Earnings Release

Q1-2011

Key Performance Indicators

By Q1-2011, Zain's customer base reached 37.6 million managed active customers across the Middle East, representing a 20% increase compared to March 31, 2010.

As of March 31, 2011, Zain generated Consolidated Revenues of USD 1.16 billion (KD 324.4 million), a 1% increase on Q1-2010.

During the same period, Zain recorded an EBITDA of USD 529.7 million (KD 147.7 million), a 10% increase on Q1-2010.

EBITDA Margin reached 46% as of March 31, 2011.

EBIT increased by 10% from the previous year, reaching USD 379.9 million (KD 105.9 million) as of Q1-2011.

Zain posted a Net Income of USD 251.1 million (KD 69.9 million) for the same period, a 40% increase compared to first quarter of 2010.

For March 31, 2011, the Group's EPS reached USD 0.06 (KD 0.018).

Financial & Operational Highlights

Zain Group completed a USD 1.3 billion syndicated loan facility with a syndicate of international and regional banks, comprised of two parts: a 12-month term loan of USD 433.33 million (KD 120 million), and a revolving credit facility of USD 866.67 million (KD 240 million), with a maturity of 3 years.

Successful closure of landmark IFC led USD 400 million seven-year facility for Zain Iraq to fund network enhancement and expansion coupled with the successful launch of commercial services in country's northern Kurdistan region. Zain Iraq now serves 12 million customers (up 14%) with a healthy 11% increase in revenues.

Notable growth in Zain Sudan which now serves 10.65 million customers (up 21%) and attaining a 13% revenue increase in local SDG currency.

Exceptional HSPA+ launch in Jordan sees over 41,000 broadband customers join within a month; encouraging launch of multi-functional 'Zain e-mail' mobile commerce service in the Kingdom.

Management agreement of 'mtc touch' network in Lebanon renewed for another 12 months.

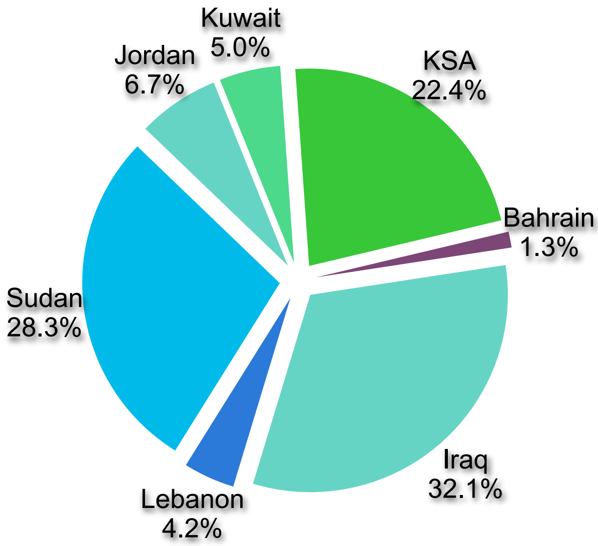
Zain Group Customers

Table 1: Zain Group Customer Breakdown & Market Positioning

As of March 31, 2011	*Ownership (%)*	*Active Customers (000s) March 31, 2011*	*Active Customers (000s) Mach 31, 2010*	*Growth (%)*	*Prepaid (%) March 31, 2011*	*Market Positioning*
MIDDLE EAST						
Iraq	71.67%	12,065	10,613	14%	99.3%	1
Sudan	100%	10,653	8,785	21%	99.1%	1
Jordan	96.52%	2,522	2,535	-0.5%	85.3%	1
Kuwait	100%	1,887	1,879	0.4%	66.1%	1
Lebanon	MC	1,580	1,323	19%	84.5%	-
Bahrain	56.25%	476	646	-26%	71.5%	2
KSA	25%	8,443	5,637	50%	89.7%	3
Middle East Total	-	**37,626**	**31,418**	20%	**93.5%**	

1- MC = Management Contract

Customer Contribution



Zain's operations in the Middle East added over six million new customers in the past year, maintaining its' position as market leader in each of its markets with the exception of Bahrain and Saudi Arabia (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. Despite intense competition, Zain's operations in Kuwait and Jordan continued to maintain a lead within their saturated markets, with Bahrain losing market share reasonably expected with regards to the aggressive competition within the market due to the recent entry of the a third mobile operator.

