

**BAHRAIN TELECOMMUNICATIONS  
COMPANY BSC**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION**

**31 March 2007**

**Bahrain Telecommunications Company BSC**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION  
for the three months ended 31 March 2007**

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**FINANCIAL HIGHLIGHTS (presented for information purposes only)  
for the three months ended 31 March 2007**


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<b>Three months ended 31 March</b>		<b>2007</b>	<b>2006</b>	<b>% Increase / (Decrease)</b>
Gross revenue	BD million	66.5	52.6	26%
Net revenue	BD million	54.2	43.3	25%
Expenses	BD million	42.7	31.1	38%
Profit attributable to Batelco shareholders	BD million	24.8	23.2	7%
Return on capital employed*	%	28	29	(3%)
Number of issued shares	Million	1,200	1,200	-
Earnings per share for the three months period	Fils	21	19	7%

\* Annualised.

**CONDENSED CONSOLIDATED BALANCE SHEET**

as at 31 March 2007

BD 000s

	Notes	31 March 2007 (reviewed)	31 December 2006 (audited)
Property, plant and equipment	5	202,788	203,038
Goodwill		124,380	124,380
Intangible assets		35,238	32,181
Other investments		25,943	27,828
<b>Total non-current assets</b>		<b>388,349</b>	<b>387,427</b>
Inventories		1,396	1,213
Accounts receivable and prepayments		47,336	43,056
Amounts due from telecommunications operators		4,681	3,732
Cash and cash equivalents		25,474	45,756
<b>Total current assets</b>		<b>78,887</b>	<b>93,757</b>
Accounts payable and accruals		73,425	78,172
Amounts due to telecommunications operators		3,021	4,073
Current portion of borrowings		3,634	3,659
<b>Total current liabilities</b>		<b>80,080</b>	<b>85,904</b>
<b>NET CURRENT ASSETS</b>		<b>(1,193)</b>	<b>7,853</b>
Accounts payable and accruals		13,315	10,741
Borrowings		7,457	6,342
Deferred income tax liabilities		6,888	7,033
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>27,660</b>	<b>24,116</b>
<b>NET ASSETS</b>		<b>359,496</b>	<b>371,164</b>
<b>EQUITY</b>			
Share capital		120,000	120,000
Statutory reserve		68,432	60,000
General reserve		15,000	15,000
Foreign currency translation		72	113
Retained earnings		148,208	167,563
Total equity attributable to shareholders of the parent company		<b>351,712</b>	<b>362,676</b>
Minority interest		<b>7,784</b>	<b>8,488</b>
<b>TOTAL EQUITY</b>		<b>359,496</b>	<b>371,164</b>

The condensed interim consolidated financial information which consists of pages 2 to 9, was approved by the Board of Directors on 18 April 2007.

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**for the three months ended 31 March 2007**

BD 000s

	Notes	2007 (reviewed)	2006 (reviewed)
<b>Revenues</b>	6	66,531	52,637
<b>Operating expenses</b>			
General and administrative	8	(30,412)	(21,665)
Other expenses	9	(12,297)	(9,385)
		<b>(42,709)</b>	(31,050)
<b>Profit from operations</b>		<b>23,822</b>	<b>21,587</b>
Other income	7	1,485	1,950
<b>Profit for the period</b>		<b>25,307</b>	<b>23,537</b>
<b>Attributable to :</b>			
Equity shareholders of parent Company		24,757	23,234
Minority interest		550	303
		<b>25,307</b>	<b>23,537</b>
<b>Earnings per share</b>			
Number of issued shares ('000s)		1,200,000	1,200,000
Basic earnings per share for the period	10	<b>21 Fils</b>	<b>19 Fils</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2007**

BD 000s

	<b>2007</b> (reviewed)	2006 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	60,255	49,772
Cash paid to suppliers	(23,178)	(12,329)
Cash paid to and on behalf of employees	(11,970)	(10,720)
Cash paid to telecommunication operators	(4,391)	(4,392)
<b>Cash flows from operating activities</b>	<b>20,716</b>	<b>22,331</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(10,021)	(6,899)
Acquisition of investments	-	(1,108)
Sale and maturity of investments	1,885	3,016
Interest and investment income received	2,047	2,130
<b>Cash flows from investing activities</b>	<b>(6,089)</b>	<b>(2,861)</b>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(34,777)	(25,705)
Loans received	1,131	-
Cash paid to charities	(1,263)	(158)
<b>Cash flows from financing activities</b>	<b>(34,909)</b>	<b>(25,863)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(20,282)</b>	<b>(6,393)</b>
Cash and cash equivalents at beginning of the period	45,756	163,822
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>25,474</b>	<b>157,429</b>

The condensed interim consolidated financial information consists of pages 2 to 9.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the three months ended 31 March 2007

BD 000s

	Total equity attributable to shareholders of the parent Company					Minority interest	Total equity	
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Retained earnings			Total
At 1 January 2007	120,000	60,000	15,000	113	167,563	362,676	8,488	371,164
Foreign currency translation	-	-	-	(41)	-	(41)	(13)	(54)
Total recognised income and expense directly in equity	-	-	-	(41)	-	(41)	(13)	(54)
Net profit for the period	-	-	-	-	24,757	24,757	550	25,307
<b>Total recognised income and expense for the period</b>	-	-	-	<b>(41)</b>	<b>24,757</b>	<b>24,716</b>	<b>537</b>	<b>25,253</b>
Final dividends (2006)	-	-	-	-	(33,600)	(33,600)	-	(33,600)
Donations (2006)	-	-	-	-	(1,750)	(1,750)	-	(1,750)
Directors' remuneration (2006)	-	-	-	-	(330)	(330)	-	(330)
Transfer to statutory reserve (2006)	-	8,432	-	-	(8,432)	-	-	-
Dividends to minority interest holders	-	-	-	-	-	-	(1,241)	(1,241)
At 31 March 2007	<b>120,000</b>	<b>68,432</b>	<b>15,000</b>	<b>72</b>	<b>148,208</b>	<b>351,712</b>	<b>7,784</b>	<b>359,496</b>

