Cellnex Telecom, S.A. (formerly Abertis Telecom Terrestre, S.A.U.) and Subsidiaries

Interim condensed consolidated financial statements and interim consolidated directors' report for the six-month period ended 30 June 2015 (prepared in accordance with IAS 34, Interim Financial Reporting), together with Report on Limited Review

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 in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

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 in Spain (see Notes 2 and 21). 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. (formerly Abertis Telecom Terrestre, S.A.U.), 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 2015, 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 the preparation of these 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 2015 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 Explanatory Note 2-a to the accompanying interim 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 2014. 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 2015 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 2015. 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 35 of Spanish Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

Cellnex Telecom, S.A. (formerly Abertis Telecom Terrestre, S.A.U.) and Subsidiaries

Condensed consolidated interim financial statements
and consolidated interim directors' report
Six-month period ended 30 June 2015
(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.

CONTENTS

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.

CELLNEX TELECOM, S.A. (FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2015

(Thousands of Euros)

	Notes	30 June 2015	31 December 2014
ASSETS			
NON-CURRENT ASSETS			
Goodwill	Note 6	116,294	45,372
Other intangible assets	Note 6	216,124	103,793
Property, plant and equipment	Note 5	1,494,632	740,464
Investments in associates and jointly controlled entities	Note 7	3,514	3,480
Non-current investments	Note 8	12,991	13,451
Non-current trade and other receivables	Note 9	25,572	5,644
Deferred tax assets		37,612	37,837
Total non-current assets		**1,906,739**	**950,041**
CURRENT ASSETS			
Inventories		1,295	669
Trade and other receivables - current	Note 9	171,606	169,087
Receivables from Group companies and associates	Note 18.c	121	20,312
Current investments	Note 8	921	921
Cash and cash equivalents	Note 10	152,531	90,891
Total current assets		**326,474**	**281,880**
TOTAL ASSETS		**2,233,213**	**1,231,921**
EQUITY			
Share capital and attributable reserves			
Share capital	Note 11.a	57,921	57,921
Share premium		338,733	338,733
Reserves	Note 11.b	18,791	42,601
Profit for the period	Note 11.d	18,168	57,471
		433,613	**496,726**
Non-controlling interests	Note 11.c	**81,572**	**4,666**
Total equity		**515,185**	**501,392**
NON-CURRENT LIABILITIES			
Noncurrent bank borrowings	Note 12	1,107,084	429,507
Provisions and other liabilities	Note 15	123,209	20,166
Deferred tax liabilities		255,770	55,997
Non-current accruals		560	559
Total non-current liabilities		**1,486,623**	**506,229**
CURRENT LIABILITIES			
Current bank borrowings	Note 12	2,272	3,645
Employee benefit obligations	Note 15	11,730	11,010
Payables to Group companies and associates	Note 18.c	174	14,118
Trade and other payables	Note 13	217,229	195,527
Total current liabilities		**231,405**	**224,300**
TOTAL EQUITY AND LIABILITIES		**2,233,213**	**1,231,921**

The accompanying Notes 1 to 21 are an integral part of the consolidated balance sheet at 30 June 2015.

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.

CELLNEX TELECOM, S.A. (FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.) AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

(Thousands of Euros)

		Six-month period ended 30 June	
	Notes	**2015**	**2014**
Revenue – Services		268,216	200,001
Other operating income		17,206	10,427
Operating income	Note 16.a	**285,422**	**210,428**
Staff costs		(44,405)	(41,538)
Other operating expenses	Note 16.b	(139,603)	(77,959)
Changes in provisions	Note 9	816	(356)
Losses on non-current assets		(87)	(227)
Depreciation and amortisation charge		(72,463)	(41,424)
Profit from operations		**29,680**	**48,924**
Finance income		169	55
Finance costs		(7,625)	(5,767)
Net financial loss		**(7,456)**	**(5,712)**
Profit of companies accounted for using the equity method	Note 7	34	365
Profit before tax		**22,258**	**43,577**
Income tax	Note 14	(4,194)	(12,979)
Consolidated net profit		**18,064**	**30,598**
Attributable to non-controlling interests	Note 11.c	(104)	-
Net profit attributable to the Parent		**18,168**	**30,598**
Earnings per share (in euros per share)			
Basic	Note 11.e	0.08	5.28
Diluted	Note 11.e	0.08	5.28

The accompanying Notes 1 to 21 are an integral part of the consolidated income statement for the six-month period ended 30 June 2015.

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.

CELLNEX TELECOM, S.A. (FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.) AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

(Thousands of Euros)

	Six-month period ended 30 June	
	2015	**2014**
PROFIT FOR THE PERIOD	18,064	30,598
Income and expense recognised directly in equity, transferable to the consolidated income statement:		
Changes in cash flow hedges, Parent and fully and proportionally consolidated companies	(857)	27
Total consolidated comprehensive income	**17,207**	**30,625**
Attributable to:		
- Shareholders of the Company	17,301	30,625
- Non-controlling interests	(94)	-
Total consolidated comprehensive income	**17,207**	**30,625**

The accompanying Notes 1 to 21 are an integral part of the consolidated statement of comprehensive income for the six-month period ended 30 June 2015.

CELLNEX TELECOM, S.A. (FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.) AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

(Thousands of Euros)

	Share capital	Share premium	Retained earnings and other reserves	Net Profit for the year	Non-controlling interests	Equity
At 1 January 2014	57,921	338,733	12,339	78,490	-	487,483
Comprehensive income for the period	-	-	27	30,598	-	30,625
Final dividend for 2013	-	-	(48,251)	-	-	(48,251)
Distribution of 2013 profit	-	-	78,490	(78,490)	-	-
At 30 June 2014	**57,921**	**338,733**	**42,605**	**30,598**	**-**	**469,857**
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)	-	-
Change in the scope of consolidation	-	-	(80,414)	-	77,000	(3,414)
At 30 June 2015	**57,921**	**338,733**	**18,791**	**18,168**	**81,572**	**515,185**

The accompanying Notes 1 to 21 are an integral part of the consolidated statement of changes in equity for the six-month period ended 30 June 2015.

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.

CELLNEX TELECOM, S.A. (FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.) AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE

(Thousands of Euros)

		Six-month period ended 30 June	
	Notes	**2015**	**2014**
Profit for the period before tax		**22,258**	**43,577**
Adjustments to:			
Amortisation and depreciation charge	Notes 5 and 6	72,463	41,424
Gains/(losses) on derecognition and disposals of non-current assets		87	227
Changes in provisions		(355)	356
Interest and other income		(169)	(55)
Interest and other expenses		7,625	5,767
Share of results of companies accounted for using the equity method	Note 7	(34)	(365)
		101,875	**90,931**
Changes in current assets/current liabilities			
Inventories		(626)	(243)
Trade and other receivables		(7,516)	5,536
Other current and non-current assets and liabilities		10,198	(4,044)
		2,056	**1,249**
Cash flows generated by operations		**103,931**	**92,180**
Interest paid		(5,867)	(4,708)
Interest received		97	55
Income tax paid		(7,208)	(11,256)
Employee benefit obligations and current provisions		-	(10,977)
Other receivables and payables	Note 9	57,553	(26,448)
Total net cash flows from operating activities (I)		**148,506**	**38,846**
Business combinations and changes in scope of consolidation	Note 4	(668,670)	(85,730)
Purchases of property, plant and equipment and intangible assets		(92,731)	(73,016)
Financial assets		-	(152)
Total net cash flows used in investing activities (II)		**(761,401)**	**(158,898)**
Proceeds from issue of bank borrowings		676,540	-
Proceeds from issue of borrowings to Group companies		-	131,201
Repayment and redemption of bank borrowings		(2,005)	-
Net repayment of other debts		-	(574)
Total net cash flows from financing activities (III)		**674,535**	**130,627**
NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)		**61,640**	**10,575**
Cash and cash equivalents at beginning of period		90,891	73
Cash and cash equivalents at end of period		152,531	10,648

The accompanying Notes 1 to 21 are an integral part of the consolidated statement of cash flows for the six-month period ended 30 June 2015.

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.

Cellnex Telecom, S.A. (formerly Abertis Telecom Terrestre, S.A.U.) and Subsidiaries

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2015

1. General information

Cellnex Telecom, S.A. ("the Parent" or "Cellnex") was incorporated in Barcelona on 25 June 2008. Its registered office is at Avenida del Parc Logístic 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' to a 'sociedad anónima', and it was registered in the Companies Register on 15 December 2014.

The Parent's principal activities, as set out in its bylaws, include:

- 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 local government concessions.

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

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

Spin-off of the terrestrial telecommunications business effective 1 January 2013 for accounting purposes

For the purpose of restructuring the telecommunications business and differentiating the terrestrial telecommunications business from the satellite telecommunications business, on 18 October 2013, the Directors of Abertis Telecom Satélites, S.A.U. (formerly Abertis Telecom, S.A.U.) and Cellnex Telecom, S.A. drew up a partial spin-off plan, whereby the first company spun off all assets and liabilities on its balance sheet relating to the terrestrial telecom munications business unit to the second company.

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

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

Initial Public Offering (IPO)

On 19 March 2015, the Parent's Board of Directors, as delegated by the General Shareholders' Meeting of Abertis Infraestructuras, S.A. of the same date, unanimously resolved to apply for admission to official trading in the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and the resulting public offering of shares in the Spanish securities market, a process that was successfully completed, with all the Parent's shares listed in the stock exchange from 7 May 2015. A total of 66% of such shares were offered for public sale by Abertis Infraestructuras, S.A. including the coordinating banks' exercise of the green-shoe option (see Note 11).

The condensed consolidated interim financial statements of the six-month period ended 30 June 2015 have undergone limited review by the Parent's auditor in accordance with the provisions of Royal Decree 1362/2007, of 19 October. In addition, the balances for the year ended 31 December 2014 were audited previously, and a favourable opinion issued.

2. Basis of presentation

a) Basis of presentation

The condensed consolidated interim financial statements of Cellnex Telecom, S.A. and Subsidiaries for the period ended 30 June 2015 were signed by the Directors of the Parent at a meeting of the Board of Directors held on 3 August 2015 on the basis of the accounting records kept by the Parent and the other companies that make up the Group.

These condensed consolidated interim financial statements were prepared by the Directors of **Cellnex** in accordance with IAS 34, "Interim financial report", and all the mandatory accounting principles and standards and measurement criteria, providing a true and fair view of the equity and consolidated financial position of Cellnex Telecom Group at 30 June 2015 and of the results of its operations, changes in equity and consolidated cash flows in the Group in the interim period ended on said date.

As noted, this condensed consolidated interim financial information has been prepared in accordance with IAS 34, “Interim financial reporting”. Hence, these condensed consolidated interim financial statements do not include all the information and disclosures required in complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and must be read jointly with the consolidated financial statements for the year ended 31 December 2014, which were prepared in accordance with the current International Financial Reporting Standards (IFRS) adopted by the European Union, which were approved by the Parent’s Sole Shareholder on 5 March 2015.

b) Adoption of IFRSs

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2014, except for the adoption of new rules and interpretations effective from 1 January 2015 and that, as applicable, have been used by the Group in the preparation of these interim financial statements.

(i) Standards and interpretations effective in 2015

The new accounting standards detailed below entered into force in 2015:

New standards, amendments and interpretations		**Mandatory application for annual periods beginning on or after:**
IFRIC 21 Levies (issued in May 2013)	Guidance on when to recognise a liability for levies charged for participation by the entity in an activity on a specified date.	17 June 2014 (1)
Improvements to IFRSs 2011-2013 Cycle (issued in December 2013)	Minor amendments to certain standards.	1 January 2015 (2)

(1) The European Union endorsed IFRIC 21 (EU Journal 14 June 2014), changing the original date of entry into force established by the IASB from 1 January 2014 to 17 June 2014.

