

HIS MAJESTY
SULTAN QABOOS BIN SAID

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The Telecommunications Regulatory Authority (TRA) of the Sultanate of Oman was established in 2002, to liberalize and promote the telecommunications sector under the Telecommunications Act which was issued under the Royal Decree No. 30/2002.

In 2012, the Telecommunication Regulatory Authority was mandated to regulate Oman's Postal Sector in accordance with the Postal Service Regulatory Law, which was issued by the Royal Decree 71/2012 to reform, liberalize and develop the market within the Sultanate.

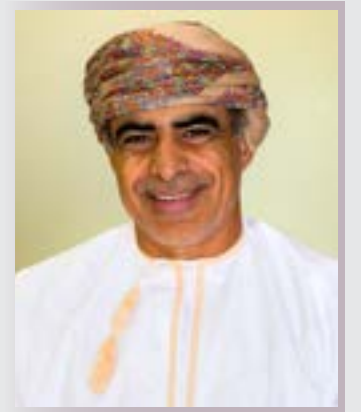
TRA has successfully met the expectations of the licensees through resource allocation by making available spectrum in 800 MHz and 2600 MHz thus ensuring that capacity constraints and restrictions do not anymore hinder the rollout and coverage of mobile services including mobile broadband. With the availability of spectrum – key resource for mobile services – the licensees are expected to satisfy the ever-growing demand for mobile broadband services and basic coverage across the country.

TRA continues to focus its efforts in creating a telecommunication sector that will provide every user access to world class Quality at affordable Prices. Towards this, TRA is continuously working on the process to increase the number of licensees in the market providing more choice to the consumers. TRA has identified four dimensions as attributes of world class services – Quality, Price, Coverage, and Choice. TRA has dedicated its resources to ensure that it has the right regulatory environment that will enable to meet its vision targets by 2018. In addition, TRA has developed a comprehensive Strategy on a foundation of values– Fairness, Transparency, Accountability, Teamwork, Customer Focus and Ethics.

The refocused organisation with the strategic vision and mission being revisited would propel the performance particularly in meeting the stakeholder expectations besides improving the efficiency and effectiveness of processes and procedures. TRA would perform as a beacon of knowledge in the telecom and postal sectors guiding the implementation of government policies through right set of regulations and interventions.

The authority successfully investigated the root causes that resulted in an outage of nearly nine hours on 17th November 2014 and required the network operators to put in place measures to ensure continuity of services through adoption of best practices management and emboldening the redundancy systems in addition to levying a penalty on the licensee. The authority is working with other designated government entities in respect of critical national infrastructure program for ensuring high level of availability of networks and services to all consumers in the Sultanate.

A third fixed services licensee (Awast) has commenced offering services to the public by accessing the infrastructure of Oman Broadband Company (OBC) initially in the capital area. With the enhanced competition, it is expected that consumers would experience higher levels of services in terms of improvement in quality and lowering of retail prices. Efforts to increase the level of competition in the mobile services market are continuing.



**H.E. Dr. Mohammed
Hamad Al Rumhy**
Chairman





**H.E. Dr. Hamed bin Salim
Al-Rawahi**
Executive President

TRA is continuing its chosen journey to facilitate the right regulatory environment for the provision of world class services to discerning consumers in Oman by 2018. Towards this vision we have been finalizing two important facets of regulatory tools viz. one concerning prices (access and interconnection regulations, retail price regulations and accounting separation regulations) and the other one on quality (quality of services regulations). These regulations have since been published in the official gazette in early 2016 and are expected to strengthen and foster competition in the market and improve the quality of service offerings.

Spectrum Management

TRA granted the rights to use LTE technology in the 800 and 2600 MHz frequency bands to Omantel and Ooredoo in order to enable them to use the frequencies required to provide mobile broadband services.

Allocating 800 and 2600 MHz frequency bands to LTE networks in Oman will enhance the efficiency of the networks, and provide mobile services (mobile broadband in particular) through these bands using world-class technologies to satisfy public interest and reduce expansion costs for operators, particularly in the 800 MHz band. Larger coverage areas along with enhanced indoor coverage characteristics underpin the deployment of 800 MHz being the major requirements for mobile operators to deal with the challenging terrain and diverse habitation of rural Oman. The deployment of 2600 MHz is considered to address the large capacity requirements of urban areas of Oman.

Competition and Prices

TRA recognizes the important role competition plays in assuring affordability together with the quality, reliability and availability of services. TRA worked towards finalizing the Interconnection and Access regulations which was issued in early 2016. TRA expects this regulation to enhance competition. TRA also issued Retail Tariff regulations which to help protect the customers' interest from any potential price abuse that could be practiced by the dominant licensees. The retail tariff regulations is aimed at giving more flexibility to the licensees that are not dominant in a specific market in introducing new packages which will facilitate faster mechanism for new offers and more choices to the end-users. TRA took the lead on the GCC Initiative on international roaming tariffs which approved the price-caps for incoming and outgoing calls and data roaming service.

Quality of Services

TRA in its endeavor to ensure acceptable quality services and coverage had reviewed the quality of service rules and regulations to improve the regulatory environment of the telecom sector. The amended regulations were issued in early 2016. TRA further carried out field testing to assess the performance of mobile networks where specialists from TRA conducted technical drive tests to measure the performance of the mobile networks of Omantel and Ooredoo.

Consumer Protection

Consumers of telecom services are being made aware of the hazards of buying and using unapproved terminal equipment like mobile handsets (without IMEI). Such unapproved telecom devices compromise the quality as well as poses challenges to the network while dealing with sub-standard equipment. Channels of communication for receiving and handling consumer complaints are regularly evaluated to ensure expeditious disposal of complaints. Level of satisfaction of consumers would be carried out in 2016 to measure the effect of regulatory actions already taken and also to find new pointers for future regulations.

Licensing

Oman Broadband Company (OBC) would be issued a class I license soon to carry out their role to support the objectives of the National Broadband Strategy (NBS) of Oman. OBC has started providing fibre capacity to existing licensees in Muscat. Awasr Oman another class I licensee has started operations recently providing fixed broadband services in Muscat. The licensees are buying capacity from OBC and providing services to customers by deploying active components and service obligations.





**H.E. Dr. Mohammed
Hamad Al Rumhy**
Chairman



**Mr. Khalaf
Abdullah Al Sawafi**
Member

**Dr. Salim
Sultan Al Ruzaiqi**
Member

**H.E. Yahya
Said Al Jabri**
Deputy Chairman

MEETINGS

The Board of Directors, appointed through Royal Decree 69/2011 consists of four Members and is headed by His Excellency Dr. Mohammed Al-Rumhy, Minister of Oil and Gas. The Board met three times during 2015. Several decisions were taken in those meetings which are reflected in the new regulations issued and the plans for the upcoming years. These decisions are taken with the intention of improving the functioning of the telecommunications and postal sectors, and providing the right regulatory environment to enable world class services.

Mission

We are the national authority to regulate the telecommunications and postal services sectors by translating government policies into regulations, rules and guidelines and ensuring their enforcement and compliance to enable competitive and sustainable supply of services in order to facilitate access and safeguard the interest of users with respect to price and quality.

Vision

To have the right regulatory environment to enable the provision of world-class services to all by 2018

Values



Team Work



Fairness



Ethics



Transparency



Customer Focus



Accountability

REGULATION
Regulations Affecting Competition:

The Authority carried out its first market review in 2013 and issued Market Definition and Dominance Decision (74/2013) in August 2013. Markets were defined and dominant players were identified in each market subjecting them to appropriate regulatory remedies or obligations. In order to finalize the following regulations, extensive consultations were held with the stakeholder during 2015.

• Access and Interconnection Regulation

The Regulation aims to further improve the competitive environment, attract new players, and new investments in the telecom sector in the Sultanate, by ensuring timely availability of wholesale telecommunications services and infrastructure to competing licensees at a reasonable cost.

• Accounting Separation Regulation

The primary objective is to avoid cross subsidy among services within the dominant licensees’ portfolio and prevent margin squeeze where applicable.

• Retail Tariff Regulation



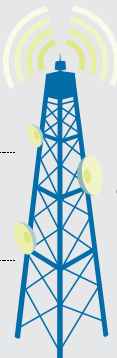
This regulation will be applicable to all Public Telecommunications licensees providing retail telecommunication services to consumers. Under this new Regulation, the dominant licensees will be required to seek approval of the TRA before launching their tariffs while other non-dominant licensees will only have to file their tariff proposals with TRA for information and record. This will allow required flexibility to non-dominant licensees in launching their offers in response to market needs and dynamics.

TRA has invited all telecom licensees and other interested parties including consumers and the general public to provide their comments on the consultation documents with supporting information and analysis. The authority issued these regulations in early 2016 as planned.

ADDITIONAL PLANS
Coverage

TRA has required the operators to build 112 identified new sites as a result of the newly granted use of radio spectrum for fourth generation in the bands 800 and 2600 MHz. The sites will cover some of the remote villages which are not covered with any telecommunication services as per the details in the below table:



 	Number of Sites	50		Total	Number of Sites	112
	Number of villages to be covered	73			Number of villages to be covered	160
	Number of Sites	62				
	Number of villages to be covered	87				

The Telecom Tariff Trends

Price is one of the pillars of the TRA Strategy map and hence it requires measuring and monitoring regularly to safeguard consumer interest. In order to compare prices of telecom services in Oman with that of GCC and a few other countries, the TRA carried out a tariff benchmarking study in 2014. This study helped the Authority to compare the Omani telecom services prices against a regional benchmark and devise appropriate strategies to address pricing issues wherever appropriate. Although the benchmarking provides a lot of insight into the matter yet plain comparison of prices may not show the full picture as there are many other distinctive factors specific to each country, which needs to be kept in view. Accordingly, TRA aims at looking at the prices with reference to affordability. An index has been developed to calculate affordability of different telecom services being offered in Oman. Initially the following major telecom services have been included in the basket to measure the index periodically.

- 1. Fixed Telephone - Voice
- 2. Fixed Broadband
- 3. Mobile Cellular - Voice
- 4. Mobile Broadband

The results will be published once the index gathers sufficient historical data to depict the trends clearly.

TRA has issued a decision regarding market dominance and it has been working to finalize regulatory remedies and necessary tools to allow different treatment to dominant and non-dominant licensees. Until these regulatory tools are put in place, retail prices are regulated keeping in view the consumer interest.

Postal Sector

TRA appointed an international consultant to review the postal market and develop a competition framework for this sector in order to regulate and develop a more defined and efficient market. This study will include regulations for tariff control and quality of service in Oman and is set to be completed by end-2016.

This study has been carried out in parallel with a study by the Ministry of Transport and Communications (MoTC) to develop the policy for the postal and courier sector in Oman.



SECTORS PERFORMANCE
ABOUT THIS SECTION

AS A REFLECTION OF OUR ROLES, WE OBSERVE THE SECTORS' PERFORMANCE ANNUALLY. THIS SECTION DISPLAYS THE TELECOM, INTERNET DOMAIN NAMES AND POSTAL SERVICES STASTICTICS WITH COMPARISONS TO THE PREVIOUS YEARS

SECTION SNAPSHOT



6.6Million
Mobile subscribers total in
2015



16% Increase
In fixed line penetration rate



Fixed Internet
Subscribers

236,005



Telecom
Revenue

871.586 Million



Active Mobile
Broadband Subscribers

3.254 Million



Decline in Telecom
Investment

3.5%



Registered DomainNames under
.om and عمان.



Muscat Post has been added to the list of licensed postal service providers
Total of 15 licensed Postal Service Providers

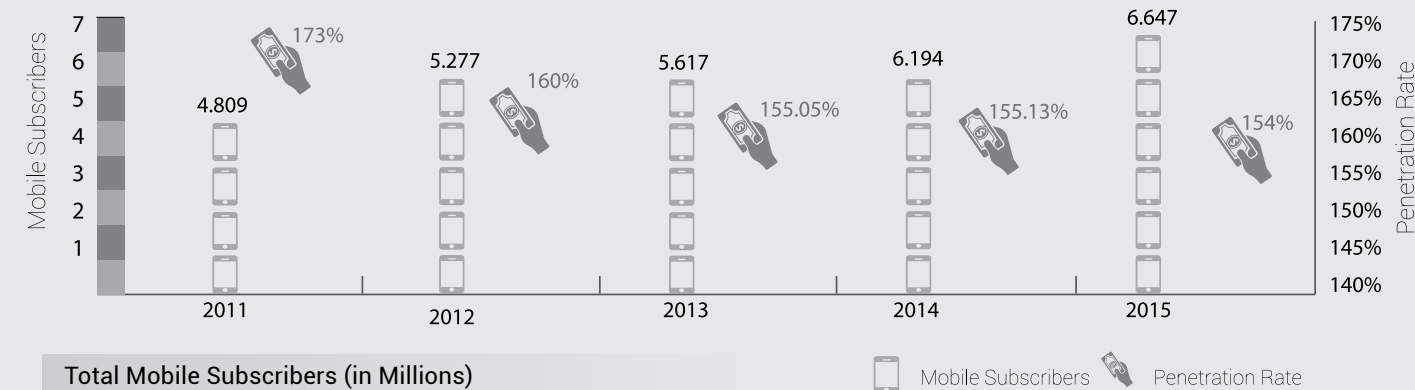


TELECOM SECTOR PERFORMANCE

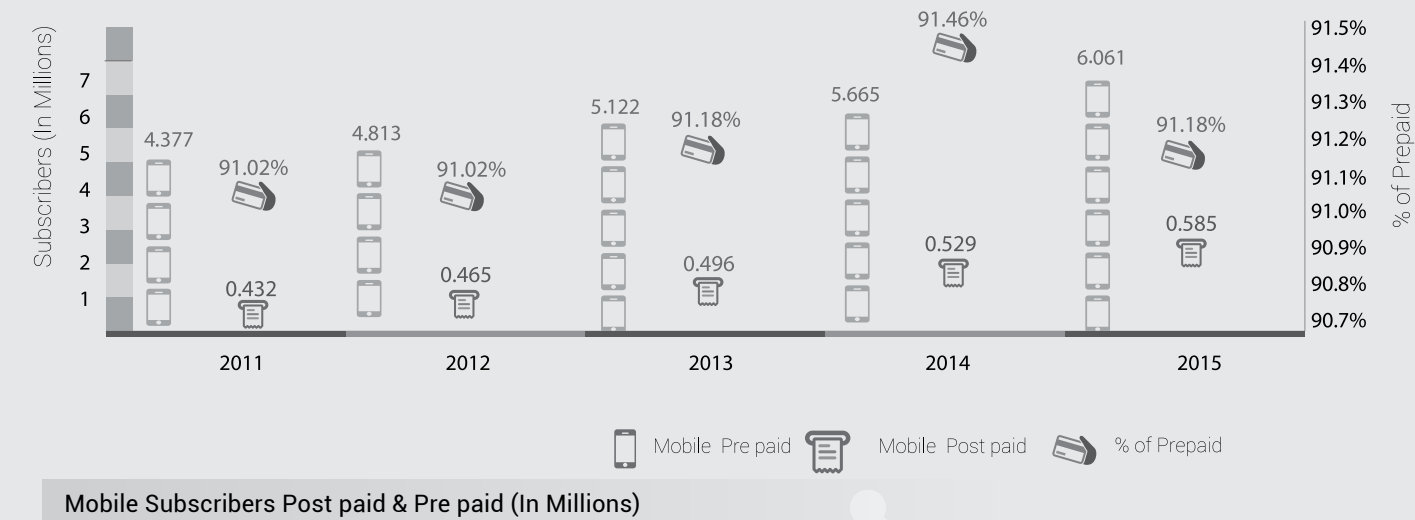
There has been a steady growth in all segments of the telecom sector which has led to a boost in fixed and mobile penetration and an increase in the broadband uptake. The summary of the sector performance is displayed in the following graphs:

Mobile Services

Mobile Subscribers reached 6.647 million subscriptions by end of 2015 with an increase of 453 thousand subscribers. Even though mobile subscriptions were steadily growing during the last five years, the drop in the mobile penetration rate in years 2012 & 2013 was due to recasting of population estimates.



Mobile prepaid represents 91.18% of the total mobile subscriptions with 6.061 million subscribers. While the mobile postpaid reached 585 thousand by end of the year.

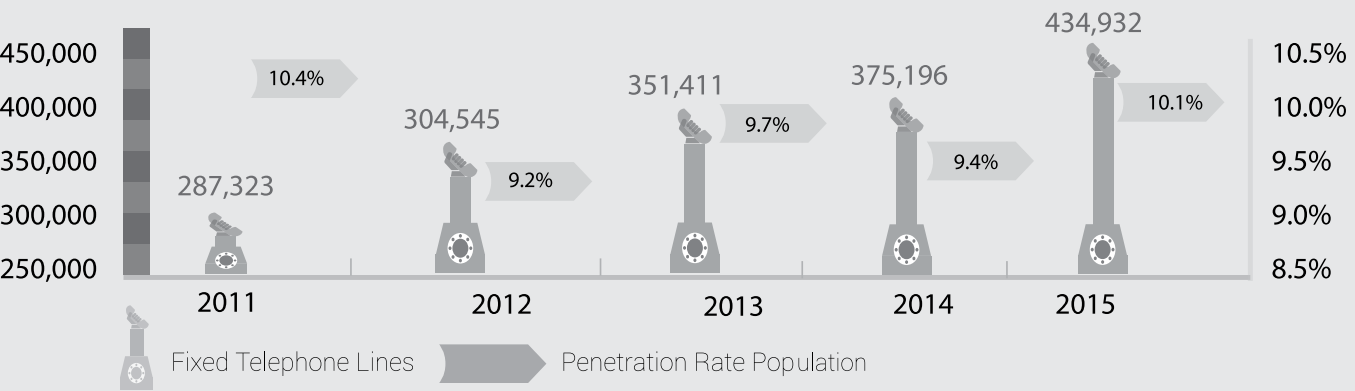


Oman mobile owns 44% market share, while Ooredoo and Mobile Resellers possess 41% and 15% respectively. The market share is calculated based on subscribers' share.

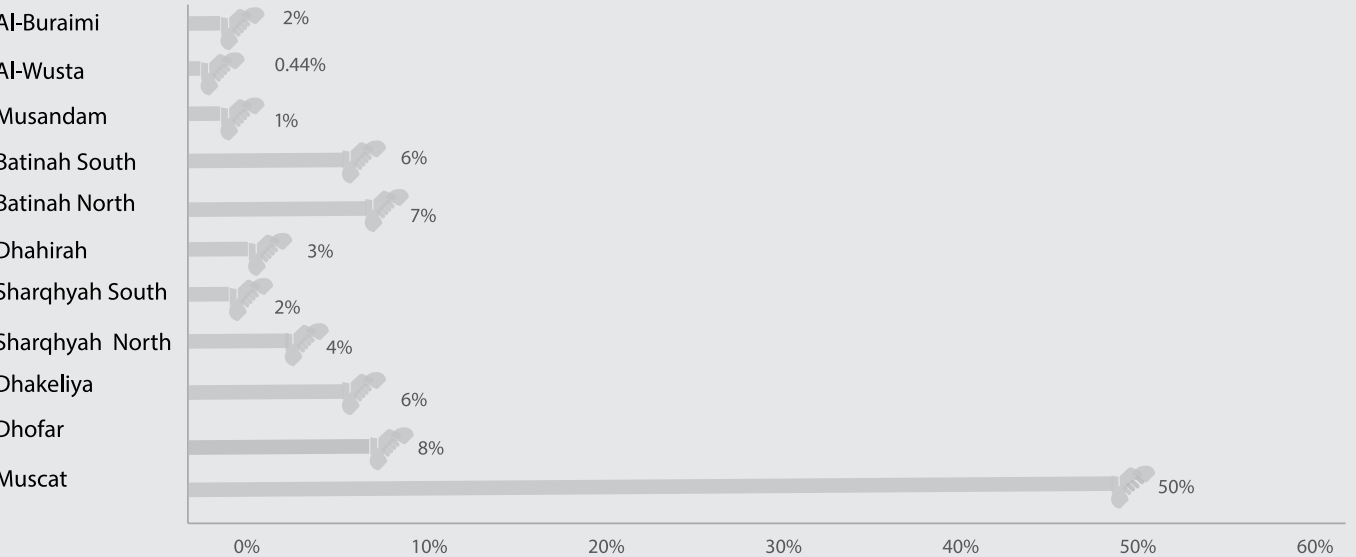


Fixed Services

The year 2015 ended with 434,932 fixed lines, with an increase of 16 % over the previous year. The fixed line penetration rate in terms of inhabitants increased from 9.4% in 2014 to 10.1% in 2015.

