

BRINKS CO
Form 4
September 06, 2005

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
RITTER ROBERT T

(Last) (First) (Middle)
1801 BAYBERRY COURT, P.O.
BOX 18100
(Street)

RICHMOND, VA 23226

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
BRINKS CO [BCO]

3. Date of Earliest Transaction
(Month/Day/Year)
09/01/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Vice President and CFO

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Underlying Security
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Instr. 3, 4, and 5)						
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Units	(1)	09/01/2005	A		33.62 (1)		(1)	(1)	Common Stock	33.62 (1)	(1)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RITTER ROBERT T 1801 BAYBERRY COURT P.O. BOX 18100 RICHMOND, VA 23226			Vice President and CFO	

Signatures

Elizabeth C. Restivo /s/ Elizabeth C. Restivo,
Attorney-in-Fact

09/06/2005

__Signature of Reporting Person
Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- Estimation of additional Units representing shares of The Brink's Company Common Stock ("BCO") to be credited to the Reporting Person's account under the Key Employees' Deferred Compensation Program (the "Program") as a result of a dividend payment. The
- (1) number of additional Units is calculated based on a per share price of \$40.34. As of the end of each fiscal year, all estimated amounts in the Reporting Person's account under the Program are converted into Units representing shares of BCO and credited to the Reporting Person's account in accordance with the terms of the Program.
 - (2) The total number of Units owned following the reported transaction is an estimate of the total number of Units representing shares of BCO in the Reporting Person's account under the Program.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. P align="left">During Q3 2003 the Company passed the two million subscriber level. Net active subscribers increased by 83,000, or 4% compared with Q2 2003.

The Company's active subscriber base as of September 30, 2003 totaled 2,032,000, representing an approximate market share of 30% versus 28% at the end of Q3 2002. It was comprised of 332,000 business subscribers (16% of the base), 1,094,000 post-paid private subscribers (54% of the base) and 606,000 prepaid subscribers (30% of the base).

The quarterly churn rate for Q3 2003 was 3%, compared to 4.7% in Q3 2002 and 3.5% in Q2 2003. Despite the slight decline in the quarterly churn rate from the previous quarter, the Company anticipates higher churn in Q4 and an annual churn rate for 2003 of approximately 15%.

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ARPU for the third quarter of 2003 was NIS 181 (US\$41), compared to NIS 187 for Q3 2002, a decrease of 3%, and NIS 171 for Q2 2003, an increase of 6%. The major contributor to the decrease in ARPU from Q3 2002 was the reduction of 10% in the regulated interconnect rate on January 1, 2003. Average MOU for the quarter was 286 minutes compared to 279 minutes per month for Q3 2002, an increase of 3%, and 277 minutes per month for Q2 2003, an increase of 3%.

The average cost of acquiring new subscribers (SAC) in Q3 2003 was NIS 289 (US\$65), compared to NIS 495 in Q3 2002 and NIS 452 for Q2 2003. The reduction in SAC in Q3 was driven primarily by the larger proportion of prepaid subscriber activations with low SAC.

Mr. Gelman added, "On an annual basis, looking forward to 2004 as compared to 2003, we anticipate slightly lower average MOU and ARPU, lower SAC and a slight decline in net activations."

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Conference Call Details

Partner Communications will hold a conference call to discuss the company's third-quarter results on Wednesday, October 29, 2003, at 18:00 Israel local time (11AM Eastern time). This conference call will be broadcast live over the Internet and can be accessed by all interested parties through our investor relations web site at <http://www.investors.partner.co.il>.

To listen to the broadcast, please go to the web site at least 15 minutes prior to the start of the call to register, download, and install any necessary audio software. For those unable to listen to the live broadcast, an archive of the call will be available via the Internet (at the same location as the live broadcast) shortly after the call ends until midnight on November 4th, 2003.

About Partner Communications

Partner Communications Company Ltd. is a leading Israeli mobile communications operator known for its GSM/GPRS based services and the development of wirefree applications under the preferred orange brand. The Company commenced full commercial operations in January 1999 and, through its network, provides quality of service and a range of features to more than two million subscribers in Israel. Partner subscribers can use roaming services in 122 destinations using 271 GSM networks. The Company was awarded a 3G license in 2002. Partner's ADSs are quoted on NASDAQ under the symbol PTNR and on the London Stock Exchange (LSE) under the symbol PCCD. Its shares are quoted on the Tel Aviv Stock Exchange (TASE) under the symbol PTNR. For further information: <http://www.investors.partner.co.il>

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Notes: Some of the information in this release contains forward-looking statements that involve risks and uncertainties within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about us.

