Abertis Telecom Terrestre, S.L. (Sole-Shareholder Company) formerly Abertis Americana, S.L.U.

Consolidated Financial Statements for the year ended 31 December 2013 and Consolidated Directors' Report, together with Auditors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Sole Shareholder of
Abertis Telecom Terrestre, S.L. (Sole-Shareholder Company)
formerly Abertis Americana, S.L.U.,
at the request of the Parent's directors:

1. We have audited the consolidated financial statements of Abertis Telecom Terrestre, S.L.U. (the Parent) and Subsidiaries (the Group), which comprise the consolidated balance sheet at 31 December 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2-a to the accompanying consolidated financial statements, the Parent's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying consolidated financial statements for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of Abertis Telecom Terrestre, S.L.U. and Subsidiaries at 31 December 2013, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

3. This is the first year in which the Group's consolidated financial statements have been audited and, accordingly, the information relating to 2012 included for comparison purposes in the consolidated financial statements for 2013 has not been audited.

4. The accompanying consolidated directors' report for 2013 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2013. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Abertis Telecom Terrestre, S.L.U. and Subsidiaries.

ABERTIS TELECOM TERRESTRE, S.L.U. (formerly Abertis Americana, S.L.U.) AND SUBSIDIARIES

Consolidated Financial Statements and Directors' Report
for the year ended 31 December 2013
(prepared in accordance with International Financial Reporting Standards)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated balance sheet
(in thousands of euros)

ASSETS	Notes	31/12/2013	(*) 31/12/2012	(*) 1/1/2012
NON-CURRENT ASSETS				
Property, plant and equipment	6	564,858	-	-
Goodwill	7	42,014	-	-
Other intangible assets	7	8,092	-	-
Investments in associates	8	3,456	-	-
Deferred tax assets	15	42,177	-	-
Trade and other receivables	10	6,489	-	-
TOTAL NON-CURRENT ASSETS		**667,086**	**-**	**-**
CURRENT ASSETS				
Inventories		356	**-**	**-**
Trade and other receivables	10	169,064	**-**	**-**
Cash and cash equivalents	11	2,100	2	2
TOTAL CURRENT ASSETS		**171,520**	**2**	**2**
TOTAL ASSETS		**838,606**	**2**	**2**

(*) Unaudited figures corresponding to Abertis Americana, S.L.U.

The consolidated balance sheet should be read together with the Notes on pages 8 to 70.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated balance sheet
(in thousands of euros)

EQUITY AND LIABILITIES	Notes	31/12/2013	(*) 31/12/2012	(*) 1/1/2012
EQUITY				
Capital and reserves attributable to owners of the Parent				
Capital	12.a	57,921	3	3
Share premium	12.b	338,733	-	-
Reserves of the Parent	12.c	11,753	(1)	(1)
Reserves in consolidated companies		580		
Profit for the year attributable to owners of the Parent	12.e	78,490	-	-
Translation differences	12.d	6	-	-
TOTAL EQUITY		**487,483**	**2**	**2**
NON-CURRENT LIABILITIES				
Non-current provisions	16	1,814	-	-
Employee benefit obligations	16	2,290	-	-
Derivative financial instruments	9 and 13	95	-	-
Non-current payables	13	14,011	-	-
Non-current payables, group companies	22	146,938	-	-
Deferred tax liabilities	15	44,380	-	-
Non-current accruals		661	-	-
TOTAL NON-CURRENT LIABILITIES		**210,189**	**-**	**-**
CURRENT LIABILITIES				
Employee benefit obligations	16	28,982	-	-
Current payables	13	1,183	-	-
Current payables, group companies	22	9,114	-	-
Trade and other payables	14	99,559	-	-
Suppliers, group companies and associates	22	2,096		
TOTAL CURRENT LIABILITIES		**140,934**	**-**	**-**
TOTAL EQUITY AND LIABILITIES		**838,606**	**2**	**2**

(*) Unaudited figures corresponding to Abertis Americana, S.L.U.

The consolidated balance sheet should be read together with the Notes on pages 8 to 70.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated income statement
(in thousands of euros)

	Notes	2013	2012 (*)
Rendering of services		381,281	-
Other operating income		5,750	-
Work carried out by the company for assets		113	-
Operating income	17.a	**387,144**	**-**
Staff costs	17.b	(86,371)	-
Other operating expenses		(129,286)	-
Change in trade provisions		(2,534)	-
Change in other operating provisions		(73)	-
Losses on disposal of non-current assets		(128)	-
Depreciation and amortisation charge	6 and 7	(71,780)	-
Operating expenses		**(290,172)**	-
Operating profit		**96,972**	-
Finance income	17.c	332	-
Finance costs	17.c	(2,788)	-
Net financial loss		**(2,456)**	-
Profit/(loss) of companies accounted for using the equity method		56	-
Profit before tax		**94,572**	-
Income tax	15	(16,082)	-
Profit for the year		**78,490**	**-**
Profit attributable to non-controlling interests		-	-
Profit attributable to owners of the Parent		**78,490**	**-**
Earnings per share from continuing operations (€/share)			
- basic earnings per share from continuing operations		13.55	**-**
- diluted earnings per share from continuing operations		13.55	**-**

(*) Unaudited figures corresponding to Abertis Americana, S.L.U.

The consolidated income statement should be read together with the Notes on pages 8 to 70.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of comprehensive income
(in thousands of euros)

	2013	2012 (*)
Profit for the year	**78,490**	-
Income and expenses recognised directly in equity that may be reclassified to profit or loss:		
Change in cash flow hedges at Parent, and fully and proportionately consolidated companies	74	-
Tax effect of income and expense recognised in equity	(22)	-
	52	-
Translation differences	6	-
Others	528	-
	586	-
Total comprehensive income	**79,076**	-

(*) Unaudited figures corresponding to Abertis Americana, S.L.U.

The consolidated statement of comprehensive income should be read together with the Notes on pages 8 to 70.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of changes in equity
(in thousands of euros)

	Share capital	Share premium	Reserves of the Parent: Legal reserve	Reserves of the Parent: Reserves from retained earnings	Reserves in consolidated companies	Translation differences	Profit and loss	Equity
At 1 January 2012	3	-	-	(1)	-	-	-	2
Movement in 2012	-	-	-	-	-	-	-	-
At 1 January 2013	3	-	-	(1)	-	-	-	2
Comprehensive income for the year	-				580	6	78,490	79,076
Transactions with owners (Note 1)	57,918	338,733	11,584	170	-	-	-	408,405
At 31 December 2013	**57,921**	**338,733**	**11,584**	**169**	**580**	**6**	**78,490**	**487,483**

The consolidated statement of changes in equity should be read together with the Notes on pages 8 to 70.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of cash flows
(in thousands of euros)

	Notes	2013	2012 (*)
Net cash flows from operating activities:			
Profit for the year before tax		**94,572**	**-**
Adjustments to profit:			
Depreciation and amortisation charge	6 and 7	71,780	-
Gains/(losses) on derecognition and disposals of non-current assets		128	-
Movement in provisions		2,607	-
Interest and other income	17.c	(332)	-
Interest and other expenses	17.c	2,788	-
Share of profit/(loss) of companies accounted for using the equity method	8	(56)	-
		76,915	**-**
Changes in current assets/current liabilities:			
Inventories		(70)	-
Trade and other receivables		(6,585)	-
Trade and other payables		5,874	-
Employee benefit obligations		(22,318)	-
		(23,099)	**-**
Cash flows generated by operations:			
Interest paid		(2,306)	-
Interest received	17.c	332	-
Income tax paid (received)		(31,320)	-
		(33,294)	**-**
(A) Total net cash generated by operating activities		**115,094**	**-**
Net cash flow from investing activities:			-
Business combinations and changes in scope of consolidation		1,980	-
Payments for property, plant and equipment and intangible assets		(167,805)	-
Proceeds from disposal of non-current assets		58	-
(B) Total net cash used in investing activities		**(165,767)**	**-**
Net cash flows from financing activities:			
Proceeds from issue of debt to group companies		55,247	-
Repayment and redemption of bank borrowings		(2,476)	-
(C) Total net cash generated by financing activities		**52,771**	**-**
Net increase in cash and cash equivalents from continuing operations (A)+(B)+(C)		**2,098**	**-**
Cash and cash equivalents at beginning of year		2	2
Cash and cash equivalents at end of year		2,100	2

(*) Unaudited figures corresponding to Abertis Americana, S.L.U.

The consolidated statement of cash flows should be read together with the Notes on pages 8 to 70.

NOTES TO THE 2013 CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Abertis Telecom Terrestre, S.L. (Single Member company) (the "Parent") was incorporated in Barcelona on 25 June 2008. Its registered office is at Avenida del Parc Logistic No. 12-20, Barcelona. On 17 October 2013, it changed its name from ABERTIS AMERICANA, S.L.U. to its current name.

The Parent's corporate purpose, as set out in its bylaws, includes:

- The establishment of all kind of telecommunication infrastructures and/or networks, as well as the provision, management, marketing and distribution, on its own account or on account of third parties, of all type of services based on or through such infrastructures and/or networks.

- The planning, technical assistance, management, organisation, coordination, supervision, maintenance and conservation of such installations and services under any type of contractual arrangement allowed by law, especially administrative concessions.

The Parent can undertake these activities directly or indirectly through ownership of shares or stakes in companies with a similar corporate purpose or any other forms allowed by law.

In addition to these activities, the companies' corporate purposes may also include the management, operation and conservation of freight centres or similar facilities at airports, as well as the design, execution, management and control of investments in the infrastructures and facilities referred to in the preceding section.

Abertis Telecom Terrestre, S.L.U. is Parent of a group of companies engaged in the management of telecommunications infrastructures. The detail of the Parent's subsidiaries and jointly controlled entities, which together with the Parent make up the consolidated group (the Group), at 31 December 2013 are set out in Appendix I and Appendix II, respectively.

The Abertis Telecom Terrestre Group belongs to the Abertis Group, whose parent is Abertis Infraestructuras, S.A., with registered address in Barcelona. Abertis Infraestructuras, S.A. owns 100% of the shares of the Group. The consolidated financial statements of the Abertis Group for 2012 were authorised for issued by the directors of Abertis Infraestructuras, S.A. at a meeting of the Board of Directors held on 18 February 2013 and filed with the Barcelona Companies Register.

Spin-off

In order to restructure the Abertis Telecom Group and differentiate between terrestrial and satellite telecommunications, on 18 October 2013, the directors of Abertis Telecom Satélites, S.A.U. (formerly Abertis Telecom, S.A.U.) and Abertis Telecom Terrestre, S.L.U. (the Parent) drew up a partial spin-off plan under which Abertis Telecom Satélites, S.A.U. would spin off all the assets and liabilities on its balance sheet related to the terrestrial telecommunications economic unit in favour of Abertis Telecom Terrestre, S.L.U.

The deed for the partial spin-off of Abertis Telecom Satélites, S.A.U. (formerly Abertis Telecom, S.A.U.) as the spun-off company in favour of Abertis Telecom Terrestre, S.L.U. (the Parent) as the receiving company, entailing the spin-off of the economic unit comprising investments in terrestrial telecommunications companies from the assets of Abertis Telecom Satélites, S.A.U., was executed on 16 December 2013. The date of the spin-off was the date the plan was filed with the Companies Register; i.e. 17 December 2013, at which time all the related assets and liabilities of the spun-off company were effectively transferred. The effective date after which all the operations of Abertis Telecom Satélites, S.A.U. are considered to be carried out by Abertis Telecom Terrestre, S.L.U. for accounting purposes was 1 January 2013.

The partial spin-off was carried out under the special regime provided for in Chapter VIII of Title VII of the Consolidated Text of the Corporate Income Tax (CIT) Law approved by Legislative Royal Decree 4/2004, of 5 March.

2. BASIS OF PRESENTATION

a) Basis of presentation

The consolidated financial statements of Abertis Telecom Terrestre, S.L.U. and subsidiaries for the year ended at 31 December 2013 were authorised for issue by the Directors of the Parent at a meeting of the Board of Directors held on 18 February 2014 on the basis of the accounting records kept by the Parent and the other companies that make up the Group.

These consolidated financial statements were prepared in accordance with the regulatory financial reporting framework applicable to the Group set forth in the International Financial Reporting Standards ("IFRS") as adopted by the European Union, taking into account all of the obligatory accounting principles and policies and measurement bases, the Spanish Code of Commerce, the Corporate Enterprise Act, the Securities Market Act and other applicable company law. Accordingly, they present fairly the equity and financial position of the Abertis Telecom Terrestre Group at 31 December 2013, as well as the results of its operations and the changes in consolidated equity and consolidated cash flows for the year then ended.

Since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements at 31 December 2013 may differ from those used by certain Group entities, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with IFRS.

In order to present the different items that make up the consolidated annual financial statements based on the same standards, the accounting policies and measurement bases used by the Parent were applied to all the companies included in the scope of consolidation.

The consolidated financial statements of Abertis Telecom Terrestre, S.L.U., together with its separate financial statements and those of the subsidiaries and subgroups that make up the Group, will be presented at their respective Shareholders'/Partners' or Sole Shareholder/Partner Meetings within the legally established period. The Directors of the Parent expect these financial statements to be approved without significant changes.

This is the first year that Abertis Telecom Terrestre, S.L.U. presents annual consolidated financial statements. Accordingly, there are no consolidated financial statements for 2012.

b) Adoption of IFRS

These consolidated financial statements are presented in accordance with International Financial Reporting Standards in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. In Spain, the obligation to present consolidated financial statements under EU-approved IFRS is also regulated by Final Provision Eleven of Law 62/2003 of 30 December on tax, administrative and social security measures.

The main accounting policies and measurement bases applied by the Group are presented in Note 3.

This is the first set of consolidated financial statements prepared by the directors in accordance with IFRS. The Parent is not required to present consolidated financial statements as it belongs to the Abertis Infraestructuras Group, of which Abertis Infraestructuras, S.A. is the parent, as explained in Note 1. In this respect, the main options chosen by the Group regarding the application of IFRS are as follows:

- To present the consolidated balance sheet, classifying assets and liabilities as current and non-current.

- To present the consolidated income statement.

- To present the consolidated statement of cash flows using the indirect method.

- To present income and expenses in two statements: a consolidated income statement and a consolidated statement of comprehensive income.

i) Standards and interpretations effective in 2013

The standards, modifications and interpretations that became effective in 2013 (detailed below) were taken into account with effect from 1 January 2013. Their application did not have a material impact on these consolidated financial statements.

New standards, amendments and interpretations		Mandatory application for annual periods beginning on or after:
Amendment of IAS 12 - Income tax - Deferred Tax on Investment Property (published in December 2010)	Provides guidance on measured deferred taxes arising from investment property measured at fair value under IAS 40.	Annual periods beginning on or after 1 January 2013
IFRS 13 – Fair Value Measurement (published in May 2011)	Establishes a single source of guidance for fair value measurements.	Annual periods beginning on or after 1 January 2013
Amendment of IAS 1 - Presentation of Other Comprehensive Income (published in June 2011)	Minor amendment in relation to presentation of other comprehensive income	Annual reporting periods beginning on or after 1 July 2012 (1 January 2013 for abertis purposes)
Amendment of IAS 19 – Employee Benefits (published in June 2011)	The modifications mainly affect defined benefit plans, as one of the fundamental changes is the elimination of the "corridor approach".	Annual periods beginning on or after 1 January 2013
Amendment to IFRS 7 - Offsetting Financial Assets and Financial Liabilities (published in December 2011)	Introduces new disclosures on the offsetting of financial assets and financial liabilities under IAS 32	Annual periods beginning on or after 1 January 2013
Improvements to IFRS 2009-2011 Cycle (published in May 2012)	Minor amendments to certain standards	Annual periods beginning on or after 1 January 2013
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine (published in October 2011)	The IFRS Interpretations Committee deals with the accounting treatment of the cost of removal of waste materials in surface mines	Annual periods beginning on or after 1 January 2013

ii) Standards and interpretations issued by not yet effective

At the date of preparation of these consolidated financial statements, the following standards, amendments and interpretations had been issued by the IASB but had not yet come into force, either because their effective date is after the date of the consolidated financial statements or because they had yet to be adopted by the European Union:

New standards, amendments and interpretations		Mandatory application for annual periods beginning on or after:
Approved for use in the European Union		
IFRS 10 – Consolidated Financial Statements (published in May 2011)	Replaces the current consolidation requirements of IAS 27	Annual periods beginning on or after 1 January 2014 [1]
IFRS 11 –Joint Arrangements (published in May 2011)	Replaces parts of IAS 31 that deal with joint ventures	Annual periods beginning on or after 1 January 2014 [1]
IFRS 12 – Disclosures of Interests in Other Entities (published in May 2011)	Single standard that sets out disclosures related to interests in subsidiaries, associates, joint ventures and non-consolidated entities	Annual periods beginning on or after 1 January 2014 [1]
IFRS 27 (Revised) – Separate Financial Statements (published in May 2011)	The standard was revised because, following the issuance of IFRS 10, it will now include only the separate financial statements of an entity	Annual periods beginning on or after 1 January 2014 [1]
IAS 28 (Revised) – Investments in Associates and Joint Ventures (published in May 2011)	Simultaneous revision related to the issuance of IFRS 11 Joint Arrangements	Annual periods beginning on or after 1 January 2014 [1]
Transition rules: Amendment to IFRS 10, 11 and 12 (published in June 2012)	Clarification on the transition rules applying to these standards	Annual periods beginning on or after 1 January 2014 [1]
Investment entities: amendments to IFRS 10, IFRS 12 and IAS 27 (published in October 2012)	Exception in the consolidation for parent companies whose businesses qualify as investment entities	Annual periods beginning on or after 1 January 2014
Amendment to IAS 32 - Offsetting Financial Assets and Financial Liabilities (published in December 2011)	Further clarifications of rules for offsetting financial assets and liabilities of IAS 32 and introduction of new associated disclosures in IFRS 7	Annual periods beginning on or after 1 January 2014
Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets (published in May 2013)	Clarifies certain disclosure requirements and requires additional information when recoverable amount is based on fair value less costs of disposal.	Annual periods beginning on or after 1 January 2014
Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting (published in June 2013)	The amendments determine in what cases and according to what criteria the novation of a derivative does not make it necessary to discontinue hedge accounting	Annual periods beginning on or after 1 January 2014

New standards, amendments and interpretations		Mandatory application for annual periods beginning on or after:
Not approved for use in the European Union		
IFRS 9 - Financial Instruments: Classification and Measurement (published in November 2009 and in October 2010) and subsequent amendment to IFRS 9 and IFRS 7 on effective date and transition disclosures (published in December 2011) and hedge accounting and other modifications (published in November 20013)	Replaces the requirements for classifying and measuring financial assets and liabilities and for derecognition of IAS 39	Undefined (2)
Amendment to IAS 19 - Defined Benefit Plans: Employee Contributions (published in November 2013)	The amendment is issued to allow these contributions to be deducted from service cost in the same period in which they were paid, provided certain requirements are met	Annual periods beginning on or after 1 July 2014
Improvements to the IFRS, 2010-2012 Cycle and 2011-2013 Cycle (published in December 2013)	Minor amendments to certain standards	Annual periods beginning on or after 1 July 2014
IFRIC 21 - Levies (published in May 2013)	Guidance on when to recognise a liability for levies charged for participation by the entity in an activity on a specified date	Annual periods beginning on or after 1 January 2014

(1) The European Union delayed the mandatory effective date by one year. The IASB' original effective date was 1 January 2013.

(2) In November 2013, the IASB eliminated the mandatory effective date of IFRS 9. Establishment of a new date is left pending until the standard is complete. The new date is not expected to be before 1 January 2017.

The Group has not considered the early application of the standards and interpretations referred to above, and in any event, would consider applying them only once they are approved by the European Union.

The Parent's Directors have, nevertheless, evaluated the potential impact of a future application of these standards, and consider that their entry into force will not have a material impact on the Group's consolidated financial statements beyond that noted below.

IFRS 10 modifies the current definition of control. The new definition of control consists of three elements: power over an investee, exposure or rights to variable returns from the investment, and the ability to use that power over the investee to affect the amount of the investor’s returns. The Directors have assessed the potential impact of the future application of this standard and consider that its entry into force will not have a significant impact on the consolidated financial statements; nonetheless, this is a preliminary assessment, and the Group is analysing the effects of the new standard in detail.

In turn, the main change introduced by IFRS 11 (which will replace the prevailing IAS 31) with respect to the current standard is the elimination of the option of proportionate consolidation for jointly controlled entities, which will henceforth be accounted for using the equity method. This would make it necessary to reclassify all assets and liabilities of each company that was previously proportionately consolidated to an investment recognised under "Investments in associates" in the consolidated balance sheet. Therefore, the effect on assets would be neutral. This new standard will not have a material effect on the Group's consolidated financial statements given that, to date, the Group has been consolidating its jointly controlled entities in its financial statements using the proportionate method of consolidation and as this is only for Adesal Telecom, S.L. (see Notes 2.g.i and 19).

The impact of using the equity method rather than the proportionate method to consolidate the investment of Adesal Telecom, S.L. in the joint ventures described in Note 19 would be to decrease "Property, plant and equipment" by EUR 4,402 thousand and "Borrowings" by EUR 3,867 thousand, and to reduce consolidated "Operating income" by EUR 3,787 thousand. All of these amounts are calculated with reference to the 2013 figures. This is, nonetheless, a preliminary assessment, and the Group is analysing the effects of the new standard in detail.

c) Functional currency

These consolidated financial statements are presented in euros, which is the Group's functional currency.

d) Responsibility for the information provided and accounting estimates and judgements made

The preparation of the consolidated financial statements under IFRS requires Management to make certain accounting estimates and judgements. These are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events, that are considered reasonable under the circumstances. Although the estimates used were based on the best information available at the date of authorisation for issue of these consolidated financial statements, in accordance with IAS 8, any change to estimates in the future would be applied prospectively from that time, and the effect of the change in the estimates would be recognised in the consolidated income statement for the period in question.

The main estimates and judgements considered in preparing the consolidated financial statements are as follows:

- Useful lives of items of property, plant and equipment and intangible assets (see Notes 3.a and 3.b).
- Assumptions used in the impairment tests to determine the recoverable amounts of goodwill and other non-financial (see Notes 3.b and 3.c) and financial assets (see Notes 3.c and 7).
- Fair value of the derivative financial instruments, available-for-sale financial assets or other financial instruments (see Notes 3.e and 9).
- The calculation of provisions and contingencies (see Note 3.k).
- Actuarial assumptions used in determining liabilities for pension commitments and other commitments to employees (see Notes 3.j and 16).
- Estimated income tax expense and recoverability of deferred tax assets (see Notes 3.i and 15).
- Impact of changes in the Group's scope of consolidation (see Note 2.h).
- Evaluation of litigation, obligations, and contingent assets and liabilities at year end (see Notes 3.k and 18).

The consolidated financial statements were prepared on the basis of historical cost, except in the cases specifically mentioned in these Notes, such as those items measured at fair value, which are mentioned in Note 4.b.

The consolidated financial statements were prepared on the basis of uniformity in recognition and measurement. If new standards modifying the existing valuation principles become applicable, they will be applied in accordance with the transition criterion set down in said standards.

Certain amounts in the consolidated income statement and in the consolidated balance sheet were grouped together for clarity. These items are disclosed in the Notes to the consolidated financial statements.

The distinction presented in the consolidated balance sheet between current and non-current items was made on the basis of whether the assets and liabilities fall due within one year or more.

In addition, the consolidated financial statements include all the information that is considered necessary for their correct presentation under company law in force in Spain.

Lastly, the aggregates contained in all the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows) and the notes to the consolidated financial statements are expressed in thousands of euros, unless explicitly stated in millions of euros.

e) Comparative information

As indicated in Note 2-h, the Parent was the receiving company in the spin-off carried out in 2013 described in Note 1. This should be considered when comparing the information for 2013 with that of 2012.

f) Materiality

In deciding what information to disclose in the Notes on the various items of the financial statements or other matters, the Group assessed materiality in relation to the 2013 consolidated financial statements.

g) Consolidation principles

i) Consolidation methods

Subsidiaries

Subsidiaries are all entities in which the Group directly or indirectly controls the financial and operating policies. This normally occurs when the Group holds more than half of an entity's voting rights. Additionally, in order to evaluate whether the Group controls another entity, the existence and effect of potential voting rights currently exercisable or convertible are also considered. Subsidiaries are consolidated as from the date on which control passes to Abertis Telecom Terrestre, S.L.U., and they are de-consolidated on the date on which control ceases to exist.

In this respect, at 31 December 2013, the Group fully consolidated the subsidiaries over which it exercises effective control.

Appendix I to these Notes provides a breakdown of information on all the subsidiaries included in the scope of consolidation at 31 December 2013.

Jointly controlled entities (joint ventures)

These companies have a contractual arrangement with a third party to share control of their activity, and the strategic financial and operating decisions related to that activity require the unanimous consent of all the parties that share control.

The interests of the Group in jointly controlled entities are accounted for using proportionate consolidation.

The Group has an ownership interest above 50% in one company (Adesal Telecom, S.L.) that is not fully consolidated as important decisions require the favourable vote of one or more other shareholders. Therefore, this interest has been accounted for using proportionate consolidation (see Note 19).

Appendix II to these Notes gives information on the jointly controlled entities included in the scope of consolidation at 31 December 2013.

Associates

Associates are companies over which the Group exercises significant influence and with which it has a long-term relationship that fosters and influences its business even though it has a small representation in the management and control bodies. Along with this representation, the Group generally holds between 20% and 50% of the company's voting rights, unless it can be clearly demonstrated that such influence does not exist or unless the Group holds less than 20% of those rights and it can be clearly demonstrated that said influence does exist.

Investments in associates are accounted for using the equity method and are initially stated at cost. Abertis Telecom's investments in associates include, as per IAS 28, goodwill (net of any accumulated impairment losses) identified in the acquisition, and are recognised under "Investments in associates" in the consolidated balance sheet.

In the case of associates acquired in stages ("step acquisitions"), IAS 28 does not specifically define how to determine the cost of the acquisition. Therefore, the Group interprets the cost of an investment in an associate acquired in stages to be the sum of the amounts paid at each acquisition plus the share of the profits and other changes in equity less any impairment that may have arisen.

Thereafter, the Group's share of the profit (loss) and reserves of associates is recognised in the consolidated income statement and as consolidation reserves (other comprehensive income), respectively, with the value of the shareholding as the balancing entry in both cases. Dividends received and/or accrued after acquisition are adjusted against the amount of the investment.

If the Group's share of the losses of an associate is equal to or greater than the value of its financial investment, including any other outstanding account receivable not guaranteed, further losses will not be recognised unless obligations have been incurred, guarantees have been furnished or payments have been made on behalf of the associate.

Appendix III to these Notes provides details on the associates included in the scope of consolidation accounted for using the equity method at 31 December 2013.

ii) Standardisation of timing and valuation

The reporting periods for all the companies included in the scope of consolidation end on 31 December. For the purposes of the consolidation process, the respective financial statements prepared under IFRS principles were used. Under current legislation, these companies present financial statements in accordance with the standards applicable.

The measurement bases applied by the Group companies are largely consistent. However, where necessary, adjustments were made to standardise the measurement bases and ensure that the accounting policies of the companies included in the scope of consolidation were consistent with the policies adopted by the Group.

iii) Differences on first consolidation

The Group uses the acquisition method to account for the acquisition of subsidiaries in accordance with revised IFRS 3. Acquisition cost is the fair value of the assets and the equity instruments issued and of the liabilities incurred or assumed at the acquisition date, plus any asset or liability resulting from a contingent consideration arrangement. The costs directly attributable to the transaction are recognised directly in the consolidated income statement for the year in which it takes place.

The identifiable assets acquired, the contingent assets and liabilities assumed and any non-controlling interest in a business combination are initially measured at their acquisition-date fair value. For each business combination, the Group may elect to recognise any non-controlling interest in the acquiree at fair value or according to the proportionate share of the non-controlling interest in the net identifiable assets of the acquiree.

Acquisition cost over the fair value of the net assets identified in the transaction is recognised as goodwill arising on consolidation, which is allocated to the respective cash-generating unit (CGU).

The Group makes a provisional allocation of the purchase price for the business combination at the acquisition date; this initial assessment is reviewed, as appropriate, within 12 months from the date control is obtained.

The resulting goodwill is allocated to the various CGUs expected to benefit from the business combination's synergies, regardless of any other acquired assets and liabilities that are allocated to these CGUs or groups of CGUs.

However, if the acquisition cost is lower than the fair value of the net assets of the acquiree (in the event of a bargain purchase), the difference is recognised as a gain directly in the consolidated statement of comprehensive income.

Goodwill arising on consolidation is not systematically amortised and is subject to an annual impairment test, as indicated in Note 3.c.

In the case of step acquisitions, the fair value of the assets and liabilities of the business acquired, including the portion already held, must be determined on the date control is obtained. Resulting differences with respect to previously recognised assets and liabilities must be recognised in the consolidated income statement.

In the case of step acquisitions of associates, goodwill is calculated for each acquisition based on the cost and the share in the fair value of the net assets acquired on each acquisition date.

As indicated in Note 2.g.i, goodwill relating to acquisitions of associates is included as an increase in the value of the respective investment and is recognised in accordance with Note 3.b.ii.

iv) Elimination of inter-company transactions

Inter-company transactions and balances are eliminated, as are unrealised gains vis-à-vis third parties on transactions between or among Group companies. Unrealised losses are also eliminated, unless there is evidence of an impairment loss on the transferred asset.

In transactions with jointly controlled entities, only the share of the gains or losses from transactions with Group companies relating to other venturers is recognised.

Gains and losses from transactions between the Group and its associates are recognised in the Group's financial statements only to the extent that they arise from the shareholdings of other investors in associates not related to the investor.

v) Translation of financial statements denominated in foreign currencies

The financial statements of the foreign companies, none of which operates in a hyperinflationary economy, presented in a functional currency (that of the main economic area in which the entity operates) other than the presentation currency of the consolidated financial statements (the euro) are translated to euros using the closing exchange rate, according to which:

- Equity is translated at the historical exchange rate;
- Items in the income statement are translated using the average exchange rate for the period as an approximation of the exchange rate at the transaction date;
- The remaining balance sheet items are translated at the closing exchange rate.

Any exchange differences arising from applying this method are included under “Reserves – Translation differences” in equity in the consolidated balance sheet.

vi) Other

Currency translation differences arising from the translation of a net investment in a foreign operation and from loans and other instruments in a currency other than the euro designated as hedges of those investments are recognised against equity. When the investment is sold, the translation differences are recognised in the consolidated income statement as part of the gain or loss on the sale.

Adjustments to goodwill and to fair value arising from the acquisition of a foreign operation are considered assets and liabilities of the foreign operation and are translated using the year-end exchange rate.

h) Changes in the scope of consolidation

Abertis Americana, S.L.U. did not hold any stakes in 2012. The companies included in the consolidation scope in 2013 arose from the spin-off described in Note 1. These companies were:

Name of the company	Company with direct shareholding and % acquired		Consolidation method	Date
Retevisión- I, S.A.U	Abertis Telecom Terrestre, S.L.U. (1)	100%	Full	1/1/2013
Tradia Telecom, S.A.U	Abertis Telecom Terrestre, S.L.U. (1)	100%	Full	1/1/2013
Abertis Tower, S.A.U.	Abertis Telecom Terrestre, S.L.U. (1)	100%	Full	1/1/2013
Abertis Telecom Brasil Ltda.	Abertis Telecom Terrestre, S.L.U. (1)	100%	Full	1/1/2013
Gestora del Espectro, S.L.	Retevisión- I, S.A.U	100%	Full	1/1/2013
Adesal Telecom, S.L.	Tradia Telecom, S.A.U	51%	Proportionate	1/1/2013
Consorcio de Telecomunicaciones Avanzadas, S.A. (cota)	Tradia Telecom, S.A.U	29.50%	Equity	1/1/2013
Torre de Collserola, S.A.	Retevisión- I, S.A.U	41.75%	Equity	1/1/2013

(1) Formerly Abertis Americana, S.L.U.

3. ACCOUNTING POLICIES AND MEASUREMENT BASES

The main accounting policies and measurement bases used to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (EU-IFRS) and the prevailing interpretations at the time of preparing the consolidated financial statements were as follows:

a) Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and any accumulated impairment losses. Property, plant and equipment includes the legal revaluations applied in years prior to 1 January 2004 allowed under local accounting standards. The amounts were taken as deemed cost, under IFRS 1 “First-time Adoption of International Financial Reporting Standards”.

Government grants received reduce the cost of acquisition of property, plant and equipment, and are recognised when the entity complies with conditions attaching to collection. Grants are recognised in profit or loss on a straight-line basis over the useful life of the asset financed, with a reduction in the depreciation charge for the year.

Staff costs and other expenses, as well as net financial costs directly related to property, plant and equipment, are capitalised as part of the investment until the assets are put to use.

Costs incurred to renovate, enlarge or improve items of property, plant and equipment which increase the capacity or productivity or extend the useful life of the asset as capitalised as part of the cost of the related asset, provided that the carrying amount of the assets replaced and derecognised from inventories is known or can be estimated.

The costs of upkeep and maintenance are charged to the consolidated income statement in the year in which they are incurred.

The depreciation of property, plant and equipment is calculated on a straight-line basis using the estimated useful life of the assets, taking into consideration wear and tear derived from normal use.

The depreciation rates used to calculate the depreciation of the various items of property, plant and equipment are as follows:

Asset	Rate
Buildings and other constructions	2 -14 %
Machinery	6 -30 %
Equipment	7 -30 %
Other installations	7 -20 %
Furniture	10 -20 %
Information technology equipment	20 -33 %
Other property, plant and equipment	8 -25 %

When the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is immediately reduced to its recoverable amount, and the effect is taken to the consolidated income statement for the year.

Gains or losses recognised on the sale or disposal of an item of property, plant and equipment are determined as the difference between carrying amount and sale price, and are recognised in the accompanying consolidated income statement under "Other income" or "Other expenses".

b) Goodwill and other intangible assets

The intangible assets indicated below are stated at acquisition cost less accumulated amortisation and any impairment losses, useful life being evaluated on the basis of prudent estimates. Any capital grants received reduce the cost of acquisition of the intangible asset and are recognised when the entity complies with the conditions attaching to collection. Grants are charged to profit and loss on a straight-line basis over the useful life of the asset financed, with a reduction in the amortisation charge for the year.

The carrying amount of intangible assets is reviewed for possible impairment when certain events or changes indicate that their carrying amount may not be recoverable.

i) Computer software

This heading refers principally to the amounts paid for ownership or for rights to use computer programmes, only when they are expected to be used over several years.

Computer software is stated at acquisition cost and amortised on the basis of its useful life (between 3 and 5 years). Maintenance expenses on these computer applications are charged to the consolidated income statement in the year in which they are incurred.

ii) Goodwill

Goodwill generated in various business combinations represents the excess of the cost over the fair or market value of all of the identifiable net assets of the company acquired at the acquisition date.

Goodwill is considered an asset of acquiree (with the exception of goodwill generated before 1 January 2004, which pursuant to IFRS 1 was considered an asset of the acquirer). Therefore, in the case of a subsidiary with a functional currency other than the euro, goodwill is stated at the subsidiary's functional currency and translated to euros using the exchange rate prevailing at the reporting date, as indicated in Note 2.g.vi.

Any impairment of goodwill recognised separately (that of subsidiaries and jointly controlled entities) is subjected to an annual impairment test, to determine whether its value has declined to a level below the carrying amount, and, as the case may be, the impairment loss is recognised in consolidated profit or loss for the year (see Notes 3.c and 7). Any impairment loss recognised for goodwill is not reversed in subsequent periods.

Goodwill included in the carrying amount of the investment in associates is not tested separately. Rather, under IAS 36, whenever there is an indication that the investment may be impaired, the total carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with the carrying amount.

The loss or gain on the sale of an entity includes the carrying amount of its goodwill.

c) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication than an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required (in the case of goodwill), the Group estimates the asset's recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows that the asset is expected to generate are discounted to their present value using an interest rate that reflects the current time value of money and the risks specific to the assets (risk premium; see Note 7).

In the event that the asset analysed does not generate cash flow independently of other assets (as is the case for goodwill), the fair value or value in use of the cash generating unit that includes the asset (smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets) is estimated. In the event of an impairment loss for a cash-generating unit, the loss is first allocated to reduce the carrying amount of any goodwill allocated and then to the other assets pro rata on the basis of the carrying amount of each asset.

Impairment losses (excess of an asset’s carrying amount over the recoverable amount) are recognised in the consolidated income statement for the year.

With the exception of goodwill, where impairment losses are irreversible, the Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognised in prior periods is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount shall not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years. This reversal would be recognised in the consolidated income statement for the year.

d) Investments and other financial assets (excluding derivative financial instruments)

The Group recognises financial assets initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

The Group determines the classification of its financial assets at initial recognition. At 31 December 2013, the financial assets were classified into the following categories:

i) Debtors and receivables

This account mainly relates to:

- Loans granted to associates or related parties, which are measured at amortised cost using the effective interest method. This value is reduced, if necessary, by the corresponding valuation adjustment for the impairment of the asset.
- Deposits and guarantees recognised at their nominal value, which does not differ significantly from their amortised cost.
- Trade receivables, which are measured at their nominal amount, which is similar to fair value at initial recognition. This value is reduced, if necessary, by the corresponding provision for bad debts (impairment loss) whenever there is objective evidence that the amount owed will not be partially or fully collected. This amount is charged against the consolidated income statement for the year.

At least at each reporting date, the Group determines whether there is any indication that an asset or group of assets is impaired, so that any impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use.

e) Derivative financial instruments

The Group uses derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates. These derivative financial instruments were classified as cash flow hedges and recognised at fair value (both initially and subsequently), using valuations based on the analysis of discounted cash flows using assumptions that are mainly based on the market conditions at the reporting date for unlisted derivative instruments.

According to IAS 39, all derivative financial instruments are recognised as assets or liabilities on the consolidated balance sheet at their fair value, with changes in fair value recognised in consolidated profit or loss for the year. However, with hedge accounting, the effective portion of the hedge (fair value hedges, cash flow hedges and hedges of a net investment in a foreign currency) is recognised in equity.

At the inception of the hedge, the Group documents the relationship between the hedging instruments and the hedged items, as well as its risk management objective and the strategy for undertaking the hedge. The Group also documents how it will assess, both initially and on an ongoing basis, whether the derivatives used in the hedges are highly effective for offsetting changes in the fair value or cash flows attributable to the hedged risk.

The fair value of derivative financial instruments used for hedging purposes is set out in Note 9, and the change in the hedging reserve recognised under consolidated equity is set out in Note 12.

Hedge accounting, when considered to be such, is discontinued when the hedging instrument expires or is sold, terminated or exercised or when it no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Classification on the balance sheet as current or non-current will depend on whether the maturity of the hedge at year-end is less or more than one year.

The criteria used to account for these instruments are as follows:

Cash flow hedges

The effective portion of the gain or loss on derivatives classified as cash flow hedges, net of the related tax effect, is recognised in equity under "Valuation adjustments - Hedges" until the hedging instrument matures, is sold, no longer meets the criteria for hedge accounting or it is no longer probable that the transaction will take place, at which time any cumulative gains or losses recognised are transferred to the income statement for the year.
Any positive or negative differences in the valuation of the derivatives corresponding to the ineffective portion are recognised directly in profit or loss for the year under "Change in fair value of financial instruments".

This type of hedge corresponds primarily to those derivatives entered into by the Group that convert floating rate debt to fixed rate debt.

Fair value and valuation technique

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are classified into level 1, 2 or 3 depending on the observability of the inputs used and the importance of those inputs for measuring fair value in its entirety, as described below:

- Level 1 - Inputs are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are based on quoted prices for similar assets or liabilities in active markets (not included in level 1), prices quoted for identical or similar assets or liabilities in markets that are not active, techniques based on valuation models for which all relevant inputs in the market are observable or can be corroborated by observable market data.
- Level 3 – Inputs are generally unobservable and reflect estimates based on market assumptions to determine the price of the asset or liability. Unobservable data used in the valuation models are significant in the fair values of the assets and liabilities.

In order to adopt IFRS 13, the Group must adjust the valuation techniques it uses to obtain the fair value of its derivatives. The Group includes an adjustment for bilateral credit risk in order to reflect both its own risk, as well as counterparty risk in the fair value of its derivatives.

To determine the fair value of its derivatives, the Group uses valuation techniques based on expected total exposure (which includes both current exposure as well as potential exposure) adjusted for the probability of default and loss given default of each counterparty.

The total expected exposure of the derivatives is obtained using observable market inputs such as interest rate, exchange rate and volatility curves in accordance with the market conditions at the measurement date. The inputs used for the probability of default by the Group and by the counterparties are estimated on the basis of the Credit Default Swap (CDS) prices observed in the market.

In addition, to adjust fair value to credit risk, the 40% market standard, which corresponds to the CDS on senior corporate debt used as the recovery rate.

f) Inventories

Inventories comprise mainly technical equipment which, after installation, will be sold. Inventories are measured at cost, less any impairment and allowances.

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits in banks and highly liquid, short-term investments with a maturity of three months or less.

h) Borrowings

Borrowings are recognised initially at fair value, including the costs incurred in raising the debt. In subsequent periods, they are measured at amortised cost; i.e., the difference between the funds obtained (net of the costs required to obtain them) and the repayment value, if any and if significant, is recognised in the consolidated income statement during the term of the debt at the effective interest rate.

The Group considers that the terms of financial liabilities are substantially different whenever the present value of the cash flows discounted under the new terms, including any fee paid net of any fees received and discounted using the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flows from the original financial liability.

The Group derecognises financial liabilities when the obligations generated by them cease to exist. In the case of an exchange of debt instruments between the Group and a third party with substantially different terms, the Group derecognises the original financial liability and recognises the new financial liability. The difference between the carrying amount of the original liability and the consideration paid, including attributable transaction costs, is recognised in the consolidated income statement for the year.

i) Income tax

The income tax expense (income) is the total amount accrued in this connection during the year, representing both current and deferred tax.

Both the current and the deferred tax expense (income) are recognised in the consolidated income statement. However, the tax effects from items that are recognised directly in other comprehensive income or in equity are recognised in other comprehensive income or in equity.

The deferred taxes are calculated using the balance sheet method based on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts in the consolidated financial statements, according to the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and which are expected to apply when the corresponding deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities that arise from temporary differences with subsidiaries, jointly controlled entities and/or associates are always recognised, unless the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which to offset the deductible temporary differences or the unused tax losses or unused tax credits. Any deferred tax assets that arise due to temporary differences with subsidiaries, jointly controlled entities and/or associates are recognised if, in addition, it is possible that they will be reversed in the foreseeable future.

The recoverability of deferred tax assets is evaluated when they are generated, and at the end of each reporting period, depending on the evolution of the results expected from the companies according to the forecasts in their respective business plans.

The accompanying consolidated financial statements do not include the tax effect, if any, of transferring the income and reserves generated by the subsidiaries to the Parent's equity, since, according to IAS 12, it is considered that no transfer of reserves giving rise to additional taxes will be made. Given that the Parent controls the timing of the distribution, it is not probable that this will occur in the foreseeable future; rather, it is likely that the income and reserves will be used as financing resources by each company.

j) Employee benefits

Under the respective collective bargaining arrangements, various Group companies have the following commitments with their employees:

i) Post-employment benefits:

Defined contribution commitments

In relation to defined contribution employee welfare instruments (which basically include employee pension plans and group insurance policies), the Group makes predefined contributions to an external entity and does not have a legal or real obligation to make additional contributions in the event that this entity does not have sufficient assets to cover the employee payments. Consequently, the obligations under this type of plan are limited to the payment of contributions, the annual expense of which is recognised in the consolidated income statement for the year as the obligations arise.

Defined benefit commitments

Defined benefit commitments relate mainly to bonuses or payments for retirement from the company and temporary and /or life-time annuities.

With regard to these commitments, where the company assumes certain actuarial and investment risks, the liability recognised on the balance sheet is the present value of the obligations at the reporting date less the fair value of the possible assets related to this commitment at that date.

The actuarial valuation of the defined benefits is made annually by independent actuaries using the projected credit unit method to determine both the present value of the obligations and the cost of the services provided in the current and prior years. The actuarial gains and losses arising from changes in the actuarial assumptions are recognised in the year in which they occur. They are not included in the consolidated income statement, but presented in the statement of comprehensive income.

ii) Other long-term benefits

Regarding long-term commitments for employees' length of service at the company, the liability recognised on the balance sheet coincides with the present value of the obligations at the balance sheet date, if there are no other assets related to those commitments.

The projected credit unit method is used to determine both the present value of the obligations at the balance sheet date and the cost of the services provided in the current and prior years. The actuarial gains and losses arising from changes in the actuarial assumptions—unlike post-employment obligations—are recognised in the consolidated income statement for the year in which they occur.

iii) Share-based payments.

As indicated in Note 16.a, the group has a Management compensation plan consisting of the distribution of options on Abertis Infraestructuras, S.A. shares that can only be equity-settled.

This plan is measured at its fair value at the grant date using a generally accepted financial calculation method, which, inter alia, takes into account the option exercise price, volatility, exercise term, expected dividends and the risk-free interest rate.

The cost of the plan is charged to the consolidated income statement as a staff cost as it accrues during the period of time required for the employee to remain in the company in order to exercise the option, while a balancing entry is recognised in consolidated equity, without a re-estimate of its initial valuation, as set forth in IFRS 2. Nevertheless, at the end of the reporting period, the Group reviews its original estimates of the number of options expected to be exercisable (which relates, inter alia, to the impact of any bonus share issue), and recognises, if applicable, the impact of its review on the income statement by making the respective adjustment to consolidated equity, as accrued during the period of time required for the employee to remain at the company in order to exercise the option.

k) Provisions and contingencies

At the date of authorisation for issue of these consolidated financial statements, the Group distinguishes between:

- Provisions, understood as liabilities covering present obligations at the reporting date arising as a result of past events which could give rise to a loss for the Group, and which are considered certain as to their nature but uncertain as to their amount and/or timing.

- Contingent liabilities, understood as possible obligations arising as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the consolidated entities.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources must be made to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of the provision is determined as the present value of the future cash flows estimated to settle the present obligation.

Provisions recognised relate to the estimated amounts required to meet probable or certain liabilities stemming from ongoing litigation, compensation or other items resulting from the Group's activity that entail future payments that have been measured on the basis of currently available information. They are recognised as soon as the liability or obligation requiring compensation or payment to a third party arises, in accordance with the remaining conditions set forth in the IFRS.

l) Revenue recognition

Revenue from the rendering of services is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably (when the infrastructure is utilised by the users). It relates mainly to the provision of audiovisual services, radio communications for closed groups of users, television and radio broadcasting, infrastructure rental, data transmission to operators and other non-recurring income.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends income from investments is recognised when the shareholders' right to receive payment has been established, e.g., when the shareholders' meetings of the investees approve the dividend payment.

m) Leases

Leases are classified as operating leases when they meet the conditions set forth in IAS 17, that is, when the ownership of the leased asset and substantially all of the risks and rewards incident to ownership are attributable to the lessor, and the related expenses, including any incentives granted by the lessor, are stated on the basis of their accrual in the consolidated income statement.

n) Environment

Each year, costs arising from legal environment requirements are either recorded as an expense or capitalised, depending on their nature. The amounts capitalised are depreciated over their useful life.

It was not considered necessary to make any provision for environmental risks and expenses, given that there are no contingencies in relation to environmental protection.

o) Related party transactions

The Group carries out all related party transactions at market value. Also, given that transfer prices are adequately documented, the Group's directors consider that there are no significant risks that could give rise to material liabilities in the future.

p) Consolidated statement of cash flows

The following terms are used in the consolidated statements of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities
- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents
- Financing activities: activities that result in changes in the size and composition of the Group's equity and borrowings.

In the preparation of the consolidated statement of cash flows, "cash and cash equivalents" is considered to include cash on hand, demand deposits in banks and other short-term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

a) Factors of financial risk

The Group’s activities are exposed to various financial risks, as detailed below. The Abertis Infraestructuras Group's General Finance Department oversees the management of financial risks.

i) Foreign currency risk

All the Group's transactions are denominated in euros. Therefore, it is not exposed to foreign currency risk.

ii) Interest rate risk

The Group is exposed to interest rate risk through its non-current borrowings.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk.

The purpose of managing interest rate risk is to achieve a balance in the debt structure that enables volatility in the income statement to be minimised over several years. Accordingly, it enters into interest rate derivatives (see Note 9).

iii) Credit risk

Given the nature of the Group's businesses, it has no significant concentrations of credit risk, as there are no significant trade receivables other than receivables from public authorities (which the Group monitors on a monthly basis).

Credit risk arises mainly from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and other debt, including outstanding receivables and committed transactions.

To mitigate this credit risk, the Group only enters into derivative transactions and trades with financial institutions with strong credit ratings as qualified by international rating agencies. The solvency of these institutions, as indicated in each institution's credit ratings, is reviewed periodically in order to perform active counterparty risk management.

During the years for which information is reported no credit limits were exceeded and Management does not expect losses as a result of a default by any of the counterparties indicated above.

iv) Liquidity risk

The Group carries out prudent management of liquidity risk, which involves maintaining cash and having access to a sufficient amount of finance through established credit facilities from the Group's parent, Abertis Infraestructuras, S.A., as well as the ability to liquidate market positions.

Expected treasury outflows for the Group's borrowings are detailed in Note 13.

b) Fair value measurements

Assets and liabilities measured at fair value are classified according to the hierarchy established in Note 3.e, with the breakdown at 31 December 2013 of the Group's liabilities measured at level 3 fair value.

The fair value of financial instruments traded in active markets is based on the market prices at the reporting date. The quoted market price used for financial assets is the current bid price.

The fair value of the financial instruments not quoted on active markets is determined using valuation techniques. The Group uses a variety of methods and makes assumptions based on the existing market conditions at each reporting date, thus incorporating the concept of transfer, through which the credit risk is taken into account.

c) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern so as to deliver returns to its Sole Partner, as well as profits to the holders of equity instruments and to maintain an optimal capital structure and lower costs.

The Group monitors the performance of its capital in terms of gearing ratio, in keeping with standard industry practice. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total financial debt (including current and non-current borrowings, as given in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as given in the consolidated statements, plus net debt.

5. BUSINESS COMBINATIONS

In 2013, the directors of Abertis Telecom Satélites, S.A.U. (formerly Abertis Telecom, S.A.U.) and Abertis Telecom Terrestre, S.L.U. (parent company) drew up a partial spin-off plan to restructure the Abertis Telecom Group and differentiate its terrestrial and satellite telecommunications businesses (see Note 1).

The consideration given in the business combination corresponds to the own equity instruments delivered (see Note 12). As a result, the Parent became owner of the following investments:

Name of the company	Company with direct shareholding and % ownership	
Retevisión- I, S.A.U	Abertis Telecom Terrestre, S.L.U. (1)	100%
Tradia Telecom, S.A.U	Abertis Telecom Terrestre, S.L.U. (1)	100%
Abertis Tower, S.A.U.	Abertis Telecom Terrestre, S.L.U. (1)	100%
Abertis Telecom Brasil Ltda.	Abertis Telecom Terrestre, S.L.U. (1)	100%
Gestora del Espectro, S.L.	Retevisión- I, S.A.U	100%
Adesal Telecom, S.L.	Tradia Telecom, S.A.U	51%
Consorcio de Telecomunicaciones Avanzadas, S.A. (cota)	Tradia Telecom, S.A.U	29.50%
Torre de Collserola, S.A.	Retevisión- I, S.A.U	41.75%

The value assigned to the assets and liabilities, considering that the transaction entailed a restructuring between Group companies without commercial substance, was determined based on the amounts in the Abertis Infraestructuras, S.A. Group's consolidated financial statements. Accordingly, there was no revaluation of the assets received and liabilities assumed in the contribution. These assets and liabilities are as follows:

ASSETS	1/1/2013
NON-CURRENT ASSETS	
Property, plant and equipment	469,655
Goodwill and other intangible assets	49,082
Investments in associates	3,281
Deferred tax assets	23,666
Trade and other receivables	7,498
TOTAL NON-CURRENT ASSETS	**553,182**
CURRENT ASSETS	
Inventories	286
Trade and other receivables	164,003
Cash and cash equivalents	1,982
TOTAL CURRENT ASSETS	**166,271**
TOTAL ASSETS	**719,453**

EQUITY AND LIABILITIES	1/1/2013
TOTAL EQUITY	**408,405**
NON-CURRENT LIABILITIES	
Non-current provisions	1,814
Employee benefit obligations	53,498
Derivative financial instruments	171
Non-current payables	15,750
Non-current payables, group companies	91,691
Deferred tax liabilities	48,451
Non-current accruals	761
TOTAL NON-CURRENT LIABILITIES	**212,136**
CURRENT LIABILITIES	
Employee benefit obligations	92
Current payables	1,932
Current payables, group companies	1,872
Trade and other payables	95,016
TOTAL CURRENT LIABILITIES	**98,912**
TOTAL EQUITY AND LIABILITIES	**719,453**

The transactions were carried out for accounting purposes at 1 January 2013. Accordingly, the full year of operations in 2013 was included.

6. PROPERTY, PLANT AND EQUIPMENT

The changes in the main items of property, plant and equipment were as follows:

	Land and buildings	Technical installations and machinery	Other installations, equipment and furniture	Property, plant and equipment under construction and advances	Total
At 1 January 2013					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Carrying amount	**-**	**-**	**-**	**-**	**-**
2013					
Carrying amount at beginning of year	-	-	-	-	-
Changes in the scope of consolidation	139,901	6,465	321,304	1,985	469,655
Additions	1,739	1,000	35,991	124,991	163,721
Disposals	(18)	(124)	(3,415)	-	(3,557)
Transfers	35	-	1,665	(1,874)	(174)
Depreciation charge	(12,879)	(1,468)	(53,811)	-	(68,158)
Retirements	11	122	3,238	-	3,371
Carrying amount at the end of the year	**128,789**	**5,995**	**304,972**	**125,102**	**564,858**
At 31 December 2013					
Cost	141,657	7,341	355,545	125,102	629,645
Accumulated depreciation	(12,868)	(1,346)	(50,573)	-	(64,787)
Net carrying amount	**128,789**	**5,995**	**304,972**	**125,102**	**564,858**

Additions in 2013 due to changes in the scope of consolidation and business combinations related to the partial spin-off of Abertis Telecom Satélites, S.A.U. (formerly Abertis Telecom, S.A.U.) as the spun-off company in favour of Abertis Telecom Terrestre, S.L.U. (the Parent) as the receiving company with effect from 1 January 2013. As a result of the transaction, the economic unit comprising investments in terrestrial telecommunications companies was spun off from Abertis Telecom Satélites, S.A.U.'s assets and liabilities (see Note 5).

On 30 December 2013, Group company Abertis Tower entered into an agreement with Telefónica and Yoigo to restructure and streamline its mobile infrastructure, under which the Group undertook to make its best efforts to acquire a total of approximately 3,437 infrastructures worth approximately EUR 305 million over the next few years. Pursuant to this agreement, data at the close of 31 December 2013 included the acquisition of 1,211 mobile telephone towers for EUR 113 million signed on 30 December 2013. Subsequently, in January 2014, an additional purchase of 530 mobile telephone towers for EUR 58 million was finalised.

Regarding the aforementioned mobile telephone towers, the agreement between the parties requires that dismantling work be carried out on certain towers, after notification is given by the seller to the owners of the properties where the towers are located. The total acquisition cost agreed on with Telefónica and Yoigo, respectively, is distributed among the telephone towers not dismantled. Consequently, the estimated dismantling costs that Abertis Tower is required to cover are included as an initial cost. Lastly, for the purpose of determining the recoverable amount of these items, given that each telephone tower could not, on its own, provide service to users, it has been considered that all of the telephone towers correspond to a single CGU (equivalent to the "Spanish market").

There were also additions in 2013 related to the expansion of the Group's business and the maintenance of its operations, mainly relating to the deployment of analogue radio and the upgrade of terrestrial digital television equipment.

In addition to the commitments explained above, at the end of the year the Group had commitments to acquire EUR 60 million of items of property, plant and equipment, of which EUR 58 million related to purchase commitments at 31 December 2013 covered by the aforementioned framework agreement entered into with Telefónica and Yoigo (EUR 0 thousand in 2012).

The cost recognised for fully depreciated property, plant and equipment at 31 December 2013 was EUR 653,083 thousand.

At 31 December 2013, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral on liabilities.

With regard to assets located in Spain, several Group companies have availed themselves of Law 16/2012, of 27 December, resulting in an increase in the value of assets through an accounting revaluation in the amount of EUR 41 million, which has been reversed for the purposes of the accompanying consolidated financial statements.

It is Group policy to take out all insurance policies considered necessary to cover possible risks that might affect its property, plant and equipment.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the main items under this heading are as follows:

	Goodwill	Computer software and other intangible assets	Total
At 1 January 2013			
Cost	-	-	-
Accumulated amortisation and impairment losses	-	-	-
Carrying amount	**-**	**-**	**-**
2013			
Carrying amount at beginning of year	-	-	-
Changes in the scope of consolidation	42,014	7,068	49,082
Additions	-	4,472	4,472
Transfers	-	174	174
Amortisation charge	-	(3,622)	(3,622)
Carrying amount at end of year	**42,014**	**8,092**	**50,106**
At 31 December 2013			
Cost	42,014	11,714	53,728
Accumulated amortisation	-	(3,622)	(3,622)
Carrying amount	**42,014**	**8,092**	**50,106**

Additions in 2013 due to changes in the scope of consolidation and business combinations related to the partial spin-off of Abertis Telecom Satélites, S.A.U. (formerly Abertis Telecom, S.A.U.) as the spun-off company in favour of Abertis Telecom Terrestre, S.L.U. (the Parent) as the receiving company with effect from 1 January 2013. As a result of the transaction, the economic unit comprising investments in terrestrial telecommunications companies was spun off from Abertis Telecom Satélites, S.A.U.'s assets and liabilities (see Note 5).

Additions to "Computer software" of EUR 4,472 thousand in 2013 relate mainly to developments related to the Company's business.

Commitments to acquire intangible assets at 31 December 2013 amounted to EUR 501 thousand (EUR 0 thousand in 2012).

The cost recognised for fully amortised intangible assets at 31 December 2013 was EUR 34,529 thousand.

i) Goodwill

Goodwill amounting to EUR 42,014 thousand relates to the difference between the carrying amount of the equity and the estimated market value of the business unit contributed by Tradia Telecom in the various steps of the acquisition. This goodwill was allocated to the Company's entire business.

ii) Impairment

As indicated in Note 3.b), at the end of each reporting period goodwill or other recognised assets are assessed for impairment based on a calculation of the value in use of their respective cash generating unit or their market value (price of similar, recent transactions in the market), if the latter is higher.

The value in use of the investments was calculated as follows:

- The period over which the related investment is expected to generate cash flows was determined.
- Prior to the preparation of revenue and expense projections, the projections made as part of the impairment tests for the prior year were reviewed to evaluate possible deviations. In the review of the 2012 impairment tests with regard to the 2013 results, no significant deviations were detected.

- The respective revenue and expense projections were made using the following general criteria:

    - For revenue, trends were forecasted assuming an increase of 1%.
    - For expenses, trends were considered in light of expected changes in the respective CPIs and the projected performance of the business.
    - In addition, the Group considered the impact of infrastructure maintenance and improvement work to be carried out, using the best estimates available based on the experience of each company and taking into account the projected performance of the activity.
- The cash inflow projections based on the revenue and expense projection made as set forth above were discounted at the rate resulting from adding to long-term cost of money, the risk premium assigned by the market to each country where the activity takes place, the risk premium assigned by the market to each business (over the long term in both cases), as well as the financial structure of the company or corresponding cash generating unit. The discount rate used in the impairment test was 8.54%.

Projections for the first five years are generally based on the budget and on the most recent medium-term projection approved by Management.

As a result of the impairment test carried out, the unit to which the goodwill recognised is allocated is deemed capable of recovering the net value recognised at 31 December 2013. Consequently, there is no need to recognise any provision for impairment.

8. INVESTMENTS IN ASSOCIATES

The changes in this line item of the consolidated balance sheet are as follows:

	2013
At 1 January	-
Changes in the scope of consolidation	3,281
Profit/(loss) for 2013	56
Others	119
At 31 December	**3,456**

Additions in 2013 due to changes in the scope of consolidation relate mainly to the impact of the transaction described in Note 1.

The detail of investments in associates accounted for using the equity method at 31 December is as follows:

	2013
Torre de Collserola, S.A.	2,661
Cota	795
Investment in associates	**3,456**

Note: See information on associates in Appendix III.

In addition to the impairment tests referred to above, the Group carried out impairment tests to determine the recoverability of the investments in associates. To carry out these tests, the Group considered future cash flow projections. No indication was found of a need to recognise impairment with a significant impact on the consolidated income statement for 2013.

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has interest rate swaps with a nominal amount of EUR 3,479 thousand locking in a fixed rate of interest of 4.27%. These expire in 2015. The fair value of derivative financial instruments (cash flow hedges) at year-end amounted to a liability of EUR 95 thousand.

The total fair value of a hedging derivative is classified as a non-current asset or liability if the remaining term to maturity of the hedged item is over 12 months, and as a current asset or liability if the remaining term to maturity of the hedged item is less than 12 months.

None of the outstanding derivative financial assets was renegotiated during the year. There was no ineffectiveness from hedges that should be recognised.

10. TRADE AND OTHER RECEIVABLES

The detail of this account at year-end is as follows:

	31 December 2013		
	Non-Current	Current	Total
Trade receivables	-	183,502	183,502
Bad debt provisions (impairment)	-	(21,545)	(21,545)
Trade receivables - net	-	**161,957**	**161,957**
Loans to third parties	2,951	1,826	4,777
Other financial assets	1,056	16	1,072
PROFIT grants (coordination)	2,482	374	2,856
Non-current and current investments	**6,489**	**2,216**	**8,705**
Other receivables from public authorities (Note 15.b)	-	1,252	1,252
Other receivables – related parties (see Note 22.c)	-	3,016	3,016
Other receivables	-	623	623
Trade and other receivables	**6,489**	**169,064**	**175,553**

Receivables are shown at their amortised cost, which is not significantly different from their nominal value.

The Group plays the role of coordinator for certain aid under the National Plan for Scientific Research, Development and Technological Innovation (PROFIT) granted by the Spanish Ministry for Industry, Tourism and Trade. "Non-current and current investments" includes receivables related to this coordinating role of EUR 2,856 thousand from the third parties to which the amount received by the Group in PROFIT grants was assigned. The full amount of PROFIT grants received by the Group (including part of the amount assigned to third parties) is recognised under "Other non-current financial liabilities" (see Note 13).

“Other financial assets” includes mainly long-term guarantees given, which amounted to EUR 867 thousand at 31 December 2013.

Non-current and current loans to third parties relate mainly to a receivable from the former investment in Teledifusión de Madrid, S.A., which does not bear interest and will be collected as set out in the payment agreement up to the year 2020.

No unmatured guarantee was renegotiated during the year.

11. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December is as follows:

	2013
Cash on hand and at banks	595
Term deposits at credit institutions maturing in less than 3 months	1,505
Cash and cash equivalents	**2,100**

12. EQUITY

The changes in consolidated equity in the year were as follows:

	Share capital	Share premium	Reserves of the Parent: Legal reserve	Reserves of the Parent: Reserves from retained earnings	Reserves in consolidated companies	Translation differences	Profit and loss	Equity
At 1 January 2012	3	-	-	(1)	-	-	-	2
Movement in 2012	-	-	-	-	-	-	-	-
At 1 January 2013	3	-	-	(1)	-	-	-	2
Comprehensive income for the year	-	-	-	-	580	6	78,490	79,076
Transactions with owners (Note 1)	57,918	338,733	11,584	170	-	-	-	408,405
At 31 December 2013	**57,921**	**338,733**	**11,584**	**169**	**580**	**6**	**78,490**	**487,483**

a) Share capital

At 31 December 2012, the Parent's share capital amounted to EUR 3,100, consisting of 310 fully subscribed and paid cumulative and indivisible shares numbered consecutively from 1 to 310, inclusive, with a par value of EUR 10 each.

In 2013, share capital was increased by EUR 57,917,710 and the share premium by EUR 338,732,977 as a result of the spin-off described in Note 1.

At 31 December 2013, the Parent's share capital consisted of 5,792,081 fully subscribed and paid cumulative and indivisible shares with a par value of EUR 10 each.

Abertis Infraestructuras, S.A. owned 100% of the shares of the Group at 31 December 2013. Therefore, the Parent is a single member company.

Agreements between the Parent and its Sole Partner are detailed in Note 22.c.

b) Share premium

As a result of the mark-to-market on consolidation of the Parent's investments in Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and Abertis Tower, S.A.U., the Parent increased the share premium by EUR 338,733 thousand (see Note 1).

c) Reserves

The breakdown of this account is as follows:

	2013
Legal reserve	11,584
Reserves from retained earnings	169
Reserves	**11,753**

i) Legal reserve

In accordance with the Consolidated text of the Spanish Corporate Enterprise Act, an amount equal to 10% of the profit for the year must be earmarked for the legal reserve until this reserve reaches at least 20% of the capital. The legal reserve may not be distributed to shareholders unless the Parent is liquidated.

The legal reserve may be used to increase capital in the part of the balance that exceeds 10% of the capital already increased.

Apart from the purpose mentioned above, the legal reserve may be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

In 2013, as a result of the spin-off described in Note 1, the legal reserve increased by EUR 11,584 thousand.

At 31 December 2013, the legal reserve was not fully provisioned.

d) Translation differences

At 31 December 2013, translation differences related entirely to the integration of Abertis Telecom Brasil Ltda.

e) Profit/(loss) for the year

The contribution of each company in the scope of consolidation to consolidated profit (loss) for the year was as follows:

	2013
Abertis Telecom Terrestre	280
Retevisión	68,500
Tradia	13,088
Abertis Tower	(3,319)
Abertis Telecom Brasil	(59)
Profit (loss) for the Group	**78,490**

13. BORROWINGS

The breakdown of borrowings is as follows:

	2013		
	Non-current	Current	Total
Bank loans	2,684	1,183	3,867
Derivative financial instruments (Note 9)	95	-	95
Other loans	11,327	-	11,327
Borrowings	**14,106**	**1,183**	**15,289**

Maturities of the Company's borrowings based on the stipulated repayment schedule are as follows:

	Current	**Non-current**				**Total**
	2014	**2015**	**2016**	**Subsequent years**	**Total**	
- Loan - CaixaBank (absorbing company of Banco de Valencia, S.A.)	796	809	824	1,051	2,684	3,480
- Derivative financial instruments - CaixaBank (absorbing company of Banco de Valencia, S.A.)	-	95	-	-	95	95
- Loan - CaixaBank	387	-	-	-	-	387
- Other financial liabilities	-	1,341	1,477	8,509	11,327	11,327
Total	**1,183**	**2,245**	**2,301**	**9,560**	**14,106**	**15,289**

Current and non-current bank borrowings from related party credit institutions (CaixaBank in 2013) amounted to EUR 796 thousand and EUR 2,684 thousand, respectively. The breakdown is as follows:

- One Group company entered into a factoring agreement in 2009 with CaixaBank (absorbing company of Banco de Valencia, S.A.) with a limit of EUR 2,346 thousand. In April 2013, this factoring line was cancelled (EUR 0 drawn down at 1 January 2013).

- The Group also has a loan with CaixaBank (absorbing company of Banco de Valencia, S.A.) of EUR 6,248 thousand bearing interest at market rates and maturing in 2018. An amount of EUR 3,478 thousand had been drawn on this loan at year-end 2013. Accrued interest payable on the bank loan at the end of 2013 amounted to EUR 2 thousand.

- In addition, on 25 June 2013, this Company arranged a credit facility with CaixaBank (absorbing company of Banco de Valencia, S.A.) with a limit of EUR 2,275 thousand. Collateral for the facility comprised credit rights vis-à-vis the Valencia regional government. The facility expired on 31 December 2013. In December 2013, the credit facility was cancelled.

Meanwhile, in 2009, the Group company took out a bank loan from CaixaBank with a limit of EUR 1.5 million bearing interest at market rates and maturing in 2013. The outstanding balance at year-end was EUR 382 thousand, since settlement of the amount was made on the day after maturity, as stipulated in the related agreement. Accrued interest payable on the bank loan at the end of 2013 amounted to EUR 5 thousand.

"Other financial liabilities" relates mainly to certain grants awarded (instrumented as repayable advances) to another Group company (Retevision) under the Ministry for Industry, Tourism and Trade's PROFIT programme. According to the technical-financial terms of the grant resolutions, the repayable advances bear no interest.

The carrying amount of current borrowings is similar to their fair value. The fair value of fixed rate borrowings is calculated by discounting the payment flows of each debt by the currency rate curve to which it is linked, and in the case of bonds, the issuer's credit curve is added, which is estimated on the basis of the quoted prices of liquid obligations observed for the issuer in its benchmark markets.

14. TRADE AND OTHER PAYABLES

The detail of trade and other payables at 31 December is as follows:

	2013
Trade payables	53,074
Other payables to public authorities (Note 15.b)	18,832
Remuneration payable	7,813
Other payables	19,840
Trade and other payables	**99,559**

Group companies with tax residence in Spain have changed their terms of payment in line with Additional Provision Three of the "Disclosure Requirement" in Law 15/2010 of 5 July, in accordance with which information on payments made and outstanding at the reporting date is given below:

	2013	
Within the statutory limit (60 days in 2013)	161,018	100%
Past the statutory limit	802	0%
Total payments in the year	161,820	100%
Average late payment days (*)	211	-
Weighted average late payment days	151	-
Deferrals at the reporting date exceeding the statutory limit	348	-

(*) Average number of days for payments to suppliers made after the statutory limit.

The reason for the outstanding balance payable to suppliers beyond the legal payment period is primarily because of certain one-off deviations caused largely by the fact that objections have been raised regarding certain amounts when the work has not been fully concluded. These tasks have been paid for once the objections have been cleared up by the supplier.

The figures in the preceding table on payments to suppliers refer to suppliers whose nature makes them trade creditors because they are suppliers of goods and services. Therefore, they include the figures relating to "Suppliers", "Suppliers, group companies and associates" and "Other payables" under current liabilities in the consolidated balance sheet.

The weighted average late payment days was calculated by multiplying each supplier payment in the year over the statutory payment period by the number of days over the period and dividing the sum of these amounts by the total amount of payments made in the year past the statutory limit.

According to Law 3/2004 of 29 December establishing measures on combating late payment in commercial transactions, the statutory payment period applicable to the Group in 2013 was 60 days (75 days in 2012).

15. INCOME TAX AND TAX SITUATION

a) Tax-related disclosures

Companies comprising the Abertis Telecom Terrestre Group file consolidated income tax. Abertis Infraestructuras, S.A. is parent of the tax group, the subsidiaries of which are Spanish companies at least 75% owned by it.

In addition, some Group companies (Retevisión, Tradia, Adesal and Abertis Tower) file consolidated value added tax (VAT) returns. Abertis Infraestructuras, S.A. is also the parent of this tax group.

The partial inspections of Group company Adesal Telecom, S.L. for adjustments made in 2008 and 2009 relating to accelerated depreciation were concluded in 2013. The inspections did not give rise to any amount payable.

At 31 December 2013, Group companies have, for the most part, all the taxes applicable to them since 2010 open to inspection. As a result of the different interpretations that could be afforded to Spanish tax legislation applicable to some transactions, contingent tax liabilities could arise in the future, which are difficult to quantify objectively. The Directors consider, however, that any additional assessments that might be made would not significantly affect the Group's financial statements.

On 12 November 2013, the acting Sole Partner at the General Meeting of Partners of Abertis Telecom Satélites, S.A.U. and Abertis Telecom Terrestre, S.L.U. (Parent) agreed unanimously to carry out the partial spin-off of Abertis Telecom Satélites through the spin off of the assets and liabilities constituting a separate, autonomous and independent business unit comprising the investments held in terrestrial telecommunications companies (Retevisión, Tradia Telecom, Abertis Tower and Abertis Telecom Brasil) conferring majority ownership of the companies' share capital, and the en bloc transfer (assets and liabilities) to the receiving company Abertis Telecom Terrestre (formerly Abertis Americana, S.L.U), which will acquire them, through universal transfer, without the company being liquidated as a result of the spin-off. As a result of the transaction, deferred tax on the assets, rights and obligations transferred were transferred in accordance with prevailing legislation. The spin-off adhered to the tax regime provided for in Title VII, Chapter VIII of Legislative Royal Decree 4/2004, of 5 March, which approves the Consolidated text of the Corporate Income Tax Law.

b) Tax receivables and payables

Balances receivable from public authorities at 31 December 2013 were as follows:

	2013
VAT recoverable	11
Canary Island tax recoverable	28
Other taxes	1,213
Tax receivables	**1,252**

Balances payable to public authorities at 31 December 2013 were as follows:

	2013
VAT payable	13,976
Canary Island tax payable	163
Social security, payable	1,559
Personal income tax	1,805
Other taxes	1,329
Tax payables	**18,832**

c) Income tax expense

The general income tax rate for 2013 is 30%.

The reconciliation of net income and expenses for the year to taxable income for income tax purposes is as follows:

	2013	2012 [1]
Profit before tax	94,572	0
Theoretical tax [2]	(28,372)	0
Impact on tax expense from:		
Tax-exempt income		
Non-deductible expenses	(73)	
Tax losses and credits		
Tax-rate changes		
Other tax effects [3]	12,363	
Income tax expense (continuing operations)	**(16,082)**	**0**

[1] Reconciliation of income tax expense in 2012 of Abertis Americana S.L.U

[2] Theoretical tax applying the general tax rate of 30%.

[3] Includes mainly the deferred tax assets arising from asset revaluations carried out in accordance with Law 16/2012, of 27 December, adopting various tax measures aimed at consolidating public finance and promoting economic activity and payments made overseas.

“Non-deductible expenses” in 2013 include items that, in accordance with prevailing tax legislation, are not tax deductible, none of which individually is for a significant amount.

The main income tax items for the year are as follows:

	2013	2012
Current tax	36,825	-
Deferred tax	(23,882)	-
Tax from prior years/ other	3,139	-
	16,082	**-**

The adjustment to the calculation of the expense accrued in 2012 and the taxes paid abroad that are similar to income tax resulted in a decrease in the income tax expense of EUR 136 thousand (EUR 0 thousand in 2012). Group companies did not apply deductions for investments in 2013 (EUR 0 thousand in 2012).

Withholdings and payments on account totalled EUR 32,077 thousand (EUR 0 thousand in 2012).

d) Deferred taxes

The breakdown of the deferred taxes is as follows:

	2013	2012
Deferred tax assets:		
Provision for third-party liabilities	14,514	-
Limit on depreciation and amortisation of assets	8,229	-
Long-term employee benefit obligations	1,987	-
Other provisions	4,428	-
Timing differences in revenue and expense recognition	762	-
Tax loss carryforwards	-	-
Derivatives	29	-
Asset revaluation	12,228	-
	42,177	**-**
Deferred tax liabilities:		
Accelerated depreciation and amortisation	(34,022)	-
Government grants	(1,063)	
Other	(9,295)	
	(44,380)	**-**
Deferred taxes	**(2,203)**	**-**

The changes in the year in deferred tax assets and liabilities were as follows:

	2013		2012	
	Deferred tax assets Temporary differences	**Deferred tax liabilities** Temporary differences	**Deferred tax assets** Temporary differences	**Deferred tax liabilities** Temporary differences
At 1 January	-	-	-	-
Charges/(credits) with balancing entry in profit and loss	18,690	(5,192)	-	-
Charges/(credits) to equity with balancing entry in equity	(22)	-	-	-
Charges/(credits) due to inclusion in consolidation scope	23,666	48,451	-	-
Other (income tax adjustments)	(157)	1,121	-	-
At 31 December 2013	42,177	44,380	-	-

In 2013, Retevisión-I S.A.U set off all its tax loss carryforwards and unused tax losses. As a result, the Company did not recognise any deferred tax in this connection at 31 December 2013.

Also, at 31 December 2013, Group companies did not have any unused deductions.

In accordance with prevailing legislation, the Group did not recognise the tax effect arising from differences between the carrying amount and the amount for tax purposes of assets received in non-cash contributions to capital increases (see Notes 1 and 5) in the consolidated balance sheet at 31 December 2013. The estimated effect of this difference multiplied by the tax rate (30%) amounts to EUR 93.5 million at 31 December 2013.

16. NON-CURRENT PROVISIONS AND NON-CURRENT AND CURRENT EMPLOYMENT BENEFIT OBLIGATIONS

The detail of "Non-current provisions" and "Non-current and current employee benefit obligations" is as follows:

	2013
Non-current provisions	1,814
Total non-current provisions	**1,814**
Share options	332
Non-current defined benefit obligations	1,958
Total non-current benefit obligations	**2,290**
Current defined benefit obligations	297
Current benefit obligations	28,685
Total current benefit obligations	**28,982**

a) Share options

At 31 December 2013, Abertis Telecom, as part of the Group's remuneration policy, operated the following share option plans involving Abertis Infraestructuras, S.A. shares:

- Plan 2009, approved on 31 March 2009 by the Shareholders' Meeting of abertis, for management and certain key employees of the company and its subsidiaries.
- Plan 2010, approved on 27 April 2010 by the Shareholders' Meeting of abertis, for management and certain key employees of the company and its subsidiaries.

All plans have a three-year vesting period in order to exercise the options as from the grant date. At the end of this period, management personnel and key employees may exercise the options received for two years. The options can only be equity-settled.

Each option coincides with one share. Plan 2009 had 1,312 options and Plan 2010 had 140,807 options at the end of 2013.

The changes for the year for Plan 2010, Plan 2009 and Plan 2008, the latter of which concluded on 2 April 2013, were as follows:

	Plan 2010 (maturing in 2015)		Plan 2009 (maturing in 2014)		Plan 2008 (maturing in 2013)	
	Number of options	**Exercise price (2) (€/share)**	**Number of options**	**Exercise price (3) (€/share)**	**Number of options**	**Exercise price (4) (€/share)**
At 1 January 2013	283,809	11.62	102,128	8.95	183,754	15.10
Bonus issue (1)	10,443	(0.55)	62	-	-	-
Options exercised	(60,185)	-	(49,520)	-	-	-
Disposals	(93,260)	-	(51,358)	-	-	-
Disposals due to the end of the exercise period	-	-	-	-	(183,754)	-
At 31 December 2013	**140,807**	**11.07**	**1,312**	**-**	**-**	**-**

(1) Effect in 2013 on the options granted with regard to the bonus share issue charged to voluntary reserves in the ratio of 1 new share for every 20 former shares approved at the Shareholders' Meeting of 20 March 2013, as per Plan 2009 and Plan 2010.

(2) For Plan 2010 an exercise price for the options was established at the average share price of Abertis Infraestructuras, S.A. quoted from 4 January 2010 until 26 April 2010, both inclusive (EUR 14.57/share), adjusted for the effect of possible bonus issues and other impacts.

(3) For Plan 2009 an exercise price for the options was established at the average share price of Abertis Infraestructuras, S.A. quoted during the three months prior to the Shareholders' Meeting of 31 March 2009 (EUR 12.06/share) adjusted for the effect of possible bonus issues and other impacts.

(4) For Plan 2008 an exercise price for the options was established at the average share price of Abertis Infraestructuras, S.A. quoted during the three months prior to the Shareholders' Meeting of 1 April 2008 (EUR 20.51) adjusted for the effect of possible bonus issues and other impacts.

On 28 April 2013, the vesting period of Plan 2010 ended, with 153,445 options having been exercised at year-end 2013 at an average price of EUR 14.55 per share.

At 31 December 2013, under Plan 2009, the vesting period of which ended on 1 April 2012, in addition to the options exercised in 2012, a total of 100,878 options were exercised at an average price of EUR 13.39 per share.

In both plans, the impact of the bonus issue with a charge against reserves in the ratio of 1 new share for each 20 former shares, approved by the Shareholders' Meeting of 20 March 2013, was considered.

Lastly, on 2 April 2013 the two-year period in which management personnel could exercise the options granted in Plan 2008 ended, without any options having been exercised during the entire period.

The fair value of the options granted under the various plans is recognised in the consolidated income statement for the year as a staff cost in the period the right is generated, as indicated in Note 3.j.iii. The detail of the fair value of the various plans and their recognition the consolidated income statement for the year is as follows:

	2013				
	Plan 2010	Plan 2009	Plan 2008	Plan 2007	Total
Fair value	560	533	675	647	2,415
Staff costs (1)	115	-	-	-	115

(1) As indicated in Note 3.j.iii, the staff costs for the year are recorded with a balancing entry to the Company's equity, and, accordingly, the effect on equity is completely neutral.

The main assumptions used in the valuation of these share option plans at the grant date are as follows:

	Plan 2010	**Plan 2009**	**Plan 2008**	**Plan 2007**
Valuation model	Hull & White	Hull & White	Hull & White	Hull & White
Option exercise price (€/share)	14.5700	12.0600	20.5100	24.1887
Grant date	28/04/2010	01/04/2009	02/04/2008	14/06/2007
Maturity	28/04/2015	1/04/2014	2/04/2013	14/06/2012
Term of option to maturity	5 years	5 years	5 years	5 years
Term of option until first exercise date	3 years	3 years	3 years	3 years
Option type / style	"Call / Bermuda"	"Call / Bermuda"	"Call / Bermuda"	"Call / Bermuda"
Spot price (€/share)	13.03	11.99	21.00	22.19
Expected volatility (1)	27.52%	24.75%	21.29%	26.51%
Risk-free rate	2.31%	2.63%	4.13%	4.66%
Payout ratio (2)	0.0%	0.0%	0.0%	0.0%

(1) Estimated implicit volatility based on the prices of shares traded in official markets and OTC markets for that maturity and exercise price.

(2) The early daily redemption dates were estimated as from the beginning of the exercise period until the end of the exercise period based strictly on market criteria.

Unlike other models, the Hull & White model enables all the terms and conditions of the incentive plan to be input. This includes the input of considerations such as the loss of the exercise right due to termination of employment before the first three years, early exercising far from the optimal moment and the periods in which the right cannot be exercised. The model also allows for the input of ratios of employees who leave the Company according to their position on the organisational chart.

Abertis Infraestructuras, S.A. has sufficient treasury shares to cover any need to deliver shares.

b) Non-current provisions

This item includes amounts claimed from a Group company, Retevisión, in ongoing litigation at 31 December 2013 and other risks related to management of the consolidated company. The amounts were estimated based on the amounts claimed or stipulated in legal rulings issued at the end of each year shown and appealed against by the Company. Labour disputes amounted to EUR 702 thousand and civil lawsuits to EUR 1,112 thousand.

c) Non-current and current defined benefit obligations

The pension commitments and obligations are covered using insurance policies/separate entities, with the amounts taken off the balance sheet. Nevertheless, this heading includes the hedges (relevant obligations and assets) for which there is a continued legal obligation or implied obligation to meet the agreed benefits.

Together with the above obligations, included on the liability side of the accompanying balance sheet are an amount of EUR 1,958 thousand under "Non-current provisions" and EUR 297 thousand under "Current provisions" related to the measurement of employee commitments arising from certain non-current obligations related to employees' length of service at the company. The amounts recognised for these obligations as a decrease in staff costs and as a finance cost in 2013 were EUR 911 thousand and EUR 30 thousand, respectively.

In relation to the Group's defined benefit obligations with employees, the reconciliation of the opening and closing balances of the actuarial value of these obligations is as follows:

	2013
At 1 January	3,398
Service cost for the year	(108)
Interest cost	30
Actuarial losses/(gains)	(803)
Benefit payments	(158)
At 31 December	**2,359**

The reconciliation of opening and closing balances of the actuarial fair value of the assets to these obligations is as follows:

	2013
At 1 January	
Promoter contributions	803
Benefit payments	(803)
At 31 December	**-**

The actuarial assumptions (demographic and financial) used constitute the best estimates on the variables that will determine the final cost of providing the post-employment benefits.

The main actuarial assumptions used at the reporting date are as follows:

	2013
Annual discount rate	1.75%
Salary increase rate	2.75%

d) Current benefit obligations

On 21 December 2012, two Group companies, Retevisión and Tradia, reached an agreement with worker representatives over a voluntary redundancy plan through to 2014, as well as a special redundancy agreement due to the closure of certain operating centres. The plans were expected to affect 220 workers, with a total cost of EUR 50,779 thousand. In 2013, following execution of part of the agreement, 149 employees were made redundant, for a cost of EUR 22,094 thousand.

17. REVENUE AND EXPENSES

a) Operating income

The detail of operating income is as follows:

	2013
Rendering of services	381,281
Other operating income	5,750
Work carried out by the company for assets	113
Operating income	**387,144**

Revenue from the rendering of services relates mainly to the provision of radio communications for closed groups of users, television and radio broadcasting, infrastructure rental and data transmission to operators, consultancy and other non-recurring income. Most sales are made in Spain.

b) Staff costs

The detail of staff costs is as follows:

	2013
Wages and salaries	67,692
Social Security contributions	14,554
Retirement fund and other contingencies and commitments	582
Other social welfare expenses	3,543
Staff costs	**86,371**

The average number of employees at the Group, its subsidiaries and jointly controlled entities in the year, broken down by job category and gender is as follows:

	2013		
	Men	Women	Total
- Senior management	15	1	16
- Middle management	38	16	54
- Other employees	939	205	1,144
Average number of employees	**992**	**222**	**1,214**

c) Financial result

The breakdown of finance income and costs by item is as follows:

	2013
- Interest and other income	332
Finance income	**332**
- Interest on loans from credit entities and others	(2,788)
Finance costs	**(2,788)**

18. CONTINGENCIES AND COMMITMENTS

a) Contingent liabilities

At 31 December 2013, the Group held guarantees to third parties totalling EUR 38,480 thousand. These relate mainly to guarantees provided by financial institutions before public authorities in connection with grants and technical guarantees, and before third parties in connection with rental guarantees. In addition, at 31 December 2013, Adesal Telecom held guarantees to third parties amounting to EUR 1,392 thousand of loans by Caixabank, S.A. (absorbing company of Banco de Valencia, S.A.) in connection with the Comdes network. These guarantees are not expected to give rise to liabilities.

Meanwhile, in 2012, Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) filed an appeal with the Supreme Court against the 16 February 2012 ruling of the National Court rejecting the appeal for judicial review filed by Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) of the 19 May 2009 resolution of the Board of the National Competition Committee (CNC) imposing a fine of EUR 22.7 million on Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) because the Board considered that the latter had abused its dominant position in certain contracts entered into in 2006 and 2008, relative to the terrestrial telecommunications business. Also in 2012, Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) filed an appeal for judicial review before the National Court against the 8 February 2012 resolution of the Board of the National Competition Committee, by which the latter had imposed a fine of EUR 13.7 million on Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) given that it considered that Abertis Telecom, S.A.U. had narrowed margins in certain contracts, also relative to the terrestrial telecommunications business.

With regard to these proceedings, after the corresponding appeals had been filed, interim relief was obtained, in both cases, from the National Court suspending the payment of the fines. In 2013, no significant event took place that changed this situation, and, therefore, as in 2012, the final ruling of both processes is not expected to have a significant impact on the Group's equity with regard to these consolidated financial statements.

Moreover, and as a result of the spin-off of Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) on 17 December 2013 (see Note 1), Abertis Telecom Terrestre, S.L. assumes any rights and obligations that may stem from the aforementioned legal proceedings, as they relate to the spun-off business (terrestrial telecommunications).

i) Purchase commitments

There are no commitments to invest in property, plant and equipment and intangible assets in addition to those set out in Notes 6 and 7, respectively.

ii) Operating lease commitments

The Group leases sites, spaces, equipment and vehicles under operating leases.

Most of the leases are for one year and have a renewable option at expiry under market terms. In some cases, the lease term is greater than one year, also with renewal options.

Total future minimal rentals payable under operating leases are recurring, as all the current leases are considered to be essential for the Group's operations.

The expense recognised in the income statement for 2013 for operating leases totalled EUR 18,967 thousand. This corresponds fully to the minimum rental payments. No contingent rents were recognised.

19. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

The Group has investments in the following jointly controlled entities that are proportionately consolidated:

Company	**Activity**	**2013**
Adesal Telecom, S.L. (1)	Communications and audiovisual services	51.00%

(1) Proportionately consolidated company with a 51% shareholding, pursuant to existing shareholders' agreements according to which relevant decisions on their activity (financial and operating) are to be taken in conjunction with other shareholders.

At 31 December 2013, the jointly controlled entity did not contribute contingent liabilities or commitments to purchase tangible or intangible assets.

The effect of the proportionate consolidation of jointly controlled entities, broken down by business segment, on the Group's consolidated financial statements is set out below.

31 December 2013	
	Adesal
ASSETS	
Non-current assets	4,493
Current assets	6,871
	11,364
LIABILITIES	
Non-current liabilities	3,330
Current liabilities	2,178
	5,508
NET ASSETS	**5,856**
RESULTS	
Income	3,787
Expenses	(3,096)
Profit attributable to shareholders of the Company	**691**

Note: Amounts included in the consolidated balance sheet and consolidated income statement.

20. ENVIRONMENT

It is Group policy to pay maximum attention to environmental protection and conservation, and each investee adopts measures to minimise the environmental impact of the infrastructure that it manages and ensure the maximum degree of integration into the surrounding area.

At year-end 2013, the Group did not recognise any provision for potential environmental risks as it estimated that there were no significant contingencies related to potential lawsuits, indemnities or other as its operations comply with environmental protection laws and as procedures are in place to foster and ensure compliance.

The Group incurred environmental expenses on civil engineering projects, equipment and environmental permit projects. The acquisition cost of these activities at year-end 2013 amounted to EUR 4,168 thousand, with accumulated depreciation and amortisation of EUR 1,469 thousand.

Expenses incurred to protect and improve the environment recognised directly in the income statement amounted to EUR 616 thousand and related mainly to expenses arising from consultancy services and external waste management.

Potential contingencies, indemnities and other environmental risks which the Group could incur are sufficiently covered by its third-party liability insurance policies.

21. SEGMENT INFORMATION

The Group identifies its operating segments based on internal reports on the Group components that are reviewed, debated and evaluated regularly by the Management Committee, which is the chief decision maker for the purposes of resource allocation and assessment of segment performance. The only segment defined by the Group is Telecommunications: establishing any type of infrastructure and/or communication network, as well as providing, managing, marketing and distributing all types of services based thereon, including establishing and operating fixed and mobile telecommunication networks and providing any type of service over these networks.

22. RELATED PARTIES

a) Joint and several directors and senior management

No expenses were incurred in relation to wages and salaries, attendance fees or remuneration to the Group's joint and several directors in 2013. In addition, no advances or loans were granted to joint and several directors, nor have obligations on their behalf been assumed in respect of guarantees. Lastly, in 2013, there were no obligations regarding pensions, retirement plans or life or medical insurance premiums.

Total remuneration paid in 2013 to senior management, understood to be management personnel who have full general management power or report directly to them and have responsibility and control over the Group's business areas, amounted to EUR 4,882 thousand. Of this, EUR 3,292 thousand related to short-term remuneration, EUR 271 thousand to pension plan contributions, EUR 7 thousand to life insurance, accident and health insurance contributions and EUR 1,312 thousand to other remuneration.

b) Other disclosures on joint and several directors

In accordance with the provisions of section 229 and 230 of the Corporate Enterprise Act, in order to increase the transparency of listed companies and disclose information received from their directors, set out below are the companies with the same, analogous or similar corporate purpose as that of Abertis Telecom Terrestre, S.L.U. in which members of the Directors and/or affiliates have a direct or indirect stake or perform duties or functions, as appropriate, and the positions held in companies with a business that is the same, analogous or supplementary to the business constituting the corporate purpose of the Parent, Abertis Telecom Terrestre, S.L.U.

Director	Company	Activity	% interest in share capital	Duties/Position
Francisco José Aljaro Navarro	Abertis Infraestructuras, S.A.	Infrastructure concessions	0.0041	General Manager of Finance and Corporate Development
	Abertis Tower, S.A.U.	Telecommunications infrastructure operator	-	Joint and several director
	Tradia Telecom, S.A.U.	Telecommunications infrastructure operator	-	Joint and several director
	Retevisión I, S.A.U.	Telecommunications infrastructure operator	-	Joint and several director
	Hispasat, S.A.	Satellite telecommunications infrastructure operator	-	Natural person representative of Abertis Telecom Satélites, S.A. (since 18/09/2013)
	Abertis Telecom Satélites, S.A.U. (formerly Abertis Telecom, S.A.U.)	Satellite telecommunications services	-	Joint and several director
Josep Maria Coronas Guinart	Abertis Infraestructuras, S.A.	Infrastructure concessions	0.0012	General Secretary
	Abertis Tower, S.A.U.	Telecommunications infrastructure operator	-	Joint and several director
	Tradia Telecom, S.A.U.	Telecommunications infrastructure operator	-	Joint and several director
	Retevisión I, S.A.U.	Telecommunications infrastructure operator	-	Joint and several director
	Abertis Telecom Satélites, S.A.U. (formerly Abertis Telecom, S.A.U.)	Satellite telecommunications services	-	Joint and several director
	Hispasat, S.A.	Satellite telecommunications infrastructure operator	-	Director (since 12/11/2013)
Francisco Reynés Massanet	Abertis Infraestructuras, S.A.	Infrastructure concessions	-	Chief Executive Officer
	Abertis Tower, S.A.U.	Telecommunications infrastructure operator	-	Joint and several director
	Tradia Telecom, S.A.U.	Telecommunications infrastructure operator	-	Joint and several director
	Retevisión I, S.A.U.	Telecommunications infrastructure operator	-	Joint and several director

	Abertis Telecom Satélites, S.A.U. (formerly Abertis Telecom, S.A.U.)	Satellite telecommunications services	-	Joint and several director
	Hispasat, S.A.	Satellite telecommunications infrastructure operator	-	Director
Frinyco, S.L. (related part of Mr. Reynés)	Abertis Infraestructuras, S.A.	Infrastructure concessions	0.0042	-

In addition, pursuant to section 229 of the Capital Enterprise Act, the directors and/or affiliates inform that there are no other situations that may involve a direct or indirect conflict between their own interest and the Company's interests.

c) Group companies and associates

The financial assets and liabilities held by the Company in Abertis Group companies and associates are as follows: (in thousands of euros)

	31 December 2013					
	Assets			**Liabilities**		
	Current loans and receivables	**Current investments**	**Other commercial assets**	**Non-current payables**	**Current payables**	**Other payables**
Abertis Infraestructuras, S.A.	2,199	-	-	146,938	9,114	702
Serviabertis, S.L.	-	-	-	-	-	79
Torre de Collserola, S.A.	-	-	-	-	-	160
Consorcio de Telecomunicaciones Avanzadas, S.A.	-	-	179	-	-	6
Hispasat, S.A.	-	-	21	-	-	936
Servicios Audiovisuales Overon, S.L.	-	-	(124)	-	-	208
Autopistas C.E.S.A.	-	-	101	-	-	1
Túnels de Barcelona i Cadí, S.A.C.G.C.	-	-	-	-	-	4
Abertis Telecom Satélites, S.A.	-	631	-	-	-	-
Autopista Vasco Aragonesa, S.A.	-	-	1	-	-	-
Autopista Aumar, S.A.C.E.	-	-	6	-	-	-
Autopistas de León, S.A.C.E.	-	-	2	-	-	-
	2,199	**631**	**186**	**146,938**	**9,114**	**2,096**

Current receivables relate to a receivable from Abertis Infraestructuras, S.A., parent of the tax group, of EUR 2,199 thousand for the consolidated tax regime in relation to corporate income tax and for the group of entities in relation to VAT, under which amounts payable to and receivable from the taxation authorities are replaced by receivables from and payables to the parent of the consolidated tax group.

The Group recognises in "Non-current payables, group companies and associates" the amount drawn on the credit facilities signed with Abertis Infraestructuras, S.A. on 17 December 2013. The limits of the policies are EUR 400 million and EUR 50 million, respectively, with maturities of 15 October 2015 and 31 December 2015, respectively. Both are tacitly renewable annually. The amount drawn on both facilities at 31 December 2013 was EUR 146,938 thousand.

"Current receivables, group companies and associates" at 31 December 2013 relates to a EUR 9,114 thousand receivable from Abertis Infraestructuras, S.A. for the consolidated tax regime in relation to corporate income tax and for the group of entities in relation to VAT, under which amounts payable to and receivable from the taxation authorities are replaced by receivables from and payables to the parent of the consolidated tax group.

The remaining balances related to transactions carried out in the ordinary course of the Company's business.

The Company's transactions with Abertis Group companies and associates are as follows: (thousands of euros)

	2013		
	Income	**Expenses**	
	Services rendered	**Services received**	**Accrued interest**
Abertis Infraestructuras, S.A.	-	5,645	1,216
Autopistas, concesionaria española, S.A.	-	21	-
Hispasat, S.A.	18	14,508	-
Infraestructures Viàries de Catalunya, S.A.	-	13	-
Serviabertis, S.L.	14	13,842	-
Torre Collserola, S.A.	-	2,520	-
Iberpistas, S.A.	41	41	-
Servicios Audiovisuales Overon, S.L.	641	498	-
Consorcio de Telecomunicaciones Avanzadas, S.A.	605	70	-
Autopistas Aumar, S.A.C.E.	103	-	-
Autopistas de Catalunya, S.A.	27	-	-
Autopista Vasco Aragonesa, S.A.	35	-	-
Iberpistas, S.A.C.E.	10	-	-
Autopistas C.E.S.A	166	134	-
Autopistas de León, S.A.C.E.	2	-	-
Túnels de Barcelona i Cadí, S.A.C.G.C.	31	12	-
Total	**1,693**	**37,304**	**1,216**

The Group has a service level agreement with Serviabertis, S.L. whereby the latter provides general, purchasing and management (personnel, corporate services and treasury) services, and systems and project development services. The Group also has a service agreement with Abertis Infraestructuras S.A. whereby the latter provides legal-financial, tax, organisation and people, planning and promotion of new activities as well as other support services. Other transactions with group companies and associates relate to commercial transactions.

Financial interest with Abertis Infraestructuras S.A. entails interest accrued on the Group's loan indicated above.

d) Other related parties

Other related parties, in addition to the group companies and associates indicated in Note c) above as defined in the General Accounting Plan include shareholders (and their subsidiaries) of Abertis Infraestructuras, S.A. that exercise significant influence over it, those with a right to appoint a director or those with a stake above 5%.

Guarantees with related parties were granted with a limit of EUR 16,519 thousand, of which EUR 7,616 thousand had been drawn down at year-end.

At 31 December 2013, the main transactions with related party CaixaBank, S.A. were: a EUR 3,479 thousand loan (see Note 13), a fixed-term deposit of EUR 1,505 thousand, and a liability from the measurement of derivative financial instruments of EUR 95 thousand (see Note 9).

23. OTHER RELEVANT INFORMATION

a) Audit fees

	2013		
	Audit of financial statements	Tax-advisory services	Other services
Deloitte, S.L.	156	-	107

b) Economic and financial plan

As required under current legislation, each company has an economic and financial plan approved by its own Management.

24. EVENTS AFTER THE REPORTING PERIOD

On 10 January 2014, the Group acquired 530 new mobile telephone towers from a leading mobile telephone operator for EUR 58 million.

25. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

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Barcelona, 18 February 2014

APPENDIX I. Subsidiaries included in the scope of consolidation

Company	Registered office	Shareholding		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (thousands of euros)	% (*)				
DIRECT SHAREHOLDINGS							
Retevisión I, S.A.	Av. Del Parc Logístic, 12-20 08040 Barcelona	368,938	100%	Abertis Telecom Terrestre, S.L.	Full consolidation	Telecommunications infrastructure operator	Deloitte
Tradia Telecom, S.A.	Av. Del Parc Logístic, 12-20 08040 Barcelona	127,121	100%	Abertis Telecom Terrestre, S.L.	Full consolidation	Telecommunications infrastructure operator	Deloitte
Abertis Tower, S.A.	Avda. Parc Logístic 12-20, 08040 Barcelona	28,457	100%	Abertis Telecom Terrestre, S.L.	Full consolidation	Telecommunications infrastructure operator	Deloitte
Abertis Telecom Brasil Ltda	Rua Treze de Maio, 313. Galeria Montini Sala 7. Centro CEP 13900-005 São Paulo	100	100%	Abertis Telecom Terrestre, S.L.	Full consolidation	Telecommunications infrastructure operator	-
INDIRECT SHAREHOLDINGS							
Gestora del Espectro	Av. Del Parc Logístic, 12-20 08040 Barcelona	3	100%	Retevisión	Full consolidation	Development, implementation, management and marketing of telecommunication services	-

This appendix forms an integral part of Note 2g.i of the Notes to the 2013 consolidated financial statements, with which it should be read.
Figures in foreign currency are translated to euros using exchange rates at the end of the reporting period.

APPENDIX II. Jointly controlled entities included in the scope of consolidation

Company	Registered office	Shareholding		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (thousands of euros)	% (*)				
Through Tradia Telecom							
Adesal Telecom	Ausias March 20, Valencia	3,297	51%	Tradia Telecom	Proportionate consolidation	Construction and operation of telecommunications infrastructure	Deloitte

This appendix forms an integral part of Note 2g.i of the Notes to the 2013 consolidated financial statements, with which it should be read.
Figures in foreign currency are translated to euros using exchange rates at the end of the reporting period.

APPENDIX III. Associates included in the scope of consolidation

Company	Registered office	Shareholding		Assets	Liabilities	Income	Profit/(loss)	Company holding the interest	Consolidation method	Activity	Auditor
		Cost (thousands of euros)	% (*)								
INDIRECT SHAREHOLDINGS											
Through Retevisión and Tradia Telecom											
Torre de Collserola, S.A.	Ctra. de Vallvidrera al Tibidabo, s/n. Barcelona	2,439	41.75%	20,034	13,659	4,474	76	Retevisión	Equity method	Construction and operations of telecommunications infrastructure	Deloitte
Consorcio de Telecomunicaciones avanzadas, S.A. (COTA)	C/ Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Polígono Industrial Oeste Alcantarilla (Murcia)	304	29.5%	3,940	1,246	1,989	84	Tradia	Equity method	Provision of related services for telecommunications concessions and operators	Other auditors

This appendix forms an integral part of Note 2g.i of the Notes to the 2013 consolidated financial statements, with which it should be read.
Figures in foreign currency are translated to euros using exchange rates at the end of the reporting period.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

ABERTIS TELECOM TERRESTRE, S.L.U. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2013

INFORMATION REQUIRED UNDER SECTION 262 OF THE CORPORATE ENTERPRISES ACT

The **Abertis Telecom Terrestre** Group provides services in the area of infrastructure management for terrestrial telecommunications to the broadcast, public administrations, large corporations and telecoms sectors, mainly through its subsidiaries Retevisión, Tradia and Abertis Tower.

Significant events

At the end of 2013, the Abertis Group carried out a corporate reorganisation in order to coordinate the management of terrestrial and satellite communications operations. This included the partial spin-off of Abertis Telecom Satélites, S.A.U. (Abertis Telecom Satélites, formerly Abertis Telecom, S.A.U.), as the spun-off company, in favour of Abertis Telecom Terrestre S.L.U. (**Abertis Telecom Terrestre**, formerly Abertis Americana, S.L.U.), as the receiving company. Through this transaction, the economic unit consisting of stakes in companies in the terrestrial telecommunications business were segregated from the assets and liabilities of Abertis Telecom Satélites.

The terrestrial telecommunications business was bolstered by the acquisition, through Abertis Tower, in 2012 of 1,000 mobile telephone towers. This gave **Abertis Telecom Terrestre** a foothold in the market of mobile communications infrastructure management, within the framework of a selective-growth strategy, and allowed it to further diversify its activities and develop new business opportunities for sharing the infrastructure required to deploy fourth-generation mobile telephony.

In 2013, **Abertis Telecom Terrestre** entered into a framework agreement with Telefónica and Yoigo on the possible acquisition of some 3,450 mobile telephone towers for approximately EUR 305 million. At the end of 2013, the first phase of this agreement was completed, with the acquisition of 1,211 towers for EUR 113 million. An additional 530 towers were acquired in January 2014 for EUR 58 million.

The public administrations and large corporates market has expanded with the internationalisation and deployment of security and emergency networks, as well as new telecommunications network operation and maintenance projects for corporations and the roll-out of wifi networks, mainly through Retevisión and Tradia. In the broadcast market, the traditional television signal distribution business in Spain has been hurt by the economic recession. Market growth has come from the internationalisation of radio services, again mainly through Retevisión and Tradia.

2013 featured the world's first broadcast of ultra-high-definition television (UHDTV). Progress continued on the roll-out of new services, such as OTT services (multi-device video platform), an end-to-end IT solution that allows multi-screen audiovisual content distribution services in the cloud; the AIS (Automatic Information System) service, designed to enhance navigation security by minimising the possibility of shipwrecks and guaranteeing that ships are located in the event of emergency; and the deployment of the Smart platform for services related to smart cities.

In 2013, the **Abertis Telecom Terrestre** Group companies Retevisión and Tradia's management systems were awarded ISO27001 Information Security Management certification and renewed their ISO 9001 Quality, ISO 14001 Environmental Management, OSHAS 18001 Occupational Health and Safety, UNE 166002 Research, Development and Innovation and ISO 17025 Competence of Testing and Calibration Laboratories certifications, underscoring the continued commitment to quality.

Moreover, the Company bears the European Seal of Excellence 500+ / Recognised for Excellence 5 Stars, awarded by the Excellence in Management Club, which represents Spain in the European Foundation for Quality Management (EFQM) for its Retevisión and Tradia subsidiaries.

Research, development and technological innovation

In 2013, **Abertis Telecom Terrestre** continued to invest in research, development and innovation (R&D&i), carrying out projects both in Spain and abroad. Further research was conducted on technical upgrades, both for providing terrestrial digital television (TDT) in Spain and for distributing audiovisual content over the Internet and mobile networks (television by mobile phone, etc.). Importantly, the first TDT broadcast in the world in ultra-high definition TV (UHDTV) was made, while radio communications services for public security and emergency networks and in the area of smart cities were provided.

Activity and results

Revenue in 2013 amounted to EUR 387,144 thousand, while operating expenses totalled EUR 218,392 thousand. This left profit from operations of EUR 96,972 thousand. After finance income and costs, and income tax, net profit for the year was EUR 78,490 thousand. Due to the corporate reorganisation carried out in 2013, as explained above, the figures are not fully comparable with the 2012 figures.

Use of financial instruments

The Abertis Telecom Terrestre Group uses derivative financial instruments to manage financial risk, arising mainly from changes in interest rates. These derivative financial instruments were classified as cash flow hedges and measured at fair value. Information on derivatives is disclosed in the notes to the accompanying financial statements.

Outlook

Looking ahead 2014, the **Abertis Telecom Terrestre** expects to bolster its position in the telecom market by acquiring more mobile telephone towers, continue diversifying its business, as in 2012 and 2013, and maintain its position in the broadcast and public administrations markets, developing new products and services. Moreover, it intends to embark on its internationalisation.

At the same time, the Company remains committed to excellence and adapting its structure to meet any new challenges that arise. The Group will continue to strive to optimise its management so as to have greater control over operating costs and investments, bearing in mind the economic outlook for 2014.

Treasury shares

The Parent did not acquire any treasury shares in 2013.

Events after the reporting period

On 10 January 2014, the Group acquired 530 new mobile telephone towers from a leading mobile telephone operator for EUR 58 million.

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Barcelona, 18 February 2014