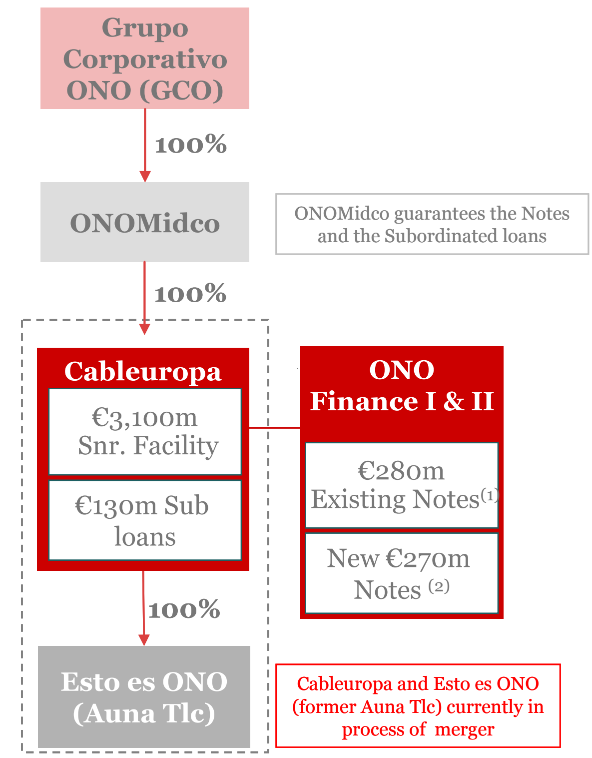
Second quarter 2006 results

3 August 2006

Grupo Corporativo ONO, S.A.
Investor Relations

CONTENT

1. GROUP AND REPORTING STRUCTURE



(1) €180m 10.5% Notes due 2014 and €100m Floating Rate Notes due 2014
(2) 8% Notes due 2014

We are reporting Q2 and H1 2006 results of Grupo Corporativo ONO, S.A. ("GCO") and its subsidiaries.

References in this report to **ONO** are to GCO and its subsidiaries after giving effect to the acquisition of Auna and references to **Old ONO** are to GCO and its subsidiaries prior to the acquisition of Auna.

The financial information contained in this document has been prepared under Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

We have recently filed a Form 15 in order to de-register from the SEC and therefore our reporting obligations to the SEC are currently suspended.

On 5 May 2006, Auna Telecomunicaciones, S.A.U. changed its corporate registered address to the corporate offices of Cableuropa, S.A.U. and its corporate name to Esto es ONO, S.A.U. For the convenience of the reader this report still refers to Auna instead of referring to its new corporate name.

Certain numerical figures included in this document have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

Schedule of reported information in this section

All reported information corresponds to statutory financial statements, considering the Auna acquisition in November 2005.

		Q2 2006	Q1 2006	Q4 2005	Q2 2005
ONO information (GCO)					
Operating data	Combined (1)	√	√	na	na
	Standalone (2)	na	na	na	√
Financial data	Combined (1)	√	√	√	na
	Standalone (2)	na	na	na	√
Cableuropa information					
Financial data	Combined (1)	√	√	√	na
	Standalone (2)	na	na	na	√

(1) *Includes Auna from November 2005*
(2) *Excludes Auna*

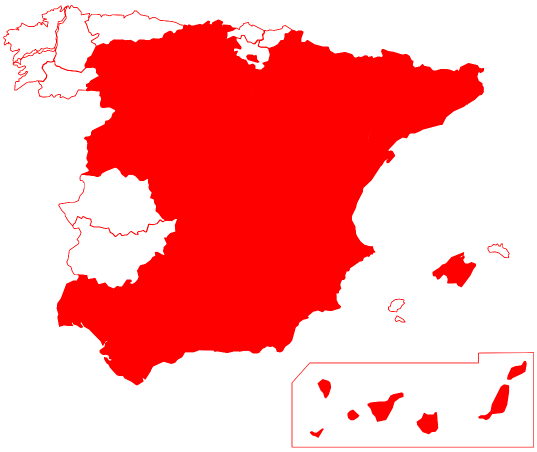
Segmentation of business and indirect access lines

We are reassessing the segments that we use to report our operating and financial information. In future reports, we might modify the structure of our reporting segmentation and it is possible that comparable data would not be available for previous periods.

2. OVERVIEW ON GRUPO CORPORATIVO ONO

ONO is the leading alternative provider of telecommunications, broadband Internet and pay television services in Spain and the only cable operator with national coverage. ONO offers its services to approximately 1.8 million direct access residential and 105,000 business customers as of 30 June 2006, through its own state of the art networks which give direct access to around six million homes in franchises which cover the majority of Spain, including the eight largest cities. ONO is the principal competitor to the incumbent telecommunications and pay television operators in Spain. On an annualized pro forma basis for the quarter ended 30 June 2006, ONO generated revenues of €1,636 million and EBITDA of €553 million.

Cable franchises



	in thousands
Homes in Spain (*)	17,594
Homes in ONO franchises (*)	14,773
Coverage	*84%*
Cable homes released to marketing	5,886
Coverage	*40%*
Residencial cable customers	1,721
Cable penetration	*29%*
Business customers (incl. indirect access)	105

(*) Source: INE

Table 1: Capitalization

	Grupo Corporativo ONO			**Cableuropa**		
As of 30 June 2006	**€m**	**% of debt**	**Debt/ EBITDA**	**€m**	**% of debt**	**Debt/ EBITDA**
Short-term debt	163	5.4%	0.3x	143	4.8%	0.3x
Senior Facility	2,105	69.3%	3.8x	2,105	69.9%	3.8x
Subordinated Facilities	130	4.3%	0.2x	130	4.3%	0.2x
Senior subordinated notes	550	18.1%	1.0x	550	18.3%	1.0x
State subsidies & other	89	2.9%	0.2x	83	2.8%	0.1x
Long-term debt	2,874	94.6%	5.2x	2,868	95.2%	5.1x
Total debt	**3,037**		**5.5x**	**3,011**		**5.4x**
Cash and cash equivalents (*)	**36**			**21**		
Total net debt	**3,001**		**5.4x**	**2,991**		**5.4x**
EBITDA LQA	**553**			**557**		

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche S to counterguarantee debt reported under the caption “State subsidies & other”.

