



# Earnings Release

## 9 Months 2010

## Financial & Operational Highlights

In Q3-2010, Zain's customer base reached 35.3 million managed active customers across the Middle East, representing a 25% increase compared to September 30, 2009.

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As of September 30, 2010, Zain generated Consolidated Revenues of KD 1.01 billion (USD 3.5 billion).

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During the same period, Zain recorded an EBITDA of KD 447.6 million (USD 1.6 billion).

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EBITDA Margin reached 44% as of September 30, 2010.

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Zain posted a Net Income of KD 975.6 million (USD 3.37 billion) for the same period, a 412% increase compared to the 9 Months of 2009.

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The Group's EPS reached KD 0.252 (USD 0.87) for the same period.

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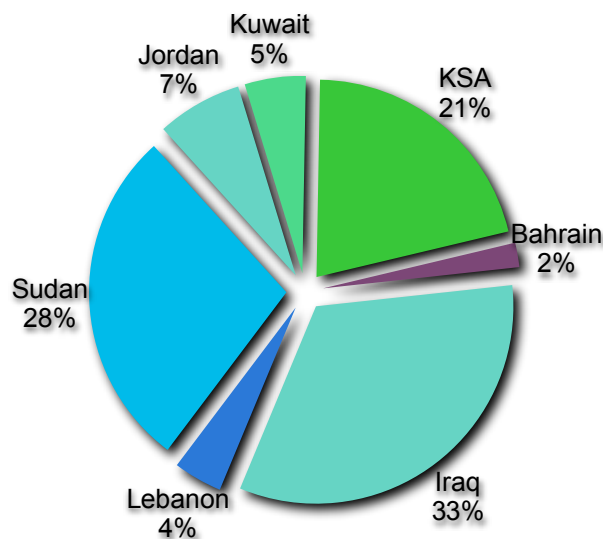
## Zain Group Customers

Table 1: Zain Group Customer Breakdown & Market Positioning

As of September 30, 2010	Ownership (%)	Active Customers (000s) Sep 30, 2010	Active Customers (000s) Sep 30, 2009	Growth (%)	Prepaid (%) Sep 30, 2010	Market Positioning
<b>MIDDLE EAST</b>						
Bahrain	56.25%	564.5	692.7	-19%	75.6%	2
Iraq	71.67%	11,774.5	10,062.7	17%	99.4%	1
Jordan	96.52%	2,574.8	2,624.9	-2%	87.9%	1
Kuwait	100%	1,871.0	1,808.2	3%	65.1%	1
Lebanon	MC	1,476.4	1,272.6	16%	84.0%	-
KSA	25%	7,306.6	4,401.4	66%	92.4%	-
Sudan	100%	9,707.2	7,334.9	32%	99.0%	1
<b>Middle East Total</b>	-	<b>35,275</b>	<b>28,197</b>	25%		

1- MC = Management Contract

## Customer Contribution



With the effective sale of Zain's African assets, the Group's footprint evolves in to the regional focus on its core Middle East operations. Zain is the market leader in each of its markets with the exception of Bahrain and KSA. As shown in the contribution chart above, the Group customer base is dominated by the markets with the largest populations and highest potential for acquisition growth - namely Iraq, Sudan and KSA, in order of contribution. Whereas in saturated markets such as Kuwait and Jordan, the operations continue to maintain a lead in several fronts spurred on by its many great customer offerings.

