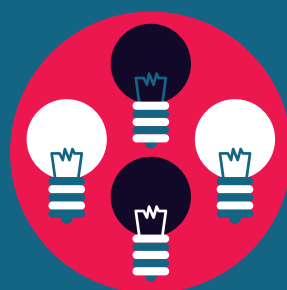


The baton that was passed to the new Council Members came with heavy responsibilities. We, however, are committed & determined to steer the MAA toward the path of further progress with greater relevance to the members and industry.

—THE PRESIDENT



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MALAYSIAN ADVERTISERS ASSOCIATION

ANNUAL REPORT 2010

COUNCIL

President
MR. KHOO KAR KHOON
Communications Director, Nestle Products



Vice-President
MS. CHAN SHEOW VERN
Communication Channel Manager,
Unilever (M) Holdings



MR. CHOW WEI HENG
Genting Malaysia



MS. MARGARET AU YONG
Tune Group



MS. TAY AI LEEN
L'Oreal Malaysia



MR. CLAUDIAN NAVIN STANISLAUS
Baba Products



MS. LAU SU LIN
DiGi Telecommunications



MR. VICTOR CHEONG
GlaxoSmithKline Consumer Healthcare



MS. SOO WOON YEE
Johnson & Johnson



EN. ZULHAIMI BIN ABDUL HAMID
Procter & Gamble Malaysia



DATUK DR. VINCENT TIEW
Meda Inc



PRESIDENT'S REPORT

MR. KHOO KAR KHOON

The baton that was passed to the new Council Members came with heavy responsibilities. We, however, are committed and determined to steer the MAA toward the path of further progress with greater relevance to the members and industry.

There are several challenges that demand our urgent attention and the Council Members are eager to attend to them in earnest. Strengthening the financial position of the association, recruitment of fresh members, increase members' participations in the MAA's activities and sharing the MAA's achievements to members are the immediate priorities of the association.

In the spirit of "Collective Leadership", the Council has created eight sub-committees with specific duties and objectives that would combine to promote the welfare and interests of member associations. It is our desire to practice transparency in all matters in respect of the association to avoid any discrepancies and we believe that the presence of these sub-committees open up direct communications between the association and members.

In ensuring that the Council meet the expectations of members, we have identified three distinct areas of focus that we trust will let us attain the way forward and bring about a healthy growth to the industry:

- Marketing, which concerns maximising the effectiveness and efficiency of advertisers' spend.
- Advocacy, which is championing and defending advertisers and industry's interests.
- Continuously engage, support and develop the marketing talents.

It is our belief that the association must have a clear perception or position in the industry and address the challenges facing the association and members. The association must also represent the advertisers as a single voice and possess the pulse of the advertising industry. These are our noble aims.

SUB-COMMITTEES

We appeal for support from members, as we endeavour to achieve the association's missions, and we have faith that members would use these channels to direct their views and support.

A) Media Committee – Consumer Centric Holistic Measurement:

- To guide the transition of audience measurement in the industry to accommodate the increasingly complex media consumption behaviour of consumers.
- To anticipate the impact and synergistic effects of media and upgrade and implement standard basic metrics hence media options could be compared and be selected with confidence.

B) Media Committee – Media Charter:

- To create and promote a framework and an environment within which advertisers can increase the effectiveness and efficiency of media as vehicles for marketing communications:
 - Media Research requirements
 - Management of Media Research
 - Financing of Media Research
 - Media Planning
 - Agency Relations
 - Media Buying Practice

C) Client – Agency Relations:

- To implement guidelines for Agency & Client on how to organise, conduct and conclude a pitch process leading up to a new client-agency relationship.
- To define general principles on pitch process, producing a brief, pitch fees, contracts and remuneration.

D) Marketing Procurement:

- To identify feasible ways to enhance the relationships between the procurement of professionals and communication suppliers.

E) Advocacy:

- To lead and guide the members on issues concerning the industry, government and other regulatory bodies. The current issues in discussion are:
 - Advertising to Children & Self-Regulatory
 - Competition Act 2010
 - GST & Service Tax
 - Foreign talents on TVC and Outdoor advertising
 - Made-in-Malaysia (MIM)
 - Food labeling
 - Alcohol advertising and label

F) Professional Development:

- To improve the resources and skills of members through trainings and events, seminar and workshops.

G) Finance & Budget:

- To ensure revenues supported annual operating costs.

H) Membership:

- To increase contributions to members and industry before embarking on aggressive membership drive.

MEMBERSHIP AND FUNDING

The association faces an inexhaustible battle in raising funds and the situation has been made more acute by the uncompromising economic situation. After exhausting the options available before us, we were compelled to raise the membership fee from RM300 to RM500 for the year 2010 as another means of generating funds.

The Council vowed to review the number of events organised under the aegis of MAA, flagship events such as AdBall and Malaysian Advertising Congress must be enhanced to continue to generate interest from the association members and must be manageable in terms of time and resources.

It was recommended that another major event replace the minor ones to “brand” the association and realign the focus to serving our members. In line with this, the membership database of the association has been updated regularly and better communications—especially via our web site—put in place to inform members of the progress of the association.

TALENT CROPPED

The shortage of advertising talent in the industry is not a new dilemma but the drawback has certainly deteriorated. Over the years, the industry has squandered top-line professionals to markets abroad, which offer much more attractive remuneration, perks and benefits. At the other end, there were many talents from overseas who would like to work in Malaysia and perhaps the government should provide a degree of support on the matter.

The Council held discussions with fellow associations—in particular with the Association of Accredited Advertising Agencies, MSA and MDA—and it was agreed that the feasible internship program needs to be formulated to achieve the intended objectives. This would be a precedent for interns who would like to join the advertising industry.

RISING MEDIA RATES

In December 2010, Media Prima TV Networks (MPTV) introduced a rate increase for MPTV networks to agencies and advertisers for 2011. A discussion ensued with MPTV and the Council managed to obtain a special rate exclusively for MAA members. The new revised rates were initially scheduled to apply for a six-month period commencing January 2011 and the Council’s persistence in acquiring a better deal for members meant that the rates were extended to 12 months.

These special rates would only be for active members of the association. The Council informed members of the initiative and also advised members whose subscriptions were in arrears.

As a precaution and in preparing for similar hikes in rates, the Council sought the views of other media organisations such as ASTRO, Utusan Media Sales, The Star, The Sun, The New Straits Times and Sin Chew Jit Poh.

DIALOGUES WITH THE GOVERNMENT

At the onset, the Council stressed the importance of building strong relationships with the government authorities to better understand their workings and handling issues as a collectively unit. Earlier engagement with authorities is critical as they could have our input on various matters before the introduction of they any regulations were introduced.

The Council solicited views from members on ongoing issues as well as urging them to highlight matters that they may faced at their regional offices, which they foresee would affect the industry in Malaysia. The Council is keen on maintaining regular contact with the Ministry of Information, Communications, Culture and Art, Ministry of Health, Ministry Of Trade and other relevant government bodies and is encouraged by the positive dialogues conducted with these Ministries.

