



**Condensed Consolidated Interim Financial Statements
for the six-month period ended
30 June 2016**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

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Limited Review Report on the Condensed Consolidated
Interim Financial Statements

To the Shareholders of

Euskaltel, S.A, at the request of Management:

Introduction

We have conducted a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Euskaltel, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the statement of financial position at 30 June 2016 and the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes thereto, all of which are consolidated and condensed, corresponding to the six-month period ended 30 June 2016. The Company's directors are responsible for preparing the interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union and covering the preparation of condensed interim financial information, pursuant to article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on the interim financial statements based on our limited review.

Scope of the review

We have carried out our limited review in accordance with International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements comprises posing questions, primarily to personnel responsible for financial and accounting matters, and applying analytical procedures and other review procedures. The scope of a limited review is substantially less than that of an audit performed in accordance with prevailing auditing standards in Spain and, therefore, we are unable to provide assurance that all significant matters that would have been identified in an audit have come to our attention. Consequently, 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 understood to be an audit, we did not become aware of any matters that would lead us to conclude that the accompanying interim financial statements for the six-month period ended 30 June 2016 were not prepared, in all significant aspects, in accordance with International Accounting Standard (IAS) 34, as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 on the preparation of condensed interim financial statements.

Emphasis of matter

We cite the accompanying note 2, which indicates that the accompanying interim financial statements do not include all the information that would be required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and that accordingly the accompanying interim financial statements should be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2015. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying consolidated interim Directors' Report for the six-month period ended 30 June 2016 sets out the explanations that the Company's directors consider relevant in respect of the significant events occurred during the period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required in accordance with article 15 of Royal Decree 1362/2007. We have verified that the accounting information set out in the aforementioned Directors' Report is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2016. Our work is limited to the verification of the consolidated interim Directors' Report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Euskaltel, S.A. and subsidiaries.

Other matters

This report was prepared at the request of Management in connection with the disclosure of the interim financial report required under article 119 of the consolidated text of the Spanish Securities Market Law, implemented through Royal Decree 1362/2007 of 19 October.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Enrique Asla García

28 July 2016

EUSKALTEL, S.A. AND SUBSIDIARIES

Consolidated Condensed Statements of Financial Position at 30 June 2016 and 31 December 2015

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)
(expressed in thousands of euros)

ASSETS	Note	30.06.2016	31.12.2015
NON-CURRENT ASSETS		2,156,272	2,184,772
Goodwill		591,442	591,442
Intangible assets	5	182,522	184,317
Property, plant and equipment	6	1,217,312	1,243,778
Financial assets		7,277	7,516
Deferred tax assets		157,719	157,719
CURRENT ASSETS		160,262	97,622
Inventories		4,118	3,532
Trade and other receivables		65,364	63,906
Current tax assets		2,676	3,602
Other current assets		13,154	3,211
Cash and cash equivalents		74,950	23,371
TOTAL ASSETS		2,316,534	2,282,394
EQUITY AND LIABILITIES	Note	30.06.2016	31.12.2015
EQUITY			
Capital and reserves	7	732,390	702,569
Capital		455,536	455,536
Share premium		207,604	207,604
Retained earnings		70,813	40,858
(Own shares)		(1,563)	(1,429)
Other comprehensive income		(64)	(64)
Equity attributable to equity holders of the Parent		732,326	702,505
Non-controlling interests		411	419
		732,737	702,924
NON-CURRENT LIABILITIES		1,414,799	1,439,009
Non-current payables	8	1,328,777	1,353,009
Provisions		1,725	1,711
Other non-current liabilities		8,015	8,007
Deferred tax liabilities		76,282	76,282
CURRENT LIABILITIES		168,998	140,461
Current payables	8	33,117	1,231
Trade and other payables		114,537	121,545
Provisions		1,059	1,059
Other current liabilities		20,285	16,626
TOTAL EQUITY AND LIABILITIES		2,316,534	2,282,394

Derio, 26 July 2016

EUSKALTEL, S.A. AND SUBSIDIARIES

Consolidated Condensed Income Statements for the six-month periods ended 30 June 2016 and 30 June 2015

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(expressed in thousands of euros)

	Note	30.06.2016	30.06.2015
Revenue	4	<u>280,295</u>	<u>159,433</u>
Work performed by the entity and capitalised		5,520	2,094
Supplies	9	(64,879)	(36,810)
Other operating income		<u>208</u>	<u>162</u>
Personnel expenses	9	(19,554)	(15,175)
Other operating expenses	9	(65,160)	(43,816)
Amortisation and depreciation	5 and 6	(73,457)	(39,677)
Impairment		<u>-</u>	<u>2,670</u>
RESULTS FROM OPERATING ACTIVITIES		<u>62,973</u>	<u>28,881</u>
Finance income		31	189
Finance cost		(24,260)	(47,481)
NET FINANCE COST	9	<u>(24,229)</u>	<u>(47,292)</u>
PROFIT/(LOSS) BEFORE TAX		<u>38,744</u>	<u>(18,411)</u>
Income tax	12	(8,548)	-
PROFIT/(LOSS) FOR THE PERIOD		<u><u>30,196</u></u>	<u><u>(18,411)</u></u>
Profit for the period attributable to equity holders of the Parent		30,208	(18,411)
Profit for the period attributable to non-controlling interests		<u>(12)</u>	-
		<u><u>30,196</u></u>	<u><u>(18,411)</u></u>
Earnings/(loss) per share		<u><u>0.20</u></u>	<u><u>(0.15)</u></u>

Derio, 26 July 2016

EUSKALTEL, S.A. AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income for the six-month periods ended 30 June 2016 and 30 June 2015

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(expressed in thousands of euros)

	<u>Note</u>	<u>30.06.2016</u>	<u>30.06.2015</u>
a) Consolidated profit/(loss) for the period		<u>30,196</u>	<u>(18,411)</u>
Items to be reclassified to the income statement			
b) Income and expense recognised directly in consolidated equity		-	<u>(88)</u>
Cash flow hedges		-	(123)
Tax effect		-	35
c) Amounts transferred to the consolidated income statement		-	<u>4,571</u>
Cash flow hedges		-	6,349
Tax effect		-	(1,778)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>30,196</u>	<u>(13,928)</u>
Attributable to equity holders of the Parent		30,208	(13,928)
Attributable to non-controlling interests		<u>(12)</u>	-
		<u>30,196</u>	<u>(13,928)</u>

EUSKALTEL, S.A. AND SUBSIDIARIES

Consolidated Condensed Statements of Changes in Equity for the six-month periods ended 30 June 2016 and 30 June 2015

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(expressed in thousands of euros)

	Equity attributable to equity holders of the Parent					Sub-total	Non-controlling interests	Total
	Registered capital	Share premium	Retained earnings	Own shares	Other comprehensive income			
Balance at 1 January 2015	379,613	79,390	193,034	-	(4,547)	647,490	-	647,490
Other comprehensive income	-	-	(18,411)	-	4,483	(13,928)	-	(13,928)
Transactions with shareholders								
<i>Own shares</i>	-	-	-	-	-	-	-	-
<i>Dividends</i>	-	(50,964)	(156,069)	-	-	(207,033)	-	(207,033)
Balance at 30 June 2015	379,613	28,426	18,554	-	(64)	426,529	-	426,529
Balance at 1 January 2016	455,536	207,604	40,858	(1,429)	(64)	702,505	419	702,924
Other comprehensive income	-	-	30,208	-	-	30,208	(12)	30,196
Transactions with shareholders								
<i>Own shares</i>	-	-	(268)	(134)	-	(402)	-	(402)
<i>Capital increases</i>	-	-	-	-	-	-	-	-
<i>Dividends</i>	-	-	-	-	-	-	-	-
Other			15			15	4	19
Balance at 30 June 2016	455,536	207,604	70,813	(1,563)	(64)	732,326	411	732,737

Derio, 26 July 2016

EUSKALTEL, S.A. AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flow for the six-month periods ended 30 June 2016 and 30 June 2015

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(expressed in thousands of euros)

		<u>30.06.16</u>	<u>30.06.15</u>
Profit/(Loss) for the period before tax		<u>38,744</u>	<u>(18,411)</u>
Adjustments for:		<u>95,909</u>	<u>85,496</u>
Amortisation and depreciation	Notes 5 and 6	73,457	39,677
Impairment allowances		1,789	1,197
Impairment and gains/(losses) on disposals of fixed assets		-	(2,670)
Other gains/(losses)		(3,566)	-
Impairment and gains/(losses) on disposals of financial instruments	Note 9.4	(383)	144
Finance income	Note 9.4	(31)	(189)
Finance cost	Note 9.4	24,669	47,305
Exchange gains/(losses)	Note 9.4	(26)	32
Changes in operating assets and liabilities		<u>(12,953)</u>	<u>(1,817)</u>
Inventories		(380)	(2,254)
Trade and other receivables		(2,127)	(1,794)
Other current assets		(2,305)	(945)
Trade and other payables		(13,354)	3,107
Other current liabilities		5,213	69
Other cash flows from/(used in) operating activities		<u>(16,970)</u>	<u>(6,133)</u>
Interest paid		(17,001)	(6,322)
Interest received		31	23
Income tax paid		-	166
Cash flows from/(used in) operating activities		<u><u>104,730</u></u>	<u><u>59,135</u></u>

Derio, 26 July 2016

EUSKALTEL, S.A. AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flow for the six-month periods ended 30 June 2016 and 30 June 2015

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)
(expressed in thousands of euros)

		<u>2016</u>	<u>2015</u>
Payments for investments		(52,560)	(25,354)
Intangible assets	Note 5	(17,494)	(5,625)
Property, plant and equipment	Note 6	(35,066)	(19,169)
Other financial assets		-	(560)
Proceeds from sale of investments		30	3,715
Other financial assets		30	3,715
Cash flows from/(used in) investing activities		<u>(52,530)</u>	<u>(21,639)</u>
Proceeds from and payment for equity instruments		(383)	-
Issue of equity instruments		-	-
Acquisition of own equity instruments		(383)	-
Proceeds from and payments for financial liability instruments		(238)	(45,393)
Issue of:		-	423,857
Loans and borrowings		-	414,690
Other payables		-	9,167
Repayment of:		(238)	(262,217)
Loans and borrowings		(14)	(247,500)
Borrowings from Group companies and associates		-	(9,167)
Other payables		(224)	(5,550)
Dividends and interest on other equity instruments paid		-	(207,033)
Dividends		-	(207,033)
Cash flows from/(used in) financing activities		<u>(621)</u>	<u>(45,393)</u>
Cash and cash equivalents at beginning of period		23,371	10,650
Cash and cash equivalents at end of period		<u>74,950</u>	<u>2,753</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>51,579</u>	<u>(7,897)</u>

Derio, 26 July 2016

EUSKALTEL, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

NOTE 1.- General information

Euskaltel, S.A. (hereinafter the Company) was incorporated with limited liability on 3 July 1995. Its first product was launched on the market on 23 January 1998. Its registered office is located in Derio (Bizkaia) and its products are primarily marketed and sold in the Basque Country.

The Company's statutory and principal activity since incorporation has been the rendering, management, installation, operation and marketing and sale of telecommunications networks and services in accordance with prevailing legislation, as well as the marketing and sale of goods required to carry out these services. The Company's main facilities are located at the Bizkaia technology park.

On 1 July 2015 the Company's shares were admitted to trading on the Barcelona, Bilbao, Madrid and Valencia stock exchanges.

On 27 November 2015 the Company acquired the entire share capital of R Cable y Telecomunicaciones Galicia, S.A. (hereinafter R), an entity incorporated in A Coruña on 1 August 1994 whose principal activity is the rendering of services similar to those of the Company, in Galicia. R is the leading telecommunications operator in Galicia, with access to an extensive fibre optic network, and provides mobile telephone services through an agreement with a virtual mobile operator.

The companies that, along with Euskaltel, S.A., comprise the consolidated Euskaltel Group, and the percentage ownership of the Parent in each (direct and/or indirect) at 30 June 2016 are as follows: Rede Brigantium, S.L. (100%), R Cable y Telecomunicaciones Galicia, S.A.(100%), Cinfo, Contenidos Informativos Personalizados, S.L. (67.2%) and Estudios de Reingeniería y Renovación Empresarial, S.L. (100%).

NOTE 2.- Basis of presentation

2.1. True and fair view

The accompanying condensed consolidated interim financial statements have been prepared on the basis of the accounting records of Euskaltel, S.A. and its subsidiaries. The condensed consolidated interim financial statements for the six-month period ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and, in particular, with IAS 34 Interim Financial Reporting, and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Euskaltel, S.A. and subsidiaries (the Group) at 30 June 2016 and the consolidated results of operations and changes in consolidated equity and cash flows of the Group for the six-month period then ended.