Revenues Contribution

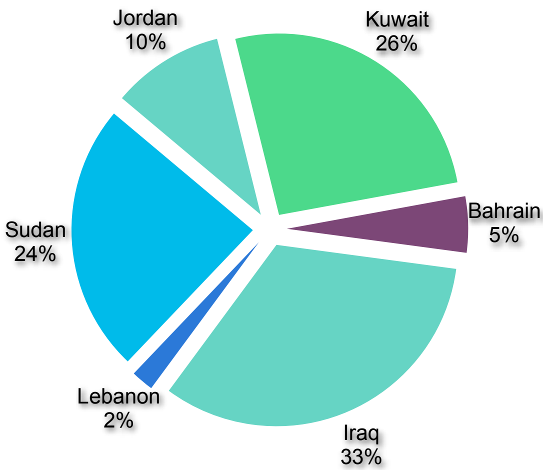


Table 3: Financial Highlights

Consolidated Results	*Q1-2011*		*Q1-2010*		*YoY Growth*
Currency	USD	KD	USD	KD	
Revenues (millions)	1,162.8	324.4	1,145.8	329.7	1%
EBITDA (millions)	529.7	147.7	483.7	139.2	10%
EBITDA Margin	*46%*		*42%*		-
Net Profit (millions)	251.1	69.9	179.1	51.5	40%
EPS	0.06	0.018	0.05	0.013	20%

Financial Results

After undergoing a major restructuring of the company in 2010, Zain embarked on the new year focusing on operational efficiency, exhibited in its' positive results for the first quarter of 2011. Despite intense competition on various levels across all markets and adverse currency fluctuations, the company managed to record relatively stable consolidated revenues of US$ 1.16 billion, a 1% increase from Q1-2010. The period also witnessed an impressive 10% increase in both EBITDA (US$ 529.7 million) and EBIT (US$ 379.9). Net profit exhibited the highest growth, a significant 40% increase from the previous year, reaching US$ 251.1 million, and an EPS of US$ 0.06 versus US$ 0.05 from Q1-2010.

Table 4: Income Statement - Summary

Consolidated Results	*Q1-2011*		*Q1-2010 (Restated)*		*YoY Growth*
	USD (m)	KD (m)	USD (m)	KD (m)	
Revenues	1,162.8	324.4	1,145.8	329.7	1%
Cost of Sales	(310.2)	(86.5)	(296.1)	(85.2)	5%
Gross Profit	852.6	237.8	849.7	244.5	-
Operating, General and Administrative Expenses	(322.8)	(90.2)	(366.0)	(105.2)	(12%)
EBITDA	529.7	147.7	483.7	139.2	10%
EBITDA Margin	46%		42%		-
Depreciation & Amortization	(149.9)	(41.8)	(138.1)	(39.7)	9%
EBIT	379.9	105.9	345.6	99.4	10%
Profit/Loss from Discontinued Operation	58.9	16.3	(26.4)	(7.6)	323%
Others	(187.7)	(52.3)	(140.1)	(40.3)	34%
Net Profit	251.1	69.9	179.1	51.5	40%

Table 5: Balance Sheet - Summary

Consolidated Results	*Q1-2011*		*Q1-2010*	
	USD (m)	KD (m)	USD (m)	KD (m)
Current Assets	5,529.0	1,528.8	10,494.3	3,024.4
Non-Current Assets	8,853.4	2,448.0	9,256.0	2,667.6
Total Assets	14,382.4	3,976.8	19,750.3	5,692.0
Current Liabilities	2,922.9	808.2	6,181.1	1,781.4
Non-Current Liabilities	1,711.4	473.2	4,844.9	1,396.3
Shareholders' Equity	9,386.9	2,595.5	8,120.6	2,340.3
Minority Interest	361.1	99.9	603.8	174.0
Total Liabilities and Equity	14,382.4	3,976.8	19,750.3	5,692.0