COMITTEE REPORT

ISSUES MANAGEMENT COMMITTEE REPORT

SCOPE:

PROMOTING VALUE OF ADVERTISING AND SELF REGULATION

- Content Forum & ASA
- Responsible advertising

SECURING FREEDOM TO ADVERTISE

- Fast Food ban
- MIM
- Billboard

TACKLING CHALLENGES OF EVOLVING MEDIA ENVIRONMENT

- Ownership of media platforms
- Transparency and measurement of media—print, TV, website, radio
- Media rates and inflations

ADVANCING ADVERTISER-AGENCY BEST PRACTICES

- Professional standards of practice
- Standards of Advertising Films Production Contract

MEMBERS:

**MR. CLAUDIAN NAVIN STANISLAUS;
MS. TAY AI LEEN;
DATO’ DR. VINCENT TIEW;
MS. CHAN SHEOW VERN;
MR. VICTOR CHEONG; AND
MS. MARGARET AU YONG**

ADVERTISING STANDARDS AUTHORITY (ASA)

The influence and importance of the ASA were demonstrated once again as they led from the front in ensuring ethics in advertising are observed by all parties. In a demanding year for the body, they were called to arbitrate over a number of issues that further strengthened their position.

ASA Chairman has asked to revisit the ASA's Code and make changes deemed necessary. Mr. Navin Stanislaus will lead the sub-committee and each constituent member would have a representative on the sub-committee.

MADE-IN-MALAYSIA (MIM)

It was felt that the industry had deliberated on the MIM issue for far too long for a resolution to be found as advertisers profess varying and incompatible opinions on the matter.

The Malaysian Communications and Multimedia Commission (MCMC) had clarified in a Communication and Multimedia Content Forum of Malaysia (CMCF) meeting that the rule does not apply to broadcasters.

In spite of the fact the broadcasters were not governed by the rule, they had been adhering to the 70/30 rule. It is our belief that the government should implement incentive schemes for advertisers to use local production.

AUDIT BUREAU OF CIRCULATIONS (ABC)

The existence of ABC had been challenged. The war between audited titles and unaudited titles was real and there was a need to protect the media titles that were audited. The ABC would also have to look at the measurement of digital media.

The ABC had turned to MAA, the Association of Accredited Advertising Agents of Malaysia (4As), Malaysian Newspaper Publishers Association (MNPA) and Media Specialists Association (MSA) for financial support to help them revamp their model to maintain their services and standards.

An appeal for financial aid for the ABC was tabled in August 2010 and, as much as the Council appreciates that the ABC had been struggling to maintain their operations under strained economic circumstances, it was our opinion that these trying times have affected every facet of industry.

We, however, are cognizant of the vital role of the ABC as a watchdog in the media industry. Accordingly, the Council agreed to an aid of RM50,000 to support the ABC, which were asked to look at in-house auditors to ensure the standardisation of the rules.

Advertisers should convince unaudited titles to join the ABC as backing for the body would only materialise if the publishers saw that they were serious in ensuring integrity, accountability and credibility in media measurement are observed at all time.

The revamp of the ABC was aimed at realigning the objectives for which the body was established. These include:

- To obtain accurate information on listenership/viewership/ownership of other media such as cinema, radio, television and to establish a standard method for obtaining this information.
- To obtain such other information in respect of printed media and other media as may be necessary to enable advertisers to properly estimate the value of the media for advertising purposes.

A partnership with Nielsen to integrate circulation figures with readership numbers was proposed as it would add value to the Board and be a beneficial tool for the industry. It was also agreed that other relevant media that required audited figures should be part of the ABC.

The composition of The Board was as follows:

- Four members appointed by the MAA
- Two members appointed by the 4As
- Two members appointed by the MSA
- Eight publishers members elected by the members

A range of action plans were discussed and these included:

- A publicity drive to encourage advertisers to buy into audited titles.
- Effie 2011—Entries that did not use audited titles in advertising campaigns and the use of any non-audited print titles in any integrated campaigns will be refused.
- Reaching out to the non-members of the MAA who deal directly with print media owners.
- To convince MSA members to stop buying into non-audited titles effective January 2011.

- To persuade the publishers under the MNPA to cease advertising or promoting their own titles in non-audited titles.
- To initiate a working relationship with Nielsen and the MSA to review Nielsen's methodology to ensure they provide relevant readership figures.
- In progress on auditing the e-paper and digital media.

Members were canvassed for their feedback and a consensus was also sought from the related associations in the form of a written pledge. The misleading and exaggerated circulation figures by non-audited ABC titles have spiraled beyond control and ABC was keen to work with the MSA to curb these issues.

The ABC wrote to the MSA to urge them and its member agencies to review the current way of planning print media that utilises only readership numbers by Nielsen and/or other researches approved by ABC.

A deadline was given to publishers to submit the audited circulation numbers by 31st March 2011 as the ABC planned to launch this initiative in January 2011. Senator Dato Sri Idris Jala was invited to be the keynote address for the launch.

The ABC's digital committee will be working with the Malaysian Digital Association (MDA) to come out with parameters for digital auditing. The Council was informed that press releases were circulated by the MDA reporting on rankings of websites visited by over 17 million Internet users in Malaysia.

The issue of magazines titles not being audited was again aired and the ABC is looking at ways to have more magazine publishers assenting to have their titles audited.

The challenge was that magazine owners appointed their own auditors thus their findings were frequently challenged and cannot be taken as centralised or credible audited figures. It was suggested that we enforce a handful of methods—one being disqualifying any entries for events such as Kancil Awards and Effie Awards for including non-audited magazines titles—to tackle this predicament.

The Nielsen Company presented on the Media Index Data and Reporting for print and television in a technical committee attended by the representatives from the media specialists, print publishers, Media Prima and Astro. The Nielsen explained on the panel recruitment controls and the monitoring devices used for surveys.

They also briefed the meeting that they had improved their service with the upgrade of new devices and extended coverage from four years old and above. We reported on the auditing process for the benefit of the meeting and also explained that we will be exploring opportunity with PwC on the check process.

BILLBOARD ADVERTISING

The MBPJ (The Petaling Jaya City Council) had recently advised that they were going to take down illegal outdoor boards under their jurisdiction. The MBPJ had identified the sites and the list was circulated to the members, MAA has also highlighted to the members on the importance of supporting sites that are approved by the authorities and members were welcome to check with the association when necessary. The Council reminded members that it was the responsibility of advertisers to verify the legality of the boards or sites if they had elected to deal directly with media owners.

PITCH FEES

The regional conference of the World Federation of Advertisers (WFA) advised that the approach towards the pitch fees may have to be reviewed in accordance to the local regulations (i.e. Competition Act). The WFA will forward a letter relaying its confirmation while the Council will consult the relevant authority or seek legal advice if necessary on the matter.