## Revenues Contribution

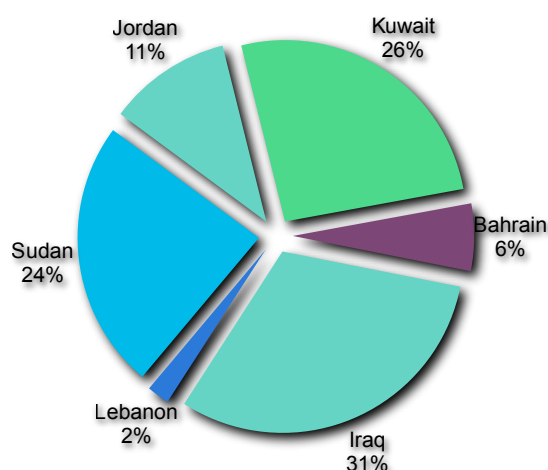


Table 3: Financial Highlights

Consolidated Results	9 Months - 2010		9 Months - 2009		YoY Growth
	KD	USD	KD	USD	
Revenues (millions)	1,009.8	3,504.1	932.6	3,232.2	8%
EBITDA (millions)	447.6	1,553.5	457.0	1,582.6	(2%)
<i>EBITDA Margin</i>	44%		49%		(5 pp)
Net Profit (millions)	975.6	3,365.1	190.4	658.9	412%
EPS	0.252	0.87	0.049	0.17	-

## Financial Results

On June 8th 2010, (First Closing Date), The Group disposed its entire shareholding in Zain Africa BV, Netherlands (ZABV) to a major mobile telecom operator based in India 'Bharti Airtel International' for an enterprise value of US\$ 10.7 billion (KD 3.1 billion), in accordance with the legally binding definitive Share Sale Agreement (SSA) dated back to 30 March 2010. The buyer has assumed US\$ 1.7 billion (KD 494 million) of Zain Africa BV's consolidated Net Debt obligations valuing the equity and shareholder loans of ZABV at US\$ 9 billion.

It's important to note that the Group received with the conclusion of the sale of Zain Africa on June 8, 2010, US\$ 7.8 billion (KD 2.41 billion) of which proportionate Capital Gain Profit of US\$ 2.653 billion (KD 770.3 million) reflected in the Net Income results for the first half of 2010. This is after the deduction of US\$ 700 million (KD 203 million) which is payable in one year from the First Closing Date. In the third quarter of 2010, the Group received an amount of US\$ 295 million (KD 63 million) on receipt of regulatory approvals in some territories. As

of September 30, 2010, the sale of one territory is contingent on receipt of regulatory approval within twelve months of the First Closing Date.

Accordingly, ZABV has been de-consolidated and its revenue and costs for the period 1 January 2010 to 8 June 2010 have been presented as a 'Discontinued Operation' based on International Financial Reporting Standard.

The Group ended the first 9 months of 2010 by generating Consolidated Revenues of KD 1,009.8 million (US\$ 3,504.1 million) - an 8% increase compared to the same period of the previous year. The Group revenues were dominated and led by 3 operations namely Iraq, Kuwait and Sudan, in order of contribution. The Group EBITDA reached a total of KD 447.6 million (US\$ 1,553.4 million) while Net Profit soared 412% to reach KD 975.6 million (US\$ 3,365.1) for the same period. EPS reached 252 fils (US\$ 0.87).

The first nine months of 2010 Net Income (excluding the capital gain) and EBITDA result is all the more impressive when one takes into account that in the same period last year, the result benefited from several provisions reversals, on the back of favorable ruling resulting in an extraordinary net income gain of KD 63 million (US\$ 218 million) and EBITDA gain of KD 44.8 million (US\$ 155 million). Absent from the last year adjustments, EBITDA and Net Income growth for the first nine months of 2010 would have been much higher than stated, at a respective growth of 9% in EBITDA and 61% in Net Income.