(2) Date of entry into force established by the IASB was from 1 July 2014.

The impact of the application of such interpretations and modifications in these condensed consolidated interim financial statements was not material.

(ii) Standards and interpretations issued but not yet effective

At the date of signing of 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 have yet to be adopted by the European Union:

New standards, amendments and interpretations		Mandatory application for annual periods beginning on or after:
Approved for use in the European Union		
Amendments to IAS 19 Defined Benefit Plans: Employee contributions (issued November 2013)	This modification is issued to allow the possibility to deduct these contributions from the service cost in the same period in which they are paid if certain requirements are met.	1 February 2015
Still not approved for use in the European Union		
IFRS 9 Financial Instruments (last phase issued in May 2014)	Replaces the requirements for the classification, measurement and derecognition of financial assets and financial liabilities under IAS 39.	1 January 2018
IFRS 15 Revenue from Contracts with Customers (issued in May 2014)	New standard for recognising revenue (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).	1 January 2017[3]
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.	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
Improvements to IFRSs 2012-2014 Cycle (issued in May 2014)	Minor amendments to certain standards.	1 January 2016
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.	1 January 2016
Amendments 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
Amendments to IAS 16 and IAS 41: Bearer plants (published in June 2014)	Bearer plants will now be recognised at cost, instead of at fair value.	1 January 2016
Amendment of IAS 10, IFRS 12 and IAS 28 (Investment Entities) (published on 18 December 2014)	Clarifications on the consolidation exception of investment entities.	1 January 2016
Amendments to IAS 1 (published on 18 December 2014)	Diverse clarifications on disclosures.	1 January 2016
IFRS 14 Regulatory Deferral Accounts	Improves the comparability of the financial information of rate regulated entities.	1 January 2016

(3) The IASB issued in May 2015 a proposal to delay the application of IFRS 15 for a year until 1 January 2018. It still has not been formally approved.

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

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

c) *Functional currency*

These condensed consolidated interim financial statements are presented in the functional currency of the Group, in euros, because the euro 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*

Preparation of these condensed consolidated interim financial statements requires, pursuant to IAS 34, certain estimates and judgements by the Senior Management of the Parent and of the consolidated entities to quantify certain assets, liabilities, income, expenses and commitments recorded therein, which do not materially differ from those considered in the preparation of the consolidated financial statements for the year ended 31 December 2014 disclosed in Note 2.e. As laid down by IAS 34 with respect to income tax, such tax must be estimated with use of the tax rate estimated to be applicable to the total expected earnings for the year, i.e. the estimated effective yearly average tax rate applied to before-tax earnings of the interim period.

In the six-month period ended 30 June 2015, no material changes occurred in the estimate made at year-end 2014.

e) *Comparative information*

In accordance with International Accounting Standard (IAS) 34 on "Interim Financial Reporting", adopted by the European Union, the Parent's Management presents, solely and exclusively for the purpose of comparison, along with the condensed consolidated interim balance sheet at 30 June 2015, the balance sheet at year-end of the immediately prior year (31 December 2014). In addition to the figures for the six-month period ended 30 June 2015, figures for the six-month period ended 30 June 2014 are presented for each item of the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows.

f) *Materiality*

In deciding what information to disclose in the Notes on the various items of the consolidated interim financial statements or other matters, the Group assessed materiality in relation to the condensed consolidated interim financial statements for the six-month period ended 30 June 2015.

g) *Consolidation principles*

The consolidation principles considered in the condensed consolidated interim financial statements are consistent with those applied in the consolidated financial statements of the year ended 31 December 2014, which are indicated in Note 2.h therein.

h) Changes in the scope of consolidation

The most significant changes in the scope of consolidation and in the companies included therein during the six-month period ended 30 June 2015 were as follows:

Name of the company	Company with direct shareholding and % acquired/maintained		Accounting method	Date
Acquisitions/incorporations:				
Smartowers Italy, S.r.L.	Cellnex Telecom, S.A.	100%	Full	19.02.2015
Galata, S.p.A.	Smartowers Italy, S.r.L.	90%	Full	26.03.2015

i) Smartowers Italy, S.r.L. (Smartowers)

On 19 February 2015, Cellnex incorporated the Italian company Smartowers Italy, S.r.L. ("**Smartowers**") with share capital of EUR 10 thousand, for the purpose of subsequently acquiring Galata, S.p.A. ("**Galata**").

ii) Galata, S.p.A. (Galata)

On 26 March 2015 and through its subsidiary Smartowers Italy, S.r.L., **Cellnex** acquired from **Wind Telecomunicazioni, S.p.A** 90% of the share capital of the Italian company **Galata** for a total of EUR 693 million.

Following the acquisition, **Galata** became fully consolidated in the **Cellnex** Group on 26 March 2015, such that at 30 June 2015 the value of all its assets and liabilities was included in the consolidated balance sheet and the impact of all its operations over the three months and five days was included in the consolidated income statement for the period.

The fair value of 100% of the net assets acquired (determined basically by analysing the discounted cash flows that said assets generate) amounts to EUR 699.1 million, giving rise to goodwill amounting to EUR 70.9 million (see Note 4), which includes the recognition of the deferred taxes relating to the greater fair value attributed to the net assets acquired with regard to the tax values amounting to EUR 206.0 million.

Considering the date on which the acquisition of **Galata** was completed (end of March 2015), at the date of signing of these condensed consolidated interim financial statements for the six-month period ended 30 June 2015, **Cellnex** is in the process of concluding the allocation of the fair value of the assets and liabilities acquired at the date of acquisition, by measuring them through an analysis of the discounted cash flows generated by the identified assets. In accordance with IFRS 3, the Group has one year from the date of the respective transaction to complete the measurement.

3. Financial risk and capital management

The accounting policies and measurement bases used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2014, which are disclosed therein, except for the new rules applicable with effect from 1 January 2015 disclosed in Note 2.b.i.

Further, during the six-month period ended 30 June 2015, the Group has continued to manage its operations taking account of the capital management and financial risk policy disclosed in Note 4 of the consolidated financial statements of 2014, and the financial risk policy regarding interest-rate hedging instruments described in Note 12.

4. Business combinations

Business combinations in the six-month period ended 30 June 2015

Acquisition of Galata, S.p.A.

As disclosed in Note 2.h, on 27 February 2015 Smartowers agreed with Wind Telecomunicazioni, S.p.A ("**Wind**"), the acquisition of 90% of the share capital of Galata S.p.A ("**Galata**") – a company holding 7,377 mobile telephone towers in Italy – for EUR 693 million. The agreement was completed on 26 March 2015, once the conditions precedent of the contract had been fulfilled.

Galata was incorporated on 18 February 2015, the date on which **Wind** transmitted to it all its assets and liabilities. Also signed with **Wind** at the time of the completion of the acquisition of **Galata** were service agreements relating to the lease of the mobile telephone towers to **Wind** and the maintenance thereof, a shareholders agreement, and a put option in favour of **Wind** ("Put Option").

The Put Option contract may be exercised relative to all, but not a portion, of the shares representing the capital of **Galata** held by **Wind**, and through which **Wind** may sell to Smartowers all of the **Galata** shares that it currently holds. The price for exercising the Put Option is EUR 81.62 million at the start of the period in which **Wind** may exercise it, plus, starting from that moment, the accumulated interest less the dividends paid by **Galata** to **Wind**. In addition, Smartowers has granted a call option to **Wind** that can be exercised solely in the event of manifest breach of the service agreement by Galata, S.p.A. or in the event of a change of control of the ultimate shareholder of **Cellnex** to a direct competitor of **Wind**. **Cellnex** has analysed the call option and concluded that it relates to protective and not substantive rights under circumstances that are not considered likely to occur and, consequently, have no impact.

Further, a shareholders' agreement relating to **Galata** has been signed between **Cellnex** and **Wind** under which a series of protective rights are delivered to **Wind** aimed at protecting its non-controlling interest from possible movements outside the normal course of trade, although these would not prevent operational management by **Cellnex** in **Galata**.

The Cellnex Group has financed the acquisition of 90% of the share capital of **Galata**:

- by drawing down a EUR 350 million loan that was granted by virtue of the syndicated financing agreement that the Cellnex Group currently has;
- by signing a new syndicated financing, formalised by the Cellnex Group on 20 February 2015, for EUR 300 million; and
- through factoring lines and available cash.

As is mentioned above, **Cellnex** structured this purchase through the wholly owned Italian subsidiary, Smartowers.

Following the acquisition, **Galata** became fully consolidated in the Cellnex Telecom Group on 26 March 2015, such that at the close of the six-month period ended 30 June 2015 the value of all its assets and liabilities was included in the consolidated balance sheet and the impact of all its operations over the three months and five days since the acquisition was included in the consolidated income statement for the period.

The net assets acquired and the goodwill generated through the purchase of 90% of Galata at the acquisition date is as follows:

	Thousands of Euros
Total acquisition price[1]	770,000
Fair value of the net assets acquired	699,078
Resulting goodwill	70,922

(1) The acquisition price of EUR 693,000 thousand has been grossed up to 100% to compare to 100% of the fair value of the net assets acquired.

The fair value at the date of acquisition of the assets and liabilities of the acquired business was determined, for the most part, using valuation techniques. The main valuation methods were analysis of discounted cash flows generated by identified assets, based on criteria similar to those referred to in Note 3.c of the consolidated financial statements of 2014, and fair value analysis based on recent purchases of similar assets.

Regarding the acquisition of Galata, the preliminary purchase price allocation (PPA) process was conducted in house. However, IFRS 3 states that the allocation can be revalued during a period of one year and therefore the Cellnex Group has engaged an independent third-party expert.

The fair value of acquired net assets includes measurement of identified intangible assets, consisting mainly of two intangible assets (customer relations): the first relates to the higher value of the present contracts and are related to subsequent leases with the operator that have been signed at the purchase date, and the second intangible asset for renewals of present contracts without considering the perpetual income therefrom.

In addition, the fair value of the acquired net assets includes the measurement of tangible assets with a market-based approach using prices and other relevant information generated by market transactions that involve comparable assets. The fair value used considers the price at which the sale transaction would take place at market prices under present market conditions, without including the value of the contract with the main operator as it has been segregated as an intangible asset, for the purposes of the purchase price allocation.

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 70.9 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 supplement its Site Rental business in the terrestrial telecommunications field commencing 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 interest in the company are 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	Note 5	763,245	234,248	528,997
Other intangible assets	Note 6	116,278	-	116,278
Financial assets		49,904	49,904	-
Receivables and other current assets		1,559	1,559	-
Trade payables		(22,848)	(22,848)	-
Provisions		(27,418)	(19,418)	(8,000)
Deferred tax assets/(liabilities), net		(205,972)	-	(205,972)
Net assets		**699,078**	**267,775**	**431,303**
Non-controlling interests[a]		(69,908)	(26,778)	(43,130)
Net assets acquired		**629,170**	**240,997**	**388,173**
Total acquisition price		693,000	693,000	
Cash and cash equivalents		(24,330)	(24,330)	
Cash outflow on acquisition		**668,670**	**668,670**	

[a] – The breakdown of non-controlling interests is as follows:

Net assets acquired, non-controlling interests	69,908
Goodwill, non-controlling interests	7,092
Total, non-controlling interests (Note 11.c)	**77,000**

	Thousands of Euros	
	Contribution since acquisition date of 26.3. 2015[(2)]	Proforma[(3)] June 2015
Operating income	52,933	71,378
Operating expenses	(37,350)	(52,740)
EBITDA[(4)]	15,583	18,638
Operating profit	(5,603)	(10,742)
Net profit[(1)]	**(3,348)**	**(6,585)**

(1) Net result including the additional depreciation of the revalued assets, but excluding the interest expense in Cellnex Telecom, S.A.U. associated with the acquisition of the aforementioned company.
(2) Impact on the consolidated income statement of three months and 5 days of 90% consolidation.
(3) Estimating that Galata, S.p.A. had been acquired effective 18 February 2015, and consequently that this company had been 90% consolidated for the period of 4 months and 10 days ended 30 June 2015.
(4) EBITDA = Profit from operations before depreciation and amortisation charge.