Words such as believe, anticipate, expect, intend, seek, will, plan, could, may, project, goal, target, and similar expressions are forward-looking statements but are not the only way we identify these statements. Because such statements involve risks and uncertainties, actual results may differ materially from the results currently expected. Factors that could cause such differences include, but are not limited to:

Uncertainties about the degree of growth in the number of consumers using wireless personal communications services and in the number of residents;

The risks associated with the implementation of a third-generation network and business strategy, including risks relating to the operations of new systems and technologies, substantial expenditures required and potential unanticipated costs, uncertainties regarding the adequacy of suppliers on whom we must rely to provide both network and consumer equipment and consumer acceptance of the products and services to be offered;

The impact of existing and new competitors in the market in which we compete, including competitors that may offer less expensive products and services, desirable or innovative products, technological substitutes, or have extensive resources or better financing;

The introduction or popularity of new products and services, including prepaid phone products, which could increase churn;

The effects of vigorous competition in the market in which we operate and for more valuable customers, which may decrease prices charged, increase churn and change the customer mix, profitability and average revenue per user;

The availability and cost of capital and the consequences of increased leverage;

The risks and costs associated with the need to acquire additional spectrum for current and future services;

The risks associated with technological requirements, technology substitution and changes and other technological developments;

Fluctuations in exchange rates;

The results of litigation filed or to be filed against us; and

The possibility of the market in which we compete being impacted by changes in political, economic or other factors, such as monetary policy, legal and regulatory changes or other external factors over which we have no control;

As well as the risk factors specified under the heading Risk Factors in our 2002 annual report on Form 20F filed with the SEC on March 14, 2003.

The attached summary financial statements were prepared in accordance with U.S. GAAP. The attached summary financial statements for Q3 2003 are unaudited.

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The convenience translations of the Nominal New Israeli Shekel (NIS) figures into US Dollars were made at the rate of exchange prevailing at September 30th, 2003: US \$1.00 equals NIS 4.441. The translations were made purely for the convenience of the reader.

Earnings before interest, taxes, depreciation, amortization, exceptional items and capitalization of intangible assets (EBITDA) is presented because it is a measure commonly used in the telecommunications industry and is presented solely in order to improve the understanding of the Company s operating results and to provide further perspective on these results. EBITDA, however, should not be considered as an alternative to operating income or income for the year as an indicator of the operating performance of the Company. Similarly, EBITDA should not be considered as an alternative to cash flows from operating activities as a measure of liquidity. EBITDA is not a measure of financial performance under generally accepted accounting principles and may not be comparable to other similarly titled measures for other companies. EBITDA may not be indicative of the historic operating results of the Company; nor is it meant to be predictive of potential future results.

Reconciliation between our cash flows from operating activities and EBIDTA is presented in the attached summary financial statements.

Contacts:

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PARTNER COMMUNICATIONS COMPANY LTD.
 (An Israeli Corporation)
 CONDENSED CONSOLIDATED BALANCE SHEETS

	New Israeli shekels		Convenience translation into US Dollars	
	September 30, 2003 (Unaudited)	December 31, 2002 (Audited)	September 30, 2003 (Unaudited)	December 31, 2002 (Audited)
	In thousands			
Assets				
CURRENT ASSETS:				
Cash and cash equivalents	2,662	1,360	599	306
Security deposit	101,112	107,794	22,768	24,272
Accounts receivable:				
Trade	534,703	518,768	120,402	116,813
Other	46,218	50,986	10,407	11,481
Inventories	124,999	137,508	28,147	30,963
	<u>809,694</u>	<u>816,416</u>	<u>182,323</u>	<u>183,835</u>
INVESTMENTS AND LONG-TERM RECEIVABLES:				
Non-marketable securities	3,530	3,530	795	795
Accounts receivables trade	7,055		1,588	
Funds in respect of employee rights upon retirement	54,130	42,461	12,189	9,561
	<u>64,715</u>	<u>45,991</u>	<u>14,572</u>	<u>10,356</u>
FIXED ASSETS , net of accumulated depreciation and amortization	<u>1,725,153</u>	<u>1,864,511</u>	<u>388,460</u>	<u>419,840</u>
LICENSE AND DEFERRED CHARGES , net of accumulated amortization	<u>1,262,681</u>	<u>1,269,348</u>	<u>284,324</u>	<u>285,825</u>
	<u><u>3,862,243</u></u>	<u><u>3,996,266</u></u>	<u><u>869,679</u></u>	<u><u>899,856</u></u>

