



# Investor Presentation

June 30, 2009

A wonderful world



## Disclaimer

Certain expectations and projections regarding future performance of the company referenced in this presentation may be “forward-looking” statements within the meaning of applicable securities laws and regulations.

These are statements which the management believes are true at the time of their preparation based on available data and information and are subject to certain future events and uncertainties, that could cause actual results to differ materially from those anticipated in these forward-looking statements.



# Becoming a Global Telecoms Player

## Who we are now

- Zain is an emerging telecoms player operating in **24 countries** in the Middle East and Africa, serving over **69.5 million** active customers
- The company is the leading mobile telecom operator in **14** of its markets, while 5 are in second position
- **Revenues: US\$ 4,014 million; EBITDA: US\$ 1,769 million; Net Income: US\$ 534 million** in H1-2009

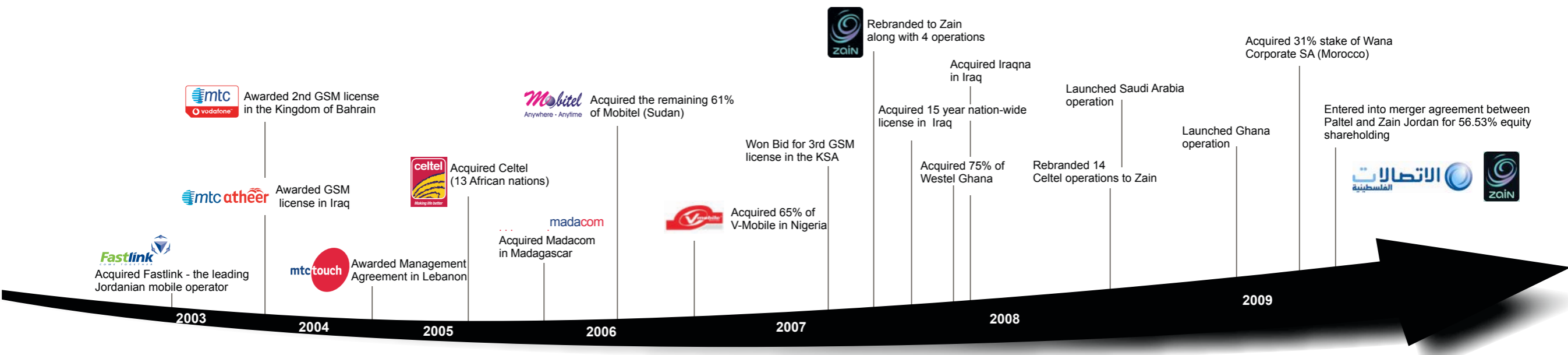
## Strategic Objectives by 2011

- Become one of the **top 10** mobile telecommunications companies in the world
- **US\$ 6 billion** in EBITDA
- Reach a customer base of **150 million**
- Become a truly multinational organization and management team



# Zain's Historical Growth

## From a National Player to an Emerging Markets Leader



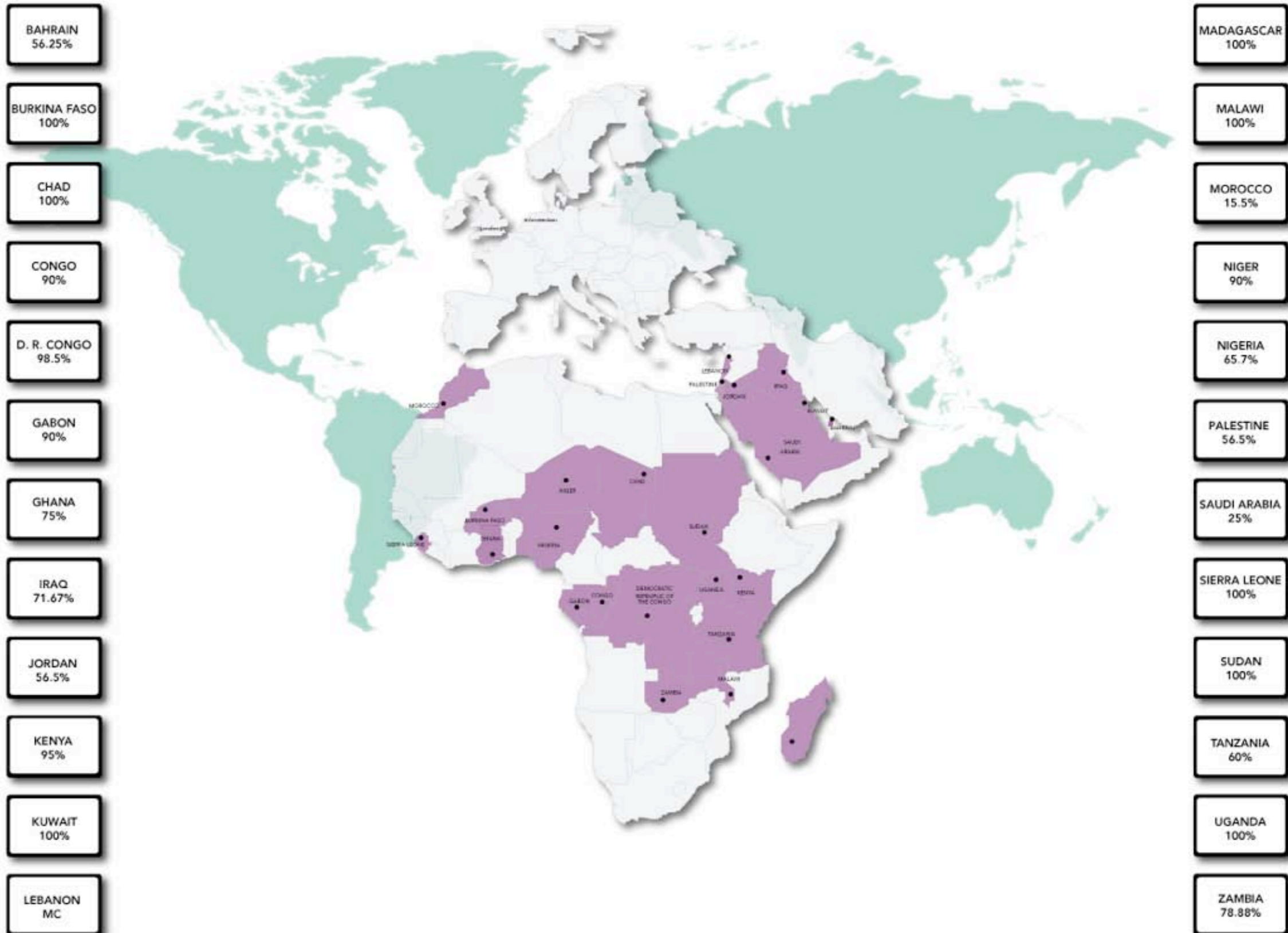
\* MTC Atheer & Iraqna jointly operate under the Zain brand