(*) Includes cash and fixed interest securities

2.1 Financial Highlights

Table 2: Financial highlights

Data in €million	Quarter ended					Year to date		
	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Revenues	409	422	(3.0%)	148	177.3%	831	291	185.4%
Gross profit	279	283	(1.4%)	108	157.8%	562	212	165.8%
Gross margin	68.2%	67.1%	1.1 pp	73.4%	(5.2 pp)	67.7%	72.7%	(5.0 pp)
EBITDA	138	133	4.1%	61	126.0%	271	116	134.1%
EBITDA margin	33.8%	31.5%	2.3 pp	41.5%	(7.7 pp)	32.6%	39.8%	(7.2 pp)
Total Net debt	**3,001**	**2,889**	**3.9%**	**1,454**	**106.4%**	**3,001**	**1,454**	**106.4%**
Net debt/EBITDA (x)	**5.4x**	**5.4x**	**0.0x**	**5.9x**	**(0.5x)**	**5.4x**	**5.9x**	**(0.5x)**

Table 3: Revenue split

Data in €million	Quarter ended					Year to date		
	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Resid. direct acc.	277	276	0.3%	133	108.9%	553	263	110.6%
Resid. indirect acc.	13	17	(24.6%)	-	na	29	-	na
Business	68	73	(6.9%)	15	359.2%	142	28	398.4%
Wholesale & opers.	51	56	(8.1%)	-	na	107	-	na
Total revenues	**409**	**422**	**(3.0%)**	**148**	**177.3%**	**831**	**291**	**185.4%**

2.2 Key financial events

- **ONOMidco**

In accordance with the indentures for the 10.5% Notes due 2014, the Floating Rate Notes due 2014 and the 8% Notes due 2014, on 3 May 2006 ONO incorporated an intermediate holding company between GCO and Cableuropa called ONOMidco, S.A.U. (“ONOMidco”). ONOMidco is 100% owned by GCO and owns 100% of the shares of Cableuropa. ONOMidco guarantees our Notes and our Subordinated Loans.

- **Merger**

Our Board of Directors has approved the corporate merger between Cableuropa and Auna. For reasons related to economic and financial efficiency, the merger will be executed as a reverse merger and Auna will absorb Cableuropa. We believe that this merger will simplify the management of the ONO Group and reduce costs. The merger is due to be completed on 1 October 2006.

- **Swap agreements**

Under the €3,100 million Senior Bank Facility, we committed to enter into hedging arrangements to fix our variable interest rate exposure,
- within a maximum period of six months from the date of the agreement
- for a minimum term of three years from the closing date
- covering interest rate risk exposure on at least 50% of the drawn amounts under Tranches A,B,D and I

We have contracted a series of a step-up swaps to lock into low levels of EURIBOR. To date, we have covered €1,300 million, hedging our exposure for between 3 and 5 years. The process was carried out in three steps: in July 2005 we covered the interest rate risk exposure for €500 million; in February 2006 we covered €655 million and a further €145 million was completed in April 2006.

- **EVCs**

GCO has been purchasing EVCs in the open market. Currently, GCO owns in the region of 52% of the total EVCs issued.

- **2006 Shareholders' meeting**

On 29 June 2006, our shareholders' meeting, held in Valencia, approved our 2005 audited financial statements. Our annual report, including our audited financial statements for 2005 can be accessed at http://www.ono.es/ in the Investor Relations section.

- **Grupo Multitel buys 4.97% of ONO to Grupo Santander**

On 26 July 2006, Grupo Multitel completed the acquisition of 4.97% of GCO's share capital from Grupo Santander. Grupo Multitel executed the transaction with financing provided by Ontario Teachers' Pension Plan and Bregal Investments. As a result, Grupo Multitel controls, in a direct or indirect way, 21.03% of GCO's share capital.

Following this transaction, the percentage of shares beneficially owned by ONO's shareholders are as follows:

Shareholder	**Share (%)**
Grupo Multitel	21.03%
Providence	15.16%
JP Morgan Partners	15.16%
Thomas H. Lee	15.16%
Quadrangle	9.06%
GE Capital	8.93%
Caisse de dépôt et placement du Québec	6.71%
Grupo Santander	4.47%
Sodinteleco	4.31%
	100.00%

Grupo Multitel is a holding company that was created in order to provide support in the definition, launching, management and control of Spanish telecommunications and media projects. In 1996, Grupo Multitel was the first company to launch cable activities in the telecommunications market in Spain.

Bregal Investments is a company that was created in 2002 in order to manage and enlarge the private equity activity of Cofra Holding Group. Currently, Bregal Investments manages a €2.5 billion fund for equity investments in companies in the USA and Europe.

Ontario Teachers' Private Capital – the private equity division of Ontario Teachers' Pension Plan – is one of the largest and of the most sophisticated equity funds in Canada. Currently, Ontario Teachers' Pension Plan manages a portfolio of US$11 billion and invests in companies in Canada, USA, Europe and Asia.

2.3 Operating Highlights

Table 4: Operating highlights

Data in thousand, except if otherwise stated	**Quarter ended 30-Jun-06**	**Quarter ended 31-Mar-06**	**% change**	**Quarter ended 30-Jun-05**	**% change**
	Combined	Combined		Standalone	
Customers:					
Cable	1,721	1,684	2.2%	838	105.3%
Other direct access	90	97	(7.3%)	-	na
Residential direct access	1,811	1,782	1.6%	838	116.0%
Indirect access	236	310	(23.9%)	-	na
Business	105	115	(8.6%)	24	334.7%
Other data – Cable:					
Homes released to marketing	5,886	5,756	2.3%	2,738	115.0%
Penetration	29.2%	29.3%	(0.1 pp)	30.6%	(1.4 pp)
ARPU (€)	52.3	52.8	(1.0%)	53.8	(2.7%)
RGUs	3,335	3,218	3.6%	1,570	112.4%
RGUs per customer	1.94	1.91	1.5%	1.87	3.5%
Churn	15.6%	17.2%	(1.6 pp)	13.7%	1.9 pp
Residential cable customers:					
Telephony	1,497	1,461	2.5%	737	103.0%
As % of customers	87.0%	86.7%	0.3 pp	88.0%	(1.0 pp)
Internet	937	888	5.6%	377	148.6%
As % of customers	54.5%	52.7%	1.8 pp	45.0%	9.5 pp
Television	901	869	3.7%	456	97.7%
As % of customers	52.4%	51.6%	0.8 pp	54.4%	(2.0 pp)
Residential cable penetration:					
Telephony	25.4%	25.4%	0.0 pp	26.9%	(1.5 pp)
Internet	15.9%	15.4%	0.5 pp	13.8%	2.2 pp
Television	15.3%	15.1%	0.2 pp	16.6%	(1.3 pp)

2.4 Key operating events

- **Transformation process**

Prior to the Auna acquisition, we formed a Transformation Committee composed of certain members of our senior management to oversee the integration of Auna and the transformation of our business. A Transformation Department was subsequently established with the sole focus of the transformation initiatives.

In the first half of 2006, as part of the transformation exercise, we launched a number of projects which in total will give rise to savings in 2006 of around €120 million and will cost around €120 million to implement.

We have reviewed staffing levels for all areas of operations in order to eliminate duplication and achieve greater efficiency. We have reached an agreement with the labor unions and the Government regarding headcount reductions and up to 785 people will be affected during 2006 and 2007.

