



TELECOMMUNICATIONS REGULATORY AUTHORITY

Annual Report 2013



2013

P.O.Box 26662 Abu Dhabi, United Arab Emirates
Tel +971 2 626 9999 Fax +971 2 611 8209



theuaetra



theuaetra



@theuaetra



theuaetra

هيئة تنظيم الاتصالات.امارات
tra.gov.ae

CONTENTS

- 04 Chairman's Message
- 06 Director General's Message
- 08 About the TRA
- 10 Overview 2013
- 12 International Affairs
- 18 Regulatory Affairs
- 22 Spectrum Affairs
- 28 Technology Development Affairs
- 34 Information and eGovernment
- 38 Support Services
- 42 Corporate Social Responsibility
- 46 Events, Conferences and Exhibitions
- 48 Financial Statements





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

CHAIRMAN'S MESSAGE

At the TRA, we are acutely aware of the strategic role and the growing significance of the Information and Communications Technology (ICT) sector in the United Arab Emirates (UAE). The industry has been able to maintain its leading position both locally and globally, due to the adoption of a clear and well-defined vision that is flexible, dynamic and innovative. This helps keep up with the rapid growth rate and the novelties that are constantly witnessed by this active sector, thus maintaining a leading role played by the UAE telecommunications sector across all fields.

Our main mission at the TRA is to support the growth of the ICT sector by safeguarding and enhancing competition, protecting the interests of subscribers, enhancing the readiness of e-services, encouraging investments and monitoring the performance of service providers to ensure their compliance to all relevant legislation and policy. We also aim to boost competition between operators and provide equal opportunities that guarantee both service providers' and customers' rights alike. To guarantee the optimal implementation of our vision, the TRA spares no effort in promoting and instilling holistic core values and principles among its employees in every team and department. This is evident in spreading the culture of loyalty and dedication and the on-going efforts to serve the public interest.

In terms of achievements, the TRA succeeded in implementing and completing many significant projects and initiatives that include the Mobile Number Portability Campaign in the UAE; in addition, we witnessed an increase in the number of registered (.ae) domain names that exceeded 100,000. Moreover, the TRA led the national efforts in the transition process to the new Internet protocol, and in applying the national response plan for electronic attacks. And in order to provide the highest level of service to the public, the TRA completed the mobile network assessment, established a central registry for mobile devices, implemented the second phase of cutting counterfeit and fake mobile devices services and automated procedures of number allocation and electronic quality approval. Concerning quality standards, the TRA was able to attain the information security ISO accreditation (ISO27001) for (.ae) Domain Administration, in addition to developing the UAEpedia and launching an initiative to evaluate the quality of government websites.

Furthermore, the TRA hosted and organized a number of conferences in the UAE, including the third GCC eGovernment Award, Conference and Exhibition and the Plenipotentiary meetings of the Gulf and Arab countries in preparation for the Plenipotentiary Conference that will be held in South Korea in 2014.

Moreover, the telecommunications sector, specifically, provides a significant boost to national economic growth, contributing 8% of Gross National Product last year. This substantial figure is evidence of the pivotal role of ICT within the national economy and is central to achieving the UAE Vision 2021 and to the implementation of the recently launched National Agenda. On a global level, the UAE ICT sector performance has been strong, occupying a prominent position in the ITU classification system. In the past year, the TRA was able to achieve a quantum leap by ranking 25th, thus jumping seven positions in the rating index, which is considered a record in the ITU history. In addition, the number of mobile subscribers in the UAE has exceeded 16,063,547 by the end of 2013 with an increase of 16.6% in comparison to 2012. Furthermore, the number of fixed line subscribers has increased to over 1.5 million, a 6.7% increase compared to 2012, and the number of internet service subscribers has reached to approximately 1.5 million. On a regional level, the UAE ranked 33rd in the ICT Development Index while ranking 45th in 2012 in accordance to the Information Society Report published by the ITU.

Arguably, the most important milestone achieved last year was the successful transition from e-government to mGovernment, where 'The UAE mGovernment Initiative' was launched as a result of a directive issued by His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai. The TRA has actively supported the full implementation of this national initiative designed specifically to improve the lives of all citizens and residents of the UAE. Hence, the TRA developed a detailed roadmap for the transition to

mGovernment and issued a comprehensive mGovernment guide that acts as a technical reference. The TRA also established the 'Mobile Innovation Centre' and had developed a unique training program for all employees within Government entities to equip them with the skills and competencies required to lead the transition.

Moreover, the TRA launched the first electronic federal network (FedNet) which will become a safe incubator providing high-speed connectivity and integration of electronic databases for government services, which creates a comprehensive and coherent government. The TRA also launched the National Trusted Service Manager (NTSM), which provides a safe environment for smart transactions.

In the international arena, the TRA participated in a number of conferences, seminars and meetings to enhance its contribution within the global ICT agenda; these include The World Summit on Information Society (WSIS) in Geneva, WTDC 14 Regional Preparatory Meeting (RPM) in the Kingdom of Bahrain and the ITU Telecom World 2013 in Bangkok, Thailand. In addition, as strong advocates of the notion that education is central to enhancing human development and cultivating the nation's talent to meet the future needs of the UAE, the ICT Fund continued its outreach work in 2013. Through the "Be'tha" scholarship program, 15 Emirati students were offered scholarships at some of the world's leading universities to pursue ICT related majors. This has also contributed to an increase in the Emiratisation rate to reach up to about 80% in 2013 compared to 74% last year. With regards to improving the work mechanisms in the TRA, all departments had undergone a comprehensive restructuring process to renovate and develop the employees' and teams' performance indicators, comparing the achievement rates with the timeframe set per project. The new system enables managers and heads of departments to perform a careful assessment for each employee, and therefore highlight the skills and capabilities that need further development while trying to get the optimum benefit from the energy and human potential.

Our achievements over the past year and the previous years are significant and make us proud. We built a solid foundation to shape our strategic 2014 vision, focusing on several aspects that include organizational excellence achievement of the TRA's teamwork across all sectors, which reflects positively on the work process. This is achieved through the adoption of calculated mechanisms to reduce the time required to complete each task, in line with the employee training to stay updated with the different areas related to the tasks assigned to them. In the year 2014, we aim to create a competitive digital environment that is secure, sustainable and innovative within the ICT sector, through the provision of the latest equipment in order to strengthen the country's position on the global ICT map. Moreover, the readiness of the electronic transformation of government services is yet another step designed to facilitate the lives of the people, which requires a commitment from all government entities in delivering quality service standards and reliability in accordance to the guide published by the TRA.

Finally, I would like to extend my sincere gratitude and appreciation to the Board members and applause their strenuous efforts in all aspects in the TRA's scope of work; all of which focused on promoting and reinforcing the UAE's leading profile on the regional and international levels. I would also like to thank all the TRA employees and managers for their commitment and dedication, each according to their field of work and competence, and their continuous efforts that reflect true commitment, team spirit and enthusiasm. Together, we look forward to further success and excellence in all our initiatives and efforts next year.



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

DIRECTOR GENERAL'S MESSAGE

I would like to start by acknowledging the sincere efforts exerted by the TRA employees, each according to their field, allowing the TRA to implement a number of innovative initiatives and projects that were the result of a clear strategy in all areas related to the TRA's scope of work. In this regard, I would like to point out the endless dedication and continuous efforts which has distinguished and enhanced the TRA's leading profile. I would also like to highlight a set of values and concepts that truly embody the main pillars of our managerial, executive and organizational practices.

This would not have been achieved without team spirit where each member complements the other and is able to support one another in reaching their respective goals. Moreover, this team culture does not stand in the way of individual excellence but makes use of the flourishing capabilities and the creativity of each employee, giving them the opportunity to take the extra mile and achieve tasks beyond their daily responsibilities.

The strategic vision of our wise leadership acts as our guiding beacon and was implemented in our practices to boost competitiveness in the telecommunication sector. This vision is dedicated towards achieving two main goals; improving the quality of provided services as well as their adaptability to the daily changes and developments of the ICT sector which is witnessing substantial growth. The transition project from e-government to mobile government represents a substantial move to help facilitate people's lives and allow them to complete their governmental transactions through applications on their smart phones. All these efforts come within the directives announced by His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai, which we consider a guidebook to follow in order to successfully complete this transition.

As for competition, UAE has occupied a leading position on the ITU ranking system, as it ranks the first position of mobile phone network coverage worldwide, and it is also ranked first in the importance of information and technology of the Government's vision according to the latest ranking list. At the same time, the TRA is effectively participating in all conferences, seminars and meetings held by the ITU; for example, TRA was present in the Mobile Asia EXPO in Shanghai, the Global Symposium for Regulators held in Warsaw, and the ITU Telecom World which was held in Bangkok, Thailand.

From a regional level, TRA participated in a number of meetings organized to discuss ways and methods of advancing and coordinating efforts with neighboring countries in the GCC and the Arab world. These meetings include the participation in the GCC e-Government Executive Committee, hosting the 3rd GCC eGovernment Award and the Plenipotentiaries meetings of Gulf and Arab countries in preparation for participating in the International Plenipotentiary Conference. Additionally, TRA participated in the Middle East DNS Forum.

With regards to local initiatives, TRA rolled out a number of awareness initiatives within the ICT sector that include informing public about fake products from mobile phones, PCs, applications and many others. The campaigns aimed to raise awareness on the dangers accompanied with using such devices or software and the damage these can cause if used. Also, and in order to avoid any mobile phone misuse, the TRA continued the "My Number, My Identity" campaign and to date, 17,433,762 accounts have been registered while 1,305,331 accounts have been suspended and 3,826,529 accounts have been ceased.

TRA also issued periodic reports that include detailed data about the services provided by certified companies, consumption patterns, trends adopted by customers, customer choices, and rate of broadband use, home phone packages and different packages. The TRA has culminated its contribution to local initiatives and events by attending "GITEX Technology Week" which is one of the largest events in this part of the world. The TRA's remarkable participation in GITEX resulted in the announcement of the Mobile Number Portability initiative.

Being completely aware of the importance of corporate social responsibility and our role in serving the society, the TRA organized 13 awareness campaigns and events for the public's benefit. These campaigns focused on wellness and encouraged people to lead healthier lifestyles, defining some of the most common diseases that are spreading very quickly; such as diabetes and autism. The TRA coordinated with many schools, universities and educational institutions to host students of similar ICT studies on a regular basis to introduce them to the work mechanism and the opportunity to communicate and interact with our employees and cadres.

These efforts came as a result of our belief in the importance of developing and strengthening national talent and competencies, which prove, day after day, their role and capability in occupying leadership positions at all levels and in various fields. Hence, we are providing scholarships and scientific missions for distinguished students who wish to pursue their education in all ICT related disciplines, which will qualify them to manage this vital and flourishing sector in the future, giving an important example of diversifying the sources of national income and the TRA's efforts in attaining this vision.

Building on what has been mentioned earlier, we would like to highlight the efforts of our employees and thank them for their outstanding performance over the last year which allowed us to achieve key milestones and successes to date. We encourage our employees to exert further efforts and show more excellence, creativity and teamwork, building on last year's success, in order to exceed all performance indicators, thus reinforce the status of our beloved country among leading nations in all fields; particularly the telecommunications sector.

To conclude, I would like to extend my gratitude to the TRA Chairman and Board of Directors for their continuous support. I would also like to thank our partners for their efforts to make the United Arab Emirates a global hub for ICT.

ABOUT THE TRA

Our Vision

The UAE is a global leading country in ICT.

Our Mission

We strive to be a leading organization in the ICT sector in the United Arab Emirates, committed to maintaining positive competition to protect the interests of the subscribers, and promoting electronic transformation of the federal agencies and their services, by relying on national competencies to apply the best international standards and practices in supervision of the sector and to encourage innovation and investment.

Corporate Values



Leadership

We nurture innovation and creativity, assume leadership and effectively influence the support and development of the sector



Customer Centric

We strive to improve our customers satisfaction through our commitment to the continuous improvement of the quality of our services



Flexibility

We seek to harness our expertise to keep up with the speed of development in the telecom and information systems sector



Empowerment

We endeavor to empower our employees in decision-making and participation in achieving our goals



Collaboration

We seek to provide a work environment that fosters the culture of teamwork and team spirit



Commitment

We are committed towards our responsibilities to the State in providing the best technology for the Sector

Strategic Goals

- Regulation of the Telecommunications Sector in the UAE and the enforcement of a regulatory framework that stimulates competition and elevating the level of quality of the provided services
- Striving to ensure the provision of the required resources in a fair manner to develop the best services in the ICT sector
- Establishing the bases for the e-government at the federal level
- Promoting the electronic lifestyle in the UAE
- Ensuring that all administrative services are in accordance with the standards of quality, efficiency and transparency

2013 OVERVIEW

The year 2013 was a year of significant achievements at all levels for the United Arab Emirates (UAE) Telecommunications Regulatory Authority (TRA). The TRA was able to build on the success and momentum realized over many years as it implements numerous initiatives focusing primarily on promoting the nation's ICT sector. One of the principal responsibilities of the TRA is to regulate and monitor the framework that authorizes licensees to operate within, and the TRA spares no effort in reviewing the activities of service providers in order to verify the quality of their offering. Throughout the year, the TRA intervened in a number of cases to uphold market transparency for consumers whilst at the same time promoting a competitive environment for network operators.

