

**Report on the Management and Organization of Oman
Telecommunications Company SAOG**

First: Principles and Foundations of Organization

The Oman Telecommunications Company SAOG (Omantel) is committed to the highest standards of the Code of Corporate Governance. In pursuit of this goal, the company has applied the various principles of the Code of Corporate Governance with regard to the appointment of members of the Board of Directors, ensuring the adequacy and efficiency of Internal Controls in all aspects of the Company's operations and transparency in all business dealings.

Second: Disclosure Policy:

The company is committed to CMA's standards and guidelines on disclosure of material information.

Third: Board of Directors:

1) Composition of the Board of Directors:

The Board of Directors of the Company is composed of seven members, five of them representing the government share, among them the Board Chairman. The other two members were elected by the private sector shareholders at the General Meeting held on 1 September 2005. The make-up of the Board is now in the following order:

Name of Board Member	Date of Appointment/ Election	Membership Duration	Position	Type of Representation	Membership of other Committees	Membership of Boards of other Joint Stock Companies
H.E Saud bin Nasser Al-Shaikili	22/10/2005	3 Years	Board Chairman	Independent, representing Govt. Share	-	-
H.E Mohammed bin Nasser Al-Rasbi	22/10/2005	3 Years	Deputy Chairman	Independent, representing Govt. Share	1	-
H.E Sheikh Saud bin Suleiman Al-Nabhani	22/10/2005	3 Years	Member	Independent, representing Govt. Share	-	-
H.E Eng. Sultan bin Hamdoun Al-Harthy	22/10/2005	3 Years	Member	Independent, representing Govt. Share	1	-
Mr. Mehdi bin Mohammed Jawad Al-'Abdwani	22/10/2005	3 Years	Member	Independent, representing Govt. Share	2	3
Mr. Saud bin Ahmed Al-Nahari	1/9/2005	3 Years	Member	Independent & Shareholder	2	2
Mr. Abdullah bin Masoud Al-	1/9/2005	3 Years	Member	Independent &	1	3

Harthy				Shareholder		
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2- Procedures and Conditions for the Selection of Board Members:

The appointment of the members of the Company's Board of Directors representing the government share shall be subject to the same procedures followed in the appointment of board members representing the government share in other companies. As for members of the Board representing the private sector, they will be elected at the General Meeting by following the procedures laid down in the Commercial Companies Law and the Executing Decisions.

3- Meetings of the Board of Directors:

The Board of Directors held nine meetings during the period (1/1/2006 – 31/12/2006). These were in the following order:

Srl	Name	Number of Meetings & Dates Held								
		1 7/03/06	2 13/5/06	3 28/5/06	4 20/6/06	5 6/8/06	6 17/9/06	7 30/10/06	8 12/11/06	9 10/12/06
1	H.E Saud bin Nasser Al-Shaikili	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	H.E Mohammed bin Nasser Al-Rasbi	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
3	H.E Sheikh Saud bin Suleiman Al-Nabhani	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	H.E Eng. Sultan bin Hamdoun Al-Harthy	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
5	Mr. Mehdi bin Mohammed Jawad Al-'Abdwani	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Mr. Saud bin Ahmed Al-Nahari	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	Mr. Abdullah bin Masoud Al-Harthy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Fourth: The Committees stemming from the Board of Directors:

The Audit Committee:

A) Committee Composition:

The Audit Committee held 8 meeting during 2006. These were in the following order:

Srl	Name	Number of Meetings & Dates Held							
		1 29/1/06	2 4/3/06	3 17/4/06	4 8/5/06	5 5/8/06	6 1/11/06	7 8/11/06	8 11/11/06
1	Mr. Mehdi bin Mohammed Jawad Al-'Abdwani	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Mr. Saud bin Ahmed Al-Nahari	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
3	Mr. Abdullah bin Masoud Al-Harthy	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes

B) :The Committee's Terms of Reference:

