

Communications Market Review

January to June 2010

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1 Overview

The Malta Communications Authority (“MCA”) is hereby presenting a report outlining key trends and developments in the Maltese communications and postal sectors for the first six months of 2010.

The document follows a series of publications issued by the MCA on a regular basis over the last two years. The first publication in the series was issued in September 2008, followed by three more publications, the latest of which being issued last May.

Report findings are presented under five main platforms and draw on a range of data provided by local operators. Occasionally, reference is made to research findings from surveys in the areas of interest, which are not necessarily carried out by the MCA.

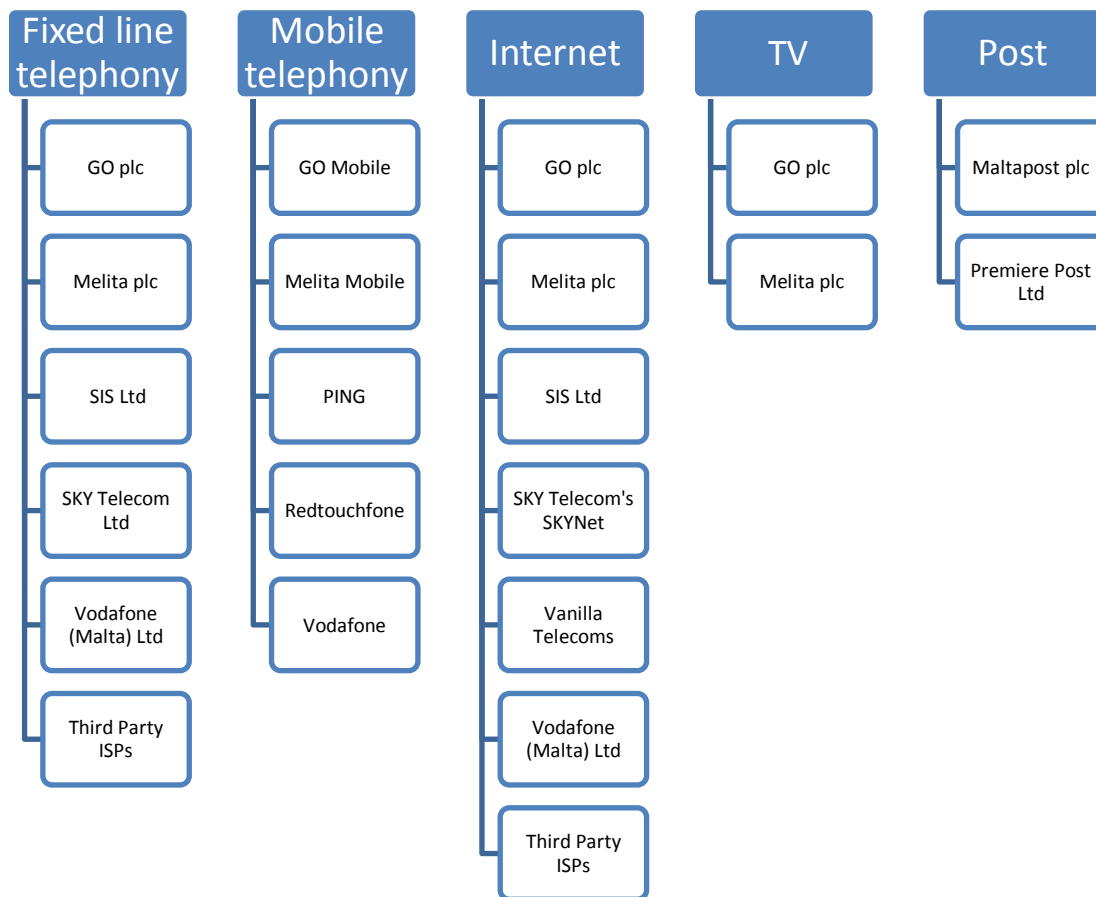


Figure 1: Operators providing quarterly data

2 Reporting parameters

This report covers quarterly data for two whole calendar years, 2008 and 2009, and the first half of 2010¹. Quarterly developments in electronic communications and posts are captured by a set of key measures presented in Figure 2 below.

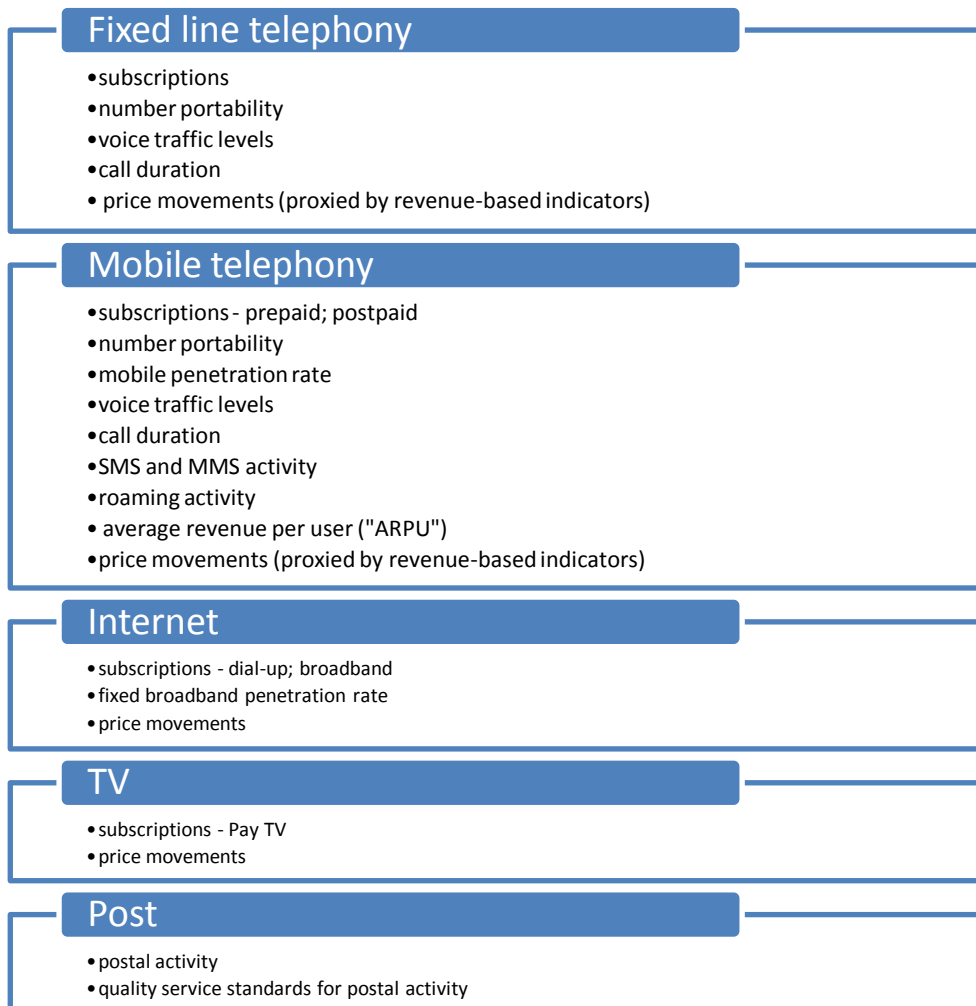


Figure 2: Key measures for electronic communications and post

¹ A report sheet publishing data for a number of electronic communications and postal indicators can be found at <http://www.mca.org.mt/newsroom/openarticle.asp?id=908>

3 Key market outcomes

Malta's electronic communications industry witnessed further growth in the first half of 2010, as take-up of electronic communications services remained strong and traffic volumes registered an overall increase.

Fixed line telephony

Fixed line subscriptions increased to 246,139 by the end of June 2010, representing an increase of approximately 0.4 percent over the corresponding figure in 2009. Most subscriptions, at 76.5 percent of the total, continued to be postpaid.

This increase in fixed line subscriptions was however not sufficient to ensure stronger traffic levels in this sector, as volumes declined both in terms of calls and call minutes, by 2.5 percent and 0.8 percent respectively.

As at the end of June 2010, around 14.5 percent of all postpaid subscriptions formed part of a bundle.

The number of fixed line portings in the first half of 2010 totalled 2,094.

The cost of a minute of fixed line communications in Q2 2010 was, on average, €0.015 for an on-net and off-net fixed-to-fixed call, €0.217 for a fixed-to-mobile call, and €0.086 for a fixed-to-international call.

Mobile telephony

Mobile telephony subscriptions totalled 439,536 as at the end of June 2010, representing an increase of 8.7 percent over the corresponding figure in 2009. Most subscriptions, at 81.2 percent, continued to be prepaid.

In line with increases in the number of mobile subscriptions, the mobile penetration rate as at the end of the reporting period reached 106.4 percent, up from 97.9 percent as at the end of June 2009.

In the first six months of 2010, some 132.3 million mobile calls were made and some 177 million minutes recorded. Outgoing mobile traffic in the first six months of 2009 was significantly lower, at 121.5 million calls and 146.7 million minutes.

SMS traffic volumes were also stronger as these increased from 242.4 million in the first half of 2009 to 310.3 million in the first half of 2010. On the other hand, MMS traffic maintained its downward trajectory, down from 149,967 in the first half of 2009 to 76,845 in the first half of this year.

The number of mobile portings in the first half of 2010 totalled 23,592. The number of portings in the first half of 2009 was significantly higher, as this period coincided with the arrival of Melita Mobile.

The average revenue per user (ARPU) of mobile communications in Q2 2010 stood at €67.50, which is slightly lower than €67.89 in Q2 2009.

In Q2 2010, the cost of a minute of mobile communications (excluding outbound roaming) was, on average, €0.113 for a domestic call and €0.693 for an international call.

Internet

Fixed broadband penetration continued to grow in the first six months of 2010, to reach 28.4 percent of the total population by the end of Q2 2010.

In absolute terms, the number of fixed broadband subscriptions increased by 10,863 in a 12-month period, to reach 117,537 by the end of June 2010. On the other hand, the number of dial-up subscriptions declined by 1,091 and stood at 169 by the end of the reporting period.

The vast majority of broadband subscriptions, at 87.3 percent by the end of Q2 2010, enjoyed a connection speed of 4Mbps or higher but less than 10Mbps.

Another 10.6 percent enjoyed a connection speed equal to or exceeding 10Mbps.

Furthermore, around 41 percent of all broadband subscriptions formed part of a bundle.

Between Q2 2009 and Q2 2010, declines in terms of the average price per Mbps were observed for a number of fixed broadband packages with a set download limit. On average, the rate per Mbps for packages with a connection speed equal or greater to 2Mbps but less than 4Mbps went down by €0.73 or 10.6 percent. The rate per Mbps for packages with a connection speed equal or greater to 4Mbps but less than 6Mbps went down by €0.88 or 16.3 percent, and that for packages with a connection speed equal or greater to 6Mbps but less than 8Mbps went down by €1.82 or 30.8 percent.

The average price per Mbps for fixed broadband packages with unlimited download went down by €0.53 or 8.2 percent for those with a connection speed equal or greater to 4Mbps but less than 6Mbps. The rate also went down slightly for packages with a broadband connection speed equal or greater to 20Mbps but less than 30Mbps.

Reception of TV broadcasts via Pay TV platforms

By the end of the reporting period, the number of Pay TV subscriptions totalled 143,186. This represents an increase of 7.8 percent over the corresponding figure in 2009. Subscriptions on the digital platform accounted for 86.3 percent of all Pay TV subscriptions. Those on the analogue Pay TV platform accounted for the remaining 13.7 percent.

The number of Pay TV subscriptions on the cable digital platform totalled 71,029 and those on the DTTV platform totalled 52,499.

Furthermore, around 35 percent of all digital Pay TV subscriptions as at the end of June 2010 were bundled with some other electronic communications product or service.

As at the end of Q2 2010, only one analogue Pay TV package (listing 24 channels) was on offer. This package was priced at €9.99.

The average market rate for the category encompassing digital Pay TV packages listing not more than 24 channels stood at €2.99. Again only one package (listing 17 channels) was on offer under this category.

The average market rate for the category encompassing digital Pay TV packages listing 25 to 49 channels stood at €11.38, whilst the rate for the category encompassing 50 to 74 channels stood at €24.99.

Regarding the categories encompassing Pay TV packages listing 75 to 99 channels and 150 or more channels, only one Pay TV package was on offer under each category in Q2 2010. The digital Pay TV package under the former category was priced at €19.99 and that under the latter category was priced at €29.99. Both packages were offered by the same operator.

Post

Total mail volumes handled in the first half of 2010 totalled 21.5 million items, up from 21.3 million in the first half of 2009. This improvement is attributable to more letter post items and parcel mail items handled during the period, outweighing declines in bulk mail items and registered mail items.

During the period under review, all Quality of Service (“QoS”) delivery targets set by the MCA for the delivery of postal items have been met.

4 Market shares of the local subscriber base

Fixed line telephony: As at the end of Q2 2010, GO accounted for the largest share, at 76.8 percent, of the subscriber base for fixed line telephony. GO’s market share has declined by 3.5 percentage points since Q2 2008. This decline in market share translated in gains for Melita, as it registered an increase in market share from 18.4 percent as at the end of Q2 2008 to 22.6 percent as at the end of Q2 2010.

SKY Telecom’s and Vodafone’s market share also experienced a decline since the end of Q2 2008 and, by the end of Q2 2010, their share stood at 0.45 percent and 0.16 percent respectively.

SIS’s market share as at the end of June this year stood at 0.06 percent.

Market shares	GO	Melita	SIS	SKY Telecom	Vodafone
End of Q2 2010	76.77%	22.57%	0.06%	0.45%	0.16%
End of Q2 2009	76.93%	22.40%	0.04%	0.45%	0.18%
End of Q2 2008	80.27%	18.38%		1.18%	0.18%

Figure 3: Market shares in terms of fixed line telephony subscriptions as at end of period

Mobile telephony: No operator held a market share exceeding 50 percent of the mobile subscriber base as at the end of Q2 2010. Vodafone lead the market with a share of 48.6 percent, followed by GO Mobile at 42.8 percent. The market share of both operators declined since the end of Q2 2008.

Melita’s market share as the end of Q2 2010 stood at 6.7 percent, up from 4.8 percent as at the end of the corresponding period in 2009.

The market share of Redtouchfone stood at 1.9 percent, slightly up from 1.7 percent.

In April 2010, a new mobile service provider started operating under the name of PING. Data for this operator was not available during this reporting period and will be available as from next publication.

Bay Mobile ceased operations in 2009.

Market shares	GO Mobile	Bay Mobile	Melita Mobile	Redtouch fone	Vodafone
End of Q2 2010	42.79%	-	6.73%	1.93%	48.55%
End of Q2 2009	43.57%	0.12%	4.75%	1.74%	49.82%
End of Q2 2008	47.64%				52.36%

Figure 4: Market shares in terms of mobile telephony subscriptions as at end of period

Broadband Internet: GO and Melita hold the two largest market shares of the subscriber base for broadband Internet. GO leads at 48.2 percent, with Melita following at 46.1 percent.

Market share trends differed for these two operators. GO experienced an increase of 12.2 percent in its market share since the end of Q2 2008. On the other hand, Melita experienced a decline of 5.8 percent.

Another decline in market share has been recorded by third party ISPs, down from 9.9 percent as at the end of Q2 2008 to 2.0 percent as at the end of Q2 2010.

On the other hand, Vodafone (Malta) increased its market share from 2.2 percent to 3.1 percent during the same period. SIS and SKYNet also registered slight gains.

Market shares	GO	Melita	SIS	SKYNet	Vanilla Telecoms	Vodafone	ISPs
End of Q2 2010	48.28%	46.13%	0.09%	0.25%	0.17%	3.05%	2.02%
End of Q2 2009	42.84%	50.22%	0.06%	0.15%	0.17%	3.00%	3.55%
End of Q2 2008	36.07%	51.91%				2.18%	9.85%

Figure 5: Market shares in terms of fixed broadband subscriptions as at end of period

Pay TV: The Pay TV subscriber base is shared between two operators, GO (the DTTV operator) and Melita (the cable operator providing Pay TV services over analogue cable and digital cable).

As at the end of Q2 2010, Melita held an overall market share of 63.3 percent of all Pay TV subscriptions², down from 79.5 percent since the end of Q2 2008.

On the other hand, GO improved its overall market share of Pay TV subscriptions by 16 percentage points since the end of Q2 2008, up from 20.5 percent to 36.7 percent as at the end of Q2 2010.

Market shares	GO	Melita
End of Q2 2010	36.66%	63.34%
End of Q2 2009	29.69%	70.31%
End of Q2 2008	20.52%	79.48%

Figure 6: Market shares in terms of Pay TV subscriptions as at end of period

² Melita’s analogue cable platform accounted for 13.7 percent of total Pay TV subscriptions, whilst Melita’s digital cable platform accounted for a further 49.6 percent.

Melita holds 100 percent of the local subscriber base for analogue Pay TV as it is the only operator providing analogue Pay TV services.

