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Pakistan Mobile Communications Ltd.'s (Mobilink's) key operational statistics			
Year ended Dec. 31	2007*	2006	2005
Mobilink's market share (%)**	42	46	56
Mobilink's cellular subscribers (million)	26.5	22.5	11.1
Growth (%)	15	51	54
Prepaid subscribers (% of total)	98	98	97
Blended ARPU (US$ per month)	4.1	4.9	8.0
Monthly churn rate (%)	8.9	8.0	17.3
Capital expenditures (US$ million)	239	693	615
Number of cell sites	5,706	5,249	3,267
*As of June 30, 2007			
** Mobilink's estimates			
Source: Company reports			

In This Issue...

ACROSS THE REGION

Gulf Finance House signs strategic alliance with AT&T and NavLink

Gulf Finance House (GFH), originator of industry-specific economic infrastructure initiatives across the Middle East, North Africa (MENA), and Asia, announced a strategic alliance with AT&T and NavLink, a company in which AT&T has an equity holding.

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Under the terms of this alliance, AT&T will make its advanced telecommunications infrastructure technology and implementation know-how available to commercial tenants across GFH's Energy and Telecom Cities. Energy City Qatar and the Telecom City in Mumbai will be among the first to benefit from access to AT&T's global network. This agreement builds on the previously announced memorandum of understanding signed by AT&T and NavLink with Energy City Qatar, announced in March of this year.

Physical facilities will be built at each location to house the infrastructure required to equip a carrier-class Internet datacenter (IDC) and a local network operations center (NOC). Accordingly, commercial tenants will enjoy access to the latest in reliable networking infrastructure that conforms to AT&T's standards. AT&T will work with local network providers to deliver global and local network services for the tenants of these developments.

In the MENA region, AT&T and NavLink will together deliver and maintain the network management tools and use both the NOCs and IDCs to provide the complete range of world-class AT&T managed hosting services to the GFH developments' commercial tenants.

"Our alliance with GFH and their pioneering projects in the region constitute a huge step forward in our support to the ever-growing demand of high-end communication infrastructure in the Middle East, North Africa and India," said John Gibson, president of AT&T Business Development for Middle East and North Africa. "Energy Cities are the ideal vehicle for our objectives in the region and AT&T is pleased to play such an important role in these prestigious economic infrastructure projects."

Peter Panayiotou, acting CEO of GFH, said, "We are committed to creating world- class facilities in all our Energy and Telecom Cities, and this can be achieved by choosing the best partners to support our vision. IT and communication infrastructure is increasingly acknowledged as the backbone of all commercial enterprises, therefore we have chosen world leaders, AT&T and NavLink,to fulfill our ambitions."

JORDAN

Jordan Telecom Group reduces IP connectivity prices up to 52 percent

Jordan Telecom Group (JTG), the leading integrated telecommunications provider in the Kingdom, announced during a press conference the reduction of Internet Protocol (IP) connectivity costs from 15 percent up to 52 percent to Internet providers.

The press conference, which was held at the InterContinental Hotel, was headed by JTG CEO Mr. Mickael Ghossein, JTG vice president Mr. Francoise De Loynes, wholesale CEO Mr. Clement Charron, and Mrs. Wesal Balasmeh, wholesale marketing director, in addition to representatives from TRC and Arab Advisors Group.

"We aim at playing an effective role in fulfilling his Majesty King Abdullah II's vision in increasing the penetration of the Internet usage in the Kingdom as well as making Jordan a regional ICT hub. This move also comes in line with the global trend in decreasing the cost of providing services to Internet service providers (ISPs) consequently benefiting customers and end users," said Mr. Ghossein.

The IP connectivity represents a significant part of any ISP's costs. According to Ghossein, the total reduction of IP fees reached 53 percent during the year 2007, showing an evident commitment from JTG to raise the rate of Internet penetration rate in the Kingdom. The current decrease amounts to 21 percent on average for the Jordanian Internet service providers.

For her part, Mrs. Balasmeh said, "At JTG we focus on providing high quality IP connectivity service in order to offer fast and reliable access to the World Wide Web; for this reason we are connected to a number of leading suppliers operating in Europe and the USA."

Mrs. Balasmeh went on saying that the connectivity provided by JTG is established via three different cable systems in order to prevent interruptions in the service. "The Group is connected to the Internet in Europe and North America through three physically separated routes guaranteeing higher levels of availability and service continuity in addition to avoiding isolation when having a problem in one of the routes as well as decreasing the congestion in exceptional circumstances." She pointed out that the monthly prices have been reduced from 240 JD/MB to 191 JD/MB.

Mr. Ghossein concluded, "Through our strategic partnership with France Telecom, the majority shareholder of the Group's shares, and the good relationship we have with our international suppliers, we will consistently provide services and offers of good quality and prices to the market and thus contribute in enhancing and moving the ICT sector forward."

OMAN

Omani Government starts process to sell 25 percent stake in Omantel

The Omani government, acting through the Ministry of Finance, announced its intention to explore the partial sale of its shareholding in Oman Telecommunications Co. S.A.O.G (Omantel).

The government invited the submission of expressions of interest from suitably qualified strategic investors in respect of participating in a process leading to the sale of an interest representing 25 percent of Omantel's issued shared capital. In conjunction with such a sale, the government may also consider providing the selected strategic investor with certain rights enabling it to increase its economic and voting exposure to Omantel.

While Omantel has maintained leadership across all telecom segments, the government is seeking a strategic partner to further strengthen Omantel's market position and establish Omantel as a world-class provider of telecommunications services both in the Sultanate and internationally.

Darwish Bin Ismaeel Bin Ali Al Balushi, secretary general of the Ministry of Finance, said, "The further privatisation of Omantel is another example of the Government's commitment to liberalising the economy and seeking to support the creation of world class Omani companies. The Omani telecom market still has excellent growth potential and Oman offers an attractive economic environment which we are certain will appeal to bidders."