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	New Israeli shekels		Convenience translation into US Dollars	
	September 30, 2003 (Unaudited)	December 31, 2002 (Audited)	September 30, 2003 (Unaudited)	December 31, 2002 (Audited)
In thousands				
Liabilities and shareholders equity (net of capital deficiency)				
CURRENT LIABILITIES:				
Current maturities of long-term bank loans	26,606		5,991	
Accounts payable and accruals:				
Trade	454,944	532,987	102,442	120,015
Other	210,409	202,166	47,379	45,522
Total current liabilities	691,959	735,153	155,812	165,537
LONG-TERM LIABILITIES:				
Bank loans, net of current maturities	2,055,326	2,467,556	462,807	555,630
Notes payable	777,175	828,975	175,000	186,664
Liability for employee rights upon retirement	71,561	60,966	16,113	13,728
Total long-term liabilities	2,904,062	3,357,497	653,920	756,022
Total liabilities	3,596,021	4,092,650	809,732	921,559
SHAREHOLDERS EQUITY (CAPITAL DEFICIENCY):				
Share capital ordinary shares of NIS 0.01 par value: authorized December 31, 2002 and September 30, 2003 235,000,000 shares; issued and outstanding December 31, 2002 181,595,222 shares and September 30, 2003 181,959,730 shares	1,820	1,816	410	409
Capital surplus	2,292,438	2,293,270	516,199	516,386
Deferred compensation	(1,447)	(6,385)	(326)	(1,438)
Accumulated deficit	(2,026,589)	(2,385,085)	(456,336)	(537,060)
Total shareholders equity (capital deficiency)	266,222	(96,384)	59,947	(21,703)
	3,862,243	3,996,266	869,679	899,856

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	New Israeli shekels				Convenience translation into US Dollars	
	9 month period ended September 30,		3 month period ended September 30,		9 month period ended September 30,	3 month period ended September 30,
	2003	2002	2003	2002	2003	2003
	(Unaudited)					
	In thousands (except net earning per share data)					
REVENUES net	3,304,789	2,992,441	1,196,284	1,071,385	744,154	269,372
COST OF REVENUES	2,329,215	2,260,867	809,072	804,526	524,480	182,182
GROSS PROFIT	975,574	731,574	387,212	266,859	219,674	87,190
SELLING AND MARKETING EXPENSES	242,865	222,810	83,291	68,085	54,687	18,755
GENERAL AND ADMINISTRATIVE EXPENSES	117,390	104,652	36,937	36,392	26,433	8,317
OPERATING PROFIT	615,319	404,112	266,984	162,382	138,554	60,118
FINANCIAL EXPENSES - net	256,823	346,434	98,409	111,137	57,830	22,159
LOSS ON IMPAIRMENT OF INVESTMENTS IN NON-MARKETABLE SECURITIES		4,054				
NET INCOME	358,496	53,624	168,575	51,245	80,724	37,959
EARNINGS PER SHARE (EPS):						
Basic	1.97	0.30	0.93	0.28	0.44	0.21
Diluted	1.96	0.29	0.93	0.28	0.44	0.21
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:						
Basic	181,758,309	179,468,941	181,864,309	180,522,524	181,758,309	181,864,309
Diluted	183,355,568	183,394,227	182,114,463	183,382,954	183,355,568	182,114,463

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	New Israeli shekels		Convenience translation into US Dollars
	9 month period ended September 30,		9 month period ended September 30,
	2003	2002	2003
	(Unaudited) In thousands		(Unaudited) In thousands
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	358,496	53,624	80,724
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	398,418	377,969	89,714
Loss on impairment of investments in non-marketable securities			4,054
Amortization of deferred compensation related to employee stock option grants, net	3,573	6,483	805
Liability for employee rights upon retirement	10,595	12,266	2,385
Accrued interest and exchange and linkage differences on (erosion of) long-term liabilities	(55,224)	113,277	(12,435)
Erosion of (accrued interest and exchange differences on) security deposit	6,682	(9,980)	1,504
Capital loss (gain) on sale of fixed assets	(7,529)	1,248	(1,695)
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable:			
Trade	(22,990)	(64,062)	(5,177)
Other	4,768	(19,237)	1,074
Increase (decrease) in accounts payable and accruals:			
Trade	10,231	95	2,304
Other	444	(2,026)	100
Decrease in inventories	12,509	4,639	2,816
Net cash provided by operating activities	719,973	478,350	162,119
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	(302,125)	(472,294)	(68,031)
Proceeds from sale of fixed assets	11,763	3,932	2,649
Purchase of additional spectrum	(34,977)	(207,635)	(7,876)
Funds in respect of employee rights upon retirement	(11,669)	(10,219)	(2,628)
Net cash used in investing activities	(337,008)	(686,216)	(75,886)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from exercise of stock options granted to employees	537	3,837	121
Long-term bank loans received	240,000	1,349,326	54,042
Repayment of long term bank loans	(622,200)	(1,147,426)	(140,103)
Net cash provided by (used in) financing activities	(381,663)	205,737	(85,940)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,302	(2,129)	293

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,360	5,272	306
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,662	3,143	599
	<u> </u>	<u> </u>	<u> </u>

Supplementary information on investing activities not involving cash flows:

At September 30, 2003, trade payables include NIS 28,932,000 (\$6,515,000) (unaudited) in respect of acquisition of fixed assets. This balance will be given recognition in these statements upon payment.

