

Annual Report 2006 -2007



Information Technology Authority



“We always call for the development of human resources, their scientific capabilities, technical skills and technological expertise, in order to meet society’s urgent requirements and needs, and to provide opportunities for those resources to fully contribute to the blessed renaissance witnessed by Oman in all walks of life”.

HM Sultan Qaboos bin Said
Sultan of Oman – Royal Speech, November 2002

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Chairman's' Message

On behalf of the Board of Directors, I am delighted to present the first Annual Report of the Information Technology Authority (ITA) for the period May 2006 to the end of December 2007.

Since its establishment in 2006, ITA has strived to spearhead the implementation of Oman's Digital Strategy under the directive of the Cabinet, and I have pleasure in presenting the progress we have made in this regard.

Several key initiatives have been introduced to establish the essential infrastructure to realise eGovernment and the delivery of electronic services. Efforts have been made to build systems that are integrated in a seamless manner through a process of standardisation and mapping to unified frameworks.

Information technology has touched all our lives and is a major catalyst for both economic and social transformation in the modern world. We look forward to the increased adoption of IT by all sectors of society in such a manner that it enriches people's lives by empowering them. By the grace of Allah, we strive towards providing IT access and electronic services to everyone.

It is a high priority on our agenda to enhance the IT capacity of our youth, the educated and the employed, and we realise the need to inform the general public about the benefits of IT and the availability of electronic facilities. Although we have addressed this in the past, the forthcoming year will see increased momentum in this area.

We would like to thank His Majesty Sultan Qaboos bin Said, whose wise leadership has brought prosperity and progress to this nation in a sustainable manner. It has also given us the motivation to create a platform for reaching the full potential of the people and corporate sector by using information and communication technologies to achieve a knowledge society in the Sultanate.

The entire Board of ITA wishes to extend its gratitude to all government agencies, ITA employees and partners for their sincere and valuable contributions to the shaping of ITA and its accomplishments in the two years since its inception. We thank every one of you, and are looking forward to another year of achievements in the realisation of Oman's Digital Society.

Mohammed Nasser Al Khasibi
Chairman, ITA



Board of Directors



H.E. Mohammed Nasser Al Khasibi
Chairman, ITA
Secretary General Ministry of National Economy



H.E./ Sheikh Al Fadhel Bin Mohammed Al Harthy
Deputy Chairman, ITA
Undersecretary for Development Affairs Ministry of National Economy



H.E. Engineer /Ahmed Hassan Al Dheeb
ITA Board Member
Undersecretary for Commerce and Industry Ministry of
Commerce and Industry



H.E./Sheikh Saud Sulaiman Al Nabhani
ITA Board Member
Undersecretary for Communication
Ministry of Transport and Communication



Engineer/ Nashiah Saud Al Kharusi
ITA Board Member
Member of the Telecommunication
Regulatory Authority



Dr. Hammed Salim Al Rawahi
ITA Board Member



Dr. Salim Sultan Al Ruzaiqi
Chief Executive Officer, ITA



Summary of Important Achievements



The Information Technology Authority has realised a number of outstanding achievements during 2006 and 2007, and has executed numerous infrastructure projects for eOman to ensure integrity and create an efficient and effective state-of-the-art digital environment within the Sultanate.

The highlights of those achievements are:

- An agreement signed in June 2006 for establishing and operating a unified government electronic network. To date 121 government sites have been linked to this network, in addition to the transfer of twenty-four electronic addresses.
- An agreement signed in July 2007 for developing the government electronic services portal. The portal is expected to be launched in the near future.
- Agreements signed with MasterCard and BankMuscat to establish an electronic payment gateway, which will be officially launched in 2008.
- The contract to build the National Data Centre was awarded and this centre will ensure the safety of Government systems and related data.
- Establishment of the Authority's Information Security Centre in October 2007 in order to provide suitable protection for government information and systems.

The authority also paid attention to building national capabilities in the field of information technology and eradicating digital illiteracy. The highlights of that program are:

- The establishment of the Innovation and Support Centre to international specifications in cooperation with Microsoft, which is operating in close cooperation with other government entities.
- Completion of a pilot run of civil service employees IT Training from which 387 trainees graduated.

- Completion of a pilot run of Community IT Training from which 245 participants graduated.
- The organisation of a number of specialised information technology courses for employees of official organisations.
- eOman awareness roadshows enabled ITA to reach out to communities in Oman through information and education on the use of IT and the progress of eOman initiatives.
- A proposal for enhancing the use of computers wider and more intensively has been prepared.

In addition, the Authority offered a range of services to official organisations, and created a legislative structure that systemises electronic transactions within the Sultanate through the following initiatives:

- Specialised consultancy services to a large number of official organisations within the Sultanate.
- Publication of the standards and policies related to information technology in order to enhance usage.
- Drafting of legislations, in cooperation with specialised official bodies, to organise electronic transactions within the Sultanate.

ITA undertook education throughout all sectors of society to enhance its positive approach towards information technology. Measures were taken to encourage the acquisition of the digital literacy skills necessary for electronic communication within the community and supported participation in building Oman's Digital Society. Some highlights are:

- The launching of the first digital Oman awareness campaign, which targeted a wide range of society throughout the Sultanate.
- Participation in the Muscat and Salalah Festivals and the Comex annual exhibition in order to familiarise the public with the Digital Oman Initiative and electronic government services. Visitors were also shown the importance of information technology and the positive role it can play in everyday life.
- The organisation of a number of seminars and forums aimed at enhancing awareness of information technology, as well as high-level discussions concerning the priorities of Digital Oman.
- Participation in a number of international conferences, forums and events related to information technology.

The Authority also made alliances with strategic partners in the field of information technology:

- An agreement was signed in July 2006 for the purchase of official Microsoft licences and programs.
- A Memorandum of Understanding was signed by the authority with the Info-communications Development Authority, Singapore, for enhancing mutual cooperation in ICT-related activities.

Due to the increasing importance of magazines and publications, and the roles they play in educating wide sectors of society, the authority paid special attention to this area and undertook the following initiatives:

- Publication of the Digital Oman Society Report 2006-2007, which included wide coverage of electronic service initiatives launched by both the public and private sectors.
- The authority, in conjunction with the Oman Establishment for Press, News, Publication and Advertising, supervised issues of Digital Oman, a quarterly magazine that is considered a forum for introducing progressive electronic services, and developing and enriching awareness towards information technology developments within the Sultanate and around the world.
- The Information Technology Authority's website was launched in 2006, featuring rich content and informative details related to projects and programs carried out by ITA.

As a result of the above initiatives, Oman's regional and global IT profile became more prominent. This is reflected by the following:

- The Sultanate occupied the 84th ranking in the field of eGovernment, having moved twenty-eight points ahead according to the United Nations report.
- The Sultanate occupied the 60th place internationally on the electronic participation indicators ranking of the UN.



1: Introducing the Information Technology Authority

1. Digital Oman Strategy

The Sultanate of Oman's Economic Vision 2020 to achieve economic diversification in order to consolidate and expand the economy to be part of the global village, created a special opportunity for the creation of the Knowledge Economy of Oman through a strategic national plan.

Following a Council of Ministers' decision in 1998, the National Information Technology Committee (NITC) was established to oversee the development of the Sultanate's IT sector and to work towards the implementation of eGovernment initiatives under the Minister of National Economy. With guidance from the NITC, the IT Task Force of Oman (ITTF) developed a National IT Strategy, commonly referred to as the Digital Oman Strategy.

The Digital Oman Strategy was approved by the Cabinet of Ministers in November 2002. Subsequently an IT Executive Committee (ITEC) was formed in 2003-2006 to oversee the implementation of eGovernment and the Digital Oman Strategy. In accordance with the recommendations of the strategy, an administrative body was set up to implement the eGovernment in the Sultanate.

In line with Vision 2020, the Seventh Five-Year Development Plan (2006-2010) of the Sultanate also places emphasis on upgrading the information technology sector through implementation of the national strategy for Oman's Digital Society concentrating, in particular, on establishing the basis of eGovernment.

Oman has based its Digital Oman strategy on a vision to provide collaborative services to public and private sectors, and its people through electronic means at a low cost in order to move the Sultanate towards a knowledge-based economy and achieve sustainable development.

