

CONNECTING THE KINGDOM

FURTHERING ECONOMIC GROWTH BY
FACILITATING COMPETITION IN TELECOMS

ANNUAL REPORT 2006





H. H. Shaikh Khalifa Bin Salman Al Khalifa
The Prime Minister



H. M. King Hamad Bin Isa Al Khalifa
The King of Bahrain



H. H. Shaikh Salman Bin Hamad Al Khalifa
The Crown Prince &
Commander In Chief of
The Bahrain Defence Force

OUR VISION

To develop the Kingdom of Bahrain as the region's most modern communications hub and to facilitate the development of the market.

OUR MISSION

To protect the interests of subscribers and users of telecommunications services and maintain effective and fair competition between established and new entrants to the telecommunications market of the Kingdom of Bahrain.

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THE BOARD OF DIRECTORS OF TRA



Dr Mohammed J. K. Alghatam



Mr Rasheed
Mohammed Al Maraj



Mr Jameel
Jaffar Ghazwan



Mr Sager
Shaheen Sager



Shaikh Hamad
bin Abdulla Al Khalifa

The Board of the Telecommunications Regulatory Authority (TRA) was appointed by His Majesty the King, Shaikh Hamad bin Isa bin Salman Al Khalifa, based on proposal from the Council of Ministers of the Kingdom of Bahrain. On 9 December 2002 the first Board of Directors of TRA was formed by a Royal Decree number 50 for 2002.

The subsequent Board members are appointed based on the aforementioned process.

On 19 March 2006 His Majesty the King, Shaikh Hamad bin Isa bin Salman Al Khalifa, issued Royal Decree number 22 for 2006 appointing Shaikh Hamad bin Abdulla bin Mohammed Al Khalifa, Mr Jameel Jaffar Ghazwan and Mr Saqer Shaheen Saqer as Board Members for a four year term.

Following his appointment as Chairman of Batelco, Shaikh Hamad bin Abdulla bin Mohammed Al Khalifa submitted his resignation from the Board of Directors of TRA on 1 October 2006.

At the end of 2006 the Board was as follows:

- Dr Mohammed J. K. Alghatam, Chairman
- Mr Rasheed Mohammed Al Maraj
- Mr Jameel Jaffar Ghazwan
- Mr Sager Shaheen Sager

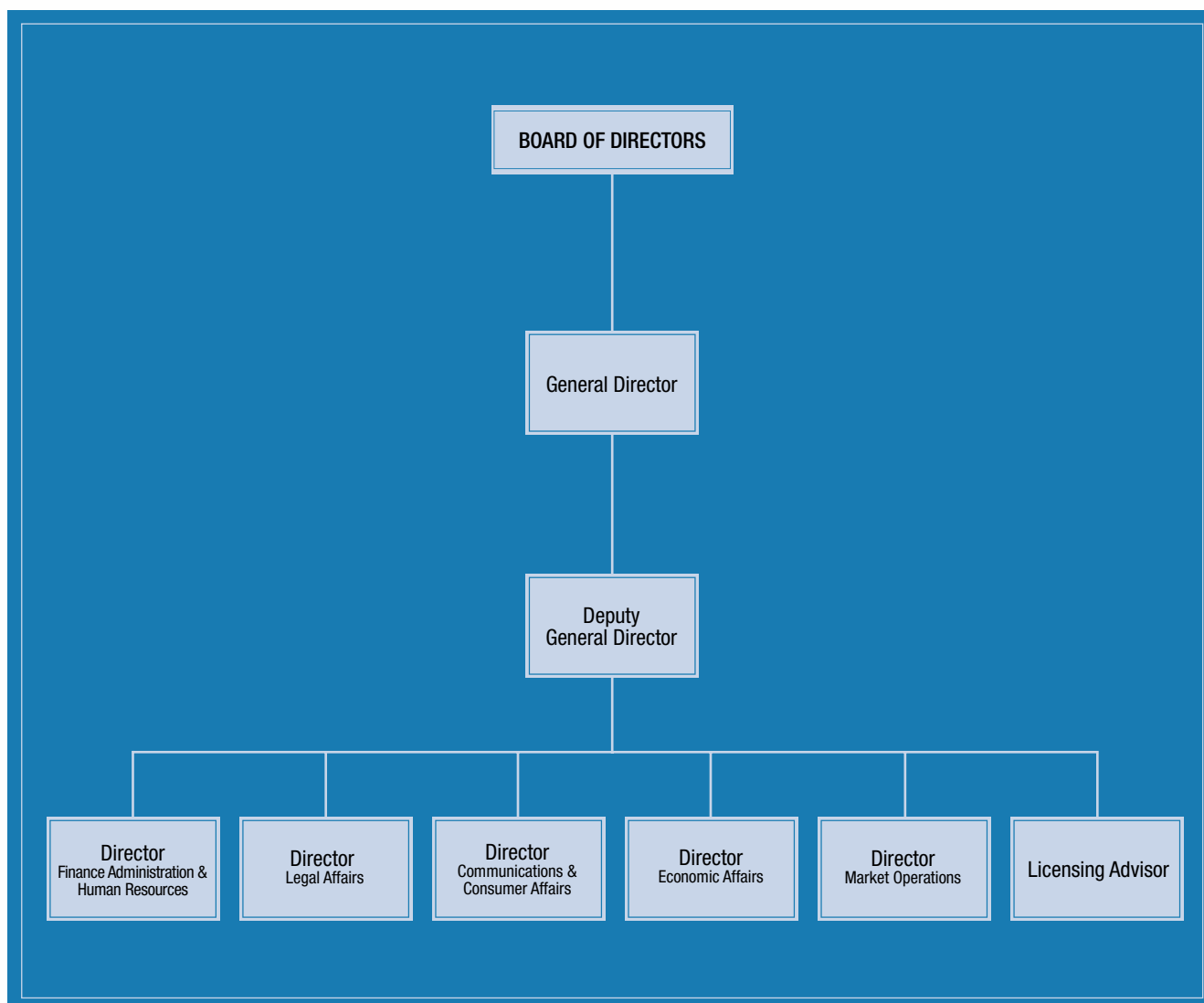
THE TELECOMMUNICATIONS REGULATORY AUTHORITY (TRA)

TRA was set up in October 2002 by Legislative Decree No. 48 under the Telecommunications Law. TRA is an independent body overseen by the Board of Directors. The General Director of TRA is responsible for the day-to-day operation of the organization. The General Director is appointed by His Majesty the King, Shaikh Hamad bin Isa bin Salman Al Khalifa, based on the recommendation of the Board of Directors of TRA and the proposal of the Prime Minister, and following the approval thereof by the Council of Ministers. In December 2006, Mr Alan Horne was selected as the new General Director, and was formally appointed in

March 2007 by His Majesty the King, Shaikh Hamad bin Isa bin Salman Al Khalifa as the General Director of TRA.

The duties of TRA include protecting the interests of subscribers and users of telecommunications services and maintaining effective and fair competition between established operators and new entrants to the telecommunications market in the Kingdom of Bahrain.

TRA carries out its duties and exercises its powers in a fair, transparent and non-discriminatory manner.



CHAIRMAN'S STATEMENT

Welcome to the fourth annual report of the Telecommunications Regulatory Authority of the Kingdom of Bahrain – TRA. The report describes our activities during 2006 which has been, both for TRA and for telecommunications in the Kingdom, a year of change.

I would personally like to thank my colleagues on the Board of Directors for their support and active participation. This was especially valued when I took on the dual role of Chairman and Acting General Director for the last four months of the year.

TRA's dedicated and tireless workforce also deserves much credit for what has been achieved during the year. The small staff continued to provide an excellent service for consumers and for those in the telecommunications industry.

The publication of the Spectrum Policy for the Kingdom of Bahrain at the end of June was a major landmark this year. It was jointly issued by the Ministry of Transportation and TRA. As well as dealing with detailed arrangements for allocation, it set out the future vision for spectrum in the Kingdom.

With so many innovative telecommunications developments today depending on spectrum, this was an important

move forward for stimulating competition in the Kingdom. TRA responded quickly. By the end of the year we had successfully completed the auction for two national fixed wireless service licences in the 3.5 GHz spectrum range, thereby paving the way to deployment of broadband wireless telecommunications networks. The deployment of these networks will increase user accessibility to innovative information and communication technology services delivered through them. By the end of July there was also a simplified modern approach (light licensing regime) in place so individuals, businesses and operators could apply for WiFi and WiMax in the 2.4 GHz and 5 GHz licences online at no charge thereby enabling everyone to easily establish wireless home networks or provide the internet services to the owners of laptop computers via "hot-spots".