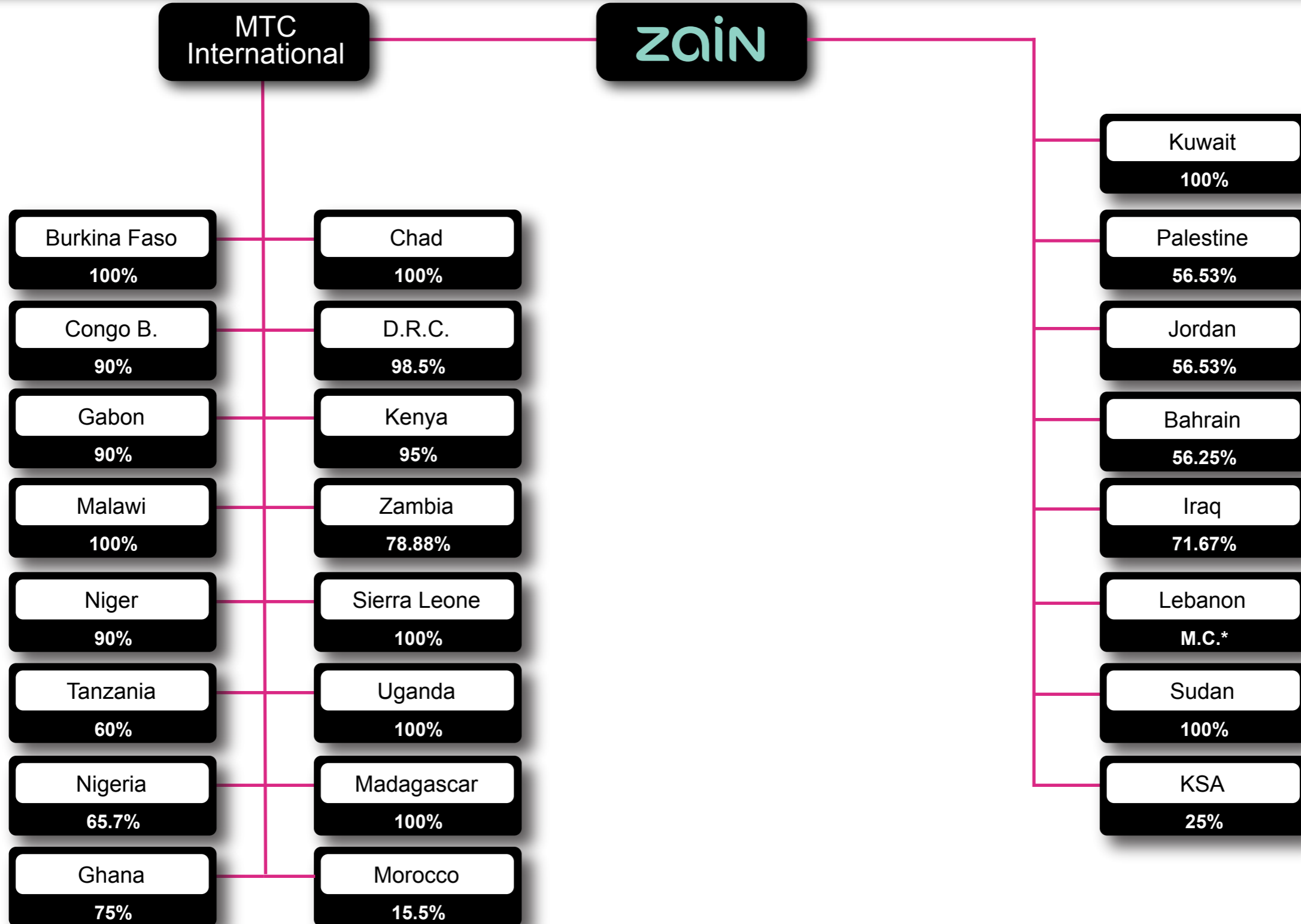
# Zain's Historical Growth

## From a National Player to an Emerging Market Leader





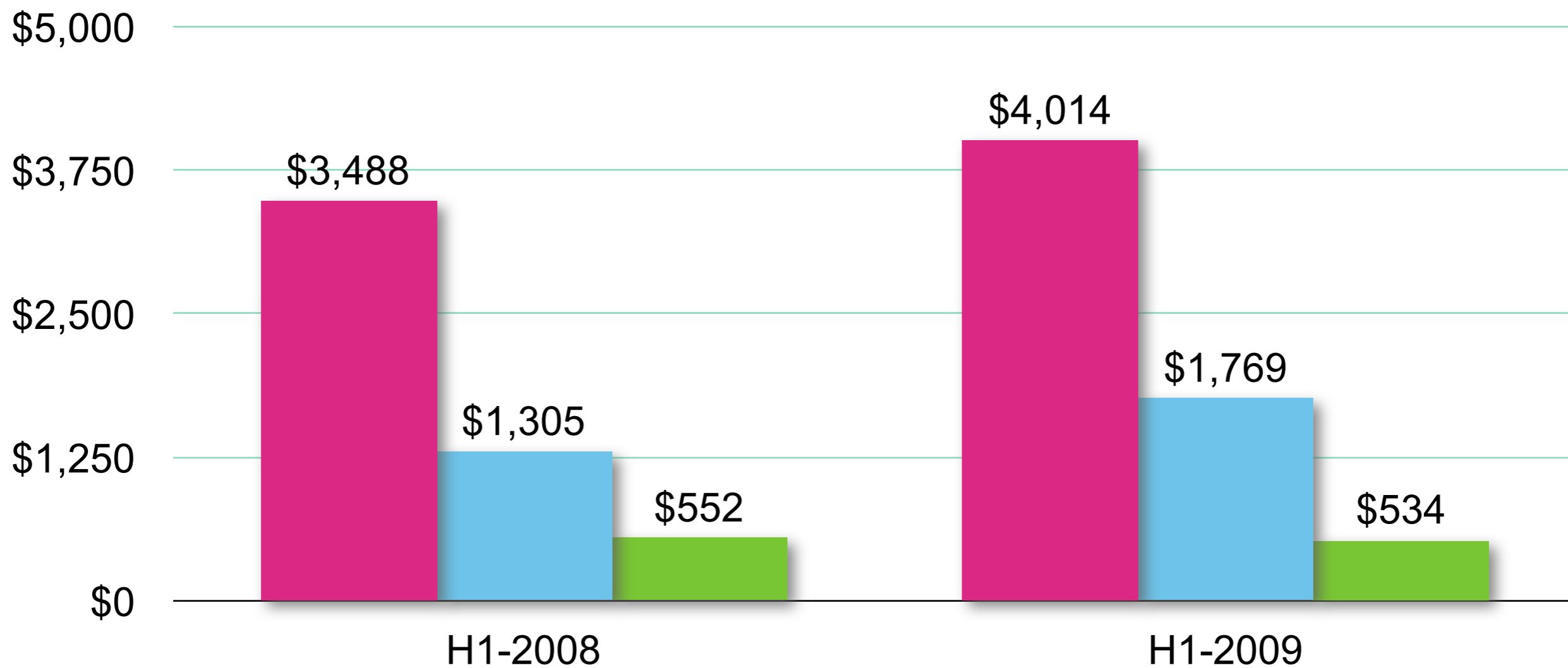
# Group Structure





# Zain's Key Performance Indicators

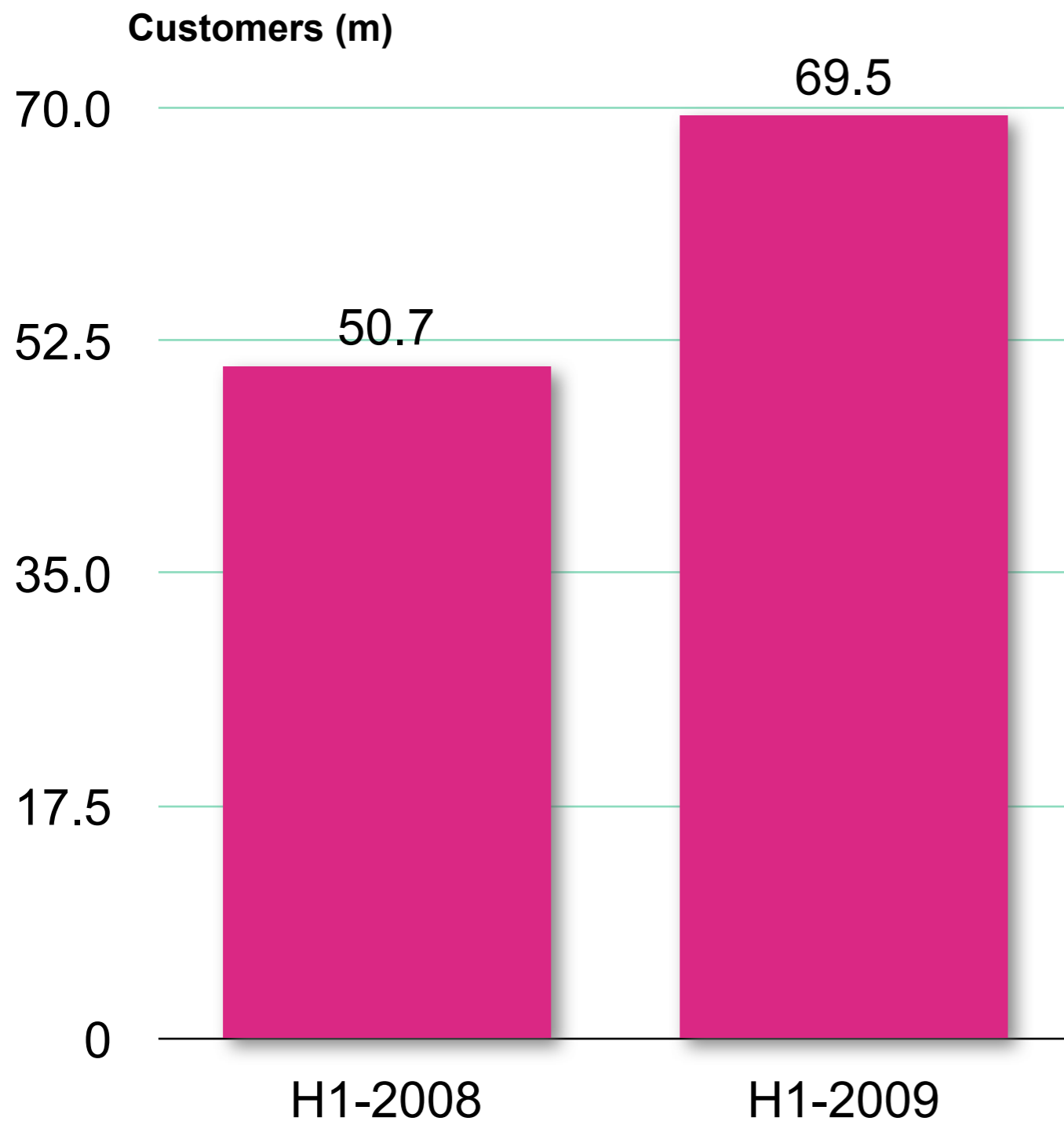
■ Revenues (m)   ■ EBITDA (m)   ■ Net Profit (m)





# Zain's Customers

Driven by Organic Growth and M&A



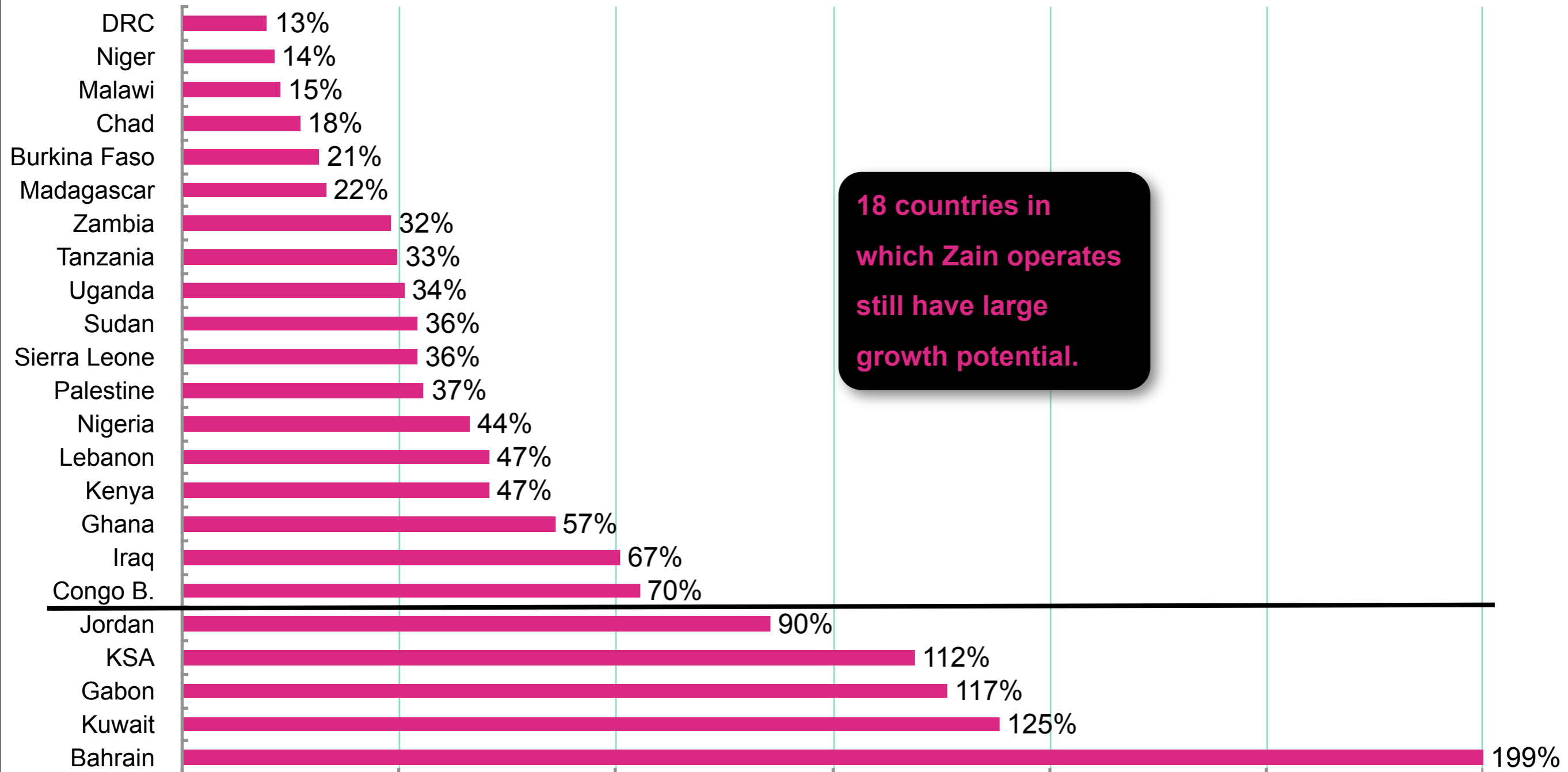
## Customer Growth

Zain's customers increase was boosted by the merger of Zain Jordan and Paltel and the addition of the launch of Zain KSA.



# Penetration Rates

## Substantial Potential for Future Growth

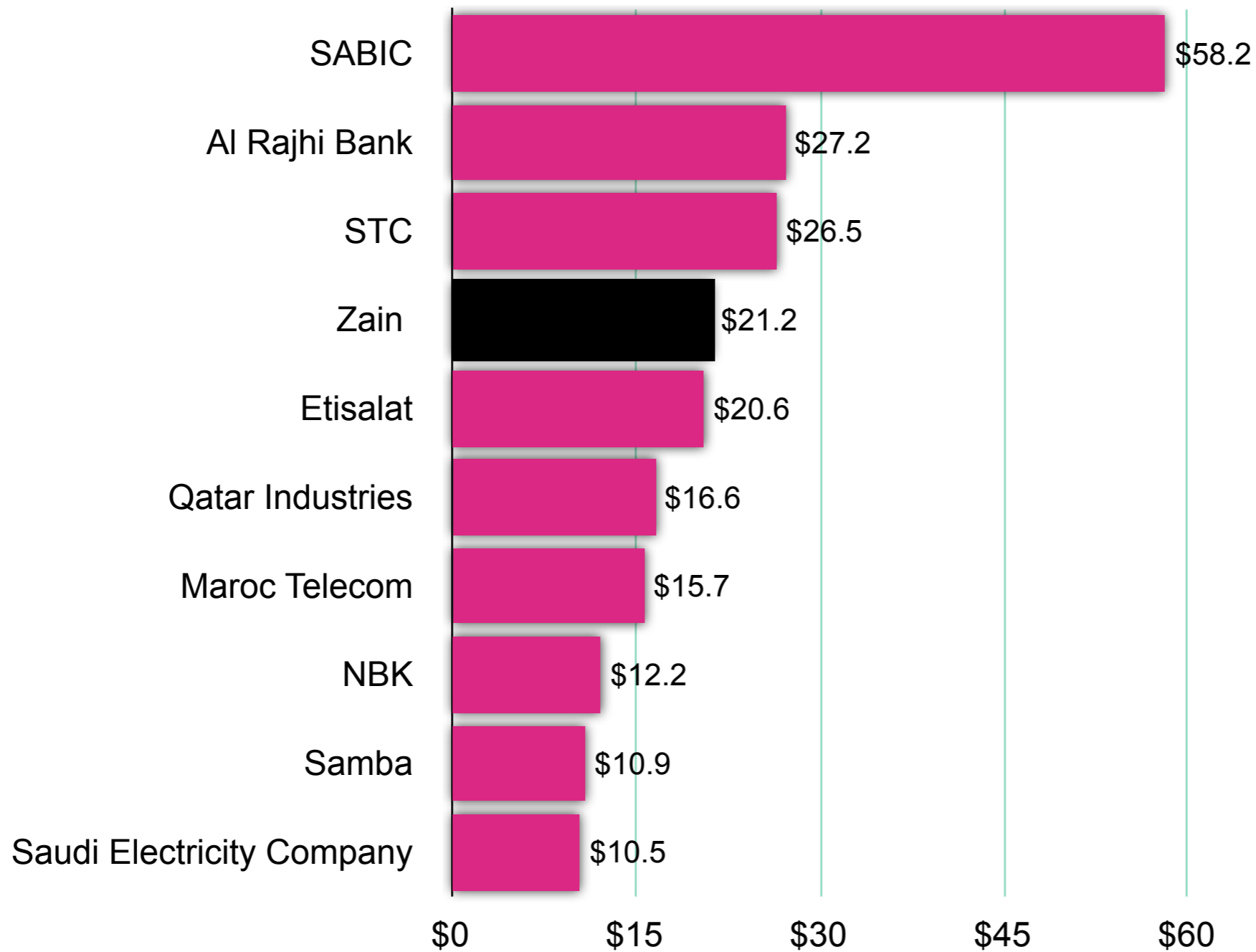


Source: Informa



# Top 10 Companies in Middle East & Africa

Market Cap (Billion)



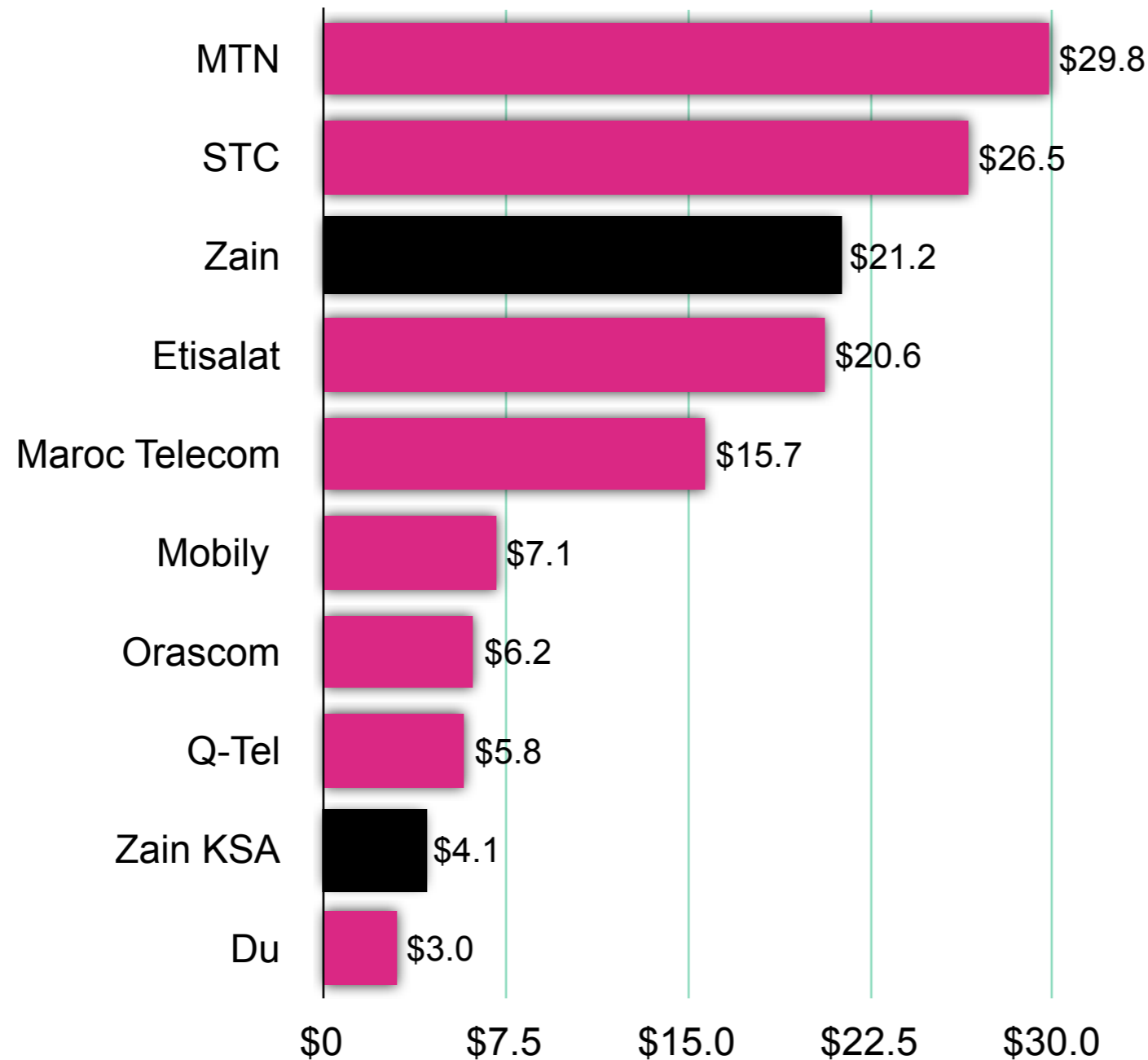
As of Aug 16, 2009

Source: Reuters



# Top 10 Telecom Companies in Middle East & Africa

Market Cap (Billion)



As of Aug 16, 2009

Source: Reuters



# Moving Forward

## Expansion

- Zain KSA launched its commercial services in August 2008
- Zain Ghana launched its commercial activities in December 2008
- Zain established joint venture in 'Zain Al-Ajial' for 31% stake in Wana, Morocco
- Successful bidding for extended license in Lebanon
- Paltel and all its subsidiaries joined Zain Group in May 2009

## Equity Listing

- Zain Group is working towards a primary listing on the London Stock Exchange (LSE) in 2010
- Zain's K.S.C stock will continue to be listed on the Kuwait Stock Exchange under the stock ticker ZAIN
- The Zain consortium in KSA took the company public in early Q1-2008, thus reducing the company's stake to 25%
- 10% of Zain Zambia's share were listed on the Lusaka Stock Exchange in June 2008
- Paltel is listed on the Abu Dhabi Stock Exchange and the Palestine Stock Exchange

## ACE

- Zain will become one of the **Top-10 mobile operators in the world by 2011**
- Drive11 was launched in May 2009 to attain 2011 targets





# One Network

## Innovative Services Guaranteeing Further Competitive Advantages

### What is One Network?

- The **world's first** border-less mobile network connecting 17 countries - started in Sept. 2006, further expanded in June, November 2007, April 2008, August and December 2008 to cover KSA and Ghana at launch.
- Includes Burkina Faso, Chad, Congo B., DRC, Gabon, Kenya, Madagascar, Sierra Leone, Malawi, Niger, Nigeria, Tanzania, Uganda and Ghana in Africa. Includes Bahrain, Iraq, Jordan, Kuwait, Palestine, Sudan and KSA in the Middle East.
- Allows post-paid and pre-paid subscribers in all twenty-one countries to:
  - Make calls at local rates,
  - Receive incoming calls free of charge
  - Use voice mail and other local services anywhere
  - Top-up their pre-paid phones with airtime cards bought in their home country or any of the 21 countries they are located in.



