



# Earnings Release

## H1-2009

## Financial & Operational Highlights

As of June 30, 2009, Zain's customer base exceeded 69.5 million active customers across the Middle East and Africa, representing a 37% increase compared to June 30, 2008.

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For the first half of 2009, Zain announced Consolidated Revenues of USD 4,013.7 million (KD 1,161.4 million), an increase of 24% compared to the same period of 2008.

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During the same period, Zain recorded an EBITDA of USD 1,769.4 million (KD 512.2), a 46% increase.

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EBITDA Margin stood at 44% in H1-2009, compared to 37% in the previous year.

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Zain recorded a Net Income of USD 533.5 million (KD 154.5 million) for the same period, a 4% increase compared to H1-2008.

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The Group's EPS stood at 0.14 cents (KD .040) for H1-2009.

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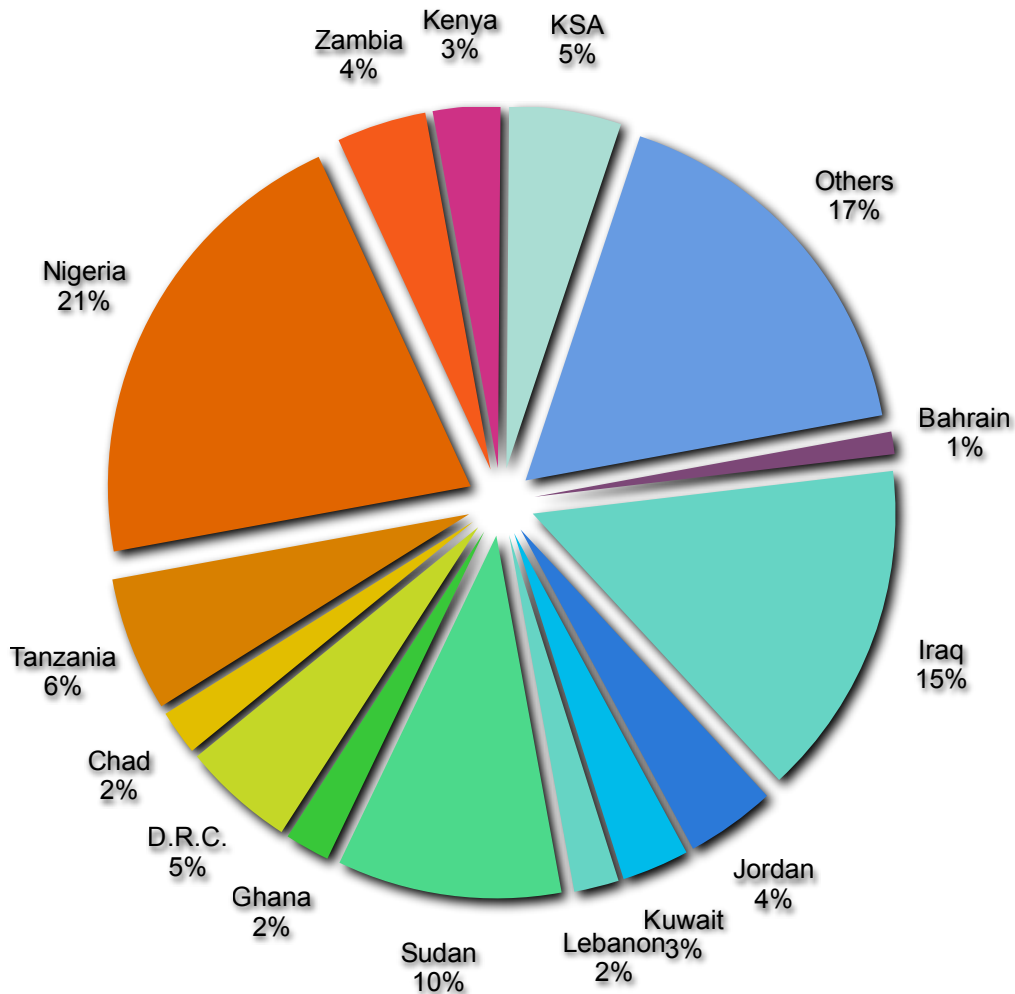
## Customers

Table 1: Zain Group Customer Breakdown & Market Positioning

As of June 30, 2009	Ownership (%)	Active Customers (000s) H1-2009	Active Customers (000s) H1-2008	Growth (%)	Prepaid (%) H1-2009	Market Positioning
<b>MIDDLE EAST</b>						
Bahrain	56.25%	679	564	20%	81.4%	2
Iraq	71.67%	10,195	7,935	28%	99.6%	1
Jordan	56.53%	2,445	1,993	23%	88.5%	1
Kuwait	100.00%	1,816	1,660	9%	67.1%	1
Lebanon	MC <sup>1</sup>	1,168	686	70%	82.6%	-
KSA	25.00%	3,781	-	-	90.5%	3
Sudan	100.00%	6,734	4,597	46%	98.5%	1
Palestine	56.53%	1,673	-	-	84.6%	-
<b>Middle East Total</b>	-	<b>28,491</b>	<b>17,435</b>	<b>63%</b>	<b>93.1%</b>	-
<b>AFRICA</b>						
Burkina Faso	100.00%	1,433	1,176	22%	99.9%	1
Chad	100.00%	1,199	769	56%	99.8%	1
Congo Brazzaville	90.00%	1,391	1,159	20%	99.8%	1
DRC	98.50%	3,504	2,711	29%	99.7%	1
Gabon	90.00%	836	729	15%	99.4%	1
Ghana	75.00%	1,072	-	-	99.8%	4
Kenya	95.00%	2,418	1,909	27%	97.1%	2
Madagascar	100.00%	1,400	896	56%	98.4%	2
Malawi	100.00%	1,600	964	66%	99.4%	1
Niger	90.00%	1,341	850	58%	99.9%	1
Nigeria	65.70%	14,646	14,804	(1%)	99.6%	2
Sierra Leone	100.00%	551	423	30%	99.1%	1
Tanzania	60.00%	4,435	2,823	57%	99.7%	1
Uganda	100.00%	2,377	1,791	33%	99.7%	2
Zambia	78.88%	2,824	2,297	23%	99.6%	1
<b>Africa Total</b>	-	<b>41,027</b>	<b>33,301</b>	<b>23%</b>	<b>99.4%</b>	-
<b>Zain Group Total</b>	-	<b>69,518</b>	<b>50,736</b>	<b>37%</b>	<b>96.9%</b>	-

1- MC = Management Contract

## Zain Group Customers



As of June 30, 2009, Zain operated in 2 continents and served over 69.5 million active customers representing an increase of 37% compared to June 30, 2008.

Zain registered year on year customer growth over 50% in Tanzania, Chad, Madagascar, and Niger in Africa, as well as a solid growth in Sudan (46%) and Lebanon (70%) in the Middle East. As a total, Zain's African operations registered 23% increase in customers, while the Middle Eastern operations registered 63% increase over the same period mainly due to the addition of Saudi Arabia and Palestine.

In terms of country footprint, Zain is the 3rd largest mobile operator in the world with a commercial presence in 24 countries and a population coverage of 600 million across Africa and the Middle East. Following a 50/50 joint-partnership with Al-Ajial Investment Fund Holding for a 31% stake in Wana, the third mobile telecom operator in Morocco, Zain

expects to benefit financially from its investment in this promising market. This move will also further foster Zain's footprint in North Africa.

Following the share swap between Paltel and Zain Jordan, the new combined Group 'Zain Levant' is expected to generate combined revenues in excess of US\$1 billion in 2009. This merger will benefit both operators in terms of synergies as Jordan is the home to a significant Palestinian Diaspora. The Palestine mobile operation will also join 'One Network', in Q3 2009 thus expanding Zain's One Network footprint in the Middle East to include: Kingdom of Saudi Arabia, Kingdom of Bahrain, Iraq, Jordan, Palestine, Sudan and Kuwait (data roaming only) as well as 13 countries in Africa.

Within Zain's operations, 14 subsidiaries are the leading operators whereas five other operations hold the second position in their respective markets. Zain's strategy is to be the leading mobile operator in all of the markets it serves in spite of the increasingly competitive environment. As of June 30, 2009, Zain's African operations represented 59% of the Group's customer base while the remaining 41% represented Zain's operations in the Middle East. Zain in Nigeria represented 21% of Zain Group's customer base, followed by Iraq (15%), Sudan (10%), Tanzania (6%) and both KSA and DRC (5%).

The Zain Group's operations are mainly made up of prepaid customers, representing over 96% of the total customer base. Of the customer base in Middle East operations, 93% are prepaid, while in the group's African operations over 99% consist of prepaid customers. This phenomenon reflects the cash based economies of the two regions.

## Key Financial & Operational Events

*May 18, 2009*

Zain enters into an agreement for a share-for-share exchange with the Palestinian Telecommunications Company Plc (Paltel). The deal provides Zain with an equity shareholding of 56.53% in Paltel, in exchange for Paltel owning 100% of Zain Jordan.

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*May 4, 2009*

Zain Group CEO, Dr. Saad Al Barrak announces the new 'Drive11' program, to propel the company towards its 2011 target of becoming a top ten global mobile telecommunications operator. The restructuring program will focus on maximizing economies of scale and realizing significant efficiencies.