COMITTEE REPORT

INDUSTRY RELATIONS COMMITTEE REPORT

SCOPE:

- 1 THE RECRUITMENT OF NEW MEMBERS**
- 2 ORGANISING FUND RAISING EVENTS AND INITIATIVES**
- 3 LIAISONS WITH INDUSTRY AND GOVERNMENT BODIES**
- 4 THE MAINTENANCE AND DEVELOPMENT OF THE WEBSITE**
- 5 SECURING PUBLICITY FOR THE ASSOCIATION AND ACTIVITIES**

MEMBERS:

**PRESIDENT;
MR. CHOW WEI HENG;
MS. LAU SU LIN;
DATO' DR. VINCENT TIEW; AND
MR. CLAUDIAN NAVIN STANISLAUS**

MEDIA SPECIALISTS ASSOCIATION (MSA)

The Council believed that the data provided by the Nielsen need to be improved and that Nielsen should perhaps monitor all the audited publications under the Audit Bureau of Circulations (ABC).

The urgency for the availability of an online measurement for the industry cannot be ignored any longer and it was suggested that the MAA work with the Media Specialists Association (MSA) and the Malaysian Digital Association (MDA) to ensure that the industry would have a common currency for online.

The MSA informed the Council that the monitoring of the Astro numbers was an ongoing exercise and the 10 stations being monitored aggregated 80% of their ADEX. The MSA highlighted that there was no income for planning and placing bonus spots and it was felt that the issue had been addressed as agencies were paid based on fees and that it is critical to educate commission-based clients.

MALAYSIAN DIGITAL ASSOCIATION

In a meeting with MDA in August 2010, the President of MDA, Terence Dorairaj, briefed us on the progress made in the area of digital measurement. The MDA had evaluated three parties—Nielsen, comScore and Effective Measure.

MDA proposed to use Effective Measure to conduct the top line figures. The decision of recommending Effective Measure, which will be opening a local office in Malaysia, was based on the credibility of their demographic data.

Effective Measure offered free tagging of members sites and there will be no cost for a basic level report for MDA members. The surveys conducted were on the publishers' sites and based on actual users and not a random sample size and publishers would be able to view local and global traffic.

The MDA believed that it was essential to improve the ADEX for online, which called for the furnishing of quality and reliability of the data. The MDA aimed to get 75% of the publishers in the market and acknowledged that smaller publishers were not willing to pay for a basic report. Effective Measure offered it free and provide real time data access while others will continue to use comScore as a standard survey tool.

In October 2010, Effective Measure was appointed to provide the measurement system. The hybrid system, combining panel-based system and website tagging methodology allowed publishers and agencies that were MDA members to get basic site data for free. Though Effective Measure had been appointed, the Council would still need to continue review and evaluate digital measurement.

Constant dialogues with the MDA were necessary to appraise the systems and educate the users and the Council agreed to set up a Key Performance Index (KPI) to assess the number of MDA members who would be using Effective Measure. It was also suggested that the MDA provide progress a bimonthly report on its findings.

The MDA proposed to carry out an online advertising targeting at advertisers, with the goal of confirming advertisers' buying habits using online medium in their campaigns. The MDA will collaborate with Pulse Group on the project and expressed hope that the MAA could assist them by circulating the online survey to their members.

MINISTRY OF DOMESTIC TRADE, COOPERATIVES AND CONSUMERISM

It was put forward that the Council work with the Ministry of Domestic Trade, Cooperative and Consumerism to instruct members on the developments of advertising law. It was recommended that the Ministry is invited to helm a talk on the Competition Act as it would be beneficial for members to have an in depth understanding of it.

MINISTRY OF HEALTH

Nations such as Thailand, Australia and England have enforced a ban on alcohol advertising, with Thailand apparently pressing ahead with its plan to force alcohol manufacturers to carry graphic warnings on bottles. The Council resolved to meet the Ministry of Health to address this matter as well as issues on food labeling, health claims and advertising to children.

MINISTRY OF DOMESTIC TRADE, COOPERATIVES AND CONSUMERISM (MDTCC)

A meeting with the Ministry's newly formed Services Industry Division in December 2010 yielded positive results. Its Director, Mr. Foo Tew Nam was eager to have a better understanding on the objectives and challenging issues faced by the Association.

We briefed the Services Industry Division on the roles of the Audit Bureau of Circulations (ABC), Advertising Standards Authority (ASA) and the Communications and Multimedia Content Forum of Malaysia (CMCF). The Council also raised issues such as the numerous regulations, levels of approval hence and slow turnaround time in the meeting.

The Interim Competition Unit of the Ministry will be able to give a briefing on the introduction of the Competition Act 2010 and the enforcement issues. The Council is looking forward to having the briefing at the Cybertorium in Menara Star in April 2011.

INSTITUTE ADVERTISING COMMUNICATION TRAINING (IACT)

The shortage of talent in the industry is not a new subject. Collaboration with the 4As, IACT or other institute of higher learning to tackle the problem was seen as the way forward.

The implementation of syllabuses for industry professionals and encouraging individuals to take up courses with IACT for career advancement were the options explored in addressing this deficiency.

The Council also engaged selected members of the industry who were willing to work together and provide training to the professionals and it is our hope that they could perhaps make similar approach available to universities and colleges in the future.

WORLD FEDERATION OF ADVERTISERS (WFA)

In October 2010, the Council was briefed on the agendas that were discussed in the WFA regional conference in Manila.

- i Advertising to children — The World Health Assembly (WHA), which had been engaged in a global industry advocacy initiative on the matter on a regular basis, had adopted proposals on food marketing to children. The recommendations will serve as guidance to Governments worldwide for the development of national policies on food marketing to children. The Council volunteered to work with TV media owners here to compile data to verify that advertising to children had been reduced in Malaysia, prior to approaching the Ministry of Health.
- ii Responsible alcohol marketing communications — The World Health Organization (WHO)'s strategy to reduce harmful use of alcohol was also adopted by WHA. A guidance to develop national alcohol policies with emphasis on three focus areas—drink driving, self-regulation and non-commercial alcohol—was drafted. In a survey that was conducted, 76% of consumers backed a ban on alcohol advertisements targeting young people.
- iii Food marketing communications—WFA also highlighted other emerging challenges such as media transparency, media measurement and developments in digital. The spotlight, however, was on food advertising and its link to obesity and the opportunity for self-regulation. Obesity had become a big public health problem and governments must, one way or another, attend to food marketing.

WHO and many others concerned with public health believed that self-regulation had not worked in the past and it may not be sufficient in the future. Therefore a pledge programme was implemented with these commitments:

- No advertising of products to children under 12 years, except for "better for you products";
- No communication related to products in primary schools;
- For TV, print and internet; and
- Independent compliance monitoring.

A handful of these proposals could underpin our mission to advocate and champion good practices in marketing communications, providing the necessary leadership, guidance and support in the promotion of effective, transparent and responsible marketing communications for the benefits of the members and community.