# Zain's Mobile Operations



# Regional Characteristics

## Middle East

Mature Market

High ARPU

Moderate Growth

## Africa

Emerging Markets

Lower ARPU

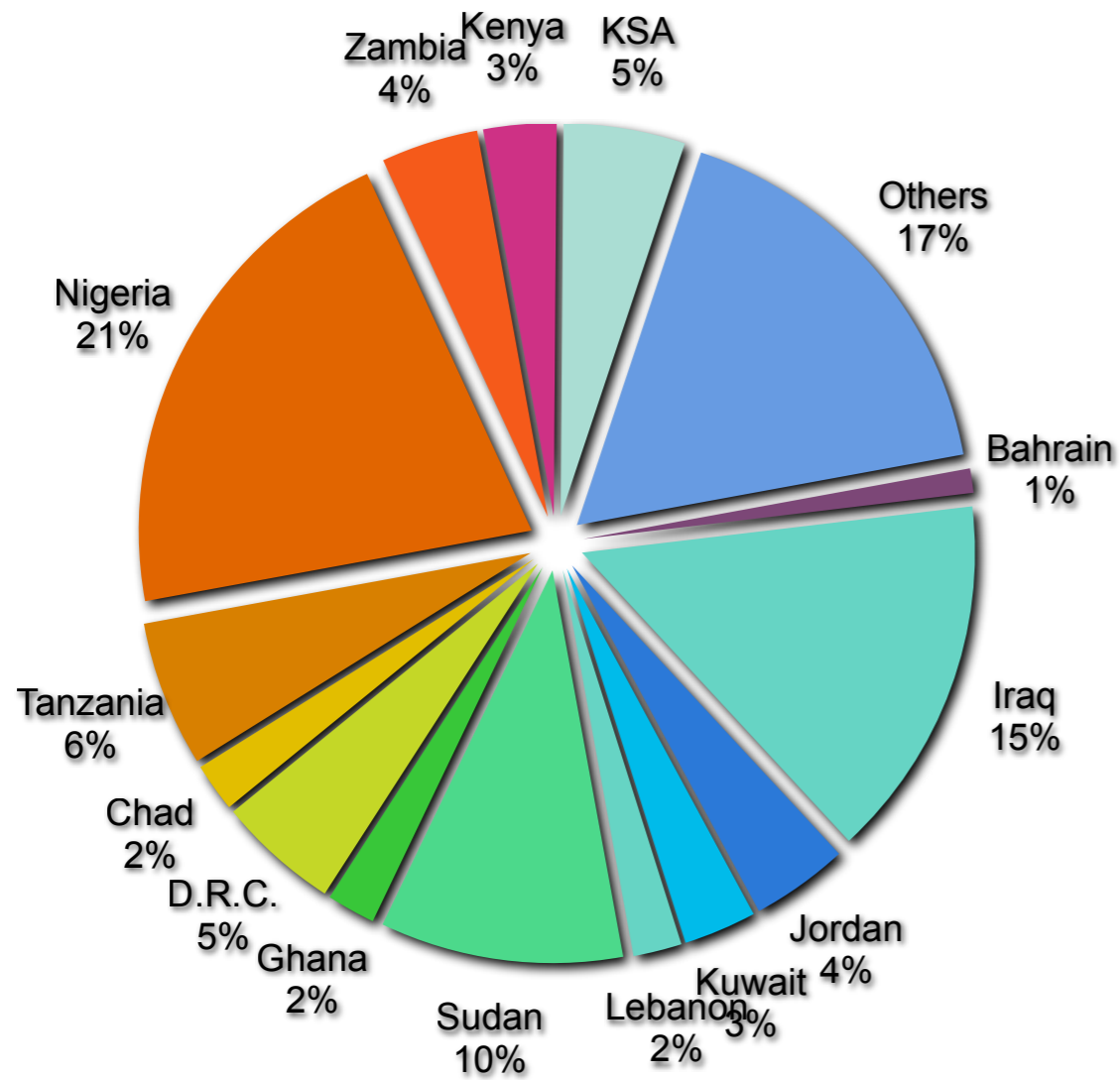
Higher Growth



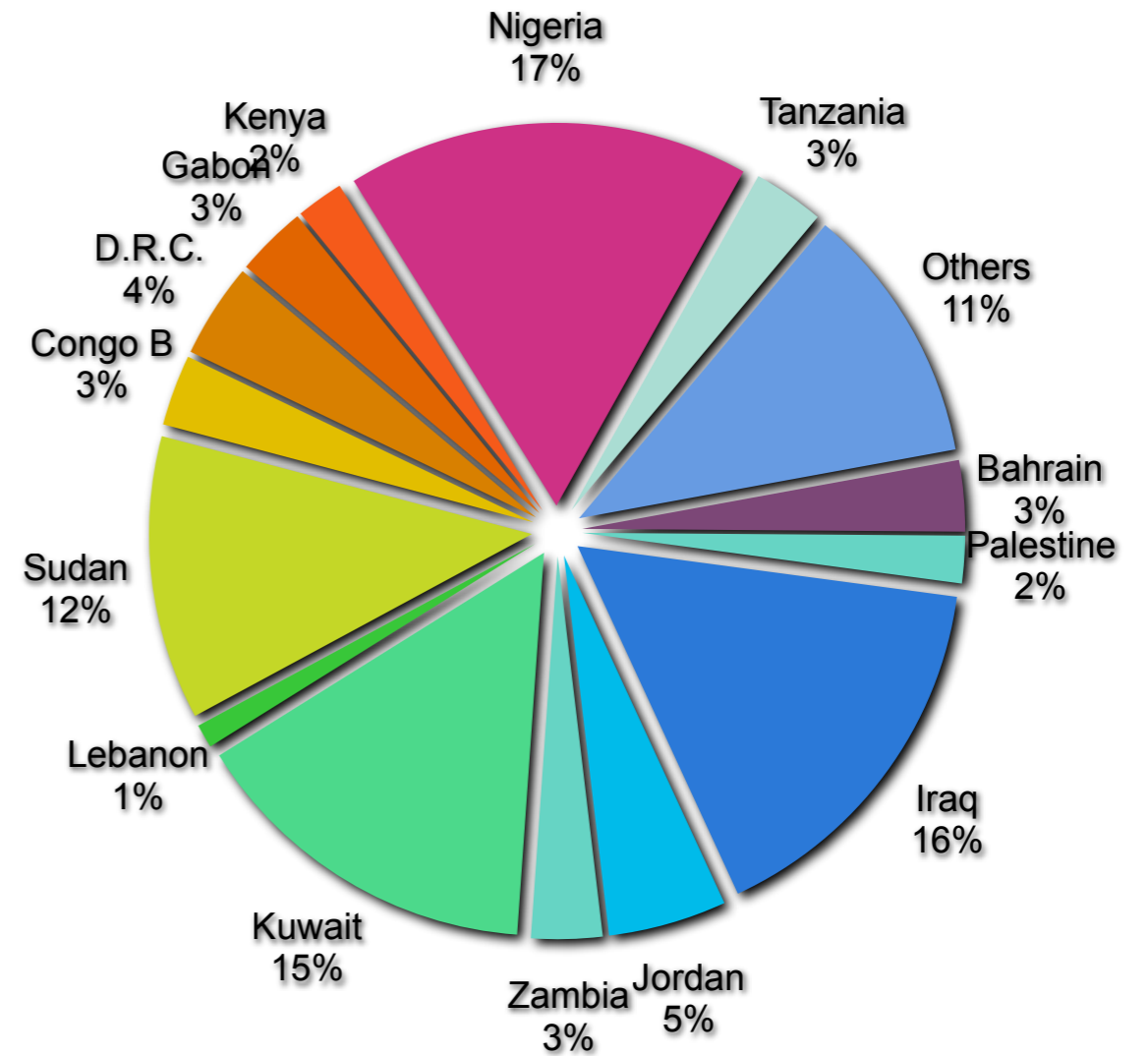


# Zain Group Country Breakdown H1-2009

## Zain Group Customers

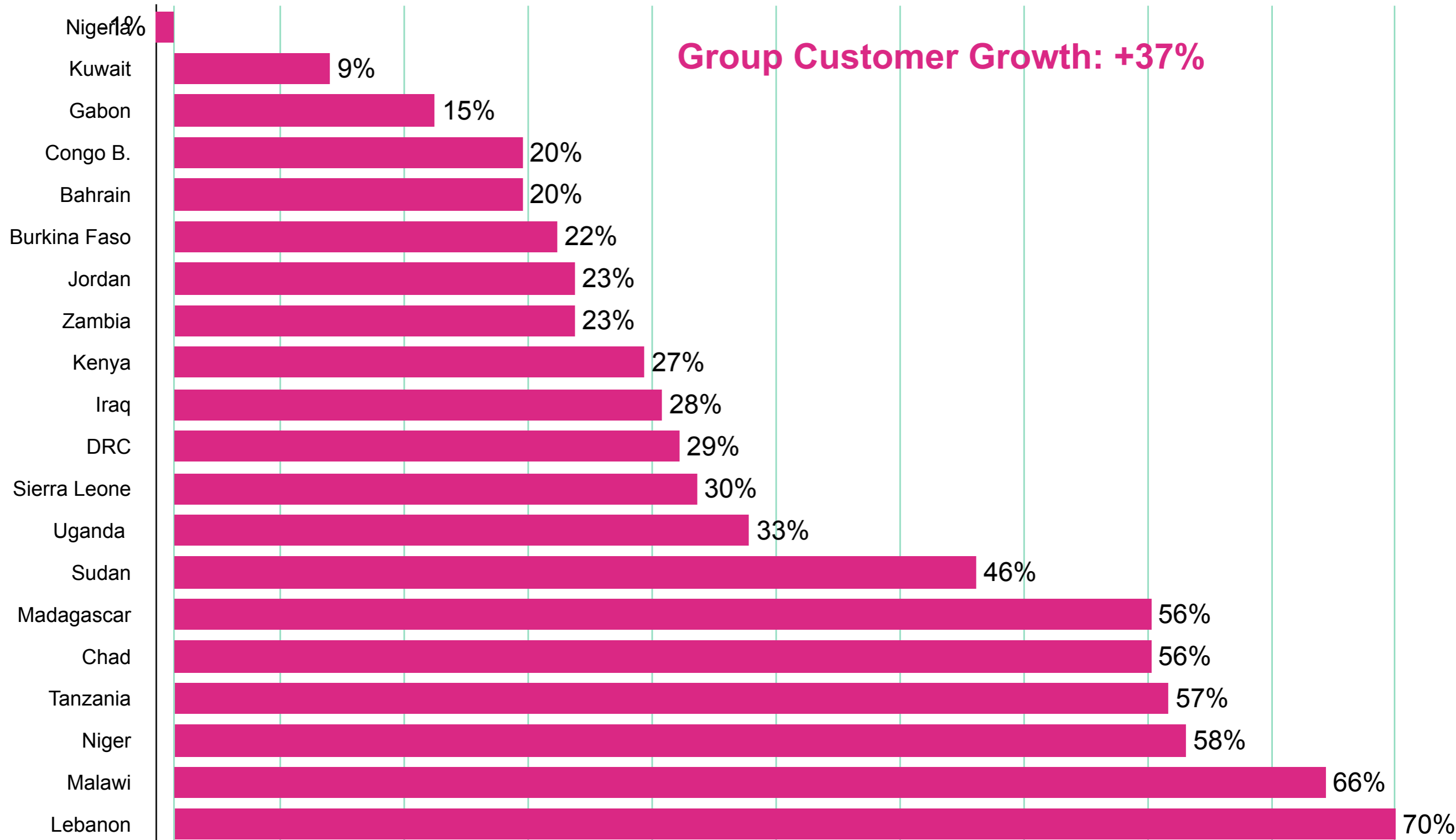


## Zain Group Revenues





# Zain Group Customer Growth June '09 vs. June '08

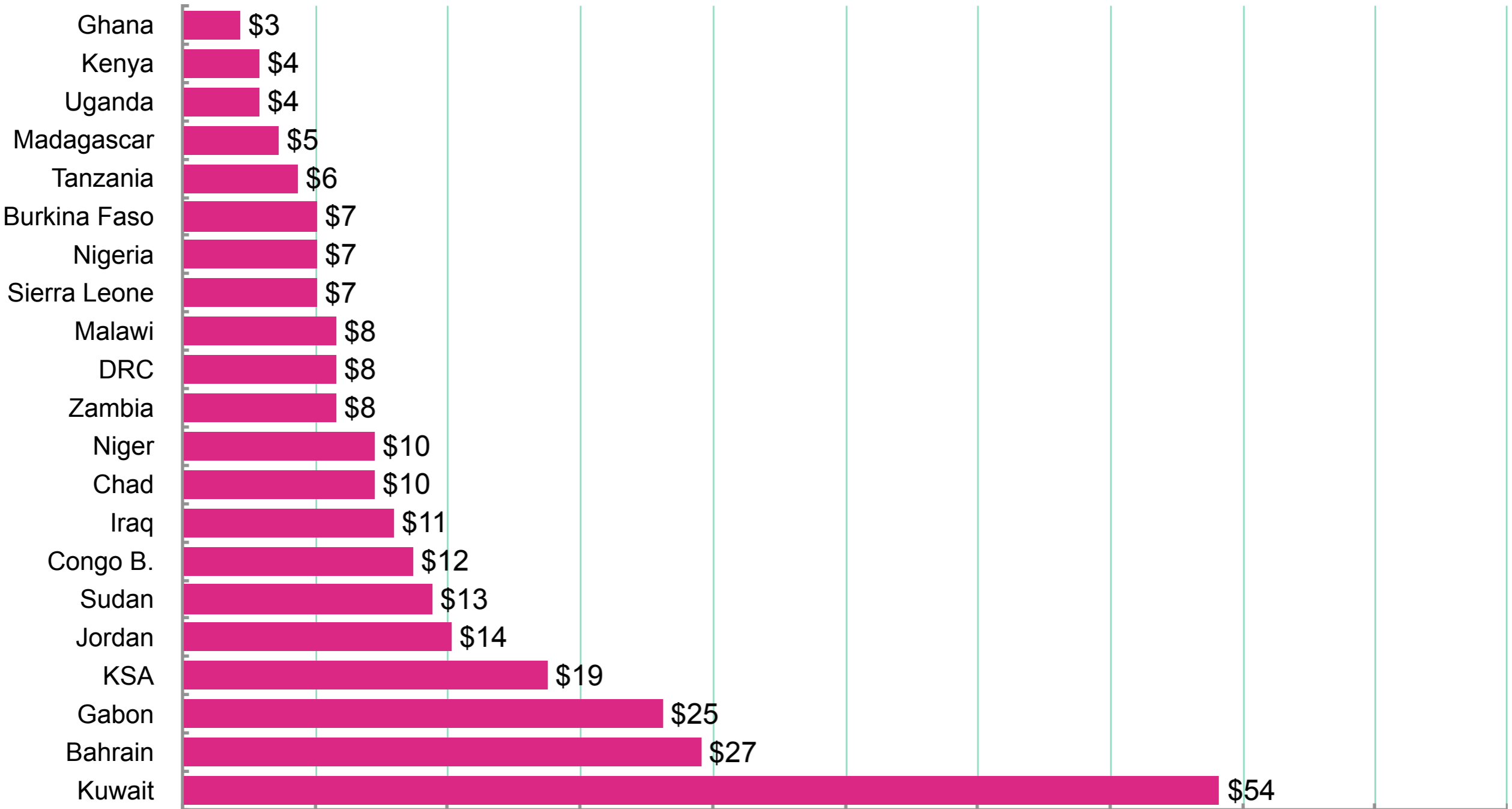




# Blended ARPUs

H1-2009

US\$

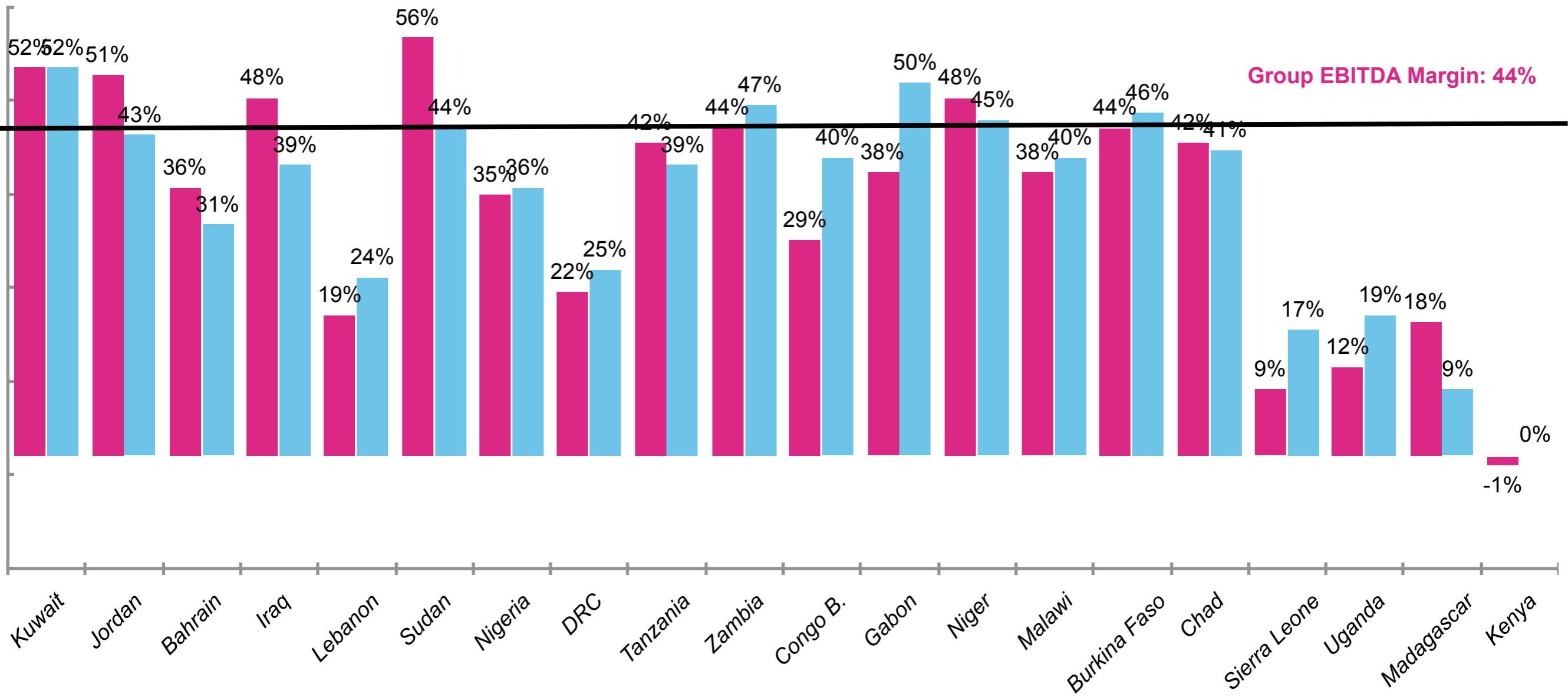


Note: Lebanon's ARPU not included due to Management Contract



# EBITDA Margins H1-2009

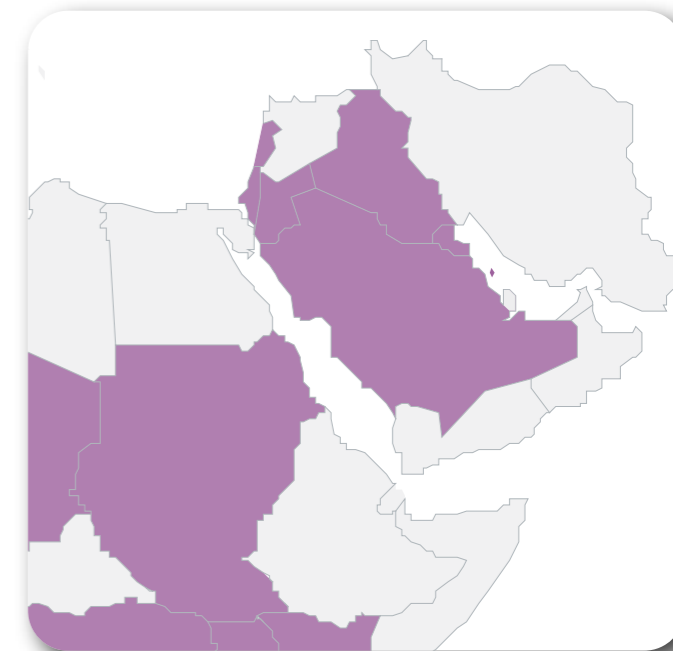
■ H1-2009  
■ H1-2008



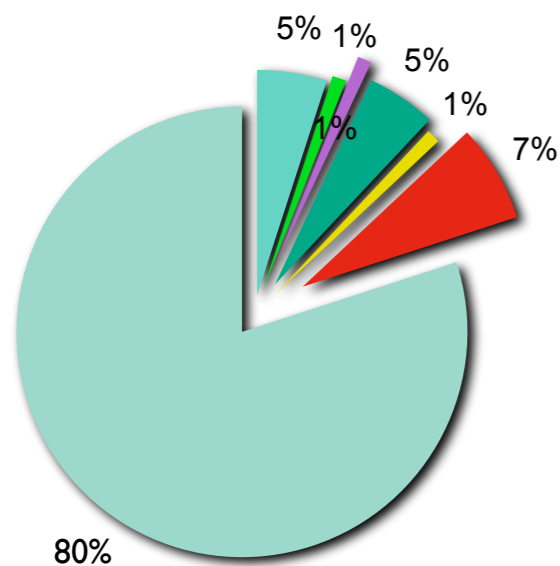


# Middle East Overview

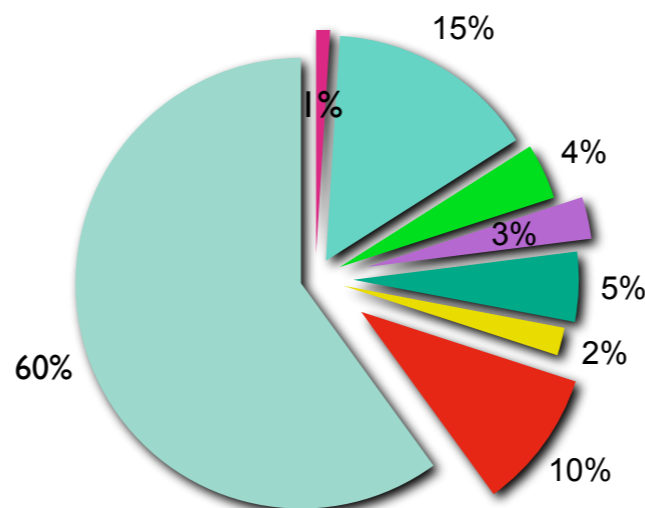
	Population (000s)	Customers (000s)
<b>Kuwait</b>	<b>3,600</b>	<b>1,816</b>
<b>Jordan</b>	<b>6,118</b>	<b>2,445</b>
<b>Bahrain</b>	<b>1,050</b>	<b>679</b>
<b>Iraq</b>	<b>29,492</b>	<b>10,195</b>
<b>Lebanon</b>	<b>4,142</b>	<b>1,168</b>
<b>Kingdom of Saudi Arabia</b>	<b>25,293</b>	<b>3,781</b>
<b>Sudan</b>	<b>39,445</b>	<b>6,734</b>
<b>Palestine</b>	<b>4,280</b>	<b>1,673</b>
<b>Total</b>	<b>113,420</b>	<b>28,491</b>



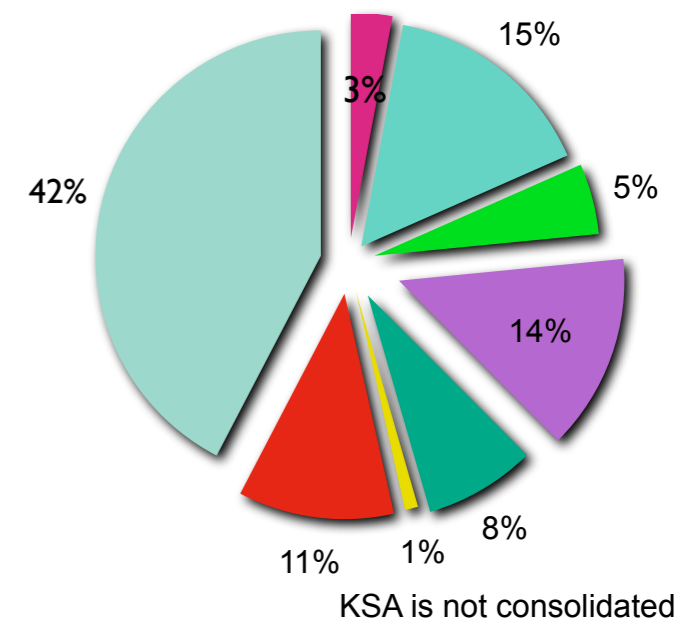
Population Breakdown



Customer Breakdown



Revenues Breakdown

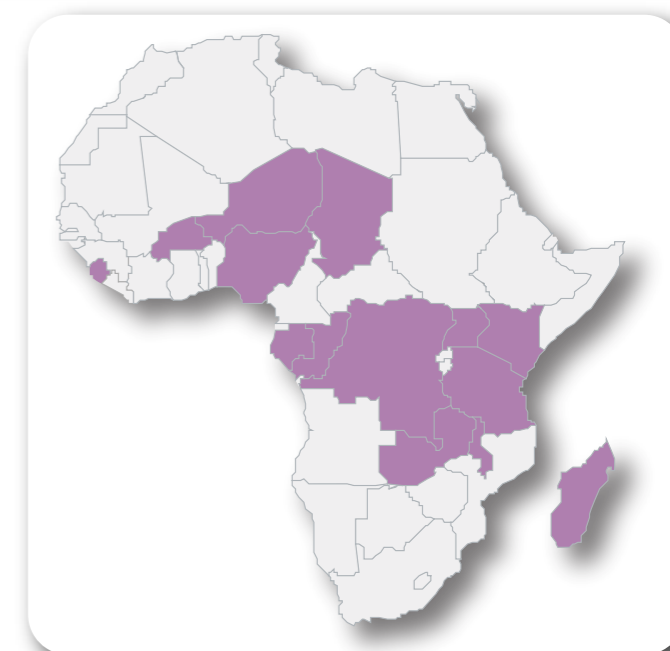


● Bahrain   
 ● Iraq   
 ● Jordan   
 ● Kuwait   
 ● KSA   
 ● Lebanon   
 ● Sudan   
 ● Africa

