

BAHRAIN TELECOMMUNICATION COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

BD'000	Nine months ended 30 September 2006	Nine months ended 30 September 2005	Three months ended 30 September 2006	Three months ended 30 September 2005	Six months ended 30 June 2006	Six months ended 30 June 2005
Gross Revenue	170,139	159,962	63,906	54,676	106,233	105,286
OPERATING EXPENSES						
General and administrative	73,087	70,188	28,158	22,976	44,929	47,212
Other operating expenses	30,861	31,232	13,052	10,566	17,809	20,666
	<u>103,948</u>	<u>101,420</u>	<u>41,210</u>	<u>33,542</u>	<u>62,738</u>	<u>67,878</u>
Profit from Operation	<u>66,191</u>	<u>58,542</u>	<u>22,696</u>	<u>21,134</u>		
Other income	5,519	7,452	924	1,611	4,596	5,841
PROFIT FOR THE PERIOD	<u>71,710</u>	<u>65,994</u>	<u>23,620</u>	<u>22,745</u>	<u>48,090</u>	<u>43,249</u>
Attributable to :						
Equity holders of Batelco	<u>70,637</u>	<u>65,204</u>	<u>23,175</u>	<u>22,430</u>	<u>47,462</u>	<u>42,773</u>
Minority Interest	<u>1,073</u>	<u>790</u>	<u>445</u>	<u>315</u>	<u>628</u>	<u>475</u>
	<u>71,710</u>	<u>65,994</u>	<u>23,620</u>	<u>22,745</u>	<u>48,090</u>	<u>43,248</u>
Earnings per share for the period						
No of issued shares ('000)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Basic earnings per share	59 Fils	54 Fils	19 Fils	19 Fils	40 Fils	36 Fils
OTHER INCOME						
Interest income	3,578	2,695	39	1,078	3,539	1,618
Investment income	1,188	1,377	190	922	998	404
Profit of sale of investment	-	1,764	-	-	-	1,764
Gain / (loss) from sale of property, plant and equipment	(52)	(389)	2	(389)	(54)	-
Release of unused provision	805	2,005	693	-	113	2,055
	<u>5,519</u>	<u>7,452</u>	<u>924</u>	<u>1,611</u>	<u>4,596</u>	<u>5,842</u>
					4,596	5,841
GENERAL AND ADMINISTRATIVE						
Staff costs	23,951	20,029	8,543	6,476	15,408	13,553
Other general and administration expenses	28,344	31,020	11,884	10,733	16,460	20,287
Depreciation & ammorisation	20,792	19,139	7,731	5,767	13,061	13,372
	<u>73,087</u>	<u>70,188</u>	<u>28,158</u>	<u>22,976</u>	<u>44,929</u>	<u>47,212</u>
OTHER EXPENSES						
Out-payments to telecommunications Operators	23,701	25,823	11,043	8,579	12,659	17,244
License fees	2,078	1,375	1,143	457	934	918
Cost of equipment sales	5,082	4,034	866	1,530	4,216	2,504
	<u>30,861</u>	<u>31,232</u>	<u>13,052</u>	<u>10,566</u>	<u>17,809</u>	<u>20,666</u>

BAHRAIN TELECOMMUNICATION COMPANY
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2006

	30-Sep-06 BD'000 Reviewed	31-Dec-05 BD'000 Audited and restated
Property, plant and equipment	189,719	151,224
Intangible assets	34,251	-
Goodwill	126,062	-
Other Investments	26,508	35,039
TOTAL NON-CURRENT ASSETS	376,540	186,263
Inventories	1,913	873
Accounts receivable and prepayments	40,507	34,176
Amounts due from telecommunications operators	2,470	3,025
Cash and cash equivalents	29,132	162,747
TOTAL CURRENT ASSETS	74,022	200,821
Accounts payable and accruals	63,706	49,720
Amounts due to telecommunications operators	3,796	4,847
Current portion of borrowings	1,839	-
TOTAL CURRENT LIABILITIES	69,342	54,567
NET CURRENT ASSETS	4,681	146,254
Accounts payable and accruals	12,025	-
Borrowings	8,180	-
Deferred income tax liability	7,168	-
TOTAL NON-CURRENT LIABILITIES	27,373	-
NET ASSETS	353,848	332,517
EQUITY		
Share capital	120,000	100,000
Statutory Reserve	60,000	51,746
General Reserves	15,000	15,000
Foreign currency translation	109	146
Retained earnings	150,743	159,246
Total Equity attributable to Shareholders of the parent company	345,852	326,138
Minority interest	7,996	6,379
TOTAL EQUITY	353,848	332,517

BAHRAIN TELECOMMUNICATION COMPANY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

	Nine months ended 30 September 2006 BD'000	Nine months ended 30 September 2005 BD'000
OPERATING ACTIVITIES		
Cash receipts from customers	154,954	145,941
Cash paid to telecommunications operators	(8,588)	(10,643)
Cash paid to suppliers	(37,670)	(33,074)
Cash paid to and on behalf of employees	(24,549)	(24,086)
Cash flows from operating activities	84,147	78,138
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(21,113)	(16,998)
Acquisition of investments	(161,585)	(13,120)
Sale and maturity of investments	12,407	5,403
Interest and investment income received	7,323	3,791
Cash flows from investing activities	(162,968)	(20,924)
FINANCING ACTIVITIES		
Dividends paid	(54,794)	(51,045)
Cash flows from financing activities	(54,794)	(51,045)
(Decrease) / increase in cash and cash equivalents	(133,615)	6,169
Cash and cash equivalents at beginning of the period	162,747	136,369
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	29,132	142,538

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the nine months ended 30 September 2006

BD 000s

- 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 results reported in these condensed interim consolidated financial information may not represent a proportionate share of the overall annual income.
- 5 On 27 June 2006, the Company acquired a 96% stake in Umniah Mobile Company PSC ("Umniah") which offers mobile phone services in the Kingdom of Jordan, for a consideration of US\$ 415 million plus associated cost.
- 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 adjustments: 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 9,467 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	Nine months ended 30 September		Three months ended 30 September	
		2006	2005	2006	2005
	Staff costs	23,951	20,029	8,543	6,476
	Other general and administration expenses	28,344	31,020	11,884	10,733
	Depreciation & amortization	20,792	19,139	7,731	5,767
		73,087	70,188	28,158	22,976

Staff cost for 2006 includes monthly accumulation of staff incentive rewards, which was provided in total in quarter 4 in 2005. The equivalent staff incentive reward for 2005 would be BD 1.659 million.

9	OTHER EXPENSES	Nine months ended 30 September		Three months ended 30 September	
		2006	2005	2006	2005
	Out-payments to telecommunications Operators	23,701	25,823	11,043	8,579
	License fees	2,078	1,375	1,143	457
	Cost of equipment sales	5,082	4,034	866	1,530
		30,861	31,232	13,052	10,566

10	OTHER INCOME	Nine months ended 30 September		Three months ended 30 September	
		2006	2005	2006	2005
	Interest income	3,578	2,695	39	1,078
	Investment income	1,188	1,377	190	922
	Profit of sale of investment	-	1,764	-	-
	Gain / (loss) from sale of property, plant and equipment	(52)	(389)	2	(389)
	Release of unused provision (net)	805	2,005	693	-
		5,519	7,452	924	1,611