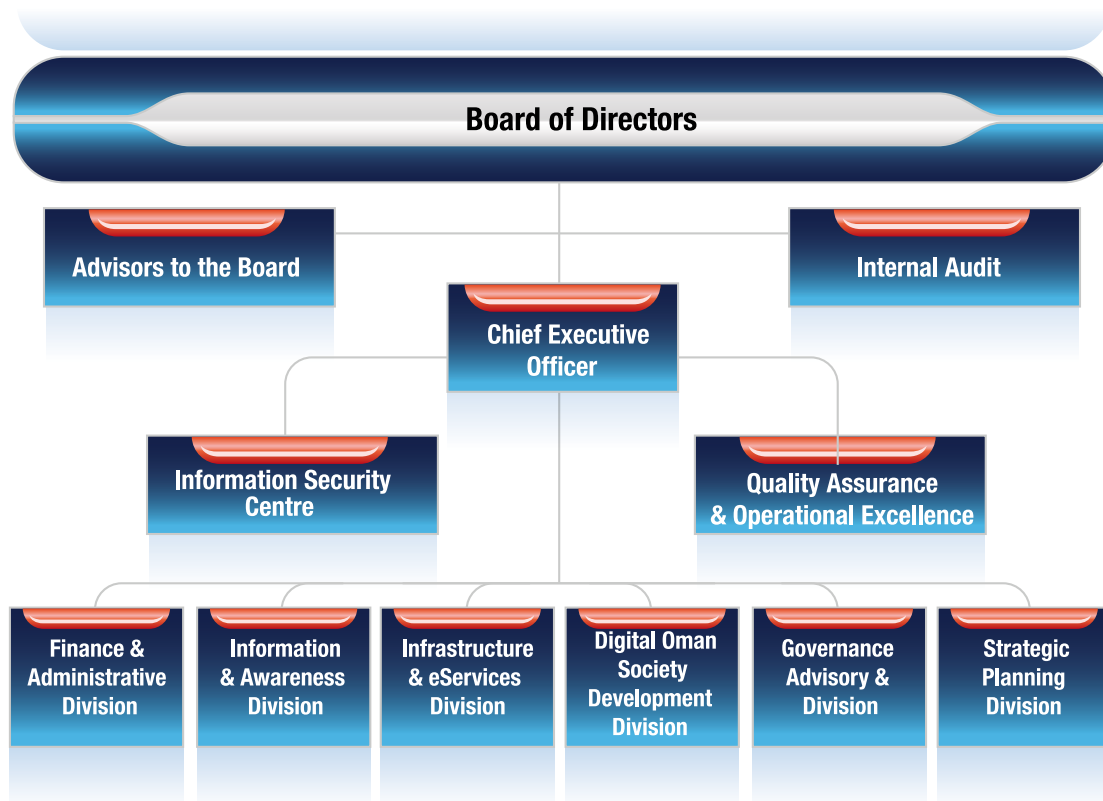
2. Foundation of the Information Technology Authority

In order to implement the National Strategy for Digital Oman Society and eGovernment, the Information Technology Authority was established by the Royal Decree No. 52/2006 issued on 31st May 2006 as a national authority with financial and administrative independence.

The Information Technology Authority is an independent government unit that is responsible for implementing the national strategy for Digital Oman Society and eGovernment, promoting information technology and communication, and supervising all infrastructure projects to enable delivery of electronic services under the framework of Digital Oman.

2.1. The Organisational Chart of the Information Technology Authority

The authority's organisational chart was approved as follows:



2.2. The Authority's Role

ITA is responsible for implementing national IT infrastructure projects and supervising all projects related to Digital Oman Strategy implementation, while providing professional and technical leadership to a range of the Sultanate's eGovernment initiatives. Royal Decree 52/2006 mandates ITA policies as follows:

- Taking the necessary action to achieve cooperation and coordination between state administrative apparatus units, the private sector and ITA with regard to IT projects for the benefit of citizens and investors.
- Carry out Digital Oman basic structure projects and supervise the implementation of information technology projects of all administrative apparatus units of State and electronic services connected therewith.
- Undertake the preparation of regulations and measures necessary to implement the rules of administrative apparatus units of State for the fulfilment of digital Oman society requirements and realisation of integration between these units to electronically deliver their services.
- Carry out the issuance of rules and procedures necessary to safeguard the Systems in case of unexpected events.
- Embark on setting up and implement information technology awareness programs to ensure publicity of electronic government services to realise the objectives of Digital Oman Society.
- Conduct periodic surveys and evaluate investments in the information technology sector to determine future needs to attract the investment of foreign capital.
- Provide consultancy and other services to State administrative apparatus units in the field of information technology.

- Supervise developmental expenditure allocated to information technology in the budgets of State administrative apparatus units in coordination with the concerned authorities.
- Approve reports and statistics related to information technology prepared by State administrative apparatus units before publication.
- Fix measures necessary to keep the information to ensure easy sharing and auditing thereof and to preserve its secrecy and the procedures connected therewith.
- Design and develop regulatory procedures and appropriate measures in the field of information technology to ensure its implementation by State administrative apparatus units.
- Prepare feasibility studies regarding tenders and consultancy services necessary to conclude information technology project contracts by State administrative apparatus units in coordination with the concerned authorities, and participate in the evaluation of offers submitted in this regard.
- Prepare a register for enlisting experts, consultants, contractors and other providers of information technology services to State administrative apparatus units who have satisfied the requirements specified by the authority.
- Follow-up and evaluation of the following:
 - Human resources plans and training of employees in the field of information technology for the purpose of developing skill and competence.
 - Performance of experts, consultants, contractors and others registered with the authority.
 - Contracts of State administrative apparatus units regarding information technology, including programs and services of international status.
 - Represent the Sultanate at international and regional conferences and forums in the field of information technology in coordination with ministries and other governmental authorities.

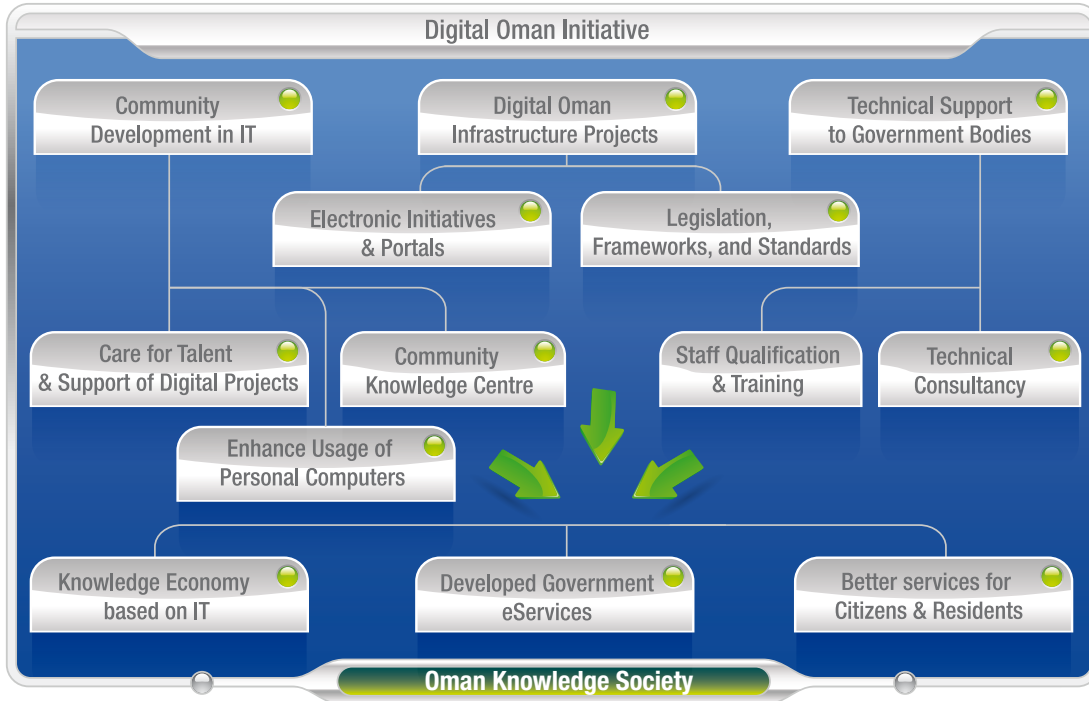
2.3. The Authority's Mission

The Information Technology Authority (ITA) is leading the implementation of eOman. eOman comprises a wide range of initiatives and services that are designed and created to electronically transform the government, improve the efficiency of government services, enhance the activities of businesses and empower individuals with skills and knowledge in order to meet society's needs and expectations and to direct Oman towards becoming a knowledge-based economy.



2.4. eOman Vision

eOman initiative embodies the vision of ITA is to transform the Sultanate of Oman into a sustainable Knowledge Society by leveraging Information and Communication Technologies to enhance government services, enrich businesses and empower individuals. Pioneering the implementation of eOman is the key mission of the Information Technology Authority (ITA).



2.5. eOman's Logo and Corporate Identity

The eOman logo inscribes the national pride with its cultural and social values through the use of colours on the Oman national flag: red, green and white. The logo caters to a global audience by using both English and Arabic names and symbols. The green letter 'Ain' is the first letter of 'Oman' in Arabic and the arc around 'eOman'



signifies the development of the whole of Oman as a knowledge society through transformation. This transformation leverages the use of ICT in all walks of life bringing about an enabled and empowered society that touches everyone's life, making it easier, more enjoyable and energising it in an evolutionary and evolving manner, as signified by the prefix 'e' in eOman. The silver outline signifies the country's shining prospects for the future as a knowledge society. The fonts chosen for the letters in the logo signify simplicity and clarity for easy readability. Through extensive marketing campaigns and other awareness initiatives, eOman's logo is now widely recognised as ITA's identity.

2.6. The Authority's Organisational Development

The continuing development of the Information Technology Authority since its inception in May 2006 has included a number of internal dimensions, in addition to sustained advances that facilitate the requirements of current and future projects.

Once the authority's business plan was accepted for the period 2007-2009, approval was granted for establishing integrated operational systems for accounts, human resources and tenders in order to ensure efficiency and effectiveness of daily operations. The authority continued recruiting specialists and experts to its staff, whose numbers increased from twenty in 2006 to seventy-six in December 2007, contributing to making Digital Oman a success and to remaining abreast of the latest developments in the fields of science and technology.

The authority cooperates with the Ministry of Finance for approving its operational budget, capital and related financial issues in order to systemise the rental of Internet lines and electronic services for official bodies. A number of seminars, training sessions and workshops for staff at various levels were organised as per the authority's business plan.



The authority completed their move from the Ministry of National Economy to their new premises in Knowledge Oasis, Muscat, and the infrastructure was prepared for them to start production and services with the completion of the second stage in October 2007. The analysis for the Internal Network Gateway Project's plan was also completed.

