Cellnex Telecom, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements and Interim Consolidated Directors' Report for the six-month period ended 30 June 2016 (prepared in accordance with IAS 34, Interim Financial Reporting), together with Report on Limited Review

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

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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Cellnex Telecom, S.A. at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Cellnex Telecom, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet as at 30 June 2016, and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing the accompanying interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying certain analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2016 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of Matter

We draw attention to Note 2-a to the accompanying interim condensed consolidated financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2016 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2016. Our work was confined to checking the interim 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 Cellnex Telecom, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the Board of Directors of Cellnex Telecom, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Ana Torrens

28 July 2016

Cellnex Telecom, S.A. and Subsidiaries

Condensed Consolidated Interim
Financial Statements and
Consolidated Interim Directors' Report
for the 6-month period ended on
30 June 2016 (prepared in accordance with
IAS 34 "Interim financial reporting").

Translation of a report originally issued in Spanish and of interim condensed 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 21). In the event of a discrepancy, the Spanish-language version prevails.

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CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2016

(Thousands of Euros)

	Notes	30 June 2016	31 December 2015
ASSETS			
NON-CURRENT ASSETS			
Goodwill	Note 6	227,637	216,002
Other intangible assets	Note 6	590,523	582,645
Property, plant and equipment	Note 5	882,061	935,813
Investments in associates	Note 7	3,559	3,514
Financial investments	Note 8	12,068	12,530
Trade and other receivables	Note 9	33,938	27,710
Deferred tax assets		25,777	28,899
Total non-current assets		**1,775,563**	**1,807,113**
CURRENT ASSETS			
Inventories		4,282	3,383
Trade and other receivables	Note 9	164,458	164,054
Receivables from Group undertakings and associates	Note 18.c	85	119
Financial investments	Note 8	921	921
Cash and cash equivalents	Note 10	195,793	51,000
Total current assets		**365,539**	**219,477**
TOTAL ASSETS		**2,141,102**	**2,026,590**
NET EQUITY			
Share capital and attributable reserves			
Share capital	Note 11.a	57,921	57,921
Treasury shares	Note 11.a	(1,944)	-
Share premium	Note 11.b	338,733	338,733
Reserves	Note 11.c	46,725	10,422
Profit for the period	Note 11.h	24,189	47,290
		465,624	**454,366**
Non-controlling interests	Note 11.g	82,999	82,851
Total net equity		**548,623**	**537,217**
NON-CURRENT LIABILITIES			
Borrowings and bond issues	Note 12	1,058,706	979,261
Provisions and other liabilities	Note 15.a	133,889	125,384
Employee benefit obligations	Note 15.b	4,668	2,563
Deferred tax liabilities		182,333	183,246
Total non-current liabilities		**1,379,596**	**1,290,454**
CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 12	18,499	9,094
Employee benefit obligations	Note 15.b	7,783	8,230
Payables to associates	Note 18.c	136	179
Trade and other payables	Note 13	186,465	181,416
Total current liabilities		**212,883**	**198,919**
TOTAL NET EQUITY AND LIABILITIES		**2,141,102**	**2,026,590**

This consolidated balance sheet at 30 June 2016 must be read together with the Notes included on pages 7 to 45.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2016
(Thousands of Euros)

		6-month period ended on 30 June	
	Notes	**2016**	**2015**
Services		319,133	268,216
Other operating income		18,567	17,206
Operating income	Note 16.a	**337,700**	**285,422**
Staff costs	Note 16.b	(48,675)	(44,405)
Other operating expenses	Note 16.c	(165,043)	(139,603)
Change in provisions	Note 9	189	816
Losses on fixed assets	Notes 5 and 6	(65)	(87)
Depreciation and amortisation	Notes 5 and 6	(82,591)	(72,463)
Operating profit		**41,515**	**29,680**
Financial income		326	169
Financial costs		(15,338)	(7,625)
Net financial profit		**(15,012)**	**(7,456)**
Profit (loss) of companies accounted for using the equity method	Note 7	45	34
Profit before tax		**26,548**	**22,258**
Income tax	Note 14	(2,211)	(4,194)
Consolidated net profit		**24,337**	**18,064**
Attributable to non-controlling interests	Note 11.g	148	(104)
Net profit attributable to the Parent Company	Note 11.h	**24,189**	**18,168**
Earnings per share (in euros per share):			
Basic	Note 11.f	0.10	0.08
Diluted	Note 11.f	0.10	0.08

This consolidated income statement corresponding to the 6-month period ended on 30 June 2016 must be read together with the Notes included in pages 7 to 45.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2016

(Thousands of Euros)

	6-month period ended on 30 June	
	2016	**2015**
PROFIT FOR THE PERIOD	**24,337**	**18,064**
Income and expenses recognised directly in net equity, transferable to the consolidated income statement:		
Variation in cash flow hedges of the Parent Company and fully and proportionately consolidated companies	-	(857)
Total consolidated comprehensive income	**24,337**	**17,207**
Attributable to:		
- Company shareholders	24,189	17,301
- Non-controlling interests	148	(94)
Total consolidated comprehensive income	**24,337**	**17,207**

This consolidated statement of comprehensive income corresponding to the 6-month period ended on 30 June 2016 must be read together with the Notes included in pages 7 to 45.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2016

(Thousands of Euros)

	Share capital	Treasury shares	Share premium	Reserves	Profit for the period	Non-controlling interests	Net equity
At 1 January 2015	**57,921**	**-**	**338,733**	**42,601**	**57,471**	**4,666**	**501,392**
Comprehensive income for the period	-	-	-	(867)	18,168	(94)	17,207
Distribution of 2014 profit	-	-	-	57,471	(57,471)	-	-
Changes in the scope of consolidation and other	-	-	-	(80,414)	-	77,000	(3,414)
At 30 June 2015	**57,921**	**-**	**338,733**	**18,791**	**18,168**	**81,572**	**515,185**
At 1 January 2016	**57,921**	**-**	**338,733**	**10,422**	**47,290**	**82,851**	**537,217**
Comprehensive income for the period	-	-	-	-	24,189	148	24,337
Distribution of 2015 profit	-	-	-	47,290	(47,290)	-	-
Treasury shares	-	(1,944)	-	(98)	-	-	(2,042)
Final dividend	-	-	-	(10,889)	-	-	(10,889)
At 30 June 2016	**57,921**	**(1,944)**	**338,733**	**46,725**	**24,189**	**82,999**	**548,623**

This consolidated statement of changes in net equity corresponding to the 6-month period ended on 30 June 2016 must be read together with the Notes included in pages 7 to 45.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2016

(Thousands of Euros)

	Notes	6-month period ended on 31 June	
		2016	**2015**
Profit for the period before tax		**26,548**	**22,258**
Adjustments to profit			
Depreciation	Notes 5 and 6	82,591	72,463
Gains/(losses) on derecognition and disposals of non-current assets		65	87
Changes in provisions		273	(355)
Interest and other income		(326)	(169)
Interest and other expenses		15,338	7,625
Share of results of companies accounted for using the equity method	Note 7	(45)	(34)
		124,444	**101,875**
Changes in current assets/current liabilities-			
Inventories		(473)	(626)
Trade and other receivables		(3,987)	(7,516)
Other current assets and liabilities		4,939	10,198
		479	**2,056**
Cash flows generated by operations		**124,923**	**103,931**
Interest paid		(2,733)	(5,867)
Interest received		29	97
Income tax received/(paid)		(1,778)	(7,208)
Employee benefit obligations and current provisions		(401)	-
Other receivables and payables		11,225	57,553
Total net cash flow from operating activities (I)		**131,265**	**148,506**
Business combinations and changes in the scope of consolidation	Note 4	(19,122)	(668,670)
Purchases of property, plant and equipment and intangible assets	Note 5 and 6	(36,235)	(92,731)
Non-current financial investments		(7,491)	-
Total net cash flow from investing activities (II)		**(62,848)**	**(761,401)**
Acquisition of treasury shares		(2,042)	-
Proceeds from issue of bank borrowings	Note 12	79,775	676,540
Repayment and redemption of bank borrowings	Note 12	(806)	(2,005)
Net repayment of other borrowings		(551)	-
Total net cash flow from financing activities (III)		**76,376**	**674,535**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)		**144,793**	**61,640**
Cash and cash equivalents at beginning of period	Note 10	51,000	90,891
Cash and cash equivalents at end of period		**195,793**	**152,531**

This consolidated cash flow statement corresponding to the 6-month period ended on 30 June 2016 must be read together with the Notes included in pages 7 to 45.

Cellnex Telecom, S.A. and Subsidiaries

Notes to the condensed consolidated interim financial statements for the 6-month period ended on 30 June 2016

1. General information

Cellnex Telecom, S.A., (hereinafter, the "Parent Company" or "Cellnex") was incorporated in Barcelona on 25 June 2008. Its registered office is at Avenida del Parc Logistic No. 12-20, Barcelona. On 1 April 2015, it changed its name from Abertis Telecom Terrestre, S.A.U. to Cellnex Telecom, S.A.

On 17 November 2014, the Sole Shareholder (Abertis Infraestructuras, S.A.) approved the change of corporate form from a *sociedad limitada* (private limited liability company) to a *sociedad anónima* (public limited liability company), and it was registered in the Companies Register on 15 December 2014.

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

- The establishment and operation of all kinds 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 types 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 Company may undertake these activities directly or indirectly through the ownership of shares or equity investments in companies with a similar corporate purpose or in any other manner allowed by law.

Cellnex Telecom, S.A. is the parent of a group of companies engaged in the management of terrestrial telecommunications infrastructures.

Initial public offering and admission to trading of Cellnex shares (IPO)

On 19 March 2015 the Board of Directors of the Parent Company, pursuant to the authority conferred to it at the General Shareholders' Meeting of Abertis Infraestructuras, S.A. on the same date, unanimously agreed to request admission to officially trade on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and on the subsequent initial public offering of shares on the Spanish Securities Market, a process that was successfully completed. As a result, 100% of the shares of the Parent Company have been listed on the market since 7 May 2015, of which a total of 66% were subject to the initial public offering by Abertis Infraestructuras, S.A. due to the exercising of the over-allotment option (green-shoe) by the coordinating banks (see Note 11).

The condensed consolidated interim financial statements for the 6-month period ended on 30 June 2016 have been subject to a limited review by the statutory auditor of the Parent Company in accordance with the provisions of Royal Decree 1362/2007, of 19 October. Additionally, those balances corresponding to the financial year ended on 31 December 2015 were duly audited, with a favourable opinion being issued.

2. Basis of presentation

a) Basis of presentation

These condensed consolidated interim financial statements of Cellnex Telecom, S.A. and Subsidiaries for the period ended on 30 June 2016, which have been based on the accounting records kept by the Parent Company and by the other companies that make up the Group, were signed by the Directors of the Parent at the meeting of the Board of Directors held on 28 July 2016.

These condensed consolidated interim financial statements were prepared by the Directors of Cellnex in accordance with the provisions of IAS 34 "Interim financial reporting", and all of the obligatory accounting principles and rules and measurement bases. Accordingly, they present a true and fair view of the equity and consolidated financial position of the Cellnex Group at 30 June 2016, as well as the results of its operations, the consolidated changes in net equity and the consolidated cash flows during the interim period ended on that date.

As has been indicated, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 "Interim financial reporting", meaning that these condensed consolidated interim financial statements do not include all the information and disclosures that would be required for the complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and must be read together with the consolidated annual accounts from the financial year ended on 31 December 2015, drawn up in accordance with the existing International Financial Reporting Standards (IFRS) adopted by the European Union, which were approved by the shareholders of the Parent Company on 30 June 2016.

b) Adoption of IFRSs

The accounting policies adopted when preparing these condensed consolidated interim financial statements are consistent with those followed when preparing the Group's consolidated annual financial statements for the financial year ended on 31 December 2015, with the exception of the adoption of any new standards and interpretations effective from 1 January 2016 and which, if any, have been considered by the Group when preparing these condensed consolidated interim financial statements.

(i) Standards and Interpretations effective during the present year

During the 6-month period ended on 30 June 2016, the new accounting standards which are detailed below have entered into force:

New standards, amendments and interpretations		**Mandatory application for annual periods beginning on or after:**
Amendments to IAS 19, Defined Benefit Plans: Employee Contributions (issued in November 2013)	The amendments allow employee contributions to be deducted from service costs in the same period in which they are paid, providing certain requirements are met.	1 February 2015 (1)
Improvements to IFRS 2010-12 Cycle (issued in December 2013)	Minor amendments to a series of standards	1 February 2015 (1)
Amendments to IAS 16 and IAS 38 Acceptable Methods of Depreciation and Amortisation (issued in May 2014)	Clarifies acceptable methods of depreciation of property, plant and equipment and amortisation of intangible assets, not including those based on revenue.	1 January 2016
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)	Specifies the accounting treatment for the acquisition of an interest in a joint operation that constitutes a business.	1 January 2016

Amendment to IAS 16 and IAS 41 Agriculture: Bearer Plants (issued in June 2014)	Bearer plants will now be recognised at cost, instead of at fair value.	1 January 2016
Improvements to IFRS 2012-2014 Cycle (issued in September 2014)	Minor amendments to certain standards.	1 January 2016
Amendment to IAS 27 Equity Method in Separate Financial Statements (issued in August 2014)	An investor may now be accounted for using the equity method in separate financial statements	1 January 2016
IAS1 amendments: Disclosure Initiative (December 2014)	Various clarifications regarding disclosure (materiality, aggregation, order of the notes, etc.)	1 January 2016
Not approved for use in the European Union [(2)]		
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities (published in December 2014	Clarifies aspects concerning the exception to consolidate investment entities	1 January 2016

[(1)]The inception date of this standard was from 1 July 2014 onwards.
[(2)]The status of approval by the European Union of these standards can be checked on the EFRAG website.

The Group has been applying the outlined standards and interpretations from inception, but this has not involved a significant change to the accounting policies applied by the Group.

(ii) Standards and interpretations issued but not yet effective

At the date of signing these condensed consolidated interim financial statements, the following standards, amendments and interpretations had been issued by the International Accounting Standards Board (IASB) but had not yet become effective, either because their effective date is after the date of the condensed consolidated interim 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:**
Not approved for use in the European Union [(1)]		
New Standards		
IFRS 9 Financial Instruments (last phase issued in July 2014)	Replaces the requirements for the classification, measurement, recognition and derecognition of financial assets and liabilities, hedge accounting and impairment of IAS 39.	1 January 2018
IFRS 15 Revenue from Contracts with Customers (issued in May 2014) and clarifications thereto (published in April 2016)	New standard for recognising revenue (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	1 January 2018
IFRS 16 Leases (issued in January 2016)	New leasing regulation which replaces IAS 17 and all associated interpretations. The new standard proposes a single accounting model for lessees who will include all leases on the balance sheet (with a few limited exceptions) as if they were finance leases. (The right of use asset will be depreciated with a finance expense for the amortised cost of the liability)	1 January 2019
Amendments and/or interpretations		
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)	Clarification regarding the results of these transactions if they are businesses or assets.	No defined date
Amendments to IAS 12: recognition of unrealised deferred tax assets (published January 2016).	Clarification regarding accounting for unrealised deferred tax assets in relation to debt instruments valued at fair value	1 January 2017
Amendments to IAS 7: Disclosure initiatives (published in January 2016).	Will allow users of financial statements to evaluate changes in liabilities which arise due to financing activities	1 January 2017

Clarification on IAS 2. Classification and valuation of share based payments (published in June 2016).	Limited amendments that clarify specific questions such as the effects of the accrual conditions for share based payments to be settled in cash, the classification of share based payments when there is a requirement to settle in net and certain aspects of the amendments to the type of share based payments.	1 January 2018

[(1)]The status of approval by the European Union of these standards can be checked on the EFRAG website.

