

FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Report of Foreign Issuer
Pursuant to Rule 13a or 15d - 16 of
the Securities Exchange Act of 1934**

For the six months ended June 30, 2001

Cableuropa, S.A.

(Registrant's name)

333-10976

(Commission file number)

ONO, Basauri 7-9,
Urbanización La Florida
28023 Aravaca,
Madrid, Spain

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover 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 N/A



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CABLEUROPA, S.A. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS
(Euro thousand)

	Note	June 30, 2001	December 31, 2000
		(Unaudited)	
ASSETS			
Current assets:			
Cash and cash equivalents		156,812	14,259
Restricted cash	2	59,245	84,875
Short-term investments, net		-	1,900
Accounts receivable and other current assets	3	150,783	262,902
Total current assets		366,840	363,936
Non-current portion of restricted cash	2	14,411	25,982
Property and equipment, net	4	928,488	739,132
Tax credit, net		38,979	38,979
Intangible assets, net	5	35,182	36,884
Start-up costs, net	6	147,757	137,328
Goodwill		382,560	392,367
Deferred expenses, net		94,532	36,064
Investments and Other assets		333	1,389
TOTAL ASSETS		2,009,082	1,772,061
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Equity value certificates	7	76,958	26,355
Short-term debt		106,972	100,428
Accounts payable		245,265	331,229
Other liabilities		44,310	8,734
Total current liabilities		473,505	466,746
Total long-term liabilities	8	1,046,169	649,512
Commitments and contingencies		20,277	20,369
Minority interests			
Common stock		12,624	14,516
Accumulated deficit		(12,277)	(11,134)
Minority interest		347	3,382
Shareholders' equity:			
Common stock, euro 1.0 par value, 488,951,285 shares issued and outstanding.	9	488,951	488,951
Additional Paid-in capital		337,746	337,746
Accumulated deficit, beginning of period		(194,645)	(69,777)
Net loss for the period		(163,268)	(124,868)
Total shareholders' equity		468,784	632,052
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,009,082	1,772,061

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



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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Euro thousand)
(Unaudited)

	Six Months Ended	
	June 30,	June 30,
	2001	2000
Revenues:		
Telecommunications	43,816	12,815
Television	16,314	5,038
	<u>60,130</u>	<u>17,853</u>
Operating expenses		
Cost of services	34,993	13,662
Amortization of soccer broadcast rights	2,705	3,005
Selling, general and administrative expenses ⁽¹⁾	61,462	37,686
Depreciation and amortization	32,239	12,320
Amortization of Goodwill	9,807	41
	<u>141,206</u>	<u>66,714</u>
Total operating expenses		
	<u>141,206</u>	<u>66,714</u>
OPERATING LOSS	(81,076)	(48,861)
Other income (expense)		
Interest and other financial income	14,710	6,168
Interest and other financial expense	(93,361)	(68,391)
Revaluation of equity value certificates	-	(9,245)
Net loss from investments and other	(6,908)	(1,317)
	<u>(85,559)</u>	<u>(72,785)</u>
Other expense, net		
	<u>(85,559)</u>	<u>(72,785)</u>
LOSS BEFORE INCOME TAXES AND MINORITY INTERESTS	(166,635)	(121,646)
Minority Interests	3,367	44,209
	<u>3,367</u>	<u>44,209</u>
NET LOSS	<u>(163,268)</u>	<u>(77,437)</u>

(1) Inclusive of EUR14.4 million of non cash stock compensation expense in the first half of 2000. (EURNil for the first half of 2001).

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



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Euro thousand)
(Unaudited)

	Six months Ended	
	June 30, 2001	June 30, 2000
OPERATING ACTIVITIES		
Net loss	(163,268)	(77,437)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH (USED) / PROVIDED BY OPERATING ACTIVITIES		
Stock compensation expense	-	14,386
Provision for Equity Value Certificates appreciation	-	9,245
Exchange rate difference in long term debt	20,053	34,555
Amortization of deferred expenses	-	741
Depreciation and amortization	34,944	12,320
Amortization of goodwill	9,807	41
Losses attributed to minority interests	(3,367)	-
Other	(106)	945
Changes in operating assets and liabilities		
Accounts receivable	2,557	(3,741)
Other current assets	(40,438)	(37,593)
Accounts payable	(85,964)	42,834
Accrued expenses and other liabilities	35,576	76,502
Net cash (used) / provided by operating activities	(190,206)	72,798
INVESTING ACTIVITIES:		
Purchases of property and equipment	(204,307)	(196,146)
Start-up costs	(24,677)	(34,927)
Goodwill	-	(853)
Sale/(Acquisition) of Investments (including restricted investments)	2,897	(199)
Deferred expenses, net	(58,468)	(10,637)
Restricted cash	37,201	(32,960)
Purchases of intangibles, other assets and deferred expenses	(1,338)	(2,188)
Net cash used in investing activities	(248,692)	(277,910)
FINANCING ACTIVITIES		
Issuance of common stock	150,002	105
Minority interest contributions	-	(15,090)
Proceed from senior notes	366,755	194,000
Proceeds of other short term debt	6,544	42,289
Proceeds from other long-term debt	9,849	90
Proceeds from EVC's	50,603	-
Transfer of participative loans to Minority Interests	-	(17,187)
Other, net	(2,302)	1,281
Net cash provided by financing activities	581,451	205,488
INCREASE IN CASH AND CASH EQUIVALENTS	142,553	376
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,259	146,333
CASH AND CASH EQUIVALENTS AT END OF PERIOD	156,812	146,709
Cash paid for interest, net of amount capitalized	48,146	29,216

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



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CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Euro thousand, except share data)
(Unaudited)

	Amount	Number of shares	Paid-in Capital	Accumulated Deficit	Net Loss for the period	Total
BALANCE, December 31, 2000	488,951	488,951,285	337,746	(69,777)	(124,868)	632,052
Transfer of 2000 net loss	-	-	-	(124,868)	124,868	-
Net loss for the six months period	-	-	-	-	(163,268)	(163,268)
BALANCE, June 30, 2001	488,951	488,951,285	337,746	(194,645)	(163,268)	468,784

Amounts prior to January 1, 2000 have been translated into Euro at an exchange rate of 166.386 pesetas to EUR1.00, the official fixed exchange rate since January 1, 1999.

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



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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Euro thousand, where relevant)
(Unaudited for figures at June 30, 2001)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles in Spain for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2001, are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

The accompanying consolidated financial statements as of June 30, 2001 are prepared in accordance with generally accepted accounting principles in Spain ("Spanish GAAP"). Their format has been modified to adapt it to the format used in the United States. A description of differences and a reconciliation of consolidated net loss and shareholders' equity from Spanish GAAP to U.S. GAAP is set forth in Note 10.

All references to the "Group" in this document refer to Cableuropa, S.A., each of the Spanish cable operating companies, ONONet Comunicaciones, S.A. and ONOLab Internet S.A.