In the process of reassessing our organizational structure we have hired a Managing Director for our Business and Wholesale unit and Regional Directors for the clusters of Madrid and Catalonia, and have filled a number of other important vacancies.

Most projects in course are focused on transitioning Auna's network (de-duplication of national networks, internet traffic control tools, etc.), IT (convergence of systems) and applying best practices and procedures to the applicable processes, which mainly consist on applying Old ONO processes (construction, sales model, etc.) to Auna.

The integration and transformation process is expected to continue for up to three years. The full benefits of the process are not expected until it has been substantially completed.

- **4 Mbps**

As part of this transformation process, we are increasing the internet speed we offer to all our broadband internet customers in the Auna areas to 4 Mbps. This process began in June in Madrid and will be extended to other regions in due course.

- **ONO light**

In May 2006, we launched the “ONO light” brand in order to promote our ULL services. Currently, we have more than 100 unbundled switches through which we offer our ULL services, covering approximately 3 million homes. We consider ULL as a key factor for the extension of our business, complementing our cable core business. Most of our ULL customers are currently telephony only but we are incentivising them to contract internet, and we will provide them with television services in the future.

- **Product development**

  - **VoD agreement with Telecinco**

In April 2006, we reached an agreement with Telecinco to provide a number of Telecinco's national series a week in advance of public broadcasting on our Video on Demand service, "ojo".

  - **New TV channel in Valencia**

In April 2006, we launched a new local TV channel in Valencia called "Valencia Ciudad Ahora". This channel allows our customers access to completely updated news and useful information services of Valencia on weather, traffic, transportation, markets, etc. This information is updated every three minutes, on a 24 hours and 7 days a week basis.

- **Mobile Virtual Network Operator**

In April 2006, we made an application to the "Comisión del Mercado de las Telecomunicaciones" ("CMT") to obtain a license to operate a mobile virtual network operator ("MVNO"). The license was granted in June. This licence does not imply that we will necessarily launch a MVNO business. We are currently studying all of the alternatives available to us in this area.

- **ONO estadi**

On 17 July 2006, the City Council of Palma de Mallorca, the Real Club Deportivo Mallorca (a Spanish first division football league club) and ONO announced and agreement for the rebranding of the football stadium of the Real Club Deportivo Mallorca as ONO Estadi.

This is the first time ever that a company brands a football stadium in Spain. The agreement has been set for an initial period of four years.

3. GRUPO CORPORATIVO ONO

3.1 Condensed Consolidated Financial Statements

Table 5: Condensed Consolidated Balance Sheet

Data in €million	Note	30-Jun-06 Combined	31-Mar-06 Combined	31-Dec-05 Combined
ASSETS				
Current assets				
Cash		26	33	7
Short-term investments, net	3.4.1	18	15	37
Accounts receivable & other	3.4.2	264	309	268
Total current assets		**309**	**356**	**312**
Fixed assets				
Start-up costs, net		18	19	9
Intangible assets, net	3.4.3	366	390	406
Tangible assets, net	3.4.4	4,199	4,164	4,134
Financial assets, net	3.4.5	1,222	1,220	1,204
Total fixed assets		**5,805**	**5,793**	**5,754**
Goodwill on consolidation		**-**	**-**	**1**
Deferred expenses, net		**25**	**25**	**25**
TOTAL ASSETS		**6,139**	**6,173**	**6,092**
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current liabilities				
Short term debt	3.4.7	163	115	79
Accrued interest expenses		8	23	9
Accounts payable and other	3.4.6	986	1,059	1,142
Total current liabilities		**1,157**	**1,197**	**1,231**
Long term debt				
Senior facility	3.4.7	2,105	2,043	1,821
Subordinated facilities	3.4.7	130	130	400
Senior subordinated notes	3.4.7	550	550	342
Other	3.4.7	89	98	100
Total long term debt		**2,874**	**2,821**	**2,663**
Other long term liabilities	3.4.8	**253**	**253**	**254**
Commitments and contingencies		**371**	**391**	**406**
Negative goodwill		**241**	**257**	**263**
Minority interests		**2**	**3**	**3**
Shareholders' loan (1)		**-**	**-**	**1,000**
Shareholders' equity				
Common stock	3.4.9	1,630	1,630	983
Share Premium	3.4.9	353	353	-
Accumulated deficit	3.4.9	(711)	(711)	(245)
Net loss for period	3.4.9	(32)	(20)	(466)
Total shareholders' equity		**1,240**	**1,252**	**272**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,139**	**6,173**	**6,092**

(1) €1,000 million contributed to ONO by its new shareholders: JPMorgan Partners, Providence Equity Partners, Quadrangle Capital Partners and Thomas H. Lee Partners at the date of the Auna acquisition. In February 2006, the €1,000 million was capitalized as common stock and share premium.

Table 6: Condensed Consolidated Statements of Operations

	Quarter ended					Year to date		
Data in €million	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Revenues	409	422	(3.0%)	148	177.3%	831	291	185.4%
Cost of services	(130)	(139)	(6.3%)	(39)	231.2%	(269)	(80)	237.7%
Opex	(141)	(150)	(6.3%)	(47)	199.1%	(291)	(96)	204.1%
EBITDA	**138**	**133**	**4.1%**	**61**	**126.0%**	**271**	**116**	**134.1%**
Deprec. and amortiz.	(107)	(114)	(6.5%)	(35)	202.8%	(221)	(70)	217.1%
EBIT/Oper. prf/(loss)	**32**	**19**	**68.2%**	**26**	**21.8%**	**50**	**46**	**9.2%**
Net financial expense	(48)	(41)	16.3%	(29)	65.4%	(90)	(57)	58.7%
Amort. of goodwill	16	6	179.9%	(5)	(414.9%)	21	(10)	(313.7%)
Net extraordinary exp.	(14)	(9)	63.1%	11	(233.2%)	(23)	(7)	217.5%
EBT / Loss bef. tax	**(15)**	**(26)**	**(41.2%)**	**3**	**(701.3%)**	**(41)**	**(27)**	**49.7%**
Income tax credit	2	6	(67.7%)	(6)	(135.9%)	8	(1)	na
Loss bef. min. Inter.	**(13)**	**(19)**	**(32.8%)**	**(3)**	**320.8%**	**(33)**	**(28)**	**16.1%**
Minority interests	1	(1)	(244.5%)	-	na	0	-	na
Net loss	**(12)**	**(20)**	**(39.5%)**	**(3)**	**291.2%**	**(32)**	**(28)**	**15.1%**

EBITDA increased in the second quarter by €5 million or 4.1% from €133 million in the first quarter of 2006, reflecting our focus on improving the quality of revenues and cost control. Although revenues fell as our residential and business indirect access businesses continue to be wound down, our implementation of new processes and procedures in the Auna business have led to cost reductions.