These moves were, to some extent, encouraged by TRA Development Review Panel in the report following their



visit to the Kingdom of Bahrain in early February. They also suggested that TRA should now take a more strategic role and I am confident this is a challenge the new General Director will take up.

The basis for this recommendation was that the telecommunications market in Bahrain has completed the transition from a state of monopoly to full liberalisation, in accordance with the vision of the wise leadership of the Kingdom shown through the Telecommunications Law. Nearly all the elements are now in place to ensure fair and effective competition to the benefit of telecommunication services users in the Kingdom. This also establishes our country as a leader in telecommunications in the region.

The major milestones were passed with TRA under the management of Mr Andreas Avgousti, our first General Director, who left in August 2006. I would like to acknowledge

his achievements in meeting these challenges, on time. He put in place a regulatory regime and set standards that compare with the best in the world.

Now we look forward to the next phase of development in our telecommunications market. I am confident it will be equally successful and that we are well equipped to make the best of the opportunities ahead.

A handwritten signature in black ink, appearing to be 'محمد ج. ك. الغاتم' (Mohammed J. K. Alghatam).

Dr. Mohammed J. K. Alghatam

GENERAL DIRECTOR'S STATEMENT

It is a great honour to be joining TRA in the Kingdom of Bahrain at this exciting stage in the development of the telecommunications market here. A great deal has already been achieved in a short space of time. That is a firm foundation for expanding both our market and our ambitions for the future.

The Government provided the vision and the framework for achieving the step change in moving from a monopoly to a liberalised market. However the early stages needed a prescriptive and relatively heavy-handed regulatory approach.

At the beginning of market transformation from monopolised to the liberalised one, the regulator must heavily assist the competitive market forces by dealing with market dominance and paving the way for new market entrants. It is a period with a steep learning curve for everyone involved, including consumers. The rising expectations of end users are an important driving force for progress. But, as TRA Development Review Panel noted, the market and the stakeholders in it, are now maturing fast in telecommunications terms – and it is time to move on.

Without losing the integrity of the regulatory system in any way, TRA could perhaps stand back a little and take a more strategic, rather than interventionist, approach. It is the right time to build on the vision so clearly articulated through the Telecommunications Law and take it forward.

There will still be issues of market dominance but, increasingly, as the Panel commented: "effective competition,

supported by good regulation, should encourage a strong competitive response from Batelco." It is important to recognize, that only those market players, who will effectively respond to the conditions of the transformed environment by being even more innovative and by delivering better, simpler and innovative telecommunications services for end users, could succeed in the future. It is important that established market players would open-mindedly look for and accept the opportunities offered by the new market environment rather than protectively try to stifle emerging competition.

Up to this point the focus of TRA has, inevitably, been relatively narrow in putting in place the nuts and bolts for a competitive market. Now I believe it is time to review the current position, ask some fundamental questions about people's expectations and aspirations, and look at the bigger picture of what is happening at the cutting edge of telecommunications today. The Kingdom of Bahrain is now well placed to exploit new technologies, like wireless broadband connectivity, for the benefit of both the consumers and the economy.

We have completed the preparations to launch this review early in 2007 and, in the tradition of TRA, this will be an



open process. It is vitally important that operators, potential operators, consumers, businesses and everyone with an interest, including Government entities, join in the debate. Telecommunications affects everyone's quality of life and business activity.

This review will set TRA's direction and priorities over the next few years. We must never lose sight of our goal, which is to provide world-class telecommunications, in terms of both quality and variety, for the long term to the people living and working in the Kingdom of Bahrain and to ensure that the Kingdom is a model of excellence for telecommunications in the region.

It is important to recognize that the current telecommunications regulatory regime has proved to be very effective in opening the market for sustainable competition and increasing consumer benefit. However, changing market conditions and technological developments necessitate a review of the legal framework in order to ensure that it complies with the current technological and market environment and does not raise barriers but rather encourages and promotes the spread of new innovative services for the benefit of the people of the Kingdom of Bahrain.

We need to maintain the far-sightedness that has characterised the development of telecommunications here over the last few years. That means we must adopt an approach and a strategy for the future that supports the agreed direction of travel as we move forward and is flexible in dealing with future innovation.

I look forward to the challenges ahead. I hope to report back next year on a prospering market, with more choice of high quality, good value services for end users, and a new sense of direction and purpose for TRA.

Alan Horne

A close-up photograph of a man in a dark suit and light blue shirt, holding a gold pen and writing in a grey leather notebook. The man's face is slightly out of focus, looking down at the notebook. The lighting is soft and professional.

A YEAR OF CHANGE

FULFILLING OBJECTIVES

HIGHLIGHTS OF 2006

JANUARY

- TRA declares Batelco dominant in certain wholesale markets, including broadband access and access to international cables.
- The first consultation on consumer protection issues is launched. TRA urges the public to give their views on important issues relating to bulk SMS (texting), telemarketing and disconnection of service.

FEBRUARY

- The second annual TRA Development Review takes place. A Review Panel of three international telecommunications experts visits Bahrain.
- TRA holds a public hearing on the consumer protection consultation launched in January.

MARCH

- Three new Board Members are appointed for four-year terms.
- TRA of Bahrain signs a Memorandum of Understanding with TRA of the United Arab Emirates.

APRIL

- Batelco submits its first Reference Access Offer (RAO) to TRA for approval.

MAY

- TRA publishes the Development Review Panel report.
- The new website is launched with many additional user-friendly features helping consumers and operators find out more about TRA and its activities.

JUNE

- The 'Keep Asking' campaign is launched. This encourages consumers to find out about the choices now available in telecoms services.
- TRA orders Batelco to comply with the law and refund customers who pre-registered for the unapproved BD10 internet service package.
- The Ministry of Transportation and TRA jointly publish the Spectrum Policy for the Kingdom of Bahrain.

JULY

- TRA invites applications for Internet Exchange licences.
- Consultation begins on whether to license more mobile operators in Bahrain, in addition to the two currently operating.
- TRA opts for a lighter touch approach for licences to use WiFi and Wimax in the 2.4 GHz and 5 GHz spectrum. Applicants fill in an online application form to register.
- The Board approves the use of an auction for awarding the National Fixed Wireless Services (NFWS) licences.
- TRA issues an Order to amend Batelco's first RAO by reducing a number of prices, amending certain conditions and expanding some services offered.

AUGUST

- TRA issues an Order to amend Batelco's Reference Interconnection Offer (RIO) by changing terms and prices.
- The Consumer Advisory Group is set up to provide feedback to TRA on consumer-related issues. It meets seven times by the end of the year.
- The General Director, Mr A. Andreas Avgousti, steps down from his post.

OCTOBER

- TRA invites bids for the two new National Fixed Wireless Services (NFWS) licences using spectrum in the 3.5 GHz spectrum range.

NOVEMBER

- Bids close for the NFWS licences with a total of nine bidders applying.

DECEMBER

- Six of the nine NFWS bidders meet the qualification criteria. An independent review process is set up to review those bids deemed not to qualify. MTC-Vodafone Bahrain and Mena Telecom emerge as the highest bidders.

ENCOURAGING AN
OPEN DIALOGUE



REVIEWING PROGRESS AND LOOKING AHEAD

TRA DEVELOPMENT REVIEW PANEL

The second TRA Development Review Panel visited the Kingdom of Bahrain during the first week of February to review TRA's work and progress. This was an independent panel of three international experts on telecommunications regulation, namely:

- Professor Martin Cave (Chair), Professor at the Warwick Business School, University of Warwick, UK
- Mr Robert Bruce, Senior Research Fellow at the Center for Digital Strategies at the Tuck School of Business, Dartmouth, USA and former General Counsel of the Federal Communications Commission (FCC) – the US communications regulator
- Mr Ian Martin, telecommunications strategist and financial analyst at ABN AMRO in Australia

The Panel heard evidence, in confidence, from a wide range of organisations including:

- TRA and the Ministry of Transportation
- The Bahrain Consumer Protection Society
- Batelco, MTC Vodafone Bahrain and a number of other licensees

On 5 February there was a public hearing where the Panel presented its initial findings and took part in a discussion on the issues raised. The full report was published in early May and is available on TRA's website.



Members of the Panel



Public hearing of TRA Development Review Panel

THE FINDINGS OF THE PANEL

The Panel recognized that progress had been made in many of the areas identified by the 2005 Panel as priorities for action. However it noted that there were still some serious issues around access for new operators and there were no new fixed operators.