Considering the date on which the acquisition of Galata, S.p.A was completed (end of March 2015), at the date of signing of these condensed consolidated interim financial statements for the six-month period ended 30 June 2015, the Purchase Price Allocation (PPA) is provisional; that is, the Group is in the process of concluding the allocation of the fair value of the assets and liabilities acquired at the date of acquisition, with the help of a third party independent expert, by measuring them through an analysis of the discounted cash flows generated by the identified assets. In accordance with IFRS 3, the Group has one year from the date of the respective transaction to complete the measurement.

5. Property, plant and equipment

The changes in this heading in the consolidated balance sheet in the six-month period ended 30 June 2015 were as follows:

	Thousands of Euros			
	Land and buildings	Plant and other items of property, plant and equipment	Property, plant and equipment under construction	**Total**
At 1 January				
Cost	425,631	450,516	7,385	**883,532**
Accumulated depreciation	(37,607)	(105,461)	-	**(143,068)**
Carrying amount	**388,024**	**345,055**	**7,385**	**740,464**
Six-month period				
Carrying amount at beginning of period	388,024	345,055	7,385	**740,464**
Changes in the scope of consolidation (Note 4)	763,245	-	-	**763,245**
Additions	34,531	23,529	617	**58,677**
Disposals	(41)	(43)	-	**(84)**
Transfers	522	3,954	(4,476)	**-**
Depreciation charge	(13,814)	(53,856)	-	**(67,670)**
Carrying amount at end of period	**1,172,467**	**318,639**	**3,526**	**1,494,632**
At 30 June				
Cost	1,223,888	477,956	3,526	**1,705,370**
Accumulated depreciation	(51,421)	(159,317)	-	**(210,738)**
Carrying amount	**1,172,467**	**318,639**	**3,526**	**1,494,632**

Changes in scope of consolidation and business combinations

Additions in the six-month period ended 30 June 2015 due to changes in the scope of consolidation and business combinations relate to:

- Infrastructure for mobile telecommunications operators located in Italy (EUR 763,245 thousand) following the acquisition of Galata, S.p.A. (see Notes 2.h and 4)

Additions in the period include the acquisition of 300 mobile telephone towers for EUR 43.5 million by virtue of an agreement signed in 2014 between **OnTower Telecom Infraestructuras, S.A.U. (OnTower)** and Telefónica Móviles España for the restructuring and streamlining of infrastructures for mobile telecommunications operations, via the Volta Extended Project. By means of this sale and purchase agreement, a lease agreement was subsequently entered into with the same mobile telephone operators.

Purchase commitments at period-end

At the end of the six-month period ended 30 June 2015, the Group had commitments to purchase tangible assets in the amount of EUR 9,756 thousand. (6,503 thousands of euros al the end of the same period in 2014).

Other disclosures

At 30 June 2015, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral securing liabilities.

6. Goodwill and other intangible assets

The changes in this heading in the consolidated balance sheets in the six-month period ended 30 June 2015 were as follows:

	Thousands of Euros			
	Goodwill	Intangible assets in infrastructure for mobile telecommunications operators	Computer software and other intangible	**Total**
At 1 January				
Cost	45,372	98,564	14,707	**158,643**
Accumulated amortisation	-	(2,396)	(7,082)	**(9,478)**
Carrying amount	**45,372**	**96,168**	**7,625**	**149,165**
Six-month period				
Carrying amount at beginning of period	45,372	96,168	7,625	**149,165**
Changes in the scope of consolidation (Note 4)	70,922	116,278	-	**187,200**
Additions	-	-	753	**753**
Disposals	-	(3)	-	**(3)**
Other	-	96	-	**96**
Amortisation charge	-	(3,014)	(1,779)	**(4,793)**
Carrying amount at end of period	**116,294**	**209,525**	**6,599**	**332,418**
At 30 June				
Cost	116,294	214,935	15,460	**346,689**
Accumulated amortisation	-	(5,410)	(8,861)	**(14,271)**
Carrying amount	**116,294**	**209,525**	**6,599**	**332,418**

In the first half of 2015, no indications have arisen that might suggest the existence of impairment of the Group's goodwill or intangible assets.

Intangible assets in infrastructure for mobile telecommunications operators

Additions in the six-month period ended 30 June 2015 due to changes in the scope of consolidation and business combinations relate to the allocation resulting from the acquisition of Galata, S.p.A. to intangible assets in infrastructure for mobile telecommunications operators amounting to EUR 116,278 thousand (see Notes 2.h and 4).

Purchase commitments at period-end

Commitments to acquire intangible assets 30 June 2015 amount to EUR 1,162 thousand (EUR 312 thousand at the end of the same period in 2014).

Other disclosures

At 30 June 2015, the Group did not have significant intangible assets subject to restrictions or pledged as collateral securing liabilities.

7. Investments in associates and jointly controlled entities

The changes in this heading in the consolidated balance sheet in the six-month period ended 30 June 2015 were as follows:

	Thousands of Euros
	2015
At 1 January	**3,480**
Share of profit	34
At 30 June	**3,514**

The shareholdings in associates and in companies under joint control accounted for using the equity method are detailed as follows:

	Thousands of Euros	
	Value of the shareholding	
	30 June 2015	31 December 2014
Torre Collserola, S.A.	2,686	2,675
Consorcio de Telecomunicaciones Avanzadas, S.A (COTA)	828	805
Total	**3,514**	**3,480**

8. Current and non-current investments

The changes in this heading in the six-month period ended 30 June 2015 were as follows:

	Thousands of Euros		
	2015		
	Non-current	Current	**Total**
At 1 January	**13,451**	**921**	**14,372**
Transfers	(460)	460	-
Charge to the consolidated income Statement (Note 16.a)	-	(460)	**(460)**
At 30 June	**12,991**	**921**	**13,912**

Current and non-current investments relate to the effect of the accounting treatment adopted by the Group in 2014 in reference to the infrastructure for mobile telecommunications operators acquired to be subsequently decommissioned. These purchases are considered customer advances and are recognised under these headings.

The balances of the financial assets are stated at nominal value, and there are no significant differences from their fair value.

9. Trade and other receivables

The breakdown of "Trade and other receivables" in the accompanying consolidated balance sheet at 30 June 2015 and at 31 December 2014 is as follows:

	Thousands of Euros					
	30 June 2015			31 December 2014		
	Non-current	Current	**Total**	Non-current	Current	**Total**
Trade receivables	-	130,909	**130,909**	-	174,046	**174,046**
Allowances for doubtful debts (write-downs)	-	(11,477)	**(11,477)**	-	(12,403)	**(12,403)**
Trade receivables	**-**	**119,432**	**119,432**	**-**	**161,643**	**161,643**
Other financial assets	19,639	38,402	**58,041**		15	**15**
Current tax assets	-	3,870	**3,870**	-	2,065	**2,065**
Receivables with other related companies (Note 18.c)	-	3,192	**3,192**	-	-	**-**
Other receivables	5,933	6,710	**12,643**	5,644	5,364	**11,008**
Other receivables	**25,572**	**52,174**	**77,746**	**5,644**	**7,444**	**13,088**
Trade and other receivables	**25,572**	**171,606**	**197,178**	**5,644**	**169,087**	**174,731**

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

Trade receivables

"Trade receivables" includes outstanding amounts from customers. At 30 June 2015, the account had no significant past-due balances that were not provisioned.

In addition, in January and February 2015, a number of factoring without recourse agreements were signed, which increased the available amount of EUR 45 million at year-end 2014 to EUR 106.5 million at 30 June 2015. At the close of the six-month period ended 30 June 2015, a total of EUR 57.5 million had been drawn from such agreements. Thus, the Group derecognises the debtor balances factorised without recourse as it considers that all the risks and rewards inherent in these assets have been transferred to the financial institution.

Allowances for doubtful debts (write-downs)

The changes in the allowance for doubtful debts in the six-month period ended 30 June 2015 were as follows:

	Thousands of Euros
	2015
At 1 January	**12,403**
Disposals	(110)
Net changes	(816)
At 30 June	**11,477**

Net changes relate to changes in the provision recognised under "Changes in provisions" in the consolidated income statement with regard to the previous period.

Other financial assets

Other financial assets at 30 June 2015 mainly reflects, the balance of both the amounts paid in advance to the owners of land where certain towers are located in Italy (EUR 49,186 thousand) and the sums paid to professional advisors in order to obtain discounts on the leases (EUR 7,971 thousand). Such amounts are charged to the consolidated income statement on a financial basis for the duration of the land lease agreement.

Other receivables

Other receivables consists mainly of the following items:

- Current and non-current loans to third parties

  Relates to a receivable related to the former ownership interest in Teledifusión de Madrid, S.A. that does not bear interest and has a collection schedule, as set out in the payment agreement, up to the year 2020. The Group did not recognise the receivable at amortised cost since the impact of discounting to present value is not considered to be significant.

- PROFIT grants and loans (coordination)

  The Group plays the role of coordinator for certain aid under the National Plan for Scientific Research, Development and Technological Innovation (PROFIT) granted by the Spanish Ministry for Industry, Tourism and Trade to those that present, together with other companies, and include accounts receivable associated with this role of coordinator with third parties that were previously assigned the amount received by the Group in refundable PROFIT grants and loans. The full amount of PROFIT grants received by the Group (including part of the amount assigned to third parties) is recognised under "Other non-current financial liabilities" and "Other current financial liabilities" (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 2015 and at 31 December 2014 is as follows:

	Thousands of Euros	
	30 June 2015	31 December 2014
Cash on hand and at banks	143,031	20,891
Term deposits at credit institutions maturing in less than 3 months	9,500	70,000
Cash and cash equivalents	**152,531**	**90,891**

11. Equity

a) Capital

At 30 June 2015, as at year-end 2014, the share capital of **Cellnex** is represented by 231,683,240 cumulative and indivisible ordinary shares of EUR 0.25 par value each, fully subscribed and paid.

On 21 November 2014, the Company approved the split of the par value and the number of its shares, through a reduction to the par value of the shares and the simultaneous issue of 40 new shares for each previous share without changing the amount of share capital and by awarding new shares to the then sole shareholder. Therefore, the 5,792,081 shares of EUR 10 par value each into which the Company's share capital was split at a ratio of 40 shares of EUR 0.25 each for every share worth EUR 10.

Thus, the Company decided to simultaneously:

- Reduce the par value of each of the 5,792,081 outstanding shares by EUR 9.75, and

- Issue 225,891,159 shares of EUR 0.25 par value each, of the same class and series, and with the same rights as the outstanding shares.

