

PARTNER COMMUNICATIONS CO LTD
Form 6-K
August 12, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15a-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated

August 12, 2015

Partner Communications Company Ltd.
(Translation of Registrant's Name Into English)

8 Amal Street
Afeq Industrial Park
Rosh Ha'ayin 48103
Israel

(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If "Yes" is marked, indicate below the file number assigned to the
registrant in connection with Rule 12g3-2(b): 82-)

This Form 6-K is incorporated by reference into the Company's Registration Statements on Form S-8 filed with the
Securities and Exchange Commission on December 4, 2002 (Registration No. 333-101652), September 5, 2006
(Registration No. 333-137102) and on September 11, 2008 (Registration No. 333-153419)

Enclosure: Partner Communications reports second quarter 2015 results

PARTNER COMMUNICATIONS REPORTS
SECOND QUARTER 2015 RESULTS¹

A NEW FRAMEWORK AGREEMENT WAS SIGNED WITH ORANGE ON THE 30TH OF JUNE

THE FREQUENCIES AWARDED TO US IN THE 4G FREQUENCIES TENDER WERE
RECEIVED THIS WEEK

IN JULY, THE COMPANY, ITS EMPLOYEE REPRESENTATIVES AND THE HISTADRUT
REACHED UNDERSTANDINGS REGARDING A RETIREMENT PLAN

Second quarter 2015 highlights (compared with second quarter 2014)

- Total Revenues: NIS 1,044 million (US\$ 277 million), a decrease of 4%
- Service Revenues: NIS 757 million (US\$ 201 million), a decrease of 12%
- Equipment Revenues: NIS 287 million (US\$ 76 million), an increase of 28%
- Operating Expenses (OPEX)² including cost of equipment sold: NIS 821 million (US\$ 218 million), an increase of 1%
- Operating Expenses (OPEX)²: NIS 601 million (US \$159 million), a decrease of 6%
- Adjusted EBITDA³: NIS 236 million (US\$ 63 million), a decrease of 19%
- Adjusted EBITDA Margin: 23% of total revenues compared with 27%
- Profit for the period: NIS 9 million (US\$ 2 million), a decrease of 80%
- Net Debt⁴: NIS 2,626 million (US\$ 697 million), a decrease of NIS 109 million
- Free Cash Flow (before interest)⁵: NIS 24 million (US\$ 6 million), a decrease of 88%
- Cellular ARPU: NIS 70 (US\$ 19), a decrease of 8%
- Cellular Subscriber Base: approximately 2.75 million at quarter-end, a decrease of 6%

Rosh Ha'ayin, Israel, August 12, 2015 – Partner Communications Company Ltd. (“Partner” or the “Company”) (NASDAQ and TASE: PTNR), a leading Israeli communications operator, announced today its results for the quarter ended June 30, 2015.

1 The financial results presented in this press release are unaudited.

2 Operating expenses include cost of service revenues, and selling, marketing & administrative expenses, and exclude depreciation and amortization and impairment charges.

3 For definition of Adjusted EBITDA measure, see “Use of Non-GAAP Financial Measures” below.

4 Total long term debt including current maturities less cash and cash equivalents.

5 Cash flows from operating activities before interest payments, net of cash flows used for investment activities.

Commenting on the second quarter of 2015 results, Mr. Isaac Benbenisti, CEO of Partner noted:

"The second quarter results reflect the continued competition in the telecommunications market in Israel, alongside seasonality effects and the positive impact of the Company's continued focus on equipment sales. We continue our strategy of becoming a full-service telecommunications group offering quality service and sustaining our technological excellence.

We are adjusting our business model to the changing telecom market while operating in various segments, seeking new opportunities, and improving value to our customers, while continuing to downsize our cost structure as well as assessing efficient go-to-market models.

In May 2015, the automated process began for the migration of broadband subscribers as part of the broadband reform within the wholesale market. We are already beginning to experience the benefits from offering added value to our customers through our "Internet One" offerings. In addition, we already offer bundles, under the orange and 012 brands, which include both cellular and internet services.

At the beginning of July 2015 we launched our new Data Center services, offering advanced business solutions such as cloud, secured storage and hosting services. These solutions are aimed at increasing value to business segment customers, as part of our diversified multi service telecommunications group strategy.

As part of our new framework agreement with Orange, we are currently conducting a market study regarding use of the orange brand. The study is aimed at assessing our position within the dynamics of the Israeli telecommunications services marketplace, while examining all of the Company's options. According to the agreement, we have received an initial payment from Orange of €15 million in July.

At the beginning of the week we received from the Ministry of Communications the frequencies awarded to us in the 4G frequencies tender, and now together with the frequencies allocated to HOT Mobile we will realize a 20 MHz band in the coming days. The 20 MHz band together with our existing deployment of 1,400 4G sites will enable our customers to enjoy a significantly improved data experience.

In conclusion, we are intent on becoming a significant player, furthering competition in the fixed telecommunications market, and we expect that the Ministry of Communications and the other regulatory bodies will act to ensure fair competition between all the players in the market, for the benefit of the public. There is a need to act diligently towards the full implementation of the services portfolio which was recently determined as part of the wholesale market reforms. Furthermore, essential conditions for effective competition in the TV, fixed telephony and broadband markets are the removal of barriers for competition and the preservation of the existing structural separation requirements of Bezeq and HOT, up until the point that new market players have reached a significant market share".

Mr. Ziv Leitman, Partner's Chief Financial Officer, commented on the quarterly results as compared to the previous quarter, as well as on the possible impact on the results for third quarter of 2015 of an anticipated one-time expense:

“During the second quarter of 2015, the competition in the cellular market continued to erode service revenues. However, this was partially offset by the effects of seasonal roaming revenues.