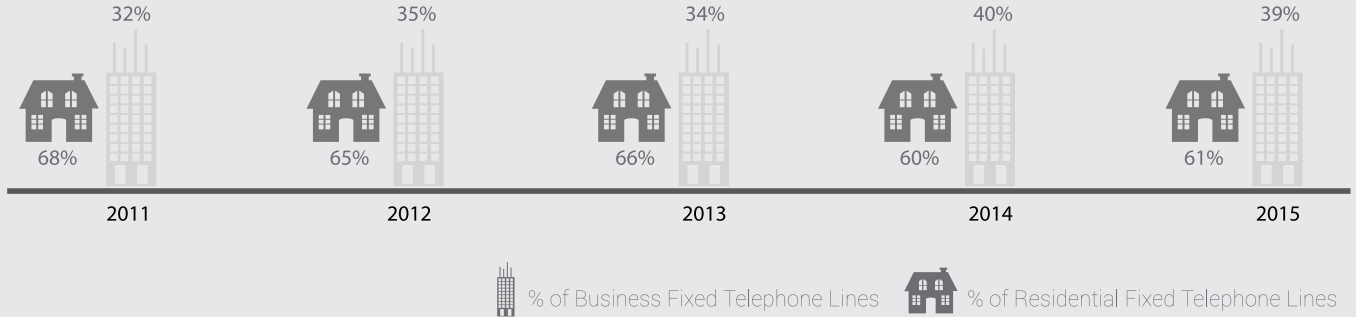


Almost half of the total fixed lines are within Muscat Governorates as shown in the chart with 50%. Following Muscat, Dhofar Governorat is the highest among the rest of the governorates, while Al-Wusta has the lowest percentage of subscriptions.



Fixed Telephone Lines by Regions-2015,(%Distribution)

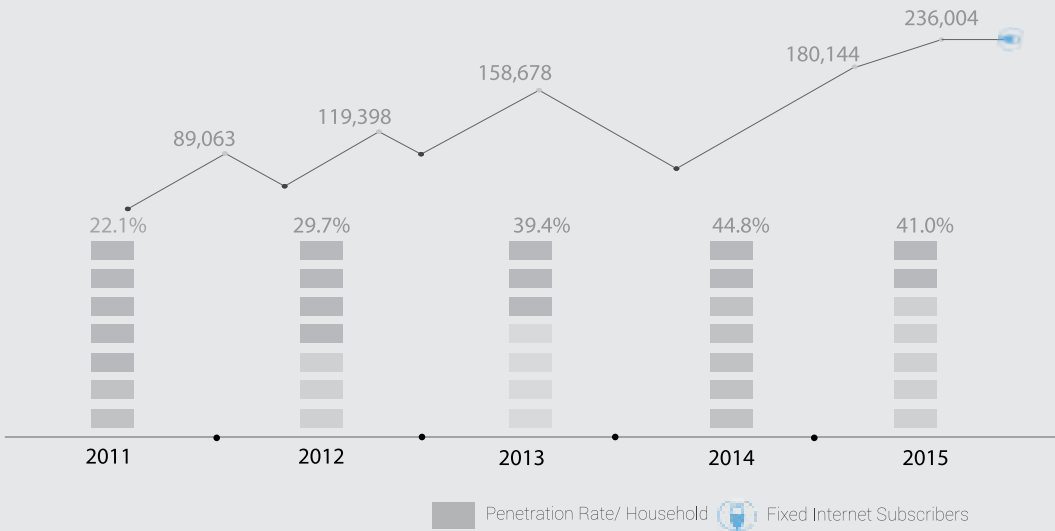
The composition of Residential and business fixed lines changed to 61% and 39%.



% of Residential Vs Business Fixed Telephone Lines

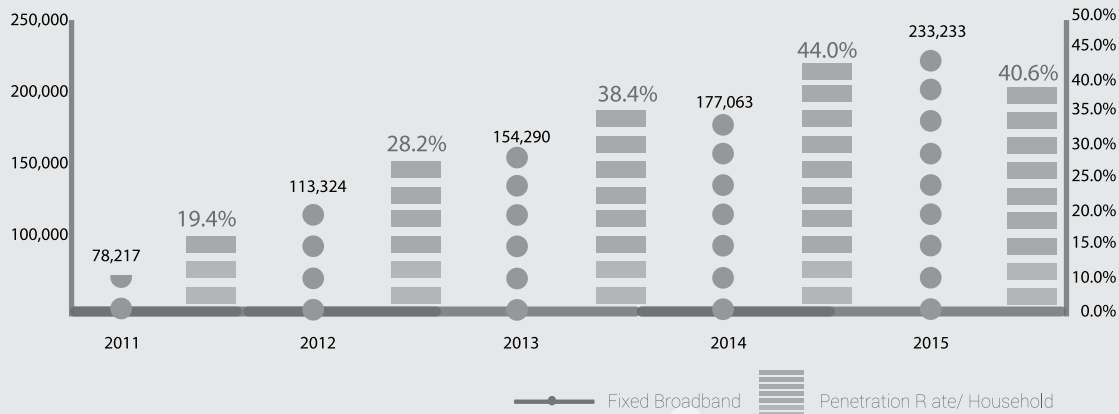
Internet Services

At the end of year 2015 there were 236,004 total Fixed Internet subscribers showing an increase of 31% against the previous year. Fixed Internet subscribers' penetration rate in terms of households increased to 41% by end of 2015.



Fixed Internet Subscribers

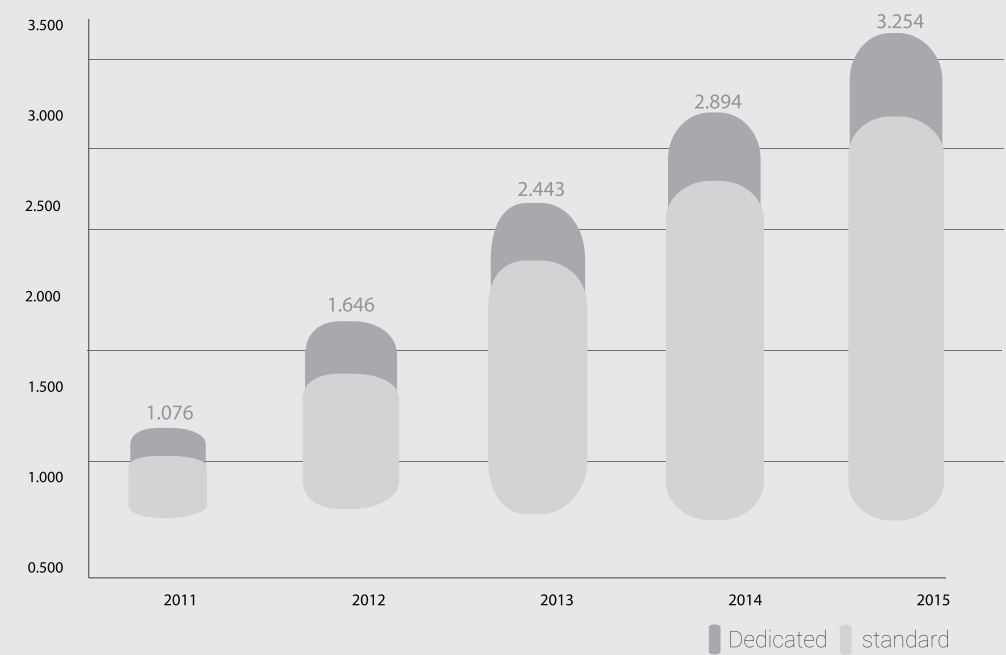
The Fixed Broadband subscribers including DSL, WiMax, leased lines, fibers, and others have growth of 31.7% over the previous year.



Fixed Broadband Subscribers



By end of year 2015, the Active Mobile Broadband subscribers increased to 3.254 million. Mobile Broadband penetration per inhabitants increased to 75.64% by end of year 2015.



Standard and Dedicated Mobile Broadband Subscription

The classification of Standard and Dedicated mobile broadband subscription is as follows:

1.Dedicated mobile data subscriptions:

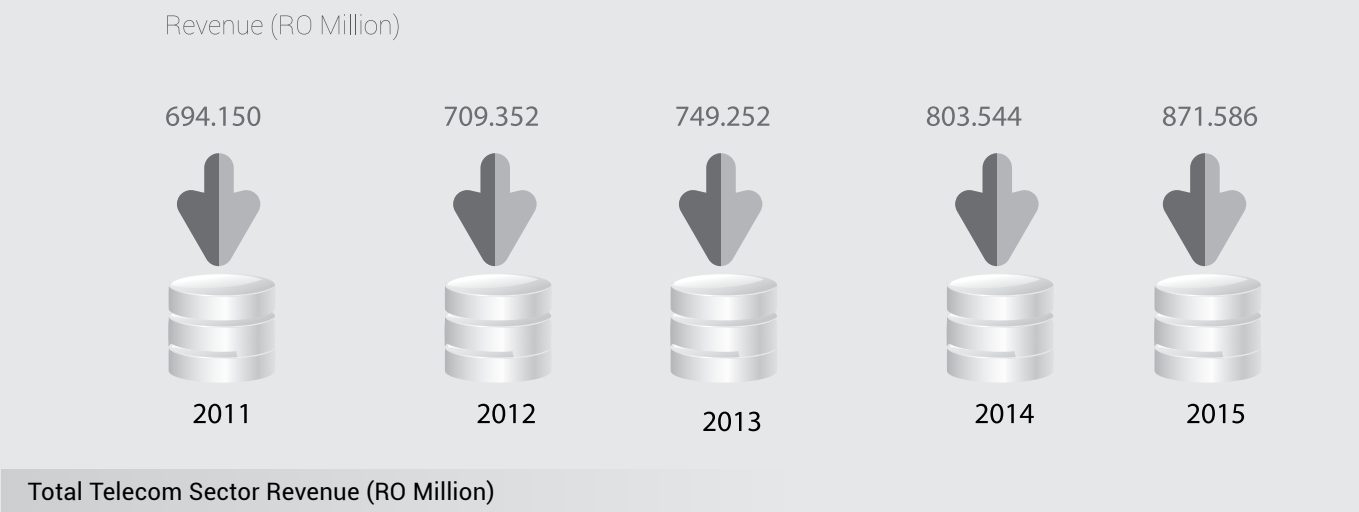
- 3G dongle/modem subscription
- Standalone voice plan where the users subscribe to an add-on-data plan
- Prepaid data-only plan using wireless modem.

2.Standard mobile-broadband subscriptions (active)

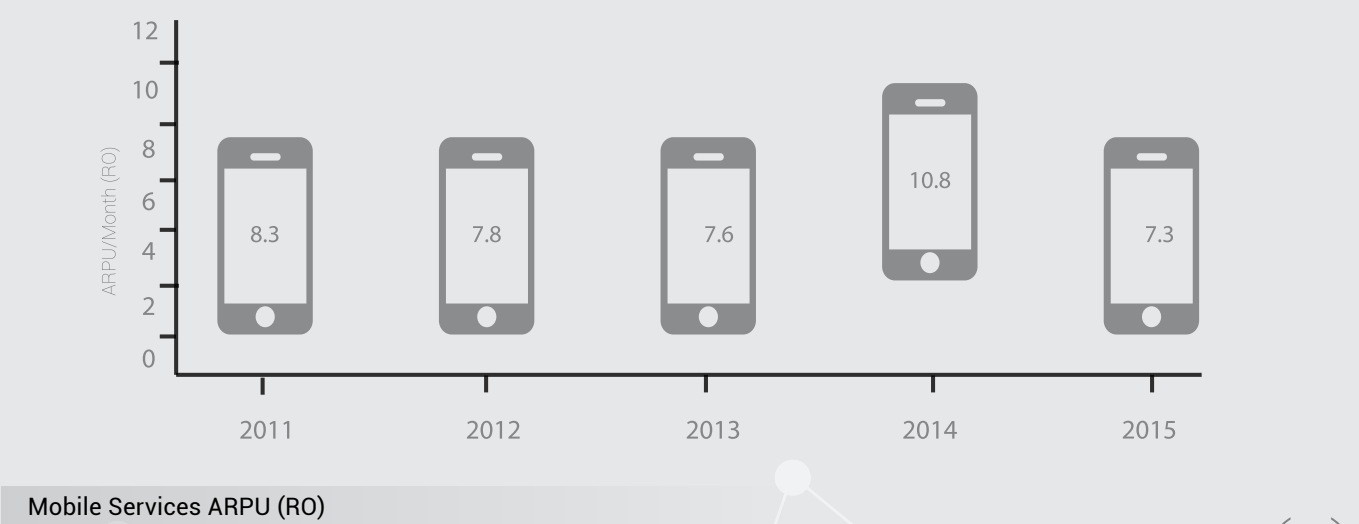
- Standalone voice subscriptions, but pay as you go for data
- Bundled voice and limited data
- Bundled voice and unlimited data
- Standalone voice plan where the user buys data credits periodically to fill up the account.

Telecom Revenue

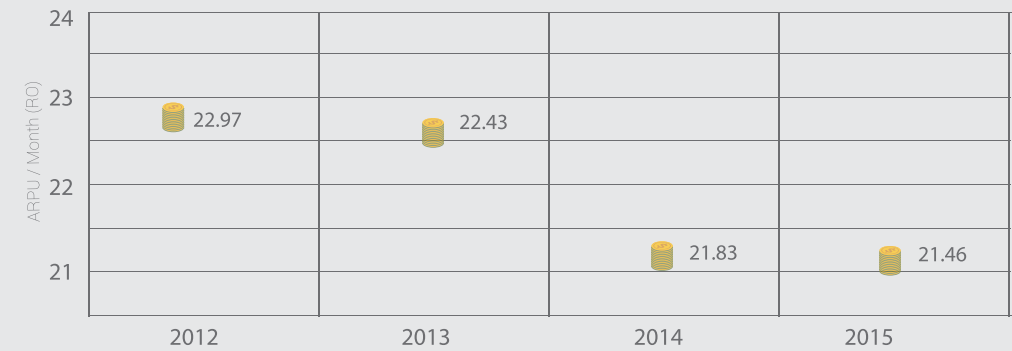
The telecom sector generated a total Revenue of RO 871.586 million during the year 2015 achieving 8.5% growth as compared to 2014. Mobile services contribute 67% of the telecom revenue, while fixed and internet services share is 33%.



The average revenue per mobile subscribers declined to OMR 7.3 by end of 2015.

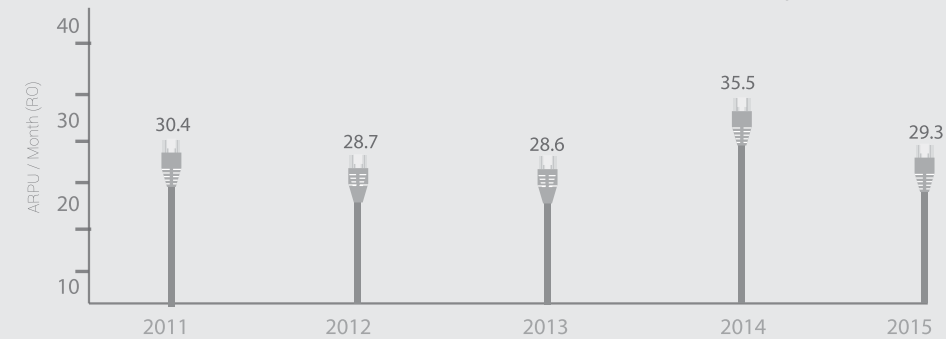


The average revenue per postpaid mobile subscriber is 21.46 OR on average per month by end of year 2015. The ARPU is declining slightly due to the higher growth of the postpaid subscriber's base in comparisons to the revenue generated.



Mobile Postpaid Services ARPU / Month (RO)

The ARPU for fixed internet services declined to OMR 29.3 with 17.5% decrease during 2015.



Fixed Internet ARPU(RO)

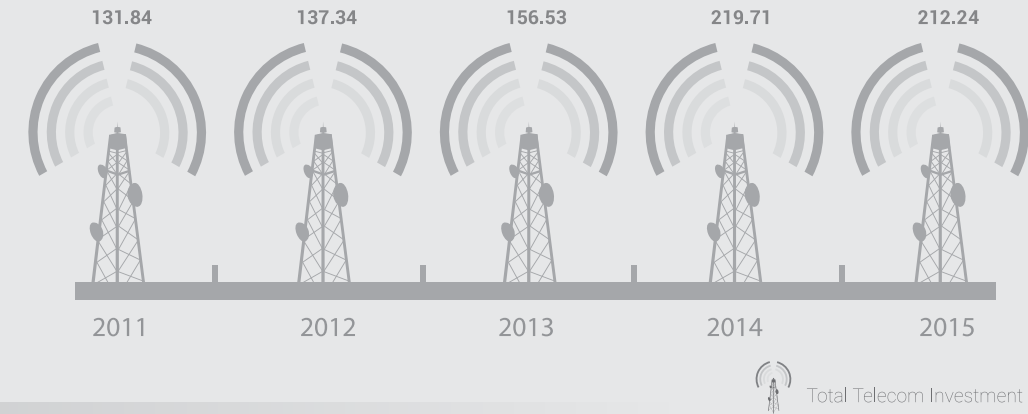
The ARPU from fixed telephone services (postpaid and prepaid telephone calls) has been reduced to RO 5.0 in 2015.



Fixed Line Voice ARPU (RO)

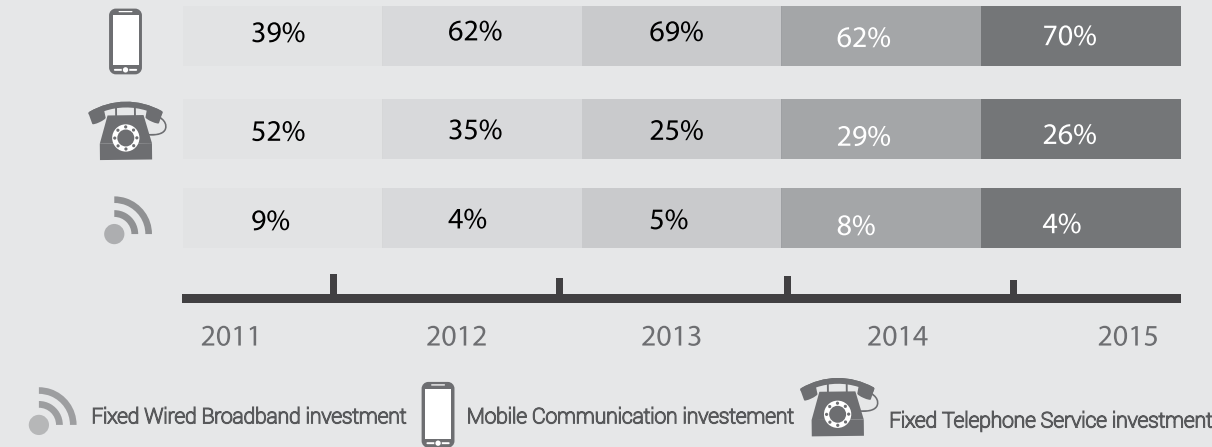
Telecom Investment

Total telecom investment declined by 3.5% from OMR 219.71 million in 2014 to OMR 212.24 during 2015.