Citigroup Global Markets Limited, as lead advisor, and National Bank of Oman, as local advisor, are acting as financial advisors to the government in connection with the proposed sale. The government expects the sale to be concluded by the end of 2008.

Mashreq closes $205 million syndicated credit facility for Omantel with heavy over-subscription

Mashreqbank, acting as the mandated lead arranger and bookrunner, has successfully closed the general syndication of a US$205 million financing facility for Oman Telecommunications Company S.A.O.G. (Omantel), one of the leading telecom companies in the GCC.

The deal represents the debut debt offering for the majority government-owned, largest telecom operator in Oman.

"A well structured transaction, combined with the strong financial position of Omantel, made it possible to generate significant demand from regional and international banks despite challenging market conditions," stated Mr. Abbas Hasan, head of investment banking at Mashreqbank.

Dr. Mohammed Bin Ali Al-Wohaibi, the chief executive officer of Omantel said that this deal constitutes a fresh step by the company towards entering the international financial market for its external investments in the telecom sector. It would expand the company's investment base not only in the Sultanate but also at the regional and international levels.

The following banks joined the syndication: KfW IPEX-Bank GmbH; National Bank of Oman S.A.O.G.; Oman International Bank S.A.O.G.; Bank Sohar S.A.O.G;, Commerzbank Aktiengesellschaft; Fortis Bank S.A./N.V.; Lloyds TSB Bank Plc; Bank of Taiwan, Singapore Branch; Banque Bia; Chinatrust Commercial Bank Co. Ltd.; First Gulf Bank; Hua Nan Commercial Bank Ltd., Singapore Branch; Malayan Banking Berhad, Bahrain Branch; and The Bank of East Asia Limited, Singapore Branch.

Dr. Al-Wohaibi pointed out that these are leading banks at the local, regional, and international levels. He praised the vital role played by Mashreq bank, an important banking institution in the Middle East, in facilitating the credit facility in cooperation with Omani, regional, and international banks.

A ceremony was held at Burj Al-Arab in Dubai to celebrate the conclusion of the successful syndication, attended by senior management officials from Omantel and the participating banks. “Mashreqbank has firmly demonstrated their ability to manage and structure a financing facility that is attractive for Omantel as well as the participating financial institutions and we are delighted with the results,” stated Talal Al-Mamari division head of finance of Omantel. “Their combination of local understanding, coupled with international skills, capabilities and best practices reinforces their stature as one of the leading banks in the region.”

Mashreq is among the largest financial institutions in the Middle East and is listed on the Dubai Financial Market. It has been associated with several landmark capital-raising transactions in the GCC and the greater MENA region in recent months.

Omantel signs agreement to extend fiber-optic submarine cable to Omani coasts

Oman Telecommunications Company (Omantel) and Middle East and North Africa Company (MENA) of Egypt have recently signed an agreement on the landing of a submarine fiber-optic cable on the Omani coast to enhance international telecommunications traffic between the Sultanate of Oman and the world.

Dr. Mohammed Bin Ali Al-Wohaibi, the chief executive officer of Omantel, signed the agreement on behalf of Omantel, while Dr. Nagi Anis, the director of Middle East and North Africa Cable Project, signed the agreement on behalf of MENA Company.

In a statement, Dr. Mohammed Bin Ali Al-Wohaibi stressed the importance of the agreement, as it would introduce huge capacities for submarine cables in the Sultanate. The project would provide great services for international telecommunications traffic, especially the Internet, through fiber optics in case of any cable cutoffs. It would provide alternative lines for international telecom network, as well as upgradeable transmission facilities in support of Internet, e-commerce, video, data, and voice.

Dr. Al-Wohaibi said that Omantel constantly seeks to make the Sultanate an important hub for international telecom traffic through a submarine cables network that guarantees uninterrupted telecom traffic between the Sultanate and world countries on one hand and between world countries themselves on the other.

This was made possible in view of the strategic location of the Sultanate. Therefore, many companies endeavor to exploit the Sultanate's secure location between the East and the West to facilitate the international telecom traffic.

Omantel's CEO indicated that the MENA Cable Project, which is implemented by the Middle East and North Africa Company, an affiliate of Orascom Telecom, is vital for the telecom sector as a whole because the cable passes through many countries besides the Sultanate of Oman, including Mazara in Sicily, Italy; Crete in Greece; Alexandria and Suez in Egypt; Jeddah in Saudi Arabia; and India.

The cable landing point will be executed in Wilayat Al Seeb, where Omantel Submarine Cables Center is located. This center is used as the main hub for submarine fiber-optic cables landing in the Sultanate. Dr. Al-Wohaibi added that the total cost of the MENA Cable project is about US$400 million. The 8,000-kilometer-long cable, which would provide a total capacity of 5.7Tbps, will arrive at Wilayat Al Seeb during the third quarter of 2009.

Omantel would achieve great benefit from the MENA cable, as it will enable the company to provide its subscribers with large capacities, besides the fact that it would provide new tracks in case of any mishaps in any submarine cable lines. Dr. Al-Wohaibi indicated that Omantel is always seeking to diversify its income mix through the agreements it concludes with international companies, especially in the area of submarine cables, which have become of great importance to telecom traffic. Submarine cables have also gained great interest of world companies and countries, being the most important element to facilitate the international telecom traffic in the next stage, the company said in its statement.

Omantel CEO noted that the company has recently jointed 15 international telecom companies in signing the Europe-India Gateway project for the building of an international broadband fiber-optic submarine cable extending from the United Kingdom to India and passing through the Sultanate of Oman and other countries. The US$700 million EIG project would enhance diversity in the service of these fast-growing regions in the telecom sector and investment environment.