In comparison to the intense competitive environment in the first quarter of 2015, the level of competition eased slightly in the second quarter of 2015, as demonstrated by the decrease in the churn rate for cellular subscribers.

The churn rate stood at 10.9% in the second quarter of 2015 compared to 12.7% in the previous quarter and 11.4% for the second quarter of 2014, reflecting a decline in Post Paid subscribers churn.

Cellular ARPU in the second quarter of 2015 totaled NIS 70, an increase from NIS 69 in the first quarter of 2015, reflecting the seasonal roaming revenues discussed above.

Revenues from equipment sales in the second quarter of 2015 decreased by NIS 8 million compared to the previous quarter. However, gross profit from equipment sales increased by NIS 8 million compared to the previous quarter, primarily due to improvements in supply chain and a change in product mix.

Operating expenses decreased by NIS 3 million, primarily reflecting our continued efforts to reduce the cost structure.

Adjusted EBITDA in the second quarter of 2015 increased by NIS 9 million compared with the previous quarter, mainly reflecting the improvement in equipment profitability.

Finance costs, net, totaled NIS 46 million this quarter, an increase of 156% compared to the previous quarter, mainly due to higher linkage costs from the significant increase in the Consumer Price Index level.

Profit for the second quarter of 2015 totaled NIS 9 million compared with NIS 25 million in the previous quarter, despite the increase in Adjusted EBITDA, reflecting principally the increase in finance costs, net.

Cash capital expenditures in fixed assets (CAPEX payments) in the second quarter of 2015 totaled NIS 110 million compared to NIS 127 million in the previous quarter, a decrease of 13% despite the one-time payment to the Ministry of Communications during the second quarter for the 4G frequencies in the amount of NIS 34 million. The decline in CAPEX was mainly due to a lower level in the second quarter of payments to suppliers for fixed assets received during the second half of 2014 and the first half of 2015. On an accrual basis, investments in fixed assets in the second quarter of 2015 totaled NIS 84 million (including NIS 34 million for the 4G frequencies), compared to NIS 50 million in the previous quarter and NIS 94 million in the second quarter of 2014.

Free cash flow (before interest payments) in the second quarter of 2015 totaled NIS 24 million, compared with NIS 21 million in the first quarter of 2015. The increase in free cash flow mainly reflected the decrease in CAPEX payments together with the increase in Adjusted EBITDA, which were partially offset by a larger increase in working capital. For the first time in four years, free cash flow after interest payment was negative (NIS 28 million) due to the continuous reduction in EBITDA, increase of working capital and semiannual interest payments.

As of June 30, 2015, net debt amounted to approximately NIS 2.6 billion (total long term debt and current maturities less cash and cash equivalents of NIS 941 million). In the second quarter, net debt increased by NIS 45 million as a result of the negative free cash flow (after interest payments) and the impact of the increase in the CPI level by 1.1% which increased debt by NIS 17 million.

In mid-July 2015, the Company reached understandings with employee representatives and the Histadrut labor organization regarding a retirement plan as a preliminary step to a collective employee agreement. As a result, the number of full time employees is expected to decline by approximately 350 within the next few months. In addition, the Company is expected to record a onetime expense of approximately NIS 35 million in the third quarter of 2015.

We expect that the Company may record a loss in the third quarter of 2015 due principally to the one-time expense of the employee retirement plan as well as the negative effect of the continued intense competition in the telecommunications market in Israel partially compensated by the revenues from the new framework agreement with Orange”.

Key Financial Results⁶ (unaudited)

| NIS Million (except EPS) | Q2'15 | Q2'14 | % Change | |
|----------------------------------|-------|-------|----------|----|
| Revenues | 1,044 | 1,087 | (4) |)% |
| Cost of revenues | 848 | 824 | +3 | % |
| Gross profit | 196 | 263 | (25) |)% |
| Operating profit | 67 | 118 | (43) |)% |
| Profit for the period | 9 | 46 | (80) |)% |
| Earnings per share (basic, NIS) | 0.06 | 0.30 | (80) |)% |
| Free cash flow (before interest) | 24 | 192 | (88) |)% |

Key Operating Indicators (unaudited)

| | Q2'15 | Q2'14 | Change | |
|--|--------|--------|--------|----|
| Adjusted EBITDA (NIS million) | 236 | 291 | (19) |)% |
| Adjusted EBITDA as a percentage of total revenues | 23 % | 27 % | (4) |) |
| Cellular Subscribers (end of period, thousands) | 2,747 | 2,914 | (167) |) |
| Quarterly Cellular Churn Rate (%) | 10.9 % | 11.4 % | (0.5) |) |
| Monthly Average Revenue per Cellular User (ARPU) (NIS) | 70 | 76 | (8) |)% |

Partner Consolidated Results (unaudited)

| NIS Million | Cellular Segment | | | Fixed-Line Segment | | | Elimination | | Consolidated | | | |
|--------------------------|------------------|-------|----------|--------------------|-------|----------|-------------|-------|--------------|-------|----------|--|
| | Q2'15 | Q2'14 | Change % | Q2'15 | Q2'14 | Change % | Q2'15 | Q2'14 | Q2'15 | Q2'14 | Change % | |
| T o t a l | | | | | | | | | | | | |
| Revenues | 852 | 885 | (4) % | 242 | 255 | (5) % | (50) | (53) | 1,044 | 1,087 | (4) % | |
| S e r v i c e | | | | | | | | | | | | |
| Revenues | 581 | 667 | (13) % | 226 | 248 | (9) % | (50) | (53) | 757 | 862 | (12) % | |
| E q u i p m e n t | | | | | | | | | | | | |
| Revenues | 271 | 218 | +24 % | 16 | 7 | +129 % | - | - | 287 | 225 | +28 % | |
| O p e r a t i n g | | | | | | | | | | | | |
| Profit | 26 | 78 | (67) % | 41 | 40 | +2 % | - | - | 67 | 118 | (43) % | |
| A d j u s t e d | | | | | | | | | | | | |
| EBITDA | 160 | 211 | (24) % | 76 | 80 | (5) % | - | - | 236 | 291 | (19) % | |

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See also definitions in footnotes 2-5.