The tasks of the Audit Committee consist of those stipulated by the Charter for the management and governance of joint stock companies and the relevant decisions issued by the Capital Market Authority (CMA). These can be summarized as follows:

- To approve the names of external auditors, their fees and terms and conditions of work, and to submit their appointment recommendations to the Board of Directors for presentation at the Company's General Meeting.
- To ensure the appropriateness and adequacy of the Company's internal control systems.
- To supervise the functioning of internal audit by reviewing the audit plan and studying the reports of internal auditors.
- To act as a focal point between the Board of Directors and each of the External Auditors and Internal Audit.
- To review the audit plan of the External Auditors and results of the audit and to ensure that the External Auditors has been allowed full access to all the relevant documents required to carry out the assigned tasks.
- To check any instances of financial fraud or forgery that take place through presentation of fictitious figures in financial statements. Also, to put in place appropriate control measures that ensure the existence of sound accounting policies and principles which reflects the real financial position of the Company.
- To supervise the preparation of financial data, including the review of quarterly and yearly financial statements before being issued.
- To review risk management policies and the reasons for defaults in settling the company's liabilities, if any.
- Review transactions and business dealings which the Company intends to enter into with related parties, and to submit appropriate recommendations on them to the Board of Directors.

The Executive Committee:

A. Committee Composition:

The Executive Committee held 8 meeting during 2006. These were in the following order:

Srl	Name	Number of Meetings & Dates Held							
		1 9/4/06	2 15/4/06	3 6/5/06	4 1/7/06	5 4/9/06	6 9/10/06	7 6/11/06	8 5/12/06
1	H.E Mohammed bin Nasser Al-Rasbi	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	H.E Eng. Sultan bin Hamdoun Al-Harthy	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
3	Mr. Mehdi bin Mohammed Jawad Al-'Abdwani	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Mr. Saud bin Ahmed Al-Nahari	Yes	Yes	Yes	Yes	No	Yes	No	Yes

B. The Committee’s Terms of Reference:

- To review the Company's business plan.
- To study the Company's annual budget and submit their recommendations to the Board.
- To study and approve new tariffs.
- To study and approve the proposed changes to company policies.
- To take action on the matters submitted by the Board or Chairman of the Board.
- To take an action on urgent matters submitted by Company's CEO and which fall within the committee's authority.
- To decide on matters that require Board approval.

Fifth: Remunerations

Fees for attending the meetings of the Board of Directors and the committees stemming from it are paid in the following manner:

Meetings of the Board of Directors:

Chairman and Members RO 500

Meetings of the Committees stemming from the Board:

Chairman and Committee Members RO 400

1) The following table shows the details of the financial allocations paid to members of the Board of Directors during 2006:

Details	Amount in RO
Total fees paid to members of the Board of Directors for attending the meetings of the Board of Directors , Internal Audit Committee and the Executive Committee.	RO 43,100
Total proposed remuneration to members of the Board of Directors for the financial year end 31/12/2006.	

3) All work contracts are in conformity with the requirements of the Omani Labour Law.

Sixth: Details of Non-compliance by the Company;

The Board is pleased to confirm that there were no penalties imposed by the CMA or MSM.

Seventh: Channels and Methods of Communication with Shareholders and Investors:

- The Company's quarterly financial reports are published in the local newspapers and are also sent by the Internet to the website of the Capital Market Authority. In addition, the shareholders are notified of the details of the financial results by sending them to the shareholders at their request.
- The Company has a website on the Internet which includes the Company's profile and the services offered by it. This website is constantly updated.
- The report of the Company's management and governance constitutes a part of its Annual Report.