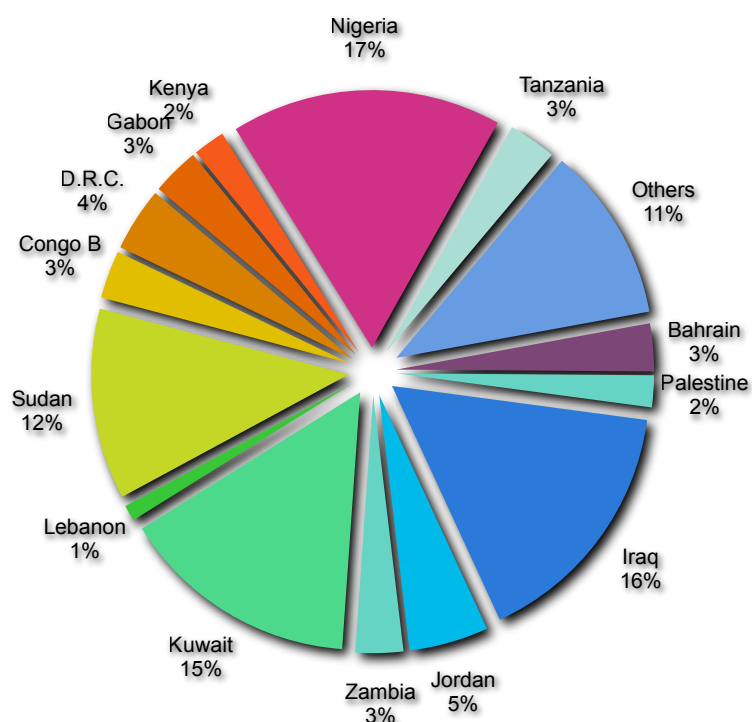
## Financial Results

Zain recorded consolidated revenues of KD 1,161.4 million (USD 4,013.7 million) as of June 30, 2009, an increase of 24% compared to H1-2008. Zain Group EBITDA reached KD 512.2 million (USD 1,769.4 million), a 46% increase compared to the previous year. Zain's consolidated net profits stood at KD 154.5 million (USD 533.5 million), an increase of 4% compared to H1-2008. Earnings per share (EPS) stood at KD 0.040 (USD 0.14).

*Table 2: Financial Highlights*

Consolidated Results	H1-2009		H1-2008		Annual Growth
	KD	USD	KD	USD	
Revenues (millions)	1,161.4	4,013.7	935.8	3,487.9	24%
EBITDA (millions)	512.2	1,769.4	350.2	1,305.4	46%
EBITDA Margin	44%		37%		
Net Profit (millions)	154.5	533.5	148.0	551.5	4%
EPS	0.040	0.14	0.041	0.15	-

## Revenues Contribution



*Table 3: Income Statement Summary*

<i>Consolidated Results</i>	<i>H1-2009</i>		<i>H1-2008</i>		<i>Annual Growth</i>
	KD m	USD m	KD m	USD m	
Revenues	1,161	4,014	936	3,488	24%
<i>Cost of Sales</i>	314	1,084	267	995	17%
<i>Gross Profit</i>	848	2,930	669	2,493	27%
Operating, General and Administrative Expenses	336	1,160	319	1,187	5%
EBITDA	512	1,769	350	1,305	46%
EBITDA Margin	44%		37%		-
Interest Income	5.6	19.4	13.1	48.9	(57%)
Currency Variance	(31.3)	108.8	(10.3)	(38.3)	204%
Net Profit	155	534	148	552	4%

*Table 4: Balance Sheet - Summary*

<i>Consolidated Results</i>	<i>H1-2009</i>		<i>H1-2008</i>	
	KD m	USD m	KD m	USD m
Current Assets	840	2,925	697	2,630
Non-Current Assets	5,365	18,674	3,874	14,607
Total Assets	6,205	21,598	4,571	17,237
Current Liabilities	1,513	5,267	1,153	4,350
Non-Current Liabilities	1,846	6,425	1,714	6,463
Shareholders' Equity	2,362	8,221	1,532	5,777
Minority Interest	484	1,686	172	647
Total Liabilities and Equity	6,205	21,598	4,571	17,237

*Table 5: Cash Flows - Summary*

<i>Consolidated Results</i>	<i>H1-2009</i>		<i>H1-2008</i>	
	KD m	USD m	KD m	USD m
Net Cash from Operating Activities	330	1,141	282	1,050
Net Cash from Investing Activities	(249)	(856)	(221)	(822)
Net Cash from Financing Activities	(85)	(296)	(64)	(240)
Net Decrease in Cash and Cash Equivalents	(4)	(12)	(3)	(12)
Cash and Cash Equivalents at end of Year	362	1,258	255	962

Group revenues were boosted by Palestine's entry into Zain's portfolio during the last two months of H1, although the full effect will be more obvious in the second half of 2009. Among Zain's Middle East operations, Zain Sudan achieved strong revenue growth on the back of an almost 50% increase in customers. Meanwhile, Zain Kuwait's revenues noticeably reflected the effects of removing tariffs for receiving landline calls and the entry of a third competitor. The financial crisis was evident from the currency translation impact on revenues in the African markets during the first half of 2009, notably Nigeria where the weakening of the Naira had a \$160 million negative impact on reported dollar figures. However, several Zain operations in Africa still recorded stellar year on year growth, notably Niger, Malawi, and Chad.

In spite of the negative external pressures on revenues, Zain achieved a full six percentage point increase in its EBITDA margin compared to the same period in 2008. This was achieved on the back of a strategic focus on cost optimization through the group-wide Drive11 initiative. By becoming a leaner organization, Zain is poised to reap further gains from improved margins as economic conditions improve and support revenues. However, bottom line results were weighed down by negative currency variance and Zain KSA's start up losses during the first half of 2009.

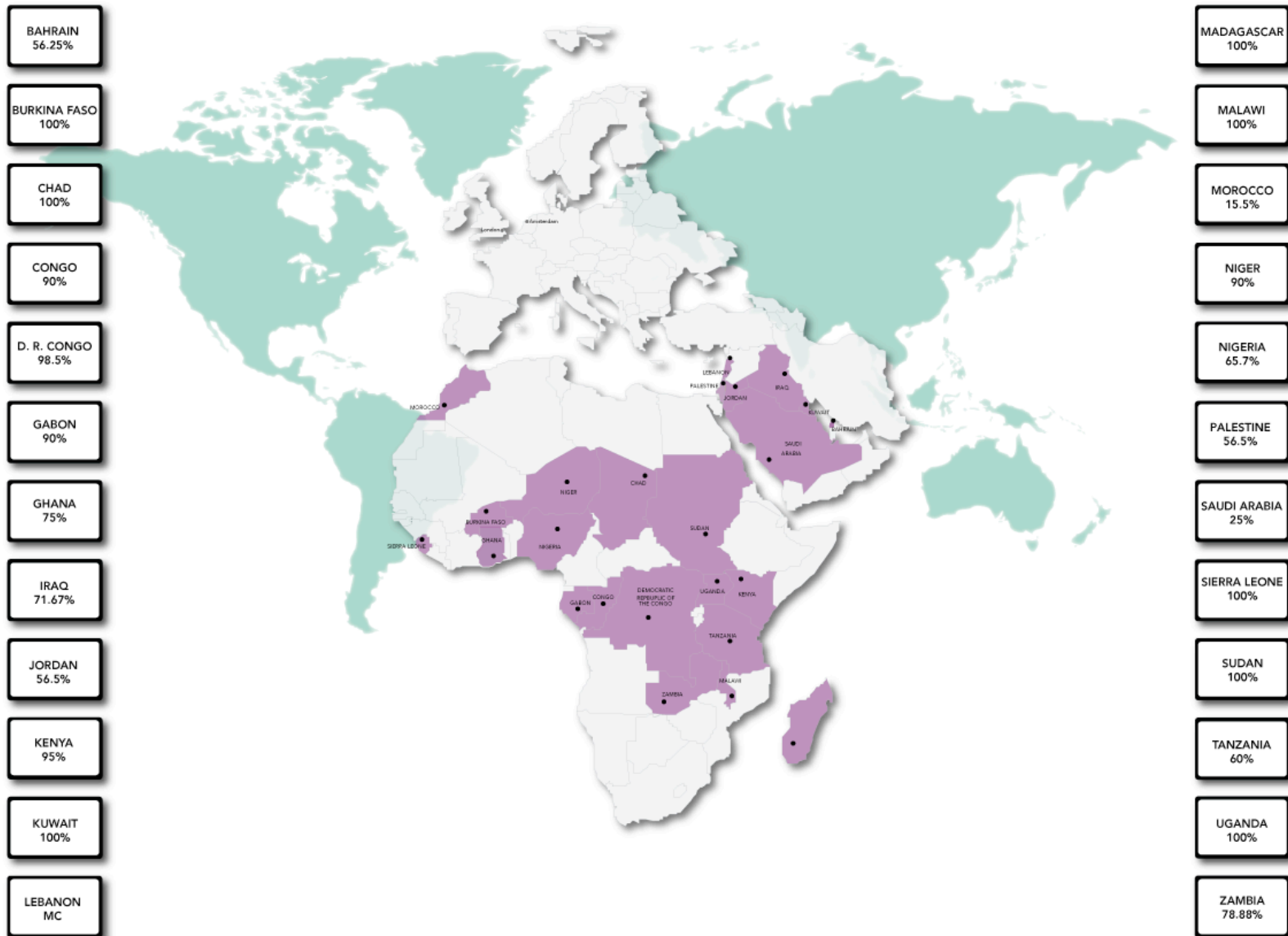
## H1-2009 Stock Performance



*Table 6: Stock Summary*

<i>Stock Summary</i>	<i>KD</i>	<i>USD</i>
Closing Price (30/06/2009)	1.180	4.13
Paid-Up Capital (millions)	428.030	1,498.00
Share Par Value	0.100	0.35
EPS	0.040	0.14
Market Capitalization (Billions)	5.055	17.69
P/E multiples		14.8x