2. RESTRICTED CASH

Restricted cash relates to cash deposits held in escrow in favor of the holders of the \$275,000,000 13% Notes due 2009, the EUR 125,000,000 13% Notes due 2009 and the EUR 200,000,000 14% Notes due 2010, issued by ONO Finance Plc and guaranteed, on a joint and several basis, by Cableuropa S.A. and subsidiaries (the "Notes").

The restricted cash, as well as its associated collateral, is classified in the Group's balance sheet based on the expected utilization of such funds. As of June 30, 2001, long-term restricted cash amounted to EUR 14.4 million and short-term restricted cash amounted to EUR 59.2 million.

3. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	<u>June 30, 2001</u>	<u>December 31, 2000</u>
Tax receivables	108,130	85,751
Accounts receivable	14,104	16,661
Other current assets	28,549	10,490
Due shareholders contributions	-	150,000
Total accounts receivable and other assets	<u>150,783</u>	<u>262,902</u>



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4. PROPERTY AND EQUIPMENT

	<u>June 30, 2001</u>	<u>December 31, 2000</u>
Network and technical equipment	769,853	592,440
Customer premises equipment	50,581	31,770
Computer hardware	21,674	20,818
Other tangible fixed assets	11,364	10,985
Advances and construction in progress	<u>108,916</u>	<u>102,068</u>
Property and equipment gross	962,388	758,081
Less accumulated depreciation	<u>(33,900)</u>	<u>(18,949)</u>
Property and equipment, net	<u>928,488</u>	<u>739,132</u>

5. INTANGIBLE ASSETS

	<u>June 30, 2001</u>	<u>December 31, 2000</u>
Brand and image	617	617
Franchises	10,227	9,102
Broadcast rights (soccer)	4,508	7,212
Computer software	24,101	23,450
Research and development	235	235
Other	<u>6,006</u>	<u>3,740</u>
	45,694	44,356
Less accumulated amortization	<u>(10,512)</u>	<u>(7,472)</u>
Total intangible assets, net	<u>35,182</u>	<u>36,884</u>

6. START-UP COSTS

	<u>June 30, 2001</u>	<u>December 31, 2000</u>
Stock issuance costs, net	5,725	3,056
Start-up costs, net	142,032	134,272
Total start-up costs	<u>147,757</u>	<u>137,328</u>

7. EQUITY VALUE CERTIFICATES

	<u>June 30, 2001</u>	<u>December 31, 2000</u>
Equity value certificates (EVC) issuance costs, net	<u>76,958</u>	<u>26,355</u>

As part of the issuance of the senior notes due 2009, ONO Finance Plc. issued 125,000 Euro Equity Value Certificates ("EVC") and 275,000 Dollar EVC's. The EVC's represent the right to receive cash value relating to the ordinary shares of Cableuropa upon the occurrence of certain events, including an initial



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public offering of Cableuropa. Cableuropa has a liability to pay such amounts to ONO Finance Plc., such a liability is revalued on a periodic assessment of the fair market value of Cableuropa S.A..

As part of the issuance of the senior notes due 2011 (see note 8), ONO Finance Plc issued 200,000 Dollar Equity Value Certificates evidencing the right to receive the cash value of 9,779,026 ordinary shares of Cableuropa, S.A. and 150,000 Euro Equity Value Certificates evidencing the right to receive the cash value of 6,898,247 ordinary shares of Cableuropa, S.A.

The EVC's are classified as short-term debt since the company believes that there could be a payment event for these liabilities in the short term.

8. LONG TERM LIABILITIES

	<u>June 30,</u> <u>2001</u>	<u>December 31,</u> <u>2000</u>
Multi-Borrower Credit Facilities (MBCF-1)	433,296	433,296
Multi-Borrower Credit Facilities (MBCF-2)	200,000	200,000
Multi-Borrower Credit Facilities (MBCF-3)	385,850	-
Other long-term liabilities	27,023	16,216
Total long-term liabilities	<u>1,046,169</u>	<u>649,512</u>

Multi-Borrower Credit Facilities—

ONO Finance plc has raised capital through the issuance of notes in 1999 and 2000 and 2001. The funds so raised have been on lent to the Group using a series of multi borrower credit facilities (MBCF). In general, the terms of the MBCF between ONO Finance plc and the Group are designed to reflect the main terms of the notes issued by ONO Finance plc to third parties.

MBCF-1

In May 1999 ONO Finance Plc (the "Issuer") issued EUR125 million Notes and \$275 million Notes (the "1999 Notes"), which mature in May 2009. On the same day, the Issuer lent an amount equal to the gross proceeds of these notes to Cableuropa and its subsidiaries (collectively, the "Borrowers"). This agreement between the Issuer and the Borrowers is known as the Multi-Borrower Credit Facility ("MBCF-1").

MBCF-2

In June 2000, ONO Finance Plc (the "Issuer") issued EUR200 million Notes (the "2000 Notes"), which mature in July 2010. On the same day, the Issuer lent an amount equal to the gross proceeds of these notes to the Borrowers. This agreement between the Issuer and the Borrowers is known as the Multi-Borrower Credit Facility ("MBCF-2").

MBCF-3

In February 2001, ONO Finance Plc issued 200,000 Dollar Units consisting of \$200,000,000 14% Notes due 2011 and Equity Value Certificates evidencing the right to receive the cash value of 9,779,026 ordinary shares of Cableuropa, S.A. and 150,000 Euro Units consisting of EUR150, 000,000 14% Notes due 2011 and Equity Value Certificates evidencing the right to receive the cash value of 6,898,247 ordinary shares of Cableuropa, S.A. The Dollar and Euro Notes both bear interest at the rate of 14% per year and the interest is payable on February 15 and August 15 of each year beginning on August 15, 2001.

Under each of the MBCF's , the Borrowers are jointly and severally liable to the Issuer to pay the principal, interests and any other amounts due. The MBCF's are senior subordinated obligations and in terms of right of payment ranks junior to the Senior Bank Facility and any other future senior debt.



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9. EQUITY

As of June 30, 2001 and December 31, 2000, Cableuropa's shareholders were as follows:

	<u>Percentage Ownership</u>
Spanish Telecommunications Limited S.à.r.l. (Luxembourg)	45.40%
Cántabra de Inversiones, S.A. (BSCH Group) (Spain)	18.44%
Grupo Multitel, S.A.. (Spain)	10.0%
Ferrovial Telecomunicaciones, S.A. (Spain)	10.02%
VAL Telecomunicaciones, S.L. (Spain)	12.60%
Santander Telecommunications Inc. (USA)	2.08%
Santander Central Hispano Investment, S.A. (Spain)	1.46%
	<hr/> <u>100.00%</u>

(See Note on Recent developments)



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10. DIFFERENCES BETWEEN SPANISH AND U.S. GAAP AND OTHER REQUIRED DISCLOSURES

The consolidated financial statements of Cableuropa were prepared in accordance with Spanish GAAP, which differ in some respects from U.S. GAAP. A description of these differences and a reconciliation of net loss and shareholders' equity from Spanish GAAP to U.S. GAAP are presented below:

1. Accruals and deferrals.

- a. Stock issuance costs. Under Spanish GAAP, costs associated with equity stock issuance are capitalized and amortized over five years. U.S. GAAP requires stock issuance costs to be netted off against the proceeds from the stock issuance.

