



United Arab Emirates

Bringing UAE Telecom Sector Forward



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A Word from H.E. Mohamad Ahmad Al-Qamzi, Chairman, TRA Board of Directors

It is my pleasure to present TRA's annual report that documents the organization's achievements during 2010, which was by all means a year of success for the TRA, and reaffirms our commitment to the futuristic vision set by the UAE government aimed at ensuring progress and prosperity for our country and its citizens.

In early 2010 the TRA announced the "Competition Framework" for the telecommunication sector, which presented details on how to enhance benefits received by users including services provided in the telecommunications sector, through encouraging and protecting fair competition in the market. The "Competition Framework" explains how the TRA can implement the rules and regulations stated in the Telecommunications Law within the terms and conditions mentioned in the licenses issued to the two operators "Emirates Telecommunications Corporation - Etisalat" and "Emirates Integrated Telecommunications Company PJSC - Du."

In line with its goal of expanding the range of participation and increasing the number of licensees in the UAE, the TRA also issued a satellite broadcast license for the installation and operation of a general telecommunication network to "Yah Sat", who will provide, as per the license, services for ten years.

The TRA announced its organizational policy related to spam messages, which focuses on marketing SMS spams. The policy will be implemented by both operators "Etisalat" and "Du."

In May 2010, the TRA issued its first annual report on the telecommunications market in the UAE. The report summarized the status of fixed and mobile phone markets, and data markets in the UAE in terms of the number of subscribers, the level of spread, revenues and usage for the years 2007, 2008 and 2009. This report serves as a tool to help determine the level of growth and progress achieved in the sector.

Fulfilling its responsibilities as a member of the UAE National Crisis and Emergency Management Authority (NCEMA), the TRA issued the National Emergency Plan for the Telecom Sector (NEP-T). The main goal of the plan is to guarantee the continuance of the UAE ICT sector in case of emergencies.

To achieve this goal, the plan will support and maintain all provided ICT services, protect the infrastructure and distribute missions and responsibilities among concerned bodies, as well as define the resources required to address emergencies and crises. The plan will also evaluate the response and gauge the positive impact its efforts have within the ICT sector; this process will define the gaps and carry out improvement procedures.

The TRA's performance during 2010 was remarkable, and its results were reflected on the telecommunications sector in the UAE as the sector continued to reap the fruits of the policy set by the TRA. This was evident in the praise the UAE received from several international indicators reflecting the level of progress achieved by the UAE regionally and globally. The economic forum's report

which ranked the UAE in first place in the Middle East and North Africa represents a testimony which we are proud of, as the UAE was placed 23rd among a number of developed countries.

The TRA focuses on the vital role played by the telecommunications sector in the UAE, it considers the sector as one of the growth engines that the UAE government rely on, therefore, we are making all possible efforts to provide all means that ensure increasing the sector's participation in the country's GDP. We take pride in the fact that the telecommunications sector's contribution in the UAE GDP in 2010 was estimated at 5.3%, and the total value for the sector's investments reached AED 7.86 billion.

Following the directions of the UAE leadership to activate the participation of all governmental institutions in international events, the TRA laid great emphasis on the UAE bid in the ITU Council elections. Thus, the TRA, in cooperation with the Ministry of Foreign Affairs, organized a major campaign aiming at attracting international support, and here I would like to extend my deepest gratitude to H.H. Sheikh Abdullah Bin Zayed Al Nahyan, Minister of Foreign Affairs, for the vital and effective role he played in order to promote the UAE bid. The UAE succeeded in preserving its seat in the ITU Council for a second consecutive term, which is a remarkable achievement that reaffirms the international community's trust in the high levels of professionalism the UAE exhibits.

The year 2010 concluded with another significant milestone, with the TRA winning the Emirates Social Award and the Khalifa Award for Corporate Excellence,

in the Customer Services segment. These awards are seen by the TRA as an impetus to work harder to elevate our country under the leadership of H.H. Sheikh



H.E. Mohamad Ahmad Al-Qamzi

Khalifa Bin Zayed Al Nahyan, President of the UAE, and H.H. Sheikh Mohammad Bin Rashid Al Maktoum, Vice-president, Prime Minister, and Ruler of Dubai.

In conclusion, I would like to extend, on behalf of the TRA's board of directors, my deepest gratitude to all our partners who spared no effort, and worked closely with us during the last year, and I hope that the year ahead will be filled with more success and achievements.

H.E. Mohamad Ahmad Al-Qamzi
Chairman, TRA Board of Directors

A Word from H.E. Mohamed Nasser Al Ghanim, TRA Director General

During 2010, the TRA continued its journey adding new achievements to its significant record of successes that assisted in the implementation of its interim plans and in putting it on the right path to achieve its strategic goals. In light of the rapid developments of the ICT sector, the year 2010 witnessed activities that reflected the TRA's ability to follow up with these developments, and be able to continue working to achieve its objectives.

The TRA launched its own governmental excellence programme with the objective of developing its corporate work, and creating an environment where excellence and initiatives are widely spread among its human resources, and ensuring equal chances for all employees to show their skills and excellence at work.

Another remarkable TRA achievement was receiving the approval of Internet Corporation for Assigned Names and Numbers (ICANN) for the allocation of the Arabic domain name DotEmarat (إمارات), after fulfilling the requirements and conditions set by ICAAN. The UAE is one of the very few countries in the world to receive such approval.

Regarding TRA's participation in international and regional conferences and events held in the country and abroad, the TRA was keen to partake in these events as it believes in the importance of keeping abreast of the latest developments globally, and in the importance of such forums in creating a suitable environment for interaction between all participants.

During the year, the TRA, represented by a high level delegation, participated in the 18th Plenipotentiary Conference held in

Guadalajara, Mexico, in October 2010. This participation followed UAE's election to the membership of the ITU for the second consecutive time.

The TRA also participated in ISNR Exhibition and Conference, which is the sole event that discusses all issues related to national security under one umbrella. In addition, the TRA participated in the Digital Communications Literacy Forum which focuses on the role of digital literacy in developing a new environment for telecommunications in the Middle East. The event was held for the first time in Doha, Qatar.

The TRA participated in the broadband international summit held in Dubai. The participation is in line with the TRA's belief in broadband technologies as an effective tool for enhancing UAE's status as an international hub for investment, where technologies allow access and quick exchange of information while performing economic activities are available.

TRA also sponsored the first World Summit Award-Mobile which was organized and held under the auspices of the Government of Abu Dhabi, and in cooperation with the United Nations, its global alliance for ICT sector development, and government and business partners from around the world.

During the GITEX week, the TRA participated with an agenda that included a number of events and launches of new services aimed at promoting and developing the performance of the ICT sector in the UAE. This is TRA's 5th participation in the event and it witnessed the celebration of the 50th anniversary of the ICT

sector in the UAE, and the launch of the new ID of the (إمارات) Arabic domain name. During the event, the TRA represented by the aeCERT team, signed a number of MoUs with several governmental entities aimed at countering cyber security threats.

In regards to other TRA participations, the TRA hosted the first Abu Dhabi Black Hat Conference which gathers experts from around the world to discuss issues related to cyber security. The TRA also participated in the Conference on Infrastructure Protection held in Abu Dhabi, and in the Telecom Fraud Prevention and Revenue Assurance Summit 2010 held in Dubai.

The TRA's social responsibility towards UAE society continues to be one of the main components of its strategy. Several high delegations from the TRA visited the Thalassemia center at Al Wasl Hospital in Dubai, the Abu Dhabi Rehabilitation & Care Center, and Abu Dhabi Autism center in Al Mafraq.

During the year 2010, the Authority continued its contribution to the "Echo of Silence" project - a TRA initiative and a project of the Social Responsibility Fund of the Ministry of Social Affairs launched in cooperation with the TRA- that aims at ensuring true integration of individuals with special needs in the society.

Through this project the TRA seeks to enable individuals with hearing and speaking disabilities to communicate with others, and integrate them in the society by providing advanced technical services and training programmes, and to benefit from modern telecommunication technology in order to promote equality between all members of society in terms of living and working independently.

The project provides advanced technological programmes that grant easy use of telecommunication tools, and offer this segment of the society the ability to connect easily



H.E. Mohamed Nasser Al Ghanim

with their surroundings, which is a legitimate right for them, and a duty to be fulfilled by the society.

In this report we attempted to outline TRA's achievements during 2010, and shed light on our future plans in all fields we cover with the aim of achieving our goals and reaching higher levels globally that will contribute in developing our ICT sector, and grant prosperity to the UAE.

To conclude, I would like to take the opportunity to extend my gratitude to the TRA Board of Directors for their support to the TRA team.

H.E. Mohamed Nasser Al Ghanim
TRA Director General

2010 Overview

In order to cope with the rapid change and developments taking place in the UAE Information and Telecommunications sector, the TRA issued many directives, regulations and resolutions that resulted in developing the telecom service. During the last year the TRA accomplished many achievements in several areas of the industry, including participation in the ICT related events locally, regionally and internationally, issuing new licenses and applying new policies.

In beginning of 2010, the TRA announced telecommunications' "Competition Framework" one of its core missions manifested in safeguarding and monitoring competition within the local telecommunications market. The "Framework", the first to be developed by TRA, provides detailed outline benefiting telecommunications consumers by promoting and protecting competition through deterring Licensees from engaging in activities that may impede competition in the UAE telecommunications sector. The Framework outlines TRA's approach to the definition of specific telecommunications markets in the UAE as well as a methodology for undertaking competition assessments to determine whether any licensee has market power in any of those markets.

The TRA also released its first Annual Market Review in May 2010. The Review summarizes the state of the Fixed, Mobile, and Data telecommunication markets in the United Arab Emirates (UAE) in terms of subscribers, penetration, revenues and usages (traffic) for the years 2007, 2008 and 2009.

The Review also outlines the contribution of the telecommunication sector to the UAE economy. The data contained in the Review is published in aggregate form only and statistics for individual Licensees is not listed. The TRA has taken this step to protect the confidentiality of each Licensee while recognizing that for the purpose of transparency, regulatory good practices and to aid in the development of competition a publication of this nature is warranted.

In line with the objectives of the TRA aiming at encouraging and fostering a corporate culture that promotes innovation and excellence amongst its employees through continuous education and training, TRA launched the "TRA Corporate Excellence Program". This Excellence Program is centered on developing the institutional framework of the Authority and creating an environment that promotes innovation and creativity amongst the employees of TRA, the Program will also focus on motivating them to perform and excel in their respective fields, work commitment, enhance and

promote corporate values and loyalty, in addition to nurturing team spirit and a healthy competitive environment.

TRA announced the details of the National Emergency Plan for the telecom sector.

The plan is a result of close coordination and consultation with key stakeholders. The Emergency Plan for the Telecom Sector is based on TRA's role in regulating the vital telecom sector, which the country is dependent on when it comes to rapid and speedy information exchange, especially for classified government organizations in addition to its importance for individuals and corporations alike in providing effective communications networking and linkages. The plan is centered on the role of the telecommunications sector within a national integrated framework that is fully capable to respond to emergency and crisis situations.

In line with its strategy to further develop and enhance the performance of the telecommunications sector in the UAE, the Telecommunications Regulatory Authority (TRA) issued a regulatory policy concerning spam in electronic communications, focusing on spam SMS for marketing purposes. The new policy will be applied on both service providers; Emirates Telecommunications Corporation (Etisalat) and Emirates Integrated Telecommunications Company (Du).

The Regulatory Policy aims to minimize marketing messages (Spam) sent to the customers without their consent, with a current focus on the mobile SMS. The Policy will be binding to both service

providers with instructions to take appropriate measures to fight spam and to give consumers the choice of receiving such messages or not.

The Telecommunications Regulatory Authority (TRA) awarded Al Yah Satellite Communications Company (Yahsat) a ten-year satellite services license for the installation, operation and management of a public telecommunications network and provision of satellite telecommunications services in the UAE.

The license allows Yahsat to offer a wide portfolio of voice, data, video and Internet connectivity solutions designed to accommodate the demand for emerging applications in the satellite industry like HDTV and other broadband satellite services for both commercial and government for the Middle East, Africa, Europe and South-West Asia. The license comes under the Federal Law Decree No (3) for the year 2003 and its amendments.





Legal and Institutional Framework – Regulations and Resolutions

Throughout 2010, the TRA issued a number of new and updated regulatory instruments to better meet the changing telecommunications regulatory landscape and to support the evolution of new technologies and services within the ICT sector.

TRA's Regulatory instruments for 2010 include:

- Directive No (1) of 2010 on an amendment to the Interconnection Agreement regarding inbound international calls to 800 numbers;
- Directive No (2) of 2010 on the Database Electronic Query (DQ) Interconnection Service;
- Directive No (3) of 2010 on an amendment to the Interconnection Agreement regarding ISDN calls;
- Directive No (4) of 2010 on intra-GCC mobile roaming tariffs;
- Directive No (5) of 2010 on business continuity;
- Determination No (1) of 2010 on cost accounting, accounting separation and LRIC models;
- Determination No (2) of 2010 on interconnection charges for bitstream access interconnection services;
- Determination No (3) of 2010 on mobile site sharing charges;
- Market Definition and Competition Assessment Guidelines V1.0 of 30 September 2010;
- Competition Safeguards Regulatory Policy (revised 30 September 2010);
- Ex-ante Competition Safeguards Regulatory Policy

- (revised 30 September 2010);
- Ex-post Competition Safeguards Regulatory Procedure (revised 30 September 2010).
- Interconnection Pricing Regulatory Policy (revised 15 December 2010);
- Cost Accounting, Accounting Separation and LRIC Modelling Instructions (revised 14 July 2010);
- Regulatory Policy on Non-ionizing Radiation Limits for Telecommunications Networks V1.0
- Issuance of Business Continuity Directive, Directive no.5 for the year 2010.
- Issuance of the technical annex of performance indicators for fixed and mobile telephone networks under the regulatory policy of quality service version 2.1.
- Issuance of regulatory policy "Non-Ionizing Radiation Limits For Telecommunication networks", version 1.0, release date 21st June 2010.
- Draft VOIP Exemption Procedure
- Issuance of Internet Access Management Policy v2.0
- Issuance of dotEmarat Registry-Registrar Agreement v1.1
- Issuance of .aeDA Common Definitions Policy v1.1
- Issuance of Zone File and Registry Database Access Policy v1.1
- Issuance of Privacy Policy v1.1
- Issuance of Whols Data Collection and Display Policy v1.1
- Issuance of Reserved Names Policy v1.1
- Issuance of ae Domain Name Policy v1.1
- Issuance of Domain Name Transfer - Change of Registrant v1.1
- Issuance of Domain Name Renewal Expiry and Deletion v1.1
- Issuance of Complaints Handling Policy v1.1

- Issuance of UAE Domain Name Dispute Resolution Policy v1.1
- Issuance of Rules for UAE Domain Name Dispute Resolution Policy v1.1
- Issuance of Code of Practice v1.1
- Issuance of dotEmarat launch Policy v1.0
- Issuance of dotEmarat Domain Name Policy v1.0
- Preparation of the national plan to switch to Digital Terrestrial Television (DTT) and stop terrestrial Analog Television broadcasting.

Licensing & eCommerce

1.1. Telecommunications Licenses

1.1.1. Issued

The TRA granted three telecommunications licenses in 2010:

- a)** Satellite Services Licence - granted to Al Yah Satellite Communications Company
- b)** Satellite Services Licence - granted to Al Yah Advanced Satellite Communications Services
- c)** Satellite Services and Broadcasting Satellite Services Licence - granted to Star Satellite Communications Company signed New Applications

1.1.2. New Applications

The following are new telecommunications license applications made in 2010:

- d)** National Research and Education Network Licence application from Ankabut
- e)** Broadcast Satellite Services Licence from towfour54 (Abu Dhabi Media Zone Authority)

1.2. Certification Service Provider Licenses

1.2.1. Issued

The TRA granted one certification service provider license in 2010.

Comodo CA Limited submitted notification of its Cross-Certification arrangement with ISnSc R&D and received its Cross Certification Notification acknowledgment in Jan 2010.

1.2.2. New Applications

The following companies applied for certificate service provider licenses in 2010 and are expected to complete the application requirements and become licensed certification service providers in 2011:

- f)** Global Information Technology (GIT); and
- g)** Al Hilal Bank.