Table 6: Cash Flows - Summary

Consolidated Results	*Q1-2011*		*Q1-2010 (Restated)*	
	USD (m)	KD (m)	USD (m)	KD (m)
Net Cash from Operating Activities	473.2	131.9	491.6	141.7
Net Cash from Investing Activities	(131.6)	(36.7)	(443.2)	(127.7)
Net Cash from Financing Activities	1,168.2	325.9	(139.1)	(40.1)
Net Increase / (Decrease) in Cash and Cash Equivalents	1,509.7	421.1	(90.7)	(26.1)
Cash and Cash Equivalents at end of Year	3,151.7	871.4	841.0	242.4

Stock Performance

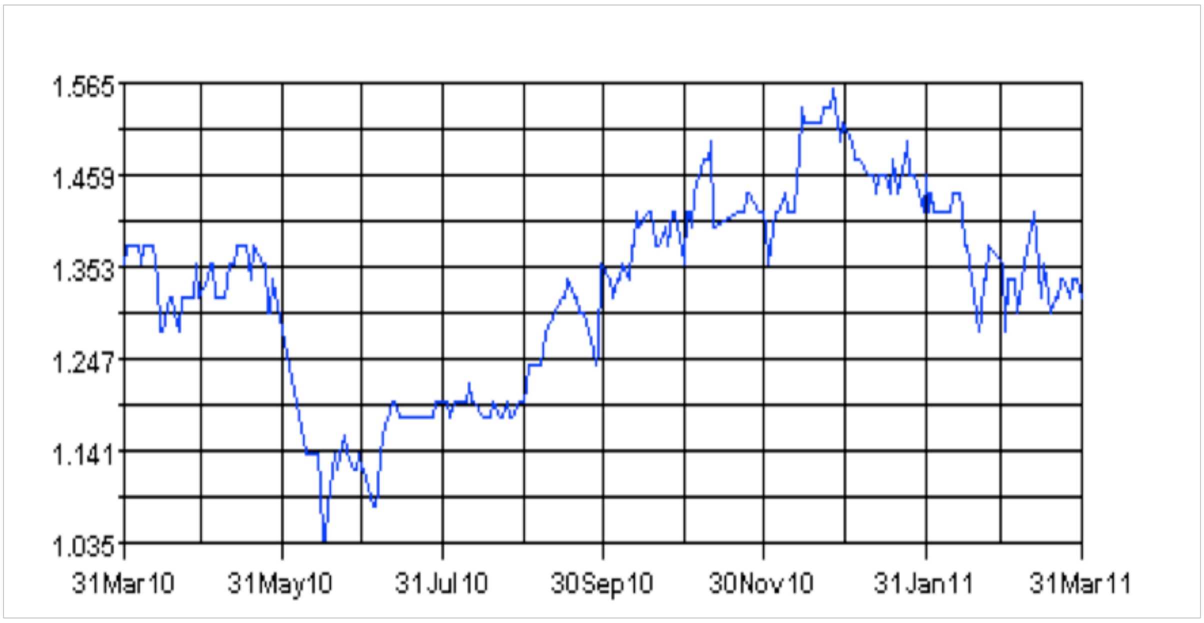


Table 7: Stock Summary

Stock Summary	*KD*	*USD*
Closing Price (31/03/2011)	1.320	4.774
Paid-Up Capital (millions)	430.8	1,558
Share Par Value	0.100	0.362
EPS	0.018	0.06
Market Capitalization (Billions)	5.686	20.564
P/E multiples	18.08x	