2.7. Enhancement and Support of Staff

A specialist consultant held a number of workshops, including facilitating the implementation (FIT) tool, a totally adjustable communication and implementation strategy that effects change through the structure of the organisation and its culture according to specific targets. These workshops assisted in acquainting staff with the authority's objectives, leading to positive results from all participants and ensuring their commitment to making changes in management and integration processes.



2.8. Staff Open Day

In order to promote a work-based achievement culture in information technology, an ITA Open Day was held at a resort in the middle of January 2007 for staff to exchange ideas and enjoy synergy-inspiring activities. The day's ambience was exciting and motivating, achieved through the sharing of the organisation's vision to enhance the performance effectiveness culture within the authority.

A number of interesting interactive sessions were held with team-building activities focusing on creative solutions. ITA staff, dressed in eOman T-shirts bearing the ITA logo, participated in the various activities enthusiastically, exhibiting inner aptitudes and demonstrating innovative initiatives. It was exciting to witness staff willingness to participate in competitions, giving relevance and meaning to the eOman logo and emphasising its relationship to the authority's vision.

The ITA Open Day was instrumental in encouraging staff to understand the direction of the authority in greater depth, to realise a balance between personal goals and the organisation's objectives, and to emphasise their personal commitment in both the short and long terms to fulfill a performance and achievement-based culture with team spirit.





2: Digital Oman Infrastructure Projects

عُمان الرقمية نحو مجتمع معرفي

Transforming Oman, Empowering You

Infrastructure initiatives are aimed at improving the basic overall IT needs within the Sultanate, and include nationwide IT requirements to interconnect government agencies, a government data centre for improved business continuity, more efficient and effective risk management, a centralised gateway to electronic services offered by government organisations through multiple channels and an ePayment gateway to enable people to make payments online through relevant multiple instruments.

1. Unified Government Network

In June 2006 an agreement was signed with the Oman Telecommunications Company (Omantel) to build and operate a convergent government network that connects a range of government organisations across the Sultanate. The network employs state-of-the-art technologies to deliver a reliable and efficient service. Prior to signing of the agreement, a pilot implementation was undertaken by the Information Technology Authority and Omantel involving approximately thirty different sites across four official bodies. Approximately 121 sites have currently been linked to the Unified Government Network, and IP address migration for twenty-four organisations has been completed.



2. Government Electronic Services Portal

This portal is considered the main electronic gateway for obtaining governmental electronic services and information through the Internet. An agreement was signed in July 2007 for developing the portal with local company GBM and NCS of Singapore in July 2007 and a project office was established for this initiative. A number of services and supporting elements will be implemented in the portal, allowing provision for more flexible and comprehensive electronic services, including electronic forms, which clients can download and complete to access electronic services from government entities. Access to electronic government services will be limited to the Internet in the first phase but will subsequently be available through mobile and interactive phones. The Electronic Services Development project aims to facilitate the successful implementation of the portal through identification, ordering and prioritisation of electronic services.

Since the agreement for eGovernment services was signed, employees working within the Development Team prepared for its implementation, which became effective in April 2007. The project administrative office was established in October 2007 and Stage One of the project began in November 2007. Its development progress is advancing on schedule, and the launch of the Portal is expected in the near future.



3. The ePayment Portal

The Information Technology Authority signed agreements with MasterCard and BankMuscat for the execution of an ePayment portal, which will be officially launched during the year 2008, providing an electronic infrastructure that facilitates ePayments through the Internet.

The portal supports the provision of electronic services to the public and assists the private sector in entering the world of ecommerce. The ePayment portal provides more efficient electronic transactions, and easy payment of electronic transactions within the country. The ePayment portal also allows commercial establishments within Oman to display and sell their products to customers worldwide through the Internet.



The specifications of the ePayment portal were completed in September 2007 and the system was tested with three organisations.

4. The National Data Centre

ITA signed an agreement with Mideast Data Systems (MDS) for the establishment of the National Data Centre (DC) in the first quarter of 2008. The initiative was put in place to provide a multi-tenant Tier 4 data centre for government IT departments to backup their systems, thus achieving improved business continuity for a range of IT systems. This achieves redundancy at all stages and is intended to be third-party certified for maximum availability. It is also designed to integrate seamlessly within the government network, effectively positioning it as a service available on that network.

The Data Centre will establish a secure common facility for housing government IT systems with a professionally setup infrastructure with Tier 4 availability. The centre will address the current lack of a reliable infrastructure to house critical government IT systems and will sustain the required mission criticality level. It also addresses the need for a disaster recovery strategy that has, to date, been absent in almost all government IT systems. The centre will also feature the requisite environment in which to house ITA-led IT initiatives such as the eServices Portal, Security Infrastructure, the ePayment gateway and public key infrastructures.



5. The National Security Centre

In October 2007, ITA signed up with an international security provider to establish a national security centre to deliver adequate IT protection to all government entities. This project includes the training of approximately twenty Omani engineers to operate and manage the centre and provide professional security consultancy services to all government agencies. The National Security Centre project contract was awarded in October 2007 and staffing of this centre is currently underway. The project supplies security to the unified government network, and provides the equipment necessary to public sector organisations linked to the network.



3: Capacity Building of Human Resources



It is important to educate the community and equip them with digital literacy skills in order to enable the successful adoption and delivery of eServices. Major efforts in this area were directed towards building national capabilities in the field of information technology and to erase digital illiteracy. Three main projects emerged out of this vision:

1. A project to equip Omanis with highly specialised IT skills through the Innovation and Support Centre of ITA, as well as other channels.
2. A civil service staff information technology training project.
3. A community information technology training project.

1. Launch of the Innovation and Support Centre

The Innovation and Support Centre (ISC), established by ITA, was the first government initiative of its kind in the Arab world, and offers technical support as well as innovative solutions for electronic projects and the training of Omanis in digital innovation and excellence. The centre was established in association with the Microsoft Corporation, housing consultants who work with a local team to identify, design and implement innovative new solutions for the benefit of the Government of Oman.

The centre works to international specifications as a cooperative project between the Information Technology Authority and Microsoft, and offers highly specialised technical support services to government organisations, providing them with the latest software tools, techniques and innovative solutions for electronic service projects. It also offers standardised training programs to talented Omani youths in the field of digital technology. The centre plays a prominent role in transferring knowledge and skills in modern digital applications from the international markets to the local market, and promotes the efficient use of





software technology. It is working towards building national expertise in the IT field through training young Omanis so that they are able to qualify in their chosen field, promoting the development of the local employment market and enhancing continued efforts to build an advanced IT environment within the Sultanate of Oman.

The Innovation and Support Centre houses a technical support unit with a Call Centre that can be accessed by electronic means, such as the Internet (website: www.isc.gov.om) or through a telephone help line (call number: 24166777). Field visits to official premises can also be arranged. The centre appointed fourteen qualified Omani engineers during its preparatory stage, which lasted for four months, under supervision of specialists and advisors from Microsoft. The centre has evaluated fourteen official organisations and held more than ten specialised training workshops and programs in building exchange and messaging systems. It has provided solutions to more than ninety incidents from government entities and the Technical Support Team has managed nine different projects for official bodies and provided technical and strategic consultancy to a number of government authorities, as well as specialised training to over one hundred civil servants.

The ITA plans to develop the Innovation and Support Centre as a centre of international excellence in IT that will play a prominent role in creating a bright future for young Omanis through its high-quality training programs, as well as opening up new horizons for employment while supporting productivity enhancement in both public and private institutions.

The center operates at very professional standards and continuously offers training programs. Highly specialised experts from Microsoft conduct these training programs. They focus on improving the skill of the Omani civil employees and increase their technical networking opportunities. The Innovation and Support Center thus works to build capacity within the public sector and create a national workforce of skilled IT employees.



2. The Project for Training Civil Service Employees in IT

Eradicating digital illiteracy requires the acquisition of basic IT skills, such as an ability to deal with numbers and use digital technology, communication tools and networks in order to access information and electronic services. The Civil Service employees' training program aims to provide digital literacy training to 93,000 employees from government organisations during the period 2008 to 2011. The pilot stage of the project was executed in January 2007 when four hundred employees from Ministry of Interior, Ministry of Justice, Ministry of Health and Ministry of Regional Municipalities and Water Resources received training in Muscat, Nizwa and Sohar. In total, 387 trainees graduated in December 2007 and were awarded the Computer and Internet International Certificate, in addition to the Cambridge Diploma in Information Technology Skills. The professional-standard programs enjoy wide international recognition. The pilot stage of the project was useful in determining the best methodology for the implementation of the primary stage of the project, which is scheduled to begin during the last quarter of 2008.



3. The Project for Training Communities in IT

Through the implementation of the Community Training Program, the authority aims to develop and upgrade the IT skills of individuals within the community, their awareness of digital transactions and acquaint them with the opportunities and benefits available in the sphere of information technology.

The Community Training Program is considered a main pillar for erasing digital illiteracy, and the authority aims to build Community Knowledge Centres in a number of areas in Oman that offer distinctive training programs and an integrated syllabus to eradicate digital illiteracy by offering free or low-cost education in computer and Internet studies.

The authority implemented the pilot stage of Community IT Training (CITT) in cooperation with Microsoft and the Dhofar Municipality as part of Khareef Festival in 2007. In its first Phase, 245 candidates completed the training and graduated. The CITT project aims to provide information and communication technology training opportunities to the people of Oman in order for them to fully participate in a digital, knowledge-based society.