## Zain's Presence in the Middle East and Africa



*\*Percentages reflect % ownership*

## Country Insight

### Kuwait

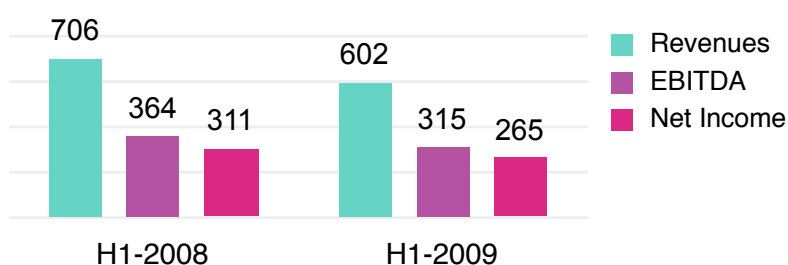
Market Overview	H1-2009	H1-2008
Population (000s)	3,600	3,400
GDP/Capita (\$; PPP)	40,943	35,190
Mobile Penetration	125%	110%
Number of Peers	2	1
Market Positioning	1	1
Ownership	100%	100%
Customers (000s)	1,816	1,660
Postpaid	598	495
Prepaid	1,218	1,165
Market Share	51%	57%
ARPU (\$)	54	69

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	601.5	705.5	(15%)
EBITDA (\$ m)	314.6	363.8	(14%)
EBITDA Margin	52%	52%	-
CAPEX (\$ m)	57.7	38.2	51%
Net Income (\$ m)	264.6	311.4	(15%)

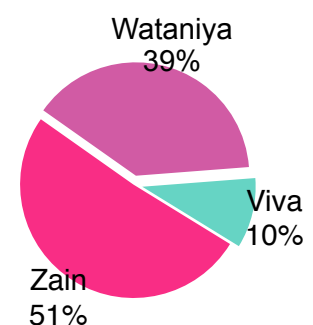
Zain in Kuwait (formerly known as MTC), the Group's flagship operation, was established in 1983 and made history in 1994 by becoming the first telecom operator to launch commercial GSM services in the region.

The removal of tariffs on calls received from landlines had the biggest impact on Kuwait's mobile operators in 2009. However, Zain Kuwait maintained its market leadership with a customer share above 50% (despite the entrance of a 3rd mobile operator) and a revenue share above 60% compared to its competitors. This was achieved on the back of various successful loyalty and retention programs aimed at rewarding customers and promoting mobile usage.

Financials (\$ m)



Market Share



## Sudan

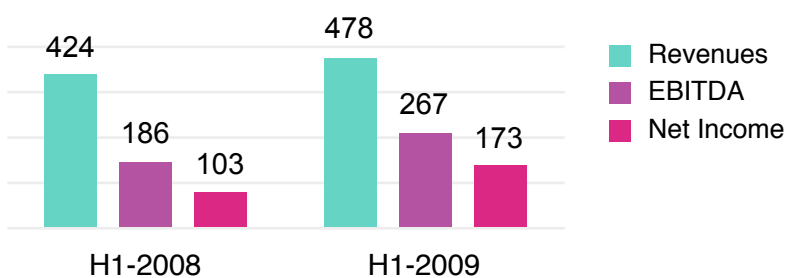
Market Overview	H1-2009	H1-2008
Population (000s)	39,445	38,500
GDP/Capita (\$; PPP)	2,335	3,180
Mobile Penetration	36%	20%
Number of Peers	2	2
Market Positioning	1	1
Ownership	100%	100%
Customers (000s)	6,734	4,597
Postpaid	101	75
Prepaid	6,633	4,522
Market Share	57%	52%
ARPU (\$)	13	17

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	477.5	424.0	13%
EBITDA (\$ m)	266.8	186.4	43%
EBITDA Margin	56%	44%	-
CAPEX (\$ m)	175.2	70.6	148%
Net Income (\$ m)	173.1	102.7	69%

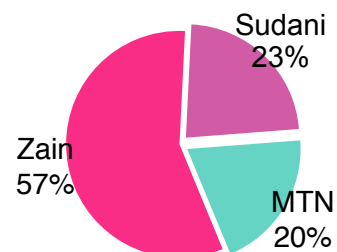
In February 2006, Zain Group acquired the remaining 61% stake of Mobitel, Sudan's first mobile operator in a deal valued at USD 1.332 billion, resulting in 100% ownership. Today, Zain in Sudan is the leading mobile provider with a commanding 57% market share.

Zain Sudan achieved very striking customer acquisition results, grabbing 53% of all gross adds in Q2 while simultaneously achieving the lowest churn rate in the market. Increasing population coverage (83% from 1,687 sites) and successful marketing campaigns such as Zain Create and Makanak Zain for postpaid contributed to this success. However, Zain Sudan's revenues were affected by the weakening currency, causing a 10% negative impact on USD results. Also, effective 2009, Sudanese mobile operators must pay 2% of gross revenues in universal access fees, plus SDP 2 per customer on an annual basis.

Financials (\$ m)



Market Share

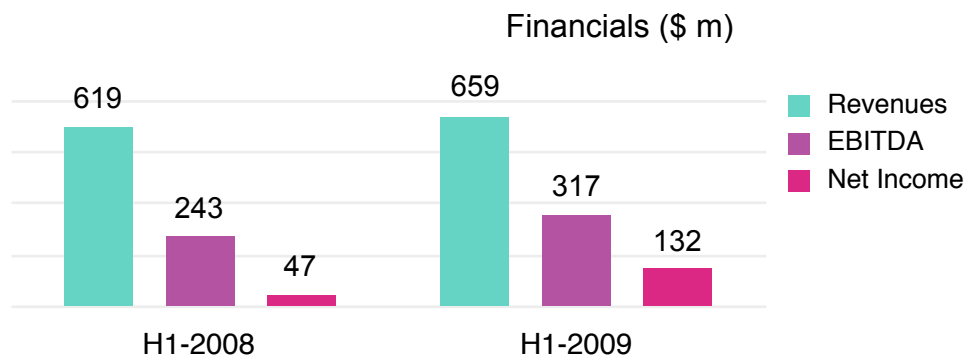


**Iraq**

<i>Market Overview</i>	<i>H1-2009</i>	<i>H1-2008</i>	
Population (000s)	29,492	28,900	
GDP/Capita (\$; PPP)	12,063	3,100	
Mobile Penetration	67%	49%	
Number of Peers	2	2	
Market Positioning	1	1	
Ownership	71.67%	30.00%	
Customers (000s)	10,195	7,935	
Postpaid	40	50	
Prepaid	10,155	7,885	
ARPU (\$)	11	13	
<i>Financial Performance</i>	<i>H1-2009</i>	<i>H1-2008</i>	<i>Annual Growth</i>
Revenues (\$ m)	659.2	618.9	7%
EBITDA (\$ m)	316.9	242.8	31%
EBITDA Margin	48%	39%	-
CAPEX (\$ m)	50.2	117.5	-57%
Net Income (\$ m)	131.5	47.3	178%

Zain in Iraq(formerly MTC-Atheer) has been providing mobile services in Iraq since December 2003. After securing a 15-year license in August 2007, Zain Iraq expanded its services to cover 90% of the population. In 2008, following the acquisition of Iraqna and achieving full integration between MTC-Atheer and Iraqna, Zain managed to increase its ownership stake from 30% to 71.67%, to become a fully-fledged subsidiary.

The Iraqi mobile market continued to endure the absence of clear telecom regulations and an effective regulatory authority. Regulatory decisions are carried out by the Iraqi government and tend to be driven by politics. Zain Iraq achieved the 10 million customer milestone, representing 55% market share. This was achieved on the back of increased network coverage that now reaches 90% of the population, as well as key services such as BlackBerry, GPRS ROAMING, Miss U, EVD, and M-wallet. Notably, Zain Iraq achieved 48% EBITDA margin through a number of successful Drive11 initiatives to reduce network and commercial costs.