As explained in Note 1, on 19 March 2015, the Board of Directors, as delegated by the General Shareholders' Meeting of Abertis Infraestructuras, S.A. of the same date, unanimously resolved to apply for admission to official trading in the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and the resulting public offering of shares in the Spanish securities market, a process that was successfully completed, with all the Parent's shares listed in the stock exchange from 7 May 2015. A total of 66% of the shares were offered for public sale by Abertis Infraestructuras, S.A. including exercising of the green-shoe option by the coordinating banks.

The number of shares in the public offering was set at 139,009,944, with a nominal value of EUR 0.25 each, offered to qualified investors through global collaborating entities. It was also decided to set the volume of the call option (green-shoe option) at 13,900,994 shares, to be conferred by Abertis Infraestructuras, S.A.

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

According to communications made to the Spanish National Securities Market Commission (CNMV), relating to the company shares, shareholders with significant direct or indirect stakes in the Parent's share capital of more than 5% of the share capital are the following at 30 June 2015:

	% ownership
Company	2015
Abertis Infraestructuras, S.A.	34.00%
Ameriprise Financial, Inc [(1)]	8.86%
Blackrock, Inc [(2)]	6.22%

(1) Direct shareholding of 8.63% held by Threadneedle Asset Management Holdings Limited and 0.23% held by Columbia Management Investment Advisers, LLC.

(2) Direct shareholding of 4.38% held by Blackrock Advisors, LLC with the remainder held by various managed funds ultimately owned by Blackrock, Inc with shareholdings below 3%.

As a result of the aforementioned change in shareholder, the Abertis Group companies are no longer classified as 'Group companies' but as other related companies. See Note 18c.

b) Reserves

The breakdown of this account is as follows:

	Thousands of Euros	
	30 June 2015	31 December 2014
Legal reserve	11,584	11,584
Reserve from accumulated earnings	35,015	-
Hedge reserve	(884)	-
Reserves in consolidated companies	(26,924)	31,017
Reserves	**18,791**	**42,601**

(i) Reserves in consolidated companies

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

	Thousands of Euros	
	30 June 2015	31 December 2014
Retevisión, S.A.U,	31,556	20,840
Tradia Telecom, S.A.U.	23,184	10,611
OnTower Telecom Infraestructuras, S.A.U.	(6,739)	(3,319)
Adesal Telecom, S.L.	2,512	2,191
TowerCo, S.p.A.	2,240	-
SmartTowers Italy, S.r.L. (Note 15.c)	(80,414)	-
Consorcio de Telecomunicaciones Avanzadas, S.A.	501	472
Torre de Collserola, S.A.	236	222
Reserves in consolidated companies	**(26,924)**	**31,017**

c) 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 period.

The changes in this heading were as follows:

	Thousands of Euros
	2015
At 1 January	**4,666**
Profit for the period	(104)
Other	10
Changes in the scope of consolidation (Note 4)	77,000
At 30 June	**81,572**

d) Profit for the period

The contribution of each company in the scope of consolidation to consolidated profit for the period is as follows:

	Thousands of Euros	
	30 June 2015	30 June 2014
Cellnex Telecom, S.A.	(11,737)	(426)
Retevisión-I, S.A.U.	19,176	26,715
Tradia Telecom, S.A.U.	6,867	5,145
OnTower Infraestructuras, S.A.U.	3,912	(1,396)
TowerCo, S.p.A.	2,067	218
Adesal Telecom, S.L.	419	342
Smartowers Italy, S.r.L.	902	-
Galata, S.p.A.	(3,438)	-
Profit for the Group	**18,168**	**30,598**

e) Earnings per share

The table below shows the basic 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 year.

	Thousands of euros	
	30 June 2015	30 June 2014
Profit attributable to Parent	18,168	30,598
Weighted average number of shares outstanding (Note 11.a)	231,683,240	5,792,081
Basic EPS attributable to the Parent (euros per share)	0.08	5.28
Diluted EPS attributable to the Parent (euros per share)	0.08	5.28

12. Borrowings

The breakdown of borrowings is as follows:

	Thousands of Euros					
	30 June 2015			31 December 2014		
	Non-current	Current	**Total**	Non-current	Current	**Total**
Syndicated financing	1,093,745	(970)	**1,092,775**	416,021	115	**416,136**
Loans and credit facilities	2,866	1,607	**4,473**	3,677	1,587	**5,264**
Derivative financial instruments	1,226	-	**1,226**	-	36	**36**
Other financial liabilities	9,247	1,635	**10,882**	9,809	1,907	**11,716**
Debt at close	**1,107,084**	**2,272**	**1,109,356**	**429,507**	**3,645**	**433,152**

Syndicated financing – Changes

On 26 June 2014, the Parent arranged a syndicated loan for a maximum of EUR 800 million, accruing interest at market rates, in accordance with the following structure:

- Loan amounting to EUR 350,000 thousand, accruing interest at market rates, repayable in a single instalment in June 2017, and drawn down in its entirety at 30 June 2015.

- Loan amounting to EUR 375,000 thousand, accruing interest at market rates, repayable in a single instalment in June 2019, and drawn down in its entirety at 30 June 2015.

- Credit facility with a limit of EUR 75,000 thousand, accruing interest at market rates, repayable in a single instalment in June 2019, and entirely drawn down at 30 June 2015.

On 20 February 2015, the Group signed an additional syndicated financing agreement amounting to EUR 300 million, accruing interest at market rates, repayable in a single instalment on 30 June 2021, which was entirely drawn down at 30 June 2015. The EUR 350 million tranche drawn down on the EUR 800 million syndicated loan and the EUR 300 million drawdown on the new syndicated loan were used to finance the acquisition of Galata, S.p.A. described in Note 4.

Bond issue programme – Euro Medium Term Note Programme (EMTN Programme)

On 14 May 2015 and through the Parent Cellnex Telecom, S.A., the Group formalised the signing of a Euro Medium Term Note Programme (EMTN Programme). A total of EUR 2,000 million of bonds can be issued on the Irish Stock Exchange under the programme. No issue has been made under this programme at 30 June 2015.

At 30 June 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 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	1,100,000	1,180	350,000	-	450,000	-	300,000	**1,101,180**
Arrangement expenses	-	(2,150)	(2,259)	(1,340)	(1,372)	(623)	(661)	**(8,405)**
Loans and credit facilities	12,750	1,607	1,630	1,236	-	-	-	**4,473**
Derivative financial instruments	-	-	1,226	-	-	-	-	**1,226**
Other financial liabilities	-	1,635	1,427	1,831	1,851	1,402	2,736	**10,882**
Borrowings	**1,112,750**	**2,272**	**352,024**	**1,727**	**450,479**	**779**	**302,075**	**1,109,356**

31 December 2014

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	800,000	1,721	-	-	-	420,000	-	**421,721**
Arrangement expenses	-	(1,606)	(1,608)	(1,225)	(738)	(408)	-	**(5,585)**
Loans and credit facilities	12,750	1,587	1,616	1,645	416	-		**5,264**
Derivative financial instruments	-	36	-	-	-	-	-	**36**
Other financial liabilities	-	1,907	1,427	1,679	1,698	1,188	3,817	**11,716**
Borrowings	**812,750**	**3,645**	**1,435**	**2,099**	**1,376**	**420,780**	**3,817**	**433,152**

At the date of signing of these condensed consolidated interim financial statements, none of the grounds for early termination stipulated in this agreement applied to the Parent.

Guarantees provided

Companies of the Cellnex Group, Retevisión, Tradia, Smartowers, OnTower and Towerco, act as guarantors vis-à-vis the creditors (having also delivered a personal guarantee at first request), also pledging shares of the Group Company **Galata**.

Financial ratios

The aforementioned syndicated financing agreements are linked to attainment of certain financial ratios described in the consolidated financial statements of 2014.

Theses financial ratios should be met on a half yearly basis. At 30 June 2015, the Group met the financial ratios and the guarantees stipulated in the financing agreement and, therefore, no financial liabilities became immediately payable.

Loans and credit facilities

At 30 June 2015, the Group Company, Adesal Telecom, S.L. has a loan arranged in 2008 amounting to EUR 12,250 thousand, maturing in June 2018, and with a balance of EUR 4,473 thousand at 30 June 2015.

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

Loan and credit facility obligations and restrictions

The Group’s 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 interim financial statements, none of the grounds for early termination stipulated in the agreements applied to the Group.

Derivative financial instruments

The Group hedges the interest rate risk on a portion of the financing in euros bearing floating interest rates through interest-rate swaps (IRSs). In an IRS, interest rates are swapped so that the Parent 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.

At 30 June 2015, EUR 867 thousand (net of deferred tax) were recognised as a decrease to equity in relation to the effective portion of the hedging relationships of the IRSs. The Group has designated the relevant hedging relationships at 30 June 2015, which are fully effective. The risk hedged in these hedging relationships is the fluctuation in the Euribor floating rate applicable to the borrowings being hedged.

The Group arranges interest rate hedges as part of its risk management policy. These arrangements are intended to mitigate the impact of fluctuations in interest rates on future cash flows of loans and credits with floating interest rates.

13. Trade and other payables

The breakdown of this heading at 30 June 2015 and 31 December 2014 is as follows:

	Thousands of Euros	
	30 June 2015	31 December 2014
Trade payables	119,575	68,231
Other payables to public authorities	28,257	21,904
Other payables to related parties (Note 18.c)	8,432	-
Remuneration payable	4,740	8,086
Other payables	56,225	97,306
Trade and other payables	**217,229**	**195,527**

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

14. Income tax and tax situation

Tax-related disclosures

In accordance with IAS 34, income tax expense is recognised based on the best available estimate. The estimated average annual effective income tax rate for 2015 is approximately 19%. This estimate was determined considering:

i. The standard income tax rate in the main countries in which Cellnex conducts its operations, i.e.:

	2015	**2014**
Spain	28%	30%
Italy	32%	32%

ii. The existence of tax breaks, timing differences between the accounting and tax methods for recognising income and expenses, and expenses that are not deductible under Spanish and Italian tax laws. The main impact that reduces the Group's effective tax rate relates to the deduction of notional interest on the company's share capital in the Italian Company, Smartowers, S.r.L., as permitted by the Italian tax administration. As at 30 June 2015, the Group has registered a total credit of EUR 2,150 thousand in relation to this deduction.

Cellnex Telecom, S.A.'s sole shareholder until 7 May 2015, Abertis Infraestructuras, S.A., completed the initial public offering (IPO) of this company on the same date. As a result, Cellnex Telecom, S.A. fulfils all the requirements established to become a parent company in the said year (2015) of a new consolidated tax group for the purposes of filing income tax returns in Spain. It has therefore submitted an application to the Spanish tax authorities to be granted this status.

Tax audits and litigation

At 30 June 2015, Group companies had, for the most part, all the taxes applicable to them and on which the statute of limitations has not expired as of that date, open for review in each of the jurisdictions where they are located. 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.

15. Non-current provisions, current and non-current employee benefit obligations, and contingent assets and liabilities

Details of "Non-current provisions" and "Current and non-current employee benefit obligations" at 30 June 2015 and at 31 December 2014 are as follows:

	30 June 2015	
	Thousands of Euros	
	Non-current	Current
Provisions	39,652	-
Benefit obligations	2,845	11,730
Put option on Galata, S.p.A.	80,712	-
Total provisions and benefit obligations	**123,209**	**11,730**

	31 December 2014	
	Thousands of Euros	
	Non-current	Current
Provisions	17,816	-
Benefit obligations	2,350	11,010
Total provisions and benefit obligations	**20,166**	**11,010**

a) Non-current provisions

These include the amounts claimed from the Group companies Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. in litigation pending settlement at 30 June 2015 and other risks relating to the Group's business. The amounts were estimated based on the amounts claimed or stipulated in court rulings issued, as described in the consolidated financial statements of 2014.

The main provision made relates to the fine imposed by the National Competition Commission on 19 May 2009 (see Note 15.d) for a total of EUR 16,000 thousand.

Also included are EUR 22,120 thousand of provisions for the contractual obligation of Galata, S.p.A. to dismantle mobile telephone towers in Italy.

b) Current benefit obligations

During the 6 month period ending 30 June 2015 the Group has drawn up a Long Term Incentive Plan for 31 beneficiaries (LTIP) which was approved by the then Sole Shareholder (Abertis Infraestructuras, S.A.) on 10 April 2015. The objective of the Plan is to retain key personnel and incentivise sustainable value creation for the shareholder. The period in which the LTIP is generated runs from May 2015 to 31 December 2017.

c) Put option on Galata, S.p.A.

On 27 February 2015, a Put Option contract was signed in relation to the acquisition of Galata, S.p.A. The contract may be exercised relative to all, but not a portion, of the shares representing the capital of **Galata** held by **Wind**, and through which **Wind** may sell to Smartowers all of the **Galata** shares that it currently holds. The price for exercising the Put Option is EUR 77 million, plus the accumulated interest at 6% per annum, less the dividends paid by **Galata** to **Wind** in a maximum period of four years.

Cellnex has calculated the amount of exercising the Put Option at the end of the first year, which is the moment from which **Wind** can exercise the option. The amount payable at the end of the first year (26 March 2016) is EUR 81,620 thousand. It has also calculated the value of the Put Option at the present value, discounted at the effective interest rate of **Cellnex** (approximately 1.5% per annum). The option amounts to EUR 80,712 thousand. (EUR 80,414 thousand as at 31 December 2014.) During the 6 months ending 30 June 2015, EUR 298 thousand was taken to the Consolidated Income Statement.

d) Contingent liabilities

At 30 June 2015, the Group held guarantees totalling approximately EUR 52,881 thousand. These relate mainly to guarantees provided by credit institutions before public authorities in connection with grants and technical guarantees, and before third parties in connection with rental guarantees.

Further, 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.) (currently Abertis Telecom Satélites, S.A.U.) for having abused its dominant position in the Spanish market for transmitting and broadcasting TV signals, pursuant to article 2 of the Competition Law and article 102 of the Treaty on the Functioning of the European Union. The Group filed an appeal for judicial review with the National Court against the CNC fine, which was dismissed in the judgement passed on 16 February 2012. A motion to vacate this judgement was filed at the Supreme Court on 12 June 2012. On 14 April 2015 (notification received on 8 May 2015), a decision on this appeal was passed, overturning and rendering null and void the CNC ruling with respect to the amount of the fine, and ordering the CNMC to recalculate the amount in accordance with Law 16/89. The CNMC has not yet started to recalculate the fine. The Group also filed for suspension of payment of the fine until final judgement. The suspension was granted on 10 January 2010. On the advice of its legal advisors, the Group recognised a provision of EUR 16 million at June 2015.

On 8 February 2012, the Board of the National Competition Commission imposed a fine of EUR 13.7 million on Abertis Telecom, S.A.U. (formerly Abertis Telecom Satélites, S.A.U.) pursuant to article 2 of the Competition Law and article 102 of the Treaty on the Functioning of the European Union, for having abused the dominant position in the market for wholesale services of infrastructure access and broadcasting centres of Abertis Telecom, S.A.U. (formerly Abertis Telecom Satélites, (S.A.U.), for the broadcasting of digital terrestrial television (DTT) signals in Spain and of retail services concerning the transmission and distribution of DTT signals in Spain, through a practice of narrowing margins. On 21 March 2012, the Group filed an appeal for judicial review against the decision of the CNC with the National Court, also requesting suspension of payment of the fine until the court passes a ruling on this matter. The suspension was granted on 18 June 2012. On 20 February 2015, the National Court partially upheld the appeal, ordering the CNMC to recalculate the fine on the grounds that the criteria adopted by the CNMC at the time were not appropriate. Nevertheless, a motion to vacate the National Court's ruling was filed at the Supreme Court on the grounds that not only should the fine be recalculated but that the Group did not infringe any competition rules. The CNMC will therefore not proceed to calculate the fine until the Supreme Court has passed judgement on the appeal. With regard to these proceedings, the Parent's Directors, based on the opinion of their legal advisors, consider the risk of this fine to be possible (but not probable) and, therefore, have not recognised any provision.

Moreover, and as a result of the spin-off of Abertis Telecom, S.A.U. (currently Abertis Telecom Satélites, S.A.U.) of 17 December 2013 (see Note 1), Cellnex Telecom, S.A. assumed any rights and obligations that may arise from the aforementioned legal proceedings, as they related 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 2015, Cellnex Telecom, S.A. has provided two guarantees amounting to EUR 36.4 million (EUR 36.4 million at 31 December 2014) to cover the judicial reviews with the National Competition Commission as explained above.

Regarding the digitalisation and expansion of terrestrial television networks in remote areas of Spain as part of the digital transformation project, the European Commission issued a decision in which it concluded that the company Retevisión I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received government aid contrary to the Treaty on the Functioning of the European Union in the amount of EUR 260 million to finance the projects. The ruling ordered Spain to recover the amount of the aid. 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; however, this is subject to final approval by the European Commission. Subsequently, Retevisión-I, S.A.U. filed an appeal with the General Court against this decision. The Group considers there are well-founded legal reasons to expect this appeal to be successful and to consider that the tenders called did not entail government aid in violation of the treaty of the European Union. However, it is difficult to predict the interpretation that the General Court will adopt when it passes its judgement.

The Spanish government, through the Secretary of State for Telecommunications and Information Society ("SETSI"), has ordered the various regional governments to issue recovery orders based on the calculations made. The proceedings for recovering the aid have begun in Castile-Leon, La Rioja, Aragón, Extremadura, Andalusia, the Balearic Islands, Madrid and Catalonia. Only the proceedings in Madrid have reached the courts, requesting that the aid received in this region amounting to EUR 157 thousand be returned. The Group appealed this decision made by the regional government of Madrid and obtained a suspension of the refund as injunctive relief until a ruling is passed on the appeal filed. A provision, however, has been made for this amount. The appeal filed against the decision of the European Commission did not hold in abeyance the obligations of returning the aid.

On 1 October 2014, the European Commission passed a decision 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 Castile-La Mancha during the digital transformation process and that such government aid was not compatible with European legislation. The decision ordered Spain (through the regional government of Castile-La Mancha) to recover the aid prior to 2 February 2015. The direct aid received by Retevisión-I, S.A.U. amounted to EUR 250 thousand, whereas that received by all operators in the region totalled approximately EUR 39.1 million, of which Retevisión-I, S.A.U. only received approximately 2%. An appeal was filed against this decision with the General Court. No provision was recognised for this amount as the Group expects this appeal to be successful. In addition, the process for returning the aid and determining the amount that must be returned to the Group, as applicable, has not yet begun.

e) Contingent assets

In December 2014, the Group filed a liability claim for damages and losses incurred due to the shutdown of nine 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 respecting the law and as a result of certain aspects related to freeing up the digital dividend in the National DTT Technical Plan, approved by Royal Decree 805/2014. 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. At 30 June 2015, the Group had not recognised any amount in relation to this claim.

16. Revenue and expenses

a) Operating income

The details of operating income in the six-month period ended 30 June 2015 are as follows:

	Thousands of Euros	
	2015	2014
Services	268,676	200,461
Other operating income	17,206	10,427
Customer advances (Note 8)	(460)	(460)
Operating income	**285,422**	**210,428**

"Other operating income" includes mainly income from re-invoicing costs related to activities for renting infrastructure for mobile telecommunications operators to third parties.

b) Other operating expenses

'Other operating expenses' in the Consolidated Income Statement includes the following:

	Thousands of Euros	
	2015	2014
Repairs and maintenance	(12,892)	(9,818)
Lease costs	(54,168)	(21,376)
Utilities	(24,607)	(12,347)
General services and others	(47,936)	(34,418)
Total	**(139,603)**	**(77,959)**

'General services and others' contains certain expenses of a non-recurring nature or which do not represent cashflows with the following breakdown:

	Thousands of Euros	
	2015	2014
Galata acquisition costs[1]	(8,378)	-
IPO costs	(1,674)	
Tobin Tax – levy related to the Galata acquisition	(1,396)	-
Prepaid energy costs	(833)	-
Total non-recurrent	(12,281)	-
Total recurrent	(35,655)	(34,418)
Total General services and others	**(47,936)**	**(34,418)**

[1]-The Galata acquisition costs include costs from investment banks, legal, tax and accounting advisors and auditors.

In addition, during the 6 month period ended 30 June 2015 EUR 460 thousand has been deducted from operating income as advances to customers. (EUR 460 thousand n the same period of 2014) (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 carries on its activities on the basis of three customer-oriented lines, with the support of an operations team and central functions. These lines of activity relate 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 radio broadcasting networks, the provision of connectivity for media content, OTT radio broadcasting services (over-the-top multi-screen services) and other services. The radio 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.

- Rental of infrastructure for mobile telecommunications operators 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 other services, 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.

The operating income for each component of this structure breaks down as follows:

	Thousands of Euros			
	2015			
	Broadcasting infrastructures	Infrastructure rental for mobile telephony operators	Network and other services	**Total**
Services	119,224	109,760	39,692	**268,676**
Other income	-	16,515	691	**17,206**
Customer advances	-	(460)	-	**(460)**
Operating income	**119,224**	**125,815**	**40,383**	**285,422**

	Thousands of Euros			
	2014			
	Broadcasting infrastructures	Infrastructure rental for mobile telephony operators	Network and other services	**Total**
Services	125,650	36,089	38,722	**200,461**
Other income	1,083	9,218	126	**10,427**
Customer advances	-	(460)	-	**(460)**
Operating income	**126,733**	**44,847**	**38,848**	**210,428**

The majority of the assets used and the costs thereof derive from a network shared by all lines of activity. These costs and assets are not allocated to business lines as part of the ordinary process of presenting financial information used by the Group's Management for decision-making. Hence, Management believes that the additional presentation of information by segments would not be useful for decision-making.

The Chief Executive Officer (CEO) and the management committees are the highest authority with respect to operating decisions. These committees evaluate the Group's performance based on the operating results of each company, which do not coincide with the business lines.

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

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

	Thousands of Euros		
	2014		
	Spain	Italy	**Total**
Services	198,634	1,827	**200,461**
Other income	10,427	-	**10,427**
Customer advances	(460)	-	**(460)**
Operating income	**208,601**	**1,827**	**210,428**

Accordingly, the Group has three customers that account for over 10% of its revenue. Income from these customers in the six-month period ended 30 June 2015 amounted to EUR 121,797 thousand.

18. Related parties

a) Directors and Senior Management

Remuneration of the Parent's directors in the six-month period ended 30 June 2015 was as follows:

i. The members of the Board of Directors received EUR 130 thousand for exercising the duties inherent to their position as directors of Cellnex Telecom, S.A. (EUR 0 thousand in the first half of 2014).

ii. For performing senior management duties, the CEO received EUR 436 thousand, corresponding to fixed and variable remuneration (EUR 311 thousand in the first six months of 2014).

iii. The CEO did not obtain any gains on share options in the six-month period ended 30 June 2015, since they were exercised in full in 2013.

iv. In addition, the CEO of Cellnex Telecom, S.A. received, as other benefits, contributions made to cover pensions and other remuneration in kind in the amount of EUR 75 thousand and EUR 3 thousand, respectively (EUR 37 thousand and EUR 15 thousand in the first six months of 2014).

Cellnex Telecom defines Senior Management as directors that perform management duties and report directly to the CEO. Fixed and variable remuneration in the six-month period ended 30 June 2015 of the members of Senior Management amounted to EUR 689 thousand (EUR 742 thousand in the first half of 2014). A gain of EUR 52 thousand was also made in the first six months of 2014 on exercising the 2009 and 2010 Plan options (no gains were made in the 6 months ended 30 June 2015).

In addition, Senior Management received, as other benefits, contributions made to cover pensions and other remuneration in kind in the amount of EUR 45 thousand and EUR 65 thousand, respectively. In the same period of 2014, EUR 63 thousand and EUR 54 thousand, respectively, was received.

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

On 10 April 2015 the Long Term Incentive Plan (LTIP) was approved (see Note 15b) for certain employees, including the Managing Director and members of Senior Management. This Plan accrues from May 2015 to 31 December 2017 and becomes payable once the annual consolidated statutory accounts for 2017 have been signed. During the 6 month period ended 30 June 2015 the amounts accrued for this Plan reached EUR 262 thousand.

The Company has taken out directors' and officers' public liability insurance for the members of the Board of Directors, the CEO and all the directors of the Cellnex Telecom Group, at a cost of EUR 43.5 thousand to 30 June 2015.

b) Other disclosures on Directors

Pursuant to article 229 and 230 of the Spanish Limited Liability Companies Law, 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) *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 or those with a stake above 5%.

At 30 June 2015, **Cellnex** had no balances and had made no transactions with any other related party apart from those disclosed below.

The following assets and liabilities are held with related parties of the Cellnex Group:

	Thousands of Euros	
	30 June 2015	
	Assets	Liabilities
	Other trade receivables	Other payables
Consorcio de Telecomunicaciones Avanzadas, S.A.	121	32
Torre de Collserola, S.A.	-	142
Total	**121**	**174**

The assets and liabilities held by the Group in Abertis Group companies and associates are as follows:

	Thousands of Euros			
	30 June 2015			
	Assets		Liabilities	
	Current loans	Other trade receivables	Current borrowings	Other payables
Abertis Infraestructuras, S.A.	2,120	927	6,017	1,151
Autopista Aumar, S.A.C.E.	-	10	-	-
Autopistas C.E.S.A.	-	4	-	78
Autopistas de Catalunya, S.A.	-	2	-	-
Infraestructures Viàries de Catalunya, S.A.	-	-	-	7
Autopistas de León, S.A.C.E.	-	6	-	-
Autopista Vasco Aragonesa, S.A.	-	12	-	-
Hispasat, S.A.	-	24	-	1,158
Iberpistas, S.A.C.E.	-	81	-	21
Túnels de Barcelona i Cadí, S.A.C.G.C.	-	6	-	-
Total	**2,120**	**1,072**	**6,017**	**2,415**

	Thousands of Euros			
	31 December 2014			
	Assets		Liabilities	
	Current loans	Other trade receivables	Current borrowings	Other payables
Abertis Infraestructuras, S.A.	19,644	-	6,017	5,139
Abertis Telecom Satélites, S.A.	-	-	-	(6)
Autopista Aumar, S.A.C.E.	-	7	-	-
Autopistas C.E.S.A.	-	215	-	-
Autopistas de Catalunya, S.A.	-	5	-	-
Autopistas de León, S.A.C.E.	-	1	-	-
Autopista Vasco Aragonesa,	-	270	-	-
Consorcio de Telecomunicaciones Avanzadas, S.A.	-	117	-	12
Hispasat, S.A.	-	27	-	2,786
Iberpistas, S.A.C.E.	-	5	-	-
Torre de Collserola, S.A.	-	-	-	170
Túnels de Barcelona i Cadí, S.A.C.G.C.	-	22	-	-
Total	**19,644**	**669**	**6,017**	**8,101**

Current receivables relate to a receivable from Abertis Infraestructuras, S.A., formerly parent of the tax group, of EUR 2,120 thousand for the consolidated tax regime in relation to corporate income tax and for the group of entities in relation to VAT, under which amounts payable to and receivable from the taxation authorities are replaced by receivables from and payables to the parent of the consolidated tax group.

At 30 June 2015, "Current payables to related parties" includes EUR 6,017 thousand with Abertis Infraestructuras, S.A. for the consolidated tax regime in relation to corporate income tax and for the group of entities in relation to VAT, under which amounts payable to and receivable from the tax authorities are replaced by receivables from and payables to the parent of the consolidated tax group. The remaining balances related to transactions carried out in the ordinary course of the Group's business.

The Group's transactions with Abertis Group companies in the 6 month period ended 30 June are as follows:

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

	Thousands of Euros		
	2014		
	Income	Expenses	
	Services rendered	Services received	Accrued interest
Abertis Infraestructuras, S.A.	-	2,836	4,076
Adesal Telecom, S.L.	1,032	-	-
Autopistas Aumar, S.A.C.E.	44	-	-
Autopistas C.E.S.A	5	78	-
Autopistas de Catalunya, S.A.	9	-	-
Autopistas de León, S.A.C.E.	2	-	-
Autopista Vasco Aragonesa, S.A.	15	-	-
Consorcio de Telecomunicaciones Avanzadas, S.A.	293	31	-
Hispasat, S.A.	63	7,187	-
Iberpistas S.A.C.E.	33	21	-
Infraestructures Viàries de Catalunya, S.A.	-	7	-
Serviabertis S.L.	10	7,227	-
Torre Collserola, S.A.	-	1,315	-
Túnels de Barcelona i Cadí, S.A.C.G.C.	15	8	-
Total	**1,521**	**18,710**	**4,076**

In the first six months of 2015, a contract was signed by Abertis Infraestructuras, S.A. and the Group for the provision of corporate building management services, which included 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, and supplies related thereto.

In 2014, the Group also entered into an agreement with Abertis Infraestructuras, S.A. for the provision of IT services (corporate software and business systems).

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.

Other transactions with Abertis Group companies and associates relate to commercial transactions.

The Group carries out all its transactions with related parties on an arm's length basis. Also, given that transfer prices are adequately documented, the Group's Directors consider that there are no significant risks that could give rise to material liabilities in the future.

19. Other information

a) Number of employees

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

	June 2015		June 2014	
Men	960	81%	951	81%
Women	222	19%	216	19%
	1,182	**100%**	**1,167**	**100%**

b) Seasonality

The Group's income from the provision of services is not particularly cyclical or seasonal in nature.

20. Events after the reporting period

On 3 July 2015 the Supreme Court in Spain advised the Parent Company that the case relating to the appeal filed in April 2010 in relation to the legality of the eight DTT channels awarded by the Spanish Government in 2010, had been closed. Thus, the risk to loss of income in connection with the appeal has been entirely eliminated.

On 20 July 2015 **Cellnex** successfully completed the pricing of a bond issue (with a rating of BBB- by Fitch Ratings and BB+ by Standard & Poor's) aimed at qualified investors for an amount of Euro 600 million, maturing in July 2022 and with a coupon of 3.125%.

The closing and settlement of this issuance, which is made pursuant to the Company's EUR 2,000 million Medium Term Note Programme approved by the Irish Stock Exchange on 14 May 2015, took place on 27 July 2015.

This issuance represents **Cellnex**'s debut onto the debt markets and forms part of the Company's already stated intention to refinance its capital structure (current financial gross debt of Euro 1,109 million). The principal objective is to extend the Company's current debt maturity profile, remove existing financial covenants as well as shares pledges, whilst taking advantage of low long term interest rates (**Cellnex**'s new financing structure will have an average cost of 2.2%, compared to 1.6% of the current structure).

Cellnex has reached an agreement with the corresponding financial institutions to amend and extend the syndicated loans of 800 million euro and 300 million euro, thus extending the average life of the debt with a 200 million euro term loan maturing in 5 years and a 300 million euro revolving credit facility maturing in 5 years plus two extensions of one year each.

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 with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Barcelona, 3 August 2015

Cellnex Telecom, S.A. and subsidiaries

Consolidated Interim Directors' Report for the six-month period ended 30 June 2015

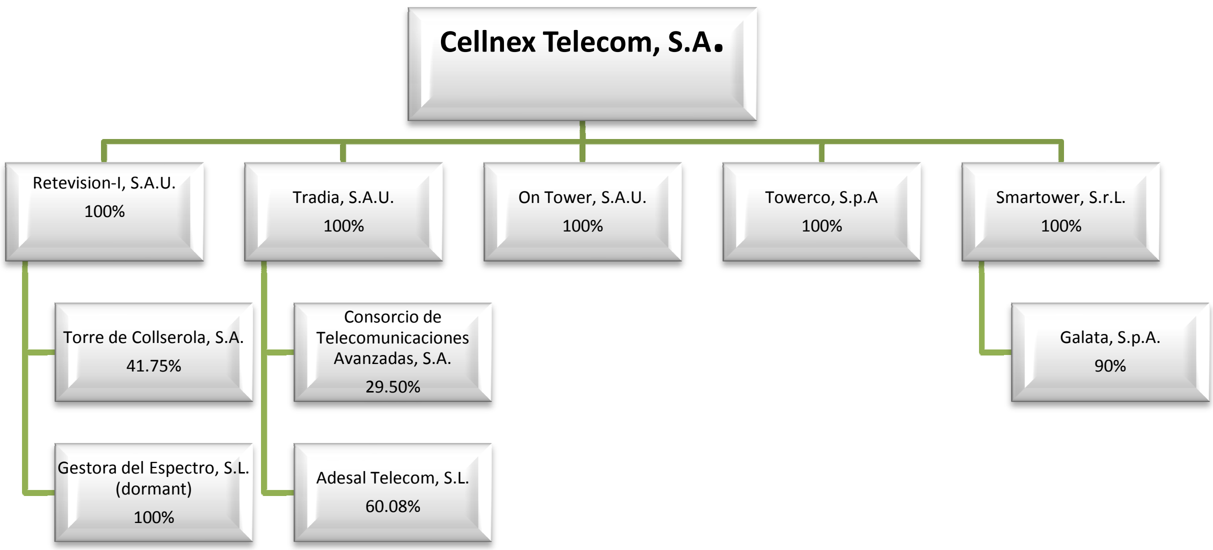
Information required under article 262 of the Spanish Limited Liability Companies Law

The Cellnex Group provides its services in the area of management of infrastructures for terrestrial telecommunications to rental markets for:

I. Telecom Site Rental
II. Broadcasting infrastructure, and
III. Network Services & other,

mainly through its subsidiaries Retevisión-I, S.A.U., Tradia Telecom, S.A.U., On Tower Telecom Infraestructuras, S.A.U. and the Italian companies Towerco, S.p.A. and Galata, S.p.A.

The organisational structure of the Cellnex Group at 30 June 2015 is presented below:



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).

On 7 July 2015, the Group carried out an internal restructuring of its Italian subsidiaries consisting of the following transactions:

- Smartowers, S.r.L. acquired 100% of the share capital of TowerCo, S.p.A., previously property of Cellnex Telecom, S.A., for its book value of EUR 94.6 million.
- In order to finance this acquisition Cellnex Telecom, S.A. made a capital contribution to Smartowers, S.r.L for the same amount.
- Subsequently, on 9 July 2015 Smartowers, S.r.L. changed its Articles of Incorporation, modifiying its registered name to Cellnex Italia, S.r.L. and moving its registered address to Rome.