Total Telecom Sector Investment

The composition of investment in mobile, fixed and fixed Broadband is displayed in the figure.

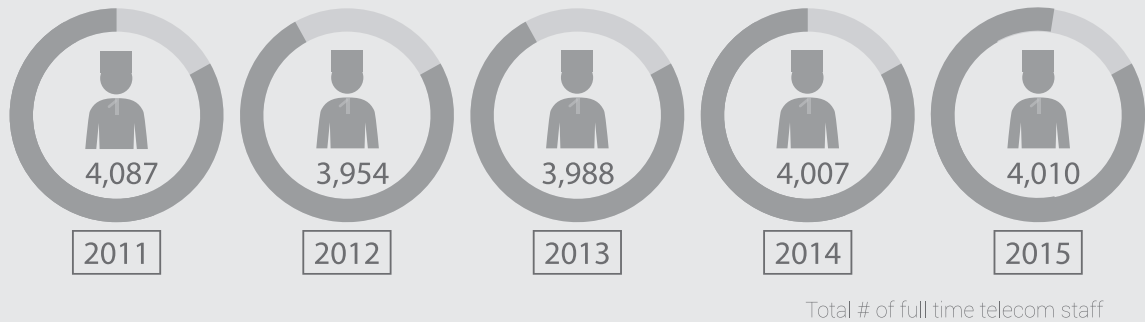


(%) Division of Telecom Investments

DOMAIN NAMES STATISTICS

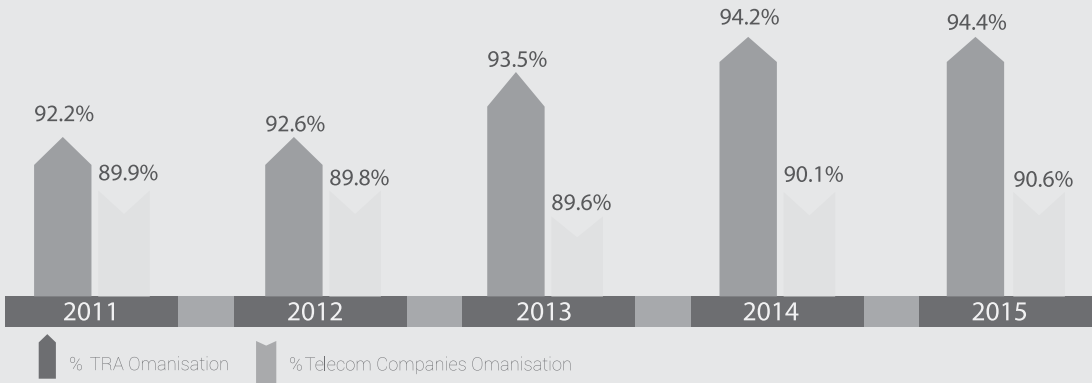
Telecom Employment

The full time employees of the telecom sector including TRA and service providers reached 4,010 staff by end of 2015.



Employment in Telecom Sector

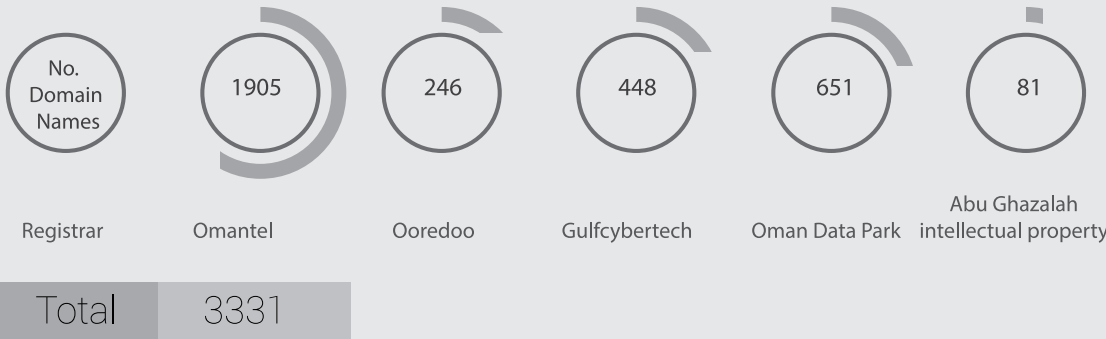
TRA achieved 94.4% Omanisation by the end of 2015 -while the Telecom Sector Achieved 90.6%.



(%) Omanisation at Telecom Sector

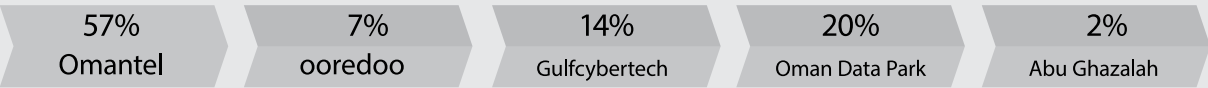


Growth of .om and عمان.



NO. Registrations per Accredited Registrars .om and عمان.

.om & عمان. domain names Market Share between accredited Registrars



Market Share between Accredited Registrars



POSTAL SECTOR PERFORMANCE

Overall market of the Postal Services

The postal and courier sector has been consistently growing between the years 2012 and 2015. The following table shows the total number of licensed providers operating in 2015. During 2015, TRA issued a Postal license to one more service provider - “Muscat Post”. With this license, there are 15 active providers operated in the postal services market, all of whom provide express courier services. The number of market players in the Postal Sector increased from 12 in 2012 to 15 by the end of 2015, including Oman Post, (the incumbent company) and the 14 other providers.

No	Company Name	Activity	No Of Banches	Number of Workers	
				Omani	Expatriate
1	Oman Post	Traditional Mail & Express Mail	82	521	3
2	DHL Express International & Partnered L.L.C	Express Mail	5	58	20
3	Aramex Muscat	Express Mail	4	41	70
4	Elite Enterprises	Express Mail	3	20	29
5	Oman Postal Express (Fed Ex)	Express Mail	5	19	13
6	Gulf Agency Company (Oman) L.L.C (TNT)	Express Mail	3	15	9
7	Falcon Air Services & Transport Co. L.L.C (UPS)	Express Mail	1	15	5
8	Moon Express Cargo L.L.C	Express Mail	3	5	18
9	United Travel (OCS)	Express Mail	1	3	4
10	Muscat Post	Express Mail	1	3	2
11	Blue Moon Inland Cargo Express LLC	Express Mail	2	2	7
12	ATS	Express Mail	1	2	6
13	Ramda Trading & Cont. Est. (Skycom)	Express Mail	1	2	2
14	AL Faghra Trading & Cont. (SkyNet	Express Mail	1	2	2
15	First Flight Logistics L.L.C	Express Mail	1	1	1
Licensee Details		Grand Total	114	709	191

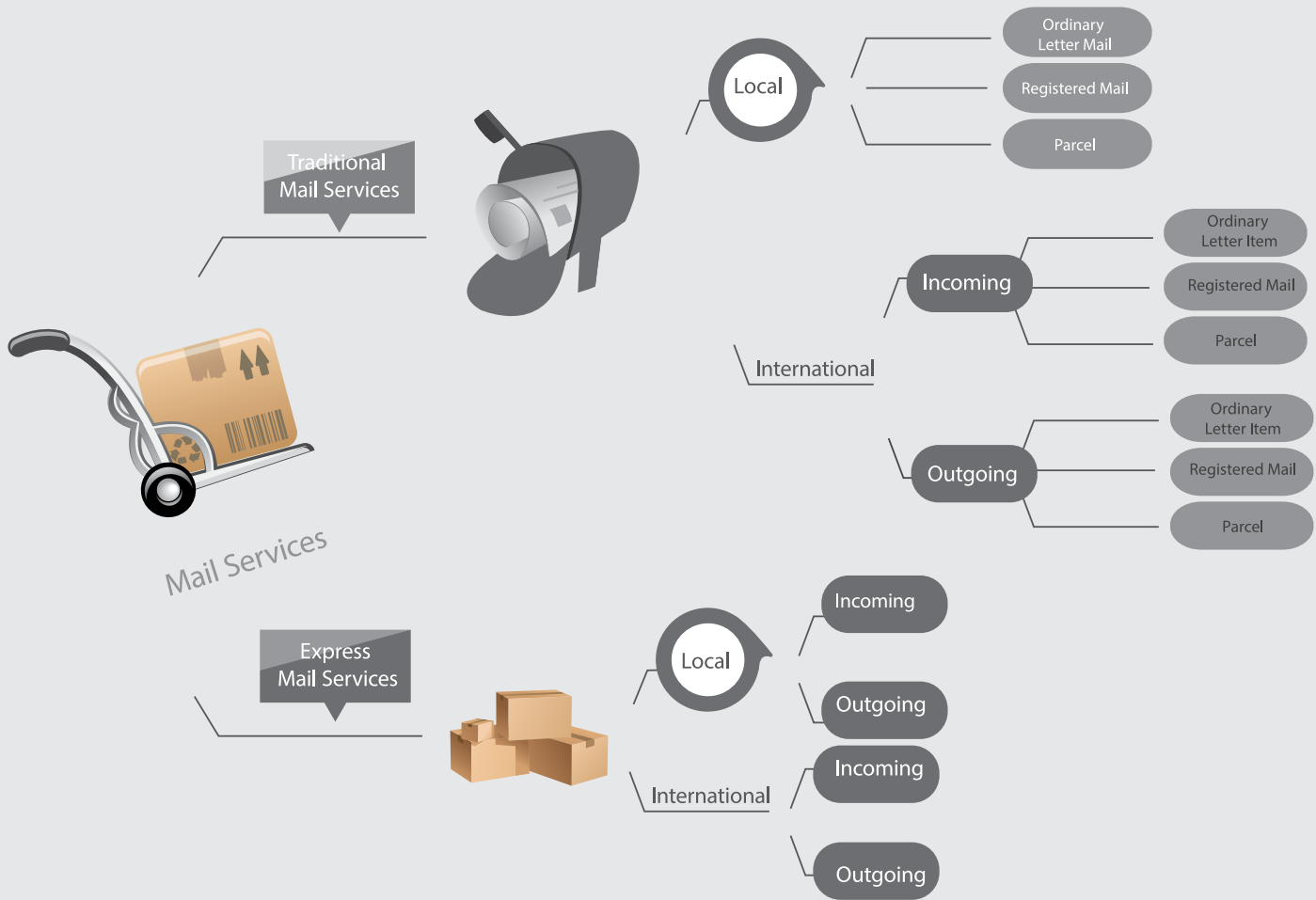
Postal Services Providers, Branches & Employment



PERFORMANCE INDICATORS OF THE POSTAL SERVICE PROVIDERS

Mail Service Classification

The figure below demonstrates the different classification of mail services.



Classification of Mail Services

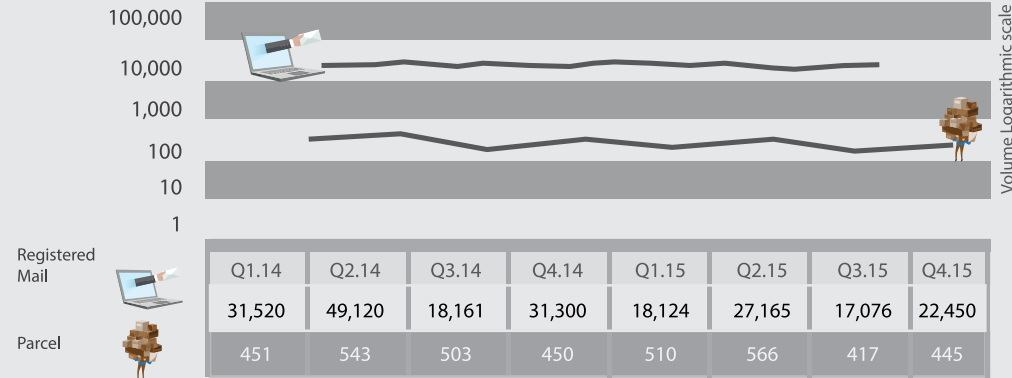


Traditional Mail Services

Oman Post is the only Postal service provider operating in the Traditional market. The constant technological and economical advancements of the economy cause many challenges and obstacles to this sector. The figures below demonstrate two of the mail services provided in the traditional market, from which ordinary letters were excluded due to inaccuracies in the data.

Traditional Local Mail Items

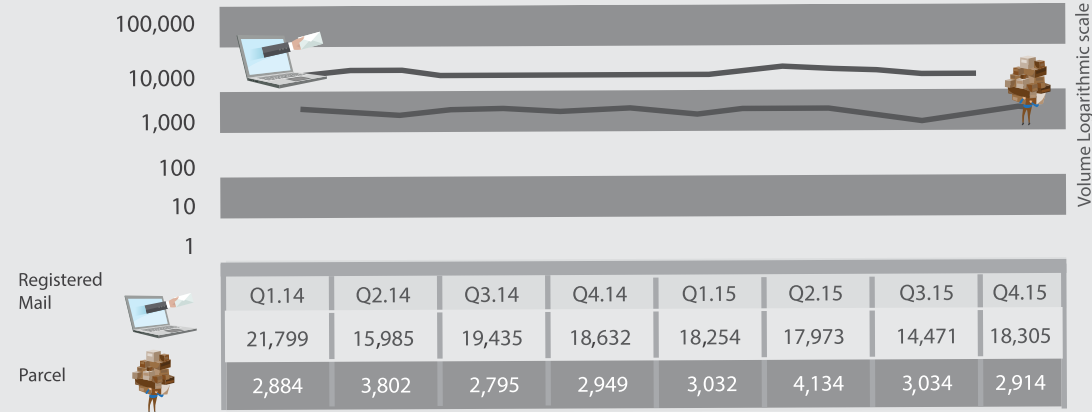
The total volume of local parcel items has been moving at a constant rate from the beginning of the first quarter of 2014 to the end of the fourth quarter of 2015. Registered Mail items featured a decrease between the years 2014 to 2015. The figure below shows these statistics:



Quarterly Local Data (2014-2015)

Traditional International Outgoing Mail Items

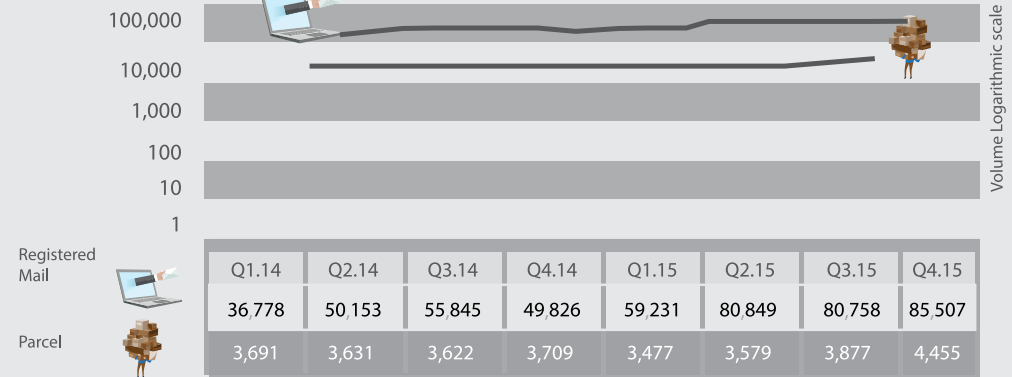
Between the first quarter of 2014 and fourth quarter of 2015 the total volume of Traditional International outgoing mail items witnessed consistent trends. The figure below demonstrates the different mail service items:



Quarterly International Outgoing Data (2014-2015)

Traditional International Incoming Mail Items

Between the first quarter of 2014 and fourth quarter of 2015 the total volume of Traditional International Incoming mail items increased in volume. The figure below demonstrates the significant increase in registered mail item. Whereas, parcel items, on the other hand, featured a slight increase.



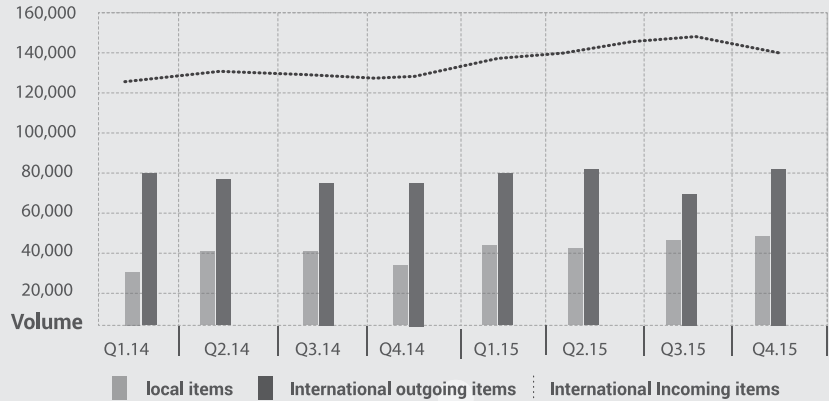
Quarterly International Incoming Data (2014-2015)

Express Mail Services

Express mail services also known as priority mail services, are the services that provide a premium service at an express rate with a premium price. The majority of the service providers (15 providers) operated in this market.

Volume Traffic of Express Mail Items

Between the first quarter of 2014 and fourth quarter of 2015, the total volume of “International Incoming express mail items” contributed the highest volume per item as compared to “International outgoing items” and “local items”. The figure below illustrates the values between the years 2014 to 2015. In addition to having the largest share of volume in the market, “International Incoming items” also featured a significant increase in 2015, and was due to the success of e-commerce and the introduction of accessibility of new innovative platforms in the postal market.



Quarterly Express Mail Data (2014-2015)

Traditional and Express Mail Service Indicators

The International Incoming Express mail item consumes a larger share of the courier service market accounting for an increase of 13% from 2014 to 2015. This is an indication of the dynamic movement of the Omani market, and that the level of incoming volumes into the country is significantly higher than outgoing volumes. The Local Express mail Service items also featured a significant increase of 27% from 2014 to 2105. This could be due to the increase in SMEs¹ in the market that significantly utilize the postal market to help run their business. The table below shows both traditional and express mail services statistics.

Services	Indicator	Traffic	2014	2015	Percentage Ratio (%)
Traditional Mail Service	Registered Mail	Local	130,101	84,815	(35)
		International Incoming	192,602	306,345	59
		International Outgoing	75,851	69,003	(9)
	Parcel	Local	1,947	1,938	(0.5)
		International Incoming	14,653	15,385	5
		International Outgoing	12,430	13,114	5.5
		In Total	427,584	490,600	14.74
Express Mail Service		Local	139,418	177,593	27.38
		International Incoming	471,913	533,102	12.97
		International Outgoing	304,139	313,331	3.02
		In Total	915,470	1,024,026	11.86
		Grand Total	1,343,054	1,514,626	13

Traditional And Express Mail Services



¹ small medium enterprises

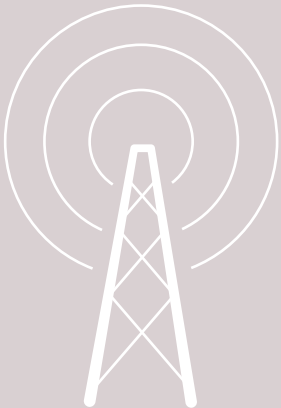
OUR REGULATIONS
ABOUT THIS SECTION

THIS SECTION DISCUSSES NEW REGULATIONS THAT TRA HAS ISSUED IN 2015 IN ORDER TO ENSURE COMPETITION AND SAFEGUARD THE INTEREST OF USERS IN TERMS OF QUALITY AND PRICE.

