



ANNUAL REPORT 2011

Our Vision

An optimal enabling environment in which the UAE's ICT sector will emerge as a leader in the global market place.

Our Mission

To support the UAE's ICT sector by safeguarding competition, to protect the interests of subscribers, to enhance the readiness of e-services, to encourage investment, innovation, development and education, to meet our corporate social responsibility, and to implement best practices in regulation and supervision.

Our Values

- Transparency
- Fairness
- Team Spirit
- Loyalty and Belonging
- Excellence Culture
- Governance



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Chairman's Message



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

Message for TRA Annual Report 2011

A year passes and a new year starts, but achievements, efforts, and excellence continue. This is our commitment in the General Authority for Regulating the Telecommunications Sector (TRA). Hence, 2011 was a remarkable year for the TRA, where remarkable progress was made in initiatives, businesses, and activities at the national and international levels, and where consistent development was made in various organizational and service areas which included the support of the electronic world and digital community. This development also contributes in achieving a high level of e-Transformation in government services, which is one of the most important basic principles to reach an economy based on knowledge that we seek to achieve while living up to our wise leadership directives towards achieving UAE vision 2021.

We are pleased to present to you the TRA Annual Report 2011 which displays the most important initiatives and achievements of the TRA during the last year. At the same time, we reaffirm the commitment to move forward to maintain a high level of success in initiatives and services at all times.

Global indicators in the area of e-Government 2011 have shown the remarkable accomplishment achieved by the TRA in cooperation with other government entities. This led the UAE to advance to the 7th rank globally in the e-Services indicator, and the 6th rank in e-Participation according to UN reports in this area. The inauguration of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, to the UAE e-Government Portal in 2011 was a great honor for the TRA's management and supervision to achieve this essential transition in government e-services through the UAE government portal which has made it easier for individuals to access, interact and receive federal and local government services through one portal. This inauguration has realized the concept of open data, which is only applied in a handful of developed countries.

As for the TRA's role in maintaining competition and developing the ICT Sector in the UAE to emerge as a leader in the global market place, its role has continued consolidating the UAE's position in the ICT Sector effectively and efficiently, where global indicators in telecommunications for 2011 have shown the UAE ranked as first worldwide in terms of mobile networks coverage and penetration. In addition, the UAE was ranked 13th internationally in terms of Internet upload speed, and 15th in terms of download speed. Various broadband technologies were launched (HSPA+ and LTE) over mobile networks for licensees with speeds up to 100 Mbps, while the number of broadband Internet subscribers in UAE rose to nearly 1 million subscribers by end of 2011, 600,000 of which are fiber-optic network subscribers. Furthermore, mobile operators maintained a low percentage of dropped calls, which has not exceeded 0.7% in the past 3 years, one of the world's best ratios in this area.

The TRA has also taken the initiative to establish the Internet Exchange Center of the UAE (UAEIX), which was launched with the technical support and hosting of Emirates Integrated Telecommunications Company 'du'. This project is considered one of the strategic projects that support the Internet infrastructure in the region. UAEIX rapidly links users together, which include Internet service providers, content providers, and telecommunications operators. UAEIX, which has started providing services, contributes in developing the effectiveness, efficiency, and continuity of Internet services and information exchange, including finding new and fast paths for the Internet so that Internet traffic remains internal between the different entities and sectors in the UAE. Information is exchanged directly between these entities within the UAE, increasing Internet performance and reducing its vulnerability in the event of interruptions in main Internet cables in the region. UAEIX also promotes the role of the UAE in attracting Internet content and the development of various sectors of the Internet.

As for TRA's victory in hosting the ITU Telecom World 2012, it is a new international milestone added to a series of different global indicators that show global confidence in the UAE's progress in various fields, including digital and communication arenas and legal instruments to regulate this essential sector. The year 2011 has witnessed numerous awards: global and regional certificates obtained by the TRA as the Best Regulatory Body by 'Comms MEA' Magazine, Award of the Year in Social Networking, Technical Innovation Award at the e-Government Web Awards, Business Continuity Management Systems Certification (BS 25999), Certified Information Security Management System (ISO 27001) for aeCERT, as well as other awards and global certificates that witness the leadership of the TRA and underline the level of work development and efforts involved.

In 2011, the TRA granted a new license for satellite services and another license for broadcast television satellite signals, and dealt with over 12,864 requests relating to spectrum services including new applications, renewals, and cancellations. The TRA has also issued, revised, and updated more than thirteen legislative regulatory instruments in the telecommunications sector. Several new mechanisms and methods were developed and implemented to follow-up and monitor the commitment of licensees to regulatory frameworks of their licenses. Moreover, the concerned departments of the TRA dealt with several issues relating to price transparency, competition, marketing and communication.

At the internal development and infrastructure level, in 2011 the TRA completed the project of its new buildings in Abu Dhabi and Dubai, characterized by the green color which embodies the environment and commitment to the highest standards and international specifications in energy efficiency and environmental sustainability. These buildings have 40% higher environmental efficiency than other buildings, reflecting TRA's keenness to environmental sustainability and being a pioneer in this area.

The development witnessed by the TRA in the previous year included various aspects of work beyond infrastructure, such as the development of business systems, including the launch of a new system of spectrum management in the UAE, which is the first of its kind in the Middle East, and the second most powerful system in spectrum management, including e-services in this field.

In terms of international and regional cooperation, the TRA's participation in relevant international forums and organizations, such as the ITU and its committees, was distinguished, effective, and compliant with achieving the interests of the UAE. One of these examples is the TRA's adoption of a global initiative represented by establishing the ICT Museum, which was inaugurated in Geneva in October 2011. The year 2011 also witnessed the UAE's hosting of the 22nd Meeting of ICT Ministers in GCC countries, in which the transition from Internet Protocol version 4 (IPv4) to version 6 (IPv6) was approved. The meeting also adopted the foundations for the transition from analog to digital television broadcasting.

Various customer categories, which are considered to be the heart of the service and development operations in the TRA, received substantial attention, and their needs were identified and complaints dealt with. Accordingly, the TRA carried out a large number of online customer surveys to get to know their views and how to provide better services to them. Forums were also launched, such as the NGN Forum, aimed at accelerating the process of turning the telecommunications sector in the UAE towards next-generation networks.

In conclusion, I would like to say that we are moving towards excellence and charted by the wise leadership of our country, who gave us unlimited support here at the General Authority for Regulating the Telecommunications Sector, which is the major factor to our success and global ranking. As promised, we will keep moving forward driven by the creative vision set out by our great leadership to serve our country and be among the top at all times.

It also gives me pleasure to express my appreciation and pride in the Board of Directors, general management, and all TRA staff, who have continued their efforts and achieved these successes.

With kind regards,

Mohamad Ahmad Al-Qamzi
Chairman

Director General's Message



H.E. Mohamed Nasser Al Ghanim
Director General of TRA

First of all, I must sincerely thank the wise leadership of the UAE under which we strive to adhere to the highest quality standards in the regulation of the telecommunications sector in the UAE. I must also thank the President and members of the Board of Directors for their fruitful efforts in making 2011 a successful year by all standards. Last but not least, my thanks goes to all staff in the TRA, and all of our partners without them whom we would not have been able to achieve this success, nor reach our desired goals in the UAE and globally.

Year after year, the TRA continues to accomplish great achievements in the ICT sector of the UAE, and we gradually realize the significant contribution in promoting the UAE's leading Arab standing in this sector, and establishing itself as a global destination and a leading platform for economic activities, trade and tourism.

In parallel with many achievements in 2011, we continue to work to develop the ICT sector in the UAE to be able to adapt to rapid advancements taking place in the world as a result of the ever-changing nature of technology. We do not only aim to build a firm technical and information infrastructure in the UAE, but also seek to create a world-class sector which enjoys competitiveness, high potential and flexibility which guarantee the achievement of our leaders' strategy in establishing a role model for the UAE.

From the belief that we have a responsibility to interact with the society for the good of its individuals and all segments, we give utmost importance to social responsibility programs carried or supported by the TRA. One such example is the "Echo of Silence", an initiative of the Ministry of Social Affairs represented by Social Responsibility Fund and in cooperation with the TRA, which aims to enable individuals with hearing and speech disability to communicate with the rest of the society in an effort to integrate them within society, make them feel equal, and promote their self-confidence, self-development, and communicative skills.

Social responsibility programs also included organizing several educational events about cyber security in schools to raise the awareness amongst the younger generation on how to avoid cyber attacks in this world of rapid development of information technologies and cyber crime tools. In addition to that, the TRA implemented a number of activities related to caring about patients with thalassemia, the elderly, and the disadvantaged community groups.

I am also pleased to note the active participation of the TRA in the events of GITEX Technology Week, which was held at the Dubai International Convention and Exhibition Center in October 2011, with the participation of more than 3,500 international and local companies, and over 136,000 experts and professionals working in the ICT sector. The TRA, in conjunction with the events of GITEX 2011, signed MoUs with several local and international entities.

It is also worth mentioning that the TRA sees broadband as being an important element in attracting investments to the UAE. Hence, we organized the 2nd Middle East Spectrum Conference in collaboration with the Policy Tracker Corporation, during March 2011, which was attended by 110 delegates from 27 countries representing Emirati, Arab, and international corporations.