In accordance with IAS 34, interim financial information is intended to provide an update on the latest complete set of annual financial statements published by the Group. Accordingly, it focuses on new activities, events, and circumstances occurred during the six-month period ended 30 June 2016. Bearing in mind that the condensed consolidated interim financial statements do not contain all information required for the preparation of the annual statements, in order to have a proper understanding of the information set out herein, these statements should be read in conjunction with the consolidated annual accounts for the year ended 31 December 2015 in accordance with IFRS-EU.

The Company applied International Financial Reporting Standards as adopted by the European Union (IFRS-EU) for the first time when preparing its financial statements for 2012 in the context of the stock flotation mentioned in the previous note.

The consolidated financial statements of the Group for the year ended 31 December 2015 were approved by the shareholders of the Company at the general meeting held on 27 June 2016.

On 26 July 2016, the directors of the Parent authorised for issue the condensed consolidated interim financial statements for the six-month period ended 30 June 2016.

The information set out in these notes is expressed in thousands of euros, except where otherwise indicated.

2.2. Comparative information

As a result of the acquisition of R on 27 November 2015, Euskaltel, S.A. prepared its consolidated annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and the consolidated annual accounts for the year ended 31 December 2015 were the first that presented the combined assets, liabilities, income, expenses and cash flows of the new Group. Consequently, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six-month period ended 30 June 2015 correspond to the figures contributed by the Parent. This aspect should be taken into account for a proper understanding, for comparative purposes, of these condensed consolidated interim financial statements.

In addition, as a result of the stock flotation and the acquisition of R, Euskaltel, S.A. incurred substantial non-recurring expenses, which are shown in the income statement for the comparative period. Details of these non-recurring expenses are as follows:

Incentives plan (note 9.4)	30,022
Extraordinary personnel remuneration (note 9.2)	3,606
Cancellation of derivatives and financing (note 9.4)	10,556
Stock flotation expenses (note 9.3)	5,700
	49,884
	49,884

In 2014 and 2013 the Group awarded certain incentives to members of the management committee, board members and other key employees. These incentives took the form of investment plans (hereinafter, the plans).

The plans gave participants a share in any rise in value of the Company's shares from the date the plan was launched to 31 December 2025, with the possibility of extending the plan for a further 5 years at the request of the Board of Directors. However, the plan's maturity would be brought forward if, among other circumstances, the Company was floated on the stock exchange.

The Company was floated on 1 July 2015, an event not foreseen at the 2014 reporting date and decided by the Board of Directors after the close of the 2014 financial year. Consequently, all commitments had to be recognised, significantly reducing the estimated terms in which the liquidity event would occur, resulting in the accelerated recognition of expenses related with settlement of the commitments assumed.

A total of Euros 3,606 thousand relates to expenses recognised at 30 June in connection with extraordinary personnel remuneration, including the delivery of free shares upon the stock flotation. During the flotation, bank borrowings were repaid and the related hedging derivatives were cancelled. Details of the new bank financing in place at 31 December 2015 and 30 June 2016 are provided in note 8.

2.3. Critical issues regarding the valuation and estimation of uncertainties

Preparation of the condensed consolidated interim financial statements in accordance with IFRS-EU requires certain estimates and judgements concerning the future. These are evaluated continuously and are based on historical experience and other factors, including expectations of future events and, where applicable, the justified opinion of renowned experts.

The primary judgements made by the directors in applying the accounting policies and the main sources of uncertainties are the same as those considered in the preparation of the consolidated annual accounts for 2015.

NOTE 3.- Accounting principles

In preparing the condensed consolidated interim financial statements, the same accounting principles and standards were followed as those set out in the Group's consolidated annual accounts for the year ended 31 December 2015.

NOTE 4.- Segment reporting

The activity of the companies comprising the Group primarily include: the provision of combined broadband, Pay TV, mobile and fixed-line telephone services to residential customers, self-employed workers ("Small Office / Home Office - SOHOs"), small and medium-sized enterprises (SMEs), large accounts (including the public sector) and the wholesale market. These transactions constitute the Group's only segment of activity.