**Jordan**

<i>Market Overview</i>	<i>H1-2009</i>	<i>H1-2008</i>
Population (000s)	6,118	5,900
GDP/Capita (\$; PPP)	5,172	6,200
Mobile Penetration	90%	80%
Number of Peers	3	3
Market Positioning	1	1
Ownership	56.53%	96.52%
Customers (000s)	2,445	1,993
Postpaid	281	267
Prepaid	2,164	1,726
Market Share	44%	39%
ARPU (\$)	14	19

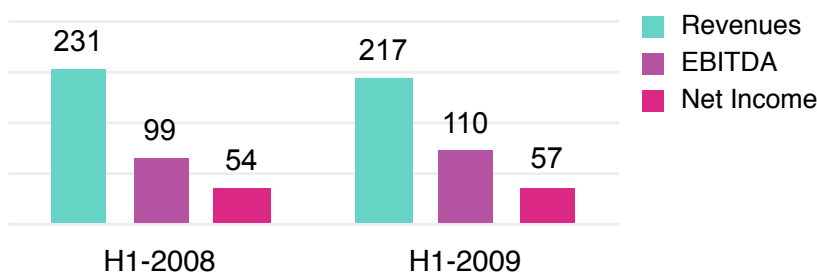
  

<i>Financial Performance</i>	<i>H1-2009</i>	<i>H1-2008</i>	<i>Annual Growth</i>
Revenues (\$ m)	217.2	230.9	(6%)
EBITDA (\$ m)	110.3	99.3	11%
EBITDA Margin	51%	43%	-
CAPEX (\$ m)	19.8	11.3	75%
Net Income (\$ m)	57.2	54.4	5%

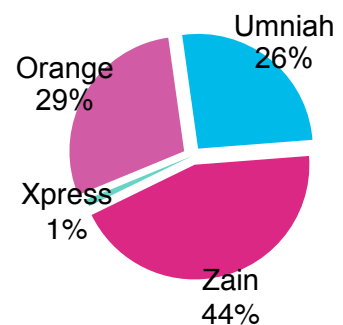
In 1994, Zain in Jordan (formerly Fastlink), revolutionized the telecom sector in Jordan by introducing mobile services in the country. In 2003, Zain Jordan was the first to join the Group in the Middle East. Despite the tough competition in this liberalized market, Zain quickly became the foremost telecom operator in the country.

The worldwide financial turmoil hit the Jordanian telecom sector hard, knocking out 40% of its value in the first half. Zain Jordan had a 6% decrease in revenues compared to 2008 but maintained its market dominance with 44% market share. On the marketing front, Zain Jordan introduced the Governorates offer, providing home zone billing for Zain customers, and Zain Skyz, a virtual club for young customers, offering customized promotions and benefits. Zain Jordan covered 98% of the population and 67% of the total country through 1,418 sites as of June 2009.

Financials (\$ m)



Market Share



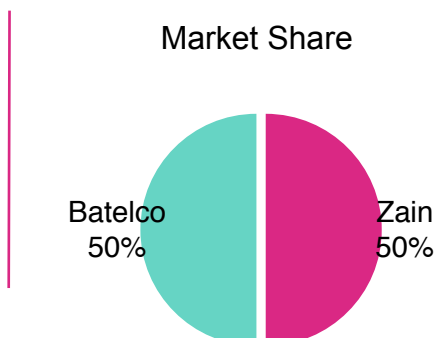
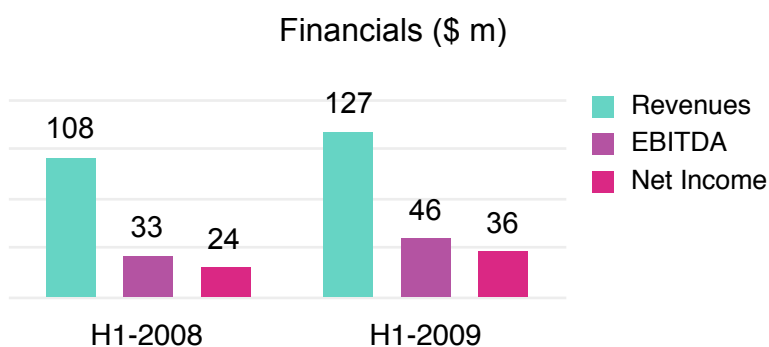
## Bahrain

Market Overview	H1-2009	H1-2008
Population (000s)	1,050	1,050
GDP/Capita (\$; PPP)	33,988	30,550
Mobile Penetration	199%	190%
Number of Peers	1	1
Market Positioning	2	2
Ownership	56.25%	56.25%
Customers (000s)	679	564
Postpaid	126	100
Prepaid	553	464
Market Share	50%	46%
ARPU (\$)	27	30

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	126.8	107.6	18%
EBITDA (\$ m)	45.6	33.4	37%
EBITDA Margin	36%	31%	-
CAPEX (\$ m)	11.9	8.1	47%
Net Income (\$ m)	36.1	24.3	49%

Zain in Bahrain started operations in the Kingdom in December 2003 as MTC-Vodafone. Since its first 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 Bahrain successfully protected the 50% market share it acquired last year. The company launched frequent marketing campaigns aimed to stimulate usage and implemented cost-saving Drive11 initiatives, resulting in stellar financial results with healthy top line growth and improved operating and profit margins. On the regulatory front, the TRA issued a migration order for 900 MHz frequency to allow for the 3rd entrant, STC, which was awarded a license in March of this year.



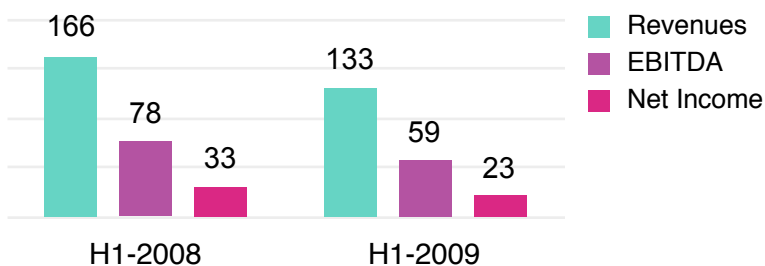
## Zambia

<i>Market Overview</i>	<i>H1-2009</i>	<i>H1-2008</i>	
Population (000s)	12,154	11,900	
GDP/Capita (\$; PPP)	1,397	1,430	
Mobile Penetration	32%	20%	
Number of Peers	2	2	
Market Positioning	1	1	
Ownership	78.88%	78.88%	
Customers (000s)	2,824	2,297	
Postpaid	12	9	
Prepaid	2,812	2,288	
Market Share	71%	75%	
ARPU (\$)	8	13	
<i>Financial Performance</i>	<i>H1-2009</i>	<i>H1-2008</i>	<i>Annual Growth</i>
Revenues (\$ m)	133.4	166.3	(20%)
EBITDA (\$ m)	59.3	77.7	(24%)
EBITDA Margin	44%	47%	-
CAPEX (\$ m)	42.9	49.8	(14%)
Net Income (\$ m)	23.4	33.2	(30%)

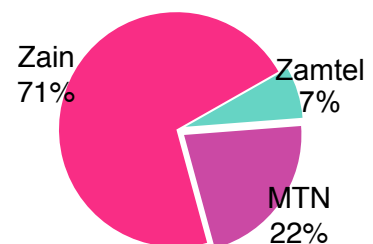
Zain in Zambia (formerly Celtel) launched services in 1998. The past year has been an exciting year for the operation with two main highlights: the successful IPO of Celtel Zambia Plc. and its subsequent rebranding to Zain.

Given the delayed implementation of several key activities in the first half of 2009, Zain Zambia continues to be the preferred mobile network with 71% market share. Despite this, Zain's management continues to ensure that technical platforms are reviewed and improved to provide the basis for delivering a quality network experience as well as to offer additional quality products, exploit new technologies and customer base segmentation. Notably, new low cost handsets were launched '1 Kwacha Che' enabling customers to receive bonus airtime every time they top-up and make calls.

Financials (\$ m)



Market Share



## Niger

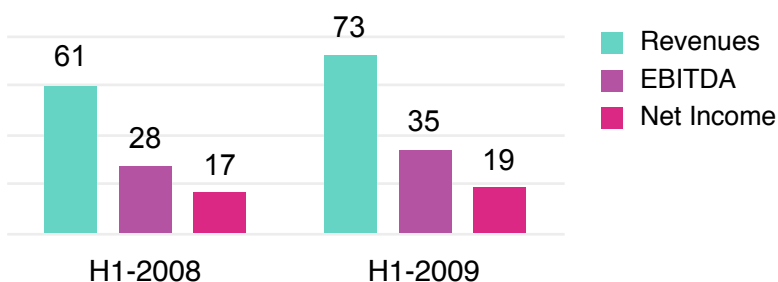
<i>Market Overview</i>	<i>H1-2009</i>	<i>H1-2008</i>
Population (000s)	14,450	14,450
GDP/Capita (\$; PPP)	691	275
Mobile Penetration	14%	8%
Number of Peers	4	3
Market Positioning	1	1
Ownership	90%	90%
Customers (000s)	1,341	850
Postpaid	1	1
Prepaid	1,340	849
Market Share	68%	71%
ARPU (\$)	10	13

<i>Financial Performance</i>	<i>H1-2009</i>	<i>H1-2008</i>	<i>Annual Growth</i>
Revenues (\$ m)	73.3	61.1	20%
EBITDA (\$ m)	35.0	27.5	27%
EBITDA Margin	48%	45%	-
CAPEX (\$ m)	36.5	21.1	73%
Net Income (\$ m)	18.6	17.1	9%

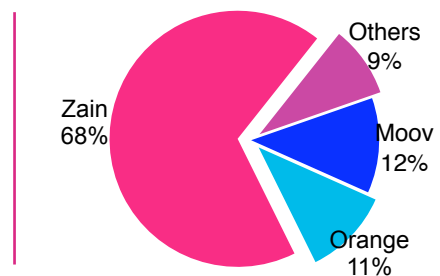
Zain in Niger (formerly Celtel) started officially in October 2001. Since its formation, Zain in Niger has evolved to remain the market leader with a 68% market share.

Zain Niger continues to dominate the market despite the slight decline in its market share given competitors' aggressive promotional offers and tariffs. H1-2009 was marked by the launch of new services including BlackBerry, Bundle data and EVD promotion. In attempt to improve traffic capacity and reduce congestion, 29 sites were rolled-out to have a total of 285 sites on air as of H1-2009.