4. Specialised IT Certifications

In order to provide specialised IT training to all government employees engaged in IT positions, a number of specialised training courses, such as Microsoft Certified Systems Engineer (MCSE), Microsoft Certified Systems Administrator (MCSA), Microsoft Certified Solution Developer (MCSA) and Microsoft Certified Database Administrator (MCDBA) were offered. Through the pilot program, ninety-eight civil employees were tested from which nineteen underwent the MCSA training and fifteen were certified by Microsoft. Approximately a further 116 IT professionals will be trained and opportunities will be offered to new graduates. In April 2007, ITA delivered a specialised training course to fifteen civil servants in the IT field in order to qualify them for taking responsibility in information security in their own official work places.



Further specialised training programs and information seminars were organised in association with technology partners such as Gartner, Microsoft, Adobe, Mideast Data Systems, Oracle, CISCO and BSI Management Systems.

5. The Initiative for Enhancing Personal Computer Usage

Preliminary consultancy negotiations have been completed for the National Initiative for Enhancing the Usage of Personal Computers within Oman, which will be launched in 2008.





4: Consultancy Services and Governance

1. Consultancy Services

The ITA assists a range of government organisations in evaluating and implementing IT investments and eService initiatives. In the past two years it has offered a number of advisory services to different government entities ranging from assessing investment proposals, studying and analysing functional requirements, developing requests for proposals and performing vendor evaluation, as well as other consultancy services. Four workshops were organised on security and governance awareness, and the authority participated in a number of regional and international meetings.

The authority delivered the following consultancy services:

- Organisation Chart for the IT Department, Ministry of Environment and Climate Affairs
- Salary Transfer System, Ministry of Civil Service
- Decision Support System — The Cabinet
- Evaluation of IT Infrastructure, Dhofar Municipality
- Technical Consultancy, Ministry of Agriculture
- Upgrade of IT Infrastructure, Ministry of Commerce and Industry
- The One Station Project, Ministry of Commerce and Industry
- Evaluation of Data Centre Proposal, Ministry of Environment and Climate Affairs
- Data Centre Proposal Application, Ministry of Environment and Climate Affairs
- Information Technology Work Plan, Ministry of Environment and Climate Affairs
- Document Management System, Evaluation of Offers, Ministry of Sports Affairs
- Data Centre and Office Automation, Document Authorities
- Implementation of Statistic Projects through the Internet — Ministry of National Economy
- Invoice Payment Services Integration, Oman Investment and Finance Co.

- Data Retrieval — Ministry of Commerce and Industry
- Information Technology Strategy — Scientific Research Council
- Electronic Educational Portal — Ministry of Education
- National Statistic System, Ministry of National Economy, Ministry of Education and Ministry of Health.
- Document Management System, Ministry of Justice
- Offer Evaluation, Ministry of Heritage and Culture
- Execution of IT Management System, Ministry of Education
- Electronic Offer of Tenders, Tender Board.

2. IT Governance Services

As part of the IT governance services initiative, ITA aims to ensure that implementation and operation of initiatives, projects and IT systems are aligned with ITA's strategies and objectives by establishing a best-practices IT governance framework in the industry. ITA is working towards defining and producing different standards and guidelines for adoption by ITA, other government entities and government third party IT services providers.



3. Electronic Transaction Law

Oman's Digital Society initiatives require substantial legal protection in the use of ICT for official and personal communications and transactions. To increase the trust that citizens and businesses have in electronic transactions, ITA has initiated the formulation of eLegislation for these services in Oman.

The new eLaw, which will be introduced in the near future, addresses key issues such as validity of eTransactions, intellectual property protection, taxation and data protection, legal recognition for electronic signatures, admissibility and evidential value of data messages, electronic payment validity, jurisdictional matters, issues of electronic messaging and protection for privacy and security.



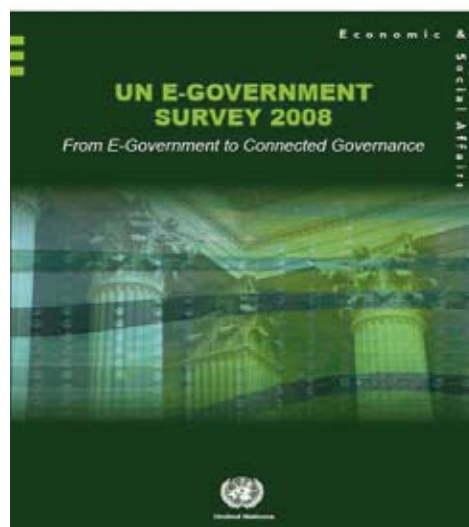
5: The Sultanate's Development in eGovernment Services

The Sultanate Readiness for eGovernment

Oman holds 84th position in the United Nation's eGovernment Readiness Report 2008 on their eGovernment readiness index of 0.4691 . The report ranks countries by eGovernment development, and Oman has advanced by twenty-eight points in 2008 from 112th position in 2005. The rise reflects the pace of progress to build an ICT infrastructure, offer electronic services and build capacity within the country to harness the power of technology.

The eReadiness index comprises three indices, namely the Web Measure Index, the Infrastructure Index and the Human Capital Index. Oman ranks 60th in the eParticipation Index (out of 192 countries) with an index value of 0.2045, and this is the result of government websites offering information on policies and programs, budgets, laws and regulations, as well as other briefs of key public interest. eParticipation index measures for dissemination of information exist for access and use of public information, including web forums, email lists, newsgroups and chat rooms. Oman has several public sector organisations that use emails and SMS services to reach people with updates on services and other relevant information.

The considerable leap in ranking also signifies the acceleration of eGovernance-related activities spurred by the public and the private sectors of the Sultanate. There is a move to automate business processes and re-engineer current processes in order to deliver services through modern means that can be easily accessed by the public. eOman has delivered an impressive boost in the way public sector organisations reach out to people with information, interaction and higher levels of awareness.





6: e0man Awareness Programs

1. eOman Awareness Campaign

Empowering the people of Oman with information communication technology skills is seen as one of the main pillars in the IT strategy for Oman. Key projects were launched as digital literacy campaigns for the public sector as well as members of the community.

The implementation of the strategy addresses bridging the digital divide between the technology-enabled and the other sectors of society, and towards this end eOman pinpointed a range of focus groups in a number of towns during the first phase of the eOman Roadshow and conducted both IT awareness programs as well as digital literacy campaigns. Following the launch of eOman in the capital, several roadshows were organised in different regions of Oman and a road map created that would reach all Oman's major towns, including Muscat, Sohar, Ibri, Nizwa, Salalah, Khasab, Buraimi and Sur, between May 2006 and February 2007. Details of the roadshow are tabulated below:

Region of the Sultanate	Estimated Number attending the Roadshow Launch	Estimated Participants in Morning & Evening Sessions	Estimated Total Participation
Muscat Governorate	700	250	950
Al Batinah - Sohar	400	1906	2306
Adh Dhahirah - Ibri	200	748	948
Ad Dakhiliyah - Nizwa	200	2055	2255
Dhofar Governorate - Salalah	250	1935	2185
Musandam Governorate - Khasab	130	784	814
Buraimi Governorate - Buraimi	167	650	817
A'Sharqiyah - Sur	250	700	950
Total Participants			11,225

Awareness activities under the umbrella of eOman have been expanded to present the status of ongoing eGovernment projects, as well as government services that are currently offered either through the ministry's website or by other electronic means. Important events, such as COMEX and the Salalah Khareef Festival, present unique opportunities to reach out to the public and deliver eOman messages in a customised manner to focus groups within the target audience. The public have expressed their appreciation of such events and shown a keen interest in expanding their knowledge and skills to integrate into a digital society.





2. Events Galore

ITA has been active in participating in several major IT-related events in Oman and the region. Their main focus has been to bring about a higher level of awareness within the community at large about the vision of eOman, and to showcase its major milestones and achievements.

A list of key events ITA has participated and/or organised during 2006-2007 appears below:

- IT Corporate Challenge 2006
- Regional Conference with US Trade Development Agency
- International Information Society Day – 2006 and 2007
- Big Business Idea Competition 2006
- IT Security Seminars and Workshops 2006 and 2007
- Adobe Workshop 2007
- Cisco Expo 2007 Forum May 2007
- IT Prodigy Challenge 2006
- Oman Web Awards 2006 and 2007
- COMEX 2007 (ITA won the best Public Sector Initiative at COMEX 2007)
- ArabTelsat Conference and Exhibition 2007
- GCC eGovernment Services Conference 2007
- Arab Children's Culture Festival 2007
- Salalah Khareef Festival 2007
- Oman Singapore ICT Business Forum
- ISACA – ASIA CACS International Conference





7: Seminars and Forums

1. Information Security Seminar

The Information Technology Authority organised a security forum for representatives of the public sector in September 2006 with the aim of raising the bar for the ambitious capacity building program held for security practitioners within government entities. Information held within the government network is a valuable asset and information exchange through electronic networks mandates a high level of security, and ITA aims to build this competency by creating appropriate opportunities to expand the knowledge base and enhance the skill set.

The security forum organised by ITA marked the beginning of the creation of 'Information Security Practitioners (ISPs)' by walking them through a maturity process in the form of formal training sessions and workshops for the future. ISPs are looked upon as champions in propagating the philosophy of information security within the multiple layers of their organisation, and they are empowered with the requisite knowledge to secure information systems to world-class security standards such as the ISO27001.