In absolute terms, Melita’s analogue cable subscriptions totalled 19,658 as at the end of Q2 2010, a decline of 39,155 since the end of Q2 2008. During the same period, Melita’s digital cable subscriptions increased by 26,771 since the end of Q2 2008 to reach 71,029 as at the end of the reporting period.

5 Fixed line telephony

5.1 Number of active fixed line subscriptions

The number of active fixed line telephony subscriptions³ as at the end of Q2 2010 stood at 246,139 thereby showing an increase of 1,019 active subscriptions over the end of the corresponding period a year earlier.

During this period, postpaid subscriptions declined by 973 whilst prepaid subscriptions increased by 1,979 or 3.7 percent.

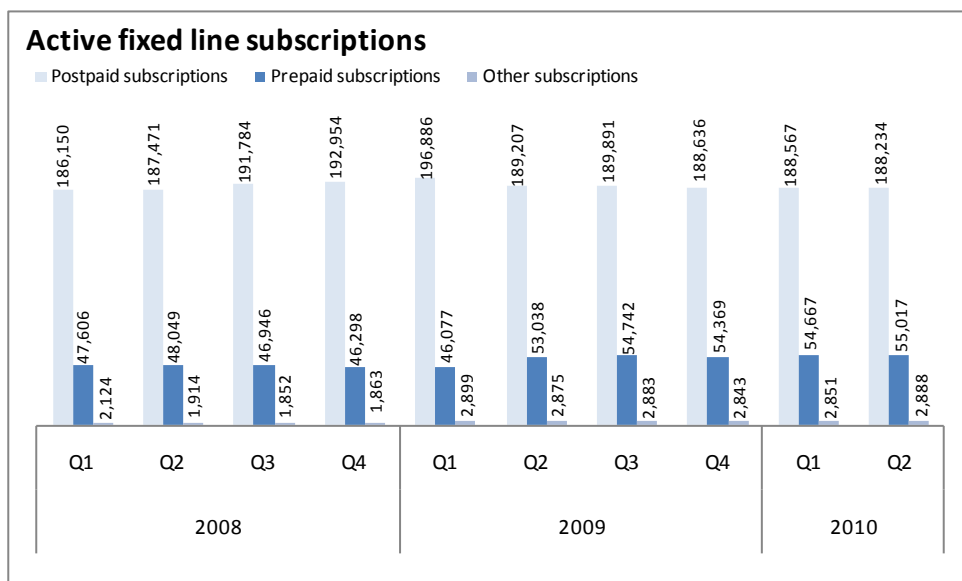


Figure 7: Fixed line telephony subscriptions as at end of period

Postpaid subscriptions accounted for 76.5 percent of total active subscriptions, whilst prepaid subscriptions accounted for a further 22.4 percent.

Other subscriptions, or enhanced subscriptions⁴, totalled 2,888 as at the end of Q2 2010, up from the previous quarter, but relatively stable compared with Q2 2009.

As from Q2 2009, all operators submitted figures for prepaid and postpaid subscriptions in a standard format⁵.

³ Active subscriptions are defined as those subscriptions making or receiving a call within 90 days of the period stipulated.

⁴ Standard fixed line subscriptions refer to subscriptions offering a single fixed line telephony connection. Enhanced fixed line subscriptions encompass those subscriptions offering multiple channel (dual or more) fixed telephony connections.

⁵ As from Q2 2009, Melita started providing subscription figures disaggregated by type of subscriptions, namely postpaid and prepaid subscriptions. Previously all Melita connections were reported under the postpaid category.

5.2 Fixed line subscriptions on a bundled offer

Of all postpaid subscriptions in Q2 2010, 25.7 percent (or 48,408 subscriptions) formed part of a bundle. This is significantly higher than the corresponding figure in Q2 2009. In the latter quarter, only 14.6 percent of all postpaid subscriptions (i.e 27,579 subscriptions) formed part of a bundle.

Fixed postpaid subscriptions on a bundled offer	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Fixed postpaid subscriptions on two-play bundled offers	1,165	1,100	703	932	861	641
Fixed postpaid subscriptions on triple-play bundled offers	4,973	5,477	4,446	4,448	4,757	4,723
Fixed postpaid subscriptions on quadruple-play bundled offers	15,369	21,002	26,706	30,488	37,812	43,044
Total number of fixed postpaid subscriptions bundled with other electronic communication services	21,507	27,579	31,855	35,868	43,430	48,408
as a percentage of total fixed postpaid subscriptions	10.92%	14.58%	16.78%	19.01%	23.03%	25.72%

Table 1: Fixed line postpaid subscriptions on a bundled offer as a percentage of total postpaid subscriptions

5.3 Fixed line portings

Over 2,050 fixed line portings⁶ have been reported during the first six months of 2010, slightly higher than the corresponding figure registered in the first half of 2009.

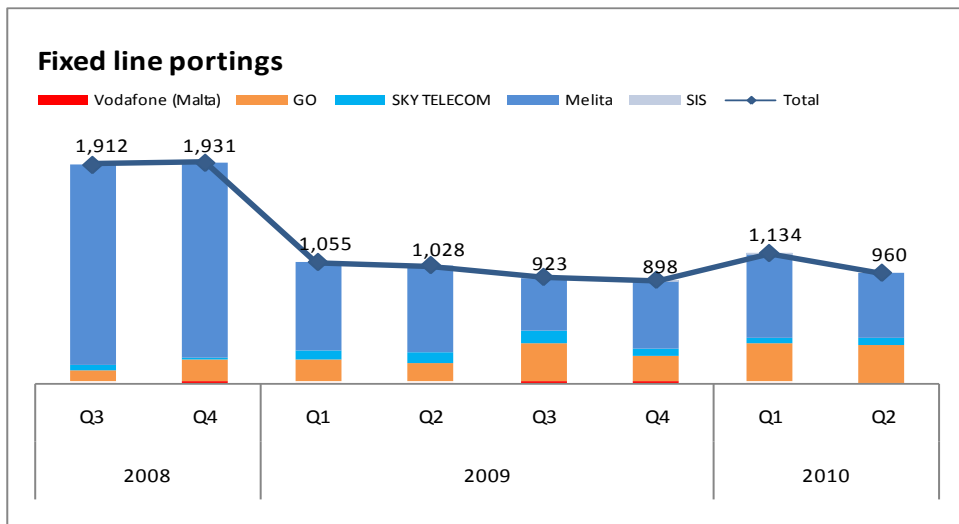


Figure 8: Fixed line number portability - number of portings

Melita registered the highest number of portings, totalling 1,312 in the first six months of 2010. GO registered 677 portings, and SKY Telecom registered 85. Vodafone and SIS registered 18 and two fixed line portings respectively.

⁶ The total number of subscribers that switch from a fixed line operator to another whilst keeping the same number.

5.4 National and international voice traffic levels

Originating fixed line traffic during the first half (“FH”) of 2010 was lower than that registered in the FH 2009.

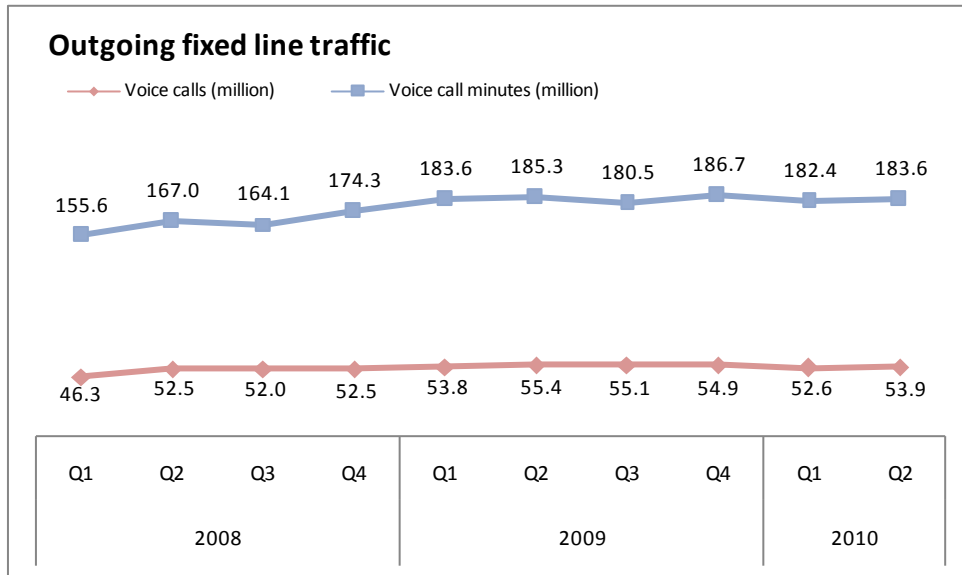


Figure 9: Voice traffic originating from local fixed line networks

The number of originating fixed line voice calls declined from 109.2 million in the FH 2009 to 106.5 million in the first six months this year. This decline is a result of less on-net fixed-to-fixed (“FTF”) voice calls and less fixed-to-mobile (“FTM”) voice calls, which went down by 3.2 million and 1.1 million respectively.

Year	2008				2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
National voice calls	44,249,873	50,302,964	49,879,101	50,546,717	51,490,171	53,023,345	52,587,870	52,544,663	50,165,688	51,564,394
Fixed-to-fixed calls	35,370,695	39,306,138	38,512,247	39,858,058	41,046,249	41,585,272	40,939,533	41,847,028	40,082,919	40,812,166
on-net	29,376,992	32,024,773	30,736,976	31,722,260	32,796,875	32,350,814	31,779,966	32,116,047	30,767,912	31,171,676
off-net	5,993,703	7,281,365	7,775,271	8,135,798	8,249,374	9,234,458	9,159,567	9,730,981	9,315,007	9,640,490
Fixed-to-mobile calls	8,473,757	10,634,286	11,047,807	10,396,795	10,030,369	11,039,520	10,999,523	10,314,510	9,704,790	10,298,084
Other voice calls	405,421	362,540	319,047	291,864	413,553	398,553	648,814	383,125	377,979	454,144
International voice calls	2,062,554	2,180,088	2,101,620	1,985,488	2,318,498	2,369,225	2,550,266	2,392,860	2,425,020	2,315,798
originating from local network operators	1,969,978	2,102,629	2,023,555	1,914,389	2,253,059	2,317,593	2,407,784	2,308,045	2,414,422	2,306,548
originating from third party ISPs	92,576	77,459	78,065	71,099	65,439	51,632	142,482	84,815	10,598	9,250

Table 2: Outgoing fixed line traffic - number of voice calls

These declines outweighed a slight increase in the number of fixed-to-international (“FTI”) calls, an increase of 1.5 million off-net FTF calls, and an increase in the number of other voice calls⁷.

⁷ Includes Internet calls, Freephone calls, Premium calls, and Payphone calls.

Year	2008				2009				2010	
Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
National voice call minutes	143,544,464	155,080,076	152,236,986	161,893,187	169,016,300	170,730,074	165,760,362	172,362,841	168,952,569	170,389,020
Fixed-to-fixed minutes	126,412,358	136,611,272	134,003,582	144,815,307	154,016,769	153,556,735	148,202,498	156,167,546	153,589,009	154,167,825
on-net	104,427,268	110,808,071	107,489,232	115,924,531	123,221,984	120,438,722	115,314,819	120,538,613	118,050,365	117,415,883
off-net	21,985,090	25,803,201	26,514,350	28,890,776	30,794,785	33,118,013	32,887,679	35,628,933	35,538,645	36,751,942
Fixed-to-mobile minutes	12,148,039	15,108,205	15,661,300	14,839,945	14,209,200	15,556,615	15,694,765	14,888,148	14,100,309	14,924,612
Other call minutes	4,984,067	3,360,599	2,572,104	2,237,935	790,331	1,616,724	1,863,099	1,307,148	1,263,250	1,296,582
International voice call minutes	12,009,759	11,914,461	11,902,981	12,361,948	14,588,288	14,584,223	14,694,354	14,347,071	13,467,685	13,166,594
originating from local network operators	11,295,639	11,384,586	11,279,640	11,426,594	13,600,666	13,637,051	13,701,743	13,602,302	12,953,951	12,919,746
originating from third party ISPs	714,120	529,875	623,341	935,354	987,622	947,172	992,611	744,769	513,734	246,848

Table 3: Outgoing fixed line traffic - number of voice call minutes

In terms of voice call minutes, Table 3 above shows that outgoing fixed line traffic declined from 368.9 million in the first half of 2009 to around 366 million in the first half of 2010. The largest decline in traffic was registered in terms of on-net FTF minutes and FTI minutes, which went down by 8.2 million and 2.5 million respectively. Another decline was registered in terms of FTM traffic. Increases were registered for off-net FTF traffic and other traffic, which went up by 8.4 million minutes and 0.2 million minutes respectively.

5.5 Activity levels per subscription

Figure 10 shows that the average number of calls per active fixed line subscription⁸ stood at 218.9 in Q2 2010, up from 213.7 in the previous quarter, but down from nearly 226 in Q2 2009.

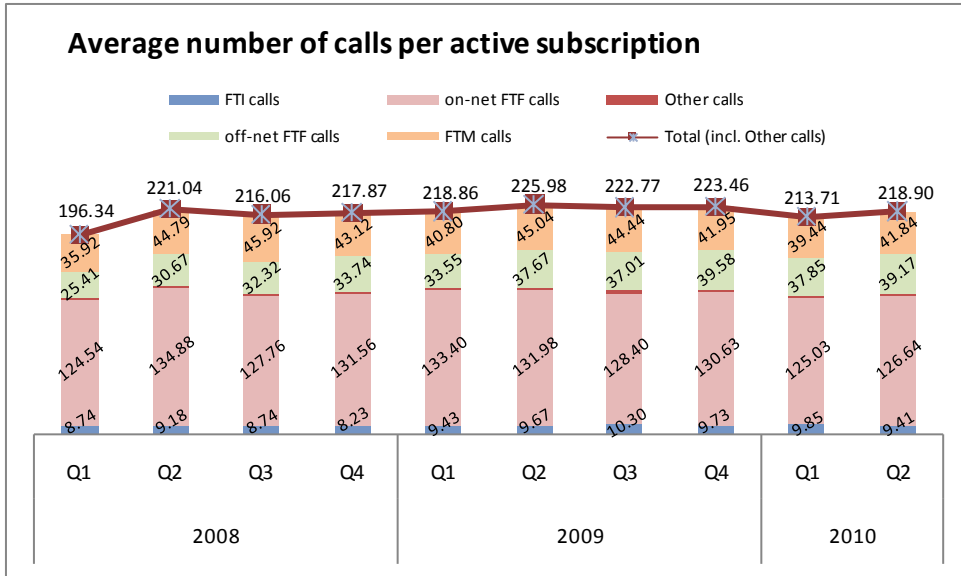


Figure 10: Average number of calls per active subscription

In Q2 2010, the number of on-net FTF calls on average totalled around 127 per active subscription, down from 132 in Q2 2009. The former figure represents 57.9 percent of all outgoing fixed line calls per active subscription during the said quarter.

The number of off-net FTF calls increased from around 38 in Q2 2009 to 39 in Q2 2010 whilst the number of FTM calls declined from 45 to around 42.

⁸ Total depicted in Figure 10 includes the number of *other calls* (which encompasses premium, freephone, and Internet calls) per active subscription. The corresponding figure (not displayed) stood at 1.85 in Q2 2010, up from 1.63 in Q2 2009.

5.6 Average call duration

On average, in Q2 2010 both on-net and off-net FTF calls lasted approximately 3.8 minutes. FTM calls lasted around 1.4 minutes, and FTI calls lasted around 5.7 minutes.

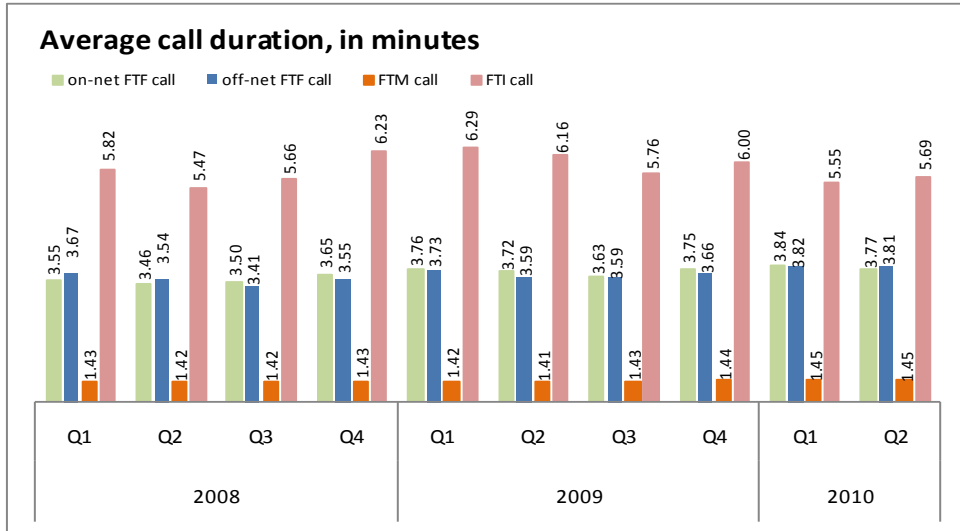


Figure 11: Average duration of an outgoing fixed line call

5.7 Average rate per minute of fixed line communications

Revenue-based⁹ figures for fixed line telephony show that, in Q2 2010, the cost of an off-net and on-net FTF call was on average €0.015 per minute of communication. The cost of a minute of FTI communications was €0.086.