SECTION SNAPSHOT



Decision 17/2015 was issued aiming to regulate Call Center Services



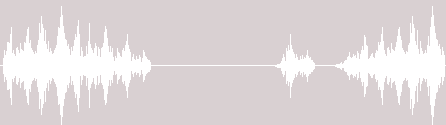
Decision 59/2015 on Regulating Telecommunication Devices



Decision 18/2015 Regulating Private Networks for Personal Use



Retail Price Caps determined
Inter-Operator Tariff (IOT) Caps determined for the years 2016-2020



Awarding Spectrum Frequency in the bands of 800 and 2600 MHz



Call Centers

On 19th February 2015, Decision 17/2015 was issued aiming to regulate Call Center Services. As a result, we have started to authorize the entities that operate call centers to serve third parties. Call Centers providing services for themselves and not for third parties entities are exempted from the regulatory requirements. TRA have issued two new authorizations for Call Centers for the following companies:

- Qala’a Al-Shaklah Trad.
- Azal United Company.

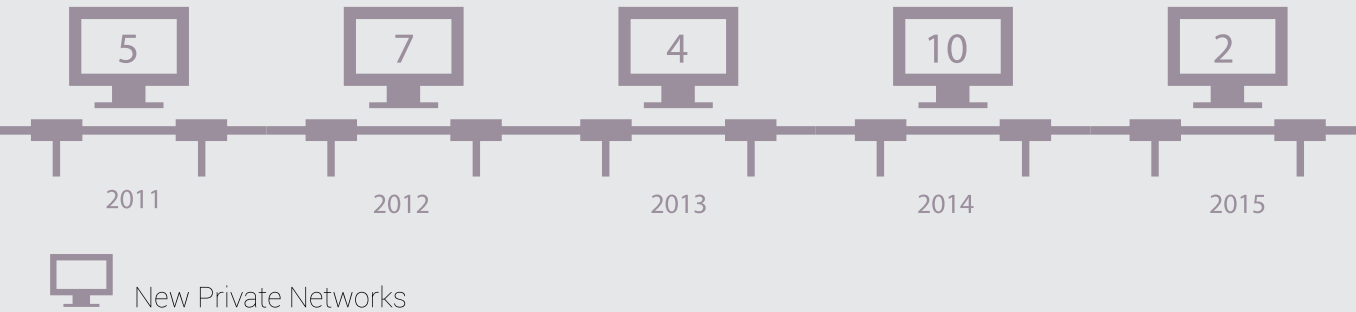
Dealing with Telecommunication Devices

The TRA issued a regulation addressing telecommunication devices on 20th December 2015 through decision number 59/2015. This regulation amends the earlier one issued in 2008 and mainly addresses the change in fees for type approval of telecom devices. The new regulation also cancels the registration of telecom dealers with TRA (except for telecom devices importors) and stipulates that the registration is required to be done at the Ministry of Commerce and Industry.

Private Networks for Personal Use

Private networks for personal usage are owned and operated by authorized entities and are used for private usage such as establishing physical links to transmit data between two branches of the same organisation and are not connected to the public network. The regulations that control the authorizations were amended in 2015 and the new Decision 18/2015 was issued on 19th February 2015. The new amendments clarify the procedures on how to apply for the authorization and the required information by the TRA. It also provides some flexibility as it allows one authorization of multiple parallel links between two locations owned by one entity; a practice that was not there before the amendments where every link has to be under separate authorization. The private network can be established by wireless links such as license exempt frequency band systems or licensed microwave radios or free space optical communication systems. It is also possible to be wireline if the entity has, by the law, the right of way.

Statistics that represent private networks are shown in the graph below:



GCC Roaming Regulation

The GCC Ministerial Committee for Post, Telecommunications and Information Technology has constituted a Roaming Working Group (RWG) comprising representatives of all Telecom Regulatory authorities of GCC. This group has been working for few years and introduced a number of price control measures. In its 24th meeting held in Doha on 9th June 2015, the Council approved the framework for International Mobile Roaming Tariffs across the GCC based on the recommendation of the GCC Roaming Working Group. This initiative calls for reductions of roaming charges on both inter-operator (wholesale) level and end-user retail level gradually, over a three years period, for voice calls and SMS services, and over a five years period for mobile data services.

Effective from the date mentioned against each, the following price-caps will be applicable in the Sultanate of Oman for International Mobile Roaming service:

Wholesale Caps	Effective from 1 January 2016	Effective from 1 January 2017	Effective from 1January 2018	Effective from 1January 2019	Effective from 1January 2020
Calls Made to other GCC countries including home country (within GCC)	0.181	0.173	0.165	-	-
Calls made Within the Visited Country	0.073	0. 069	0.065	-	-
Calls received while roaming	-	-	-	-	-
SMS made while roaming	0.015	0.015	0.015	-	-
Mobile Data	0.308	0.192	0.135	0.115	0.096

Table for Inter-Operator Tariff (IOT) Caps (OMR)

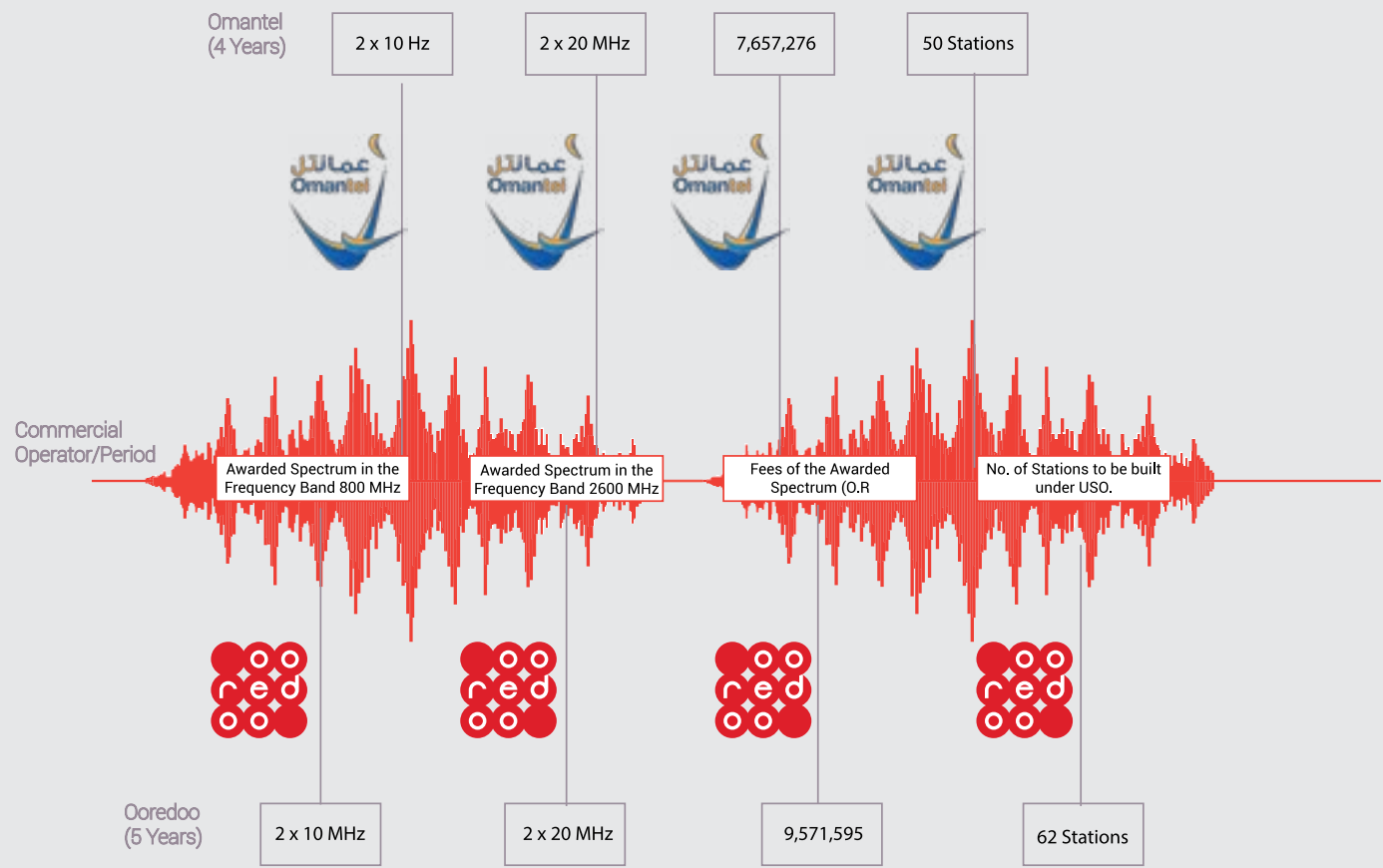
Retail Caps	Effective from 1 April 2016	Effective from 1 April 2017	Effective from April 2018	Effective from April 2019	Effective from 1 April 2020
Calls Made to other GCC countries including home country (within GCC)	0.246	0.238	0.231	-	-
Calls made Within the Visited Country	0.100	0.096	0.092	-	-
Calls received while roaming	0.135	0.108	0.085	-	-
SMS made while roaming	0.031	0.027	0.023	-	-
Mobile Data	0.500	0.327	0.231	0.192	0.161

Table for Retail Price Caps (OMR)

These price reductions come in continuation of the previous initiative of cooperation between the GCC regulators under the auspices of the GCC General Secretariat. The first roaming regulation covered only voice calls made while roaming and it was issued in June 2010.

Awarding Spectrum Rights for Fourth Generation Technologies


During 2015, we have granted the rights to use radio spectrum for fourth generation technology in the bands 800 and 2600 MHz for Omantel and Ooredoo. This decision was taken after studying the market and in order to find appropriate technical solutions to the growing demand by commercial operators (Omantel & Ooredoo) for the allocation of additional channels in the fourth generation in an endeavor to alleviate the resulting pressure on broadband networks. The awarded spectrum, its prices, and associated additional base stations to be built for Omantel and Ooredoo are as follow:




OUR SUPERVISION
ABOUT THIS SECTION

SUPERVISION AND MONITORING THE SECTORS IS PART OF TRA'S CORE RESPONSIBILITIES AS A REGULATOR
THIS SECTION DESCRIBES VARIOUS FORMS OF MONITORING AND INSPECTION OF THE MARKETS FOR THE
PURPOSE OF SAFEGAURDING THE INTERESTS OF USERS FOSTERING COMPETITION, AND ENSURING
ENFORCEMENT OF REGULATIONS.


SECTION SNAPSHOT



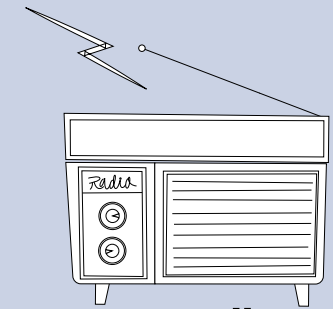
Royalty amount collected was
RO 48,106,632




5431Km of telecom cable
rolled out across Oman




1005 villages
covered with fixed broadband services



33 Radio
Interference Complaints received



125 schools in
rural area connected with fixed broadband services



89 Mobile Sites
installed and activated in remote villages

129
Violations detected and regulatory actions enforced

195
Tariff submissions approved

356
Inspection visits to telecom dealers

90%
Average of omanisation achieved in the telecom sector

Royalties

The total royalty collected from active licensees in 2015 is: RO 48,106,632. The table below displays the details with comparison to 2013 and 2014:

		2013	2014	2015
Class I	Omantel	11,471,896	12,395,779	13,096,549
	OmanMobile	18,293,560	18,105,245	18,448,331
	Ooredoo	13,201,599	13,852,084	15,681,564
	TeO	-	10,192	176,272
Class II	TeO	1,909	461	29
	Majan (Renna)	57,345	67,795	176,813
	FriendiMobile	297,996	406,997	445,015
Class III	Rignet	28,021	49,503	66,347
	AzyanTelecom	10,592	12,653	15,712
Total		43,362,918	44,900,709	48,106,632

In addition to the total royalty collected as represented in the table above, arrear royalties have been collected from the operators. The table below summarizes the amounts collected.

Licensee	Royalty Related to	Amount Collected
	2013	RO 1,628,834

License Obligations

Ooredoo Obligations to Provide Fixed Broadband Services to Schools

Ooredoo has confirmed connecting 125 schools with live Fixed Broadband service in 2015.

Ooredoo Fixed License Rollout Obligations

Ooredoo confirmed fulfillment of its obligations on the fixed network rollout of 5431 km of telecom cable across Oman. The licensee has also confirmed the completion of the obligations related to the percentage of households, schools and health centers in the different Governorates as required by the license. The coverage requirements of fixed broadband are displayed in the table below:

Category	Achieved Coverage
Distance of Cables in KM	5,431
Households covered with Fixed Broadband	298,482
Villages covered with Fixed Broadband	1,449
Schools covered with Fixed Broadband	1,085
Health Centers covered with Fixed Broadband	415

OMANTEL FIXED LICENSE BROADBAND ROLLOUT OBLIGATIONS

Omantel was required to provide fixed broadband services to a number of villages by governorates as part of Omantel's fixed broadband license obligations. This requirement was stipulated in decision 117/2011 issued on 24th October 2011. Omantel confirmed during 2015 the coverage of number of villages per governorate as required , and this is indicated in the table below.

Governorate	License Coverage Requirement	Achieved Coverage	Number of Villages	Number of Households
Muscat	83%	98 %	95	119,870
Batinah	86%	91 %	285	96,617
Sharqiyah	81%	72 %	151	39,789
Dakhelia	82%	85 %	195	37,904
Al Dhahera	84%	84 %	175	27,070
Al Buraimi				
Al Wusta	42%	56 %	7	2,286
Dhofar	75%	82 %	40	27,525
Musandam	83%	91 %	57	4,380
Total	82.38%	88 %	1,005	355,441



Violations And Cases

As a regulator, it is our duty to ensure enforcement of the regulatory frameworks by supervising, monitoring and inspecting the sectors. When non-compliance cases are identified, corrective actions are taken to address these violations. Below is a representation of the types of violations during in 2015:

Type of Violation	No. Of Violations
Type Approval	76
License obligations	3
Technical standards and numbering	2
Domain name	1
Spectrum	41
Competition and Tariffs	4
Postal	2
Total	129

Types Of Violations 2015

Moreover, the total number of cases in 2015 is 7 court cases: 2 were filed by TRA, and 5 cases were filed against TRA.

Tariff Submissions

In 2015, we processed over 195 submissions for tariff approval. Table below gives details of the Submissions.

LLicensee	Voice	Plans	International Calls	MBB	HBB	International Roaming	Valued Add- ed Service	Top-Up	Leased Lines	Total	Percentage %
FRIENDI	0	0	0	2	0	0	0	1	0	3	7%
Omantel	2	1	0	2	2	0	10	1	0	18	41%
Ooredoo	0	3	2	0	3	1	6	0	1	16	36%
Renna	0	0	0	3	0	0	1	0	0	4	9%
Teo	0	0	3	0	0	0	0	0	0	3	7%
Total	2	4	5	7	5	1	17	2	1	44	100%
Percentage %	5%	9%	11%	16%	11%	2%	39%	5%	2%	100%	100%

Promotions Approved in 2015



LLicensee	Voice	Plans	International Calls	MBB	HBB	International Roaming	Valued Added Service	Starter Pack + Bundled Mobiles	Top-Up	Voice & Data	Total	Percent- age %
FRIENDI	2	3	16	2	0	0	0	4	1	0	28	19%
Omantel	4	5	1	7	8	3	8	7	7	6	56	37%
Ooredoo	3	6	3	1	4	3	2	1	6	1	30	20%
Renna	2	1	15	1	0	0	0	6	4	0	29	19%
Teo	0	0	7	0	0	0	1	0	0	0	8	5%
Total	11	15	42	11	12	6	11	18	18	7	151	100%
Percentage %	7%	10%	28%	7%	8%	4%	7%	12%	12%	5%	100%	100%

New Plans and Price Revisions Approved in 2015

Fixed broadband service offerings witnessed a number of changes that range between tariff reductions and increases in the speed for certain packages. For corporate users, Omantel revised their Business Broadband Plans to include 5 categories that cater to different business usages. Ooredoo modified their Internet Professional plans, which included an increase in speed in some categories. A number of offers were made by the licensees for corporate mobile services especially Roaming and Closed User Groups benefits. Prices of Inmarsat satellite based services were reduced for corporate users. A number of event based promotions were launched by the licensees to commemorate National Day, Muscat and Khareef Festivals and Comex. International gateway licensee Teo entry to the market has changed the international calling market substantially. Their services are accessible to subscribers of all telecom service providers in the Sultanate for both fixed and mobile networks. In 2015, Teo revised their standard tariffs for its flagship calling cards putting competitive pressure on international outgoing calls. The international calling rate dropped to as low as 17 Baiza per minute to some popular destinations.

Broadband Access and OBC Agreements

National Broadband Strategy mandated Oman Broadband Company (OBC) to build, procure and provide access of passive telecom infrastructure to public telecom service providers in Oman. OBC negotiated its Access Agreement with major licensees. The Authority reviewed Access Agreement for Oman Broadband Company (OBC) and subsequently approved agreements of Omantel and Ooredoo.



Coverage of Remote Areas

In early 2012, the TRA discussed a plan with Omantel and Ooredoo to provide basic telecommunication services to selected villages in remote areas. The TRA facilitated spectrum refarming and allowed mobility under the assigned frequency bands in return for Omantel and Ooredoo cooperating in this national initiative by building number of BTS sites. This initiative, upon completion, is expected to provide coverage of basic telecommunication services to approximately 250 villages.

A reduction in the digital divide between rural and urban areas is expected as a direct result of this joint venture, benefitting consumers and aiding the social and economic development efforts of the government.

TRA took initiatives to cover remote populated villages with telecom services that do not form part of the operators' license obligations. The main initiative undertaken during 2015 was the continuation of the initiative for installing 200 stations to cover 250 remote villages by the operators in coordination with the TRA.

The details and progress of this initiative is:

200 stations to cover more than 250 remote villages:

- 100 stations to be built by Omantel
- 100 Stations to be built by Ooredoo
- All Omantel sites of this project are going to be activated with 3G technology.
- 60 of Ooredoo sites are going to be activated with 2G service & 40 sites are with 3G service.
- All the stations (200) of the project will provide roaming services.

Description	Omantel	Ooredoo	Total
Number of sites for each operator.	100	100	200
Number of built & activated sites.	48	41	89
Number of the signed & delivered lease contracts to Operators with all the official documents for the issuance of Building Permits	51	53	104
No of sites that are still under the process of the approval by Ministry of Housing (MOH).	1	6	7

Below are some photos of the sites that were installed and activated in 2015:



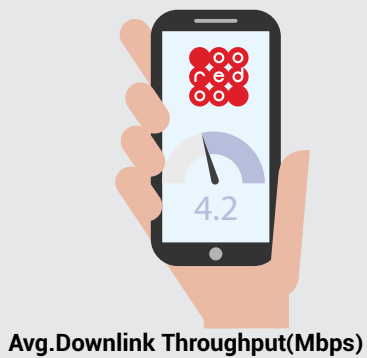
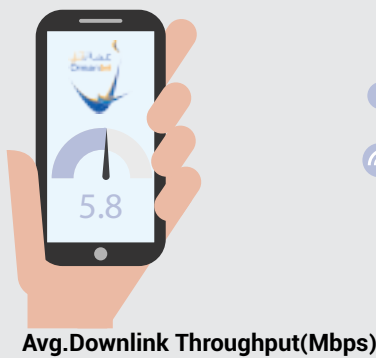
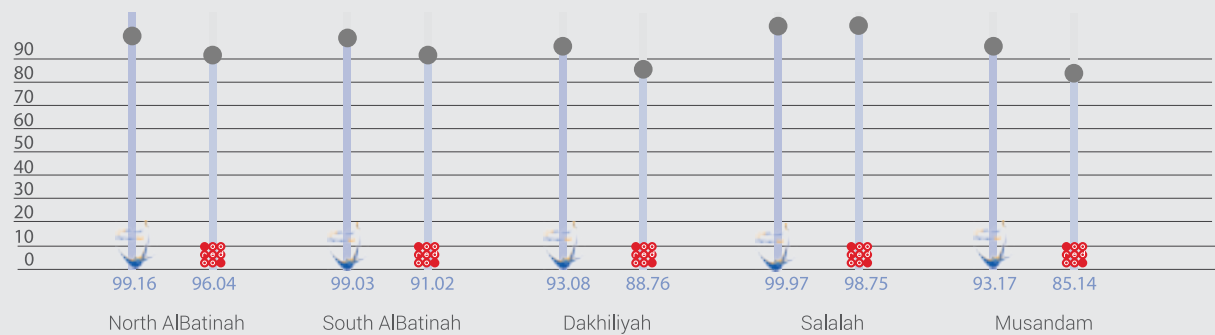
Our Monitoring and Our Audits

Quality of Service

The audit of QoS KPIs and Periodic Network Benchmarking takes place in the following manner:

- The audit of QoS KPIs is done independently on a sample basis from time to time.
- Conduct periodic network benchmarking tests by TRA to gain an independent view of the service provider's mobile network performance in different regions of the Sultanate. The results are published on TRA website to create awareness among the users on the coverage and performance levels in their areas.