Dr. Al-Wohaibi added that the submarine cable system is designed to provide a range of communications up to 2.88Tbps using dense wavelength division multiplexing (DWDM) technology to provide upgradeable transmission facilities that support Internet, e-commerce, video, data, and voice.

Oman Telecommunications Company (Omantel) is the sole integrated telecommunications services provider in Oman. The Sultanate of Oman, through its strategic location on the crossroad of the Gulf, Middle East, and Indian subcontinent, has become a major landing point for global cable connections including FALCON, SEA-ME-WE-3, and TW-1. In addition, Omantel has established direct links with its adjacent neighbors in the region. Omantel is currently working on additional cable landings to extend its reach to all continents. Furthermore, it possesses a resilient network that is capable of providing uninterrupted service to its customers.

PAKISTAN

Pakistan Mobile Communications Ltd. company profile

Pakistan Mobile Communications Ltd. is the leading GSM cellular provider in Pakistan. It provides its services under the brand name of “Mobilink.” It was incorporated in December 1990 as a private limited company and commenced operations in August 1994. As at June 30, 2007, it had more than 26 million subscribers, of which approximately 98 percent were prepaid subscribers.

Mobilink is now wholly owned by Orascom Telecom, which operates GSM cellular networks in the Middle East, Africa, and Asia. This is after Orascom Telecom acquired the remaining 11.3 percent stake for US$290 million from Saif Telecom Ltd. in June 2007. Mobilink currently has 10 directors on its board.

With total assets of about US$10 billion as at June 30, 2007, Orascom Telecom’s most significant operations are in Algeria (forming 48 percent of first-half 2007 consolidated group EBITDA), Pakistan (24 percent), Iraq (12 percent), and Egypt (14 percent). Mobilink has obtained extensive operational benefits from its parent. These include cost-efficiency — particularly in the negotiation and procurement of network equipment from suppliers, technological and management assistance, and management know-how — all of which support Mobilink's competitive advantage. Orascom Telecom's strategy is to continue exploring opportunities in markets with low telecom penetration rates and high growth potential, many of which are perceived to be high risk. The group is still acquisitive and open to new ventures.

Mobilink benefits from Pakistan's large population of over 165 million and low wireless penetration rate of only 40 percent. Domestic wireless subscriber growth has been supported by improvement in regulatory policies, such as the introduction of "calling party pays" and reduction of regulatory charges (activation tax). In addition, the entry of new players, significant investments by large foreign players, and availability of used handsets have increased competition, lowered charges, and made handsets more affordable. The market remains propelled by voice applications on the second-generation (2G) network. Nevertheless, Mobilink may be faced with a weaker operating environment and reduction in spending on telecommunication services due to potential economic slowdown as a result of the heightened and prolonged political uncertainty in Pakistan.

Mobilink's market position is strong, controlling more than 40 percent of the domestic wireless segment as of June 30, 2007. There are currently six players in the market, and the second-largest operator — Pakistan Telecom Mobile Ltd., a wholly owned subsidiary of Pakistan Telecommunications Co. — holds about 22 percent market share.

Competitive pressure intensified after the entry of Telenor Pakistan Ltd. and Warid Telecom Ltd. in April 2004. Both have captured about 17 percent each in about three years since they commenced operations, following extensive promotions. Moreover, the competition is expected to heighten with the entry of foreign players in the domestic market. In January 2007, China Mobile Ltd. acquired an 89 percent stake in Paktel Ltd., the fifth-largest operator in Pakistan. China Mobile plans to invest about US$700 million to establish 2,500 base stations over the next three to four years. In addition, Singapore Telecommunications Ltd. acquired a 30 percent stake in Warid Telecom. These foreign players are leading service providers in their respective domestic markets, and apart from infusing funds required for capital expenditure, they are also expected to contribute the required expertise to operate in a competitive market. Nonetheless, these competitors are unlikely to pose a significant competitive threat to Mobilink in the near term, given their limited network coverage. However, aggressive pricing competition by all other players to gain market share would continue, and this could exert downward pressure on all operators' profitability and cash flows.

Mobilink's key competitive strengths over its competitors include its established brand name and extensive network coverage, which is almost double that of its competitors. In addition, Mobilink has a strong distribution network, and the company has expanded rapidly in the past few years. The size of its network presents Mobilink with significant on-net traffic advantage. The company continues to spend significant capital to strengthen its competitive advantages, especially as existing operators build up their network capability. To date, more than half of the domestic population is covered by Mobilink's network.

The country's regulator, the Pakistan Telecommunication Authority (PTA), is becoming more pro-competition and continues to experiment with policies relating to licenses, open access, and other market structure issues. Nevertheless, the direction of Pakistan's telecommunications policy is largely positive. This follows the establishment of a licensing framework that comprises six national mobile licenses, 14 long-distance international licenses, and 51 regional local loop licenses (including wireless local loop). Several regulatory decisions made in past two years were as follows:

- Further reduction of activation tax for new cellular connection by 50 percent to PKR500 (US$8), effective in June 2006. Before the reduction, the tax was US$16 in 2004 and US$33 before that.
- Reduction in mobile termination rates to PKR1.60 per minute from PKR2, effective from August 2005. Termination rates have been lowered further to PKR1.25 per minute.
- Implementation of mobile number portability in March 2007.

Overall, the impact of the new developments is neutral for the company, as they promote further growth for the industry. In 2006, Mobilink renewed its cellular license for 15 years to 2022 at a cost of US$291 million. This fee is payable in stages.

Despite intense competition, Mobilink's profitability measures have improved slightly — to 40 percent for the half-year ended June 30, 2007, compared to 38 percent in fiscal 2006 — mainly due to continued subscriber growth and realization of economies of scale. In addition, Mobilink has started using its own backbone for long-haul rather than relying on the leased lines from fixed-line operators. The full impact of savings is expected to be incurred in fiscal 2008. Despite its leading market position, Mobilink's profit margins are lower than some of the leading players in the emerging market due to the management fees that the company needs to pay to the parent company. Going forward, increased competition is expected to result in moderate subscriber growth and further declines in average revenue per user (ARPUs). However, the margins are expected to remain in the range of 35 percent-38 percent, given improvement in economies of scale.