Country Insight

Kuwait

Market Overview	*Q1-2011*	*Q1-2010*
Population (000s)	3,084	3,016
GDP/Capita ($; PPP)	51,799	49,192
Mobile Penetration	146%	139%
Number of Peers	2	2
Market Positioning	1	1
Ownership	100%	100%
Customers (000s)	1,887	1,879
Postpaid	641	642
Prepaid	1,246	1,237
Market Share	43%	48%
ARPU ($)	51	51

Financial Performance	*Q1-2011*	*Q1-2010*	*Annual Growth*
Revenues ($ m)	306.4	296.1	3%
EBITDA ($ m)	148.8	142.4	4%
EBITDA Margin	49%	48%	-
CAPEX ($ m)	16.2	13.7	18%
Net Income ($ m)	115.9	112.0	4%

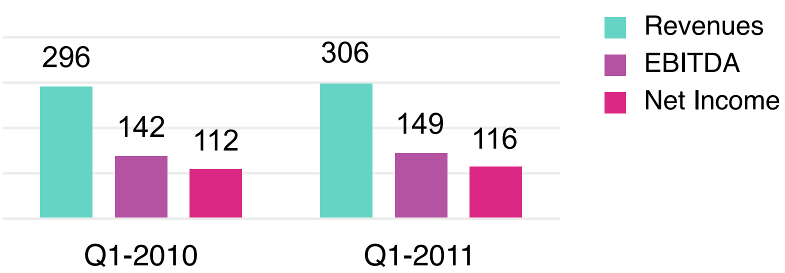
The Group's flagship operation was established in 1983 and made history in 1994 by becoming the first telecom operator to launch a commercial GSM service in the region. Zain is listed on the Kuwait Stock Exchange with a market capitalization of over US$ 20 billion as of March 31, 2011.

Zain Kuwait remains to hold the position of market leader despite the 5% decline in customer market share from Q1-2010, while also maintaining a steady ARPU of US$ 51 from the previous year. New postpaid data packages were introduced this quarter for voice and data usage, as well as the new Wiyana 59 and segmented unlimited eezee packages aimed to boost the postpaid client base.

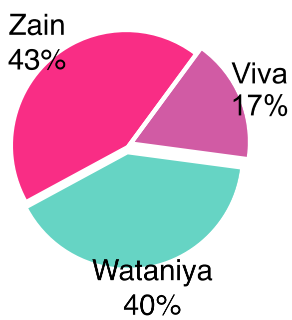
As of Q1-2011, the operation's population coverage reached 99.6% and a total of 1,763 network sites.

The operation's strategy is based on the following two aspects - consistently exceeding customers' expectations in order to maintain acquisitions and keep churn rates as low as possible, and capitalizing on the demand and growth for data services as a way to generate additional revenues.

Financials ($ m)



Market Share



Sudan

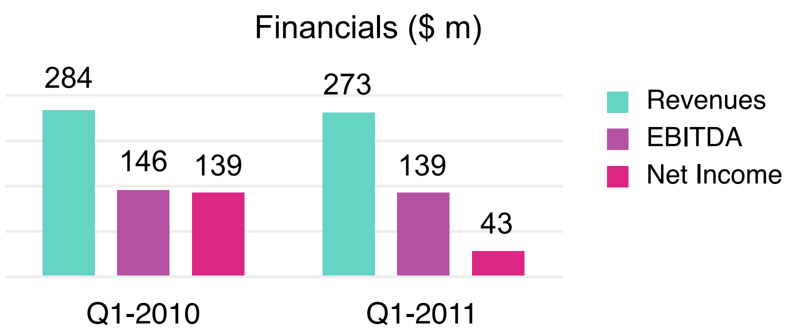
Market Overview	*Q1-2011*	*Q1-2010*
Population (000s)	43,646	40,797
GDP/Capita ($; PPP)	2,300	2,126
Mobile Penetration	45%	45%
Number of Peers	2	2
Market Positioning	1	1
Ownership	100%	100%
Customers (000s)	10,653	8,785
Postpaid	92	98
Prepaid	10,561	8,687
Market Share	57%	59%
ARPU ($)	9	11