*Table 4: Income Statement - Summary*

Consolidated Results	9 Months - 2010		9 Months - 2009		YoY Growth
	KD m	USD m	KD m	USD m	
Revenues	1,009.8	3,504.1	932.6	3,232.2	8%
Cost of Sales	(267.4)	(927.9)	(239.6)	(830.5)	12%
Gross Profit	742.4	2,576.2	693.0	2,401.7	7%
Operating, General and Administrative Expenses	(294.8)	(1,022.8)	(236.0)	(819.1)	25%
EBITDA	447.6	1,553.4	457.0	1,582.6	(2%)
EBITDA Margin	44%		49%		(5 pp)
Depreciation & Amortization	(124.0)	(430.3)	(111.1)	(384.7)	12%
EBIT	323.6	1,123.1	345.9	1,197.9	(6%)
Profit from Discontinued Operations	770.4	2,652.7	-	-	-
Others	(118.4)	(410.7)	(155.5)	(539.0)	(24%)
Net Profit	975.6	3,365.1	190.4	658.9	412%

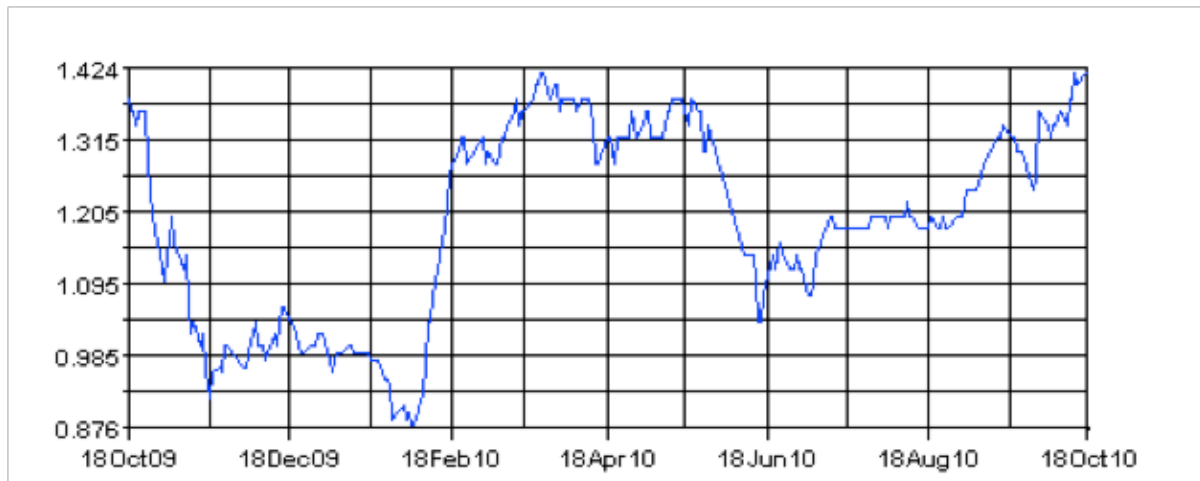
*Table 5: Balance Sheet - Summary*

<i>Consolidated Results</i>	<i>9 Months - 2010</i>		<i>9 Months - 2009 (Restated)</i>	
	KD m	USD m	KD m	USD m
Current Assets	1,177.6	4,142.0	856.3	2,989.8
Non-Current Assets	2,575.6	9,059.7	4,945.7	17,268.5
Total Assets	3,753.2	13,201.7	5,802.0	20,258.3
Current Liabilities	770.2	2,709.2	1,582.4	5,525.2
Non-Current Liabilities	257.8	906.9	1,764.3	6,160.0
Shareholders' Equity	2,633.1	9,261.8	2,270.6	7,928.2
Minority Interest	92.1	323.8	184.7	644.9
Total Liabilities and Equity	3,753.2	13,201.7	5,802.0	20,258.3

*Table 6: Cash Flows - Summary*

<i>Consolidated Results</i>	<i>9 Months - 2010</i>		<i>9 Months - 2009</i>	
	KD m	USD m	KD m	USD m
Net Cash from Operating Activities	367.2	1,270.2	536.0	1,870.7
Net Cash from Investing Activities	1,861.1	6,463.3	(379.9)	(1,326.1)
Net Cash from Financing Activities	(2,028.4)	(7,085.0)	(217.6)	(759.7)
Net Increase / (Decrease) in Cash and Cash Equivalents	199.9	648.5	(61.6)	(215.0)
Cash and Cash Equivalents at end of Year	463.6	1,630.8	306.7	1,070.9