Mobilink is suffering from weak cash flow-protection measures, increased competition, and high distributions to shareholders. But the company is considered to be in a strong market position, enjoys first-mover advantage, and sees a daily flow of strategic benefits from its parent company.

Mobilink's cash flow-protection measures are expected to remain weak due to high capital expenditures, which will be financed mostly by debt. To accommodate significant increase in traffic driven by subscriber additions and to improve its network coverage, the company plans to spend about US$1 billion in capital expenditures in the next two years to expand its network; 51 percent of the capital outlays will be spent in 2007. Mobilink's ratio of funds from operations (FFO) to debt is expected to be about 20 percent-25 percent in the near term, with total debt to EBITDA to peak at about 3x. In the first half of 2007, FFO to debt was an annualized 24 percent, and total debt to annualized EBITDA was about 2.7x.

Competition in Pakistan's six-player wireless market has heightened after the entry of newer players to take advantage of strong demand due to low penetration of telecommunications services. This is expected to intensify further with large foreign players supporting some of the players. However, the competitors are unlikely to pose a significant threat to Mobilink, at least in the near term, given their limited network coverage. With wireless penetration rate reaching 40 percent as at June 30, 2007, pricing pressures will continue to emerge as existing operators pursue aggressive pricing and promotions in order to build market share. This could lead to margin pressure and affect Mobilink's profitability and cash flows.

Mobilink has historically delivered high distributions to its shareholders in the form of management fees and dividend payouts. This policy is expected to continue in the near to medium term, subject to Mobilink's cash flow position.

These weaknesses are offset by the following strengths:

- Leading market position: Mobilink controls more than 40 percent of Pakistan's wireless market. At June 30, 2007, the company had more than 26 million subscribers, compared with its nearest competitor, which had about 14 million subscribers. As a result, Mobilink has maintained its operating margins relative to its peers while retaining its dominant position in the sector.

- First-mover advantage: Mobilink has established brand names and the widest network coverage of over 6,000 towns, cities, and villages as of June 30, 2007 — about double that of its key competitors. These are driven by its strong distribution network and the company's rapid expansions over the past few years. Its network coverage has reached 60 percent of the total population of Pakistan and 95 percent of the urban population. The size of its network presents Mobilink with significant on-net tariffs advantages.

- Strategic benefits from Orascom Telecom Holdings: Operational benefits from the shareholder include cost-efficiency — particularly in the negotiation and procurement of network equipment from suppliers, technological and management assistance, and management know-how, all of which support Mobilink's competitive advantage.

Mobilink's near-term liquidity seems to be adequate. As of June 30, 2007, the company had about Pakistan rupee (PKR) 28 billion (US$462 million) of debt (including equipment payables and Export Credit Agency [ECA] loan amounting to US$180 million) due in one year, as against a cash balance of more than PKR7 billion and expected average FFO of PKR18 billion-PKR20 billion.

Liquidity is also supported by committed credit facilities of up to US$234 million, which is expected to be used mainly for funding the company's capital expenditure plans and refinancing existing ECA loan. The company recently completed refinancing about US$100 million of short-term borrowings. In addition, Mobilink is currently working on restructuring some of its local debt to lengthen its maturity profile and reduce cost of funds to mitigate the refinancing risk.

Recovery prospects in the event of a default are low. This is mainly because of the relatively illiquid nature of Mobilink's fixed assets and high debt levels. Enforcing creditor rights under Pakistan's legal system could be difficult, given that the process is not very well defined and there are very few precedents. The timing and amount of any ultimate recovery would also be influenced by market conditions at the time of a default.

About 45 percent of total assets of the company were pledged as collateral as of June 30, 2007.

Mobilink's negative outlook reflects the potential adverse impact on its credit profile as a result of the heightened and prolonged political uncertainty in Pakistan and its potential impact on economic growth, fiscal performance, and external vulnerability. Most of the company's cash flow is generated from domestic assets. Mobilink may be faced with increased exposure to funding risks, weaker operating environment, and reduction in spending on telecommunication services due to potential economic slowdown. The outlook may be revised to a more positive position if the operating environment returns to normal, and any adverse impact on Mobilink's credit profile is limited.

PALESTINIAN AUTHORITY

Wataniya Palestine allocated spectrum to start operations of mobile network

Wataniya Palestine Mobile Telecommunications Company (WPT) and its shareholders Wataniya Telecom (National

Mobile Telecommunications Company – NMTC; 51 percent owned by Qatar Telecom QSC [Qtel]) and the Palestine Investment Fund (PIF), have announced the receipt of an official communication from the Palestinian Ministry of Telecommunications and Information Technology (MTIT) confirming that an agreement has been reached for spectrum to be allocated to the Palestinian National Authority (PNA).

The spectrum agreement, which provides for a staged release of radio frequencies over the next several months, meets key requirements to enable construction and commercial launch of WPT's mobile network. The released spectrum frequencies will be allocated by the PNA to WPT, which was established in December 2006 as a joint venture between Wataniya Telecom and the PIF.

Commenting on this development, the chairman of Qtel and Wataniya Telecom, Sheikh Abdullah Bin Mohammed Bin Saud Al Thani, said, "WPT represents one of the most significant foreign investments in the history of Palestine. Despite delays in securing the required frequencies, Wataniya Telecom and Qtel have always been fully committed to this venture. We look forward to launching commercial operations in Palestine and we are very confident that WPT will be a success story that will attract other foreign investors to the Palestinian market."