Table 7: Condensed Consolidated Cash Flow

	Quarter ended				Year to date		
Data in €million	30-Jun-06	31-Mar-06	% change	30-Jun-05	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone	Combined	Standalone	
EBITDA	**138**	**133**	**4.1%**	**61**	**271**	**116**	**134.1%**
Capex	(115)	(121)	(5.5%)	(60)	(236)	(119)	98.7%
OPERATING FCF	**24**	**12**	**104.2%**	**1**	**35**	**(3)**	**na**
Change in working capital	(28)	(111)	(74.7%)	(4)	(139)	(20)	na
Other [1]	(36)	(54)	(32.7%)	(5)	(90)	(7)	na
FCF (pre-interest)	**(40)**	**(153)**	**(73.6%)**	**(7)**	**(193)**	**(30)**	**na**
One off items	-	-	na	(29)	0	(29)	(101.2%)
Paid interest, net	(64)	(27)	137.7%	(21)	(90)	(46)	95.8%
FCF	**(104)**	**(180)**	**(42.2%)**	**(57)**	**(283)**	**(105)**	**171.1%**
Senior facility	62	222	(72.1%)	28	284	89	219.1%
Senior subordinated notes	-	(62)	(100.0%)	-	(62)	-	na
State subsidies	(5)	-	na	10	(5)	10	(148.8%)
Short term debt	48	36	34.7%	36	84	47	76.6%
Short term investments	(4)	22	(116.6%)	-	18	-	na
Other financing items	(4)	(13)	(67.1%)	(17)	(17)	(45)	(61.6%)
FINANCING CASH FLOW	**97**	**205**	**(52.5%)**	**58**	**302**	**102**	**196.7%**
NET CASH FLOW	**(6)**	**25**	**(125.7%)**	**1**	**19**	**(3)**	**na**
Cash Beginning of Period	**33**	**7**	**347.9%**	**1**	**7**	**5**	**56.3%**
Cash End of Period	**26**	**33**	**(19.8%)**	**2**	**26**	**2**	**na**

[1] Includes €10M of Stamp Duty (in Q1 2006), integration costs, commitment & contingencies and other one off items.

3.2 Key factors affecting our business

3.2.1. Customers

Table 8: Customer split

Data in thousand	30-Jun-06 Combined	31-Mar-06 Combined	% change	30-Jun-05 Standalone	% change
Customers					
Residential direct access:					
Cable	1,721	1,684	2.2%	838	105.3%
Other direct access	90	97	(7.3%)	-	na
Residential direct access	**1,811**	**1,782**	**1.6%**	**838**	**116.0%**
Residential indirect access	236	310	(23.9%)	-	na
Residencial Cable ARPU	**52.3**	**52.8**	**(1.0%)**	**53.8**	**(2.7%)**
Business customers:					
Direct access	77	76	2.5%	24	220.0%
Indirect access	28	40	(29.7%)	-	na
Business customers	**105**	**115**	**(8.6%)**	**24**	**334.7%**

Our residential direct access customers increased by 1.6% in the quarter reaching 1,811,000 as of 30 June 2006. Direct access business customers increased by 2.5% in the quarter. This is mainly due to the continued deployment of our network and our ability to maintain our penetration rates.

Indirect access residential and business customers decreased by 23.9% and 29.7% respectively, as expected from our focus on increasing the weight of direct access business.

ARPU for residential cable services in ONO was €52.3 in the second quarter of 2006 compared to €52.8 in the first quarter of the year. Residential cable ARPU decreased by 1.0% as a consequence of several promotions related to our TV and telephony services launched during the second quarter of the year and of the reduction of PPV consumption, both football and cinema, due to the end of football season and to the Football World Cup broadcast free to air in Spain and the lower consumption of the Easter season.

3.3 Second quarter 2006 results of operations

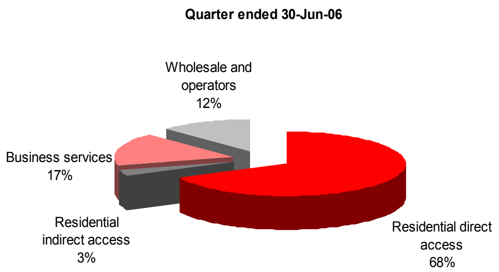
3.3.1. Revenues

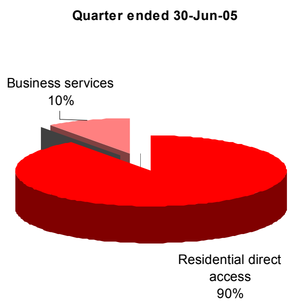
ONO's revenues are derived from residential direct access services (which comprise revenues from individual service offerings or a combination of telephony, Internet and pay television services), indirect access services to residential customers, business services (which comprise voice and data services to SME business customers and services provided to large corporations and public entities) and wholesale and operators services (which principally comprise interconnection charges to other telecom operators, carrier services and leased circuits to other operators).

The following table sets forth a detail of ONO's revenues and the percentage change from period to period for each of the periods indicated.

Table 9: revenue split

	Quarter ended					Year to date		
Data in €million	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Resid. direct acc.	277	276	0.3%	133	108.9%	553	263	110.6%
Resid. indirect acc.	13	17	(24.6%)	-	na	29	-	na
Business	68	73	(6.9%)	15	359.2%	142	28	398.4%
Wholesale & opers.	51	56	(8.1%)	-	na	107	-	na
Total revenues	**409**	**422**	**(3.0%)**	**148**	**177.3%**	**831**	**291**	**185.4%**





In line with our strategy of focusing on high quality revenue streams, revenues decreased in Q2 2006 by 3.0% to €409 million, due to a 24.6% reduction in residential indirect access revenues, to a decrease in business revenues of 6.9% as a consequence of the significant decline in the indirect access business customers decrease (29.7%) and to a 8.1% decrease in our wholesale and operators revenues.

3.3.1.1 Residential direct access services

a) Cable

Cable services provide us with revenues from monthly fees and initial connection charges from residential bundled and individual services, usage charges from residential telephony services; set top box rental charges; and variable fees for pay-per-view services from cable television services. The following tables set forth information on residential cable services, and the percentage change from period to period:

Table 10: Residential cable services

Data in thousand, except if otherwise stated	**Quarter ended**				
	30-Jun-06	**31-Mar-06**	**% change**	**30-Jun-05**	**% change**
	Combined	Combined		Standalone	
Resid. Cable Services:					
HRTM	5,886	5,756	2.3%	2,738	115.0%
Customers	1,721	1,684	2.2%	838	105.3%
Penetration	29.2%	29.3%	(0.1 pp)	30.6%	(1.4 pp)
Churn	15.6%	17.2%	(1.6 pp)	13.7%	1.9 pp
ARPU (€)	52.3	52.8	(1.0%)	53.8	(2.7%)
RGUs	3,335	3,218	3.6%	1,570	112.4%
RGUs per customer	1.94	1.91	1.5%	1.87	3.5%

Total cable customers increased during the last quarter by 37,000 or 2.2% to 1,721,000. Our focus on bundled services also brought an improvement in RGUs per customer reaching 1.94 as at 30 June 2006. An advertising campaign, launched in May and focused on offering our cable television service to customers having a telephony+Internet package, impacted significantly in the 1.5% increase of the RGUs per customer ratio.

