



## Second quarter 2009 results

29 July 2009

Navega a la velocidad del rayo



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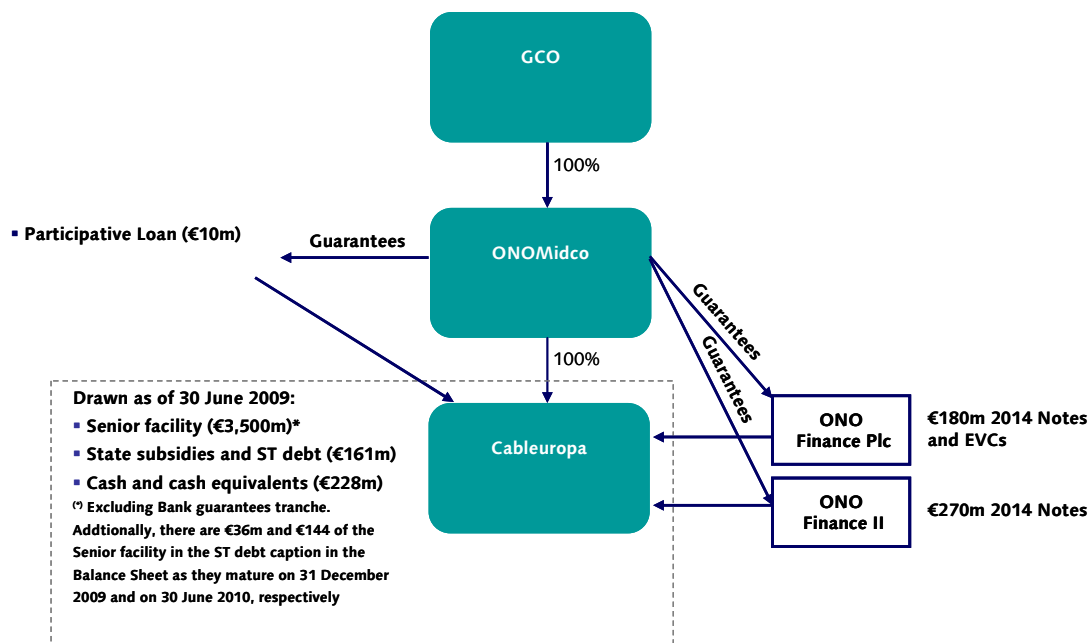


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## 1. GROUP AND REPORTING STRUCTURE

### Group main structure



We are reporting the quarter ended 30 June 2009 consolidated results of Grupo Corporativo ONO, S.A. ("GCO") and its subsidiaries.

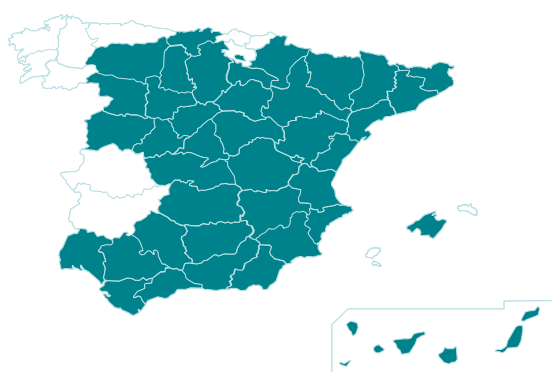
The financial information contained in this document has been prepared under new Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

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.

## 2. OVERVIEW OF 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 direct access services to 1.8 million residential cable and 67,000 SME customers as of 30 June 2009, through its own state of the art networks which gives direct access to 7 million homes in franchises which cover the majority of Spain, including the nine largest cities. ONO is the principal competitor to the incumbent telecommunications and pay television operators in Spain. For the quarter ended 30 June 2009, ONO generated revenues of €380 million and EBITDA of €180 million.

### Cable franchises



	<i>in thousands</i>
Homes in Spain (*)	17,545
Homes in ONO cable franchises (*)	14,741
<i>% of Homes in Spain</i>	84%
Homes released to marketing	6,990
<i>% of Cable franchises</i>	47%
Residential cable customers	1,835
<i>Cable penetration</i>	26%
SMEs customers	67

(\*) Source: INE; main and secondary homes

Table 1: Capitalisation

	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/ EBITDA	€m	% of debt	Debt/ EBITDA
<i>As of 30 June 2009</i>						
Short-term debt (*)	314	7.5%	0.44x	302	7.3%	0.42x
Senior facility	3,320	79.9%	4.61x	3,320	80.6%	4.56x
Participative loan	10	0.2%	0.01x	10	0.2%	0.01x
Senior subordinated notes	450	10.8%	0.62x	450	10.9%	0.62x
State subsidies and other	63	1.5%	0.09x	39	1.0%	0.05x
Long-term debt	3,843	92.5%	5.34x	3,819	92.7%	5.25x
<b>Total debt</b>	<b>4,157</b>			<b>4,121</b>		
<b>Cash and cash equivalents</b>	<b>228</b>			<b>228</b>		
<b>Total net debt</b>	<b>3,929</b>		<b>5.45x</b>	<b>3,894</b>		<b>5.35x</b>
<b>EBITDA LQA</b>	<b>720</b>			<b>728</b>		

(\*) Includes €36 million of the Senior facility maturing in December 2009 and €144 million in June 2010.

Note: To avoid any double counting, the caption Senior facility excludes bank guarantees drawn under Tranche S to counter guarantee debt reported under the caption "State subsidies and other" and "Short-term debt".

## 2.1 Financial highlights

Table 2: Financial highlights - GCO

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Revenues	380	405	(6.0%)	769	806	(4.6%)
Gross profit	293	309	(5.3%)	591	609	(3.0%)
Gross margin	77.0%	76.5%	0.6 pp	76.9%	75.6%	1.2 pp
EBITDA	180	177	1.6%	363	343	5.8%
EBITDA margin	47.3%	43.8%	3.5 pp	47.2%	42.5%	4.6 pp
<b>Total net debt</b>	<b>3,929</b>	<b>3,866</b>	<b>1.6%</b>	<b>3,929</b>	<b>3,866</b>	<b>1.6%</b>
Capex	(51)	(109)	(53.5%)	(102)	(213)	(52.2%)
Operating FCF	129	68	90.4%	261	130	101.4%
Net profit	14	13	6.8%	26	21	26.6%
<b>Total Net debt / EBITDA (x)</b>	<b>5.45x</b>	<b>5.45x</b>	<b>(0.00x)</b>	<b>5.45x</b>	<b>5.45x</b>	<b>(0.00x)</b>

Table 3: Revenues split

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
<b>Continuing businesses</b>	<b>351</b>	<b>372</b>	<b>(5.7%)</b>	<b>711</b>	<b>733</b>	<b>(3.0%)</b>
Residential direct access	291	310	(6.2%)	587	610	(3.8%)
SMEs	17	18	(5.6%)	35	36	(3.4%)
Business services	43	44	(2.3%)	89	87	2.5%
<b>Partial continuing businesses-Wholesale and other</b>	<b>27</b>	<b>27</b>	<b>(1.4%)</b>	<b>53</b>	<b>60</b>	<b>(12.9%)</b>
<b>Discontinuing businesses-Indirect access</b>	<b>3</b>	<b>5</b>	<b>(50.9%)</b>	<b>5</b>	<b>12</b>	<b>(53.7%)</b>
<b>Total revenues</b>	<b>380</b>	<b>405</b>	<b>(6.0%)</b>	<b>769</b>	<b>806</b>	<b>(4.6%)</b>