We also give cyber security great importance, since security and stability of our citizens and residents is one of our top priorities, and creating a safer cyber environment in the UAE is one of our strategic goals. Consequently, the TRA, represented by aeCERT, participated in a number of events such as the Regional Collaboration in Infrastructure Protection Conference, the 2nd Conference on Technology Management, and various events during GITEX Technology Week 2011. The TRA also sponsored the Security Strategist 2011 Conference, hosted the OIC-CERT Annual Meeting, and organized the 4th International Conference on Cyber Crimes.

The leading position of the telecommunications sector in the UAE can only be achieved through coordination and communication with our brothers in the GCC, and in line with our constant readiness to share our experiences and our knowledge with them. As such, the UAE has hosted the Telecommunications, Information Technology and Post GCC Ministers at the Emirates Palace in Abu Dhabi in June 2011. The meeting was attended by Ministers of Telecommunications of the GCC, as well as a number of high-level officials and other stakeholders within the sector. The meeting primarily addressed issues related to the decision of the Supreme Council at the 30th session to promote inter-GCC investment environment, the transition from IPv4 to IPv6, in addition to foundations of the transition from analog to digital television broadcasting, and roaming charges in the GCC.

The established status of the UAE in the areas of cyber and technological leadership motivates us to further expand the level of the UAE's partnership, represented by the General Authority for Regulating the Telecommunications Sector, with many corporations and bodies operating in the field of ICT. Such has been represented in participating in the ceremony to officially inaugurate the ICT Museum in October 2011, in the presence of the ITU Secretary-General, high-level officials from the country, ministers, heads of delegations, and elected officials of the ITU. This milestone was dedicated to highlight the impact of ICT in the past, present and future of human life across the world, and the UAE is involved in it as a founding partner, stressing the influential role we play in the ICT sector in the Arab world and internationally, in terms of being one of the first countries to document the heritage of the sector, and which seeks to be part of the future world heritage in this area.

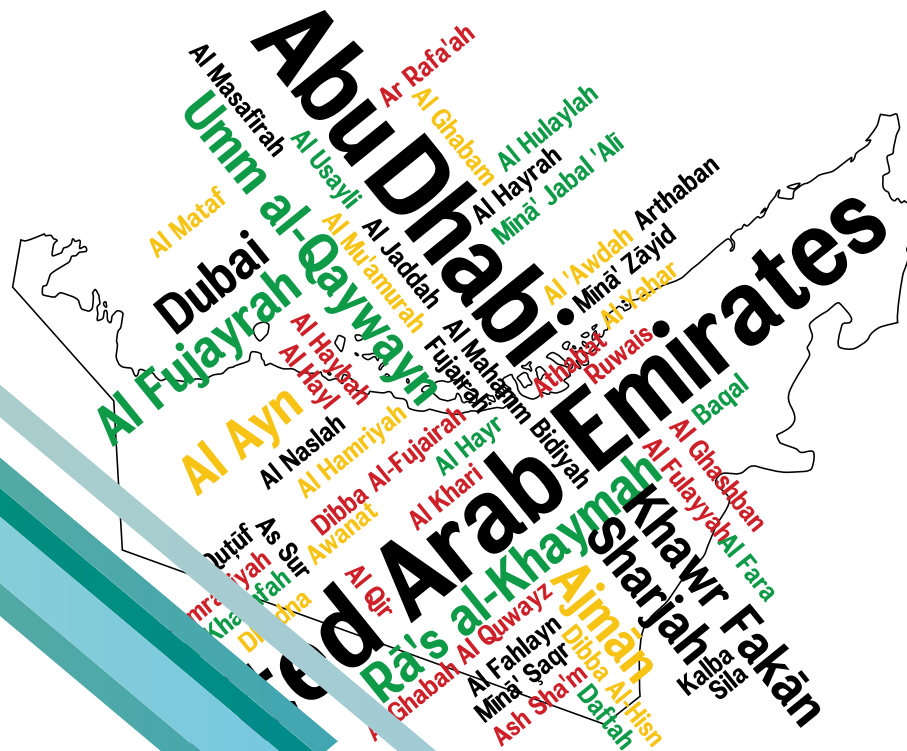
Furthermore the UAE, represented by a high-level delegation comprised of the TRA, etisalat, and du, has participated in the 2011 Exhibition and Conference of ITU in Geneva in October, under the sponsorship of "LeaderSpace", which was allocated and reserved for Heads of State, Governments, general secretaries of UN agencies, CEOs, experts and innovators involved in the conference.

The TRA was a key component in the ITU Council Meeting, which was held in Geneva in October 2011, which was attended by over 340 delegates representing 46 Member States and Member Observer States in the Council. The meeting approved the UAE's hosting of both the World Telecommunication Standardization Assembly (WTSA-12) and the World Conference on International Telecommunications (WCIT-12) to be held in late 2012, in a clear reference to the relationship established between the UAE and the global ICT community, and the progress made by the UAE in this context.

It is also worth mentioning that the national labor ratio for this year is 69.25%, an estimated 187 employees out of 270.

Finally, we have tried in this modest effort, represented in the annual report, to combine what we have achieved in the TRA in 2011, in order to promote the UAE, strengthen its position, and convey a message to the world that we are queuing up to more achievements that knows no limits.

H.E. Mohamed Nasser Al Ghanim
Director General of TRA





Overview 2011

In 2011, the UAE joined the list of countries that have an e-Government website providing services to clients through the Internet. This was a qualitative leap in the process of the e-transformation, executed by the UAE through the TRA. The TRA is implementing the directives of the UAE's wise leadership, focusing on the promotion of principles towards transparency and interaction between the government and the public. The official website (government.ae) was launched on 5th June 2011, by H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai.

Looking at the TRA's work and achievements during 2011, it is evident that the regulatory authority has witnessed success since its beginning, as the TRA, represented by the aeCERT obtained the British standard BS 25999-2:2007 certification for implementing Business Continuity Management (BCM) System. This system ensures continuity of service provision by aeCERT to its constituents. The National Computer Emergency Response Team has also created a business continuity management system framework and risk assessment framework based on BS 25999-2:2007 and ISO 27001:2005 standards. These frameworks will assist constituents in following these standards and implementing these management systems.

The TRA also launched a new spectrum management system in the UAE. The new system is the first of its kind in the Middle East, and the second most up-to-date and powerful systems in the world in the area of spectrum management. This step comes in line with the strategy of the UAE Government, which aims to shift to electronic government, and also reflects the dedication of the TRA to stay up-to-date with the latest developments in the field of telecommunications and customer service. The new system will contribute towards saving time and effort for TRA consumers who wish to obtain spectrum permits, by which they can apply online through the TRA website. Consumers need to register a username, fill out the forms prepared for this purpose, and follow-up the status of the application. The system also enables submitting applications and obtaining authorization from abroad by following the same procedures.

In line with the TRA's endeavor to incubate innovation in the ICT sector, and bring up generations that are aware of ICT technologies, the TRA board has established the ICT Fund Board of Trustees chaired by H.E. Dr. Abdulqader Al Khayat, with the following members: H.E. Dr. Khalifa H. Harib, H.E. Mr. Majed Almesmar, H.E. Dr. Mohamed Alkous, H.E. Dr. Mohammed Ebrahim Al-Mualla, H.E. Dr. Mohamed N. Alahbabi, and H.E. Dr. Sabri Al-Azazi. The Board of Trustees was mandated with implementing the strategic plan of the Fund to support incubation projects, research and development institutes, scholarships, and educational institutions.

In accordance with its strategic objective to provide the best standard of services to users in the UAE, and proceeding from the regional leading position enjoyed by the country in the ICT sector, the TRA launched the Next Generation Network (NGN)

Industry Forum in order to accelerate the transition of the telecommunications sector to NGN. The TRA's main objectives from such a transition are to encourage, promote, and develop the telecommunications and information technology industries, promote and enhance the telecommunications systems as indicated by the development and the establishment of industry-related training institutions, through the availability of the latest equipment, and by facilities provided by telecommunications technology, and finally to develop NGN framework with the involvement of the industry.

Pursuant to its goal to achieve the highest levels of services in the UAE, and proceeding from its firm belief in the importance of the opinions of users as a core factor for quality assessment, the TRA launched a series of short online consumer opinion surveys to better understand the potential take up of new services that will be introduced soon in the UAE telecommunications market.

In accordance with its policy of encouraging and maintaining competition in the Telecommunication and Information Technology sector in the UAE, in order to reach optimized services provided to users, the TRA granted a new broadcasting satellite transmission service license to MZ Intaj FZ LLC (twofour54) on 18th July 2011. The license signing ceremony took place at the TRA Head Office in Abu Dhabi. H.E. The Director General signed the license on behalf of the TRA, while Mr. Tony Orsten, CEO of twofour54 signed on behalf of MZ intaj FZ LLC. The TRA also awarded Al Maisan Satellite Communications Company (YahLive) a 10 year satellite services license for Broadcasting Satellite Transmission of Services. This license enables YahLive to transmit direct-to-home satellite television services from the UAE. YahLive's services will be available throughout the Middle East, North Africa, Southwest Asia and Europe. YahLive's dedicated European coverage will provide regional and local channels to Arab Audiences in Europe.