Despite the increased competition, churn decreased in the second quarter of 2006 to 15.6%, from 17.2% in the previous quarter, due to the convergence of retention and loyalty policies of Old ONO and Auna, to the improvement of the service portfolio and the quality of service in our Auna franchises and to our advertising efforts.

Homes released to marketing increased by 130,000 or 2.3% during the last quarter. The increase of homes released to marketing was greater than the increase of new customers which caused our penetration ratio to slightly decrease to 29.2% as of 30 June 2006, as compared with 29.3% as of 31 March 2006.

- **Telephony**

The following table sets forth certain information with respect to ONO's telephony services and the percentage change from period to period:

Table 11: Telephony services

	Quarter ended				
Data in thousand, except if otherwise stated	**30-Jun-06**	**31-Mar-06**	**% change**	**30-Jun-05**	**% change**
	Combined	Combined		Standalone	
Telephony customers	1,497	1,461	2.5%	737	103.0%
Proportion of total customers	87.0%	86.7%	0.3 pp	88.0%	(1.0 pp)
Penetration	25.4%	25.4%	0.0 pp	26.9%	(1.5 pp)

Telephony customers increased by 36,000 or 2.5% in the second quarter of 2006 to reach 1,497,000 as of 30 June 2006. The “all included” telephony promotion (telephone line plus flat rate national calling), priced at €20.90 per month, launched in April, helped to drive total customers growth. Telephony continues to account for the largest portion of our RGUs, since 87.0% of our customers subscribe to this service, 0.3pp more than at the end of the previous quarter.

- **Internet**

The following table sets forth certain information with respect to ONO's Internet services and the percentage change from period to period:

Table 12: Internet services

	Quarter ended				
Data in thousand, except if otherwise stated	**30-Jun-06**	**31-Mar-06**	**% change**	**30-Jun-05**	**% change**
	Combined	Combined		Standalone	
Internet customers	937	888	5.6%	377	148.6%
Proportion of total customers	54.5%	52.7%	1.8 pp	45.0%	9.5 pp
Penetration	15.9%	15.4%	0.5 pp	13.8%	2.2 pp

Internet customers significantly increased by 49,000 or 5.6% in the second quarter of 2006 to reach 937,000 as of 30 June 2006. This growth surpasses our total customer adds by 12,000, showing the success of our upselling campaigns. Internet customers as a proportion of total customers increased by 1.8 pp to 54.5% in the second quarter of 2006 from 52.7% in the previous quarter. Our residential Internet penetration increased to 15.9% in the second quarter of 2006 from 15.4% in the previous quarter.

We have recently started the commercialization of our 4 Mbps broadband internet service in our Auna franchises without any price increase. The process began in Madrid in June and will be extended to the other regions in due course.

- **Television**

The following table sets forth certain information with respect to ONO's television services and the percentage change from period to period:

Table 13: Television services

Data in thousand, except if otherwise stated	Quarter ended				
	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change
	Combined	Combined		Standalone	
Television customers	901	869	3.7%	456	97.7%
Proportion of total customers	52.4%	51.6%	0.8 pp	54.4%	(2.0 pp)
Penetration	15.3%	15.1%	0.2 pp	16.6%	(1.3 pp)

Cable television customers increased by 32,000 or 3.7% in the quarter to reach 901,000 as of 30 June 2006 mainly due to two television campaigns launched in May, one for the acquisition of new customers, taking advantage of the World Cup, and the other to cross-sell to customers having a telephony+Internet package.

Cable television customers as a proportion of total customers also increased by 0.8 pp to 52.4%, confirming, for the second quarter in a row, the positive effect of our marketing efforts and of the promotions launched. Total penetration of cable television services over homes released to marketing increased in the second quarter by 0.2 pp to reach 15.3% penetration

We believe that the quality of our digital product offering, which includes full Video on Demand ("VoD") (marketed under the "ojo" brand), launched in Old ONO areas in December 2005, is attractive to our customers. At the end of the second quarter of 2006, 90% of Old ONO cable television customers enjoy our digital offering and we expect that by the end of 2006 substantially all of Old ONO cable television customer base will be digital. As of 30 June 2005, more than 80% of our Old ONO cable television customers had used the "ojo" service.

b) Other direct access

Other direct access services include services offered mainly through full or partial unbundling of Telefónica's local loop. These services provide us with revenues from monthly fees from telephony and broadband Internet services and usage charges from telephony services. Our ULL customers decreased in the second quarter of 2006 from 97,000 to 90,000. The 7.3% reduction in ULL customers results from the decrease in our partial-unbundling customer base which surpasses the increase experienced in full-unbundling customers.

We are focusing this business line on the higher value "fully" unbundled customers. It is likely that we will lose additional "partially" unbundled customers in the future.

We do not currently offer TV services to our ULL customers and most of these customers only subscribe to telephony services. ARPU for ULL customers is, therefore, significantly lower than that for cable customers.

3.3.1.2 Residential indirect access services

Residential indirect access revenues relate to usage charges from telephony services. The following table sets forth revenues and customers from residential indirect access services, and the percentage change from period to period:

Table 14: Residential indirect access

Operating data in thousand Financial data in €millions	Quarter ended			Year to date
	30-Jun-06	31-Mar-06	% change	30-Jun-06
	Combined	Combined		Combined
Customers	236	310	(23.9%)	236
Revenues	13	17	(24.6%)	29

Residential indirect access customers decreased by 23.9% from 310,000 as of 31 March 2006 to 236,000 as of 30 June 2006 as a consequence of (i) the competitive environment in the Spanish telephony market and (ii) our focus on our direct access business. We expect this trend of reducing customers and revenues to continue in the future.

Our residential indirect access business was completely contributed by Auna and thus we had no customers nor revenues prior to its acquisition in November 2005.

3.3.1.3 Business Services

Revenues from business services are derived from (i) fees paid by business customers, principally small and medium sized enterprises, for voice and data services, offered individually or as a bundle, and (ii) customized solutions designed to satisfy the communications needs (voice, internet, data solutions and equipment) of large corporate groups and central and autonomous government agencies, through an integrated range of tailored services.

The following table sets forth revenues and certain other information from business services, and the percentage change from period to period:

Table 15: Business services

Oper. data in thousand Fin. data in €millions	Quarter ended					Year to date		
	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Business customers:								
Direct access	77	76	2.5%	24	220.0%			
Indirect access	28	40	(29.7%)	-	na			
Total customers	**105**	**115**	**(8.6%)**	**24**	**334.7%**			
Revenues	68	73	(6.9%)	15	359.2%	142	28	398.4%

ONO's business customers decreased by 8.6% in Q2 2006, due to indirect access customers dropping off by 29.7%. This decrease reflects the company's global strategy, focusing on direct access customers which increased by 2.5% in Q2 2006 to reach 77,000 customers. As a consequence of the overall customer base reduction, business revenues decreased by 6.9% to €68 million in the second quarter of 2006, from €73 million in the previous quarter. Business revenues increased by 398.4% to

€142 million in the first half of 2006, from €28 million in the first half of 2005 reflecting the acquisition of Auna.