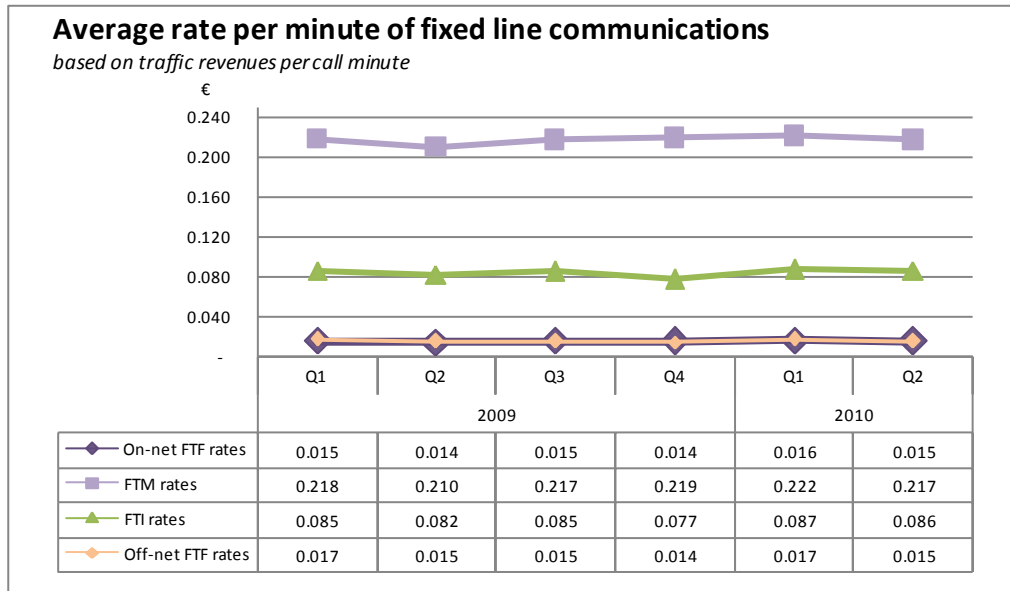


Figure 12: Average cost of a fixed line call derived from revenue-based workings

The cost of a FTM call was much higher, reaching an average rate of €0.217 per minute of communication.

⁹ The average price per minute of fixed line communications is derived by subdividing voice traffic revenues, but excluding revenues from VAT and excise tax, by the number of minutes reported under each respective heading. Figures are to be interpreted with caution, as these are not the actual rates quoted on the market.

It must also be noted that local fixed line operators may offer free calls or discounted call rates, such as free on-net calls with bundled offers and cheaper call rates on weekends. This would affect the final outcome for the average rate per minute of fixed line communications.

6 Mobile telephony

6.1 Number of active mobile subscriptions

The number of active mobile subscriptions¹⁰ totalled 439,536 as at the end of Q2 2010, representing an increase of 1.2 percent (or 5,375 subscriptions) over the previous quarter and an increase of 8.7 percent (or 35,075 subscriptions) over the corresponding period a year earlier.

Prepaid subscriptions as at the end of the reference period accounted for 81.2 percent of all active subscriptions. Postpaid subscriptions accounted for the remaining 18.8 percent.

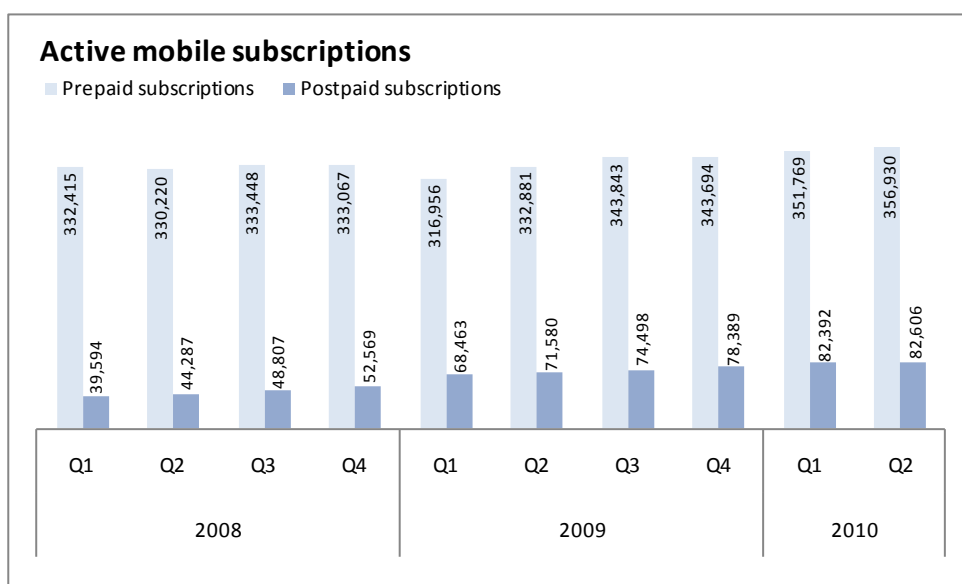


Figure 13: Mobile telephony subscriptions as at end of period

On a 12-month period, prepaid subscriptions increased by 24,049 or 7.2 percent to reach 356,930 by the end of Q2 2010. Postpaid subscriptions increased by 11,026 or 15.4 percent during the same period and totalled 82,606 as the end of Q2 2010.

¹⁰ Active mobile subscriptions refer to subscribers having a MSISDN with registered inbound or outbound activity within 90 days of the period stipulated for prepaid connections and within 30 days of the period stipulated for postpaid connections.

6.2 Mobile portings

The number of mobile portings¹¹ totalled 23,592 in the first half of 2010, significantly less than the 36,177 inward portings registered in the first half of 2009.

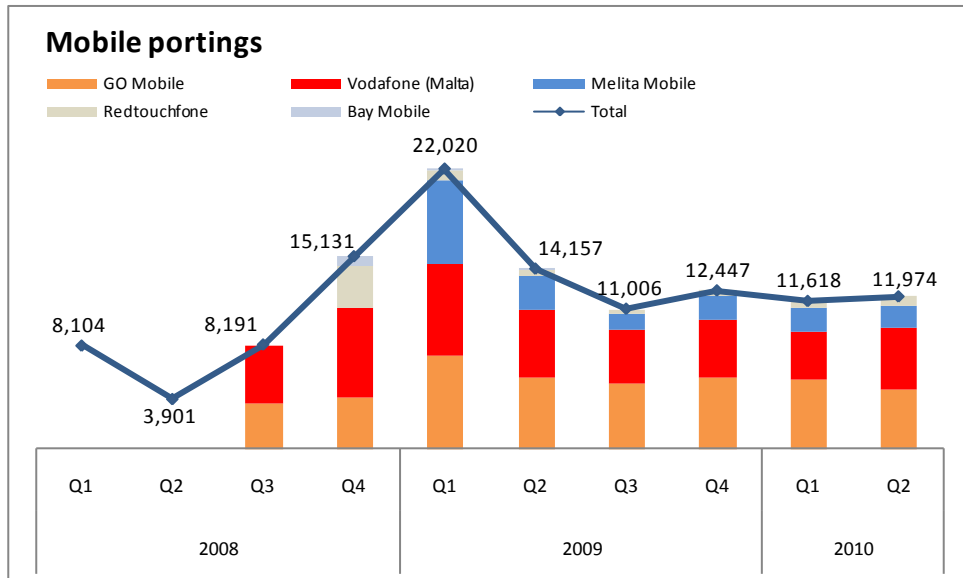


Figure 14: Mobile number portability - number of mobile portings

The sharp decline in mobile portings is attributable to the launch of Melita Mobile in Q1 last year, an event which brought about a significant increase in the churn rate during the period.

¹¹ The total number of mobile subscribers that switch their subscription from one operator to another, whilst keeping the same number.

6.3 Malta’s mobile penetration rate (“MPR”)

The mobile penetration rate increased steadily to 106.4 percent in Q2 2010, up from 97.9 percent in Q2 2009. The 100 percent penetration rate benchmark has been surpassed in Q3 last year.

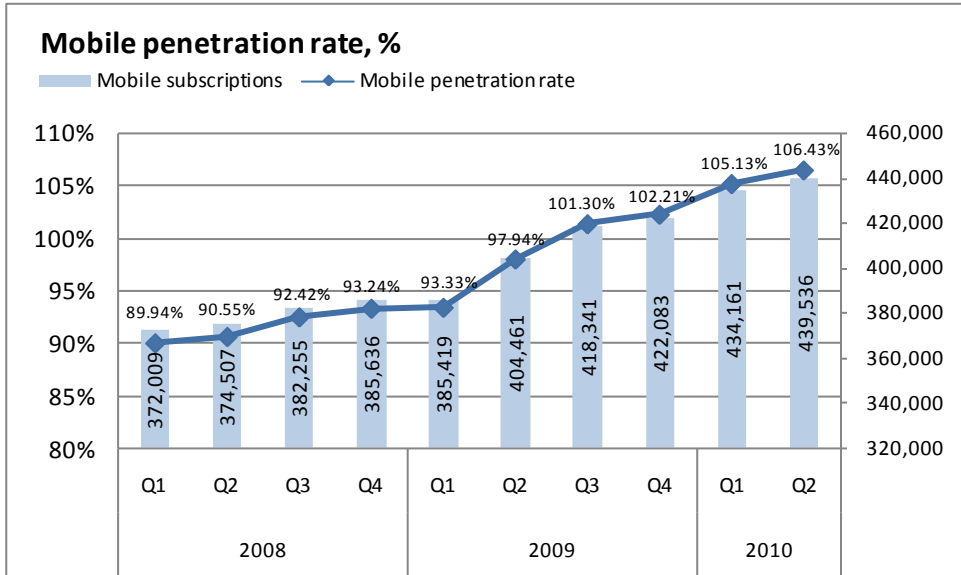


Figure 15: Mobile penetration in Malta

6.4 Voice activity

Outgoing mobile voice traffic in the first half (“FH”) of 2010 increased significantly over that registered in the first half of 2009.

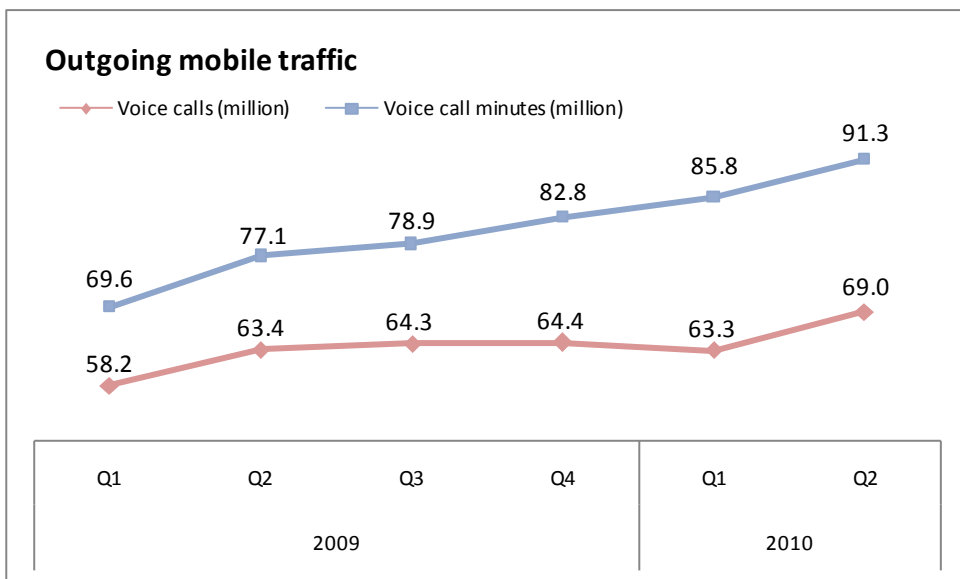


Figure 16: Voice traffic originating from mobile networks

The number of originating mobile voice calls totalled 132.3 million in FH 2010, up from 121.6 million in FH 2009. Correspondingly, the number of outgoing mobile voice call minutes increased by 20.7 percent from 146.7 million to 177.1 million.

Year	2009				2010	
Period	Q1	Q2	Q3	Q4	Q1	Q2
National voice calls	57,347,260	62,371,969	63,339,344	63,514,929	62,441,525	68,046,164
Mobile-to-mobile calls	51,919,445	56,696,164	57,526,421	57,822,413	57,034,584	62,046,431
<i>on-net</i>	31,075,651	32,934,019	34,060,938	34,890,186	34,646,448	37,816,763
<i>off-net</i>	20,843,794	23,762,145	23,465,483	22,932,227	22,388,136	24,229,668
Mobile-to-fixed calls	5,427,815	5,675,805	5,812,923	5,692,516	5,406,941	5,999,733
International voice calls	823,015	993,242	981,185	889,488	850,244	981,830

Table 4: Outgoing mobile traffic - number of voice calls¹²

The number of on-net mobile-to-mobile (“MTM”) voice calls recorded during the first six months of 2009 totalled 64.0 million. Their number increased by around 13 percent to 72.5 million for the same period this year. Another increase was registered in terms of off-net MTM calls, which went up from 44.6 million in FH 2009 to 46.6 million in FH 2010. Positive trends were also registered in terms of mobile-to-fixed calls (“MTF”) and mobile-to-international (“MTI”) calls.

In terms of voice call minutes for the FH 2010, an increase in traffic levels has been registered under all main headings, except for MTI traffic, when compared to the same period a year earlier.

Year	2008				2009				2010	
Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
National voice call minutes	57,869,647	59,307,558	63,174,195	62,917,747	67,783,648	74,531,027	76,989,142	80,992,613	83,947,478	89,311,425
Mobile-to-mobile minutes	52,480,023	53,756,359	57,406,081	57,128,689	61,616,755	67,270,190	70,277,667	74,305,474	77,155,099	80,960,786
<i>on-net</i>	35,498,933	35,783,596	39,094,590	39,451,999	40,688,058	43,526,375	46,867,978	51,072,699	53,703,650	54,700,758
<i>off-net</i>	16,981,090	17,972,763	18,311,491	17,676,690	20,928,697	23,743,815	23,409,689	23,232,775	23,451,449	26,260,028
Mobile-to-fixed minutes	5,389,624	5,551,199	5,768,114	5,789,058	6,166,893	7,260,837	6,711,475	6,687,139	6,792,380	8,350,639
International voice call minutes	1,374,999	1,651,611	1,757,428	1,517,266	1,856,990	2,578,302	1,912,216	1,824,548	1,809,934	2,038,406

Table 5: Outgoing mobile traffic - number of voice call minutes

On-net MTM voice call minutes increased by 28.7 percent to 108.4 million, whilst off-net MTM voice call minutes increased by 11.2 percent to 49.7 million. MTF traffic also registered an increase, from 13.4 million voice call minutes in FH 2009 to 15.1 million voice call minutes in FH 2010.

A decline was however registered in terms of MTI voice call traffic minutes, down to 3.8 million in FH 2010 from 4.4 million in FH 2009.

¹² Figures not available prior to 2009.

6.5 SMS and MMS activity

SMS traffic

During the first six months of 2010, the number of outgoing text messages totalled 310.3 million, compared with 242.4 million in the corresponding period a year earlier. This increase in outgoing SMS traffic¹³ is a result of on-net SMSs increasing by 66.5 million, and off-net SMSs increasing by 3.8 million. These increases outweighed declines recorded under the remaining headings.