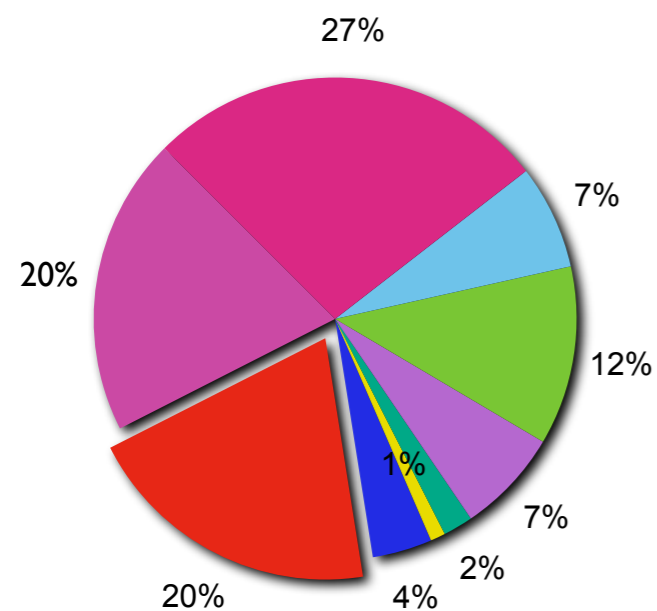


# Africa Overview

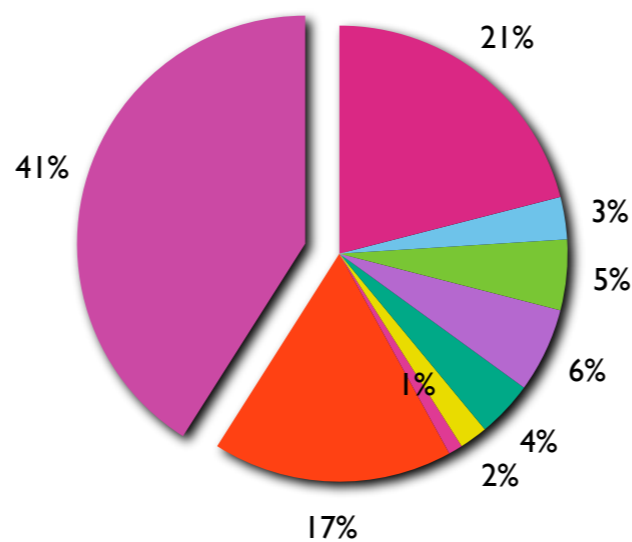
	Population (000s)	Customers (000s)
Nigeria	151,478	14,646
Kenya	38,549	2,418
DRC	64,704	3,504
Tanzania	41,464	4,435
Zambia	12,154	2,824
Congo Brazzaville	3,847	1,391
Gabon	1,350	836
Ghana	23,946	1,072
Others	113,125	9,908
<b>Total</b>	<b>450,617</b>	<b>41,034</b>



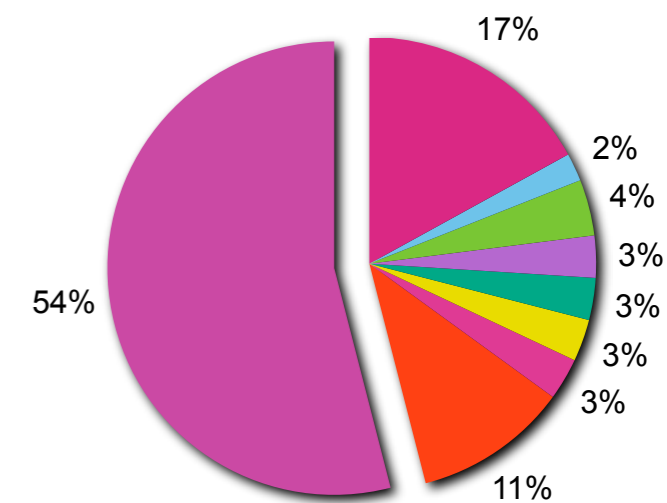
Population Breakdown



Customer Breakdown



Revenues Breakdown



● Nigeria 
 ● Kenya 
 ● DRC 
 ● Tanzania 
 ● Zambia 
 ● Congo B. 
 ● Gabon 
 ● Ghana 
 ● Others 
 ● Middle East



# Kuwait

Contribution to Group total - Population: **1%** Customers: **3%** Revenues: **15%** - Customer YoY Growth: **9%**

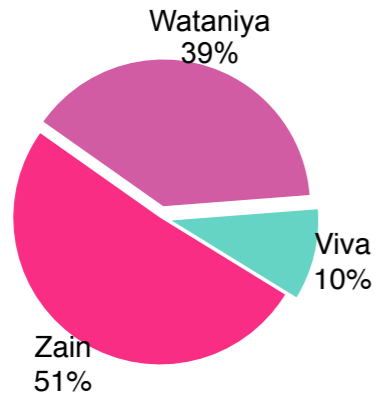
- Despite Viva's entry in the market, Zain Kuwait still commands 51% of the market.
- Zain is listed on the Kuwait Stock Exchange (KSE) with 24.6% held by the Kuwait Investment Authority.
- With the removal of tariffs on calls received from landlines, Zain Kuwait was able to maintain a revenue share above 60% compared to competitors.
- Zain Kuwait remains a key-performer in the Group, with an ARPU of US\$ 54 – the highest in the Group.



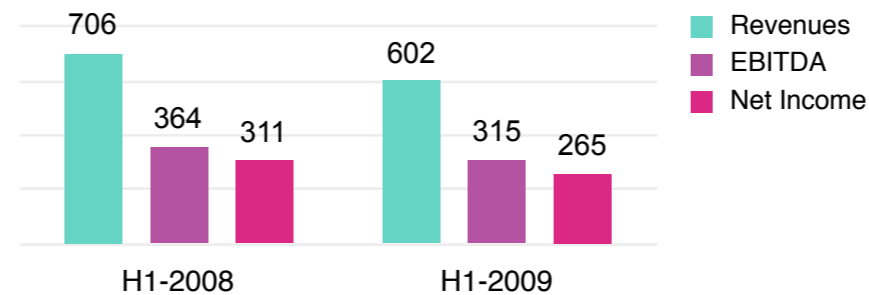
## Key Statistics for H1-2009

Population (000s)	3,600
GDP/Capita (PPP)	\$40,943
Year of launch	1983
Ownership	100%
Mobile Penetration	125%
Number of Operators	3
Market Positioning	1
Market Share	51%
ARPU	\$54

### Market Share



### Financial Performance (\$ m)





# Sudan

Contribution to Group total - Population: **7%** Customers: **10%** Revenues: **12%** - Customer YoY Growth: **46%**

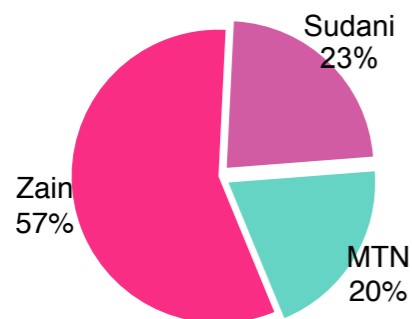
- In February 2006, Zain Group acquired the remaining 61% of Mobitel for US\$ 1.332 billion.
- Zain Sudan's excellent performance was driven primarily by a solid customer growth (53%), resulting in a higher Net Income and EBITDA levels of 69% and 43% respectively.
- As of H1-2009, population coverage stood at 82.7% with 1,687 sites on air.



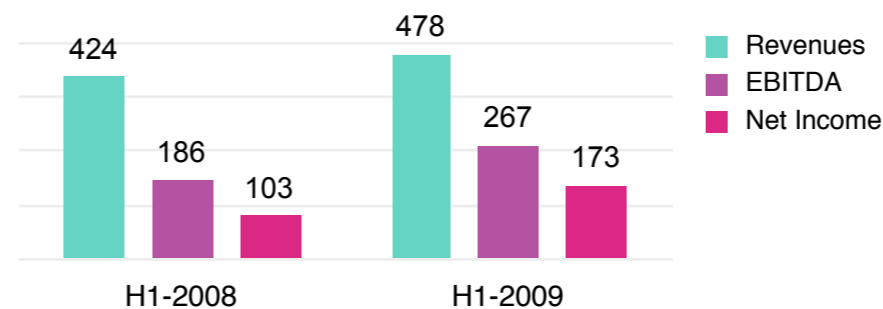
## Key Statistics for H1-2009

Population (000s)	39,445
GDP/Capita (PPP)	\$2,335
Year of full acquisition	2006
Ownership	100%
Mobile Penetration	36%
Number of Operators	3
Market Positioning	1
Market Share	57%
ARPU	\$13

## Market Share



## Financial Performance (\$ m)





# Iraq

Contribution to Group total - Population: **5%** Customers: **15%** Revenues: **16%** - Customer YoY Growth: **28%**

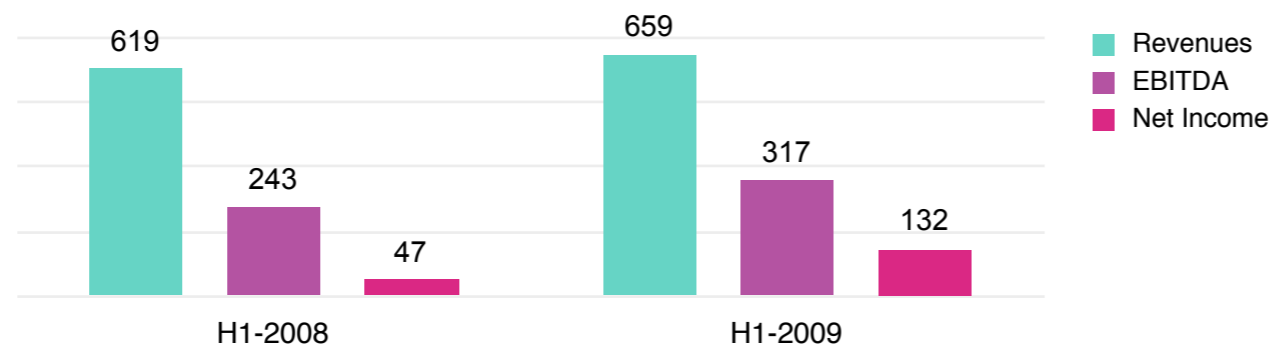
- After securing a 15-year license in August 2007 for US\$ 1.25 billion, and following the full integration between MTC-Atheer and Iraqna, Zain managed to increase its ownership stake to 71.67% to become a fully-fledged subsidiary.
- Zain Iraq formally established itself as the leading mobile operator with the 10 million customer milestone.
- Zain Iraq was able to achieve 48% EBITDA margin on the back of Drive11 initiatives to reduce network and commercial costs.



## Key Statistics for H1-2009

Population (000s)	29,492
GDP/Capita (PPP)	\$12,063
Year of acquisition	2003
Ownership	71.67%
Mobile Penetration	67%
Number of Operators	3
Market Positioning	1
ARPU	\$11

## Financial Performance (\$ m)





# Jordan

Contribution to Group Total - Population: **1%** Customers: **4%** Revenues: **5%** - Customer YoY Growth: **23%**

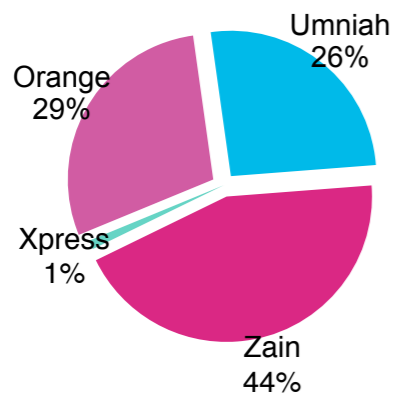
- Despite the highly competitive market, Zain Jordan managed to maintain its position as the market leader with a 44% market share.
- The worldwide financial turmoil hit the Jordanian telecom sector by knocking out 40% of its value in the first half of 2009.
- In an attempt to improve governorate's penetration, Governorate offer was launched as well as Zain Skyz.
- Population coverage stood at 98%



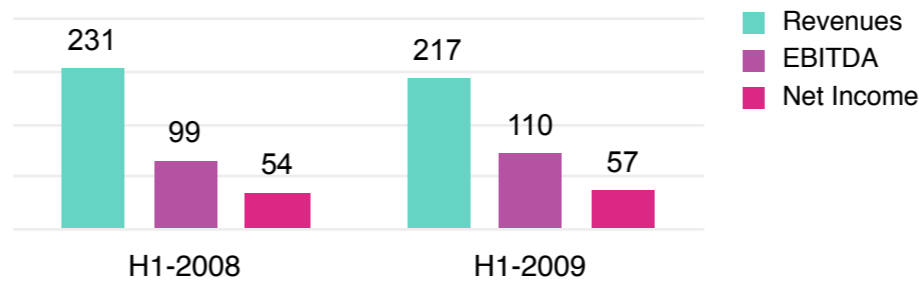
## Key Statistics for H1-2009

Population (000s)	6,118
GDP/Capita (PPP)	\$5,172
Year of acquisition	2003
Ownership	56.53%
Mobile Penetration	90%
Number of Operators	4
Market Positioning	1
Market Share	44%
ARPU	\$14

### Market Share



### Financial Performance (\$ m)





# Bahrain

Contribution to Group Total - Population: **0%** Customers: **1%** Revenues: **3%** - Customer YoY Growth: **20%**

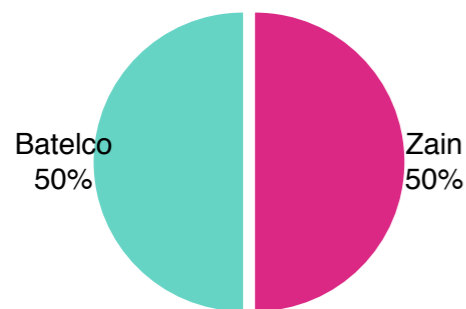
- A Greenfield operation, Zain Bahrain entered the market as the second mobile operator in December 2003 and was able to maintain its 50% market share with its incumbent operator 'Batelco' following year-end 2008.
- Bahrain has the highest mobile penetration in the region with 199% and is the leader in the region with its introduction of the latest services (3.5G, WIMAX and One Network).
- STC is expected to commence operations in Q3-2009 as the third operator.



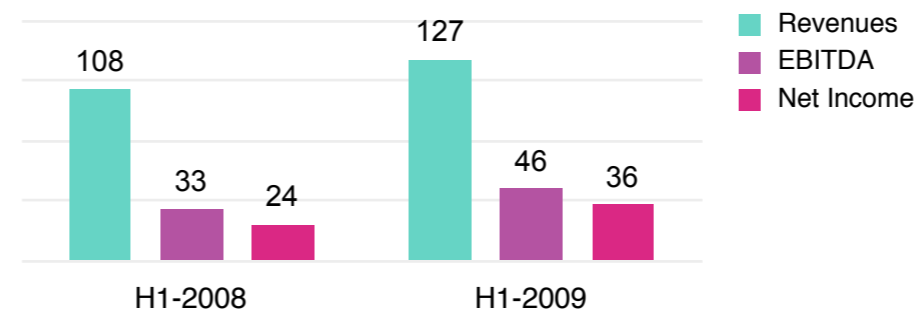
## Key Statistics for H1-2009

Population (000s)	1,050
GDP/Capita (PPP)	\$33,988
Year of launch	2003
Ownership	56.25%
Mobile Penetration	199%
Number of Operators	2
Market Positioning	2
Market Share	50%
ARPU	\$27

### Market Share



### Financial Performance (\$ m)





# Zambia

Contribution to Group Total - Population: **2%** Customers: **4%** Revenues: **3%** - Customer YoY Growth: **23%**

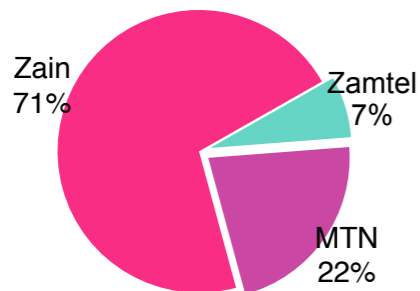
- One of the key performers of the Group, Zain Zambia was launched in 1998 and continues to be the preferred mobile network with 71% market share.
- Given the delayed implementation of several key activities in the first half of 2009, Zain's management continues to ensure that technical platforms are improved for better quality network and to exploit new technologies and customer base segmentation.
- H1-2009 saw the launch of '1 Kwacha Che' enabling customers to receive bonus airtime every time they top-up and make calls.