Some highlights of the network benchmarking conducted during year 2015 by TRA in the Governorates of North & South Al Batinah, Al Dakhiliyah, Salalah and Musandam are as follows:



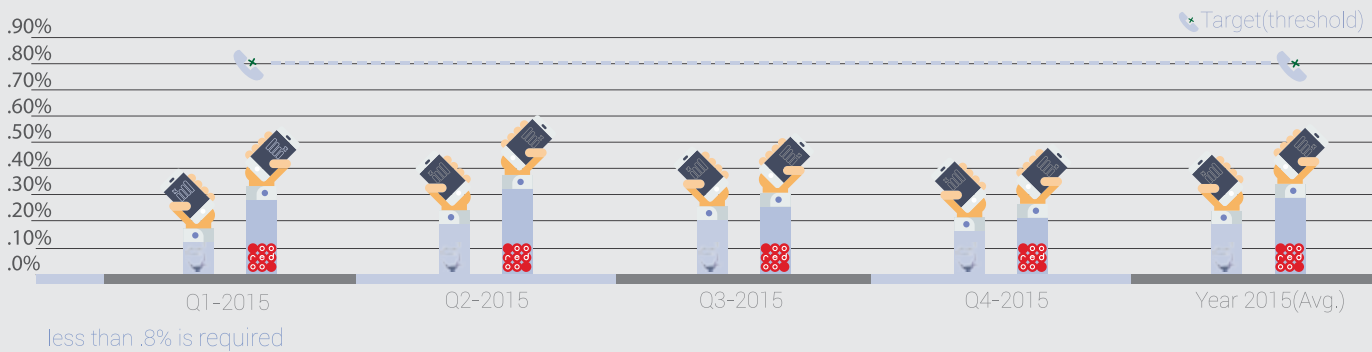
Average Download Speed (Mbps)



We aim to safeguard the interest of users and improve our regulatory outreach through monitoring service providers' compliance, performance and obligations. We analyse the results submitted by the service provider's in the quarterly QoS reports. Below are graphical illustrations of some of the reported QoS KPIs by Omantel and Ooredoo for mobile and fixed services during 2015:

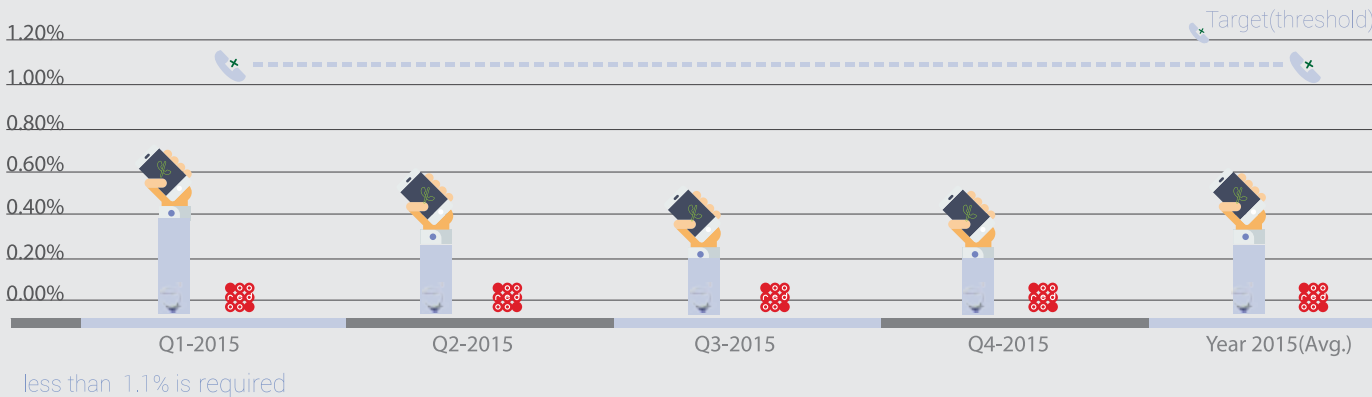
Mobile Services

Drop Call Rate: This indicator is used to measure the percentage of calls dropped due to technical problems or coverage gaps in the service provider's network as a ratio of the total number of calls successfully established



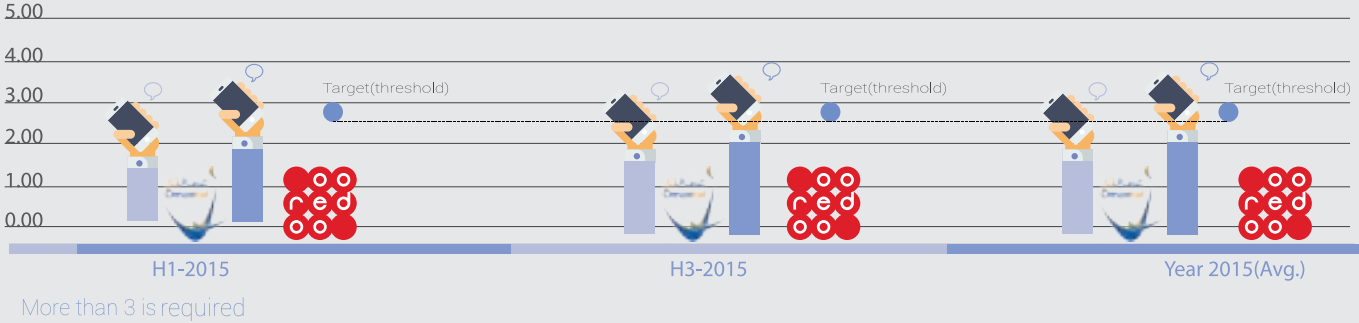
Percentage of Calls Dropped

Block Call Rate: This indicator is used to measure the percentage of calls blocked due to congestion in the service provider's network as a ratio of the total number of call attempts made to access and establish a voice call.



Percentage of Calls Dropped

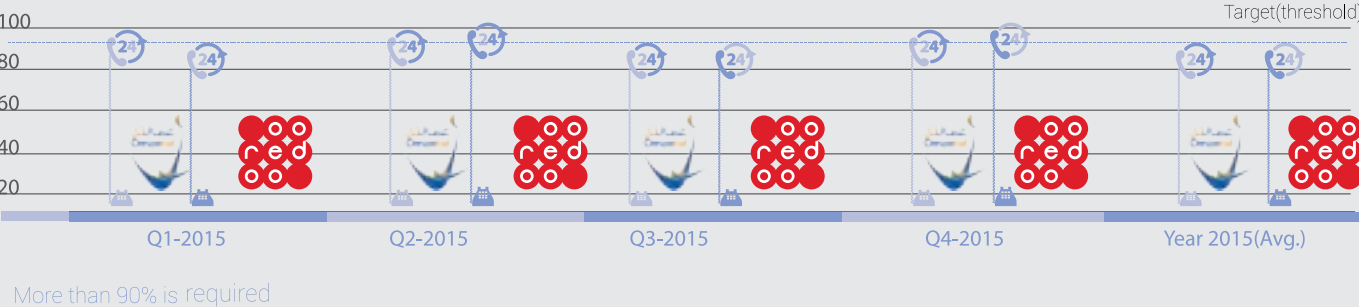
Speech Quality is a measurement of end to end (mouth to ear) communication quality for (conversational speech) during a voice call. This measurement is rated based on a 1 to 5 scale which refers to the ITU-T recommendation on MOS (Mean Opinion Score) measurement.



Speech Quality MOS

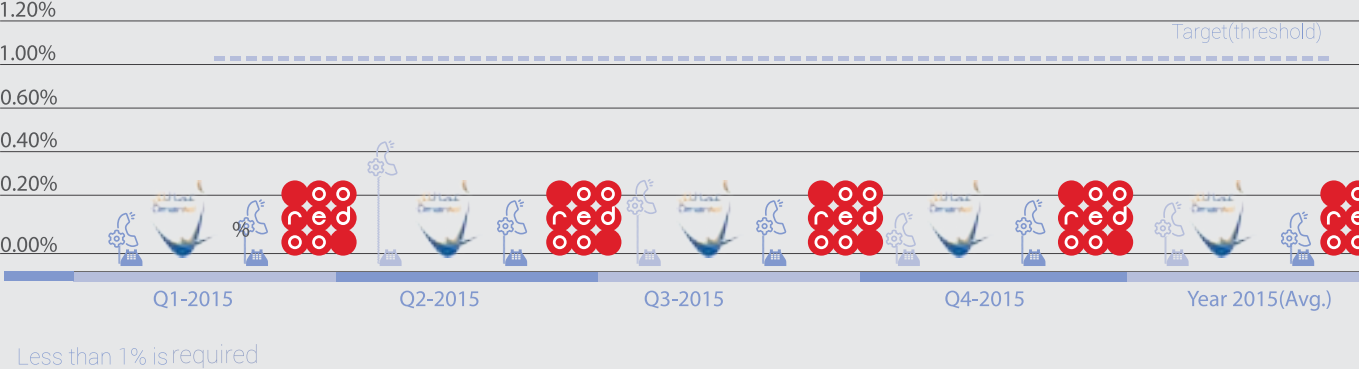
Fixed Services

Percentage of faults cleared within 24 hours – This indicator is used to measure the time taken to clear/resolve a fault from the time a fault is reported to the service provider to the time when the service has been restored to normal working order.



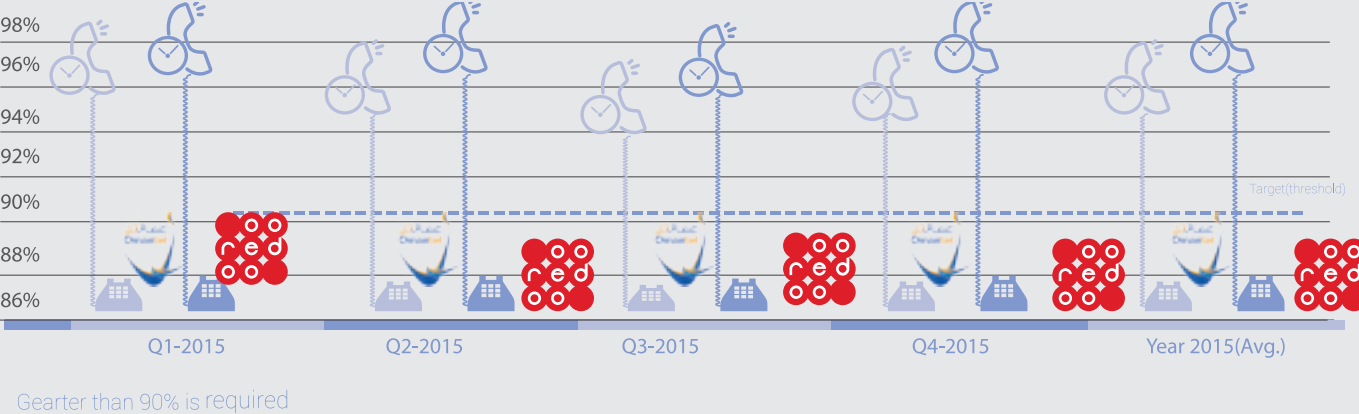
Percentage of Faults Cleared Within 24 Hours

Unsuccessful call ratio for local and national fixed calls – This indicator is used to measure the unsuccessful local calls from a fixed line i.e. a call attempt that is made to a valid number with all digits dialled correctly following a dial tone, and the calling user not receiving any busy, ring or answer tone within 30 seconds.



Unsuccessful Call Ratio for Local and National Fixed Call

Percentage of orders for access line in the served areas completed within 10 working days – This indicator is used to measure the total time taken for a service provider to fulfil a customer order for an access line.



Percentage of Orders for Access Line in the Saved Areas Completed Within ID Working Days



Audits of Licensees

It is the practice to conduct visits to different telecom licensees to check their compliance with their license obligations from several perspectives. In cases where there are non compliance to their license obligations, corrective measures are to be taken by the telecom licensees. During 2015, we conducted four audit visits to different telecom licensees.

Auditing of Special Numbers

We conducted an audit exercise on Omantel and Ooredoo in 2015 in relation to the change of ownership of special numbers. We selected random numbers and verified whether the transactions related to those selected numbers were in violation of TRA decision No. 143/2011. Violation were found on the mobile operators (Omantel and Ooredoo). However, No violation identified on this subject during audits of mobile resellers.

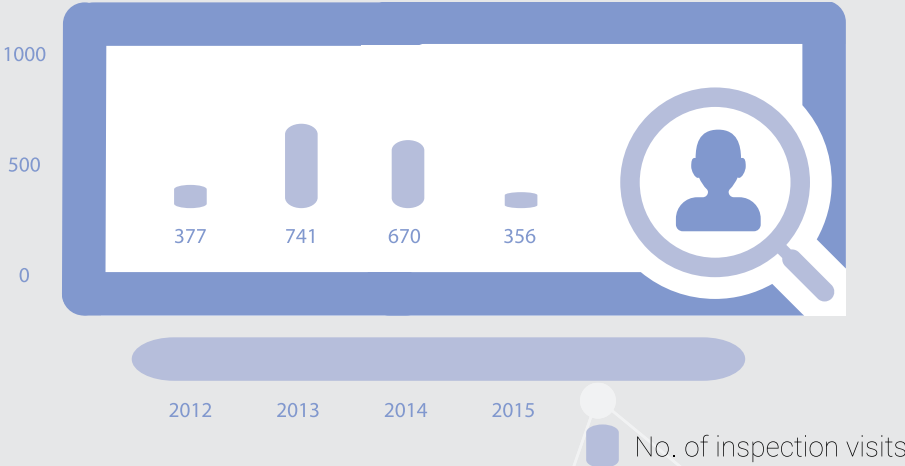
Monitoring and Transparency of Prices

Price is one of the pillars of TRA vision and hence it requires regular monitoring to safeguard consumer interest. With consumer interest as our priority, during 2015 we established a bulletin comparing offers of different licensees in Oman in order to empower users to make informed choices. The said bulletin provides comparison of tariffs for International mobile Roaming and International Calling services.

We ensure that the consumers are well protected and that the services in the market meet the transparency requirements implemented and enforced by the TRA. Therefore, we continuously monitor the offers in the market to ensure that consumers are not misled and charges recovered are as approved. Discrepancies found are dealt with by fines and reprimands.

Monitoring the Telecom Dealers

We check the compliance of telecom dealers in selling approved equipment by conducting inspection visits all over the Sultanate. The statistics of our visits are shown below. 76 violations were identified and proper action was taken to address the same.



Monitoring Omanisation Levels

It is part of our monitoring to follow up with the licensees periodically to check their compliance with Omanisation requirements as per their license obligation. The table below presents the percentage of Omanisation achieved for 2015.

Company Name	Total Omanisation Percentage Achieved
Omantel Fixed	89.67%
Omantel Mobile	93.36%
Ooredoo Fixed	90.2%
Ooredoo Mobile	90.2%
Telecom Oman, Class I	88%
Renna	90%
Friendi	91.2%

Spectrum Monitoring

We have conducted several inspection visits for spectrum users in different areas of the Sultanate in order to check the compliance of technical specifications of the radio equipment with the issued radio licenses. This includes the inspection of spectrum users in terrestrial services as well as inspection of ships/boats. The following tables present the findings:

Ships/Boats Inspection & Survey			
Parameters	Ships/Boats Inspection	Ships/Boats Survey	Total
No. of Users	37	11	48
No. of Ships	75	16	91
No. of Location	12	10	22
No. of Violation	3	-	3



Inspection of Microwave (MW) links				
Operator	Governorate	No. of MW Station	No. of Links	No. of Violation
Omantel	Al Dakhlia	27	97	-
Ooredoo	Al Dakhlia	19	73	31
Total		46	170	31

Users Inspection (Terrestrial Services)		
Location	No. of Users	No. of Violation
Qarn Al-Alam	1	1
Barka	2	2
Muscat	3	3
Salalah	14	3
Mirbat	2	1
Sur	6	1
Al Duqm	2	0
Sohar	26	1
Total	56	12

Further to the spectrum monitoring, we also monitor the broadcasting services. In cases where there is any interference between spectrum frequencies, we take action to eliminate these interferences. The tables below represent the statistics of broadcasting services and interference complaints.

Other Radio Services		
No. of Received Frequencies		
Governorate	Muscat	Al Batinah
Location	Bausher-Seeb	Sohar
No. Of Spectrum	361	173

Broadcasting Services (FM)		
No. of Received Frequencies		
Governorate	Location	FM
Muscat	Baushar	16
	Maabila	7
	Madinat Al Ilam	1
	Azaiba	13
	Seeb	18
Al Batinah	Sawadi	7
	Sohar	53
	Barka	7
	Al Hazm	7
	Al Wasit	7
	Al Hoqain	7
	Al Suwaiq	7
Musandam	Khasab	76
Al Buraimi	Al Buraimi	6

Interference Complaint	
No. of Reported Interference Complaint	31
No. of Interfered Users	8
No. of location Interfered	25
No. of Complaints Resolved	27



OUR SERVICES
ABOUT THIS SECTION

THIS SECTION HIGHLIGHTS INFORMATIVE AND STATISTICAL DATA OF OUR VARIOUS SERVICES. THIS INCLUDES: TYPE APPROVAL OF TELECOMMUNICATION DEVICES, THE DOMAIN NAME REGISTRY, LICENSES AWARDED TO TELECOM PROVIDERS, INTERNET CAFES AND PRIVATE NETWORKS, NUMBERING ALLOCATION AND TELECOM COVERAGE OF RURAL AREAS.