The Panel also believed there were two important changes since 2005 to the environment in which TRA operated. First, the level of dialogue and discussion among key stakeholders in the market, including consumers, had developed significantly. And second, there had been considerable advances in telecommunications technology around the world and the Kingdom of Bahrain was well placed to take advantage of them, with the right regulatory regime. Its recommendations reflected both.

Under the Law TRA has three main duties which can be summarised as:

- Protecting consumers
- Promoting competition and
- Ensuring the supply of public telecommunications services

The Panel condensed these into the general objective of promoting the long-term interests of end users, both households and businesses. The regulator should then base its priorities on what delivers the best long-term outcomes for users.

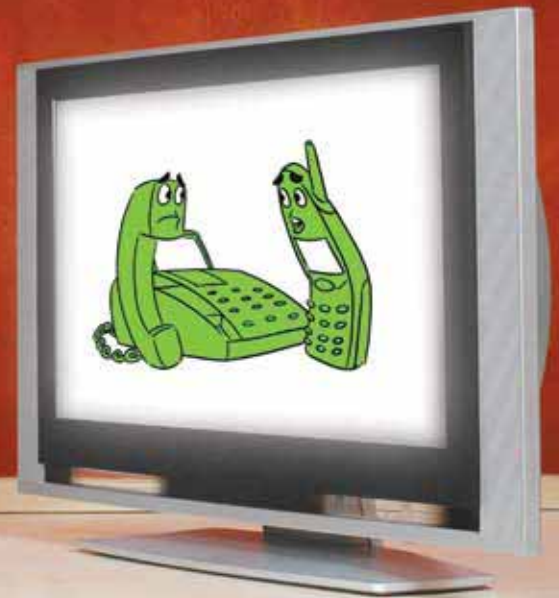
The Panel's main recommendations were:

- To ensure there is the right model for competitive entry and, in particular, an effective reference access offer (RAO) supported by service level agreements (SLAs) with Batelco.
- To use radio frequency (wireless) spectrum to support relatively rapid market entry once the spectrum policy had been determined – for example through fixed wireless access (FWA) licences, IP (internet protocol)-based services and, of lower priority, additional mobile operators.
- To take a flexible approach to emerging developments such as fixed-mobile convergence, broadband and IP (internet protocol) based services.
- The regulatory regime should become more strategic, avoiding micromanagement as the market matures. The focus should be on current areas of market dominance and the likely impact of future IP related activities.
- Advisory groups and industry bodies should play a larger part in regulation and, in some matters, the industry could move towards self-regulation.
- To implement a wholesale business unit within Batelco.

Many of the Panel's recommendations were reflected in actions taken during the rest of the year – for example, in use of the spectrum and in setting up advisory groups. These are described in the following sections of the Annual Report.

At the end of the year, TRA was working towards setting up a strategic review of the telecommunications market in the Kingdom of Bahrain and of TRA's role within it. This was planned to begin early in 2007.

IDENTIFYING
YOUR RIGHTS



WORKING FOR CONSUMERS

2006 was a breakthrough year for TRA's work on consumer issues. Since TRA was set up, working for consumers had been a top priority. However, this largely took the form of opening up the market and ensuring both new entrants and the established operators aimed to offer a choice of modern, high quality services.

In 2006 the focus moved towards giving consumers a 'voice' and encouraging them to use that voice to get the telecommunications services they wanted.

CONSUMER AWARENESS CAMPAIGN

At the beginning of June, TRA launched its second national consumer awareness campaign with the slogan 'Keep Asking'. This followed the successful 'Use Your Phone Wisely' campaign, launched at the end of 2004, which promoted the considerate use of mobile phones.

The new campaign lasted three months and highlighted the choices that consumers now have in the Kingdom of Bahrain. It encouraged people to find out about them and ask questions so they can make the right decisions for their own telecommunications usage and lifestyle.

Among the topics covered were the different types of package available on both mobile and fixed line services, carrier pre-selection (CPS), international roaming, internet, international calling cards, billing issues and how to complain. The main consumer guide was distributed to every household

and business throughout the Kingdom. Copies were also supplied to the licensed operators so they could be handed out at their customer service centres.

As well as a range of leaflets, the campaign featured animations which appeared on national TV and audio clips broadcast by the Kingdom's radio stations. A dedicated section of TRA website was created so all the campaign material could be easily accessed and downloaded. The campaign messages were also displayed on billboards all over the Kingdom and appeared in newspaper advertisements in local papers to maximize the campaign's reach.

In conjunction with the launch of the campaign, TRA announced the availability of its consumer help line to the public. The Consumer Affairs team answer calls from consumers and provide help and advise on consumer protection issues. TRA also received positive feedback from consumers through their calls on the campaign and the awareness messages associated with it.

Working with the Ministry of Health and Ministry of Education, TRA was able to distribute campaign material to all public health centres and to all public schools in Bahrain for the



CONSUMER GUIDE



COMPLAINT LEAFLET



ROAMING LEAFLET



CPS LEAFLET

start of the 2006/07 academic year. Aiming to ensure wider coverage, campaign material was also distributed through private hospitals and travel agencies.

TRA would like to take this opportunity to thank all the entities that participated in the campaign by distributing the guides and leaflets. TRA believes that this participation positively reflects the commitment of these entities to raise the awareness level of consumers in Bahrain.

THE CONSUMER ADVISORY GROUP

Building on the successful practice of the ad hoc group, representing consumers, that drew up the Code of Practice for carrier pre-selection (CPS) in 2005, on 16 August TRA set up a permanent Consumer Advisory Group to raise issues of concern to consumers with TRA. The new Group is independent from TRA and members are appointed for a year. The initial membership included representatives from all the governorates of Bahrain and from the following organizations:

- Al Hekma Society for Retired
- Bahrain Consumer Protection Society
- Bahrain Mobility International
- Children and Mothers Welfare Society
- Supreme Council for Women
- The Saudi-Bahraini Institute for the Blind

The members of the Group elected Dr Wafa Al Mansoori from the Bahraini Consumer Protection Society to be the Chairperson and Ms Najma Janahi from the Supreme Council for Women as Vice-Chairperson.

Altogether the Group met seven times during 2006. Among the issues they discussed were prices, security and protection, unsolicited marketing SMSs and identifying overseas callers. At separate meetings they questioned representatives from Batelco, MTC-Vodafone Bahrain and TRA. The questions ranged from consumer prices to disconnection procedures, from information provision to standards and quality of service.

By the end of the year a similar group had been set up to represent the interests of business users as TRA believes that businesses had different needs and concerns as compared to individual consumers. The Group was expected to meet for the first time early in 2007.

COMPLAINTS

During 2006 TRA received a total of 11 complaints (compared to 6 in 2005) from consumers relating to matters they were not able to sort out with their service provider. Most issues addressed billing disputes and disconnection of service. All these complaints were amicably solved between the consumers and operators.



The Permanent Consumer Advisory Group



PURSUING EXCELLENCE BY FOSTERING

HEALTHY COMPETITION

BUILDING A COMPETITIVE MARKET

SPECTRUM POLICY

Many recent developments in world telecommunications depend on availability of spectrum for new and innovative services. As TRA Review Panel highlighted, this is critical to the further development of competition in the Kingdom's telecommunications market and to the range of services available to end users.

In late 2005 TRA and the Ministry of Transportation (MOT) began a joint project on the policy for using and allocating available spectrum in the Kingdom of Bahrain. This involved a public consultation launched in November 2005. Fifteen responses were received to this consultation from local and international parties. TRA and MOT took into account all comments made and weighed them against international best practice, desired flexibility in adopting new technologies and long term prospects for the sector before making its final decision.

In June 2006 the final policy and planning document was issued. This policy forms the basis for use of spectrum in the Kingdom of Bahrain and it is based upon an international benchmarking of the best practices in terms of spectrum allocation strategy. The policy was designed with users and technology in mind. A pragmatic spectrum pricing scheme was implemented in line with award mechanisms for each bands (which vary between first come-first-served and auctions, depending on demand and availability). New licensing principles were introduced for spectrum such as light licensing, short-term licensing and procedures for the new technologies and services. It also confirmed that there was available spectrum for both 2G and 3G mobile telephony services.

Telecommunications technology is developing fast so the policy also took this into account by being sufficiently flexible to allow for the future growth of new and different services; overall building a technology neutral framework promoting innovation and competition.

AUCTION FOR NATIONAL FIXED WIRELESS SERVICE (NFWS) LICENCES

Less than two weeks after the policy was issued, the Board of TRA approved the use of an auction to award National Fixed Wireless Services (NFWS) licences in the 3.5 GHz spectrum range. The policy had identified this range for Fixed



Financial Bids Opening Day for NFWS Licenses Auction



Financial Bids Opening Day for NFWS Licenses Auction

Wireless Access (FWA) use and stated that the amount of spectrum available would support two national licences.