Spectrum and International Affairs

Frequency Authorizations

The TRA issued a number of 8841 frequency authorizations in 2010 as set out in the table below:

New	Renew	Modify	Cancel
4066	5303	472	934



Projects:

- Launching of e-service for frequency authorisation applications.
- Implementation of e-payment for frequency authorisation applications.
- Acquisition of the ISO certificate (ISO 2008:9001) for the SIA Department.
- Participation in the Category for the Exceptional Federal Department in Sheikh Khalifa Government Excellence Program.
- Provision of 2.5GHz frequencies for mobile broadband service in UAE.
- Expansion of monitoring and control system in the TRA with the addition of 2 portable monitoring devices (PR100).
- Activation of monitoring and control station in Abu Dhabi city by migrating the system from the portable monitoring station to the fixed monitoring station in Abu Dhabi.
- Purchase of a FM-MC4 system from World Cast Systems which monitors radio services frequencies on the FM band, to support the TRA's work in measuring the service quality provided by broadcasters.
- Allocation of interference-free frequencies to participants in the events hosted by the UAE, such as the Formula 1 and the Gulf Summit

among others.

- Carry out field survey processes to ensure that the licensees are using the frequencies properly and in conformity with the granted authorization.
- World Trade Organization Meetings – Free Trade Negotiations.

Technology Development Affairs

Type Approval

The TRA granted through the Department of Technology Development more than 4758 quality approvals. The approvals covered the following sectors:

Type of license	Annual result
Companies registered with the Type Approval Section	807
Devices adopted with the Type Approval Section	1087
Customs clearances issued	2864

Projects

- **Project for the preparation of a draft “national contingency plan for the communications sector (NEP-T)”**: The draft plan has been adopted in both Arabic and English; it will be soon announced to the public with copies to be distributed to those concerned. It will be also published on the website of the TRA.
- **Project for the preparation of a draft “National Plan for response (NRP)”**: Under the auspices of the National Crisis and Emergency Management Commission, the TRA has participated in the preparation of the plan outlining the responsibilities and tasks of concerned parties.
- **Project for the preparation of a draft “plan for a comprehensive response to security incidents”**: Under the supervision of the National Crisis and Emergency Management Commission, the TRA has participated in the preparation of the plan outlining the responsibilities and tasks of concerned parties.
- **Project for the preparation of a draft “plan for the evacuation of nationals in affected Countries”**: In coordination with the Ministry of Foreign Affairs and concerned parties or authorities and under the supervision of the National Emergency and Crisis Management Commission, the TRA has been involved in the preparation of the plan outlining the responsibilities and tasks of concerned parties / or authorities .
- **Cooperation with the Executive Bureau of the Government of Abu Dhabi** through which the TRA would submit several initiatives to develop some strategies.

- **Project for the establishment of “a telecommunications emergency room for the National Telecommunications Team in case of emergency”**: The room has been temporarily established until the TRA is relocated to its main premises in the Emirate of “Dubai”.
- **Project for the preparation of a draft “Regulatory Framework for Next Generation Networks”**: The TRA has completed the preparation of the study results and recommendations for the regulatory framework of next generation networks; it will start to apply some of the initiatives in 2011.
- **Project for the assessment of mobile networks**: The TRA in the UAE has conducted an extensive comparative survey for mobile networks and services provided by Mobile licensors (Etisalat & Du). The survey covered more than 11,000 miles of the streets of the State from April until July 2010 at peak hours during working days. Also, the survey covered all the UAE: including Abu Dhabi, Dubai, Sharjah, Ajman and Umm Al Quwain and Ras Al Khaimah, Fujairah and the western region and major highways. The TRA had conducted more than 32,000 experimental voice calls during the pilot survey. The results of the field survey showed that indicators of quality performance of the two licensors of mobile networks (Etisalat & Du) have improved compared to a similar field survey done in 2009.
- **Draft Policy on “Subscribers’ identity”**: The TRA has prepared a draft regulatory policy “to register data of mobile phone subscribers “ that was submitted to the Board of Directors.

- **Draft System on “International numbers identification for mobile phone”:**

The “ international numbers identification system for mobile phones” has been drafted and submitted to the Board of Directors of the TRA.

- **Draft Reporting Policy on Interruption Incidents of Wireless Networks”:**

The draft regulatory policy on “Reporting of interruption or breaking incidents of wireless networks” has been drafted and submitted to the Board of Directors of the TRA.

- **Draft “Regulatory Policy for Electronic Communications of Intrusive Marketing”:**

Requirements for the regulatory policy have been activated by licensors “Etisalat and Du” as a result to dedicated efforts and constant follow up made by the team of specialists of the TRA. This included the application of the policy on e-mail marketing SPAM through mobile phone at the local level and work is underway to implement this policy too on intrusive marketing e-mails coming from abroad.

- **Project “Subscription to Mobile Phone Sites”:**

Until the end of 2010, participation to 457 mobile sites has been reported, shared by the two licensors (Etisalat and du). During 2010 only, subscription to 220 mobile phone external sites has been reported, with an increase of 60% compared to the number of sites in 2009. This result has been achieved due to regular periodic meetings between the competent working team of the TRA and the licensors.

- **The Process of Recommending the Allocation of Public Lands for Licensors:** In 2010, the TRA has handled 932 requests for allocation of public lands by the licensors (Etisalat and Du). The TRA has conducted 5 visits with various governmental

bodies responsible for the allocation of lands in the State in an attempt to reach a mutual understanding between the TRA and its strategic partners in this process.

- **Start up of Project for a Series Campaigns to Control Supply Market of Telecommunications Equipment in the Emirate**

in collaboration with external parties , represented by the police, and economic spheres in the different emirates of the state ; the TRA has implemented more than 15 campaigns in 2010.

- **Project on “Point of Access to the Internet”:**

The TRA has finished the feasibility study on establishing a point of access to the Internet as an independent entity. Moreover, a list of recommendations for the implementation of this project has also been adopted.

- **Developing a system for limited approval of voice calls made over internet protocol in the exhibitions and providing approvals for (11) companies during GITEX Exhibition for 2010.**

Withholding/ blocking services and Internet traffic violating intellectual property rights of encrypted channels, that allows illegal decryption of such channels on the internet has been started; such blockage has been activated using means of modern technology in collaboration with “Etisalat”and “Du”.

- Access has been blocked to more than 6000 prohibited website.

- 190 social websites have been unblocked after careful review.

- 39 requests for exception have been handled by the Internet Access Department.

- Launching of the new website of the National Team to follow up on the implementation of the World Summit recommendations on the

Information Society (WSIS) as well as the portal for the United Arab Emirates initiatives.

- Development of an electronic system to automate operations of Internet Access Department and the site is in the launching phase.

- Controlling the domain name registration and monitoring any registration process violating the Department policies and taking the necessary administrative procedure.

- Handling more than 61 cases of irregularities/ violations, complaints and disputes over the domain name ae.

- Processing more than 72 electronic security incident of various types such as phishing, hacking accounts, e-penetrating sites and others.

- **Project on “ Draft Plan to migrate numbers”:**

the approval of a plan to migrate numbers used by telecommunications companies to comply with the national plan for numbers, and the start up of its implementation, and the smooth and successful completion of migrating most of these numbers, taking into account the less impact on the participants.

- **Project on “Feature of numbers’ transfer”:**

Completion of development of a centralized system to support the feature of numbers’ transfer in the UAE, and termination of most of the preparations for the launch of this service in the Emirate by the licensors.

- Process for Customization of Numbers “: 181 applications for customizing numbers compatible with National Numbering Plan have been dealt with, including 2956 number packages during an average of 3 working days.

- **Project for “Improvement of the infrastructure of the of Internet Domain Names Department”:**

The project realized the following accomplishments:

- **“Measures for records of the Internet Domain Names Department”, which has achieved the following:**

- Standardization of files’ names.
- Standardization of files’ classification.
- Standardization of messages and documents formatting.

• Development of document management system to ensure protection of the document management system

• Developing a new structure for arranging and transferring all documents to it .

- **“Strengthening the monitoring of the Internet Domain Names Department”, through the following:**

• Installation of the “NetFlow” program to the network

• Transfer of control system for the Internet Domain Names systems to another site.

- **“Updating / Modernizing the production of Oracle Database 11 G for the Department of Internet domain names”: which included the following:**

- Database for the registration system of Oracle 11 G.
- Data transfer from Oracle database 10 G to Oracle 11 G.
- Preparation of the special registration program (software) for “emarat” to operate with the master database.

- **IDN registration program for “emarat”: which included the following:**

- Access to version 12 of the registration system and its documentation from the ARI company .
- Installation of the new registration system in the launching environment. Performing intensive acceptance tests for the registration system “emarat” in the launching environment.
- Sending an email to ARI company with



observations and problems after performing the acceptance tests

- The ARI company responds by sending a program and answers to problems
- Installation of the updated software to OTE1 and OTE2. The Internet Domain Names Department follows up with the ARI on the unsolved problems
- Updating the registration system in the principal environment to support the main domain "emarat"
- Updating the registration system in the key environment to version V12.1.1-13052
- Launching the applications system "emarat" to the stage of trademarks.
- "Other improvements to the infrastructure of the Internet Domain names Department":
- New design for the electronic site of the Internet names management and e-solution for the compatibility problem with browsers of (Safari and Chrome).
- Preparation of the website for automatic news update feature.
- Update of the WHOIS system for the Linux system to support the domain name ae.
- The annual plan to modernize devices of the internet names management network.
- Implementation of necessary updates to all devices and services in the infrastructure of the registration system

Initiatives:

1. Echo of Silence Project initiative:

Echo of silence is a project that supports people with special needs through providing modern technological communications services that meet their needs.

2. Broadband Speed Test initiative:

The TRA launched an initiative to test the speed of the broadband via its website. The tool allows Internet users to measure the performance for a broadband line.

3. Arab Internet Domain/Emarat initiative:

-The TRA passed the fast track requirements for the Internationalized Domain Names (IDN) of countries which resulted in the approval of the use of the word "Emarat امارات" in Arabic as a top domain name for the United Arab Emirates on the Internet. Additionally ICANN delegated the IDN of the United Arab Emirates in Arabic "Emarat امارات" to the TRA. With this achievement, the UAE has become one of the first four countries in the world to succeed in having a non-latin top level address on the Internet.

-The TRA issued a regulatory framework concerning Arabic domain name "dotEmarat".

4. Initiatives of "the National Team to respond to Computer Emergency"/CERT:

- Provision of an assessment service to evaluate the level of security awareness of affiliates' staff.
- Provision of service for electronic evidence analysis on mobile phones of all kinds.
- Provision of electronic evidence analysis service for different operating systems such as MAC, Windows, and Linux.
- The operations center of the team obtained the ISO certificate: 2005:27001 for information security management system.
- The team obtained a certificate of BS 25999-2: 2007 for Management system for Continuity of provision of services.

- Provision of new advisory services for subscribers

to adhere to international standards for management system for the provision of services and security risk assessment.

- Provision of advisory/consultancy services and reports on methods of prevention of malware and the risks or other security threats.
- Creating a competent electronic trap "HoneyPharm" to monitor information on types of malware that hit the trap, and provide all subscribers with such trap as sensor devices to be installed on an isolated network at their end.
- Evaluation and comparison between different security techniques such as firewalls for sites applications and technique for confirmation of the user identity.
- Establishment of a research and analysis laboratory within the national team to respond to the Computer Emergencies.
- Launching the security review of programming languages' service.
- Creating an electronic trap "HoneySpider" to monitor the websites of government agencies and detect hacked sites.
- Strengthening the infrastructure of the Centre for Computer Emergency Response and security risks.
- Signature of a cooperation agreement with the global response teams such as MyCERT, CERT POLSKA.
- Signature of cooperation agreements with international companies such as Tipping Point Microsoft, IT MATRIX,



2010 Milestones

The Telecommunications Regulatory Authority (TRA) succeeded in achieving the "Sheikh Khalifa Government Excellence Award" for Customer Service. His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE and Ruler of Dubai, honored the awarded entities during the ceremony that was held at the Emirates Palace on Monday November 22, 2010.

Attending on behalf of TRA were H.E. Mohamed Ahmed Al Qamzi, Chairman of TRA, and H.E. Mohamed Nasser Al Ghanim, Director General of TRA. H.E. Al Qamzi expressed glorious delight and pride on the occasion, highlighting the fact that this award endeavors to highlight the trust and credibility the UAE leadership has put in the performance efficiency of the TRA in addition to honorably meeting the role assigned to it.

The Telecommunication Regulatory Authority (TRA) has yet to register another milestone with the Internet Corporation for Assigned Names and Numbers' (ICANN's) approval of the domain name (dotEmarat) (امارات) as the official Arabic top level domain for the United Arab Emirates. The announcement made by ICANN came after TRA announced the use of the Arabic top level domain name for the UAE in GITEX 2009, providing the approval of ICANN; the (dotEmarat) was endorsed by the UAE Ministerial Council for services as the definitive and representative domain name of the United Arab Emirates on the World Wide Web for its native language script. After obtaining the Approval from the ICAAN, the Telecommunications Regulatory Authority (TRA) announced the opening of Sunrise Period for the Arabic top-level domain name (dotEmarat) for trademarks. The registration will be through TRA accredited registrars.

The eighteenth Plenipotentiary Conference (Guadalajara 2010) concluded its activities on October 22, witnessing the second consecutive UAE membership at the ITU Council. The United Arab Emirates participated in the (PP10) with

a high-level delegation headed by H.E. Reem Al Hashimi, Minister of State, in addition to the Telecommunications Regulatory Authority (TRA) chaired by H.E. Majed Al Mesmar, TRA Deputy Director General, and vice-chairman of the UAE delegation.

Joining the Minister of State and the Deputy Director, was H.E. UAE Ambassador to Mexico Saeed Al Zaabi, UAE Permanent Representative to the United Nations in Geneva, Ambassador Obaid Al Zaabi, Engineer Tariq Al-Awadi, Executive Director of the spectrum management and International Affairs in TRA, who took over the chairmanship of the delegation, as well as Engineer Nasser Bin Hammad, Senior Manager of International Affairs at TRA, vice-chairman of the delegation. Furthermore, the UAE delegation incorporated members from the Armed Forces, Etisalat, du, Yah Sat and Thuraya.

The Telecommunications Regulatory Authority (TRA), represented by the Computer Emergency Response Team (aeCERT) hosted the first Black Hat event in Abu Dhabi, the conference which brought together experts and companies in the IT security field to discuss the latest in IT security issues, trends and solutions. Black Hat Abu Dhabi included a wide variety of intensive technical presentations delivered by the leading thinkers of the information security world. The event also provided hands-on, multi-day training sessions on the latest in IT security trends and techniques, while the Black Hat Briefings offer an opportunity for industry experts to share their experience and knowledge with other professionals.



2010 TRA Participations

The Telecommunications Regulatory Authority (TRA) sponsored ISNR, the largest event of its kind in the region to address current and future dangers caused by growing security and safety concerns and homeland security. On the third day of ISNR 2010, TRA organized a full day conference on the sidelines of the conference under the theme "The Role of Telecommunications in International Security & Risk Prevention". This active participation comes in light of the growing emphasis on cyber safety, especially in national security matters

Telecommunications Regulatory Authority (TRA), represented by the National Computer Emergency Response Team (aeCERT), took part in the Critical Infrastructure Protection Congress that was held in Abu Dhabi. The two-day event focuses on the strategies and activities taken to protect and secure vital assets and processes that are essential for the functioning of a society and economy. The congress discussed the strategic planning of critical infrastructure protection at a national level and the policies and processes deployed by corporate suppliers of critical national infrastructure. Keynotes and case studies, which were discussed during the congress, branched out to include a variety of tools that can be used to protect such infrastructure from acts of terrorism, sabotage and natural disaster. This timely Congress provides essential support to key public and private sector practitioners as they seek to protect the region's critical infrastructure in the interests of a stable regional and global economy.