## 2.2 Operating highlights

Table 4: Operating highlights

Data in thousand, except if otherwise stated

	30-Jun-09	31-Mar-09	% change	30-Jun-08	% change
<b>Customers:</b>					
Cable	1,835	1,845	(0.6%)	1,889	(2.9%)
Other direct access	68	67	1.5%	66	3.2%
Residential direct access	1,903	1,912	(0.5%)	1,955	(2.7%)
Indirect access	48	55	(12.9%)	83	(41.9%)
SMEs	67	68	(2.4%)	70	(4.7%)
<b>Other data – Residential Cable:</b>					
Homes released to marketing	6,990	6,969	0.3%	6,915	1.1%
Penetration	26.2%	26.5%	(0.2 pp)	27.3%	(1.1 pp)
ARPU (€)	51.2	51.9	(1.4%)	53.3	(4.1%)
RGUs	3,940	3,958	(0.4%)	3,954	(0.4%)
RGUs per customer (#)	2.15	2.15	0.1%	2.09	2.6%
Gross churn	17.9%	17.8%	0.1 pp	19.4%	(1.5 pp)
Net churn (*)	15.9%	15.7%	0.2 pp	17.5%	(1.6 pp)
<b>Residential cable services (RGUs):</b>					
Telephony	1,647	1,646	0.1%	1,631	1.0%
as % of customers	89.8%	89.2%	0.6 pp	86.3%	3.5 pp
Internet	1,302	1,295	0.5%	1,272	2.4%
as % of customers	71.0%	70.2%	0.7 pp	67.3%	3.7 pp
Television	991	1,016	(2.5%)	1,052	(5.8%)
as % of customers	54.0%	55.1%	(1.1 pp)	55.7%	(1.7 pp)
<b>Residential cable penetration per service:</b>					
Telephony	23.6%	23.6%	(0.0 pp)	23.6%	(0.0 pp)
Internet	18.6%	18.6%	0.0 pp	18.4%	0.2 pp
Television	14.2%	14.6%	(0.4 pp)	15.2%	(1.0 pp)

(\*) Net churn is presented net of home moves of customers that continue to subscribe to ONO services.

Our residential direct access customer base decreased slightly by 0.5% in the quarter, reaching 1,903,000 as of 30 June 2009. This reduction was driven by a decrease in residential cable customers of 10,000. The reduction in customer numbers follows the decisions to reduce sales volume, introduce activation fees, credit scoring and other barriers to entry to ensure that new customers are profitable. At the same time, the challenging macroeconomic environment means that the levels of churn continue at high levels.

ARPU for residential cable services reached €51.2 in the second quarter of 2009, as compared to €53.3 in the same period of the previous year. This reduction is mainly due to the lower consumption in telephony and TV as La Liga season ended in May.

In the quarter, the levels of fixed monthly fees remained stable following the decision to reduce dramatically the use of customer acquisition promotions. On the other hand, variable expenditure levels fell as customers reduced the amount of fixed to mobile telephony usage and also viewed fewer television programmes in pay-per-view and video-on-demand.

SME customers decreased by 1,000, from 68,000 customers at the end of March 2009 to 67,000 in the second quarter of 2009 as a consequence of the economic downturn.

Indirect access customers decreased by 12.9% in the quarter, as expected, due to our focus on our direct access business.

### 3. GRUPO CORPORATIVO ONO

#### 3.1 Condensed Consolidated Financial Statements

Table 5: Condensed Consolidated Balance Sheet

<i>Data in € million</i>	Notes	<u>30-Jun-09</u>	<u>31-Mar-09</u>	<u>31-Dec-08</u>
<b>ASSETS</b>				
Intangible assets, net	3.3.1	111	114	116
Tangible assets, net	3.3.2	4,446	4,496	4,541
Shareholdings in group companies		4	4	4
Financial assets		58	57	57
Tax credit and deferred tax	3.2.6	1,161	1,170	1,170
<b>Non current assets</b>		<b>5,779</b>	<b>5,840</b>	<b>5,887</b>
Inventories		21	20	23
Accounts receivable and other current assets		163	149	143
Short-term investments, net		2	8	8
Prepayments and accrued income		8	7	2
Cash and cash equivalents	3.3.3	228	184	342
<b>Current assets</b>		<b>422</b>	<b>370</b>	<b>518</b>
<b>TOTAL ASSETS</b>		<b>6,201</b>	<b>6,210</b>	<b>6,405</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>				
Common stock		1,643	1,643	1,643
Share premium reserve		368	368	368
Reserves		45	45	45
Prior years' losses		(904)	(904)	(878)
Own shares		(5)	(5)	(5)
Net profit/(loss) for the period		26	12	(26)
Shareholder's equity	Table 8	1,173	1,159	1,147
Hedge agreements		(59)	(64)	(49)
State subsidies		2	2	2
Minority interest		4	3	3
<b>Net equity</b>		<b>1,120</b>	<b>1,100</b>	<b>1,103</b>
Provisions for liabilities and charges		128	139	146
Senior facility		3,320	3,464	3,464
Participative loan		10	10	10
Senior subordinated notes		450	450	450
Other		60	70	75
Long-term debt	3.3.4	3,840	3,994	3,999
Hedge agreements		84	91	70
Other long-term liabilities	3.3.5	1	1	68
Other long-term liabilities		85	92	138
Deferred income		2	2	2
<b>Non current liabilities</b>		<b>4,054</b>	<b>4,227</b>	<b>4,284</b>
Provisions for liabilities and charges		40	45	87
Short-term debt with banks	3.3.4	314	178	197
Accrued interests		72	42	78
Other		84	86	90
Short-term payables		469	306	365
Accounts payable and other current liabilities		472	489	526
Accruals and deferred income		45	42	39
<b>Current liabilities</b>		<b>1,027</b>	<b>883</b>	<b>1,017</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>		<b>6,201</b>	<b>6,210</b>	<b>6,405</b>

Table 6: Condensed Consolidated Statements of Operations

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Revenues	380	405	(6.0%)	769	806	(4.6%)
Cost of services	(87)	(95)	(8.2%)	(178)	(196)	(9.4%)
Net opex	(113)	(132)	(14.5%)	(228)	(267)	(14.4%)
<b>EBITDA</b>	<b>180</b>	<b>177</b>	<b>1.6%</b>	<b>363</b>	<b>343</b>	<b>5.8%</b>
Deprec. and amortis.	(98)	(92)	6.7%	(195)	(184)	6.2%
Loss on fixed assets	(1)	-	na	(1)	-	na
<b>EBIT / Operating profit</b>	<b>82</b>	<b>85</b>	<b>(4.5%)</b>	<b>166</b>	<b>159</b>	<b>4.5%</b>
Net financial expense	(60)	(66)	(9.7%)	(125)	(128)	(2.3%)
<b>EBT / Profit before tax</b>	<b>22</b>	<b>19</b>	<b>13.2%</b>	<b>40</b>	<b>30</b>	<b>33.1%</b>
Income tax credit	(8)	(6)	23.7%	(14)	(10)	44.9%
<b>Profit before minority interests</b>	<b>14</b>	<b>13</b>	<b>8.4%</b>	<b>27</b>	<b>21</b>	<b>27.7%</b>
Minority interests	(0)	(0)	126.7%	(1)	(0)	108.2%
<b>Net profit</b>	<b>14</b>	<b>13</b>	<b>6.8%</b>	<b>26</b>	<b>21</b>	<b>26.6%</b>