FWA services allow for rapid start up of a telecommunications network because the final link to the end customer – the most resource intensive part to build and maintain in a fixed network – is by wireless technology. To date the only operator with a direct connection to customers' premises – as opposed to mobile services to individuals – was Batelco, using cable.

The two NFWS operators would have sufficient bandwidth to offer a full range of broadband as well as telephony services, both voice and data, direct to every customer. This would be a significant boost to competition in telecommunications services as well as offering new innovative services to the consumers of the Kingdom of Bahrain.

At the end of August TRA announced the details of the auction, including the frequencies available, licence obligations and coverage requirements. It also set out how the auction would work and some financial parameters. There would be a starting price for bids of BD 20,000 with an annual licence fee of BD 28,000 payable to the Ministry of Transportation for use of the spectrum. All this information was in a Memorandum and draft licence. There was a three week period for comments on these.

On 5 October TRA formally invited bids, through an Invitation to Tender, to be submitted by 5.00pm on 28 November. It also set out the detailed rules of the auction process and deadlines for the different stages. Interested parties were then given a two week period to submit questions on the auction process. TRA published both questions and answers on its website.

By the deadline for bids, TRA had received a total of nine, as shown below (listed alphabetically as per bidder name):

- ATCO Clearwire Telecom Ltd
- Bahrain Telecommunications Company BSC (Batelco)
- The Blue Zone East LLC
- Etisalcom Wireless Co WLL
- Kalaam Telecom Bahrain BSC (c)
- Mena Telecom WLL
- MTC-Vodafone Bahrain BSC

- Nuetel Communications SPC
- Reliance Communications Ltd

Once the deadline was passed all the bids were evaluated against the technical, legal and financial criteria set out in the Invitation to Tender. This was carried out by a dedicated team from TRA.

As part of the process TRA appointed an independent panel of international experts to re-evaluate bids that did not progress through this pre-qualification stage. The panel would re-assess the unsuccessful bids and decide whether TRA's decision was justified.

The panel comprised:

- Mr Peter Alexiadis, a partner of law firm Gibson, Dunn & Crutcher and specialist in competition and communications law, based in Brussels.
- Mr Nigel Attenborough, a director of NERA Economic Consulting and an economist specializing in telecommunications. He was a previous Head of Regulatory Economics and Competition Policy at BT in the UK.
- Mr Peter Walker, previously the Director of Technology at Oftel and OFCOM, the UK telecommunications regulator, and an engineer with 34 years experience in the telecommunications industry.

At the end of the evaluation stage, TRA announced that six of the bidders had qualified. These were:

- ATCO Clearwire Telecom Ltd
- Bahrain Telecommunications Company BSC
- Etisacom Wireless Co WLL
- Mena Telcom WLL
- MTC-Vodafone Bahrain BSC
- Reliance Communications Ltd

The financial bids of these six qualifiers were opened on 13 December in the presence of TRA members, the bidders and the media. The two highest bids were made by MTC-

Vodafone Bahrain (BD 5,500,050.920) and Mena Telecom (BD 4,534,000.000). The two NFWS licences were expected to be awarded in early 2007, following completion of the final processes.

WIFI AND WIMAX USAGE IN THE 2.4 AND 5 GHZ RANGES

Temporary WiFi licences were issued in 2005 in order not to hold up the development of services relying on this technology while the spectrum policy was decided.

Shortly after the policy was published in 2006, TRA began consulting on a light touch licensing regime, using an online application system, for the use of WiFi, WiMax and other Wireless Local Area Network (WLAN) technologies. WiFi technology is short range and can be used for wireless broadband access in the home or in a business. It is also used by operators to offer access via 'hotspots' in public places. WiMax works on the same principle but is longer range so can be used, for example, to give access across a city.

At the end of July TRA announced that it would go ahead with the online registration system. The licences and use of the spectrum would be free of charge.

This simpler approach is in line with international best practice and it enables companies, as well as individual users, to deploy technologies such as WiFi on their own premises.

The aim of adopting this type of application is to enable all individuals, businesses and licensed operators who wish to use these frequencies to obtain the required license in a simple way, whilst at the same time complying with the Telecommunications Law, which mandates that any person using frequency in the Kingdom of Bahrain must have the relevant license.

ADDITIONAL MOBILE OPERATORS

When the two mobile operators' licences were issued in 2003 they were guaranteed under the Telecommunications

Law that no further operators would be licensed to enter the market until at least April 2005. With the expiry of that period and the publication of the spectrum policy TRA began consulting on whether to license additional mobile operators.

The consultation also looked at how many licences there should be and possible options for the type of mobile services that could be licensed. These could be for a mobile network operator or for a mobile virtual network operator using the infrastructure of a current operator. Licensing both types was also an option.

LICENSING MATTERS

On 2 July TRA announced that it would be accepting applications for internet exchange licences. Internet service providers (ISPs) connect to the exchange for a fee. Under the Telecommunications Law there had been only one internet exchange – the Bahrain Internet Exchange (BIX) – for two years. This period of exclusivity ended in April 2006.

A total of 22 new licences were issued during the year. Of these eleven were for value added services (VAS), three for international services, four for internet services, three for national fixed services and one for international facilitate services.

A full list of licences in operation at the end of the year is in Annex A.

In addition to granting licenses, TRA has the power to revoke licenses in certain cases. TRA was notified that a licensee, Star Call WLL, was in liquidation. After due process of public notification, TRA announced that, with effect from 4 May, Star Call WLL's value added services (VAS) licence was revoked and this operator may no longer offer these telecommunications services in the Kingdom.

MARKET DOMINANCE

TRA Development Review Panel identified access issues as a top priority for TRA. With an established operator, Batelco, still retaining the majority market share in most telecoms services, resolving this issue was vital to market growth.

Following the Access Regulation issued in 2005, the next step was to identify the access markets in which Batelco was

dominant. Following consultation, in January TRA determined that Batelco was dominant in various wholesale markets, including broadband access and access to international cables and links. This position would be reviewed no later than January 2008.

Operators declared dominant are required to provide access so other operators can supply services to end users. The dominant operator must set out the terms and conditions, including charges, for doing so in a reference access offer (RAO).

Batelco subsequently submitted its RAO for approval. A specialist team from TRA comprehensively reviewed the RAO and requested additional information from Batelco, in particular to support the basis of its proposed tariffs. In July TRA issued an order to Batelco adjusting downwards a number of prices, amending some proposed conditions and expanding certain services in the RAO.

The review of the RAO is an on-going process TRA considers that the RAO is not a closed document and new service descriptions and prices may be added through the 6-monthly review process.

INTERCONNECTION ISSUES

Another key issue for effective competition is setting fair terms for how competing telecommunications operators link their networks – or interconnect. These are the terms on which one operator delivers calls originating on the network of the other operator, and vice versa, as well as terms for access to various other network services.

As the operator determined to have a dominant position in relevant interconnection markets, Batelco's terms and conditions must be published in a reference interconnection offer (RIO). Under the Telecommunications Law TRA reviews Batelco's RIO every six months.

As a consequence of TRA's third, and most detailed review of the RIO to date, in which network element costing was incorporated into individual termination charges, in August TRA published an order requiring Batelco to change substantial parts of the RIO. Under Telecommunications Law services must be 'fair, reasonable and non-discriminatory' and charges for interconnection services must be cost based. The order resulted in a number of interconnection charges

falling substantially from previous years and the introduction of a number of new cost-based charges.

LAUNCH OF CPS IN BAHRAIN

The Authority issued the regulation on carrier pre-selection on 13 June 2004, after an extended period of consultation. This consultation process, which started in December 2003 and concluded during March 2004 involved the publication of a two consultation papers. The first of these papers established the broad principles for carrier pre-selection in Bahrain, the second confirmed these principles and provided further detail.

The Service description for CPS to be included in Batelco's Reference Interconnect Offer was approved in September 2005, and the service was pilot tested by Batelco with Mena Telecom as the correspondent. The pilot test was completed in January 2006, with a change in the RIO service description approved by the TRA in March 2006, and the service was formally offered to all suitably licenced operators. At the end of 2006 there were 4 operators offering CPS services in Bahrain, Mena Telecom, Neutel, North Star, and Kalaam Telecom.

NUMBERING PLAN

The only amendment to the National Numbering Plan during 2006 was to provide a number range of Type B access codes that allowed the Carrier Pre Select service to be introduced. These are five-digit codes in the form 02xxx where x is any number from 0 to 9. For clarity, the same number range is used to allocate numbers for carrier selection, carrier pre-selection (CPS), carrier override and carrier access so only one number allocation is required per operator.