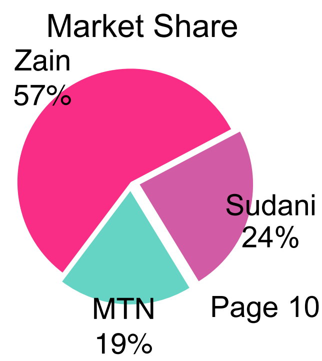
Financial Performance	*Q1-2011*	*Q1-2010*	*Annual Growth*
Revenues ($ m)	273.0	283.5	(4%)
EBITDA ($ m)	139.0	146.4	(5%)
EBITDA Margin	51%	52%	-
CAPEX ($ m)	81.9	98.4	(17%)
Net Income ($ m)	43.0	138.5	(69%)

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.

Despite strict registration processes implemented by the National Telecommunications Corporation (NTC), Zain Sudan still managed to increase its customer base by over 20% from the previous year and remain market leader with 57%.
Even though the country faced economic and social turmoil due to political instability, in local currency, Zain Sudan reported an increase of 13% and 11% in revenues and EBITDA respectively. The operation was affected in USD financial performance as local currency decreased by 7.4% against the dollar. Net profit was also impacted by currency variance; the operation reported an FX loss of USD 52 million in Q1-2011 versus an FX gain of USD 32 million in the previous year. Other factors include a tax increase of 12% on the operation as of February 2011, reaching 15% versus 3% from the previous year.
The operation currently has a total number of 1,994 sites, and a population coverage of 85%.

Zain Sudan will be focusing on maintaining its market share growth and its position as market leader through a combination of an Acquisition and Retention strategy.





Iraq

Market Overview	*Q1-2011*	*Q1-2010*
Population (000s)	31,908	30,419
GDP/Capita ($; PPP)	3,600	3,858
Mobile Penetration	75%	72%
Number of Peers	2	2
Market Positioning	1	1
Ownership	71.67%	71.67%
Customers (000s)	12,065	10,613
Postpaid	83	64
Prepaid	11,982	10,549
Market Share	54%	54%
ARPU ($)	11	11

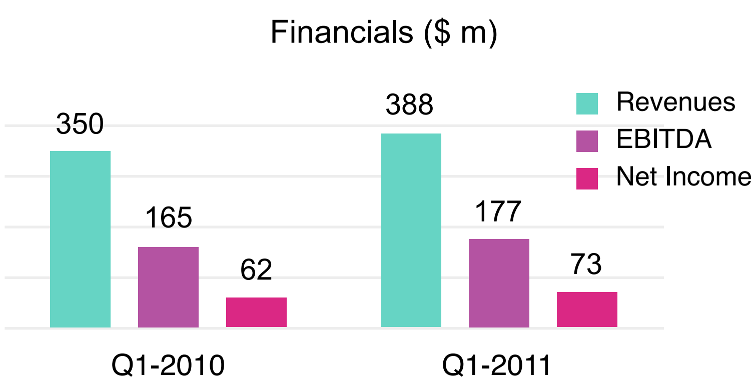
Financial Performance	*Q1-2011*	*Q1-2010*	*Annual Growth*
Revenues ($ m)	387.9	349.5	11%
EBITDA ($ m)	177.1	164.5	8%
EBITDA Margin	46%	47%	-
CAPEX ($ m)	46.6	27.7	68%
Net Income ($ m)	73.3	61.6	19%

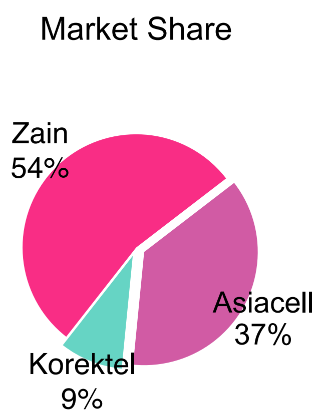
Zain has been providing mobile services in Iraq since December 2003. After securing a 15-year license in August 2007, Zain acquired Iraqna's network, becoming the largest mobile operator in Iraq. The Zain Group subsequently increased its ownership from 30% to 71.67% to assume majority control in 2008.