## Stock Performance



*Table 7: Stock Summary*

<i>Stock Summary</i>	<i>KD</i>	<i>USD</i>
Closing Price (17/10/2010)	1.420	5.04
Paid-Up Capital (millions)	429.2	1,509.7
Share Par Value	0.100	0.3517
EPS	0.252	0.87
Market Capitalization (Billions)	6.09	21.65
P/E multiples*		5.20x

(\*EPS includes Capital Gain from the sale of African assets)

## Country Insight

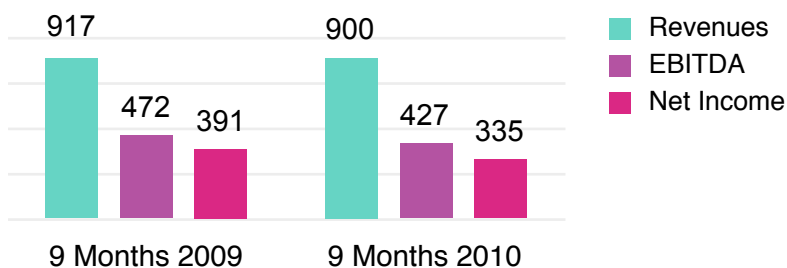
### Kuwait

Market Overview	Sep 30, 2010	Sep 30, 2009	
Population (000s)	3,480	3,480	
GDP/Capita (\$; PPP)	49,192	40,943	
Mobile Penetration	141%	128%	
Number of Peers	2	2	
Market Positioning	1	1	
Ownership	100%	100%	
Customers (000s)	1,871	1,808	
Postpaid	652	614	
Prepaid	1,219	1,194	
Market Share	46%	49%	
ARPU (\$)	52	55	
Financial Performance	9 Months 2010	9 Months 2009	Annual Growth
Revenues (\$ m)	900.2	916.9	(2%)
EBITDA (\$ m)	426.7	471.8	(10%)
EBITDA Margin	47%	51%	-
CAPEX (\$ m)	39.7	85.3	(53%)
Net Income (\$ m)	335.3	390.5	(14%)

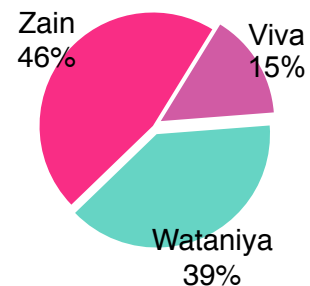
The Group's flagship operation was established in 1983 and made history in 1994 by becoming the first telecom operator to launch a commercial GSM service in the region.

Despite stiff competition, Zain Kuwait stayed ahead of its peers and was able to maintain its 46% share through maintaining a whole set of initiatives designed to capitalize on the demand growth for data services. On the regulatory front, MOC issued two notices in respect of the Mobile Number Portability rules (MNP), reduction of roaming prices in the GCC countries as well as to study the possibility to reduce the prices of the Per Second Billing. Number of sites commissioned increased to reach 1,715 during the third quarter to better enhance network performance.

Financials (\$ m)



Market Share



## Sudan

Market Overview	Sep 30, 2010	Sep 30, 2009
Population (000s)	40,797	40,581
GDP/Capita (\$; PPP)	2,126	2,335
Mobile Penetration	47%	40%
Number of Peers	2	2
Market Positioning	1	1
Ownership	100%	100%
Customers (000s)	9,707	7,335
Postpaid	95	102
Prepaid	9,612	7,233
Market Share	60%	58%
ARPU (\$)	10	13