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Financial Review (Consolidated)

In Q2 2015, total revenues were NIS 1,044 million (US\$ 277 million), a decrease of 4% from NIS 1,087 million in Q2 2014.

Service revenues in Q2 2015 totaled NIS 757 million (US\$ 201 million), a decrease of 12% from NIS 862 million in Q2 2014.

Service revenues for the cellular segment in Q2 2015 were NIS 581 million (US\$ 154 million), a decrease of 13% from NIS 667 million in Q2 2014. The decrease was mainly the result of the continued price erosion of Post-Paid and Pre-Paid cellular services due to intense competition, partially offset by an increase in revenues from wholesale services provided to other operators hosted on the Company's network, and in particular as a result of the Rights of Use agreement entered into with HOT Mobile.

Service revenues for the fixed-line segment in Q2 2015 totaled NIS 226 million (US\$ 60 million), a decrease of 9% compared with NIS 248 million in Q2 2014. The decrease mainly reflected price erosion in fixed-line services including local calls, international calls and internet services.

Equipment revenues in Q2 2015 totaled NIS 287 million (US\$ 76 million), an increase of 28% from NIS 225 million in Q2 2014. The increase largely reflected a higher average price per device sold due to the change in product mix.

Gross profit from equipment sales in Q2 2015 was NIS 67 million (US\$ 18 million), compared with NIS 58 million in Q2 2014, an increase of 16%, primarily due to improvements in the supply chain and a change in the product mix.

Operating expenses ('OPEX', including cost of service revenues, selling, marketing and administrative expenses and excluding depreciation and amortization) totaled NIS 601 million (US\$ 159 million) in Q2 2015, a decrease of 6% or NIS 41 million from Q2 2014. The decrease largely reflected the impact of the efficiency measures undertaken as well as lower payments to other communications providers, marketing expenses and sales commissions. Operating expenses including depreciation and amortization expenses in Q2 2015 decreased by 6% compared with Q2 2014.

Adjusted EBITDA in Q2 2015 totaled NIS 236 million (US\$ 63 million), a decrease of 19% from NIS 291 million in Q2 2014.

Adjusted EBITDA for the cellular segment was NIS 160 million (US\$ 42 million) in Q2 2015, a decrease of 24% from NIS 211 million in Q2 2014, reflecting the decrease in service revenues, partially offset by the lower operating expenses and higher gross profit from equipment sales. As a percentage of total cellular revenues, Adjusted EBITDA for the cellular segment in Q2 2015 was 19%, compared to 24% in Q2 2014.

Adjusted EBITDA for the fixed-line segment was NIS 76 million (US\$ 20 million) in Q2 2015, a decrease of 5% from NIS 80 million in Q2 2014. As with the cellular segment, this reflected the decrease in service revenues, partially offset by the lower operating expenses and higher gross profit from equipment sales. As a percentage of total fixed-line revenues, Adjusted EBITDA for the fixed-line segment in Q2 2015 was 31%, unchanged from Q2 2014.

Operating profit for Q2 2015 was NIS 67 million (US\$ 18 million), a decrease of 43% compared with operating profit of NIS 118 million in Q2 2014.

Finance costs, net in Q2 2015 were NIS 46 million (US\$ 12 million), a decrease of 6%, compared with NIS 49 million in Q2 2014. The decrease was mainly a result of the one-time early repayment fee for bank loans of NIS 6 million that was recorded in Q2 2014 as well as an increase in gains from foreign exchange movements, which were partially offset by higher linkage expenses due to the higher CPI level.

The effective tax rate for Q2 2015 was 57%, compared to 33% in Q2 2014. The increase in the effective tax rate was primarily due to the higher percentage of unrecognized expenses for tax purposes compared to the parallel quarter last year, due to the decrease in profit before tax.

Profit in Q2 2015 was NIS 9 million (US\$ 2 million), a decrease of 80% compared with NIS 46 million in Q2 2014. The decrease was primarily a result of the lower Adjusted EBITDA, partially offset by lower finance costs, net and lower tax expenses.

Based on the weighted average number of shares outstanding during Q2 2015, basic earnings per share or ADS, was NIS 0.06 (US\$ 0.01), a decrease of 80% compared to NIS 0.30 in Q2 2014.

Cellular Segment Operational Review

At the end of the second quarter of 2015, the Company's cellular subscriber base (including mobile data and 012 Mobile subscribers) was approximately 2.75 million, including approximately 2.11 million Post-Paid subscribers or 77% of the base, and approximately 635 thousand Pre-Paid subscribers, or 23% of the subscriber base.

During the second quarter of 2015, the cellular subscriber base declined by approximately 27 thousand subscribers. The Post-Paid subscriber base remained unchanged, while the Pre-Paid subscriber base fully accounted for the decrease.

The quarterly churn rate for cellular subscribers in Q2 2015 was 10.9%, compared with 11.4% in Q2 2014, reflecting the lower churn of Post-Paid subscribers.

Total cellular market share (based on the number of subscribers) at the end of Q2 2015 was estimated to be approximately 27%, compared to 28% in Q1 2015 and 29% in Q2 2014.

The monthly Average Revenue per User ("ARPU") for cellular subscribers in Q2 2015 was NIS 70 (US\$ 19), a decrease of 8% from NIS 76 in Q2 2014 and an increase of 1% from NIS 69 in Q1 2015. The decrease in ARPU compared to the comparable quarter last year mainly reflected the continued price erosion due to the intense competition in the market, as described above.