The Council resolved to position the MAA as the recognised and respectable voice in the advocacy of truthful and responsible marketing communications for the healthy development of advertisers and industry.

WEBSITE & NEWSLETTER

The Council was informed that IT consultant Quibe Solutions Sdn Bhd has been employed to provide consultancy services to the organisation. Quibe Solutions will conceptualise, design websites and will provide guidance in respect of the composition, setting up and initial management of the IT department of the organisation. The aim was to consolidate all the associations' websites.

The Council requested the short and long-term costs to implement a website for the association and, in August, the Council was presented with the initial designs for the website and an implementation cost of RM5,600 for the website. The final cost would depend on the entire concept, addition of content pages, components, required modules and monthly maintenance fees.

Quibe Solutions proposed suggestions for the website which were forwarded to the Council for consideration. It was agreed that the website should have the relevant industry codes where members could download for reference and content from the WFA.

MEMBERSHIP

In July 2010, the Council was notified that a membership update form has been prepared and circulated to all the members. The members were to revert with their updated correspondence details and this information would be compiled. The response from the members was poor and, in spite of this, the Council have continued to actively identify and convince potential members of the merits of joining the association.



FUND RAISING

AdBall 2010

The Advertising event was held on 21 September at the KL Hilton in conjunction with the Moon Cake Festival and featured a dinner show with a performance by Tan Soo Suan and the Dama Orchestra.

Inspired by the song *Moon Represents My Heart*, the evening was filled by the legendary songstress Teresa Teng's concert repertoire. It commenced with pre-cocktails at the foyer, followed by a five-course Chinese dinner.

The industry gave their full support with the media and advertisers celebrating the social soiree of the year.



MALAYSIAN ADVERTISING CONGRESS 2010

As always, the format and content of the congress were crucial in order to attract advertisers, marketers, media owners and other industry members. The theme – *What's Next in Marketing?* – revolve around how new tools, thinking and technology were changing marketing faster than we think.

The first day of the Congress was to feature presentations by influential speakers, panelists in media, brands, marketing and advertising plus a debate on the *Future of Marketing – Scientific Logic or Inspired Magic?*

In the following day, breakout workshops in groups of 10 to 12 participants would be organised, with each topic facilitated by an expert. Each participant would be able to debate, discuss and share views during the workshops and given option to choose topics for discussion.

The Council requested its members to attend the congress and actively participate in the sessions scheduled for the two-day event.



The congress is a way of placing the MAA as the leader and driver of industry development and the cooperation of all is needed to meet this objective.

In excess of 200 participants attended the congress and the Council was briefed on the achieved targets and expenses breakdown. The event received huge support from agencies, media owners and advertisers and positive feedback was also obtained from members of the industry.

The Council hopes that the association continues to initiate events that are valuable for the members and aimed to add to the number of flagship events for the MAA.



COMMITTEE REPORT
**EFFIE AWARDS
 2010 REPORT**

Since its introduction in 2008, the Malaysia Effie Awards has been progressively being recognized by agencies and advertisers as the pre-eminent award in the communication industry. 2010 entries came from a wide range of brands-international and local, small and big, as well as a variety of agencies-local, international, small, large, multi disciplined and specialist. The winning campaigns were made up of those with big and small budgets, as well as those utilizing a variety of communication channels and media. Subsequently a letter was sent inviting the Effie Finalists to join as members of the Association and this had contributed to the increase in the MAA membership drive.

It culminated to the Effie Awards Presentation and Gala Dinner event held on October 2010 celebrating "Work that Works" with the Guest of Honour, Yang Berhormat Dato' Mukhriz Tun Dr Mahathir, Deputy Minister of the Ministry of International Trade and Industry accompanied by the Executive Chairman of the Malaysia Effie Awards, Y Bhg Dato' Norharuddin Nordin, CEO of Matrade, officiating the Event. 45 Tables were sold for the evening.

The Malaysia Effie Awards is managed by the Malaysian Advertisers Association (MAA) but jointly supported by the Association of Accredited Advertising Agencies (4As) and the Media Specialist Association (MSA) in association with MATRADE.



**INDEPENDENT AUDITORS' REPORT TO
THE MEMBERS OF MALAYSIAN ADVERTISERS ASSOCIATION**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysian Advertisers Association, which comprise of the balance sheet as at 31 December 2010 and of the statement of income and expenditure and the statement of receipts and payments for the financial year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 1 to 10.

COUNCIL MEMBERS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Council Members of the Association are responsible for the preparation of the financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia and for such internal control as the council members 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 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 Association's preparation of the 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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council Members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with the applicable MASB Approved Accounting Standards for Private Entities in Malaysia so as to give a true and fair view of the financial position of the Association as at 31 December 2010 and of its financial performance and the receipts and payments for the financial year then ended.

OTHER MATTERS

This report is made solely to the members of the Association, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RSM Robert Teo, Kuan & Co
Chartered Accountants

Kuala Lumpur



The income and expenditure for the financial year ended 31st December 2010 was RM338,556 and RM376,941 respectively. The sharp decline of income and expenditure during the current financial year compared to that of the previous year was because of the Adasia 09.

In its efforts to foster and strengthen the network and bond of the various segments of the Advertising Industry, MAA "hosted" one of the "Moon Represents My Heart" Dinner Shows in KL Hilton last year. This event besides achieving its main objective, also generated a net surplus of approximately RM108,500.

MAA is one of the constituent members of the Audit Bureau of Circulations (ABC). The primary objective of ABC is to monitor Circulation Figures of publications. The certification of the Circulation Figures of the publications by ABC play a significant role in ensuring that the Advertising "Ringgit" of Advertisers is stretched to its maximum. During the financial year ended 31st December 2010, MAA contributed RM50,000 to ABC's Working Capital requirement.

MAA is one of the organisers of the Malaysia Effie "Awards. MAA acts as the "treasurer" for the Awards. Surplus generated from the Malaysia Effie Awards Awards is not distributed to its stakeholders. It is retained to finance the future editions of the Malaysia Effie Awards.

MAA also acts as the "treasurer" of the Advertising Standards Authority Malaysia (ASA).

As at 31st December 2010, monies held in trust for the Malaysia Effie Awards and ASA were RM121,293 and RM51,282 respectively.

During the financial year ended 31st December 2010, the Association changed its accounting policy in respect of the recognition of subscription income to an accruals basis from a receipts basis. This is to comply with approved MASB Approved Accounting Standards for Private Entities on the matter. Council urges members to settle their subscription dues timely as it is the primary income source of MAA to protect, promote and further the mutual interest of members.