Telecommunications Regulatory Authority (TRA), represented by the National Computer Emergency Response Team (aeCERT), took part in the Critical Infrastructure Protection Congress that was held in Abu Dhabi. The two-day event focuses on the strategies and activities taken to protect and secure vital assets and processes that are essential for the functioning of a society and economy. The congress discussed the strategic planning of critical infrastructure protection at a national level and the policies and processes deployed by corporate suppliers of critical national infrastructure. Keynotes and case studies, which were discussed during the congress, branched out to include a variety of tools that can be used to protect such infrastructure from

acts of terrorism, sabotage and natural disaster. This timely Congress provides essential support to key public and private sector practitioners as they seek to protect the region's critical infrastructure in the interests of a stable regional and global economy.

The TRA participated in the first Digital Communications Literacy Forum organized by ICT Qatar and the International Institute of Communications (IIC) in Qatar on February 9th, 2010. The forum which tackles the issue of the lack of Arabic digital content on the Internet examined the role which digital literacy can play in the development of the new communications environment in the Middle East region and explores ways in which it can be addressed that create advantage to both economic and social objectives. The forum's uniqueness comes as it brings two major players in the field of Arabic digital content creation, traditional media, and the ICT sector.

The Telecommunications Regulatory Authority also participated in the 2nd Annual Broadband Summit that took place in Dubai. TRA believes that broadband is an effective tool for positioning the country as a lucrative investment hub on a global scale, where the ability of this technology allows instant access to and exchange of information is essential to all forms of economic activity. During the participation, the TRA emphasized the role of the Government of the UAE in supporting a state of the art infrastructure that meets modern day ICT needs, untimely providing and allowing for high-speed Internet access.

The Telecommunications Regulatory Authority (TRA) took part in the World Quality Day, organizing



various activities that highlight TRA's attentiveness, awareness and commitment towards delivering top-notch quality standards. The Authority conveyed its dedication to increase awareness on the importance of quality and its contribution in elevating work and achieving best results that add to the benefits of the nation and its people.

The TRA, represented by the National Computer Emergency Response Team (aeCERT) participated at the Telecom Fraud Prevention & Revenue Assurance Summit 2010 held in Dubai. The objectives of TRA participation is to enhance the performance of the ICT sector in the UAE by safeguarding competition, providing fair access to the domestic infrastructure, and ensuring the optimal use of natural resources through the implementation of best practice in every area.

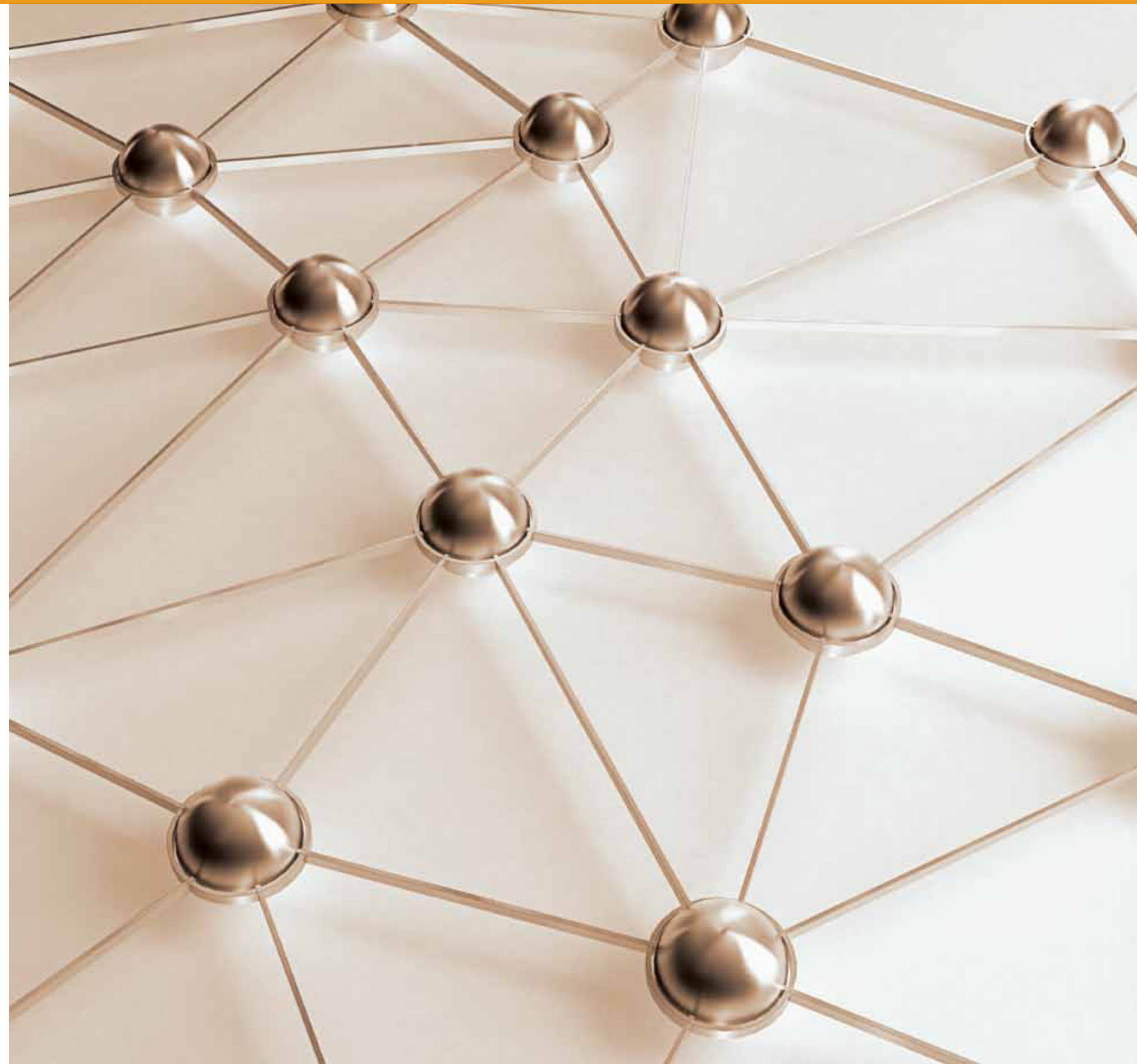
The Telecommunications Regulatory Authority (TRA) participated in GITEX Technology Week 2010 with an agenda that contains many launches, events and new services aiming to enhance and develop the ICT sector in the UAE. The TRA fifth participation witnessed the celebration of the telecommunication Golden Jubilee, launching the new identity of Arabic top-level domain name dotEmarat.

During the exhibition, the Computer Emergency Response Team (aeCERT) signed many memorandums of understanding (MoU) with government entities to facilitate the detection, prevention and response of cyber security incidents on the internet; hence, providing implementation mechanisms to support a cyber safe environment for the residents of the UAE. At the same time, aeCERT

was awarded with ISO 27001:2005 certificate.

The Telecommunications Regulatory Authority (TRA) took the initiative of celebrating the National Day in a unique way that flatters the spirit of the occasion, reflecting memories of the past and reminiscing of its national heritage that forever remains embedded in the heart of every Emirati. Therefore, and in collaboration with Mr. Ahmed Al Marzouqi, the TRA has reached on showcasing pieces of heritage from "Zayed Al Khair Museum" reflecting flashbacks on an era rich with Emirati history and heritage. "Zayed Al khair Museum" is considered one of the unique museums founded by Mr. Ahmed Marzouqi as gratitude to every contribution that the late Sheikh, His Highness Sheikh Zayed Bin Sultan Al Nahyan has attributed to the citizens of the Emirates and Arab region.

The Telecommunication Regulatory Authority (TRA) was the key sponsor for the last World Summit Award-Mobile (WSA). The event held under the auspices of the Government of Abu Dhabi and in cooperation with the United Nations and its Global Alliance for ICT and Development and Government and business partners from around the world. The World Summit Award Mobile is a global initiative to select and promote the world's top mobile contents and innovative applications. In cooperation with the United Nations' World Summit on the Information Society (WSIS), it is based on the expertise and network of the World Summit Awards and planned to be held every two years. National pre-selections are carried out in each of the 160 countries participating.



Social Responsibility

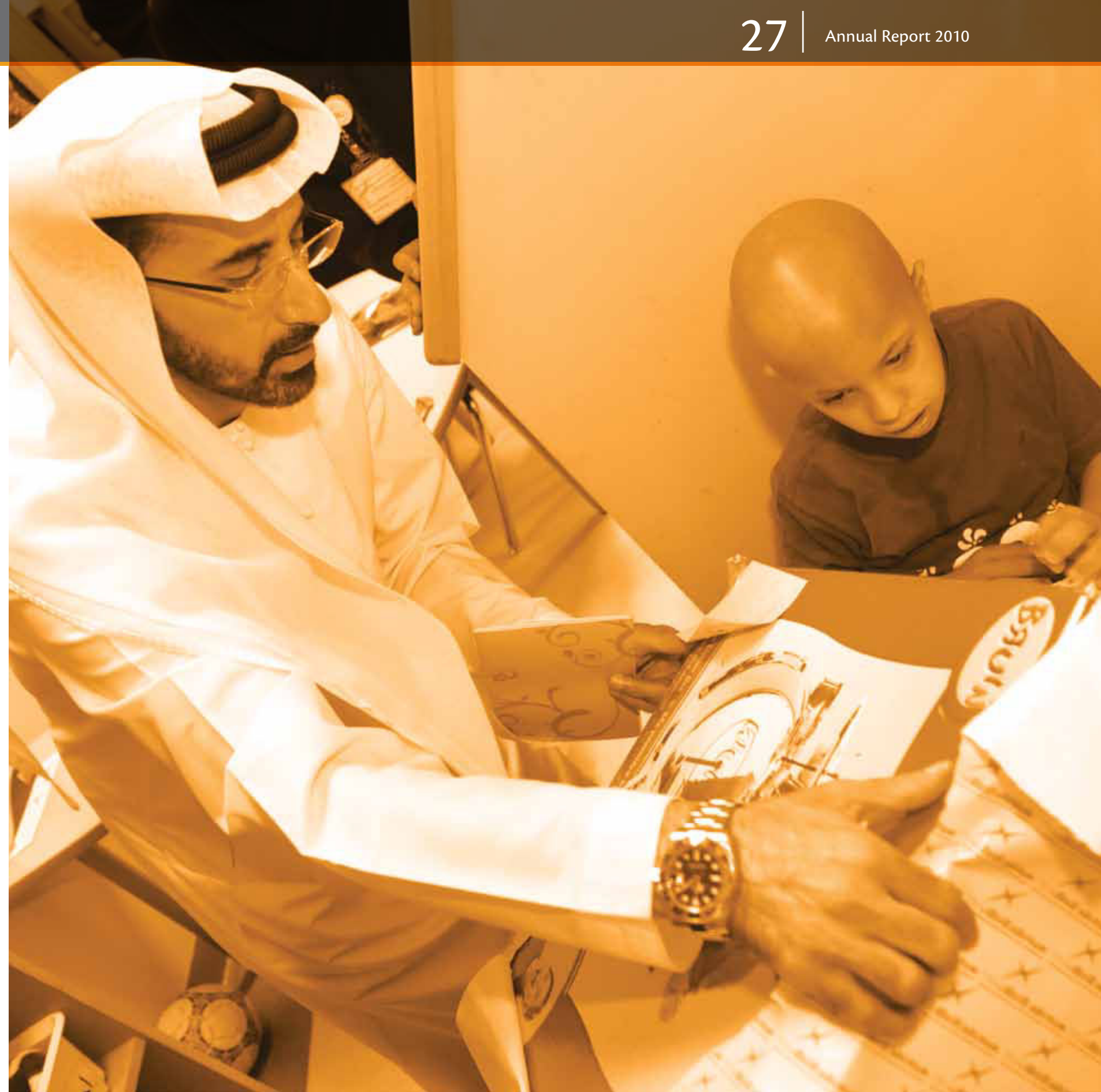
As part of the TRA strategy, which supports and believes in its social responsibility towards the society of the UAE, a team of the Authority's staff paid a visit to the Thalassemia Center at Al Wasl Hospital in Dubai to get to know the disease and encourage and support patients. The team visited the technical equipment of the Center and examined the disease, its means of spreading and possible precautions. They also met the patients and distributed presents to the children, in addition to presenting a souvenir to the Center, in appreciation of the efforts of those working there.

A group from the TRA, headed by H.E. Majed Al Mesmar, Deputy Director General of the TRA, visited the Abu Dhabi Rehabilitation & Care Center and the Abu Dhabi Autism Center in Al Mafraq. The purpose behind the visit is meeting autistic people and people with special needs in order to observe the service provided by "Zayed Higher Organization for Humanitarian Care", whether educational, rehabilitation, psychological or social services.

In the course of its visit to the Center, the team got an inside look at the care and rehabilitation given to handicapped people and those with special needs. The visitors also got to recognize the symptoms of autism and the treatment of autistic patients,

as well as rehabilitating them through the newest scientific methods and helping aids. The team listened to an explanation given by those responsible at the Center about the different services granted to students to integrate them in official schools and society as a whole.

The team toured a number of the departments at the Abu Dhabi Rehabilitation & Care Center, among them the vocational rehabilitation workshops and teaching classes, as well as the Visual Impairment Division, Comprehensive Assessment Unit, Natural Treatment and Rehabilitation Division, where the team distributed gifts for children and expressed their admiration for the efforts made and the services granted in that regard.



TRA Activities and Events for 2010



Eman Al Awadhi attaining the Prime Minister Medal for distinguished New employee in Emirates Award for Government Excellence



Household Survey Concerning ICT Usage in the UAE

In December 2010, the TRA held a press conference and delivered a public presentation to summarize the findings of an extensive consumer survey which was conducted during the year 2010 by the TRA. (See the UAE ICT Sector section of this report for details of the survey). The press conference was well attended by representatives of the national press, the licensees as well as interested parties such as the National Bureau for Statistics.

Sheik Khalifa Award for Customer Care

The TRA places great importance on the welfare of the customer. During 2010, the TRA raised awareness amongst customers of the services that the TRA provides to the customers. A major overhaul of the TRA's website was undertaken in this regard and the TRA published and distributed information leaflets to customers. The TRA outstanding work of the TRA in regard to customer welfare was recognized in the prestigious Sheik Khalifa Government Excellence programme, with the TRA winning the category for best Customer Care. In support of customer's welfare, the TRA operates a customer complaint system. Where a customer has cause for complaint regarding the supply of ICT services and related products and where the service provider does not resolve the complaint to the satisfaction of the customer, the complaint can be escalated to the TRA. During 2010, the TRA handled 463 complaints (up from 181 complaints in 2009) on behalf of customer and the vast majority of those complaints were resolved to the satisfaction of the customer. Despite the fact that the number of submitted complaints has increased significantly, it should be

noted that the average time to process and resolve complaints has fallen. This is testament to the care and attention the TRA places on customer issues.

The TRA has also participated in the following activities:

- Re-nominating the UAE, represented by the TRA (second session), for a seat in the ITU Council, at the most recent Plenipotentiary Conference elections in 2010.
- UAE obtaining the Plenipotentiary Conference VP for 2010.
- UAE heading the Arab team charged with preparing the 2010 Plenipotentiary Conference.
- UAE acquiring the Vice Presidency for the Consultative Team for the ITU Communications Development Sector.
- Training of engineering students at Emirates University and develop skills.
- Presenting 20 technical and organizational working papers in regional and international meetings.
- TRA sponsoring and participating in the annual activity of the Emirates University female students in the Faculty of Engineering.
- Allocate a large number of frequencies for the following events and activities:

1. Dubai Air show
2. Formula 1 races and events
3. Disaster and Crisis Committee
4. GCC Summit
5. GP2 Races on Yas Island
6. Shooting the movie "The Arabic Adventure" in Madinat Jumeriah
7. Golf Tournament in Dubai.
8. Abu Dhabi Tourism Authority, Abu Dhabi and Liwa Al Ain during the National Day Festival.
9. UAE FIFA Club World Cup.
10. Abu Dhabi Tourism Authority, Abu Dhabi Golf

Club.