Funding and Investing Review

In Q2 2015, cash flow generated from operating activities before interest payments, net of cash flow used for investing activities ("Free Cash Flow"), totaled NIS 24 million (US\$ 6 million), a decrease of 88% from NIS 192 million in Q2 2014, due mainly to a larger increase in working capital, and the lower Adjusted EBITDA, as well as the higher CAPEX payments.

Cash generated from operations decreased by 53% to NIS 135 million (US\$ 36 million) in Q2 2015 from NIS 289 million in Q2 2014. This was mainly explained by changes in operating working capital, as well as the decrease in Adjusted EBITDA. Operating working capital increased by NIS 112 million in Q2 2015, compared with an increase of NIS 7 million in Q2 2014, primarily the result of a larger increase in trade receivables, due to the increase in equipment sales in installment payments compared with Q2 2014, and the decrease in proceeds from installment payments for equipment sales in previous periods.

The level of cash capital expenditures in fixed assets (CAPEX payments) including intangible assets but excluding capitalized subscriber acquisition and retention costs, net, was NIS 110 million (US\$ 29 million) in Q2 2015, an increase of 12% from NIS 98 million in Q2 2014.

Net debt at the end of Q2 2015 amounted to NIS 2,626 million (US\$ 697 million), compared with NIS 2,735 million at the end of Q2 2014, a decrease of NIS 109 million.

Conference Call Details

Partner will hold a conference call on Wednesday, August 12, 2015 at 10.00AM Eastern Time / 5.00PM Israel Time.

To join the call, please dial the following numbers (at least 10 minutes before the scheduled time):

International: +972.3.918.0644

North America toll-free: +1.888.407.2553

A live webcast of the call will also be available on Partner's Investors Relations website at: www.orange.co.il/en/Investors-Relations/lobby/

If you are unavailable to join live, the replay of the call will be available from August 12, 2015 until August 19, 2015, at the following numbers:

International: +972.3.925.5901

North America toll-free: +1.888.326.9310

In addition, the archived webcast of the call will be available on Partner's Investor Relations website at the above address for approximately three months.

Forward-looking statements

This press release includes forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, Section 21E of the US Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. Words such as "estimate", "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "project", "goal", "target" and similar expressions often identify forward-looking statements but are not the only way we identify these statements. In particular, this press release contains forward-looking statements regarding, among other matters, the anticipated provision to customers of 4G services and the possibility of a loss in Q3 2015. In addition, all statements other than statements of historical fact included in this press release regarding our future performance, plans to increase revenues or margins or preserve or expand market share in existing or new markets, plans to reduce expenses and any statements regarding other future events or our future prospects, are forward-looking statements.

We have based these forward-looking statements on our current knowledge and our present beliefs and expectations regarding possible future events. These forward-looking statements are subject to risks, uncertainties and assumptions, including potential difficulties which may arise from future and excessive regulatory requirements, as well as consumer habits and preferences in cellular telephone usage, trends in the Israeli telecommunications industry in general, and the impact of global economic conditions. Future results may differ materially from those anticipated herein. For further information regarding risks, uncertainties and assumptions about Partner, trends in the Israeli telecommunications industry in general, the impact of current global economic conditions and possible regulatory and legal developments, and other risks we face, see "Item 3. Key Information - 3D. Risk Factors", "Item 4. Information on the Company", "Item 5. Operating and Financial Review and Prospects", "Item 8. Financial Information - 8A. Consolidated Financial Statements and Other Financial Information - 8A.1 Legal and Administrative Proceedings" and "Item 11. Quantitative and Qualitative Disclosures about Market Risk" in the Company's Annual Reports on Form 20-F filed with the SEC, as well as its immediate reports on Form 6-K furnished to the SEC. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The financial results presented in this press release are unaudited financial results.

The results were prepared in accordance with IFRS, other than Adjusted EBITDA and free cash flow, which are non-GAAP financial measures.

The financial information is presented in NIS millions (unless otherwise stated) and the figures presented are rounded accordingly.

The convenience translations of the New Israeli Shekel (NIS) figures into US Dollars were made at the rate of exchange prevailing at June 30, 2015: US \$1.00 equals NIS 3.769. The translations were made purely for the convenience of the reader.

Use of Non-GAAP Financial Measures

‘Adjusted EBITDA’ represents earnings before interest (finance costs, net), taxes, depreciation, amortization (including amortization of intangible assets, deferred expenses-right of use, and share based compensation expenses) and impairment charges, as a measure of operating profit. Adjusted EBITDA is not a financial measure under IFRS and may not be comparable to other similarly titled measures provided by other companies. Adjusted EBITDA may not be indicative of the Company’s historic operating results nor is it meant to be predictive of potential future results. Adjusted EBITDA is presented solely to enhance the understanding of our operating results. We use the term “Adjusted EBITDA” to highlight the fact that amortization includes amortization of deferred expenses – right of use and employee share-based compensation expenses, but Adjusted EBITDA is fully comparable to EBITDA information which has been previously provided by Partner for prior periods. Reconciliation between our net cash flow from operating activities and Adjusted EBITDA on a consolidated basis is presented in the attached summary financial results.