	2010 RM	2009 RM
INVESTMENT	54,029	54,029
CURRENT ASSETS		
Receivables, deposits and prepayments	170,873	361,257
Tax recoverable	5,748	5,748
Fixed deposits with a licensed bank	204,102	199,207
Cash at bank	423,227	377,767
	803,950	943,979
LESS: CURRENT LIABILITIES		
Sundry payables and accruals	488,355	589,999
NET CURRENT ASSETS	315,595	353,980
	369,624	408,009
FINANCED BY:		
ACCUMULATED FUNDS	369,624	408,009

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	RM	RM
INCOME		
Adasia	12,962	1,852,475
Adcongress	-	(223)
Dividend from Islamic Banking	9,986	4,477
Entrance fees	800	1,200
Interest income	4,408	5,893
Subscriptions	84,400	54,800
Moon represents My Heart Dinner	226,000	-
TOTAL INCOME	338,556	1,918,622
EXPENDITURE		
Adasia	-	2,084,722
Administrative charges	99,000	99,000
Advertising Standards Authority Malaysia	18,152	17,719
Annual general meeting expenses	1,645	2,300
Annual report	13,000	11,900
Audit fee:		
Current financial year	5,000	3,300
Under provision in prior financial year	2,000	-
Bank charges and commission	2,759	62
Bad debts written off:		
Adball	1,000	-
Blondes Bombshell of 1943	4,500	-
General expenses	150	105
Industry development and relations	2,900	1,150
Membership drive	52,692	6,287
Postage and telephone	4,368	5,373
Printing, stationery and photocopying	3,952	5,131
Professional fees	520	520
Refreshments	783	930
Research and professional development	18,358	4,422
Service tax	3,425	3,465
Subscriptions	20,490	21,056
Travelling	1,813	1,895
Appreciation dinner	2,918	-
Moon Represent My Heart Dinner	117,516	-
TOTAL EXPENDITURE	376,941	2,269,337
DEFICIT OF INCOME OVER EXPENDITURE BEFORE TAXATION	(38,385)	(350,715)
TAXATION	-	-
DEFICIT OF INCOME OVER EXPENDITURE AFTER TAXATION	(38,385)	(350,715)

WORLDWIDE MEDIA & MARKETING FORECASTS AUTUMN 2010 REPORT

It looks like global ad growth will come in at just under 6% in 2010, in line with general economic growth and replacing the better part of the 6.6% drop recorded in 2009.

The ad recovery has been a surprise to the industry, particularly given the weakness of final demand in the developed world. A further surprise was to see how broad-based it was. Auto and finance were the biggest fallers in 2008/9, accounting for something like 40% of the recorded fall. In January-September 2010, the 'purest' period for year-on-year comparisons, auto recovered at double the rate of the already-healthy average, which finance more than kept abreast of. Together these two categories accounted for around a quarter of growth in media occupancy. Auto growth was split about equally between the developed world (which is about 65% of the global economy) and the younger consumer economies (the remaining 35%). Personal Care and Beverage together contributed about a third of monitored growth, most arising in

the new world. Food and communications supplied about 10% of growth, the vast majority arising in the old world.

Western corporates were in general quick to cut costs in the recession (sometimes transferring the burden to households in the form of job losses and pay cuts) and now have margins back to normal and often piles of cash. Cash is evidence of a reluctance to invest and therefore a lack of resolve about the future, but advertisers seem to have been ready to rebuild brand equity even if new productive capacity is on the back burner. Where it emerged at all, advertiser confidence sustained itself right into the harder comparatives of the last quarter. With no improvement in the macro outlook—the contrary, in fact, with input costs rising and western household income falling—we approach 2011 with unexpected momentum and predictions of modest growth in all but the most benighted countries.

Western Europe faces the heaviest headwinds as consumers are weighed down by austerity measures and in the case of the periphery a forced march back to competitiveness by way of lower living standards (unless pre-empted by default or exit from the single currency). The US was unusually becalmed in 2009, and the best example of how this time, thanks to oppressed consumers, steep recession did not turn into steep recovery. We think the US ad market rose only 1% in 2010, with a lot of help from the auto recovery and from the mid-term elections—but even that modest single digit is a five-point improvement on our despairing forecast of a year ago. We think America's 2011 will look different as corporates restore general investment, which fell further and faster than just about anywhere, from ample reserves. We predict only 3.7% US ad growth, but this will (if our prediction proves correct) amount to USD5 billion in new investment, larger even than China's contribution.

The BRIC countries are all well into double digits, and will we think contribute about a third of all new ad dollars in 2011. All countries feeding China are doing well, and even Japan has picked up for the first time in five years, even if this has relied as much on government intervention as the undoubted improvement in Japan's profits. More mature countries such as Canada, Australia and Sweden have also benefited hugely from their freedom from serious public debt.

The outlook for 2011 ad investment is 5.8% This would produce a global total of just over USD500 billion, a memorable milestone, but still below the 2007 peak in real terms. This is again only just in line with IMF-predicted nominal GDP growth: ad outperformance is typical in recovery, but only when the consumer is ready to spend and borrow, not save.

China remains the most reliable contributor to total ad growth. Wages are currently growing 15%, and productivity must be keeping up, as core inflation is still contained at around 3%. There had been worries about the economy overheating, but property prices have stabilised and huge infrastructure investment continues, providing a little headroom for non-inflationary growth. There remain risks to these forecasts as usual. We might be being too cautious again, but this is less likely given the restoration of media pricing to something like normal levels. We would sooner enumerate the risks to the downside: advertisers might grow more cautious, or prioritise promotions over advertising. The macro picture presents the risk of Eurozone instability or even annihilation, and, equally seriously, everyone needs growth to float us off the rocks of excess debt. These risks are we think reasonably discounted in the new forecasts.

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Source: GroupM's Worldwide Media & Marketing Forecasts Autumn 2010 Report

LONG-TERM AD FORECAST MODEL (MALAYSIA)

Media, MYR m	2003	2004	2005	2006	2007	2008	2009	2010f	2011f
TV	999	1,301	1,311	1,478	1,799	2,161	2,446	2,946	3,678
Pay-TV	—	—	—	—	—	—	—	1,808	2,169
TOTAL TV	999	1,301	1,311	1,478	1,799	2,161	2,446	4,754	5,847
Radio	153	172	180	204	241	292	362	386	425
Newspapers	2,367	2,670	2,778	2,747	3,065	3,321	3,408	3,800	4,142
Magazines	159	165	161	156	166	156	139	142	142
Cinema	13	14	18	20	26	27	22	22	22
Outdoor	62	69	76	109	108	96	112	121	125
In-store media	—	33	39	49	58	74	86	115	126
Interaction	—	—	15	25	48	71	106	148	222
MEDIA TOTAL MYR M	3,752	4,424	4,577	4,786	5,512	6,198	6,682	9,488	11,051