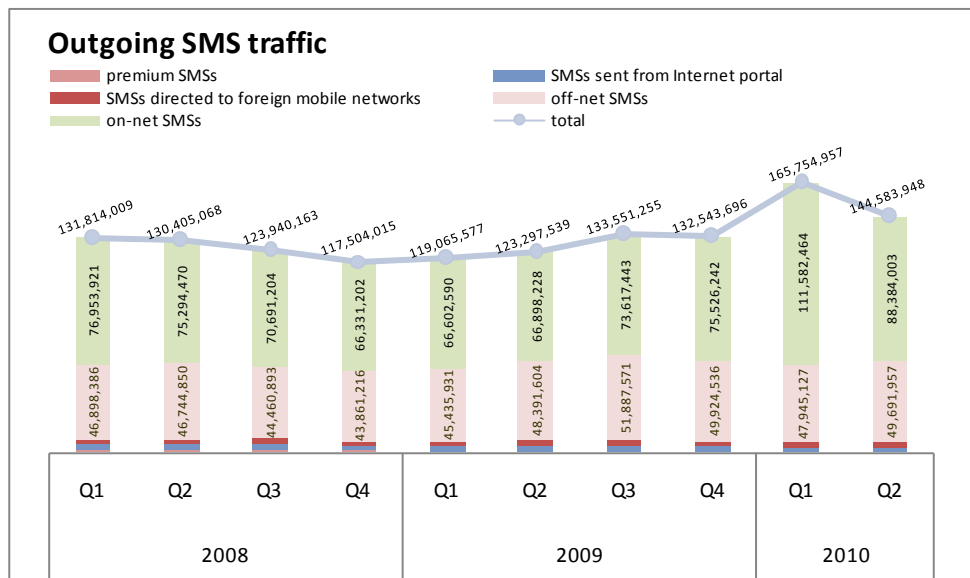


Figure 17: SMS activity - number of outgoing SMSs

Year	2008				2009				2010	
Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total	7,961,702	8,365,748	8,788,066	7,311,597	7,027,056	8,068,170	8,046,241	7,092,918	6,227,366	6,507,988
Premium SMSs	1,444,204	1,446,942	1,414,369	1,512,272	965,785	910,748	927,362	874,385	847,008	761,326
SMSs sent from Internet portal	3,689,003	3,970,714	3,999,020	3,182,437	3,704,565	3,736,794	3,752,427	3,642,730	2,835,249	2,867,593
SMSs directed to foreign mobile networks	2,828,495	2,948,092	3,374,677	2,616,888	2,356,706	3,420,628	3,366,452	2,575,803	2,545,109	2,879,069

Table 6: Premium SMSs, SMSs sent from Internet portal, SMSs directed to foreign mobile networks

In absolute terms, the number of SMSs sent from Internet portals declined by 1.7 million, premium SMSs declined by 0.3 million, and SMSs directed to foreign mobile networks also declined by 0.3 million.

¹³ Including on-net SMSs, off-net SMSs, SMSs sent to foreign mobile networks, SMSs sent from Internet portal, and premium SMSs.

MMS activity

In terms of MMS traffic, the number of outgoing MMSs in FH 2010 declined further when compared with FH 2009.

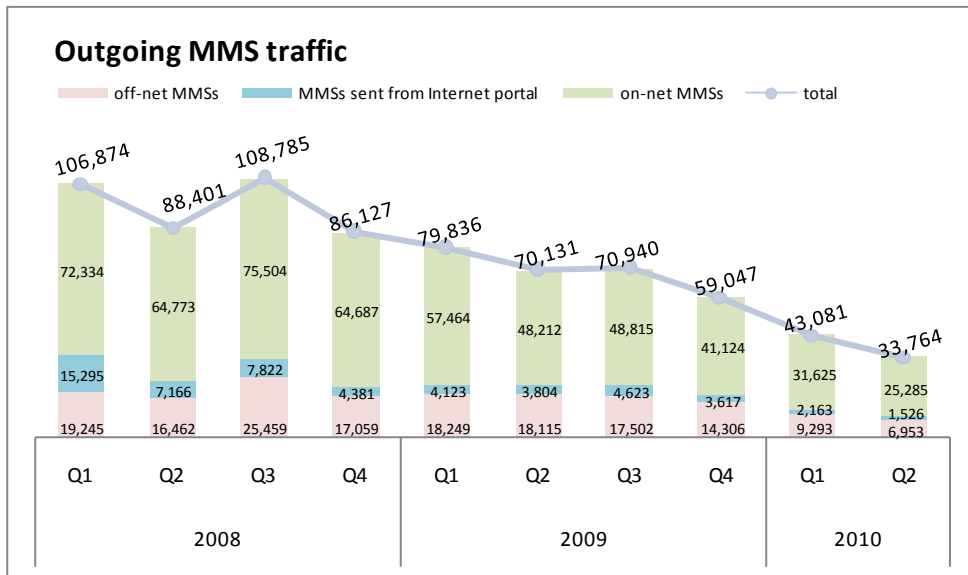


Figure 18: MMS activity - number of outgoing MMSs

During the first six months of 2010, the number of outgoing MMSs totalled 76,845. On-net MMSs accounted for 74.1 percent of the total for the period. Off-net SMSs accounted for 21.1 percent of the total. The remaining 4.8 percent were accounted for MMSs sent from Internet portal.

6.6 Activity levels per mobile subscription

Activity levels registered by local subscribers in Q2 2010 were stronger than those registered in Q2 2009. The average number of calls per active subscription totalled 157 in the former period, slightly higher than the corresponding figure in Q2 2009, whilst the average number of SMSs per active subscription increased from 305 in Q2 2009 to 329 in Q2 2010. The average number of MMSs per active subscription in Q2 2010 was negligible.

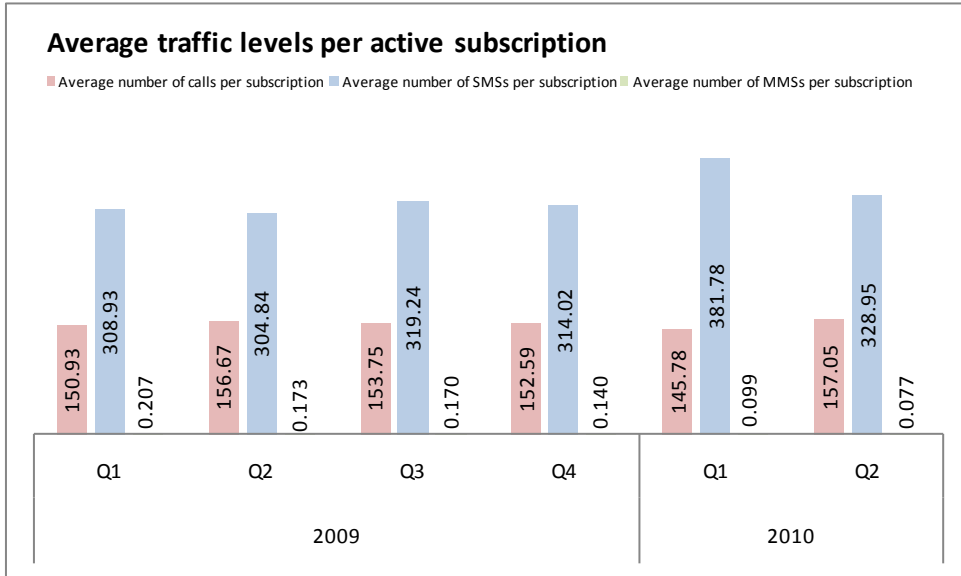


Figure 19: Subscriber activity - average traffic levels per active subscription

In terms of the average number of calls per active mobile subscription, the number of on-net MTM calls totalled 86 in Q2 2010, representing nearly 55 percent of all calls made per active subscription during the said quarter. The corresponding figure as at Q2 2009 stood at 81.

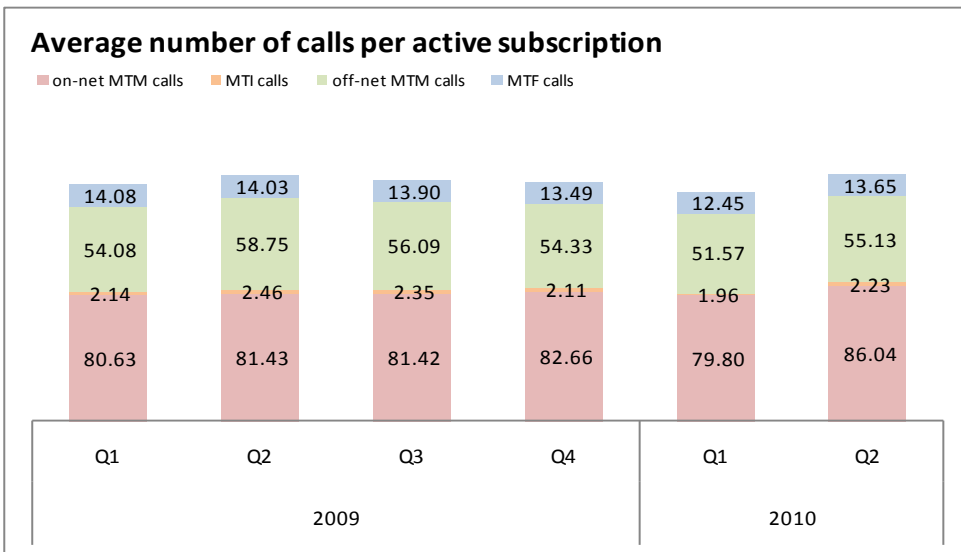


Figure 20: Subscriber activity - average number of calls per active subscription

The average number of off-net MTM calls stood at 55 in Q2 2010, down from nearly 59 in Q2 2009, but above 52 in Q1 2010. On comparing Q2 2010 with Q2 2009, slightly lower traffic levels were also registered in terms of the number of MTF calls per active subscription and the number of MTI calls per active subscription.

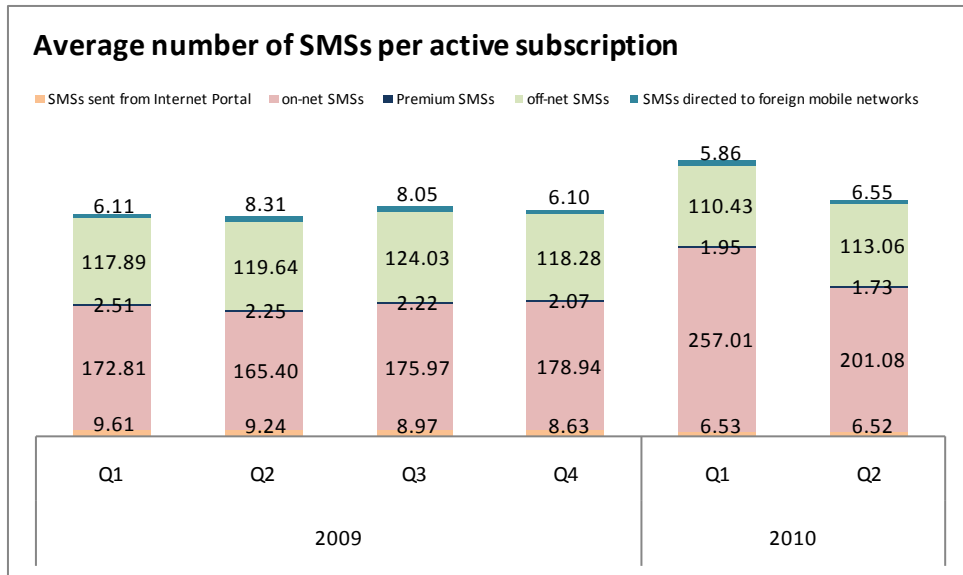


Figure 21: Subscriber activity - average number of SMSs per active subscription

In terms of the average number of SMSs per active subscription, on-net SMS traffic was particularly strong in Q1 and Q2 2010 at 257 and 201 respectively. These two figures represent 67 percent and 61 percent of all outgoing SMS traffic registered per active subscription during the two quarters under consideration respectively.

Off-net SMS traffic was also particularly strong in Q1 and Q2 2010. However, the average number of off-net SMSs per active subscription during these two quarters was lower than the corresponding figures registered in Q1 and Q2 2009.

6.7 Average mobile call duration

On average, an on-net MTM call lasted around 1.5 minutes in Q2 2010, up from 1.3 minutes in Q2 2009. Further to this, an off-net MTM call was on average slightly lenthier in Q2 2010 than in Q2 2009, whilst a MTF call lasted around 1.4 minutes in Q2 2010 compared with 1.3 minutes in Q2 2009. A MTI call in Q2 2010 lasted around two minutes.

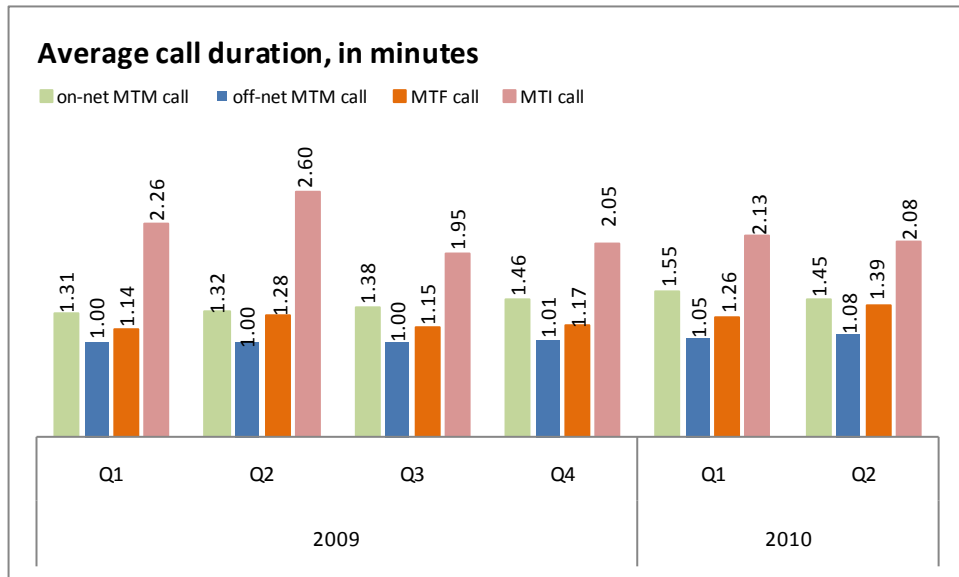


Figure 22: Average duration of an outgoing mobile call

6.8 Roaming activity

Roaming activity is classified under two main headings – outbound roaming traffic and inbound roaming traffic. The former refers to the activity generated on foreign mobile networks by domestic subscribers whilst roaming abroad. The latter refers to the activity generated on local mobile networks by foreign mobile subscribers whilst roaming in Malta.

Outbound roaming activity

During the first half of 2010, the number of outbound roaming calls increased by 24.2 percent over the same period a year earlier. A corresponding increase was recorded in terms of outbound roaming minutes, from nearly 3.8 million in FH 2009 to 4.6 million in FH 2010, representing an increase of 21.6 percent.

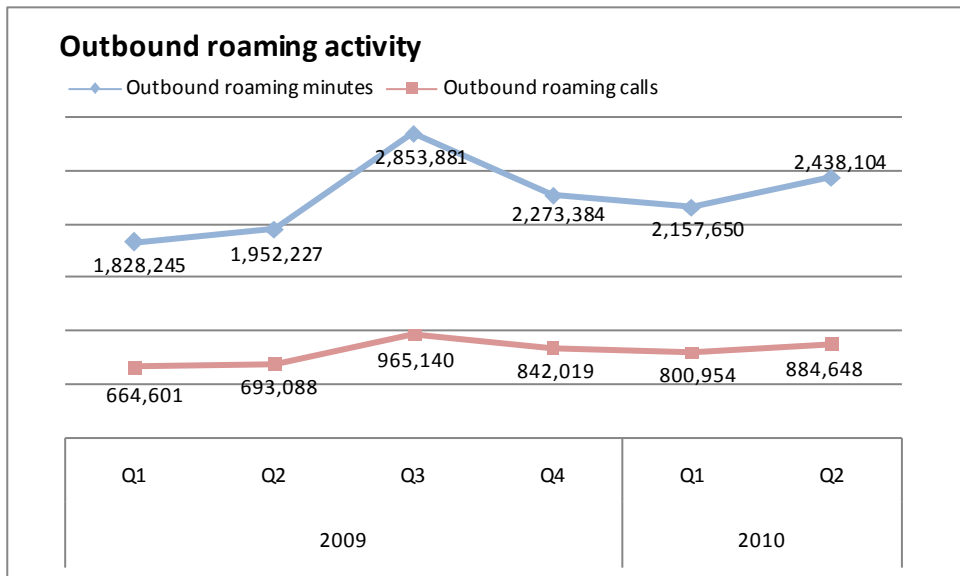


Figure 23: Outbound roaming activity

The number of calls made by local subscribers whilst roaming abroad increased from 0.8 million in FH 2009 to nearly 1.0 million in FH 2010.