About Partner Communications

Partner Communications Company Ltd. is a leading Israeli provider of telecommunications services (cellular, fixed-line telephony and internet services) under the orange™ brand and the 012 Smile brand. Partner’s ADSs are quoted on the NASDAQ Global Select Market™ and its shares are traded on the Tel Aviv Stock Exchange (NASDAQ and TASE: PTNR). For more information about Partner, see: www.orange.co.il/en/Investors-Relations/lobby/

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PARTNER COMMUNICATIONS COMPANY LTD.
 (An Israeli Corporation)
 INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | New Israeli Shekels | | Convenience translation into U.S. Dollars |
|--|---------------------------------|---|--|
| | June 30, 2015 (Unaudited) | December 31, 2014 (Audited) In millions | June 30, 2015 (Unaudited) |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 941 | 663 | 250 |
| Trade receivables | 1,023 | 948 | 271 |
| Other receivables and prepaid expenses | 42 | 34 | 11 |
| Deferred expenses – right of use | 34 | 34 | 9 |
| Inventories | 109 | 138 | 29 |
| Income tax receivable | | * | |
| Derivative financial instruments | * | * | * |
| | 2,149 | 1,817 | 570 |
| NON CURRENT ASSETS | | | |
| Trade Receivables | 488 | 418 | 129 |
| Deferred expenses – right of use | 93 | 97 | 25 |
| Property and equipment | 1,513 | 1,661 | 401 |
| Licenses and other intangible assets | 1,047 | 1,079 | 278 |
| Goodwill | 407 | 407 | 108 |
| Prepaid expenses | 2 | 3 | 1 |
| Deferred income tax asset | 21 | 14 | 6 |
| | 3,571 | 3,679 | 948 |
| TOTAL ASSETS | 5,720 | 5,496 | 1,518 |

* Representing an amount less than 1 million.

PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | New Israeli Shekels | | Convenience translation into U.S. Dollars |
|---|---------------------------------|-----------------------------------|--|
| | June 30, 2015 (Unaudited) | December 31, 2014 (Audited) | June 30, 2015 (Unaudited) |
| | In millions | | |
| CURRENT LIABILITIES | | | |
| Current maturities of notes payable and borrowings | 319 | 309 | 85 |
| Trade payables | 724 | 804 | 192 |
| Payables in respect of employees | 83 | 95 | 22 |
| Other payables (mainly institutions) | 32 | 43 | 8 |
| Deferred revenues | 27 | 35 | 7 |
| Provisions | 55 | 58 | 15 |
| Income tax payable | 40 | 38 | 11 |
| Derivative financial instruments | * | 3 | * |
| | 1,280 | 1,385 | 340 |
| NON CURRENT LIABILITIES | | | |
| Notes payable | 1,731 | 1,733 | 459 |
| Borrowings from banks and others | 1,517 | 1,233 | 402 |
| Liability for employee rights upon retirement, net | 50 | 51 | 13 |
| Dismantling and restoring sites obligation | 36 | 35 | 10 |
| Other non-current liabilities | 15 | 16 | 4 |
| Deferred tax liability | 10 | 4 | 3 |
| | 3,359 | 3,072 | 891 |
| TOTAL LIABILITIES | 4,639 | 4,457 | 1,231 |
| EQUITY | | | |
| Share capital - ordinary shares of NIS 0.01 par value: authorized - December 31, 2014 and June 30, 2015 - 235,000,000 shares; issued and outstanding - | 2 | 2 | 1 |
| December 31, 2014 – **156,072,945 shares June 30, 2015 – –**156,077,497 shares | | | |
| Capital surplus | 1,102 | 1,102 | 292 |
| Accumulated retained earnings | 328 | 286 | 87 |
| Treasury shares, at cost - December 31, 2014 and June 30, 2015 - 4,467,990 shares | (351) | (351) | (93) |
| TOTAL EQUITY | 1,081 | 1,039 | 287 |
| TOTAL LIABILITIES AND EQUITY | 5,720 | 5,496 | 1,518 |

* Representing an amount less than 1 million.

** Net of treasury shares.

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PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

| | New Israeli shekels | | | | Convenience translation into U.S. dollars | |
|--|-------------------------------------|---------------------|------------------------------------|---------------------|--|--|
| | 6 month period ended June 30 | | 3 month period ended June 30 | | 6 month period ended June 30, | 3 month period ended June 30, |
| | 2015 (Unaudited) | 2014 (Unaudited) | 2015 (Unaudited) | 2014 (Unaudited) | 2015 (Unaudited) | 2015 (Unaudited) |
| | In millions (except per share data) | | | | | |
| Revenues, net | 2,098 | 2,190 | 1,044 | 1,087 | 557 | 277 |
| Cost of revenues | 1,717 | 1,673 | 848 | 824 | 456 | 225 |
| Gross profit | 381 | 517 | 196 | 263 | 101 | 52 |
| Selling and marketing expenses | 193 | 227 | 96 | 110 | 51 | 25 |
| General and administrative expenses | 91 | 100 | 46 | 48 | 24 | 12 |
| Other income, net | 26 | 27 | 13 | 13 | 7 | 3 |
| Operating profit | 123 | 217 | 67 | 118 | 33 | 18 |
| Finance income | 7 | 3 | 3 | 1 | 2 | 1 |
| Finance expenses | 71 | 76 | 49 | 50 | 19 | 13 |
| Finance costs, net | 64 | 73 | 46 | 49 | 17 | 12 |
| Profit before income tax | 59 | 144 | 21 | 69 | 16 | 6 |
| Income tax expenses | 25 | 46 | 12 | 23 | 7 | 3 |
| Profit for the period | 34 | 98 | 9 | 46 | 9 | 3 |
| Earnings per share | | | | | | |
| Basic | 0.22 | 0.63 | 0.06 | 0.30 | 0.06 | 0.01 |
| Diluted | 0.22 | 0.63 | 0.06 | 0.30 | 0.06 | 0.01 |
| Weighted average number of shares outstanding (in thousands) | | | | | | |
| Basic | 156,077 | 155,692 | 156,077 | 155,697 | 156,077 | 156,077 |
| Diluted | 156,082 | 156,367 | 156,079 | 156,348 | 156,082 | 156,079 |