SECTION SNAPSHOT



412 New Registrations
of telecom equipment



355 Renewed Registrations
for dealing with telecom devices



1746 Type Approved
telecom equipment



2162 Imported
telecom equipment



33 Authorized Entities
provide AVL services



187 Internet Cafes
in the Sultanate

17,603
Renewed
Radio Licenses



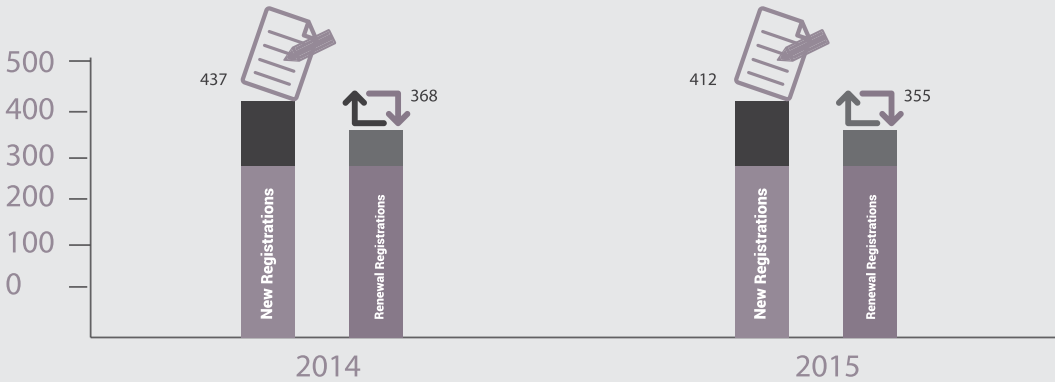
5
Accredited Registrars

1 Million
Mobile Numbers Allocated

REGISTRATIONS, LICENSES AND AUTHORIZATIONS

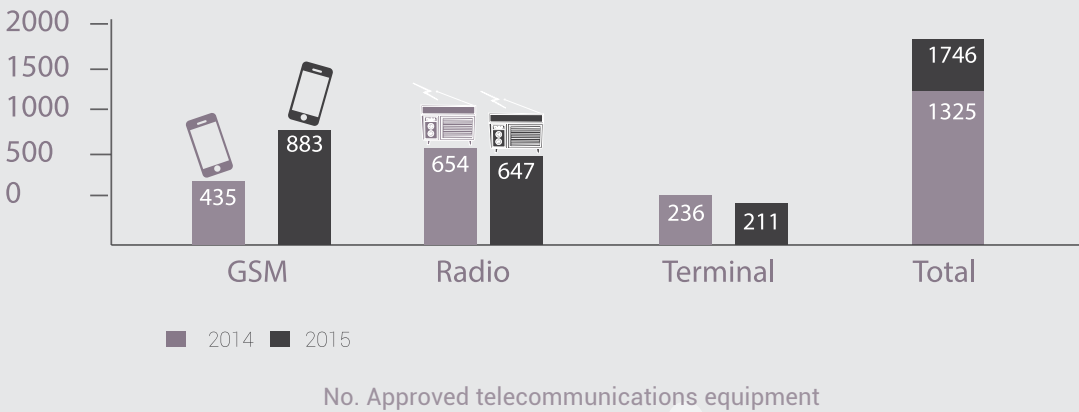
Type Approval

As part of our strategy, we focus on safeguarding the interest of users and enable access to technology and services. It is within our scope to monitor the telecommunications equipment imported and check their authenticity. Fake devices can produce radio magnetic waves that can be harmful to the end users. The section below displays statistics of our type approval activities.

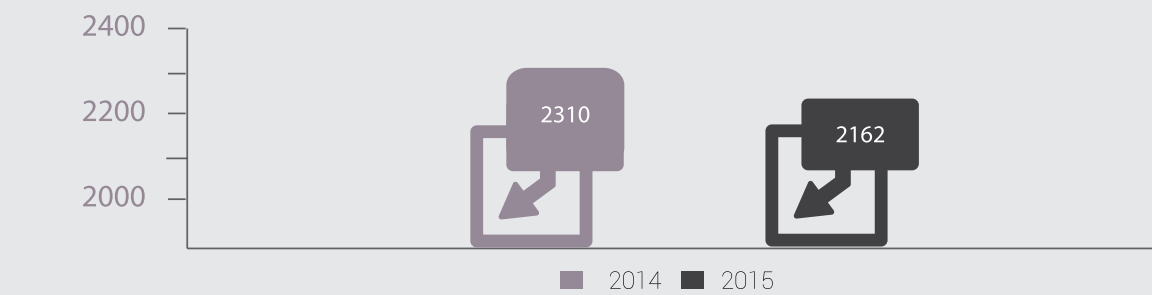


For a company to start an activity that is related to trading in telecom devices, the company must first register with TRA as dealer with telecom devices. The registration is valid for one year and can be renewed annually. The graph above represents statistics of new registrations and renewal registered dealers for 2014 & 2015 respectively.

We approve telecommunications equipment after checking their compliance to the international standards in terms of safety, electromagnetic compatibility & radio frequency (RF). GSM Approvals were the highest due to demand and emerging new technologies. The graph below compares type approved devices for 2014 and 2015.



Once a telecom device has been approved by the TRA, the applicant company is eligible to start the process of importing the device. In order to facilitate the import, the TRA issues a “release certificate” which is required to be lodged with the Royal Oman Police – Customs by the applicant company. The graph below displays 2014-2015 release statistics.



No. of Release Certificates Issued

The Accreditation of the 5th Registrar for Domain Names

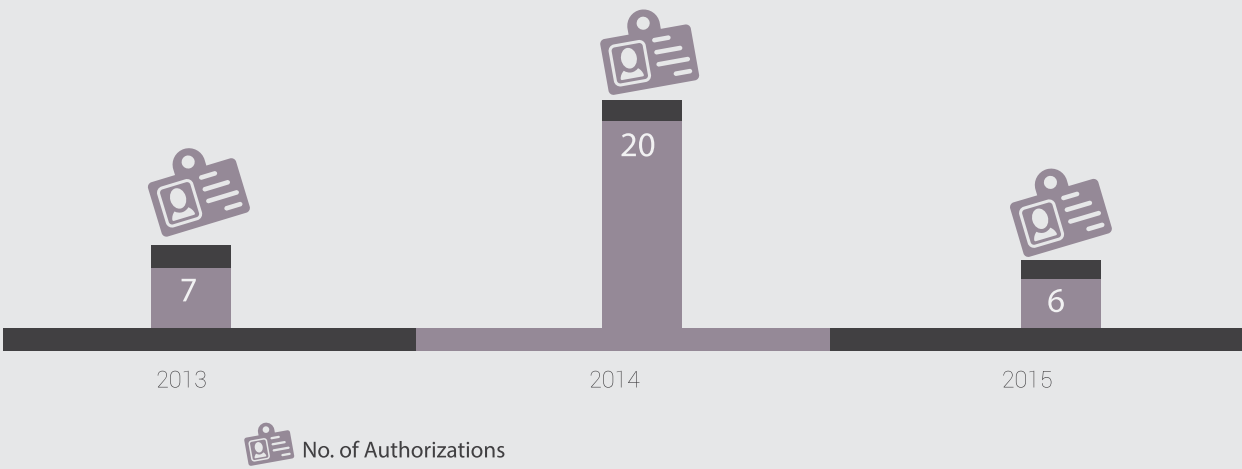
In line with the TRA strategy and as part of our Vision’s fourth pillar (choice), in 2015 TRA accredited the 5th registrar, (Abu Ghazaleh Intellectual Property). The accredited registrar is an entity authorized by the TRA, according to Registrar Accreditation Agreement, to receive and decide upon applications for registration of internet domain names under (.om) and (عمان.), and to provide other related services, namely registration, transfers, suspensions, cancellations of domain names.

The 5 accredited registrars are:

- Oman Telecommunications Company -Omantel
- Omani Qatari Telecommunications company – Ooredoo
- Gulf Cyber Tech
- Oman Data Park
- Abu Ghazaleh intellectual property

Automated System for Vehicle Management Service

During 2015, TRA issued six new authorizations for Automated System for Vehicle Management service (IVMS), and the total reached 33 by end of 2015. Authorized entities provide IVMS services in the Sultanate, which is requested by many corporates interested to monitor, track and manage their vehicles or in general mobile objects. The service is provided using the existing services of the licensed mobile networks.



Internet Cafes

During the year, the number of internet cafes in the Sultanate reached 187 covering all the governorates. Newly authorized Internet Cafes accounted for 7 while 8 were renewed. The following table summarizes these by governorates and the graph displays the statistics related to internet cafes for the period 2011-2015.

Region	New	Renewed
Muscat	1	4
Al Batinah	1	1
Al Dakhelyah	0	2
Al Dhahira	0	0
Al Buraimi	1	0
Musandam	0	0
Al Sharqiyah	0	1
Al Wistah	0	0
Dhofar	4	0
Total	7	8

Frequency Licenses

The year 2015 witnessed an increase in the number of newly issued radio licenses and in the number of new frequency assignments, with figures of 3,368 and 6,966, respectively. However, the number of renewed radio licenses during 2015 were 17,603 while the total number of cancelled radio licenses were 1,765 excluding temporary licenses. The table below summarizes number of radio license from 2012-2015.

Type of Process	2012	2013	2014	No. of Radio Licenses
No. of Renewed Radio Licenses	21,258	18,253	18,574	17,603
No. of New Radio Licenses	2,428	2,304	2,854	3,368
No. of New Frequency Assignments	4,396	4,955	5,055	6,966
No. of Cancelled Licenses	3,066	3,731	1,331	1,765

Numbering

Managing the public numbering scheme and issuing the National Numbering Plan is part of our responsibilities. The national numbering plan is reviewed continuously to ensure efficient management of numbering resources.

We work towards ensuring that the number allocation process is fair and transparent in order to provide a level playing field regarding the availability of numbers for all service providers. The table below represents the numbering resources allocated to the service providers in year 2015 compared to 2013 and 2014. It shows that in 2015 there is a slight increase in demand for toll free numbers. It is further noted that there is a huge increase in demand for fixed numbers compared with 2014 as well as an increase in the demand for mobile numbers. There is a slight decrease in demand for SMS. The table below summarizes the allocation of number of radio license in 2013-2015.

Type of Numbering resource	2013	2014	2015
Carrier Selection codes	0	0	0
International Signaling point codes	1	0	1
Fixed Numbers	119,000	44,000	105,000
Mobile Numbers	200,000	600,000	1,000,000
Voice Short Codes	2	2	11
SMS Short Codes	30	64	56
Toll Free Numbers	123	109	113

.om ccTLD, (عمان) IDN and the Registry

As per the Telecom ACT, it is part of our mandate , to manage and administer the registry of (.om), the ccTLD (country-code Top Level Domain), and (عمان), the IDN (Internationalized Domain Name) of the Sultanate of Oman.

Initiative: Registering 120 domains under the (عمان) IDN

During COMEX 2015 we launched an initiative to promote the registration of domain names under the Omani Arabic IDN (عمان). The initiative involved a one-year free registration for 120 websites under (عمان) . The purpose of this initiative was to encourage individuals and institutions to use the Arabic domain names as an address for their websites. The initiative promotes the Arabic content in the cyberspace, and helps highlight the Omani identity in the internet.



OUR CONSUMER CARE
ABOUT THIS SECTION

CUSTOMERS ARE THE MOST IMPORTANT STAKEHOLDER IN OUR WORK, HENCE, WE FOCUS ON INVESTING AND IMPROVING OUR RELATIONSHIPS WITH CUSTOMERS. THIS SECTION DISPLAYS OUR MAIN ACTIVITIES AIMING AT SERVICING OUR CUSTOMERS ALONG WITH STATISTICS RELATED TO THE CONSUMER COMPLAINTS.

SECTION SNAPSHOT



187

Complaints officially received



Complaints on connection are the highest



94%

Of complaints submitted by individuals



Highest percentage of complaints related to internet services



Bill shocks rising from lack of consumer awareness on roaming charges



In our consumer care role, our main activities apart from monitoring are as follows:

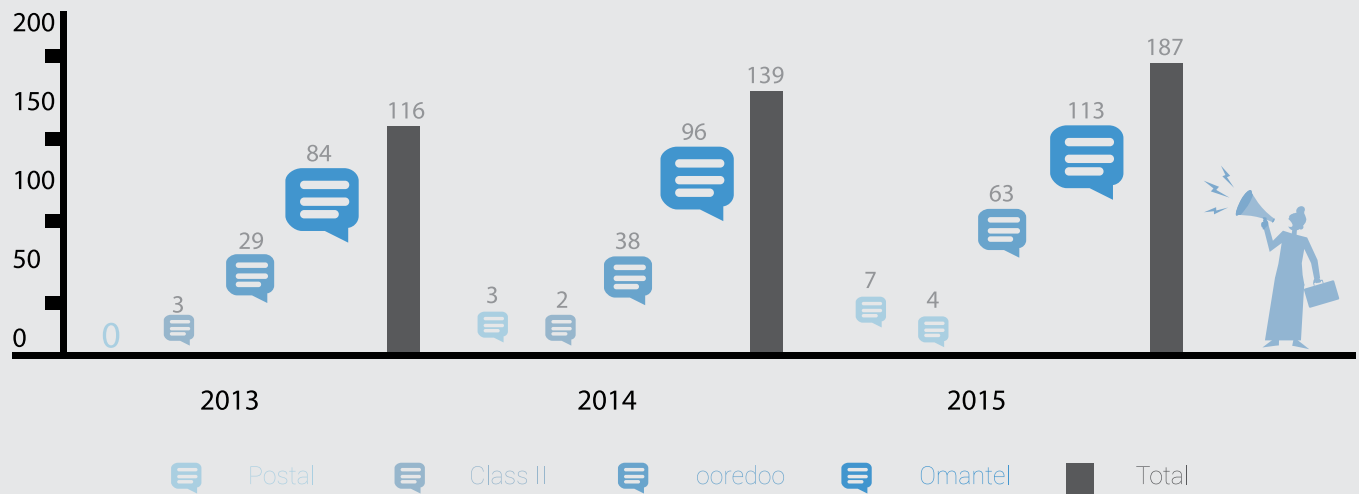
- Consumer Awareness
- Handling Consumer Complaints
- Managing the Call Centre
- Protecting Consumer Rights
- Optimizing the Complaints Resolution Process
- Enhancing our Image
- Improving Customer Satisfaction
- Improving End-user Experience

Consumer Awareness

In 2015, we published in our website two educational videos that provide awareness on bill shock and the termination of unutilized mobile numbers. This is as a result derived from our analysis of consumer complaints. Results show that many cases are attributed to the lack of awareness of specific details on telecom services rights and obligations, especially in the cases of roaming charges and expiry date of unused SIM cards.

Complaints Statistics

2015 witnessed an increase in the total number of complaints. This is a reflection that more consumers are aware of our role in resolving their complaints. The figures below display the detailed statistics of consumer complaints.



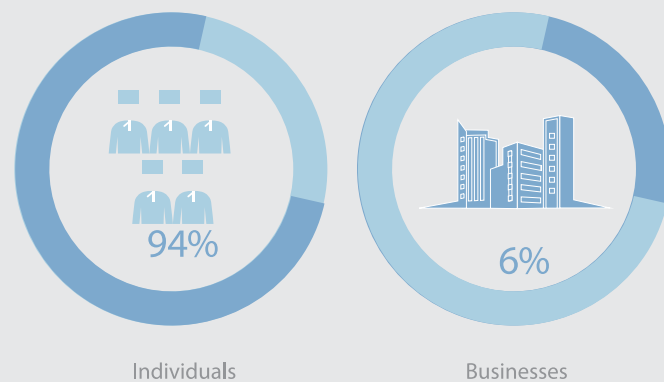
Complaints Received from 2013-2015



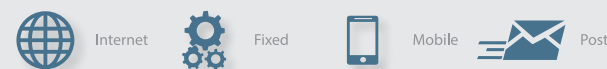
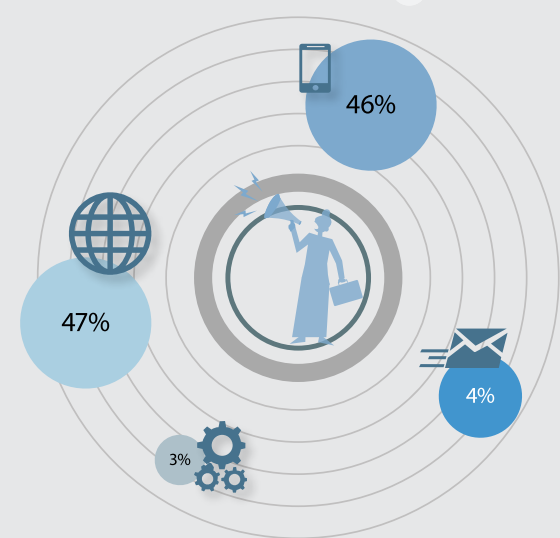


Complaints

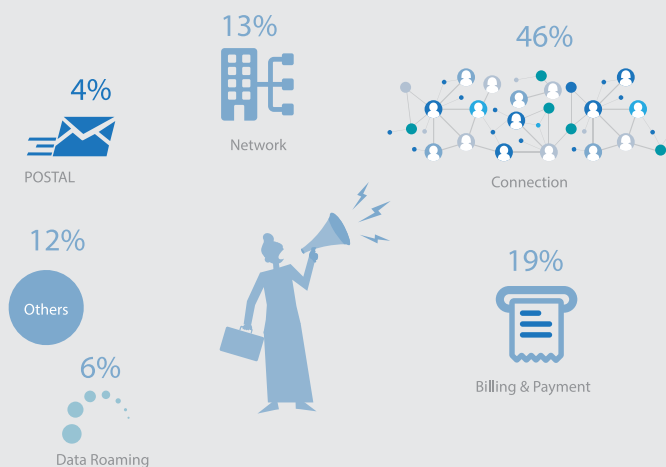
Complaints Received Against Service Providers



Complaints By Consumer Type



Complaints By Service

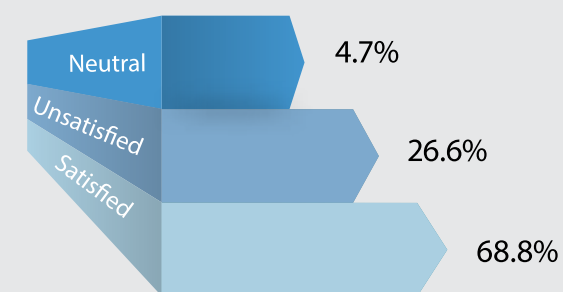


Complaints Issues

Consumers Satisfaction Survey: Consumers Complaints Process

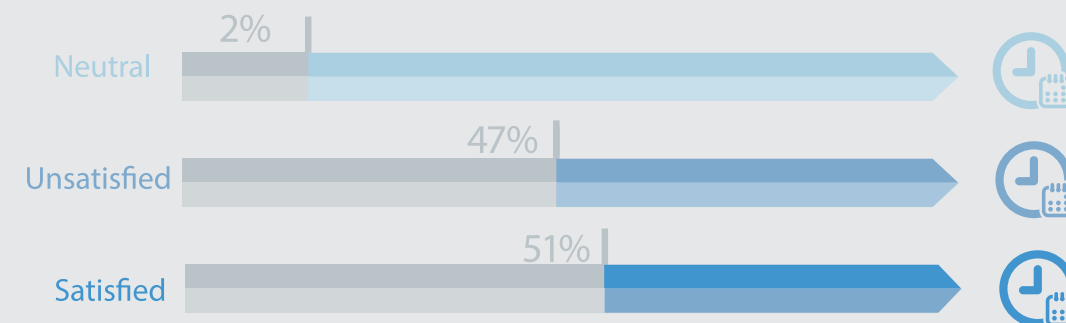
We have contacted all end-users who have submitted a complaint during the year to receive their feedback. This was done to improve our consumer handling process and improve the end-users experience and satisfaction level.

We carried out a consumer survey and asked the end users to provide us with their opinion on our complaint handling process. The graphs below display the results of the survey.



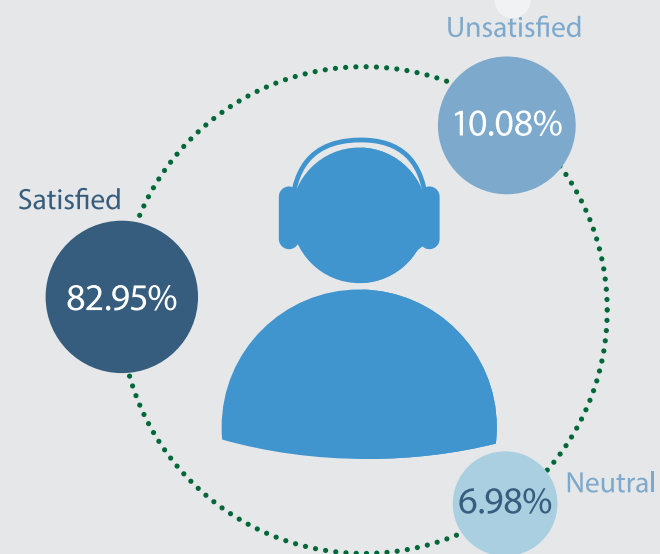
Satisfaction Percentage Of Users With The Complaints Handling Process

Currently we are reviewing our processes taking into consideration international best practices. We are further working to build an automated consumer complaints management system which will improve our complaint handling process.

