PARTNER COMMUNICATIONS REPORTS RECORD SECOND-QUARTER RESULTS

COMPANY POSTS NIS 155.1 MILLION NET INCOME

***Rosh Ha'ayin, Israel, July 30th, 2003* – Partner Communications Company Ltd. (NASDAQ and TASE: PTNR; LSE: PCCD) today announced its results for the second quarter ended June 30th, 2003.**

Highlights:

- Revenues in Q2 2003 rose to NIS 1,077.2 million (US$ 249.8 million), up 8.6% from NIS 991.6 million in Q2 2002.
- EBITDA for Q2 2003 rose to NIS 348.2 million (US$ 80.7 million), up 30.5% from NIS 266.8 million in Q2 2002.
- Operating profit for Q2 2003 rose to NIS 218.0 million (US$ 50.6 million), up 58% from NIS 138.0 million for Q2 2002.
- Net income for Q2 2003 rose to NIS 155.1 million (US$ 36 million), up 515% from NIS 25.2 million for Q2 2002.
- Active subscribers rose 14.4% to 1,949,000 compared to 1,703,000 at the end of the second quarter of 2002.
- Market share estimated at 29%, compared to 28% at the end of the second quarter of 2002.
- Churn rate in the quarter was 3.5% versus 1.6% in Q2 2002.
- Minutes of use per subscriber averaged 277 per month for the quarter, down 2.5% from 284 minutes per month in Q2 2002.
- ARPU for the quarter was NIS 171 (US$ 39.7), down 7.5% compared to NIS 185 in Q2 2002.
- Average cost of acquiring a new subscriber (SAC) in the quarter was NIS 452 (US$ 105), down 2% compared to NIS 463 in Q2 2002.

Commenting on the second quarter results, Amikam Cohen, Partner's CEO said: "The second quarter of 2003 is a record quarter for Partner. Despite the persistently challenging macroeconomic environment, we continued to improve our operational and financial performance. We have also continued to demonstrate our ability to maintain tight controls over our costs and to improve our EBITDA margin significantly. Our core strengths in marketing, customer service, and network strategies along with our outstanding brand will continue to differentiate our company from our competitors and drive our growth and profitability."

Financial Review

Partner's Q2 2003 revenues totaled NIS 1,077.2 million (US$ 249.8 million), up 8.6% from NIS 991.6 million in Q2 2002 and up 4.5% from NIS 1,031.2 million in Q1 2003. Increased revenues for Q2 2003 were driven primarily by increased usage from a larger subscriber base, seasonal factors and tariff adjustments.

Data and content revenues accounted for 6.9% of total revenues in Q2 2003, compared to 6.1% in the second quarter of 2002 and 7.0% in Q1 2003. Data and content revenues accounted for 7.6% of ARPU in Q2 2003.

Cost of revenues in Q2 2003 decreased by 0.4% to NIS 739.8 million (US$ 171.6 million), versus NIS 742.6 million in Q2 2002. Compared to Q1 2003, cost of revenues decreased by 5.2% from NIS 780.3 million. Cost of revenues declined even though revenue levels increased by 8.6% from Q2 2002. This result was achieved primarily through cost efficiencies in the areas of handset and network maintenance, and logistics.

Selling and marketing expenses increased by 6.8% in Q2 2003, totaling NIS 81.3 million (US$ 18.9 million) versus NIS 76.1 million in Q2 2002. Compared to Q1 2003, selling and marketing expenses increased by 3.8% from NIS 78.3 million. The increase resulted primarily from an increased level of marketing expenditures in Q2 2003, driven by the increased competition in the marketplace.

General and administrative expenses in Q2 2003 totaled NIS 38.1 million (US$ 8.8 million) compared to NIS 34.9 million in Q2 2002, an increase of 9%. Compared to Q1 2003, general and administrative expenses decreased by 10% from NIS 42.4 million.

Operating profit increased to NIS 218.0 million (US$ 50.6 million) from NIS 138.0 million in Q2 2002, an increase of 58%, and from NIS 130.3 million in Q1 2003, an increase of 67.3%. Operating profit for Q2 2003 as a percentage of revenues increased to 20.2% from 13.9% in Q2 2002 and 12.6% in Q1 2003. EBITDA for Q2 2003 as a percentage of revenues increased to 32.3% from 26.9% in Q2 2002. EBITDA for Q1 2003 as a percentage of revenues was 25.4%.

Financial expenses in Q2 2003 were NIS 62.9 million (US$ 14.6 million), down 44.2% from NIS 112.7 million in Q2 2002. Compared to Q1 2003, financial expenses decreased by 34.1% from NIS 95.5 million. The reduced financial expenses were primarily due to a stronger Shekel, lower interest rates and lower bank debt levels.