Table 7: Condensed Consolidated Cash Flow

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
<b>EBITDA</b>	<b>180</b>	<b>177</b>	<b>1.6%</b>	<b>363</b>	<b>343</b>	<b>5.8%</b>
Capex	(51)	(109)	(53.5%)	(102)	(213)	(52.2%)
<b>OPERATING FREE CASH FLOW</b>	<b>129</b>	<b>68</b>	<b>90.4%</b>	<b>261</b>	<b>130</b>	<b>101.4%</b>
Change in working capital	(25)	(65)	(61.2%)	(69)	(106)	(34.5%)
Other <sup>(1)</sup>	(15)	(17)	(12.1%)	(66)	(34)	93.4%
<b>FREE CASH FLOW (pre-interest)</b>	<b>89</b>	<b>(14)</b>	<b>na</b>	<b>126</b>	<b>(10)</b>	<b>na</b>
Paid interests, net	(28)	(38)	(24.4%)	(126)	(137)	(8.1%)
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>61</b>	<b>(51)</b>	<b>(218.7%)</b>	<b>(1)</b>	<b>(148)</b>	<b>(99.6%)</b>
<b>FINANCING ACTIVITIES</b>						
Senior facility	-	124	(100.0%)	-	281	(100.0%)
State subsidies	(9)	(10)	(8.0%)	(7)	(6)	33.5%
Short-term credit lines	(9)	3	na	(28)	7	na
Short-term investments	1	0	na	1	0	na
Financial assets	(0)	0	(214.1%)	(1)	0	na
Other financing items	(0)	(1)	(66.0%)	(7)	(1)	na
Deferred Auna acquisition payment	-	-	na	(71)	(71)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(17)</b>	<b>116</b>	<b>(115.1%)</b>	<b>(113)</b>	<b>210</b>	<b>(154.1%)</b>
<b>NET CASH FLOW</b>	<b>43</b>	<b>64</b>	<b>(32.5%)</b>	<b>(114)</b>	<b>62</b>	<b>na</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>184</b>	<b>2</b>	<b>na</b>	<b>342</b>	<b>4</b>	<b>na</b>
<b>CASH END OF PERIOD</b>	<b>228</b>	<b>66</b>	<b>na</b>	<b>228</b>	<b>66</b>	<b>245.2%</b>

<sup>(1)</sup> Includes restructuring costs (Headcount Reduction Plan costs), commitments & contingencies and other one-off items

Table 8: Shareholder's equity

<i>Data in €million</i>	Common stock	Share premium reverse	Reserves	Own shares	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Total
<b>Balance 31 December 2008</b>	<b>1,643</b>	<b>368</b>	<b>45</b>	<b>(5)</b>	<b>(878)</b>	<b>(26)</b>	<b>(49)</b>	<b>2</b>	<b>3</b>	<b>1,103</b>
Previous year result	-	-	-	-	(26)	26	-	-	-	-
distribution	-	-	-	-	-	26	-	-	-	26
Net profit for the year	-	-	-	-	-	26	-	-	-	26
Change in fair value	-	-	-	-	-	-	(10)	-	-	(10)
Transfer to financial income	-	-	-	-	-	-	-	(0)	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	-	1	1
<b>Balance 30 June 2009</b>	<b>1,643</b>	<b>368</b>	<b>45</b>	<b>(5)</b>	<b>(904)</b>	<b>26</b>	<b>(59)</b>	<b>2</b>	<b>4</b>	<b>1,120</b>

### 3.2 Second quarter 2009 results of operations

#### 3.2.1. Revenues

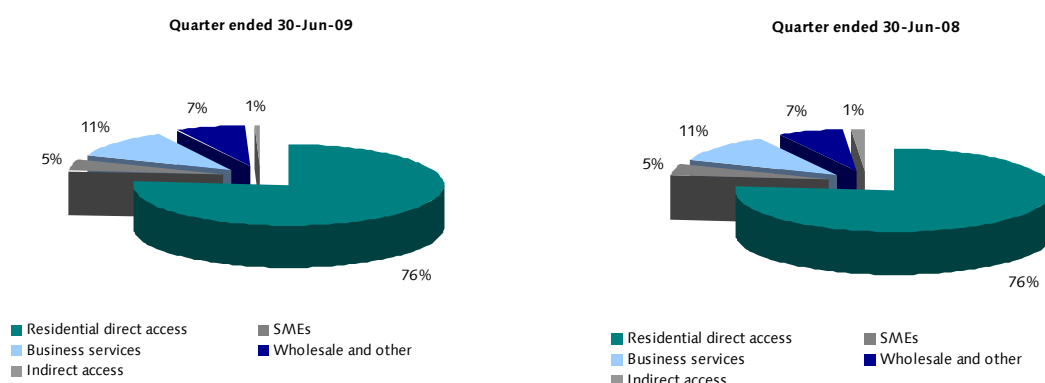
ONO's revenues are derived from individual service offerings or a combination of telephony, Internet and pay television services provided to residential direct access customers, SMEs, business services (which comprise voice and data services and other value added services provided to large corporations and public entities), wholesale (which principally comprise 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) and other services (which principally comprise revenues obtained from third parties by our 100% subsidiary Teuve) and indirect access customers.

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			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
<b>Continuing businesses</b>	<b>351</b>	<b>372</b>	<b>(5.7%)</b>	<b>711</b>	<b>733</b>	<b>(3.0%)</b>
Residential direct access	291	310	(6.2%)	587	610	(3.8%)
SMEs	17	18	(5.6%)	35	36	(3.4%)
Business services	43	44	(2.3%)	89	87	2.5%
<b>Partial continuing businesses-Wholesale and other</b>	<b>27</b>	<b>27</b>	<b>(1.4%)</b>	<b>53</b>	<b>60</b>	<b>(12.9%)</b>
<b>Discontinuing businesses-Indirect access</b>	<b>3</b>	<b>5</b>	<b>(50.9%)</b>	<b>5</b>	<b>12</b>	<b>(53.7%)</b>
<b>Total revenues</b>	<b>380</b>	<b>405</b>	<b>(6.0%)</b>	<b>769</b>	<b>806</b>	<b>(4.6%)</b>

Data in € million



Revenues decreased in Q2 2009 by 6.0% to €380 million from €405 million in Q2 2008 due to the 6.2% reduction in residential direct access as a consequence of the decision to reduce sales volume and to introduce entry barriers (activation fees, credit scoring...), and the 50.9% reduction in residential indirect access revenues, as this business discontinues its operations.

### 3.2.1.1 Continuing businesses

#### a) Residential direct access

- **Cable**

Cable services provide us with revenues from monthly fees and initial activation and connection charges from residential bundled and individual services, usage charges from residential telephony services; customer premise equipment rental charges; incoming interconnection; variable fees for pay-per-view and video-on-demand services from cable television services and other minor items. The following table sets 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

	30-Jun-09	31-Mar-09	% change	30-Jun-08	% change
<b>Cable Services:</b>					
HRTM	6,990	6,969	0.3%	6,915	1.1%
Customers	1,835	1,845	(0.6%)	1,889	(2.9%)
Penetration	26.2%	26.5%	(0.2 pp)	27.3%	(1.1 pp)
Gross churn	17.9%	17.8%	0.1 pp	19.4%	(1.5 pp)
Net churn	15.9%	15.7%	0.2 pp	17.5%	(1.6 pp)
ARPU (€)	51.2	51.9	(1.4%)	53.3	(4.1%)
Total RGUs	3,940	3,958	(0.4%)	3,954	(0.4%)
RGUs per customer (x)	2.15	2.15	0.1%	2.09	2.6%

Total cable customers decreased during the second quarter by approximately 10,000 customers or 0.6% to 1,835,000 follows the decisions to reduce sales volume and to introduce activation fees, credit scoring and other barriers to entry to ensure that new customers are profitable. The decrease in the customer base in the last twelve months has been 2.9%.

Entry barriers were implemented to avoid the acquisition of early churning customers and to maintain our profitability standards. The rapid deterioration in the Spanish economy also exerted a significant impact on our number of sales, thus contributing to our negative net adds in the quarter.

The focus on bundled services and the success of a series of cross-sale campaigns pushed the RGUs per customer ratio to 2.15x as of 30 June 2009, from 2.09x as of 30 June 2008.

Churn was stable in the second quarter of 2009 versus first quarter of 2009, but showing an important decrease versus the second quarter of 2008. Net churn, calculated as churn excluding customers moving from one ONO home to another ONO home reached 15.9% in the second quarter of 2009. The churn rate decreased as a consequence of early and base churn reductions.