2. ITA Executive Roundtable Forum

An Executive Roundtable Forum was organised by ITA to discuss ongoing Oman Digital Future initiatives. ITA board members and senior staff members participated, and a select group of ICT sector experts from the region attended the forum. The forum created a platform for ICT pioneers and experts to address attendees on their global experiences and share their opinions on undertaking partnerships within the industry in order to achieve a prosperous and sustainable ICT sector in Oman. It also provided a basis for ITA to undertake appropriate action to drive Oman's Digital Future programs forward.





8: Areas of Cooperation

ITA has undertaken several collaborative efforts with both international and local companies to accelerate its efforts for the creation of a knowledge society in Oman, and several key agreements have been signed.

1. Agreement with Microsoft

The Government of Oman, represented by ITA, signed a three-year agreement with Microsoft on the 2nd July 2006. The agreement was signed by H.E. Mohammed Nasser Al Khasibi, Secretary General of the Ministry of National Economy and Chairman of the Board of Directors of the Information Technology Authority. The agreement will enable the government to procure licenses to facilitate the use of Microsoft Desktop Products, and they will invest 6.5 million Omani Riyals in this program, which initially covered the use of the licensed products for 22,500 desktops across a range of government organisations. The number has now increased to 26,998 after an additional 4,498 Microsoft desktop and server licenses were later procured in response to additional license requirements. This initiative encourages the adoption and use of licensed software within government agencies and discourages the use of invalid or pirated software, thus protecting Intellectual Property Rights within the Sultanate.

2. Memorandum of Understanding Signed with IDA, Singapore

A Memorandum of Understanding was signed between the Information Technology Authority and the Info-communications Development Authority of Singapore (IDA) under the auspices of H.E. Ahmed Abdul-Nabi Macki, Minister of National Economy and H.E. Dr. LEE Boon Yang, Minister for Information, Communications and Arts (MICA), Singapore. The MoU aims to strengthen the bilateral relationship between the two countries and promote the exchange of information and experience on ICT matters. It also recommends companies based in Oman and/or Singapore to implement specific ICT projects.





9: Electronic Magazines and Publications



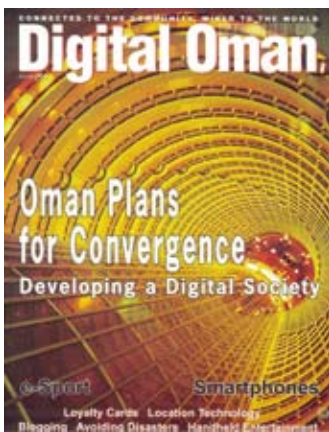
1. Publications

In a move to reach wider audiences with key messages and updates on eOman projects, the ITA has released several publications. The Oman Digital Society Report 2006-07 includes wide coverage of eService initiatives from the public as well as the private sector. The structure of the report was based on the UN-World Summit for Information Society's Plan of Action.

eOman has given a special emphasis on the way public sector organisations reach out to the public with information, interaction and enhanced levels of awareness. ITA's quarterly magazine Digital Oman, published in association with the Oman Establishment for Press, Publication and Advertising, creates a forum in which the range of eServices offered by several ministries and technology solutions provided by the private sector are highlighted. This unique Omani ICT magazine regularly features a 'Who's Who' of the IT and telecommunications industry, and interviews with technology experts. During the period 2006-07 eight issues of the magazine were published and an online survey was conducted through the ITA website to obtain feedback from readers in order to enhance the quality of the magazine.



ITA sponsored the 'Young Innovator Competition' for students of government schools throughout the Sultanate of Oman. The competition was held in conjunction with the first Children's Cultural Festival and aims to encourage digital creativity among children in the areas of website design, Photoshop design, and Flash and PowerPoint presentations.



2. ITA Website

ITA's website was launched in 2006, at the same time as the corporate identity of eOman. This content-rich website is updated frequently with news and press releases, along with downloadable informative content in the Document Library. For special events, such as the Muscat Festival, Khareef Festival and the Information Society Day celebrations, exclusive feature sections are added to the website. The ITA website also currently hosts soft copies of the Digital Oman magazine in Adobe-pdf format.





A

10. Financial Statements
Report and financial statements
for the period since inception,
31 May 2006 to 31 December 2006

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**Independent auditor's report
to the members of
Information Technology Authority**

We have audited the accompanying financial statements of the Information Technology Authority, which comprise of balance sheet as at 31 December 2006 and the statement of receipts and expenses, statement of changes in equity and statement of cash flows for the period since inception, 31 May 2006 to 31 December 2006 and a summary of significant accounting policies and other explanatory notes as set out on pages 54 to 61.

Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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 circumstance.

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 of 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 judgment, including the assessment of the risks of material misstatements of the financial statements. In making those risk assessments; the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion, the financial statements, present fairly, in all material respects, the financial position of the Information Technology Authority as of 31 December 2006, and of its financial performance and its cash flows for the period since inception, 31 May 2006 to 31 December 2006 in accordance with International Financial Reporting Standards.

Deloitte & Touche (M.E.)
Muscat, Sultanate of Oman
16 April 2007

Balance sheet
at 31 December 2006

	Notes	2006 RO
ASSETS		
Non-current assets		
Intangible asset	4	5,408,654
Property and equipment	5	71,975
Capital assets in progress	6	<u>280,296</u>
		<u>5,760,925</u>
Current assets		
Receivables		7,500
Cash and cash equivalents	7	<u>1,572,205</u>
		<u>1,579,705</u>
Total assets		<u>7,340,630</u>
EQUITY AND LIABILITIES		
Equity		
Retained surplus	8	<u>2,320,650</u>
Liabilities		
Non-current liabilities	4	2,158,486
End of service benefits		2,585
Current liabilities	9	<u>2,858,909</u>
		<u>5,019,980</u>
Total equity and liabilities		<u>7,340,630</u>



Chairman and Member



Chief Executive Officer

The accompanying notes form an integral part of these financial statements.

Statement of receipts and expenses
for the period since inception, 31 May 2006 to 31 December 2006

	Notes	31 May 2006 to 31 December 2006
Receipts		
Contributions from Ministry of Finance	10	4,612,564
Other income		<u>13,501</u>
		<u>4,626,065</u>
Expenses		
Salaries and employee related costs	11	449,417
Marketing expenses	12	85,303
Maintenance cost	13	306,698
Consultancy costs	14	281,283
General and administrative expenses	15	79,642
Amortization of intangible asset	4	1,081,731
Depreciation of property and equipment	5	<u>8,819</u>
		<u>2,292,893</u>
Surplus for the period		<u>2,333,172</u>

Statement of changes in equity
for the period since inception, 31 May 2006 to 31 December 2006

	Retained surplus RO
Balance at 31 May 2006	-
Net deficit transfer (note 1)	(12,522)
Surplus for the period	<u>2,333,172</u>
Balance at 31 December 2006	<u><u>2,320,650</u></u>

Statement of cash flows
for the period since inception, 31 May 2006 to 31 December 2006

	31 May 2006 to 31 December 2006 RO
Operating activities	
Cash receipts	4,626,065
Cash paid to employees and other suppliers	<u>(647,160)</u>
Net cash from operating activities	3,978,905
Investing activities	
Purchase of property and equipment	(49,500)
Payment of capital assets in progress	(200,991)
Payment for intangibles	<u>(2,168,437)</u>
Net cash used in investing activities	<u>(2,418,928)</u>
Net change in cash and cash equivalents	1,559,977
Cash and cash at the beginning of the period (note 1)	12,228
Cash and cash equivalents at end of the period	<u>1,572,205</u>

1. Activities

Information Technology Authority (“the Authority”) was set up by the Royal Decree 52/2006 promulgated on the 31st May 2006 with the objective to

- Transform the Sultanate into a knowledge – based economy for achievement of social and economical benefits to the Omani society.
- Assist Government units in implementing IT projects.
- Implement National IT infrastructure projects and supervise all projects related to eOman Strategy implementation.
- Prepare regulations and implement measures necessary for the fulfillment of digital Oman society requirements and realization of integration for electronic service delivery.

The address of its registered office is P O Box 1807, Postal Code 130 Al Athaibah, Sultanate of Oman.

On 31 May 2006, assets and liabilities of erstwhile ITTS (Information Technology Technical Secretariat) were transferred to the Authority. The net deficit taken over by the Authority amounted to RO 12,522.

2. Adoption of new and revised International Financial Reporting Standards (IFRS)

For the period ended 31 December 2006, the Authority has adopted all of the new and revised standards and interpretations issued by the International Accounting Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for period beginning on 31 May 2006.

The adoption of these standards and interpretations has not resulted in changes to the Authority’s accounting policies and has not affected the amounts reported for the current period.

At the date of authorization of these financial statements, the following standards and interpretations were in issue but not yet effective:

	Effective for annual period beginning or after
IFRS 7 Financial instruments : Disclosures	1 January 2007
IFRIC 7 Applying the Restatement Approach under IAS 29, Financial reporting in hyperinflationary economies	1 March 2006
IFRIC 8 Scope of IFRS 2	1 May 2006
IFRIC 9 Reassessment of Embedded Derivatives	1 June 2006
IFRIC 10 Interim Financial Reporting and Impairment	1 March 2006

The management anticipates that the adoption of the above standards and interpretations in future periods will have no material impact on the financial statements of the Authority.

3. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and the requirement of the Commercial Companies Law of 1974 as amended.

Basis of preparation

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

Significant Accounting Policies

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

Revenue recognition

Contributions from Ministry of Finance are recognized according to the cash calls raised by the Authority during the concerned period.

The other income represents the receipts against the issuance of tenders.

Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset.

Financing costs

Financing costs comprise interest payable on any financial transactions and foreign exchange gains and losses.