The year 2013 was a year of significant achievements at all levels for the United Arab Emirates (UAE) Telecommunications Regulatory Authority (TRA). The TRA was able to build on the success and momentum realized over many years as it implements numerous initiatives focusing primarily on promoting the nation's ICT sector. One of the principal responsibilities of the TRA is to regulate and monitor the framework that authorizes licensees to operate within, and the TRA spares no effort in reviewing the activities of service providers in order to verify the quality of their offering. Throughout the year, the TRA intervened in a number of cases to uphold market transparency for consumers whilst at the same time promoting a competitive environment for network operators.

In terms of education related schemes, the TRA engaged with a wide range of representatives from the nation's education institutions, universities and schools throughout the year. With the view to encouraging students to pursue ICT related studies, the TRA also organized a range of student field trips to a number of its departments to observe the working responsibilities of TRA employees. In light of the ongoing effort to support the nation's education sector and all those within it, the Ministry of Higher Education and Scientific Research honored the TRA as a key strategic partner during a high-level ceremony in Abu Dhabi. More generally speaking, the commitment to advancing local talent is evidenced in the TRA Emiratisation rate which stood at 80% by the close of the year.

Moreover, perhaps the most significant milestone that occurred last year was announcing the Smart Government initiative, which requires all federal and local governments to work on ensuring a smooth transition from eGovernment to Smart Government. Hence, the TRA is leading the transformation process and coordinating with the relevant stakeholders involved to deliver within the two year timeframe.

The year 2013 also saw TRA's participation in hosting numerous high-level international and regional conferences, seminars and meetings. In addition, the TRA organized several Corporate Social Responsibility (CSR) initiatives during the year as it recognizes the importance of CSR and its positive influence on our society; these will be discussed in more details later in the report.

In recognition of its leading role and ongoing collaborative effort with the International Telecommunication Union (ITU), the UAE was named "Visioning Partner 2015" during the WSIS 2013 held in Geneva, May. The TRA also made a valuable contribution to the outcome of the World Summit on the Information Society Forum 2013 through its participation with a high-level delegation including a number of governmental and non-governmental organizations. The successful involvement in the event built on the TRA's long association with the Forum having participated in previous editions as a 'Strategic Partner'. The UAE National Committee, assigned to follow up on the implementation of the official 'WSIS Recommendations and Action Lines', selected a number of the country's most outstanding projects to showcase best practices and evidence adherence to the criteria adopted during the previous two phases of WSIS in 2003 and 2005 held in Geneva and Tunis, respectively.

Furthermore, the aeCERT delegation participated in an event titled 'An Audience on Cyber Security' with Bruce Schneier, BT Chief Security Technology Officer, where this very high profile event was organized in light of the growing size and complexity of cyberspace and the changing role of security experts.

In line with its ongoing effort to eliminate potential interference between satellite networks, the TRA chaired a frequency requirement meeting with telecommunication officials from the Republic of Belarus. The discussion centered on finding ways to increase coordination efficiency, achieving coordination of relevant bands used by both the UAE and the Republic of Belarus and establishing frequencies that both administrations can use without causing interference for one another. In addition, the two parties discussed a range of technical issues and methods of cooperation to resolve outstanding problems and avoid potential issues in the future. Representatives from Al Yah Satellite Communications Company (Yahsat) also attended the meeting.

In November, the TRA participated in the 'ITU Telecom World 2013' in Bangkok, Thailand; where the TRA signed a memorandum of understanding (MOU) with the Infocomm Development Authority of Singapore (IDA). This was aimed at strengthening cooperation in ICT and enhancing the working relationship between the two parties involved; the MOU also featured a commitment to ICT knowledge transfer. During the event, IDA and the TRA discussed ways to effectively share information surrounding eGovernment and ICT as well as the working together on future joint technology research projects. The newly formed partnership will further promote ICT investment, business and technology ventures between the UAE and Singapore.

The TRA prides itself on adopting a well-defined vision for the future and its ability to innovate its strategy in line with the demands of the modern and increasingly digital world. As the entire nation works towards fulfilling The UAE Vision 2022, the TRA necessarily structures its operations in line with national goals as outlined by the UAE leadership. In order to achieve the self-imposed ambitious national targets, the TRA leans on the support of its dedicated professional workforce. This is largely the reason behind the level of success attained by the TRA to date, and will, without doubt, be the driving force behind the many achievements that lie ahead of the Authority in the future.

INTERNATIONAL AFFAIRS

The UAE is widely recognized for its strategic and diplomatic relations with nations across the globe, since having strong ties with counterparts both regionally and internationally is a vital approach adopted by the UAE leadership. In light of this strategy, the TRA has also adopted this approach and continually seeks to leverage its strong international relations to improve the ICT sector domestically. Consequently, and to constantly enhance the international stature of the UAE ICT sector, the TRA routinely takes a leading role through participating in a range of international ICT forums and events as illustrated below.

Hosting the Arab Internet Governance Forum (AIGF)

The TRA hosted the Arab Internet Governance Forum (AIGF) in cooperation with the Internet Corporation for Assigned Names and Numbers (ICANN) for the first time in the Arab region. The event discussed the strategies taken by Arab governments to address modern Internet issues and policies in the region as well as discussing how to best strengthen the participation and cooperation among all concerned parties. During the forum, the ICANN strategy in the Arab region was reviewed, in addition to a proposal to create a record of Internet names and protocols for the Arab organization.

Hosting the Finnish Government Delegation in TRA Dubai Office

The TRA hosted a high-level delegation from the Finnish government including Finland's Minister of European Affairs and Foreign Trade, Alexander Stubb, as well as a team of CEO's from 12 Finnish ICT companies. The main objective of the visit was to promote cooperation and knowledge transfer between the UAE and Finnish ICT companies. The outcome of the meeting will support plans to develop and modernize national ICT infrastructure with a focus on security, Internet usage policy, regulatory affairs and eGovernment while strengthening international cooperation in foreign affairs.

Hosting the 3rd Edition of the GCC eGovernment Award, Conference and Exhibition

Held under the patronage of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates (UAE) and Ruler of Dubai, the TRA hosted the third annual GCC eGovernment Award, Conference and Exhibition aimed at strengthening the role of eGovernment in sustainable development in Gulf countries. The conference was attended by H.H. Sheikh Majid bin Mohammed bin Rashid Al Maktoum, Chairman of the Dubai Culture and Arts Authority and in addition to honoring the winners of eGovernment Award, His Highness honored the 'Strategic Partners' of the event which included: the eGovernment Authority in Bahrain; the eGovernment Programme in KSA; the Central Authority of Information Technology in Kuwait; the Information Technology Authority in Oman; the Supreme Council of Information Communication Technology in the State of Qatar and the GCC Department of Planning and Knowledge.

Hosting Meetings of Gulf and Arab States Representatives in ITU

The TRA hosted and chaired the December meetings of the Arab and Gulf working groups to prepare for the participation in both the World Telecommunication Development Conference 2014 (WTDC-14) and the ITU (International Telecommunication Union) Plenipotentiary Conference 2014 in Busan, Republic of Korea. The meeting discussed key issues and ultimately sought to define a unified Arab vision to strengthen the presence and contribution of Arab states in high-level ITU international conferences. The meeting also discussed collectively nominating an Arab candidate for leadership positions in ITU with the coordination mechanism recently adopted at the Arab Information and Communication Technology (ICT) Ministerial Council meeting held in Algeria. A number of work papers were submitted and reviewed by the countries in attendance including one from the UAE that outlined the importance of preparation ahead of ITU events.

Hosting a High-level Delegation from the State of Kuwait

In order to strengthen bilateral cooperation in ICT, the TRA hosted a high-level delegation from the State of Kuwait headed by H.E. Abdullah Motlaq Azmi, Assistant Undersecretary of Services Sector. The purpose of the official visit was to exchange insight on eGovernment strategy and for the hosts to share their eGovernment experience having already rolled out the initiative throughout the UAE.

Playing a key role in international eGovernment efforts, the TRA eGovernment team delivered a presentation to the audience that highlighted the UAE's eTransformation plans and key initiatives. The TRA team also outlined the services provided by the United Arab Emirates Computer Emergency Response Team (aeCERT) and the 'ae Domain Administration' Department (.aeDA). As part of the visit, the delegation held a range of side meetings and attended a series of field visits to service centers in Dubai.

MOU Signing with Infocomm Development Authority of Singapore (IDA)

Receiving authorization from the Ministry of Foreign Affairs, the TRA signed an ICT Memorandum of Understanding (MOU) with the Infocomm Development Authority of Singapore (IDA) during both parties' participation in the 'ITU Telecom World 2013' held in Bangkok, Thailand. The meeting was organized in line with the TRA's wider strategy of strengthening diplomatic ties and promoting bilateral relations with international ICT stakeholders.

Preparations for the World Telecommunication Development Conference 2014 (WTDC-14)

The TRA adopted an action plan coordinated with the members of the Arab Group responsible for preparations ahead of the conference and for TRA's participation as the UAE representative in the Arab Regional Forum.

Fourth US-UAE Economic Policy Dialogue

The US-UAE Economic Policy Dialogue event featured a number of discussions relating to the scope of TRA's operations and its role in boosting the national economy. Some of the initiatives discussed included:

- TRA's role in issuing Internet legislation
- Urging registration of American company names under the national domain name within a 3 months period
- Coordinating efforts with the U.S. State Department in managing the UAE's relationship with American companies

Meeting of the Permanent Arab Committee for Telecommunications and Information, the Executive Office and Arab Information and Communication Technology Ministerial Council

The TRA participated in the Permanent Arab Committee for Telecommunications and Information meeting held in the State of Algeria, where the TRA submitted three working papers on behalf of the UAE. The UAE, represented by the TRA, had previously chaired three committee meetings at TRA's offices in 2010, 2011 and 2012. The committee submitted the meeting outcomes and recommendations to the Arab Information and Communication Technology Ministerial Council in addition to the approval of nominations for a number of leading positions in the coming ITU elections.

22nd Meeting of GCC Telecommunications, Information Technology and Post Ministers Committee

The TRA participated in the twenty-second meeting of GCC Telecommunications, Information Technology and Post Ministers Committee that took place in Manama, Bahrain, where the meeting discussions focused on the regulatory framework surrounding Internet services and applications. The meeting also reviewed a number of issues related to the telecommunications and postal services in GCC countries that resulted from the recommendations of previous committee meetings. During the meeting, the committee signed off a range of unified resolutions relating to a GCC Postage Stamps Exhibition and the creation of an awareness week for express mail services in GCC countries. The Committee also agreed to establish the necessary processes to ensure the successful delivery of a 'Gulf Express Service'.

7th Meeting of Arab Working Group for Standardization

The seventh meeting of the Arab Group for Standardization preceded the World Telecommunication Standardization Assembly. The event, hosted by the Kingdom of Morocco, saw representatives from the TRA, where a number of joint Arab working papers were submitted in addition to announcing that the TRA, on behalf of the UAE, was to be awarded the vice-president position of the Arab Working Group.

Objections to Sensitive Domain Name Requests

During 2013, the TRA has submitted formal objections to the International Chamber of Commerce (ICC) and the World Intellectual Property Organization (WIPO) against the following domain name requests: '.islam', '.halal', '.persiangulf', and '.gcc'. The objections came after following a review of the respective applications submitted by private companies wishing to acquire the domain names exclusively. The TRA flagged their concern with the applications since sufficient evidence was not supplied to indicate that the private companies involved had received official support from the concerned communities, such as the Gulf Cooperation Council (GCC), Islamic organizations and respective governments. The objection documents were submitted to the concerned authorities according to procedures adopted by ICANN for new top-level domain names on the Internet. The Authority succeeded in its objection against '.gcc' as ICANN issued an official binding decision to prevent the use of this top level domain name.

The Broadband World Forum

The Broadband World Forum, which took place in Amsterdam, discussed both the opportunities and challenges facing the telecom sector in the deployment of fixed and mobile broadband services. The Forum also reviewed the best mechanism to support and promote future strategies including the review of obstacles currently limiting the deployment of broadband networks; ways to bridge the gap between broadband services and how to develop the necessary infrastructure to keep pace with growing consumer demand and a review of methods strengthening the link between international broadband networks.

2nd Meeting of the GCC eGovernment Ministerial Committee

TRA Director General, H.E. Mohamed Nasser Al Ghanim, chaired the UAE delegation participating in the GCC eGovernment Ministerial Committee meeting which took place in Manama, Bahrain; where the meeting discussed a range of topics pertaining to enhancement of eGovernment services and cooperation agreements between GCC member states. Additionally, the eGovernment GCC Strategy Guidelines submitted to the committee were approved with the ministers present, also agreeing to start the implementation project that would link the GCC eGovernment networks with one another.

Girls in ICT International Day

The TRA celebrated the 'Girls in ICT International Day' and hosted dialogue sessions for school and university students to encourage them to study disciplines related to this field. A group of female employees at the TRA presented their knowledge and experiences to inspire students into enhancing the women's participation in the ICT sector.

World Telecommunication and Information Society Day

The TRA celebrated, for the first time in the UAE, the 'World Telecommunications Day' where the International Telecommunication Union Commission has identified the year's theme 'ICTs and Improving Road Safety'. The ITU gave the UAE the right to participate in the celebration of this day, which marks the anniversary of the International Telegraph Conference in 1865, which led to the establishment of the International Telecommunication Union. Moreover, the ICT Regulation Committee approved at its last meeting in Bahrain the nomination of the UAE for the membership of the ITU Council for the third time in a row from 2014 to 2018, and the membership of Engineer Nasser bin Hammad, director of International Affairs at the TRA, in the Radio Regulations Council for the period 2014 to 2018.

Kuwait Conference on e-Government Legislation

The TRA participated in the Kuwait Conference on eGovernment Legislation held for over two days in the presence of many high level dignitaries in the field of eGovernment. TRA Deputy Director General, Majed Al Mesmar, led the participating UAE delegation. The TRA also participated in the ITU session held at its headquarters in Geneva in June 2013. The TRA obtained the approval of the board unanimously for the presidency of Engineer Nasser Bin Hammad for preparations of the committee in charge of celebrating the 150th anniversary of International Telecommunication Union, to take place in 2015. Moreover, the UAE was elected to be the Vice President of the Council working group responsible for preparing the financial and strategic plan of the Union for the period 2014 to 2018.

The World Summit on the Information Society (WSIS) Forum

The TRA participated in the World Summit on the Information Society Forum (WSIS) in Geneva, as the 'Exclusive Strategic Sponsor'. During the event, the Abu Dhabi Science Committee received the annual 'Distinguished International Initiatives' award. The TRA also participated in the International Telecommunication Policy Forum in Geneva where H.E. Majid Al Mesmar led the UAE delegation.









REGULATORY AFFAIRS

Annual Sector Evaluation Report

The TRA issued the fourth 'Annual Sector Evaluation Report', which summarizes the performance of the ICT market during the period between 2010 and 2013. The results of the report indicated that the sector continued on a path of significant growth during this period as the number of fixed line subscriptions surpassed 2.1 million while the number of mobile subscriptions continued to rise reaching 16.1 million by the end of 2013. The access ratio was 192.9% by the close of 2013, which is considered one of the highest rates in the world. The annual revenue generated by mobile services also saw strong growth in 2013 amounting to AED 22.3 billion. The number of Internet subscriptions increased to 1,042 and the UAE rose to first place in the number of fiber optic connections to houses. During 2013, the number of employees in the telecommunications sector for both the licensees and the TRA had reached 7,419.

General Statistics

Consumer Inquiries and Complaints

The Consumer Affairs Division of the TRA is set up with the purpose of responding to the feedback received by the TRA from UAE consumers on a daily basis. The division has the responsibility to protect the nation's Internet subscribers and intervene when required to resolve complaints filed against service providers. The number of complaints in 2013 reached 2,097, where the majority of them were related to issues on billing (1,190 incidents), lack of coverage (59 incidents), and other issues (848 incidents).

In spite of the increase in the number of complaints, the TRA responded to all the incidents in timely manner, which is testament to the priority placed on customer satisfaction by the Authority. The TRA resolved 106 cases deemed 'complex' over the course of 2013 in addition to 9 emission cases working in conjunction with the TRA's Technology Development Division.

Weekly Complaints Report

The TRA introduced a weekly report on the status of complaints to identify which complaints are open, recently closed or overdue, hence ensuring all issues are resolved in a timely fashion.

eTransformation in Customer Complaints

Coordinating efforts with both Etisalat and du, the TRA supported the nation's licensees in transforming the traditional process behind the receiving and recording of consumer complaints to an automated format. The new process sees customer complaints sent through to the licensees in the format of a 'RAD.pop' email format instead of the previous format of receiving the complaints via fax or courier. Some of the notable benefits of the new eComplaints system include:

- Annual saving of approximately 15,000 sheets of paper
- Environmental friendly
- Cost saving associated with printing, delivery and courier services
- Increased employee efficiency with the reduction of time spent processing complaints
- Weekly reports issued automatically, submitted to each operator, to enhance monitoring of pending complaints
- Cost saving, as the entire system was developed in-house by the TRA's Regulatory Affairs Department, incurring no third party costs

Pricing Review

The TRA receives applications from licensees on a daily basis to review telecommunication retail prices and enhance competitiveness. A total of 293 applications on pricing were submitted last year with 273 of the applications being approved.

Expanding the Licensing Framework for UAE Telecommunications Operators

Through ongoing dialogue with the satellite communications sector and licensing bodies, the TRA created a licensing system in 2013 for satellite providers not already licensed in the UAE. Licenses applications were received from Thuraya, Inmarsat, Iridium and Khalifa University and were submitted to the Board of Directors; the project is estimated to be 85% complete.

Review of the 2011 'Resolution 3': Audit of Consumer Billing Procedure

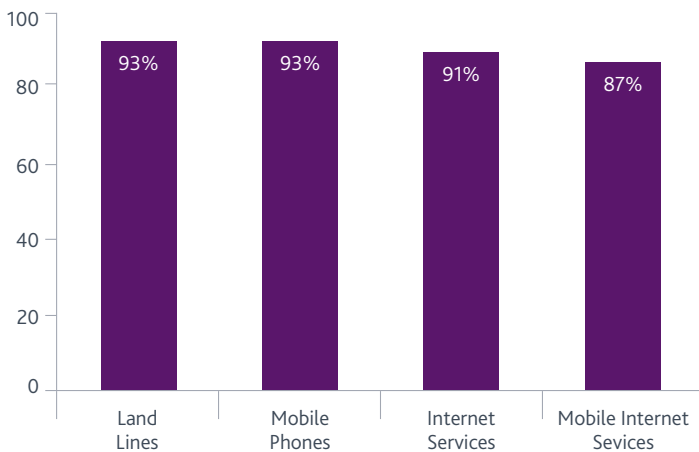
Both UAE operators conducted three audits since the issuance of 'Resolution 3' in 2011; however, there has not been improvement in the number of complaints relating to billing. In response, the TRA took it upon itself to conduct a workshop to review consumer-billing procedures and issued a series of recommendations for change. The project is estimated to be 45% complete.

ICT in the UAE

Customer Satisfaction Questionnaires 2013

As part of its on-going efforts to monitor the UAE's ICT environment and assess to what extent the needs and expectations of the UAE businesses community are being met, the TRA conducted a market survey of roughly 1,502 UAE businesses, involving a series of face-to-face interviews with consumers throughout the Emirates. Measuring consumer sentiment, the survey featured a wide range of questions designed to retrieve industry specific insight from pricing structures to the scope of services available. Key findings from the research are highlighted below.

Business Sector Satisfaction Level on Telecommunications Services



UAE Performance Outlined in International Studies and Reports

Reports issued by the ITU in addition to many international studies have illustrated the strong performance of the UAE ICT sector.

The Networked Readiness Index 2012 – 2013

The UAE ranked 2nd of all the Arab states in the Networked Readiness Index (NRI) study issued by the World Economic Forum and 25th among 144 countries assessed. The NRI measures the capacity of an economy to fully leverage ICT for increased competitiveness and development. The NRI study was published in The Global Information Technology Report 2012 – 2013 and is based on data collected by organizations such as the International Telecommunications Union (ITU), the World Bank, and the United Nations (UN).

PERCENTAGE OF
BUSINESSES WITH FIXED
TELEPHONE SERVICES

100%

PERCENTAGE OF
BUSINESSES EQUIPPED
WITH PCS

100%

PERCENTAGE OF
BUSINESSES THAT ACCESS
INTERNET SERVICES

95%

PERCENTAGE OF
BUSINESS THAT HAVE
A WEBSITE

75%

In terms of individual indicators analysed, the UAE ranked first among the Arab states in terms of:

- Impact of ICT on access of basic and new services
- Accessibility of digital content
- Business-to-consumer through Internet
- Number of ICT patent applications
- Availability of latest technologies
- Low software piracy rates

Internationally, the UAE ranked:

- First in mobile network coverage, in terms of the percentage of population covered (shared with a few countries)
- First in Government success in ICT promotion
- Third in ICT use and Government efficiency
- Third in terms of the importance of ICT to the Government's vision of the future
- Third in Government procurement of advanced technologies products
- Sixth in terms of the impact of ICT on access to basic services
- Ninth in Government services available through the Internet

ICT Development Index 2013

The United Arab Emirates ranked 33rd globally in the ICT Development Index among all 157 states. Key findings of "Measuring the Information Society" (MIS) report include:

- The UAE ranked third in the world in the Fixed Telephony Sub Basket
- The UAE ranked fifth in the world for the Mobile Cellular Sub Basket
- The UAE ranked seventh in the world in the ICT Price Basket

UAE Ranking According to Important International Indicators 2013 - 2018



World Economic Forum: Global Competitiveness Report GCI 2013 – 2014

A recently published report by the World Economic Forum based its competitiveness analysis on the Global Competitiveness Index (GCI), a comprehensive tool that measures the microeconomic and macroeconomic foundations of national competitiveness. The competitiveness index is determined by measuring 12 sets of indicators, which include technological readiness and innovation. The UAE achieved a leap to rank 19th out of 148 countries for the GCI 2013 – 2014.

Key findings of the Global Competitiveness Report were:

- The UAE ranked second in the world in Foreign Direct Investment (FDI) and technology transfer (Investment bringing new technologies)
- The UAE ranked third in the world in Government procurement of advanced technology products
- The UAE ranked fourth in the world in quality of overall infrastructure
- The UAE ranked fourth in the world in firm-level technology absorption
- The UAE ranked sixth in the world in burden of government regulation
- The UAE ranked seventh in the world in effectiveness of anti-monopoly policy
- The UAE ranked eighth in the world in availability of latest technologies

SPECTRUM AFFAIRS

During 2013, the TRA had achieved and completed many important projects related to spectrum management in addition to its participation in many events and important conferences on both local and international levels.

Purchase of Mobile Monitoring Station to Oversee Spectrum Frequencies Equipped with a Direction Identification System

In order to keep up with the continuous growth of the telecommunications sector and the development of new services, the TRA purchased a Mobile Monitoring Station equipped with a state of the art system to monitor frequencies and determine the direction of its source. This will enhance the TRA's ability to manage the spectrum more efficiently and protect spectrum users from harmful interference that affect the services provided to them negatively. The Frequency Monitoring Department has started working on this project.

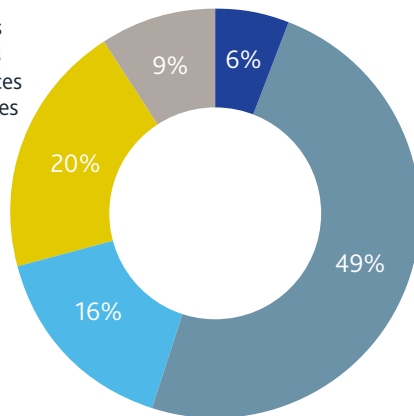
Verify the Spectrum Users' Database and Identify Unauthorized Users

The TRA carried out several field surveys in 2013 including surveys done in the Emirates of Ras Al Khaimah and Al Ain to verify the accuracy of the TRA's authorized spectrum users' database by comparing it with the actual results of the surveys. This helped assess the actual use of the frequency spectrum and identify unauthorized users. This also helped to assess the commitment of licensed users to technical standards allocated to them which required consecutive days of field work where the team covered large areas in the mentioned areas.

The final results were as follows:

Al Ain

- Authorized Services
- Unverified Services
- Broadcasting Services
- Aeronautical Services
- Maritime Services

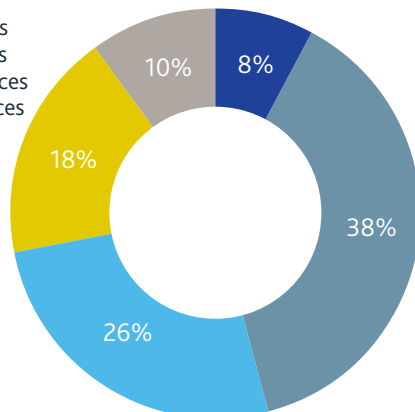


212 Signals Found in Al Ain

Authorized Services	12	6%
Unverified Services	96	49%
Broadcasting Services	31	16%
Aeronautical Services	38	20%
Maritime Services	18	9%

Ras Al Khaimah

- Authorized Services
- Unverified Services
- Broadcasting Services
- Aeronautical Services
- Maritime Services

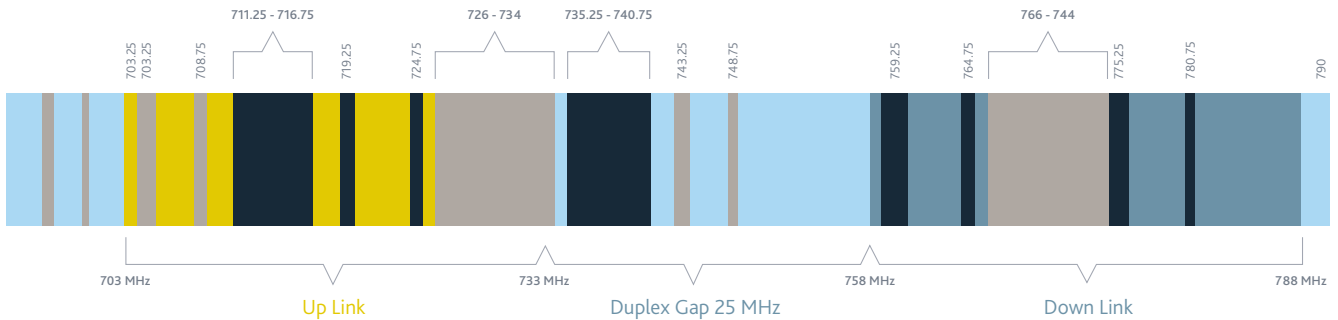


356 Signals Found in RAK

Authorized Services	34	24.7%
Unverified Services	151	75.3%
Broadcasting Services	105	26%
Aeronautical Services	70	18%
Maritime Services	39	10%

Field Survey of the Band 694-790 MHz

The TRA did several field surveys in many border areas in the state in 2013 to make sure there are no uses within this range especially broadcasting services after the transition from analogue terrestrial television broadcasting to digital broadcasting, or checking for any harmful interference coming from border lines with neighboring countries. The procedure was done prior to allocating this frequency range for mobile services. The analysis of the survey results concluded the presence of some harmful interference in this range, but they are not significantly influential and can be handled as shown in the chart below.

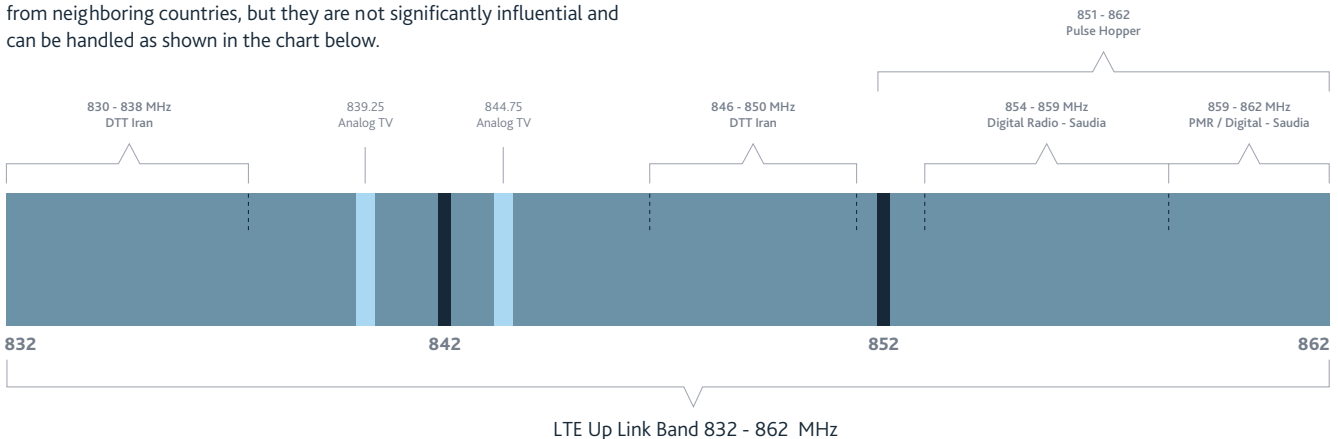


Occupancy for 694 - 790 MHz

- Guard Band
- Low Level signal / interference
- High Level signal / interference

Field Survey of the Band 790-862 MHz

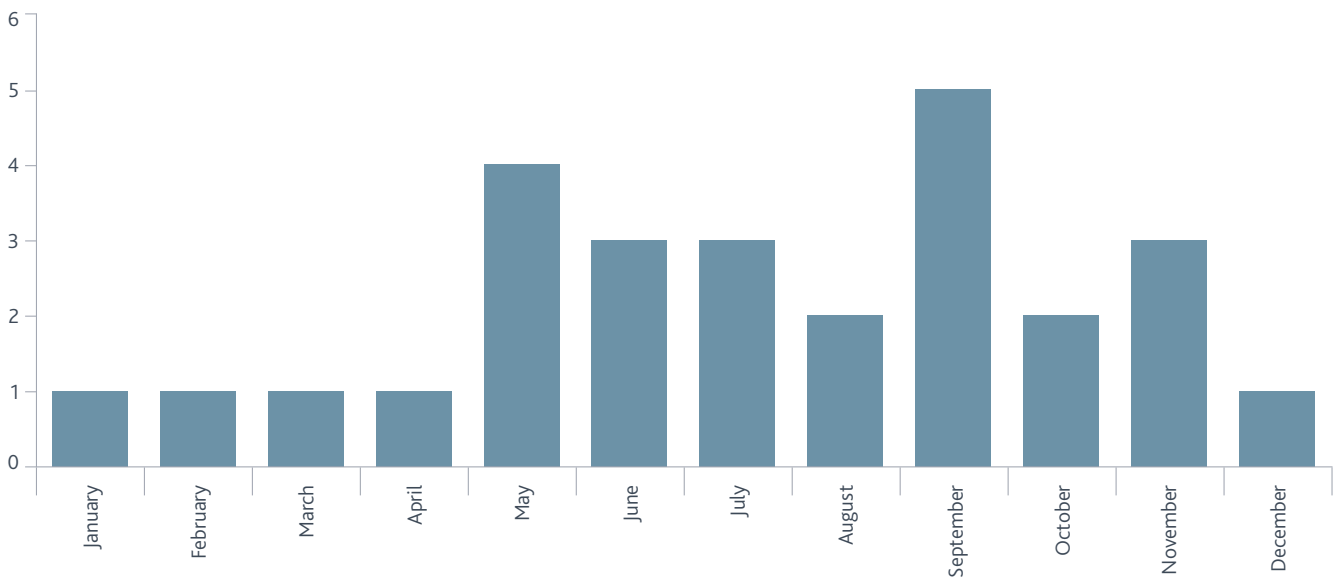
The TRA did several field surveys in many border areas in the state in 2013 to ensure there are no harmful interferences coming from borderlines with neighboring countries. This procedure was done prior to allocating this frequency range for mobile LTE service. The analysis of the survey results concluded the presence of some harmful interference in this range coming from neighboring countries, but they are not significantly influential and can be handled as shown in the chart below.



Harmful Interferences

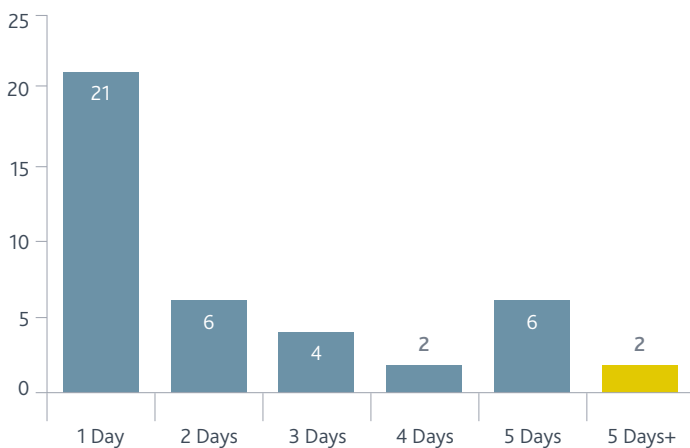
In 2013, the TRA received 26 complaints about the presence of harmful interference that adversely affect the frequencies allocated to the TRA licensed users. The TRA handled these complaints and worked to resolve them and protect the interests of users. The chart below shows the number of complaints from harmful interference received by the department during last year.

Number of Complaints / Month



The graph below shows the TRA's success in achieving high response speed in resolving harmful interference complaints:

Number of Complaints / Days to Resolve



Coordination Meetings with the Arab Departments and International Entities

The TRA participated in several coordination meetings with the departments from the Gulf States and the Iranian administration as well. The purpose of these meetings was to resolve the problems of harmful interference coming from other countries and adversely affect many of the services offered in the country. During the meetings, many solutions were proposed and were welcomed by other departments and contributed to minimizing cross border interference.

Field Surveys About Cross Borders Interference on Mobile Networks (2G/3G)

Many field surveys were carried out during last year in the border areas between the UAE and Oman to assess the status of the cross borders interference on mobile networks (2G/3G). The surveys checked the commitment of the operators with what has been agreed upon with respect to cross border coverage on the territory of the neighboring country. Moreover, the TRA coordinated with the Iranian administration with regard to monitoring cross borders interference coming from operators working in Iran and affecting the mobile network on the UAE territory and decisions were taken to minimize this interference. The TRA also participated in the GCC joint field survey done in the border areas between Saudi Arabia and Bahrain on the mobile network and WiMax network.

Participating in Events

The TRA participated in many important events in the UAE; such as last year's Formula 1 racing event, by doing field surveys prior to the start of event to make sure there are vacant frequencies to allocate to those participating in the event. The TRA also participated in monitoring frequencies during the days of the event besides solving the issues of harmful interference by coordinating with the security committee.

Exchanging Experiences with International Entities

The TRA hosted a delegation from the Republic of Kenya to show them the Spectrum Monitoring System of the TRA and highlight its capabilities. The TRA displayed the systems existing in the department and portrayed to the delegation members its advantages and the procedures followed to reduce harmful interference.

Developing the Procedures Followed by the Department

The TRA regularly works on developing the procedures in order to boost productivity and improve the service provided to customers inside and outside the TRA; hence, the procedures related to the maintenance of the system and resolving harmful interference issues were modified.

Participation in the Union Shield Exercise

The TRA participated in the Union Shield Exercise organized by the National Emergency Crisis and Disaster Management Authority (NCEMA).

Judicial Training for the Department Employees

Department employees participated in an advanced judicial training course to learn to address the telecommunications sector's violations and crimes and to know the legal methods in dealing with violators. Such training programs contribute to refining and developing employees' skills and knowledge in legal and judicial systems. The department's employees were granted Judicial Office upon completion of the course.





TECHNOLOGY DEVELOPMENT AFFAIRS

The Technology Development Affairs Department is one of the largest within the TRA and has some of the most important initiatives of 2013 included the following:

Setting Policies to Reduce Carbon Emissions Resulting from the Telecommunications Sector

During the first quarter of last year, a project was launched to develop policies, instructions, and recommendations for limiting greenhouse gas emissions resulting from the telecom sector activities across the state. This project focuses mainly on the reduction of carbon emissions due to their serious and dangerous impact on the environment and public health. In this context, a strategic plan was adopted to work simultaneously on three levels, as follows:

International Level

This includes performing many procedures and taking important steps, including a study about best practices adopted among various entities working in the field of ICT regulation that aims to review the latest updates in this field. Moreover, global benchmarking studies and methodologies adopted in this regard were reviewed by participating in an international conference held under the sponsorship of the International Telecommunication Union.

National Level

The TRA met with representatives of the certified telecommunication provider companies to discuss taking serious well defined steps to contribute to the reduction of carbon emissions from their own mobile services sites. In addition, they were requested to prepare accurate statistics about the amount of paper consumed in the telecommunications sector. Additionally, the TRA submitted a proposal that includes the adoption of a clear mechanism aimed to measure the level of development in applying ICT green practices for all partners.

Internal Level

An internal workshop for the TRA employees was held to raise awareness about the general concept of green ICT; this was associated with awareness presentations on the same topic. Hence, a comprehensive report on the TRA's initiatives in the area of green practices was prepared, in addition to the adoption of a special format for requesting information from operators in order to analyse and use this data. A meeting was held with the Ministry of Environment to study aspects of cooperation in this area.

Assessing the Licensees' Commitment to the National Emergency Plan

Based on the audit implemented in the fourth quarter of 2012, the TRA team notified the licensees, Etisalat and du, last year to ensure that they take the necessary corrective and preventive measures required in case of a national emergency. In addition, a field visit to Etisalat headquarters was arranged at the beginning of May to ensure that the actions and steps had been put in place. Consequently, a table top exercise was held on the National Emergency Plan for the telecom sector in June 2013.

Electronic Link to the Telecommunication Emergency Room

A field visit was organised to the Environment Authority in Abu Dhabi in order to benefit from best practices and share knowledge. A report with the outcomes of the visit was prepared that summarised the main recommendations and the necessary proposals that are required to successfully coordinate with internal departments. This allows the organisation to make arrangements for a visit of a delegation from the Civil Aviation Authority to review the sustainable practices for activating and maintaining TRA's temporary emergency room.

Regional Business Continuity Management (BCM) Forum

The seventh Regional Business Continuity Management (BCM) Forum was held in March at the TRA's headquarters in Dubai in the presence of the TRA employees and the licensees (Etisalat and du). During the forum, representatives of The National Emergency Crisis and Disaster Management Authority (NCEMA) were hosted to showcase and discuss the new national standard regarding business continuity management. The eighth edition of the forum was held in September and it was hosted by du. The ninth edition was held in December at the TRA's headquarters.

The Implementation of the Mobile Subscription Members Regulatory Policy

Given the importance of this topic, the TRA monitors the performance of licensees (Etisalat and du) periodically through statistical reports, where the total number of subscribers, new and existing reached 8,341,495 based on the new registration requirements. Therefore, regular meetings are held with licensees to follow up and discuss the latest developments and updates, where it was noticed that the licensees activated new channels and methods to facilitate the registration process.

'My Number, My Identity' Campaign

The licensees were able to register 17.9 million subscribers, both current and new. In the same context, the "Mobile Subscribers e-Registration" directive was issued requiring the licensees to place e-readers and scanners in all sales outlets in the country.

Evaluation of Mobile Networks in the Country

The evaluation procedures included sending the 2012 results report to licensees (Etisalat and du), then taking all necessary measures to start the mobile phone networks assessment process in the country for 2013 in cooperation with an external consultancy. The process was launched in April and the key findings were then published on the TRA's website.



Vendor Registration

A total of 790 applications were received during last year and approved by TRA's management. During the first half of the year, the TRA received 443 applications compared with 347 during the second half. Furthermore, the first quarter is considered the highest in terms of number of applications received, reaching a total of 228.

Quality Adoption

The TRA has received a total of 2,719 applications for quality adoption during the year 2013, of which 1,348 applications were received in the first half of the year and 1,371 during the second half. The third quarter had the highest number of applications that have been received and approved, reaching 731. Moreover, 22 applications were rejected during the first half of which 17 applications were rejected during the first quarter and 5 applications were rejected during the second quarter.

Customs Clearance

A total of 5,551 applications were approved during the year 2013, of which, 2,287 were approved during the first half and 3,264 in the second half. The last quarter of last year had the most number of applications that reached 1,844.

Disconnecting Service for Counterfeit and Fake Devices

The TRA monitored the performance of licensees (Etisalat and du) periodically through statistical reports. The data collected indicated that the total number of counterfeit mobile devices reached 15,238 during 2013. Etisalat identified 9,826 fake phone devices while du identified 5,412 phones. The TRA, in cooperation with the operators, developed a range of solutions and actions to limit the spread of fake phone devices in their networks. In addition, the entities worked together to gather data and statistics about the counterfeit handsets which is being studied and analysed to help limit the spread of such devices amongst the UAE telecom community.

Automating Procedures for Allocating Numbers

The company assigned to handle the process of overseeing the automation of number allocation procedures, organised a workshop for the relevant employees in TRA, which included details on the automation systems thereby complying with the terms of the contract. Another workshop was held to inform them about the progress of the project.

Applying Mobile Number Portability in the UAE

The launch of MNP service in the country was announced during Gitex Technology Week and was made effective as of December 2013. This service allows a mobile subscriber to change to another operator while retaining the same mobile phone number. This step reflects TRA's endeavors to enhance competition in the local telecommunication market and improve the quality of services provided to consumers in order to meet all their needs. By applying this service, the user will not be obliged to obtain a permit or approval from the previous service provider, as they will be dealing directly with the new service provider to proceed with the portability. The subscriber will be able to complete the procedures for changing his service provider in no time and very easily and will not face any difficulties or delays in obtaining authorization code from the previous service provider.

Monitoring the Communications Devices Market

During the course of last year, the monitoring and inspection team carried out 163 field visits in which 70 warnings and 227 violations were issued. The second quarter was the highest in terms of the number of visits with 74 rounds and 82 violations, while the first quarter recorded the highest number of warnings; 34 warnings. Furthermore, the total number of counterfeit telecommunication devices that had been confiscated reached 21,641 devices during last year, and the biggest part occurred in an organized campaign carried out in Naif Market where 3,195 devices were seized. The TRA works in coordination with its strategic partners to raise awareness and issue warnings and violations against regulations (A16) and other applicable laws violators, in addition to confiscation of prohibited goods that violate the standards.

SPAM Text Messages

The total number of SPAM messages that were blocked by du and Etisalat reached over 77 million messages in the past year. Across the region, SPAM continued to be a challenge for local telecommunication authorities with the Kingdom of Saudi Arabia ranking the highest in terms of SPAM received messages, followed by the Sultanate of Oman and then Pakistan. With regards to operators sending SPAM messages, Jawal ranked first followed by Nawras in second place and Zain in third place.

Studying the Current Status of the Local and Global Practices Regarding SCAM Emails

The TRA finalized drafting questionnaires related to SPAM e-mails, which are addressed to a large segment of the society (operators, government entities, private entities, email service provider and the public). The aim of these questionnaires is to collect information about the concept of SCAM e-mails and its impact locally besides proposing best preventive procedures and recommendations in this aspect.

Table top Exercise on the National Emergency Plan for the Telecom Sector

The first Table top Exercise for the telecommunications sector was held successfully in June at the TRA headquarters in Dubai. Attendees included professionals from both of the licensees' emergency management team and NCEMA team. Key remarks and lessons learnt were shared in the form of guidelines and related reports that were received from the consultant in batches.

Events



TRA Visiting Mobile World Congress

The TRA sent a team to the Mobile World Congress that took place in February 2013 in Barcelona for the various applications and developments regarding mobile services. The team was able to identify mobile operator concerns from a regulatory standpoint and identify the future approaches of mobile operators.

Hosting the 16th Arab Spectrum Management Group (ASMG)

The TRA participated in the 16th Arab Spectrum Management Group (ASMG) that took place during March, in Dubai. The purpose of the meeting was to coordinate the position of the Arab countries present whilst discussing the best approach to defend the region's interests on the global stage during the upcoming WRC-15.

Hosting the Arab Internet Governance Forum (AIGF)

The TRA hosted the Arab Internet Governance Forum (AIGF) in cooperation with the Internet Corporation for Assigned Names and Numbers (ICANN) for the first time in the Arab region. The event took place in Dubai, and discussed the strategies of the Arab Governments towards Internet issues and policies in the region, and the methods of strengthening participation and cooperation among all concerned parties. During the forum, the ICANN strategy in the Arab region was reviewed, in addition to a proposal to create a record of Internet names and protocols for the Arab organization.

TRA Participation in a Meeting of the Executive Committee of the Gulf eGovernment

Held in Bahrain in January 2013, the Committee's agenda discussed the Secretariat's report and the implementation of decisions at its tenth meeting. Moreover, functions and jurisdiction of the working group overseeing the organization of the next sessions were also discussed and approved.

Participation in the First Government Summit

The TRA participated in the first Government Summit which took place in Dubai, in February, to discuss best practices and knowledge sharing of modern trends in government work and means of creativity and innovation in the development of government services in various sectors. The participation also helped discuss other matters such as intertwining national efforts and government work.

Hosting the Finnish Government Delegation

In Dubai, the TRA, led by H.E. Mohamad Ahmad Al Qemzi, TRA Chairman, hosted a high-level delegation from the Finnish Government including Finland's Minister of European Affairs and Foreign Trade, Alexander Stubb, and a team of CEO's from 12 Finnish ICT companies. The main objective of the visit was to promote cooperation, knowledge sharing as well as bilateral transfer of techniques and experiences with Finnish companies working in ICT.



INFORMATION & E-GOVERNMENT

The TRA takes the mission of drafting and overseeing the implementation of the eGovernment strategy at the federal level, according to the decision of the Council of Ministers No. (28/3 and / 1) for the year 2010; which identified the functions of the TRA decision, as follows:

- Propose the vision, strategic plan, and policies for the UAE eGov, and follow implementation after approval from the Council of Ministers
- Propose legislation, regulatory frameworks, and standards related to electronic services, and follow its implementation in coordination with relevant authorities
- Develop standards, policies, and guidelines of government ICT and its procedures
- Manage the eGov programs and initiatives and follow their implementation, as well as promote the use of information technology and electronic communications in federal government entities
- Set an attractive electronic environment in the federal government

Hence, the eGovernment was able to achieve remarkable accomplishments that helped occupy a prominent place on a regional and global level. Within its supervisory task, the TRA issued quality standards for the federal entities' e-services, so that it assists federal government authorities in improving the services provided to the various public segments. This step is an integral implementation of one of the central initiatives within the eGovernment strategy, approved by the Council of Ministers in 2011. It also complements the directives of the leadership team concerning the necessity of completing the electronic transformation from a federal government level.

The aim of the e-services quality standards document is to demonstrate the detailed aspects and mechanisms that enable eGovernment services. It provides a list of evaluation points that the government bodies can use to measure the quality of each electronic service and to what extent it is ready and suitable for the requirements.

mGovernment Initiative

Launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum, on 22 May 2013; his highness has enforced a timeframe upon all relevant parties to provide their services through mobile phones during a period of 24 months. In order to implement this vision, a committee was established to follow the initiative, headed by His Excellency Mohammad Abdullah Al Gergawi, Chairman of the Executive Office, in addition to His Excellency Mohammed Ahmed Al Qamzi, Chairman of TRA, and His Excellency Dr. Abdulqader Al Khayat, Chairman of ICT Fund. Also involved in the committee are His Excellency Mohamed Nasser Al Ghanim, TRA's Director General, and His Excellency Hamad Obaid Al Mansoori, mGovernment Director General. Moreover, a committee was formed to study the effect locally and globally in relation to smart government adoption, where five members of the Committee, accompanied a delegation from the Office of the Presidency of the Council of Ministers on their visit to Korea. The

delegation also included representatives from the Ministry of Interior, the Ministry of Labor and the Emirates Identity Authority. The visit included governmental and non-governmental tours within the field of smart government. It was also agreed with the panel of experts from the International Union to implement the Supreme Committee roadmap for Smart Government, and drafting the guidelines of applications and smart services.

In order to promote the efforts to launch the mGovernment across the country in 24 months, the TRA held a workshop in June about mGov, which was attended by representatives from various government bodies of the federal and local governments. The workshop aimed at refining the ideas and proposals to ensure they are in line with the mGovernment vision. The workshop focused on exchanging information and opinions about the mGovernment, and discussed issues related to their implementation during the next 24 months.

The workshop comes within the efforts of the TRA to stimulate the launch of the mGovernment and keep up with the developed world. It also aims to maintain the leading position that UAE enjoys within the ICT Sector by delivering government services to the community through smart devices. The mGovernment project currently heads the priority list of the federal government to take advantage of the prevalence of high mobile phones penetration, which exceeds 230% compared with a lower penetration in other developed countries (160% in Russia, 108% in the U.S. and 78% in China).

Significant progress was achieved within the mGovernment project during Q2, 2013. This was attained based on the following criteria:

Guide

The mGovernment guide was created in both Arabic and English and distributed to UAE federal entities in order for them to guide the development process of smart applications. The guide was also uploaded on the official portal 'government.ae' web portal.