- **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*

*Data in thousand, except if otherwise stated*

	<b>30-Jun-09</b>	<b>31-Mar-09</b>	<b>% change</b>	<b>30-Jun-08</b>	<b>% change</b>
<b>Telephony services:</b>					
Customers	1,647	1,646	0.1%	1,631	1.0%
Proportion of total customers	89.8%	89.2%	0.6 pp	86.3%	3.5 pp
Penetration	23.6%	23.6%	(0.0 pp)	23.6%	(0.0 pp)

Telephony customers increased by 1,000 or 0.1% in the second quarter of 2009, reaching 1,647,000 due to the effort in acquiring customers taking bundles with telephony and the lower churn experienced in customers taking this service.

Telephony continues to account for the largest portion of our RGUs, with 89.8% of our customers subscribing to this service. This service is showing resistance to the decrease in the customer base and minutes of use remain strong in terms of national fixed-to-fixed calls, although fixed-to-mobile call volumes are falling.

- **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*

*Data in thousand, except if otherwise stated*

	<b>30-Jun-09</b>	<b>31-Mar-09</b>	<b>% change</b>	<b>30-Jun-08</b>	<b>% change</b>
<b>Internet services:</b>					
Customers	1,302	1,295	0.5%	1,272	2.4%
Proportion of total customers	71.0%	70.2%	0.7 pp	67.3%	3.7 pp
Penetration	18.6%	18.6%	0.0 pp	18.4%	0.2 pp

Internet customers increased by 7,000 or 0.5% in the second quarter, reaching 1,302,000. Internet customers as a proportion of total customers increased by 3.7 pp to 71.0% in the second quarter of 2009 from 67.3% in the same period of the previous year. Our residential Internet penetration increase to 18.6% in the second quarter of 2009 from 18.4% in the same quarter of the previous year.

- **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

	30-Jun-09	31-Mar-09	% change	30-Jun-08	% change
<b>Television services:</b>					
Customers	991	1,016	(2.5%)	1,052	(5.8%)
Proportion of total customers	54.0%	55.1%	(1.1 pp)	55.7%	(1.7 pp)
Penetration	14.2%	14.6%	(0.4 pp)	15.2%	(1.0 pp)

Cable television customers decreased by 25,000 or 2.5% in the quarter, reaching 991,000 as of 30 June 2009.

Cable television customers as a proportion of total customers decreased by 1.1 pp in the last quarter to 54.0% as of 30 June 2009 and the penetration of cable television services over homes released to marketing decreased in the quarter by 0.4 pp to 14.2%.

During the last twelve months, the decrease in cable television customers is mainly due to the discontinued offer of this product on a standalone basis and increased focus on acquiring customers with a telephony and broadband bundles, which enjoy lower churn rates.

- **Other direct access**

Other direct access services include services offered through full unbundling of the local loop ("ULL"). These services provide us with revenues from monthly fees from telephony and broadband Internet services and usage charges from telephony services. Our ULL customers increased in the second quarter of 2009 by 1.5% versus first quarter of 2009. We consider our ULL operations, mainly focused in Madrid and Barcelona, as a complement to our core cable business.

Table 14: Other direct access services

Data in thousand, except if otherwise stated

	30-Jun-09	31-Mar-09	% change	30-Jun-08	% change
<b>ULL Services:</b>					
Customers	68	67	1.5%	66	3.2%
RGUs	117	114	2.7%	108	8.3%
RGUs per customer	1.73	1.71	1.2%	1.65	4.8%

## b) SMEs services

Revenues from SMEs services are derived from fees paid by small and medium sized enterprises, for voice and data services, offered individually or as a bundle and incoming interconnection revenues of this segment.

The following table sets forth revenues and customers from SMEs services, and the percentage change from period to period:

Table 15: SMEs services

	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
SMEs customers ( <i>thousands</i> )	67	70	(4.7%)	67	70	(4.7%)
Revenues ( <i>€million</i> )	17	18	(5.6%)	35	36	(3.4%)

ONO's SMEs customers decreased slightly reaching 67,000 customers. As of 30 June 2009, SMEs revenues decreased slightly to €17 million from €18 million in the second quarter of 2008.

The macroeconomic environment and the pressure of unemployment on the SMEs segment is significant. This is especially noticeable in the disconnection rates and the ability to acquire new customers in the marketplace.

## c) Business services

Revenues from business services are derived from customised solutions designed to satisfy the communications needs (voice, internet, data solutions and equipment) of large corporate groups, institutions and central and autonomous government agencies, through an integrated range of tailored services.

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

Table 16: Business services

*Data in €million*

	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Revenues	43	44	(2.3%)	89	87	2.5%

Business revenues reached €43 million in the second quarter of 2009, a decrease of 2.3% versus the same period of 2008.

### 3.2.1.2 Partial continuing businesses

#### Wholesale and other

Revenues from wholesale and other 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, as well as other revenues.

Table 17: Wholesale and other

Data in €million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Revenues	27	27	(1.4%)	53	60	(12.9%)

As of 30 June 2009, revenues from wholesale and other were €53 million, a decrease of 12.9% as compared with the first half of 2008. This reduction is mainly due to the migration of circuits away from ONO by Orange to its own networks. This loss of revenue is in line with our expectations.

This caption also includes revenues from other services such as revenues obtained from third parties by our 100% affiliate Teuve (television content aggregator) and, to a lesser extent, from our broadband mobile services offering ("BAM").

### 3.2.2. Cost of services and Gross profit

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

Table 18: Cost of services and Gross Profit

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Total revenues	380	405	(6.0%)	769	806	(4.6%)
Cost of services	(87)	(95)	(8.2%)	(178)	(196)	(9.4%)
<b>Gross profit</b>	<b>293</b>	<b>309</b>	<b>(5.3%)</b>	<b>591</b>	<b>609</b>	<b>(3.0%)</b>
Gross margin	77.0%	76.5%	0.6 pp	76.9%	75.6%	1.2 pp

Cost of services principally consists of interconnection and backbone network costs for telecommunications services, Internet connectivity costs, circuit rental expenses and programming costs for cable television 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 football on a pay-per-view basis.

Our cost of services decreased by €8 million comparing the quarter ended 30 June 2008 to the quarter ended 30 June 2009. As a percentage of total revenues, our cost of services decreased to 23.0% for the three months ended 30 June 2009 from 23.5% for the three months ended 30 June 2008 and gross margin increased by 0.6 pp to 77.0% in the second quarter of 2009 versus 76.5% in the second quarter of 2008.

This reduction in direct costs is related to (i) our focus on higher margin revenue streams and to the change in revenue mix, increasing the weight of direct access revenues, (ii) lower interconnection costs due to less fixed to mobile traffic, and (iii) cable television programming agreements renegotiations.

### 3.2.3. 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 19: Operating expenses

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Gross opex	(128)	(152)	(15.9%)	(258)	(307)	(15.9%)
Capitalised costs	15	20	(25.3%)	30	40	(25.8%)
<b>Net opex</b>	<b>(113)</b>	<b>(132)</b>	<b>(14.5%)</b>	<b>(228)</b>	<b>(267)</b>	<b>(14.4%)</b>
% of revenues	29.7%	32.7%	(2.96 pp)	29.7%	33.1%	(3.41 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. Capitalised costs relate to, *inter alia*, direct labour costs associated with the development and construction of our network and the installations carried out at our customer premises.

Net opex decreased by 14.5% to reach €113 million in the second quarter of 2009, as compared to €132 million in the second quarter of 2008. This reduction is mainly driven by (i) the headcount reduction plan implemented in January 2009 with direct impact in personnel expenses; (ii) the new sales strategy with focus on cost-efficient sales channels; and (iii) the new marketing strategy focused on BTL and direct marketing campaigns.

