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 nine months ended September 30, 2001

Cableuropa, S.A.
(Registrant's name)

333-10976
(Commission file number)

Edificio Belagua, calle 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 __X__ 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 ____X____

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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ONO GROUP
CABLEUROPA, S.A. AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
(Euro thousand)

	Note	September 30, 2001	December 31, 2000
		(Unaudited)	
ASSETS			
Current assets:			
Cash and cash equivalents		21,988	14,259
Restricted cash	2	56,925	84,875
Short term investments, net		-	1,900
Treasury stock	3	7,119	-
Accounts receivable and other current assets	4	130,534	262,902
Total current assets		216,566	363,936
Non-current portion of restricted cash	2	-	25,982
Property and equipment, net	5	1,000,476	739,132
Tax credit, net		38,979	38,979
Intangible assets, net	6	36,014	36,884
Start-up costs, net	7	145,988	137,328
Goodwill	8	384,004	392,367
Deferred expenses, net	9	115,022	36,064
Investments and Other assets		2,786	1,389
TOTAL ASSETS		**1,939,835**	**1,772,061**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Equity value certificates	10	76,958	26,355
Short-term debt	11	93,261	100,428
Accounts payable		234,153	331,229
Other liabilities		57,655	8,734
Total current liabilities		462,027	466,746
Total long-term liabilities	12	1,054,520	649,512
Commitments and contingencies		25,907	20,369
Minority interests			
Common stock		2,894	14,516
Accumulated deficit		(2,280)	(11,134)
Minority interest		614	3,382
Shareholders' equity:			
Common stock, euro 1.0 par value, 491,781,429 shares issued and outstanding.	13	491,781	488,951
Reserve for treasury stock	3	7,119	-
Additional Paid-in capital		330,627	337,746
Accumulated deficit, beginning of period		(194,645)	(69,777)
Net loss for the period		(238,115)	(124,868)
Total shareholders' equity		396,767	632,052
TOTAL LIABILITIES AND SHAREHOLDERS'		**1,939,835**	**1,772,061**

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

CONSOLIDATED STATEMENTS OF OPERATIONS

ONO GROUP
CABLEUROPA, S.A. AND SUBSIDIARIES
(Euro thousand)
(Unaudited)

		Nine Months Ended	
		September 30, 2001	**September 30, 2000**
Revenues			
Telecommunications		70,078	22,216
Television		26,115	8,986
		96,193	31,202
Operating expenses			
Cost of services		52,947	22,354
Amortization of soccer broadcast rights		3,155	3,456
Selling, general and administrative expenses (1)		91,073	56,688
Depreciation and amortization		51,804	22,269
Amortization of goodwill		14,857	175
Total operating expenses		(213,836)	(104,942)
OPERATING LOSS		(117,643)	(73,740)
Other income (expense)			
Interest and other financial income		20,385	7,788
Interest and other financial expense		(134,876)	(92,296)
Revaluation of equity value certificates	**10**	-	(15,231)
Net (loss) / gain from investments / assets and other		(7,850)	57,340
Other expense, net		(122,341)	(42,399)
LOSS BEFORE INCOME TAXES AND MINORITY INTERESTS		(239,984)	(116,139)
Minority Interests		1,869	58,156
NET LOSS		(238,115)	(57,983)

(1) Inclusive of EUR14.4 million of non cash stock compensation expense in the 9 months ended September of 2000. (EURNil for the 9 months ended September of 2001).