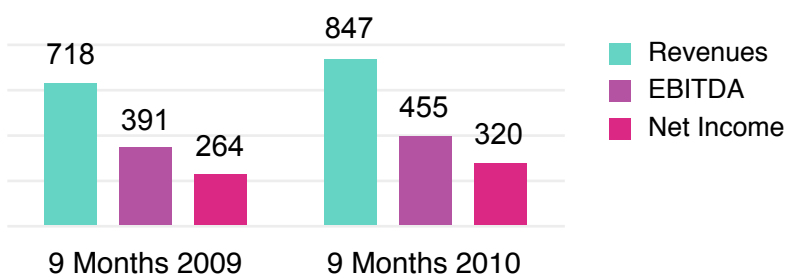
  

Financial Performance	9 Months 2010	9 Months 2009	Annual Growth
Revenues (\$ m)	847.1	718.4	18%
EBITDA (\$ m)	455.2	391.0	16%
EBITDA Margin	54%	54%	-
CAPEX (\$ m)	152.9	179.5	(15%)
Net Income (\$ m)	319.9	263.6	21%

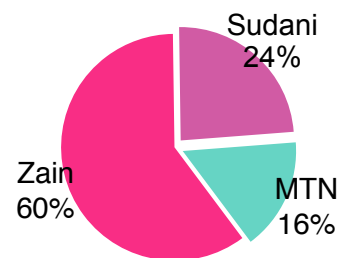
In February 2006, Zain acquired the remaining 61% stake of Mobitel, Sudan's first mobile operator, in a deal valued at US\$ 1.332 billion, resulting in 100% ownership. The company was rebranded to Zain in September 2007 and subsequently renewed its license in Sudan for a period of 20 years.

Zain Sudan's outstanding performance was driven by a healthy top line resulting in higher Net Income and EBITDA levels. On the marketing front, Q3 2010 shed the light on the launch of unprecedented services to include 4x4, microSIM and Ramadan multiple offers. Going forward, the operation aims to maintain its market share growth to be the leader in the Sudanese market, to drive acquisition in the region through its route to market while focusing on retention in certain segments.

Financials (\$ m)



Market Share



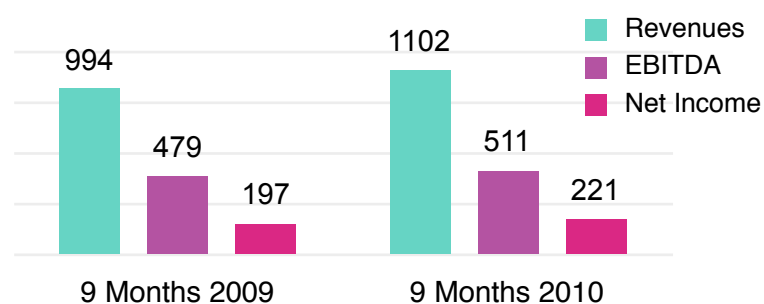
## Iraq

Market Overview	Sep 30, 2010	Sep 30, 2009	
Population (000s)	30,419	30,285	
GDP/Capita (\$; PPP)	3,858	12,063	
Mobile Penetration	77%	71%	
Number of Peers	2	2	
Market Positioning	1	1	
Ownership	71.67%	71.67%	
Customers (000s)	11,775	10,063	
Postpaid	76	46	
Prepaid	11,699	10,017	
Market Share	54%	-	
ARPU (\$)	11	11	
Financial Performance	9 Months 2010	9 Months 2009	Annual Growth
Revenues (\$ m)	1,101.8	994.0	11%
EBITDA (\$ m)	511.4	479.2	7%
EBITDA Margin	46%	48%	-
CAPEX (\$ m)	76.5	98.7	(22%)
Net Income (\$ m)	221.1	197.4	12%

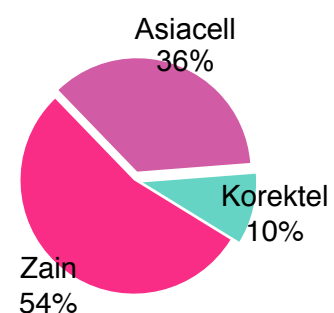
Zain has been providing mobile services in Iraq since December 2003. After securing a 15-year license in August 2007, Zain acquired Iraqna's network, becoming the largest mobile operator in Iraq. The Zain Group subsequently increased its ownership from 30% to 71.67% to assume majority control in 2008.