### 3.2.4. Depreciation and amortisation

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

Table 20: Depreciation and amortisation

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Depreciation and amortisation	(98)	(92)	6.7%	(195)	(184)	6.2%

Depreciation and amortisation is 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 amortisation of intangible assets. The increase is mainly due to the additional capital expenditure carried out over the last twelve months, increasing the size of the amortisation of tangible and intangible assets.

### 3.2.5. Net financial expense

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

Table 21: Net financial expense

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Net financial expense	(60)	(66)	(9.7%)	(125)	(128)	(2.3%)

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense decreased 9.7% to €60 million in the second quarter of 2009 from €66 million in the same quarter of the previous year.

### 3.2.6. Income tax

In spite of the current macroeconomic environment, the Company considers that it will probably generate sufficient profit to offset its tax credits. Nonetheless, there are risks and uncertainties in the general economic environment and the financial markets that may adversely affect the Company's ability to generate enough profits to offset all of these tax credits in a timely manner. (For additional information on Risks Relating to our Financial Profile, see "Risk Factors" in the 2008 Annual Report of ONO Midco, issued on 28 April 2009 and posted on our Investor Relations website).

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

Table 22: Income tax

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Income tax credit	(8)	(6)	23.7%	(14)	(10)	44.9%

### 3.3 Notes to the Condensed Consolidated Balance Sheet

#### 3.3.1. Intangible assets

Table 23: Intangible assets, net

<i>Data in €million</i>	<b>31-Dec-08</b>	<b>Additions</b>	<b>30-Jun-09</b>
Rights over fixed assets	66	-	66
Concessions	13	-	13
Computer software	138	5	143
Other intangible fixed assets	38	6	44
<b>Total cost</b>	<b>254</b>	<b>11</b>	<b>265</b>
Accumulated amortisation	(138)	(16)	(155)
<b>Intangible assets, net</b>	<b>116</b>	<b>(6)</b>	<b>111</b>

#### 3.3.2. Tangible assets

Table 24: Tangible assets, net

<i>Data in €million</i>	<b>31-Dec-08</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>30-Jun-09</b>
Land and natural assets	21	-	-	-	21
Network and technical equipment	6,463	53	(5)	24	6,535
Computer hardware	201	1	-	0	202
Other tangible fixed assets	94	4	(1)	-	98
Advances and fixed assets under construction	80	32	(2)	(24)	86
<b>Total cost</b>	<b>6,860</b>	<b>91</b>	<b>(9)</b>	<b>-</b>	<b>6,942</b>
Accumulated amortisation	(2,248)	(179)	2	-	(2,425)
Provisions	(70)	-	-	-	(70)
<b>Tangible assets, net</b>	<b>4,541</b>	<b>(88)</b>	<b>(7)</b>	<b>-</b>	<b>4,446</b>

#### 3.3.3. Cash and cash equivalents

Table 25: Cash and cash equivalents

<i>Data in €million</i>	<b>30-Jun-09</b>	<b>31-Mar-09</b>	<b>31-Dec-08</b>	<b>% change</b>
Cash	228	1	3	na
Short-term investments (maturity less than 3 months) (*)	0	183	339	na
<b>Cash and cash equivalents</b>	<b>228</b>	<b>184</b>	<b>342</b>	<b>(33.4%)</b>

(\*) Short-term investments relate to cash invested in Spanish Government securities.

### 3.3.4. Debt and liquidity

Table 26: Debt and liquidity

As of 30 June 2009  
Data in €million

	Maximum available	Short term debt	Long term debt	Total debt	Availability
<b>Type of debt</b>					
<b>Debt with credit entities:</b>					
Senior facility	3,500	180	3,320	3,500	-
Participative loan	10	-	10	10	-
Other credit facilities	165	119	36	155	11
<b>Total debt with credit entities</b>	<b>3,675</b>	<b>299</b>	<b>3,366</b>	<b>3,665</b>	<b>11</b>
<b>Other debt:</b>					
Senior subordinated notes	450	-	450	450	-
State subsidies (*)	42	15	27	42	-
<b>Total other debt</b>	<b>492</b>	<b>15</b>	<b>477</b>	<b>492</b>	<b>-</b>
<b>Total debt</b>	<b>4,168</b>	<b>314</b>	<b>3,843</b>	<b>4,157</b>	<b>11</b>
Cash and cash equivalents				228	228
<b>Total net debt</b>				<b>3,929</b>	
EBITDA LQA				720	
<b>Total net debt/EBITDA</b>				<b>5.45x</b>	

(\*) The €3 million difference between the table above and the balance sheet relates to the present value presented in the balance sheet, while in the table above the amounts are stated at their refund value.

Note: To avoid any double counting, the caption Senior facility excludes bank guarantees drawn under Tranche S, mainly to counter-guarantee debt reported under the caption "State subsidies and other". Additionally, €24 million of debt within "Other credit facilities" are guaranteed by deposits booked in the "Financial assets" caption of the balance sheet.

Table 27: Debt by maturity

Data in € million

Type of debt	Maturity							Total
	2009	2010	2011	2012	2013	2014	Thereafter	
<b>Debt with credit entities:</b>								
Senior facility	36	414	590	960	1,500	-	-	3,500
Participative loan	-	-	-	-	-	10	-	10
Other credit facilities	44	101	3	7	1	0	0	155
<b>Total debt with credit entities</b>	<b>80</b>	<b>515</b>	<b>593</b>	<b>967</b>	<b>1,501</b>	<b>10</b>	<b>0</b>	<b>3,665</b>
<b>Other debt:</b>								
Senior subordinated notes	-	-	-	-	-	450	-	450
State subsidies and other	6	13	11	8	2	1	1	42
<b>Total other debt</b>	<b>6</b>	<b>13</b>	<b>11</b>	<b>8</b>	<b>2</b>	<b>451</b>	<b>1</b>	<b>492</b>
<b>Total</b>	<b>86</b>	<b>527</b>	<b>603</b>	<b>975</b>	<b>1,503</b>	<b>461</b>	<b>1</b>	<b>4,157</b>

The Company faces significant debt maturities in the coming years. These debt maturities are expected to be primarily funded by cash on hand (€228 million) and the generation of free cash flow.

The current macroeconomic environment, the outlook for the Spanish economy and the liquidity constraints in the financial markets, may adversely offset the Company's ability to generate enough cash flow to meet all of the scheduled debt amortisation in the coming years.

In order to mitigate this risk, the Company has taken a series of decisions to optimise liquidity (discontinuation of network buildout, cost saving programme, etc), and position itself to take advantage of any opportunities that arise to adjust its financing profile. For additional information on Risks Relating to our Financial Profile, see "Risk Factors" in the 2008 Annual Report of ONO Midco, issued on 28 April 2009 and posted on our Investor Relations website. These decisions and actions may be insufficient.

For further details on our main financing arrangements, please see our Investor Relations website.

### 3.3.5. Other long-term liabilities

Table 28: Other long-term liabilities

<i>Data in €million</i>	<u>30-Jun-09</u>	<u>31-Mar-09</u>	<u>31-Dec-08</u>	<u>% change</u>
Deferred Auna acquisition payment	-	-	67	na
Other	1	1	1	-
<b>Other long-term liabilities</b>	<b>1</b>	<b>1</b>	<b>68</b>	<b>(98.6%)</b>

## 3.4 Notes to the Condensed Consolidated Cash Flow

### 3.4.1. Capex

Our capital expenditure ("Capex") has historically been principally related to network build-out, set-top box purchases, installations, network upgrades, computer hardware/software and other investments.

Table 29: Capital expenditure

<i>Data in € million</i>	<u>Quarter ended</u>			<u>Six months ended</u>		
	<u>30-Jun-09</u>	<u>30-Jun-08</u>	<u>% change</u>	<u>30-Jun-09</u>	<u>30-Jun-08</u>	<u>% change</u>
Capital expenditures	(51)	(109)	(53.5%)	(102)	(213)	(52.2%)

Capital expenditure decreased by 53.5% to €51 million in the second quarter of 2009 from €109 million in the second quarter of 2008 due to the significant reduction of investment in network deployment as part of our decision to preserve liquidity given the financial market and economic environment conditions.