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 Company's Directors have nevertheless evaluated the potential impact of a future application of these standards.

c) Presentation currency of the Group

These condensed consolidated interim financial statements are presented in euros, as this is the currency of the main economic area in which the Group operates.

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

The preparation of these condensed consolidated interim financial statements requires, as established by IAS 34, the Senior Management of the Parent Company and the consolidated entities to make certain estimates and judgements in order to quantify certain assets, liabilities, revenue, costs and commitments recorded in them, which do not differ significantly from those taken into account in the preparation of the consolidated annual accounts for the financial year ended on 31 December 2015 set out in its Note 2.e. In this regard, as established by IAS 34, the Income Tax expense has been estimated using the tax rate that it is thought will be applicable to the expected total earnings for the year, i.e., the estimated annual average effective tax rate applied to the earnings before taxes from the interim period.

During the 6-month period ended on 30 June 2016, no significant changes have occurred in the estimations made at the 2015 year end.

e) Comparative information

In accordance with International Accounting Standard (IAS) 34 regarding “Interim Financial Reporting”, adopted by the European Union, the Management of the Parent Company presents the balance sheet corresponding to the closing date of the immediately preceding financial year (31 December 2015) together with the consolidated balance sheet at 30 June 2016, solely and exclusively for comparative purposes. Moreover, next to each of the items of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net equity and the consolidated cash flow statement, the consolidated figures corresponding to the 6-month period ended on 30 June 2016 are presented along with those corresponding to the 6-month period ended on 30 June 2015.

f) Materiality

In deciding what information to disclose in the Notes on the various items of the condensed consolidated interim financial statements or other matters, the Group, in accordance with IAS 34, assessed materiality in relation to these condensed consolidated interim financial statements for the 6-month period ended on 30 June 2016.

g) Consolidation principles

The consolidation principles considered in the condensed consolidated interim financial statements are consistent with those applied in the consolidated annual accounts for the financial year ended on 31 December 2015, which are detailed in Note 2.h thereto.

h) Changes in the scope of consolidation

The most significant change in the Group's consolidation scope during the six months ended 30 June 2016 has been the following:

- On 22 June 2016, through its Italian subsidiary Cellnex Italia, S.r.l. the acquisition of 100% of the share capital of the Italian company Commscon Italia, S.r.l. (Commscon) was completed for an amount of 19,904 thousand Euros. The actual cash outflow for the Group in relation to this transaction has been 19,122 thousand Euros following the incorporation of 782 thousand Euros of cash balances on the balance sheet of the acquired company. (Note 4)

  Thus, following this acquisition, Commscon has been fully consolidated within the Cellnex Group as of 22 June 2016, such that as at 30 June 2016 the value of all of its assets and liabilities has been included in the condensed consolidated intermediate balance sheet and the impact of 8 days of operations in the consolidated incomes statement for the period.

  The fair value of 100% of the net assets acquired (determined basically using discounted cashflows generated by the assets identified) amounts to 13.3 million Euros, therefore Goodwill for an amount of 11.6 million Euros has been registered (see Note 4), which includes the recognition of the deferred taxes for an amount of 5 million Euros relating to the step up in fair value assigned to the net assets acquired compared to their tax bases. In addition a provision has been recognised for contingent consideration contemplated in the purchase contract for 5 million Euros, subject to the achievement of certain long-term growth objectives of Commscon.

  Finally, given the date on which the acquisition of Commscon was completed, at the date of signing of these condensed intermediate consolidated financial statements for the six month period ended 30 June 2016, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the dated of completion of the operation to complete the measurement process.

3. Accounting policies and financial risk and capital management.

The accounting policies and valuation standards used when preparing these condensed consolidated interim financial statements are consistent with those used when preparing the consolidated annual accounts for the financial year ended on 31 December 2015, and which are detailed therein, except for the new standards applied from 1 January 2016 which are set out in Note 2.b.(i).

Moreover, during the 6-month period ended on 30 June 2016, the Group has continued managing its activities by taking into account the financial risk and capital management policy set out in Note 4 of the consolidated annual accounts for the 2015 financial year.

The fair value of the financial instruments that are negotiated in active markets are based on market prices at the balance sheet date. The quoted market price used for the financial assets is the current buyer price.

The fair value of the financial instruments which are not quoted on an active market are determined using valuation techniques. The Group uses a variety of methods and uses hypothesis based on market conditions existing at each balance sheet date, incorporating the concept of transfer, such that the credit risks is considered.

In addition, if any Group company or the parent company were to acquire Cellnex shares, these are presented as a deduction from consolidated net equity in the condensed intermediate consolidated balance sheet as 'Treasury Shares' and are valued at acquisition cost with no value correction.

When these shares are sold, any amounts received, net of any incremental cost directly attributable to the transaction and the corresponding taxation effect are included in the net equity attributable to the parent company.

4. Business combinations

Acquisition of Commscon Italia, S.r.L.

As it indicated in Note 2.h., on 22 June 2016, through its Italian subsidiary Cellnex Italia, S.r.l. the acquisition of 100% of the share capital of the Italian company Commscon Italia, S.r.l. (Commscon) was completed for an amount of 19,904 thousand Euros. The actual cash outflow for the Group in relation to this transaction has been 19,122 thousand Euros following the incorporation of 782 thousand Euros of cash balances on the balance sheet of the acquired company.

Commscon was founded in 2002 and specializes in the provision of mobile telephone network coverage services in areas catering for large numbers of people, such as airports, hospitals, stadiums and large office blocks. The network coverage is achieved using 949 antennae nodes which are part of the DAS (Distributed Antenna Systems) operated by Commscon.

These infrastructures offer network coverage in sites such as the Milan, Génova and Brescia underground networks, San Siro stadium in Milan, la Juventus stadium in Turin, Milan-Malpensa airport, Bergamo and Milan hospitals, high-speed train tunnels, the Gran Sasso tunnel in Teramo and the historical centre of Milan.

The Cellnex Group has financed the acquisition of 100% of the share capital of Commscon using existing credit facilities.

Thus, following this acquisition, Commscon has been fully consolidated within the Cellnex Group as of 22 June 2016, such that as at 30 June 2016 the value of all of its assets and liabilities has been included in the condensed consolidated intermediate balance sheet and the impact of 8 days of operations in the consolidated income statement for the period.

The fair value of 100% of the net assets acquired (determined basically using discounted cashflows generated by the assets identified) amounts to 13.3 million Euros, therefore Goodwill for an amount of 11.6 million Euros has been registered (see Note 4), which includes the recognition of the deferred taxes for an amount of 5 million Euros relating to the step up in fair value assigned to the net assets acquired compared to their tax bases. In addition, a provision has been recognised for certain contingent consideration contemplated in the purchase contract for 5 million Euros, subject to the achievement of certain long-term growth objectives of Commscon.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation method used was the analysis of the discounted cashflows generated by the identified assets, based on criteria similar to those referred to in Note 3.c of the Consolidated Annual Accounts as at 31 December 2015.

With regards to the acquisition of Commscon assets, the purchase price allocation (PPA) process was carried out without the participation of an independent third-party expert given that:

- IFRS 3 (Revised) does not require that PPA processes be carried out with an independent expert;

- The Group has an internal team with sufficient knowledge and experience in the sector in which the acquired business operates and in PPA processes.

The fair value of the net assets acquired includes the valuation of the intangible assets identified, consisting mainly of intangible assets that relate to contracts entered into with mobile operators.

The goodwill, which in turn includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases (5 million Euros), derives from the synergies and other additional future cash flows expected to arise following acquisition by the Group. Among other effects, this will allow the Group to strengthen and supplement its "telecom site rental" business in the terrestrial telecommunications field in the Italian market.

The assets and liabilities of Commscon, S.r.L. arising from the acquisition of all interest in the company are as follows:

	Thousands of Euros		
	Value acquired		
Debit/(Credit)	Fair value	Carrying Value	Revaluation
Cash and cash equivalents	782	782	-
Fixed Assets	1,255	1,255	-
Other intangible assets	21,043	3,295	17,748
Financial assets	185	185	-
Debtors and other current assets	4,108	4,108	-
Trade payables	(7,064)	(7,064)	-
Provisions	(2,000)	-	(2,000)
Deferred tax liabilities	(5,040)	-	(5,040)
Net assets acquired	**13,269**	**2,561**	**10,708**

The impact of the business of Commscom S.r.L. acquired is not material for the 8 days from acquisition to 30 June 2016.

	Thousand of Euros
	Proforma June 2016 [(2)]
Operating Income	2,981
Operating Expenses	(3,328)
Operating Loss	**(347)**
Net Loss [(1)]	**(67)**

[(1)] Net Profit including the additional depreciation of revalued assets.
[(2)] Estimating that Commscon Iatlia S.r.L. had been acquired effective 1 January 1 2016, and consequently that this company had been fully consolidated at 100% for the period of 6 months ended 30 June 2016.

Finally, given the date on which the acquisition of Commscon was completed, at the date of signing of these condensed intermediate consolidated financial statements for the six month period ended 30 June 2016, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the dated of completion of the operation to complete the measurement process.

Acqusition of Galata, S.p.A.

As regards the business combination described in Note 5 of the consolidated annual accounts for the 2015 financial year, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year and given the complexity of identifying the acquired intangible assets, during the 6-month period ended on 30 June 2016, the Group has decided to reassess the identification of these assets, with the results detailed below.

The potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "tenancy ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value.

Thus, the fair value of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and are as follows:

i. The permits (managed by Galata) which allow the site to be created and set out the technical characteristics permitted according to the applicable and current regulations, in both public and private spaces, granting them a greater or lesser potential volume of electromagnetic signal emissions and antenna points.

ii. Moreover, the Wind service contract (Wind is the seller), which is long-term, also meets the identifiability criteria of IAS 38. This so-called "anchor" contract not only creates a guarantee of future cash flows, but also helps to render the expectation of an increase in the sites' inherent "tenancy ratio" more feasible.

The value of the contract with customers and the authorisations cannot be reliably measured separately. Rather it is more appropriate to group together all the identifiable concepts, since:

i. The signing of lease agreements is not carried out until the permits are obtained, which are not requested until negotiations have begun with the owners and a preliminary agreement has been reached; and

ii. The long-term location service contracts with customers ("anchoring" agreement with Wind and others) ensures a tenant level, but this would not be possible without the existence of the other intangible asset.

Therefore, it is considered that the grouping of this set of intangible assets which are known as "location intangible assets" is the economic grouping of assets that has value from the perspective of a market participant and that combines the value interdependencies of all of them. It is considered that the separation of specific future cash flows for each one cannot be carried out reliably and makes no economic sense given the specific interrelations. More specifically, it is considered that future net cash flows relating to the anchoring agreement and the increase in the tenancy ratio cannot be separated. The anchoring agreement alone is not enough to maximise the sites' potential. However, it helps to make the offering a competitive rental price to future MNOs more feasible, so they can collocate on the existing sites and therefore helps to make the expected increase in the tenancy ratio, inherent in the sites, into a reality, according to the commercial analysis carried out by independent experts.

Long-term lease agreements with the owners of the property (be it land or rooftops) where the sites are located are key to situating the towers on the sites in a stable and long-term manner in the desired location, and as such give rise to the existence of the site and its characteristics, its potential and the expected attributable future profitability. In this sense, the useful life considered for "location intangible assets" is 22 years, based on the estimated useful life of the lease agreements, since these represent a limiting factor on the useful life of the aforementioned intangible assets.

Therefore, the estimated future cash flows which represent the 'bundle' of asset, estimated on the premise described above is that which appropriately reflects the concept of the 'greatest and best possible use' of the 'location intangible asset' conceived by any market participant, in accordance with the definition of fair value in IFRS 13, and is compared with similar market levels. In the estimation, the incremental revenue relating to the "tenancy ratio" increase in the Business Plan derived from the acquisition of additional towers to be dismantled has not been included.

The value of the physical assets (masts, civil works, fences, cabins and other equipment) can be reliably measured separately based on their replacement cost. Additionally, the factors that determine their useful life are different to those of the "location intangible assets", mainly due to physical and technical obsolescence, which suggests that their value be calculated separately from that allocated to intangible assets.

The goodwill, which in turn includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases (EUR 170.6 million), derives from the synergies and other additional future cash flows expected to arise following acquisition by the Group. Among other effects, this will allow the Group to strengthen and consolidate its "telecom site rental" business in the terrestrial telecommunications field by beginning its geographical diversification, in this case, towards the Italian market.

The assets and liabilities of Galata, S.p.A. arising from the acquisition of 90% of the company were as follows:

	Thousands of Euros		
	Value acquired		
Debit/(Credit) Notes	Fair value	Carrying amount	Revaluation
Cash and cash equivalents	24,330	24,330	-
Property, plant and equipment	234,248	234,248	-
Other intangible assets	498,819	-	498,819
Financial assets	49,903	49,903	-
Trade and other current assets	1,559	1,559	-
Trade creditors	(22,848)	(22,848)	-
Provisions	(27,418)	(19,418)	(8,000)
Deferred tax assets/(liabilities), net	(159,223)	-	(159,223)
Net assets	**599,370**	**267,774**	**331,596**
Non-controlling interests[(a)]	(59,937)	(26,777)	(33,160)
Net assets acquired	**539,433**	**240,997**	**298,436**
Total acquisition price	693,000	693,000	
Cash and cash equivalents	(24,330)	(24,330)	
Cash outflow in the acquisition	**668,670**	**668,670**	

[(a)] The non-controlling interests are broken down as follows:

Non-controlling interests net assets acquired	59,937
Non-controlling interests goodwill	17,063
Total non-controlling interests	**77,000**

At the current date, the business combination described in Note 5 of the consolidated annual accounts for the 2015 financial year is considered to be definitive as twelve months have elapsed since the acquisition (end of March 2015). The comparative income statement for the 6 month period ended 30 June 2015 would not have been materially different due to the above consideration.

5. Property, plant and equipment

The changes in this heading in the consolidated balance sheet during the 6-month period ended on 30 June 2016 were as follows:

	Thousands of Euros			
	Land and buildings	**Plant and machinery and other fixed assets**	**Property, plant and equipment under construction**	**Total**
At 1 January				
Cost	721,552	472,412	6,155	**1,200,119**
Accumulated depreciation	(102,345)	(161,961)	-	**(264,306)**
Carrying amount	**619,207**	**310,451**	**6,155**	**935,813**
6-month period				
Carrying amount at beginning of year	619,207	310,451	6,155	**935,813**
Change in scope	1,255	-	-	**1,255**
Additions	4,193	7,445	808	**12,446**
Disposals	(283)	(109)	-	**(392)**
Retirements depreciation	221	105	-	**326**
Transfers	97	1,893	(2,075)	**(85)**
Depreciation charge	(35,331)	(31,971)	-	**(67,302)**
Carrying amount at close	**589,359**	**287,814**	**4,888**	**882,061**
At 30 June				
Cost	726,814	481,641	4,888	**1,213,343**
Accumulated depreciation	(137,455)	(193,827)	-	**(331,282)**
Carrying amount	**589,359**	**287,814**	**4,888**	**882,061**

Movements during the 2016 period

Changes in the scope of consolidation and business combinations

The changes in scope and business combinations for the period relate entirely to the purchase of 100% of the Italian company Commscon (see Notes 2.h and 4).

Signed acquisitions and agreements

During the 6-month period ended on 30 June 2016 no framework agreements for the acquisition of tower infrastructures were signed.

Purchase commitments at the end of the period

At the close of the 6-month period ended on 30 June 2016, the Group had purchase commitments for property, plant and equipment amounting to EUR 14,136 thousand (EUR 9,756 thousand at the end of the same period in 2015).

Property, plant and equipment abroad

At 30 June 2016 and 31 December 2015 the Group had the following investments in property, plant and equipment located in Italy:

	Thousands of Euros		
	30 June 2016		
	Book value (Gross)	Accumulated amortisation	**Total**
Land and buildings	264,651	(58,554)	**206,097**
Plant and machinery	-	-	**-**
Property, plant and equipment under construction and advances	3,003	-	**3,003**
Total	**267,654**	**(58,554)**	**209,100**

	Thousands of Euros		
	31 December 2015		
	Book value (Gross)	Accumulated amortisation	**Total**
Land and buildings	261,257	(39,131)	**222,126**
Plant and machinery	72	(4)	**68**
Property, plant and equipment under construction and advances	2,556	-	**2,556**
Total	**263,885**	**(39,135)**	**224,750**

Impairment

As disclosed in Notes 3.a and 3.c of the annual consolidated accounts for 2015, the Group evaluates at the end of every financial year if there is any indication of impairment in value of any asset. If any indications were to exist, the Group will estimate the recoverable amount of the asset, which is taken to be the greater of the fair value of the asset less costs to sell and its value in use.

During the six month period ended 30 June 2016 no indication exists that could lead to the existence of an impairment in relation to the tangible assets of the Group.

Other disclosures

At 30 June 2016, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral on liabilities.

6. Goodwill and other intangible assets

The changes in this heading in the consolidated balance sheet during the 6-month period ended on 30 June 2016 were as follows:

	Thousands of Euros			
	Goodwill	**Intangible assets in tower infrastructure for site rental**	**Computer software and other intangible assets**	**Total**
At 1 January				
Cost	216,002	597,472	19,399	**832,873**
Accumulated amortisation	-	(23,491)	(10,735)	**(34,226)**
Carrying amount	**216,002**	**573,981**	**8,664**	**798,647**
6-month period				
Carrying amount at beginning of year	216,002	573,981	8,664	**798,647**
Change in scope	11,635	21,043	-	**32,678**
Additions	-	-	2,039	**2,039**
Transfers	-	-	85	**85**
Amortisation charge	-	(13,387)	(1,902)	**(15,289)**
Carrying amount at close	**227,637**	**581,637**	**8,886**	**818,160**
At 30 June				
Cost	227,637	618,515	21,523	**867,675**
Accumulated amortisation	-	(36,878)	(12,637)	**(49,515)**
Carrying amount	**227,637**	**581,637**	**8,886**	**818,160**

Movements during the 2016 period

Changes in the scope of consolidation and business combinations

The changes in scope and business combinations for the period relate entirely to the purchase of 100% of the Italian company Commscon (see Notes 2.h and 4).

Purchase commitments at the end of the period

At the close of the 6-month period ended on 30 June 2016, the Group had purchase commitments for intangible assets amounting to EUR 2,003 thousand (EUR 1,162 thousand at the end of the same period in 2015).

Intangible assets abroad

At 30 June 2016 and 31 December 2015, the Group had the following intangible assets located in Italy:

	Thousands of Euros		
	30 June 2016		
	Book value (Gross)	Accumulated amortisation	**Total**
Goodwill	185,260	-	**185,260**
Intangible assets in tower infrastructure for site rental	618,449	(36,907)	**581,542**
Computer software and other intangible assets	445	(63)	**382**
Total	**804,154**	**(36,970)**	**767,184**

	Thousands of Euros		
	31 December 2015		
	Book value (Gross)	Accumulated amortisation	**Total**
Goodwill	173,625	-	**173,625**
Intangible assets in tower infrastructure for site rental	597,705	(23,814)	**573,891**
Computer software and other intangible assets	254	(42)	**212**
Total	**771,584**	**(23,856)**	**747,728**

Impairment

As indicated in Notes 3.b and 3.c of the consolidated annual accounts for the 2015 financial year, at each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required (in the case of goodwill and intangible assets with a defined useful life), the Group estimates the asset's recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

During the 6-month period ended on 30 June 2016 no evidence has been revealed to suggest the existence of impairment with regards to the goodwill or intangible assets of the Group.

Other disclosures

At 30 June 2016, the Group did not have significant intangible assets subject to restrictions or pledged as collateral on liabilities.

7. Investments in associates

The changes in this heading in the consolidated balance sheet during the 6-month period ended on 30 June 2016 are as follows:

	Thousands of Euros
	2016
At 1 January	**3,514**
Share of net profit	45
At 30 June	**3,559**

The shareholdings in associates accounted for using the equity method are detailed as follows:

	Thousands of Euros	
	Value of the shareholding	
	30 June 2016	31 December 2015
Torre Collserola, S.A.	2,693	2,678
Consorcio de Telecomunicaciones Avanzadas, S.A. (COTA)	866	836
Total	**3,559**	**3,514**

8. Current and non-current investments

The changes in this heading during the 6-month period ended on 30 June 2016 were as follows:

	Thousands of Euros		
	2016		
	Non-current	Current	Total
At 1 January	**12,530**	**921**	**13,451**
Charge to the consolidated income statement	-	(462)	**(462)**
Transfer	(462)	462	-
Carrying amount	**12,068**	**921**	**12,989**

Current and non-current investments relate to the effect of the accounting treatment adopted by the Group in the 2014 financial year in reference to the tower infrastructures for site rentals acquired, which are to be subsequently dismantled. These purchases are considered customer advances and are recognised under these headings.

The balances of the financial assets are reflected at their face value, there being no significant differences with regards to their fair value.

9. Trade and other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at 30 June 2016 and 31 December 2015 is as follows:

	Thousands of Euros					
	30 June 2016			31 December 2015		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	102,562	**102,562**	-	104,701	**104,701**
Allowances for doubtful debts (write-downs)	-	(9,538)	**(9,538)**	-	(9,831)	**(9,831)**
Trade receivables	**-**	**93,024**	**93,024**	**-**	**94,870**	**94,870**
Other financial assets	26,707	59,922	**86,629**	19,806	52,690	**72,496**
Current tax assets	-	2,492	**2,492**	-	4,605	**4,605**
Receivables with other related parties (Note 18.d)	10	189	**199**	-	982	**982**
Other receivables	7,221	8,831	**16,052**	7,904	10,907	**18,811**
Other receivables	**33,938**	**71,434**	**105,372**	**27,710**	**69,184**	**96,894**
Trade and other receivables	**33,938**	**164,458**	**198,396**	**27,710**	**164,054**	**191,764**

Trade and other receivables are shown at amortised cost, which does not differ significantly from their fair value.

Trade receivables

"Trade receivables" includes outstanding amounts from customers. At 30 June 2016, the account had no significant past-due balances that were not provided for.

Additionally, in the months of January and May 2016, several non-recourse factoring agreements were signed, increasing the amount of EUR 106.5 million available at the close of the 2015 financial year to EUR 216.5 million at 30 June 2016. At the close of the 6-month period ending on 30 June 2016 a total of EUR 54.6 million corresponding to these contracts had been drawn down (EUR 44.5 million at the close of 2015). In this regard, the Group derecognises non-recourse factored receivables as it considers that it has substantially transferred the risks and rewards inherent to their ownership to the banks.

Allowances for doubtful debts (write-downs)

The changes in the allowance for doubtful debts during the 6-month period ended on 30 June 2016 were as follows:

	Thousands of Euros
	2016
At 1 January	**9,831**
Disposals	(104)
Net changes	(189)
Carrying amount	**9,538**

Disposals in this period relate to previous balances that were fully provided for and which the Group decided to completely derecognise, without this having any impact on the accompanying consolidated income statement.

Net changes relate to changes in the provision recognised under “Changes in provisions” in the consolidated income statement with regard to the previous year.

Other financial assets

At 30 June 2016 and 31 December 2015, the current balance of “Other financial assets” is mainly made up of the balance of both the amounts paid in advance to the owners of the land and rooftops where certain towers are located (EUR 55,868 thousand and EUR 48,591 thousand respectively), as well as amounts paid for energy (EUR 0 and EUR 2,500 thousand respectively). Additionally, it includes amounts paid to professional advisers to obtain discounts on leases (EUR 1,890 thousand and EUR 1,599 thousand respectively) and other partial payments made in June 2016 (EUR 2,150 thousand). These amounts are allocated to the consolidated income statement on a straight line basis during the duration of the land lease contract.

Other receivables

At 30 June 2016 and 31 December 2015 “Other receivables” comprises:

- The receivable of EUR 2,095 thousand as at both dates, related to the previous shareholding held in Teledifusión de Madrid, S.A. which does not accrue interest and has an agreed payment schedule, as is indicated in the payments agreement maturing in the 2020 financial year. The Group has not registered the receivable at its amortised cost as it considers that the impact of the financial restatement is not significant.

- PROFITS (coordination): the Group plays the role of coordinator for certain aid programs under the National Plan for Scientific Research, Development and Technological Innovation granted by the Spanish Ministry for Industry, Tourism and Trade and applies for this aid together with other companies. The Group includes in accounts receivable amounts that were previously assigned to third parties, received by the Group under the guise of PROFIT grants and refundable loans. The receivable for this item amounts to EUR 2,148 thousand and EUR 2,490 thousand respectively. 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 borrowings” and “Other current borrowings” in the attached consolidated balance sheet (see Note 12).

There are no significant differences between the carrying amount and the fair value of the financial assets.

10. Cash and cash equivalents

The breakdown of “Cash and cash equivalents” at 30 June 2016 and at 31 December 2015, is as follows:

	Thousands of Euros	
	30 June 2016	**31 December 2015**
Cash on hand and at banks	195,793	51,000
Term deposits at credit institutions maturing in less than 3 months	-	-
Cash and cash equivalents	**195,793**	**51,000**

11. Net equity

a) Share capital and Treasury shares

i. Share capital

At 30 June 2016 and 31 December 2015, the share capital of Cellnex is represented by 231,683,240 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

As indicated in Note 1, on 19 March 2015 the Board of Directors of the Parent Company, pursuant to the authority conferred to it at the General Shareholders' Meeting of Abertis Infraestructuras, S.A. on the same date, unanimously agreed to request admission to officially trade on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and on the subsequent initial public offering of shares on the Spanish Securities Market, a process that was successfully completed. As a result, 100% of the shares of the Parent Company have been listed on the market since 7 May 2015, of which a total of 66% were subject to the initial public offering by Abertis Infraestructuras, S.A. due to the exercising of the over-allotment option (green-shoe) by the coordinating banks.

The number of shares subject to the initial public offering was set at 139,009,944 shares of EUR 0.25 par value each, offered to qualified investors through Global Collaborating Entities. Additionally, it was agreed to set the volume of the purchase option (over-allotment option) at 13,900,994 shares, to be granted by Abertis Infraestructuras, S.A.

The price of the initial public offering was set at EUR 14 per share.

In accordance with the notifications about the number of corporate shares made to the National Securities Market Commission, the shareholders who hold significant shareholdings in the share capital of the Parent Company, both direct and indirect, greater than 5% of the share capital at 31 March 2016, are as follows:

Company	% ownership 2016
Abertis Infraestructuras, S.A.	34.00%
Ameriprise Financial, Inc. [(1)]	7.76%
Blackrock, Inc. [(2)]	6.22%

[(1)] Shareholding through Threadneedle Asset Management Limited of 7.76%
[(2)] Shareholding through Blackrock Advisers, LLC of 4.38% and the rest corresponds to managed collective institutions with a percentage lower than 3%.

As a result of the aforementioned shareholder structure change, the companies which make up the Abertis Group are no longer considered as "group companies" but rather as "other related parties" (see Note 18.d).

Pre-emptive subscription rights in offers for subscription of securities of the same class

In accordance with the agreements of the Annual General Shareholders' Meeting and in accordance with the terms established in article 297.1.(b) of the Spanish Limited Liability Companies Act, to delegate to the company's Board of Directors the power to increase the share capital, in one go or in various successive increases, by up to half of the current share capital at any time within five years of the date on which this decision was adopted. The granting of the power to exclude pre-emptive subscription rights is explicitly set out, in accordance with the provisions of article 506 of said Act (although this power will be limited to capital increases carried out up to an amount equivalent to 20% of the Company's share capital on the date that the decision became effective); and all of these powers may be delegated to any of the Board members.

Furthermore, in accordance with these AGM agreements, the following powers were delegated to the Board of Directors of the Parent Company:

i. The power to issue convertible bonds up to an amount of EUR 750 million
ii. The power to purchase treasury shares up to a limit of 10% of the share capital of the Parent Company.

Additionally, the Board of Directors, in accordance with Article 406 of Spanish Limited Liability Companies Act, has the authority to approve the bond issue.

In addition, the Annual General Shareholders' Meeting on 30 June 2016 approved the modification of the AGM rules in order to adjust the drafting thereof to comply with the modification in article 406 of the Spanish Companies Act, which was altered due to article 45 of the Law 5/2015, such that the Board of Directors has the authority to agree the issuance and placement in regulated markets of bonds, and agree to confer guarantees for the issuance of bonds. The Annual General Shareholders' Meeting is authorized to agree the issuance of bonds convertible to shares or bonds that offer the bondholders a share in corporate earnings.

ii. Treasury shares

Pursuant to the authorisation granted by the Board of Directors in its meeting of 26 May 2016, Cellnex has made various purchases and sales of treasury shares.

The acquisition of treasury shares has been carried out by means of a liquidity contract[1] signed by Cellnex on 31 May 2016 with Santander Investment Bolsa, Sociedad de Valores, S.A.U. in order to manage its portfolio of treasury shares.

The liquidity contract lasts for twelve months and can be renewed tacitly at yearly intervals. The number of shares initially subject to the agreement amount to 139,000 shares and the amount transferred to the cash account amounts to 2,000 thousand Euros. As at 30 June 2016 the parent Company has registered a loss as at 30 June 2016 of 92 thousand Euros as a result of these operations and this has been taken as a reserve movement in the consolidated intermediate balance sheet.

As a result of the operations carried out, the balance of treasury shares as at 30 June 2016 represents 0.06% of the share capital of Cellnex Telecom, S.A. (0% as at 31 December 2015.)

The movement in the portfolio of treasury shares for the 6 month period ended 30 June 2016 has been as follows:

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January 2016			
Purchases	1,131	13.916	15,735
Sales	(988)	13.955	(13,791)
At 30 June 2016	**143**	**13.640**	**1,944**

The use of the treasury shares held at 30 June 2016 will depend on the agreements reached by the Corporate Governance bodies.

b) Share premium

During the 2013 financial year, as a result of the company restructuring that took place due to the contribution of the Parent Company's terrestrial telecommunications business, its share premium was increased by the amount of EUR 338,733 thousand.

At 30 June 2016 there were no changes in this heading.

c) Reserves

The breakdown of this account is as follows:

	Thousands of Euros	
	30 June 2016	**31 December 2015**
Legal reserve	11,584	11,584
Reserve from retained earnings	36,301	25,748
Reserves of consolidated companies	(1,160)	(26,910)
Reserves	**46,725**	**10,422**

[1] Liquidity contract in accordance with the CNMV circular 3/2007 of 19 December covering liquidity contracts and the effects of their acceptance as market practice.

(i) Reserves of consolidated companies

The breakdown of the companies included in the Group's scope of consolidation is as follows:

	Thousands of Euros	
	30 June 2016	31 December 2015
Retevisión-I, S.A.U.	28,676	31,571
Tradia Telecom, S.A.U.	39,557	23,184
On Tower Telecom Infraestructuras, S.A.U.	(4,636)	(6,739)
Adesal Telecom, S.L.	3,529	2,512
Towerco, S.p.A.	9,374	2,239
Galata, S.p.A.	4,493	-
Cellnex Italia, S.r.L.	(82,924)	(80,414)
Consorcio de Telecomunicaciones Avanzadas, S.A.	533	502
Torre de Collserola, S.A.	238	235
Reserves	**(1,160)**	**(26,910)**

d) Exchange differences

At 30 June 2016 and 31 December 2015 there were no exchange differences.

e) Dividends

On June 30, 2016, the General Meeting of Shareholders of Cellnex agreed the payment of a final dividend for 2015 of 0.047 Euros gross per share, which represents 10,889 thousand Euros (0 thousand Euros at June 30, 2015).

Thus the dividend paid to income for 2015 was 0.087 Euros per share, which represents 20,156 thousand Euros (0 thousand Euros corresponding to the distribution of the profit for 2014).

Determining the distribution of dividends is made based on the individual financial statements of Cellnex Telecom, S.A., and under commercial legislation in Spain.

At the close of June 30, 2016 it has not proceeded to the distribution of any dividend profit for the year 2016.

In the event that the date of distribution of a dividend, Cellnex had shares without dividend rights, the amount he would have received would be applied to voluntary reserves.

f) Earnings per share

The table below shows the basic and diluted earnings per share calculated by dividing the net profit for the year attributable to the shareholders of Cellnex Telecom, S.A. by the weighted average number of shares outstanding during the period, excluding the average number of treasury shares held by the Group.

	Thousands of Euros	
	2016	**2015**
Profit attributable to the Parent Company	24,189	18,168
Weighted average number of shares in circulation (Note 11.a)	231,660,854	231,683,240
Basic EPS attributable to the Parent Company (euros per share)	0.10	0.08

g) Non-controlling interests

The balance of this heading in the Group's equity includes the interest of non-controlling shareholders in the fully consolidated companies. Additionally, the balance of "Profit attributable to non-controlling interests" in the consolidated statement of comprehensive income represents the share of non-controlling shareholders in the profit for the year.

The changes in this heading were as follows:

	Thousands of Euros
	2016
At 1 January	**82,851**
Profit for the period	148
At 30 June	**82,999**

h) Profit for the period

The contribution of each company in the scope of consolidation to consolidated profit/(loss) is as follows:

	Thousands of Euros	
	30 June 2016	**30 June 2015**
Cellnex Telecom, S.A.	(15,690)	(11,737)
Retevisión-I, S.A.U.	27,605	19,176
Tradia Telecom, S.A.U.	8,177	6,867
On Tower Telecom Infraestructuras, S.A.U.	701	3,912
Adesal Telecom, S.L.	448	419
Towerco, S.p.A.	1,918	2,067
Cellnex Italia, S.r.L.	2,373	902
Galata, S.p.A.	(1,343)	(3,438)
Total	**24,189**	**18,168**

12. Borrowings

The breakdown of borrowings at 30 June 2016 and 31 December 2015 is as follows:

	Thousands of Euros					
	30 June 2016			31 December 2015		
	Non-current	Current	Total	Non-current	Current	Total
Syndicated financing	406,154	(1,087)	**405,067**	375,543	(1,021)	**374,522**
Bond issues	593,392	16,244	**609,636**	592,804	6,939	**599,743**
Loans and credit facilities	51,055	1,590	**52,645**	2,055	1,618	**3,673**
Other financial liabilities	8,105	1,752	**9,857**	8,859	1,558	**10,417**
Borrowings	**1,058,706**	**18,499**	**1,077,205**	**979,261**	**9,094**	**988,355**

Taking into consideration the cash balances held by the Group, during the period of 6 months ended 30 June 2016, Cellnex has decreased its net financial debt (which does not include any debt held by the Group companies registered using the equity method of consolidation) by 55,383 thousand Euros, down to 871,555 thousand Euros.

This decrease in the Group's net financial debt as at 30 June 2016 is due mainly to the contribution of the acquisitions performed during 2015.

On 30 June 2016 and 31 December 2015, the breakdown, by type of debt and maturity, of the Group's borrowings (not including debt with companies accounted for using the equity method) is as follows:

30 June 2016

	Thousands of Euros							
		Current	Non-current					
	Limit	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Syndicated financing	500,000	134	-	-	-	410,000	-	**410,134**
Arrangement expenses	-	(1,221)	(1,234)	(1,247)	(1,260)	(105)	-	**(5,067)**
Bond issues	600,000	17,418	-	-	-	-	600,000	**617,418**
Arrangement expenses	-	(1,174)	(1,214)	(1,255)	(1,297)	(1,341)	(1,501)	**(7,782)**
Loans and credit facilities	137,750	1,634	1,236	-	-	50,000	-	**52,870**
Arrangement expenses	-	(44)	(44)	(45)	(46)	(46)	-	**(225)**
Other financial liabilities	-	1,752	1,903	2,022	1,543	1,057	1,580	**9,857**
Total	**1,237,750**	**18,499**	**647**	**(525)**	**(1,060)**	**459,565**	**600,079**	**1,077,205**

31 December 2015

	Thousands of Euros							
		Current	Non-current					
	Limit	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Syndicated financing	500,000	193	-	-	-	380,000	-	**380,193**
Arrangement expenses	-	(1,214)	(1,228)	(1,240)	(1,254)	(735)	-	**(5,671)**
Bond issues	600,000	8,094	-	-	-	-	600,000	**608,094**
Arrangement expenses	-	(1,155)	(1,194)	(1,234)	(1,276)	(1,319)	(2,173)	**(8,351)**
Loans and credit facilities	12,750	1,618	1,641	414	-	-	-	**3,673**
Other financial liabilities	-	1,558	1,894	1,915	1,435	1,182	2,433	**10,417**
Total	**1,112,750**	**9,094**	**1,113**	**(145)**	**(1,095)**	**379,128**	**600,260**	**988,355**

Syndicated financing

As described in Note 13 of the consolidated financial statements for the year 2015, during that financial year, the restructuring of the Parent Company's borrowings took place. This allowed it to extend the maturity profile of its bank debt, eliminate financial covenants as well as pledges on shares and take advantage of low interest rates over the long term, with an average cost of 2.2%.

Cellnex agreed a non-extinctive novation of the syndicated loans of EUR 800 million and EUR 300 million with the corresponding banks, through which Cellnex managed to extend the average life of the debt with a loan of EUR 200 million maturing in five years and a credit facility of EUR 300 million maturing in five years plus two one-year extensions each.

In addition, on 20 July 2015, in accordance with the Programme described below, Cellnex successfully completed the pricing of an issue of straight bonds (rated BBB- by Fitch Ratings and BB+ by Standard & Poor's) aimed at qualified investors for an amount of EUR 600 million maturing in July 2022 and a coupon rate of 3.125%. The closure and payment of this issue was carried out on 27 July 2015.

At 30 June 2016, EUR 4 million (EUR 4.5 million at the close of 2015) was deducted from "Syndicated financing", corresponding to liabilities that were derecognised from the consolidated balance sheet as a result of the conversion of EUR 500 thousand of the above syndicated financing into a loan and credit facility of EUR 200 thousand and EUR 300 thousand respectively, considering that they met the conditions established in IAS 39 regarding derecognitions of financial assets. In this regard, the aforementioned operations were partially recorded as a non-significant amendment to the pre-existing liability.

At 30 June 2016 the credit facility was drawn down by EUR 210 million (EUR 180 million at the close of 2015).

In accordance with the foregoing and with regard to the financial policy approved by the Board, the Group prioritises securing sources of financing at Parent Company level. The aim of said policy is to secure financing at a lower cost, encourage access to capital markets and have greater flexibility in contracts that help us to follow the Group's growth strategy.

Clauses regarding changes in control

The syndicated loan includes a clause regarding changes in control, whether due to the acquisition of 50% of shares with voting rights or due to obtaining the right to appoint or dismiss the majority of the members of the Parent Company's Board of Directors.

As regards the issue of bonds, there is also a clause regarding changes in control (in the same terms as in bank financing), but in addition, this change in control would have to bring about a reduction in the rating of these bonds, provided that the rating agency states that the reduction of the credit rating is caused by the change in control.

Commitments and restrictions of syndicated financing

At 30 June 2016 and 31 December 2015, the Group has no restrictions regarding the use of capital resources derived from the syndicated financing formalised during the 2015 financial year.

Interest rate and fees of the syndicated financing

The interest rate applicable in each of the tranches is obtained by calculating the difference between the margin established in the syndicated financing agreement and the EURIBOR applicable in each interest period. The Group may select the EURIBOR period to be settled.

The loan accrues a EURIBOR interest rate plus a margin of between 70 and 120 basis points, and the credit facility accrues a EURIBOR interest rate plus a margin of between 40 and 90 basis points. These margins may vary depending on the Group's "net debt: EBDITA" ratio. The credit facility also accrues an availability fee depending on the amount drawn and a non-availability fee of 0.35% over the margin of interest applied depending on the amount not drawn.

Submitted guarantees and financial ratios

At 30 June 2016 and 31 December 2015, and as a result of the aforementioned restructuring of the Group's financial debt, the submitted guarantees in earlier syndicated financing were eliminated.

The syndicated financing contract held at 30 June 2016 and 31 December 2015 is not linked to the Parent Company's compliance with financial ratios.

Bond Issue Programme – EMTN Programme

On 14 May 2015 the Group formalised the signing of a Euro Medium Term Note (EMTN) Programme through the Parent Company. This programme allows the issue of bonds totalling EUR 2,000 million and was recorded in the Irish Stock Exchange.

Bond issue

The breakdown of the bond issuance is summarised below:

Thousands of Euros					
Issue	Duration	Maturity	Fixed coupon rate payable annually	Value of the issue	**30 June 2016**
27/07/2015	7 years	27/07/2022	3.125%	600,000	**600,000**

In addition, on 20 July 2015, in accordance with the Programme described below, Cellnex successfully completed the pricing of an issue of straight bonds (rated BBB- by Fitch Ratings and BB+ by Standard & Poor's) aimed at qualified investors for an amount of EUR 600 million maturing in July 2022 and a coupon rate of 3.125%. The closure and payment of this issue was carried out on 27 July 2015.

On 30 March 2016 Cellnex Telecom was incorporated into the list of corporate bonds eligible for discount at the European Central Bank. This action falls within the Corporate Sector Purchase Programme (CSPP), which on 10 March completed the Asset Purchase Programme (APP) already deployed by the ECB.

On 19 May 2016 the Group renewed, through the Parent Company, the Euro Medium Term Note Programme program (EMTN program) that permits the issuance issue bonds for a total of EUR 1,400 million, and this renewal was registered by the Irish Stock Exchange.

The issue of bonds led to some costs for the Parent Company which amounted to EUR 8,826 thousand in arrangement expenses and advisers' fees that the Group will accrue/defer during the years of validity of the bonds following a financial criterion (EUR 7,782 thousand and EUR 8,351 thousand at 30 June 2016 and 31 December 2015 respectively).

The Group's bank borrowings were arranged under market conditions and, therefore, their fair value does not differ significantly from their carrying amount.

Loans and credit facilities

At June 30, 2016 and 31 December, 2015, the Group maintains additional loans syndicated financing detailed above, with total limits and amounts drawn are detailed below:

		30 June 2016		**31 December 2015**	
	Maturity	**Limit**	**Nominal Balance**	**Limit**	**Nominal Balance**
Loans					
	March 2018	12,250	2,868	12,250	3,673
	June 2021	50,000	50,002	-	-
Credit facilities					
	December 2016	500	-	500	-
	December 2017	75,000	-	-	-
Total Loans and credit facilities		**137,750**	**52,870**	**12,750**	**3,673**

As at 30 June 2016 the parent company signed a new loan of 50,000 thousand Euros with a variable interest rate plus a margin referenced to EURIBOR, with a sole maturity in June 2021 and is drawn down in its entirety at 30 June 2016. Meanwhile, it has liquidate outstanding interests of EUR 2 thousand.

In addition the Group holds credit facilities for an overall total of 75,500 thousand Euros, which have not been drawn down at 30 June 2016 or 31 December 2015.

On 30 June 2016 the parent company signed an additional credit facility with a variable interest rate and a margin reference to EURIBOR, with single maturity in December 2017 and which has not been drawn down as at 30 June 2016.

At 30 June 2016 and 31 December 2015 the carrying value of the loans and credit facilities does not differ significantly from their fair value.

Loan and credit facility obligations and restrictions

At 30 June 2016 and 31 December 2015, the Group's aforementioned loan and credit facility agreements with certain credit institutions include clauses regarding maturity and the obligation of early repayment if certain conditions, which are standard practice in the market, are not met by the borrower. At the date of signing of these condensed consolidated financial statements, none of the grounds for early termination stipulated in these agreements applied to the Group.

Derivative financial instruments

The Group is considers hedging the interest rate risk on a portion of the financing in euros bearing floating interest rates through IRSs. In an IRS, interest rates are swapped so that the Company receives a floating interest rate (EURIBOR) from the bank in exchange for a fixed interest rate payment for the same nominal amount. The floating interest rate received for the derivative offsets the interest payable on the borrowings. The end result is a fixed interest rate payment on the hedged borrowings.

The Group determines the fair value of interest rate derivatives (fixed-rate swaps or IRSs) by discounting cash flows on the basis of the implicit euro interest rate calculated on the basis of market conditions at the measurement date and adjusting this by the bilateral credit risk with the objective of reflecting its own and its counterpart's credit risk.

The Group performs potential interest rate hedging operations in accordance with its risk management policy. These operations are intended to mitigate the effect that changes in interest rates could have on the future cash flows of the credits and loans tied to variable interest rates.

At 30 June 2016 and 31 December 2015, the Group has no derivative financial instrument contracts.

Other financial liabilities

"Other financial liabilities" relates mainly to certain grants awarded (arranged as repayable advances) to other Group companies (Retevisión-I, S.A.U. and Tradia Telecom, S.A.U.) 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 (see Note 9).

13. Trade and other payables

The detail of this heading at 30 June 2016 and 31 December 2015 is as follows:

	Thousands of Euros	
	30 June 2016	31 December 2015
Trade payables	111,813	105,093
Other payables to public authorities	28,594	25,653
Other payables to related parties (Note 18.d)	5,206	39
Remuneration payable	4,306	7,747
Other payables	36,546	42,884
Trade and other payables	**186,465**	**181,416**

There is no significant difference between the fair value and the carrying amount of these liabilities.

"Other accounts payable" relates mainly to the outstanding balance with suppliers of fixed assets for the acquisitions of assets made by the Group.

14. Income tax and tax situation

As established by IAS 34, the income tax expense has been recorded based on the best estimate available of the annual effective taxation rate for the 2016 financial year, estimated to be around 10% (19% at June 2015). This estimate has been made taking into account:

a) The general Corporation Tax rate in the countries where Cellnex conducts its business, which are:

	2016	2015
Spain	25%	28%
Italy	32%	32%

b) The existence of tax incentives, such as the reduction in the income derived from certain intangible assets (Patent Box) in accordance with the provisions of Law 27/2014 of 27 November, on Corporation Tax, different criteria for the timing of the recognition of revenue and expenses and the existence of non-deductible expenses and deductions for notional interest on capital contributions carried out pursuant to the provisions of Spanish and Italian tax law.

The sole shareholder of Cellnex Telecom, S.A. up until 7 May 2015, Abertis Infraestructuras, S.A., completed the flotation (IPO) of the aforementioned company on that date. This fact means that the company Cellnex Telecom, S.A has in said financial year (2015) become the parent company of a new consolidated tax group for the purposes of Corporation Tax in Spain.

All Spanish companies composing the Cellnex Group file consolidated income tax returns, and are at least 75% owned by the ultimate parent of the tax group, Cellnex Telecom, S.A. The Group's subsidiaries with tax residence in Italy file joint returns relative to the income tax in effect in that country. The other companies included in the scope of consolidation file individual tax returns.

Tax audits and litigation

At 30 June 2016, Group companies had, for the most part, all the taxes applicable to them and that have not passed the statute of limitations as of that date in each of the jurisdictions in which they are filed open for

review. No significant impact on equity is expected to arise from different interpretations that could be afforded to current tax legislation regarding the other financial years open for review.

Additionally, during 2015 general inspection activities were opened for Abertis Infraestructuras, S.A. with regards to consolidated Corporation Tax for the 2010 and 2011 financial years and with regards to the Value Added Tax of the group of companies for the period July-December 2011. In this regard, it must be noted that in the 2010 and 2011 financial years both Cellnex Telecom, S.A. and its subsidiaries were subsidiaries of the Abertis consolidated tax group. With regards to value added tax, Adesal Telecom, S.L. also formed part of the group of VAT companies in the Abertis group during the period between July and December 2011.

During the 6 month period ended 30 June 2016 the scope of the inspection was extended to include the consolidated corporation tax situation for 2012 and 2013 and value added tax for the group of companies for the period February to December 2012 and 2013. In addition, in terms of value added, Adesal Telecom, S.L. and OnTower Telecom Infraestructuras, S.A.U. were included in the Abertis VAT group during the period between February and December 2012. Adesal Telecom, S.L., OnTower Telecom Infraestructuras, S.A.U., Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. were included in the VAT Group for the period between February and December 2013.

At the date of drawing up these condensed consolidated interim financial statements, the inspection activities are at an initial stage.

15. Provisions, other liabilities and employee benefit obligations

a) Provisions and other liabilities

The detail of “Provisions and other liabilities” at 30 June 2016 and 31 December 2015 is as follows:

	Thousands of Euros	
	30 June 2016	**31 December 2015**
Put option Galata S.p.A	82,845	81,315
Asset Retirement Obligation	18,286	18,248
National Competition Committee Sanction	16,000	16,000
Provision for other responsibilities	10,000	8,000
Contingent consideration (Note 4)	5,000	-
Other liabilities	1,298	1,262
Deferred income	460	559
Provisions and other liabilities	**133,889**	**125,384**

(i) Galata Put Option

On 27 February 2015 a Put Option contract was signed in relation to the acquisition of Galata, S.p.A., which may be exercised wholly and not partially over the shares which represent the share capital of Galata owned by Wind and through said contract Wind may sell all the shares in Galata that it holds on that date to Cellnex Italia. The price for exercising the Put Option is EUR 77 million, and it shall increase by 6% per year and decrease by the dividends paid by Galata to Wind over a maximum period of 4 years.

As indicated in the consolidated financial statements as at 31 December 2015, Cellnex has calculated the amount for exercising the Put Option at the end of the first year which is from when Wind may exercise the Put Option, such that the amount payable at the end of the first year (26 March 2016) is EUR 81,620 thousand and its fair value as at 30 June 2016 amounts to

82,845 thousand Euros. As at 31 December 2016 the Put Option will amount to EUR 85,293 thousand (EUR 81,315 thousand and EUR 80,414 thousand at 2015 year-end and at the time of acquiring the said company, 26 March 2015, respectively). During the 6-month period ended on 30 June 2016, EUR 1,530 thousand was recorded in the accompanying consolidated income statement.

(ii) *Asset Retirement Obligation*

This caption includes the contractual obligation to dismantle and decommission the mobile telephone towers amounting to 18,286 thousand Euros.

(iii) *National Competition Committee Sanction*

This caption includes the possible sanction levied by the National Competition Committee on 19 May 2009 amounting to 16,000 thousand Euros (see Note 15.c).

(iv) *Provision for other Responsibilities*

This caption includes the provisions for other liabilities relating to the acquisitions of Galata, S.p.A. and Commscon Italia S.r.L. amounting to EUR 8,000 thousand and EUR 2,000 thousand respectively (see Note 4).

(v) *Contingent Consideration*

This relates to the recognition of a contingent consideration contemplated in the purchase contract of Commcon Italia S.r.L. for 5 million Euros, which is subject to the achievement of certain long term growth objectives of the company (see Note 4).

(vi) *Other Liabilities*

This includes mainly the amounts claimed from the Group companies Retevisión-I S.A.U. and Tradia Telecom, S.A.U. in relation to certain unresolved litigation processes as at 30 June 2016 and other risks related to the management of the Group. These amounts have been estimated based on the amounts claimed or the amounts established in those court cases held against the Company as described in the consolidated financial statements as at 31 December 2015.

b) Benefit obligations

On 10 April 2015 it approved the Long Term Incentive Plan – LTI for certain employees, this accrues from May 2015 until 31 December 2017 and is payable once the Group's annual accounts corresponding to the 2017 financial year have been approved. The beneficiaries of the Plan are the Chief Executive Officer, the Senior Management and some key employees of the Cellnex Group (up to a maximum of 32 people). The amount to be received by the beneficiaries will be determined by the degree of fulfilment of two objectives, each with a weight of 50%:

- The accumulated appreciation of the Cellnex share calculated between the initial starting price of the IPO and the average price in the last quarter of 2017, weighted by the volume (“vwap”), following a scale of achievement.
- The attainment of certain performance parameters according to the market consensus and the constant scope of consolidation, following a scale of attainment.

The cost of the Long Term Incentive for Cellnex, anticipating that the maximum degree of fulfilment of the objectives will be obtained, is currently estimated at EUR 7.8 million.

Based on the best possible estimation of the amount of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 2 million for this item as at 30 June 2016.

c) Contingent liabilities

At 30 June 2016, the Group has guarantees with third parties amounting to EUR 53,819 thousand (EUR 53,100 thousand at the close of 2015). 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.

It should also be noted that on 19 May 2009, the Board of the National Competition Commission (CNC) imposed a fine of EUR 22.7 million on Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) for abusing its dominant position in the Spanish market for transmitting and broadcasting TV signals, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The Group filed an appeal for judicial review with the National Appellate Court against the CNC fine, which was dismissed in the judgement passed on 16 February 2012. This judgement was appealed to the Supreme Court on 12 June 2012. On 14 April 2015 (notified on 8 May 2015) the appeal was resolved, upholding the appeal and annulling the decision of the CNC with regard to the amount of the fine, ordering the current CNC to recalculate that amount in accordance with the provisions of law 16/89. The CNC has not yet issued a decision as regards the recalculation of the fine. Based on the opinion of its legal advisers, at 30 June 2016 the Group has recorded a provision for a total of EUR 16 million (EUR 16 million at the close of 2015).

On 8 February 2012, the Board of the National Competition Commission (CNC) imposed a fine of EUR 13.7 million on Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) for having abused its dominant position, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The company allegedly abused its dominant position in wholesale service markets with access to infrastructure and broadcast centres of Abertis Telecom, S.A.U. for broadcasting DTT signals in Spain, and retail service markets for transmitting and distributing DTT signals in Spain by narrowing margins. On 21 March 2012, the Group filed an appeal for judicial review against the decision of the CNC with the National Appellate Court, also requesting a delay of payments with regard to the fine until the court passes a ruling on this matter. This delay was granted on 18 June 2012. On 20 February 2015 the National Appellate Court partially upheld the appeal, ordering the CNC to recalculate the fine as it considered that the criteria used at the time by the CNC were not appropriate. Notwithstanding the foregoing, an appeal was filed with the Supreme Court against the judgement of the National Appellate Court on the grounds that it is not only about the recalculation of the amount but also that the Group did not break any competition rules. Therefore, until the appeal before the Supreme Court is resolved, the CNC will not start the process of calculating the fine. With regard to these proceedings, the Parent Company's Directors, based on the opinion of their legal advisers, consider the risk of this fine to be possible and, therefore, have not recognised any provision.

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, Cellnex Telecom, S.A. assumed any rights and obligations that may arise from the aforementioned legal proceedings, as they relate to the spun-off business (terrestrial telecommunications). An agreement has therefore been entered into between Cellnex Telecom, S.A. and Abertis Telecom Satélites, S.A.U. stipulating that if the aforementioned amounts have to be paid, Retevisión-I, S.A.U. will be responsible for paying these fines. At 30 June 2016, Cellnex Telecom, S.A. has

provided two guarantees amounting to EUR 36.4 million (EUR 36.4 million at the close of 2015) to cover the disputed rulings with the National Competition Commission explained above.

In relation to the digitalization and expansion of the terrestrial television networks in remote rural areas in Spain during the digital transformation process, the European Commission issued a decision concluding that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received state aid, in the amount of EUR 260 million, that is contrary to the Treaty on the Functioning of the European Union. The ruling ordered Spain to recover the amount of the aid received. The aid received by Retevisión-I, S.A.U. amounted to approximately EUR 40 million, as estimated by the European Commission, since the Spanish authorities failed to specify the exact amount in the return processes. The estimated calculations made by the Spanish government initially lowered this amount to some EUR 10 million. Both Spain and the European Commission are still to agree the criteria to be applied in these calculations. In this regard, Retevisión I, S.A.U. appealed to the General Court of the European Union against that decision, which was rejected though a Ruling given on 26 November 2015. However, on 5 February 2016 an appeal was filed against this ruling before the European Court of Justice, given that there are serious legal grounds for this appeal to be successful and that it can be considered that the tenders called did not involve any state aid contrary to the treaty of the European Union. However, it is difficult to predict the interpretation that the European Court of Justice will adopt when it passes judgement.

The Spanish government, through the Secretary of State for Telecommunications and Information Society (“SETSI”), ordered the various regional governments to issue recovery orders based on the calculations made. Recovery procedures began in Castilla y León, La Rioja, Aragón, Extremadura, Andalusia, the Balearic Islands, Madrid (2 procedures) and Catalonia, all prior to 26 November 2015, and all of these were opposed on the basis that the amounts claimed are not legally valid given that the proceedings are pending resolution. The only proceeding to reach the courts was the first proceeding related to the Government of Madrid, which requested that the aid received in this region be returned.

The Group appealed this decision by the Government of Madrid, and on 31 March 2016 the Superior Court of Justice of Madrid revoked the recovery order issued by the Government of Madrid.

On 1 October 2014, the European Commission passed a ruling declaring that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received government aid in the amount of EUR 56.4 million to finance the digitalisation and expansion of the terrestrial television networks in remote areas of Castilla-La Mancha during the digital transformation process and that such state aid was not compatible with European legislation. The decision ordered Spain (through the regional government of Castilla-La Mancha) to recover the aid prior to 2 February 2015. On 29 October 2015, the Government of Castilla la Mancha began an aid recovery procedure amounting to EUR 719 thousand and this has been opposed. Regardless of the above, this decision has been appealed to the General Court of the European Union and it is expected to be finalised in the second half of 2016. No amount has been provisioned because the Group considers that the appeal can succeed and that the sentence that is passed, if it goes against the Group’s interests, may be challenged on appeal before the European Court of Justice.

The appeals filed with the European Court of Justice do not hold in abeyance the enforceability of the orders to return the aid.

d) Contingent assets

In December 2014 the Group filed a liability claim for damages incurred due to the shutdown of 9 national DTT channels, as a result of the judgement passed by the Supreme Court rendering the Spanish Council of Ministers' Resolution that awarded the licenses for these channels null and void, since such licenses were

considered to be granted without regard to the law and as a result of certain aspects related to the liberation of the digital dividend in the National DTT Technical Plan, approved by Royal Decree 805/2014. Later, on 10 December 2015, an appeal for judicial review was filed against the dismissal, claiming administrative silence regarding the claim for damages. The damage caused was initially quantified at EUR 143 million, however the final calculation and estimate of such damage will depend on the length of time these channels are shut down and how the national DTT multiplexes are occupied in the end. Therefore, at 30 June 2016 and 31 December 2015, the Group had not recognised any amount in relation to this claim.

16. Revenue and expenses

a) Operating income

The detail of operating income by item during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	2016	**2015**
Services	319,595	268,676
Other operating income	18,567	17,206
Advances to customers (Note 8)	(462)	(460)
Operating income	**337,700**	**285,422**

"Other operating income" includes mainly income from re-charging costs related to activities for renting tower infrastructures for site rentals to third parties.

b) Staff costs

The detail of staff costs by item during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	2016	**2015**
Wages and salaries	(35,364)	(33,063)
Social Security contributions	(8,401)	(7,542)
Pension fund and other personnel-related liabilities and commitments	(2,646)	(640)
Other employee benefit costs	(2,264)	(3,160)
Staff costs	**(48,675)**	**(44,405)**

c) *Other operating expenses*

The detail of other operating expenses by item during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	2016	**2015**
Repairs and maintenance	(12,580)	(12,892)
Leases and fees	(79,720)	(54,168)
Utilities	(33,896)	(24,607)
Other operating costs	(38,847)	(47,936)
Other operating expenses	**(165,043)**	**(139,603)**

"Other operating costs" contains certain expenses that are non-recurring or that do not represent a cash flow, as detailed below:

	Thousands of Euros	
	2016	**2015**
Costs related to acquisitions [1]	(5,540)	(10,052)
Tobin Tax – Tax related to the acquisition of Galata	-	(1,396)
Prepaid rental costs	(1,530)	-
Prepaid energy expenses	(1,963)	(833)
Total non-recurring expenses	**(9,033)**	**(12,281)**
Total recurring expenses	**(29,814)**	**(35,655)**
Total other operating costs	**(38,847)**	**(47,936)**

[1] In 2015 this relates to IPO expenses and other associated expenses incurred as a result of flotation which include the acquisition costs for Galata and correspond to the costs for investment banks, legal, accounting and tax advisers and auditors, as well as bond issue expenses.

Additionally, in the 6-month period ended on 30 June 2016 and 2015, the accrual of advances to customers amounting to EUR 462 thousand and EUR 460 thousand respectively was recognised as a reduction to revenue (see Note 16.a).

17. Segment reporting

The Group's business segment information included in this note is presented in accordance with the disclosure requirements set forth in IAS 34.

The Group has organised its business into three different customer facing units, supported by an operations and central corporate functions team. Income from the provision of services relates mainly to:

- Broadcasting infrastructure activities which consist of the distribution and transmission of television and FM radio signals, as well as the operation and maintenance of broadcasting networks, the provision of connectivity for media content, OTT broadcasting services (over-the-top multi-screen services) and other services. The broadcasting infrastructure activities were created in 2001 with the acquisition of Tradia Telecom, S.A.U. and the acquisition of Retevisión-I, S.A.U. in 2003.

- Telecom site rental which consists of providing passive access to its wireless infrastructure for mobile network operators and other wireless and broadband telecommunications network operators

through infrastructure hosting and telecommunications equipment co-location. The Group mainly provides wireless operators with access to its communications and broadcasting infrastructure through medium- and long-term contracts for its antennas, which transmit various signals related to wireless data and voice transmission, while the telecommunications operators maintain and operate the necessary equipment.

- Network and services other, including connectivity services for telecommunications operators (other than broadcasting operators), radio communication, operation and maintenance services, commercial services, Smart Cities/IoT ("Internet of Things") and other services.

Accordingly, operating income for each of the various lines of service is as follows:

	Thousands of Euros			
	2016			
	Broadcasting infrastructure	Telecom site rental	Network services and other	**Total**
Services	112,846	165,385	41,364	**319,595**
Other income	-	18,567	-	**18,567**
Advances to customers	-	(462)	-	**(462)**
Operating income	**112,846**	**183,490**	**41,364**	**337,700**

	Thousands of Euros			
	2015			
	Broadcasting infrastructure	Telecom site rental	Network services and other	**Total**
Services	119,224	109,760	39,692	**268,676**
Other income	-	16,515	691	**17,206**
Advances to customers	-	(460)	-	**(460)**
Operating income	**119,224**	**125,815**	**40,383**	**285,422**

The majority of assets employed and underlying costs are derived from a shared network common to all operating business units. An allocation of such assets and costs to the business areas is not performed as part of the normal financial information reporting process used by the Group's Management for decision-making, and Management is of the opinion that additional segmental reporting would not provide meaningful information for decision making.

The Chief Executive Officer and the management committees are the maximum decision making authority. These committees evaluate the Group's performance based on the operating profit of each company, which are not the same as the above business areas.

The income generated by the only two countries in which the Group operates is as follows:

	Thousands of Euros		
	2016		
	Spain	Italy	Total
Services	203,363	116,229	**319,595**
Other income	18,567	-	**18,567**
Advances to customers	(462)	-	**(462)**
Operating income	**221,471**	**116,229**	**337,700**

	Thousands of Euros		
	2015		
	Spain	Italy	Total
Services	204,363	64,313	**268,676**
Other income	17,185	21	**17,206**
Advances to customers	(460)	-	**(460)**
Operating income	**221,088**	**64,334**	**285,422**

The Group has three customers that exceed 10% of its revenue. The total income from these customers in the 6-month period ended on 30 June 2016 amounted to EUR 171,073 thousand. During the same period in the 2015 financial year, the Group had three customers that exceeded 10% of its revenue and the amount ascended to EUR 121,797 thousand.

18. Related parties

a) Directors and Senior Management

The remuneration earned by the Parent Company's directors in the 6-month period ended on 30 June 2016 was as follows:

i. The members of the Board of Directors received EUR 420 thousand for exercising the duties in their capacity as directors of Cellnex Telecom, S.A. (EUR 130 thousand in the first 6 months of 2015).

ii. For performing senior management duties, the Chief Executive Officer received EUR 450 thousand, corresponding to fixed and variable remuneration. (EUR 436 thousand in the first 6 months of 2015).

iii. The Chief Executive Officer did not obtain any gains on Abertis Infraestructuras, S.A. share options in the 6-month period ended on 30 June 2016 since they were exercised in full in 2013.

iv. In addition, the Chief Executive Officer of Cellnex Telecom, S.A. received, as other benefits, contributions made to cover pensions and other remuneration in kind to the amount of EUR 75 thousand and EUR 7 thousand, respectively (EUR 75 thousand and EUR 3 thousand in the first 6 months of 2015).

v. As part of the Long Term Incentive Plan - ILP for certain employees, the Chief Executive Officer has accrued EUR 618 thousand at 30 June 2016 (see Note 15.b).

Cellnex Telecom defines Senior Management as executives that perform management duties and report directly to the Chief Executive Officer. Fixed and variable remuneration for the 6-month period ending on 30 June 2016 for the members of the Senior Management amounted to EUR 1,009 thousand (EUR 689 thousand in the first 6 months of 2015).

In addition, members of the Senior Management received, as other benefits, contributions made to cover pensions and other remuneration in kind to the amount of EUR 90 thousand and EUR 77 thousand, respectively. During the same period in 2015 they received EUR 45 thousand and EUR 65 thousand, respectively.

As part of the Incentive Plan Long Term - ILP for certain employees, Senior Management received EUR 760 thousand at 30 June 2016 (see Note 15.b).

The Group has agreements with two members of the Senior Management linked to those executives staying at the company until the second half of 2017.

The Parent Company has taken out an executives and directors civil liability policy for the members of the Board of Directors, the Chief Executive Officer and all the directors of the Cellnex Telecom group at an accrued cost amounting to EUR 46.2 thousand at 30 June 2016. (EUR 43.5 thousand in the first 6 months of 2015.)

b) Other disclosures on Directors

Pursuant to article 229 and 230 of the Spanish Limited Liability Companies Act, and for the purpose of strengthening the companies' transparency and publishing information received by the Directors, the Directors and/or persons linked to the Directors have indicated that there are no other situations that may involve a direct or indirect conflict between their own interest and the Group's interests.

c) Associates

The assets and liabilities held in associates of the Cellnex Group at 30 June 2016 and 31 December 2015 are as follows:

	Thousands of Euros			
	30 June 2016		31 December 2015	
	Assets	Liabilities	Assets	Liabilities
	Other commercial assets	Payables	Other commercial assets	Payables
Consorcio de Telecomunicaciones Avanzadas, S.A.	85	1	119	1
Torre de Collserola, S.A.	-	135	-	178
Total	**85**	**136**	**119**	**179**

The transactions carried out by the Group with associates during the 6-month period ended on 30 June 2016 correspond to the services received from the company Torre Collserola, S.A. for the amount of EUR 645 thousand (EUR 704 thousand in June 2015).

As a result of the shareholder structure change that took place in 2015, as mentioned in Note 11, the companies which make up the Abertis Group are no longer considered as “group companies” but rather

as “other related parties”. As such, the balances and transactions with these companies are detailed in Note 18.d.

d) Other related parties

Other related parties, in addition to the Abertis Group companies and associates, include shareholders (and their subsidiaries) of Cellnex Telecom, S.A. that exercise significant influence over it, those with a right to appoint a director and those with a stake above 5% (see Note 11.a). Other than the dividends paid to shareholders, at 30 June 2016 and 31 December 2015 Cellnex does not have any balances and has not carried out any transactions with any related party in addition to those described below.

The assets and liabilities held by the Group in Abertis Group companies and associates at 30 June 2016 and 31 December 2015 are as follows:

	Thousands of Euros			
	30 June 2016		31 December 2015	
	Assets	Liabilities	Assets	Liabilities
	Other commercial assets	Payables	Other commercial assets	Payables
Abertis Infraestructuras, S.A.	-	3,704	512	-
Abertis Autopistas España, S.A.	68	-	53	-
Autopistas Aumar, S.A.C.E.	14	-	11	-
Autopistas C.E.S.A.	7	61	105	39
Autopistas de Catalunya, S.A.	3	-	6	-
Autopistas de León, S.A.C.E.	1	-	2	-
Infraestructures Viàries de Catalunya, S.A.	-	7	2	-
Autopista Vasco Aragonesa, S.A.	70	-	175	-
Hispasat, S.A.	5	1,413	91	-
Iberpistas, S.A.C.E	25	21	16	-
Túnels de Barcelona i Cadí, S.A.C.G.C.	6	-	9	-
Total	**199**	**5,206**	**982**	**39**

The Group’s transactions with Abertis Group companies and associates during the 6-month period ended on 30 June 2016 and 2015 are as follows:

	Thousands of Euros			
	30 June 2016		30 June 2015	
	Income	Expenses	Income	Expenses
	Services rendered	Services received	Services rendered	Services received
Abertis Infraestructuras, S.A.	-	1,260	-	2,173
Autopistas Aumar, S.A.C.E.	31	-	31	-
Autopistas C.E.S.A.	5	78	8	78
Autopistas de León, S.A.C.E.	3	-	3	-
Autopista Vasco Aragonesa, S.A.	67	-	5	-
Hispasat, S.A.	76	7,058	57	7,285
Iberpistas, S.A.C.E	34	21	34	21
Infraestructures Viàries de Catalunya, S.A.	-	7	-	7
Autopistas de Catalunya, S.A.	10	-	10	1
Túnels de Barcelona i Cadí, S.A.C.G.C.	15	4	15	4
	241	**8,428**	**163**	**9,569**

During 2015 an agreement was signed between Abertis Infraestructuras, S.A. and the Group for the provision of corporate building management services, which are understood to include the lease of the company offices at Parc Logístic de la Zona Franca (Barcelona) and the lease of the company offices at Paseo de la Castellana (Madrid), as well as the supplies related thereto. The Group also has an agreement with Hispasat, S.A., whereby the latter provides capacity lease services for certain satellite transponders over the entire life of the transponders, which is expected to last until 31 December 2022. The Group allocates the leased capacity essentially to the distribution service via satellite for terrestrial television and radio broadcasting

19. Other disclosures

a) Average number of employees

The average number of employees at Cellnex and its subsidiaries during the period, broken down by gender, is as follows:

	June 2016		June 2015	
Male	1,012	81%	960	81%
Female	243	19%	222	19%
	1,255	**100%**	**1,182**	**100%**

b) Seasonality

The Group's revenues from services do not exhibit a significant cyclical or seasonal pattern.

20. Post balance sheet events

On 27 May 2016 the Group signed a contract with Protelindo Luxembourg S.a.r.L. and Management Tower Europe S.a.r.L. to purchase 100% of the share capital of their subsidiary Protelindo Netherlands B.V. This subsidiary owns 261 infrastructures for mobile telephone operators in Holland.

The transaction was completed on 1 July 2016, following several administrative authorizations, thus at the date of signing of these condensed consolidated interim financial statements the Group has commenced the initial accounting for the acquisition.

The acquisition price for 100% of the share capital of Protelindo Netherlands B.V. amounts to 112 million Euros and the Group has financed the acquisition by means of existing credit lines.

This acquisition allows the Group to go forward with its strategy for international growth by means of an initial portfolio of towers in Holland that will allow the consolidation of the market as a Group with a European orientation.

In addition, on 11 July 2016 the Group, through its recently created subsidiary Cellnex France, SAS, signed an agreement with Bouygues Telecom, S.A. for the acquisition of 230 mobile telecommunications tower infrastructures for a total of approximately 80 million Euros.

This agreement allows for an extension that, if executed, could bring the total amount of towers acquired to 500, as there are gradually transferred from Bouygues Telecom, S.A. into Cellnex's new company in France (Cellnex France S.A.S.).

The agreement with Bouygues Telecom, S.A. includes a service contract with the mobile telephone operator with duration of 20 years and a fixed increase of the tariff of 2% annually.

At the date of the purchase contract the mobile telephone tower infrastructures are expected to contribute a total of 6.9 million Euros of revenue on an annual basis.

The acquisition will be financed by means of a drawdown from the credit facilities available described in Note 12.

The closing of this deal is subject to various administrative authorizations such that the Group has not yet commenced the accounting process for this acquisition as at the date of these condensed consolidated interim financial statements.