Financials (\$ m)



Market Share



## Gabon

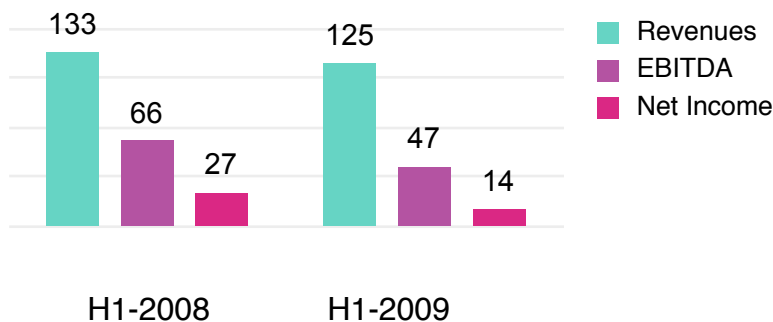
Market Overview	H1-2009	H1-2008
Population (000s)	1,350	1,300
GDP/Capita (\$; PPP)	14,747	9,130
Mobile Penetration	117%	88%
Number of Peers	2	2
Market Positioning	1	1
Ownership	90%	90%
Customers (000s)	836	729
Postpaid	5	4
Prepaid	831	725
Market Share	61%	59%
ARPU (\$)	25	31

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	125.2	132.7	(6%)
EBITDA (\$ m)	47.2	65.8	(28%)
EBITDA Margin	38%	50%	-
CAPEX (\$ m)	9.4	9.7	(3%)
Net Income (\$ m)	13.8	26.9	(49%)

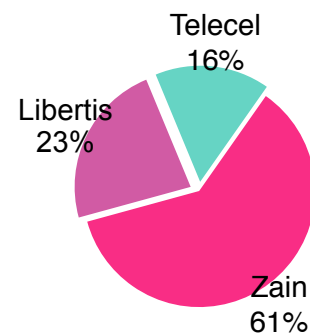
Formerly known as Celtel, Zain Gabon launched its services in June 2000 and grew steadily to take leadership since 2003. As of June 30, 2009, Zain's market share stood at 61%.

Zain Gabon's revenues were hurt by the slowdown of local economic activity and the uncertain political environment. Despite heavy bonus promotion and pricing activity from its competitors, the company was able to maintain its market share leadership. H1-2009 witnessed the launch of unlimited call promotions and new bundled tariffs to address the needs of various segments.

Financials (\$ m)



Market Share



## Tanzania

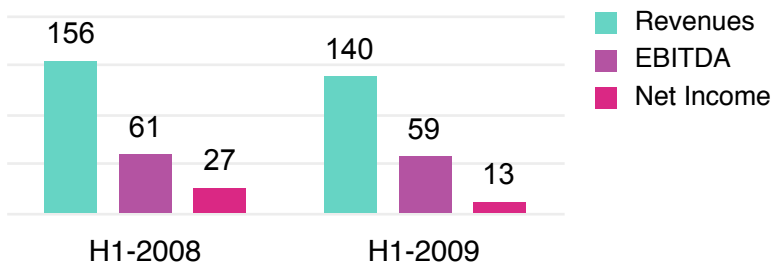
Market Overview	H1-2009	H1-2008
Population (000s)	41,464	40,000
GDP/Capita (\$; PPP)	1,352	1,460
Mobile Penetration	33%	23%
Number of Peers	3	3
Market Positioning	1	2
Ownership	60%	60%
Customers (000s)	4,435	2,823
Postpaid	14	10
Prepaid	4,421	2,813
Market Share	38%	36%
ARPU (\$)	6	9

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	140.4	155.7	(10%)
EBITDA (\$ m)	58.7	61.3	(4%)
EBITDA Margin	42%	39%	-
CAPEX (\$ m)	29.5	75.8	(61%)
Net Income (\$ m)	13.3	27.0	(51%)

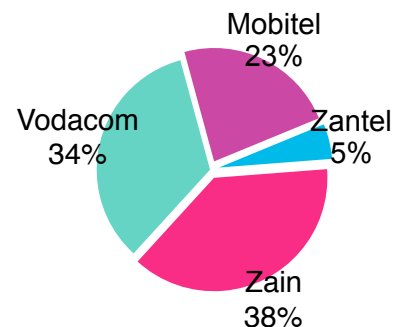
Zain Tanzania was launched in November 2001 as Celtel Tanzania and was the fifth entrant into this highly competitive mobile market. Today, Tanzania hosts four mobile operators.

Given the slow start in Q1-2009 marked by the economic slowdown and by the rising competition, Zain Tanzania for the first half of this year outperformed the market by experiencing a healthy growth in its customer base; thus securing its leadership with a 38% market share. Zain's revenues for H1-2009 were slightly affected by multi-simring usage and Net Income was hit to some extent by the local currency devaluation versus the dollar. New tariffs and data offers were carried-out to help maintain the market share going forward with the entrance of Sasatel as a price competitor.

Financials (\$ m)



Market Share



**Malawi**

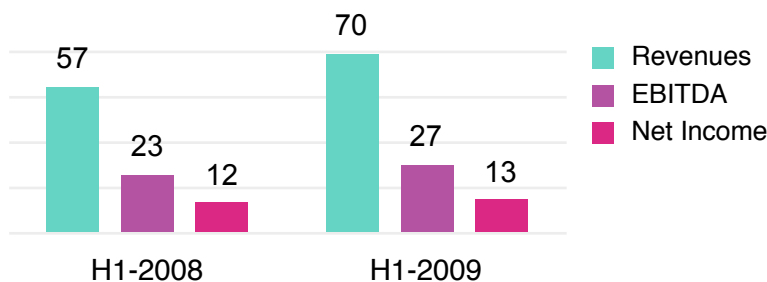
<i>Market Overview</i>	<i>H1-2009</i>	<i>H1-2008</i>
Population (000s)	14,288	14,300
GDP/Capita (\$; PPP)	850	865
Mobile Penetration	15%	8%
Number of Peers	1	1
Market Positioning	1	1
Ownership	100%	100%
Customers (000s)	1,600	964
Postpaid	9	6
Prepaid	1,591	958
Market Share	72%	72%
ARPU (\$)	8	11

Formerly known as Celtel, Zain in Malawi started its operations in October 1999. Zain Malawi was the second mobile operator to grace the market; however, it soon overtook 'TNM' the only competitor to become the market leader, a position it currently holds with a market share of 72%.

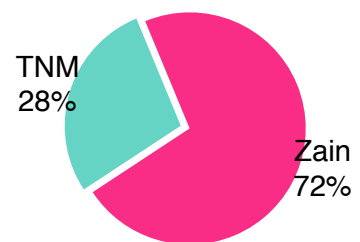
With the stabilization of global prices on crude oil, increased economic activity in the country due to the onset of the tobacco selling season and with inflation easing down, consumers were left with more disposable income; as a result, Zain Malawi saw a significant increase in customer additions. 43 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%.

<i>Financial Performance</i>	<i>H1-2009</i>	<i>H1-2008</i>	<i>Annual Growth</i>
Revenues (\$ m)	70.3	56.7	24%
EBITDA (\$ m)	27.0	22.8	18%
EBITDA Margin	38%	40%	-
CAPEX (\$ m)	26.0	17.3	50%
Net Income (\$ m)	12.5	11.6	8%

Financials (\$ m)



Market Share



## Burkina Faso

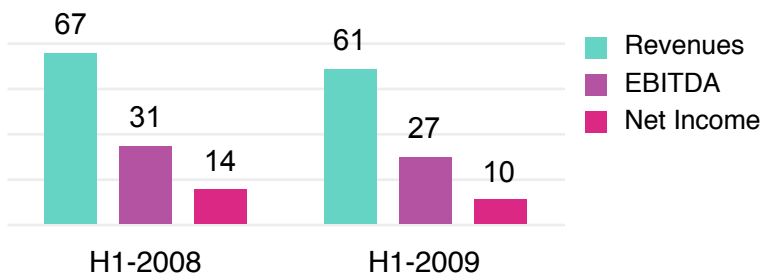
Market Overview	H1-2009	H1-2008
Population (000s)	15,213	15,300
GDP/Capita (\$; PPP)	1,259	1,380
Mobile Penetration	21%	14%
Number of Peers	2	2
Market Positioning	1	1
Ownership	100%	100%
Customers (000s)	1,433	1,176
Postpaid	1	1
Prepaid	1,432	1,175
Market Share	50%	56%
ARPU (\$)	7	10

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	61	66.7	(9%)
EBITDA (\$ m)	26.7	30.5	(12%)
EBITDA Margin	44%	46%	-
CAPEX (\$ m)	2.2	27.4	(92%)
Net Income (\$ m)	10.2	14.2	(28%)

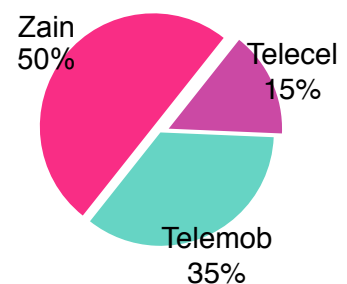
Zain in Burkina Faso officially launched its commercial services on January 1st, 2001. As the third operator to enter the market, it quickly transitioned from a challenger to a leader with a market share of 50%, making it the preferred network in Burkina Faso.