Numbers and number ranges issued to licensed operators during the year consisted of the following:

0 SERIES ACCESS (CPS) CODES

02020	Viacloud
02111	North Star Technology Company W.L.L.
02123	Mena Telecom W.L.L.
02200	Business Communication Network
02211	MTC-Vodafone Bahrain
02220	Batelco
02222	Lightspeed Communications
02333	Etisalcom Bahrain W.L.L.

02345	Kalaam Telecom Bahrain
02444	Arabian Network Information Services W.L.L.
02555	Nuetel Communications
02777	Elephant Talk Bahrain W.L.L.
02820	2Connect W.L.L.

GEOGRAPHIC NUMBERS

13000000 - 13099999	Mena Telecom W.L.L.
13300000 - 13399999	Etisalcom Bahrain W.L.L.
13500000 - 13599999	Elephant Talk Bahrain W.L.L.

8 SERIES SPECIAL NUMBERS

80030000 - 80039999	Etisalcom Bahrain W.L.L.
80050000 - 80059999	Elephant Talk Bahrain W.L.L.
84450000 - 84459999	Elephant Talk Bahrain W.L.L.
87770000 - 87779999	Elephant Talk Bahrain W.L.L.
80060000 - 80069999	Lightspeed Communications
80090000 - 80099999	Mena Telecom W.L.L.
84440000 - 84449999	Mena Telecom W.L.L.
87790000 - 87799999	Mena Telecom W.L.L.

9 SERIES PREMIUM NUMBERS

90070000 - 90079999	Elephant Talk Bahrain W.L.L.
90110000 - 90119999	Elephant Talk Bahrain W.L.L.
90200000 - 90209999	Elephant Talk Bahrain W.L.L.
90090000 - 90099999	Etisalcom Bahrain W.L.L.
90030000 - 90039999	Mena Telecom W.L.L.
95050000 - 95059999	2Connect W.L.L.
95150000 - 95159999	2Connect W.L.L.

INTERNATIONAL SIGNALLING POINT CODES

4-053-0	Lightspeed Communications
4-053-3	Etisalcom Bahrain W.L.L.

ACTION ON AN UNAPPROVED BATELCO SERVICE

On 14 June TRA took action over an unapproved service that Batelco was advertising in local newspapers. Batelco was inviting customers to sign up for its BD 10 internet service package before it had met the necessary conditions for running the service. After repeated warnings TRA issued an emergency order requiring Batelco to:

- Cease with immediate effect to offer, sell or promote the BD 10 package until fulfilling the imposed conditions

- Issue a press release by 15 June 2006 explaining to all affected customers that Batelco wrongfully launched this package as it had not obtained the necessary approval
- Apologise to customers for misleading them through its advertisements for this package and
- Make a full refund to potential customers of all payments relating to the BD 10 product within 10 working days of the date of the order

By issuing this order TRA aimed to protect customers from paying for a service that had yet to be fully approved by TRA. There was a significant risk that customers were being charged for a service that Batelco might not have been able to deliver on the promised activation date of 6 July 2006.

Following this order Batelco issued a press release apologizing to customers for misleading them and stopped offering the service until satisfying all the conditions required by TRA. Part of the order became subject to an action in the High Civil Court in the Kingdom of Bahrain in August which was ultimately resolved amicably between TRA and Batelco.

ACCOUNTING SEPARATION

Telecoms operators with multiple licenses are required to provide separate financial reports for each of their licensed activities. These must comply with the Accounting Separation Regulation issued in August 2004. The information supplied enables TRA to ensure that tariffs charged to consumers and to other operators are fair and reasonable, and that they are not cross-subsidising one activity through another in an anticompetitive way.

During the year TRA issued dispensations to operators where the size of their market share did not justify the burden of supplying separate accounts.

TRA received Batelco's 2004 and 2005 audited regulatory accounts. These were based on its Accounting Procedures Manual approved by TRA in November 2005. TRA also approved updates to the Manual in order to audit the 2005 accounts.

TRA also received MTC–Vodafone Bahrain's 2005 audited regulatory accounts. These were based on its Accounting Procedures Manual approved in December 2005 and again TRA approved updates in order to audit the accounts.

In November TRA approved Accounting Procedures Manuals from both Neutel Communications S.P.C. and Arabian Network Information Services W.L.L. (ANIS) a subsidiary of Batelco.

TARIFFS

The Law and specific license conditions require licensees with significant market power to submit tariff proposals for TRA approval. The licenses make clear provisions for the process, according to which TRA must notify the operator of its decision within 30 days of receipt of the application. If TRA fails to respond within 30 days, the proposal is deemed approved.

The Law also clearly states in Section 58 that TRA, in approving such tariffs, must ensure that they are fair and equitable, non-discriminatory, and based on forward-looking costs.

TRA continued to review tariff proposals from Batelco. TRA also reviewed and approved tariff proposals for ANIS, a prepaid calling card provider, since it is a subsidiary of Batelco. In the fixed line market, TRA reviewed Neutel's tariff proposals.

TYPE APPROVALS

As TRA is the responsible body for approving the telecommunications equipment used in the Kingdom of Bahrain, it receives requests for approving equipment throughout the year. TRA adopts an approval-by-exemption approach whereby international standards, mutual recognition agreements and self-regulation by manufacturers are used where appropriate. Certificates from the main equipment approval authorities are also recognized by TRA. During 2006 TRA processed a total of 187 requests for approval of telecommunications equipment.

MERGERS AND ACQUISITIONS

During the year TRA approved Batelco's acquisition of Al Ayam's 25 per cent shareholding in ANIS. This made ANIS a wholly owned subsidiary of Batelco and the acquisition was agreed subject to Batelco and ANIS continuing to operate at arm's length.

TRA made no objection to the following mergers:

- Viacloud Partners 2 BVL and Viacould W.L.L.
- Khayami Plastic Factory W.L.L. and Mobile Information Services W.L.L.
- Nooraddin (an individual), Etisacom Bahrain W.L.L. and Janahi Brothers

A full list of regulatory actions during the year is in Annexes C and D.

TRA also maintains a register of information as specified in section 52A of the Telecommunications Law.

ARBITRATIONS

Batelco commenced two arbitrations against TRA challenging both the TRA's RAO Order of 12 July 2006 and its RIO Order of 6 August 2006.

As part of the RIO Arbitration Batelco sought a stay against the TRA's decision on the International Inbound Termination Rates on Batelco's Mobile Network and Fixed Network, pending the RIO Arbitration Panel's decision on the substantive matters of the RIO Arbitration. On 13 December 2006 the RIO Arbitration Panel issued its decision to not award the stay to Batelco. TRA will be publishing that decision in due course.

In the meantime on 8 November 2006 Batelco submitted to TRA an updated RIO Offer and on 7 February 2007 TRA issued an approval of that RIO Offer, the full approval can be found on the TRA website.

Batelco has withdrawn its RIO Arbitration.

The RAO Arbitration is still in progress.

A young girl with dark brown hair styled in two braids, each secured with a pink hair tie. She has several colorful hair clips in her hair. She is wearing a light green, short-sleeved button-down shirt. She is smiling and holding a clear glass fishbowl with both hands. Inside the bowl, there is a single orange and white goldfish and two white decorative eggs. The background is a soft, out-of-focus green wall.

A CLEAR PATH OF UNDERSTANDING AND
COMMUNICATION

OPENNESS AND TRANSPARENCY

TRA has always ensured its procedures are open and transparent. This was recognized by TRA Development Review Panel in their 2006 report. All regulatory measures go through a process of public consultation. Responses are taken into account before any final decision is made. Wherever possible, TRA's policy is to publish all documentation.

CONSULTATIONS

During 2006 there were three consultations.

At the end of January TRA sought views – in particular from members of the public – on three important issues concerning consumer protection. The first was about people receiving unsolicited material in the form of bulk SMS, telemarketing, fax broadcasting or bulk email messages. The second concerned the unfair disconnection procedures of services because of non-payment of bills. And the third topic looked at whether safeguards were needed to protect customers when a provider of a prepaid service goes out of business. International best practice was discussed in the consultation document.

On 26 February TRA held its first public hearing on these issues in order to get direct feedback from consumers. The period for consultation was longer than normal so people had a good opportunity to make their views known. By the end of the year TRA was preparing to consult on proposed measures that would reflect consumer concerns and resolve some of the issues raised.