Intangible assets

Costs relating to licences are capitalised and amortised on a straight-line basis over the period of the licence.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Borrowing costs relating to fixed assets are capitalised up to the date the related asset is put to commercial use. Where an item of property and equipment comprises major components, having different useful lives it is accounted for as a separate item of property and equipment.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the statement of receipts and expenses as an expense as incurred. Normal maintenance and repairs are charged to statement of receipts and expenses as and when incurred.

Depreciation is charged to the statement of receipts and expenses on a straight-line basis over the estimated useful lives of the asset. Freehold land and capital work-in-progress is not depreciated.

Full depreciation is charged for the month in which asset is put in use and no depreciation is charged for the month in which asset is sold.

The estimated useful lives are as follows:	Years
• Furniture & fixtures	4
• Motor vehicles	4
• Office equipment	3
• Hardware and terminals	3

Gains and losses on disposals of property and equipment are determined by reference to their carrying amounts and taken into account in determining operating profit.

Capital assets in progress

Capital assets in progress are stated at cost. When capitalized, these are transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Authority's policy.

Impairment

Financial assets

As at each balance sheet date, the Authority assesses whether there is any objective evidence indicating impairment of financial assets or irrecoverability of receivables, if any.

An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognized in the statement of receipts and expenses. 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

As at each balance sheet date, the Authority assesses whether there is any indication of impairment of non-financial assets. If an indication exists, the Authority estimates the recoverable amount of the asset and recognizes an impairment loss in statement of receipts and expenses. The Authority also assesses whether 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 recognized immediately in the statement of receipts and expenses.

Employees' benefits

Payments to a defined contribution retirement benefit scheme (Omani Government Social Security Scheme for Omani employees) are charged as expense as they fall due.

Employee entitlements to annual leave and leave passage are recognized 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 balance sheet date.

End of service benefits for expatriate's employees are accrued and accounted for as per Oman Labour Law.

Cash and cash equivalents

Cash and cash equivalent represents all cash and bank balances with a maturity of three months or less from the date of placement.

Income tax

The Authority is exempt from the income tax as per the provisions of the Income Tax Ordinance.

Foreign currencies

Functional and presentation currency

Items included in the Authority's financial statements are measured using Rials Omani which is the currency of the primary economic environment in which the Authority operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Rial Omani at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognized in the statement of receipts and expenses.

Financial liabilities

All financial liabilities are initially measured at cost and are subsequently measured at amortized cost.

Account payables and accruals

All goods or services received during the period, whether billed or not to the Authority, are recognized as liabilities.

Provisions

A provision is recognized in the balance sheet where 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Estimates and judgments

In preparing the financial statements, the members are required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and related disclosures. The use of available information and application of judgment based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates. The significant estimate in the preparation of these financial statements is primarily in respect of income to be recovered in respect of expenses and useful life of property and equipment.

4. Intangible asset

	2006 RO
Licence and trade marks	6,490,385
Amortization during the period	<u>(1,081,731)</u>
	<u>5,408,654</u>

In accordance with the agreement dated 27 June 2006, the Authority acquired licence for Microsoft products for a period of three years. Cost of acquisition is amortised over the period of the licence.

Liability relating to acquisition of the licence is stated below:

	2006 RO
Cost of acquisition	6,490,385
Paid during the period	<u>(2,168,437)</u>
Total amount outstanding	4,321,948
Less : current portion due within one year (note 9)	<u>2,163,462</u>
Non-current portion due after one year	<u>2,158,486</u>

In accordance with the agreement with International Information Technology Co. LLC, Microsoft Large Account Reseller and Microsoft Gold Certified Partner (MS LAR) is required to reinvest an amount of US \$ 1,920,083 per annum for a period of three years in respect of implementation of the ICT programs and initiatives or any other approved activities. Each annual installment should be utilised during the year for which it is allocated. Funds that have not been allocated or utilised within one year can be carried over to the next year. However, no funds can be carried over beyond the three year duration of the agreement. No funds were utilised from MS LAR during the current period.

5. Property and equipment

	Furniture and fixtures	Motor vehicles	Office equipment	Hardware and terminals	Total
	RO	RO	RO	RO	RO
Cost					
Transfer at 31 May 2006 (Note 1)	4,375	6,250	8,477	19,696	38,798
Additions	-	47,900	-	1,600	49,500
At 31 December 2006	<u>4,375</u>	<u>54,150</u>	<u>8,477</u>	<u>21,296</u>	<u>88,298</u>
Accumulated Depreciation					
Transfer at 31 May 2006 (Note 1)	1,641	911	1,231	3,721	7,504
Charge for the period	638	2,659	1,648	3,874	8,819
At 31 December 2006	<u>2,279</u>	<u>3,570</u>	<u>2,879</u>	<u>7,595</u>	<u>16,323</u>
Carrying value 31 December 2006	<u>2,096</u>	<u>50,580</u>	<u>5,598</u>	<u>13,701</u>	<u>71,975</u>

6. Capital assets in progress

	2006 RO
Office automation	159,344
e-payment gateway	79,342
ITA data centre	26,110
Ubar portal project	<u>15,500</u>
	<u>280,296</u>

7. Cash and cash equivalents

	2006 RO
Cash in hand	290
Bank balances	
Current accounts	<u>1,571,915</u>
	<u>1,572,205</u>

8. Retained surplus

This represents the accumulated surplus of receipts over expenses of the Authority from the period since inception, 31 May 2006 to 31 December 2006.

9. Current liabilities

	2006 RO
Current portion of liability relating to acquisition of licence (note 4)	2,163,462
Accrued expenses	671,782
Provision for civil services	<u>23,665</u>
	<u>2,858,909</u>

10. Contribution from Ministry of Finance

This represents contributions from Ministry of Finance recognized according to the cash calls raised by the Authority during the concerned period.

11. Salaries and employee related costs

	31 May 2006 to 31 December 2006 RO
Local staff	
Basic salaries	173,573
Standard allowances	46,414
Staff bonus	<u>27,588</u>
	247,575
Expatriates	
Basic salaries	62,536
Standard allowances	15,590
Staff bonus	<u>11,408</u>
	89,534
Authority's contributions for Employee Civil Services	17,030
End of service benefits	2,585
Medical expenses	7,595
Training costs	5,868
Travel allowances	36,230
Others	<u>43,000</u>
	<u>449,417</u>

12. Marketing expenses

Advertising expenses	42,735
Giveaways and others	<u>42,568</u>
	<u>85,303</u>

13. Maintenance cost

Network maintenance	138,000
Software support and maintenance	<u>168,698</u>
	<u>306,698</u>

14. Consultancy costs

**31 May 2006 to 31
December 2006
RO**

Information security and e-Government	185,406
Standard and integration	43,452
Administration and finance	21,968
Human resources	21,357
IT training	9,100
	281,283

15. General and administrative expenses

General office expenses	31,193
Traveling expenses	13,703
Seminars and workshops	14,906
Vehicles expenses	4,090
Legal expenses	9,000
Professional services	6,750
	79,642

16. Commitments

As on 31 December 2006 the Authority had outstanding commitments of RO 5 million.

17. Accounting period

The current accounting period represents the initial accounting period from the date of inception, 31 May 2006 to 31 December 2006.

18. Comparative information

The Authority does not have any comparative for previous year as this is first year of its operations.

19. Approval of financial statements

The financial statements were approved by the Members and authorised for issue on 16 April 2007.



B

10. Financial Statements
Report and financial statements
for the year ended 31 December 2007

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**to the members of
Information Technology Authority**

We have audited the accompanying financial statements of the Information Technology Authority, which comprise of the balance sheet as at 31 December 2007 and the statement of receipts and expenses, statement of changes in equity and cash flows statement for the year ended 31 December 2007 and a summary of significant accounting policies and other explanatory notes as set out on pages 3 to 22.

Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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 circumstance.

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 of 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 judgment, including the assessment of the risks of material misstatements of the financial statements. In making those risk assessments the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Information Technology Authority as of 31 December 2007, and of its financial performance and its cash flows for the year ended 31 December 2007 in accordance with International Financial Reporting Standards.

Deloitte & Touche (M.E.)
Muscat, Sultanate of Oman
22nd June 2008

at 31 December 2007

	Notes	2007 RO	2006 RO
ASSETS			
Non-current assets			
Intangible asset	4	3,252,354	5,408,654
Property and equipment	5	328,377	71,975
Capital assets in progress	6	<u>874,675</u>	<u>280,296</u>
Total non-current assets		<u>4,455,406</u>	<u>5,760,925</u>
Current assets			
Trade and other receivables	7	7,081,111	7,500
Cash and cash equivalents	8	<u>635,904</u>	<u>1,572,205</u>
Total current assets		<u>7,717,015</u>	<u>1,579,705</u>
Total assets		<u>12,172,421</u>	<u>7,340,630</u>
EQUITY AND LIABILITIES			
Equity			
Retained surplus	9	<u>5,592,549</u>	<u>2,320,650</u>
Non current liabilities			
Long term liabilities	4	-	2,158,486
End of service benefits		<u>10,924</u>	<u>2,585</u>
Total non current liabilities		<u>10,924</u>	<u>2,161,071</u>
Current liabilities			
Unearned revenue	4	930,269	-
Trade and other payables	10	<u>5,638,680</u>	<u>2,858,909</u>
Total current liabilities		<u>6,568,949</u>	<u>2,858,909</u>
Total equity and liabilities		<u>12,172,421</u>	<u>7,340,630</u>



