line method over the estimated useful life as follows:

Motor vehicles	20%
Office equipment and furniture	10%
Books	10%
Computers	10%

3.4 Depreciation of Asset

At each balance sheet date, all assets will be assessed for any indication that an asset may be impaired. If there is an indication that an asset may be impaired, then an estimation of its recoverable amount will be carried out. An impairment loss is recognised only when the carrying amount exceeds the recoverable amount of the asset.

The recoverable amount of an asset is the higher of an asset's fair value less nett selling price, which is measured by reference to discounted present value of future cash flows.

An impairment loss is charged to the income statement, unless there is a reversal of depreciation in value. Any impairment loss of a revalued asset is recognised only when the carrying amount of the asset does not exceed the amount as may be determined if there had been no impairment loss.

3.5 Recognition of Revenue and Earnings

Interest income is recognised on a time proportion basis and the effective rate over the period to maturity.

The allocation received from the Government of Malaysia for the purpose of covering the cost of project development and management expenditure is considered as income.

Notes to the 2011 Financial Statements (Continued)

3. Significant Accounting Policies (continued)

3.6 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at the banks as well as short-term highly liquid investments that can be converted to cash without any short-term risk.

3.7 Financial Risk Management Policies

The Commission's financial risk management policy seeks to ensure that it has sufficient financial and non-financial resources to carry out its operations smoothly. The Commission will consider and assess the financial management risks that may be raised from time to time.

I. Interest Rate Risk

The Commission finances its operations using internal funds and is therefore not exposed to interest rate risk from bank loans.

II. Credit Risk

The Commission does not do material business on credit and is therefore not exposed to credit risk.

III. Foreign Exchange Risk

The Commission does not have transactions in foreign exchange and is therefore not exposed to foreign exchange risk.

IV. Liquidity Risk

The Commission practises prudent liquidity risk management to minimise any imbalances of assets and liabilities, and to establish sufficient cash and cash equivalents to meet its working capital requirements.

Notes to the 2011 Financial Statements (Continued)

3. Significant Accounting Policies (continued)

3.8 Employee Benefits

I. Short-Term Benefits

Salaries, allowances, remuneration, incentives and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees.

II. Defined Contribution Plans

Contribution to the Employees Provident Fund ("EPF") is required by law in Malaysia. Contributions are recognised as an expense in the Income Statement.

4. Property, Plant and Equipment

Cost	Motor	Office	Books	Computers	Total
	Vehicles	Equipment			
	RM	and Furniture	RM	RM	RM
		RM			
Additions	336,466	22,361	16,988	16,165	391,980
Balance at 31 December 2011	336,466	22,361	16,988	16,165	391,980
Accumulated Depreciation					
Depreciation	23,027	729	25	520	24,301
Balance at 31 December 2011	23,027	729	25	520	24,301
Nett Book Value	313,439	21,632	16,963	15,645	367,679

Notes to the 2011 Financial Statements (Continued)

5. Deposits and Prepayments

	2011
	RM
Office rental deposit	1,320
Electricity deposit	5,000
Other deposit and collateral	13,520
Prepayments	4,198
	24,038

6. Fixed Deposit

	2011
	RM
Bank Kerjasama Rakyat	3,002,795
	3,002,795

The interest rate for fixed deposits is 3.40 - 3.45% with a retention period of 1 to 3 months.

7. Cash and Bank Balances

	2011
	RM
Cash in hand and at banks	4,161,117
	4,161,117

Notes to the 2011 Financial Statements (Continued)

8. Establishment/Launching Grant

	2011
	RM
Balance at 01/06/2011	–
Add :	
Allocation from the Federal Government	10,578,605
Interest Income	47,975
	<u>10,626,580</u>
Less :	
Operating expenditure	(3,142,239)
Balance at 31/12/2011	<u>7,484,341</u>

9. MyCC is in the process of applying for tax exemption from the Inland Revenue Board.

Contact **Us**

Malaysia Competition Commission (MyCC)

Level 15, Menara SSM@Sentral,
No.7 Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50623 Kuala Lumpur.

T : +603-2273 2277

F : +603-2272 1692, +603-2273 2277

E : enquiries@mycc.gov.my

www.mycc.gov.my

This page has been intentionally left blank.