Continuing the work done in regards to national emergencies of the sector, the TRA discussed best practices relating to the role of the telecommunications sector during emergencies and crisis situations in a recent meeting held with UK Cabinet Office representatives. The main objective of this meeting was to develop the existing plans and capabilities of the TRA in relation to emergency management, and to benchmark best practices with the UK Cabinet Office concerning this sector.



Projects and Initiatives

The official portal of the UAE Government (government.ae)

The most important project of 2011 was the successful launch of the revamped federal portal government.ae. H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, launched the UAE federal portal in May 2011. The portal is a one-stop shop for all UAE government services and information. It reflects the leG's strategic approach towards fostering openness, promoting a bi-directional way of communication and increasing citizen participation. The new portal incorporates new eGovernment global trends and offers dedicated sections for open data and citizen participation through social media, in addition to other sections for accessing government services and information across UAE.

Boosting the UAE's rank in eGovernment development index as per the UN eGovernment Survey 2012, the UAE was ranked 28th in the eGovernment development index, up from 49th rank in the 2010 Survey. The UAE also leaped to the 7th position from 99th position in 2010 in Online Services, and to the 6th position from 86th position in 2010 in eParticipation.

The eGovernment also pioneered many other initiatives during the year which aided the development of the eGovernment program in the UAE. A few of them are listed as follows:

- **Developing a Standard Methodology to Devise IT Strategy**

In January, leG held a workshop in collaboration with Gartner Incorporation regarding IT strategy of Federal Entities. leG presented its IT strategy as well as the methodology used to develop it, and recommended the adoption of a standard framework for developing IT strategy by all Federal Government Entities.

- **Launching the 'Guidelines for Social Media Usage' Document**

In February, leG launched the 'Guidelines for Social Media Usage in UAE Government Entities' document. The guidelines document lays down useful practices and safety measures which, when adopted, could aid in achieving the entities' eParticipation goals.

- **Releasing the Results of Government Websites' Compliance Assessment**

In March, leG released the results of the assessment of UAE Federal Government websites. leG assessed the websites for their compliance with the website guidelines it developed in alignment with international standards and recommendations. The evaluation showed that most websites complied with the standards concerning web content, design and accessibility.

- **Collaborating with the United Nations (UN)**

In May, leG welcomed Richard Kerby, eGovernment representative from the Division for Public Administration and Development Management at the UN Department of Economic and Social Affairs (DPADM/UNDESA). Kerby's visit was in line with leG's collaborative initiative with the UN to enhance the UAE's eGovernment program and raise the UAE's competitiveness in the field of eGovernment.

- **Collaborating with Republic of Korea**

leG is collaborating with Republic of Korea to learn and implement its successful eGovernment projects and practices in the UAE. leG representatives met with Jongwon Yoon, Director General at National Information Society Agency, Republic of Korea in June. The two parties discussed the developments in information technology, information security, integrity, and its applications in the field of eGovernment.

- **Signing Memorandum of Understanding (MoU)**

In order to facilitate the exchange of experiences and information in their respective spheres of work, leG signed a Memorandum of Understanding (MoU) with the Marriage Fund in October and with the UAE Genetic Disease Association (UAEGDA) in December.

- **Cooperating with Palestine**

Keeping in line with the UAE leaders' practice to extend cooperation to Arab brothers in their all-round development, leG received a delegation from Palestine's Ministry of Interior in October. leG shared its methodology in eService classification and experience in cooperating with other entities.



Awards

Considering the attention extended to the Information and eGovernment sector in the UAE, the TRA has received a number of awards which recognize its efforts in constructing a sustainable eGovernment sector. The awards received included:

- 'Social Media Initiative' of the Year for developing the 'Guidelines for Social Media Usage in the UAE Government Entities' document at the Government Social Media Conference held in June.

- 'Technical Innovation Award' for the corporate website (emiratesegov.ae) and 'Best Strategic Website' for the UAE government official portal (government.ae) at the Arab eGovernment Web Award held in Egypt in October.
- 1st place for the UAE government official portal (government.ae) at the 2nd GCC eGovernment Award held in Kuwait in November.
- 'Arab Pioneering Award' and certificate for H.E. Salem Khamis Al Shair Al Suwaidi, Deputy Director General for Information and eGovernment Sector, at the Arab eGovernment Web Awards. In December, he was honored with Certificate of Excellence and medallion by Tatweej Academy for his distinguished achievements in the field of eGovernment.

Licensing and eCommerce

leG granted Certification Service Provider license to Global Information Technologies and Al Hilal Bank. CSP license authorizes a person or an organization to issue electronic attestation certificates or provide other related services or those in connection with electronic signatures. Issuing licenses to Certification Service Providers (CSPs) creates entities that can be entrusted to issue digital certificates or keys.

Legal and Institutional Framework

As the regulatory authority of the ICT sector in the UAE, the TRA has issued and published a number of regulatory policies in 2011, including:

- Determination No. 1 of 2011 - Relevant Markets for Telecommunication Services and Related Products in the UAE.
- Update on TRA Determination No. 3 of 2010 - Mobile Site Sharing Charges.
- Directive No. 3 of 2011 - Twice Annual Audit of Billing Systems.
- Determination No. 2 of 2011 - Carrier Pre-Selection Charges.
- Cost Accounting, Accounting Separation and LRIC Modeling Instructions V 3.1.
- Public Consultation on Consultation Procedures.
- Public Consultation on Consolidated Consumer Protection Regulation.
- Public Consultation on specific matters concerning two of the TRA's Regulatory Policies: Electronic Communications & Mobile Spam Policy (EC&MS Policy), and Privacy of Consumer Information Policy (PCI Policy).
- Two Revised Determinations (Forecasting & SLA/Product Structure) and three new Determinations (Network Information/Process for Cancellation of Cease Requests regarding Access Provider's Service/Levels of Interconnection) related to the Bitstream Project.

Initiatives

- Completed the review of etisalat's 2010 regulatory cost accounts and Long Run Increment Cost (LRIC) models.
- Submitted recommendation on etisalat's Weighted Average Cost of Capital to the TRA board for approval.
- Conducted an assessment of the competition in the ex-ante set of relevant markets for telecommunication services and related products in the UAE.
- Published the second annual market review report in May 2011, which measures the developments of the UAE telecommunications market, and includes data for the last available 4 years (2007, 2008, 2009 and 2010).

Events and Conferences

- Held press conference and delivered a presentation on the findings of an extensive business survey which was conducted during 2011.
- Hosted an exclusive event for ICT Leaders in partnership with World Economic Forum, INSEAD, and Booz & Co.
- Headed the UAE delegation in the 11th GCC Operation and Tariff Meeting in Riyadh.

UAE Rankings in International Studies and Reports

- The UAE ranked 1st of all the Arab states in the 2010-2011 Networked Readiness Index (NRI) Study, issued by the World Economic Forum, and 24th among all 138 countries assessed.
- The UAE ranked overall 32nd in the world in the IDI (2010). This was the highest of all the GCC and Arab states in the ICT Development Index.
- The UAE ranked the highest of all GCC and Arab states in the IDI ICT Usage sub-index.

Key findings include the following:

- The UAE ranked 2nd in the world in the fixed telephony sub-basket.
- The UAE ranked 2nd in the world for the mobile telephony sub-basket.
- The UAE ranked 5th in the world in the ICT Price Basket.

Price Control Requests (PCR)

- Handled daily requests from licenses to change retail prices. The purpose is to prevent anti-competitive behavior. 90% of the PCRs which have been received in year 2011 have been approved.
- Total PCRs received in year 2011 is 451.
- Total PCRs approved in year 2011 is 410.

Consumer Complaints and Inquiries

- Handled 980 complaints in year 2011 (up from 463 complaints in 2010) on behalf of the consumers and the vast majority of those complaints were resolved to the satisfaction of the consumer. Despite the fact the number of submitted complaints has increased significantly, it should be noted that the average time to process and resolve complaints has remained the same.
- Handled one court case on billing and disconnection and resolved it.
- Coordinated and responded to 49 inquiries.

Compliance and Enforcement

Monitored licensees' compliance to regulatory framework by investigating 21 price transparency related issues, 10 anti-competitive related issues, 5 marketing and communication practice related issues, and 1 privacy of consumer related issue.

Consumer Awareness

Increased consumer awareness about the TRA's role in supporting the consumers in the UAE by:

- Distributing information leaflets regarding consumers' rights and responsibilities along with FAQs to consumers and published them on the TRA's website.
- Recorded 2 YouTube clips and posted it on the TRA's website.
- Participated in the Customer Service Week.
- Participated in the GITEX 2011 exhibition.

Established Industry Panels/Forum in 2011

Established 'Billing Accuracy Industry Forum (BAIF)' and have worked closely with etisalat and du in Q3 to:

1. Agree inter-alia on the format, scope and level of detail to be contained in the auditor's report.
2. Revise the operators audit plan.
3. Approve for action the operations audit plan.



Spectrum and International Affairs Department in 2011

The Spectrum and International Affairs (SIA) Department made big achievements in 2011, including:

- Active participation at international ICT events.
- Hosting of several conferences and meetings at UAE.
- Bidding and win of rights to host ITU Telecom World, WCIT and WTSA in 2012 in the UAE.
- Enhancement of ASMS online services.
- Enhancement of Spectrum monitoring facilities.
- Public consultations on SIA Regulatory Instruments.
- Re-planning of 1800 MHz band for LTE.
- Allocation in 2600 MHz band for LTE.
- Successful authorizations for major events like F1, National Day celebrations, Golf tournaments, etc.
- Open ICT Discovery Museum during ITU Telecom.