11. Abu Dhabi Tourism Authority, Abu Dhabi Corniche.
12. Dubai Film Festival.

- Participation in the MAC 2010 mobile application contest through membership and presidency of the Judging Committee.
- The TRA won "The Emirates Social Award" on behalf of the category of governmental institutions / the second degree for launching and contributing to the initiative "Echo of Silence Project".
- The TRA obtained membership in the European Telecommunications Standards Institute (the European Institute ETSI)
- The TRA signed a Memorandum of Understanding (MOU) with the German Association for Internet Industry (ECHO).
- The TRA held a workshop about the UAE initiatives to implement the recommendations of the World Summit on the Information Society (WSIS) with various government agencies/institutions.
- A survey on the initiatives and electronic projects related to information society was conducted, covering one hundred 100 local and federal government agencies.
- Submission of the United Arab Emirates candidatures for the World Summit Award for Mobiles (WSA - Mobile), (Abu Dhabi -2010) and evaluation of posts as members of the arbitration committee of the award and participation as well in the preparations and in supporting the organizers.
- Participation in the UAE Prize for Excellence in Government Performance and the winning of one of the staff members of the Technology

Development Department in the category of New distinctive Government Employee.

- Participation in the CIO award and the winning of the national team for responding to the Computer Emergency Project in the category of electronic trap as one of the top 20 technical projects in the Middle East.
- Participation in the CPI award and the winning of the national team to respond to the Computer Emergency in the award for its effective role in promoting security awareness in the UAE.
- Signing of more than 70 memoranda of understanding with governmental and non-governmental organizations and educational institutions in the field of information security and cyberspace.
- Launching of e-security awareness campaign for concerned affiliates and organizing more than 78 workshops on various topics in information security attended by more than 1530 employees.
- Launching an awareness campaign for the judicial authorities on how to address the issues of cyber-crime.
- Organizing workshops on the Internet risks/ threats for educational or academic institutions.
- Giving a number of awareness lectures on telecommunications and Information Technology at GITEX.
- Organizing awareness workshops for parents on child protection from Internet dangers.
- 17 periodic meetings held for information sharing in the technology development department so as to disseminate knowledge among staff members on projects and posts of various sections.



The UAE ICT Sector

The UAE ICT sector continues to shine as one of the most advanced markets in the Arab World. In fixed-line communications, the UAE has one of the highest instances of fiber-to-the-home connections in the world, and in mobile communications the UAE has one of the highest penetration rates at circa 200% penetration of active mobiles.

A move to greater competition through network sharing.

The TRA has been heavily involved in facilitating negotiations between Etisalat and du regarding the sharing of each other's network to increase competition in fixed-line communications services including voice, Internet and TV, via a group of inter-operator services called 'Bitstream Access Interconnection Services'. These services allow both operators to provide fixed-line services, everywhere in the UAE. This is support of strategies employed by the UAE Government towards attaining market liberalisation.

As part of the facilitations, the TRA issued individual determinations regarding seven obstacles in the negotiation process based on written submissions from Etisalat and du:

- Key Performance Indicators Monitoring Process
- The use of Access Ports
- VLAN Setup for High Speed Internet
- Product Structure
- Assignment of POI VLAN IDs
- Automation of Processes
- Forecasting and SLA

In parallel with commercial negotiations, the TRA also facilitated a successful round of intensive testing of all retail services over Bitstream Access Interconnection Services which lasted from September until December 2010.



2010 Household Survey

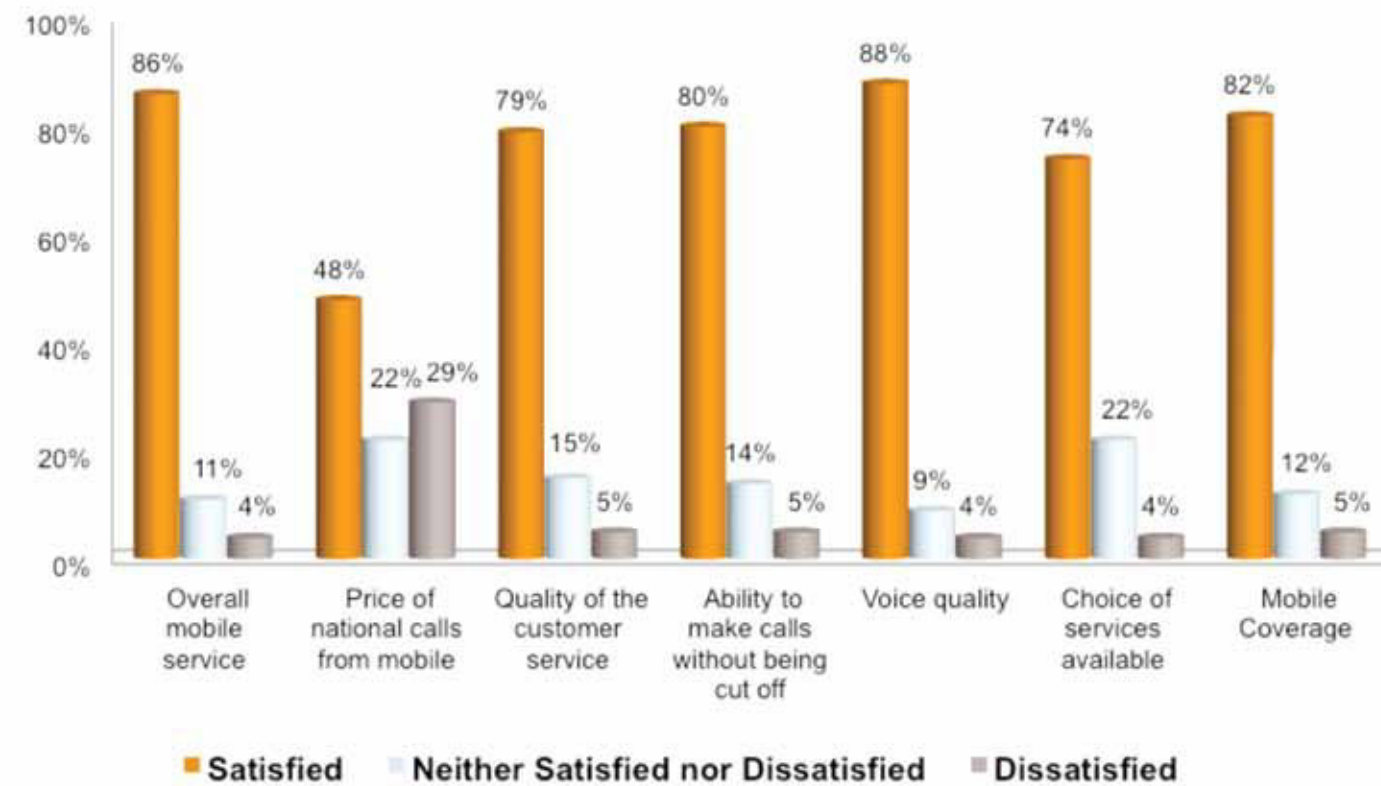
The TRA conducted an extensive consumer survey to better understand the consumers' perception of ICT services in the UAE. Over two thousand households and over two thousand individuals participated in the survey through face-to-face and telephone interviews. The survey targeted the key decision maker of the household regarding the subscription decisions for ICT services. The results of the survey show a generally high level of satisfaction amongst customers with the ICT services delivered in the UAE.



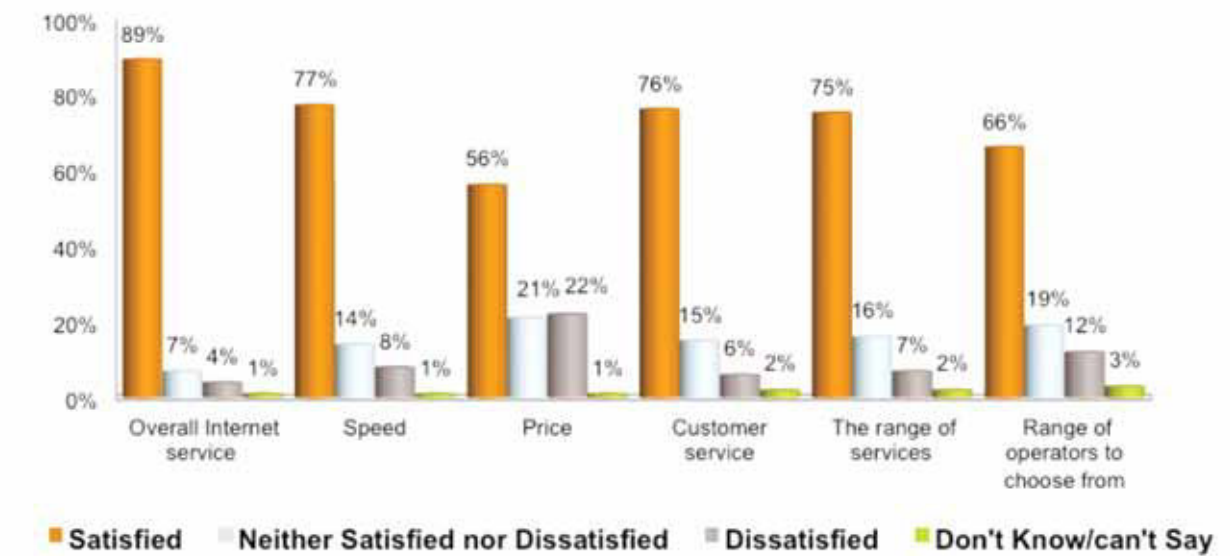
How satisfied are you with the following elements of Fixed telephony services?



How satisfied are you with the following elements of mobile services in the UAE?



How satisfied are you with the following elements of Fixed telephony services?



The TRA's customer survey shows an increase in the use of the Internet with the most common activities being: sending and receiving emails and visiting social networking sites. Forty-five per cent (45%) of the participants in the survey have set-up profiles on at least one social networking site. Users of social networking sites in the UAE tend to access those sites regularly, with forty-four (44%) visiting them every day. The majority of people in the UAE use the social networking sites to communicate with family and friends.

Have you set up a profile on a social networking site?



The full output of the survey is available on the TRA's website at:
http://www.tra.gov.ae/download.php?filename=ICT_Survey English 2010.pdf

Summary of the main ICT indicators

During year 2010, the TRA published its first Annual Market Review to compare and contrast a range of sector development indicators for each of the years during the period 2007 to 2009 inclusive. The annual review summarises the status of the fixed, mobile and data telecommunications markets. The full review for 2009 is available on the TRA's website at: http://www.tra.gov.ae/download.php?filename=Final_report_2009_Market_Indicators_Review.pdf.

The review for 2010 will be available in May 2011.

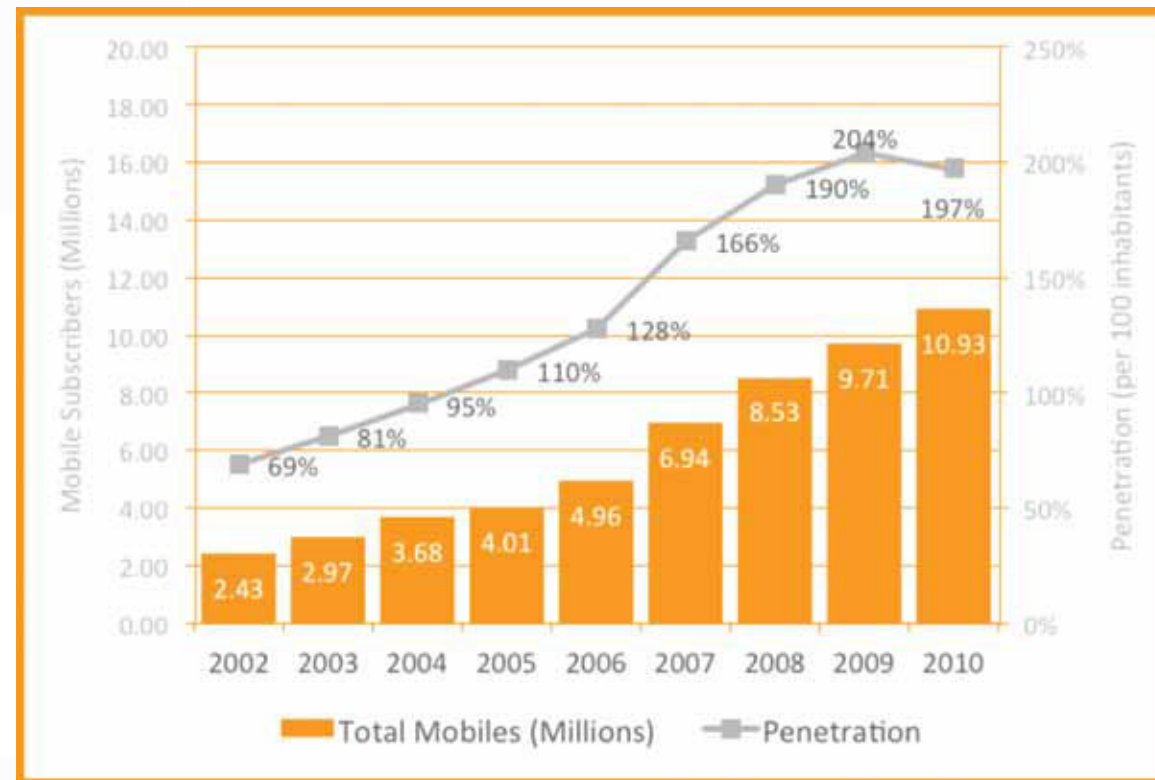


Fixed Telephone Lines (2002-2010)



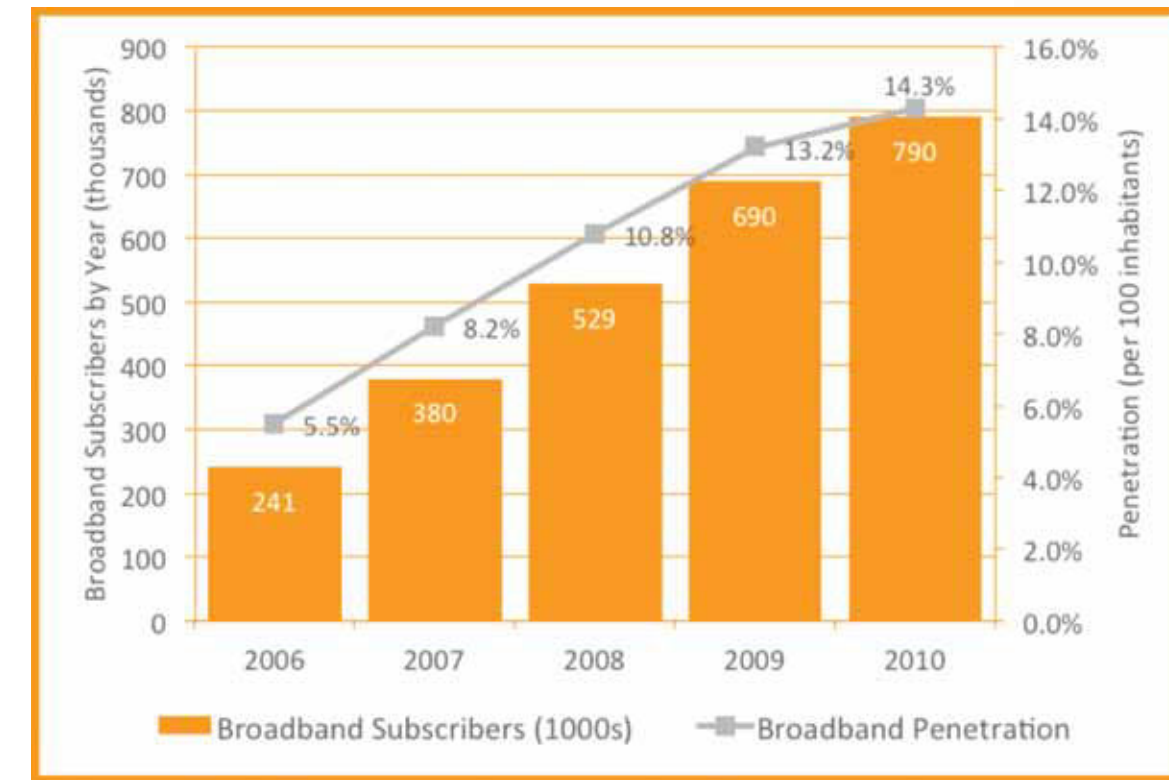
The number of fixed-line voice subscribers fell during 2010 as users in the UAE placed a greater emphasis on mobile communications and bundled Internet services (double play/triple play).