The costs associated with the initial public offering process planned for October 2000 have been written off under both Spanish and U.S. GAAP due to its postponement.

- b. Start-up costs. The start-up costs caption included in the Group's financial statements prepared under Spanish GAAP comprises capitalized costs of start-up activities and household improvements.

Under Spanish GAAP costs of start-up activities can be capitalized and amortized over a period of up to five years. Under U.S. GAAP, prior to the issuance of SOP 98-5 "Reporting on the costs of start-up activities" costs that were incurred prior to the connection of the first customer (excluding sales and marketing costs) were capitalized. In addition, in accordance with SFAS No. 51, "Financial Reporting by Cable Television Companies" ("SFAS 51"), during the period that the telecommunications and cable television networks are partially under construction and partially in service (the "prematurity period") costs that are incurred in anticipation of servicing a fully operating system such as costs of cable television plant, including materials, direct labor, and construction overhead, shall continue to be capitalized in full. Subscriber-related costs and general and administrative expenses shall be expensed as period costs. Programming costs and other system costs that are incurred in anticipation of servicing a fully operating system and that will not vary significantly regardless of the number of subscribers shall be allocated between current and future operations. The proportion attributable to current operations shall be expensed currently and the remainder shall be capitalized. Under SFAS 51, the amount to be expensed is determined by multiplying the total relevant costs incurred by a fraction based on the number of customers subscribing to the telecommunications and cable television services.

For U.S. GAAP purposes, in 1998, the Group capitalized costs of start-up activities, in accordance with these policies. Effective January 1, 1999, and for U.S. GAAP purposes, previously capitalized start-up costs were written off in accordance with the requirements of SOP 98-5 "Reporting on the costs of start-up activities". Additionally, start-up costs incurred in 1999 and 2000 were expensed as incurred.

Under Spanish GAAP household improvements made to establish the Group in rented offices are accounted for as start-up costs that can be deferred and amortized over a period of up to five years. Under U.S. GAAP these improvements are capitalized as property and equipment.

Under U.S. GAAP, leasehold improvements are capitalized and depreciated over the shorter of the lease terms and the estimated economic lives of the leased assets. This difference does not have any material effect on its results of operations and on its shareholders' equity.

- c. Foreign exchange deferred income. Under Spanish GAAP, positive exchange differences are deferred until they are realized while under U.S. GAAP these differences are accounted for as financial income as incurred.

2. Income taxes

Spanish GAAP permits the recognition of deferred tax assets, including those arising from net operating loss carryforwards, if it can be demonstrated that the deferred tax assets can be realized within a ten-year period



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from the date on which the assets were generated. Cableuropa and all of the controlled companies recognized in 1999 such tax assets under Spanish GAAP. Management believes that these assets will be realized within a ten-year period, even in "worst-case scenarios" whereby planned revenue growth is reduced by approximately 35% with respect to management's best estimate of future operating results.

Under U.S. GAAP, deferred tax assets should always be recognized and allowances should be made if it is not "more likely than not" that these assets will be realized. In assessing whether it is more likely than not that a deferred tax asset is realizable, all available evidence, both positive and negative, should be considered. Companies should look to both objective evidence, such as a company's operating history, as well as subjective evidence, such as a company's budgets and business plans, to determine whether a valuation allowance is needed. The weight given to the potential effect of negative and positive evidence should be commensurate with the extent to which it can be objectively verified.

Under U.S. GAAP, reaching a conclusion that a valuation allowance is not needed is difficult when there is significant objective negative evidence, such as cumulative losses, in recent years. All of the companies in the Group have incurred such losses in each tax reporting period since its inception.

The reconciliations of shareholders' equity and net loss between Spanish and U.S. GAAP, do not include the tax effect on the adjustments considered in such reconciliations since the management has considered in accordance with the reasons mentioned above that a valuation allowance should be also provided for any net deferred tax asset arising from those adjustments; therefore the tax effect on these adjustments after considering the additional valuation allowance under U.S. GAAP should be nil.

3. Basic loss per share

Basic loss per share, for U.S. GAAP purposes is determined by dividing net loss available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during each period. During the periods included in the financial statements, diluted loss per share was equivalent to basic loss per share as the conversion of the participation loans would be anti-dilutive.

4. Research and development costs

Under Spanish GAAP research and development costs are capitalized as intangible assets if the Group considers that there is no reasonable doubt about their future success and profitability. Under U.S. GAAP these costs are expensed as incurred.

5. Capitalization of interest

Under U.S. GAAP according to SFAS No. 34, interest costs must be capitalized as part of the cost of an asset that is constructed or produced for a company's own use. Under Spanish GAAP, capitalization of interest cost is optional. The Group has chosen not to capitalize any interest cost.

6. Depreciation of assets

Under Spanish GAAP, during the prematurity period, property and equipment are depreciated on a straight-line basis, although weighted depending on each operating company's stage of development. Under U.S. GAAP these assets must be depreciated on a straight-line basis.

7. Stock-based compensation

Under Spanish GAAP stock-based compensation is recognized using the intrinsic value method for the Cableuropa stock appreciation plan, which results in a compensation expense for the difference between the grant price and its estimated fair market value at the period end. Under U.S. GAAP, FIN 28 "Accounting for stock appreciation rights and other variable stock-option and award plans" requires that the amount of compensation expense be recognized over the vesting period or the period the employee performs the related service.



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The shareholders meetings held on July 20, 2000 approved to increase the common stock in 7,118,710 shares at EUR1 of par value each, and to use these shares to hedge the company's liabilities under a Phantom Stock Option Plan for certain senior employees of the Group.

This common stock increased was acquired by a financial entity which will keep them until the Company exercises calls option to repurchase the shares at the issue price or until the termination of the Stock Option Plan. In any case, the financial entity will recover the advanced cash plus a financial interest.

Under Spanish GAAP the Company has recorded the capital increase and will record the exercise of the call options when they will take place.

Under U.S. GAAP this is treated as a financing arrangement in which the control of the shares would not have been fully transferred because the financial entity is not assuming any risk related to the shares. Therefore, the shares are treated as treasury stock and the cash received from the financial entity is classified as debt.

8. Goodwill related to the Corporate Reorganization

Under Spanish GAAP, the corporate reorganization which took place in November 2000 gives rise to goodwill of EUR394.4 million. Under U.S. GAAP the corporate reorganization transaction gives rise to goodwill of EUR536.5 million and an extraordinary loss of EUR3.8 million (net of taxes of nil), as explained in the following paragraphs.

a. Value of Ordinary Shares Issued—

Under Spanish GAAP the corporate reorganization is accounted for based on a value for the Group's ordinary shares fixed by the Board of Directors, whilst under U.S. GAAP it is accounted for at fair value of the ordinary shares issued.