In Q2 2003, the Company had net income of NIS 155.1 million (US$ 36.0 million), or NIS 0.85 (US$ 0.20) per ADS or per share, compared to NIS 25.2 million, or NIS 0.14 per share or per ADS for Q2 2002, and net income of NIS 34.8 million, or NIS 0.19 per share or per ADS in Q1 of 2003. This quarter marked the fifth consecutive quarter of positive earnings, enabling the Company to eliminate its capital deficiency, accumulated during the Company's start-up phase and early years of operations. The Company ended the second quarter of 2003 with positive shareholders' equity of NIS 96.8 million (US$ 22.4 million).

"We are very pleased with our financial results for Q2 2003", said Mr. Alan Gelman, Partner's Chief Financial Officer. "We continue to demonstrate our ability to grow our revenues in a competitive market, reduce our costs and expand our margins. As a result of our effective cost management, every shekel of incremental revenue, compared to Q2 2002, directly increased our gross profit. Compared to Q1 2003, our gross profit exceeded almost two-fold our increase in revenues. We expect another strong quarter in Q3 2003 with operating results similar to those of Q2 2003".

Funding and Investing Review

In Q2 2003, the Company generated free cash flow for the fifth consecutive quarter. This achievement enabled the Company to reduce its bank debt by NIS 322 million. Cash flow from operating activities net of investing activities totaled NIS 130.6 million (US$ 30.3) in Q2 2003, compared to positive cash flow of NIS 80.4 million in Q2 2002 and positive cash flow of NIS 23.7 million in Q1 2003.

Net capital expenditures totaled NIS 61.2 million (US$ 15.1 million) in Q2 2003, 5.7% of revenues, down from NIS 184.4 million in Q2 2002, 18.5% of revenues. Compared with the previous quarter, net capital expenditures in Q1 2003 were NIS 64.1 million.

As of the end of Q2 2003, the US dollar equivalent of US$ 498 million had been drawn from our US$ 683 million bank facility, leaving the Company with additional credit availability of US$ 185 million.

Commenting on the Company's funding situation, Mr. Gelman said: "Our consistent cash flow generation and the remaining availability from our credit facility, should allow us to execute our business strategy without any additional injection of capital or the need for any additional credit facility or debt instruments."

With regard to the Company's plans for 3G, Mr. Gelman added: "We expect to continue to invest substantially less in Second Generation capital expenditures for the remainder of 2003 than we did in 2002, in anticipation of the upcoming build-out of our Third Generation network. That said, the start of the build-out will be finalized in accordance with the progress made in 3G networks worldwide and the competitive landscape in Israel. We do not expect to roll out a commercial network before 2004."

Operational Review

During Q2 2003, net active subscribers increased by 55,000, or 3% compared with Q1 2003.

The Company's active subscriber base as of June 30, 2003 totaled 1,949,000, representing an approximate market share of 29% versus 28% at the end of Q2 2002. It was comprised of 317,000 business subscribers (16.3% of the base), 1,064,000 post-paid private subscribers (54.6% of the base) and 568,000 prepaid subscribers (29.1% of the base).

The quarterly churn rate for Q2 2003 was 3.5%, compared to 1.6% in Q2 2002 and 4% in Q1 2003. The increase from Q2 2002 was driven primarily by increased churn in the prepaid sector and by "rotational churn". Rotational churn occurs when an existing customer purchases a new handset and a SIM card, and then ceases to use either the new or the old SIM card. Despite the slight decline in the quarterly churn rate from the previous quarter, the Company continues to anticipate an annual churn rate in 2003 of approximately 16%.

ARPU for the second quarter of 2003 was NIS 171 (US$ 39.7), compared to NIS 185 for Q2 2002, a decrease of 7.5%, and NIS 164 for Q1 2003, an increase of 4.3%. MOU for the quarter was 277 minutes compared to 284 minutes per month for Q2 2002, a decrease of 2.5%, and 267 minutes per month for Q1 2003, an increase of 3.7%.

The average cost of acquiring new subscribers (SAC) in Q2 2003 was NIS 452 (US$ 105), compared to NIS 463 in Q2 2002 and NIS 426 for Q1 2003.

Mr. Gelman added, "Looking forward to Q3 2003, we anticipate similar MOU and ARPU and relatively stable SAC compared with Q2 2003".

Conference Call Details

Partner Communications will hold a conference call to discuss the company's second-quarter results on July 30th, 2003, at 18:00 Israel local time (11AM Eastern Daylight time). This conference call will be broadcast live over the Internet and can be accessed by all interested parties through our investor 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 August 5th, 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 1.949 million subscribers in Israel. Partner subscribers can use roaming services in 117 destinations using 263 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

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 often identify 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 Q2 2003 are unaudited.

The convenience translations of the Nominal New Israeli Shekel (NIS) figures into US Dollars were made at the rate of exchange prevailing at June 30th, 2003: US

$1.00 equals NIS 4.312. 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.
A reconciliation between our cash flows from operating activities and EBIDTA is presented in the attached summary financial statements.

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