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

ONO GROUP
CABLEUROPA, S.A. AND SUBSIDIARIES

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

	Nine months Ended	
	September 30, 2001	**September 30 2000**
OPERATING ACTIVITIES		
Net loss	(238,115)	(57,983)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Stock compensation expense, net of gain on hedge of options	-	(7,548)
Provision for Equity Value Certificates appreciation	-	15,23
Exchange rate difference in long term debt	21,026	34,55
Exchange rate gains on cash balances	(12,416)	
Amortization of deferred expenses	-	1,87
Depreciation and amortization	54,959	22,26
Amortization of goodwill	14,857	17
Losses attributed to minority interests	(1,869)	(28,288)
(Gain)/Loss from investments	1,303	(42,909)
Other	3,940	1,03
Changes in operating assets and liabilities		
Accounts receivable	(2,827)	(1,860)
Other current assets	(14,806)	(33,601)
Accounts payable	(84,866)	53,03
Accrued expenses and other liabilities	35,660	1,54
Net cash used by operating activities	**(223,154)**	**(42,471)**
INVESTING ACTIVITIES:		
Purchases of property and equipment	(289,522)	(266,489)
Start-up costs	(26,873)	(49,686)
Goodwill	-	(3,498)
Acquisition of investments (including restricted investments)	(1,398)	(2,103)
Proceeds from sale of investments	-	73,26
Deferred expenses, net	(28,359)	(11,192)
Restricted cash	53,932	(39,483)
Purchases of intangibles and other assets	(2,643)	(6,248)
Net cash used in investing activities	**(294,863)**	**(305,430)**
FINANCING ACTIVITIES		
Issuance of common stock	150,000	7,22
Proceed from senior notes	366,755	194,00
(Payments) / proceeds of other short term debt	(7,167)	48,46
(Payments) / proceeds of other long-term debt	17,227	(8,220)
Repurchase of common stock	(7,119)	
Transfer of participative loans to Minority Interests	-	(17,187)
Other, net	6,050	87
Net cash provided by financing activities	**525,746**	**225,16**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,729**	**(122,739)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**14,259**	146,33
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**21,988**	**23,59**
Cash paid for interest, net of amount capitalized	84,833	19,40

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

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

	Amount	Number of shares	Paid-in Capital	Reserve for Treasury Stock	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 nine months period	-	-	-		-	(238,115)	(238,115)
Capital increase	2,830[1]	2,830,144	(7,119)	7,119			2,830
Other reserves							
BALANCE, September 30, 2001	**491,781**	**491,781,429**	**330,627**	**7,119**	**(194,645)**	**(238,115)**	**396,767**

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.

(1) See Note 13

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

ONO GROUP
CABLEUROPA, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2001
(Euro thousand, where relevant)
(Unaudited for figures at September 30, 2001)

1. BASIS OF PRESENTATION

The accompanying unaudited 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 nine months ended September 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 September 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 14.

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 EUR125,000,000 13% Notes due 2009 and the EUR200,000,000 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 September 30, 2001, there were no long-term restricted cash balances and short-term restricted cash amounted to EUR56.9 million.

3. TREASURY STOCK

On July 3, 2001 Cableuropa repurchased 7,118,710 ordinary shares at a par value of EUR1 each from Santander Central Hispano Investment, S.A. (SCHI) which had been subscribed in July 2000 by SCHI in order to hedge the company against future payments under its phantom stock option plan (the "Plan").

4. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	September 30, 2001	December 31, 2000
Tax receivables	81,085	85,751
Accounts receivable	19,487	16,661
Other current assets	29,962	10,490
Due shareholders contributions	-	150,000
Total accounts receivable and other assets	130,534	262,902

5. PROPERTY AND EQUIPMENT

	September 30, 2001	December 31, 2000
Network and technical equipment	842,752	592,440
Customer premises equipment	62,471	31,770
Computer hardware	29,792	20,818
Other tangible fixed assets	13,663	10,985
Advances and construction in progress	98,925	102,068
Property and equipment gross	1,047,603	758,081
Less accumulated depreciation	(47,127)	(18,949)
Property and equipment, net	1,000,476	739,132

6. INTANGIBLE ASSETS

	September 30, 2001	December 31, 2000
Brand and image	617	617
Franchises	10,849	9,102
Broadcast rights (soccer)	4,057	7,212
Computer software	26,681	23,450
Research and development	235	235
Other	6,460	3,740
Total intangible assets gross	48,899	44,356
Less accumulated amortization	(12,885)	(7,472)
Total intangible assets, net	36,014	36,884

7. START-UP COSTS

	September 30, 2001	December 31, 2000
Stock issuance costs, net	5,736	3,056
Start-up costs, net	140,252	134,272
Total start-up costs	145,988	137,328

8. GOODWILL

On September 14, 2001 Cableuropa registered in the Mercantile Registry of Madrid the increase of capital involving the third phase to simplify the corporate structure of Cableuropa. This phase involved the exchange of minority shareholdings in the operating companies in the Cableuropa group for direct shareholdings in Cableuropa, S.A. Those operating companies were Albacete Sistemas de Cable, S.A., Región de Murcia de Cable, S.A., Valencia de Cable, S.A., Mediterránea Norte Sistemas de Cable, S.A., Mediterránea Sur Sistemas de Cable, S.A., Corporación Mallorquina de Cable, S.A. and Santander de Cable, S.A. After giving effect to this simplification Cableuropa owns 100% of seven of the operating companies (Corporación Mallorquina de Cable, S.A., Santander de Cable, S.A., Albacete Sistemas de Cable, S.A., Cádiz de Cable y Televisión, S.A., Cable y Televisión de El Puerto, S.A., Huelva de Cable y Televisión, S.A. and TDC Sanlúcar, S.A.) and a minimum of 93% in the remaining six. As a result of this operation €3.2million of goodwill was generated.

9. DEFERRED EXPENSES

Costs associated with the EUR 800 million senior secured credit facitilty signed in August were capitalised and will be amortised over the period of the facility estimated to be 7.5 years.

10. EQUITY VALUE CERTIFICATES

	September 30, 2001	December 31, 2000
Equity value certificates (EVC) issuance costs, net	76,958	26,355

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 EVCs. The EVCs represent the right to receive cash value relating to the ordinary shares of Cableuropa upon the occurrence of certain events, including an initial public offering of Cableuropa. According to the EVC issuance, Cableuropa, as guarantor, entered into two agreements with ONO Finance Plc. pursuant to these agreements, the issuer paid to Cableuropa, an amount equal to the proceeds of the EVC issuance (EUR5.9 million) in consideration for Cableuropa agreeing to pay to the issuer an amount at least equal to the amount payable by the issuer to the holders of the EVCs. As a result, Cableuropa, assumed a debt with ONO Finance Plc, amounting to EUR26.3 million.

As part of the issuance of the senior notes due 2011 (see note 12), ONO Finance Plc issued 200,000 Dollar EVCs 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. As at September 30, 2001, the related liability to ONO Finance Plc amounted to EUR50.6 million.

The EVCs are classified current liabilities since the company believes that there could be a payment event for these liabilities in the short term.

11. SHORT TERM DEBT

	September 30, 2001	December 31, 2000
Credit lines	55,844	76,373
Accrued interest expense	37,417	24,055
	93,261	100,428

12. LONG TERM LIABILITIES

	September 30, 2001	December 31, 2000
Senior Bank Facility	15,000	-
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)	369,034	-
Other long-term liabilities	37,190	16,216
Total long-term liabilities	1,054,520	649,512

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 lend 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.

Cableuropa owns a 2% interest in ONO Finance Plc.

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"). Amounts drawn under the MBCF-1 accrue interest at a fixed rate of 13.214%.

The Borrowers paid to the Issuer a portion of the gross proceeds as an up-front fee amounting to approximately EUR12 million to cover the fees, commissions and other expenses of the offering.

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 Cableuropa, its Spanish cable subsidiaries and Univertel Comunicaçôes Universais, S.A. (collectively, the ‘‘Borrowers’’). This agreement between the Issuer and the Borrowers is known as the Multi-Borrower Credit Facility (“MBCF-2”). The borrowers may invest some of the funds from the MBCF-2 in ONOLab Internet, S.A. and ONONet Comunicaciones, S.A. even though these companies have not guaranteed the obligations of ONO Finance Plc under the 2000 Notes. Amounts drawn under the MBCF-2 accrue interest at a fixed rate of 14.010%.

MBCF-3

In February 2001, ONO Finance Plc issued 200,000 Dollar Units consisting of $200 million 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 million 14% Notes due 2011 and Equity Value Certificates evidencing the right to receive the cash value of 6,898,247 ordinary sales 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.

Senior Bank Facility

On August 8, 2001 Cableuropa S.A., signed a EUR800 million senior secured credit facility provided by a syndicate of international banks. This facility replaced the existing senior bank facility of EUR 225 million on the same date under there were no outstanding drawdowns at that date.

The facility may be used by Cableuropa, S.A., each of the Spanish cable operating companies, ONONet Comunicaciones, S.A. and ONOLab Internet S.A.

The banks hold a pledge over shares of all the above companies and security over all material assets (to the extent feasible under Spanish law).

13. EQUITY

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

	Percentage Ownership	
	September 30, 2001	December 31, 2000
Spanish Telecommunications Limited S.à.r.l. (Luxembourg)	45.31%	45.40%
Cántabra de Inversiones, S.A. (BSCH Group) (Spain)	18.35%	18.44%
Grupo Multitel, S.A.. (Spain)	9.95%	10.0%
Ferrovial Telecomunicaciones, S.A. (Spain)	9.97%	10.02%
VAL Telecomunicaciones, S.L. (Spain)	12.89%	12.60%
Santander Telecommunications Inc. (USA)	2.07%	2.08%
Santander Central Hispano Investment, S.A. (Spain)	-	1.46%
Own shares	1.46%	-
	100.00%	100.00%

In connection with this transaction for the simplication of the group structure (see Note 8) the group issued 2,830,144 ordinary shares of Cableuropa with nominal value of EUR 1.

14. 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.

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.

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 2000 and 2001 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 from the date on which the assets were generated. Cableuropa and all of the controlled companies recognized in prior year part of 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. In the case of Santander de Cable, S.A., all of deferred tax assets arising from tax loss carryforwards generated from inception up to December 31, 1999, have been recognized.

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 reconciliation of shareholders' equity and net loss between Spanish and U.S. GAAP, do not include the tax effect on the adjustments considered in such reconciliation 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.

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 with Santander Central Hispano Investment, S.A. (SCHI) under a Phantom Stock Option Plan for certain senior employees of the Group. In July 2001, Cableuropa repurchased 7,118,710 ordinary shares at a par value of EUR1 from (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").

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 reorganizations which took place in November 2000 and June 2001 gives rise to goodwill of EUR384.0 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.

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.

	Shareholdings acquisition	Participative loans acquisitions	Cash Contributions	Reorganisation
		Euro thousand		
Fair value of consideration issued..........	549,753	15,025	730	565,508
Less: Fair value of shareholders´ equity acquired:	(13,975)			(13,975)
Goodwill	563,728	15,025	730	579,483

On September 18, 2001 Cableuropa purchased a 100% participation in Telia Iberia, S.A. Management is in the process of finally allocating of fair market values of this transaction. The proforma information according to SFAS 141 provisions is as follows:

	Cableuropa S.A. and Subsidiaries	Telia Iberia, S.A.	Pro Forma
Revenues	96,193	4,079	100,272
Loss before income tax and minority interest	(239,984)	(10,344)	(250,328)
Net Loss	(238,115)	(10,344)	(248,459)
Net loss per share	(0,487)	-	(0,508)

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-1and 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 September 30, 2001 was EUR565.5 million.

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.

11. Accounting for Derivatives

In September 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 September 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 recognized 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 amortized. On adoption the company may need to record a cumulative effect adjustment to reflect the impairment of previously recognized intangible assets. In addition, goodwill on prior business combinations will cease to be amortized. We will adopt both statements on January 1, 2002 and are currently evaluating the impact of these statements.

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. An entity shall measure changes in the liability for an asset retirement obligation due to passage of time by applying an interest method of allocation to the amount of the liability at the beginning of the period. The interest rate used to measure that change shall be the credit-adjusted risk-free rate that existed when the liability was initially measured. That amount shall be recognized as an increase in the carrying amount of the liability and as an expense classified as an operating item in the statement of income. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. The Company does not anticipate that adoption of SFAS No. 143 will have a material impact on its results of operations or its financial position.

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale consistent with the fundamental provisions of SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. While it supersedes APB Opinion 30, Reporting the Results of operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, it retains the presentation of discontinued operations but broadens that presentation to include a component of an entity (rather than a segment of a business). However, discontinued operations are no longer recorded at net realizable value and future operating losses are no longer recognized before they occur. Under SFAS No. 144 there is no longer a requirement to allocate goodwill to long-lived assets to be tested for impairment. It also establishes a probability weighted cash flow estimation approach to deal with situations in which there are a range of cash flows that may be generated by the asset being tested for impairment. SFAS No. 144 also establishes criteria for determining when an asset should be treated as held for sale.