Despite of the erosion of purchasing power and the increased competition essentially based on price discounts and recurrent top-up bonuses promotions; Zain Burkina Faso is still leading the market with a 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%.

Financials (\$ m)



Market Share



## Congo Brazzaville

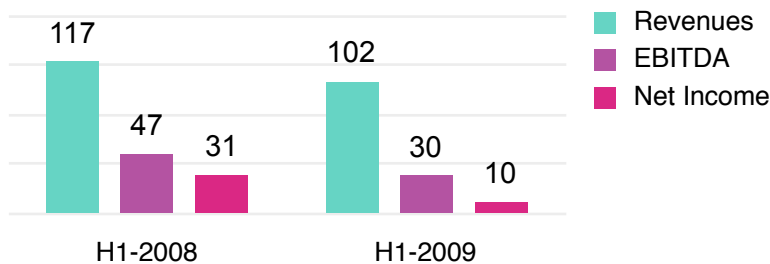
Market Overview	H1-2009	H1-2008
Population (000s)	3,847	3,800
GDP/Capita (\$; PPP)	4,044	1,380
Mobile Penetration	70%	38%
Number of Peers	2	2
Market Positioning	1	1
Ownership	90%	90%
Customers (000s)	1,391	1,159
Postpaid	3	3
Prepaid	1,388	1,156
Market Share	55%	65%
ARPU (\$)	12	17

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	101.6	117.4	(13%)
EBITDA (\$ m)	29.7	46.8	(37%)
EBITDA Margin	29%	40%	-
CAPEX (\$ m)	37.0	29.0	28%
Net Income (\$ m)	9.5	30.5	(69%)

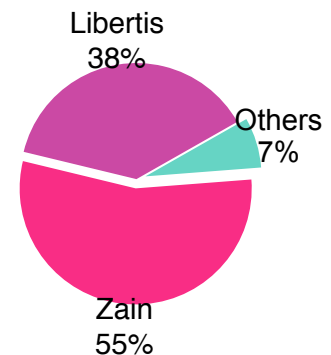
Zain Congo Brazzaville acquired its GSM license in 1998 and subsequently launched its network in 1999. Despite the increased competition hovering over the mobile market, Zain remains no.1 with a 55% market share.

Zain Congo B. ended H1-2009 with a market share of 55%, a decrease of 4 percentage points compared to year-end 2008. This decline was due primarily to an over-estimation by about 2% and to a loss of 2% in absolute terms due to competitors' aggressive pricing strategies (call rates and ULCH). Throughout H1-2009, Zain carried out several activities such as new tariff plans for consumer and payphone segments as well as the introduction of community based charging.

Financials (\$ m)



Market Share



**Chad**

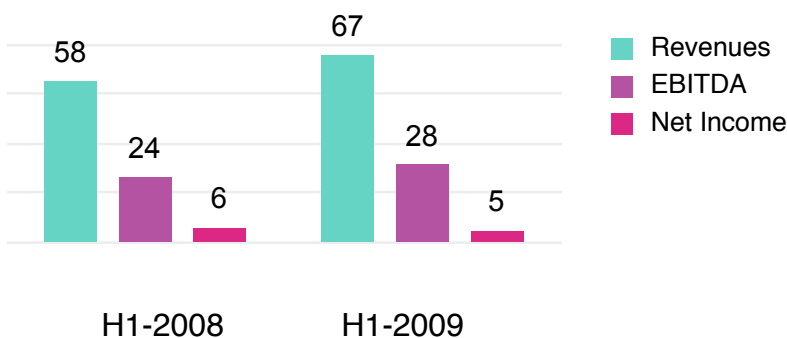
<i>Market Overview</i>	<i>H1-2009</i>	<i>H1-2008</i>
Population (000s)	11,088	10,215
GDP/Capita (\$; PPP)	1,670	2,170
Mobile Penetration	18%	10%
Number of Peers	1	1
Market Positioning	1	1
Ownership	100%	100%
Customers (000s)	1,199	769
Postpaid	2	2
Prepaid	1,197	767
Market Share	69%	66%
ARPU (\$)	10	14

<i>Financial Performance</i>	<i>H1-2009</i>	<i>H1-2008</i>	<i>Annual Growth</i>
Revenues (\$ m)	66.8	58.4	14%
EBITDA (\$ m)	28.3	23.7	19%
EBITDA Margin	42%	41%	-
CAPEX (\$ m)	27.2	14.8	84%
Net Income (\$ m)	5.0	5.6	(11%)

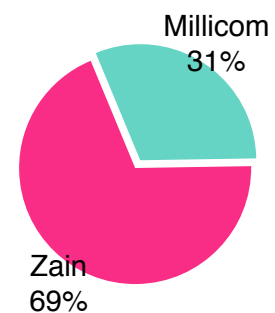
Zain Chad launched its services in October 2000. A pioneer in the Chadian telecom industry through offering highly competitive services, Zain in Chad is the no. 1 operator with 69% market share.

Zain’s market share in Chad witnessed a decrease of 5 percentage points since January 2009 as a result of the political instability and Tigo’s strategy based on speed rollout through price and network extension. To counter this decrease in market share, Zain Chad has put in place several initiatives of which improving the network quality and speed up sites roll-out, launch of Location Based Charging and revised competitive tariff plans.

Financials (\$ m)



Market Share



## Democratic Republic of Congo

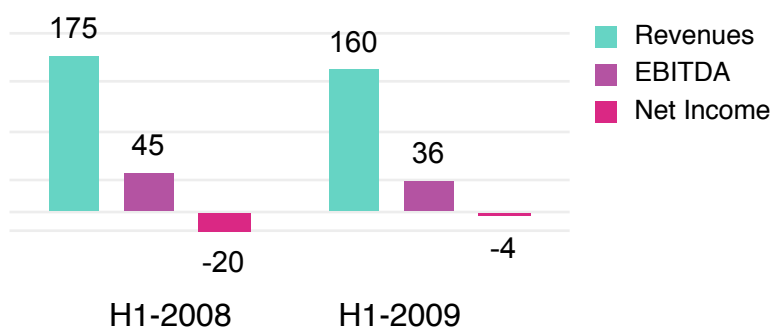
Market Overview	H1-2009	H1-2008
Population (000s)	64,704	59,300
GDP/Capita (\$; PPP)	340	143
Mobile Penetration	13%	11%
Number of Peers	4	4
Market Positioning	1	1
Ownership	98.5%	98.5%
Customers (000s)	3,504	2,711
Postpaid	10	8
Prepaid	3,494	2,703
Market Share	47%	44%
ARPU (\$)	8	11

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	159.7	175.4	(9%)
EBITDA (\$ m)	35.7	44.7	(20%)
EBITDA Margin	22%	25%	-
CAPEX (\$ m)	35.3	103.6	(66%)
Net Income (\$ m)	(3.9)	(19.8)	80%

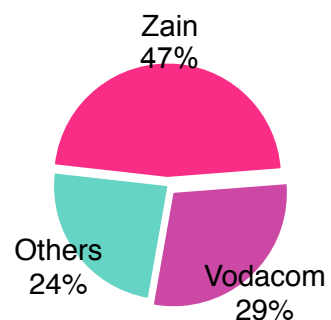
In December 2000, Zain DRC started commercial services in DRC, and distinguished itself rapidly as the first operator in the country and one of the first MSI Group (Celtel) operations.

Zain DRC has been able to maintain a lead (47%) in this liberalized market due to several adopted initiatives including value based offers, bundle offers and ULCH. At large, the economic landscape remains challenging in particular in some mining areas; thus affecting the revenue share. To mitigate this concern, remedial actions were put in place such as increasing the number of pay phones in rural areas and improving distribution channels.

Financials (\$ m)



Market Share



## Sierra Leone

Market Overview	H1-2009	H1-2008
Population (000s)	5,968	5,710
GDP/Capita (\$; PPP)	728	250
Mobile Penetration	36%	14%
Number of Peers	3	3
Market Positioning	1	1
Ownership	100%	100%
Customers (000s)	551	423
Postpaid	5	3
Prepaid	546	420
Market Share	42%	46%
ARPU (\$)	7	10

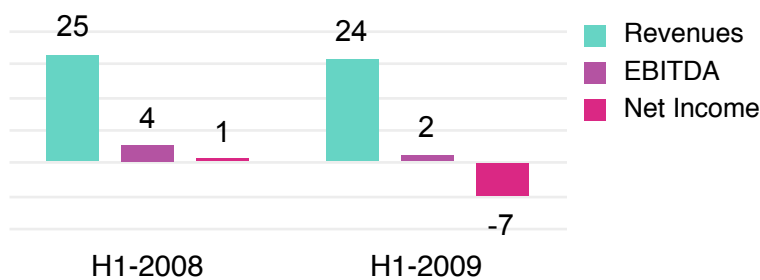
  

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	23.8	24.6	(3%)
EBITDA (\$ m)	2.2	4.3	(49%)
EBITDA Margin	9%	17%	-
CAPEX (\$ m)	7.7	3.6	114%
Net Income / (Loss) (\$m)	(6.6)	0.8	(925%)

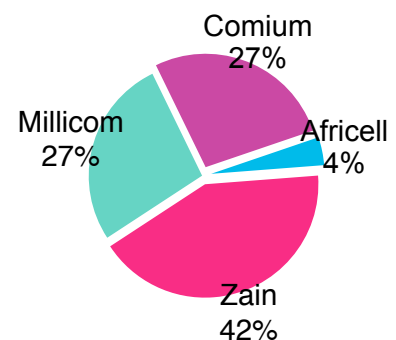
Zain in Sierra Leone launched its services in September 2000 as the first mobile operator in the country. It indirectly played an active part in assisting both the government and the British Military to communicate in a way that had never been possible, in a bid to end the war.