Spectrum Authorizations

Assignment of frequency spectrum is the core element of spectrum management. The SIA Department issued Frequency Spectrum Authorizations for assigning frequencies to the applicants, and processed a large number of new applications beside renewal of authorization. The following table reflects the workload for 2011 for Spectrum Allocations Section:

New	Renew	Modify	Cancel	Total Received	Issued	Cancelled
2865	7710	632	1657	12864	10482	1440

Spectrum Authorizations for PMSE

The Broadcasting Section also processed several applications for Broadcasting Services and Program Making & Special Events. Following is a breakdown of the frequency assignments made:

Service	DSNG	Wireless Camera	Wireless Microphone	FM	DVB
Frequency Assignments	32	102	407	12	1

Activities

TRA Organizes Middle East Spectrum Conference 2011

The TRA, in conjunction with the Policy Tracker, organized the second Middle East Spectrum Conference at the Palace Hotel, Old Town, Dubai from 29 till 30 March 2011. The Middle East Spectrum Conference 2011 was attended by 110 delegates from 27 countries belonging to national, regional and international organizations. There were 34 presentations from spectrum management experts and 2 keynote addresses over the period of two days. There were various sessions during the Conference which were chaired by the TRA participants. Moreover the TRA participants also participated as panelists during the Conference.

ITU Secretary General Visits the UAE, Dr. Hamadoun Touré

The ITU Secretary General was on an official visit to the UAE from 28th to 31st March 2011. During his visit, he participated in the Middle East Spectrum Conference 2011, held meetings with the CEO of UAE Telecom Operators and attended the DIHAD (Dubai International Humanitarian Aid and Development) Conference. Dr. Touré also held a meeting with the Chairman of the TRA Board, H.E. Mohammad Al Qamzi on the 30th March 2011 to discuss the issues related to host the ITU Telecom in UAE.

GCC Technical Committee Meeting

The TRA hosted the GCC Technical Committee Meeting from 11th to 13th April 2011, at the Intercontinental Hotel, Abu Dhabi. The meeting was chaired by Executive Director Spectrum and International Affairs (EDSIA). The Technical Committee is considered the main body of the Technical Bureau of the GCC. The meeting discussed issues such as holding coordination meetings between the member states to discuss cell phone network interference, and studied the outcomes reached by the group in charge of discussing the switch over from analogue to digital system.

GCC Ministerial Meeting in the UAE

The meeting of Telecommunications, Information Technology and Post GCC Ministers was held at the Emirates Palace in Abu Dhabi, and convened from 20th to 22nd June 2011. The meeting was headed by H.E. Engineer Sultan bin Saeed Al Mansouri-UAE Minister of Economy, and was attended by their Excellencies the Ministers and Heads of Delegations from the GCC; H.E. Mohamed Jamil Bin Ahmed Mulla-Minister of Communications and Information Technology-Head of Saudi Delegation, H.E. Mr. Ahmed Bin Mohammed Salem Alaftysi-Minister of Transport and Communications-Head of Omani Delegation, H.E. Mr. Abdul Mohsen Hassan Mazeedi-Secretary of the Ministry of Transportation-Head of the Kuwaiti Delegation, H.E. Sheikh Badr Bin Khalifa Al Khalifa-Acting Minister of the Ministry of Communications-Head of the Bahraini Delegation, H.E. Dr. Hassa Sultan Al Jaber-Secretary-General of the Supreme Council for Communications and Information Technology-Head of the Qatari Delegation, and H.E. Dr. Abdullah Bin Juma Al-Shibli-Assistant Secretary-General for Economic Affairs-Head of the General Secretariat

of the GCC ministerial meetings. The UAE delegation was led and headed by H.E. Mohamed Nasser Al Ghanim-Director General of the TRA and the head of the UAE delegation. The meeting addressed a number of issues which were approved such as the Supreme Council Resolution at its 30th Session for enhancing the investments environment among GCC, and the shift from the 4th version (IPv4) to the 6th version (IPv6) of the Internet Protocol. The meeting also approved the foundations of the transition from analog to digital television broadcasting, and the roaming charges for GCC.

ITU Council 2011

The meeting of ITU Council was held at the ITU in Geneva from 11th to 21st October 2011. This session of the Council was attended by 340 participants representing 46 Member States of Council and Observers Member State. The Council meeting has agreed to select the UAE as the venue for the next WTSA/WCIT to be held in November/December 2012.

ITU Telecom World 2011

The UAE, represented by a high level delegation headed by H.E. Mohammad Al Qamzi-Chairman of the TRA, participated at the ITU Telecom World 2011 in Geneva from 24th to 27th October 2011. The UAE delegation also included the Director General of the TRA-H.E. Mohammad Al Ghanim, and high level representatives from Emirates Telecommunications Corporation (etisalat) led by Mr. Ahmed Abdulkarim Julfar (Group CEO) and Emirates Integrated Telecommunications Company (du) led by Mr. Osman Sultan (CEO). The UAE, through the TRA along with etisalat and du, proudly sponsored the entire area entitled 'LeaderSpace', which was dedicated and set apart for the Heads of States and Governments, Secretary Generals of the UN agencies, CEOs of leading companies, experts and innovators taking part in the conference. On the last day of the Telecom conference, it was announced that the Emirate of Dubai won the bid to host Telecom 2012.

ICT Discovery

On 25th October 2011, the ICT Discovery, an ICT Museum built at the ITU Headquarters in Geneva for which the UAE is a founding partner, was officially inaugurated in the presence of the ITU Secretary General, high level UAE officials, ministers, heads of delegation, and elected officials of the Union. ICT Discovery which opened in January 2012, focuses on the past, present and future impact of ICTs on human lives around the world.



Technology Development Affairs Department

The TRA has accomplished, through the Department of Technology Development Affairs (TDA), several achievements during 2011, which have been summarized as follows:

Provisions and Decisions

- Issued the terms of reference for the Forum on the Telecommunications Sector Business Continuity in a State of Emergency.
- Issued regulations regarding 'Mobile Telecommunication Apparatus – International Mobile Equipment Identity Numbers', Version 1.0, Date of Issue: January 17, 2011.
- Issued Directive No. 6 and 7 of 2011 on 13th September 2011, to regulate the duplication of International Mobile Equipment Identity (IMEI).
- Issued the policy on 'Registration Requirements for Mobile Consumers', Version 1.0, on 27th September 2011.
- Prepared a draft regulatory framework for the sale of tracking equipment via satellite.
- Issued the exemption procedures for VoIP calls.
- Reviewed the Telephony over Internet Protocol Policy - Version 2; and solicited the views of those concerned.
- Prepared a draft policy on the use of Telephony over Internet Protocol in the closed group networks for public interest, and solicited the views of those concerned.
- Prepared the draft regulatory framework for Internet cafés.

Licenses

Registrar

- Accreditation of the الإمارات. Registrar - MarkMonitor
- Accreditation of the الإمارات. Registrar - Ascio
- Accreditation of the الإمارات. Registrar - IP Mirror
- Accreditation of the الإمارات. Registrar - Instra
- Accreditation of the الإمارات. Registrar - Engage
- Accreditation of the الإمارات. Registrar - etisalat
- Accreditation of the الإمارات. Registrar - Safenames
- Accreditation of the الإمارات. Registrar - Duraq
- Accreditation of the الإمارات. Registrar - 101 Domain

Initiatives

- Launched the Industry Forum regarding the Duplication of International Mobile Equipment Identity (IMEI) on 1st June 2011.
- Launched the information service for the IMEI of the telecommunication device by sending an SMS to toll free number 8877 on 27th October 2011.