The second consultation of the year looked at the possibility of issuing further mobile licences, in addition to the two currently operating in the Kingdom of Bahrain. This was launched in early July and raised two main issues – whether TRA should issue one or more new licences, and whether to license a new mobile network operator (MNO) or a mobile virtual network operator (MVNO), or both.

The consultation reviewed the current position of the mobile market in Bahrain and set out TRA's criteria for reaching a decision. In particular the consultation explored the likely impact on prices and quality of service as well as the type of products and services that might be offered. TRA extended the deadline for this consultation and was considering responses at the end of the year.

TRA also executed a groundbreaking consultation on introducing an online registration system for licensing in the 2.4 GHz and 5 GHz frequency ranges. Following this, TRA decided to go ahead and issued the final regulation on 30 July.

The public were also asked to comment on the terms of the new National Fixed Wireless Service (NFWS) licences and on

the auction process being used to award them. This was the first time TRA had used an auction for this purpose.

WEBSITE

TRA uses its website at www.tra.org.bh as the main way of communicating with consumers, service providers, potential service providers and everyone with an interest in the Kingdom's telecommunications both at home and overseas. In the modern world, for many people the internet is now the preferred channel for accessing information and carrying out transactions.

In 2005 TRA asked for feedback from users and suggestions on how to improve its website. Taking their comments on board, TRA launched its rebuilt site on 27 May. The new has a very different look and feel from the old one. Accessibility has been the watchword – both in the wording used and in the structure of the site. The navigation is clear and easy so users can get quickly to the content they need using tabs and links. Users can also choose to enter as 'consumers', 'operators' or those 'looking for legal information'.

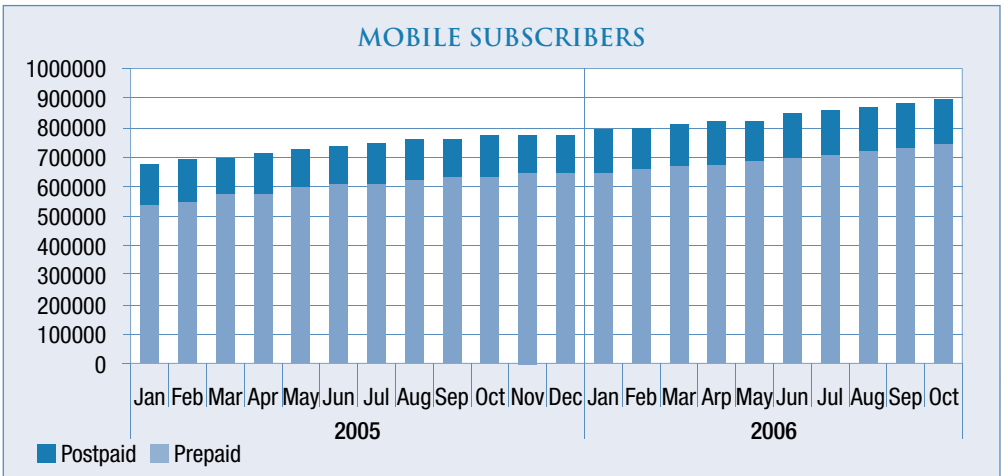
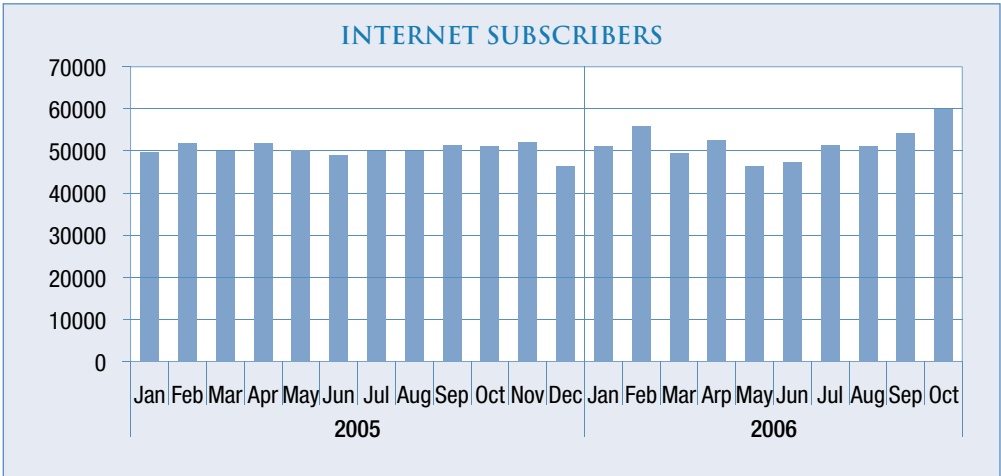
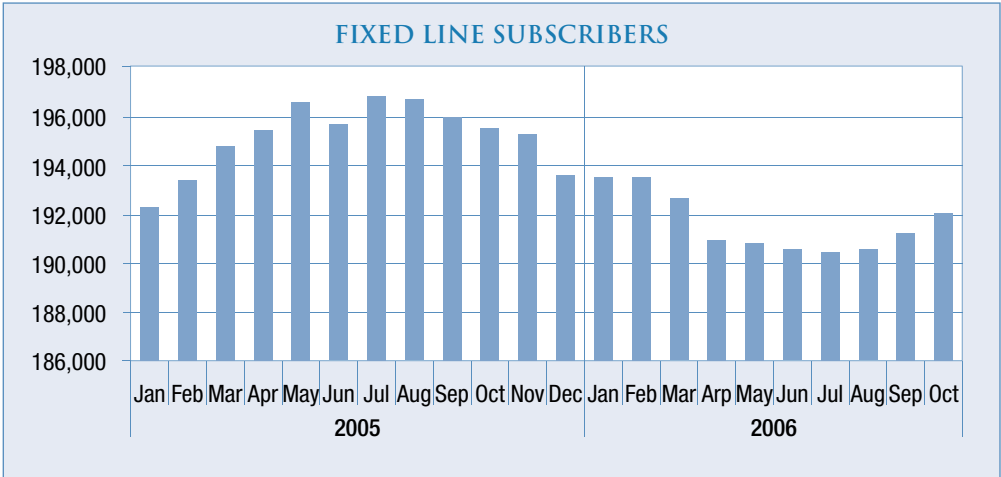
The new site will develop more and more interactivity where appropriate as the range of online transactions increases. For example, people were able to apply for online WiFi and WiMax licences online after 30 July.

TRA will continue to communicate using direct mail, e-mail and through the press and broadcast media, as appropriate. However the website is the main source of information about TRA and its activities.

MARKET INFORMATION

During 2005 TRA began publishing basic information on the telecommunications market in the Kingdom of Bahrain. This continued during 2006 and clear trends are beginning to emerge. There is a steady rise in the number of mobile subscribers but this appears to be almost entirely due to an increase in prepaid customers. The number of fixed line subscribers fell during the year but was beginning to pick up again towards the end. The number of internet subscribers too was rising at the end of the year, having fluctuated during the first half.

All the figures are published on TRA's website. There is a time lag of six months in publishing the figures as agreed with operators in order to protect the confidentiality of such data in a newly competitive environment.



A high-angle photograph showing two individuals in dark business suits shaking hands. The background is a blue world map with white grid lines. The hands are clasped in the center of the frame, with the sleeves of the suits extending outwards. The lighting is soft, highlighting the texture of the suits and the skin of the hands.

ESTABLISHING LINKS THROUGH INTERNATIONAL
COOPERATION

FORGING LINKS

LINKS WITH OTHER REGULATORS

On 19 March TRA from the Kingdom of Bahrain signed a Memorandum of Understanding (MoU) with TRA from the United Arab Emirates (UAE). This was a formal agreement between the two independent regulatory bodies to co-operate and work together.

A team from the UAE TRA visited TRA in Bahrain during August. Their particular focus was to understand TRA Bahrain's approach to consumer issues.

TRA also has an MoU with the Greek regulator EETT. During the year a member of TRA's Communication and Consumer Affairs Directorate visited EETT. This was part of a programme aimed at improving the process of dealing with complaints by looking at best practice in other regulators.

In December a team from Oman TRA visited to find out about licensing and compliance procedures in Bahrain.

TRA also played an active part in the Arab Regulators Network (ARNET) during the year. A delegation attended the extraordinary meeting of the group, held in Cairo at the end of January. TRA also attended the four-day annual meeting of the group which began on 18 March in Abu Dhabi. A third event in which TRA participated was ARNET projects working group meeting, also held in Abu Dhabi, on 11 and 12 September.

LINKS WITH THE TELECOMMUNICATIONS WORLD

The General Director attended a number of overseas events to promote the liberalised telecommunications market in Bahrain. He was invited to speak at the Connect Summit held in Dubai from 24–27 May. He also attended the IIC Telecommunications and Media Forum in London in April and an international conference on the prospects of broadband organised by the EETT at the beginning of May.



Signing a Memorandum of Agreement with TRA-UAE

WORKING TOGETHER TO BUILD
A BETTER SYSTEM



INSIDE THE TRA

In August Mr Andreas Avgousti stepped down from his post after nearly three years as TRA's first General Director. The Chairman of the Board, Dr Mohammed J. K. Alghatam, was recommended by the Board as the acting General Director while a new appointment was made. At the end of the year Mr Alan Horne was recommended by the Board for the post of the new General Director, subject to his appointment by a Royal Decree.

During the year Mr Henrik Brodersen, the Deputy General Director, also left TRA to take up a post in his native Denmark. By the end of the year selection procedures were in hand to appoint Mr. Tomas Lamanauskas as the Deputy General Director. Mr. Lamanauskas was expected to join TRA in February 2007.

In seeking to extend its team of experts in specialized fields, TRA recruited three new experts in 2006, in technical, spectrum and economic matters.

Training continues to be an important aspect of TRA's policy for developing its staff. As in 2005, every member of staff attended off site training in their area of specialisation during the year. In addition TRA hosted its second intensive three-day training workshop on modern telecommunications. This took place at TRA's headquarters and was open to all TRA staff.

In 2006 TRA launched its own intranet in order to facilitate e-workflow and communication between the different departments in the organisation. Before the launch, staff were invited to a series of training workshops so they could make best use of the new system.

STATEMENT OF ACCOUNTS

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THE TELECOMMUNICATIONS REGULATORY AUTHORITY

We have audited the accompanying financial statements of the Telecommunications Regulatory Authority ("the Authority") which comprise the balance sheet as at 31 December 2006 and the statements of income and accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as of 31 December 2006 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

8 April 2007

Manama, Kingdom of Bahrain

BALANCE SHEET

	31 December	
ASSETS	2006 BD	2005 BD
Non-current asset		
Furniture and equipment	50,189	73,754
Current assets		
Licence fees receivable	20,663	749,403
Prepayments	18,880	17,675
Accrued interest	2,071	7,454
Bank balances and cash	5,825,185	1,909,000
	5,866,799	2,683,532
TOTAL ASSETS	5,916,988	2,757,286
ACCUMULATED SURPLUS AND LIABILITIES		
Accumulated surplus	19,467	1,097,753
Reserve for contracted commitments	485,050	266,244
	504,517	1,363,997
Current liabilities		
Accounts payable	131,392	843,632
Accrued expenses	165,904	511,657
Licence fee application money	5,115,175	38,000
	5,412,471	1,393,289
TOTAL ACCUMULATED SURPLUS AND LIABILITIES	5,916,988	2,757,286

The financial statements were authorised for issue in accordance with a resolution of the directors on 8 April 2007.

Dr Mohammed J K Alghatam
Chairman of the Board of Directors

Geoffrey Alan Horne
General Director

STATEMENTS OF INCOME AND ACCUMULATED SURPLUS

Year ended 31 December 2006

STATEMENT OF INCOME	2006 BD	2005 BD
INCOME		
Licence fees	2,559,448	2,854,842
Interest income	76,275	31,758
	2,635,723	2,886,600
EXPENSES		
General and administration	1,611,532	933,754
Consultancy fees	445,456	392,145
Publicity and promotions	201,586	106,881
Directors remuneration and expenses	101,229	88,286
Depreciation	37,647	42,092
	2,397,450	1,563,158
SURPLUS FOR THE YEAR	238,273	1,323,442

STATEMENT OF ACCUMULATED SURPLUS

	Accumulated surplus BD	Reserve for commitments BD	Total BD
<i>Balance at 1 January 2005</i>	40,555	–	40,555
Surplus for the year	1,323,442	–	1,323,442
Transfer to the reserve	(266,244)	266,244	–
<i>Balance at 31 December 2005</i>	1,097,753	266,244	1,363,997
Payment to the Ministry of Finance	(1,097,753)	–	(1,097,753)
Surplus for the year	238,273	–	238,273
Net transfer to the reserve	(218,806)	218,806	–
<i>Balance at 31 December 2006</i>	19,467	485,050	504,517

STATEMENT OF CASH FLOWS

	Year ended 31 December 2006	
	2006 BD	2005 BD
OPERATING ACTIVITIES		
Surplus for the year	238,273	1,323,442
Adjustments for:		
Depreciation	37,647	42,092
Interest income	(76,275)	(31,758)
Operating surplus before working capital changes	199,645	1,333,776
Receivables and prepayments	727,535	(418,278)
Accounts payable	(712,240)	(66,265)
Accrued expenses	(345,753)	(166,698)
Licence fee application money	5,077,175	38,000
Advance received for future expenditure	–	(393,000)
Net cash from operating activities	4,946,362	327,535
INVESTING ACTIVITIES		
Deposit matured during the year	1,033,604	(33,604)
Purchase of furniture and equipment	(14,082)	(4,150)
Interest received	81,658	39,047
Payment made to Ministry of Finance	(1,097,753)	–
Net cash from investing activities	3,427	1,293
INCREASE IN CASH AND CASH EQUIVALENTS	4,949,789	328,828
Cash and cash equivalents at the beginning of the year	875,396	546,568
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,825,185	875,396

ANNEX A

Telecommunications Licenses issued to Operators as of 2006

INDIVIDUAL LICENSE FOR MOBILE TELECOMMUNICATIONS

Company	Date of Issue
MTC-Vodafone (Bahrain) B.S.C (Closed)	22 April 2003
Bahrain Telecommunications Company (Batelco) B.S.C. (Closed)	21 June 2003

INDIVIDUAL LICENSE FOR INTERNATIONAL TELECOMMUNICATIONS FACILITIES (IFL)

Company	Date of Issue
Bahrain Telecommunications Company (Batelco) B.S.C. (Closed)	21 June 2003
MTC-Vodafone (Bahrain) B.S.C (Closed)	9 May 2004
Mena Telecom W.L.L.	3 November 2004
Kasiopia NetCom-KNC (Bahrain)	27 February 2005
Viacloud W.L.L.	27 February 2005
Northstar Technology Company W.L.L.	22 March 2005
FLAG Telecom Group Limited – Bahrain (Branch Office)	20 April 2005
Nuetel Communications S.P.C.	15 May 2005
Orbit Communications Company W.L.L.	28 August 2005
Gateway Gulf Company B.S.C (Closed)	17 October 2005
Etisacom Bahrain Company W.L.L.	25 August 2006

INDIVIDUAL LICENSE FOR INTERNATIONAL TELECOMMUNICATIONS SERVICES (ISL)

Company	Date of Issue
Bahrain Telecommunications Company (Batelco) B.S.C. (Closed)	21 June 2003
MTC-Vodafone (Bahrain) B.S.C. (Closed)	1 July 2004
IMC Telecom W.L.L.	29 August 2004
Mena Telecom W.L.L.	3 November 2004
Digi Connect Co. W.L.L.	3 November 2004
2Connect	4 December 2004
Socite International De Telecommunications Aeron	13 March 2005
Etisacom (Bahrain) Company W.L.L.	19 March 2005
Northstar Technology Company W.L.L.	22 March 2005
Kalaam Telecom (Bahrain) B.S.C. (Closed)	18 April 2005
Fakhroo Information Technology Services	26 April 2005
Lightspeed Communications Services W.L.L.	26 April 2005
Kasiopia NetCom-KNC (Bahrain)	27 April 2005
Viacloud W.L.L.	27 April 2005
Business Communications Networks	11 May 2005
Nuetel Communications S.P.C.	15 May 2005
Arabian Network Information Services W.L.L.	5 June 2005
Voice Stream S.P.C.	18 June 2005
BT Solutions LTD (Bahrain Branch)	23 July 2005
Orbit Communications Company W.L.L.	28 August 2005
Star Gate Telecommunication W.L.L.	21 September 2005
Fusion Bahrain W.L.L.	25 September 2005
Access Telecommunications W.L.L.	15 October 2005
Tele Gulf W.L.L.	15 October 2005
Gateway Gulf Company B.S.C. (Closed)	17 October 2005
Allied Engineering Group W.L.L.	24 October 2005
Bahrain Broadband Co. W.L.L.	1 November 2005
EGN B.V. Equant Global Network (Foreign Branch)	15 November 2005
Swiftel International Co. W.L.L.	8 May 2006
Ascentech Technical Services	5 July 2006
Elephant Talk Bahrain W.L.L.	11 July 2006