Amid competition forces, Zain Iraq still holds the no.1 position with 54% market share - a position it maintained on the back of new strategic activities rolled-out to accelerate coverage, a better distribution model as well as a more focused management. 22 new sites were rolled-out in Q3, bringing the total number of sites on air to 2,859 to date. Moving forward, the operation's main focus will be to provide services in Kurdistan through offering high speed data to customers.

Financials (\$ m)



Market Share



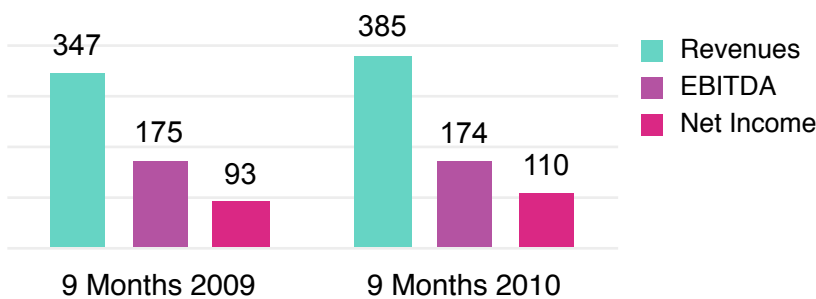
**Jordan**

<i>Market Overview</i>	<i>Sep 30, 2010</i>	<i>Sep 30, 2009</i>	
Population (000s)	6,362	6,317	
GDP/Capita (\$; PPP)	4,870	5,172	
Mobile Penetration	101%	91%	
Number of Peers	3	3	
Market Positioning	1	1	
Ownership	96.52%	56.53%	
Customers (000s)	2,575	2,625	
Postpaid	311	285	
Prepaid	2,264	2,340	
Market Share	39%	45%	
ARPU (\$)	15	14	
<i>Financial Performance</i>	<i>9 Months 2010</i>	<i>9 Months 2009</i>	<i>Annual Growth</i>
Revenues (\$ m)	384.9	346.6	11%
EBITDA (\$ m)	173.5	175.2	(1%)
EBITDA Margin	45%	51%	-
CAPEX (\$ m)	16.1	30.8	(48%)
Net Income (\$ m)	109.6	93.1	18%

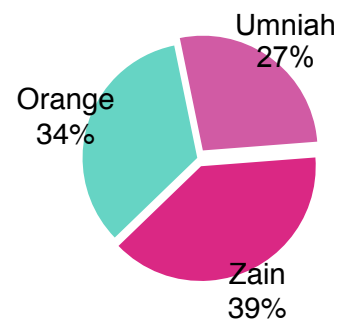
In 1994, Zain in Jordan, formerly Fastlink, revolutionized the telecom sector in the Kingdom by being the first to introduce mobile services in the country. In 2003, it was the first to join what is now the Zain Group’s Middle East portfolio and despite the tough competition in this liberalized market, it quickly became the foremost telecom operator in the country.

Despite the tough competition in this liberalized market, Zain in Jordan is still the foremost telecom operator with a 39% market share. This slight decrease of 3 percentage points - compared to H1-2010 - was bolstered by starter kits offered by its main peers. On the commercial front, several initiatives were carried-out to exploit different segments and develop new revenue streams, notably corporate bundles and army prepaid promotions. July 2010 witnessed the launch of the first MVNO ‘friendi’ targeting the international Egyptian traffic.