3.3.1.4. Wholesale and Operators & Other Services

Revenues from wholesale and operators are derived from carrier services, voice traffic services, leased and dedicated lines and ISP solutions, provided to other telecommunications operators and from the provision of intelligent network services.

Revenues from wholesale and operators decreased by 8.1%, from €56 million for the first quarter of 2006 to €51 million in the second quarter of the year, mainly due to the migration of France Télécom's internet customers accessing to Telefónica's local loop through our network to France Télécom's own access network and the roaming business of Amena, passed on to France Télécom.

3.3.2. Cost of Services and Gross Profit

The following table sets forth ONO's gross profit and the percentage change for the periods indicated:

Table 16: Cost of services and gross profit

	Quarter ended					Year to date		
Data in € million	**30-Jun-06**	**31-Mar-06**	**% change**	**30-Jun-05**	**% change**	**30-Jun-06**	**30-Jun-05**	**% change**
	Combined	Combined		Standalone		Combined	Standalone	
Total revenues	409	422	(3.0%)	148	177.3%	831	291	185.4%
Cost of services	(130)	(139)	(6.3%)	(39)	231.2%	(269)	(80)	237.7%
Gross Profit	**279**	**283**	**(1.4%)**	**108**	**157.8%**	**562**	**212**	**165.8%**
Gross Margin	68.2%	67.1%	1.1 pp	73.4%	(5.2 pp)	67.7%	72.7%	(5.0 pp)

Cost of services principally consist of interconnection and backbone network costs for telecommunications services, Internet connectivity costs, the cost of the cable modems, fiber, circuit and duct renting expenses and programming fees for cable television programming services.

Interconnection costs for telephony services are generated by calls made by our customers that terminate outside our network. Internet connectivity costs mainly consist of fees for the bandwidth used for our Internet transit outside of Spain. Cable television programming fees consist primarily of fees paid to television content owners to distribute their cable television content and fees paid to distribute movies and soccer on a pay-per-view basis.

Our cost of services decreased as a percentage of total revenues to 31.8% for the three months ended 30 June 2006 as compared to 32.9% for the previous quarter and gross margin increased by 1.1pp to 68.2% in the second quarter of 2006.

As part of our transformation process we are implementing specific projects to improve the level of gross margin, which include the reduced focus on non-strategic areas of business and increasing our efficiency on interconnection and content cost, amongst others. In addition, the reduction in lower margin revenues, such as indirect access, is also yielding an increased level of gross margin.

3.3.3. Operating Expenses

The following table sets forth ONO's operating expenses and the percentage change from period to period for each of the periods indicated:

Table 17: Operating expenses

	Quarter ended					Year to date		
Data in € million	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Gross Opex	(154)	(164)	(5.9%)	(53)	194.1%	(319)	(107)	198.1%
Capitalised Costs	14	14	(0.7%)	5	150.6%	27	11	146.8%
Net Opex	**(141)**	**(150)**	**(6.3%)**	**(47)**	**199.1%**	**(291)**	**(96)**	**204.1%**
as % of revenues	34.4%	35.6%	(1.2 pp)	31.9%	2.5 pp	35.0%	32.9%	2.2 pp

Gross operating expenses consist principally of expenses related to wages and salaries and other operating expenses, including professional services, marketing and selling expenses, network operation and maintenance, information systems, administrative overhead and billing costs. Capitalized costs relate to direct labour costs associated with the development and construction of our network.

Net Opex decreased from €164 million to €154 million or from 35.6% to 34.4% of revenues in the second quarter of 2006. The continued reduction in selling general and administrative expenses as a percentage of revenues reflects our focus on cost management as part of our transformation process and the aim to converge with the efficiency ratios obtained by Old ONO before the Auna acquisition that can be seen in the H1 2005 net opex to revenues ratio shown in the table above.

3.3.4. Depreciation and Amortization

The following table sets forth our depreciation and amortization and the percentage change for each of the periods indicated:

Table 18: Depreciation and amortization

	Quarter ended					Year to date		
Data in € million	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
D&A	(107)	(114)	(6.5%)	(35)	202.8%	(221)	(70)	217.1%

Depreciation and amortization is principally related to the depreciation of our network, customer premise equipment and installation costs incurred in connection with the addition of new subscribers, and to the amortization of intangible assets and start-up costs.

3.3.5. Net Financial Expense

The following table sets forth ONO's net financial expense and the percentage change for each of the periods indicated:

Table 19: Net financial expense

Data in € million	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Quarter ended					**Year to date**		
	Combined	Combined		Standalone		Combined	Standalone	
Net fin. exp.	(48)	(41)	16.3%	(29)	65.4%	(90)	(57)	58.7%

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense increased by 16.3% in the second quarter of 2006 due to the increase of our debt caused by our negative free cash flow and by the increase in the Euribor; as a part of our debt still remains on a variable interest rates basis.

3.3.6. Other Income and Expense

The following table sets forth ONO's other income and expense and the percentage change from period to period for each of the periods indicated:

Table 20: Other income and expense

Data in € million	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Quarter ended					**Year to date**		
	Combined	Combined		Standalone		Combined	Standalone	
Amortiz. of goodwill	(6)	6	na	(5)	29.5%	(1)	(10)	(91.5%)
Net extraord. exp.	8	(9)	na	11	(26.4%)	(1)	(7)	(88.1%)
Income tax	2	6	(67.7%)	(6)	(135.9%)	8	(1)	na

3.4 Notes to the Condensed Consolidated Balance Sheet

3.4.1. Short-term investments

Table 21: Short-term investments, net

Data in €million	30-Jun-06	31-Dec-05	% change
	Combined	Combined	
Investment in non consolidated companies	2	2	(10.0%)
Option	-	1	(100.0%)
Fixed interest securities	10	1	650.2%
Other short-term investments	8	35	(77.9%)
Provisions	(2)	(3)	(30.7%)
Short-term investments, net	**18**	**37**	**(51.4%)**

3.4.2. Accounts receivable

Table 22: Accounts receivable, net

Data in €million	30-Jun-06 Combined	31-Dec-05 Combined	% change
Receivables from related parties	4	2	144.3%
Accounts receivable and other debtors	495	468	5.7%
Tax receivables	24	48	(49.8%)
Allowance for doubtful accounts	(277)	(255)	8.7%
Other receivable	18	5	241.4%
Accounts receivable, net	**264**	**268**	**(1.5%)**