This restructure will have no effect on the consolidated financial statements of the Cellnex Group.

Significant events in the six-month period ended 30 June 2015

Cellnex is the leading independent and neutral[1] provider of infrastructures for telecommunications operators in Spain and Italy. **Cellnex** is also the largest provider of broadcasting infrastructure services in Spain, with a market share of 87% in the national and regional market. The Group's business has significant entry barriers to its markets due to the hard-to-replicate asset base of 15,140 telecommunications towers throughout the territory of Spain and Italy.

On 19 March 2015, the Board of Directors of the Parent, as delegated by the General Shareholders' Meeting of Abertis Infraestructuras, S.A. of the same date, unanimously resolved to apply for admission to official trading in the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and the resulting public offering of shares in the Spanish securities market, a process that was successfully completed, with all the Parent's shares listed in the stock exchange from 7 May 2015. A total of 66% of such shares were offered for public sale by Abertis Infraestructuras, including exercising of the green-shoe option by the coordinating banks.

Telecom Site Rental business

A explained in Note 4 of the attached condensed consolidated interim financial statements, 90% of the shares of the Italian company Galata (owner of 7,377 mobile telephone towers in Italy) were acquired from Wind Telecomunicazioni. This operation was completed on 26 March 2015 for EUR 693 million via the Italian Company, Smartowers, S.r.L. Also signed with **Wind** at the time of the completion of the acquisition of Galata were service agreements relating to the lease of the mobile telephone towers to **Wind** and the maintenance thereof, a shareholders agreement, and a put option in favour of **Wind** ("Put Option").

This acquisition confirms the Group's position as a key component in the process to streamline the use of infrastructures for operators of mobile telecommunications in Spain and Italy, with a unique portfolio of assets. It has also enabled new business opportunities to be developed through the sharing of the infrastructure necessary in the roll-out of fourth-generation mobile telephones, based on the decommissiong of duplicate infrastructures.

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[1]Neutral: with no mobile telephone operators as shareholders

The infrastructure portfolio is summarised below:

Framework agreement	Project	Nº of towers acquired	Cost in EUR million	Date Purchase
Broadcast & Network Services Business		1,579		-
Shared between TSR[1] and Broadcast		1,768	-	Before 2012
Telefónica	Babel	1,000	90	2012
Telefónica & Yoigo (Xfera Móviles)	Volta I	1,211	113	30.12.2013
Telefónica	Volta II	530	58	10.1.2014
Telefónica && 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 Combination	Purchase TowerCo	321	95	27.5.2014
	Decommissioning	*(129)*		
At 31.12.2014		**7,493**		
Telefónica	Volta Extended II	300	44	26.1.2015
Business Combination	Purchase Galata	7,377	693	26.3.2015
	Decommissioning	(75)		
	´Build to Suit´ & others[1]	45	1	2015
At 30.6.2015		**15,140**		

[1] Build to suit – Towers built to meet the individual requirements of each customer

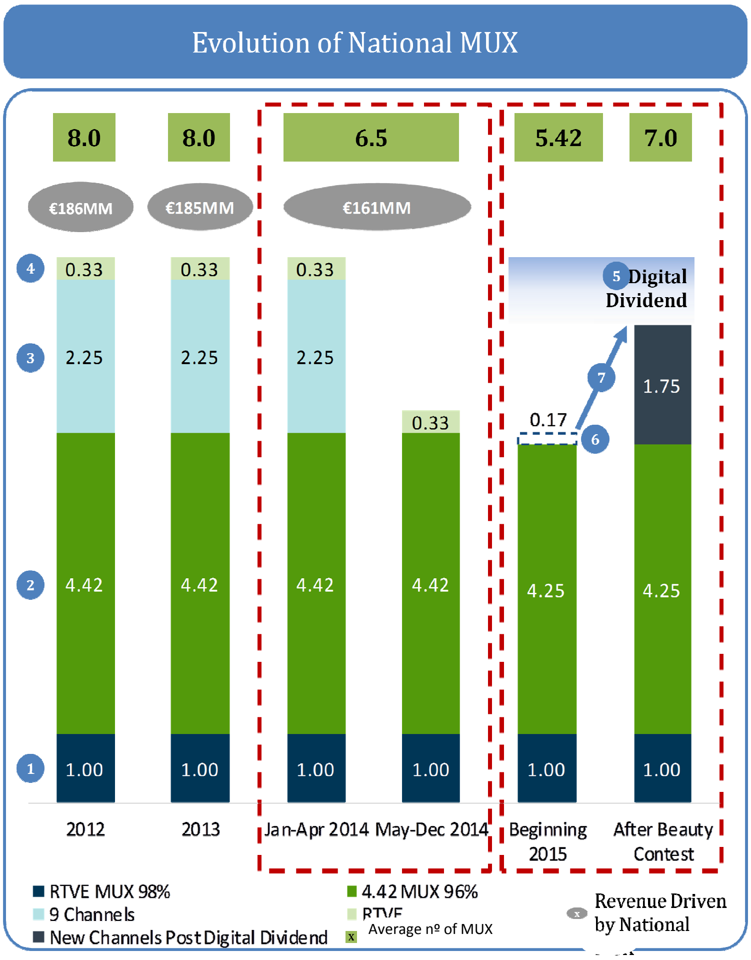
Broadcasting Infrastructure business

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

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

Via its Order 677/2015 of 16 April 2015, the Spanish government has modified the initial assignment of the digital multiplex capacity of national cover RGE2 in favour of RTVE, setting it at half the capacity of the RGE2 multiplex, where the capacity had been two thirds to date. Further, in its resolution of 17 April 2015, the Government has called a public tender for the assignment of six new licences. These tenders will occupy the capacity pending assignment, namely 1.75 MUX (1.58 MUX plus a sixth of MUX of the aforementioned capacity reduction of RTVE), thus completing the seven planned national MUXs. During 2016 the Group expects to recover income related to this issue, reaching the seven national MUX.

Please find below a graphic representation of the changes in domestic MUXs:



1 RTVE MUX with 98% coverage.

2 4.42 MUX for National TV with 96% national coverage.

3 Shutdown of 9 channels in May 2014 resulting in the loss of 2.25 MUX.

4 Cancellation of 0.33 MUX byRTVE on 1 January 2015.

5 Digital Dividend carried out in 2015 leading to reallocation of 800Mhz frequencies used for DTT to mobile coverage (permanent loss of 1 MUX).

6 Reduction of 0.17 MUX of the capacity allocated to RTVE in RGE2 as per Royal Decree of April 16th to be reassigned in the beauty contest.

7 Recovery of 1.75 MUX to reach the 7 domestic DTTs.

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 and other services business

In the 6 months ended 30 June 2015 the Group has signed a contract with the Generalitat Valenciana to extend the COMDES network, the Tetra services for the emergency services of the Autonomous Community of Valencia. In addition a contract with the Ferrocarrils de la Generalitat de Catalunya (Catalonian Railways) was signed to extend the TETRA network on the railway line between Martorell-Igualada-Manresa. With respect to connectivity services Cellnex has consolidated its position as a wholesale supplier of connectivity both in the backhaul area for mobile networks and corporate services for the main operators.

In quality control, the Group, in its companies Retevisión-I, S.A.U. Tradia Telecom, S.A.U. and OnTower Telecom Infraestructuras, S.A.U. again confirms its commitment to quality by renewing the ISO 9001 certifications of Quality; ISO 14001, Environment Certification, OSHAS 18001 on Prevention of Occupational Risks, UNE 166002 of Research, Development and Innovation, ISO 17025 of testing, measurement and calibration of equipment, and ISO 27001 on Information Security.

Activity and consolidated results

	Thousands of Euros	
	2015	2014
Broadcasting infrastructure	119,224	126,733
Telecom Site Rental	125,815	44,847
Network and other services	40,383	38,848
Operating income	**285,422**	**210,428**
Staff costs	(44,405)	(41,538)
Repairs and maintenance	(12,892)	(9,818)
Leases	(54,168)	(21,376)
Utilities	(24,607)	(12,347)
General services and others(including changes in provisions & loss on non-current assets)	(47,207)	(35,001)
Depreciation and amortisation	(72,463)	(41,424)
Operating profit	**29,680**	**48,924**
Add back:		
Depreciation	72,463	41,424
Non recurring expenses[2] (Note 16b)	12,281	-
Advances to customers[2]	460	460
Adjusted operating profit before depreciation & amortisation – Adjusted EBITDA[1]	**114,884**	**90,808**

1- Adjusted EBTIDA is calculated as profit from operations before depreciation and amortization and after adding back noncash items (such as advances to customers) and non-recurrent items.

2- Nonrecurring costs relate mainly to Galata acquisition costs, which include costs from investment banks, legal, accounting and tax advisors and auditors along with the advances to customers and other prepaid energy expenses in Italy taken to the Income Statement.

	Thousands of Euros	
Breakdown of nonrecurring expenses	2015	2014
Galata acquisition costs	8,378	-
IPO costs	1,674	
Tobin tax – levy related to the Galata acquisition	1,396	-
Prepaid energy costs taken to the Income Statement	833	-
Total nonrecurring	12,281	-
Advances to customers taken to Income Statement	460	460
Total nonrecurring and noncash expenses	**12,741**	**460**

Business indicators	30 June 2015	30 June 2014
Total number of sites	**15,140**	**6,543**
Site Rental[1]	13,580	4,934
Tenancy ratio – total[3]	**1.50**	**1.68**
Tenancy ratio – Spain	1.86	1.63
Tenancy ratio – Italy	1.23	2.46
Customers and revenues		
Revenues per site[2]	25.5	19.5
% revenues from Site Rental[1]	44%	21%

(1) Site Rental – Infrastructure rental for mobile telecommunications operators
(2) Income per tower is calculated as total revenue for the year from the rental of infrastructures for telecommunications operators, divided by the average number of towers during the period, taking into account the annualised impact of the acquisition in the period
(3) The tenancy ratio corresponds to the average number of rental customers at each site. It is obtained by dividing the number of rental customers by the average number of sites for the year

Operating income for the six-month period ended 30 June 2015 reached EUR 285 million, up 36% on the same period in 2014. This increase was clearly affected by the expansion of the above-mentioned Telcom Site Rental business. The number of infrastructures reached 15,140 at 30 June 2015, compared to 6,543 at 30 June 2014.

With regard to the Broadcasting Infrastructure business, income amounted to EUR 119 million, a 6% decline due to lower invoicing as a result of the shutdown of nine national DTT channels, partially offset by the simulcasts carried out for the radio broadcasters linked to the freeing up of the digital dividend band.

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 radio broadcasting companies.

The Telecom Site Rental business increased its income by 280% to EUR 126 million due to the aforementioned acquisitions. This is a business with solid growth driven by strong demand for wireless data communication services, and the growing interest of mobile telephone network operators (MNOs) 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 - LTE), 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 infrastructures for mobile telecom operators. In addition to its current portfolio, Group managers have identified a portfolio of possible acquisitions that it is currently analysing by applying demanding capital use criteria.

The Group owns a high-quality asset portfolio built up through selective asset acquisitions in Spain and Italy and the subsequent streamlining and optimisation of infrastructures for mobile telecom operators. Its main value proposals in this line of business consist of finding new tenants for its infrastructure and streamlining the network. By attracting more tenants, the Group will generate additional income while the increase in costs will be very low. This network rationalisation may generate significant efficiencies for the Group and for the mobile network operators (MNOs).