Financials (\$ m)



Market Share

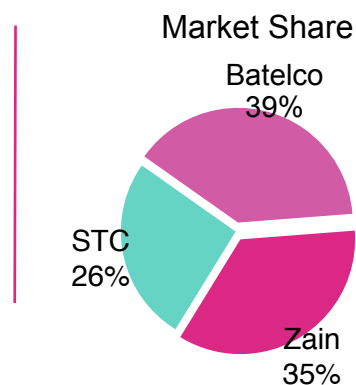
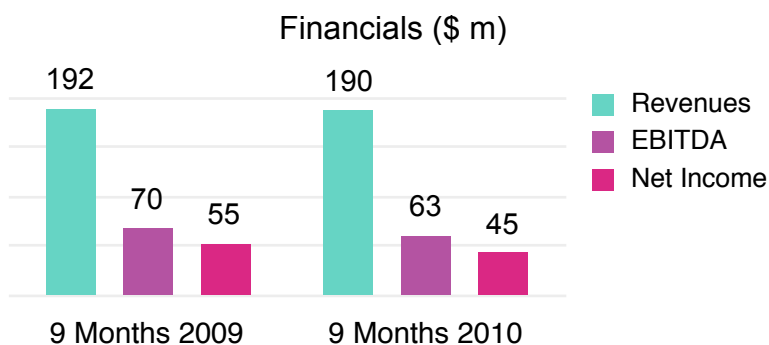


## Bahrain

Market Overview	Sep 30, 2010	Sep 30, 2009	
Population (000s)	1,130	1,130	
GDP/Capita (\$; PPP)	21,525	33,988	
Mobile Penetration	205%	188%	
Number of Peers	2	1	
Market Positioning	2	1	
Ownership	56.25%	56.25%	
Customers (000s)	565	693	
Postpaid	138	130	
Prepaid	427	563	
Market Share	35%	51%	
ARPU (\$)	26	26	
Financial Performance	9 Months 2010	9 Months 2009	Annual Growth
Revenues (\$ m)	190.2	191.7	(1%)
EBITDA (\$ m)	63.3	70.1	(10%)
EBITDA Margin	33%	37%	-
CAPEX (\$ m)	28.6	18.3	56%
Net Income (\$ m)	44.5	54.6	(18%)

Zain started operations in the Kingdom in December 2003 as MTC-Vodafone. Since its historic introduction of 3.5G, WIMAX and 'One Network', Zain has tapped into a rich seam of telecommunication records, placing itself and Bahrain firmly on the global telecoms map. Zain's network covers 100% of the Bahraini population for both 2G and 3G services.

Faced with aggressive competition, Zain Bahrain continues to maintain its technological edge on many fronts. On a macro level, the operation's performance was hurt by the value-destroying price war and massive discounts on international tariffs. From regulatory perspective, TRA issued 2 notices: in respect of ISP operators to block some of the websites offering VOIP calls via internet to Bahrain, and to register all prepaid lines under dealers/distributors.



**KSA**

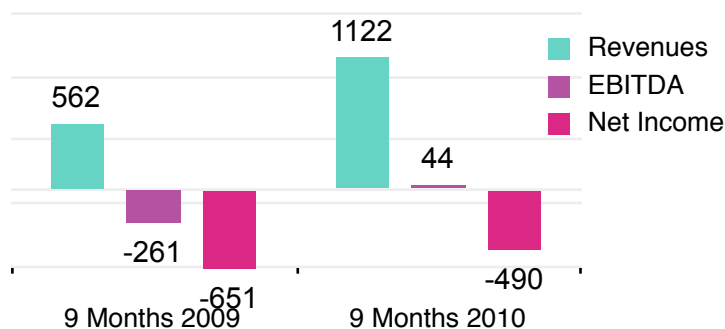
<i>Market Overview</i>	<i>Sep 30, 2010</i>	<i>Sep 30, 2009</i>
Population (000s)	28,962	28,831
GDP/Capita (\$; PPP)	23,977	24,120
Mobile Penetration	167%	122%
Number of Peers	2	2
Market Positioning	3	3
Ownership	25%	25%
Customers (000s)	7,307	4,401
Postpaid	553	437
Prepaid	6,754	3,964
ARPU (\$)	19	19