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PARTNER COMMUNICATIONS COMPANY LTD.
 (An Israeli Corporation)
**RECONCILIATION BETWEEN OPERATING CASH FLOWS
 AND EBITDA**

	New Israeli shekels*		Convenience translation into US Dollars**
	9 month period ended September 30,		9 month period ended September 30,
	2003	2002	2003
	(Unaudited) In thousands		
Reconciliation between operating cashflows and EBITDA:			
Net cash provided by operating activities	719,973	478,350	162,119
Liability for employee rights upon retirement	(10,595)	(12,266)	(2,385)
Erosion of (Accrued interest and exchange and linkage differences on) long-term liabilities	55,224	(113,277)	12,435
Accrued interest and exchange and linkage differences on (erosion of) security deposit	(6,682)	9,980	(1,504)
Increase (decrease) in accounts receivable:			
Trade	22,990	64,062	5,177
Other	(4,768)	19,237	(1,074)
Decrease (increase) in accounts payable and accruals:			
Trade	(10,231)	(95)	(2,304)
Other	(444)	2,026	(100)
Decrease in inventories	(12,509)	(4,639)	(2,816)
Financial Expenses***	249,863	341,060	56,262
EBITDA	<u>1,002,821</u>	<u>784,438</u>	<u>225,810</u>

* The financial statements have been prepared on the basis of historical cost.

** The convenience translation of the New Israeli Shekel (NIS) figures into US dollars was made at the exchange prevailing at September 30, 2003: US \$1.00 equals 4.441 NIS.

*** Financial expenses excluding any charge for the amortization of pre-launch financial costs.

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	New Israeli shekels 3 month period ended In thousands				
	September 30 2002	December 31 2002	March 31 2003	June 30 2003	September 30 2003
	(Unaudited) In thousands				
REVENUES net	1,071,385	1,062,122	1,031,266	1,077,239	1,196,284
COST OF REVENUES	804,526	808,591	780,312	739,831	809,072
GROSS PROFIT	266,859	253,531	250,954	337,408	387,212
SELLING AND MARKETING EXPENSES	68,085	85,269	78,292	81,282	83,291
GENERAL AND ADMINISTRATIVE EXPENSES	36,392	38,942	42,354	38,099	36,937
OPERATING PROFIT	162,382	129,320	130,308	218,027	266,984
FINANCIAL EXPENSES net	111,137	98,746	95,488	62,926	98,409
NET INCOME FOR THE PERIOD	51,245	30,574	34,820	155,101	168,575

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
Summary Operating Data

	September 30, 2002	September 30, 2003
Subscribers (in thousands)	1,758	2,032
Estimated share of total Israeli mobile telephone subscribers	28%	30%
Churn rate in quarter	4.7%	3%
Average monthly usage in quarter per subscriber (minutes)	279	286
Average monthly revenue in quarter per subscriber, including in-roaming revenue (NIS)	187	181
Number of operational base stations (in parenthesis number of micro sites out of total number of base stations)	1986(710)	2120(756)
Subscriber acquisition costs in quarter per subscriber (NIS)	495	289
Number of employees (full-time equivalent)	2,648	2,744

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
INTERIM FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2003
(Unaudited)

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
INTERIM FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2003
(Unaudited)

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The amounts are stated in New Israeli Shekels (NIS) in thousands.

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October 29, 2003

The Board of Directors of
Partner Communications Company Ltd

Re: Review of condensed consolidated unaudited interim financial statements for the 9 and 3 month periods ended September 30, 2003

At your request, we have reviewed the condensed consolidated interim balance sheet of Partner Communications Company Ltd. (hereafter the Company) at september 30, 2003, the condensed consolidated statements of operations for the 9 and 3 month periods then ended and the condensed consolidated statements of changes in shareholders equity (capital deficiency) and cash flows for the 9 month period then ended. Our review was performed in accordance with the procedures prescribed by the Institute of Certified Public Accountants in Israel. Inter alia, these procedures, include: reading of the aforementioned financial statements, reading of minutes of meetings of shareholders and the board of directors and making inquiries of Company officers responsible for financial and accounting matters.

Since our review was limited in scope and did not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on the above-mentioned condensed consolidated interim financial statements.

During our review, nothing came to our attention that indicated that significant adjustments should be made in the said interim consolidated condensed financial statements in order for them to be considered as having been prepared in accordance with accounting principles generally accepted in United State and in accordance with SEC regulations for interim financial statements (Regulations S-X: Item 210.10-01).