YOY% Change	2003	2004	2005	2006	2007	2008	2009	2010f	2011f
TV	8.4	30.2	0.8	12.7	21.8	20.1	13.2	20.4	24.8
Radio	5.8	12.8	4.5	13.4	18.3	20.9	24.1	6.7	10.1
Newspapers	8.1	12.8	4.0	-1.1	11.6	8.3	2.6	11.5	9.0
Magazines	0.6	4.0	-3.0	-3.0	6.7	-6.0	-11.1	2.3	0.0
Cinema	29.0	11.4	27.5	9.5	34.4	4.3	-17.9	-2.2	0.0
Outdoor	—	11.5	11.0	42.9	-1.1	-11.3	17.1	7.8	3.3
In-store media	—	—	—	—	18.4	27.6	16.1	33.9	9.6
Interaction	—	—	—	66.7	92.0	47.9	49.3	39.6	50.0
MEDIA TOTAL YOY% CHANGE	9.6	17.9	3.5	4.6	15.2	12.4	7.8	42.0	16.5

% Shares of Media	2003	2004	2005	2006	2007	2008	2009	2010f	2011f
TV	26.6	29.4	28.6	30.9	32.6	34.9	36.6	50.1	52.9
Radio	4.1	3.9	3.9	4.3	4.4	4.7	5.4	4.1	3.8
Newspapers	63.1	60.3	60.7	57.4	55.6	53.6	51.0	40.1	37.5
Magazines	4.2	3.7	3.5	3.3	3.0	2.5	2.1	1.5	1.3
Cinema	0.3	0.3	0.4	0.4	0.5	0.4	0.3	0.2	0.2
Outdoor and in-store	1.6	2.3	2.5	3.3	3.0	2.7	3.0	2.5	2.3
Interaction	0.5	0.9	1.1	1.6	1.6	2.0	—	—	—
MEDIA TOTAL	100	100	100	100	100	100	100	100	100

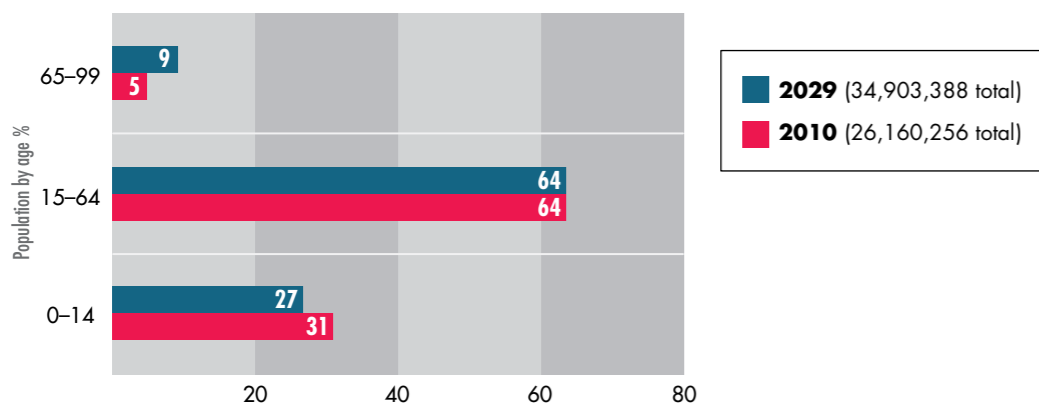
LONG-TERM AD FORECAST MODEL (MALAYSIA)
(Cont'd)

Media, USD m	2003	2004	2005	2006	2007	2008	2009	2010f	2011f
Exchange rate	3.060	3.060	3.060	3.060	3.060	3.060	3.060	3.060	3.060
TV	327	425	428	483	588	706	800	963	1,202
Radio	50	56	59	67	79	95	118	126	139
Newspapers	774	873	908	898	1,002	1,085	1,114	1,242	1,354
Magazines	52	54	52	51	54	51	45	46	46
Cinema	4	5	6	6	9	9	7	7	7
Outdoor	20	23	25	36	35	31	37	40	41
In-store media	-	-	-	16	19	24	28	38	41
Interaction	-	-	-	8	16	23	35	48	73
MEDIA TOTAL USD M	1,226	1,435	1,478	1,564	1,801	2,026	2,184	2,510	2,903

Media and Nominal GDP



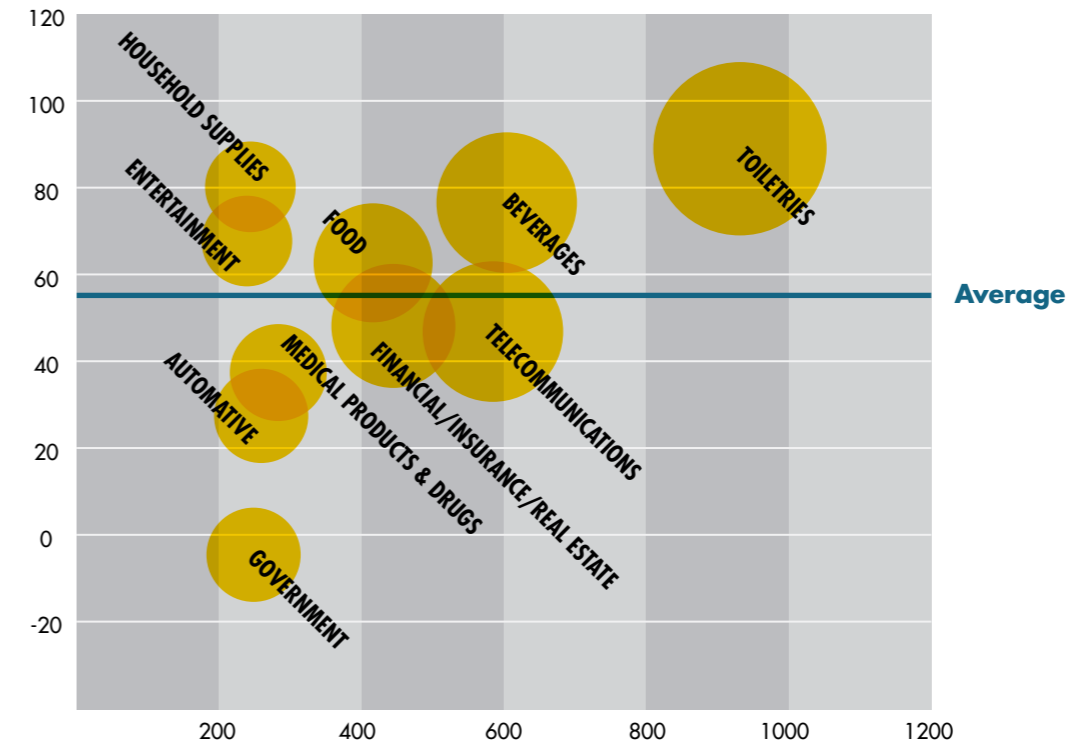
Population



Source: GroupM's Worldwide Media & Marketing Forecasts Autumn 2010 Report

LONG-TERM AD FORECAST MODEL (MALAYSIA)
(Cont'd)

Top Categories 2010



Top 10 Categories Jan-Sep 2010

Category	MYR m	YOY%
Toiletries & Toilet Goods	930	88
Beverages	602	76
Telecommunications	587	46
Financial/Insurance/Real Estate	447	47
Food	419	61
Medical Products & Drugs	284	36
Automotive	259	26
Government	253	-6
Household Supplies	246	80
Entertainment	243	67
AVERAGE OF TOP CATEGORIES	-	54

* Top 10s: Nielsen, before discounts.
Historic media revenue: Nielsen. Interaction: GroupM estimate (comprises paid search, e-mail and internet display). Discounts from ratecard: before. Newspaper classified: in.