Broadband Speed Test Initiative

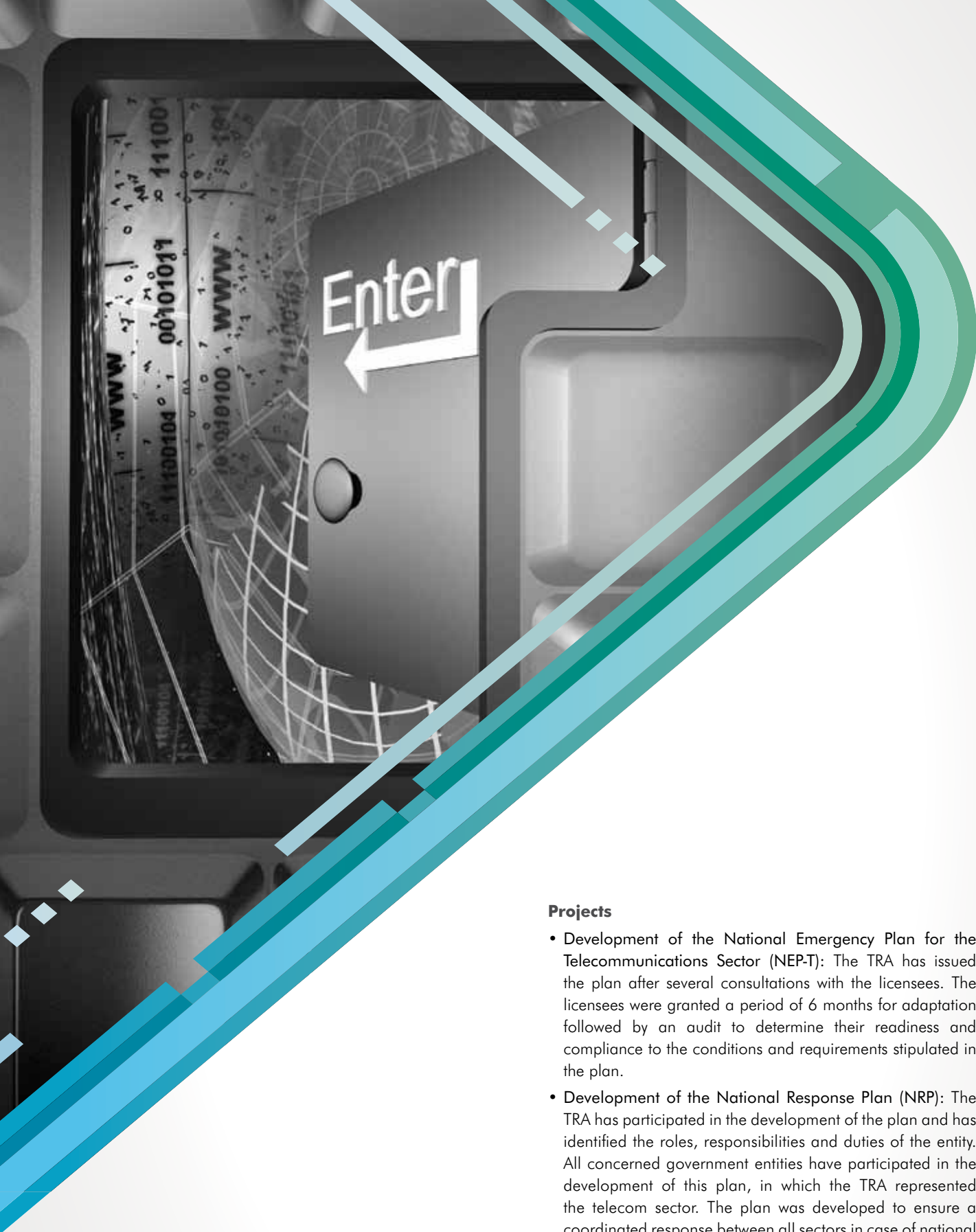
- Agreed with providers on the acceptable percentage of the results of download speed for the broadband Internet line.
- Registered more than 590,000 cases of use of the broadband speed test.

Internet Access Point Initiative

- Prepared a draft regulatory framework for the Internet Access Point in the UAE.
- Studied and implemented the technical solution.
- Completed the financial feasibility study.
- Extended the registration period of the trademarks of the Arabic domain name (ا.ا.ا.) for an additional 6 months.
- TDA became a new member of the Country Code Names Supporting Organization (ccNSO).

Launching the 'Trust the Arabic Domain Name' Initiative - TRUSTae

As result of increased e-commerce and e-transactions, a need emerged for a framework to assess the websites with respect to the security of confidential information, accessibility and quality as per local and international standards, with a view to increase customer confidence in the use of e-commerce services from UAE websites. Therefore, the TRUSTae Initiative was launched for the national domain name, which evaluates websites and aims to rank them according to their conformity with the specifications and standards used as the bases for evaluation.



Projects

- **Development of the National Emergency Plan for the Telecommunications Sector (NEPT):** The TRA has issued the plan after several consultations with the licensees. The licensees were granted a period of 6 months for adaptation followed by an audit to determine their readiness and compliance to the conditions and requirements stipulated in the plan.
- **Development of the National Response Plan (NRP):** The TRA has participated in the development of the plan and has identified the roles, responsibilities and duties of the entity. All concerned government entities have participated in the development of this plan, in which the TRA represented the telecom sector. The plan was developed to ensure a coordinated response between all sectors in case of national emergency.
- **Development of the Media and Mass Communication Plan:** The TRA has participated in the development of the Plan in coordination with the National Emergency & Crisis Management Authority (NCEMA), in which the responsibilities and duties of the TRA was addressed. This plan is a framework to coordinate and consolidate the efforts of the media entities through the organization of the media work and development of the concept of the standard media mission during a crisis in order

to have a successful and effective media vision in accordance with the highest standards of crisis management, and to identify the level of readiness of the media communication during the crisis.

- **Development of the National Register of Risks:** The TRA has participated in several consecutive workshops to study the risks and threats for all sectors, especially the telecom sector. The outcome of the workshops was the development of the Risk Register document.
- **The Regulatory Framework for Next Generation Networks:** The Next Generation Networks Forum 2011 was launched with the aim to accelerate the transformation process of the infrastructure for the next generation networks and IP Multimedia Subsystems (IMS).
- **The Numbers Migration Plan Project:** proceed with implementing the number migration plan for number resources used by Etisalat to be compliant with the National Numbering Plan. As a result, the migration of most numbers have been completed smoothly and successfully taking into consideration minimum impact on consumers.
- **The Number Portability Project:** The TRA finalized building a centralized system to facilitate numbers portability in the UAE, and finalized most of the necessary preparations and tests for the launch of this service in the UAE by licensees, and followed up the preparatory tests conducted by the service providers.
- **The Number Allocation Process:** The processing of 143 applications for number allocation was completed and they were ensured to be compliant with the National Numbering Plan. The applications included 1686 number blocks and were completed within an average of 2.3 working days (i.e. approximately two business days).
- **Mobile Networks Benchmarking Activities during 2011:** The TRA conducted an extensive comparison survey of the mobile networks and services provided by the licensees etisalat and du. The survey covered more than 13,000 kilometers of the UAE's streets from March to June 2011 in the peak hours and during working days. All the Emirates were also covered named Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah, as well as the Western Region and the main highways. The Authority also made more than 32,000 test voice calls during the survey in addition to testing the data services.
- **The process of Mobile Site Sharing:** Until the end of 2011, there were 777 mobile sites shared between the licensees (etisalat and du). During 2011 alone, there were 318 outdoor mobile sites shared with an increase of 43% from the number of sites shared during 2010. This was done through regular and active meetings by the specialized work team from the TRA and the licensees, and the continuous follow-up by the TRA's team.
- **The process of Recommendation of Allocation of Public Lands to Licensees:** The Authority processed 630 applications for the recommendation allocation of public lands submitted by the licensees (etisalat and du) in 2011, including all the Emirates. The Authority held meetings with many municipalities and official agencies responsible for land allocation.

The Communication Equipment Market Inspection Project

The communication equipment market inspection project is divided into 3 main parts as follows:

1. Awareness campaigns on the most important areas for the sale of communication equipment.
2. Coordination with the strategic partners to facilitate the inspection process and legal procedures.
3. Inspection campaigns on the communication equipment market.

Awareness Campaigns for the Manufacturers and Providers of Communication Equipment:

The work team, in coordination with other government agencies in the state, made the arrangements to carry out several awareness campaigns, most important of which was the Dragon Market Campaign, which lasted for 2 weeks during which a large number of traders of communication devices were communicated.

The Project to Stop Services for Counterfeit Phones:

The work team actively and heavily participated in the project through communication with approved suppliers of mobile phone devices and official agencies in the UAE.

The National Communication Equipment Laboratory Project:

A draft study to establish the national laboratory in the UAE was initially prepared.

Abu Dhabi Business Center Project

Implemented in cooperation with the Department of Economic Development in Abu Dhabi.

Automation of the Internet Access System

- Completed the trial version.
- Conducted a workshop to obtain the views of stakeholders on the system.
- Followed up on the project with the executing company, Valuelabs.
- Developed an electronic system for the automation of the Internet access management and the website which is in the process of launching.
- Prepared a preliminary study for the transition from Internet Protocol (IPv4) to (IPv6).
- Reviewed the requests for proposal for the transition from Internet Protocol (IPv4) to (IPv6) and select the best proposal to be the implementer of the project.
- Developed strategic social networking sites.
- Prepared the WSIS Forum Report for the year 2010 - 2011.
- Monitored the implementation of technical solutions to enable access to the websites that use authentication through IP with the service providers until the date of completion.
- Conducted consultations to review the SPAM Messages Policy.
- Assessed the performance of the Internet broadband speed test.
- Worked and cooperated with Yahoo International on the Safety Oasis Initiative.
- Participated in Safety Day on 8th February 2011 in cooperation with Safety Oasis of Maktoob Yahoo.

- Studied the project of Arabic domains (.arab and .عرب) and prepare for the implementation of the project in cooperation with the League of Arab States.
- Developed a system for approval and grant approvals for 34 companies to offer products and services of Voice over Internet Protocol in the exhibitions.
- Blocked access to more than 12,000 prohibited websites and unblocked 716 websites after thorough reviews.
- Approved 26 exceptions from the Internet Access Policy for certain government agencies and higher education institutions.
- Launching the Domain Name (.امارات) in coordination with Corporate Communicate Affairs Department
 1. Complete the trademarks phase.
 2. Launched Landrush phase
 3. Launched the final phase: registration for all.

Launch of the eService for Detecting the Distortion of Websites

The aeCERT introduced the website distortion detection service, which depends on continuous monitoring of member sites and the issuance of real time warnings in case the sites are targeted by a process of distortion. The service saves time spent in detecting any distortion of websites, which used to take hours or even days in the past, and now takes seconds from the incident.