The Group considered the fair value of the corporate reorganization to be equivalent to the midpoint of the estimated range of the priced used for the planned initial public offering price, which was cancelled, amounting to EUR5.85 per share.

b. Redemption of Participative Loans—

The Group redeemed all outstanding participative loans in connection with the corporate reorganization. Under Spanish GAAP, the redemption of these loans in exchange for ordinary shares does not give rise to a gain or loss. Instead, as the redemption of the loans is in connection with the acquisitions of the minority interests in the Group's subsidiaries, the difference between the value of the ordinary shares issued to redeem the loans and their carrying amount is recorded as goodwill.

Under U.S. GAAP, the redemption of debt would not give rise to goodwill but, instead, may trigger an extraordinary gain or loss. This would occur if the value of the consideration used to redeem the debt is less than or is an excess of the carrying value of that debt on the date of redemption. The Corporate reorganization agreements do not specify the portion of our ordinary shares that are used to redeem the debt. Moreover, the fair value of the participative loans cannot be determined because of its unusual terms. Accordingly, the Group has made an assumption that 2,568,349 of the ordinary shares were used to redeem the debt. This assumption is based on the following concepts:

The carrying value of outstanding participative loans was EUR11.2 million.

The value of the Cableuropa ordinary shares issued to the minority shareholders of the subsidiaries at which the participating debt was outstanding was set by the Board of Directors and stated in the corporate reorganization agreements at EUR4.36 per share.



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Accordingly, the Group has assumed that 2,568,349 of its ordinary shares were used to redeem the participative loans.

Accordingly, using the midpoint of the of the range of the initial public offering prices, which amounts to EUR5.85, the Group has assumed that the value of the Cableuropa ordinary shares used to redeem the participative loans was EUR15.0 million, resulting in an extraordinary loss of EUR3.8 million.

Summary—

The following table summarizes the allocation of purchase price to acquired net assets under U.S. GAAP.

	<u>Shareholdings</u> <u>acquisition</u>	<u>Participative</u> <u>loans</u> <u>acquisitions</u>	<u>Cash</u> <u>contributions</u>	<u>Reorganisation</u>
		<i>Euro thousand</i>		
Fair value of consideration issued	552,388	15,025	730	568,143
Less: Fair value of minority interests acquired:				
Current Assets	88,264	-	-	88,264
Property and equipment	157,927	-	-	157,927
Other long-term assets	160,637	-	-	160,637
Current liabilities	(177,567)	-	-	(177,567)
Long-term liabilities	(213,429)	-	-	(213,429)
Less: Participative loans	-	11,198	-	11,198
Less: Cash disbursements	-	-	730	730
Consolidated extraordinary loss	-	3,827	-	3,827
Goodwill	536,556	-	-	536,556

9. Disclosures of fair value of the financial instruments

The Company discloses the estimated fair value of its financial instruments according to SFAS No. 107. The carrying values of cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximate fair value due to the short maturity of the instruments. The registered value of the non-current portion of restricted cash agrees with fair value since it bears an explicit and variable interest rate. Equity Value Certificates are carried in the balance sheet at its fair value. The market value of the Notes issued by ONO Finance Plc in 1999 and in 2000, consequently, that of the MBCF-1 and MBCF-2, as of December 31, 2000 was EUR461 million. The market value of the Notes issued by ONO Finance Plc due 2009, 2010, and 2011, as of June 30, 2000 was EUR1035.5 million.

Management cannot estimate fair value of participative loans since this debt contains terms and conditions not comparable to other financial instruments.

10. Comprehensive income

U.S. GAAP requires entities to report all components of comprehensive income in the financial statements in the period in which they are recognized. A total amount for comprehensive income shall be disclosed in the financial statements where such components or other comprehensive income are reported. Comprehensive income is defined as the charge in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The purpose of reporting comprehensive income is to report a measure of all changes in equity of an enterprise that result from recognized transactions and other economic events of the period other than transactions with owners in their capacity as owners. The Group has no other comprehensive income and therefore net loss and comprehensive loss are equal for all periods presented.



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11. Accounting for Derivatives

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", which was subsequently amended by SFAS No. 137 and SFAS No. 138. SFAS No. 133 must be applied to all derivative instruments and certain derivative instruments embedded in host contracts and requires that such instruments be recorded in the balance sheet either as an asset or liability measured at its fair value through earnings, with special accounting allowed for certain qualifying hedges.

If the derivative is designated as a hedge, changes in the fair value of derivatives that are considered to be effective, as defined, will either offset the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or will be recorded in other comprehensive income until the hedged item is recorded in earnings, depending on the nature of the hedge. Any portion of a change in a derivative's fair value that is considered to be ineffective will have to be immediately recorded in earnings. Any portion of a change in a derivative's fair value that the Company has elected to exclude from its measurement of effectiveness, such as the change in time value of option contracts, will be recorded in earnings.

The Company has evaluated this standard and has concluded that the provisions of SFAS No. 133 will have no significant effect on its financial condition or results of operations.

12. New accounting pronouncement

In June 2001, the Financial Accounting Standards Board authorised the issuance of Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. SFAS No. 141 requires intangible assets to be recognised if they arise from contractual or legal rights or are "separable", i.e., it is feasible that they may be sold, transferred, licensed, rented, exchanged or pledged. As a result, it is likely that more intangible assets will be recognised under SFAS No. 141 than its predecessor, APB Opinion No.16 although in some instances previously recognised intangibles will be subsumed into goodwill.

Under SFAS No. 142, goodwill will no longer be amortised on a straight line basis over its estimated useful life, but will be tested for impairment on an annual basis and whenever indicators of impairment arise. The goodwill impairment test, which is based on fair value, is to be performed on a reporting unit level. A reporting unit is defined as a SFAS No. 131 operating segment or one level lower. Goodwill will no longer be allocated to other long-lived assets for impairment testing under SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. Additionally, goodwill on equity method investments will no longer be amortised; however, it will continue to be tested for impairment in accordance with Accounting Principles Board Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock. Under SFAS No. 142 intangible assets with indefinite lives will not be amortised. Instead they will be carried at the lower cost or market value and tested for impairment at least annually. All other recognised intangible assets will continue to be amortised over their estimated useful lives.

SFAS No. 142 is effective for fiscal years beginning after December 15, 2001 although goodwill on business combinations consummated after July 1, 2001 will not be amortised. On adoption the company may need to record a cumulative effect adjustment to reflect the impairment of previously recognised intangible assets. In addition, goodwill on prior business combinations will cease to be amortised. Had the company adopted SFAS No. 142 at January 1, 2001 the company would not have recorded a goodwill amortisation charge of 3.1 million. The Company has not determined the impact that these Statements will have on intangible assets or whether a cumulative effect adjustment will be required upon adoption.