Zain's quality of incoming international traffic continues to be hindered by the absence of the International Gateway, thus affecting customers' acquisitions. Coupled with the aftershocks following the global crisis, the devaluation of the local currency has put strain on the Net Income. On the commercial front, new services will be launched to increase clubbing effect and as result, stimulate on-net revenues and decrease interconnect costs.

Financials (\$ m)



Market Share



## Uganda

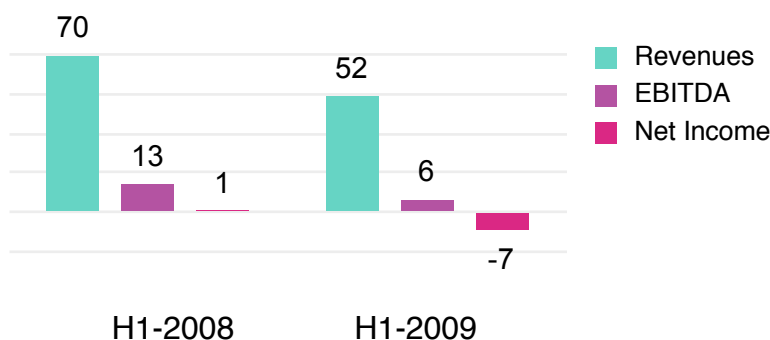
Market Overview	H1-2009	H1-2008
Population (000s)	31,903	32,000
GDP/Capita (\$; PPP)	1,148	1,680
Mobile Penetration	34%	17%
Number of Peers	3	3
Market Positioning	2	2
Ownership	100%	100%
Customers (000s)	2,377	1,791
Postpaid	7	4
Prepaid	2,370	1,787
Market Share	38%	37%
ARPU (\$)	4	7

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	51.7	69.8	(26%)
EBITDA (\$ m)	6.1	13.0	(53%)
EBITDA Margin	12%	19%	-
CAPEX (\$ m)	16.9	50.7	(67%)
Net Income / (Loss) (\$ m)	(7.2)	1.0	(820%)

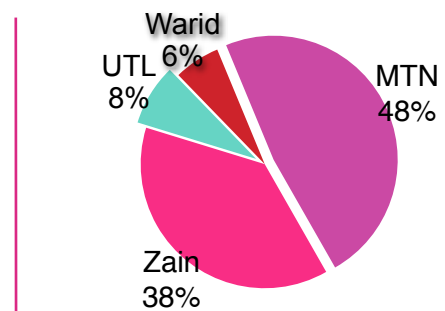
Zain Uganda started as Celtel Uganda in 1995, and was the first GSM network in sub-Saharan Africa. In spite of the pressure of aggressive new entrants in this highly volatile market, Zain Uganda stands as the no.2 operator with a market share of 38%.

Despite the ongoing financial turmoil which had seriously deteriorated the overall business conditions in Uganda and amid the aggressiveness of price-based competitors, Zain Uganda managed to maintain a steady market share. Zain Uganda's sluggish performance was hammered by high inflation causing strain on consumers' disposable income and by the continuous depreciation of the local currency versus the dollar.

Financials (\$ m)



Market Share



## Madagascar

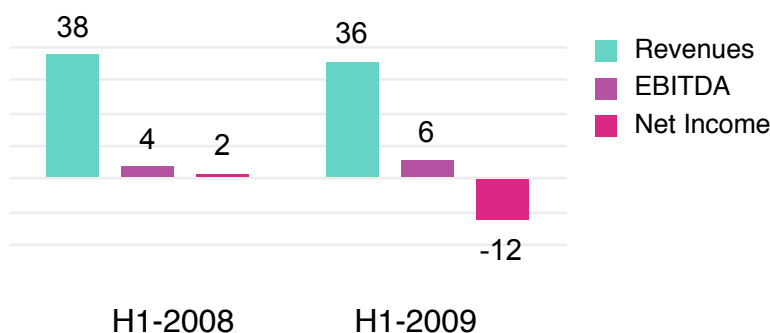
Market Overview	H1-2009	H1-2008
Population (000s)	20,215	20,100
GDP/Capita (\$; PPP)	995	1,080
Mobile Penetration	22%	13%
Number of Peers	2	2
Market Positioning	2	2
Ownership	100%	100%
Customers (000s)	1,400	896
Postpaid	23	19
Prepaid	1,377	877
Market Share	39%	35%
ARPU (\$)	5	8

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	35.9	38.0	(6%)
EBITDA (\$ m)	6.3	3.5	80%
EBITDA Margin	18%	9%	-
CAPEX (\$ m)	9.7	39.9	(76%)
Net Income / (Loss) (\$ m)	(12.2)	1.7	(818%)

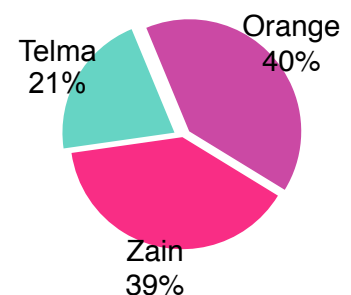
Madacom was established in November 1997, and was the first GSM operator in Madagascar. Zain Madagascar, formerly Celtel joined the Group's African portfolio in 2005, and is considered one of the most innovative operators in the market.

In light of the difficult socio-economic landscape in the country triggered by the current political instability and security, economic activity remains paralyzed and overall purchasing power is a key concern as it's deteriorating the overall business performance. As a result, a specific focus was made on sustaining top-line revenue and usage of stimulation through carrying-out extensive services/promotions of which Location Based Charging (LBC), Voice SMS, Music Box-Promotion and Foneo – Call me Back.

Financials (\$ m)



Market Share



## Kenya

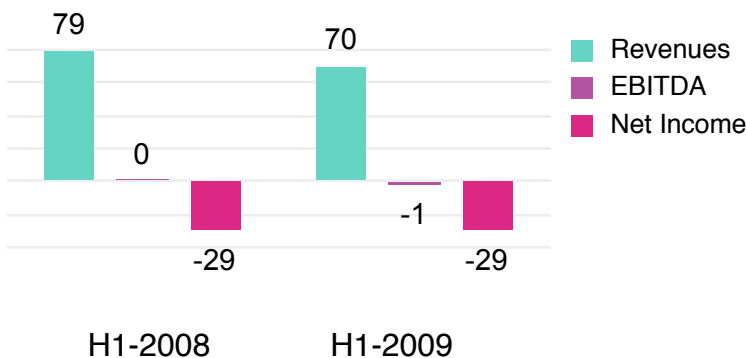
Market Overview	H1-2009	H1-2008
Population (000s)	38,549	38,100
GDP/Capita (\$; PPP)	1,735	1,630
Mobile Penetration	47%	34%
Number of Peers	2	2
Market Positioning	2	2
Ownership	95%	80%
Customers (000s)	2,418	1,909
Postpaid	70	52
Prepaid	2,348	1,857
Market Share	17%	14%
ARPU (\$)	4	7

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	69.7	79.4	(12%)
EBITDA (\$ m)	(0.6)	0.2	(400%)
EBITDA Margin	(1%)	0.3%	-
CAPEX (\$ m)	35.1	26.4	33%
Net Income / (Loss) (\$ m)	(28.5)	(28.8)	1%

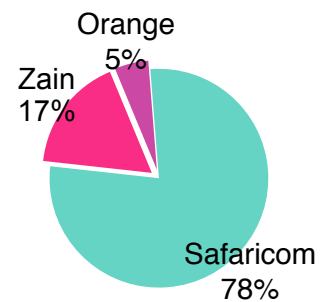
The Group acquired Zain in Kenya in May 2004. Hosting three mobile operators, Kenya is considered a highly competitive market with a very low ARPU.

Zain Kenya's customer base was severely hit by the clean-up exercise which resulted in 10% decrease as compared to Q1-2009. Kenya was not an exception to the impact of the global recession; the total mobile market registered a decline due to the economic slowdown occasioned by unstable coalition government and inflationary pressure causing strain on the consumers' disposable income. H1-2009 saw the launch of several promotions of which Rewardz, Ziki, M-Commerce and ULCH.

Financials (\$ m)



Market Share



**Ghana**

<i>Market Overview</i>	<i>H1-2009</i>
Population (000s)	23,946
GDP/Capita (\$; PPP)	1,513
Mobile Penetration	57%
Number of Peers	4
Market Positioning	4
Ownership	75%
Customers (000s)	1,072
Postpaid	2
Prepaid	1,070
Market Share	8%
ARPU (\$)	3
<i>Financial Performance</i>	<i>H1-2009</i>
Revenues (\$ m)	18.1
EBITDA (\$ m)	(21.1)
EBITDA Margin	(117%)
CAPEX (\$ m)	40.8
Net Income / (Loss) (\$ m)	(59.0)

Zain Ghana was the first telecom operator to introduce the 3.5 G network, when it officially launched on December 15, 2008. That had started with Celtel's acquisition of a majority stake in Westel in 2007 which solidified Zain's leading position in Africa.