Launching a Joint Educational Campaign by aeCERT and the EC-Council

The TRA represented by aeCERT launched a national educational campaign jointly with the International Council of Electronic Commerce Consultants (EC-Council). The campaign aimed at educating students on Internet security and the risks resulting from improper use of the Internet. It also aimed to cover all levels of schools in several different languages to ensure raising security awareness among the students.

Launching the iPhone Application by aeCERT

The aeCERT announced the launch of a new iPhone application, which aims to provide communication with the community and the members. This application includes several sections including a list of services provided by the team members, and also includes a section for previous events carried out. The application is one of the latest tools for the dissemination of security awareness in the community. It comprises reminder cards, security tips and news bulletins on security risks. The application also provides the possibility of reporting security incidents that the user may encounter or be exposed to.

Telecommunications Regulatory Authority
Financial Statements
31 December 2011

12.0914	98.03	↑	3.00	12.00%
79.0276	37.28	↑	7.03	77.40%
26.2081	10.54	↓	0.67	91.62%

68.1843	19.72	↑	9.83	34.01%
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34.7659	24.87	↓	4.16	53.96%
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17.0733	52.01	↑	2.00	43.57%
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41.1760	26.22	↑	5.19	24.02%
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54.2985	41.68	↑	1.44	19.33%
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11.0754	24.15	↓	0.21	04.61%
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38.4121	5.55	↓	0.10	01.84%
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1.0000	1.0000	0.00	0.00	0.00%
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1.0000	1.0000	0.00	0.00	0.00%
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1.0000	1.0000	0.00	0.00	0.00%
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1.0000	1.0000	0.00	0.00	0.00%
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1.0000	1.0000	0.00	0.00	0.00%
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1.0000	1.0000	0.00	0.00	0.00%
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Independent Auditors' Report

The Board of Directors
Telecommunications Regulatory Authority
Abu Dhabi

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 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Authority for the year ended 31 December 2010 were audited by another auditor who issued an unmodified opinion on those statements dated 27 March 2011.

Name: Munther Dajani

Registration number: 268

Firm: KPMG Lower Gulf – Abu Dhabi

Telecommunications Regulatory Authority

Statement of Comprehensive Income

for the year ended 31 December

	Notes	2011 AED	2010 AED
Income			
Licenses and authorisations	5	368,851,672	331,370,181
ICT Fund contributions from licensees	18	410,965,560	395,065,820
Interest income		29,321,254	36,519,808
Other income		19,476,328	2,384,482
Government grant	13	23,600,000	-
		852,214,814	765,340,291

Expenses			
Staff cost		135,549,497	103,070,413
ICT Fund grants and scholarship	18	58,538,332	50,096,057
Sponsorship, advertisement and exhibition expenses		24,736,141	19,799,464
Consultancy fees		5,930,631	15,006,261
Rent		14,112,074	11,322,773
Depreciation and amortisation	6 & 7	18,711,554	14,814,769
Training, business travel, seminars and publications		6,912,936	18,235,617
Other expenses		35,922,976	25,168,627
		300,414,141	257,513,981

Surplus for the Year		551,800,673	507,826,310
Other comprehensive income		-	-
Total Comprehensive Income for the Year		551,800,673	507,826,310

The notes set out on pages 7 to 26 form an integral part of these financial statements.
The independent auditors' report is set out on page 29.

Telecommunications Regulatory Authority

Statement of Financial Position

as at 31 December

	Notes	2011 AED	2010 AED
Assets			
Non-current Assets			
Property, plant and equipment	6	236,114,112	177,875,053
Intangible assets	7	7,459,868	10,782,887
		243,573,980	188,657,940

Current Assets			
Trade and other receivables	8	712,396,009	790,537,398
Advances to suppliers		22,118,368	49,301,456
Cash and bank balances	9	1,354,580,313	865,123,275
		2,089,094,690	1,704,962,129
Total Assets		2,332,668,670	1,893,620,069

Equity and Liabilities			
Equity			
Accumulated surplus	17	2,176,493,313	1,727,891,550
Non-Current Liabilities			
Employees' end of service benefits	10	6,526,528	2,878,504
Deferred revenue		7,550,111	5,706,049
Retentions		13,584,480	13,021,811
		27,661,119	21,606,364

Current Liabilities			
Deferred revenue		32,932,580	26,161,559
Trade and other payables	11	95,581,658	117,960,596
		128,514,238	144,122,155

Total Liabilities		156,175,357	165,728,519
Total Equity and Liabilities		2,332,668,670	1,893,620,069

These financial statements were approved and authorised for issue by the Board of Directors.

The notes set out on pages 7 to 21 form an integral part of these financial statements.

The independent auditors' report is set out on page 29.

Telecommunications Regulatory Authority

Statement of Cash Flows

for the year ended 31 December

	Notes	2011 AED	2010 AED
Operating Activities			
Surplus for the year		551,800,673	507,826,310
Adjustments for:			
Depreciation and amortisation	6 & 7	18,931,806	14,814,769
Employees' end of service benefits	10	3,731,395	1,046,327
Gain on disposal of property, plant and equipment		-	(85,957)
Write-off of property, plant and equipment		-	1,017,484
Interest income		(29,321,354)	(36,519,808)
		545,142,520	488,099,125

Changes in trade and other receivables and prepayments		78,141,389	(292,263,450)
Changes in trade and other payables		(22,378,938)	41,022,438
Changes in deferred revenue		8,615,083	4,627,597
Cash from operations		609,520,054	241,485,710
Employees' end of service benefits paid	10	(83,371)	(312,992)
Net Cash Flows from Operating Activities		609,436,683	241,172,718

Investing Activities			
Purchase of property, plant and equipment and intangible assets	6 & 7	(73,847,846)	(119,407,125)
Proceeds from disposal of property, plant and equipment		-	244,699
Retentions		562,669	8,407,131
Advances to suppliers		27,183,088	17,699,425
Interest received		29,321,354	36,519,808
Short term deposits	9	(530,703,125)	(403,267,500)
Net Cash Flows used in Investing Activities		(547,483,860)	(459,803,562)

Financing Activities			
Payments to the Ministry of Finance		(100,000,000)	-
Net liabilities arising out of transfer of General Information Authority (refer note 13 b)		(3,198,910)	-
Cash used in Financing Activities		(103,198,910)	-

Decrease in Cash and Cash Equivalents		(41,246,087)	(218,630,844)
Cash and cash equivalents at 1 January		55,123,275	273,754,119
Cash and Cash Equivalents at 31 December	9	13,877,188	55,123,275

The notes set out on pages 7 to 21 form an integral part of these financial statements.
The independent auditors' report is set out on page 29.

Telecommunications Regulatory Authority

Statement of Changes in Equity

for the year ended 31 December

	Accumulated surplus AED
At 1 January 2010	1,220,065,240
Total comprehensive income for the year	507,826,310
At 31 December 2010	1,727,891,550

As at 1 January 2011	1,727,891,550
Net liabilities arising out of transfer of	
General Information Authority (refer note 13 b)	(3,198,910)
Payment to Ministry of Finance	(100,000,000)
Total comprehensive income for the year	551,800,673
At 31 December 2011	2,176,493,313

The notes set out on pages 7 to 21 form an integral part of these financial statements.
The independent auditors' report is set out on page 29.



Pavadzīme

Maksātājs
Ronalds Štikāns
Saulgriežu iela 8, Vecāķi

PVN reģ. Nr
Banka

Bankas kods
Bankas konts

Apmaksas termiņš
Maksājums : Pirms pas
Piegādes adrese
Saulgriežu iela 8, Vecā
Apmaksas veids : Pārsk

Preču apraksts Preču piegāde

	Cena	Apmaksas summa
	17.20	17.20
	20.84	20.84
00	221.38	221.38
00	270.92	270.92
	3.08	6.16
	Atlaide	295.07
	ir PVN 22.00%	241.43
	PVN 22.00%	53.11
	Kopsumma LVL	294.54

Notes to the Financial Statements

1. Legal Status and Principal 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 UAE Telecommunications Law (Federal Law by Decree No. 3 of 2003). 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, UAE.

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.

2. Basis of Preparation

(a) Statement of Compliance

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

(b) Basis of Measurement

The financial statements have been prepared under the historical cost basis.

(c) Functional and Reporting Currency

The financial statements are presented in UAE Dirhams ("AED"), which is the Authority's functional and reporting currency.

(d) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in these financial statements are described in note 16.

3. Significant Accounting Policies

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods presented in these financial statements in dealing with items which are considered material in relation to the financial statements.

Certain comparative amounts have been reclassified where necessary to conform to the current year's presentation.

(a) Business Combinations

Acquisition of entities under common control

Business combinations arising from transfers of interests in entities that are under the common control of the Federal Government are accounted for at the date as specified in the Presidential Decree. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of the transferor entity. The components of equity of the acquired entities are added to the same components within the Authority's equity.

(b) Foreign Currencies

Transactions in foreign currencies are translated to AED at the exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AED at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in AED at the beginning of the year, adjusted for payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

(c) Financial Instruments

Financial assets

Financial assets are recognised initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument.

The Authority derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or if it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Authority's financial assets are classified into the loans and receivables category. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, where the time value of money is material, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses, if any.