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13. The following is a reconciliation of shareholders' equity and net loss from Spanish GAAP to U.S. GAAP:

	<u>June 30, 2001</u>	<u>December 31, 2000</u>
Shareholders' equity in accordance with Spanish GAAP	468,784	632,052
Additions (deductions) for U.S. GAAP purposes:		
Start-up costs, net	(130,750)	(120,354)
Stock issuance costs, net	(5,723)	(3,056)
Foreign exchange deferred income	9,865	5,628
Stock-based compensation	10,055	11,281
Stock issuance related to stock-based compensation externalization	(7,119)	(7,119)
Depreciation of Property and equipment	(22,498)	(19,021)
Tax Credits	(23,898)	(23,898)
Goodwill	138,130	141,684
Capitalization of interest	13,892	8,785
Research and development costs	(88)	(105)
Minority interests related to U.S. GAAP adjustments	6,200	67,231
Shareholders' equity in accordance with U.S. GAAP	<u>456,850</u>	<u>693,108</u>
	Six Months Ended	Six Months Ended
	June 30, 2001	June 30, 2000
Net loss in accordance with Spanish GAAP	(163,268)	(77,437)
Additions (deductions) for U.S. GAAP purposes:		
Start-up costs	(22,810)	(29,995)
Reversal of amortization of start-up costs	12,414	2,290
Reversal of amortization of stock issuance costs	588	310
Stock-based compensation	(315)	607
Depreciation of Property and equipment	(3,477)	(6,700)
Foreign exchange deferred income	4,237	1,454
Capitalization of interest costs	5,107	3,726
Reversal of amortization research and development costs	17	17
Amortization of Goodwill	(3,554)	-
Contingencies	-	945
Minority interests related to U.S. GAAP adjustments	368	12,229
Net loss in accordance with U.S. GAAP	<u>(170,693)</u>	<u>(92,554)</u>
Basic and diluted loss per share (in Euro)	(0.0003)	(0000.7)
Weighted-average number of ordinary shares outstanding	488,951,285	134,655,466



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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Introduction

Cableuropa S.A and its subsidiaries (the "ONO Group" or the "Group") is the largest provider of integrated telecommunications, cable television and broadband Internet services in Spain. Our subsidiaries are:

- Twelve Spanish subsidiaries that were awarded telecommunications and cable television franchises (our Spanish franchises),
- A Portuguese franchise covering approximately 800,000 homes and 55,000 businesses in Lisbon and Porto, the two largest cities in Portugal,
- ONONet Comunicaciones, S.A., a subsidiary which provides direct access competitive local exchange services outside our Spanish franchises, and
- ONOLab Internet, S.A., a subsidiary that provides Internet access services and broadband content through its own broadband Internet access portals.

Our business is comprised of two principal elements:

- **Cable Television, Direct Access Telecommunications Services and Internet Access Targeted at Residential Users.** We offer these services in our Spanish franchises, the areas of Spain where we have licenses, authorizations and concessions to provide these services. Our Spanish franchises cover approximately four million homes and 270,000 businesses, representing approximately 23% of the homes and 18% of the businesses in Spain.

In addition to cable television services and direct access telecommunications services we provide high-speed, high capacity, or broadband, Internet access. We also offer standard, or narrowband Internet access service to homes accessible to our networks on an unlimited basis for a fixed monthly fee. We are developing content, applications and services specifically designed for broadband Internet users in Spain that have the ability to connect to the Internet through high speed, high capacity networks.

- **Direct Access Competitive Local Exchange Services Targeted at Business Customers.** We are also building local access fiber-optic networks, primarily in the principal cities in our franchise areas. Local access networks connect business customers directly to our fiber-optic network. We are deploying an intercity, high capacity, fiber-optic network to serve as a backbone connecting our local access networks in our Spanish franchises to each other and to other major cities in Spain.

As a result of the Group's limited operating history, investors have limited operating and financial data about the Group upon which to base an evaluation of the Group's performance. The Group has experienced negative cash flows, negative EBITDA and net losses to date reflecting the development stage of our activities. The Group expects to continue to generate negative cash flows, negative EBITDA and net losses until such time as its networks are adequately developed to allow a sufficient revenue generating customer base to be established. The Group does not expect to report positive EBITDA before the second half of 2002 and expects that it will sustain negative cash flows (after capital expenditures and debt service) and net losses until at least 2005. In addition, the Group's operations are subject to significant regulation and supervision by various regulatory bodies. Changes in such regulations could impact our results.



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Set forth below is a discussion of the financial condition and results of operations of the Group for the six months ended June 30, 2001 (the second quarter of fiscal 2001). This discussion should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto for the six months ended June 30, 2001 included herein.

The following tables set out a summary of the Group's key operating and financial statistics to date:

	June 30, 2001	December 31, 2000	June 30, 2000
Commercial			
Cities under construction	58	40	28
Cities with service	46	31	21
Local network built (kilometers)	4,407	3,438	2,209
Backbone network (kilometers)	5,000	3,138	3,000
Operational switches	15	15	13
Operational headends	12	12	11
Residential Services			
Homes passed for telecommunications services	1,159,875	885,462	593,286
Telecommunications customers	229,898	152,115	82,680
Telecommunications penetration ⁽¹⁾	26.8%	24.6%	21.9%
Average monthly revenue per telecommunications customer (euro.) ⁽²⁾	29.7	30.4	30.4
Homes passed for television services	1,159,875	885,462	594,485
Cable television customers ⁽³⁾	177,810	128,242	75,826
Television penetration ⁽¹⁾	20.7%	20.7%	19.9%
Average monthly revenue per television customer (Euro.) ^{(2), (3)}	17.4	16.1	15.8
Broadband high speed Internet customers	25,664	13,459	4,146
Narrowband Internet customers	37,502	20,518	N/A
Total customers	252,340	168,237	93,579
Average revenue per customer (euro)	45.4	41.3	41.1
Business Services			
Business customers in service	3,787	3,053	1,205
Business customers contracted	4,382	3,381	1,776
Average monthly revenue per customer (euro.) ⁽²⁾	152.3	141.8	173.0

Notes:

1. Penetration is calculated by expressing the number of customers at the end of the relevant period over homes marketed.
2. Average monthly revenue per telecommunications and per television customer are based on the results of operations for the three months ended June 30, 2001, the three months ended December 31, 2000 and the three months ended June 30, 2000.
3. Calculation excludes revenues from the Sanlúcar franchise (acquired in the fourth quarter of 2000) of euro 213,000 and euro 1.3 million (full year) for the quarters ended June 2001 and December 2000 respectively



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Financial Results for the Six Months Ended June 30, 2001 and 2000

Revenues

Revenues were EUR 60.1 million in the six months ended June 30, 2001, compared to revenues of EUR 17.8 million in the six months ended June 30, 2000 principally due to an increase in the number of our residential and business customers as we have continued to build our telecommunications and cable television networks in our Spanish franchises. In the six months ended June 30, 2001 approximately 72% of our revenues were derived from telephony and Internet access services which is comparable with the same period in 2000.