Mobile Subscriptions (2002-2010)



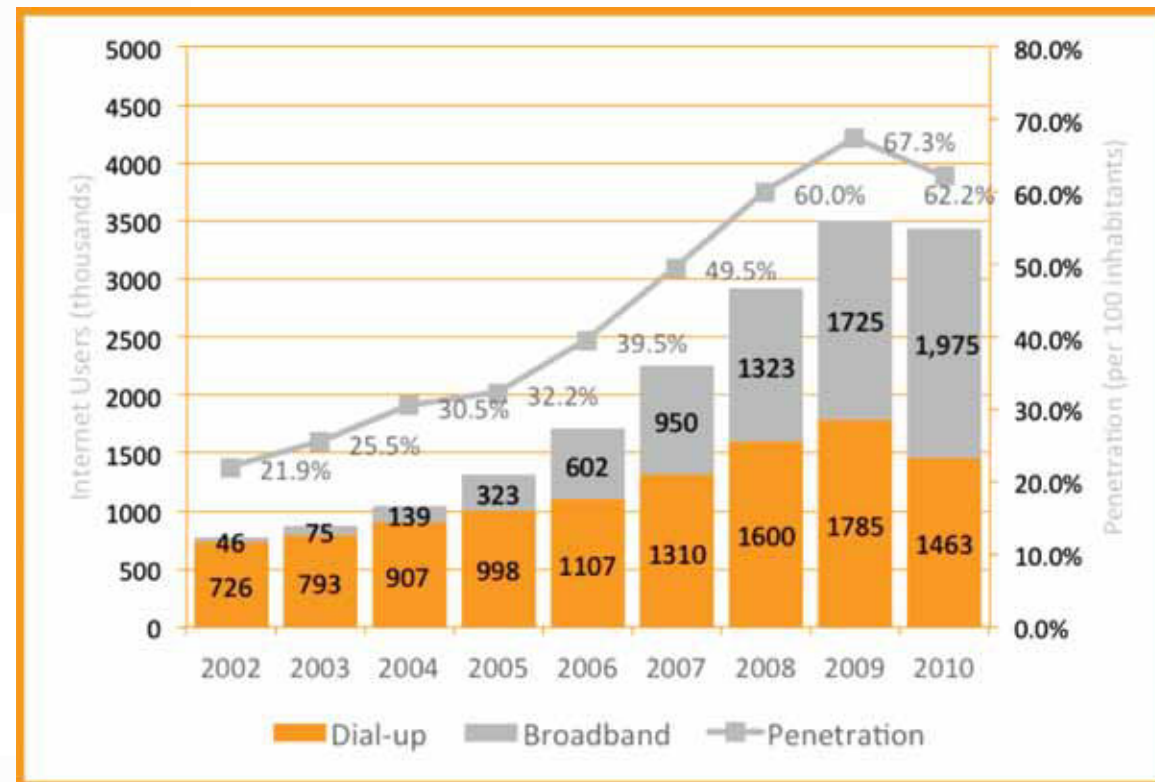
Mobile subscriptions continued to grow with an increase of 1.2 million subscribers between 2009 and 2010, however penetration levels fell indicating the market is approaching saturation.

Broadband Subscribers (2006-2010)



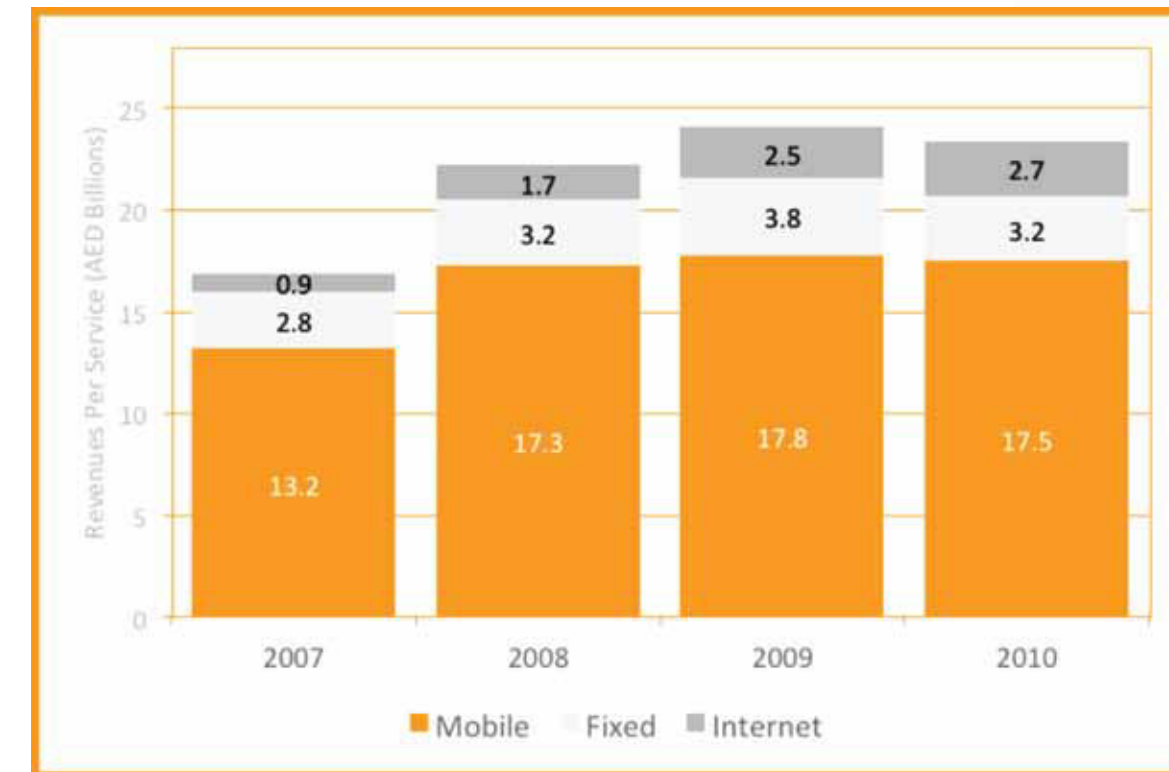
Broadband penetration continued to grow with 100,000 new subscribers in 2010

Internet Users (2002-2010)



Internet usage fell reflecting the declining number of dial-up subscribers.

Total Sector Revenues (2007-2010)



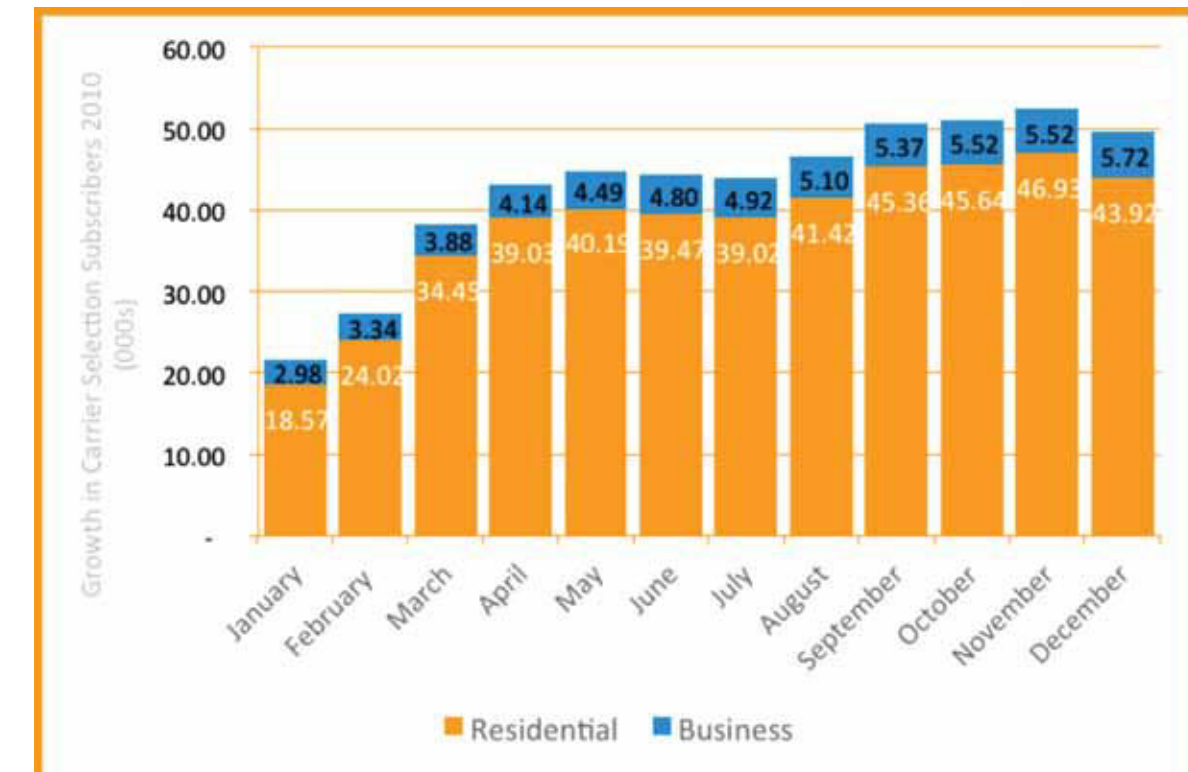
Mobile and Fixed revenues declined between 2009 and 2010, whilst Internet revenues increased during the same period.

Total Traffic (2007-2010)



Mobile traffic increased between 2009 and 2010, whilst fixed traffic declined during the same period

Growth in Carrier Selection Over 2010



The number of Carrier Selection subscribers grew by 130% in 2010.

UAE Rankings in International Studies and Reports

The ITU developed an ICT Development Index (IDI) in its study, Measuring the Information Society, which combines 11 indicators related to ICT access, use and skills into a single composite index. The study includes 159 countries which enables benchmarking both on a global and a regional level.

The UAE ranked overall 29th in the world in the WEF (2008) compared to 33rd in the IDI (2007). This was the highest rank of all the GCC and Arab states in the ICT Development Index.

Regional rank	Country	IDI Rank
First	UAE	29
Second	Bahrain	33
Third	Qatar	45
Fourth	KSA	52
Fifth	Kuwait	65

The overall measure is also divided into three sub-indices relating to ICT infrastructure and access, ICT usage and skills which provide a further level of insight. Key findings from sub- indices include the following:

- The UAE ranked the highest of all the GCC and Arab states in the IDI infrastructure and access sub-index; and ranked 16th among 159 countries.
- The UAE ranked the highest of all the GCC and Arab states in the IDI use of ICT sub-index; and ranked 25th among 159 countries.

The report categorizes each of the 159 countries into one of four groups used to describe the level of ICT within the economy: higher, upper, medium and low. The UAE was one of the 33 countries placed in the highest category.

Other findings of the Measuring the Information Society report were:

- The UAE ranked 2nd in the world in the fixed telephony sub-basket ; and
- The UAE ranked 8th in the world for the mobile telephony sub-basket .
- The UAE ranked 22nd in the world in the ICT Price Basket measure ;

1- This sub-index is based on five indicators: fixed line penetration, mobile penetration, international Internet bandwidth per Internet user, the proportion of households with computers, and the proportion of households with Internet access.

2- This sub-index is based on the following three indicators: Internet user penetration, fixed broadband penetration, and mobile broadband penetration.

3- This measures the 2009 prices of fixed telephony as a percentage of GNI per capita.

4- This measures the 2009 prices of mobile telephony as a percentage of GNI per capita.

5- The ICT Price Basket measures the sum of the 2009 prices of fixed telephony, mobile telephony and fixed broadband Internet as a percentage of a country's monthly Gross National Income (GNI) per capita.



Resolutions of TRA



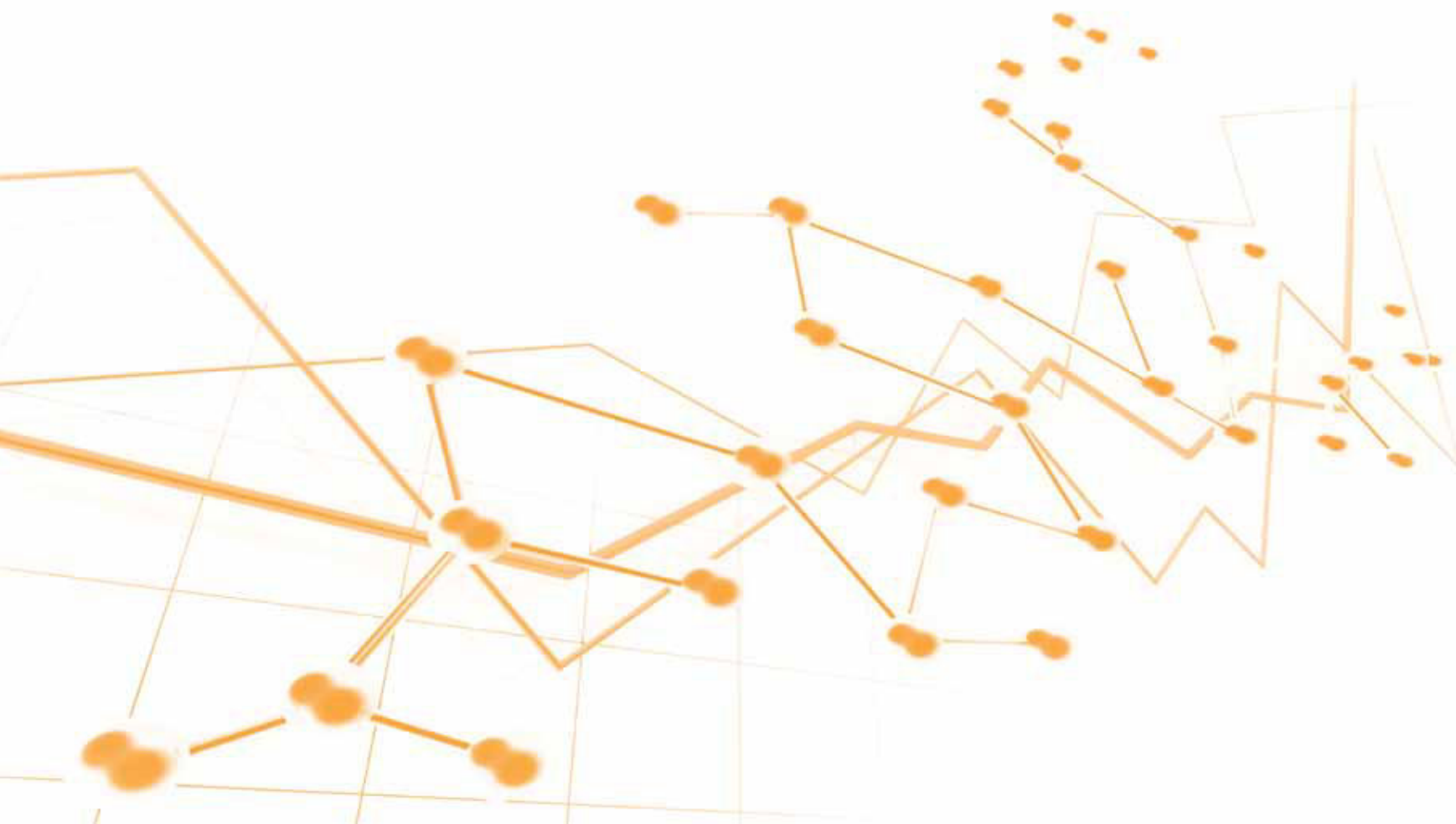
Resolutions of Telecommunications Regulatory Authority

No.	Resolution No.	Reason for Issuance:	Prepared on:
1	Resolution No. 1 of 2010	On regulating Telecommunication Encryption	3 Jan, 2010
2	Resolution No. 2 of 2010	On forming regulating Telecommunication Encryption Committee	3 Jan, 2010
3	Resolution No. 3 of 2010	On the formation of the national team for preparation for (WRC-12) 2012	13 Apr, 2010
4	Resolution No. 4 of 2010	On Blackberry Service	28 Apr, 2010
5	Resolution No. 5 of 2010	On Blackberry Service	28 Apr, 2010
6	Resolution No. 6 of 2010	On the adoption and the issuance of the Authority's auditor report for the year 2009	21 Jun, 2010
7	Resolution No. 9 of 2010	On the issuance of license satellite services for Al Yah Satellite Telecommunication Company	21 Jun, 2010
8	Resolution No. 10 of 2010	On the issuance of license satellite services satellite broadcasting company Star Satellite Telecommunications	21 Jun, 2010
9	Resolution No. 11 of 2010	On adopting Article of Association of Thuraya Company UAE	21 Jun, 2010
10	Resolution No. 12 of 2010	On the issuance of license mobile telecommunications services across global personal mobile satellite Thuraya United Arab Emirates	21 Jun, 2010