The mGovernment Roadmap

The mGovernment roadmap was created with four key pillars:

- Creating an environment for the mGovernment to flourish
- Assessing capabilities and competencies available at government agencies
- Developing shared resources among government agencies at the national level
- Achieving customer satisfaction

The Smart Innovation Centre

- Establishing the requirements of the training academy and the annual training program
- Determining the requirements of the laboratory, consultancy, and innovation units and the selection of a supplier to install and formalize the necessary internal infrastructure at the center
- Determining the scope of the project, developing the implementation plan in line with the mGovernment roadmap

mGovernment Training and Education Program

- Determining the scope of work for the project
- Contracting companies to develop and implement the program
- Setting an implementation plan, in line with the mGovernment roadmap
- Issuing an mGovernment guide in Arabic and English and distributing it to UAE federal authorities

As part of the mGovernment initiative, the aeCERT hosted a number of meetings on information security with the participation of a range of government representatives, in June. This meeting was organized in collaboration with Microsoft and with the support of Dubai Customs and Dubai Holding.

The aeCERT team was successful in gathering key cyber security specialists within the local government in a panel discussion to address the most prominent risks potentially threatening the mGovernment. The panel also discussed how to best use different mobile devices and to highlight the role of the aeCERT team in protecting the ICT infrastructure. The workshop also provided a platform for the managers of government agencies in attendance to share best practice and information on Internet security procedures.

Quality Review of UAE Government Websites

The TRA issued separate government agency reports to each federal authority to inform them about the outcomes and future mechanism of cooperation in order to enhance quality and online presence. The report was also aimed at limiting the entities that will be included in the measurement cycle held in November. This move coincided with the reevaluation of quality review 2012 – 2013 and the implementation of the initiative according to the plan. Consequently, the final report of the quality index of government websites was uploaded to the official UAE government website with all entities being informed of the publication. The TRA also coordinated efforts with the wider team involved in website quality measurement (trustae.ae) in order to determine the completion stage, which will then allow testing the system. Throughout 2013, the TRA both reviewed and updated the quality of the federal websites in addition to adding new measurements to be launched during the first quarter of 2014. The index has been achieved in 2013 and the completion rate was 100%.

mGovernment Magazine

The Information and eGovernment Sector published the mGovernment Magazine in its continuous efforts to educate the public on the transformation towards mGovernment, while sharing relevant success stories.

Around 3,000 magazine copies are distributed on monthly bases to various federal and governmental entities across the UAE, in both Arabic and English languages. This helps expand the reach to different segments within the country.

Issuing the National Response Plan for Cyber Attacks

This plan falls within the Risk Response Plans that were set based on the outputs of the risk and national threats record, through which the role of cyber-attacks risk recovery was assigned to the TRA. The TRA finalized its role in preparing the plan and approving the signatures of involved parties. The plan was sent for approval to the National Electronic Security Authority (NESAs), who held a meeting to discuss the entity that will lead the plan and indicated that it was issuing a comprehensive plan thus there would be no need to adopt TRA's plan. Accordingly, the TRA sent a formal letter to the Emergency Authority (NCEMA) stating no objection to handing over this responsibility to NESAs.

Trusted Services Manager (TSM)

This department is considered to be one of the key pillars for the mGovernment. The reason being is that it provides a safe and secure environment to both the public and private sector whilst conducting transactions or sharing information through smart devices. Furthermore, it completely controls the security of mobile devices and the protection of users' privacy.

The following steps were taken during 2013 to develop this department:

- An advisory committee was formed, the work scope was defined and requests for bids for the first phase were issued
- Supplier offers were evaluated, and the consulting firm was contracted to carry out the first phase

Federal Network Project (FedNet)

The UAE Cabinet approved establishment of federal government network (FedNet) valued at AED 250 million. The TRA is currently working to amend the offers of the licensees, Etisalat and du, and is also working on discussing the funding request of the project with ICT Fund.

The TRA is currently reviewing the necessary adjustments on the Fednet Project so that it is in line with the mGovernment's strategy. Moreover, the TRA conducted negotiations with the applicants for the project implementation in order to agree on the remaining details in the final round prior to signing the contract. The network establishment will start in 2014. Accordingly, an action plan for the project was set and included building the Federal Network Center during the first 10 months in 2014, followed by a period of eight months to link the federal authorities to the network. The project is in progress.

Electronic Certification

The TRA established the policies needed for the licensing and regulation of Certification Service Providers (CSP) operating in the UAE, which is in line with the TRA's objective to establish a secure environment for e-commerce and electronic transactions in the UAE. This initiative is part of TRA's overall objective to regulate certification service providers who offer Public Key Infrastructure (PKI) solutions that help businesses conduct e-commerce securely on the web. By developing a solid regulatory framework for CSPs, the TRA aims to create a transparent and structured process by which CSPs can offer their services by following clear guidelines.

e-Commerce

The TRA awarded the Certification Service Provider (CSP) license to First Gulf Bank (FGB), to become the fourth national entity to get this license in the country. The TRA continues to monitor the licensees working in the country.

The TRA conducted research and developed the legal policies that regulate electronic transactions and e-commerce in cooperation with the Ministry of Economy. The TRA also developed a consumer protection guide and special studies on electronic privacy; in addition to other initiatives that contribute to strengthening the confidence and awareness of the society. This will promote increased use of safe electronic transactions, in addition to holding workshops for e-business entrepreneurship, which aim to promote e-commerce and transaction strategies in the public and private sectors.

Furthermore, the TRA hosted the first Electronic Transactions & Commerce Summit to promote the development of the UAE's digital economy. Representatives from the nation's e-business groups, SME establishments, entrepreneurs and government officials gathered for a series of talks and discussion panels and sessions.

Management Policies and Programs

Domain Name (.ae)

In order to use the .ae domain name, a group of experts within the TRA presented details on the management of domain names ending with .ae in cooperation with the Dubai Chamber of Commerce and Industry (DCCI), to discuss the participation of the TRA in events and campaigns launched by DCCI targeting its 140 thousand members.

The e-Content Category in the World Summit Award

The TRA participated in the World Summit e-Content Award 2013 which was held in Colombo, Sri Lanka in October. Acting as the National Expert Commission, the TRA worked on the selection of candidates who will represent the UAE in the various award categories. Furthermore, the TRA launched a web portal and a media campaign to encourage active participation from potential candidates who will represent the UAE in this global forum. The list included the final candidates who met all the criteria required in the areas of e-Government and Open Data, e-Health and Environment, e-Business and Commerce and e-Inclusion & Participation. The list included several UAE government bodies including the Emirates Identity Authority and Dubai Health Authority.

World Summit on the Information Society

The World Summit on the Information Society (WSIS) collaborated with the TRA due to it being a vision partner for WSIS +10 that comprises of a major event attended by 1,300 delegates, taking place at the ITU headquarters in Geneva, Switzerland in May 2013. The TRA represented the United Arab Emirates in this high-level forum, where it organized a workshop under the theme "Strengthening Connection, a Gap in Content and e-Skills". The TRA presented successful examples including the leap that the ICT sector has achieved over the last year. The workshop included two sessions that highlighted the operating system 'A.X' (IX) in the UAE under the title "Mechanism Change at the Level of the Internet", and "Mohammed Bin Rashid Programme for Smart Learning".

Moreover, the TRA organized a workshop that followed the theme "Activating the Contribution of ICT in Everyday Life" through a lecture presented by 'Tanmia'. It also provided workshops on other topics by Khalifa Fund and Tanmia after discussing the promising opportunities for UAE nationals who seek jobs within small and medium enterprises.

The Point of Access to the Internet Project (Internet Exchange Center)

In October 2013, the UAE Internet Exchange Center (UAE-IX) was launched in collaboration with du and DE-CIX. By the end of the second quarter of 2013, 22 networks were connected to UAE-IX, with a volume of 3 GB/S to become the largest Internet exchange point in the region.

Launching IPv6 Training Courses

The IPv6 project is the initiative championed by the TRA to prepare the UAE and its Internet stakeholders for the IPv4 depletion and ensure business continuity. The IPv6 project aims to devise a National IPv6 policy, strategy and implementation plan to be followed by an implementation phase to securing the healthy levels of growth in the UAE's ICT sector and preserving its role in economic and social development.

The TRA scheduled September's IPv6 Roadshow having previously hosted the session in March 2013. Fifteen government entities were invited to participate in the training program with thirty government officials scheduled to attend. The TRA announced its plan to roll out a series of additional training courses in the coming months to ensure the nation's networks are prepared ahead of time for the looming transition from IPv4 to IPv6.



SUPPORT SERVICES

Human Resources Activities

The TRA assigns a great deal of value to Emiratisation and as a senior government entity, it is positive that the Emiratisation percentage was strong yet again in 2013. By the close of the year, 80% of the total labor force, which amounts to over 300 employees, is Emirati. In order to continue the development and growth of the Emirati workforce, the TRA organizes several training courses for all its employees, designed specifically to enhance their professional skills.

In line with its commitment to developing the national ICT sector and supporting the human capital within it, both the TRA and the ICT Fund actively seek to attract distinguished highschool and undergraduate students to join their teams. Fostering young talent through the 'Betha' program, students are offered scholarships to study at some of the most distinguished universities both in the UAE and across the world. In addition to supporting students, the TRA also supports current employees who wish to advance their studies by sponsoring them to attend university whilst maintaining their role at the Authority.

Emiratization and training courses in 2013

According to 2013 data, a large number of UAE nationals have joined the TRA to occupy leadership, supervisory, executive, and technical positions. Whereas the first quarter witnessed the hiring of four Emiratis in leading positions and two in supervisory positions; bringing the total number of citizens in this category to 39, and emiratization level to 76%. Moreover, four Emiratis joined executive levels to raise the total of UAE nationals in this level to 58 and emiratization to 70%. In addition, five more have joined the technical level to raise the total of UAE nationals to 96 and emiratization to 79%.

In the second quarter, two UAE nationals joined the supervisory level, bringing the total number of UAE citizens in that category to 42, raising emiratization to 78%. Moreover, four UAE nationals joined executive positions totaling 63, and raising emiratization to 72%, while the Technical level recorded the addition of five employees to raise the total of UAE nationals to 101 and emiratization to 81%.

The third quarter witnessed the joining of two UAE nationals with supervisory levels, bringing the total number of citizens in that category to 43 and raising emiratization to 78%. In addition, four UAE nationals have joined executive positions totaling 68, raising emiratization to 73%, while the Technical level recorded the appointment of seven employees to raise the total of UAE nationals to 111 UAE citizens, and raising emiratization to 81%.

The fourth quarter saw the appointment of four UAE nationals within executive positions to raise the total nationals 67, and raising emiratization by 73%, while the technical positions recorded the appointment of seven employees totaling 118 citizens and raising emiratization to 84%.

Regarding the individual, internal and abroad training courses, 87 employees joined individual training courses locally, bringing the total number of trained UAE employees to 83. Additionally, 32 received training within the TRA, bringing the total number of trained employees to 110, while 38 joined the training courses abroad, bringing the total to 42. The total number of employees who received training courses in the various categories in 2013 is 214.





Performance Management System (PMS)

The Performance Management System Project (PMS) is organized and initiated by the TRA talent department and e-projects management department. The system aims to facilitate the annual evaluation process of employees and improve the measurement of the objectives and competencies reviewed. The system was launched successfully in 2013 and all employees had been trained on the system so that they are able to identify their professional goals for the year and thus benchmark their progress in 2014.

Finance and Administrative Affairs System

The Information Technology Department is working towards the provision of an Oracle System for both the Finance and Administrative Affairs departments. The system is one of the most important IT Department projects since it is integrated with all TRA systems including Human Resource and Quality Adoption Systems.

The Annual TRA Event

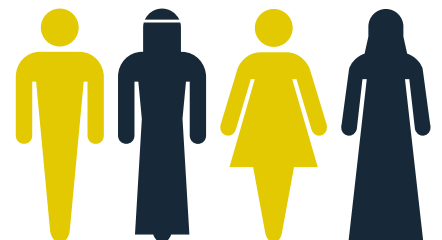
The TRA held an annual event in March 2013 in the presence of H.E. Mohamed Al Ghanim, TRA Director General, who highlighted the TRA's strategic plan for 2013 and urged employees to continue their hard work in order to meet the ambitious targets identified by the Authority.

TRA Storage Warehouse in Jebel Ali

During the third quarter of 2013 and with the view to acquiring new premises in Jebel Ali, the TRA finalized all procurement processes with relevant consultants and contractors. The building project commenced in 2013, after reviewing the analytical report from the chosen consultancy firm and having finalized negotiations with the contactors.

Vacant Land Adjacent to the TRA Dubai Headquarters

The TRA received official approval from of His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai to obtain planning documentation regarding the vacant land adjacent to the TRA headquarters in Dubai. A tender was submitted to consultants and construction firms to propose designs for a new TRA building. During the last quarter of 2013 and after long negotiations a firm was chosen by the TRA Board of Directors and the project commenced.





CORPORATE SOCIAL RESPONSIBILITY

'Thank You' Campaign

The 'Thank You' campaign falls in line with the directives set out by His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai to highlight key segments of the community that deserve particular praise and appreciation. In light of the campaign, the TRA hosted a celebratory event in both its Abu Dhabi and Dubai offices as a way of thanking the workforce for all their efforts in building the UAE community.

World Autism Awareness Day

The TRA has an ongoing professional relationship with the Zayed Higher Organization for Humanitarian Care & Special Needs (ZHO), where in cooperation with ZHO and to mark the World Autism Awareness Day, the Authority hosted an awareness lecture for its employees on Autism. Hosting the event falls in line with the TRA's CSR strategy to participate in events and initiatives aimed at supporting people with special needs. Furthermore, the TRA generated an awareness campaign on autism over a month through its social media channels.

Blood Donation Campaign

With the goal to create awareness on health related issues throughout the UAE, the TRA collaborated with the Sheikh Khalifa Medical City (SKMC), to organize a blood donation campaign during the month of June for the TRA employees in both Dubai and Abu Dhabi. The campaign sought to encourage donations as 30,000 donors are required each year. The campaign was promoted across the official TRA social networks and focused on the health benefits of blood donation in addition to highlighting the obvious gains in helping others.

Emirati Humanitarian Work Day, Ramadan 19

The TRA participated in the Emirati Humanitarian Work Day 2013, in line with the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, and as part of the TRA's Corporate Social Responsibility (CSR) program. The TRA contributed towards providing clothing for over three hundred orphans and supporting financially struggling and prisoner families. The initiative marked the 9th year since the passing of the UAE's founding father, the late Sheikh Zayed bin Sultan Al Nahyan.

Zayed and Emirates Campaign

The TRA participated in supporting the Zayed and Emirates Campaign launched by the Emirates Business Women Council under the patronage of the Department of Presidential Affairs. The campaign was aimed at reviewing the journey of giving and growth launched by the UAE's late Sheikh Zayed bin Sultan Al Nahyan, continued by HH Sheikh Khalifa bin Zayed Al Nahyan, UAE President, and HH Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai and his brother HH Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the Armed Forces and their Highnesses Supreme Council Members, the rulers of the Emirates.

World Diabetes Day

During November, the TRA organized a range of events to raise awareness about the dangers of diabetes with a participation of over 150 employees at the TRA's headquarter in Abu Dhabi. These events included numerous activities including a diabetes awareness lecture. The TRA also offered all its employees free medical tests and brought in a team of nutritionists to offer employees with healthy diet consultations.

Enhancing Communication with the UAE Public

The TRA continuously seeks to improve its level of communication with the public since it considers the incorporation of the public's feedback pivotal to achieving the Authority's ambitious targets. And since social media platforms are currently the most effective tools in monitoring the public's responses and impressions, the TRA adopted a new strategy focused on developing and improving all available communication channels and investigating new ones.

Moreover, the TRA internal newsletter was further improved and is published on monthly bases instead of quarterly; this was accompanied with adding a great diversity in content. The list of entities and authorities that receive the newsletter was expanded to include the UAE Prime Minister's Office (PMO) and additional UAE federal entities and strategic partners.

Mobile Application Contest

As part of its strategy to developing national talent and fostering a future generation of technology industry leaders, the TRA supported the Mobile Application Contest (MAC 2013) organized for students majoring in Electronic Engineering and Computer Engineering, at Khalifa University of Science Technology and Research (KUSTAR) for the eighth year in a row. The contest, which took place in May, witnessed some of the UAE's brightest students compete against one another and showcase their skills whilst building mobile phone applications that are both original and culturally focused. A series of training sessions in developing mobile applications were offered to one student from each registered team.







EVENTS, CONFERENCES & EXHIBITIONS

Gitex Technology Week

The TRA had a strong presence at Gitex Technology Week 2013, the largest showcase of ICT in the region and an excellent platform for the TRA to present its innovative plans to advance the nation's cutting edge ICT industry. The federal stand at the conference, headed by the TRA, brought together representatives of various government entities to interact with the public. During Gitex, the TRA announced the new UAE Mobile Number Portability (MNP) service which was to be launched by the end of 2013. In addition, a delegation from the 'UAE mGovernment Initiative' attended the event to showcase the developments in this sector.

First UAE Electronic Transactions & Commerce Summit

The TRA organized the first ever Electronic Transactions & Commerce Summit in the UAE to promote the development of the UAE's digital economy. The event saw a strong participation of representatives from the nation's top e-Business groups, SME establishments, e-commerce entrepreneurs and government officials who were brought together for a series of lectures and discussion panels. The event addressed many important issues including the regulations and directives adopted in this sector; in addition to highlighting issues relating to the growth strategy of the eCommerce sector by enhancing public confidence in the use of electronic transactions.

Official Event Partner of Abu Dhabi Media Summit

The TRA was named 'Official Event Partner' of the Abu Dhabi Media Summit 2013 which seeks to drive the transition towards a fully digital future, placing particular emphasis on the digital capabilities of the Middle East, the Indian Subcontinent, East Asia and China. The Middle East shows the highest Internet user growth rate in the world, after it rose from 3 million and 284,000 users in 2000 to reach over 90 million users during the past year.

Careers UAE

The TRA recognizes the importance of all corporate social responsibility efforts and routinely organizes relevant events and activities that support the CSR program such as its participation in the 'Careers UAE 2013' exhibition. In 2013, Emiratis represented 74.9% of the TRA workforce and the Authority's participation in the Careers UAE 2013 falls in line with the TRA strategy of supporting Emiratisation in the workplace and encouraging Emiratis to pursue professional opportunities in the ICT sector. The exhibition also provided an important platform for Emirati cadres, graduates and experienced professionals to meet and interact with TRA employees and learn about the various available opportunities.

First 'Sada Al Barq' Exercise

The TRA conducted the first 'Sada Al Barq' exercise at its offices in Dubai with over 30 representatives of the UAE telecommunications sector attending. The purpose of the exercise was to reassess the current 'National Emergency Plan' (NEP-T) in place for the UAE's telecommunications sector and to update procedures to ensure maximum effectiveness in times of emergency and crisis. Held in conjunction with The National Emergency Crisis and Disaster Management Authority (NCEMA), the event included three different emergency scenarios and reviewed the lines of responsibility in responding to such situations. Both UAE licensees, Etisalat and du, participated in the exercise.

Regional Business Continuity Management (BCM) Forum

To provide a platform for industry specialists to share their knowledge and experience, the TRA participated in the Disaster Recovery Institute International's (DRII) Regional Business Continuity Management (BCM) Forum held in Abu Dhabi. The Forum brought together a group of industry specialists and practitioners in the region, many of which deliver essential services that safeguard the economic and social wellbeing of our society. The UAE has experienced remarkable growth in recent years and this forum represents a great opportunity to ensure that all UAE industries, including telecommunications, have business continuity practices that meet the very highest level of international standards.



FINANCIAL STATEMENTS

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 2013, and the statement of financial performance, changes in federal government account 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 Public Sector Accounting Standards ("IPSASs"), 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 2013, and its financial performance and its cash flows for the year then ended in accordance with IPSASs.

Emphasis of matter

Without qualifying our opinion, we draw your attention to:

- a. note 2 (a) to the financial statements, which states that the financial statements for the year ended 31 December 2013 have been prepared in accordance with the IPSASs. Previously, the Authority prepared the financial statements in accordance with International Financial Reporting Standards. The adoption of IPSASs does not have a significant impact on the accounting policies and previous year amounts presented in these financial statements.
- b. note 9 to the financial statements, which states that the Authority has a receivable from Etisalat amounting to AED 528 million (2012: AED 467 million), which pertains to amounts receivable towards the ICT Fund, which have been outstanding since periods commencing from 2009. A majority of the outstanding amount is a percentage of the international revenue earned by Etisalat, which is currently under negotiations. The management of the Authority believes that the outstanding amount is fully collectable and hence no provision is recognised by the management.

Telecommunications Regulatory Authority

Statement of financial performance

for the year ended 31 December

	Notes	2013 AED	2012 AED
Income			
Licenses & authorisations	6	419,644,094	407,776,202
ICT Fund contributions from licensees	19	496,525,580	427,878,160
Fines and penalties		1,400,000	-
Interest income		37,110,148	44,562,579
Other income		7,480,551	20,147,725
		962,160,373	900,364,666
Expenses			
Staff cost		165,888,465	155,988,242
ICT Fund grants & scholarship	19	187,779,540	52,373,977
Sponsorship, advertisement & exhibition expenses		19,565,460	74,004,916
Consultancy fees		24,378,307	9,508,380
Rent		-	1,688,917
Depreciation & amortisation	7 & 8	26,530,663	24,962,920
Training, business travel, seminars & publications		9,488,016	10,408,304
Other expenses		38,366,320	43,673,764
		471,996,771	372,609,420
Surplus for the year		490,163,602	527,755,246

The notes set out on pages 55 to 67 form an integral part of these financial statements.
The independent auditors' report is set out on pages 49.

Telecommunications Regulatory Authority

Statement of financial position
for the year ended 31 December

	Notes	2013 AED	2012 AED
Assets			
Non-current assets			
Property, plant and equipment	7	230,638,868	238,316,455
Intangible assets	8	4,535,798	4,324,066
		235,174,666	242,640,521
Current assets			
Trade & other receivables	9	1,076,253,433	851,360,701
Advances to suppliers		9,325,237	11,289,727
Cash & bank balances	10	1,907,239,690	1,637,557,989
		2,992,818,360	2,500,208,417
Total assets		3,227,993,026	2,742,848,938
Equity & liabilities			
Equity			
Accumulated surplus	18	2,994,412,161	2,604,248,559
Non-current liabilities			
Employees' end of service benefits	11	7,636,448	9,473,719
Deferred revenue		9,165,072	8,418,091
Retentions		4,963,381	4,828,566
		21,764,901	22,720,376
Current liabilities			
Deferred revenue		33,437,639	33,105,727
Trade and other payables	12	178,378,325	82,774,276
		211,815,964	115,880,003
Total liabilities		233,580,865	138,600,379
Total equity and liabilities		3,227,993,026	2,742,848,938

The notes set out on pages 55 to 67 form an integral part of these financial statements.
The independent auditors' report is set out on pages 49.

Telecommunications Regulatory Authority

Statement of cash flows for the year ended 31 December

	Notes	2013 AED	2012 AED
Operating activities			
Surplus for the year		490,163,602	527,755,246
Adjustments for:			
Depreciation and amortisation	7 & 8	26,530,663	24,962,920
Employees' end of service benefits	11	1,934,370	3,713,522
Interest income		(37,110,148)	(44,562,579)
Gain on disposal of property, plant and equipment		(23,122)	-
Property, plant and equipment written off		1,728,945	-
		483,224,310	511,869,109
Changes in trade and other receivables and prepayments		(224,892,732)	(138,964,692)
Changes in trade and other payables		95,604,049	(12,807,382)
Changes in deferred revenue		1,078,893	1,041,127
Cash from operations		355,014,520	361,138,162
Employees' end of service benefits paid	11	(3,771,641)	(766,331)
Net cash flows from operating activities		351,242,879	360,371,831
Investing activities			
Purchase of property, plant and equipment and intangible assets	7 & 8	(20,795,006)	(24,029,461)
Sale of property, plant and equipment and intangible assets	7 & 8	24,375	-
Retentions		134,815	(8,755,914)
Advances to suppliers		1,964,490	10,828,641
Interest received		37,110,148	44,562,579
Short term deposits	10	(178,068,875)	(267,228,000)
Net cash flows used in investing activities		(159,630,053)	(244,622,155)
Financing activities			
Payments to the Ministry of Finance		(100,000,000)	(100,000,000)
Cash used in financing activities		(100,000,000)	(100,000,000)
Increase in cash and cash equivalents		91,612,826	15,749,676
Cash and cash equivalents at 1 January		29,626,864	13,877,188
Cash and cash equivalents at 31 December	10	121,239,690	29,626,864

The notes set out on pages 55 to 67 form an integral part of these financial statements.
The independent auditors' report is set out on pages 49.