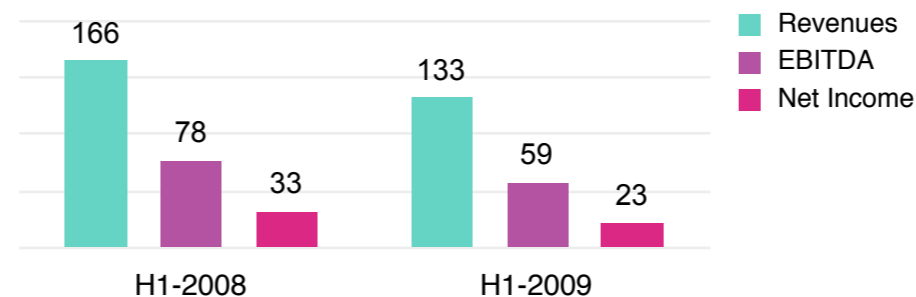
## Key Statistics for H1-2009

Population (000s)	12,154
GDP/Capita (PPP)	\$1,397
Year of launch	1998
Ownership	78.88%
Mobile Penetration	31%
Number of Operators	3
Market Positioning	1
Market Share	71%
ARPU	\$8

## Market Share



## Financial Performance (\$ m)





# Niger

Contribution to Group total - Population: **3%** Customers: **2%** Revenues: **2%** - Customer YoY Growth: **58%**

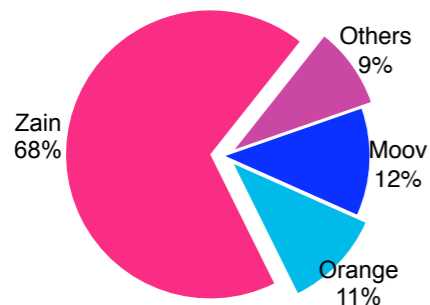
- Zain Niger started its commercial activities in October 2001 and since then has evolved to control 68% of the market.
- To date, Niger hosts four other mobile operators, notably Orange and Moov with 11% and 12% market share respectively.
- H1-2009 was marked by the launch of new services including BlackBerry, Bundle Data and EVD capacity.
- In attempt to improve traffic capacity and reduce congestion, 29 sites were rolled-out to have a total 285 sites on air to date.



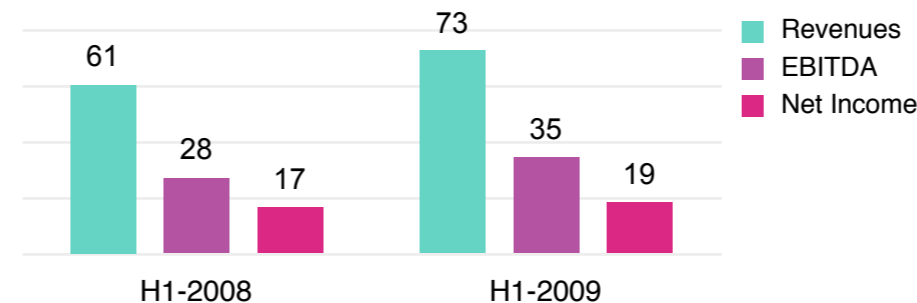
## Key Statistics for H1-2009

Population (000s)	14,450
GDP/Capita (PPP)	\$691
Year of launch	2001
Ownership	90%
Mobile Penetration	14%
Number of Operators	5
Market Positioning	1
Market Share	68%
ARPU	\$10

## Market Share



## Financial Performance (\$ m)





# Gabon

Contribution to Group total - Population: **0%** Customers: **1%** Revenues: **3%** - Customer YoY Growth: **15%**

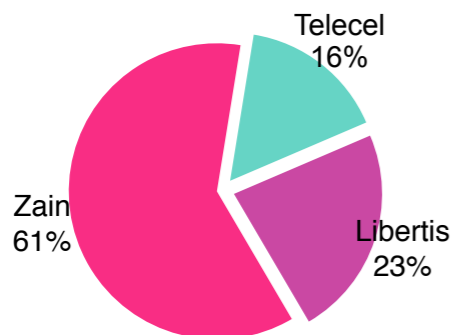
- Zain Gabon launched in June 2000 and was able to maintain its position as the market leader since 2003.
- Despite heavy bonus promotions and pricing activities from its competitors, Zain Gabon was able to maintain its market share leadership with 61%.
- Zain Gabon's revenues were hurt by the slowdown of the local economic activity and the uncertain political environment.



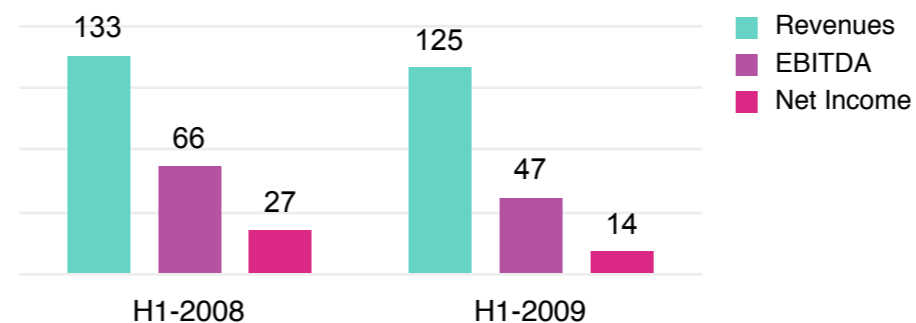
## Key Statistics for H1-2009

Population (000s)	1,350
GDP/Capita (PPP)	\$14,747
Year of launch	2000
Ownership	90%
Mobile Penetration	117%
Number of Operators	3
Market Positioning	1
Market Share	61%
ARPU	\$25

### Market Share



### Financial Performance (\$ m)





# Tanzania

Contribution to Group Total - Population: **7%** Customers: **6%** Revenues: **3%** - Customer YoY Growth: **57%**

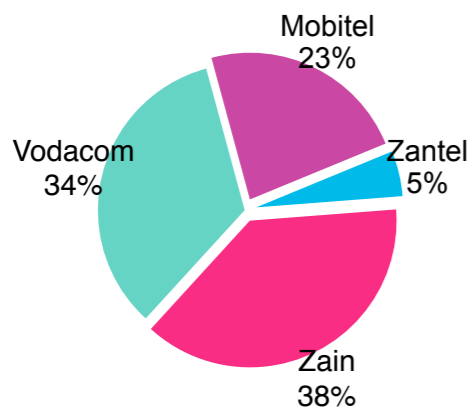
- Zain Tanzania launched its services in November 2001 and currently owns 60% while the government holds the remaining stake.
- Given the slow start in Q1-2009 marked by the economic slowdown and by rising competition, Zain Tanzania for the first half of 2009 experienced a healthy growth in customer base and secured its leadership with 38% market share.
- Zain's revenues were slightly affected by the multi-simmming usage and Net Income was hit to some extent by the devaluation of the local currency versus the dollar.



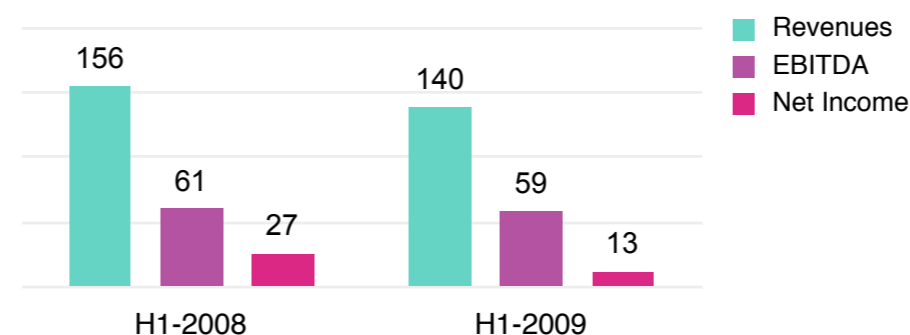
## Key Statistics for H1-2009

Population (000s)	41,464
GDP/Capita (PPP)	\$1,352
Year of launch	2001
Ownership	60%
Mobile Penetration	33%
Number of Operators	4
Market Positioning	1
Market Share	38%
ARPU	\$6

### Market Share



### Financial Performance (\$ m)





# Malawi

Contribution to Group Total - Population: **2.5%** Customers: **2%** Revenues: **2%** - Customer YoY Growth: **66%**

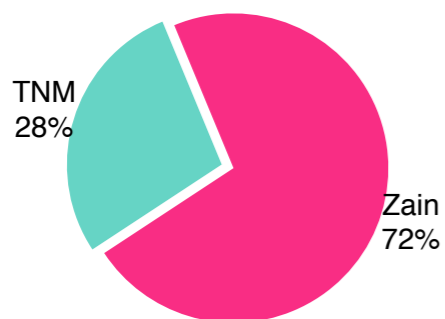
- Zain Malawi started its operation in October 1999, and currently holds 71% of the market.
- With the stabilization of the global prices on crude oil and on the back of improved economic activity, Zain Malawi saw a significant increase in customer additions by 66%.
- 43 new sites were rolled-out in H1-2009, bringing the total number of sites on air to 305 sites.
- Population coverage stood at 90% and geographical coverage at 72%.



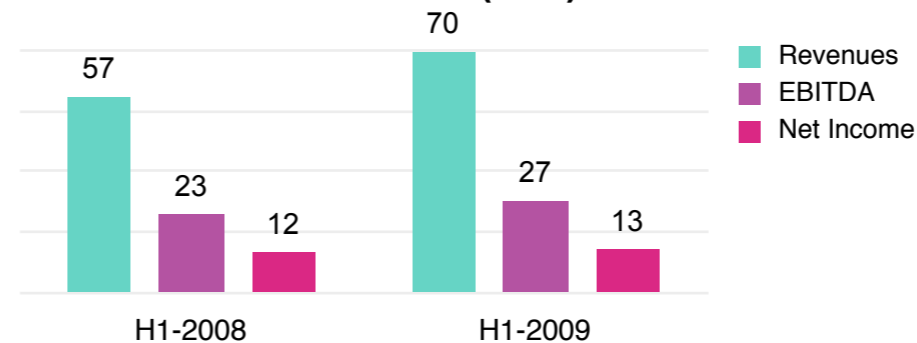
## Key Statistics for H1-2009

Population (000s)	14,288
GDP/Capita (PPP)	\$850
Year of acquisition	1999
Ownership	100%
Mobile Penetration	15%
Number of Operators	2
Market Positioning	1
Market Share	72%
ARPU	\$8

### Market Share



### Financial Performance (\$ m)





# Burkina Faso

Contribution to Group total - Population: **3%** Customers: **2%** Revenues: **2%** - Customer YoY Growth: **22%**

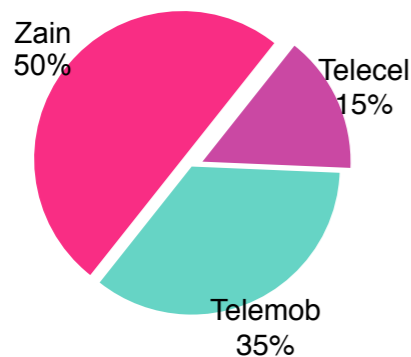
- Zain Burkina Faso commenced in January 2001, and despite being the third operator to enter the market, it quickly positioned itself from a challenger to a leader with 50% market share.
- During H1-2009, new services were launched including BlackBerry services and Ring Back.
- To date, Zain has 326 sites on air covering 82% of the geographical area and has by far the largest population coverage at 95%.



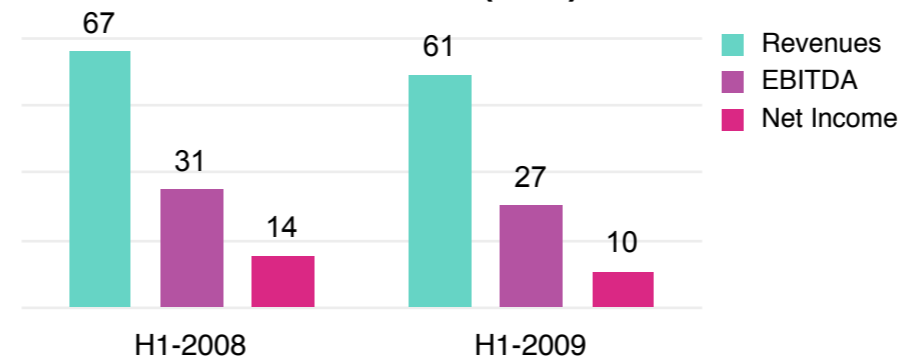
## Key Statistics for H1-2009

Population (000s)	15,213
GDP/Capita (PPP)	\$1,259
Year of acquisition	2001
Ownership	100%
Mobile Penetration	21%
Number of Operators	3
Market Positioning	1
Market Share	50%
ARPU	\$7

### Market Share



### Financial Performance (\$ m)





# Congo Brazzaville

Contribution to Group Total - Population: **1%** Customers: **2%** Revenues: **3%** - Customer YoY Growth: **20%**

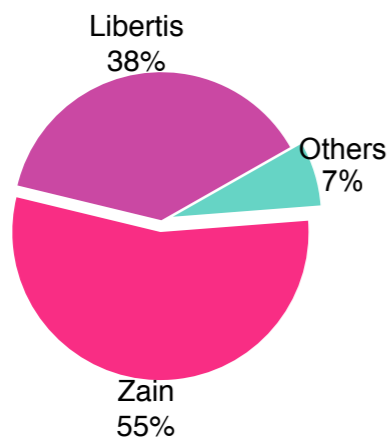
- Zain Congo B. launched its commercial activities in December 1999.
- Zain Congo B. ended the first half of 2009 with 55% market share, a decrease of 4% compared to year-end 2008 due primarily to competitors' aggressive pricing strategy.
- Zain carried several activities such as new tariff plans for consumer and payphone segments as well as the introduction of community based charging.