Residential Services. Residential telephony revenues (which includes revenues from internet access fees) were EUR 40.3 million in the six months ended June 30, 2001, compared to revenues of EUR 12.8 million in the six months ended June 30, 2000. Cable television revenues were EUR 16.3 million in the six months ended June 30, 2001 as compared with EUR 5.0 million in the same period in 2000. The increase in revenues from residential services reflects our increased telecommunications and cable television penetration rates, due in part to the growing proportion of our customers who take more than one of our services. Residential telephony penetration increased from 21.9% as of June 30, 2000 to 26.8% as of June 30, 2001. Cable television penetration increased from 19.9% as of June 30, 2000 to 20.7% as of June 30, 2001. As at June 30, 2001, the percentage of our customers that took more than one service was 71%. Average monthly revenues per telecommunications customer were slightly lower at EUR 29.7 as of June 30, 2000 as compared with EUR 30.4 as of June 30, 2000. Average monthly revenues per cable television customer were EUR 17.4 as of June 30, 2001 as compared with EUR 15.8 as of June 30, 2000. The increase in cable television ARPU is mainly due to price increases and more customers taking premium packages as well as higher take up on pay per view.

Business Services. As of June 30, 2001, we had 4,382 direct access medium-sized and large businesses customers contracted (of which 3,787 were in service). These customers generated EUR 3.2 million during the period with average monthly revenues per medium-sized business customer of EUR 152.3 as compared to EUR 173.0 for the same period in the previous year. We also recorded extraordinary revenue from one customer of EUR 0.2m in the second quarter of 2001, with which the ARPU would have been EUR 169.6 for this period.

Operating Expenses

Total operating expenses in the six months ended June 30, 2001 were EUR 141.2 million as compared with EUR 66.7 million in the same period in 2000. Operating expenses consisted of cost of services, soccer broadcast rights amortization, selling, general and administrative expenses, and depreciation and amortization.

Cost of services were EUR 35.0 million in the six months ended June 30, 2001 as compared with EUR 13.7 million in the same period in 2000. The increase in costs of services reflects increased interconnection costs for telecommunications services and increased programming fees for cable television programming services as our business has expanded. Certain of our cable television programming contracts require us to pay for a minimum number of channel subscriptions that are in excess of our actual number of customers.

Soccer broadcast rights amortization was EUR 2.7 million in the six months ended June 30, 2001. We entered into agreements to receive pay-per-view television of Spanish soccer with Canal Satélite Digital and Audio Visual Sport in September and November 1999.

Selling, general and administrative expenses include selling and marketing, customer care, network operation, lease and maintenance and billing. Selling, general and administrative expenses net of start-up costs and certain costs associated with the purchase of property and equipment for our networks, which are capitalized in accordance with Spanish GAAP, were EUR 61.5 million in the six months ended June 30, 2001 as compared with EUR 37.7 million in the same period in 2000. The increase in selling, general and administrative expenses reflect the continued expansion of our business.



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Depreciation and amortization expenses were EUR 32.2 million in the six months ended June 30, 2001 as compared with EUR 12.3 million in the same period in 2000. The increase in depreciation and amortization reflects our increased capital expenditure for the continuing construction of our networks.

Operating Loss

Operating losses were EUR 81.0 million in the six months ended June 30, 2001 as compared with EUR 48.9 million in the same period in 2000. The increase in operating losses reflects increased operating expenses that substantially offset the increased revenue during the six months ended June 30, 2001.

Interest and Other Financial Income

Interest and other financial income was EUR 14.7 million in the six months ended June 30, 2001 as compared with EUR 6.2 million in the same period in 2000. The increase in interest and other financial income is primarily the result of exchange rate profit recorded in the period due to the revaluation of the dollar against the euro, in relation to the cash dollar balances and interest generated on escrow accounts.

Interest and Other Financial Expense

Interest and other financial expense were EUR 93.4 million in the six months ended June 30, 2001 as compared with EUR 68.4 in the same period in 2000. The increase in interest expense in the six months ended June 30, 2001 reflects the interest expense related to the 1999, 2000 and 2001 notes and unrealized foreign exchange losses of approximately EUR 20.0 million during the period as a result of the appreciation of the U.S. dollar (in which a substantial portion of the senior notes due 2011 are denominated) against the euro. A proportion of our debt, and a proportion of our cash balances, is denominated in US dollars relating to the senior notes due 2009 and 2011. In May 2000, we entered into a currency swap to hedge our exposure to further fluctuations of the U.S. dollar against the euro on our senior notes due 2009.

We expect our interest charges to significantly increase, reflecting the offering of the 1999, 2000 and 2001 notes as well as future borrowings (including borrowings under the senior bank facility) to fund the continuing construction of our networks.

Effect of Inflation

We do not believe that our business will be affected by inflation to a significantly different extent than is the general economy. However, we cannot assure you that inflation will not have a material adverse effect on our business in the future.

Recent Developments

- On June 26, 2001 the Group presented to the Mercantile Registrar of Madrid the third phase to simplify the corporate structure of the Cableuropa Group initially approved at the General Shareholders Meeting of Cableuropa, S.A. on November 3, 2000 and executed by the Board of Directors on May 17, 2001. The company is awaiting for the Mercantile Registrar to register this transaction.

This phase involves the exchange of shareholdings in the operating companies in the Cableuropa group for direct shareholdings in Cableuropa, S.A. After giving effect to this simplification Cableuropa will own 100% of seven of the operating companies and a minimum of 93% in the remaining six.

The group also continues to own 100% of each of ONOLab, ONONet and ONO Portugal.



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In connection with this transaction the group will issue 2,830,144 ordinary shares of Cableuropa with nominal value of EUR 1.

Following this corporate reorganisation, the shareholding structure of Cableuropa will be as follows:

	Percentage ownership
Spanish Telecommunications Limited S.à.r.l.(Spaincom) (Luxemburg)	45,31%
Cántabra de Inversiones, S.A./ BSCH Group (Spain)	18,35%
VAL Telecomunicaciones, S.L. (Spain)	12,89%
Ferrovial Telecomunicaciones, S.A. (Spain)	9,97%
Grupo Multitel, S.A. (Spain)	9,96%
Santander Telecommunications Inc (United States of America)	2,07%
Own shares*	1,45%
Total	100,00%

*Own shares include the repurchase of shares from Santander Central Hispano Investment, S.A. (SCHI) on July 3 (see below)

- On July 3, 2001 Cableuropa repurchased 7,118,710 ordinary shares at a par value of EUR 1 from Santander Central Hispano Investment, S.A. (SCHI) which had originally been subscribed by SCHI in order to hedge the company against future payments under its phantom stock option plan (the "Plan").
- On July 18, 2001 the Group entered into a short-term credit facility of EUR 78.3 million with a syndicate of financial institutions. This facility was entered into for the discounting of value added tax receivables corresponding to year 2001. No drawdowns have been made under this credit facility as of the date of this report.
- On August 8, 2001 we signed a EUR1.1 billion financing package. This package includes a EUR800 million senior secured credit facility provided by a syndicate of international banks and a legal commitment from the current shareholders of Cableuropa to invest a further EUR300 million of equity in the first quarter of 2002, pro rata to their existing shareholdings. As a result of closing the new senior credit facility, we terminated our current senior bank facility of EUR 225 million on the same date under which no drawings had been made as at the date of termination. This EUR 1.1 billion financing package fully funds our current business plan.