Chairman and Member



Chief Executive Officer

Statement of receipts and expenses
for the year ended 31 December 2007

	Notes	From 1 January 2007 to 31 December 2007 RO	From 31 May 2006 to 31 December 2006 RO
Receipts			
Contributions from Ministry of Finance	11	7,948,220	4,612,564
Reinvestment revenue	4	559,715	-
Other income	12	<u>91,526</u>	<u>13,501</u>
Total receipts		<u>8,599,461</u>	<u>4,626,065</u>
Expenses			
Reinvestment cost	4	559,715	-
Amortization of intangible asset	4	2,163,462	1,081,731
Depreciation of property and equipment	5	67,412	8,819
Salaries and employee related costs	13	1,318,072	449,417
Marketing expenses	14	102,693	85,303
Maintenance cost	15	304,791	306,698
Consultancy costs	16	343,198	281,283
General and administrative expenses	17	<u>468,219</u>	<u>79,642</u>
Total expenses		<u>5,327,562</u>	<u>2,292,893</u>
Surplus for the year / period		<u>3,271,899</u>	<u>2,333,172</u>

Statement of changes in equity
for the year ended 31 December 2007

	Retained surplus RO
Balance at 31 May 2006	-
Net deficit transfer (note 1)	(12,522)
Surplus for the period	<u>2,333,172</u>
Balance at 1 January 2007	2,320,650
Surplus for the year	<u>3,271,899</u>
Balance at 31 December 2007	<u>5,592,549</u>

Cash flows Statement
for the year ended 31 December 2007

	From 1 January 2007 to 31 December 2007 RO	From 31 May 2006 to 31 December 2006 RO
Operating activities		
Cash receipts	7,365,471	4,626,065
Cash paid to employees and other suppliers net of receipts	<u>(5,307,998)</u>	<u>(647,160)</u>
Net cash from operating activities	<u>2,057,473</u>	<u>3,978,905</u>
Investing activities		
Purchase of property and equipment	(323,814)	(49,500)
Payment of capital assets in progress	(499,336)	(200,991)
Payment for intangibles	<u>(2,170,624)</u>	<u>(2,168,437)</u>
Net cash used in investing activities	<u>(2,993,774)</u>	<u>(2,418,928)</u>
Net change in cash and cash equivalents	(936,301)	1,559,977
Cash and cash equivalents at the beginning of the year / period	<u>1,572,205</u>	<u>12,228</u>
Cash and cash equivalents at end of the year / period	<u>635,904</u>	<u>1,572,205</u>

The accompanying notes form an integral part of these financial statements.

1. General

Information Technology Authority (“the Authority”) was set up by the Royal Decree 52/2006 promulgated on 31 May 2006 with the objective to:

- Transform the Sultanate of Oman into a knowledge – based economy for achievement of social and economical benefits to the Omani society.
- Assist Government units in implementing IT projects.
- Implement National IT infrastructure projects and supervise all projects related to eOman Strategy implementation.
- Prepare regulations and implement measures necessary for the fulfillment of digital Oman society requirements and realization of integration for electronic service delivery.

The address of its registered office is P O Box 1807, Postal Code 130 Al Athaibah, Sultanate of Oman.

On 31 May 2006, assets and liabilities of erstwhile ITTS (Information Technology Technical Secretariat) were transferred to the Authority. The net deficit taken over by the Authority amounted to RO 12,522.

2. Adoption of new and revised International Financial Reporting Standards (IFRS)

For the year ended 31 December 2007, the Authority has adopted all of the new and revised standards and interpretations issued by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January, 2007.

The adoption of these standards and interpretations has not resulted in changes to the Authority’s accounting policies and has not affected the amounts reported for the current year.

At the date of authorization of these financial statements, the following standards and interpretations were in issue but not yet effective:

	Effective for annual period beginning or after
IFRIC 11 : IFRS 2: Group and Treasury Share Transactions	1 March 2007
IFRIC 12 : Service Concession Arrangements	1 January 2008
IFRIC 13 : Customer Loyalty Programmes	1 July 2008
IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008
IFRS 2 : (Revised) Share-based Payment	1 January 2009
IFRS 8 : Operating Segments	1 January 2009
IAS 1 : (Revised) Presentation of Financial Statements	1 January 2009
IAS 23 : (Revised) Borrowing Costs	1 January 2009
IAS 32 : (Revised) Financial Instruments : Presentation	1 January 2009
IFRS 3 : (Revised) Business Combinations	1 July 2009
IAS 27 : (Revised) Consolidated and Separate Financial Statements	1 July 2009
IAS 28 : (Revised) Investment in Associates	1 July 2009
IAS 31 : (Revised) Interests in Joint Ventures	1 July 2009

The management anticipates that the adoption of the above standards and interpretations in future periods will have no material impact on the financial statements of the Authority.

3. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and the requirement of the Commercial Companies Law of 1974 as amended.

Basis of preparation

The financial statements have been prepared on the historical cost basis modified to include certain financial assets and financial liabilities at fair value.

Significant Accounting Policies

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

Revenue recognition

Contributions from Ministry of Finance (MOF) are recognized on the following basis:

- Contribution against general and administrative expenses are recognized according to approved budget by MOF during the concerned period,
- Contribution against capital expenditures are recognized according to the cash calls raised by the Authority.

Interest income is recognized in the statement of receipts and expenses as it accrues, taking into account the effective yield on the asset.

All other income is recognised on accrual basis.

Financing costs

Financing costs comprise interest payable on any financial transactions and foreign exchange gains and losses.

Intangible assets

Costs relating to licences are capitalised and amortised on a straight-line basis over the period of the licence.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Borrowing costs relating to fixed assets are capitalised up to the date the related asset is put to commercial use. Where an item of property and equipment comprises major components, having different useful lives it is accounted for as a separate item of property and equipment.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits

embodied in the item of property and equipment. All other expenditure is recognized in the statement of receipts and expenses as an expense as incurred. Normal maintenance and repairs are charged to statement of receipts and expenses as and when incurred.

Depreciation is charged to the statement of receipts and expenses on a straight-line basis over the estimated useful lives of the asset. Freehold land and capital assets in progress are not depreciated.

Full depreciation is charged for the month in which asset is put in use and no depreciation is charged for the month in which asset is sold.

The estimated useful lives are as follows:

	Years
Furniture and fixtures	4
Motor vehicles	4
Office equipment	3
Hardware and terminals	3

Gains and losses on disposals of property and equipment are determined by reference to their carrying amounts and taken into account in determining operating profit.

Capital assets in progress

Capital assets in progress are stated at cost. When capitalized, these are transferred to the appropriate property and equipment category and depreciated in accordance with the Authority's policy.

Impairment

Financial assets

At each balance sheet date, the Authority assesses whether there is any objective evidence indicating impairment of financial assets or irrecoverability of receivables, if any.

An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognized in the statement of receipts and expenses. 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 each balance sheet date, the Authority assesses whether there is any indication of impairment of non-financial assets. If an indication exists, the Authority estimates the recoverable amount of the asset and recognizes an impairment loss in statement of receipts and expenses. The Authority also assesses whether 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 recognized immediately in the statement of receipts and expenses.

Employees' benefits

Payments to a defined contribution retirement benefit scheme (Omani Government Social Security Scheme for Omani employees) are charged as expense as they fall due.

Employee entitlements to annual leave and leave passage are recognized 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 balance sheet date.

End of service benefits for expatriate employees are accrued and accounted for as per Oman Labour Law.

Cash and cash equivalents

Cash and cash equivalents represents all cash and bank balances with a maturity of three months or less from the date of placement.

Income tax

The Authority is exempt from income tax.

Foreign currencies

Functional and presentation currency

Items included in the Authority's financial statements are measured using Rials Omani which is the currency of the primary economic environment in which the Authority operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Rials Omani at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognized in the statement of receipts and expenses.

Financial liabilities

All financial liabilities are initially measured at cost and are subsequently measured at amortized cost.

Account payables and accruals

All goods or services received during the year, whether billed or not to the Authority, are recognized as liabilities.

Provisions

A provision is recognized in the balance sheet where 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Estimates and judgments

In preparing the financial statements, the members are required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and related disclosures. The use of available information and application of judgment based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates. The significant estimate in the preparation of these financial statements is primarily in respect of income to be recovered in respect of expenses and useful life of property and equipment.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives 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.

4. Intangible asset

	2007	2006
	RO	RO
(a) Cost		
License and trade marks		
Opening balance	6,490,385	6,490,385
Software purchased during the year	<u>7,162</u>	<u>-</u>
Closing balance	<u>6,497,547</u>	<u>6,490,385</u>
Amortization		
Opening balance	(1,081,731)	-
Amortization during the year/period	<u>(2,163,462)</u>	<u>(1,081,731)</u>
Closing balance	<u>(3,245,193)</u>	<u>(1,081,731)</u>
Carrying amount		
Closing balance	<u>3,252,354</u>	<u>5,408,654</u>

Cost includes license costs of RO 6,490,385 acquired from Microsoft for products for a period of three years. Cost of acquisition is amortized over the period of the license in accordance with the agreement dated 27 June 2006.

(b) Liability relating to acquisition of the license is stated below:

	2007	2006
	RO	RO
Cost of acquisition	4,321,948	6,490,385
Paid during the year/period	<u>(2,163,462)</u>	<u>(2,168,437)</u>
Total amount outstanding	2,158,486	4,321,948
Less : current portion due within one year (note 10)	<u>2,158,486</u>	<u>2,163,462</u>
Non-current portion due after one year	<u>-</u>	<u>2,158,486</u>

In accordance with the agreement with International Information Technology Co. LLC, Microsoft Large Account Reseller and Microsoft Gold Certified Partner (MS LAR) is required to reinvest an amount of US \$ 1,920,083 per annum for a period of three years in respect of implementation of the ICT programs and initiatives or any other approved activities. Reinvestment installment due is initially taken to unearned revenue and transferred to revenue to the extent of expenditures incurred. Funds that have not been allocated or utilized within one year can be carried over to the next year. However, no funds can be carried over beyond the three year duration of the agreement.