The condensed interim consolidated financial information consists of pages 2 to 9.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three months ended 31 March 2006

BD 000s

2006	Total equity attributable to shareholders of the parent Company					Minority interest	Total equity	
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Retained earnings			Total
At 1 January 2006 (restated)	100,000	51,746	15,000	66	157,514	324,326	6,511	330,837
Foreign currency translation	-	-	-	-	-	-	-	-
Total recognised income and expense directly in equity	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	23,234	23,234	303	23,537
<b>Total recognised income and expense for the period</b>	-	-	-	-	23,234	23,234	303	23,537
Final dividends (2005)	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Bonus shares issue (2005)	20,000	-	-	-	(20,000)	-	-	-
Donations (2005)	-	-	-	-	(1,757)	(1,757)	-	(1,757)
Directors' remuneration (2005)	-	-	-	-	(275)	(275)	-	(275)
Transfer to statutory reserve (2005)	-	8,254	-	-	(8,254)	-	-	-
Dividends to minority shareholders	-	-	-	-	-	-	(940)	(940)
At 31 March 2006	120,000	60,000	15,000	66	125,462	320,528	5,874	326,402

The condensed interim consolidated financial information consists of pages 2 to 9.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION****for the three months ended 31 March 2007**

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 The condensed interim consolidated financial information has been prepared using the same accounting policies set out in the audited consolidated financial statements for the year ended 31 December 2006.
- 3 The condensed interim consolidated financial information are not audited but have been reviewed by KPMG. The corresponding figures for the balance sheet have been extracted from the audited consolidated financial statements for the year ended 31 December 2006 and the reviewed condensed interim consolidated financial information for the three months ended 31 March 2006.
- 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 Property, plant and equipment**

During the three months ended 31 March 2007, the Group acquired assets with a cost of BD 7,453 (31 March 2006: 6,137). Disposal of assets amounted to BD 1,326 (31 March 2006: BD 307).

**6 Revenues**

	<b>2007 (reviewed)</b>	2006 (reviewed)
Mobile telecommunications services	31,942	23,449
Fixed line telecommunication services	9,778	10,773
Internet	8,672	5,844
Data communication circuits	8,308	7,602
Wholesale	7,096	3,307
Other	735	1,662
	<b>66,531</b>	52,637

Information on geographic segments is set out in Note 11.

**7 Other income**

	<b>2007 (reviewed)</b>	2006 (reviewed)
Interest income	421	1,676
Investment income	549	357
Gain / (loss) from disposal of property, plant and equipment	(19)	(56)
Others	534	(27)
	<b>1,485</b>	1,950

**8 General and administrative**

	<b>2007 (reviewed)</b>	2006 (reviewed)
Staff costs	9,912	7,875
Other general and administration expenses	12,068	7,681
Depreciation and amortization	8,432	6,109
	<b>30,412</b>	21,665

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
**for the three months ended 31 March 2007**

BD 000s

9	<b>Other expenses</b>	<b>2007 (reviewed)</b>	<b>2006 (reviewed)</b>
	Out-payments to telecommunications operators	8,327	6,797
	License fees	1,298	467
	Cost of equipment sales	2,672	2,121
		<b>12,297</b>	<b>9,385</b>

10 **Earnings per share:** The earnings per share ("EPS") have been computed and presented in accordance with International Financial Reporting Standards. The calculation of EPS is based on the net profit for the three months ended 31 March 2007 of BD 24,757 (2006: BD 23,234), attributable to 1,200 million (2006: 1,200 million) ordinary shares, being the weighted average number of ordinary shares outstanding during the period.

11 **Segment information**

*Geographic segments*

Segment information disclosed for the three months ended 31 March 2007 after elimination of inter company transactions is as follows:

<b>Segment revenue and net profit</b>	<b>2007 (reviewed)</b>			<b>2006 (reviewed)</b>		
	<b>Bahrain</b>	<b>Other MENA countries</b>	<b>Total</b>	<b>Bahrain</b>	<b>Other MENA countries</b>	<b>Total</b>
Revenue	49,558	16,973	66,531	47,771	4,866	52,637
Other income	1,722	(237)	1,485	2,195	(245)	1,950
Net profit/(loss)	23,384	1,923	25,307	23,176	361	23,537
<b>Segment assets and liabilities</b>						
Non-current assets	173,566	214,783	388,349	173,624	10,623	184,247
Current assets	52,426	26,461	78,887	182,457	14,644	197,101
<b>Total assets</b>	<b>225,992</b>	<b>241,244</b>	<b>467,236</b>	<b>356,081</b>	<b>25,267</b>	<b>381,348</b>
Current liabilities	41,508	38,572	80,080	41,478	13,468	54,946
Non-current liabilities	-	27,660	27,660	-	-	-
<b>Total liabilities</b>	<b>41,508</b>	<b>66,232</b>	<b>107,740</b>	<b>41,478</b>	<b>13,468</b>	<b>54,946</b>

12 **Comparatives**

The comparative figures for the previous period have been reclassified, where necessary, in order to conform to the current period's presentation. Such reclassifications do not affect the previously reported net profit, net assets or equity. The Company acquired Umniah with effect from 28 June 2006. The condensed interim consolidated financial information as at 31 March 2007 include the results of Umniah for the three months ended 31 March 2007 and the related assets and liabilities as at 31 March 2007. Hence, the comparative figures presented for the corresponding period ended 31 March 2006 are not strictly comparable.