SFAS No. 144 is effective for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years, with early application encouraged. The provisions of the Statement are generally to be applied prospectively. The Company currently has no plans to dispose of any operations and accordingly, does not anticipate that adoption of SFAS No. 144 will have a material impact on its results of operations or its financial position.

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

	September 30, 2001	**December 31, 2000**
Shareholders' equity in accordance with Spanish GAAP	396,767	632,052
Additions (deductions) for U.S. GAAP purposes:		
Start-up costs, net	(128,017)	(120,354)
Stock issuance costs, net	(5,731)	(3,056)
Foreign exchange deferred income	21,025	5,628
Stock-based compensation	8,118	11,281
Stock issuance related to stock-based compensation externalization	-	(7,119)
Stock Options Repurchase of Shares	(7,119)	
Depreciation of Property and equipment	(34,826)	(19,021)
Tax Credits	(38,979)	(23,898)
Goodwill	201,483	194,320
Capitalization of interest	15,010	8,785
Research and development costs	(79)	(105)
Minority interests related to U.S. GAAP adjustments	1,707	14,595
Shareholders' equity in accordance with U.S. GAAP	429,359	693,108

	Nine Months Ended September 30, 2001	**Nine Months Ended September 30, 2000**
Net loss in accordance with Spanish GAAP	(238,115)	(57,983)
Additions (deductions) for U.S. GAAP purposes:		
Start-up costs	(26,115)	(48,692)
Reversal of amortization of start-up costs	18,452	9,202
Reversal of amortization of stock issuance costs	946	495
Stock-based compensation	(3,163)	(6,012)
Depreciation of Property and equipment	(15,805)	(10,324)
Foreign exchange deferred income	15,397	6,272
Capitalization of interest costs	6,225	3.881
Reversal of amortization research and development costs	26	26
Amortization of Goodwill	(7,918)	-
Contingencies	-	1,037
Minority interests related to U.S. GAAP adjustments	(73)	15,328
Net loss in accordance with U.S. GAAP	(250,143)	(100,695)
Basic and diluted loss per share	(0.511)	(0.729)
Weighted-average number of ordinary shares outstanding	489,265,752	138,219,415

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 one of the largest providers of integrated telecommunications, cable television and broadband Internet services in Spain. Our principle subsidiaries are:

- Eleven companies that were awarded telecommunications and cable television franchises in Spain between 1997 and 1998 and a twelfth company, TDC Sanlúcar, S.A., which owns the franchise for the City of Sanlúcar de Barrameda, which we acquired in October 2000. These Spanish franchises, "our Spanish franchise areas", cover approximately four million homes and 270,000 businesses, which represents approximately 23% of the homes and 18% of the businesses in Spain respectively;
- A Portuguese company, Univertel Comunicaçôes Universais, S.A., which owns a franchise covering approximately 750,000 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 franchise areas;
- ONOLab Internet, S.A., a subsidiary that provides Internet access services and broadband content through its own broadband Internet access portals, and
- ONO Service Provider, S.A., which is a provider of value added data services to the business communications market in Spain. We purchased this business, which was previously known as Telia Iberia, S.A, in September 2001.

Our business is comprised of two principal elements:

- *Residential market.*
  We provide direct access telecommunications services, cable television and internet access to residential customers, as individual services or in bundled packages of services. We offer these services in our Spanish franchise areas, the areas of Spain where we have licenses, authorisations and concessions to provide them.

- *Business market.*
  We provide direct access competitive local exchange services targeted at business customers principally inside our Spanish franchise areas. These services include a range of voice and data communications services. We also provide a range of advanced business data products such as enterprise connectivity and carrier services to companies throughout Spain.

We provide these services to the residential and business markets across our own communications infrastructure. We have built, and continue to build, extensive local access fibre-optic rich networks in our Spanish franchise areas. We have also deployed an inter-city, high capacity, fibre-optic network to serve as a backbone connecting our local access networks in our Spanish franchise areas 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.