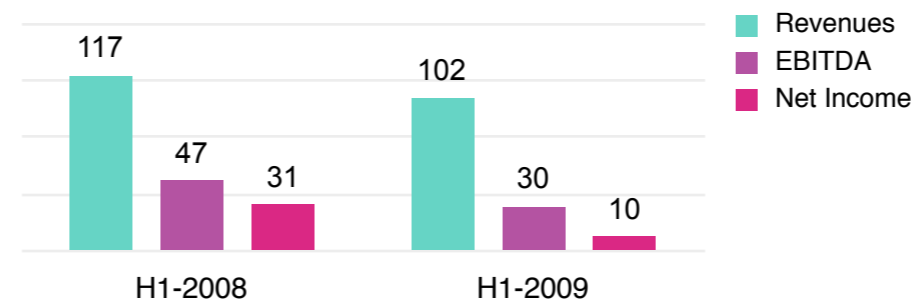
## Key Statistics for H1-2009

Population (000s)	3,847
GDP/Capita (PPP)	4,044
Year of launch	1999
Ownership	90%
Mobile Penetration	70%
Number of Operators	3
Market Positioning	1
Market Share	55%
ARPU	\$12

### Market Share



### Financial Performance (\$ m)





# Chad

Contribution to Group Total - Population: **2%** Customers: **2%** Revenues: **2%** - Customer YoY Growth: **56%**

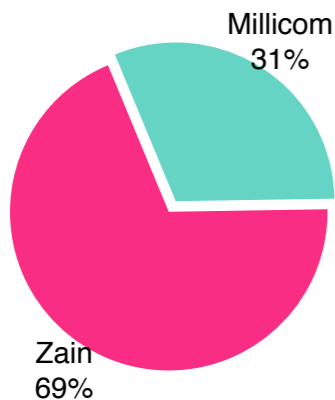
- Zain Chad launched services in October 2000 and is currently the no.1 operator with 69% market share.
- Zain's market share in Chad witnessed a 5% decrease since January 2009 as a result of the political instability and Tigo's aggressive strategy based on speed rollout through prices and network extension.
- Competition will be further liberalized with the launch of a 3rd entrant by year-end 2009.



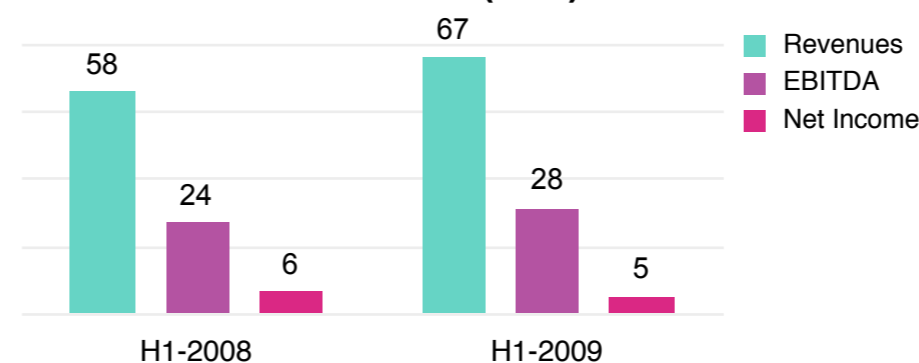
## Key Statistics for H1-2009

Population (000s)	11,088
GDP/Capita (PPP)	\$1,670
Year of acquisition	2000
Ownership	100%
Mobile Penetration	18%
Number of Operators	2
Market Positioning	1
Market Share	69%
ARPU	\$10

### Market Share



### Financial Performance (\$ m)





# Democratic Republic of Congo

Contribution to Group Total - Population: **12%** Customers: **5%** Revenues: **4%** - Customer YoY Growth: **29%**

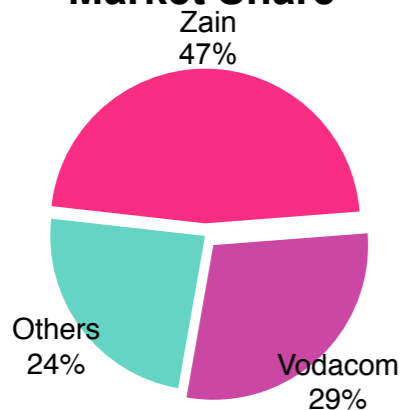
- Zain DRC started its commercial services in December 2000 and rapidly distinguished itself in this liberalized market as the first mobile operator with 47% market share.
- The economic landscape remains challenging in some mining areas, and as result Zain's revenue share in DRC is affected.
- The Congolese Franc strengthened slightly against the dollar to exit at 765 FC/1USD in H1, an 8% appreciation compared to Q1-2009.



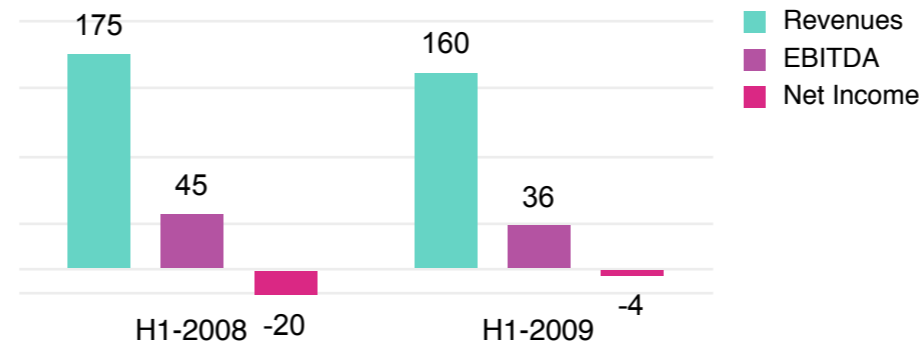
## Key Statistics for H1-2009

Population (000s)	64,704
GDP/Capita (PPP)	\$340
Year of acquisition	2000
Ownership	98.5%
Mobile Penetration	13%
Number of Operators	5
Market Positioning	1
Market Share	47%
ARPU	\$8

### Market Share



### Financial Performance (\$ m)





# Sierra Leone

Contribution to Group Total - Population: **1%** Customers: **1%** Revenues: **1%** - Customer YoY Growth: **30%**

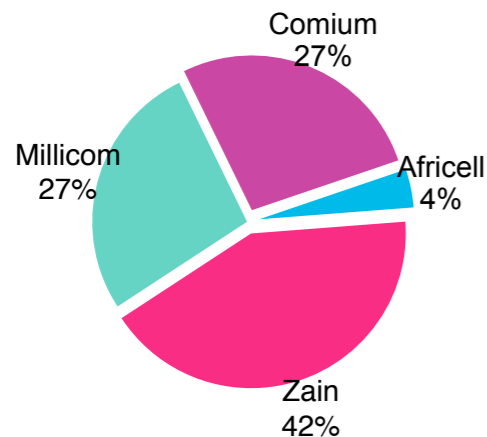
- Zain launched services in September 2000 as the first mobile operator in the country.
- Zain's quality of incoming international traffic continues to be hindered by the absence of an international gateway, thus affecting customers' acquisitions.
- Zain's bottom line has undergone the impact of the global recession as a consequence of the local currency's devaluation versus the dollar.



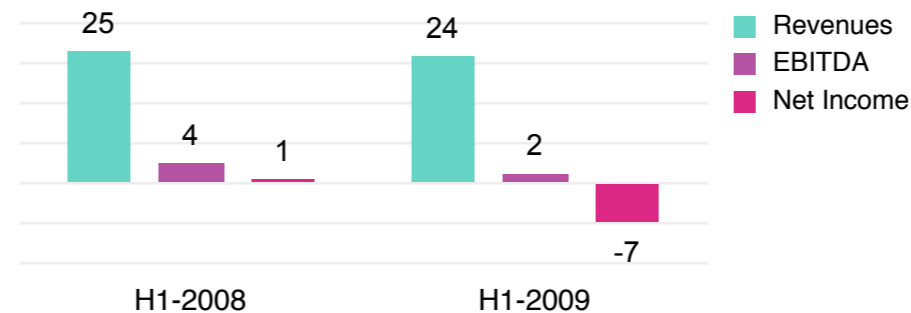
## Key Statistics for H1-2009

Population (000s)	5,968
GDP/Capita (PPP)	\$728
Year of acquisition	2000
Ownership	100%
Mobile Penetration	36%
Number of Operators	4
Market Positioning	1
Market Share	42%
ARPU	\$7

### Market Share



### Financial Performance (\$ m)





# Uganda

Contribution to Group Total - Population: **6%** Customers: **3%** Revenues: **1%** - Customer YoY Growth: **33%**

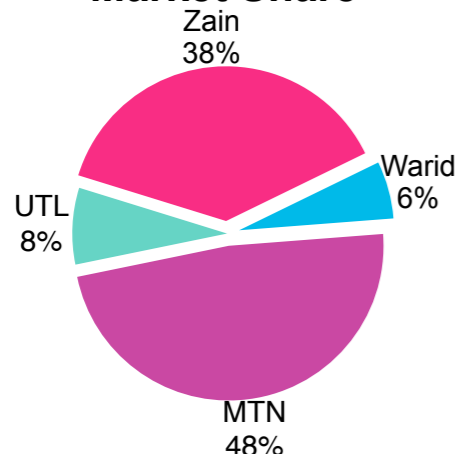
- Zain Uganda launched services in 1995 and was Zain's first operation in Africa, as well as the first GSM network in sub-Saharan Africa.
- Despite the ongoing financial turmoil which had seriously deteriorated the overall business conditions, Zain Uganda managed to maintain a steady market share with 38%.
- Zain's performance in Uganda was hammered by the high inflation causing strain on consumers' disposable income and by the ongoing depreciation of the local currency versus the dollar.



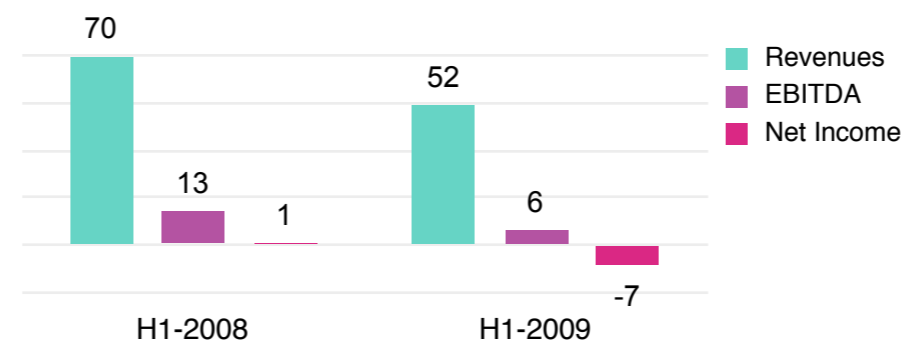
## Key Statistics for H1-2009

Population (000s)	31,903
GDP/Capita (PPP)	\$1,148
Year of acquisition	1995
Ownership	100%
Mobile Penetration	34%
Number of Operators	4
Market Positioning	2
Market Share	38%
ARPU	\$4

### Market Share



### Financial Performance (\$ m)





# Madagascar

Contribution to Group Total - Population: **4%** Customers: **2%** Revenues: **1%** - Customer YoY Growth: **56%**

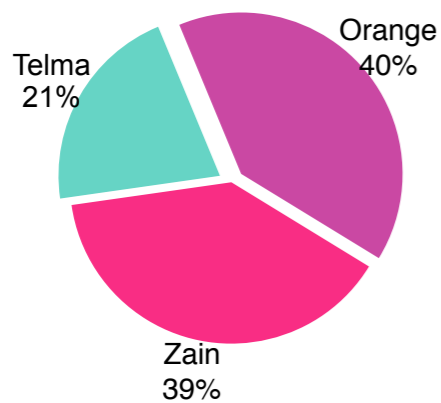
- Zain Madagascar joined the Group's African portfolio in 2005. To date, the operation is the no.2 with a market share of 39%, an increase of four percentage points as compared to H1-2008.
- In H1-2009, Zain Madagascar witnessed a robust growth in its customer base – an increase of 56% compared to the previous year.
- Economic activity remains paralyzed in light of the difficult socio-economic landscape and purchasing power remains a key concern as it's deteriorating the overall business performance.
- To improve coverage notably in urban areas, 12 sites were rolled-out to have a total of 375 sites to date.



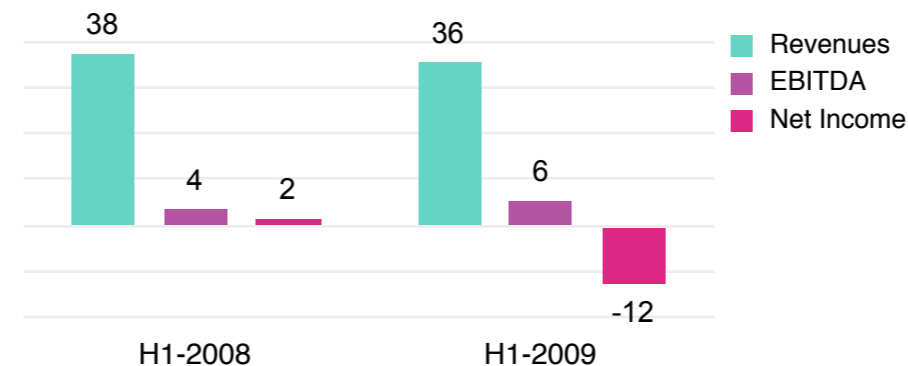
## Key Statistics for H1-2009

Population (000s)	20,215
GDP/Capita (PPP)	\$995
Year of acquisition	2005
Ownership	100%
Mobile Penetration	22%
Number of Operators	3
Market Positioning	2
Market Share	39%
ARPU	\$5

Market Share



Financial Performance (\$ m)





# Kenya

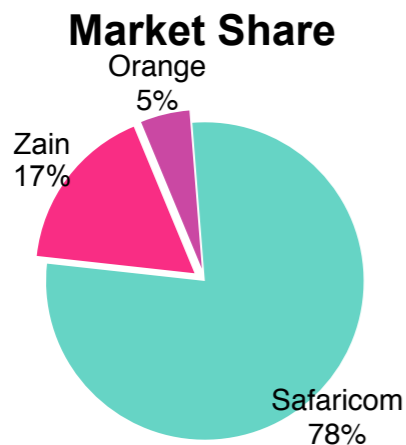
Contribution to Group Total - Population: **7%** Customers: **3%** Revenues: **2%** - Customer YoY Growth: **27%**

- Acquired in 2004, Zain Kenya faces a highly competitive market with a relatively low ARPU.
- The Kenyan economy was not an exception to the impact of the global recession; the total mobile market registered a decline by the inflationary pressure which caused strain on the consumers' disposable income.
- H1-2009 saw the launch of several promotions of which Rewardz, Ziki, M-Commerce and ULCH.

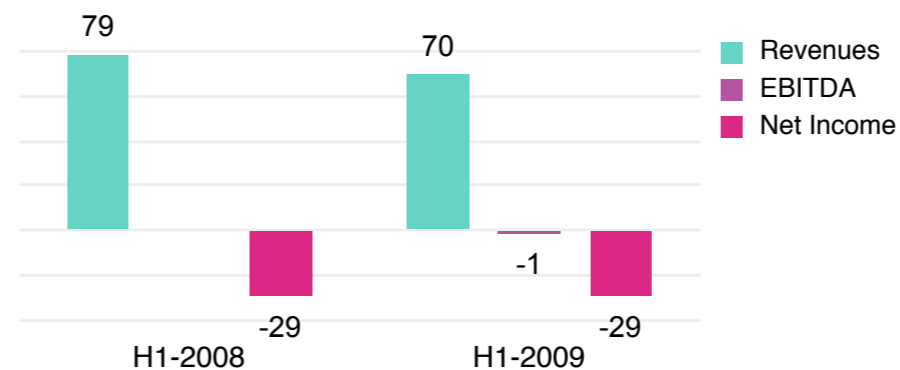


## Key Statistics for H1-2009

Population (000s)	38,549
GDP/Capita (PPP)	\$1,735
Year of acquisition	2004
Ownership	95%
Mobile Penetration	47%
Number of Operators	3
Market Positioning	2
Market Share	17%
ARPU	\$4



## Financial Performance (\$ m)





# Ghana

Contribution to Group Total - Population: **4%** Customers: **2%** Revenues: **0.5%**

- Zain Ghana was the first telecom operator to introduce the 3.5 G network when it officially launched on December 15, 2008.
- On the back of the challenging economic outlook, Zain Ghana's market share continued to be vibrant in the first half of 2009 as a result of an integrated marketing approach targeted to increase brand awareness, improve distribution channels and maximize opportunities from new coverage roll-out.
- Zain Ghana ended H1-2009 with over 1 million customers.
- Net results were hit by the depreciation of the Cedi currency versus the dollar by 24% as compared to 16% in Q1-2009.



## Key Statistics for H1-2009

Population (000s)	23,946
GDP/Capita (PPP)	\$1,513
Year of launch	2008
Ownership	75%
Mobile Penetration	57%
Number of Operators	5
Market Positioning	4
Market Share	8%
ARPU	\$3



# Nigeria

Contribution to Group Total - Population: **27%** Customers: **21%** Revenues: **17%** - Customer YoY Growth: **-1%**

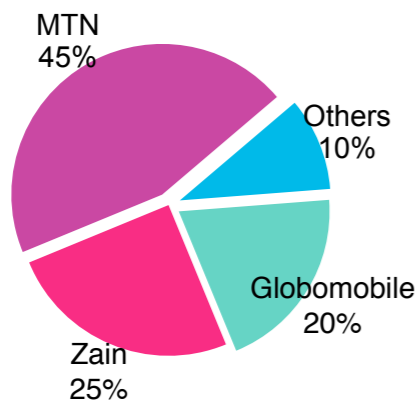
- In 2001, Zain made history by becoming the first telecom operator to launch commercial services in Nigeria. Following Celtel International's acquisition of a majority stake in the company in 2006, Celtel Nigeria was rebranded to Zain in August 2008.
- Nigeria is the most populated nation on the continent and will soon overtake South Africa as Africa's largest telecom provider.
- Zain's active customer base in Nigeria saw a decline resulting from an adjustment to account only for customers that are active within the 90 days window.
- The decrease in Net Income was mainly attributed to the Naira's devaluation against the US dollar.



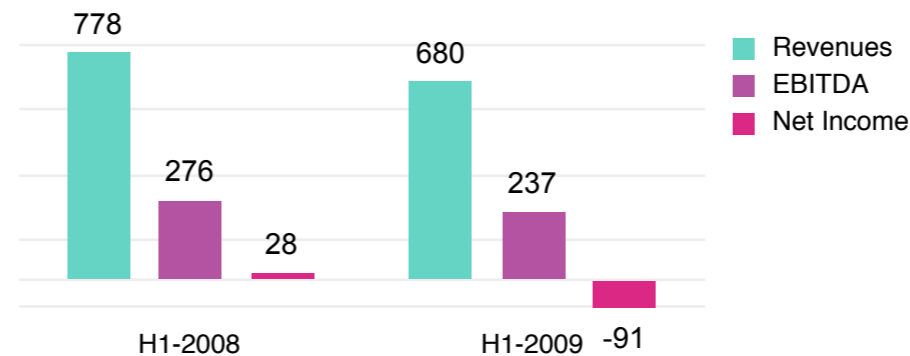
## Key Statistics for H1-2009

Population (000s)	151,478
GDP/Capita (PPP)	\$2,142
Year of acquisition	2006
Ownership	65.7%
Mobile Penetration	44%
Number of Operators	4
Market Positioning	2
Market Share	25%
ARPU	\$7

## Market Share



## Financial Performance (\$ m)





# Lebanon

Contribution to Group Total - Population: **1%** Customers: **2%** Revenues: **1%** - Customer YoY Growth: **70%**

- Zain operates in Lebanon under a management contract since June 2004, when it was rebranded to mtc-touch.
- In January 2009, the recent successful tender allowed Zain to manage mtc-touch for an additional year starting on February 2009.
- Zain has developed the Lebanese operation to its full potential by seeking the best in having a world-class communication solutions and cutting-edge technology.

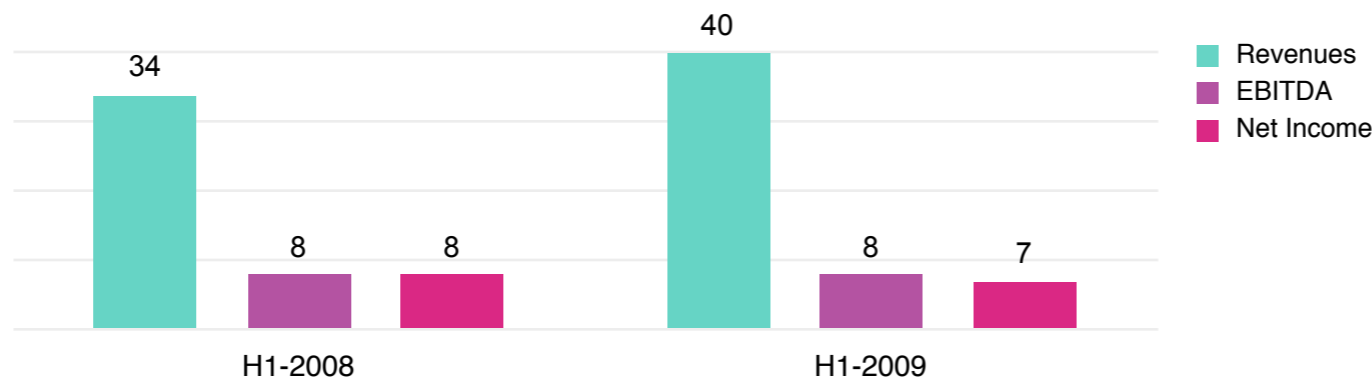


## Key Statistics for H1-2009

Population (000s)	4,142
GDP/Capita (PPP)	\$12,063
Year of MC award	2004
Ownership	MC
Mobile Penetration	47%
Number of Operators	2
Market Positioning	-
Market Share	50%
ARPU	-

MC= Management Contract

## Financial Performance (\$ m)





# Kingdom of Saudi Arabia

Contribution to Group Total - Population: **5%** Customers: **4%**

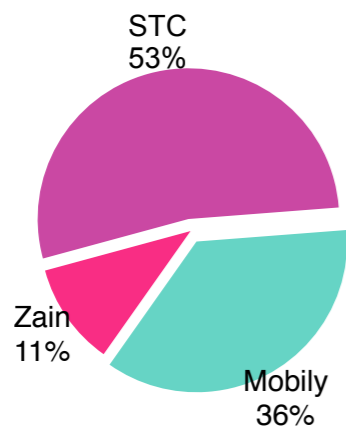
- Zain KSA launched commercial services in late August 2008.
- Despite the fact that more than one operator offers services in the Kingdom, Zain had more than 3.7 million customers in less than a year.
- Mobile broadband was launched and covered 65% of the Saudi population and is committed to its previous target of achieving 85% coverage by the end of 2009.



## Key Statistics for H1-2009

Population (000s)	25,293
GDP/Capita (PPP)	\$24,120
Year of launch	2008
Ownership	25%
Mobile Penetration	112%
Number of Operators	3
Market Positioning	3
Market Share	11%
ARPU	\$19

## Market Share





# Palestine

Contribution to Group Total - Population: **1%** Customers: **2%**

- Paltel is currently providing mobile and fixed line services to the Palestinian population.
- The merger between Zain and Paltel establishes a larger group which will consolidate Zain Jordan and Paltel by serving both strategic markets in the region.
- Paltel's units operate under different brands which will be rebranded to Zain in August 2009.



## Key Statistics for H1-2009

Population (000s)	4,280
GDP/Capita (PPP)	\$1,046
Year of launch	2008
Ownership	56.53%
Mobile Penetration	37%
Number of Operators	1
Market Positioning	1
ARPU	-



# Summary of Key Messages

- ▶ Successful execution of 3x3x3 strategy:
  - ▶ Launch of Drive11 to improve operating margins
  
- ▶ Two very attractive regions:
  - ▶ Mature high ARPU base in ME
  - ▶ Emerging high growth markets in Africa
  
- ▶ Regional powerhouse in ME and Africa
  
- ▶ Capture synergies and accelerated growth through integration and ACE



# Financial Statements



# Balance Sheet

	Unaudited 30 June 2009	Audited 31 Dec 2008		Unaudited 30 June 2009	Audited 31 Dec 2008
<b>Assets</b>			<b>Liabilities and Equity</b>		
<b>Current assets</b>			<b>Current Liabilities</b>		
Cash and bank balances	361,509	367,871	Trade and other payables	1,065,054	908,773
Trade and other receivables	427,209	293,903	Due to banks	448,091	231,138
Loan to an associate		79,673		<b>1,513,145</b>	<b>1,139,911</b>
Inventories	37,875	30,427	<b>Non current liabilities</b>		
Investments - at fair value through profit or loss	13,665	16,676	Due to banks	1,715,437	1,670,788
	<b>840,258</b>	<b>788,550</b>	Deferred tax liabilities	30,483	30,283
<b>Non current assets</b>			Other non current liabilities	99,902	212,128
Deferred tax assets	107,334	88,805		<b>1,845,822</b>	<b>1,913,199</b>
Investments - available-for-sale	102,462	96,904	<b>Equity</b>		
Investment in associates	263,063	216,389	<b>Attributable to the Parent Company's shareholders</b>		
Loan to associates		82,881	Share capital	427,518	427,240
Property and equipment	2,187,418	2,026,790	Share premium	1,690,772	1,690,772
Intangible assets	2,619,216	2,234,423	Treasury shares	(567,834)	(567,834)
Other financial assets	2,528	2,378	Legal reserve	127,788	127,788
	5,364,902	4,665,689	Voluntary reserve	63,091	63,091
<b>Total Assets</b>	<b>6,205,160</b>	<b>5,454,239</b>	Foreign currency translation reserve	(67,031)	(97,692)
			Treasury shares reserve		1,967
			Equity issue transaction cost of associate	(1,817)	(1,746)
			Investment fair valuation reserve	(2,388)	(9,201)
			Share based compensation reserve	22,765	20,395
			Hedge reserve		(54,073)
			Retained Earnings	721,145	625,014
				<b>2,361,903</b>	<b>2,219,412</b>
			Non-controlling interests	484,290	181,717
			<b>Total equity</b>	<b>2,846,193</b>	<b>2,401,129</b>
			<b>Total Liabilities and Equity</b>	<b>6,205,160</b>	<b>5,454,239</b>



# Income Statement

	<b>Six months ended June 30</b>	
	<b>2009</b>	<b>2008</b>
		<b>KD'000</b>
Revenue	1,161,423	935,802
Cost of sales	(313,625)	(267,018)
<b>Gross profit</b>	<b>847,798</b>	<b>668,784</b>
Distribution, marketing & operating expenses	(234,169)	(221,992)
General and administrative expenses	(97,517)	(95,631)
Depreciation and amortization	(190,090)	(140,095)
Provision for doubtful debts	(3,923)	(929)
<b>Operating profit</b>	<b>322,099</b>	<b>210,137</b>
Interest income	5,622	13,124
Investment income	(4,528)	8,728
Income from sale of shares in a subsidiary	-	26,594
Share of loss of associates	(33,810)	(756)
Other income	8,438	8,383
Finance cost	(78,713)	(60,951)
Loss on currency revaluation	(31,297)	(10,280)
Board of Directors' remuneration	(16)	(14)
Contribution to Kuwait Foundation for Advancement of Sciences	(1,600)	(1,526)
National Labour Support Tax and Zakat	(3,870)	(3,064)
Profit for the period before income tax	182,325	190,375
Income tax expense	(13,729)	(35,213)
<b>Profit for the period</b>	<b>168,596</b>	<b>155,162</b>
<b>Attributable to:</b>		
Shareholders of the Parent Company	154,499	147,970
Non- controlling interests	14,097	7,192
	168,596	155,162
<b>Earnings per share (Fils)</b>	<b>40</b>	<b>41</b>



# Cash Flow Statement

	Six months ended June 30	
	2009	2008 KD'000
<b>Cash flows from operating activities</b>		
Profit for the period before income tax	182,325	190,375
Adjustments for:		
Depreciation and amortization	190,090	140,095
Interest income	(5,622)	(13,124)
Loss/ (income) from investment securities	4,528	(8,728)
Income from sale of a shares in a subsidiary	-	(26,594)
Share of loss of associates	33,810	756
Finance cost	78,713	60,951
Loss from currency revaluation	31,297	10,280
Operating profit before working capital changes	515,141	354,011
Increase in trade and other receivables	(104,506)	(70,159)
Increase in inventories	(7,102)	(4,795)
(Decrease)/ increase in trade and other payables	(52,241)	44,602
Cash generated from operations	351,292	323,659
Paid to Kuwait Foundation for Advancement of Sciences	(2,841)	(3,004)
National Labour Support Tax and Zakat	(6,247)	(5,414)
Board of Directors' remuneration	-	(28)
Income tax paid	(11,948)	(33,411)
<b>Net cash from operating activities</b>	<b>330,256</b>	<b>281,802</b>

	Six months ended June 30	
	2009	2008 KD'000
<b>Cash flows from investing activities</b>		
Purchase of investments	(1,387)	(2,510)
Investment in a subsidiary (net of cash held by an acquired subsidiary)	6,285	(4,346)
Sale of shares in subsidiary	-	49,997
Investment in an associate	(26,298)	-
Proceeds from sale of investments	7,646	27,161
Acquisition of property and equipment (net)	(239,752)	(303,283)
Acquisition of intangible assets	(895)	(3,383)
Interest received	5,622	15,792
<b>Net cash used in investing activities</b>	<b>(248,779)</b>	<b>(220,572)</b>
<b>Cash flows from financing activities</b>		
Capital contribution – employees stock option	94	114
Borrowings from banks (net)	214,408	243,939
Loan to an associate	-	(76,978)
Dividends paid to Parent Company's shareholders	(190,212)	(167,084)
Dividends paid to non-controlling interest holders of subsidiaries	(23,254)	(983)
Finance cost	(86,242)	(63,491)
<b>Net cash used in financing activities</b>	<b>(85,206)</b>	<b>(64,483)</b>
Net decrease in cash and cash equivalents	(3,729)	(3,253)
Effect of foreign currency translation	(2,633)	(2,882)
Cash and cash equivalents at beginning of period	367,871	261,263
<b>Cash and cash equivalents at end of period</b>	<b>361,509</b>	<b>255,128</b>



# Thank you

For more information please contact Investor Relation Team at:

[investor.relations@zain.com](mailto:investor.relations@zain.com)

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