Telecommunications Regulatory Authority

Statement of changes in federal government account
for the year ended 31 December

	Accumulated surplus AED
At 1 January 2012	2,176,493,313
Payment to Ministry of Finance	(100,000,000)
Total surplus for the year	527,755,246
At 31 December 2012	2,604,248,559
As at 1 January 2013	2,604,248,559
Payment to Ministry of Finance	(100,000,000)
Total surplus for the year	490,163,602
At 31 December 2013	2,994,412,161

*The notes set out on pages 55 to 67 form an integral part of these financial statements.
The independent auditors' report is set out on pages 49.*

Telecommunications Regulatory Authority

Statement of comparison of budget and actual amounts for the year ended 31 December

	Carried forward budget* 2013 AED	Original and final budget 2013 AED	Actual amount 2013 AED	Difference 2013 AED
Income				
Licenses and authorisations	-	403,838,800	419,644,094	15,805,294
ICT Fund contributions from licensees	-	427,878,160	496,525,580	68,647,420
Fines and penalties	-		1,400,000	1,400,000
Interest income	-	24,000,000	37,110,148	13,110,148
Other income	-	3,963,478	7,480,551	3,517,073
Total income	-	859,680,438	962,160,373	102,479,935
Operating expenses				
Staff cost	-	(195,770,752)	(165,888,465)	29,882,287
ICT Fund grants and scholarship	-	(268,908,710)	(187,779,540)	81,129,170
Sponsorship, advertisement and exhibition expenses	-	(22,080,000)	(19,565,460)	2,514,540
Consultancy fees	-	(32,408,955)	(24,378,307)	8,030,648
Depreciation and amortisation	-	(41,303,903)	(26,530,663)	14,773,240
Training, business travel, seminars and publications	-	(11,844,000)	(9,488,016)	2,355,984
Other expenses	-	(43,071,403)	(38,366,320)	4,705,083
Total operating expenses	-	(615,387,723)	(471,996,771)	143,390,952
Capital expenditure				
Property, plant and equipment	-	(33,269,300)	(16,572,503)	16,696,797
Intangible asset	-	(19,254,202)	(4,222,503)	15,031,699
Total capital expenditure	-	(52,523,502)	(20,795,006)	31,728,496
Total	-	191,769,213	469,368,596	277,599,383

*The Authority prepares an annual budget each year and does not have a carry forward budget as at 1 January 2013.
The notes set out on pages 55 to 67 form an integral part of these financial statements.
The independent auditors' report is set out on pages 49.

Telecommunications Regulatory Authority

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 the International Public Sector Accounting Standards ("IPSAS") or, where no such standards have yet been formulated, International Financial Reporting Standards ("IFRSs") and comply with pronouncements of law No. 2 of 2005.

Previously, the Authority prepared the financial statements in accordance with IFRSs. The adoption of IPSAS does not have a significant impact on the accounting policies and figures presented in these financial statements.

(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 IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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 judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 15.

3 Significant accounting policies

The accounting policies set out below 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) 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.

(b) 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.

(c) 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

(d) 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 one to three years.

(e) 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.

(f) 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 common HR policies for federal entities issued by Federal Authority for Human Resources (FAHR), which is more favorable than the UAE Federal Labour Law. The expected costs of these benefits are accrued over the period of employment.

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

(g) 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.

(h) 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.

(i) Revenue from government grants

Assets and revenue arising from transfer of assets of assets from the government are recognized in the period in which the transfer arrangement becomes binding, except for some services in-kind. The Authority recognizes only those services in-kind that are received as part of an organized program and for which it can determine a fair value by reference to market rates. Other services in-kind are not recognized.

Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, the Government recognizes a liability until the condition is fulfilled.

Assets and revenue recognized as a consequence of a transfer of assets are measured at the fair value of the assets recognized as at the date of recognition. Monetary assets are measured at their nominal value unless the time value of money is material, in which case present value is used, calculated using a discount rate that reflects the risk inherent in holding the asset. Nonmonetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession. Receivables are recognized when a binding transfer arrangement is in place, but cash or other assets have not been received.

However, the Authority has not changed its accounting policies in respect of the recognition and measurement of revenue from 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.

(j) Licenses and authorisations

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.

(k) 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.

(l) Fines and penalties

Fines and penalties are recognised in profit and loss in accordance with the relevant agreements, and it is probable that the economic benefits associated with such fines and penalties will flow to the Authority..

(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 2013, 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 Notes to the statement of comparison of budget and actual amounts

- The Authority's budget is prepared on an accrual basis using a classification based on the nature of expenses and covers the same period (1 January to 31 December) as the financial statements. The budget was approved by the Board of Directors.
- Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for the Authority.
- Additions to property and equipment and intangible assets are charged to budget at the time of capitalization of assets.
- Entity differences occur when the budget omits program/activity or an entity that is part of the entity for which the financial statements are prepared. There are no entity differences.

6 Licenses and authorisations

	2013 AED	2012 AED
Spectrum and related license fees	304,071,328	294,387,905
Numbering fees	97,691,001	96,738,611
Sale of domain names	10,460,694	9,713,293
Application and registration fees	3,784,421	3,342,908
License fees	3,636,650	3,593,485
	419,644,094	407,776,202



7 Property, plant and equipment

	Buildings AED	Leasehold improvements AED	Computer hardware AED	Furniture & fixtures AED
Cost				
At 1 January 2012	112,525,186	6,739,389	17,785,579	7,315,398
Additions	96,089	-	3,237,385	6,219,481
Transfers	101,158,264	-	-	3,117,059
At 31 December 2012	213,779,539	6,739,389	21,022,964	16,651,938
At 1 January 2013	213,779,539	6,739,389	21,022,964	16,651,938
Additions	5,651,198	-	6,834,028	2,022,988
Disposals	-	-	(2,375)	-
Write offs	-	(6,739,389)	(693,531)	(4,131,277)
At 31 December 2013	219,430,737	-	27,161,086	14,543,649
Depreciation				
At 1 January 2012	2,130,914	5,320,342	14,186,163	3,642,386
Depreciation charge for the year	6,666,004	929,837	2,989,351	2,088,144
At 31 December 2012	8,796,918	6,250,179	17,175,514	5,730,530
At 1 January 2013	8,796,918	6,250,179	17,175,514	5,730,530
Depreciation charge for the year	10,095,855	321,613	2,718,204	2,908,294
Disposals	-	-	(1,122)	-
Write offs	-	(6,571,792)	(693,531)	(4,034,225)
At 31 December 2013	18,892,773	-	19,199,065	4,604,599
Net carrying amount				
At 31 December 2012	204,982,621	489,210	3,847,450	10,921,408
At 31 December 2013	200,537,964	-	7,962,021	9,939,050

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

Office equipment AED	Frequency monitoring equipment AED	Vehicles AED	Capital work-in progress AED	Total AED
7,395,614	21,603,446	396,700	99,321,611	273,082,923
1,584,812	-	121,500	10,004,818	21,264,085
4,212,607	-	-	(108,487,930)	-
13,193,033	21,603,446	518,200	838,499	294,347,008
13,193,033	21,603,446	518,200	838,499	294,347,008
1,365,304	-	158,000	540,985	16,572,503
-	-	(79,200)	-	(81,575)
(528,606)	-	-	(1,360,380)	(13,453,183)
14,029,731	21,603,446	597,000	19,104	297,384,753
3,104,452	8,298,332	286,222	-	36,968,811
1,984,634	4,319,449	84,323	-	19,061,742
5,089,086	12,617,781	370,545	-	56,030,553
5,089,086	12,617,781	370,545	-	56,030,553
2,841,301	3,558,916	75,709	-	22,519,892
-	-	(79,200)	-	(80,322)
(424,690)	-	-	-	(11,724,238)
7,505,697	16,176,697	367,054	-	66,745,885
8,103,947	8,985,665	147,655	838,499	238,316,455
6,524,034	5,426,749	229,946	19,104	230,638,868

8 Intangible assets

Intangible assets comprise computer software.

	AED
Cost	
At 1 January 2012	25,638,205
Additions	2,765,376
At 31 December 2012	28,403,581
At 1 January 2013	28,403,581
Additions	4,222,503
At 31 December 2013	32,626,084
Amortisation	
At 1 January 2012	18,178,337
Charge for the year	5,901,178
At 31 December 2012	24,079,515
At 1 January 2013	24,079,515
Charge for the year	4,010,771
At 31 December 2013	28,090,286
Net carrying amount	
At 31 December 2012	4,324,066
At 31 December 2013	4,535,798

9 Trade and other receivables

	2013 AED	2012 AED
Trade receivables ¹	1,047,441,799	816,733,494
Prepayments	5,978,593	4,821,210
Other receivables	22,833,041	29,805,997
	1,076,253,433	851,360,701

¹ The Authority has a receivable from Etisalat amounting to AED 528 million (2012: AED 467 million), which pertains to amounts receivable towards the ICT Fund, which have been outstanding since periods commencing from 2009. A majority of the outstanding amount is a percentage of the international revenue earned by Etisalat, which is currently under negotiations. The management of the Authority believes that the outstanding amount is fully collectable and hence no provision is recognised by the management.

10 Cash and bank balances

	2013 AED	2012 AED
Cash in hand	36,000	39,259
Bank balances	121,203,690	29,587,605
Cash and cash equivalents for the purpose of the statement of cash flows	121,239,690	29,626,864
Term deposits	1,786,000,000	1,607,931,125
	1,907,239,690	1,637,557,989

Term deposits represent fixed term deposits with maturity between 3 and 12 months and are placed with local banks in the UAE. The deposits earn annual interest in the range of 1.4% to 2.24% (2012: 2% to 3.5%).

11 Employees' end of service benefits

	2013 AED	2012 AED
At 1 January	9,473,719	6,526,528
Provided during the year	1,934,370	3,713,522
Paid during the year	(3,771,641)	(766,331)
At 31 December	7,636,448	9,473,719

12 Trade and other payables

	2013 AED	2012 AED
Trade payables	39,235,667	43,440,917
Accrued liabilities	137,483,653	37,858,469
Customer advances	1,659,005	1,474,890
	178,378,325	82,774,276

13 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 IPSAS 20, "Related Party Disclosures" the Authority has elected not to disclose transactions with various public sector entities. 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. These transactions are consistent with normal operating relationships between the entities, and are undertaken on terms and conditions that are normal for such transactions in these circumstances.

Compensation of key management personnel

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

	2013 AED	2012 AED
Short-term benefits	10,910,714	9,142,822
Post employment benefits	661,418	513,725
Balance as at 31 December	11,572,132	9,656,547

14 Revenue from 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.

15 Commitments

Capital expenditure commitments

	2013 AED	2012 AED
Committed and Contracted	10,000,000	5,000,000

Operating lease commitments

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

	2013 AED	2012 AED
Payable within 1 year	315,000	225,000

16 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(c) for estimated useful lives of property, plant and equipment.

17 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 and above AED
2013	1,047,441,799	512,228,980	102,503	535,110,316
2012	816,733,494	406,332,305	4,852,741	405,548,448

Trade receivables mainly include amounts due from Etisalat and Du (refer note 9), 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. Given the Authority's relationship with Etisalat and Du and based on past experience, amounts past due are expected to be fully recoverable. Accordingly, no allowance for impairment is considered necessary by management, in respect of such receivables.

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

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 2013			
Trade payables	39,235,667	-	39,235,667
Retentions	-	4,963,381	4,963,381
	39,235,667	4,963,381	44,199,048
31 December 2012			
Trade payables	43,440,917	-	43,440,917
Retentions	-	4,828,566	4,828,566
	43,440,917	4,828,566	48,269,483

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.

18 Accumulated surplus

Included in accumulated surplus of AED 2,994,412,161 (31 December 2012: AED 2,604,248,559) is an amount of AED 2,579,306,131 (31 December 2012: 2,257,023,558) 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.

19 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:

	2013 AED	2012 AED
Income	496,525,580	427,878,160
Interest income pertaining to ICT Fund	24,399,923	33,402,477
Expenditure ¹	(198,642,930)	(65,694,628)
Surplus	322,282,573	395,586,009
Receivables	1,024,791,868	811,658,727

¹Expenses for the year comprise the following:

	2013 AED	2012 AED
Staff cost	5,753,939	4,130,467
Grants and scholarship	187,558,700	51,723,863
Others	5,330,291	9,840,298
	198,642,930	65,694,628

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

	2013 AED	2012 AED
At 1 January	2,257,023,558	1,861,437,549
Surplus for the year	322,282,573	395,586,009
At 31 December	2,579,306,131	2,257,023,558