PARTNER COMMUNICATIONS COMPANY LTD.
 (An Israeli Corporation)
 INTERIM CONDENSED CONSOLIDATED STATEMENTS
 OF COMPREHENSIVE INCOME

| | New Israeli shekels | | | | Convenience translation into U.S. dollars | |
|---|-------------------------------------|-------------|-------------------------------------|-------------|--|--|
| | 6 month period ended June 30, | | 3 month period ended June 30, | | 6 month period ended June 30, | 3 month period ended June 30, |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2015 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | In millions | | | | | |
| Profit for the period | 34 | 98 | 9 | 46 | 9 | 3 |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 34 | 98 | 9 | 46 | 9 | 3 |

PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
SEGMENT INFORMATION

| | New Israeli Shekels Six months ended June 30, 2015 In millions (Unaudited) | | | | New Israeli Shekels Six months ended June 30, 2014 In millions (Unaudited) | | | |
|--|--|--------------------------|--|--------------|--|--------------------------|--|--------------|
| | Cellular segment | Fixed line segment | Reconciliation for consolidation | Consolidated | Cellular segment | Fixed line segment | Reconciliation for consolidation | Consolidated |
| Segment revenue - Services | 1,149 | 367 | | 1,516 | 1,333 | 405 | | 1,738 |
| Inter-segment revenue - Services | 11 | 91 | (102) | | 14 | 90 | (104) | |
| Segment revenue - Equipment | 548 | 34 | | 582 | 438 | 14 | | 452 |
| Total revenues | 1,708 | 492 | (102) | 2,098 | 1,785 | 509 | (104) | 2,190 |
| Segment cost of revenues – Services | 942 | 319 | | 1,261 | 980 | 344 | | 1,324 |
| Inter-segment cost of revenues- Services | 90 | 12 | (102) | | 89 | 15 | (104) | |
| Segment cost of revenues - Equipment | 433 | 23 | | 456 | 339 | 10 | | 349 |
| Cost of revenues | 1,465 | 354 | (102) | 1,717 | 1,408 | 369 | (104) | 1,673 |
| Gross profit | 243 | 138 | | 381 | 377 | 140 | | 517 |
| Operating expenses | 228 | 56 | | 284 | 262 | 65 | | 327 |
| Other income, net | 25 | 1 | | 26 | 26 | 1 | | 27 |
| Operating profit | 40 | 83 | | 123 | 141 | 76 | | 217 |
| Adjustments to presentation of Adjusted EBITDA | | | | | | | | |
| –Depreciation and amortization | 260 | 72 | | 332 | 267 | 79 | | 346 |
| –Other (1) | 8 | | | 8 | 2 | * | | 2 |
| Adjusted EBITDA (2) | 308 | 155 | | 463 | 410 | 155 | | 565 |
| Reconciliation of Adjusted EBITDA to profit before tax | | | | | | | | |
| - Depreciation and amortization | | | | 332 | | | | 346 |
| - Finance costs, net | | | | 64 | | | | 73 |
| - Other (1) | | | | 8 | | | | 2 |
| Profit before income tax | | | | 59 | | | | 144 |

*

Representing an amount less than 1 million.

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PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
SEGMENT INFORMATION

| | New Israeli Shekels Three months ended June 30, 2015 In millions (Unaudited) | | | | New Israeli Shekels Three months ended June 30, 2014 In millions (Unaudited) | | | |
|--|--|--------------------------|--|--------------|--|--------------------------|--|--------------|
| | Cellular segment | Fixed line segment | Reconciliation for consolidation | Consolidated | Cellular segment | Fixed line segment | Reconciliation for consolidation | Consolidated |
| Segment revenue - Services | 576 | 181 | | 757 | 660 | 202 | | 862 |
| Inter-segment revenue - Services | 5 | 45 | (50) | | 7 | 46 | (53) | |
| Segment revenue - Equipment | 271 | 16 | | 287 | 218 | 7 | | 225 |
| Total revenues | 852 | 242 | (50) | 1,044 | 885 | 255 | (53) | 1,087 |
| Segment cost of revenues – Services | 472 | 156 | | 628 | 484 | 173 | | 657 |
| Inter-segment cost of revenues- Services | 44 | 6 | (50) | | 46 | 7 | (53) | |
| Segment cost of revenues - Equipment | 209 | 11 | | 220 | 163 | 4 | | 167 |
| Cost of revenues | 725 | 173 | (50) | 848 | 693 | 184 | (53) | 824 |
| Gross profit | 127 | 69 | | 196 | 192 | 71 | | 263 |
| Operating expenses | 114 | 28 | | 142 | 126 | 32 | | 158 |
| Other income, net | 13 | | | 13 | 12 | 1 | | 13 |
| Operating profit | 26 | 41 | | 67 | 78 | 40 | | 118 |
| Adjustments to presentation of Adjusted EBITDA | | | | | | | | |
| –Depreciation and amortization | 131 | 35 | | 166 | 132 | 40 | | 172 |
| –Other (1) | 3 | * | | 3 | 1 | | | 1 |
| Adjusted EBITDA (2) | 160 | 76 | | 236 | 211 | 80 | | 291 |
| Reconciliation of Adjusted EBITDA to profit before tax | | | | | | | | |
| - Depreciation and amortization | | | | 166 | | | | 172 |
| - Finance costs, net | | | | 46 | | | | 49 |
| - Other (1) | | | | 3 | | | | 1 |
| Profit before income tax | | | | 21 | | | | 69 |

* Representing an amount less than 1 million.