### 3.4.2. Working capital variation

The change in working capital includes the variation of the captions "accounts payable and other current liabilities", "inventories", "prepayments and accrued income" and "accounts receivable and other current assets". The negative trend of this caption in the quarter relates to the decrease in accounts payable as a consequence of the decreased capital expenditures experienced in the last several quarters. The working capital variation excludes the effect of the classification of the deferred Auna acquisition payment to short-term and the reclassification of amounts between accounts payables or receivables to other lines within the balance sheet.

#### 4. ONO MIDCO

Table 30: Condensed Consolidated Balance Sheet (ONO Midco)

<i>Data in € million</i>	<u>30-Jun-09</u>	<u>31-Mar-09</u>	<u>31-Dec-08</u>
<b>ASSETS</b>			
Intangible assets, net	111	114	116
Tangible assets, net	4,446	4,496	4,541
Shareholdings in group companies	5	5	5
Financial assets	4	4	4
Tax credit and deferred tax	1,175	1,186	1,187
<b>Non current assets</b>	<b>5,741</b>	<b>5,804</b>	<b>5,852</b>
Inventories	21	20	23
Accounts receivable and other current assets	169	151	143
Short-term investments, net	2	8	8
Prepayments and accrued income	8	7	2
Cash and cash equivalents	228	184	342
<b>Current assets</b>	<b>427</b>	<b>371</b>	<b>518</b>
<b>TOTAL ASSETS</b>	<b>6,168</b>	<b>6,175</b>	<b>6,370</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Common stock	263	263	263
Share premium reserve	24	24	24
Reserves	126	126	126
Prior years' losses	(244)	(244)	(221)
Net profit/(loss) for the period	29	12	(22)
Shareholder's equity	197	181	169
Hedge agreements	(59)	(64)	(49)
State subsidies	2	2	2
Minority interest	8	7	7
Participative loan	961	955	955
<b>Net equity</b>	<b>1,110</b>	<b>1,081</b>	<b>1,084</b>
Provisions for liabilities and charges	127	139	146
Senior facility	3,308	3,451	3,450
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	36	46	51
Long-term debt	3,804	3,957	3,961
Hedge agreements	84	91	70
Other long-term liabilities	1	1	68
Other long-term liabilities	85	92	138
Deferred income	2	2	2
<b>Non current liabilities</b>	<b>4,018</b>	<b>4,190</b>	<b>4,246</b>
Provisions for liabilities and charges	34	39	77
Short-term debt with banks	302	166	185
Accrued interests	71	42	77
Other	103	115	118
Short-term payables	476	323	381
Accounts payable and other current liabilities	485	500	542
Accruals and deferred income	45	42	39
<b>Current liabilities</b>	<b>1,040</b>	<b>904</b>	<b>1,039</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>6,168</b>	<b>6,175</b>	<b>6,370</b>

Table 31: Condensed Consolidated Statement of Operations (ONO Midco)

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Revenues	380	405	(6.0%)	769	806	(4.6%)
Cost of services	(87)	(95)	(8.2%)	(178)	(196)	(9.4%)
Net Opex	(111)	(130)	(14.5%)	(224)	(263)	(14.7%)
<b>EBITDA</b>	<b>182</b>	<b>179</b>	<b>1.4%</b>	<b>367</b>	<b>347</b>	<b>5.8%</b>
Deprec. and amortis.	(98)	(92)	6.7%	(195)	(184)	6.2%
Loss on fixed assets	(1)	0	na	(1)	-	na
<b>EBIT / Operating profit</b>	<b>83</b>	<b>88</b>	<b>(4.7%)</b>	<b>170</b>	<b>163</b>	<b>4.5%</b>
Net financial expense	(58)	(67)	(13.6%)	(125)	(130)	(4.1%)
<b>EBT / Profit before tax</b>	<b>26</b>	<b>21</b>	<b>24.0%</b>	<b>45</b>	<b>32</b>	<b>39.0%</b>
Income tax credit	(9)	(6)	33.6%	(16)	(10)	53.6%
<b>Profit before minority interests</b>	<b>17</b>	<b>14</b>	<b>19.6%</b>	<b>30</b>	<b>22</b>	<b>32.3%</b>
Minority interests	(1)	(1)	(10.5%)	(1)	(1)	(18.6%)
<b>Net profit</b>	<b>16</b>	<b>14</b>	<b>21.0%</b>	<b>29</b>	<b>21</b>	<b>34.8%</b>

Table 32: Condensed Consolidated Cash Flow (ONO Midco)

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
<b>EBITDA</b>	<b>182</b>	<b>179</b>	<b>1.4%</b>	<b>367</b>	<b>347</b>	<b>5.8%</b>
Capex	(51)	(109)	(53.5%)	(102)	(213)	(52.2%)
<b>OPERATING FREE CASH FLOW</b>	<b>131</b>	<b>70</b>	<b>87.3%</b>	<b>265</b>	<b>133</b>	<b>98.6%</b>
Change in working capital	(27)	(67)	(59.8%)	(77)	(109)	(29.2%)
Other <sup>(1)</sup>	(15)	(17)	(10.2%)	(63)	(34)	82.6%
<b>FREE CASH FLOW (pre-interest)</b>	<b>89</b>	<b>(14)</b>	<b>na</b>	<b>125</b>	<b>(10)</b>	<b>na</b>
Paid interests, net	(28)	(38)	(24.8%)	(126)	(137)	(8.2%)
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>61</b>	<b>(52)</b>	<b>na</b>	<b>(1)</b>	<b>(147)</b>	<b>(99.3%)</b>
<b>FINANCING ACTIVITIES</b>						
Senior facility	0	124	(100.0%)	(0)	281	(100.0%)
State subsidies	(9)	(10)	(8.0%)	(7)	(6)	33.5%
Short-term credit lines	(8)	(1)	na	(28)	6	na
Short-term investments	1	0	na	1	(4)	na
Financial assets	(0)	(0)	na	(0)	(0)	177.1%
Other financing items	(0)	1	na	(7)	1	na
Deferred Auna acquisition payment	-	-	na	(71)	(71)	(0.0%)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(17)</b>	<b>114</b>	<b>(115.0%)</b>	<b>(113)</b>	<b>207</b>	<b>(154.5%)</b>
<b>NET CASH FLOW</b>	<b>43</b>	<b>62</b>	<b>(30.1%)</b>	<b>(114)</b>	<b>60</b>	<b>(290.5%)</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>184</b>	<b>2</b>	<b>na</b>	<b>342</b>	<b>4</b>	<b>na</b>
<b>CASH END OF PERIOD</b>	<b>228</b>	<b>64</b>	<b>na</b>	<b>228</b>	<b>64</b>	<b>257.2%</b>

<sup>(1)</sup> Includes restructuring costs (Headcount Reduction Plan costs), commitment & contingencies and other one-off items

Table 33: Shareholder's equity (ONO Midco)

<i>Data in €million</i>	Common stock	Share premium reverse	Reserves	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Participative loan	Total
<b>Balance 31 December 2008</b>	<b>263</b>	<b>24</b>	<b>126</b>	<b>(221)</b>	<b>(22)</b>	<b>(49)</b>	<b>2</b>	<b>7</b>	<b>955</b>	<b>1,084</b>
Previous year result distribution	-	-	-	(22)	22	-	-	-	-	-
Net profit for the year	-	-	-	-	29	-	-	-	-	29
Change in fair value	-	-	-	-	-	(10)	-	-	-	(10)
New participative loan	-	-	-	-	-	-	-	-	6	6
Transfer to financial income	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	1	-	1
<b>Balance 30 June 2009</b>	<b>263</b>	<b>24</b>	<b>126</b>	<b>(244)</b>	<b>29</b>	<b>(59)</b>	<b>2</b>	<b>8</b>	<b>961</b>	<b>1,110</b>

In this section, we are reporting the second quarter of 2009 Condensed Consolidated Financial Statements of ONO Midco, S.A.U. and its subsidiaries. For a detailed analysis of the trends followed in the periods indicated, please see information on GCO in section 3 of this document.