ONO GROUP
CABLEUROPA, S.A. AND SUBSIDIARIES

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

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

Commercial	**September 30, 2001**	**December 31, 2000**	**September 30, 2000**
Cities under construction	63	40	36
Cities with service	51	31	21
Local network built (kilometers)	4,723	3,438	2,865
Backbone network (kilometers)	5,319	3,138	3,138
Operational switches	15	15	13
Operational headends	12	12	11
Residential Services			
Homes passed for telecommunications services	1,286,460	885,462	731,648
Telecommunications customers	258,166	152,115	109,405
Telecommunications penetration (1)	26.4%	24.6%	22.8%
Average monthly revenue per telecommunications customer (euro.) (2)	26.1	30.4	27.7
Homes passed for television services	1,286,460	885,462	731,648
Cable television customers (3)	197,450	128,242	95,737
Television penetration (1)	20.2%	20.7%	19.9%
Average monthly revenue per television customer (Euro.) (2), (3)	17.3	16.1	15.3
Broadband high speed Internet customers	29,301	13,459	6,686
Narrowband Internet customers	41,871	20,518	4,683
Total customers	281,240	168,237	121,495
Average revenue per customer (euro)	42.2	41.3	39.6
Business Services			
Business customers in service	4,101	3,053	2,078
Average monthly revenue per customer (euro.) (2), (4)	158.2	141.8	154.6

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 September 30, 2001, the three months ended December 31, 2000 and the three months ended September 30, 2000.
3. Calculation excludes revenues (and customers) 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 September 2001 and December 2000 respectively
4. Calculation excludes revenues (and customers) from ONO Service Provider, S.A. (former Telia Iberia, acquired in the third quarter of 2001) of euro 182,000 for the quarter ended September 2001 .

Financial Results for the Nine Months Ended September 30, 2001 and 2000

Revenues

Revenues were EUR 96.2 million in the nine months ended September 30, 2001, compared to revenues of EUR 31.2 million in the nine months ended September 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 nine months ended September 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 EUR64.8 million in the nine months ended September 30, 2001, compared to revenues of EUR 22.2 million in the nine months ended September 30, 2000. Cable television revenues were EUR 26.1 million in the nine months ended September 30, 2001 as compared with EUR 9.0 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 22.8% as of September 30, 2000 to 26.4% as of September 30, 2001. Cable television penetration as of September 30, 2001 increased to 20.2% compared to 19.9% for the same period in the previous year. As at September 30, 2001, the percentage of our customers that took more than one service was 72%. Average monthly revenues per telecommunications customer fell to EUR 26.1 as of September 30, 2001 as compared with EUR 27.7 as of September 30, 2000, due mainly to lower usage of telephony during the period. Average monthly revenues per cable television customer were EUR 17.3 as of September 30, 2001 as compared with EUR 15.3 as of September 30, 2000. The increase in cable television ARPU is mainly due to price increases and more customers taking premium packages. These revenue increase mainly in cable television lead to an increase in average monthly revenue per residential customer to EUR 42.2 as of September 30, 2001 from EUR 39.6 as of September 30, 2000.

Business Services. As of September 30, 2001, we had 4,101 direct access medium-sized and large businesses customers. These customers generated EUR 5.3 million during the period with average monthly revenues per medium-sized business customer of EUR 158.2 as compared to EUR 154.6 for the same period in the previous year.

Operating Expenses

Total operating expenses in the nine months ended September 30, 2001 were EUR 213.8 million as compared with EUR 104.8 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 52.9 million in the nine months ended September 30, 2001 as compared with EUR 22.3 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 3.2 million in the nine months ended September 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 and paid a lump sum for such rights. This cost is been amortized over 4 years.

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 91.1 million in the nine months ended September 30, 2001 as compared with EUR 56.7 million in the same period in 2000. The increase in selling, general and administrative expenses reflect the continued expansion of our business.

Depreciation and amortization expenses were EUR 69.8 million in the nine months ended September 30, 2001 as compared with EUR 25.7 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 EUR117.6 million in the nine months ended September 30, 2001 as compared with EUR

73.6 million in the same period in 2000. The increase in operating losses reflects increased operating expenses that substantially offset the increased revenue during the nine months ended September 30, 2001.