Loans and receivables include cash and cash equivalents, and trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Financial liabilities

Financial liabilities are recognised on the trade date at which the Authority becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(d) Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

Capital work-in-progress

The Authority capitalises all costs relating to assets as capital work-in-progress, until the date of completion and commissioning of these assets. These costs are transferred from capital work-in-progress to the appropriate asset category upon completion and commissioning and depreciated over their useful economic lives from the date of such completion and commissioning.

Subsequent costs

The cost of replacing a component of property, plant and equipment is recognised in the carrying amount of the related asset if it is probable that future economic benefits embodied within the component will flow to the Authority and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	7 - 25 years
Leasehold improvements	5 years
Computer hardware	3 years
Furniture and fixtures	5 years
Office equipment	4 years
Frequency monitoring equipment	5 years
Vehicles	4 years

(e) *Intangible Assets*

Intangible assets that are acquired by the Authority, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful life, from the date they are available for use. The estimated useful life in respect of the intangible asset for the current and comparative period is three years.

(f) *Impairment*

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Authority on terms that the Authority would not consider otherwise, indications that a debtor will enter bankruptcy.

Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Authority's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods, if any, are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) *Employees' End of Service Benefits*

Provision for employees' end of service benefits for expatriate staff is calculated based on the liability that would arise if the employment of such staff were terminated at the reporting date and is calculated in accordance with the provisions of the Authority's Human Resources policies, which is more favorable than the UAE Federal Labour Law.

For UAE national staff, the Authority makes a contribution to the UAE Federal Pension Scheme as per the rules of the Scheme.

An actuarial valuation is not performed on employees' end of service and other benefits as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected by management to be significant.

(h) *Provisions*


A provision is recognised if, as a result of a past event, the Authority has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) *Operating Leases*

Lease of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(j) *Government Grants*

Considering that the Authority is an independent entity created by the Federal Government, on receipt of any assistance from the Government, the Authority



assesses the nature of the assistance to determine whether the transaction is in the nature of a capital contribution or a government grant.

This determination is done after considering various factors, including, but not limited to, the purpose of the assistance, the existence of conditions associated with the receipt of the assistance and the legal form and documentation of the assistance.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Non-monetary government grants

In the past, the Authority has received assets in the form of land, from the Government of Abu Dhabi and the Government of Dubai, to build its offices. Such land received is recognised in the financial statements at nominal value.

Monetary government grants

Monetary government grants that compensate the Authority for expenses to be incurred are initially recognised in the statement of financial position as a deferred liability.

Subsequent to initial recognition, such grants are released to profit or loss on a systematic basis over the periods in which the related expenses, if applicable, are recognised.

(k) Licenses and Authorizations

Spectrum fees

Spectrum fees are recognised 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.

Such fees are recognised as defined in the agreement on a straight line basis over the period of the contract.

Numbering fees

Numbering fees are recognised on allotment of numbers on a straight line basis over the period of the allotment term.

Domain name fees

Domain name fees are recognised on a straight line 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 from the customer.



License and Registration fees

License and Registration fees are recognised on straight line 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.

(l) *ICT Fund Contributions*

Contributions from licensees are recognised on a yearly basis, based on a contribution by the telecom operators amounting to one percent of the gross revenue of the operators.

(m) *Finance Income*

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss using the effective interest method.

4. New Standards and Interpretations not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Authority.

5. Licenses and Authorisations

	2011 AED	2010 AED
Spectrum and related license fees	265,422,310	234,620,593
Numbering fees	88,660,801	83,432,256
Sale of domain names	8,904,471	7,973,764
Application and registration fee	3,085,246	2,710,794
License fee	2,778,844	2,632,774
	368,851,672	331,370,181

6. Property, Plant and Equipment

	Buildings	Leasehold Improvements	Computer Hardware	Furniture and Fixtures
	AED	AED	AED	AED
Cost				
At 1 January 2010	-	6,739,389	13,597,406	4,362,213
Additions	-	-	2,593,183	9,200
Disposals	-	-	-	-
Write-offs	-	-	(98,172)	-
At 31 December 2010	-	6,739,389	16,092,417	4,371,413
At 1 January 2011	-	6,739,389	16,092,417	4,371,413
Additions	-	-	1,693,162	2,943,985
Transfers	112,525,186	-	-	-
At 31 December 2011	112,525,186	6,739,389	17,785,579	7,315,398
Depreciation				
At 1 January 2010	-	3,040,546	6,687,320	1,762,451
Depreciation charge for the year	-	1,199,499	4,351,251	866,419
Disposals	-	-	-	-
At 31 December 2010	-	4,240,045	11,038,571	2,628,870
At 1 January 2011	-	4,240,045	11,038,571	2,628,870
Depreciation charge for the year	2,130,914	1,080,297	3,147,592	1,013,516
At 31 December 2011	2,130,914	5,320,342	14,186,163	3,642,386
Net carrying amount				
At 31 December 2010	-	2,499,344	5,053,846	1,742,543
At 31 December 2011	110,394,272	1,419,047	3,599,417	3,673,012

Buildings are constructed on plots of land received from the Government of Abu Dhabi and Dubai (also refer note 13).

Office Equipment	Frequency Monitoring Equipment	Vehicles	Capital Work-in Progress	Total
AED	AED	AED	AED	AED
3,383,392	7,868,685	390,850	56,161,944	92,503,879
44,765	10,237,886	78,000	97,322,801	110,285,835
-	(257,390)	(72,150)	-	(329,540)
-	-	-	-	(98,172)
3,428,157	17,849,181	396,700	153,484,745	202,362,002
3,428,157	17,849,181	396,700	153,484,745	202,362,002
3,967,457	3,754,265	-	58,362,051	70,720,920
-	-	-	(112,525,186)	-
7,395,613	21,603,446	396,700	99,321,610	273,082,922
1,074,917	2,362,775	184,696	-	15,112,705
807,472	2,226,100	94,301	-	9,545,042
-	(98,648)	(72,150)	-	(170,798)
1,882,389	4,490,227	206,847	-	24,486,949
1,882,389	4,490,227	206,847	-	24,486,949
1,222,063	3,808,105	79,375	-	12,481,861
3,104,452	8,298,332	286,222	-	36,968,810
1,545,768	13,358,954	189,853	153,484,745	177,875,053
4,291,161	13,305,114	110,478	99,321,610	236,114,112

7. Intangible Assets

Intangible assets comprise computer software.

Cost	AED
At 1 January 2010	14,606,553
Additions	7,904,726
At 31 December 2010	22,511,279

At 1 January 2011	22,511,279
Additions	3,126,926
At 31 December 2011	25,638,205

Amortisation	
At 1 January 2010	6,755,917
Charge for the year	4,972,475
At 31 December 2010	11,728,392

At 1 January 2011	11,728,392
Charge for the year	6,449,945
At 31 December 2011	18,178,337

Net carrying amount	
At 31 December 2010	10,782,887
At 31 December 2011	7,459,868

8. Trade and Other Receivables

	2011 AED	2010 AED
Trade receivables	683,448,938	754,517,221
Prepayments	5,274,578	11,835,157
Other receivables	23,672,493	24,185,020
	712,396,009	790,537,398

9. Cash and Bank Balances

	2011 AED	2010 AED
Cash in hand	40,384	33,259
Bank balances	13,836,804	55,090,016
Cash and cash equivalents for the purpose of the statement of cash flows	13,877,188	55,123,275
Term deposits	1,340,703,125	810,000,000
	1,354,580,313	865,123,275

Term deposits represent 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 0.125% to 4.90% (2010: 1.55% to 4.90%).

10. Employees' End of Service Benefits

	2011 AED	2010 AED
At 1 January	2,878,504	2,145,169
Provided during the year	3,731,395	1,046,327
Paid during the year	(83,371)	(312,992)
At 31 December	6,526,528	2,878,504

11. Trade and Other Payables

	2011 AED	2010 AED
Trade payables	58,572,918	87,596,675
Accrued liabilities	34,527,186	20,897,863
Customer advances	2,481,554	9,466,058
	95,581,658	117,960,596

12. Related Party Transactions

Identity of related parties

As stated in note 1, the Authority was established as a federal independent public authority. The Authority in the normal course of business transacts with entities over which the Federal Government exerts control, joint control or significant influence.

In accordance with IAS 24, "Related Parties" revised the Authority has elected not to disclose transactions with the UAE Federal Government and other entities over which the Federal Government exerts control, joint control or significant influence. The nature of the transactions that with the Authority has with such related parties is income from licenses, authorisations and receipt of ICT Fund contributions.

Compensation of key management personnel

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

	2011 AED	2010 AED
Short-term benefits	17,065,030	9,040,588
Employees' end of service benefits	53,271	46,122
Post employment benefits	797,005	516,416
Balance as at 31 December	17,915,306	9,603,126

13. Government Grants

a) Non-monetary government grants

In previous years, the Authority received plots of land from the Government of Abu Dhabi and the Government of Dubai as government grants, for constructing office buildings. Accordingly, these plots of land have been classified as property, plant and equipment. Both the grant and the land have been recorded at nominal value in these financial statements.

b) Monetary government grants

In accordance with Federal Law No. 3 of 2011, effective 1 January 2011, the General Information Authority ("GIA"), another federal government entity, was dissolved and all assets and liabilities of the GIA were transferred to the Authority.

The above transaction represents transfer of interest in an entity under common control of the Federal Government, and has been recognised in accordance with the Authority's accounting policy on acquisition of entities under common control (refer note 3(a)). Accordingly, the assets and liabilities of GIA have been recognised by the Authority at their carrying amounts as at the date of the transfer, with the residual value of AED 3,198,910 recognised in equity.

Further, effective that date, all the employees of GIA were absorbed into the Authority and the approved budget of the GIA for the financial year 2011 transferred to the Authority.

Based on an analysis of the relevant factors, the Authority has recognised the receipt of government grant relating to the GIA in the statement of comprehensive income.

14. Commitments

Capital expenditure commitments

	2011 AED	2010 AED
Committed and contracted	15,000,000	69,500,000

Operating lease commitments

Future minimum rentals payable under operating leases at the reporting date was:

	2011 AED	2010 AED
Payable within 1 year	-	12,530,555

15. Accounting Estimates and Judgments

In the process of applying the Authority's accounting policies, which are described in note 3, management has used estimates and judgments in the following areas that have the most significant effect on the amounts of assets and liabilities recognised in the financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of assets

At each reporting date, management assesses whether there is any indication that its assets may be impaired. If such an indication exists, then the asset's recoverable amount is estimated. Based on an assessment of conditions existing at the reporting date, management has concluded that there are no indications that its assets may be impaired.

Impairment losses on receivables

The Authority reviews its receivables to assess impairment at least on an annual basis. The Authority's credit risk is primarily attributable to its receivables. In determining whether an impairment loss should be recorded in profit or loss, the Authority makes judgments as to whether there is

any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Useful lives of property, plant and equipment and intangible assets

Management assigns useful lives and residual values to items of property, plant and equipment and intangible assets based on the intended use and the expected economic lives of those assets. Subsequent changes in circumstances such as prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates. Refer note 3(d) for estimated useful lives of property, plant and equipment.

16. Financial Instruments and Risk Management

As a consequence of its operations, the Authority is exposed to the following financial risks:

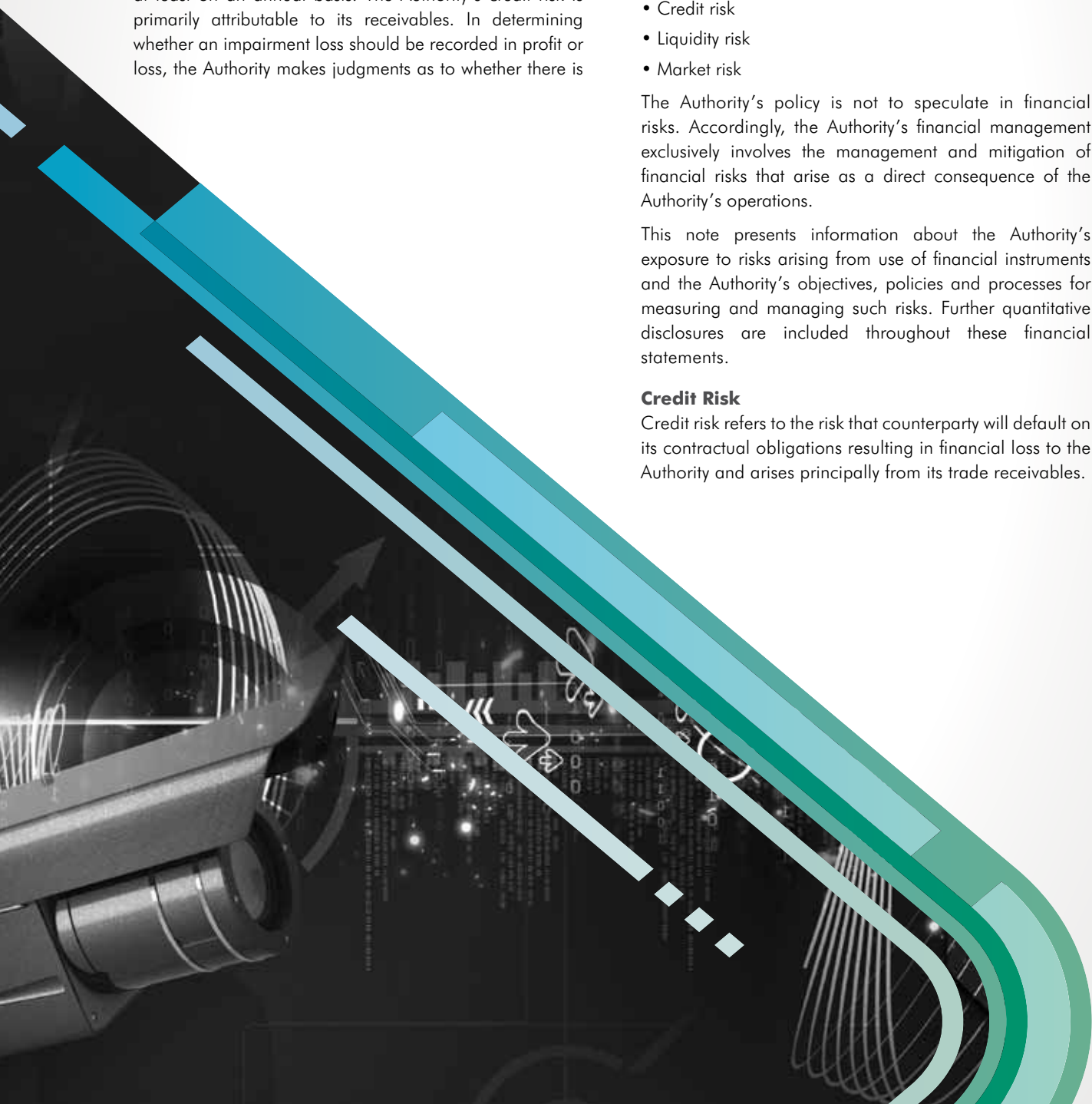
- Credit risk
- Liquidity risk
- Market risk

The Authority's policy is not to speculate in financial risks. Accordingly, the Authority's financial management exclusively involves the management and mitigation of financial risks that arise as a direct consequence of the Authority's operations.

This note presents information about the Authority's exposure to risks arising from use of financial instruments and the Authority's objectives, policies and processes for measuring and managing such risks. Further quantitative disclosures are included throughout these financial statements.

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 its trade receivables.



Trade receivables

The ageing of trade receivables at the reporting date was as under:

	Total AED	Neither past due nor impaired AED	Past due but not impaired	
			30 - 60 days AED	61 days & above AED
2011	683,448,938	412,311,512	140,880	270,996,546
2010	754,517,221	383,989,820	2,661,733	367,865,668

Trade receivables mainly include amounts due from Etisalat and Du (refer note 8), which are fellow federal government entities.

Management regularly reviews and assesses credit risk and establishes an allowance for impairment that represents its estimate of incurred losses in respect of its trade receivables.

A significant portion of the balance past due comprises annual billings to Etisalat, towards its contribution to the ICT Fund (refer note 18). Management is in discussions with Etisalat to collect this amount and given the Authority's relationship with Etisalat, no allowance for impairment is considered necessary by management.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without risking damage to the Authority's reputation. Typically the Authority ensures that it has sufficient cash on demand to meet expected operational expenses.

The table below summarises the maturity profile of financial liabilities at the reporting date.

	Less than 3 months AED	1 to 5 years AED	Total AED
31 December 2011			
Trade payables	58,572,918	-	92,872,475
Retentions	-	13,584,480	13,584,480
	58,572,918	13,584,480	106,456,955
31 December 2010			
Trade payables	87,596,675	-	87,596,675
Retentions	-	13,021,811	13,021,811
	87,596,675	13,021,811	100,618,486

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Authority's currency risk is limited as a significant proportion of the transactions, monetary assets and liabilities are in AED.

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.

17. Accumulated Surplus

Included in accumulated surplus of AED 2,176,493,313 is an amount of AED 1,861,437,548 which is attributable to the Information and Communication Technology Fund (refer note 18). The Authority ensures that surplus attributable to the ICT Fund is available exclusively for meeting the objectives of the ICT Fund.

18. Information and Communication Technology Fund

The Supreme Committee for Supervision on Communication Sector in their decision number 1 of 2005 has set up an Information and Communication Technology Fund (the "ICT Fund") for the promotion of telecom research in the UAE. The ICT Fund is financed by a contribution by the telecom operators i.e. Etisalat and Du, amounting to one percent of the gross revenue of the operators

The following are the financial details of the ICT Fund in the books of the Authority:

	2011 AED	2010 AED
Income	410,965,560	395,065,820
Interest income pertaining to ICT Fund	19,552,194	26,676,272
Expenses	62,562,344	50,795,106
Surplus	367,955,410	370,946,986
Receivables	669,320,688	756,354,589

Included in expenses for the year are ICT Fund grants and scholarship expenditures amounting to AED 58,538,332 (2010: AED 50,096,057), and ICT staff costs amounting to AED 4,024,012 (2010: AED 699,049).

The movements in the balance of accumulated surplus pertaining to the ICT Fund are as follows:

	2011 AED	2010 AED
At 1 January	1,493,482,138	1,122,535,152
Surplus for the year	367,955,410	370,946,986
At 31 December	1,861,437,548	1,493,482,138

Date: 22 November 2012

Reference: TRA/DG/BoD/12/284