21. Explanation added for translation to English

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

Barcelona, 28 July 2016

Cellnex Telecom, S.A. and Subsidiaries

Consolidated interim directors' report for the 6-month period ended on 30 June 2016

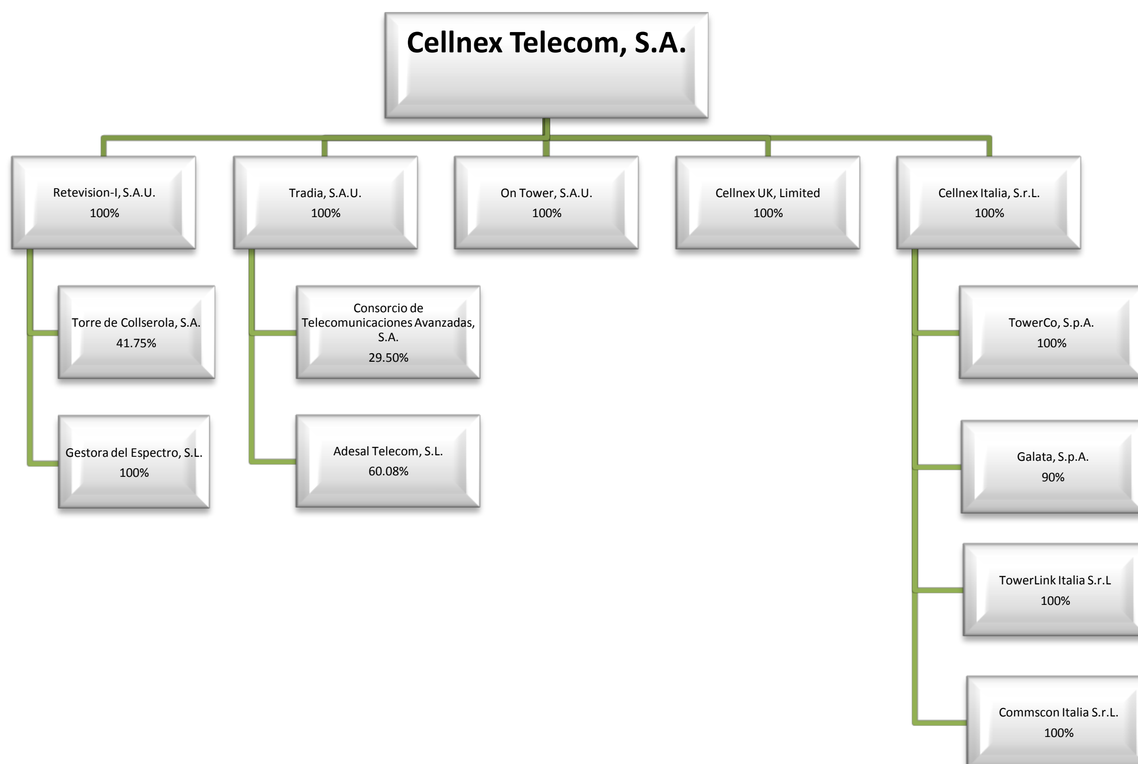
Information required under article 262 of the Spanish Limited Liability Companies Act

The Cellnex Group provides services related to infrastructure management for terrestrial telecommunications to the following markets:

i. Infrastructure rental for mobile telecommunications operators (Telecom Site Rental)
ii. Broadcasting Infrastructure and
iii. Network Services and Other

mainly through its subsidiaries Retevisión-I, S.A.U., Tradia Telecom, S.A.U., On Tower Telecom Infraestructuras, S.A.U (previously Abertis Tower S.A.U.) and the Italian companies Towerco, S.p.A., Galata, S.p.A. and Commcon Italia, S.r.L.

The organisational structure of the Cellnex group at 30 June 2016 is as follows:



The Group has indirect ownership interests in other telecommunications companies: (i) through Retevisión-I, S.A.U., it holds 41.75% of Torre de Collserola, S.A. and (ii) through Tradia Telecom S.A.U., it holds 60.08% of Adesal Telecom, S.L. and 29.50% of Consorcio de Telecomunicaciones Avanzadas, S.A. (COTA).

Significant events in the 6-month period ended on 30 June 2016

Cellnex is the leading independent and neutral infrastructure provider[1] for mobile telecommunications operators in Spain and Italy. In addition, **Cellnex** is the main broadcasting infrastructure provider in Spain with an 87% share of the national and regional market. The Group's business presents significant barriers to entry into its main markets, mainly due to its difficult-to-replicate asset base of 15,135 telecommunications towers and 949 nodes located throughout Spain and Italy.

Infrastructure rental business for mobile telecommunications operators

The acquisition of Galata, carried out during 2015, consolidates the Group's position as a key player in the process to streamline the use of tower infrastructures for site rental in Spain and Italy. The Group now has a unique portfolio of assets, which have enabled new business opportunities to be developed through the sharing of the infrastructure necessary in the roll out of fourth generation mobile telephones, involving the decommissioning of duplicate infrastructure.

The infrastructure portfolio is summarised below:

Framework Agreement	Project	No. of towers acquired	Cost in millions of Euros	Acquisition date
Broadcasting business and network services		1,579	-	-
Shared with broadcasting business		1,768	-	Prior to
Telefónica	Babel	1,000	90	2012
Telefónica and Yoigo (Xfera Móviles)	Volta I	1,211	113	30.12.2013
Telefónica	Volta II	530	58	10.1.2014
Telefónica and Yoigo (Xfera Móviles)	Volta III	113	12	30.6.2014
Telefónica	Volta Extended I	1,090	154	12.11.2014
Neosky	Neosky	10	-	30.12.2014
Business acquisition	TowerCo purchase	321	95	27.5.2014
	Dismantled towers	(129)	-	
Telefónica	Volta Extended II	300	44	26.1.2015
Business acquisition	Galata purchase	7,377	693	26.3.2015
	Dismantled towers	(80)	-	
	"Build to Suit" & others [(a)]	29	1	2015
At 31 December 2015		**15,119**		
	Dismantled towers	(3)		
	"Build to Suit" & others [(a)]	19		
At 30 June 2016		**15,135**		

[(a)] Build to suit – towers that are built to meet the needs of the customer

[(1)] Neutral: without mobile telephone operators as shareholders

Following the acquisition of Commscon Italia, S.r.L. (see Note 4 of the attached interim consolidated financial statements) the Cellnex Group also maintains 949 antennae nodes with the distributed antenna systems (DAS).

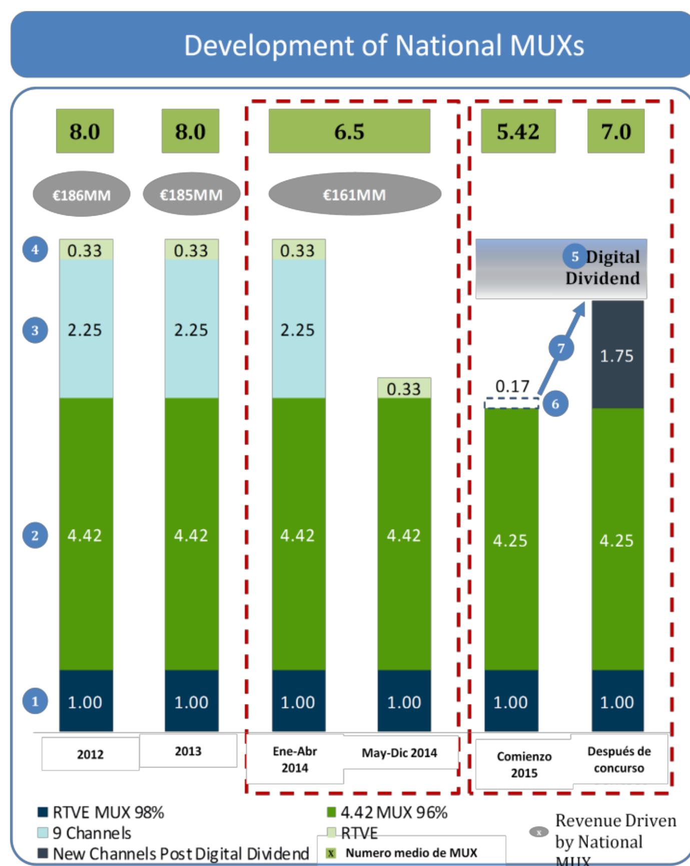
Broadcasting infrastructure business

In 2014 Royal Decree 805/2014, of 19 September, was passed, approving the National Digital Terrestrial Television Technical Plan and regulating certain aspects of the release of the digital dividend, reducing to seven the national multiplexes for digital terrestrial television. This process of freeing up the 800MHz band was successfully completed on 31 March 2015.

Due to certain irregularities in the public tender process aimed at assigning channels to private operators, nine channels were shut down on 6 May 2014 (2.25 national multiplexes – MUX). In addition, due to the Audiovisual Act, Televisión Española (TVE) reduced the use of its second multiplex by 0.33 as part of the process of reassigning the spectrum to private radio broadcasters in 2015.

The Spanish Government, through order 677/2015 of 16 April 2015, has modified the initial assignment of the capacity of the state coverage digital multiplex RGE2 for RTVE, establishing it as half of the capacity of the RGE2 multiplex, when before it had been two-thirds of the capacity. Furthermore, through the resolution of 17 April 2015, the Government agreed to call a public tender to assign 6 new licenses. These tenders will be for the capacity pending assignment, namely 1.75 MUX (1.58 MUX plus a sixth of MUX from the reduction in capacity for RTVE discussed above) as a result of which the 7 planned national MUX will have been completed. During the first quarter of 2016, the 6 licenses have been recovered and the corresponding incomes will start to be recovered from the second quarter of 2016.

The following chart shows the development of the national MUX:



1. RTVE MUX with 98% coverage
2. 4.42 MUX for national TV with 96% national coverage
3. Switch off of 9 channels in May 2014 with the loss of 2.25 MUX
4. Cancellation of 0.33 MUX by RTVE on 1 January 2015
5. Digital dividend carried out in 2015 to reassign 800 Mhz used for DTT to mobile telephony. (Permanent loss of 1 MUX)
6. Reduced capacity of the RGE 2 multiplex of RTVE – 0.17 MUX
7. Recovery of 1.75 MUX to reach 7 MUX of national DTT

In any case, the Group continues to research and implement better techniques, both in the provision of digital terrestrial television (DTT) services in Spain, and in the distribution of audiovisual content on the Internet and on mobile networks (television via mobile telephone).

Network services and other business
In the 6-month period ended on 30 June 2016, the Group signed a new contract for Phase IV of the expansion of the TETRA network for railways on the Llobregat to Anoia line for the customer "Ferrocarrils de la Generalitat de Catalunya", which will provide service to the freight railway lines of the port of Barcelona and the Manresa industrial zone.

Furthermore, also with regard to the TETRA network for railways, Cellnex has been awarded the Operation and Maintenance contract for Line 9 of the Barcelona Metro for the next 2 years and the operations and maintenance service for the Barcelona-Vallés line run by Ferrocarrils de la Generalitat de Catalunya for the next 15 months. During the second quarter of 2016 a contract has also been signed to extend the licenses of the Barcelona Wi-Fi network in order to expand this service to include city buses and the Group continues with a high activity in the management and operations of the infrastructures and telecommunications networks of the Barcelona Town Council. In addition, in the second quarter of 2016 the contract for the full service for the TETRA network for the Jerez Town Council Police Dept has been signed for the next four years. Another noteworthy service is the sale of a fleet management solution for 397 ENAGAS vehicles. Finally, as regards connectivity services, Cellnex's levels of activity as a wholesale supplier of connectivity for the main operators remain high.

With regard to quality control, the Group companies Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and On Tower Telecom Infraestructuras, S.A.U. renewed their ISO 9001 Quality, ISO 14001 Environmental Management, OSHAS 18001 Occupational Health and Safety, UNE 166002 Research, Development and Innovation, ISO 17025 Competence of Testing and Calibration Laboratories and ISO 27001 Information Security certificates, underscoring their continued commitment to quality.

Activity and consolidated results

	Thousands of Euros	
	2016	**2015**
Broadcasting infrastructure	112,846	119,224
Telecom site rental	183,490	125,815
Network services and other	41,364	40,383
Operating income	**337,700**	**285,422**
Staff costs	(48,675)	(44,405)
Repairs and maintenance	(12,580)	(12,892)
Leases	(79,720)	(54,168)
Utilities	(33,896)	(24,607)
General and other services	(38,723)	(47,207)
Depreciation and amortisation charge	(82,591)	(72,463)
Operating profit	**41,515**	**29,680**
Depreciation and amortisation	82,591	72,463
Non-recurring expenses[2]	9,033	12,281
Advances to customers	462	460
Adjusted operating profit before depreciation and amortisation charge (adjusted EBITDA[1])	**133,601**	**114,884**

(1) Adjusted EBITDA – calculated as the recurring operating profit before depreciation and amortisation and excluding impacts not involving cash flows, such as the amounts corresponding to advances and non-recurring expenses.

(2) Non-recurring expenses mainly represent the IPO costs and associated expenses in 2015, which include expenses related to investment banks and advisers on legal, accounting, tax and auditing matters, together with the repayment of advances to customers and other pre-paid energy costs in Italy. These are set out below:

	Thousands of Euros	
Non-recurring expenses breakdown	**2016**	**2015**
Costs related to acquisitions	5,540	10,052
Tobin Tax – Tax related to the acquisition of Galata	-	1,396
Prepaid rental costs	1,530	-
Prepaid energy expenses	1,963	833
Total non-recurring expenses	**9,033**	**12,281**
Advances to customers	462	460
Total non-recurring expenses that do not represent cash flows	**9,495**	**12,741**

Business indicators	**30 June 2016**	**30 June 2015**
Total number of sites	**15,135**	**15,140**
Site rental[1]	13,591	13,580
Nodes [(4)]	949	-
Tenancy ratio – total[3]	**1.56**	**1.50**
Tenancy ratio – Spain	1.92	1.86
Tenancy ratio – Italy	1.28	1.23
Customers and income		
Income per site[2]	26.9	25.5
% Site Rental Income[1]	54%	44%

(1) Site Rental – Infrastructure rental for mobile telecommunications operators
(2) The Group calculates income per tower using the total annual Site Rental income divided by the average number of towers held during the year with the impact of the acquisitions during the period.
(3) The tenancy ratio relates to the average number of tenants in each site. It is obtained by dividing the number of tenants by the average number of sites in the year.
(4) Nodes – Point of presence in relation to DAS.

Income from operations for the 6-month period ended on 30 June 2016 reached EUR 338 million, an increase of 18% over the same period in 2015. This increase was clearly affected by the expansion of the above-mentioned infrastructure rental business for mobile telecommunications operators.

With regard to the broadcasting infrastructure business, income amounted to EUR 113 million, a 5% decline compared with the same period in 2015, due to the fact that during the first quarter of 2015 the broadcasts were simulcast on 9 national DTT channels in the 800 MHz band until it was freed up for mobile telephony at the end of March 2015.

Broadcasting infrastructure activities are characterised by predictable, recurring and stable cash flows. Although this is a mature business in Spain, broadcasting activities have shown considerable resistance to adverse economic conditions, such as those experienced in Spain in recent years, due to the fact that the Group's income did not depend directly on macroeconomic factors, but rather on the demand for radio and television broadcasting services by broadcasting companies.

The infrastructure rental business for mobile telecommunications operators increased its income by 46% to EUR 183 million due to the aforementioned acquisitions. This is a business with solid growth driven by strong material demand for wireless data communication services, and the growing interest of mobile network operators (MNO) as a result of developing top quality networks that fulfil consumers' needs in terms of uninterrupted coverage and availability of wireless bandwidth (based on new long term evolution technologies), with the most efficient management possible. In recent years, the Group consolidated its infrastructure network and long-term strategic relationship with its main customers, telecommunications operators among others, through the agreements entered into with Telefónica and Yoigo in Spain and with Wind Telecomunicazioni in Italy for the acquisition and management of a portion of their network of infrastructure for mobile telecommunications. In addition to its current portfolio, Group managers have identified a portfolio of possible acquisitions that it is currently analysing by applying demanding criteria of capital employment.

The Group owns a high-quality asset portfolio made up of selective assets in Spain and Italy and the subsequent streamlining and optimisation of tower infrastructure for site rental. Its main added value proposals in this line of business consist of adding additional tenants in its towers and streamlining the network. By increasing its tenants, the Group will generate additional income with very little additional cost. This network streamlining may generate significant efficiencies for the Group and for the mobile network operators (MNO).

The network services business increased its income by 2%, to EUR 41 million, due largely to the IoT, Barcelona City Council Smart Cities and Tetra terminals projects.