Resolutions of Telecommunications Regulatory Authority

No.	Resolution No.	Reason for Issuance:	Prepared on:
11	Resolution No. 13 of 2010	On the adoption of the legal re-appointment of Legal auditor, "Ernst & Young" with TRA sector	21 Jun, 2010
12	Resolution No. 14 of 2010	Regulatory policy on the issuance of the limits of non-ionizing radiation Telecommunication Networks	21 Jun, 2010
13	Resolution No. 15 of 2010	On the approval to start the second phase of the Centre for Internet access	21 Jun, 2010
14	Resolution No. 16 of 2010	On how to calculate the ICT Fund fees that are imposed on the licensees.	21 Jun, 2010
15	Resolution No. 17 of 2010	On the compensation for subsequent cables and telecommunications equipment for licensees.	21 Jun, 2010
16	Regulatory Resolution No. 4 of 2010	On roaming charges within the GCC	18 Jul, 2010
17	Resolution No. 21 of 2010	On the approval of fees for access to the digital stream	12 Aug, 2010
18	Regulatory Resolution	Instructions for the requirements of the adoption of quality certification sign	20 Jul, 2010
19	Regulatory Resolution	Instructions for market definition and competition assessment	30 Sep, 2010

TRA FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TRA Report on the Financial Statements

We have audited the accompanying financial statements of Telecommunications Regulatory Authority ("the Authority"), which comprise the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements,

whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 present fairly, in all material respects, the financial position of the Authority as of 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Signed by: Andre Kasparian
Partner, Ernst & Young
Registration No. 365*

27 March 2011
Abu Dhabi





STATEMENT OF INCOME AND EXPENDITURE For the year ended 31 December 2010

	Notes	2010 AED	2009 AED
Income			
Licenses and authorizations	3	331,370,181	366,660,234
ICT Fund's contribution from licensees	15	395,065,820	405,745,966
Interest income		36,519,808	32,187,415
Other income		2,384,482	20,744
		765,340,291	804,614,359

Expenditure			
Staff cost		103,070,413	82,117,247
ICT fund grants and scholarship	15	50,096,057	32,420,168
Sponsorship, advertisement and exhibition expenses		19,799,464	45,392,291
Consultancy fees		15,006,261	25,644,904
Rent		11,322,773	11,036,247
Depreciation and amortization	4&5	14,814,769	10,090,685
Training, business travel, seminars and publications		18,235,617	9,505,914
Other expenses		25,168,627	15,533,170
		257,513,981	231,740,626

SURPLUS FOR THE YEAR	507,826,310	572,873,733
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	507,826,310	572,873,733

The attached notes 1 to 15 form part of these financial statements.



BALANCE SHEET At 31 December 2010

ASSETS	Notes	2010 AED	2009 AED	2008 AED
Non-current assets				
Property and equipment	4	177,875,053	77,391,174	32,705,105
Intangible assets	5	10,782,887	7,850,636	5,110,137
Advances to suppliers		-	67,000,881	24,770,127

	188,657,940	152,242,691	62,585,369
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Current assets				
Trade and other receivables	6	778,702,241	484,712,947	454,139,908
Prepayments		11,835,157	13,561,001	6,651,539
Advances to suppliers		49,301,456	-	-
Bank balances and cash	7	865,123,275	680,486,619	415,193,249

	1,704,962,129	1,178,760,567	875,984,696
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TOTAL ASSETS	1,893,620,069	1,331,003,258	938,570,065
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Equity				
Accumulated surplus	8	1,727,891,550	1,220,065,240	847,191,507

Non-current liabilities				
Employees' end of service benefits	9	2,878,504	2,145,169	1,228,485
Deferred revenue		5,706,049	2,869,597	1,145,460
Retentions		13,021,811	4,614,680	1,164,178

	21,606,364	9,629,446	3,538,123
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Current liabilities				
Deferred revenue		26,161,559	24,370,414	17,846,049
Trade and other payables	10	117,960,596	76,938,158	69,994,386

	144,122,155	101,308,572	87,840,435
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Total liabilities	165,728,519	110,938,018	91,378,558
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TOTAL EQUITY AND LIABILITIES	1,893,620,069	1,331,003,258	938,570,065
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The attached notes 1 to 15 form part of these financial statements.

STATEMENT OF CASH FLOWS For the year ended 31 December 2010

OPERATING ACTIVITIES	Notes	2010 AED	2009 AED
Surplus for the year		507,826,310	572,873,733
Adjustments for:			
Depreciation and amortization	4 & 5	14,814,769	10,090,685
Employees' end of service benefits	9	1,046,327	1,047,760
(Gain) loss on disposal of property and equipment		(85,957)	39,106
Write-off of property and equipments and intangible assets		1,017,484	-
Interest income		(36,519,808)	(32,187,415)

488,099,125 **551,863,869**

Working capital changes:			
Trade and other receivables and prepayments		(292,263,450)	(37,482,501)
Trade and other payables		41,022,438	6,943,772
Deferred revenue		4,627,597	8,248,502
Cash from operations		241,485,710	529,573,642
Employees' end of service benefits paid	9	312,992	131,076

Net cash flows from operating activities **241,172,718** **529,442,566**

The attached notes 1 to 15 form part of these financial statements.

STATEMENT OF CASH FLOWS For the year ended 31 December 2010

	Notes	2010 AED	2009 AED
INVESTING ACTIVITIES			
Purchase of property and equipment and intangible assets	4 & 5	(119,407,125)	(57,596,861)
Proceeds from disposal of property and equipment		244,699	40,502
Retentions		8,407,131	3,450,502
Advances to suppliers		17,699,425	(42,230,754)
Interest received		36,519,808	32,187,415
Short term deposits	7	(403,267,500)	(406,732,500)

Net cash flows used in investing activities **(459,803,562)** **(470,881,696)**

FINANCING ACTIVITIES			
Payments to the Ministry of Finance		-	(200,000,000)
Cash used in financing activities		-	(200,000,000)

DECREASE IN CASH AND CASH EQUIVALENTS **(218,630,844)** **(141,439,130)**

Cash and cash equivalents at 1 January **273,754,119** 415,193,249

CASH AND CASH EQUIVALENTS AT 31 DECEMBER **55,123,275** **273,754,119**

The attached notes 1 to 15 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY** For the year ended 31 December 2010

Accumulated surplus	
Balance at 1 January 2009	847,191,507
Payment to Ministry of Finance	(200,000,000)
Total comprehensive income for the year	572,873,733
Balance as at 31 December 2009	1,220,065,240
 Total comprehensive income for the year	 507,826,310
Balance as at 31 December 2010	1,727,891,550

The attached notes 1 to 15 form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

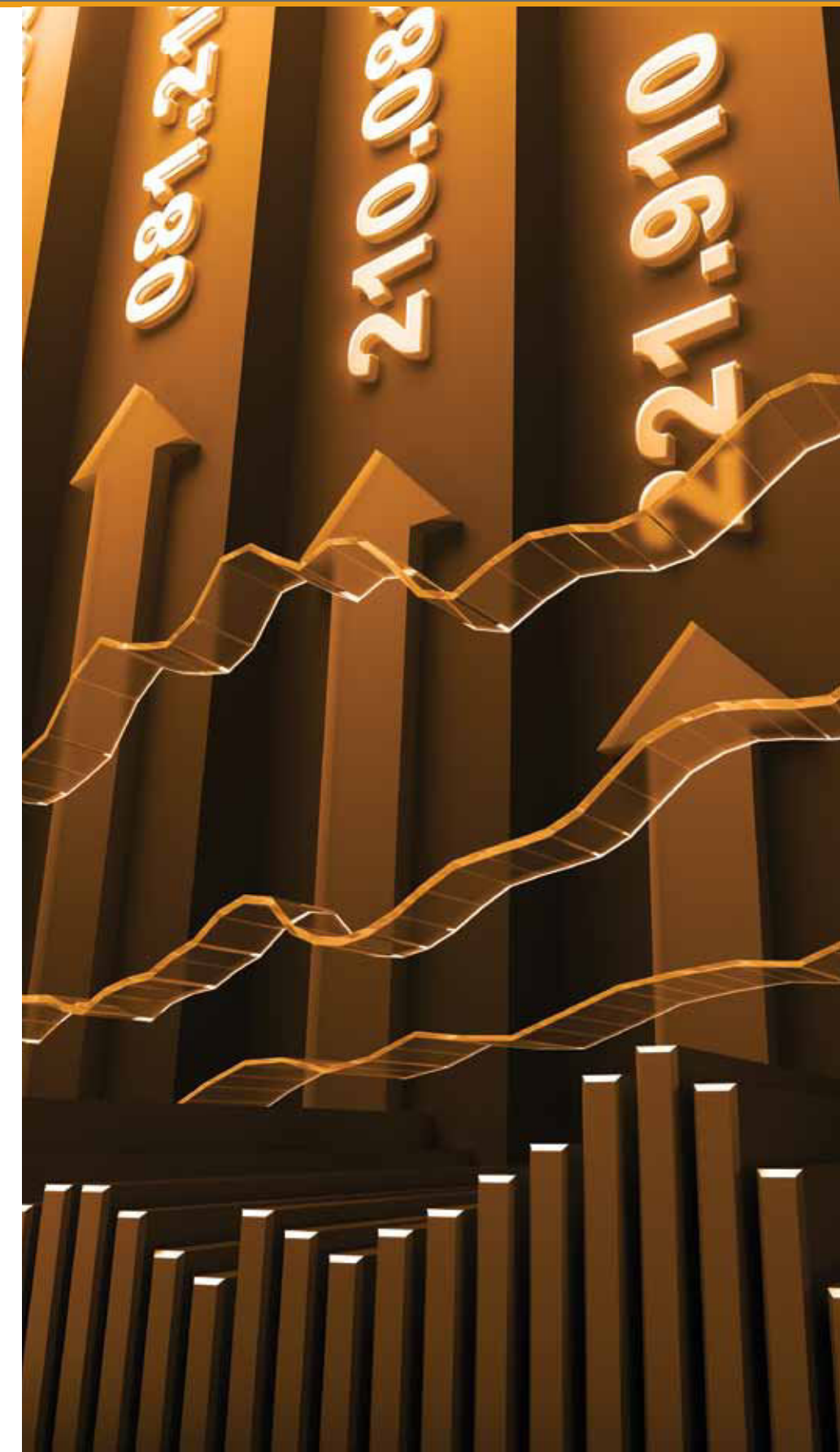


1. ACTIVITIES

Telecommunications Regulatory Authority ("the Authority") was established as a federal independent public authority, for the purpose of regulating the telecommunication sector in the United Arab Emirates (UAE), under Article (6) of Telecom Law (Federal Law by Decree No. 3 of 2003 and its amendments). The Authority is governed by Federal Law (Decree No. 3 of 2003 and its Executive Order). The registered office of the Authority is PO Box 26662, Abu Dhabi, United Arab Emirates.

The Authority derives its strategic objectives from the UAE Telecommunications Law, the Executive Order, and the UAE National Telecommunications Policy. As such the Authority is mandated to: ensuring adequacy of telecommunications services throughout the UAE; achieving enhancement of services, both in terms of quality and variety; ensuring quality of service and adherence to terms of licenses by licensees; encouraging telecommunications and IT services within the UAE; promoting and developing the telecommunications sector in the UAE by training, development and the establishment of relevant training institutions; resolving any disputes between the licensed operators; establishing and implementing a regulatory and policy framework; promoting new technologies; ensuring that the UAE becomes the regional ICT hub; developing the country's human capital; and encouraging research and development.

The financial statements were authorized for issue by the Directors on 27 March 2011.





2.1. BASIS OF PREPARATION

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

This is the first year in which the Authority has prepared its financial statements under IFRS and the comparative financial information has been restated from the Accounting Policies established by the Board of Directors. Reconciliations to IFRS from the previously published primary financial statements are shown in note 14. The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 31 December 2010.

The financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Authority.

The financial statements are prepared under the historical cost convention.

2.2. FUTURE CHANGES IN ACCOUNTING POLICIES - STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Authority's financial statements are listed below.

- IAS 24 Related Party Disclosures (Amendment) effective for annual periods beginning on or after 1 January 2011.
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

effective for annual periods beginning on or after 1 February 2010.

- IFRS 9 Financial Instruments: Classification and Measurement effective for annual periods beginning on or after 1 January 2013.
- IFRIC 14 Prepayments of a minimum funding requirement (Amendment) effective for annual periods beginning on or after 1 January 2011.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments effective for annual periods beginning on or after 1 July 2010.
- Improvements to IFRSs (issued in May 2010) effective for annual periods beginning on or after either 1 July 2010 or 1 January 2011

In the opinion of management, the adoption of the above standards and interpretations will not have a material impact on the financial position or performance of the Authority.

2.3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Authority's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of

assets and liabilities within the next financial year are discussed below.

Impairment of account receivables

An estimate of the collectible amount from account receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross amounts from account receivables were AED 754,517,221 (2009: AED 472,260,606), and there was no provision for impairment (2009: AED Nil). Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the statement of comprehensive income.

Impairment of property and equipment

Management determines whether there are any indications of impairment in the carrying values of property and equipment on an annual basis because of the difference between the duration of contracted cash flows and accounting depreciation of assets. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Authority to make an estimate of the expected future cash flows from the cash generating units and also choose a suitable discount rate in order to calculate the present value of those cash flows. The net carrying amount of property and equipment at 31 December 2010 was AED 177,875,053 (2009: AED 77,391,174).

Useful lives of property and equipment

The Authority's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

2.4. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

License fees

License fees are recognised on a yearly basis when the license is granted, which is usually the agreement date.

Spectrum fees

Spectrum fees are recognised on time allocation basis when the basis for these fees can be measured reliably, in accordance with the relevant agreements, and it is probable that the economic benefits associated with such fees will flow to the Authority.

Numbering fees

Numbering fees are recognised on allotment of numbers.

ICT funds contribution

Contributions from licensees are recognised on a yearly basis, based on 1% of current year gross revenue of telecom operators.

Sale of Domain name

Domain name fees are recognised on time allocation basis when the basis for these fees can be measured reliably, in accordance with the relevant agreements,





and it is probable that the economic benefits associated with such fees will flow to the Authority.

Application fees

Application fees are recognised when the application is received.

Registration fees

Registration fees are recognised on time allocation basis when the basis for these fees can be measured reliably, in accordance with the relevant agreements, and it is probable that the economic benefits associated with such fees will flow to the Authority.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	over 5 years
Computer hardware	over 3 years
Furniture and fixtures	over 5 years
Office equipment	over 4 years
Frequency monitoring equipment	over 5 years
Vehicles	over 4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment, that is accounted for separately, is capitalised and the carrying amount

of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

Capital work in progress

Capital work in progress is included in property and equipment at cost, on the basis of the percentage completed at the statement of financial position date. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Authority's policies when construction of the asset is completed and the asset commissioned.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated income statement in the year in which the expenditure is incurred.

Amortisation is calculated on a straight line basis over the useful life of the asset (3 years) and in case of licenses that have an annual validity; amortisation is calculated on a straight line basis over one year from the date of acquisition.

The amortisation period and the amortisation method for an intangible asset with a finite useful

life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Employees' end of service benefits

The Authority provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length

of service. The provision for end-of-service benefit for expatriate employees is made in accordance with the Authority's Human Resources policies, which is more favourable than UAE Labour Law. For UAE national staff, the Authority makes a contribution to the UAE Federal Pension Scheme as per the rules of the Scheme.

Impairment of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. For assets carried at cost, impairment is determined as the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash, bank balances and short term deposits with an original maturity of three months or less.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Authority has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.





Government grants

Land granted by the government is recognised at nominal value where there is reasonable assurance that the land will be received and the Authority will comply with any attached conditions, where applicable.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Authority as a lessee

Finance leases, which transfer to the Authority substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Authority will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Authority as a lessor

Leases where the Authority does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Foreign currencies

Transactions in foreign currencies are recorded at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

Financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, due from related parties and receivables. Financial liabilities consist of bank overdraft, accounts payable and due to related parties.

Fair values of financial instruments are based on estimated fair values using methods such as net present values of future cash flows.



3. LICENSES AND AUTHORIZATIONS

	2010 AED	2009 AED
Spectrum and other license fees	234,620,593	229,910,345
Numbering fees	83,432,256	127,669,182
Sale of domain names	7,973,764	4,487,580
License fee	2,632,774	2,077,591
Application fee	1,631,539	1,216,665
Registration fee	1,079,255	398,871
Fines and penalties	-	900,000
	331,370,181	366,660,234

4. PROPERTY, PLANT AND EQUIPMENT

2010

2010	Leasehold improvements AED	Computer hardware AED	Furniture and fixtures AED	Office equipment AED	Frequency monitoring equipment AED	Vehicles AED	Capital work-in progress AED	Total AED
Cost:								
At 1 January 2010	6,739,389	13,597,406	4,362,213	3,383,392	7,868,685	390,850	56,161,944	92,503,879
Additions	-	2,593,183	9,200	44,765	10,237,886	78,000	97,322,801	110,285,835
Disposals	-	-	-	-	(257,390)	(72,150)	-	(329,540)
Write-offs	-	(98,172)	-	-	-	-	-	(98,172)
At 31 December 2010	6,739,389	16,092,417	4,371,413	3,428,157	17,849,181	396,700	153,484,745	202,362,002
Depreciation:								
At 1 January 2010	3,040,546	6,687,320	1,762,451	1,074,917	2,362,775	184,696	-	15,112,705
Depreciation charge for the year	1,199,499	4,351,251	866,419	807,472	2,226,100	94,301	-	9,545,042
Disposals	-	-	-	-	(98,648)	(72,150)	-	(170,798)
At 31 December 2010	4,240,045	11,038,571	2,628,870	1,882,389	4,490,227	206,847	-	24,486,949
Net carrying amount At 31 December 2010	2,499,344	5,053,846	1,742,543	1,545,768	13,358,954	189,853	153,484,745	177,875,053

2009

2009	Leasehold improvements AED	Computer hardware AED	Furniture and fixtures AED	Office equipment AED	Frequency monitoring equipment AED	Vehicles AED	Capital work-in progress AED	Total AED
Cost:								
At 1 January 2009	5,804,044	9,473,608	3,413,064	2,220,284	7,443,822	278,350	11,925,086	40,558,258
Additions	1,036,525	4,123,798	953,649	1,163,108	424,863	112,500	44,236,858	52,051,301
Disposals	(101,180)	-	(4,500)	-	-	-	-	(105,680)
At 31 December 2009	6,739,389	13,597,406	4,362,213	3,383,392	7,868,685	390,850	56,161,944	92,503,879
Depreciation:								
At 1 January 2009	1,857,787	3,674,040	974,556	485,822	746,552	114,396	-	7,853,153
Depreciation charge for the year	1,208,756	3,013,280	787,970	589,095	1,616,223	70,300	-	7,285,624
Disposals	(25,997)	-	(75)	-	-	-	-	(26,072)
At 31 December 2009	3,040,545	6,687,320	1,762,451	1,074,917	2,362,775	184,696	-	15,112,705
Net carrying amount At 31 December 2009	3,698,843	6,910,086	2,599,762	2,308,475	5,505,910	206,154	56,161,944	77,391,174



5. INTANGIBLE ASSETS

Intangible assets represent software.

	AED
Cost:	
At 1 January 2009	9,060,993
Additions	5,545,560
At 31 December 2009	14,606,553
Additions	9,121,290
Written off during the year	(1,216,564)
At 31 December 2010	22,511,279
Amortisation:	
At 1 January 2009	3,950,856
Charge for the year	2,805,061
At 31 December 2009	6,755,917
Charge for the year	5,269,727
Written off during the year	(297,252)
At 31 December 2010	11,728,392
Net carrying amount	
At 31 December 2010	10,782,887
At 31 December 2009	7,850,636

6. TRADE AND OTHER RECEIVABLES

	2010 AED	2009 AED	2008 AED
Trade receivables	754,517,221	472,260,606	449,065,545
Other receivables	24,185,020	12,452,341	5,074,363
	778,702,241	484,712,947	454,139,908

As at 31 December, the ageing of unimpaired trade receivables is as follows:

	Total AED	Neither past due nor impaired AED	30 - 60 days AED	61 days & above AED
2010	754,517,221	383,989,820	2,661,733	367,865,668
2009	472,260,606	472,260,606	-	-

As at 31 December 2010, there were no impaired trade receivables (2009: AED Nil). Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Authority to obtain collateral over receivables and therefore, the majority of receivables are unsecured.

7. BANK BALANCES AND CASH

	2010 AED	2009 AED
Cash in hand	33,259	33,259
Bank balances	55,090,016	273,720,860
Short term deposits	810,000,000	406,732,500
	865,123,275	680,486,619

Short term deposits represents fixed term deposits with maturity between 3 and 12 months and were placed with local banks in the UAE. The deposits earn annual interest in the range of 1.55% to 4.90% (2009: 5.00% to 6.25%).

8. ACCUMULATED SURPLUS

Included in accumulated surplus of AED 1,727,891,550 is an amount of AED 1,493,482,138 which is attributable to the ICT fund (note 15). The Authority ensures that surplus attributable to the ICT fund is available exclusively for meeting the objectives of the fund.

9. EMPLOYEES' END OF SERVICE BENEFITS

	2010 AED	2009 AED
At 1 January	2,145,169	1,228,485
Provided during the year	1,046,327	1,047,760
Paid during the year	(312,992)	(131,076)

At 31 December	2,878,504	2,145,169
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10. TRADE AND OTHER PAYABLES

	2010 AED	2009 AED
Trade payables	87,596,675	48,282,020
Accrued liabilities	20,897,863	19,606,632
Customer advances	9,466,058	9,049,506

	117,960,596	76,938,158
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11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Authority's financial liabilities are trade payables and retentions.

The Authority has various financial assets such as trade and other receivables, cash and cash equivalents and deposits which arise directly from its operations.

The Authority does not enter into or trade in financial instruments or investment in securities, including derivative financial instruments, for speculative or risk management purposes.

The main risks arising from the Authority's financial instruments are credit risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Authority, and arises principally from the Authority's trade and other receivables and bank and deposit balances. The Authority's receivables mainly include amounts due from Emirates Telecommunications Company (Etisalat) and Emirates Integrated Telecommunications Company (Du). The Authority's management does not consider this significant concentration to be a credit risk. Balances with bank were assessed to have low credit risk. The amount that best represents its maximum credit risk exposure at the statement of comprehensive financial date, in the event counter

parties fail to perform their obligations under financial instruments generally approximates their carrying value. Trade and other receivables and balances with banks are not secured by any collateral.

Liquidity risk

The Authority monitors its risk to a shortage of funds considering the maturity of both its financial assets (e.g. trade and other receivables, deposits, cash and cash equivalents) and projected cash flows from operations.

The table below summarises the maturity profile of the Authority's financial liabilities at 31 December 2010 and 2009 based on contractual undiscounted payments.

	Less than 3 months AED	1 to 5 years AED	Total AED
31 December 2010			
Trade payables	87,596,675	-	87,596,675
Retentions	-	13,021,811	13,021,811
Total	87,596,675	13,021,811	100,618,486

31 December 2009			
Trade payables	48,282,020	-	48,282,020
Retentions	-	4,614,680	4,614,680
Total	48,282,020	4,614,680	52,896,700

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority does not have any interest bearing liability and its interest bearing assets have fixed interest rates, therefore it is not exposed to interest rate risk.

Fair values

The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position date.

12. RELATED PARTY TRANSACTIONS

Related parties represent directors and key management personnel of the Authority, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Authority's management.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2010 AED	2009 AED
Short-term benefits	9,040,588	6,014,406
Employees' end of service benefits	46,122	8,183
Post employment benefits	516,416	391,826
Balance as at 31 December	9,603,126	6,414,415
Number of employees	12	11

13. COMMITMENTS

Capital expenditure commitments

The authorised capital expenditure contracted for at the statement of financial position date but not incurred amounts to approximately AED 69.5 million (2009: AED 61.9 million).

Operating lease commitments

Future minimum rentals payable under non –cancellable operating leases as at 31 December are as follows:

	2010 AED	2009 AED
Payable within 1 year	12,530,555	11,451,222
Payable after 1 year but not later than 5 years	-	12,530,555
	12,530,555	23,981,777

14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Basis of preparation of IFRS financial statements

For all periods up to and including 31 December 2009, the Authority prepared its financial statements in accordance with a set of accounting policies as approved by the Board of Directors ("Previous GAAP") which were not in full compliance with IFRS. Therefore, financial statements for the year ended 31 December 2010 are the first financial statements the Authority has prepared in accordance with IFRS.

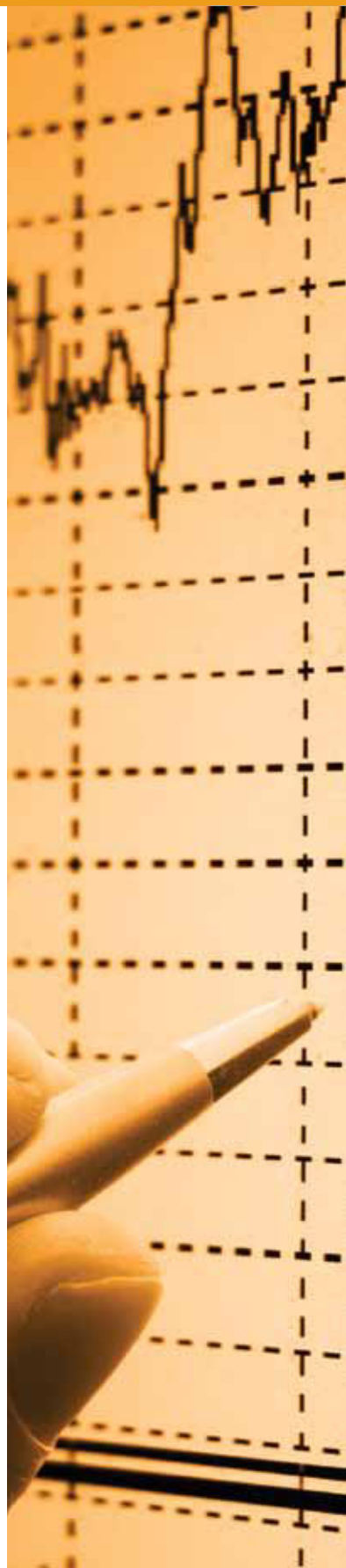
The Authority has prepared financial statements which comply with IFRS applicable for periods beginning on or before 1 January 2010 as described in the accounting policies. In preparing these financial statements the Authority's opening statement of financial position was prepared as at 1 January 2009, the Authority's date of transition to IFRS. This note explains the principal adjustments made by the Authority in restating its previous GAAP statement of financial position as at 1 January 2009 and its previous GAAP financial statements for the year ended 31 December 2009.



Authority's reconciliation of equity as at 1 January 2009 (date of transition)

	Previous GAAP 2008 AED	Remeasurement AED	IFRS Total 2008 AED
ASSETS			
Non-current assets			
Property and equipment	32,705,105	-	32,705,105
Intangible assets	5,110,137	-	5,110,137
Advances to suppliers	24,770,127	-	24,770,127
	62,585,369	-	62,585,369
Current assets			
Trade and other receivables	137,610,018	316,529,890	454,139,908
Prepayments	6,651,539	-	6,651,539
Bank balances and cash	415,193,249	-	415,193,249
	559,454,806	316,529,890	875,984,696
TOTAL ASSETS	622,040,175	316,529,890	938,570,065

	Previous GAAP 2008 AED	Remeasurement AED	IFRS Total 2008 AED
EQUITIES AND LIABILITIES			
Equity			
Accumulated surplus	549,653,126	297,538,381	847,191,507
Non-current liabilities			
Employees' end-of-service benefits	1,228,485	-	1,228,485
Deferred revenue	-	1,145,460	1,145,460
Retentions	1,164,178	-	1,164,178
	2,392,663	1,145,460	3,538,123
Current liabilities			
Deferred revenue	-	17,846,049	17,846,049
Trade and other payables	69,994,386	-	69,994,386
	69,994,386	17,846,049	87,840,435
Total liabilities	72,387,049	18,991,509	91,378,558
TOTAL EQUITY AND LIABILITIES	622,040,175	316,529,890	938,570,065





Authority's reconciliation of equity as at 31 December 2009

	Previous GAAP 2009 AED	Remeasurement AED	IFRS Total 2009 AED
ASSETS			
Non-current assets			
Property and equipment	77,391,174	-	77,391,174
Intangible assets	7,850,636	-	7,850,636
Advances to suppliers	67,000,881	-	67,000,881
	152,242,691	-	152,242,691
Current assets			
Trade and other receivables	78,966,980	405,745,967	484,712,947
Prepayments	13,561,001	-	13,561,001
Bank balances and cash	680,486,619	-	680,486,619
	773,014,600	405,745,967	1,178,760,567
TOTAL ASSETS	925,257,291	405,745,967	1,331,003,258

	Previous GAAP 2009 AED	Remeasurement AED	IFRS Total 2009 AED
EQUITIES AND LIABILITIES			
Equity			
Accumulated surplus	841,559,284	378,505,956	1,220,065,240
Non-current liabilities			
Employees' end-of-service benefits	2,145,169	-	2,145,169
Deferred revenue	-	3,558,426	3,558,426
Retentions	4,614,680	-	4,614,680
	6,759,849	3,558,426	10,318,275
Current liabilities			
Deferred revenue	-	23,681,585	23,681,585
Trade and other payables	76,938,158	-	76,938,158
	76,938,158	23,681,585	100,619,743
Total liabilities	83,698,007	27,240,011	110,938,018
TOTAL EQUITY AND LIABILITIES	925,257,291	405,745,967	1,331,003,258



Authority's reconciliation of statement of comprehensive income
for the year ended 31 December 2009

	Previous GAAP 2009 AED	Remeasurement AED	IFRS Total 2009 AED
INCOME			
Licenses and authorizations	374,908,736	(8,248,502)	366,660,234
ICT Fund's contribution from licensees	316,529,888	89,216,078	405,745,966
Interest income	32,187,415	-	32,187,415
Other income	20,744	-	20,744
	723,646,784	80,967,576	804,614,359
EXPENSES			
Staff cost	82,117,247	-	82,117,247
Scholarships/ICT fund expenses	32,420,168	-	32,420,168
Sponsorship, advertisement and exhibition expenses	45,392,291	-	45,392,291
Consultancy fees	25,644,904	-	25,644,904
Rent	11,036,247	-	11,036,247
Depreciation and amortization	10,090,685	-	10,090,685
Training, seminars and publications	9,505,914	-	9,505,914
Other expenses	15,533,170	-	15,533,170
	231,740,626	-	231,740,626

SURPLUS FOR THE YEAR	491,906,158	80,967,576	572,873,733
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	491,906,158	80,967,576	572,873,733

Authority's reconciliation of statement of cash flow
for the year ended 31 December 2009

	Previous GAAP 2009 AED	Remeasurement AED	IFRS Total 2009 AED
OPERATING ACTIVITIES			
Surplus for the year	491,906,158	80,967,575	572,873,733
Adjustments for:			
Depreciation and amortization	10,090,685	-	10,090,685
Employees' end of service benefits charge	1,047,760	-	1,047,760
Loss on disposal of property and equipment	39,106	-	39,106
Interest income	(32,187,415)	-	(32,187,415)
	470,896,294	80,967,575	551,863,869
Working capital changes:			
Trade and other receivables and prepayments	51,733,577	(89,216,078)	(37,482,501)
Trade and other payables	6,943,772	-	6,943,772
Deferred revenue	-	8,248,502	8,248,502
Cash from operations	529,573,643	-	529,573,642
Employees' end of service benefits paid	(131,076)	-	(131,076)
Net cash flows from operating activities	529,442,567	-	529,442,566

Authority's reconciliation of statement of cash flow
for the year ended 31 December 2009

	Previous GAAP 2009 AED	Remeasurement AED	IFRS Total 2009 AED
INVESTING ACTIVITIES			
Purchase of property and equipment and intangible assets	(57,596,861)	-	(57,596,861)
Proceeds from disposal of property and equipment	40,502	-	40,502
Retentions	3,450,502	-	3,450,502
Advances to suppliers	(42,230,754)	-	(42,230,754)
Interest received	32,187,415	-	32,187,415
Short term deposits	(406,732,500)	-	(406,732,500)
Net cash flow used in investment activities	(470,881,697)	-	(470,881,697)
FINANCING ACTIVITIES			
Payments to the Ministry of Finance	(200,000,000)	-	(200,000,000)
Net cash used in financing activities	(200,000,000)	-	(200,000,000)
DECREASE IN CASH AND CASH EQUIVALENTS	(141,439,130)	-	(141,439,130)
Cash and cash equivalents at 1 January	415,193,249	-	415,193,249
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	273,754,119	-	273,754,119



Principal differences between the Authority's previous accounting policies and IFRS

The significant differences between the Authority's previous accounting policies and IFRS impacting the results and net assets of the Authority are described below. These differences affect the 2009 and 2008 comparative information and, unless otherwise stated, have been applied retrospectively in arriving at the statement of financial position as at 1 January 2009 under IFRS.