Sincerely yours,

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
CONDENSED CONSOLIDATED BALANCE SHEETS

	New Israeli shekels		Convenience translation into U.S. dollars (see note 2b)	
	September 30, 2003	December 31, 2002	September 30, 2003	December 31, 2002
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	In thousands			
Assets				
CURRENT ASSETS:				
Cash and cash equivalents	2,662	1,360	599	306
Security deposit	101,112	107,794	22,768	24,272
Accounts receivable:				
Trade	534,703	518,768	120,402	116,813
Other	46,218	50,986	10,407	11,481
Inventories	124,999	137,508	28,147	30,963
	<u>809,694</u>	<u>816,416</u>	<u>182,323</u>	<u>183,835</u>
INVESTMENTS AND LONG-TERM RECEIVABLES:				
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FIXED ASSETS, net of accumulated depreciation and amortization	<u>1,725,153</u>	<u>1,864,511</u>	<u>388,460</u>	<u>419,840</u>
LICENSE AND DEFERRED CHARGES, net of accumulated amortization	<u>1,262,681</u>	<u>1,269,348</u>	<u>284,324</u>	<u>285,825</u>
	<u>3,862,243</u>	<u>3,996,266</u>	<u>869,679</u>	<u>899,856</u>

Date of approval of the financial statements: October 29, 2003.

Amikam Cohen
Chief Executive Officer

Alan Gelman
Chief Financial Officer

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	New Israeli shekels		Convenience translation into U.S. dollars (see note 2b)	
	September 30, 2003	December 31, 2002	September 30, 2003	December 31, 2002
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	In thousands			
Liabilities and shareholders equity (net of capital deficiency)				
CURRENT LIABILITIES:				
Current maturities of long-term bank loans	26,606		5,991	
Accounts payable and accruals:				
Trade	454,944	532,987	102,442	120,015
Other	210,409	202,166	47,379	45,522
Total current liabilities	691,959	735,153	155,812	165,537
LONG-TERM LIABILITIES:				
Bank loans, net of current maturities	2,055,326	2,467,556	462,807	555,630
Notes payable	777,175	828,975	175,000	186,664
Liability for employee rights upon retirement	71,561	60,966	16,113	13,728
Total long-term liabilities	2,904,062	3,357,497	653,920	756,022
Total liabilities	3,596,021	4,092,650	809,732	921,559
SHAREHOLDERS EQUITY (CAPITAL DEFICIENCY):				
Share capital ordinary shares of NIS 0.01 par value: authorized December 31, 2002 and September 30, 2003 235,000,000 shares; issued and outstanding December 31, 2002 181,595,222 shares and September 30, 2003 181,959,730 shares	1,820	1,816	410	409
Capital surplus	2,292,438	2,293,270	516,199	516,386
Deferred compensation	(1,447)	(6,385)	(326)	(1,438)
Accumulated deficit	(2,026,589)	(2,385,085)	(456,336)	(537,060)
Total shareholders equity (capital deficiency)	266,222	(96,384)	59,947	(21,703)
	3,862,243	3,996,266	869,679	899,856

The accompanying notes are an integral part of these condensed financial statements.

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	New Israeli shekels				Convenience translation into U.S. dollars (see note 2b)	
	9 month period ended September 30,		3 month period ended September 30,		9 month period ended September 30,	3 month period ended September 30,
	2003	2002	2003	2002	2003	2003
	(Unaudited)					
	In thousands (except net earning per share data)					
REVENUES net	3,304,789	2,992,441	1,196,284	1,071,385	744,154	269,372
COST OF REVENUES	2,329,215	2,260,867	809,072	804,526	524,480	182,182
GROSS PROFIT	975,574	731,574	387,212	266,859	219,674	87,190
SELLING AND MARKETING EXPENSES	242,865	222,810	83,291	68,085	54,687	18,755
GENERAL AND ADMINISTRATIVE EXPENSES	117,390	104,652	36,937	36,392	26,433	8,317
OPERATING PROFIT	615,319	404,112	266,984	162,382	138,554	60,118
FINANCIAL EXPENSES - net	256,823	346,434	98,409	111,137	57,830	22,159
LOSS ON IMPAIRMENT OF INVESTMENTS IN NON-MARKETABLE SECURITIES		4,054				
NET INCOME	358,496	53,624	168,575	51,245	80,724	37,959
EARNINGS PER SHARE (EPS):						
Basic	1.97	0.30	0.93	0.28	0.44	0.21
Diluted	1.96	0.29	0.93	0.28	0.44	0.21
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:						
Basic	181,758,309	179,468,941	181,864,309	180,522,524	181,758,309	181,864,309
Diluted	183,355,568	183,394,227	182,114,463	183,382,954	183,355,568	182,114,463

The accompanying notes are an integral part of these condensed financial statements.

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PARTNER COMMUNICATIONS COMPANY LTD.
 (An Israeli Corporation)
 CONDENSED CONSOLIDATED STATEMENT
 OF CHANGES IN SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)

	Share capital	Capital surplus	Deferred compensation	Accumulated Deficit	Total
In thousands					
New Israeli shekels (note 2b)					
BALANCE AT JANUARY 1, 2003 (audited)	1,816	2,293,270	(6,385)	(2,385,085)	(96,384)
CHANGES DURING THE 9 MONTHS ENDED SEPTEMBER 30, 2003 (unaudited):					
Exercise of options granted to employees	4	533			537
Amortization of deferred compensation related to employee stock option grants, net of deferred compensation with respect to employee stock options forfeited		(1,365)	4,938		3,573
Net income				358,496	358,496
BALANCE AT SEPTEMBER 30, 2003 (unaudited)	1,820	2,292,438	(1,447)	(2,026,589)	266,222
Convenience translation into U.S. dollars (note 2b)					
BALANCE AT JANUARY 1, 2003 (audited)	409	516,386	(1,438)	(537,060)	(21,703)
CHANGES DURING THE 9 MONTHS ENDED SEPTEMBER 30, 2003 (unaudited):					
Exercise of options granted to employees	1	120			121
Amortization of deferred compensation related to employee stock option grants, net of deferred compensation with respect to employee stock options forfeited		(307)	1,112		805
Net income				80,724	80,724
BALANCE AT SEPTEMBER 30, 2003 (unaudited)	410	516,199	(326)	(456,336)	59,947

The accompanying notes are an integral part of these condensed financial statements.

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	New Israeli shekels		Convenience translation into U.S. dollars (see note 2b)
	2003	9 month period ended September 30, 2002	9 month period ended September 30, 2003
	(Unaudited) In thousands		(Unaudited) In thousands
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	358,496	53,624	80,724
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	398,418	377,969	89,714
Loss on impairment of investments in non-marketable securities		4,054	
Amortization of deferred compensation related to employee stock option grants, net	3,573	6,483	805
Liability for employee rights upon retirement	10,595	12,266	2,385
Accrued interest and exchange and linkage differences on (erosion of) long-term liabilities	(55,224)	113,277	(12,435)
Erosion of (accrued interest and exchange differences on) security deposit	6,682	(9,980)	1,504
Capital loss (gain) on sale of fixed assets	(7,529)	1,248	(1,695)
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable:			
Trade	(22,990)	(64,062)	(5,177)
Other	4,768	(19,237)	1,074
Increase (decrease) in accounts payable and accruals:			
Trade	10,231	95	2,304
Other	444	(2,026)	100
Decrease in inventories	12,509	4,639	2,816
Net cash provided by operating activities	719,973	478,350	162,119
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	(302,125)	(472,294)	(68,031)
Proceeds from sale of fixed assets	11,763	3,932	2,649
Purchase of additional spectrum	(34,977)	(207,635)	(7,876)
Funds in respect of employee rights upon retirement	(11,669)	(10,219)	(2,628)
Net cash used in investing activities	(337,008)	(686,216)	(75,886)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from exercise of stock options granted to employees	537	3,837	121
Long-term bank loans received	240,000	1,349,326	54,042
Repayment of long term bank loans	(622,200)	(1,147,426)	(140,103)
Net cash provided by (used in) financing activities	(381,663)	205,737	(85,940)
	1,302	(2,129)	293

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,360	5,272	306
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,662	3,143	599
	<u> </u>	<u> </u>	<u> </u>

Supplementary information on investing activities not involving cash flows

At September 30, 2003, trade payables include NIS 28,932,000 (\$6,515,000) (unaudited) in respect of acquisition of fixed assets. This balance will be given recognition in these statements upon payment.

The accompanying notes are an integral part of these condensed financial statements.

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PARTNER COMMUNICATIONS COMPANY LTD.
 (An Israeli Corporation)
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003
 (Unaudited)

1. Nature of operations:

Partner Communications Company Ltd. (the Company) operates a mobile telecommunications network based upon the Global System for Mobile Communications (GSM) Standard in Israel.

2. Basis of presentation:

- a. The condensed consolidated interim financial statements at September 30, 2003 and for the Nine and three-month period then ended (the interim financial statements) have been prepared in condensed form, in accordance with accounting principles generally accepted in the United States for interim financial statements. The generally accepted accounting principles applied in preparation of the interim statements are consistent with those applied in preparation of the annual financial statements; nevertheless, the interim financial statements do not include all the information and notes required for annual financial statements. In management 's opinion, interim financial statements reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial information, in accordance with generally accepted accounting principles in the United States, for the period presented. Results for interim periods are not necessarily indicative of the results to be expected for the entire year.
- b. The financial statements have been prepared on the basis of historical cost of Israeli currency. All figures in the interim financial statements are presented in nominal new Israeli shekels (NIS).