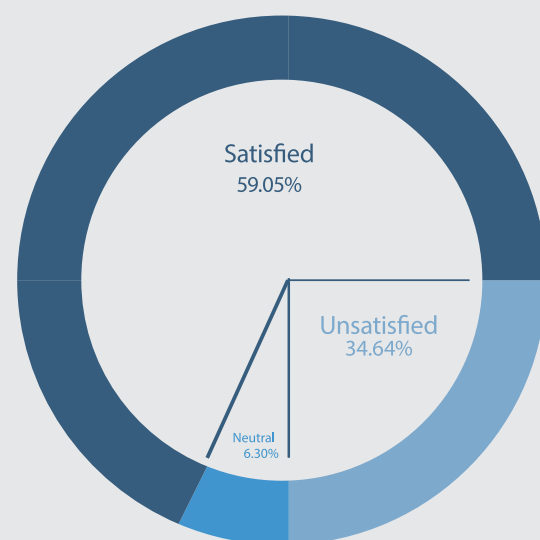


Satisfaction Percentage Of Users With The Time Taken To Resolve The Complaints

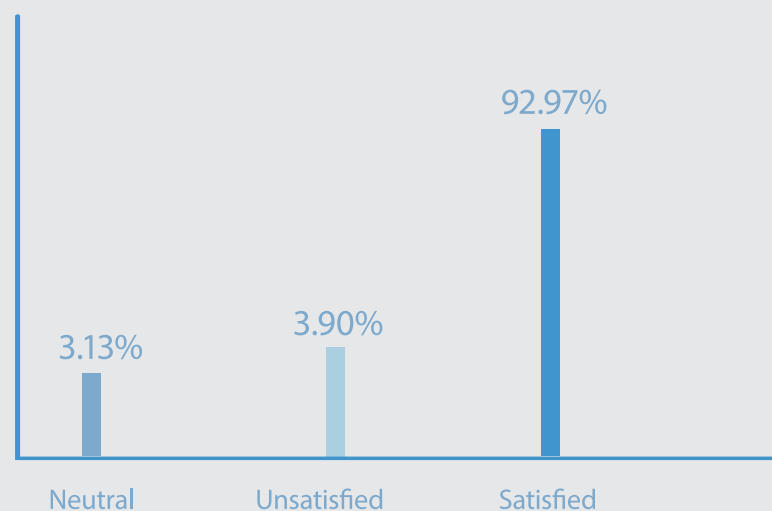




Satisfaction Percentage of Users with the Call Centre Agents' Explanation of Submitting a Complaint



Satisfaction Percentage of users with the Continuous Feedback Provided to them on their Complaints



Satisfaction Percentage of Users with the Call Handling of the Call Centre Agents



OUR STAKEHOLDER ENGAGEMENT ABOUT THIS SECTION

ENGAGING WITH THE NATIONAL AND INTERNATIONAL STAKEHOLDERS IS PART OF OUR CORPORATE STRATEGY. THIS SECTION HIGHLIGHTS OUR ENGAGEMENT WITH THE SECTORS, THROUGH OUR INTERNATIONAL REPRESENTATIONS, AND OUR PAPERS, STUDIES AND RECOMMENDATIONS SHARED WITH INTERNATIONAL ORGANISATIONS, SUCH AS THE ITU.

SECTION SNAPSHOT

5 Leadership
positions in ITU awarded to our Staff

The Sultanate Celebrates
the World-Telecom Day

The total number of
MOUs Has Reached 3.

A New Quality of Service
monitoring system is being developed

A new Procedure for Submitting Request
for new lots for telecom towers has been developed



EVENTS

COMEX

Engaging with our stakeholders is part of improving our image and providing awareness to the stakeholders on our roles. During 2015, the TRA participated in various local events such as the festivals and the COMEX exhibition, held from 27th April to 1st May 2015. We participated in these platforms in order to enhance the dialogue and better understand the needs of our stakeholders.

World Telecom Day

TRA held a celebration to mark the World Telecommunication and Information Technology Day under the theme “drivers of innovation” on the 17th June 2015 in collaboration with the Ministry of Transport and Communications (MOTC) and Information Technology Authority (ITA). The celebration was held at the TRA headquarters under the auspices of His Excellency Said Bin Hamdoun Al Harthy Undersecretary for Ports and Maritime Affairs at the Ministry of Transport and Communications. The celebration of the World Telecommunication and Information Society Day coincides with the 150th anniversary of the founding of the International Telecommunication Union (ITU).

During the celebration a number of young innovators exhibited their inventions that won international awards. These inventions use new communications and information technologies and the participating innovators were awarded during the celebration.

The Sultanate joins other countries around the world to celebrate the World Telecommunication and Information Society Day on annual basis. This marks the anniversary of the signing of the first International Telegraph Convention in 1865 and the creation of the International Telecommunication Union. The United Nations General Assembly responded to the call of the World Summit on the Information Society held in 2005 and May 17 of each year was declared as World Telecommunication and Information Society Day in order to avail information and communication technology for the service of communities. ITU adopts a theme each year in order to focus the efforts on a specific topic.



Our International Representations

It is part of our strategy to have an international regulatory presence; hence we are active in participating in international events to preserve the relevant interests of the Sultanate, gain and transfer knowledge of the regulatory nature of the telecom and postal services sectors.

1. MOU with Algeria signed in Muscat (November 2015)

The aim of this Memorandum of Understanding (MOU) is to promote the development of cooperation in matters of mutual interest through the exchange of ideas, information, personnel, skills and experience which will be of reciprocal benefit to both Parties, in the field of regulating the telecommunication and postal sectors. The total number of MOUs has reached 3.

2. Global Symposium for Regulator (GSR15) held in Gabon (June 2015)

The TRA participated in the 15th GSR that took place in Libreville, Gabon, in June 2015 as part of exchanging information and discussion of means towards better and more active cooperation between the Regulatory Associations in the various regions. In GSR15, Regulators, policy makers, industry leaders and other key ICT stakeholders shared their views, engaged in interactive discussions and identified best practices moving forward to close the digital gap in an adaptive, consultative and innovative approach to regulation. Through this meeting, TRA delegation actively explored the ways to ensure maximum benefit from various sessions in social and economic opportunities brought by the digital economy under the central theme of “Mind the Digital Gap - Regulatory Incentives to achieve digital opportunities”.

3. The World Telecommunication/ICT Indicators Symposium (WTIS) held in Japan (November/December 2015)

TRA participated in the ITU World Telecommunication / ICT Indicators Symposium (WTIS) that took place in Hiroshima, Japan. WTIS has brought together thought leaders from ICT industry, Ministries, telecom regulatory authorities, national statistical offices and regional and international organisations. It is the key global forum to discuss international ICT measurement and a unique opportunity to join the leadership dialogue. TRA delegates kept abreast with and benefit from the exposure and updates in latest trends ICT indicators event.

4. World Radio Communication Conferences (WRC-15) held in Switzerland (November 2015)

Telecommunications Regulatory Authority participated in the World Radiocommunications Conference in 2015 (WRC-15), that was held in Geneva during the period from 2 to 27 November 2015.

In the conference, Radio Regulations, the international treaty governing the use of the radio-frequency spectrum and the geostationary-satellite and non-geostationary-satellite orbits, were reviewed and revised. Revisions were made as per the agenda determined by the ITU Council, which takes into account recommendations made by previous world Radiocommunications conferences.



Awareness Sessions

The TRA conducted many briefings of our roles and responsibilities as a regulator to government entities such as the Ministry of Defense, the Royal Air Force of Oman, and a number of local schools and colleges.

Proposals and Studies

TRA representatives have delivered several intrinsic work papers and effective contributions and Studies in the Arab, Regional and on the ITU level. They are as follows:

- 1- BigData Study submitted to AREGNET, Apr 2015,
- 2- Contribution to AREGNET, OTT Team , Feb 2015,
- 3- Contribution to ITU-D SG1 Q1/1 on Apr 2015 and on Sep 2015,
- 4- Number Portability Study Submitted to AREGNET, Apr 2015,
- 5- Presentation on “ Regulatory Aspects for fixed broadband in the Sultanate of Oman” was conducted at FTTH Middle East & North Africa (MENA) conference on November 2015 hosted by Oman Broadband Company,
- 6- Presentation on the project of the “GCC Roaming Regulatory Framework”. This project has been completed in 2015 and the GCC telecom Ministerial committee approved the recommendations which include the following:
 - Revised retail and wholesale price caps for local calls within the visited country and calls within the GCC
 - Retail caps for incoming calls while roaming within GCC
 - Wholesale and retail caps for SMS services
 - Wholesale caps for mobile data services.
- 7- Contribution to ITU-D SG1 Q4/1 on “The Government of Oman incentives for broadband network development”, Apr 2015.

Our Global Leadership Positions

The following are the positions that have been granted to our staff as representatives of the Sultanate in the ITU:

Leadership Positions in the Radiocommunication Assemblies (RA):

- Eng. Mohammed Abdullah Al Badi- Vice Chairman Conference Preparatory Meeting of the World Radiocommunication Conference 2019, for the period from 2019-2015.
- Eng. Jamal Abdullah Al Mahrooqi- Vice Chairman of the Study group 1 (SG1) for the period from 2019-2015.

Leadership Positions in the World Radiocommunication Conference (WRC):

- Eng. Mohammed Abdullah Al Badi- Vice Chairman Conference Preparatory Meeting of the World Radiocommunication Conference 2019, for the period from 2019-2015.
- Eng. Jamal Abdullah Al Mahrooqi- Vice Chairman of the Study group 1 (SG1) for the period from 2019-2015.

Project with Sultan Qaboos University

TRA is working with Sultan Qaboos University (SQU) on a research project to develop a quality of service monitoring system. The Quality of Service (QoS) Monitoring System will be used to measure the QoS Key Performance Indicators (KPIs) of the Mobile Service Providers and in later phases for the Fixed-Line Service Providers. The TRA has a requirement for an automated QoS Monitoring System to monitor the QoS KPIs of the service providers on a continuous basis In order to fulfill our strategic vision of providing world class services with high quality (both mobile and fixed).

This system will measure the QoS KPIs from the point of view of a subscriber and will perform the first level of monitoring. If an abnormal KPI is detected, this system will alert the TRA analysts for further investigation.

The implementation of this system takes place in phases with the first phase focusing on a demonstrator QoS Application for an Android handset or mobile terminal.



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Telecommunications Regulatory Authority

Financial Statements 31 December 2015

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TELECOMMUNICATIONS REGULATORY AUTHORITY

Report on the financial statements

We have audited the accompanying financial statements of Telecommunications Regulatory Authority (the "Authority"), set out on pages 2 to 20, which comprise the statement of financial position as at 31 December 2015, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

30 March 2016



Moore Stephens

Moore Stephens LLC is registered with the Ministry of Commerce and Industry in the Sultanate of Oman with Registration Number 122606
the independent member firm of Moore Stephens International Limited, member firm is principal office throughout the world

Registered office

P O Box 579
Postal Code 112, Ruwi
Sultanate of Oman

Principal place of business

P O Box 3555,
Postal Code 111, Seeb
Sultanate of Oman



Telecommunications Regulatory Authority
Financial statements for the year ended 31 December 2015

Statement of financial position

	Note	2015 RO	2014 RO (as restated – note 28)
ASSETS			
Non-current assets			
Property and equipment	5	12,569,944	12,510,540
Current assets			
Telecom frequency fees receivable	6	136,853	234,499
Advances and other receivables	7	749,735	697,901
Short term deposits	8	23,000,000	17,500,000
Bank balances and cash	9	7,306,400	4,486,912
Total current assets		31,192,988	22,919,312
Total assets		43,762,932	35,429,852
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		12,472,155	9,804,916
Liabilities			
Non-current liabilities			
Deferred government contributions	11	8,263,774	8,804,384
Employees' end of service benefits	12	2,003,512	1,702,453
Total non-current liabilities		10,267,286	10,506,837
Current liabilities			
Accounts and other payables	13	21,023,491	15,118,099
Total liabilities		31,290,777	25,624,936
Total equity and liabilities		43,762,932	35,429,852

The financial statements were authorised for issue by the Board of Directors on 27 March 2016 and signed on their behalf by:


Chairman


Executive President

The attached notes 1 to 29 form part of these financial statements.

Telecommunications Regulatory Authority
Financial statements for the year ended 31 December 2015

Statement of comprehensive income

	Note	2015 RO	2014 RO
INCOME			
Radio spectrum income	14	13,963,661	10,774,162
Annual telecom licenses	15	4,927,400	5,886,167
Income from issuing numbers		880,420	735,789
Postal services income		655,315	504,643
Telecom equipment type approval income	16	310,673	263,713
Domain name income		50,270	36,830
Other telecom license fees		33,280	67,020
		20,821,019	18,268,324
OPERATING EXPENSES			
Salaries and employee related costs	17	7,023,454	7,115,655
General and administrative expenses	18	3,778,525	1,699,493
Consultancy fees		302,244	1,344,220
Depreciation	5	1,661,769	879,985
Donations to charitable institutions	20	300,000	300,000
Monitoring station costs	19	86,502	115,336
Allowance for credit losses	6 d)	6,667	17,174
Remuneration to Board of Directors		72,000	72,000
		13,231,161	11,543,863
Operating income		7,589,858	6,724,461
Interest income	21	208,835	174,979
Government contributions	11	540,610	165,556
Provisions reversed during the year	22	128,134	7,206
Other income	23	1,009,069	7,246
Surplus and total comprehensive income for the year		9,476,506	7,079,448

Note:

There are no items of other comprehensive income for the year.



Telecommunications Regulatory Authority
Financial statements for the year ended 31 December 2015

Statement of changes in equity

	Accumulated surplus RO
At 31 December 2013	10,728,100
Surplus transferred to Ministry of Finance (note 10)	(8,002,632)
Surplus for the year	7,079,448
At 31 December 2014	9,804,916
At 31 December 2014	9,804,916
Surplus transferred to Ministry of Finance (note 10)	(6,809,267)
Surplus for the year	9,476,506
At 31 December 2015	12,472,155

Telecommunications Regulatory Authority
Financial statements for the year ended 31 December 2015

Statement of cash flows

	2015 RO	2014 RO
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	9,476,506	7,079,448
Adjustments for:		
Depreciation	1,661,769	879,985
Net movements of allowance for credit losses	(6,131)	9,968
Net movements of employees' end of service benefits	301,059	387,550
Government contributions	(540,610)	(165,556)
Interest income	(208,835)	(174,979)
(Gain) / loss on disposal of property and equipment	(8,206)	8,036
Operating surplus before changes in working capital	10,675,552	8,024,452
Working capital changes:		
Telecom frequency fees receivable	103,777	117,975
Advances and other receivables	(6,001)	524,982
Accounts and other payables	5,905,392	3,469,132
Cash generated from operations	16,678,720	12,136,541
Interest received	76,723	36,356
Net cash generated from operating activities	16,755,443	12,172,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Movements in short term deposits	(5,500,000)	(2,500,000)
Interest received	86,279	138,657
Additions to property and equipment	(1,725,857)	(6,008,594)
Proceeds from disposal of property and equipment	12,890	2,500
Net cash used in investing activities	(7,126,688)	(8,367,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Surplus transferred to Ministry of Finance	(6,809,267)	(8,002,632)
Increase / (decrease) in cash and cash equivalents during the year	2,819,488	(4,197,172)
Cash and cash equivalents at the beginning of the year	4,486,912	8,684,084
Cash and cash equivalents at the end of the year	7,306,400	4,486,912

Notes to the financial statements

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Telecommunications Regulatory Authority (the "Authority") was established on 1 May 2002 in the Sultanate of Oman in accordance with Royal Decree 30 / 2002 as a telecom and frequency regulatory authority. The Authority commenced operations effective from 1 January 2003 and is responsible for regulating telecommunications services in the Sultanate of Oman. The Authority has taken over certain functions previously carried out by the Ministry of Transportation and Communications and Oman Telecommunications Company SAOG (Omantel). The principal activities of the Authority comprise:

- Regulating the telecommunications sector;
- Issuance of radio licenses;
- Assignment and allocation of frequency spectra;
- Issuance of licenses to telecom operators and service providers;
- Certification and type approval of telecommunication equipment;
- Registration of telecommunications dealers;
- Issuing permits for importing telecommunications equipment; and
- Issuance of licenses to postal service providers.

2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared in Omani Rials.

2.2 New and amended IFRS adopted by the Authority

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2015. The Management believes the adoption of the amendments effective for the current accounting period has not had any material impact on the presentation and disclosure of items in the financial statements.

2.3 New and amended IFRS which are in issue but not yet effective

At the end of the reporting period, the following significant new and revised standards were in issue but not yet effective:

- IFRS 9, 'Financial Instruments' has an effective date for accounting periods beginning on or after 1 January 2018 now that it has been finalised. IFRS 9 outlines the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting. Financial assets are to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The derecognition principles of IAS 39, 'Financial Instruments: Recognition and Measurement' have been transferred to IFRS 9. The hedge accounting requirements have been liberalised from that allowed previously. The requirements are based on whether an economic hedge is in existence, with less restriction about proving whether a relationship will be effective than current requirements.

Notes to the financial statements

2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS (Continued)

2.3 New and amended IFRS which are in issue but not yet effective (Continued)

- IFRS 15 'Revenue from Contracts with Customers' issued in May 2014 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related IFRICs 13, 15 and 18, and SIC-31. IFRS 15 is applicable for annual periods beginning on or after 1 January 2018. The standard is based on a 5 step approach to recognise revenue and also provides specific principles to apply, when there is a contract modification, accounting for contract costs and accounting for refunds and warranties. On application of the standard, the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information.
- Amendments to IAS 1 'Presentation of Financial Statements' issued in December 2014 are part of the disclosure initiative. The minor amendments address a number of areas which include the disclosure of significant accounting policies, the application of materiality to financial statements, presentation of sub-totals, information to be presented in the other comprehensive income section of the performance statement, and the structure of the notes to the financial statements. The amendments are applicable for annual periods commencing on or after 1 January 2016.

The Management believes the adoption of the above new and amended IFRS and certain other amendments, which are in issue but not yet effective, is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the Management is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgements based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods effected. In particular, estimates that involve uncertainties and judgements which have significant effect on the financial statements include the following:

The estimates and assumption considered by the Management to have a significant risk of material adjustment in subsequent years primarily comprise:

- estimation of useful lives of the property and equipment which is based on Management's assessment of various factors such as the operating cycles, the maintenance programs and normal wear and tear using its best estimates;
- allowance for impairment losses which is based on the Management's estimates of recoverability of the amounts based on historical experiences;
- annual license fee which is initially based on the Management's estimate as per budget prepared by the Authority at the beginning of the year. When actual cost becomes determinable, the excess or shortage on the amount billed to operators shall be refunded or collected, respectively, from the operator, taking into account Article 18 of the Telecommunications Regulatory Act; and
- the likely outcome of the appeal filed by the Authority against the decision issued by the Arbitral Tribunal as detailed on note 26 b) to the financial statements.

Notes to the financial statements

4 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with items considered material to the Authority's financial statements.

a) Accounting convention

These financial statements have been prepared under the historical cost convention.

b) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost includes any other costs that are directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of the property and equipment. The estimated useful lives for the current and comparative periods are as follows:

	Years
Building	20
Monitoring station	3 to 7
Motor vehicles	4
Furniture and fittings	4
Office equipment	3 to 15
Computer equipment	3 to 5

Capital work-in-progress is not depreciated until it is transferred into one of the above categories at the time when it is ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of an asset and is recognised in the statement of comprehensive income.

c) Telecom frequency fees receivable

Receivables in respect of telecom frequency fees are stated at amortised cost less impairment losses.

d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances.