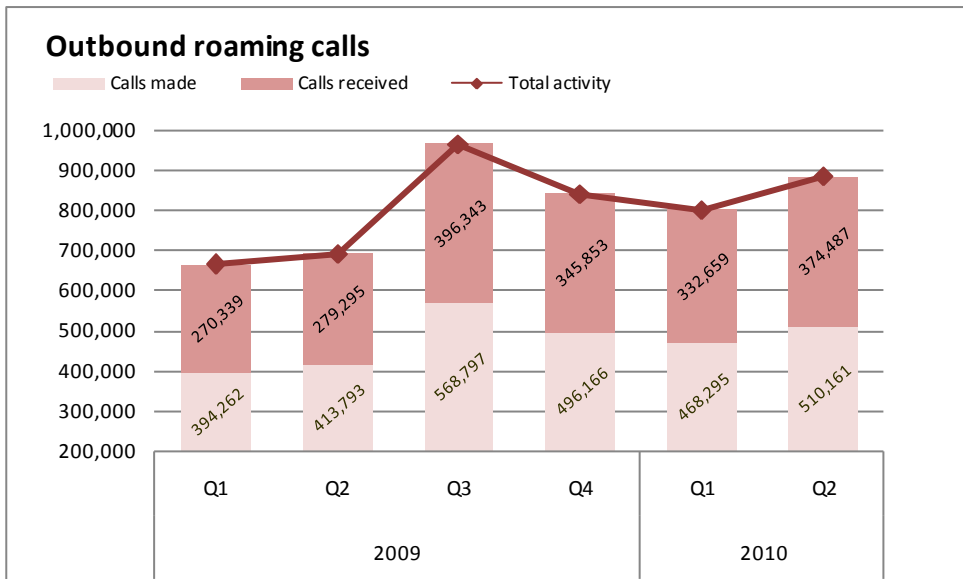


Figure 24: Outbound roaming activity - number of voice calls

In terms of outbound roaming minutes, the number received by local subscribers whilst roaming abroad increased from approximately 1.5 million in FH 2009 to approximately 1.9 million in FH 2010, representing a 28.2 percent increase in traffic levels.

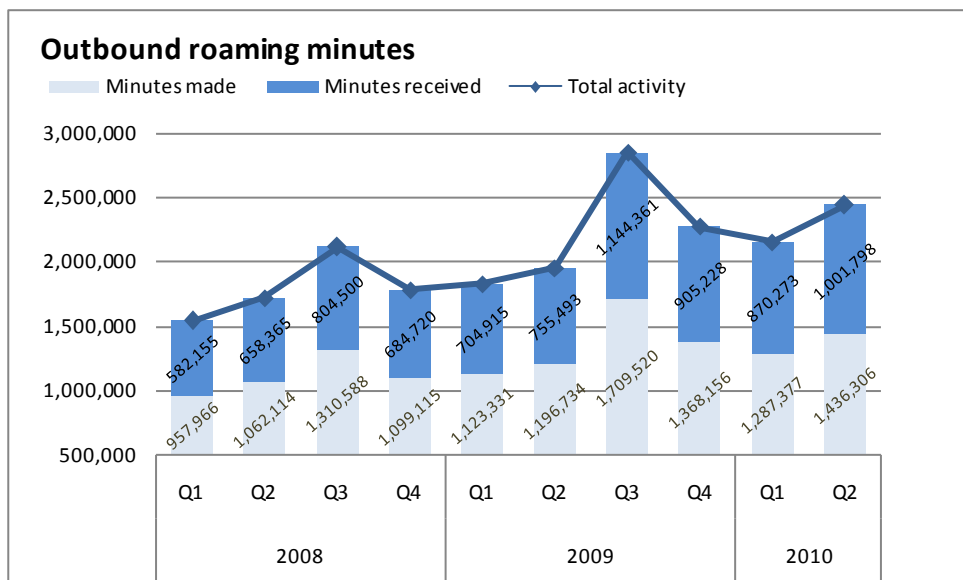


Figure 25: Outbound roaming activity - number of voice call minutes

Minutes made also increased from 2.3 million in FH 2009 to 2.7 million in FH 2010.

Inbound roaming activity

The number of inbound roaming calls totalled 5.3 million in FH 2010, representing a 11.1 percentage points increase over the corresponding figure for FH 2009. On the other hand, inbound roaming minutes increased from 13.6 million in FH 2009 to 15.3 million in FH 2010, representing an increase of 12.7 percent.

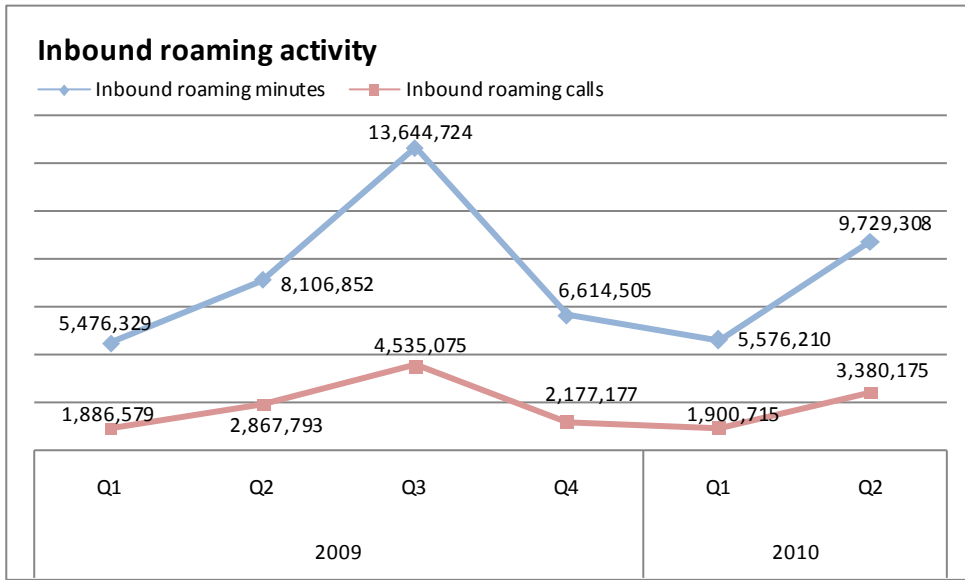


Figure 26: Inbound roaming activity

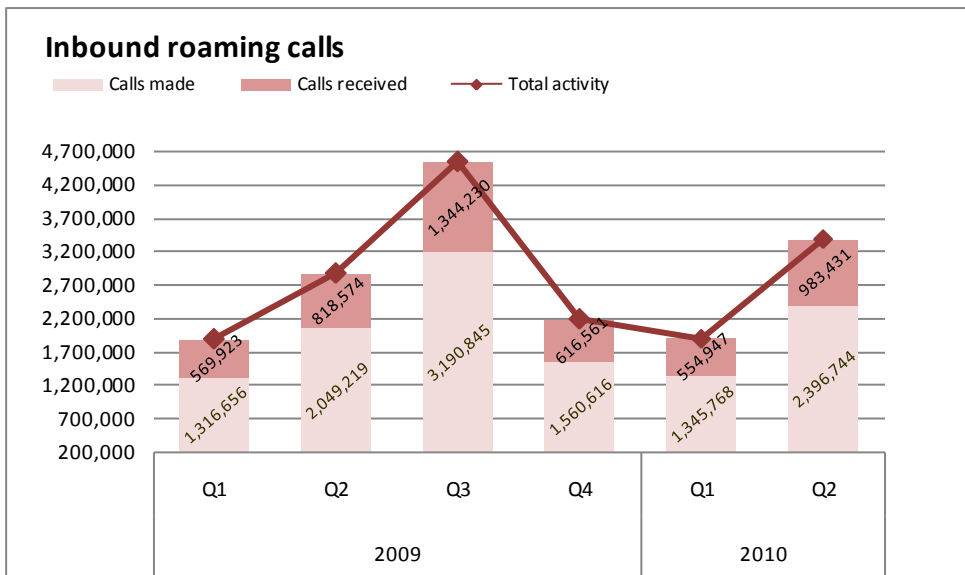


Figure 27: Inbound roaming activity - number of voice calls

Disaggregating inbound roaming call figures would show that the number of calls received by foreign mobile subscribers whilst roaming in Malta increased from 1.4 million in FH 2009 to 1.5 million in FH 2010.

The number of calls made by foreign mobile subscribers whilst roaming in Malta also increased from 3.4 million in FH 2009 to 3.7 million in FH 2010.

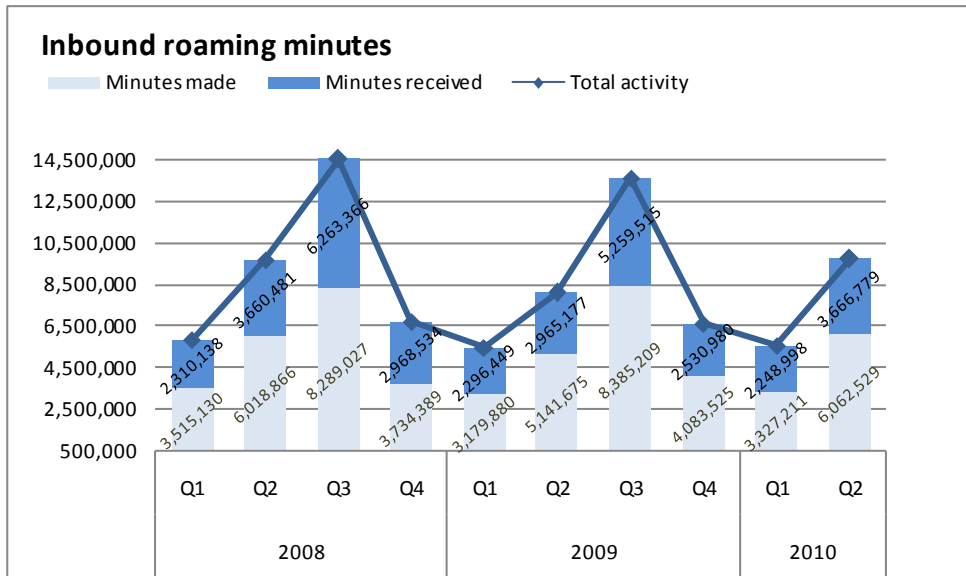


Figure 28: Inbound roaming activity - number of voice call minutes

In terms of inbound roaming minutes, minutes received by foreign mobile subscribers whilst roaming in Malta increased from 5.3 million in FH 2009 to 5.9 million in FH 2010. Another increase was recorded for minutes made by foreign mobile subscribers whilst roaming in Malta, from a total of 8.3 million in FH 2009 to 9.4 million in FH 2010.

6.9 Average revenue per user (“ARPU”)

ARPU statistics include total revenues of the operator divided by the average number of active subscriptions during the period. Total revenues include income from all incoming and outgoing activity registered by all postpaid and prepaid subscribers, including outbound roaming revenues and interconnection revenues, but excluding inbound roaming revenues.

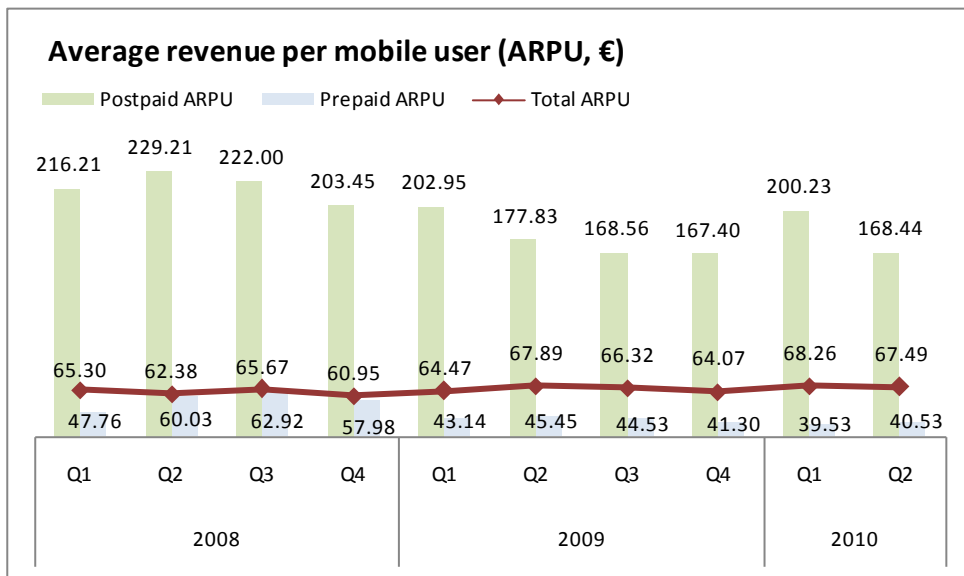


Figure 29: Average revenue per mobile user

Total ARPU in Q2 2010 stood at €67.49, slightly down from €67.89 in Q2 2009. In Q2 2010, postpaid and prepaid ARPU stood at €168.44 and €40.53 respectively. Both figures are lower than those registered in Q2 2009.

6.10 Average rate per minute of mobile communications

Revenue-based market figures¹⁴ indicate that, as at Q2 2010, the average cost of a minute of mobile communications for a local call hovered around €0.113, excluding roaming from the calculations. This is lower than €0.131 registered in Q2 2009.

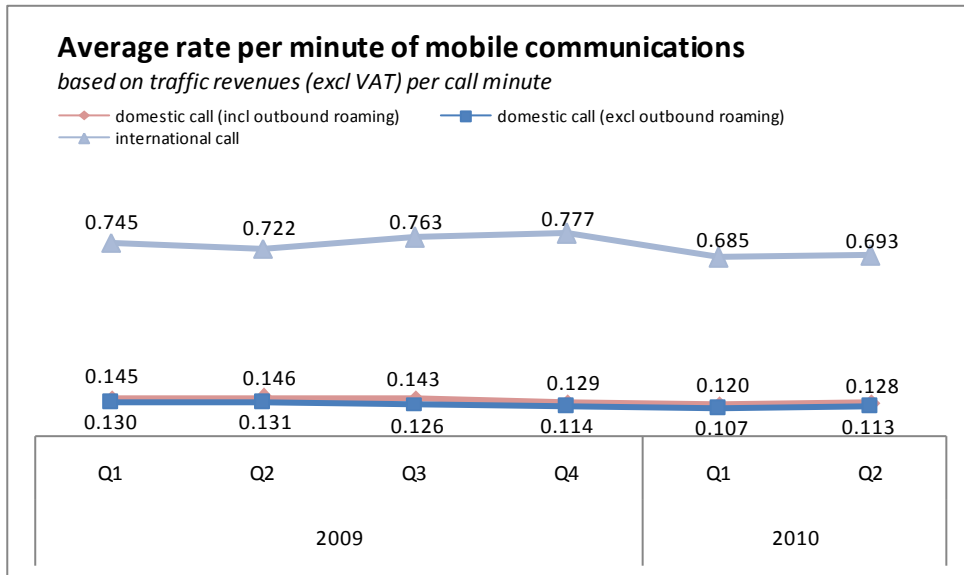


Figure 30: Average cost of a mobile call derived from revenue-based workings

The average cost of a minute of mobile communications for an international call in Q2 2010 was €0.693, down from €0.722 in Q2 2009.

¹⁴ The average price per minute of mobile communications is derived by subdividing voice traffic revenues, but excluding revenues from VAT and excise tax, by the number of minutes reported under each respective heading. Figures are to be interpreted with caution, as these are not the actual rates quoted on the market.

It must also be noted that local mobile operators may offer free calls or discounted call rates, such as on weekends and evenings, and also in the case of particular schemes for closed user groups and bundled products. This would affect the final outcome for the average rate per minute of mobile communications.

7 Internet

7.1 Number of active Internet subscriptions

The number of active Internet subscriptions increased from 107,934 as at the end of Q2 2009 to 117,706 as at the end of Q2 2010. This increase is wholly attributable to an increase of 10,863 fixed broadband subscriptions¹⁵.

During the same period, the number of active dial-up subscriptions¹⁶ went down from 1,260 to just 169.

Dial-up subscriptions

The number of active dial-up subscriptions declined steadily from 3,913 as at the end of Q1 2007 to just 169 as at the end of Q2 2010.

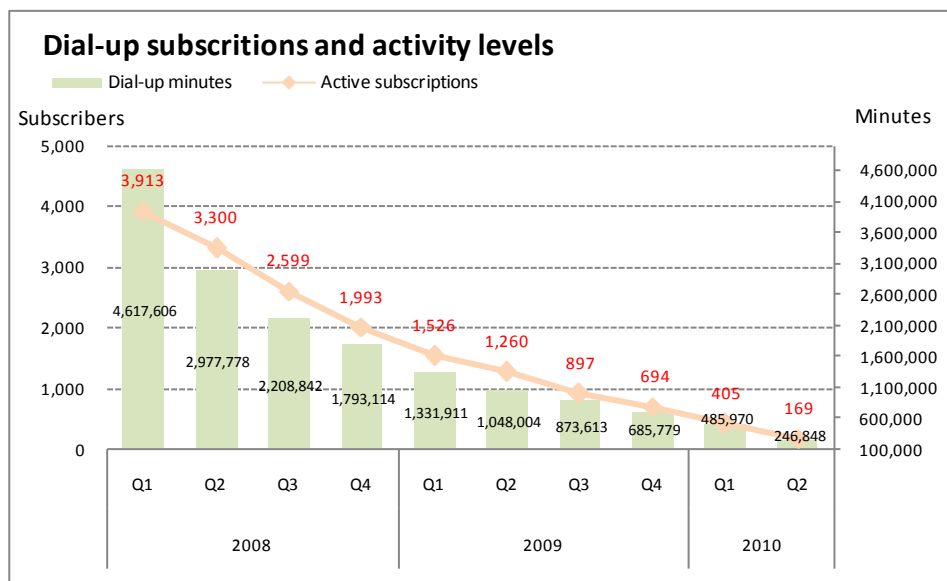


Figure 31: Dial-up Internet subscriptions as at end of period

Based on the number of dial-up Internet minutes recorded in Q2 2010 and the number of active subscriptions as the of the said period, each subscription accounted for 24.3 dial-up hours during the said quarter.