Network services and other constitutes a specialised business that generates stable cash flows with attractive potential for growth. Taking into account the critical nature of the services in which the Group collaborates, its customers require in-depth technical know-how that is reflected in the demanding service level agreements. The Group considers that it has a privileged market presence and geographical distribution, established relationships with government agencies and excellent infrastructure for emergencies and public services. The Group's aim is to maintain long-term relationships with its customers, maximise the renewal rate of its contracts and expand its business through new contracts.

All of this has helped boost operating income and operating profit, with the latter also being impacted by the measures to improve efficiency and optimise operating costs.

In line with the increase in revenue, adjusted EBITDA was 16% higher than the same period in 2015, also as a result of the assets acquired during 2015, which reflects the Group’s capacity to generate cash flows on a continuous basis.

Operating profit grew by 40% compared with the same period in 2015 due to the inclusion of the **Galata** business.

Taking into account these considerations, the consolidated profit attributable to shareholders for the 6-month period ended on 30 June 2016 stood at EUR 24 million.

Consolidated balance sheet

Total assets at 30 June 2016 stood at EUR 2,141 million, a 6% increase compared with December 2015. Around 69% of total assets relates to property, plant and equipment and other intangible assets, in line with the nature of the Group's business related to the management of terrestrial telecommunications infrastructure.

Total capital expenditure for the 6-month period ended on 30 June 2016, including property, plant and equipment, intangible assets and advance rental payments and taking into account the businesses acquired at the cost of investment, are summarised as follows:

	Thousands of Euros	
	30 June 2016	**31 December 2015**
Maintenance investment [a]	3,457	2,444
Organic growth [b]	22,782	13,472
Inorganic growth [c]	19,904	736,514
Total investment	**46,143**	**752,430**

(a) Maintenance investment: investment in existing assets primarily related to the maintenance of the sites, but excluding those investments that entail an increase in the capacity of said sites.

(b) Organic growth: investment related to the expansion of our business and that generates additional income, including build-to-suit, investment in dismantling, the adaptation of mobile telephony infrastructures, the acquisition of land and urban and broadcasting telecommunication infrastructures.

(c) Inorganic growth: includes investments in holdings in companies as well as investments in acquiring portfolios of sites (asset purchases).

Reconciliation of investments in the period with the accompanying condensed consolidated interim financial	**Thousands of Euros**
	30 June 2016
Additions of Property, plant and equipment (Note 5)	12,446
Additions of Intangible assets (Note 6)	2,039
Advance site rental payments	11,754
Business combinations	19,904
Total investment	**46,143**

Reconciliation with the accompanying Consolidated Cash Flow Statement	**Thousands of Euros**
	30 June 2016
Total investment	46,143
Plus additions from 2015 paid in 2016	21,750
Advance site rental payments	(11,754)
Business combinations	(19,904)
Purchases of property, plant and equipment – Consolidated Statement of Cash Flows	**36,235**

Consolidated net equity amounted to EUR 549 million, a 2.1% increase on year-end 2015, mainly due to the profit generated during the year, the final dividend and the acquisition of treasury shares.

Main risks and uncertainties

The main risks to the fulfilment of the Group's objectives are fully described in the IPO brochure among which are the following:

i) *Risk related to the environment in which the Group operates and risks stemming from the specific nature of its business:*

The risks to which the Group is exposed as a result of its environment relate to declining demand as a result of the economic and political situation in the countries in which it operates, the creation of new, alternative technologies, or the entry of new competitors in its areas of activity. Likewise, a significant portion of the Group's income comes from a small number of customers and, therefore, if the customers share the infrastructure in a significant manner, merge or have solvency and financial capacity problems, the ability to generate positive cash flows could be adversely affected.

To reduce its exposure to risks as a result of the environment in which it operates, the Group pursues a selective international expansion plan, diversification and growth policy, fostering understanding with public authorities to develop infrastructures. In addition, it has continued to implement an efficiency plan in order to streamline operating investments and expenditures.

ii) *Financial risks*:

The Group is exposed to certain financial risks, such as liquidity risk, cash flow interest rate risk, and risks related to customer accounts receivable (especially government agencies).

The Group tries to minimise these risks through a financial risk management policy, setting maximum limits on interest rate exposure, which are defined at the Group level; identifying authorised types of hedges and instruments for each of the identified needs; and monitoring and extending the maturity of borrowings.

iii) *Operational risks:*

The main operational risks relate to the integration of acquisitions; safety of users and employees; adaptation and quick response to technology changes in operating systems and the emergence of new technologies; maintenance and quality of infrastructures; training and retention of talent; integrity and security of information; internal and external fraud; dependence on suppliers; and business disruptions.

To minimise these risks the Group has specific control policies, procedures, plans and systems for each area, which are periodically reviewed and updated by specific external auditors for each area (financial reporting, quality, occupational risks, etc.). The Group also continually monitors and analyses its insurable risks and has implemented an insurance programme to ensure a level of coverage and risk in keeping with the policies that have been introduced.

Lastly, the Group has created a Code of Ethics that will be rolled out in each country and has implemented whistleblowing channels.

iv) Regulatory risks:

Risks related to changes in tax and legal regulations and socio-political changes are also significant given that the Group carries out an activity subject to government regulations on the manner in which the Group carries out its business. The main rules applicable to the Group and its customers include the availability and granting of licences for use of the spectrum, the rates for its use, and the commercial framework for the sale of terrestrial broadcasting assets and the obligations imposed on the Group by the Spanish competition authorities in relation to its broadcasting infrastructure activities.

The Group mitigates the risks to which it is exposed from possible regulatory changes through coordination in the relevant areas to ensure that prevailing local legislation is adhered to and that it is able to anticipate regulatory changes.

i) Reporting risks

In order to cover this type of risks, that could cause errors or compliance failures in relation to the public information issued by the Group, and guarantee the reliability of this public information, Cellnex has developed an organisation and supervision model for the Internal Control of Financial Reporting (ICFR), approved by its governing bodies. Internal Audit is responsible for carrying out the necessary tests to verify compliance with the policies, manuals and procedures defined for the ICFR, validating the efficiency of the controls implemented to mitigate the risks linked to these processes.

Liquidity and capital resources

The ability of the Group to generate stable and growing cash flows allows it to guarantee the creation of value, sustained over time, for its shareholders. At 30 June 2016 and 30 June 2015 the Recurring Leveraged Free Cash Flow was calculated as follows:

	Thousands of Euros	
Recurring leveraged free cash flow	**30 June 2016**	**31 December 2015**
Adjusted EBTIDA[(1)]	133,601	114,884
Maintenance investment[(2)]	(3,457)	(2,444)
Recurring operating cash flow	**130,144**	**112,440**
Changes in current assets/current liabilities[(3)]	479	2,056
Net payment of interest[(4)]	(2,704)	(5,770)
Income tax payment[(5)]	(1,778)	(7,208)
Recurring leveraged free cash flow	**126,141**	**101,518**

(1) See definition in the “Activity and consolidated results” section of this Directors’ Report.

(2) Maintenance investment: investment in existing assets primarily related to the maintenance of the sites, but excluding those investments that entail an increase in the capacity of said sites.

(3) Changes in current assets/current liabilities – see the relevant section in the Consolidated Cash Flow Statement for the 6-month period ended on 30 June 2016.

(4) Net payment of interest corresponds to the net of “Interest payments” and “Interest received” in the accompanying Consolidated Cash Flow Statement for the 6-month period ended on 30 June 2016.

(5) Income tax payment – see the relevant section in the accompanying Consolidated Cash Flow Statement for the 6-month period ended on 30 June 2016.

Bank borrowings and bond issues are broken down as follows:

	Thousands of Euros	
	30 June 2016	**31 December 2015**
Bank borrowings (Note 12)	457,712	378,195
Bond issues (Note 12)	609,636	599,743
Gross bank borrowings and bond issues	**1,067,348**	**977,938**
Cash and cash equivalents	(195,793)	(51,000)
Net bank borrowings and bond issues	**871,555**	**926,938**

Gross bank borrowings and bond issues at 30 June 2016 amounted to EUR 1,067 million, representing 194% of equity and 50% of liabilities and net equity, percentages which have increased slightly with regard to 2015.

Net bank borrowings and bond issues amounted to EUR 872 million, including a consolidated cash and cash equivalents position of EUR 196 million. The ratio of net bank borrowings and bond issues divided by the adjusted annual EBITDA amounts to 3.3x.

At the close of the 6-month period ended on 30 June 2016, a total of EUR 54.6 million corresponding to factoring contracts had been drawn down.

Use of financial instruments

During the 6-month period ended on 30 June 2016, the Group followed the financial instrument use policy described in Note 4 of the consolidated report to the consolidated 2015 annual accounts.

R&D activities

During the first 6 months of 2016 the Cellnex Telecom group continued to invest in research and development, carrying out various R&D projects both in Spain and abroad.

At international level, the European H2020 GrowSmarter project in the area of Smart Cities is notable: work has continued on the implementation of an urban resource IoT platform in the city of Barcelona in order to enable the integrated management of mobility and energy efficiency. In the area of energy efficiency, Cellnex has been working on the development of an “intelligent, energy efficient street lamp” for use in cities and shopping centres; and in the area of mobility the company has been working on the intelligent management of taxi ranks for the Metropolitan Institute of Taxis (Institut Metropolità del Taxi) using IoT technologies.

The iCity project (with the participation of Barcelona, London, Bologna and Genoa), COMPOSE (about the Internet of Things) led by IBM Israel and ACORN (research and development in the field of SDR, or Software Defined Radio, applied to IoT) have also been continued. For this last project we have received approval to publish an article in the magazine “IEEE Transactions on Communications” that has been written by the University of the Basque Country, which has been subcontracted by us to participate in the project. It is entitled “Incumbent and LSA Licensee Classification Through Distributed Cognitive Networks” and aims to investigate algorithms and corporate strategies to manage the cognitive network spectrum with direct application to Smart Cities, the IoT and connected vehicles.

In the audiovisual industry, of particular note are: TVRING, within the field of broadcasting and related to hybrid television through broadcasting and the Internet and Globalitv, which has European and Brazilian partners and intends to boost the European standard for Hybrid TV in Brazil. These two latter projects have passed the Final Review of the Commission.

At national level the following projects have been continued: REINVEL, which is developing a comprehensive solution for charging electric cars at parking meters; PLEASE, regarding 4k broadcasting and encoding solutions; and ONDADA, which is expanding coverage at sea for the marine safety platform and marine positioning of boats, AIS.

Furthermore, the V2Arch project which aims to investigate appropriate technologies for vehicle-to-vehicle and vehicle-to-infrastructure communications has been started, as has the Solare2RF project, funded by the Basque Government, which aims to develop monitoring solutions and tools to improve energy efficiency at the Company's sites.

To date, 3 national proposals have been put forward and 5 European proposals are being prepared, mostly in the area of IoT (Internet of Things) and 5G.

Shareholder remuneration

On June 30, 2016, the General Meeting of Shareholders of Cellnex agreed the payment of a final dividend for 2015 of 0.047 Euros gross per share, which represents 10,889 thousand Euros (0 thousand Euros at June 30, 2015).

Thus the dividend paid to income for 2015 was 0.087 Euros per share, which represents 20,156 thousand Euros (0 thousand Euros corresponding to the distribution of the profit for 2014).

Business outlook

For the first half year of 2016, having promoted the internationalisation and diversification of the Group's activity with the purchase of Galata, S.p.A. in 2015, the Group will continue to analyse investment and growth opportunities that comply with the strict security and profitability requirements that the Group applies to its investment portfolio, with a particular focus on opportunities to acquire tower infrastructures for site rentals as well as Spanish and international companies that operate in this sector.

In this regard, the Company is actively seeking new acquisitions throughout Europe with major mobile telephony operators in those countries, and this activity has given rise to the acquisitions described in Note 20 to the condensed interim consolidated financial statements attached.

Infrastructure rental business for mobile telecommunications operators

The Group intends to consolidate the acquisitions made during the 2015 financial year along with those described in Note 20 to the condensed interim consolidated financial statements attached.

Network services and other

Network services and other continue to experience significant growth, having grown by 2% in the second quarter of 2016 compared with the same quarter in 2015

In general, the balance among the overall investments in terms of maturity and profitability, as well as in terms of geographic diversification, should ensure that all the business areas make a sustained positive contribution.

In addition, the Group expects to continue identifying new investment opportunities and operating efficiencies, thereby strengthening its balance sheet and financial position.

This outlook for the Group, along with the ongoing efforts to improve efficiency, allows us to expect higher EBITDA.

No new risks or uncertainties are expected other than those noted above that are inherent to the business or those indicated in the accompanying condensed consolidated interim financial statements for the 6-month period ended on 30 June 2016. Nonetheless, the Group has strived and will continue to strive to optimise its management so as to have greater control over operating costs and investments.

Treasury shares

During the first six months of 2016 Cellnex Telecom, S.A. has operated with treasury shares, maintaining a final balance of 142,500 shares at an average price of 13.64 Euros, and which represent 0.06% of the share capital of the Parent Company.

The acquisition of treasury shares has been carried out by means of a liquidity contract(2) signed by Cellnex on 31 May 2016 with Santander Investment Bolsa, Sociedad de Valores, S.A.U. in order to manage its portfolio of treasury shares.

Other matters

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

Post balance sheet events

On 27 May 2016 the Group signed a contract with Protelindo Luxembourg S.a.r.L. and Management Tower Europe S.a.r.L. to purchase 100% of the share capital of their subsidiary Protelindo Netherlands B.V. This subsidiary owns 261 infrastructures for mobile telephone operators in Holland.

The transaction was completed on 1 July 2016, following several administrative authorizations, thus at the date of signing of these condensed consolidated interim financial statements the Group has commenced the initial accounting for the acquisition.

The acquisition price for 100% of the share capital of Protelindo Netherlands B.V. amounts to 112 million Euros with an effective cash outflow of 109 million Euros and the Group has financed the acquisition by means of existing credit lines.

This acquisition allows the Group to go forward with its strategy for international growth by means of an initial portfolio of towers in Holland that will allow the consolidation of the market as a Group with a European orientation.

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(2) Liquidity contract in accordance with the CNMV circular 3/2007 of 19 December covering liquidity contracts and the effects of their acceptance as market practice.

In addition, on 11 July 2016 the Group, through its recently created subsidiary Cellnex France, SAS, signed an agreement with Bouygues Telecom, S.A. for the acquisition of 230 mobile telecommunications tower infrastructures for a total of approximately 80 million Euros.

The agreement with Bouygues Telecom, S.A. includes a service contract with the mobile telephone operator with a duration of 20 years and a fixed increase of the tariff of 2% annually.

At the date of the purchase contract the mobile telephone tower infrastructures are expected to contribute a total of 6.9 million Euros of revenue on an annual basis.

The acquisition will be financed by means of a drawdown from the credit facilities available and described in Note 12.

The closing of this deal is subject to various administrative authorizations such that the Group has not yet commenced the accounting process for this acquisition as at the date of these condensed consolidated interim financial statements.

Explanation added for translation to English

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

Barcelona 28 July 2016