The changes in the exchange rate of the U.S. dollar and the Israeli CPI are:

	Exchange rate of the	
	U.S. dollar	Israeli CPI
	%	%
Nine months ended September 30,		
2003	(8.8)	(1.5)
2002	10.3	7.0
Three months ended September 30,		
2003	3.0	(1.0)
2002	2.1	0.6
Year ended December 31,		
2002	7.3	6.5

The Nominal NIS figures at September 30, 2003 and December 31, 2002 and for the Nine and three-month periods ended at September 30, 2003 have been translated into U.S. dollars using the representative exchange rate of the U.S. dollar at September 30, 2003 (\$1=NIS 4.441). The translation was made solely for convenience. The translated U.S. dollar figures should not be construed as a representation that the Israeli currency amounts actually represent, or could be converted into, U.S. dollars.

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003
(Unaudited)

3. Stock based compensation

The Company accounts for its employee stock option plans using the treatment prescribed by APB No. 25, Accounting for Stock Issued to Employees and related interpretations. Under APB 25, compensation cost for employee stock option plans is charged to shareholders equity, on the date of grant of the options, under deferred compensation costs and is then amortized over the vesting period using the accelerated method of amortization.

FAS No. 123 Accounting for Stock-Based Compensation, establishes a fair value based method of accounting for employee stock options or similar equity instruments, and encourages adoption of such method for stock compensation plans. However, it also allows companies to continue to account for those plans using the accounting treatment prescribed by APB 25. The Company has elected to continue accounting for employee stock option plans according to APB 25, and accordingly discloses pro forma data assuming the Company had accounted for employee stock option grants using the fair value based method as defined in FAS 123.

In December 2002, the FASB issued FAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FASB Statement No. 123 FAS No. 148 amends FAS No. 123. FAS No. 148 amends the disclosure requirements of FAS No. 123 to require prominent disclosures in the financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

The weighted average fair value of options granted using the Black & Scholes option-pricing model for the nine-month period ended September 30, 2002 is NIS 16.05 (3.61\$). The fair value of each option granted is estimated on the date of grant based on the following weighted average assumptions: weighted average dividend yield of 0%; expected volatility of 71%; risk-free interest rate in NIS terms 6%; weighted expected life 9 years.

No options were granted during the three-month period ended September 30, 2002.

No options were granted during 2003.

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PARTNER COMMUNICATIONS COMPANY LTD.
 (An Israeli Corporation)
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2003
 (Unaudited)

3. Stock based compensation (continued):

To comply with FAS 148, the following table illustrates the effect on net income and EPS assuming the Company had applied the fair value recognition provisions of FAS 123 to its stock based employee compensation:

	New Israeli shekels				Convenience translation into U.S. dollars (see note 2b)	
	9 month period ended September 30,		3 month period ended September 30,		9 month period ended September 30,	3 month period ended September 30,
	2003	2002	2003	2002	2003	2003
	(Unaudited) In thousands (except EPS data)					
Net income, as reported	358,496	53,624	168,575	51,245	80,724	37,959
Add: stock based employee compensation expense, included in reported net income	3,573	6,483	787	136	805	177
Deduct: stock based employee compensation expense determined under fair value method for all awards	(13,776)	(23,682)	(6,339)	(6,059)	(3,102)	(1,427)
Pro-forma net income	<u>348,293</u>	<u>36,425</u>	<u>163,023</u>	<u>45,322</u>	<u>78,427</u>	<u>36,709</u>
EPS:						
Basic as reported	<u>1.97</u>	<u>0.30</u>	<u>0.93</u>	<u>0.28</u>	<u>0.44</u>	<u>0.21</u>
Basic pro forma	<u>1.92</u>	<u>0.20</u>	<u>0.90</u>	<u>0.25</u>	<u>0.43</u>	<u>0.20</u>
Diluted as reported	<u>1.96</u>	<u>0.29</u>	<u>0.93</u>	<u>0.28</u>	<u>0.44</u>	<u>0.21</u>
Diluted pro-forma	<u>1.90</u>	<u>0.20</u>	<u>0.90</u>	<u>0.25</u>	<u>0.43</u>	<u>0.20</u>

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003
(Unaudited)

4. Recent accounting pronouncements:

- a. In April 2003, the FASB issued Statement of Accounting Standards No. 149 (SFAS 149), Amendment of Statement 133 on Derivative Instruments and Hedging Activities. This statement amends SFAS 133 to provide clarification on the financial accounting and reporting of derivative instruments and hedging activities and requires contracts with similar characteristics to be accounted for on a comparable basis. The Company does not expect the adoption of SFAS 149, which is effective for contracts entered into or modified after June 30, 2003, to have a material effect on its financial condition or results of operations.
- b. In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company adopted the standard on July 1, 2003. The Company does not expect that the adoption of SFAS No. 150 will have any effect on its financial statements.

5. Contingent liabilities:

- a. On October 28, 1999, an Israeli consumer organization lodged a claim against the Company, alleging a variety of consumer complaints and requested that this claim be recognized as a class action.

On March 20, 2002, the Haifa District Court decided to strike the claim, because the consumer organization lost, on December 31, 2001, a special status required under Israeli law for consumer organizations to file class action claims.