## 5. CABLEUROPA

### 5.1 Condensed Consolidated Financial Statements

Table 34: Condensed Consolidated Balance Sheet (Cableuropa)

<i>Data in € million</i>	<u>30-Jun-09</u>	<u>31-Mar-09</u>	<u>31-Dec-08</u>
<b>ASSETS</b>			
Intangible assets, net	111	114	116
Tangible assets, net	4,446	4,496	4,541
Shareholdings in group companies	5	5	5
Financial assets	4	4	4
Tax credit and deferred tax	1,175	1,186	1,187
<b>Non current assets</b>	<b>5,741</b>	<b>5,804</b>	<b>5,852</b>
Inventories	21	20	23
Accounts receivable and other current assets	169	151	143
Short-term investments, net	2	8	8
Prepayments and accrued income	8	7	2
Cash and cash equivalents	228	184	342
<b>Current assets</b>	<b>427</b>	<b>371</b>	<b>518</b>
<b>TOTAL ASSETS</b>	<b>6,168</b>	<b>6,175</b>	<b>6,370</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Common stock	263	263	263
Share premium reserve	1,637	1,637	1,637
Reserves	807	807	807
Own shares	-	-	-
Prior years' losses	(2,539)	(2,539)	(2,516)
Net profit/(loss) for the period	29	12	(23)
Shareholder's equity	197	181	169
Hedge agreements	(59)	(64)	(49)
State subsidies	2	2	2
Minority interest	8	7	7
Participative loan	961	955	955
<b>Net equity</b>	<b>1,110</b>	<b>1,082</b>	<b>1,084</b>
Provisions for liabilities and charges	127	139	146
Senior facility	3,308	3,451	3,450
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	36	46	51
Long-term debt	3,804	3,957	3,961
Hedge agreements	84	91	70
Other long-term liabilities	1	1	68
Other long-term liabilities	85	92	138
Deferred income	2	2	2
<b>Non current liabilities</b>	<b>4,018</b>	<b>4,190</b>	<b>4,246</b>
Provisions for liabilities and charges	34	39	77
Short-term debt with banks	302	166	185
Accrued interests	71	42	77
Other	103	115	118
Short-term payables	476	323	381
Accounts payable and other current liabilities	484	499	542
Accruals and deferred income	45	42	39
<b>Current liabilities</b>	<b>1,040</b>	<b>903</b>	<b>1,039</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>6,168</b>	<b>6,175</b>	<b>6,370</b>

Table 35: Condensed Consolidated Statement of Operations (Cableuropa)

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
Revenues	380	405	(6.0%)	769	806	(4.6%)
Cost of services	(87)	(95)	(8.2%)	(178)	(196)	(9.4%)
Net Opex	(111)	(130)	(14.5%)	(224)	(263)	(14.7%)
<b>EBITDA</b>	<b>182</b>	<b>179</b>	<b>1.4%</b>	<b>367</b>	<b>346</b>	<b>5.8%</b>
Deprec. and amortis.	(98)	(92)	6.7%	(195)	(184)	6.2%
Loss on fixed assets	(1)	-	na	(1)	-	na
<b>EBIT / Operating profit</b>	<b>83</b>	<b>88</b>	<b>(4.7%)</b>	<b>170</b>	<b>162</b>	<b>4.5%</b>
Net financial expense	(58)	(67)	(13.6%)	(125)	(130)	(4.1%)
<b>EBT / Loss before tax</b>	<b>26</b>	<b>21</b>	<b>24.0%</b>	<b>45</b>	<b>32</b>	<b>39.3%</b>
Income tax credit	(9)	(6)	33.7%	(16)	(10)	53.6%
<b>Profit before minority interests</b>	<b>17</b>	<b>14</b>	<b>19.5%</b>	<b>30</b>	<b>22</b>	<b>32.7%</b>
Minority interests	(1)	(1)	(10.5%)	(1)	(1)	(18.6%)
<b>Net profit</b>	<b>16</b>	<b>14</b>	<b>20.9%</b>	<b>29</b>	<b>21</b>	<b>35.2%</b>

Table 36: Condensed Consolidated Cash Flow (Cableuropa)

Data in € million	Quarter ended			Six months ended		
	30-Jun-09	30-Jun-08	% change	30-Jun-09	30-Jun-08	% change
<b>EBITDA</b>	<b>182</b>	<b>179</b>	<b>1.4%</b>	<b>367</b>	<b>346</b>	<b>5.8%</b>
Capex	(51)	(109)	(53.5%)	(102)	(213)	(52.2%)
<b>OPERATING FREE CASH FLOW</b>	<b>131</b>	<b>70</b>	<b>87.3%</b>	<b>265</b>	<b>133</b>	<b>98.7%</b>
Change in working capital	(27)	(67)	(59.8%)	(77)	(109)	(29.1%)
Other <sup>(1)</sup>	(15)	(17)	(10.2%)	(63)	(34)	82.6%
<b>FREE CASH FLOW (pre-interest)</b>	<b>89</b>	<b>(14)</b>	<b>na</b>	<b>125</b>	<b>(10)</b>	<b>na</b>
Paid interests, net	(28)	(38)	(24.8%)	(126)	(137)	(8.2%)
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>61</b>	<b>(52)</b>	<b>(216.6%)</b>	<b>(1)</b>	<b>(147)</b>	<b>(99.3%)</b>
<b>FINANCING ACTIVITIES</b>						
Senior facility	0	124	(100.0%)	(0)	281	(100.0%)
State subsidies	(9)	(10)	(8.0%)	(7)	(6)	33.5%
Short-term credit lines	(8)	(1)	na	(28)	6	na
Short-term investments	1	0	na	1	(4)	na
Financial assets	(0)	(0)	na	(0)	(0)	na
Other financing items	(0)	1	na	(7)	1	na
Deferred Auna acquisition payment	-	-	na	(71)	(71)	na
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(17)</b>	<b>114</b>	<b>(115.0%)</b>	<b>(113)</b>	<b>207</b>	<b>(154.5%)</b>
<b>NET CASH FLOW</b>	<b>43</b>	<b>62</b>	<b>(30.1%)</b>	<b>(114)</b>	<b>60</b>	<b>na</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>184</b>	<b>2</b>	<b>na</b>	<b>342</b>	<b>7</b>	<b>na</b>
<b>CASH END OF PERIOD</b>	<b>228</b>	<b>64</b>	<b>257.1%</b>	<b>228</b>	<b>66</b>	<b>242.6%</b>

<sup>(1)</sup> Includes restructuring costs (Headcount Reduction Plan costs), commitment & contingencies and other one-off items

Table 37: Shareholder's equity (Cableuropa)

<i>Data in €million</i>	Common stock	Share premium reverse	Reserves	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Participative loan	Total
<b>Balance 31 December 2008</b>	<b>263</b>	<b>1,637</b>	<b>807</b>	<b>(2,516)</b>	<b>(23)</b>	<b>(49)</b>	<b>2</b>	<b>7</b>	<b>955</b>	<b>1,084</b>
Previous year result distribution	-	-	-	(23)	23	-	-	-	-	-
Net profit for the year	-	-	-	-	29	-	-	-	-	29
Change in fair value	-	-	-	-	-	(10)	-	-	-	(10)
New participative loan	-	-	-	-	-	-	-	-	6	6
Transfer to financial income	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	1	-	1
<b>Balance 30 June 2009</b>	<b>263</b>	<b>1,637</b>	<b>807</b>	<b>(2,539)</b>	<b>29</b>	<b>(59)</b>	<b>2</b>	<b>8</b>	<b>961</b>	<b>1,110</b>