<i>Financial Performance</i>	<i>9 Months 2010</i>	<i>9 Months 2009</i>	<i>Annual Growth</i>
Revenues (\$ m)	1,121.7	562.3	99%
EBITDA (\$ m)	43.7	(261.1)	117%
EBITDA Margin	4%	(46%)	-
CAPEX (\$ m)	130.6	310.2	(58%)
Net Income / (Loss) (\$ m)	(490.1)	(651.1)	25%

Zain launched its commercial operations in the Kingdom of Saudi Arabia on August 26, 2008, a year after it was awarded its mobile license. The Group holds management control of the operation through its 25% ownership stake.

At large, Zain's solid performance in the Kingdom was due to the sustained growth of the prepaid segment, new business lines as well as the efficient mechanisms which were put in place to control churn and provide innovative and attractive P&S to different customers' segments. This sound performance was driven by a better EBITDA - hitting a positive highlight in just 25 months of operations as well as lower net losses on the back of rising consumption of broadband services.

Financials (\$ m)



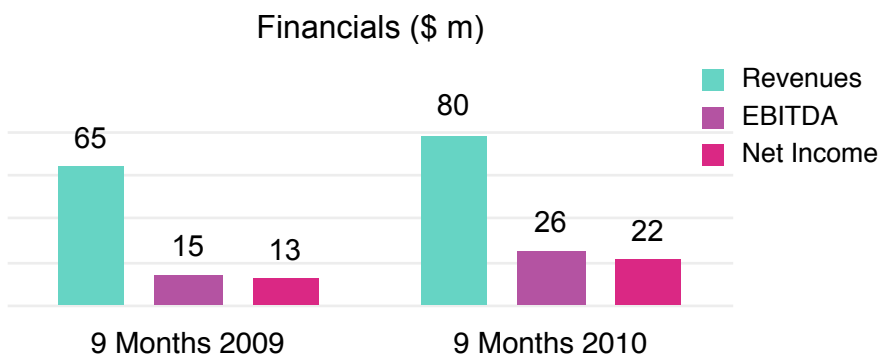


## Lebanon

<i>Market Overview</i>	<i>Sep 30, 2010</i>	<i>Sep 30, 2009</i>	
Population (000s)	4,205	4,195	
GDP/Capita (\$; PPP)	12,165	12,063	
Mobile Penetration	63%	53%	
Number of Peers	1	1	
Ownership	MC	MC	
Customers (000s)	1,476	1,273	
Postpaid	235	208	
Prepaid	1,241	1,065	
<i>Financial Performance</i>	<i>9 Months 2010</i>	<i>9 Months 2009</i>	<i>Annual Growth</i>
Revenues (\$ m)	79.8	64.6	24%
EBITDA (\$ m)	25.5	14.8	72%
EBITDA Margin	32%	23%	-
Net Income (\$ m)	22.1	12.6	75%

In June 2004, MTC won a 4-year management contract to operate one of Lebanon's two GSM networks. Rebranded to mtc touch, Zain has committed to developing the Lebanese operation to its maximum potential by establishing a world class service. On 31st May 2010, the Network Management Agreement (NMA) was extended for a period of 3 months from July 31 2010 to October 2010; thereafter renewable for another 3 months - beyond end October 2010 until end of January 2011.

The disclosed revenues are those from the management contract and not the total revenues of the operation which are collected by the Government of Lebanon.



## About Zain

For more information about Zain, visit [www.zain.com](http://www.zain.com).

Or Contact our Investor Relations Team:

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

*Note: All population figures, GDP per Capita and Mobile Penetration figures are sourced from Informa and Global Insight.*