Another claim, involving a substantial amount, which was filed by a private consumer who had previously asked to join the above class action, has been brought again before the court. The court had previously frozen the proceedings of the private consumer's claim, until a decision was made in the case filed by the consumer organization.

On May 25, 2003, the private consumer filed a request to amend his motion to file a class action claim and the proposed claim itself, and also a draft of the proposed amended motion and claim. The motion to amend was granted and the Company is scheduled to respond to the certification motion by December 15, 2003.

While the amount of the claim is substantial, the ultimate liability can not be determined because of the considerable uncertainties that exist. At this stage, unless and until the claim is certified as class action, the Company and its legal council are unable to evaluate the probability of success of such claim and therefore no provision has been made. In addition, the Company and its legal advisers are of the opinion that in light of the facts known at this early stage, the chances that a material amount would be ordered in favor of the plaintiffs are low.

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003
(Unaudited)

5. Contingent liabilities (continued):

- b.** On July 8, 2001, a claim was filed against the Company for alleged violation of supplier's exclusivity agreement. For filing purposes, the claim was set at NIS 18 million; however, this amount can be increased by the claimant.

At this stage, since preliminary proceedings between the parties are yet to take place, and the claim concerns a contract interpretation issue, the Company and its legal counsel are unable to evaluate the probability of success of the said litigation, and therefore no provision has been made.

- c.** On April 8, 2002, a claim was filed against the Company, together with a request to approve this claim as a class action, alleging a variety of consumer complaints. The amount of the claim against the Company is estimated at approximately NIS 545 million plus additional significant amounts relating to other alleged damages. A preliminary hearing has taken place and the court ordered the plaintiffs to file an amended certification motion. The plaintiffs later filed a motion to reverse this decision and stay the proceedings. This motion was denied and the plaintiffs are due to file the amended certification motion in a few days.

At this stage, and until the claim is certified as a class action, the Company and its legal council are unable to evaluate the probability of success of such claim, and therefore no provision has been made.

In addition the Company and its legal council are of the opinion that even if the request to approve this claim as a class action is granted, and even if the plaintiff's arguments are accepted, the outcome of the claim will be significantly lower than the above-mentioned amount.

- d.** On May 21, 2002, a claim was filed against the Company and other Israeli telecommunication companies together with a request to approve this claim as a class action. According to the applicants, the defendants have entered into agreements with commercial entities that offer the public various content services via calls to cellular telephone numbers. The applicants alleged that, in fact, the calls were not carried out by wireless but via a fixed line, an act that is in violation of the law and the license.

The claim and certification motion were withdrawn by plaintiffs.

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003
(Unaudited)

5. Contingent liabilities (continued):

- e. On April 13, 2003 a claim was filed against the Company and other cellular telecommunication companies, together with a request to approve this claim as a class action, for alleged violation of antitrust law, alleging that no fee should have been collected for incoming SMS messages or alternatively, that the fee collected is excessive and that it is a result of illegal co-operation between the defendants. The amount of the claim against all the defendants is estimated at approximately NIS 90 million.

At this stage, no hearings have taken place and unless and until the claim is certified as a class action, the Company and its legal council are unable to evaluate the probability of success of such claim, and therefore no provision has been made.

- f. The Company does not have building permits for many of its cell sites and as a result is involved in numerous legal actions (including criminal proceedings against officers and directors) relating to this issue.

Most of these proceedings have been settled under plea bargain arrangements, whereby the Company has paid fines of insignificant amounts.

Management, based upon current experience and the opinion of legal counsel, does not believe that these legal actions will result in significant costs to the Company. The accounts do not include a provision in respect thereof.

- g. The Company is a party to various claims arising in the ordinary course of its operations. Management, based upon the opinion of its legal counsel, is of the opinion that the ultimate resolution of these claims will not have a material effect on the financial position of the Company. The accounts do not include a provision in respect thereof.

6. On July 15, 2003, the Ministry of Communications decided to decrease the deduction rate in respect of payments that Bezeq The Israel Communication Corp. Limited fails to collect from its customers for using the Company's network to 1.1% from 2.5%. The decision is effective retroactively for the period from October 2, 2000 and through August 31, 2003. As from September 1, 2003 the deduction rate will be cancelled altogether.

On August 28, 2003, Bezeq has filed an appeal against the above decision and a request for a stay of execution of the said ruling to the Jerusalem District court.

At this stage, since preliminary proceedings are yet to take place, the Company and its legal counsel are unable to evaluate the probability of success of the appeal, therefore the effect of the Ministry of Communications decision on the Company's results, income of approximately NIS 19.5 million, was not recognized.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Partner Communications Company Ltd.

By /s/ Alan Gelman

Name: Alan Gelman
Title: Chief Financial Officer

Dated: October 29, 2003