Earlier in 2010, the Iraqi government announced the award of a 4th national license in a move to encourage further market liberalization. Competition is set to get fierce, yet the operation managed to report impressive growth in comparison to Q1-2010.

In the first quarter of 2011, Zain Iraq launched its first phase of extending services to the Kurdistan region. The operation is focused on improving the quality of service and increase its footprint in the North and Kurdistan region, reflected in the 68% increase in Capex over the previous year.

In light of growth potential, Zain's strategy moving forward will focus on customer loyalty and retention where it is dominant, while maintaining full thrust acquisition in areas where competition is ahead.





Jordan

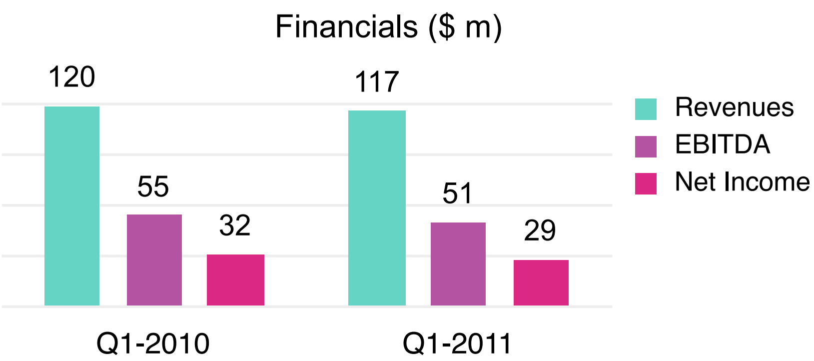
Market Overview	*Q1-2011*	*Q1-2010*
Population (000s)	6,521	6,362
GDP/Capita ($; PPP)	5,300	4,870
Mobile Penetration	106%	104%
Number of Peers	3	3
Market Positioning	1	1
Ownership	96.52%	96.52%
Customers (000s)	2,522	2,535
Postpaid	370	298
Prepaid	2,152	2,237
Market Share	37%	42%
ARPU ($)	14	14

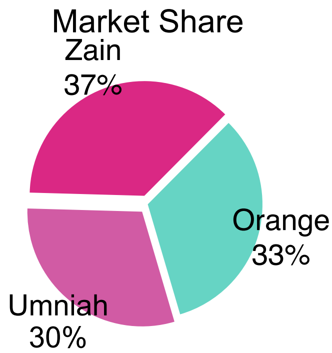
Financial Performance	*Q1-2011*	*Q1-2010*	*Annual Growth*
Revenues ($ m)	117.0	120.3	(3%)
EBITDA ($ m)	51.0	54.5	(7%)
EBITDA Margin	44%	45%	-
CAPEX ($ m)	7.3	3.6	103%
Net Income ($ m)	28.6	31.5	(9%)

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.

Zain Jordan's customer market share decreased by 5% from Q1-2010, in response to the heightening of price competition and the pressure on lowering voice prices in the Jordanian telecom market, while ARPU levels, on the other hand, remained stable from the previous year. Capex reached US$ 7.3 million, double the amount of the previous year, mainly due to the successful HSPA+ launch across the Kingdom in March, which has witnessed an impressive customer take up. The operation has achieved 99.98% 2G coverage for the population area as of Q1-2011.

Zain Jordan launched several new promotions and services including Mish Tabee3i, targeting the age segment from 18 to 24; Minutes Plus, which served as a retention plan for current postpaid customers; and Al Zarqa line, targeting certain geographical areas with expanding market potential.