¹⁵ For the purpose of this report, broadband Internet subscriptions refer to those connections which are *always on* and have a speed of 128kbps or more.

¹⁶ Active dial-up subscriptions refer to subscriptions with at least one registered call to any Internet number (2188 or 2186) during the preceding three months. This definition is not based on any official definition of narrowband services. It is only intended to provide a more accurate figure of active Internet subscriptions in Malta.

Fixed broadband subscriptions

Over a 12-month period, the number of fixed broadband (“BB”) subscriptions increased by 10,863, which is equivalent to a growth rate of 10.2 percent, to reach 117,537 as at the end of Q2 2010.

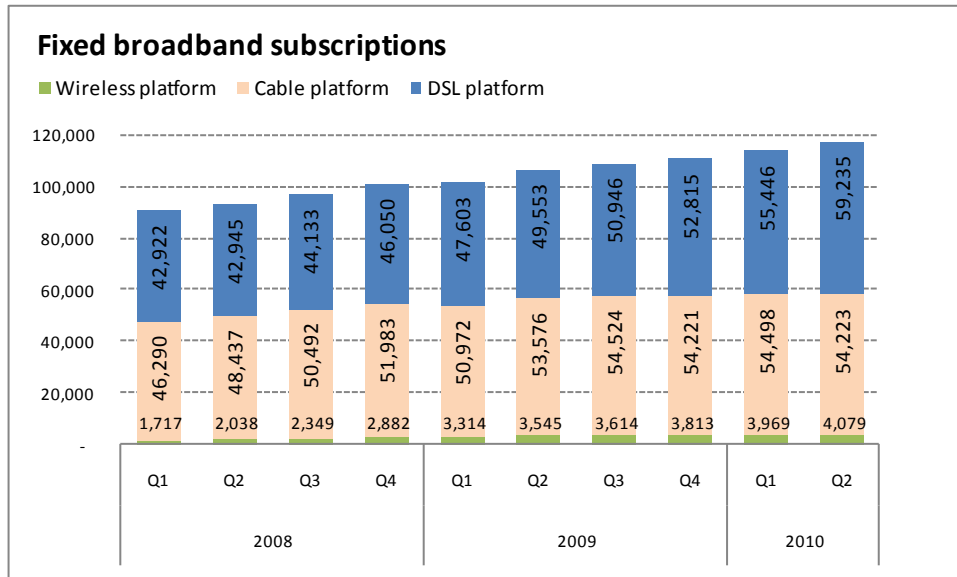


Figure 32: Broadband Internet subscriptions as at end of period - by technology

In the period under consideration, all broadband platforms registered an increase in subscriptions. The number of cable broadband subscriptions increased by 647, whilst the number of DSL broadband subscriptions increased by 9,682. The number of wireless broadband subscriptions also increased marginally, from 3,545 as at the end of Q2 2009 to 4,079 as at the end of Q2 2010.

As at the end of Q2 2010, the cable platform accounted for 46.1 percent of the total number of fixed broadband subscriptions, the DSL platform accounted for 50.4 percent, and the wireless platform accounted for the remaining 3.5 percent.

In terms of broadband connection speeds as at the end of Q2 2009, 74 percent of all fixed BB subscriptions had a connection speed equal to or exceeding 2Mbps but less than 4Mbps. Since then, the number of fixed BB subscriptions under this connection speed category declined from 78,918 to just 841 as at the end of Q2 2010.

This decline is a result of most service providers upgrading customers to the category encompassing packages with a broadband connection speed equal to or exceeding 4Mbps but less than 6Mbps, free of charge. Indeed, the number of fixed BB subscriptions under this connection speed category increased from just 479 as at the end of Q2 2009 to 89,702 as at the end of Q2 2010.

Figure 33 shows that as at the end of Q2 2010, over 76 percent of all fixed BB subscriptions had a connection speed equal to or exceeding 4Mbps but less than 6Mbps.

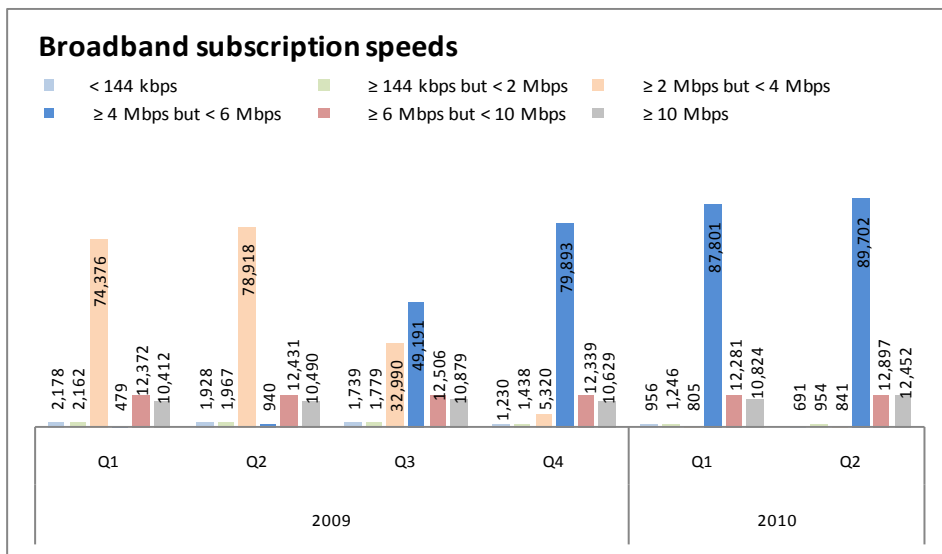


Figure 33: Broadband Internet subscriptions as at end of period - by connection speed

The number of fixed BB subscriptions with a connection speed exceeding 10Mbps totalled 12,452 as at the of Q2 2010, up from 10,490 as at the end of the corresponding period a year earlier.

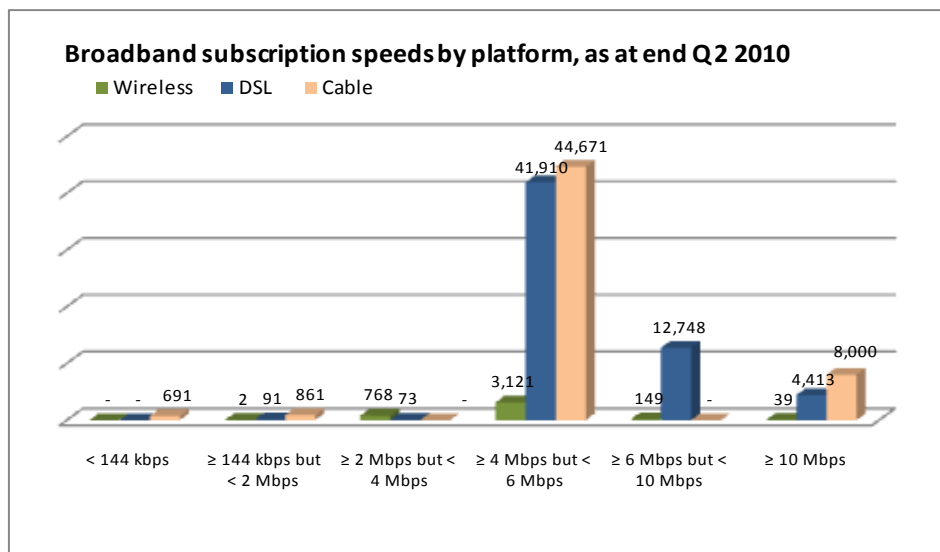


Figure 34: Broadband Internet subscriptions as at end of period - by connection speed

In terms of broadband speeds categorised by platform as at the end of Q2 2010, 82 percent of all cable broadband subscriptions had a connection speed equal to and exceeding 4Mbps but less than 6Mbps. The largest share of DSL and wireless fixed BB subscriptions also fell within this connection speed category at 70.8 percent and 76.5 percent respectively.

As at the end of the reference period, 14.8 percent of all cable broadband subscriptions had a connection speed equal to or exceeding 10Mbps. 7.4 percent of all DSL subscriptions also fell within this connection speed category, whilst just one percent of all wireless fixed BB subscriptions had such a connection speed.

7.2 Fixed BB subscriptions on a bundled offer

The number of fixed BB subscriptions on a bundled offer increased from 27,579 as at the end of Q2 2009 to 48,408 as at the end of Q2 2010. The latter figure accounts for 41 percent of all active fixed BB subscriptions.

Fixed broadband (BB) subscriptions on a bundled offer	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Fixed BB subscriptions on two-play bundled offers	1,165	1,100	703	932	861	641
Fixed BB subscriptions on triple-play bundled offers	4,973	5,477	4,446	4,448	4,757	4,723
Fixed BB subscriptions on quadruple-play bundled offers	15,369	21,002	26,706	30,488	37,812	43,044
Total number of fixed BB subscriptions bundled with other electronic communication services	21,507	27,579	31,855	35,868	43,430	48,408
as a percentage of total broadband Internet subscriptions	21.09%	25.85%	29.20%	32.36%	38.13%	41.19%

Table 7: Fixed broadband subscriptions on a bundled offer as a percentage of total broadband subscriptions

7.3 Fixed broadband penetration rate

In terms of fixed broadband penetration, Malta’s penetration rate increased from 25.8 percent as at the end of Q2 2009 to 28.4 percent as at the end of Q2 2010.

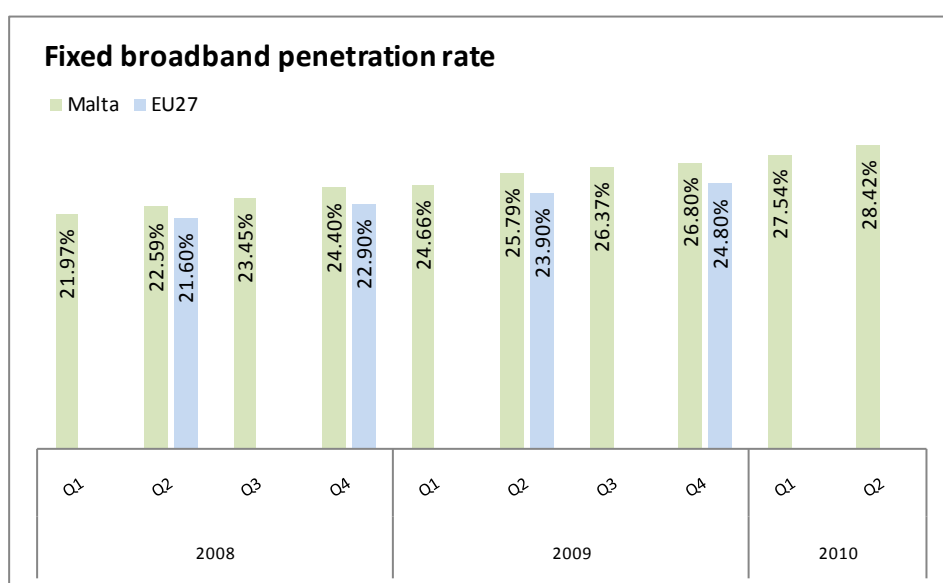


Figure 35: Fixed broadband penetration rate as at end of period

According to the latest EU figures¹⁷ available, the EU broadband penetration rate (broadband lines per 100 population) as at the end of Q4 2009 stood at 24.8 percent, below Malta’s rate at 26.8 percent.

¹⁷ EU Implementation Report, 2009, published in August 2010:

http://ec.europa.eu/information_society/policy/ecomm/library/communications_reports/annualreports/15th/index_en.htm

7.4 Average price of broadband per unit of download speed

The average price of broadband per unit of download speed (i.e. per Mbps) is featuring in this document as a measure of how broadband Internet prices developed over time.

This section distinguishes between two main broadband headings. One heading encompasses broadband packages with a set download limit. The other encompasses those packages with unlimited download.

Broadband packages with a set download limit

Figure 36 shows that, between Q2 2009 and Q2 2010, the average price of broadband¹⁸ per Mbps went down under the following categories:

- ❖ the category encompassing broadband packages with a connection speed equal to or exceeding 2Mbps but less than 4Mbps, down from an average of €6.91 in Q2 2009 to an average of €6.18, thereby representing a decline of €0.73 or 10.6 percent in the average rate per Mbps;
- ❖ the category encompassing broadband packages with a connection speed equal to or exceeding 4Mbps but less than 6Mbps, down from an average of €5.39 in Q2 2009 to an average of €4.51, thereby representing a decline of €0.88 or 16.3 percent in the average rate per Mbps; and
- ❖ the category encompassing broadband packages with a connection speed equal to or exceeding 6Mbps but less than 8Mbps, down from an average of €5.90 in Q2 2009 to an average of €4.08, thereby representing a decline of €1.82 or 30.8 percent in the average rate per Mbps.

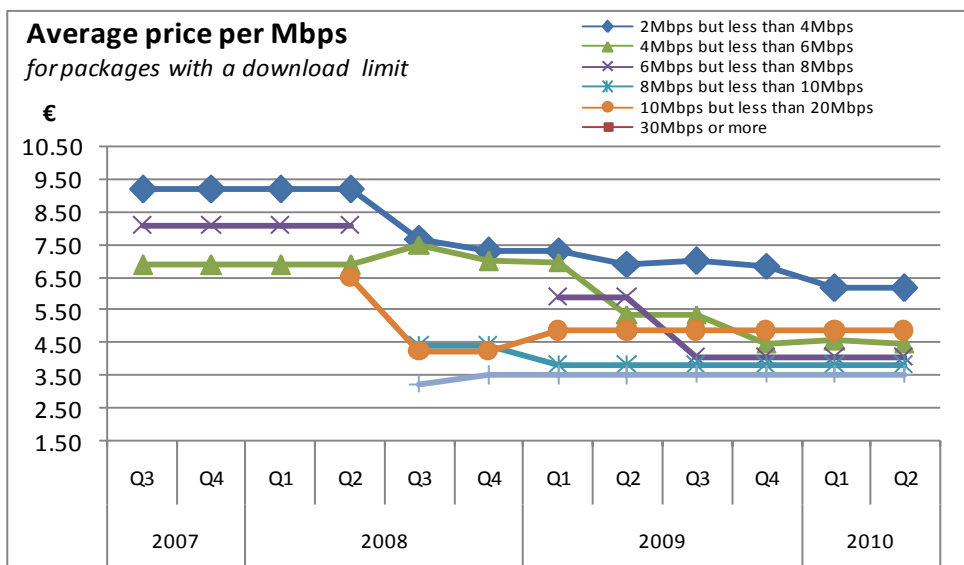


Figure 36: Average price per Mbps of fixed broadband for packages with a specified download limit

¹⁸ Inclusive of VAT.

Broadband packages with unlimited download

Figure 37 shows that, between Q2 2009 and Q2 2010, the average price of broadband¹⁹ per Mbps went down under the following categories:

- ❖ the category encompassing broadband packages with a connection speed equal to or exceeding 4Mbps but less than 6Mbps, down from an average of €6.43 in Q2 2009 to an average of €5.90, thereby representing a decline of €0.53 or 8.2 percent in the average rate per Mbps; and
- ❖ the category encompassing broadband packages with a connection speed equal to or exceeding 20Mbps but less than 30Mbps, down from an average of €3.42 in Q2 2009 to an average of €3.38, thereby representing a decline of 1.2 percent in the average rate per Mbps.

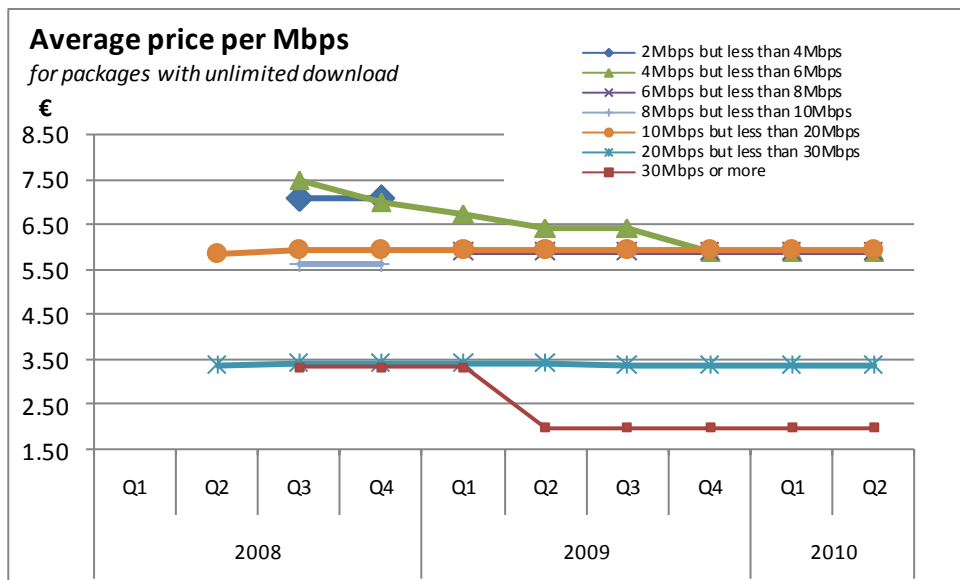


Figure 37: Average per Mbps of fixed broadband for packages with an unlimited download

¹⁹ Inclusive of VAT.