(1) Mainly employee share based compensation expenses

(2) Adjusted EBITDA as reviewed by the CODM, represents Earnings Before Interest (finance costs, net), Taxes, Depreciation, Amortization (including amortization of intangible assets, deferred expenses-right of use, and share

based compensation expenses) and impairment charges, as a measure of segment profit. Adjusted EBITDA is not a financial measure under IFRS and may not be comparable to other similarly titled measures in other companies. Adjusted EBITDA may not be indicative of the Group's historic operating results nor is it meant to be predictive of potential future results. The usage of the term "Adjusted EBITDA" is to highlight the fact that the Amortization includes amortization of deferred expenses – right of use and employee share based compensation expenses; it is fully comparable to EBITDA information which has been previously provided for prior periods.

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

| | New Israeli shekels | | | | Convenience translation into U.S. dollars | |
|---|------------------------------------|-------------|------------------------------------|-------------|---|--|
| | 6 month period ended June 30 | | 3 month period ended June 30 | | 6 month period ended June 30, | 3 month period ended June 30, |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2015 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | In millions | | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash generated from operations (Appendix) | 311 | 589 | 144 | 311 | 82 | 38 |
| Income tax paid | (27) | (41) | (9) | (22) | (7) | (2) |
| Net cash provided by operating activities | 284 | 548 | 135 | 289 | 75 | 36 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Acquisition of property and equipment | (137) | (138) | (50) | (55) | (36) | (13) |
| Acquisition of intangible assets | (102) | (75) | (61) | (44) | (27) | (16) |
| Interest received | 1 | 3 | | 2 | * | |
| Payments for derivative financial instruments, net | (1) | (1) | | * | * | |
| Net cash used in investing activities | (239) | (211) | (111) | (97) | (63) | (29) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | |
| Interest paid | (65) | (75) | (52) | (69) | (17) | (14) |
| Non-current borrowings received | 475 | | | | 126 | |
| Repayment of non-current borrowings | (177) | (100) | | (100) | (47) | |
| Net cash provided by (used in) financing activities | 233 | (175) | (52) | (169) | 62 | (14) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 278 | 162 | (28) | 23 | 74 | (7) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 663 | 481 | 969 | 620 | 176 | 257 |
| CASH AND CASH EQUIVALENTS AT END OF | 941 | 643 | 941 | 643 | 250 | 250 |

PERIOD

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

Appendix - Cash generated from operations and supplemental information

| | New Israeli shekels | | | | Convenience translation into U.S. dollars | |
|---|------------------------------------|-------------|------------------------------------|-------------|--|--|
| | 6 month period ended June 30 | | 3 month period ended June 30 | | 6 month period ended June 30, | 3 month period ended June 30, |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2015 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | In millions | | | | | |
| Cash generated from operations: | | | | | | |
| Profit for the period | 34 | 98 | 9 | 46 | 9 | 2 |
| Adjustments for: | | | | | | |
| Depreciation and amortization | 314 | 328 | 157 | 163 | 83 | 43 |
| Amortization of deferred expenses - Right of use | 18 | 18 | 9 | 9 | 5 | 2 |
| Employee share based compensation expenses | 8 | 2 | 4 | 1 | 2 | 1 |
| Liability for employee rights upon retirement, net | (1) | (2) | (1) | * | * | * |
| Finance costs, net | (5) | (1) | 18 | 11 | (1) | 5 |
| Gain (loss) from change in fair value of derivative financial instruments | (2) | * | (2) | * | (1) | (1) |
| Interest paid | 65 | 75 | 52 | 69 | 17 | 14 |
| Interest received | (1) | (3) | | (2) | * | |
| Deferred income taxes | * | (3) | 1 | (1) | * | * |
| Income tax paid | 27 | 41 | 9 | 22 | 7 | 2 |
| Changes in operating assets and liabilities: | | | | | | |
| Decrease (increase) in accounts receivable: | | | | | | |
| Trade | (145) | 58 | (94) | 28 | (38) | (25) |
| Other | (7) | (10) | 7 | * | (2) | 2 |
| Increase (decrease) in accounts payable and accruals: | | | | | | |
| Trade | 24 | 13 | 33 | 18 | 6 | 9 |
| Other payables | (23) | (22) | (36) | (43) | (6) | (10) |
| Provisions | (3) | (2) | 1 | (8) | (1) | * |
| Deferred revenue | (8) | 4 | (1) | 3 | (2) | * |
| Increase in deferred expenses - | | | | | | |
| Right of use | (14) | (8) | (7) | (4) | (4) | (2) |
| Current income tax liability | 2 | 9 | 1 | 2 | 1 | * |
| | 28 | (6) | (16) | (3) | 7 | (4) |

Decrease (increase) in
inventories

| | | | | | | |
|--------------------------------|-----|-----|-----|-----|----|----|
| Cash generated from operations | 311 | 589 | 144 | 311 | 82 | 38 |
|--------------------------------|-----|-----|-----|-----|----|----|

* Representing an amount of less than 1 million

At June 30, 2015 and 2014, trade and other payables include NIS 109 million (\$29 million) and NIS 181 million, respectively, in respect of acquisition of intangible assets and property and equipment

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

| | New Israeli shekels | | | | Convenience translation into U.S. dollars | |
|--|------------------------------------|-------------|------------------------------------|-------------|---|--|
| | 6 month period ended June 30 | | 3 month period ended June 30 | | 6 month period ended June 30, | 3 month period ended June 30, |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2015 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | In millions | | | | | |
| Net cash provided by operating activities | 284 | 548 | 135 | 289 | 75 | 36 |
| Liability for employee rights upon retirement | 1 | 2 | 1 | * | * | * |
| Accrued interest and exchange and linkage differences on long-term liabilities | (57) | (68) | (69) | (76) | (14) | (19) |
| Increase (decrease) in accounts receivable: | | | | | | |
| Trade | 145 | (58) | 94 | (28) | 38 | 26 |
| Other, including derivative financial instruments | 23 | 18 | 2 | 5 | 6 | 1 |
| Decrease (increase) in accounts payable and accruals: | | | | | | |
| Trade | (24) | (13) | (33) | (18) | (6) | (9) |
| Other | 30 | 19 | 36 | 47 | 8 | 10 |
| Income tax paid | 27 | 41 | 9 | 22 | 7 | 2 |
| Increase (decrease) in inventories | (28) | 6 | 16 | 3 | (7) | 4 |
| Increase (decrease) in assets retirement obligation | | (1) | | (1) | | |
| Financial expenses** | 62 | 71 | 45 | 48 | 16 | 12 |
| Adjusted EBITDA | 463 | 565 | 236 | 291 | 123 | 63 |