Bahrain

Market Overview	*Q1-2011*	*Q1-2010*
Population (000s)	815	799
GDP/Capita ($; PPP)	40,400	38,800
Mobile Penetration	181%	200%
Number of Peers	2	2
Market Positioning	2	2
Ownership	56.25%	56.25%
Customers (000s)	476	646
Postpaid	136	144
Prepaid	340	502
Market Share	32%	43%
ARPU ($)	30	28

Financial Performance	*Q1-2011*	*Q1-2010*	*Annual Growth*
Revenues ($ m)	53.5	71.0	(25%)
EBITDA ($ m)	19.0	26.2	(28%)
EBITDA Margin	35%	37%	-
CAPEX ($ m)	3.9	10.2	(62%)
Net Income ($ m)	12.1	20.4	(41%)

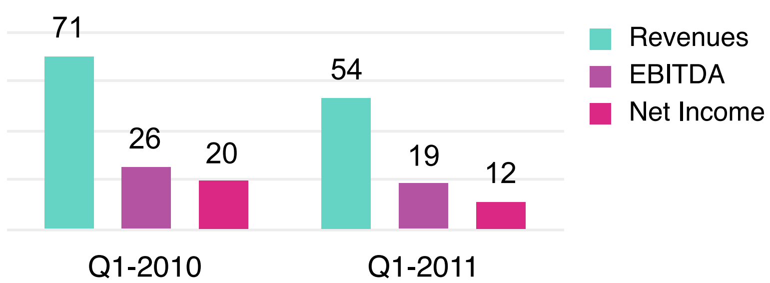
Zain started operations in the Kingdom in December 2003 as MTC-Vodafone. Since its historic introduction of 3.5G, WIMAX and 'One Network', Zain has tapped into a rich seam of telecommunication records, placing itself and Bahrain firmly on the global telecoms map.

Despite the entrant of the third competitor in Bahrain's market as well as the political instability in the country during the months of February and March 2011, the operations' market share has remained at 32% from year-end 2010, while ARPU levels have also increased to US$ 30 from Q1-2010. These positive factors represent a relatively stable outlook on Zain's position for the remainder of 2011.

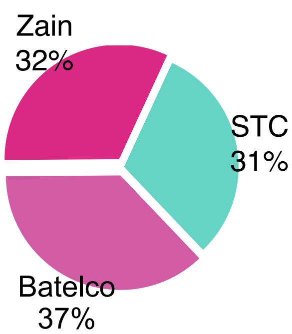
The operation's network currently covers 100% of the population, with a total of 272 sites.

Going forward, Zain Bahrain aims to become a market value leader by increasing value share through smart acquisition and extracting value from customers. Also, the operations' strategy is to engage in other revenue streams to become a full-fledged telecom provider.

Financials ($ m)



Market Share



KSA

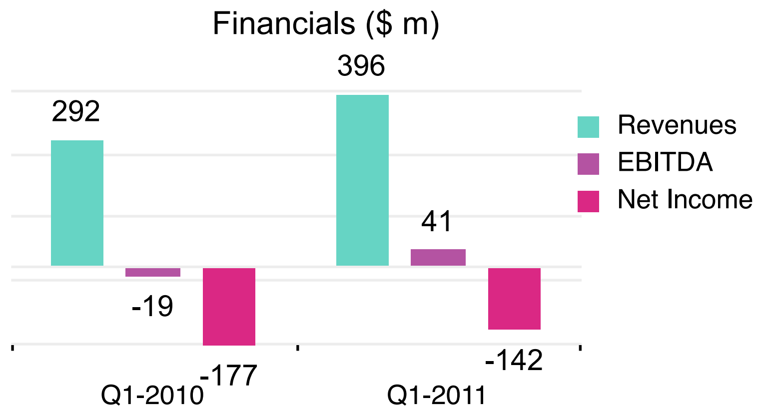
Market Overview	*Q1-2011*	*Q1-2010*
Population (000s)	26,515	25,983
GDP/Capita ($; PPP)	24,200	23,977
Mobile Penetration	171%	150%
Number of Peers	2	2
Market Positioning	3	3
Ownership	25%	25%
Customers (000s)	8,443	5,637
Postpaid	873	527
Prepaid	7,570	5,110
Market Share	17%	17%
ARPU ($)	16	17