8 Reception of TV broadcasts via Pay TV platforms

8.1 Number of Pay TV subscriptions

TV broadcasts are available via three main Pay TV platforms, namely via GO’s Digital Terrestrial Television (“DTTV”) platform, Melita’s analogue cable platform, and Melita’s digital cable platform²⁰.

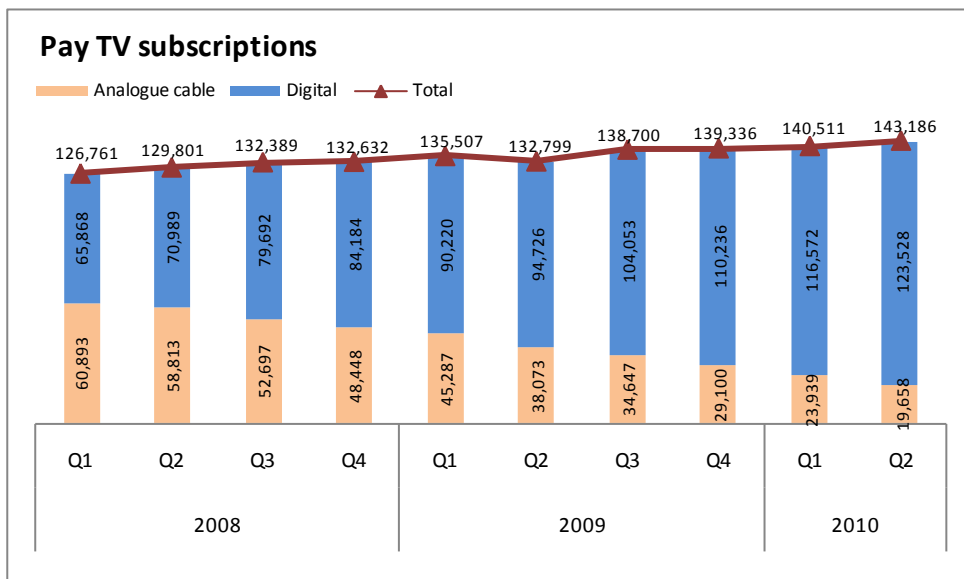


Figure 38: Pay TV subscriptions as at end of period

The number of Pay TV subscriptions increased from 132,799 as at the end of Q2 2009 to 143,186 as at the end of Q2 2010. This change is attributable to an increase of 28,802 digital Pay TV subscriptions, which outweighed a decline of 18,415 analogue Pay TV subscriptions.

This means that, as at the end of Q2 2010, 86.3 percent of all Pay TV subscriptions were on a digital platform. The remaining 13.7 percent were on the analogue cable platform.

A further look at the landscape of the digital Pay TV subscriptions shows that, as at the end of the reporting period, the number of Pay TV subscriptions on the digital cable platform totalled 71,029. The number of subscriptions on the DTTV platform totalled 52,499.

In the former case, the number of subscriptions increased by 15,735 over the corresponding period a year earlier, representing an increase of 28.5 percent. In the latter case, the number of subscriptions increased by 33.1 percent, or 13,067.

²⁰ There are to date no registered satellite broadcasters or platforms in Malta.

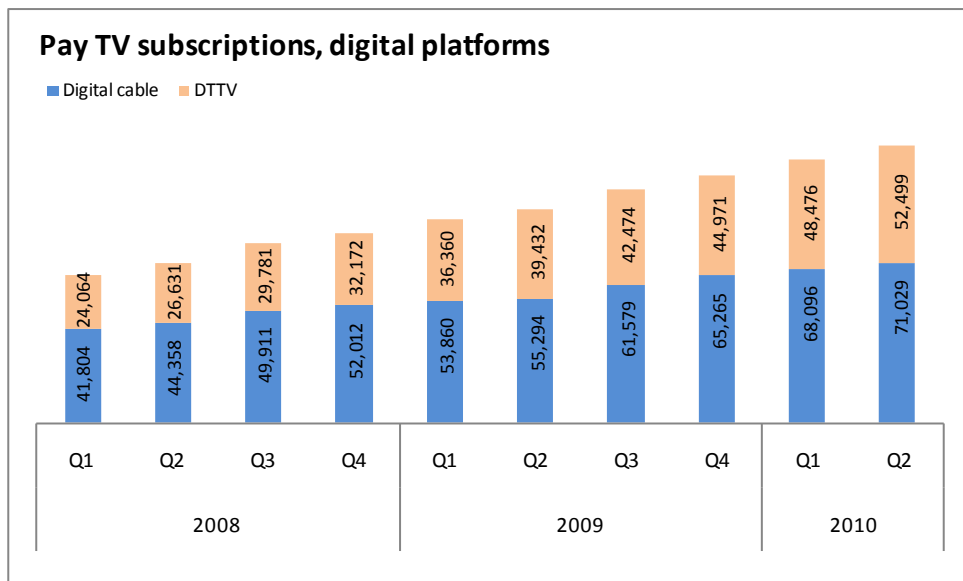


Figure 39: Digital Pay TV subscriptions as at end of period - by platform

8.2 Digital Pay TV subscriptions on a bundled offer

The number of digital Pay TV subscriptions on a bundled offer increased from 23,152 as at the end of Q2 2009 to 43,323 as at the end of Q2 2010. The latter figure accounts for 35 percent of all digital Pay TV subscriptions at the time.

Digital Pay TV subscriptions on a bundled offer	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Digital Pay TV subscriptions on two-play bundled offers	-	-	-	-	-	-
Digital Pay TV subscriptions on triple-play bundled offers	2,444	2,150	943	478	402	279
Digital Pay TV subscriptions on quadruple-play bundled offers	15,369	21,002	26,706	30,488	37,812	43,044
Total number of digital Pay TV subscriptions bundled with other electronic communication services	17,813	23,152	27,649	30,966	38,214	43,323
as a percentage of total digital Pay TV subscriptions	19.74%	24.44%	26.57%	28.09%	32.78%	35.07%

Table 8: Digital Pay TV subscriptions on a bundled offer as a percentage of total digital Pay TV subscriptions

8.3 Average Pay TV package rates

Figure 40 outlines seven Pay TV packages, structured according to the number of channels listed under each respective package.

As at the end of Q2 2010, the analogue cable package was priced at €9.99, up from €7.76 as at the end of Q2 2009.

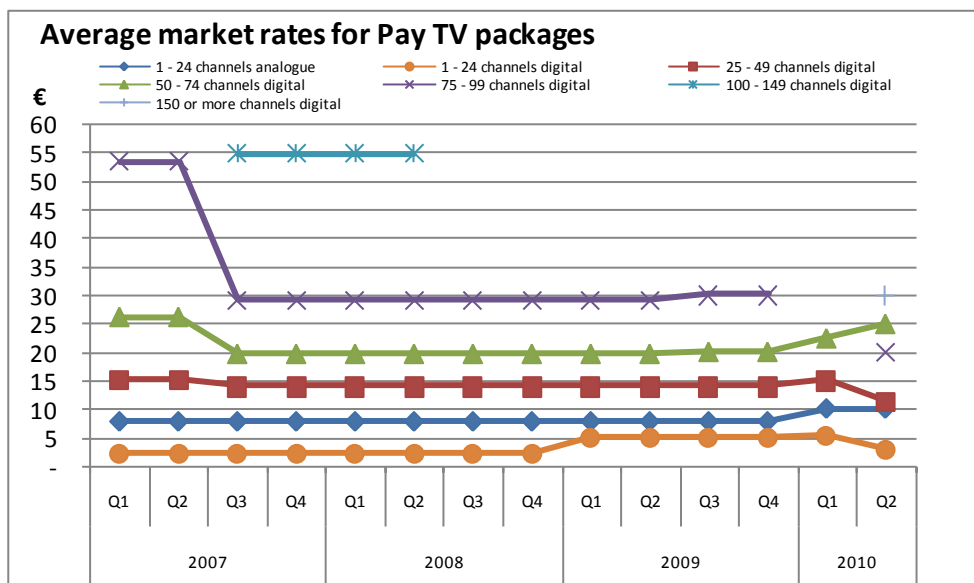


Figure 40: Average market rates for Pay TV packages

The average market rate for Pay TV packages listing not more than 24 digital channels went down from €5.05 as at the end of Q2 2009 to €2.99 as at the end of Q2 2010. This is a result of Melita upgrading²¹ its package (launched in 2009) to a higher channel category in Q2 2010 and subsequently leaving only GO's package on offer under the said category.

The category encompassing Pay TV packages listing 25 to 49 channels also shows a decline in the average market rate, from €13.98 as at the end of Q2 2009 to €11.38 as at the end of Q2 2010. This decline has been brought about by Pay TV package upgrades carried out by Melita. The first upgrade is already referred to above. The package originally featuring under this channel category was upgraded to the category encompassing those packages listing 50 to 74 channels.

The latter category recorded an increase in the average market rate, from €19.80 as at the end of Q2 2009 to €24.99 as the end of Q2 2010. This increase is mainly a result of an upward price adjustment for the package offered by GO and Melita's package upgrades.

The channel category encompassing Pay TV packages listing 75 to 99 channels featured again in the analysis following Melita's upgrade to this category of one of its Pay TV packages. GO does not feature under this category.

²¹ Reference to the term 'upgrade' is made in those circumstances where the operator increases the number of TV channels listed under a particular package and such package then features under a higher channel category.

As at the end of Q2 2009, Melita's Pay TV package listing 92 channels cost €29.10. As at Q2 2010, the rate went down to €19.99, this time for a Pay TV package listing 80 channels.

A new channel category featuring in Q2 2010 refers to Pay TV packages listing 150 or more channels. Only Melita offered a product under this channel category.

9 Post

9.1 Postal mail volumes

Total mail volumes handled

Postal mail volumes handled by local operators²² in FH 2010 totalled 21.5 million items, up from 21.3 million in FH 2009.

Figure 41 shows that mail volumes peak in Q4 of each respective year as a result of higher activity registered during the Christmas period. A change to this trend is observed in 2008, with increased mail volumes reported in Q1 of this year as a result of local general elections.

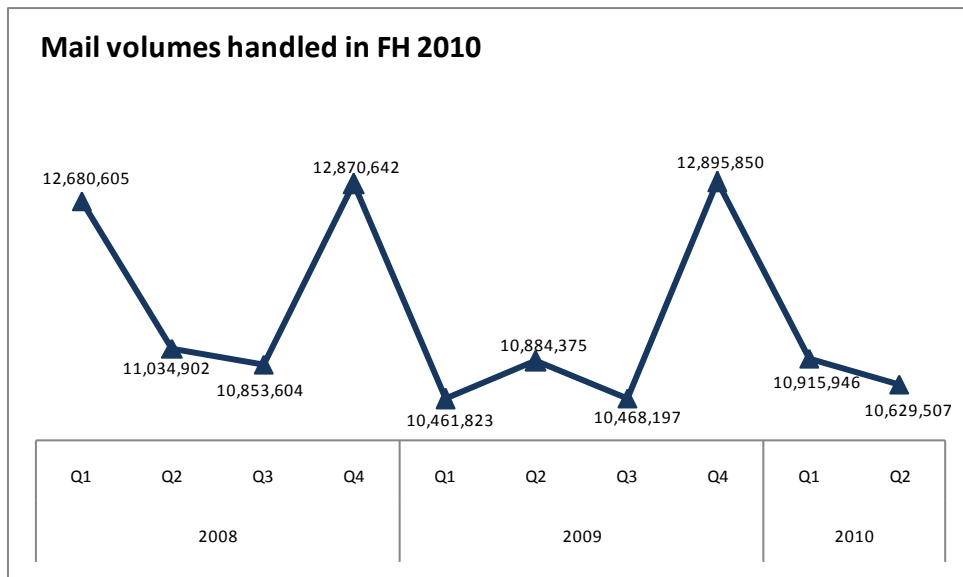


Figure 41: Postal activity - number of handled mail items

Mail volumes classified by postal mail item

This section outlines mail activity registered under four main headings including letter post items, parcel mail items, bulk mail items and registered mail items.

The number of letter post items handled in FH 2010 accounted for nearly 36 percent of all mail items handled during the period. The letter post items category experienced an increase in traffic, from 6.8 million in FH 2009 to 7.7 million in FH 2010.

²² Maltapost plc (the designated Universal Service Provider) and Premiere Post Ltd. provide services within the universal service area. As part of its universal service obligation Maltapost is obliged to provide a set of services, outside the reserved area.

Another 16 registered postal operators (courier and express services) provide services outside the scope of the universal service area.

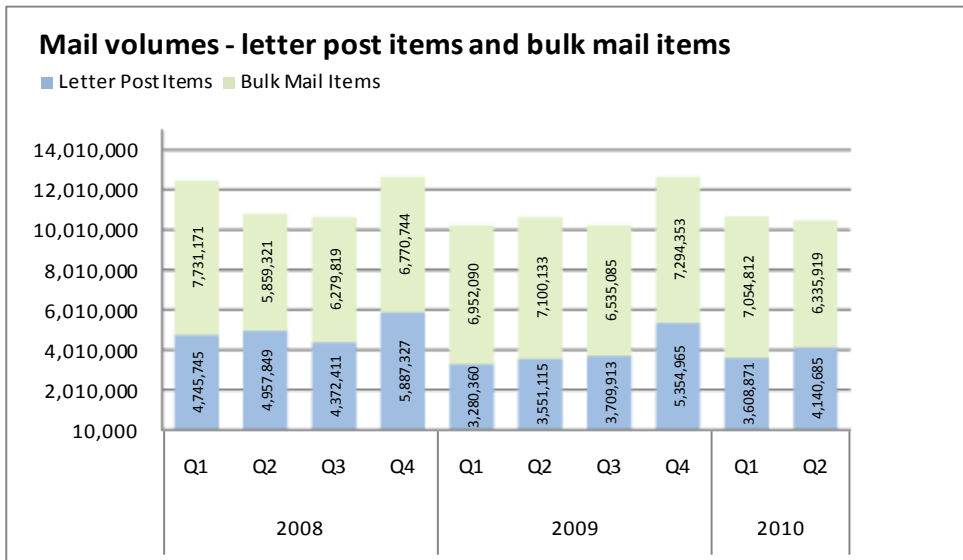


Figure 42: Postal activity – volumes of letter post items and bulk mail items

Declines in mail volumes were however recorded in terms of bulk mail items. The number of bulk mail items handled in FH 2009 totalled 14.1 million. These declined to 13.4 million in FH 2010.

The number of bulk mail items handled in FH 2010 accounted for 62.2 percent of all mail items handled during the period.

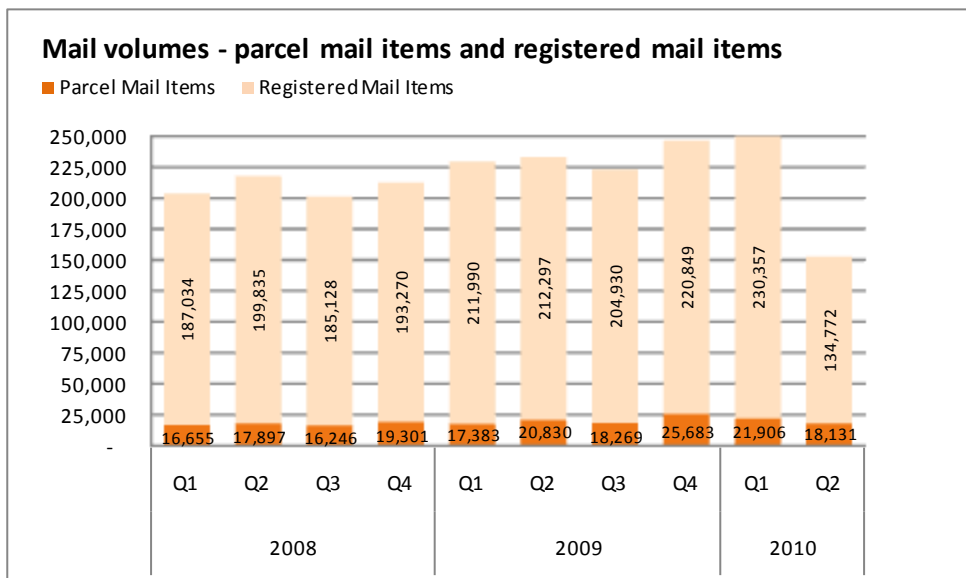


Figure 43: Postal activity - volumes of parcel mail items and registered mail items

The number of parcel mail items handled in FH 2010 also increased when compared to the number of parcel mail items handled in FH 2009, from 38,213 to 40,037.