Interest and Other Financial Income

Interest and other financial income was EUR 20.4 million in the nine months ended September 30, 2001 as compared with EUR 7.8 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 134.9 million in the nine months ended September 30, 2001 as compared with EUR 92.3 in the same period in 2000. The increase in interest expense in the nine months ended September 30, 2001 reflects the interest expense related to the 1999, 2000 and 2001 notes and unrealized foreign exchange losses of approximately EUR 21.0 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 of EUR 800 million) 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

Continuing the Group’s plans for the simplification of its corporate structure the Company has obtained the necessary authorization to merge its wholly-owned subsidiaries with Cableuropa, S.A from the Ministerio de Ciencia y Tecnología.

As of the date of this report, Merlin Servicios Portadores, S.A., a 100% owned subsidiary of Cableuropa, S.A. was awaiting registration in the Mercantile Register of an increase of capital in Abrared, S.A. to which the Group decided not to contribute which is likely to result in a dilution in its shareholding in that company from 18.8% to up to 2.4%. Abrared, S.A. is a company providing 3.5 Ghz wireless services in Spain.

In November 2001, Cableuropa S.A., increased its participation in Jerez de Cable, S.L., from 97.99 to 99.49%.

Liquidity and Capital Resources

On August 8, 2001 we signed a EUR 1.1 billion financing package which fully funds our business plan. This package included 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. As a result of closing the new senior credit facility, we terminated our previous senior bank facility of EUR 225 million on the same date.

As of September 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 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 September 2001 we had outstanding drawings of EUR 47.1 million under this facility.

On July 18, 2001 the Group entered into a short-term credit facility of EUR78.3 million with a syndicate of financial institutions. This facility was entered into for the discounting of value added tax receivables corresponding to year 2001. As of September 2001, we had drawn EURO45m under this facility.

As of September 30, 2001 our shareholders had collectively contributed EUR542 million.

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;
- committed capital from our shareholders

However, 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.

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.

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 September 30, 2001 we had EUR 15 million of 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.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Certain legal actions have been initiated against the Spanish telecommunications regulatory authority, challenging the award, or the public bidding process that resulted in the award, of the Murcia, Huelva and Andalucía, franchises, respectively. In addition, the enlargement of the Mallorca and Andalucía franchises has been challenged. We are not a party to all these proceedings, though they may adversely affect our licenses. Generally, the plaintiffs in these actions either challenge the public bidding process or allege non-compliance by the Spanish telecommunications regulatory authority with such procedures. The Spanish telecommunications regulatory authority is contesting these actions and we intend to file supporting memoranda vigorously contesting these actions. We believe that there is no factual basis to support the plaintiffs' claims, and that the actions will therefore prove unsuccessful. The loss of any of these franchises would have a material adverse effect on us and would constitute an event of default under the terms of the 1999 notes, the 2000 notes and the 2001 notes. Similar actions have been filed by unsuccessful bidders in connection with the award of many of the cable/telephony franchises awarded in 1997 and 1998. To date no action has been successful in overturning the award of a franchise. In addition, Telefónica has challenged the Spanish telecommunications regulatory authority's approval of the 1998 and 2000 reference interconnects offers.

The Group is also engaged in certain routine litigation arising in the ordinary course of its business. The Group does not believe that the adverse determination of any such pending routine litigation, either individually or in the aggregate, could have a material adverse effect on the Group's business or financial condition.

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

At the meeting of the shareholders of Cableuropa, S.A. held on October 18, 2001, it was decided not to re-appoint Arthur Andersen as auditor of the Group and appoint to Pricewaterhousecoopers auditors in their place. Cableuropa intents to carry out a similar process in Mediterránea Sur Sistemas de Cable, S.A., Mediterránea Norte Sistemas de Cable, S.A., Cable y Televisión de Andalucía, S.A., Región de Murcia de Cable, S.A., Valencia de Cable, S.A., S.L., and Univertel – Comunicaçôes Universais, S.A..

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None.

ONO GROUP
CABLEUROPA, S.A. AND SUBSIDIARIES

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: November 30, 2001

By: /s/ Richard Alden

Richard Alden
Chief Executive Officer

By: /s/ Michael Vorstman

Michael Vorstman
Chief Financial Officer and Chief Accounting Officer