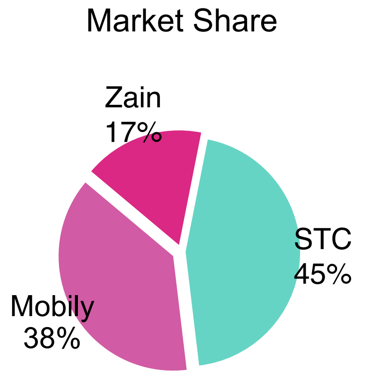
Financial Performance	*Q1-2011*	*Q1-2010*	*Annual Growth*
Revenues ($ m)	395.8	291.9	36%
EBITDA ($ m)	41.0	(18.7)	320%
EBITDA Margin	10%	(6%)	-
CAPEX ($ m)	32.0	10.2	214%
Net Income / (Loss) ($ m)	(141.8)	(176.7)	20%

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 while the remaining stake is distributed among a Saudi Consortium owning 25%, Public Pension Authority with 5% and 45% are free float.

In Q1-2011 the operation's customers increased by 50%, the highest customer growth in the Group. Zain KSA succeed in increasing the volume of calls and average broadband usage on its network, while at the same time decreasing the cost of national roaming, which in effect led to a 20% decrease in net losses.

With the mobile sector close to saturation, Zain managed to differentiate itself in the Kingdom to be the preeminent potential operator. The operation recorded notable financial performance, which was achieved through continued network roll-out, providing customers with compelling broadband propositions, and innovative pricing and value programs jointly with the best in class customer experience.





Lebanon

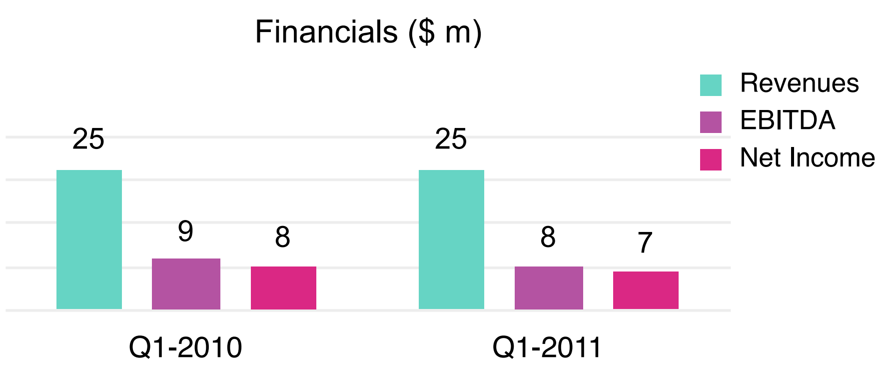
Market Overview	*Q1-2011*	*Q1-2010*
Population (000s)	4,272	4,205
GDP/Capita ($; PPP)	14,200	12,165
Mobile Penetration	67%	63%
Number of Peers	1	1
Ownership	MC	MC
Customers (000s)	1,580	1,323
Postpaid	244	221
Prepaid	1,336	1,102

Financial Performance	*Q1-2011*	*Q1-2010*	*Annual Growth*
Revenues ($ m)	25.0	25.4	(2%)
EBITDA ($ m)	8.1	9.0	(10%)
EBITDA Margin	32%	35%	-
Net Income ($ m)	6.9	8.2	(16%)

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. The Network Management Agreement (NMA), which had expired January 2011, was further renewed on February 1, 2011 for 12 months.

The operation's strategy going forward includes the following aspects: enhancing customer experience, launching new customer-centric services, and increasing market penetration. As of Q1-2011, 'mtc touch' has 759 existing sites, with a population coverage of 99%.

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.

Or Contact our Investor Relations Team:

Investor.relations@zain.com

Note: All population figures, GDP per Capita and Mobile Penetration figures are sourced from CIA Fact book and WCIS.