## 5.2 Debt and liquidity

Table 38: Debt and Liquidity (Cableuropa)

<i>As of 30 June 2009</i> <i>Data in €million</i>	<b>Maximum available</b>	<b>Short-term debt</b>	<b>Long-term debt</b>	<b>Total debt</b>	<b>Availability</b>
<b>Type of debt</b>					
<b>Debt with credit entities:</b>					
Senior facility (*)	3,500	180	3,320	3,500	0
Participative loan	10	-	10	10	-
Other credit facilities (**)	129	107	12	119	10
<b>Total debt with credit entities</b>	<b>3,639</b>	<b>287</b>	<b>3,342</b>	<b>3,629</b>	<b>10</b>
<b>Other debt:</b>					
Senior subordinated notes	450	-	450	450	-
State subsidies and other (**)	42	15	27	42	-
<b>Total other debt</b>	<b>492</b>	<b>15</b>	<b>477</b>	<b>492</b>	<b>-</b>
<b>Total debt</b>	<b>4,132</b>	<b>302</b>	<b>3,819</b>	<b>4,121</b>	<b>10</b>
Cash and cash equivalents				228	228
<b>Total net debt</b>				<b>3,894</b>	
EBITDA LQA				728	
<b>Total net debt/EBITDA</b>				<b>5.35x</b>	

(\*) The €12 million difference between the amount under "Senior facility" item in the table above and the balance sheet relates to the net book value of the GCO fee from the Senior facility at the agreement date (2005).

(\*\*) The €3 million difference between the table above and the balance sheet relates to the present value presented in the balance sheet, while in the table above the amounts are stated at their refund value.

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

Table 39: Debt by maturity

<i>As of 30 June 2009</i> <i>Data in €million</i>	<b>Maturity</b>							<b>Total</b>
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Thereafter</b>	
<b>Type of debt</b>								
<b>Debt with credit entities:</b>								
Senior facility	36	414	590	960	1,500	-	-	3,500
Participative loan	-	-	-	-	-	10	-	10
Other credit facilities	44	65	3	7	1	0	0	119
<b>Total debt with credit entities</b>	<b>80</b>	<b>479</b>	<b>593</b>	<b>967</b>	<b>1,501</b>	<b>10</b>	<b>0</b>	<b>3,629</b>
<b>Other debt:</b>								
Senior subordinated notes	-	-	-	-	-	450	-	450
State subsidies	6	13	11	8	2	1	1	42
<b>Total other debt</b>	<b>6</b>	<b>13</b>	<b>11</b>	<b>8</b>	<b>2</b>	<b>451</b>	<b>1</b>	<b>492</b>
<b>Total</b>	<b>86</b>	<b>492</b>	<b>603</b>	<b>975</b>	<b>1,503</b>	<b>461</b>	<b>1</b>	<b>4,121</b>

In this section, we are reporting the second quarter of 2009 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 information on GCO in section 3 of this document.

## 6. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

### 6.1 Quantitative and qualitative disclosure about market risk

Market risk represents the risk of changes in the value of financial instruments, derivative or non-derivative, caused by fluctuations in the markets.

It is our treasury policy to monitor and manage exposure to variable interest rate risk by managing the amount of our outstanding variable interest bearing debt. In order to reduce such market and interests risks, and as market conditions warrant, we may vary our position on interest rate hedging transactions and may purchase or trade the Notes or other financial debt from time to time in privately negotiated or open market transactions using funds available to us.

### 6.2 Interest rate sensitivity

Borrowings under our €3,500 million Senior bank facility (other than those relating to Bank guarantees) bear interest at a floating rate determined by reference to Euribor plus a margin, which currently ranges from 1.75% to 2.25% depending on the tranche.

Borrowings under our €10 million Participative loan bear interest at a floating rate determined by reference to EURIBOR plus a margin, which currently is 2.75%.

In addition, our other outstanding debt with credit entities usually bear interest at EURIBOR plus a margin.

Accordingly, as of 30 June 2009 we had long-term variable interest rate debt outstanding of €3,510 million and exposure to risk due to fluctuations of interest rates.

We have contracted a series of interest rate swaps to fix EURIBOR applicable to our financial debt. To date, we have covered €2,565 million, 73% of the total drawn amount under the aforementioned facilities, hedging our exposure up to July 2010 for €2,065 million and up to January 2011 for €500 million.

The table below shows our variable interest long-term debt main agreements as of 30 June 2009:

Table 40: Variable interest long-term debt

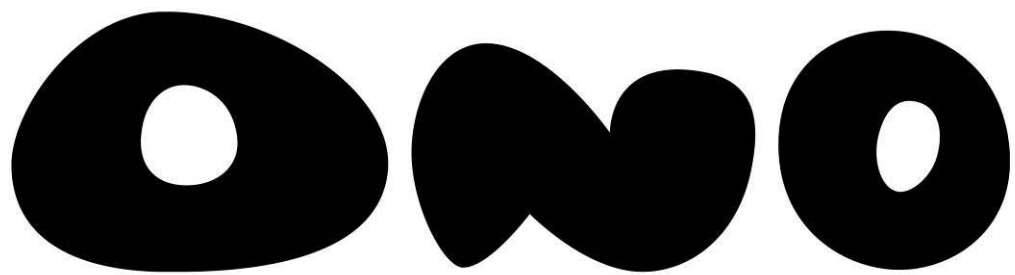
Data in €million	Expected maturity date						Total
	2009	2010	2011	2012	2013	2014	
Senior bank facility (Euribor+1.75%-2.25%)	36	414	590	960	1,500	-	3,500
Participative loan (Euribor+2.75%)	-	-	-	-	-	10	10
<b>Total</b>	<b>36</b>	<b>414</b>	<b>590</b>	<b>960</b>	<b>1,500</b>	<b>10</b>	<b>3,510</b>

## 7. DISCLAIMER

The Projections, defined as all data in this release, contain forward-looking statements (any statement other than those made solely with respect to historical facts) based upon management's beliefs, as well as assumptions made by and data currently available to management. These forward-looking statements are based on a variety of assumptions that may not be realized and are subject to significant business, economic, judicial and competitive risks and uncertainties, including those set forth above, many of which are beyond ONO's ("the Company") control. The Company's actual operations, financial condition, cash flows or operating results may differ materially from those expressed or implied by any such forward-looking statements and the Company undertakes no obligation to update or revise any such forward-looking statements.

The Projections set forth above are based on certain estimates with respect to the Company's liquidity, capital resources, results of operations are subject to a number of risks and uncertainties including, but not limited to, the following: the ability of the Company to continue as a going concern; the ability of the Company and its subsidiaries to fulfil their obligations under, service and operate pursuant to the terms of, their existing credit facilities and arrangements; the state of the Spanish and global economy and its impact on the company's business; the ability to fund, develop and execute the Company's business plan; competitive pressures from other companies in the same or similar lines of business as the Company; trends in the economy as a whole which may affect subscriber confidence and demand for the goods and services supplied by the Company; the ability of the Company to predict consumer demand as a whole, as well as demand for specific goods and services; the acceptance and continued use by subscribers and potential subscribers of the Company's services; changes in technology and competition; the Company's ability to achieve expected operational efficiencies and economies of scale and its ability to generate expected cash flow, revenue and achieve assumed margins; the ability of the Company to attract, retain and compensate key executives and other personnel; the Company's ability to successfully integrate acquired businesses; the ability of the Company to maintain existing arrangements and / or enter into new arrangements with third party providers and contract partners; changes in applicable law, regulations or interpretation thereof; continued presence of a fair, competitive market; potential adverse publicity; as well as other factors detailed from time to time in the Company's public reports. Given these and other uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained in the Projections.

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



#### **FURTHER INFORMATION**

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