*Representing an amount of less than 1 million

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

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Key Financial and Operating Indicators (unaudited)*

NIS M unless

otherwise stated

| | Q2' 13 | Q3' 13 | Q4' 13 | Q1' 14 | Q2' 14 | Q3' 14 | Q4' 14 | Q1' 15 | Q2' 15 | 2013 | 2014 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Cellular Segment Service Revenues | 726 | 738 | 719 | 680 | 667 | 658 | 613 | 579 | 581 | 2,907 | 2,618 |
| Cellular Segment Equipment Revenues | 171 | 160 | 196 | 220 | 218 | 218 | 282 | 277 | 271 | 703 | 938 |
| Fixed-Line Segment Service Revenues | 277 | 267 | 258 | 247 | 248 | 259 | 250 | 232 | 226 | 1,085 | 1,004 |
| Fixed-Line Segment Equipment Revenues | 9 | 7 | 9 | 7 | 7 | 22 | 18 | 18 | 16 | 32 | 54 |
| Reconciliation for consolidation | (53) | (54) | (55) | (51) | (53) | (55) | (55) | (52) | (50) | (208) | (214) |
| Total Revenues | 1,130 | 1,118 | 1,127 | 1,103 | 1,087 | 1,102 | 1,108 | 1,054 | 1,044 | 4,519 | 4,400 |
| Gross Profit from Equipment Sales | 9 | 10 | 19 | 45 | 58 | 64 | 61 | 59 | 67 | 42 | 228 |
| Operating Profit | 102 | 109 | 103 | 99 | 118 | 110 | 73 | 56 | 67 | 409 | 400 |
| Cellular Segment Adjusted EBITDA | 198 | 201 | 199 | 199 | 211 | 191 | 161 | 148 | 160 | 784 | 762 |
| Fixed-Line Segment Adjusted EBITDA | 82 | 83 | 83 | 75 | 80 | 91 | 88 | 79 | 76 | 330 | 334 |
| Total Adjusted EBITDA | 280 | 284 | 282 | 274 | 291 | 282 | 249 | 227 | 236 | 1,114 | 1,096 |
| Adjusted EBITDA Margin (%) | 25 % | 25 % | 25 % | 25 % | 27 % | 26 % | 22 % | 22 % | 23 % | 25 % | 25 % |
| OPEX | 700 | 696 | 675 | 661 | 642 | 657 | 630 | 604 | 601 | 2,791 | 2,590 |
| Finance costs, net | 71 | 53 | 38 | 24 | 49 | 50 | 36 | 18 | 46 | 211 | 159 |
| Profit | 20 | 38 | 46 | 52 | 46 | 40 | 24 | 25 | 9 | 135 | 162 |
| Capital Expenditures** | 122 | 116 | 107 | 113 | 98 | 128 | 89 | 127 | 110 | 475 | 428 |
| Free Cash Flow | 287 | 273 | 278 | 145 | 192 | 112 | 71 | 21 | 24 | 1,041 | 520 |
| | 193 | 266 | 209 | 139 | 123 | 106 | 21 | 8 | (28) | 860 | 389 |

| | | | | | | | | | | | | | | |
|---|-------|-------|--------|--------|--------|--------|--------|--------|--------|-------|-------|--|--|--|
| Free Cash Flow After Interest | | | | | | | | | | | | | | |
| Net Debt | 3,446 | 3,208 | 3,000 | 2,849 | 2,735 | 2,637 | 2,612 | 2,581 | 2,626 | 3,000 | 2,612 | | | |
| Cellular Subscriber Base (Thousands) | 2,921 | 2,950 | 2,956 | 2,936 | 2,914 | 2,894 | 2,837 | 2,774 | 2,747 | 2,956 | 2,837 | | | |
| Post-Paid Subscriber Base (Thousands) | 2,103 | 2,127 | 2,133 | 2,137 | 2,138 | 2,145 | 2,132 | 2,112 | 2,112 | 2,133 | 2,132 | | | |
| Pre-Paid Subscriber Base (Thousands) | 818 | 823 | 823 | 799 | 776 | 749 | 705 | 662 | 635 | 823 | 705 | | | |
| Cellular ARPU (NIS) | 83 | 84 | 81 | 77 | 76 | 76 | 71 | 69 | 70 | 83 | 75 | | | |
| Cellular Churn Rate (%) | 9.4 % | 8.8 % | 10.7 % | 11.6 % | 11.4 % | 12.0 % | 11.5 % | 12.7 % | 10.9 % | 39 % | 47 % | | | |
| Number of Employees (FTE) | 4,377 | 4,153 | 4,045 | 3,826 | 3,736 | 3,683 | 3,575 | 3,535 | 3,354 | 4,045 | 3,575 | | | |

* See first page for definitions. 2013 and 2014 annual numbers are audited.

** Cash capital expenditures in fixed assets including intangible assets but excluding capitalized subscriber acquisition and retention cost, net.

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/ Ziv Leitman
Name: Ziv Leitman
Title: Chief Financial Officer

Dated: August 12, 2015

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