The number of handled registered mail items however declined from 0.42 million in FH 2009 to 0.37 million in FH 2010.

Mail volumes classified by postal service type

Domestic mail items handled in FH 2010 totalled 17.7 million, down from 17.9 million in FH 2009. This category of mail items accounts for the largest share, at 82.2 percent, of all mail items handled during the period.

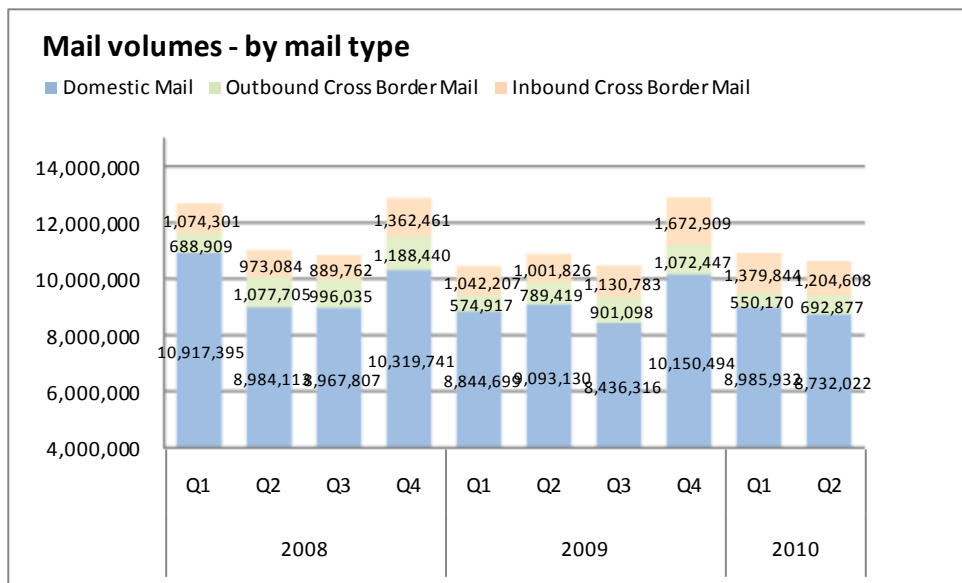


Figure 44: Postal activity - number of handled mail items by type of mail

Outbound cross border mail items handled in FH 2010 totalled 1.2 million, down from 1.4 million in FH 2009.

On the other hand, inbound cross border mail items increased from 2.0 million in FH 2009 to 2.6 million in FH 2010.

9.2 Quality of postal delivery service

The MCA has established a series of Quality of Service (“QoS”) targets to ensure that universal service obligations are achieved in the delivery of different mail items.

All targets are set for a period of one year, covering Maltapost’s financial year from October to September.

The QoS targets for the delivery to destination of local ordinary mail and bulk mail²³ on the next day (D+1) has been set at 93 percent.

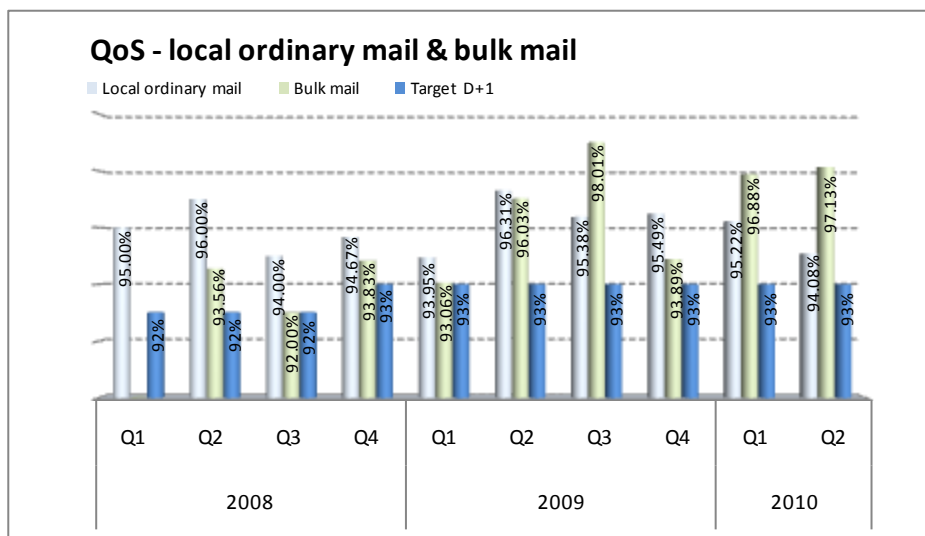


Figure 45: Quality of service - local ordinary and bulk mail

In Q1 and Q2 2010, Maltapost exceeded this delivery target both in the case of local ordinary mail and bulk mail.

In 94 percent of the cases recorded in Q2 2010, Maltapost managed to deliver local ordinary mail to destination on the next day. This percentage went up to 97 percent for the delivery of bulk mail.

²³ Data for this indicator has been compiled since April 2008.

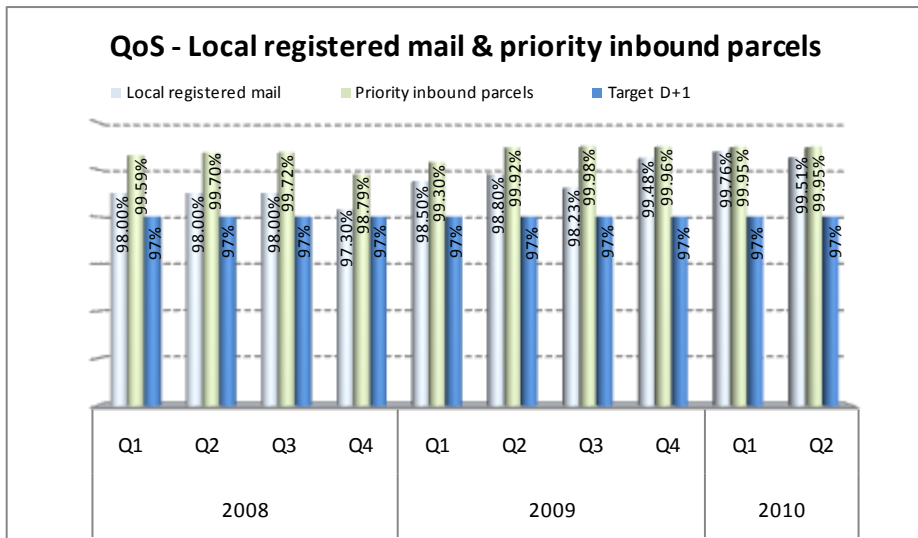


Figure 46: Quality of service - local registered mail and priority inbound parcels

QoS D+1 targets have also been met in the delivery to destination of both local registered mail and priority inbound parcels²⁴ in Q1 and Q2 2010. The D+1 target for the delivery of such mail has been set at 97 percent.

In Q2 2010, the delivery to destination in D+1 has been achieved in 99.5 percent of the cases for local registered mail, and in 99.9 percent of the cases for inbound priority parcels.

²⁴ All inbound cross border mail, including parcels, arriving at Maltapost’s office of exchange before 19:00hrs between Monday to Friday, and 16:30hrs on Saturdays, is to be processed on the same day (i.e. when unloaded from airline in Malta) and delivered within the standards and exceptions identified under local ordinary mail.

10 Consumer affairs

The MCA Consumer Affairs Team deals with any matters of concern related to the quality of service offered by communications service providers (“CSPs”).

The extent of action taken in relation to a complaint²⁵ lodged with the Authority depends on the nature of the complaint and the MCA’s relevant legal powers.

If the complaint involves issues that have a direct regulatory bearing, such as a breach of a regulatory obligation under a law the MCA is empowered to enforce, then the MCA can intervene.

In those instances where the MCA is not empowered to enforce legal action against the relevant CSP, the MCA may try to mediate between the complainant and the service provider.

10.1 Complaints lodged with the MCA

During the first six months of 2010, the number of complaints filed with the MCA amounted to 100.

These complaints are classified under the following headings: Internet, mobile telephony, fixed line telephony, Pay TV, postal services, e-commerce, bundled offers, and radiocommunications.

Complaints not falling under any of the above-mentioned categories feature under the *Others* heading.

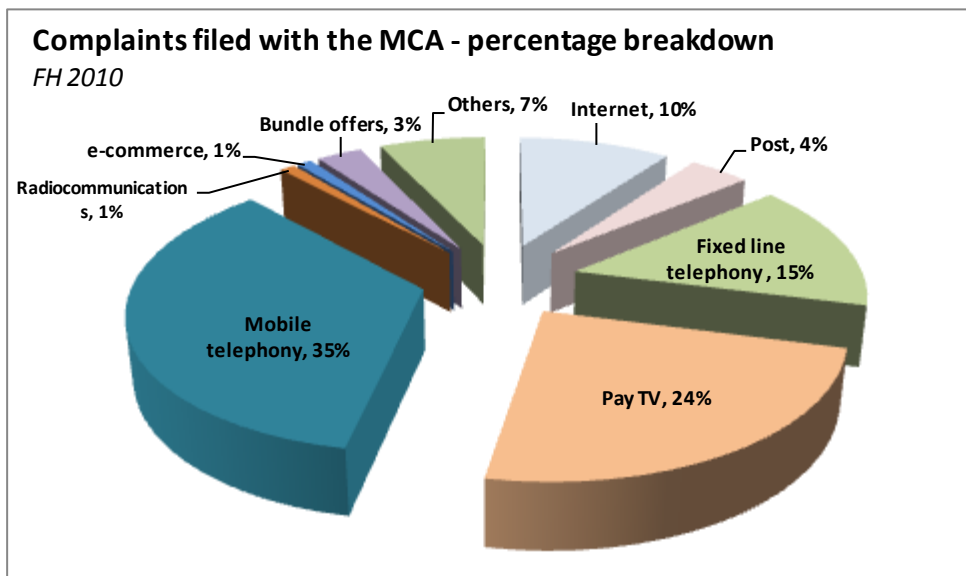


Figure 47: Percentage breakdown of complaints filed with the MCA in FH 2010

²⁵ More detailed information on the procedures for filing a complaint with the MCA can be found at the following link: <http://www.mca.org.mt/consumercorner/openprocedure.asp>

Half of all complaints filed with the MCA in FH 2010 concerned fixed and mobile telephony. In this regard, mobile telephony accounted for 35 percent of all complaints filed with the MCA during the said period, whilst fixed line telephony accounted for the remaining 15 percent.

24 percent of all complaints filed with the MCA concerned Pay TV, and another 10 percent concerned the Internet.

Disaggregating the complaints filed with the MCA by issue shows that 35 percent of all concerns raised by complainants in Q2 2010 were related to quality of service offered by communications providers.

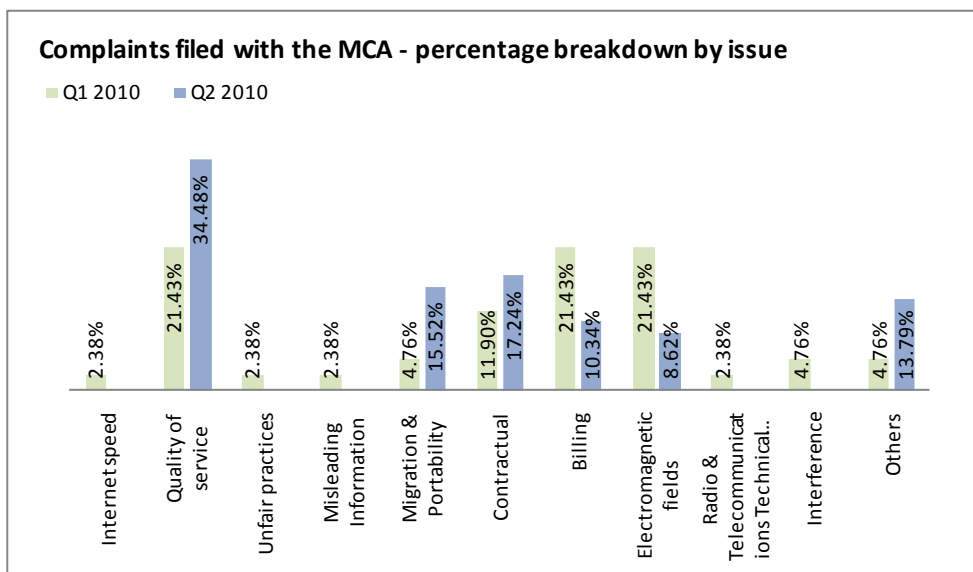


Figure 48: Percentage breakdown of complaints filed with the MCA in FH 2010, by issue

Other major concerns were related to contractual issues, at 17.2 percent, and migration and portability issues, at 15.5 percent.

10.2 Status of complaints

Of all complaints reported to the MCA in FH 2010, 72 percent were solved, and 11 percent were referred to other entities.

In 17 percent of the cases, the MCA provided all the necessary information required by complainants to address their concerns.

No complaints remained pending.

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Glossary of Terms²⁶

ARPU	Average revenue per user. Total revenues of the operator divided by the average number of active subscribers during the period. Revenues include the total revenues from all outgoing and incoming activity registered by all active prepaid and postpaid subscribers, including outbound roaming revenues and interconnection revenues, but excluding inbound roaming revenues.
Broadband	A service or connection to the Internet which is 'always on' and has a speed of more than 128kbps. The number of active broadband subscriptions refers to subscriptions/connections having recorded a transaction within 90 days of the period stipulated.
Dial-up	The number of active dial-up subscriptions refers to those subscriptions/connections which made a call to an Internet number (2188, or 2186) within the last 90 days.
DSL	Digital Subscriber Line. A high-speed transmission technology mainly applied for Internet and video file access service. DSL services allow voice and data to share the same infrastructure and usually require a splitter at the customer's premises to separate voice and data traffic from the line. Forms of DSL include ADSL, HDSL, and VDSL.
DTTV	Digital Terrestrial Television. The term refers to a delivery platform primarily for television programmes in digital format, using the DVB-T standard.
FH	First half of the year, referring to the period January to June.
FNO	Fixed network operator. A provider which owns a fixed line network.
FTF	Fixed-to-fixed traffic.
FTI	Fixed-to-international traffic.
FTM	Fixed-to-mobile traffic.
ISPs	Internet Service Providers. An ISP is a point of access to the Internet for small business and individual users. The ISP provides its customers with access to its router which relays traffic to web servers on the Internet.
Mbps	Megabits per second ("MBit/s") or millions of bits per second. Unit applied to measure the transmission speed of digital information.
MCA	Malta Communications Authority.

²⁶ An MCA glossary of terms can be found at <http://www.mca.org.mt/consumercorner/listterms.asp?keys=number>

MMS	Multimedia Messaging Service. MMS extends the short messaging service (“SMS”) to include longer text, graphics, photos, audio clips, video clips, or any combination of the above, within certain size limits.
MNO	Mobile network operator. A provider which owns a mobile network.
MPR	Mobile penetration rate. The MPR is a term used to describe the number of active mobile subscriptions as a percentage of total population.
MTM	Mobile-to-mobile traffic.
MTF	Mobile-to-fixed traffic.
MTI	Mobile-to-international traffic.
Multiple-play offer	A multiple-play offering comprises two (dual-play), three (triple-play), and four (quadruple-play) electronic communication services.
MVNO	Mobile Virtual Network Operator. An MVNO is a mobile operator that usually would not have a licence to use radio spectrum but would have access to the radio networks of one or more of the current mobile operators and would be able to offer services using that spectrum.
Off-net activity	Activity between two or more connections on different networks.
On-net activity	Activity between two or more connections on the same network.
Pay TV	Television services (generally a channel or set of channels) paid for by the user, by means of subscription or other ways of service payment.
Q	Quarter of the year. Q1 refers to first quarter (January to March), Q2 refers to second quarter (April to June), Q3 refers to third quarter (July to September), Q4 refers to fourth quarter (October to December).
QoS	Quality of Service. A statistical measure of a system or service. May also be used to set varying priorities for traffic.
Service provider	A supplier of electronic communications and postal services, to third parties, either through its own network or through a network of another operator.
SH	Second half of the year, referring to the period July to December.
SMS	Short message service. This refers to short text messages which can be sent from one mobile phone to another, usually up to 160 characters. Such messages can also be sent from the Internet to a mobile phone.
Subscriber churn	The turnover within a subscriber base of new customers balanced by those leaving the network in a given period.

Universal service	The basic level of telecommunications services which should be available to all customers.
USO	Universal Service Obligations. A provision in Maltese law requiring certain operators to provide certain services to all specified persons who may reasonably request them.
VAT	Value Added Tax.

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