Notes to the financial statements

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts and other payables

Accounts and other payables are stated at amortised cost.

f) End of service benefits and leave entitlements

End of service benefits are accrued in accordance with the terms of employment of the Authority's employees at the end of the reporting period, having regard to the requirements of the Oman Labour Law. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the end of the reporting period. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to defined contribution retirement plan for Omani employees, in accordance with Oman Social Insurance Scheme, are recognised as an expense in the statement of comprehensive income as incurred.

g) Income recognition

Equipment license fees, frequency registration fees and other fees are recognised, on accrual basis, in the statement of comprehensive income when the right to receive them is established. No revenue is recognised if there are significant uncertainties regarding recovery of the fees due, associated costs or the possible refund of the amount.

License issuance fees from Telecom Operators are recognised in the statement of comprehensive income in the period in which the license is issued.

Penalties for late payment of license fees are recognised in the statement of comprehensive income in the period in which the advice for payment is issued, and are calculated from the date on which the license fee is due.

Contributions from Telecom Operators are recognised in statement of comprehensive income in the period in which the related expenditure is incurred.

Royalties received from Postal Service Providers are recognised in statement of comprehensive income in the period in which they become due.

h) Government contributions

Government contributions are recognised when there is reasonable assurance that the Authority will comply with the relevant conditions and the contributions will be received. They are recognised as income on a systematic basis to match them with the related costs that they are intended to compensate.

Contributions made to reimburse costs previously incurred or to provide immediate assistance are recognised in the statement of comprehensive income in the year they become receivable.

Contributions that relate to the acquisition of an asset are recognised in the statement of comprehensive income over the useful economic life of the asset involved. These contributions are recognised as deferred income that is amortised as the related asset is depreciated or amortised.

i) Finance income / charges

Finance income comprises interest income on bank deposits. Finance charges comprise bank interest and bank charges. Finance income and charges are recognised in the statement of comprehensive income on the accrual basis.

Notes to the financial statements

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Provisions

A provision is recognised in the statement of financial position when the Authority has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

k) Foreign currencies

Transactions denominated in foreign currencies are translated into Rials Omani and recorded using rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Rials Omani at market rates of exchange prevailing at the end of the reporting period. Foreign exchange differences arising on translations are recognised in the statement of comprehensive income.

l) Impairment

Financial assets

At the end of each reporting period, the Management assesses if there is any objective evidence indicating impairment of financial assets carried at cost or non-collectability of receivables. An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognised in the statement of comprehensive income. The recoverable amount represents the present value of expected future cash flows discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted.

Non-financial assets

At the end of each reporting period, the Management assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Management estimates the recoverable amount of the asset and recognises an impairment loss in the statement of comprehensive income. The Management also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the statement of comprehensive income.

m) Financial liabilities

All financial liabilities are initially measured at fair value and are subsequently measured at amortised cost.

n) Operating lease

The operating lease payments are charged to the statement of comprehensive income on a straight line basis, unless another systematic basis is representative of the time pattern of the benefit.

5 PROPERTY AND EQUIPMENT

- The movements, details and balances of property and equipment are set out on pages 19 and 20.
- Capital work-in-progress at the end of the year mainly comprises of amounts paid towards the acquisition of an advanced space radio monitoring station.

6 TELECOM FREQUENCY FEES RECEIVABLE

	2015 RO	2014 RO
Fees and penalties receivable	183,631	287,408
Less: allowance for credit losses [note d) below]	(46,778)	(52,909)
	136,853	234,499

Notes to the financial statements

8 TELECOM FREQUENCY FEES RECEIVABLE (Continued)

The following further notes apply:

- Telecom frequency fees receivable represent amounts due from customers in respect of equipment license fees, frequency registration fees and other fees together with penalties for delays in payment of license fees.
- Fees and penalties receivable amounting to RO 4,885 (2014 – RO 63,682) are neither past due nor impaired.
- At the end of the reporting period, the following fees and penalties receivable are past due but not impaired and are estimated as collectible based on historical experience:

	2015 RO	2014 RO
Amounts due between 1 to 3 months	70,015	77,344
Amounts due between 3 to 6 months	22,186	79,969
Amounts due for more than 6 months	39,767	13,504
	131,968	170,817

- The movement in allowance for credit losses is as follows:

	2015 RO	2014 RO
At the beginning of the year	52,909	42,941
Provided during the year	6,667	17,174
Reversed during the year (note 22)	(12,798)	(7,206)
At the end of the year	46,778	52,909

- The allowance account in respect of telecom frequency fees receivable is used to record impairment losses unless the Authority is satisfied that no recovery of the amount owing is possible, at which point the amount considered irrecoverable is written off against allowance account.

7 ADVANCES AND OTHER RECEIVABLES

	2015 RO	2014 RO
Advances to suppliers	523,066	365,031
Prepayments	140,722	173,360
Other receivables	85,957	169,510
	749,735	697,901

8 SHORT TERM DEPOSITS

The short term deposits of RO 23 million (2014 – RO 17.50 million) represent deposits made with local banks for a period of six months to one year at an interest rate of 1.22% to 3.20% (2014 – three months at an interest rate of 0.70%) per annum.

9 BANK BALANCES AND CASH

	2015 RO	2014 RO
Bank balances	7,305,900	4,486,412
Cash	500	500
	7,306,400	4,486,912

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10 SURPLUS TRANSFER TO THE MINISTRY OF FINANCE

In accordance with Article 16 of Royal Decree 30/2002 and its amendments by Royal Decree 134/2008, the surplus amount as per Article 11(6c) shall be the amount transferable to the Government (represented by Ministry of Finance).

11 DEFERRED GOVERNMENT CONTRIBUTIONS

	2015 RO	2014 RO
At the beginning of the year	8,804,384	8,969,940
Amortised as income during the year (refer note below)	(540,610)	(165,556)
At the end of the year	8,263,774	8,804,384

The following further note applies:

The Government contributions towards the acquisition of assets are initially recognised as deferred income and are credited to the statement of comprehensive income over the estimated useful economic lives of the assets involved. During the year, the depreciation charges relating to these assets amounted to RO 540,610 (2014 – RO 165,556).

12 EMPLOYEES' END OF SERVICE BENEFITS

	2015 RO	2014 RO
At the beginning of the year	1,702,453	1,314,903
Expense for the year (note 17)	354,900	413,978
Settled during the year	(83,841)	(26,428)
At the end of the year	2,003,512	1,702,453

13 ACCOUNTS AND OTHER PAYABLES

	2015 RO	2014 RO
Advances from customers [note a) below]	11,605,036	10,665,515
Accounts payable	132,268	167,568
Capital creditors	1,206,766	1,782,284
Accrued expenses	1,161,181	897,892
Provision for consultancy	442,880	871,649
Deposits from customers	54,600	50,800
Payable to operators (note 15)	1,353,110	–
Provision for legal claim [note 18 and note 26 b)]	2,049,880	–
Other payables	964,431	682,391
Amounts payable to Oman Telecommunication Company SAOG [note b) below]	2,000,000	–
Amounts held on behalf of the Ministry of Finance [note c) below]	52,559	–
	21,023,491	15,118,099

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13 ACCOUNTS AND OTHER PAYABLES (Continued)

The following further notes apply:

a) Advances from customers relate to the license fees and registration fees received by the Authority in advance.

b) On 15 April 2015, the Authority issued a decision penalising Oman Telecommunication Company SAOG (Omantel) for an amount of RO 5 million in relation to the interruption of communication services on November 17, 2014 and for breaching its obligations relating to the requirements of remedying the disruption.

Consequent to the decision issued by the Authority, Omantel appealed against the decision in line with Article 51 of the Telecom Act which states that, where a violation of the Telecom Act is proven, the Authority can collect a financial fine not exceeding RO 1 million from the violator. Accordingly, the Authority revised its decision and the penalty amount was reduced to RO 3 million, which was received during the year. Out of the total penalty amounting to RO 3 million, RO 1 million is recognised as income from penalty (note 23) and the balance amount of RO 2 million is held by the Authority for investment to be made by Omantel in building telecom towers to provide voice and broadband services in rural areas under the Authority's supervision. The amount will be refunded to Omantel on successful completion of projects in the rural areas.

c) At the end of the reporting period, the Authority held an amount of RO 52,559 (2014 – nil) on behalf of the Ministry of Finance. The amounts are to be used by the Authority for payments to be made towards various projects on behalf of the Ministry of Finance.

14 RADIO SPECTRUM INCOME

	2015 RO	2014 RO
Licensing fee for use of frequency spectra	12,801,928	9,900,324
Frequency registration fees	688,222	257,279
Application fees	314,435	408,184
Cancellation fees, penalties and other charges	139,811	186,040
Equipment retention fees	9,985	13,150
Amendment fees	8,130	8,535
Survey fees	1,150	650
	13,963,661	10,774,162

15 ANNUAL TELECOM LICENSES

In accordance with Article 11 of the Telecom Act, issued under the Royal Decree 30/2002, the Authority has charged telecom operators towards the expenses incurred by the Authority in respect of the telecommunication expenses for the year ended 31 December 2015 in performing its function as a regulatory body. The charge is initially determined by Management based on the Authority's budget for the year as approved by the Council of Ministers and adjusted based on the actual cost determined. During the year, the revenue from annual telecom licenses was RO 4,927,400 (2014 – RO 5,886,167). The surplus relating to the year 2015 amounting to RO 1,353,110 will be paid subsequent to the end of the reporting period (note 13).



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16 TELECOM EQUIPMENT TYPE APPROVAL INCOME

	2015 RO	2014 RO
Radio equipment	69,475	68,725
GSM equipment	110,475	54,375
Import permit	43,680	39,715
Other terminal equipment	23,075	24,850
Registration fees	9,430	11,335
Others	54,538	64,713
	<u>310,673</u>	<u>263,713</u>

17 SALARIES AND EMPLOYEE RELATED COSTS

	2015 RO	2014 RO
Salaries and wages	4,979,184	4,810,915
Social insurance	582,984	564,737
Bonus	550,979	711,234
Employees' end of service benefits (note 12)	364,900	413,978
Staff training and development	251,506	318,612
Other benefits	293,901	296,179
	<u>7,023,454</u>	<u>7,115,655</u>

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2015 RO	2014 RO
Travel expenses	319,264	408,925
Repairs and maintenance	619,465	214,731
Provision for legal claim [note 13 and note 26 b)]	2,049,660	—
Communications	192,201	107,420
Domain name expenses	165,609	197,500
Utilities	128,010	69,028
Advertisement and publications	119,886	268,063
Printing and stationary	57,248	72,909
Membership fees	34,933	30,772
Professional services	16,605	12,200
Recruitment charges	14,650	15,341
Loss on disposal of property and equipment	—	8,036
Subscription for books and periodicals	8,478	5,991
Rent	4,185	171,179
Miscellaneous expenses	48,271	117,398
	<u>3,778,525</u>	<u>1,599,493</u>

19 MONITORING STATION COSTS

During the year, the amount paid by the Authority for the maintenance and management of the monitoring station amounted to RO 86,502 (2014 – RO 115,336).

20 DONATIONS TO CHARITABLE INSTITUTIONS

As per Article 16 of the Telecom Act, issued under the Royal Decree 30/2002, income generated from special numbers can be retained by the Authority for donations to charitable institutions. At the end of the reporting period, RO 300,000 (2014 – RO 300,000) was set aside to finance the donations made to various charitable institutions.

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21 INTEREST INCOME

	2015 RO	2014 RO
Interest on short term deposits	132,112	138,623
Interest on bank current accounts	76,723	36,356
	<u>208,835</u>	<u>174,979</u>

22 PROVISIONS REVERSED DURING THE YEAR

	2015 RO	2014 RO
Allowance for credit losses [note 6 d)]	12,798	7,206
Provision for maintenance of monitoring station no longer required	115,336	—
	<u>128,134</u>	<u>7,206</u>

23 OTHER INCOME

	2015 RO	2014 RO
Income from penalty – Omantel [note 13 b)]	1,000,000	—
Profit on disposal of property and equipment	8,206	—
Miscellaneous	863	7,246
	<u>1,009,069</u>	<u>7,246</u>

24 TRANSACTIONS WITH RELATED PARTIES

During the year, the Authority has entered into transactions with key management personnel in the normal course of its activities. The compensation to key management personnel during the year amounted to:

	2015 RO	2014 RO
Remuneration to Board of Directors	72,000	72,000
Basic salaries and allowances	828,060	796,062
Social security costs	84,152	83,506
Employees' end of service benefits	69,765	73,423
Other benefits and expenses	150,775	225,394
	<u>1,204,752</u>	<u>1,250,385</u>

25 TAXATION

In accordance with Article 19 of the Telecom Act, issued under the Royal Decree 30/2002, the Authority's assets and income are exempt from taxes in the Sultanate of Oman.

26 COMMITMENTS AND CONTINGENCIES

a) Commitments, for which no provision has been made in these financial statements, in respect of property and equipment are as follows:

	2015 RO	2014 RO
Capital commitments contracted for	3,539,511	314,882

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26 COMMITMENTS AND CONTINGENCIES (Continued)

- b) On 12 November 2014, the Members of the Arbitral Tribunal, nominated and appointed in accordance with Article 51 Repeated (5) of the Telecoms Law and the Law of Arbitration in Civil and Commercial Disputes, Royal Decree No. 47/97 (as amended) (the "Omani Arbitration Law"), had issued a final award on an arbitration proceedings between Oman Telecommunications Company SAOG (the "Claimant") and the Authority. The Authority has been ordered to pay the Claimant a sum of RO 2,049,660 comprising of both claims and related arbitration and legal costs.

During the year, in view of certain inconsistencies in the arbitral decision, the Authority applied to the Court with the view to nullify the decision. Although the Board of Directors and the Management are confident that the arbitral decision may be overturned by the Court, they have nevertheless, on a conservative basis, provided for the entire amount (notes 13 and 18) against any liability that may arise in the future in respect of the above claim.

27 FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to various financial risks, primarily being, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Authority's risk management is carried out internally in accordance with the policies approved by the Management.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affecting 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 functional and presentation currency is Rial Omani and its performance is substantially independent of changes in foreign currency rates. At the end of the reporting period, there are no significant financial instruments denominated in foreign currency and consequently, foreign currency risk is not significant.

Interest rate risk

The Authority is exposed to interest rate risk on its interest bearing assets (bank balances and short term deposits). The interest rate risk is managed by constantly monitoring the changes in interest rates.

The interest rates on short term deposits are disclosed in note 8 to the financial statements

For every 0.5% change in interest rate, the impact on the statement of comprehensive income will approximate to RO 115,000 (2014 – RO 87,500) based on the level of deposits at the end of the reporting period.

b) Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Authority's receivables from customers.

The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Authority has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of receivables.

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27 FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

In monitoring customer credit risk, customers are segmented according to their credit characteristics in the following categories:

- Private individual customers
- Corporate customers
- Government customers
- Other customers

Credit risk on receivables is limited to their carrying amount as the Authority's Management regularly reviews the balances to assess recoverability and provides for those balances whose recovery is considered doubtful.

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the end of the reporting period was on account of:

	2015 RO	2014 RO
Telecom frequency fees receivable	183,631	287,408
Short term deposits	23,000,000	17,500,000
Bank balances	7,305,900	4,485,412
Other receivables	609,013	524,541
	<u>31,098,544</u>	<u>22,798,361</u>

There is no concentration of credit risk as total portfolio of Telecom frequency fees receivable is spread over many customers.

c) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its 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.

The Authority maintains sufficient amount of bank balances and cash to meet its obligations as they fall due for payment and is therefore not subject to significant liquidity risk.

The following are the contractual maturities of the financial liabilities (excluding advances and deposits from customers):

31 December 2015	Carrying amount RO	6 months or less RO	6 – 12 months RO
Accounts payable	132,268	132,268	–
Other payables	9,230,587	8,841,575	389,012
	<u>9,362,855</u>	<u>8,973,843</u>	<u>389,012</u>
31 December 2014	Carrying amount RO	6 months or less RO	6 – 12 months RO
Accounts payable	167,568	167,568	–
Other payables	4,234,216	3,855,078	379,138
	<u>4,401,784</u>	<u>4,022,646</u>	<u>379,138</u>

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27 FINANCIAL RISK MANAGEMENT (Continued)

d) Fair value estimation

In the opinion of the Management, carrying value of the financial instruments as stated in the statement of financial position approximates their fair value.

28 PRIOR PERIOD RESTATEMENT

During the year, a prior period adjustment relating to the recognition of buildings and office equipment, furniture and fittings classified under property and equipment and the related advances and other receivables and amount payable to capital creditors was identified. The adjustment has been treated in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' and has been adjusted in the comparative figures for the year 2014 as follows:

Line item in the financial statements	As previously reported RO	Effect of adjustment RO	As restated RO
At 31 December 2014			
Property and equipment	13,304,215	(793,675)	12,510,540
Advances and other receivables	637,803	60,098	697,901
Accounts and other payables	15,851,676	(733,577)	15,118,099

There was no effect on the net profit for the year 2014 and the accumulated surplus as at 31 December 2014.

29 COMPARATIVES

Comparatives have been reclassified, wherever necessary, to conform to the presentation adopted for the current year.

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5 PROPERTY AND EQUIPMENT (Continued)

Year 2015	Building RO	Monitoring station RO	Motor vehicles RO	Office equipment, furniture and fittings RO	Computer equipment RO	Capital work-in-progress RO [note 5 b)]	Total RO
Cost							
At 31 December 2014	7,800,296	2,808,231	235,406	2,152,457	3,330,376	230,818	16,556,584
Additions during the year	48,522	—	—	421,331	94,628	1,163,376	1,725,857
Transfer during the year	—	—	—	128,060	—	(128,060)	—
Disposals during the year	—	—	(21,500)	—	—	—	(21,500)
At 31 December 2015	7,848,818	2,808,231	213,906	2,701,848	3,425,004	1,266,134	18,259,941
Depreciation							
At 31 December 2014	73,292	2,145,416	152,925	264,457	1,408,954	—	4,045,044
Charge for the year	380,999	232,801	46,501	462,006	539,462	—	1,661,769
Relating to disposals	—	—	(16,816)	—	—	—	(16,816)
At 31 December 2015	454,291	2,378,217	182,610	726,463	1,948,416	—	5,689,997
Net book values							
At 31 December 2015	7,392,527	428,014	31,296	1,975,385	1,476,588	1,266,134	12,589,944
At 31 December 2014	7,727,004	660,815	82,481	1,888,000	1,921,422	230,818	12,510,540

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5 PROPERTY AND EQUIPMENT (Continued)

Year 2014	Building RO	Monitoring station RO	Motor vehicles RO	Office equipment, furniture and fittings RO	Computer equipment RO	Capital work-in- progress RO	Total RO
Cost							
At 31 December 2013	—	2,271,591	235,406	626,335	1,365,752	6,540,848	11,039,932
Additions during the year	—	534,840	—	524,687	2,123,121	2,826,148	6,008,594
Transfers during the year	7,800,298	—	—	1,335,680	—	(9,136,178)	—
Disposals during the year	—	—	—	(334,445)	(158,497)	—	(492,942)
At 31 December 2014	7,800,298	2,806,231	235,406	2,152,457	3,330,376	230,818	16,555,584
Depreciation							
At 31 December 2013	—	2,051,727	102,962	496,360	996,416	—	3,647,465
Charge for the year	73,292	93,689	49,963	92,104	570,937	—	879,985
Relating to disposals	—	—	—	(324,007)	(158,399)	—	(482,406)
At 31 December 2014	73,292	2,145,416	152,925	264,457	1,408,954	—	4,045,044
Net book values							
At 31 December 2014	7,727,004	660,815	82,481	1,888,000	1,921,422	230,818	12,510,540
At 31 December 2013	—	219,864	132,444	129,975	369,336	6,540,848	7,392,467