The Network Services business increased its income by 4% to EUR 40 million, due largely to the IoT and Barcelona City Council Smart Cities projects.

Network and Other Services constitute 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 is considered to have a privileged market presence and geographical distribution, established relationships with government agencies and excellent infrastructures 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 profit from operations, the latter of which was also increased by efficiency improvements and operating-cost optimisation measures.

In line with the increase in revenue, the adjusted EBITDA was 26% higher than in the same period of 2014, also as a result of the assets acquired throughout 2014 and in the first six months of 2015, which reflects the Group's capacity to generate cash flows on a continuous basis. The consolidated income statement for the six-month period ended 30 June 2015 does not include the full impact of all the investments made in 2015, although the EUR 8,378 thousand of costs associated with the aforesaid acquisition have been recognised. (Note 16.b)

Operating results were down by 39% on the same period in 2014 owing to the incorporation of the depreciation and amortisation charges of **Galata** and **Towerco**. **Towerco** was acquired in May 2014. Accordingly, the month end of June 2014 did not include the six complete months of amortisation and depreciation charges.

The net financial loss for the period includes the effect of the financing for the purchase of **Galata**, with an adverse impact of EUR 1.7 million.

Taking into account these considerations, the consolidated profit attributable to shareholders in the six-month period ended 30 June 2015 stood at EUR 18 million.

Consolidated balance sheet

Total assets at 30 June 2015 stood at EUR 2,233 million; a 45% increase on 31 December 2014, as a result of the investments made in the six-month period ended 30 June 2015.

Approximately 77% 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. The increase in property, plant and equipment and other intangible assets is a result of the above-mentioned acquisitions.

The total investment for the six-month period ended 30 June 2015 including property, plant and equipment and taking into account the businesses acquired at the cost of the investment, is as follows:

	Thousands of Euros	
	30 June 2015	30 June 2014
Maintenance investment [(a)]	2,444	1,134
Organic growth [(b)]	13,472	5,522
Inorganic growth [(c)]	736,514	164,373
Total investment	**752,430**	**171,029**

(a) Maintenance investment: investments in existing assets primarily linked to keeping sites in good working order, but excluding investment in increasing site capacity.
(b) Organic growth: capital expenditure related to the expansion of our business that generates additional income, including, among others, build-to-suit sites, decommissioning investment, adaptation of site rental infrastructure, land acquisitions and urban telecom infrastructure and broadcasting services.
(c) Inorganic growth: investment in shares of companies, as well as investments in acquiring portfolio of sites (asset acquisitions.)

Reconciliation of the investments for the period with the attached financial statements

	Thousands of Euros
	30 June 2015
Additions tangible fixed assets (Note 5)	58,677
Additions intangible fixed assets (Note 6)	753
Acquisition price Galata (Nota 4)	693,000
Total investment	**752,430**

Reconciliation with Consolidated Cashflow for the period

	Thousands of Euros
	30 June 2015
Total investment	752,430
Less additions not yet paid	(43,816)
Add 2014 additions paid in the first half of 2015	77,117
Business combinations	(693,000)
Payments for property, plant and equipment – as per consolidated cashflow statement	**92,731**

Total acquisition price	693,000
Cash and cash equivalents	(24,330)
Cash outflow on acquisition (Note 4)	**668,670**

Consolidated equity amounted to EUR 515 million, a 3% increase on year-end 2014. Apart from the profit generated in the period, it was mainly affected by the recognition of the non-controlling interests in Galata and the Put Option described in Note 4.

Main risks and uncertainties

The main risks to the fulfilment of the Group's objectives are as follows:

i) *Risk related to the environment in which the Group operates and risks stemming from 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 business sectors. Likewise, a significant portion of the Group's income comes from a small number of customers and, therefore, if the customers share the infrastructures 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, diversification and growth policy, fostering understanding with public authorities to develop infrastructure. In addition, it has continued to implement an efficiency plan that 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 loans (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:*

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 implemented a code of ethics through specific regulations for each country as well as a complaints channel.

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 radio 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 respond in advance to regulatory changes.

Liquidity and capital resources

The Group's capacity to create growing and stable cash flows ensures sustainable value creation for its shareholders. As at 30 June 2015 and 30 June 2014 the Recurring Levered Free Cash Flow is calculated as follows:

Recurring Levered Free Cash Flow

	Thousands of Euros	
	2015	2014
Adjusted EBITDA(1)	114,884	90,808
Maintenance investment(2)	(2,444)	(1,134)
Recurring operating cashflow	112,440	89,674
Changes in working capital(3)	2,056	1,249
Interest payments(4)	(5,770)	(4,653)
Corporate tax payments(5)	(7,208)	(11,256)
Recurring Levered Free Cashflow	**101,518**	**75,014**

(1) See definition in Activity and Consolidated Results in this Directors' Report

(2) Maintenance investment: investments in existing assets primarily linked to keeping sites in good working order, but excluding investment in increasing site capacity.

(3) Changes in working capital as per section 'Changes in current assets/current liabilities in the attached Consolidated Statement of Cash Flows for the six month period ended 30 June 2015.

(4) Net interest paid as per 'Interest paid' less 'Interest received in the attached Consolidated Statement of Cash Flows for the six month period ended 30 June 2015.

(5) Corporate tax payments as per 'Income Tax Paid'' in the attached Consolidated Statement of Cash Flows for the six month period ended 30 June 2015.

Gross borrowings at 30 June 2015 amount to EUR 1,109 million, representing 215% of equity and 50% of liabilities and equity – percentages which have increased with regard to 2014 due to the financing obtained for the above-mentioned acquisitions.

Net borrowings amounted to EUR 956 million, including consolidated cash and cash equivalents of EUR 153 million.

In January and February 2015, a number of factoring agreements were signed, which increased the available amount of EUR 45 million at year-end 2014 to EUR 106.5 million at 30 June 2015. At the close of the six-month period ended 30 June 2015, a total of EUR 57.5 million had been drawn from such agreements.

Use of financial instruments

In the six-month period ended 30 June 2015, the Group abided by the financial instrument use policy described in Note 4 to the consolidated notes to the consolidated financial statements of 2014.

R&D activities

In the first six months of 2015, Cellnex Telecom continued to invest in technology innovation and in research and development, carrying out various R&D projects both in Spain and abroad. International highlights include the launch of the European project H2020 Growsmarter in the area of Smart Cities, with the participation of the cities of Stockholm, Cologne and Barcelona, as part of a consortium of 39 partners, working with a budget of EUR 33,000 thousand and estimated EU Commission aid of EUR 25,000 thousand. This project aims to be a "beacon" for other cities with respect to mobility and energy efficiency, and Cellnex has the role of key technology partner in the field of ICT. Work has also continued in the European project iCity (with the participation of the cities of Barcelona, London, Bologna and Genoa) and COMPOSE (on the Internet of Things) led by IBM Israel, ACORN, for research and development in Software Defined Radio (SDR) applied to the IoT, Project MACICO, led by EADS and which aims to provide interoperability solutions between TETRA-TETRA and TETRA-TETRAPOL systems for security bodies and emergency services.

In the audiovisual industry, of particular note are: TVRING, within the field of broadcasting and related to hybrid television through broadcasting and the Internet; Globalitv, which has European and Brazilian partners and intends to boost the European standard for Hybrid TV in Brazil.

Nationally, the following projects stand out: EBM4G, regarding technical, regulatory and market matters related to the design of a 4G multi-standard SDR radio station; MIIAS in the context of Smart Cities, regarding the mobility of people and vehicles; SERES, regarding security solutions for Smart Cities; REINVEL, which is developing a comprehensive solution for charging electric cars at parking meters; A2VISES (processing smart video for Smart City applications); ONDADA (expanding coverage at sea for the marine safety platform and marine positioning of boats, AIS); and PLEASE, regarding 4k broadcasting and encoding solutions.

In this six-month period, four European proposals and six Spanish proposals have been presented and are pending evaluation, mainly in the fields of IoT, connected cars, maritime safety and broadcast-broadband convergence.

Shareholder remuneration

The Cellnex Telecom, S.A. Board of Directors does not expect to submit a final dividend corresponding to 2014 profit for approval by the shareholders.

Business outlook

Having furthered the internationalisation and diversification of the Group's activity during the first six months with the purchase of Galata, S.p.A., in the second half of 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 infrastructures for mobile telephony operators as well as Spanish and international companies that operate in this sector.

In this regard, the Group actively seeks out new acquisitions across Europe with important mobile telephone operators in these countries.

Telecom Site Rental business

The Group intends to consolidate the acquisitions made in the six-month period ended 30 June 2015:

Galata: Income and EBITDA from the acquisition of Galata in the six-month period ended 30 June 2015 amounted to EUR 53 million and EUR 16 million, respectively, (only including the months since acquisition) which, on an annual basis, represents EUR 201 million in income and EUR 62 million in estimated EBITDA.

Broadcasting Infrastructure business

Following the aforementioned shutdown of nine digital terrestrial television (DTT) channels in 2014, and the reduction of the use of 0.50 of the second MUX of Televisión Española (TVE) as part of the reassignment of the radio spectrum to private broadcasters for 2015, the Group expects to see in the second half of 2015, the contracting and launch of channels occupying 1.75 MUX, up to the seven national MUXs set by Royal Decree 805/2014.

On 17 April 2015, the Spanish Council of Ministers approved the call for bids for six new DTT freeview licences; three high definition and another three, standard quality. The Ministry of Industry has accepted bids from nine of the 12 television operators who responded to the call. Each licence will enable the operator to run a television channel and each bidder has been allowed to bid for a maximum of two licences. The Evaluation Board will present its allocation proposal to the Council of Ministers no later than 9 October 2015, as per the Official State Gazette. It is forecast that revenues will pick up in 2016, reaching seven national MUX.

Network and Other Services business

In general, the balance among its overall investments in terms of maturity and profitability, as well as in terms of geographic diversification, should ensure that all areas of the business 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 six-month period ended 30 June 2015. 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, bearing in mind the new scenario and economic outlook for the second half of 2015.

Treasury shares

No transactions were performed with treasury shares during the period.

Other matters

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

Events after the reporting period

On 3 July 2015 the Supreme Court in Spain advised the Parent Company that the case relating to the appeal filed in April 2010 in relation to the legality of the eight DTT channels awarded by the Spanish Government in 2010, had been closed. Thus, the risk to loss of income in connection with the appeal has been entirely eliminated.

On 20 July 2015 **Cellnex** successfully completed the pricing of a bond issue (with a rating of BBB- by Fitch Ratings and BB+ by Standard & Poor's) aimed at qualified investors for an amount of Euro 600 million maturing in July 2022 and with a coupon of 3.125%.

The closing and settlement of this issuance, which is made pursuant to the Company's EUR 2,000 million Medium Term Note Programme approved by the Irish Stock Exchange on 14 May 2015, took place on 27 July 2015.

This issuance represents **Cellnex**' debut onto the debt markets and forms part of the Company's already stated intention to refinance its capital structure (current financial gross debt of Euro 1,109 million). The principal objective is to extend the Company's current debt maturity profile, remove existing financial covenants as well as shares pledges, whilst taking advantage of low long term interest rates (**Cellnex**' new financing structure will have an average cost of 2.2%, compared to 1.6% of the current structure).

Cellnex has reached an agreement with the corresponding financial institutions to amend and extend the syndicated loans of 800 million euro and 300 million euro, thus extending the average life of the debt with a 200 million euro term loan maturing in 5 years and a 300 million euro revolving credit facility maturing in 5 years plus two extensions of one year each.

Barcelona, 3 August 2015