On the back of the challenging economic outlook, Zain Ghana's market share continued to be vibrant in H1-2009 as a result of an integrated marketing approach targeted to increase brand awareness, improve distribution channels and maximize opportunities from new coverage rollout. Despite the increased competition with the rebranding of GT/ Onetouch to Vodafone and the delay in network rollout, Zain Ghana ended H1-2009 with over 1 million customers. Net results for the period were largely hit by the depreciation of Cedi currency versus the US dollar by 24% as compared to 16% in Q1-2009.

## Nigeria

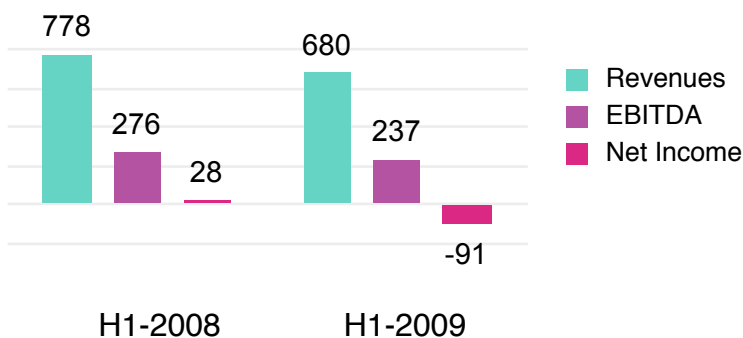
Market Overview	H1-2009	H1-2008
Population (000s)	151,478	146,200
GDP/Capita (\$; PPP)	2,142	1,420
Mobile Penetration	44%	33%
Number of Peers	3	3
Market Positioning	2	2
Ownership	65.7%	65.7%
Customers (000s)	14,646	14,803
Postpaid	55	74
Prepaid	14,591	14,729
Market Share	25%	32%
ARPU (\$)	7	10

Financial Performance	H1-2009	H1-2008	Annual Growth
Revenues (\$ m)	680.3	777.8	(13%)
EBITDA (\$ m)	236.5	276.3	(14%)
EBITDA Margin	35%	36%	-
CAPEX (\$ m)	258.0	303.6	(15%)
Net Income / (Loss) (\$ m)	(90.8)	27.8	(427%)

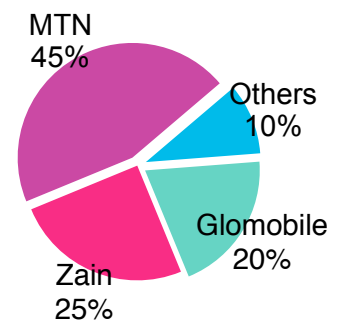
Zain in Nigeria made history on August 5, 2001 by becoming the first telecom operator in the country to launch commercial services. Following Celtel International's acquisition of a majority stake in the company in 2006, Celtel Nigeria was rebranded to Zain in August 2008.

The second half of 2009 witnessed Zain Nigeria adopt and apply Drive11 initiatives through revamping the distribution model, customer care, network optimization as well as cost optimization initiatives. In effect, Zain's active customer base saw a decline that was the result of an adjustment to account only for customers that are active within the 90 days window. Also, the decrease in Net Income can be attributed to the devaluation of Naira against the US Dollar in response to the dwindling of oil revenue as well as to the strategic decision to focus on achieving Drive11 initiatives.

Financials (\$ m)



Market Share





## Lebanon

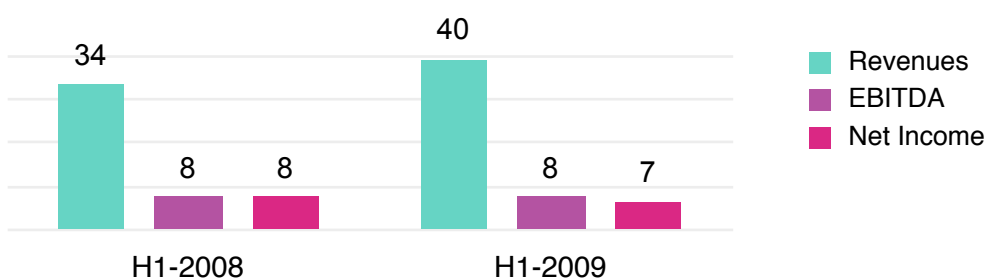
<i>Market Overview</i>	<i>H1-2009</i>	<i>H1-2008</i>	
Population (000s)	4,142	4,100	
GDP/Capita (\$; PPP)	12,063	7,860	
Mobile Penetration	47%	31%	
Number of Peers	1	1	
Ownership	MC	MC	
Customers (000s)	1,168	686	
Postpaid	203	145	
Prepaid	965	541	
Market Share	50%	50%	
<i>Financial Performance</i>	<i>H1-2009</i>	<i>H1-2008</i>	<i>Annual Growth</i>
Revenues (\$ m)	40.2	33.8	19%
EBITDA (\$ m)	7.7	8.1	(5%)
EBITDA Margin	19%	24%	-
Net Income (\$ m)	6.6	7.6	(13%)

In June 2004, MTC won a 4-year management contract to operate one of Lebanon's two GSM networks. Rebranded to mtch-touch, 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.

In January 2009, the Ministry of Telecommunications signed an annual renewal agreement with Zain. Due to the unpredictable political situation in Lebanon, the process of selling the two existing networks is still on hold indefinitely.

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.

### Financials (\$ m)



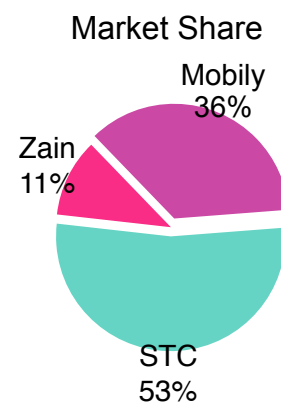
**KSA**

<i>Market Overview</i>	<i>H1-2009</i>
Population (000s)	25,293
GDP/Capita (\$; PPP)	24,120
Mobile Penetration	112%
Number of Peers	2
Market Positioning	3
Ownership	25%
Customers (000s)	3,781
Postpaid	360
Prepaid	3,421
Market Share	11%
ARPU (\$)	19

<i>Financial Performance</i>	<i>H1-2009</i>
Revenues (\$ m)	342.2
EBITDA (\$ m)	(187.6)
EBITDA Margin	(55%)
CAPEX (\$ m)	268.7
Net Income / (Loss) (\$ m)	(432.5)

Zain in the Kingdom of Saudi Arabia launched commercial services in late August 2008. Despite the fact that more than one operator offers services in the Kingdom, Zain succeeded in receiving over 3.7 million customers in less than a year.

Zain KSA customer acquisition strategy paid off in the first half of 2009, grabbing over 50% of total net additions in the market. Zain has established a firm customer base of almost four million and accounted for over 10% of the market in less than a year after the commercial launching. 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.



**Palestine**

<i>Market Overview</i>	<i>H1-2009</i>
Population (000s)	4,280
GDP/Capita (\$; PPP)	1,046
Mobile Penetration	37%
Number of Peers	0
Market Positioning	1
Ownership	56.53%
Customers (000s)	1,673
Postpaid	257
Prepaid	1,416
ARPU (\$)	-

<i>Financial Performance</i>	<i>H1-2009</i>
Revenues (\$ m)	224.5
EBITDA (\$ m)	91.8
EBITDA Margin	41%
CAPEX (\$ m)	4.1
Net Income / (Loss) (\$ m)	66.8

Zain and Paltel finalized a merger agreement in May 2009, which adds to Zain Group's portfolio range of mobile, fixed line, and data services to the occupied territories. Paltel's units operate under different brands, which will be rebranded to Zain in August 2009. Paltel is currently the only licensed operator providing mobile and fixed line services to the Palestinian population, although it faces illegal competition from unlicensed operators.

Zain Group's consolidated results for the first half reflect the last two months of H1-2009.

## About Zain

Zain is a leading emerging markets player in the field of telecommunications aiming to become one of the top ten mobile groups in the world by 2011. In terms of country footprint, it is the 3rd largest mobile operator in the world with a commercial presence in 24 countries spread across the Middle East and Africa providing mobile voice and data services to 69.5 million active customers (as of 30 June 2009).

Zain operates in the following countries: Bahrain, Burkina Faso, Chad, the Republic of the Congo, the Democratic Republic of the Congo, Gabon, Ghana, Iraq, Jordan, Kenya, Kuwait, Malawi, Madagascar, Niger, Nigeria, Palestine (currently operating as Paltel Group), Saudi Arabia, Sierra Leone, Sudan, Tanzania, Uganda and Zambia. In Lebanon, the company manages 'mtc touch' on behalf of the government. In Morocco, Zain owns 15.5% stake of Wana Corporate SA.

Zain offers innovative services in its markets such as 'One Network', the world's first border-less mobile telecommunication network enabling customers to receive and make calls throughout many countries in Africa and in the Middle East at local rates.

The Zain brand is wholly owned by Mobile Telecommunications Company KSC, which is listed on the Kuwait Stock Exchange (Stock ticker: ZAIN). Zain is listed in the Financial Times' Global 500 Index which ranks the world's largest companies based on market capitalization (<http://www.ft.com/reports/ft5002008>), with a market capitalization of US\$17.69 billion as of June 30, 2009.

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

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*Note: All population figures are sourced from UNCTAD; GDP per Capita and Mobile Penetration figures are sourced from Informa and represent 2008 and H1-2009 for the addressable markets.*