3.4.3. Intangible assets

Table 23: Intangible assets, net

Data in €million	30-Jun-06 Combined	31-Dec-05 Combined	% change
Goodwill	478	478	0.1%
Licensed assets	70	70	(0.6%)
Franchise acquisition costs	13	13	2.7%
Computer software	80	73	9.8%
Finance leases	41	42	(1.2%)
Other intangible fixed assets	4	2	112.2%
Total cost	**686**	**677**	**1.3%**
Accumulated amortization	(306)	(257)	19.2%
Provisions	(14)	(14)	(1.9%)
Intangible assets, net	**366**	**406**	**(9.8%)**

3.4.4. Tangible assets

Table 24: Tangible assets, net

Data in €million	30-Jun-06 Combined	31-Dec-05 Combined	% change
Land and natural assets	16	16	1.5%
Network and technical equipment	5,326	5,119	4.1%
Computer hardware	177	179	(1.2%)
Other tangible fixed assets	150	117	27.8%
Total operating tangible fixed assets	**5,669**	**5,431**	**4.4%**
Payments on account and assets in course of construction	191	228	(16.4%)
Total cost	**5,860**	**5,659**	**3.6%**
Accumulated amortization	(1,478)	(1,329)	11.2%
Provisions	(183)	(195)	(6.3%)
Tangible assets, net	**4,199**	**4,134**	**1.6%**

3.4.5. Financial assets

Table 25: Financial assets

Data in €million	30-Jun-06 Combined	31-Dec-05 Combined	% change
Tax credit	1,236	1,228	0.7%
Other financial assets	15	4	248.5%
Shareholdings in unconsolidated companies	5	7	(26.7%)
Provisions	(35)	(35)	(0.8%)
Financial assets	**1,222**	**1,204**	**1.5%**

3.4.6. Accounts payable

Table 26: Accounts payable

Data in €million	30-Jun-06 Combined	31-Dec-05 Combined	% change
Commercial suppliers	431	430	0.1%
Taxes payable	28	27	4.1%
Fixed asset suppliers	470	616	(23.8%)
Related party creditors	-	1	(100.0%)
Share acquisition, deferred payment	-	1	(100.0%)
Other short term	34	46	(25.8%)
Other payable	24	21	10.6%
Accounts payable	**986**	**1,142**	**(13.7%)**

3.4.7. Debt and liquidity

Table 27: Debt and liquidity

As of 30 June 2006 *Data in €million*	Maximum available	Short term debt	Long term debt	Total debt	Availability
Type of debt					
Debt with credit entities:					
Senior facility	3,000	-	2,105	2,105	895
Subordinated Facility	110	-	110	110	0
Participative Loan	20	-	20	20	0
Other credit facilities	184	150	23	174	10
Total debt with credit entities	**3,314**	**150**	**2,258**	**2,409**	**905**
Other debt:					
Senior subordinated notes	550	-	550	550	0
State subsidies and other	78	13	66	78	0
Total other debt	**628**	**13**	**616**	**628**	0
Total debt	**3,942**	**163**	**2,874**	**3,037**	**905**
Cash and cash equivalents				36	
Total net debt				**3,001**	
EBITDA LQA				553	
Total net debt/EBITDA				**5.4x**	

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche S to counterguarantee debt reported under the caption “State subsidies and other”.

For further details of our main financing arrangements, please see our Investor Relations website on which we have posted amongst other things the Offering Memorandum for our 8% Notes due 2014, issued in February 2006.

3.4.8. Other long term liabilities

Table 28: Other long term liabilities

Data in €million	30-Jun-06	31-Dec-05	% change
	Combined	Combined	
Deferred Auna Acquisition payment	214	214	(0.2%)
EVCs and other	36	36	1.3%
Other	3	5	(23.7%)
Other long term liabilities	**253**	**254**	**(0.4%)**

3.4.9. Shareholders' equity

Table 29: Shareholders' equity

Data in €million	Common stock	Share premium	Accumulated deficit	Net loss	Total
31 December 2005	**983**	**0**	**(245)**	**(466)**	**272**
Capital increases	647	353	-	-	1,000
Other movements	-	-	(466)	466	-
Net loss for the six-months period	-	-	-	(32)	(32)
30 June 2006	**1,630**	**353**	**(711)**	**(32)**	**1,240**

3.5 Notes to the Condensed Consolidated Cash Flow

3.5.1. Capex

Our capital expenditure ("Capex") is principally related to network build-out, set-top box purchases, installations, network upgrade, computer hardware and software and investments necessary for the integration of Auna.

A substantial portion of this capital expenditure relates to discretionary Capex, which includes the extension of our networks and installations and customer capex. Discretionary Capex represents approximately 69% of total Capex, on a year to date basis.

Non-discretionary Capex relates mainly to the upgrade of our network, computer hardware and software and other minor items. Non-discretionary Capex represents approximately 27% of total Capex. The remaining Capex relates to the integration of Auna.

3.5.2. Working Capital variation

The change in working capital includes the variation of the accounts payable and other and the accounts receivable and other captions. The €151 million negative cash flow for the first 6 months of 2006 mainly relate to the significant decrease in accounts payable, which reflects the effect of the significant reduction of our Capex in the last several months (€231 million in the last quarter of 2005 -pro forma- versus the €121 million and €115 million for the quarters ended on 31 March 2006 and 30 June 2006, respectively).

4. CABLEUROPA

4.1 Condensed Consolidated Financial Statements

Table 30: Condensed Consolidated Balance Sheet (Cableuropa)

Data in € million	**30-Jun-06** Combined	**31-Mar-06** Combined	**31-Dec-05** Combined
ASSETS			
Current assets			
Cash	19	21	7
Short-term investments, net	9	4	3
Accounts receivable and other	241	288	267
Total current assets	**270**	**313**	**277**
Fixed assets			
Start-up costs, net	8	8	8
Intangible assets, net	365	389	406
Tangible assets, net	4,198	4,163	4,134
Financial assets, net	1,219	1,218	1,211
Total fixed assets	**5,790**	**5,778**	**5,759**
Goodwill on consolidation	**-**	**-**	**1**
Deferred expenses, net	**47**	**47**	**49**
TOTAL ASSETS	**6,106**	**6,138**	**6,086**
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Short term debt	143	101	72
Accrued interest expenses	7	23	9
Accounts payable and other	976	1,049	1,157
Total current liabilities	**1,127**	**1,172**	**1,237**
Long term debt			
Senior facility	2,105	2,043	1,821
Subordinated facilities	130	130	400
Senior subordinated notes	550	550	342
Other	83	85	86
Total long term debt	**2,868**	**2,808**	**2,649**
Other long term liabilities	**253**	**253**	**255**
Commitments and contingencies	**371**	**391**	**406**
Negative goodwill	**241**	**257**	**263**
Minority interests	**2**	**3**	**3**
Participative loan	**955**	**955**	**955**
Shareholder's equity			
Common stock	1,088	1,088	1,088
Share premium	338	338	338
Accumulated deficit	(1,107)	(1,107)	(640)
Net loss for period	(31)	(20)	(467)
Total shareholder's equity	**288**	**299**	**319**
TOTAL LIABILITIES AND SHR'S EQUITY	**6,106**	**6,138**	**6,086**