Spectrum fee

IAS 18 Revenue states that revenue under rendering of services shall be recognised by reference to the stage of completion of transaction at the end of reporting period. Under the previous accounting policies the Authority recognised revenue on the date of the invoice. Based on the requirements of IAS 18 the Authority now recognises revenue on spectrum fees, domain name sale, application fee and registration fee on time allocation basis.

ICT fund

The Authority recognises revenue on ICT fund as 1% of current annual gross revenue of telecom operators. Previously, the Authority recognised revenue on previous year's revenue of telecom operators. In 2010, the Authority has adopted IFRS and revenue is recognised as 1% of the current year's gross revenue of telecom operators.

The impact of the first-time adoption of IFRS on the comparative financial statements has been as follows:

- Increase in trade and other receivables, and deferred revenue by AED 316,529,890 and AED 18,991,509 respectively, in the 2008 statement of financial position.
- Increase in trade and other receivables and deferred revenue by AED 405,745,967 and AED 27,240,011 respectively, in the 2009 statement of financial position.
- Reduction in licenses and authorizations income by AED 8,248,502, increase in ICT Fund's contribution from licensees income by AED 89,216,078, and increase in surplus for the year by AED 80,967,576, in the 2009 statement of comprehensive income.

15. INFORMATION AND COMMUNICATION TECHNOLOGY FUND (ICT FUND)

The Supreme Committee for Supervision on Communication Sector in their decision number 1 of 2005 has setup an Information and Communication Technology Fund (the "ICT fund") for the promotion of telecom research in the country. The fund is funded by 1% annual gross revenue of telecom operators i.e. Emirates Telecommunications Corporation (Etisalat) and Emirates Integrated Telecommunications Company (Du). The following are the financial details of the fund in the books of the Authority:

	2010 AED	2009 AED
ICT revenue	395,065,820	405,745,966
Interest Pertaining to ICT Fund	26,676,272	22,224,332
ICT expenses	50,795,106	32,420,168

ICT surplus	370,946,986	395,550,130
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ICT receivable	756,354,589	414,675,760
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The movement of accumulated surplus pertaining to the ICT fund is as follows:

	2010 AED	2009 AED
Balance at 1 January	1,122,535,152	726,985,022
Surplus for the year	370,946,986	395,550,130

Balance at 31 December	1,493,482,138	1,122,535,152
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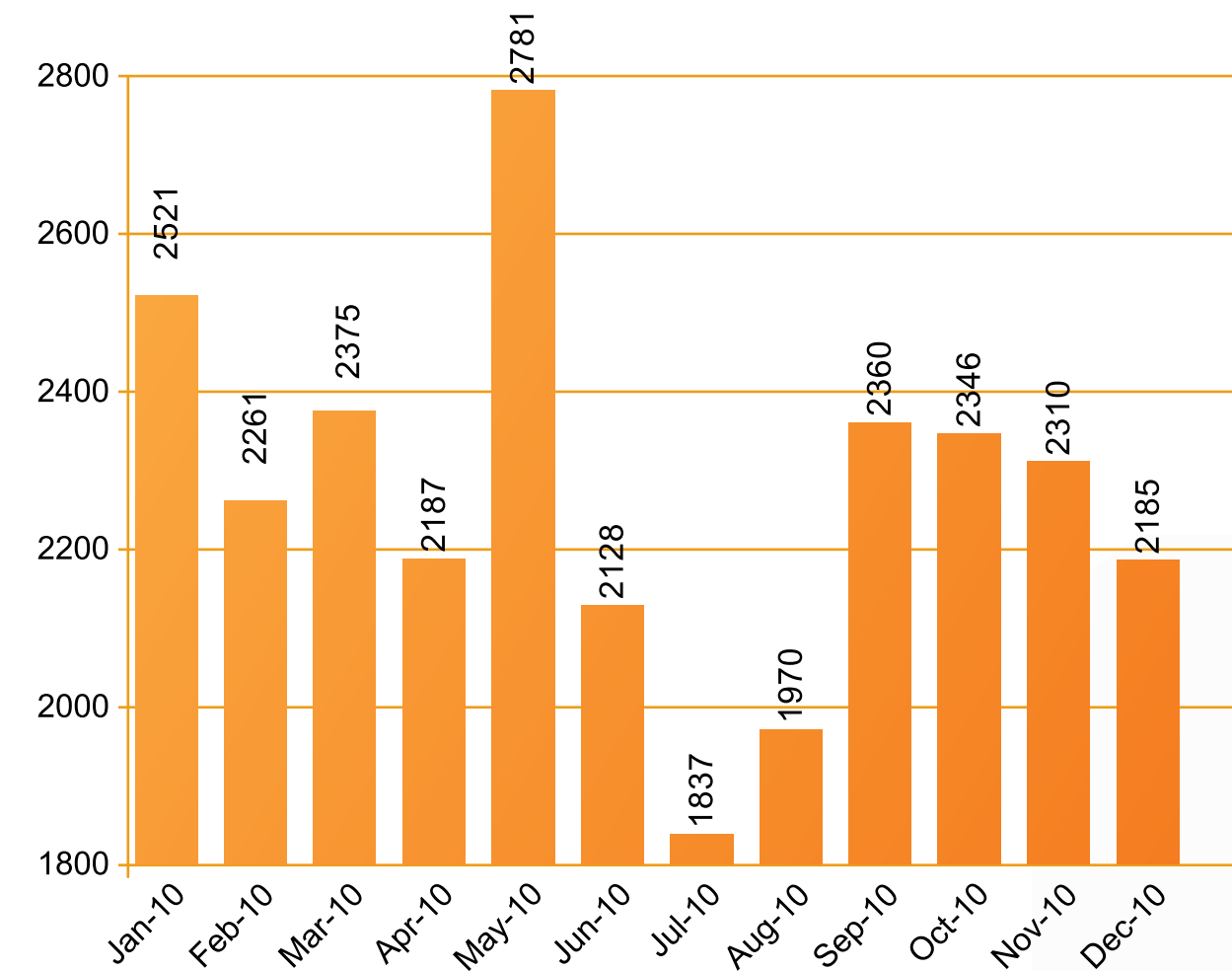
Included in ICT expenses for the year are ICT fund grants and scholarship expenditures amounting to AED 50,096,057 (2009: AED 32,420,168), and ICT staff costs amounting to AED 699,049 (2009: AED nil).

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Total Registrations Scorecard
December-2010

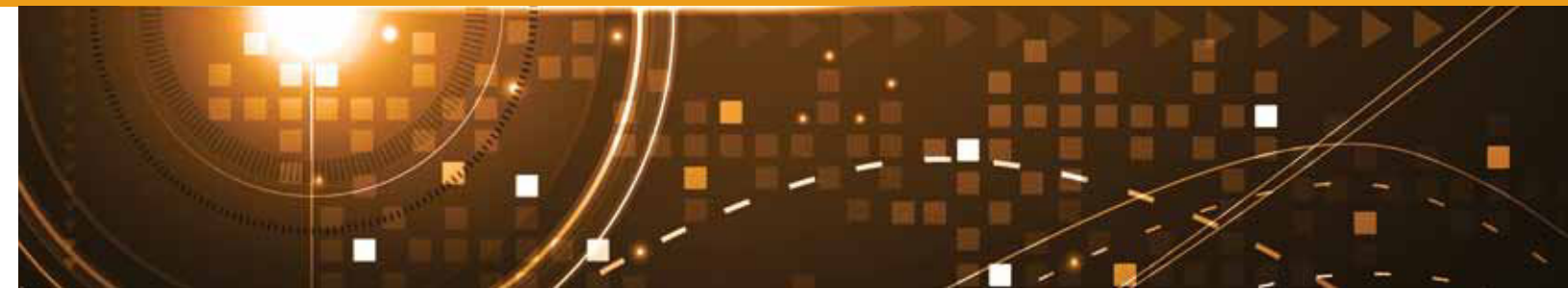
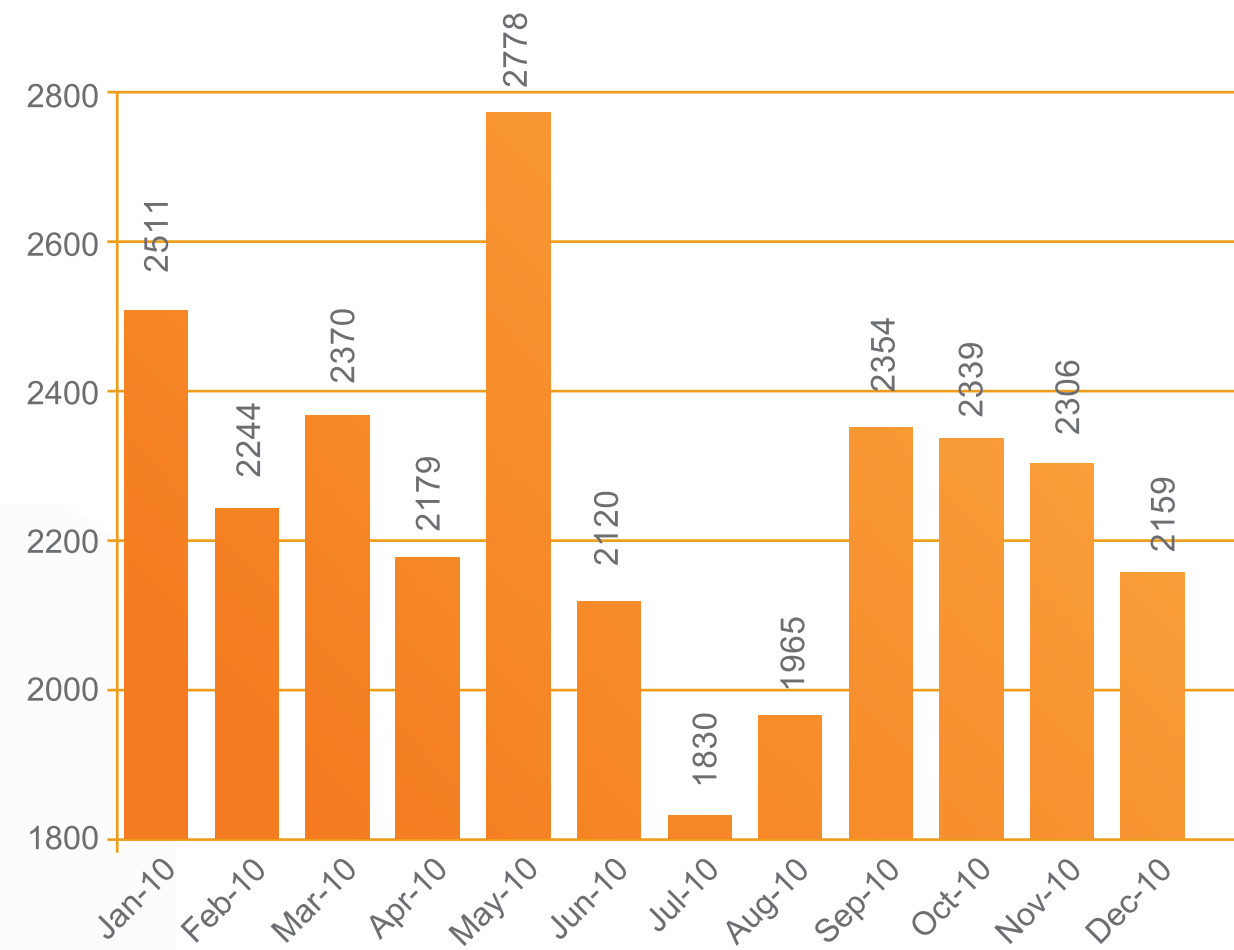


Total

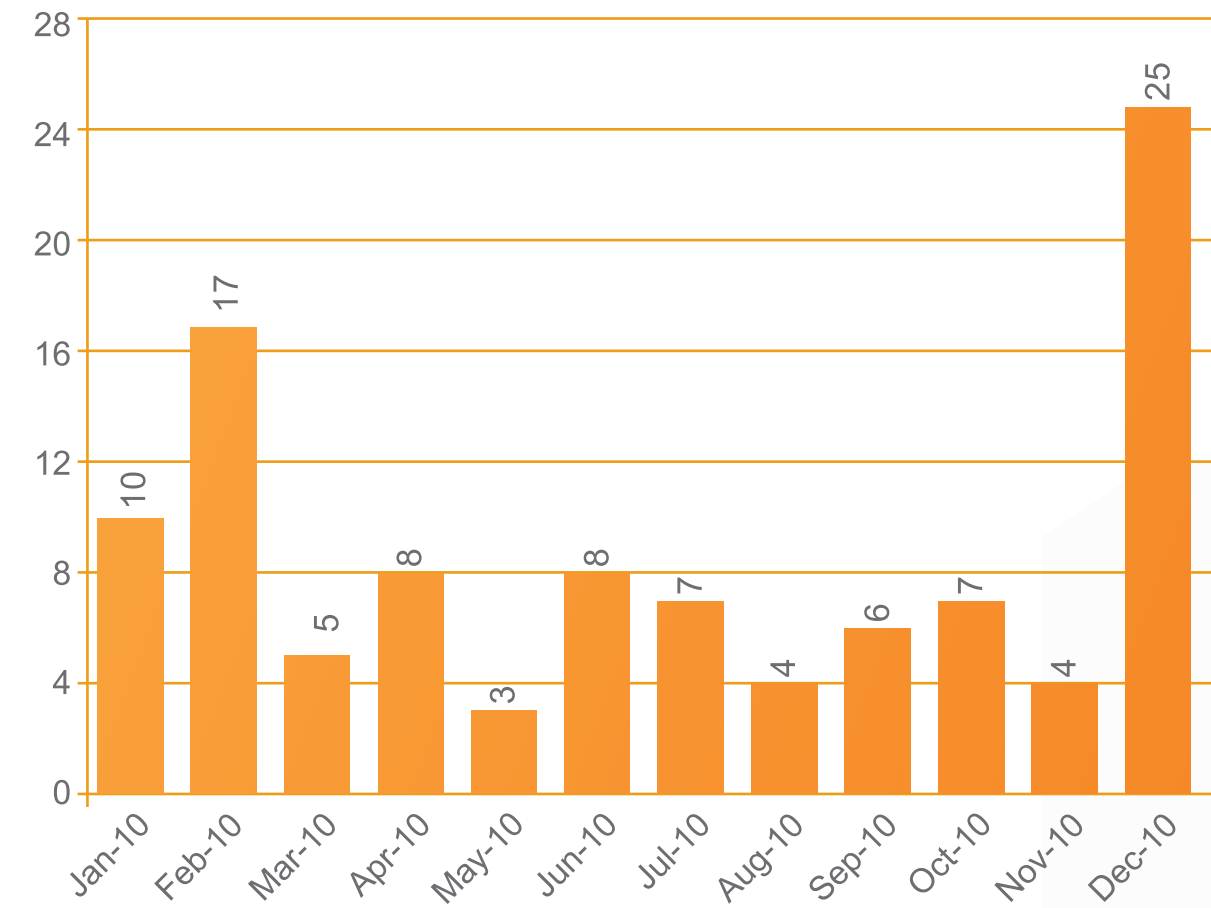




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