Liquidity and Capital Resources

We will need significant additional financing principally to meet the anticipated cost of developing and constructing our local access networks and our backbone network in Spain.

In March 2000, we entered into a EUR 225 million senior secured revolving credit facility with Bank of America International Limited, Barclays Capital, Citibank, N.A. and Toronto Dominion Bank Europe Limited as Arrangers, which we have referred to herein as the senior bank facility.

As at June 30, 2001 the full EUR 225 million under the senior bank facility remains available and undrawn. As at June 30, 2001, we had the capacity to borrow EUR 225 million under the senior bank facility.

On August 8, 2001 we signed a EUR 1.1 billion financing package. This package includes a EUR 800 million senior secured credit facility provided by a syndicate of international banks and a legal commitment from the current shareholders of Cableuropa to invest a further EUR 300 million of equity in the first quarter of 2002, pro rata to their existing shareholdings. As a result of closing the new senior credit facility, we terminated our current senior bank facility of EUR 225 million on the same date. This EUR 1.1 billion financing package fully funds our current business plan.



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In June 2000, we completed an offering of the 2000 notes. We received approximately EUR 140 million of net proceeds from that offering, after accounting for our purchase of European government securities in an amount sufficient to fund the first four interest payments on the 2000 notes (through July 2002). The 2000 notes mature in July 2010.

In addition, in July 2000 we entered into a EUR 60.1 million sales tax facility with a group of Spanish financial institutions. Borrowings under the sales tax discounting facility are limited to the extent of our receivables from the Spanish government. As at June 2001 we had borrowed EUR 47.1 million under this facility.

On November 3, 2000 our shareholders approved a capital increase of EUR 250 million. As at March 31, 2001 we had received the full EUR 250 million. Cableuropa registered the share capital increase with the Mercantile Register within the six-month period required by Spanish law. As of June 30, 2001 our shareholders had collectively contributed EUR 542 million.

As of June 30, 2001 we had contracted with banks to provide performance guarantees in an aggregate amount of approximately EUR 48.9 million in favor of the Spanish telecommunications regulatory authority, the municipal governments of the relevant Spanish franchises, or other agencies. These performance guarantees related to items such as minimum network investment, timetable for provision of additional services, employment creation, minimum common stock outstanding and other commitments and issues, as security for fulfillment of the commitments to these agencies in connection with the award of the franchises. In the event that these performance guarantees are drawn by the relevant authorities, the banks providing the guarantees would have a senior ranking claim against the relevant Spanish subsidiaries for the amounts drawn.

In February 2001, we completed the offering of the 2001 notes. We received approximately EUR 363.9 million of net proceeds from the 2001 notes. The 2001 notes mature in 2011.

Based on current build plans we will be fully financed to meet the anticipated cost of developing, constructing and operating our local access networks and our backbone network in Spain. We believe that the following sources of funding will be sufficient to complete our business plan:

- cash on hand;
- drawdowns under the sales tax discounting facility and other short-term credit facilities;
- borrowings under the new senior bank facility;

Furthermore, we may be required to seek additional funding if:

- our buildout plans change;
- our assumptions regarding the costs associated with our buildout or with the expansion or enhancement of our network prove to be inaccurate;
- we experience lower growth in our business or customer base than we currently anticipate; or
- we experience unanticipated costs or competitive pressures and the proceeds from the financing transactions described above prove to be insufficient to meet our cash needs.



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Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Certain statements contained herein constitute “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995. When used herein, the words, “believe”, “anticipate”, “should”, “intend”, “plan”, “expects”, “estimate”, “projects”, “positioned”, “strategy”, and similar expressions identify such forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by such forward-looking statements. Such factors include the following: general economic and business conditions in Spain; the Group's ability to continue to design networks, install facilities, obtain and maintain any required governmental licenses or approvals and finance construction and development, all in a timely manner at reasonable costs and on satisfactory terms and conditions, as well as assumptions about customer acceptance, churn rates, overall market penetration and competition from providers of alternative services; the impact of new business opportunities requiring significant up-front investment, Year 2000 readiness, and availability, terms and deployment of capital.



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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

It is our policy not to enter into any transactions of a speculative nature. Our investment policy is limited by the indentures for our notes. We are restricted to investing in financial instruments with a maturity of one year or less (with certain limited exceptions). The indentures require our investments to meet high credit quality standards, such as (1) obligations of the governments of the United States, Germany, France, the United Kingdom and Spain or agencies thereof guaranteed by such countries, (2) certificates of deposits and money market deposits, (3) commercial paper with a rating of A-1 or P-1 and (4) direct obligations of U.S. states.

Interest income earned on our investment portfolio is affected by changes in short-term interest rates. We are thus exposed to market risk related to changes in market interest rates. To date, we have managed these risks by monitoring market rates and the duration of our investments. We do not think that we are exposed to significant changes in the fair value of our investment portfolio because of our conservative investment strategy.

Our notes that are denominated in U.S. dollars expose us to risks associated with changes in the exchange rate between the U.S. dollar and the euro (which has a fixed exchange rate to the peseta, in which our revenues are primarily denominated). However, in conjunction with the offering of the 2009 notes, we placed in escrow and pledged, for the benefit of the holders of the notes, U.S. government securities and European government securities sufficient to pay the first five interest payments on the notes. These notes will mature in 2009 and we are not required to make any mandatory redemption (other than an offer to repurchase the notes upon a change of control of Cableuropa) prior to the maturity of the notes. We are currently studying alternatives on how to mitigate the foreign exchange risks associated with the 2011 notes denominated in U.S. dollars.

Borrowings under our senior bank facility bear interest at a floating rate determined by reference to EURIBOR plus a margin. The interest rates on the notes are fixed. Accordingly, as at June 30, 2001 we did not have any variable rate debt outstanding and our exposure to risk due to fluctuations of interest rates is limited.

On May 18, 2000, ONONet Comunicaciones, S.A., a company owned 100% by Cableuropa, formalized with Bank of America and Toronto Dominion Bank a cross currency swap operation from U.S. dollars to euros, whereby these banks assumed the amount of the debt denominated on the 1999 dollar notes until May 1, 2004 plus the corresponding interest payable in dollars as from the maturity of the escrow accounts until that date, and ONONet Comunicaciones, for its part, assumed a debt to these banks with the same maturity dates, of EUR308 million in capital and interest totaling EUR 76 million. The exchange rates at which this cross currency swap operation was carried out were 0.8920 and 1.1713 dollars per euro for capital and interest respectively. At the same date, ONONet Comunicaciones, S.A. and the Group companies underwriting the debt, assigned the debt assumed by them to ONO Finance plc, the coverage underwritten covering all the Group companies.