Table 31: Condensed Consolidated Statement of Operations (Cableuropa)

	Quarter ended					Year to date		
Data in € million	30-Jun-06	31-Mar-06	% change	30-Jun-05	% change	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Revenues	408	421	(3.1%)	148	176.4%	828	291	184.5%
Cost of services	(131)	(140)	(6.1%)	(39)	237.2%	(271)	(79)	241.8%
Opex	(137)	(148)	(7.0%)	(47)	194.2%	(285)	(95)	199.4%
EBITDA	**139**	**133**	**4.5%**	**62**	**124.8%**	**273**	**117**	**133.6%**
Deprec. and amortiz.	(106)	(113)	(6.7%)	(35)	201.9%	(219)	(69)	216.5%
EBIT/Op. profit/(loss)	**34**	**20**	**67.3%**	**27**	**24.9%**	**54**	**48**	**13.1%**
Net financial exp.	(49)	(42)	16.0%	(29)	67.4%	(91)	(57)	58.7%
Amort. of goodwill	16	6	179.9%	(5)	(415.0%)	21	(10)	(313.7%)
Net extraordinary exp.	(14)	(9)	62.5%	11	(230.7%)	(23)	(7)	235.2%
EBT / Loss before tax	**(14)**	**(25)**	**(45.2%)**	**4**	**(478.2%)**	**(39)**	**(26)**	**47.2%**
Income tax credit	2	6	(72.1%)	(6)	(128.9%)	8	(1)	na
Loss bef. min. Inter	**(12)**	**(19)**	**(36.7%)**	**(2)**	**457.4%**	**(31)**	**(27)**	**14.3%**
Minority interests	1	(1)	(244.5%)	-	na	-	-	na
Net loss	**(11)**	**(20)**	**(43.4%)**	**(2)**	**414.9%**	**(31)**	**(27)**	**13.3%**

Table 32: Condensed Consolidated Cash Flow (Cableuropa)

	Quarter ended				Year to date		
Data in € million	30-Jun-06	31-Mar-06	% change	30-Jun-05	30-Jun-06	30-Jun-05	% change
	Combined	Combined		Standalone	Combined	Standalone	
EBITDA	**139**	**133**	**4.5%**	**62**	**273**	**117**	**133.6%**
Capex	(115)	(121)	(4.3%)	(62)	(236)	(121)	95.1%
OPERATING FCF	**24**	**13**	**87.2%**	**-**	**37**	**(4)**	**na**
Change in working capital	(26)	(115)	(77.6%)	(5)	(141)	(26)	na
Other [(1)]	(36)	(41)	(12.2%)	(2)	(77)	(2)	na
FCF (pre-interests)	**(38)**	**(143)**	**(73.7%)**	**(7)**	**(181)**	**(32)**	**461.8%**
One-off items	2	-	na	-	2	**-**	na
Paid interests, net	(64)	(27)	133.2%	(20)	(92)	(46)	99.6%
FCF	**(100)**	**(171)**	**(41.4%)**	**(27)**	**(270)**	**(78)**	**246.5%**
Senior facility	62	222	(72.1%)	28	284	89	219.1%
Senior subordinated notes	-	(62)	(100.0%)	-	(62)	-	na
State subsidies	(6)	-	na	10	(6)	10	(157.0%)
Short term debt	43	29	49.0%	28	71	42	67.9%
Short term investment	(6)	(1)	na	-	(6)	-	na
Other financing items	4	(4)	(222.8%)	(39)	1	(66)	(101.2%)
FINANCING CASH FLOW	**98**	**185**	**(47.0%)**	**28**	**282**	**76**	**273.1%**
NET CASH FLOW	**(2)**	**14**	**(114.9%)**	**1**	**12**	**(2)**	**na**
Cash Beginning of Period	**21**	**7**	**204.3%**	**1**	**7**	**4**	**72.6%**
Cash End of Period	**19**	**21**	**(8.3%)**	**2**	**19**	**2**	**na**

(1) Includes integration costs, commitment & contingencies and other one off items

Table 33: Shareholders' equity (Cableuropa)

Data in €million	Common stock	Share premium	Accumulated deficit	Net loss	Total
31 December 2005	**1,088**	**338**	**(640)**	**(467)**	**319**
Previous year result distribution	-	-	(467)	467	-
Net loss for the six-months period	-	-	-	(31)	(31)
30 June 2006	**1,088**	**338**	**(1,107)**	**(31)**	**288**

4.2 Debt and Liquidity

Table 34: Debt and liquidity (Cableuropa)

As of 30 June 2006 *Data in €million*	Maximum available	Short term debt	Long term debt	Total debt	Availability
Type of debt					
Debt with credit entities:					
Senior facility	3,000	0	2,105	2,105	895
Subordinated Facility	110	0	110	110	0
Participative Loan	20	0	20	20	0
Other credit facilities	154	135	17	152	2
Total debt with credit entities	**3,284**	**135**	**2,252**	**2,387**	**897**
Other debt:					
Senior subordinated notes	550	0	550	550	0
State subsidies and other	74	8	66	74	0
Total other debt	**624**	**8**	**616**	**624**	0
Total debt	**3,908**	**143**	**2,868**	**3,011**	**897**
Cash and cash equivalents				21	
Total net debt				**2,991**	
EBITDA LQA				557	
Total net debt/EBITDA				**5.4x**	

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche S to counterguarantee debt reported under the caption "State subsidies and other".

In this section, we are reporting the second quarter and first half of 2006 condensed consolidated financial statements of Cableuropa, S.A.U. and its subsidiaries. For a detailed analysis of the trends followed in the periods indicated, please see section 3 of this document.

5. DISCLAIMER

This document contains forward looking statements. These forward looking statements include all matters that are not historical facts and statements containing the words "believe," "expect," "intend," "anticipate," "will," "positioned," "project," "risk," "plan," "may," "estimate" or, in each case, their negative and words of similar meaning are forward looking statements.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

We caution you that forward looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward looking statements contained in this release as a result of various factors.

Consequently, our current business plan, anticipated actions and future financial condition, results of operations and cash flows, as well as the anticipated development of the industry in which we operate, may differ materially from those expressed in any forward looking statements made by us. These forward looking statements are uncertain and we cannot assure you that any such statements will prove to be correct. Actual results and developments may be materially different from those expressed or implied by such statements. We encourage you to consult the Company's Annual Report.

We have no obligation to, and do not intend to, update publicly or revise any forward looking statements contained in the document, whether as a result of new information, future events or otherwise.

In addition, the financial information contained in this document has been prepared under Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

FURTHER INFORMATION

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