On behalf of the Palestinian shareholders, the CEO of the PIF, Dr. Mohammad Mustafa, said, "The PIF partnered with Wataniya Telecom to establish WPT with a common understanding of the strategic importance of the telecommunications sector for our economy.

With the resolution of the frequency allocations we now look forward to the more than 2,500 new direct and indirect jobs that the company is expected to help create in the next few years, and the millions of dollars that will be poured into the economy on business services."

Also commenting on this development, the CEO of WPT, Mr. Allan Richardson, said, "With the forthcoming launch of WPT, a new chapter of competition in the Palestinian market will be opened, in which the consumer will be the ultimate winner. Our team in Palestine already includes more than 75 Palestinian professionals, working side by side with telecommunications experts from around the world, to build a world-class telecommunications company that will work tirelessly to exceed Palestinian consumers' expectations. Our team will now begin to focus on building our network and other components of our operational infrastructure in preparations for our commercial launch. WPT would like to extend its gratitude to all who supported the company since its establishment, especially the Ministry of Telecommunications and Information Technology, and looks forward to working with all stakeholders for the successful launch of the company."

QATAR

Qatar Telecom to acquire interest in PT Indosat Tbk (Indosat) from Asia Mobile Holding Pte Ltd.

Qatar Telecom QSC (Qtel) and Singapore Technologies Telemedia Pte Ltd (ST Telemedia), a leading information-communications company with operations in the Asia-Pacific, the Americas, and Europe, have announced that their jointly held subsidiary, Asia Mobile Holding Pte. Ltd. (AMH), will sell its 40.8 percent interest in PT Indosat Tbk (Indosat) to Qtel.

Under the terms of the Agreements dated June 6, 2008, Qtel has agreed to pay S$2.4 billion (US$1.8 billion) in cash to acquire AMH's total interest in Indosat.

Sheikh Abdullah Bin Mohammed Bin Saud Al Thani, Qtel's group chairman, said, "We are very delighted to increase our strategic stake in Indosat. The transaction demonstrates Qtel's commitment to Indonesia and its rapidly developing infrastructure. With this transaction, the Group will service nearly 44 million customers in 16 countries. We look forward to working with the management and employees of Indosat and applaud them for their excellent record."

Qtel's deputy chairman, Sheikh Mohammed Bin Suhaim Al Thani, said, "We are pleased to welcome Indosat to the Qtel family. Indosat represents a significant and exciting investment for the Qtel group. We will invest significantly in Indosat to support its growth and help it to achieve its full potential."

Dr. Nasser Marafih, Qtel's chief executive officer, said, "This investment is a logical progression of Qtel's growth strategy, and allows Qtel to broaden its interests in Indonesia, the fourth most populous country in the world. We believe that Indonesia is a high growth market for telecommunications and that Indosat is very well placed to compete in that market."

Mr Lee Theng Kiat, president and chief executive officer of ST Telemedia, said, "QTel is a global telecom company with strong management and clear vision. I am sure with the foundation we have given to Indosat in the last 5 years, following its record performance in 40 years in 2007, Qatar Telecom can now take it to greater heights."

This transaction will not affect ST Telemedia and Qtel's holding in AMH or investments in other markets made by ST Telemedia and Qtel through AMH. ST Telemedia will no longer have any involvement in Indosat. The 40.8 percent interest remains subject to a Supreme Court appeal in Indonesia. AMH will continue to own a stake in StarHub Ltd., Singapore's second largest info-communication company, and Shenington Investments Pte Ltd., a holding company with telecommunication assets in Cambodia and Lao PDR.

Based on Qtel's interpretation of Indonesia's mandatory tender offer rules, Qtel believes that it may be required to commence a tender offer to acquire the outstanding shares of Indosat (including the shares represented by American Depositary Shares) that are not owned by Qtel. Qtel is currently in discussions with the Indonesian Capital Market and Financial Institution Supervisory Board (Bapepam-LK) regarding the application of Indonesia's mandatory tender offer rules on Qtel. Qtel intends to announce its plans with respect to any tender offer for Indosat shares based on the outcome of such discussions with Bapepam-LK and intends to comply with applicable Indonesian rules and regulations.

VoIP allowed in Qatar

IctQATAR, the Supreme Council of Information & Communication Technology, has stated that recent newspaper articles had given inaccurate or incomplete accounts of Qatar's legal position regarding voice-over-Internet Protocol (VoIP). Qatar's independent telecommunications regulator and the government's technology advocate and facilitator have published a clarification of the legal position of VoIP technology in the Gulf state. In its document, ictQATAR stressed there are no laws or rules that prohibit the use of such technology within the State of Qatar.

"The Telecommunications Law 34 of 2006 does, however, make it illegal for any person to provide telecommunications services to the public for a direct or indirect fee without a license issued by ictQATAR for that purpose," read the statement. Currently, the only two entities licensed by ictQATAR to provide such voice services to the public in Qatar are Qatar Telecom (QTel) Q.S.C. and Vodafone Qatar Q.S.C. "ictQATAR is committed to encouraging the availability of the latest technology to Qatari citizens and residents," it added in its statement.

Qtel enters into a strategic relationship with Rachmat Gobel

Qtel announced that it had entered into a strategic relationship agreement with Rachmat

Gobel of Indonesia. As one of Indonesia's most respected businessmen, Rachmat Gobel serves as the chairman of Panasonic Gobel, as well as deputy chairman of the Indonesian Chamber of Commerce and Industry and of the Indonesia Olympic Committee.

Sheikh Abdullah Al Thani, chairman of the Qtel Group, said, "We are very pleased to have entered into this strategic relationship with Rachmat Gobel, and to develop this investment together with such a prominent national businessman. We are keen to seek his guidance on a variety of issues relating to our investment in Indosat, now and in the future."

Rachmat Gobel said, "I am pleased to work together with Qtel regarding its investment in Indosat. Qtel's operational strength and plans for the future should ensure Indosat grows in stature in the market and reaches its full potential. I am convinced that this investment in Indosat is beneficial for customers, employees, investors and for Indonesia."

Dr. Nasser Marafih, CEO of the Qtel Group, said, "We are looking forward to working closely with Rachmat Gobel to address a number of challenges in Indonesia. Our relationship with Rachmat Gobel should help us meet these challenges more effectively. Our main desire is to ensure Indosat continues to grow, flourish and to serve the Indonesian communication market." Mr. Rachmat will provide Qtel with support and guidance regarding its investment in 40.8 percent of the shares in Indosat. Qtel stated that the financial terms of the agreement were not material for the Qtel group. Further details regarding the agreement were not disclosed.

SAUDI ARABIA

Emaar, The Economic City unveils plans for investment in major five-year educational initiative with Cisco

Emaar, The Economic City (Emaar.E.C), the company developing King Abdullah Economic City (KAEC), has joined hands with Cisco for a pioneering educational initiative that will empower Saudi youth to be active participants in the growth of KAEC and Saudi Arabia. The initiative is steered by Saudi Arabian General Investment Authority (SAGIA), the prime facilitator of KAEC.

In the presence of Prince Khalid AlFaisal, governor of Makkah Al-Mokarramah region; Mr. Fahd Al-Rasheed, board member and chief executive officer, Emaar.E.C; and Dr. Badr Al Badr, managing director, Cisco Saudi Arabia, it was agreed that Cisco will serve as Emaar.E.C's training partner for the development and implementation of the educational initiative and will train a total of 5,050 students over the next five years in coordination with Emaar.E.C.

Amr Bin Abdullah Al-Dabbagh, governor, SAGIA, said, "KAEC is a powerful driver for the Saudi Arabian economy and is aligned with our objective of making the Kingdom one of the ten top competitive nations in the world by 2010. Need-based education is a catalyst for fast-paced development and the partnership of Emaar.E.C and Cisco will help in creating highly skilled young Saudi professionals who can take on responsible and leading positions in KAEC's various high-growth sectors."

Mr. Al-Rasheed said, "As a path-breaking socio-economic growth initiative, KAEC is setting new trends in infrastructure development.

KAEC is recognized globally as one of the most attractive investment destinations offering promising opportunities in varied growth sectors. To drive this forward, it is important to create a pool of skilled young nationals. The educational initiative with Cisco is aimed at enabling and empowering individuals and businesses for future needs."

He added, "KAEC has the potential to create 1 million jobs, and the new training initiative will complement our efforts by developing a reliable team of professionals. Cisco's global standing and in-depth industry expertise make it an ideal partner in this endeavour."

"The abundance of human capital is critical to the success of King Abdullah Economic City and developing and addressing the growing skills gap, as well as creating entrepreneurs and leaders of the future, is at the forefront of Cisco's mission for the Kingdom of Saudi Arabia," commented Dr. Badr Al Badr, managing director of Cisco Saudi Arabian Region.

"The strategic relationship with Emaar.E.C marks yet another key milestone in our journey to help create some of the many new jobs required over the next decade for the upcoming youth of this region. We are delighted that the Emaar.E.C has chosen Cisco as a strategic partner for this momentous initiative," he said.

The training initiative will focus on three key areas: leadership enablement through the Cisco NetVersity program, Advanced Technical Training through Cisco Networking Academy, and Mass Technical Training through IT essentials training.

The Cisco NetVersity program, aimed at training 50 students over five years, has developed unique curriculums that include a combination of technical and soft skills (such as communication, teamwork, presentation, and project management). These will assist IT professionals to become more well rounded and balanced.

The Cisco Networking Academy (CCNA) initiative is to train 1,000 students over five years. Students will learn how to install and configure Cisco switches and routers in local and wide area networks using various protocols, how to provide Level 1 troubleshooting service, and how to improve network performance and security.

The CCNA curriculum also provides training in the proper care, maintenance, and use of networking software tools and equipment. The Mass Technical Training through IT essentials focuses on driving basic technology skills, work ethics, and English fluency, and will train 4,000 students over five years.

Located on the Red Sea coast on 168 million square meters, KAEC has six components: the Sea Port, Industrial Zone, Central Business District, Educational Zone, Resort District, and Residential Communities. The first phase of the project has been launched to strong investor response, and work is progressing according to schedule.

BenQ records strong performance in the Kingdom of Saudi Arabia

Fueled by consumer demand for feature-rich high-end products, BenQ, a provider of digital lifestyle products, has experienced close to 30 percent growth in the Kingdom of Saudi Arabia (KSA) market for the first half of 2008.

BenQ has experienced record growth across the LCD monitor, projector, and LCD TV segments, with growth of 20 percent, 40 percent, and 50 percent, respectively.

Saudi Arabia currently accounts for almost 20 percent of BenQ sales across the MENA region, said BenQ.

The majority of sales growth is being seen at the top end of the product spectrum; for instance, BenQ's LCD TV range is showing the majority of sales growth via its higher-end VB3733, SH4231, and SH3731 models.

"The Kingdom of Saudi Arabia holds huge potential for BenQ and Saudi Arabian consumers have already responded exceptionally well to BenQ's product offerings, particularly at the higher end of the spectrum," said Manish Bakshi, general manager, BenQ, Middle East and Africa.

In addition to its obvious attractions for energy-intensive industries, Saudi Arabia is also one of the world's fastest maturing economies. "With such strong economic prospects backed by sound regulatory framework, we are well placed to benefit from the sustained economic expansion in KSA," stated Bakshi.

This continued local success will be due in part to BenQ's major KSA partners, including Rodana, Metra Computers, and Saudi Global Computers. These partners have strong track records in providing excellent customer service and after-sales support.

BenQ has recently strengthened its market presence in Saudi Arabia with the launch of its latest Joybook series. The Joybook series release has seen BenQ partner with Saudi Global Computers for distribution throughout Saudi Arabia.

BenQ is planning to build on its KSA market success by further expanding its local sales team. There are also plans to open a BenQ Zone in Riyadh that will stock BenQ's entire computer and consumer electronic range.

UNITED ARAB EMIRATES

UAE — Most connected country in the Arab World

The United Arab Emirates is the most connected country in the Arab World, according to the Arab Advisors Group's annually released Total Country Connectivity Measure (TCCM). The Arab Advisors Group, a member of the Arab Jordan Investment Bank Group, calculates the TCCM by adding the household mainlines penetration, cellular penetration, and Internet users penetration rates in each country.

These results were released on the first day of the Fifth Annual Media and Telecommunications Convergence Conference, which was inaugurated in Amman by Jordanian Minister of ICT Engineer Basem Rousan.

"Convergence presents us with a great opportunity that the Media and Telecom business can greatly benefit from, as new sources of revenue are emerging" said Eng. Basem Rousan, the minister of information and communications technology.

He added, "The government is committed to providing a flexible legislative and regulatory environment that nurtures competitiveness and reflects the growing convergence in the ICT sector."

Eng. Rousan also congratulated the Arab Advisors Group on "the growing success of this leading event" and indicated "Jordan's standing as a key player in the regional ICT sector, a role that is further demonstrated by hosting the 12th session of the Arab Council of ICT Ministers in Amman on the heels of the Media and Telecom convergence conference."

UAE's TCCM score of 329.5 percent availed the country the first rank in the Arab World. Bahrain followed at 210.4 percent, followed by Saudi Arabia (207.9 percent), Qatar (193.1 percent), Kuwait (164.7 percent), Libya (162.0 percent), Oman (153.7 percent), Jordan (133.9 percent), Algeria (130.7 percent), Lebanon (124.6 percent), Tunisia (122.7 percent), Syria (122.5 percent), Egypt (111.6 percent), Morocco (106.6 percent), Palestine (90.5 percent), Iraq (77.2 percent), Mauritania (54.5 percent), Yemen (47.2 percent), and Sudan (28.9 percent).

Comparing the end-of-2007 and end-of-2006 ranking reveals the following: The UAE kept its No. 1 spot, while Bahrain moved into second place (up from third in 2006). Saudi Arabia moved up to third place in 2007 from fourth place in 2006. Qatar slipped to fourth place, down from second place in 2006 (largely due to the restatement of official population figures at a much higher figure, which was the case in Bahrain as well). Kuwait maintained its fifth place, while Libya switched places with Oman taking the sixth place (up from seventh in 2006). Jordan stood steady at eightth place, while Algeria moved ahead of Lebanon to the ninth place, while Lebanon slipped to 10th place. Tunisia, Syria and Egypt maintained their 11th, 12th, and 13th places, respectively. The fixed wireless boom in Morocco propelled it to 14th place, ahead of Palestine, which slipped to 15th place. Iraq remained at the 16th place, while Mauritania switched places with Yemen, taking the 17th place and leaving the 18th place for

Yemen. Sudan ranked last — as in 2006 — in the 19th place.

The TCCM shows the extent of connectivity of individuals in a certain country, whether via fixed lines, cellular lines, and/or Internet.

Of course, there will be an overlap, since many individuals will be using these three communications technologies at the same time. However, the measure still yields an accurate and informative picture on the level of ICT services penetration in each country: For example, if a country has a TCCM measure of 60 percent, this means that at least 40 percent of the population are not users of any of the three services constituting the measure. While a TCCM score of more than 100 percent is very positive, it nonetheless does not mean that the entire population uses the services, due to overlap of usage.

“As usual, the main driver in the increasing TCCM scores by end of 2007 in the Arab World was cellular subscribers growth with Internet services contributing a much lower portion of the increase. Still there were some bright spots such as the growth in broadband in Saudi Arabia and fixed wireless services in Morocco that contributed greatly to an enhanced TCCM score of the two countries” Commented Arab Advisors Group’s founder and general manager, Jawad Jalal Abbassi.

“Enhancing the growth in the Arab broadband Internet markets — a prerequisite for any knowledge-based economy — will require coordinated and intensive policies and initiatives.

This fifth annual media and telecoms convergence conference is a chance for operators, vendors and regulators to further enhance the growth in the regional markets for the benefit of all stakeholders (consumers and companies alike). The continued success of this regional event in Amman is a particular source of pride to us at Arab Advisors Group.” Mr. Abbassi added.

MobileAccess opens new office in Dubai Internet City

MobileAccess Networks, a global provider of multiservice indoor wireless solutions for operators and hospitality establishments, announced the opening of its new regional office in Dubai Internet City (DIC), the world’s largest managed ICT cluster. The move has been part of MobileAccess’s ongoing expansion program across the Middle East, providing a wide range of solutions to address the growing demand for scalable and reliable indoor wireless services and applications.

The new MobileAccess office is located on the 18th floor of the Business Central Tower in DIC, enabling the company to enhance the delivery of services and to provide better accessibility to its clients.

The new facility is a key step towards consolidating MobileAcces’s regional presence and takes advantage of the ongoing widespread adoption of wireless solutions by mobile operators and enterprises operating in the Middle East. Heading the new Mobile Access office is Mario Maas, director of international business development for MobileAccess, who has been one of the leading business and industry figures in the region.

“MobileAccess is stepping up its efforts to expand its presence in the Middle East, particularly in the booming Gulf region. Dubai Internet City will serve as a highly strategic base for our activities in the region because of its advanced IT infrastructure and rapid adoption of new technology.

The UAE in general has been recognised as one of the leaders in the Middle East and North Africa in terms of e-readiness, and we are making a determined bid to capitalise on this favourable situation,” said Cathy Zatloukal, president and CEO of MobileAccess.

MobileAccess was the first indoor coverage solutions provider to offer integrated support for wireless LAN (WLAN) and, more recently, for mobile WiMAX services. The company provides support for all wireless services simultaneously over one intelligent infrastructure, facilitating cellular voice and data services (GSM, DC-1800, and UMTS) from multiple operators, WLAN, mobile WiMAX, building automation, and other wireless services such as RFID.

With its line of innovative, multiservice indoor wireless solutions, MobileAccess has become a popular choice among operators and enterprises in the hospitality sector.

On top of its comprehensive line of solutions, MobileAccess also provides world-class training programs to transfer knowledge and further empower clients in handling MobileAccess solutions.

The company also extends a full line of support services to help clients in all technical aspects of its products and services.

Etisalat expands roaming coverage

Etisalat has expanded its partnership network to include 510 telecommunication companies across the globe. This extended network enables Etisalat customers to use their mobiles while traveling to 186 countries.

“The UAE has diverse communities with high demand for traveling abroad for business or to visit friends and family. Etisalat is obliged to meet the communication needs of this multinational community and our international roaming services enable customers to stay connected wherever they are.

We are proud to announce that we are now offering truly global roaming services specially designed for travellers, through the largest international network in the region in partnership with 510 providers across the globe,” said Essa Al Haddad, chief marketing officer, Etisalat.

In addition to providing international roaming, Etisalat has also developed a variety of services to facilitate communications while on the move. The reliable BlackBerry services of Etisalat allow customers to stay in touch with their businesses as well as access personal email accounts and the Internet in more than 120 countries, thanks to various roaming agreements.

Al Haddad added that Etisalat offers a wide range of roaming solutions for voice, content, and data solutions, as highlighted below:

- GSM Postpaid and Wasel Prepaid Roaming — GSM postpaid customers can make and receive calls and SMS while traveling overseas.

Wasel prepaid customers can send SMSs in addition to receiving calls and SMSs. Additionally, they can make direct calls in more than 74 countries such as India, Pakistan, France, UK, Jordan, Iraq, Egypt, Oman, and Syria. In countries where direct roaming is not supported, Wasel customers can make calls using callback roaming service by dialing (*111*phone number #ok or send).

- 3G, GPRS and MMS Roaming — Etisalat has been the first operator in the region to launch the 3G and 3.5G service. The number of Etisalat 3G customers has now exceeded 2 million. Through 63 roaming partners, customers can make video calls and enjoy high-speed mobile Internet connections while traveling, along with all the other 3G services. GPRS roaming allows customers to access the Internet as well as send and receive multimedia messages while traveling, through 304 roaming partners.

- 3.5G MobileCAM — Etisalat’s 3.5G MobileCAM provides anytime, anywhere access to live video footage from the camera location, provided the network supports 3G roaming.

- Etisalat Online Services — With Etisalat Online Services, customers can view and pay their bills of GSM account, fixed-line, Internet dialup connection, Al-Shamil broadband connection, Business One, and e-vision any time and anywhere by simply logging onto www.etisalat.ae/online. Customers can also register for Autopay service, which enables them to give a standing instruction to pay their bills or a fixed amount through direct debit from their credit card every month to avoid any disconnection. Customers can also renew and recharge their Wasel automatically on a monthly or weekly basis and enjoy 10 percent extra credit upon recharging.

Through Etisalat Online, customers can also register with Mobile pay service to pay their Etisalat bills and also renew or recharge their Wasel through their mobile by dialing *122# in countries which support callback roaming.

- Etisalat Calling Card — The Etisalat Calling Card is a convenient way to stay in touch while abroad. All calls will be charged to either the customer's fixed line or postpaid mobile account, removing the need to carry loose change for payphones.

MARKET INTELLIGENCE

Middle East leads the way in improving networked readiness

The Global Information Technology Report 2007-2008 underlines the substantial progress the Middle East is making in ICT, spearheaded by the Gulf States.

The Gulf States are increasingly emphasizing the role of ICT for national development, both as a key infrastructure and as a promising sector in view of diversifying their economies away from oil.

As a whole, the Middle East stands out as having made the most progress in networked readiness over the last seven years and having recorded the largest growth in Internet users as citizens accessing the Web soared by more than 600 percent, three times the world's average increase.

Published for the seventh consecutive year with record coverage of 127 economies worldwide, the report has become the world's most comprehensive and authoritative international assessment of the impact of ICT on the development process and the competitiveness of nations. The findings of the report highlight significant improvement in the rankings of most of the Middle Eastern countries, with Qatar (32nd), Bahrain (45th), and Jordan (47th) at the forefront. Kuwait (52nd) also climbed four positions in a constant sample from last year.

The United Arab Emirates (UAE), unchanged from last year at 29th place, continues to lead the Gulf States in networked readiness, owing to a leading government role in ICT promotion as witnessed by the excellent marks the country obtains in government readiness and usage.

Four newly included countries from the region were included this year. Saudi Arabia and Oman enter the rankings at 48th and 53rd, respectively, while Libya and Syria are ranked at 105th and 110th, respectively.

"The findings of this Report mark a 'step change' for the region, illustrating a continuing shift towards dynamic and sustainable economic development," said Soumitra Dutta, dean, external relations and Roland Berger Chaired Professor in Business and Technology at INSEAD in France.

"But, even more important, they indicate that if the Middle East maintains its current trajectory it will reap the benefits of increasing competitivity; able to take on other world economies, attract investment and create the millions of jobs necessary for a fast-expanding population and improving standards of living."

Some Gulf States, such as the UAE, stand out in their efforts to promote and take advantage of ICT. For instance, Dubai's e-Government Initiative, started in 2000 and fostering ICT implementation in the country, has been recognized as a success story by practitioners and is an integral part of Dubai Vision 2010, which aims to establish Dubai as a knowledge-based economy by taking advantage of tourism, ICT, media, trade, and services.