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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to Cableuropa 20F for the twelve months ended December 31, 2000 since there have no changes.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

Consent.

ITEM 5. OTHER INFORMATION

None.



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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The following documents (bearing the exhibit numbers listed below) are furnished herewith and are made a part of this Report pursuant to the General Instructions for Form 6-K:

EXHIBIT 1: CABLEUROPA PRESS RELEASE DATED AUGUST 8, 2001

ONO CLOSES EURO 800 MILLION SYNDICATION

- **FINANCE PACKAGE OF EURO 1.1 BILLION COMPLETED**
- **BUSINESS PLAN FULLY FINANCED**

Madrid, Spain – 8 August 2001

ONO, (www.ono.es), Spain's leading broadband service provider, today announced the closing of the Euro 800 million senior secured credit facility following a very successful syndication. The Euro 800 million senior secured credit facility forms part of a Euro 1.1 billion financing package which fully finances the group's business plan. The financing package includes a legally binding commitment from ONO's shareholders to invest Euro 300 million of equity in the first quarter of 2002, which has also been formally committed.

As announced in June, the Euro 800 million senior secured credit facility was fully underwritten by the following banks as Mandated Lead Arrangers: Bank of America, Bank of Scotland, Barclays Capital, BNP Paribas, CIBC World Markets, Citibank, Credit Lyonnais, Deutsche Bank, Fortis, Royal Bank of Scotland, Scotia Capital, and Toronto Dominion.

The general syndication of the senior secured credit facility was significantly oversubscribed. The following financial institutions have participated in the syndication: ABC International Bank, Banco de Sabadell, Bank of Ireland, CDP Euromezz, Harbourmaster Loan Corporation, Instituto de Crédito Oficial, UBS Warburg and Unicaja.

About ONO:

ONO is the largest integrated broadband service provider in the Spain, offering telecommunications, television and internet services to residential and business customers in franchises serving over 4 million homes and 300,000 businesses. ONO is managed by Callahan Associates International and its shareholders include BSCH, GE Capital, Bank of America, Caisse de dépôt et placement du Québec, Grupo Ferrovial, Grupo Multitel and VAL Telecomunicaciones.

For further information, please contact:

Michael Vorstman
Chief Financial Officer
(+ 34) 91 180 9336
michael.vorstman@ono.es

Jonathan Cumming
Group Treasurer
(+ 34) 91 180 9444
jonathan.cumming@ono.es

Alejandra Moore
Grupo Albion
(+ 34) 670 799 335
Amoore@grupoalbion.com



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EXHIBIT 2: SUMMARY TERMS & CONDITIONS OF EURO 800M SENIOR SECURED CREDIT FACILITY

**EUR 800,000,000 SENIOR SECURED CREDIT FACILITIES
ONO GROUP**

SUMMARY OF INDICATIVE TERMS AND CONDITIONS

Borrowers: Cableuropa, S.A., each of the Spanish cable operating companies, ONONet Comunicaciones, S.A. and ONOLab Internet S.A. (“the Group”)

Facility: EUR 800,000,000 senior secured credit facility split across the following tranches:

Tranche A: EUR 125 million revolving credit facility;

Tranche B: EUR 255 million revolving credit facility;

Tranche C: EUR 45 million term loan facility;

Tranche D: EUR 705 million term loan facility; and

Tranche E: EUR 50 million revolving credit facility,

provided that the maximum aggregate amount outstanding at any time under Tranches A, B, C and D shall not exceed EUR 750 million.

Currency: Euro

Purpose: The proceeds of the Facility are to be used to finance the construction, capital expenditure and working capital needs of the Group’s telecommunications business in accordance with the agreed business plan.

Tranche A will be used specifically to fund purchases of equipment from Alcatel.

In addition to general corporate purposes, Tranches D and E can also be used to refinance drawings under Tranches A and B.



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Availability Tests:

The Facility will be immediately available for drawing, subject to meeting standard conditions precedent. The Availability Tests will initially restrict only the maximum amount of quarterly drawings under Tranches A, B and C.

Tranches D and E will become available in amounts based on multiples of EBITDA.

Final Maturity Date:

Tranche A and Tranche B: 36 months

Tranche C, Tranche D and Tranche E: 31 December 2008

Repayment:

Tranches A and B are to be repaid out of drawings on Tranches D and E.

Tranches C and E are to be repaid on the Final Maturity Date.

Repayment of **Tranche D** is to commence on 31 December 2005, with six monthly amortisation payments until the Final Maturity Date.

Financial Covenants:

The Group must ensure compliance with the following financial covenants which will be tested quarterly and calculated on a consolidated basis for the Borrowers:

Stage 1: Prior to the earlier of (i) 31 December 2003 and (ii) such time as the Senior Debt to Annualised EBITDA ratio is less than 6.5 times for two consecutive quarters, the financial covenants will be:

- Minimum EBITDA
- Minimum Rollout
- Minimum Revenue
- Maximum Senior Debt to Capitalisation

Stage 2: Immediately after the end of Stage 1, the Stage 1 covenants will cease to be applicable and the following covenants will apply:

- Maximum Senior Debt to Annualised EBITDA
- Maximum Total Debt to Annualised EBITDA

Other covenants:

- Beginning on 30 June 2003 and ending on 30 June 2005, Minimum EBITDA to Senior Interest Expense
- Beginning on 31 December 2004 and ending on 31 December 2008, Minimum EBITDA to Total Interest Expense



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Security:

The Group will provide the Lenders with a comprehensive security package including but not limited to:

- Pledge over shares of all Spanish cable operating companies, ONONet Comunicaciones S.A., and ONOLab Internet S.A.
- Security over all material assets (to the extent feasible under Spanish law).

***Equity Commitment
Agreement:***

The existing shareholders of Cableuropa undertake to invest, or cause other authorised shareholders acceptable to invest, into Cableuropa in the form of junior capital (being by way of share subscription, participating debt or unsecured fully subordinated loan) in aggregate the sum of Euro 300 million in two instalments, the first such instalment of Euro 100 million to be paid on 31 January 2002 and the second of Euro 200 million on 31 March 2002. Such amounts, be reduced by the amount of any net proceeds from an IPO (or other similar junior capital raising event) or any other issuance of equity by Cableuropa.

Other:

The Facility will include representations and warranties, positive and negative covenants, events of default and other such clauses customary for a financing of this nature.

Reports on Form 8-K:

None.



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SIGNATURES

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

CABLEUROPA SA

Date: August 31, 2001

By: /s/ Richard Alden

Richard Alden
Chief Executive Officer

By: /s/ Michael Vorstman

Michael Vorstman
Chief Financial Officer and Chief Accounting Officer