INDIVIDUAL LICENSE FOR NATIONAL FIXED SERVICES

Company	Date of Issue
Bahrain Telecommunications Company (Batelco) B.S.C. (Closed)	21 June 2003
Lightspeed Communications W.L.L.	26 April 2005

Nuetel Communications S.P.C.	15 May 2005
2 Connect	1 August 2005
Kalaam Telecom (Bahrain) B.S.C. (Closed)	14 August 2005
Mena Telecom W.L.L.	23 January 2006
Etisacom Bahrain Company W.L.L.	15 May 2006
Elephant Talk Bahrain W.L.L.	11 July 2006

INDIVIDUAL LICENSE FOR VERY SMALL APERTURE TERMINAL (VSAT)

Company	Date of Issue
Bahrain Telecommunications Company (Batelco) B.S.C. (Closed)	21 June 2003
Bahrain Car Racing Circuit (BCRC)	14 March 2004
Gulf Aluminum Rolling Mill Co. B.S.C. (GARMCO)	9 May 2004
MTC-Vodafone (Bahrain) B.S.C. (Closed)	9 May 2004
Bahrain Petroleum Company (BAPCO)	27 October 2004
Court of Crown Prince of the Kingdom of Bahrain	20 January 2005
Bahrain Training Institute	13 March 2005
BNP Paribas	15 May 2005

INDIVIDUAL LICENSE FOR PAGING SERVICES

Company	Date of Issue
Bahrain Telecommunications Company (Batelco) B.S.C. (Closed)	21 June 2003

CLASS LICENSE FOR VALUE ADDED SERVICES (VAS)

Company	Date of Issue
Bahrain Telecommunications Company (Batelco) B.S.C. (Closed)	21 June 2003
MTC-Vodafone (Bahrain) B.S.C. (Closed)	8 August 2003
Socite International De Telecommunications Aeron	31 August 2003
Hello Bahrain W.L.L.	1 September 2003
Gateway Gulf Company B.S.C. (Closed)	25 September 2003
BT Solutions LTD (Bahrain Branch)	20 March 2004
Arabian Network Information Services W.L.L.	4 April 2004
Bahrain Call	20 June 2004
Infonet	27 June 2004
Star Telemedia	12 July 2004
Rawabi Al Bahrain Co. W.L.L.	25 October 2004
Mena Telecom W.L.L.	3 November 2004
2Connect	4 December 2004
Mobile Information Services	8 February 2005
ICOL Plus W.L.L.	15 February 2005
Etisacom (Bahrain) Company W.L.L.	19 March 2005
Northstar Technology Company W.L.L.	22 March 2005
Kalaam Telecom (Bahrain) B.S.C (Closed)	18 April 2005
Fakhroo Information Technology Services W.L.L.	19 April 2005
Lightspeed Communications W.L.L.	26 April 2005
Viacloud W.L.L.	27 April 2005
Kasiopia NetCom-KNC,(Bahrain)	27 April 2005
Business Communications Networks	11 May 2005
Nuetel Communications S.P.C.	15 May 2005
Orbit Communications Company W.L.L.	28 August 2005
Star Gate Telecommunication W.L.L.	21 September 2005
Fusion Bahrain	25 September 2005
Access Telecommunication W.L.L.	15 October 2005
Tele Gulf W.L.L.	15 October 2005
Bahrain Broadband Co. W.L.L.	1 November 2005
Media Phone Plus General Trading	7 January 2006
Smart Marketing	7 January 2006
Neema Graphics	1 February 2006
Digi Connect Co. W.L.L.	1 February 2006
Invita Company B.S.C. (Closed)	28 February 2006
Mobilink Co. W.L.L.	28 February 2006
Cellucom W.L.L.	7 May 2006

Swiftel International Co. W.L.L.	8 May 2006
Red Moon Communications S.P.C.	4 June 2006
Voice Stream S.P.C.	22 June 2006
Ascentech Technical Services	28 June 2006
Elephant Talk (Bahrain) W.L.L.	11 July 2006

INDIVIDUAL LICENSE FOR PUBLIC ACCESS MOBILE RADIO SERVICES

Company	Date of Issue
Bahrain Telecommunications Company (Batelco) B.S.C. (Closed)	21 June 2003

INTERNET EXCHANGE LICENSE

Company	Date of Issue
Bahrain Internet Exchange	14 March 2004

CLASS LICENSE FOR INTERNET SERVICES

Company	Date of Issue
Bahrain Telecommunications Company (Batelco) B.S.C. (Closed)	21 June 2003
MTC-Vodafone (Bahrain) B.S.C. (Closed)	18 August 2003
Gateway Gulf Company B.S.C. (Closed)	25 September 2003
Tasameem Est for Information Technology	29 September 2003
Arabian Network Information Services W.L.L.	4 April 2004
2Connect	6 September 2004
Mena Telecom W.L.L.	3 November 2004
Northstar Technology Company W.L.L.	22 March 2005
Kalaam Telecom (Bahrain) B.S.C (Closed)	11 May 2005
Business Communications Network	11 May 2005
Nuetel Communications S.P.C.	15 May 2005
Etisalcom (Bahrain) Company W.L.L.	26 July 2005
Orbit Communications Company W.L.L.	28 August 2005
Central Informatics Organization (CIO)	28 August 2005
Viacloud W.L.L.	21 September 2005
Lightspeed Communications W.L.L.	22 September 2005
Tele Gulf W.L.L.	18 January 2006
Voice Stream S.P.C.	22 June 2006
Elephant Talk Bahrain W.L.L.	11 July 2006
Ascentech Technical Services	1 November 2006

ANNEX B

CONSULTATIONS

Consultation

Consumer Protection Related Consultation
The possibility of issuing additional mobile licenses
2.4 GHz and 5 GHz Frequency Licensing Regulation

Date of Issue

25 January 2006
3 July 2006
9 July 2006

ANNEX C

REGULATIONS, DETERMINATIONS AND DECISIONS

No.	Regulations, Determination and orders Name	Date of Issue
Decision on Case No. 2/05	Decision regarding the merger of Viacloud Partners 2 Limited B.V.I. / Viacloud W.L.L.	18 January 2006
Determination No. 1/06	Dominance in Wholesale Markets by Batelco	22 January 2006
Decision on Case no. 1/06	Decision regarding the merger of Khayami Plastic Factory W.L.L. / Mobile Information Services W.L.L.	22 January 2006
Decision on Case No.1/05	Decision regarding the merger of BATELCO / ANIS	3 April 2006
Decision on Case No. 2/06	Decision regarding the merger of Nooraddin / Etisacom Bahrain W.L.L. / Janahi Brothers	8 May 2006
Regulation 1 of 2006	Regulation on the Light Licensing Regime for the 2.4 GHz and 5 GHz Frequency spectrum bands	30 July 2006

ANNEX D

ORDERS

Order No.

Emergency Order No.1/06
Order No. 2 of 2006
Order No. 3 of 2006

Orders

Batelco's BD 10 Broadband Package
Batelco's Reference Access Offer
Batelco's Reference Interconnection Offer

Date of Issue

14 June 2006
12 July 2006
6 August 2006

MOVING FORWARD

In order to set its objectives for the coming three years, TRA issued its Draft Work Plan 2007-2009 for comments during the first quarter of 2007. The Draft Plan was prepared taking into consideration the feedback received during comprehensive discussions with the Government, licensees, potential licensees, consumer groups (both residential and business), and the telecommunications sector as a whole, in order to determine priorities and thus develop TRA's detailed programme for 2007-2009. The plan will be reviewed at the end of each year and updated to reflect achievements as well as market changes.

The Draft Plan sets out the projects that TRA aims to carry out in the coming three years. The projects will aim to implement TRA's vision of developing the Kingdom of Bahrain into the region's most modern communications hub and to facilitate the development of the market by establishing the environment that enables sustainable competitive services, fostering competition where necessary, increasing consumer awareness, protecting basic rights of consumers, supporting the general governmental policies of national development, and further developing regulatory institutional structures in order to reflect market and technological developments.

Among the projects listed in the Draft Plan is the strategic review of the telecommunications sector in the Kingdom. One element of the review will be an assessment of the current state of competition in retail markets, and will involve identifying specific markets and the state of competition in each of these markets.

A further element of the strategic review will be the aim to understand the needs of all consumers in Bahrain, and to determine the extent to which these needs are being met and how they might be better met in the future. This part of the strategic review will involve significant market research and will contribute to the highlighting of consumer expectations for the benefit of market players, thus stimulating service improvements. The results of the market research will also contribute to the development of consumer-focused TRA policies.