(c) Movement in unearned revenue is as follows :

	2007	2006
	RO	RO
Unearned revenue booked during the year	1,489,984	-
Less: Transferred to income	<u>(559,715)</u>	<u>-</u>
Closing balance	<u>930,269</u>	<u>-</u>

5. Property and equipment

	Furniture and fixtures RO	Motor vehicles RO	Office equipment RO	Hardware and terminals RO	Total RO
Cost					
Transfer at 31 May 2006	4,375	6,250	8,477	19,696	38,798
Additions	<u>-</u>	<u>47,900</u>	<u>-</u>	<u>1,600</u>	<u>49,500</u>
At 31 December 2006	4,375	54,150	8,477	21,296	88,298
Additions	<u>266,342</u>	<u>25,900</u>	<u>7,666</u>	<u>23,906</u>	<u>323,814</u>
At 31 December 2007	<u>270,717</u>	<u>80,050</u>	<u>16,143</u>	<u>45,202</u>	<u>412,112</u>
Depreciation					
Transfer at 31 May 2006	1,641	911	1,231	3,721	7,504
Charge for the period	<u>638</u>	<u>2,659</u>	<u>1,648</u>	<u>3,874</u>	<u>8,819</u>
At 31 December 2006	2,279	3,570	2,879	7,595	16,323
Charge for the year	<u>31,824</u>	<u>18,934</u>	<u>4,517</u>	<u>12,137</u>	<u>67,412</u>
At 31 December 2007	<u>34,103</u>	<u>22,504</u>	<u>7,396</u>	<u>19,732</u>	<u>83,735</u>
Carrying amount					
31 December 2007	<u>236,614</u>	<u>57,546</u>	<u>8,747</u>	<u>25,470</u>	<u>328,377</u>
31 December 2006	<u>2,096</u>	<u>50,580</u>	<u>5,598</u>	<u>13,701</u>	<u>71,975</u>

6. Capital assets in progress

	2007	2006
	RO	RO
Office automation	592,939	159,344
E-payment gateway	94,853	79,342
ITA data centre	139,573	26,110
Ubar portal project	<u>47,310</u>	<u>15,500</u>
	<u>874,675</u>	<u>280,296</u>

7. Trade and other receivables

Receivable from Ministry of Finance against:		
General and administrative expenses	1,393,384	-
Leased line and internet	2,372,125	-
Government network	24,699	-
Advance to suppliers	2,537,390	-
Prepayments	568	-
Other receivables	<u>752,945</u>	<u>7,500</u>
	<u>7,081,111</u>	<u>7,500</u>

During the year the Government, vide circular No. 8/2006 effective January 1, 2007, has instructed the Authority that payments to Oman Telecommunication Company SAOG (Omantel) against leased lines and internet related to all the Ministries shall be routed through the Authority. Subsequently, it was similarly decided to also route the payments related to the use of governmental networks (MPLS). Accordingly, the Authority has booked the liability related to leased lines and MPLS with a corresponding asset, in the form of receivable from Ministry of Finance, to match that liability. As the arrangement is only to route payments through Authority the activities are not reflected in statement of receipts and expenses.

Other receivables include RO 744,992 due from Microsoft against reinvestment cost.

8. Cash and cash equivalents

	2007	2006
	RO	RO
Cash in hand	379	290
Bank balances		
Current accounts	<u>635,525</u>	<u>1,571,915</u>
	<u>635,904</u>	<u>1,572,205</u>

9. Retained surplus

This represents the accumulated surplus of receipts over expenses of the Authority from the period since inception, 31 May 2006 to 31 December 2007.

10. Trade and other payables

	2007	2006
	RO	RO
Current portion of liability relating to acquisition of Licence {note 4 (b)}	2,158,486	2,163,462
Liability against leased lines and internet (note 7)	2,372,125	-
Liability against government network (note 7)	24,699	-
Creditors	721,757	-
Accrued expenses	333,087	671,782
Provision for civil services	14,398	23,665
Other payables	<u>14,127</u>	<u>-</u>
	<u>5,638,680</u>	<u>2,858,909</u>

11. Contributions from Ministry of Finance

This represents contributions from Ministry of Finance recognized according to the policy adopted by the Authority.

12. Other income

	From 1 January 2007 to 31 December 2007	From 31 May 2006 to 31 December 2006
	RO	RO
Interest income – net	36,373	-
Reversal of previous year liability	21,000	-
Other income	<u>34,153</u>	<u>13,501</u>
	<u>91,526</u>	<u>13,501</u>

13. Salaries and employee related costs

	From 1 January 2007 to 31 December 2007 RO	From 31 May 2006 to 31 December 2006 RO
Local staff		
Basic salaries	590,226	173,573
Standard allowances	147,588	46,414
Staff bonus	<u>55,509</u>	<u>27,588</u>
	<u>793,323</u>	<u>247,575</u>
Expatriates		
Basic salaries	211,996	62,536
Standard allowances	50,835	15,590
Staff bonus	<u>23,790</u>	<u>11,408</u>
	<u>286,621</u>	<u>89,534</u>
Authority's contributions for Employee Civil Services	90,895	17,030
End of service benefits	8,339	2,585
Medical expenses	31,821	7,595
Training costs	26,603	5,868
Travel allowances	72,729	36,230
Others	<u>7,741</u>	<u>43,000</u>
	<u>1,318,072</u>	<u>449,417</u>

14. Marketing expenses

Advertising expenses	87,328	42,735
Giveaways and others	<u>15,365</u>	<u>42,568</u>
	<u>102,693</u>	<u>85,303</u>

15. Maintenance costs

Network maintenance	2,535	138,000
Software support and maintenance	<u>302,256</u>	<u>168,698</u>
	<u>304,791</u>	<u>306,698</u>

16. Consultancy costs

	From 1 January 2007 to 31 December 2007 RO	From 31 May 2006 to 31 December 2006 RO
Information security and e-Government	239,438	185,406
Standard and integration	23,263	43,452
Administration and finance	19,522	21,968
Human resources	29,704	21,357
IT training	<u>31,271</u>	<u>9,100</u>
	<u>343,198</u>	<u>281,283</u>

17. General and administrative expenses

General office expenses	176,753	31,193
Traveling expenses	54,332	13,703
Rent expenses	182,910	-
Seminars and workshops	12,223	14,906
Vehicles expenses	4,264	4,090
Legal expenses	31,909	9,000
Professional services	<u>5,828</u>	<u>6,750</u>
	<u>468,219</u>	<u>79,642</u>

18. Financial risk management

Financial instruments carried on the balance sheet comprise cash and cash equivalents, trade receivables and trade and other payables.

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial risk factors

Overview

The Authority has exposure to the following risks from its use of financial instruments:

- **Credit risk**
- **Liquidity risk**
- **Market risk**

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Authority's financial performance.

(i) 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.

Trade and other receivables

The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each party. All major parties are based in the Sultanate of Oman.

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

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

- Government receivables
- Others

The potential risk in respect of amounts receivables is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt. There is no credit risk in respect of receivable from Government.

The Authority establishes an allowance for doubtful debts that represents its estimate of potential losses in respect of trade and other receivables. The main components of this loss are a specific loss component that relates to individual exposures and a collective loss component established for similar assets in respect of any potential losses that may have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the balance sheet date was on account of:

	2007		2006
	RO		RO
Other receivables	752,945		7,500
Cash and cash equivalents	635,525		1,571,915
	1,388,470		1,579,415

The exposure to credit risk for trade receivables at the balance sheet date by type of customer was:

	2007	2006
	RO	RO
Microsoft - reinvestment cost	744,992	-
Other customers	7,953	7,500
	752,945	7,500

(a) The age of trade receivables and related allowance of doubtful debt at the balance sheet date was:

	2007		2006	
	Gross	Impairment	Gross	Impairment
	RO	RO	RO	RO
Not past due	752,945	-	7,500	-
Past due 90 - 180 days	-	-	-	-
Past due 181 - 365 days	-	-	-	-
More than 1 year	-	-	-	-
	752,945	-	7,500	-

(ii) 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, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Typically, the Authority ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Authority has access to credit facilities.

31 December 2007

	Carrying amount RO	6 months or less RO	6 - 12 months RO	1 - 2 years RO	More than 2 years RO
Trade and other payables	5,638,680	3,480,195	2,158,486	-	-

31 December 2006

Trade and other payables	2,858,909	695,447	2,163,462	-	-
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(iii) Market risk

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

Foreign currency risk

The Authority's functional and presentation currency is Rial Omani and the Authority's performance is substantially independent of changes in foreign currency rates. There are no significant financial instruments denominated in foreign currency and consequently foreign currency risk is not significant.

19. Commitments

As on 31 December 2007 the Authority had outstanding commitments of RO 16,930,000.

20. Comparative information

Prior period figures are not necessarily comparable to the current year's figure since the activities of the Authority was not fully started last year. Furthermore, the prior period financial statements are prepared for the period from 31 May, 2006 to 31 December, 2006 as compared to the current year's figure which are for twelve months.

21. Approval of financial statements

The financial statements were approved by the Members and authorised for issue on 22nd June 2008.