MARKET HEADLINES

- Introduction of PayTV Adex monitoring a useful improvement.
- New standardised effectiveness metrics will fuel continued growth in Internet advertising.
- Newspapers continue to lose share of budget as more SME advertisers 'upgrade' to TV advertising.
- Significant rate hike of c.25% by FTA TV channels effective Jan 2011 will drive many advertisers towards PayTV.
- Cinema and OOH lack innovation and growth while in-store media grows rapidly.

Source: GroupM's Worldwide Media & Marketing Forecasts Autumn 2010 Report

MALAYSIA ADVERTISING EXPENDITURE

Currency: RM000's

2009	Q1	Q2	Q3	Q4
Medium				
FTA Television	431,580	569,994	707,363	737,598
PAY Television	N/A	N/A	N/A	N/A
Newspapers	738,344	820,355	910,623	938,504
Magazines	30,289	33,975	34,168	41,112
Radio	69,502	85,961	104,054	102,302
Cinema	5,064	5,367	6,751	5,313
Outdoor	28,602	26,601	28,085	28,962
In-Store Media	19,749	21,003	22,790	22,759
Internet	7,290	9,429	9,963	13,764
TOTAL	1,330,419	1,572,685	1,823,798	1,890,315

2010	Q1	Q2	Q3	Q4
Medium				
FTA Television	585,932	710,393	765,767	830,384
PAY Television	285,979	564,356	506,991	590,117
Newspapers	854,266	982,034	1,014,726	1,042,116
Magazines	31,843	37,079	38,241	44,572
Radio	85,112	98,996	105,376	119,387
Cinema	4,379	5,180	6,582	7,670
Outdoor	29,441	30,254	30,689	29,361
In-Store Media	23,374	26,633	36,122	37,491
Internet	9,880	16,020	9,515	16,733
TOTAL	1,910,207	2,470,946	2,514,008	2,717,831

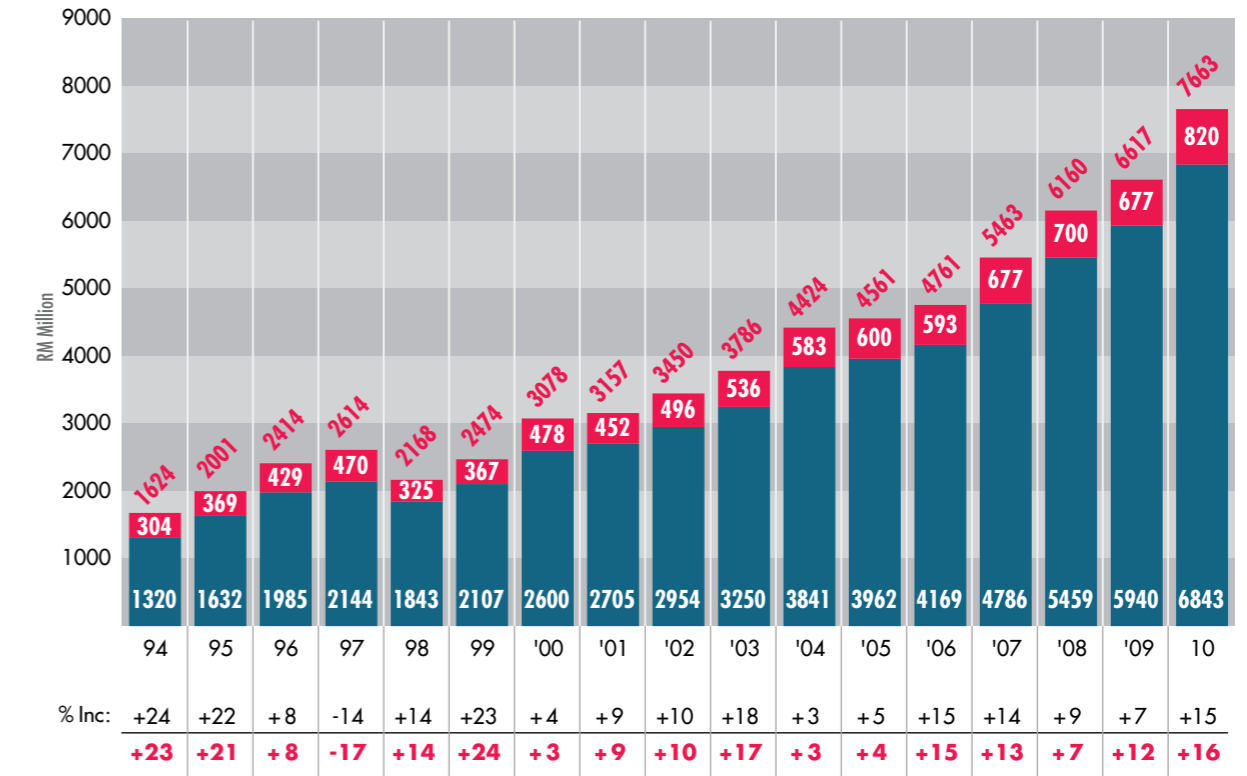
2011	YTD Feb
Medium	
FTA Television	409,180
PAY Television	289,929
Newspapers	569,647
Magazines	17,516
Radio	58,628
Cinema	3,126
Outdoor	19,417
In-Store Media	22,880
Internet	5,931
TOTAL	1,396,252

GRAND TOTAL

2009 (Q1-4) + 2010 (Q1-4) + 2011 (YTD Feb)

Medium	TOTAL
FTA Television	5,748,191
PAY Television	2,237,372
Newspapers	7,870,615
Magazines	308,795
Radio	829,317
Cinema	49,433
Outdoor	251,413
In-Store Media	232,800
Internet	98,526
GRAND TOTAL	17,626,461

Malaysia Advertising Expenditure Trends



* Note: Figures in red incl classifieds, FY2010 excludes PTV adex.