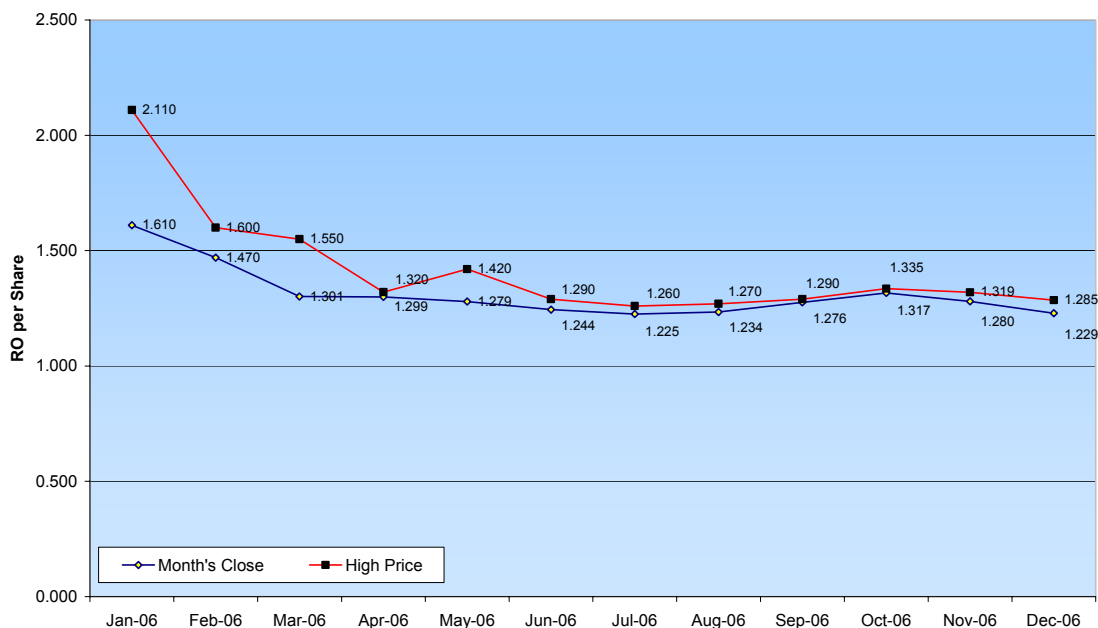
Eight: Details of Market Shares:

A) Details of Prices for Traded Company Shares:

Following are the details of the Company's shares traded on the Muscat Securities Market (MSM):

Month		Highest Share Price	Lowest Share Price
January	2006	2.110	1.570
February	2006	1.600	1.360
March	2006	1.550	1.251
April	2006	1.320	1.150
May	2006	1.420	1.260
June	2006	1.290	1.240
July	2006	1.260	1.094
August	2006	1.270	1.150
September	2006	1.290	1.191
October	2006	1.335	1.257
November	2006	1.319	1.268
December	2006	1.285	1.226

Omantel share price movement - Year 2006



B) Comparison of Share Price with Market Performance:

Month 2006	Volume of MSM Trading (in RO Million)	Volume of Omantel Shares Trading (in RO Million)	Percentage Representing Omantel Share Trading Volume
January	124.83	20.97	17%
February	79.39	22.18	28%
March	85.14	15.62	18%
April	61.92	12.32	20%
May	103.63	11.27	11%
June	59.11	6.57	11%
July	38.02	6.36	17%
August	47.01	6.51	14%
September	101.83	7.99	8%
October	82.14	8.13	10%
November	49.43	6.82	14%
December	60.72	5.95	10%

C) The Company does not have any securities or financial instruments transferable to shares issued to the general public or investment establishments or any segment of investors.

D) The Board of Directors and the Audit Committee continuously study operating policies and business-related risks from time to time and then take appropriate measures pertaining to such policies.

Ninth: Distribution of Company Shares Ownership:

The following table illustrates the distribution of ownership of the Company's shares:

Sl	Number of Shares	No. of Shareholders
1	1 – 500	26896

2	501 – 1000	12326
3	1001 – 5000	12985
4	5001 – 10000	831
5	10001 – 15000	338
6	15001 – 20000	149
7	20001 – 50000	305
8	50001 – 800000	230
9	800001 – 1000000	19
10	1000001 – 1500000	7
11	1500001 -	21
Total		54107

Ninth: Professional Background of External Auditor: