

FINANCIAL HIGHLIGHTS
for the six months ended 30 June 2006

		Six months ended 30 June 2006	Six months ended 30 June 2005	% Increase/ (Decrease)
Gross revenue	BD million	106.2	105.3	1
Net revenue	BD million	88.4	84.6	4
Expenses	BD million	62.7	67.9	(8)
Profit attributable to Batelco shareholders	BD million	47.5	42.8	11
Return on capital employed*	%	29	28	2
Number of issued shares (note 6)	Million	1,200	1,200	-
Earnings per share for the six month period	Fils	40	36	11

* Annualised

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June 2006

BD 000

	30 June 2006 (reviewed)	31 December 2005 (audited and restated)
Property, plant and equipment	155,028	154,084
Investment in unconsolidated subsidiary (Note 5)	156,785	-
Other investments	30,388	35,039
Total non-current assets	342,201	189,123
Inventories	875	587
Accounts receivable and prepayments	37,559	39,494
Amounts due from telecommunications operators	2,049	3,786
Cash and cash equivalents	25,337	163,822
Total current assets	65,820	207,689
Accounts payable and accruals	46,603	55,510
Amounts due to telecommunications operators	4,694	4,847
Total current liabilities	51,297	60,357
NET CURRENT ASSETS	14,523	147,332
NET ASSETS	356,724	336,455
EQUITY		
Share capital	120,000	100,000
Statutory reserve	60,000	51,746
General reserve	15,000	15,000
Foreign currency translation	106	146
Retained earnings	155,360	163,184
Total equity attributable to shareholders of the parent company	350,466	330,076
Minority interest	6,258	6,379
TOTAL EQUITY	356,724	336,455

The condensed interim consolidated financial information which consist of pages 3 to 9, was approved by the Board of Directors on 12 July 2006 and signed on their behalf by:

Chairman

First Deputy Chairman

CONDENSED CONSOLIDATED STATEMENT OF INCOME
for the six months ended 30 June 2006

BD 000

	Six months ended 30 June 2006 reviewed	Six months ended 30 June 2005 reviewed	Three months ended 30 June 2006 reviewed	Three months ended 30 June 2005 reviewed
CONSOLIDATED STATEMENT OF INCOME				
GROSS REVENUE	106,233	105,286	53,477	52,667
Operating expenses				
General and administrative (note 8)	44,930	47,212	23,265	23,849
Other operating expenses (note 9)	17,809	20,666	8,424	11,396
	62,739	67,878	31,689	35,245
Profit from operations	43,494	37,408	21,788	17,422
Other income (note 10)	4,596	5,841	2,765	3,089
Profit for the period	48,090	43,249	24,553	20,511
Attributable to :				
Equity holders of Batelco	47,462	42,774	24,228	20,236
Minority interest	628	475	325	275
	48,090	43,249	24,553	20,511
Earnings per share				
Basic earnings per share for the period (note 6)	40 Fils	36 Fils	20 Fils	17 Fils

Chairman

First Deputy Chairman

The condensed interim consolidated financial information consists of pages 3 to 9.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2006

BD 000

	Six months ended 30 June 2006 (reviewed)	Six months ended 30 June 2005 (reviewed)
OPERATING ACTIVITIES		
Cash receipts from customers	105,132	94,595
Cash paid to telecommunication operators	(6,255)	(6,065)
Cash paid to suppliers	(27,670)	(21,853)
Cash paid to and on behalf of employees	(18,145)	(17,300)
Cash flows from operating activities	53,062	49,377
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(18,944)	(9,740)
Acquisition of investments	(159,378)	(7,540)
Sale and maturity of investments	7,152	4,649
Interest and investment income received	5,666	2,108
Cash flows from investing activities	(165,504)	(10,523)
FINANCING ACTIVITIES		
Dividend paid	(26,043)	(30,914)
Cash flows from financing activities	(26,043)	(30,914)
(Decrease)/increase in cash and cash equivalents	(138,485)	7,940
Cash and cash equivalents at beginning of the period	163,822	136,369
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25,337	144,309

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**for the six months ended 30 June 2006**

BD 000

- 1 The condensed interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting), which permits the interim financial information to be in summarized form.
- 2 These condensed interim consolidated financial information has been prepared using the same accounting policies set out in the audited financial statements for the year ended 31 December 2005.
- 3 The condensed interim consolidated financial information has not been audited but has been reviewed by KPMG. The corresponding figures for the consolidated condensed balance sheet have been extracted from the audited consolidated financial statements for the year ended 31 December 2005, except for the restatement of comparative figures as set out in Note 7 below.
- 4 Due to the effect of seasonal variations, the half yearly results reported in these condensed interim consolidated financial information may not represent a proportionate share of the overall annual income.
- 5 Investment in unconsolidated subsidiary: The group acquired 96% of the share capital of Umniah Mobile Company PSC, a private shareholding company based in the Kingdom of Jordan, effective June 28, 2006 for a consideration of BD 156.43 million (US\$ 415 million). As of 30 June 2006, the Group is in the process of assessing the fair values of the acquired company's assets, liabilities and contingent liabilities (if any). The consideration paid for the acquisition has been reflected in condensed interim consolidated financial information as "Investment in unconsolidated subsidiary".
- 6 Earnings per share: During the period, the parent company issued one bonus share for every five shares held, as approved in its annual general meeting. The earnings per share for the comparable prior periods have been recomputed and presented on the basis of the revised number of shares in accordance with international financial reporting standards.
- 7 Prior period errors: During the year, the group has reconciled major accounts and has identified certain expenses and incomes relating to prior periods. The net effect of the above reconciliation has resulted in an overstatement of retained earnings by BD 5.5 million in prior years, which has now been rectified by reducing the retained earnings as at 1 January 2005, being earliest reported period, and by restating the related balance sheet items.

8.GENERAL AND ADMINISTRATIVE	Six months ended 30 June 2006	Six months ended 30 June 2005	Three months ended 30 June 2006	Three months ended 30 June 2005
Staff costs	15,408	13,553	7,533	6,809
Other general and administration expenses	16,461	20,287	8,780	10,304
Depreciation	13,061	13,372	6,952	6,736
	44,930	47,212	23,265	23,849

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
for the six months ended 30 June 2006

BD 000

	Six months ended 30 June 2006	Six months ended 30 June 2005	Three months ended 30 June 2006	Three months ended 30 June 2005
9. OTHER EXPENSES				
Out-payments to telecommunications Operators	12,659	17,245	5,862	9,502
License fees	934	917	467	545
Cost of equipment sales	4,216	2,504	2,095	1,349
	17,809	20,666	8,424	11,396
10. OTHER INCOME				
Interest income	3,539	1,618	1,863	873
Investment income	998	404	641	161
Profit of sale of investment	-	1,764	-	-
Loss from sale of property, plant and equipment	(54)	-	2	-
Release of unused provision (net)	113	2,055	259	2,055
	4,596	5,841	2,765	3,089