ORDINARY MEMBERS

- Alliance Cosmetics Sdn Bhd
- Alstom Power Asia Pacific Sdn Bhd
- American Express (M) Sdn Bhd
- Bata Marketing Sdn Bhd
- Baba Products (M) Sdn Bhd
- Berjaya TS Management Sdn Bhd
- Boustead Petroleum Marketing Sdn Bhd
- Cadbury Confectionary (M) Sdn Bhd
- Carlsberg Brewery Malaysia Bhd
- Celcom (M) Bhd
- Coca-Cola Far East Ltd
- Colgate-Palmolive Marketing Sdn Bhd
- Continental Sime Tyre Marketing Sdn Bhd
- Cotra Enterprises Sdn Bhd
- Kraft Malaysia Sdn Bhd
- DAPAT Vista (M) Sdn Bhd
- DiGi Telecommunications Sdn Bhd
- DRB-Hicom Sdn Bhd
- FFM Bhd
- Genting Malaysia Bhd
- GlaxoSmithKline Consumer Healthcare Sdn Bhd
- Goodyear Malaysia Bhd
- Golden Arches Restaurants Sdn Bhd
- Guinness Anchor Marketing Sdn Bhd
- Hotel Nikko Kuala Lumpur
- HSBC Bank Malaysia Bhd
- Inforlaxis Technology Sdn Bhd
- Johnson & Johnson Sdn Bhd
- JT International Trading Sdn Bhd
- Julie's Promotion Sdn Bhd
- Meda Inc Bhd
- Leolaris (M) Sdn Bhd
- L'Oreal Malaysia Sdn Bhd
- Malaysian Airline System Bhd
- Malaysian Mobile Services Sdn Bhd
- Mars Foods (M) Sdn Bhd
- Mitsubishi Motors Malaysia Sdn Bhd
- MNC Consulting Sdn Bhd
- Monaxis Sdn Bhd
- Nestle Products Sdn Bhd
- Danone Dumex (M) Sdn Bhd
- Panasonic Malaysia Sdn Bhd
- Pensonic Sales & Service Sdn Bhd
- Permanis Sdn Bhd
- Perusahaan Otomobil Kedua Sdn Bhd
- Petronas Dagangan Bhd
- BP Castrol Lubricants (M) Sdn Bhd
- Pepsico (M) Sdn Bhd
- Procter & Gamble (M) Sdn Bhd
- Proton Holdings Bhd
- Public Bank Bhd
- QSR Brands Berhad
- READ Advertising Sdn Bhd
- RHB Capital Bhd
- Royal Selangor International Sdn Bhd
- Sara Lee (Malaysia) Sdn Bhd
- Scomi Group Bhd
- SHH Resources Holdings Bhd
- Spicers Paper (Malaysia) Sdn Bhd
- Telekom Malaysia Bhd
- Tradewinds Corporation Bhd
- Tune Group Sdn Bhd
- Tune Media Sdn Bhd
- UMW Holdings Bhd
- Unilever (M) Holdings Sdn Bhd
- Unza (M) Sdn Bhd
- Volkswagen Group Malaysia Sdn Bhd
- Yeo Hiap Seng (M) Bhd

ASSOCIATE MEMBERS

- AGB Nielsen Media Research (M) Sdn Bhd
- Acorn Marketing & Research Consultants
- Astro-Media Sales
- Bates (Malaysia) Sdn Bhd
- BBDO Malaysia Sdn Bhd
- Big Tree Outdoor Sdn Bhd
- CD Advertising Sdn Bhd
- Draft FCB Sdn Bhd
- Dynamic Search Sdn Bhd
- ESPN STAR Sports
- Expomal International Sdn Bhd
- GME Advertising (M) Sdn Bhd
- Golden Screen Cinemas Sdn Bhd
- Hi-Q Media (M) Sdn Bhd
- Life Publishers Bhd
- McCann-Erickson (M) Sdn Bhd
- Media Mappers Inc Sdn Bhd
- Merge Media Holdings Sdn Bhd
- Mongoose Publishing (M) Sdn Bhd
- Nanyang Siang Pau Sdn Bhd
- Ogilvy & Mather (M) Sdn Bhd
- Pos Ad Sdn Bhd
- PRS Productions Sdn Bhd
- Publicis Communications Malaysia Sdn Bhd
- Reader's Digest Asia Pte Ltd
- Ritz KBNMB Ads Sdn Bhd
- Runcit Media Sdn Bhd
- Sabah Publishing House Sdn Bhd
- Screenmedia Sdn Bhd
- Sin Chew Media Corporation Bhd
- Sistem Televisyen Malaysia Bhd
- Star Publications (M) Bhd
- Strass Media Sdn Bhd
- Taylor Nelson Sofres Malaysia Sdn Bhd
- The New Straits Times Press (M) Bhd
- The Sarawak Press Sdn Bhd
- TNS Research International
- United Borneo Press Group Sdn Bhd
- Utusan Melayu (M) Bhd
- Vision Four Media Group
- VC Publications (M) Sdn Bhd
- YTL Infoscreen Sdn Bhd

**AIMS &
OBJECTIVES
OF MAA**

- 1 To enable Members through the Association to speak with one voice and act with one purpose on advertising matters.
- 2 Holding meetings for the discussion of matters of interest to members.
- 3 Promoting or opposing legislative and other measures capable of affecting advertisers as a body.
- 4 Providing an official voice whereby members can collectively make known their wishes to media owners and advertising agents (either as individuals or associations) and thereby seek recognition of just claims.
- 5 To maintain good relations with all other bodies and organisations connected with advertising as a whole or for any particular purpose and to cooperate with them for the benefit of advertising.
- 6 Prosecuting or defending any suits, applications and proceedings before any court or tribunal whatsoever as may be deemed necessary or expedient in the interests of the Association or its members.
- 7 To raise funds by means of subscriptions of Members and levies on Members or otherwise for all the purpose and objects of the Association in such amounts and in such manner as is provided for in the Rules.
- 8 To promote, hold, sponsor or assist in the promoting, holding or sponsoring of Exhibitions of advertising matter or connected with such other objects as may be considered by the Council to be allied to or in conformity with all or any of the objects of the Association.
- 9 Advocating the complete and accurate disclosure of circulation figures by proprietors of all printed advertising media and of audience or viewers by the proprietors of radio, film, theatre slide and outdoor media; and supporting the establishment of an Audit Bureau of Circulation and Circulations Audit Board.
- 10 Promoting the elimination of fraudulent, untruthful, misleading or otherwise objectionable advertising, increasing thereby the public confidence in advertising and in advertised goods and services.
- 11 Advocating the standardisation and simplifications of advertising rate cards.
- 12 Entering into any affiliation with, or promoting or assisting in the promotion of any association, having objects similar to those of the Association, or calculated to benefit generally the members of the Association.
- 13 Printing and publishing newspapers, magazines, periodicals, newsletters and memoranda for the spreading of information on any matters related to the objects of this Association, and for other like purposes.
- 14 Being at all times of continual service, and supplying information to members on all matters germane to advertising.
- 15 Investing the funds for the Association in such manner and in investments of such kind and nature as the Council may think fit.
- 16 Acting as arbitrator or mediator in settlement of disputes arising out of advertising transactions.
- 17 To organise, promote, sponsor and participate in educational and training programmes in advertising and related fields, either on its own or jointly with academic, vocational, cultural and professional organisations.
- 18 Generally to promote further and protect the mutual interest of Members and to do all such other lawful things as are or may be incidental or conducive to the attainment of the above objects or any of them.



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