For internal management purposes, the Group differentiates between the following types of customers:

- Residential
- Business
- Wholesale market and others
- Others

Details of revenues by type of customer at 30 June are as follows:

	<u>30.06.2016</u>	<u>30.06.2015</u>
Residential	184,986	99,792
Business		
<i>SOHOs</i>	34,986	18,579
<i>SMEs</i>	16,164	9,044
<i>Large accounts</i>	34,076	18,600
Wholesale and other	4,141	7,918
Others	5,942	5,500
Total	<u><u>280,295</u></u>	<u><u>159,433</u></u>

Residential

The Group offers customers in this category a combination of fixed-line and mobile telecommunication services, as well as other added-value services rendered through its fibre optic network and by virtue of a full mobile virtual network operator (MVNO) agreement. These customers receive combined offers of broadband access, Pay TV and fixed-line and mobile telephone services, billed as a bundle at competitive prices and allowing them to use the varied services.

Business

Customers in this category - SOHOs, SMEs and large accounts, including the public sector - also receive fixed-line and mobile telecommunication services. In the case of SMEs and large accounts, our sales team is able to offer, among other aspects, integrated, tailor-made services to financial institutions, large companies, healthcare providers and public entities.

- SOHOs: We have a specific commercial package for these types of customers, which include businesses with less than 10 employees. The services we sell include, inter alia, technical support, online support and electronic mail. As in the residential segment, we offer a wide range of combined packages such as broadband access, Pay TV and fixed-line and mobile telephone.
- SMEs: We offer a broad array of solutions adapted to businesses with between 10 and 40 employees. Our services include broadband access with speeds of up to 350 Mbps, symmetrical fibre access with speeds of up to 1 Gbps, MPLS access, fixed-line/mobile convergence, IP Switch and advanced IT services, among others.
- Large accounts: Our large accounts include public sector customers and large companies. Large accounts require technically complex solutions that demand tailor-made responses, including fibre access with speeds of up to 1 Gbps, MPLS access, fixed-line/mobile convergence, IP Switch, cloud firewalls and virtual data centres. We offer these types of services through a dedicated sales team that includes engineers who participate in the life cycle of the project (pre-sales, implementation and after sales service).

Wholesale market and others

We offer communication services including line access, and voice and data services to other operators in the telecommunications sector which use our infrastructure and installations for providing services to their customers. Part of the revenues generated in the wholesale market come from the Group's main direct competitors, to which we provide services such as SDH (Synchronous Digital Hierarchy) line access, Ethernet and Dark Fibre technologies, voice services (which allow distributors to complete the termination of calls originating or ending in our territory) and enabling services, which are based on our BSS networks and mobile backhaul network. We also offer services related to the placement and resale of voice services.

Others

As a result of the agreements with the Catalonia Automobile Association (RACC) we offer mobile telephone services in the Catalan market under the brand "RACC Mòvil".

NOTE 5.- Intangible assets

During the six-month period ended 30 June 2016, additions totalled Euros 17,494 thousand and primarily related to the capitalisation of costs incurred on the acquisition of customers and the capitalisation of internal costs. Derecognitions of intangible assets totalled Euros 386 thousand for the period.

Amortisation of intangible assets stood at Euros 18,903 thousand in the period.

NOTE 6.- Property, plant and equipment

Investments in items of property, plant and equipment during the period totalled Euros 28,088 thousand and mainly related to roll-out of the network. There were no significant disposals during the first half of 2016.

Depreciation and reversals of impairment for the period stood at Euros 54,614 thousand and Euros 60 thousand, respectively.

At 30 June 2016, the estimated value of commitments to acquire items of property, plant and equipment amounted to Euros 9,017 thousand.

NOTE 7.- Equity

At their general meeting held on 26 June 2015, the shareholders resolved to distribute an extraordinary dividend of Euros 207,033 thousand (Euros 1.64 per share), as follows:

Basis of distribution	
Profit for the year	36,783
Voluntary reserves	119,286
Share premium	50,964
	<u>207,033</u>
Distribution	
Dividends	<u>207,033</u>

At 30 June 2016, the Company held 184,178 own shares. During the six-month period, a total of 1,809,073 shares were acquired and 1,764,701 were sold.

NOTE 8.- Financial liabilities

Details of non-current payables are as follows:

Tranche	30.06.16	31.12.15	Nominal	Interest	Maturity
A-1	232,947	232,849	235,000	2.50%	30.06.2021
B-1	233,050	232,826	235,000	3.175%	30.06.2022
A-2	296,690	296,494	300,000	2.50%	30.06.2021
B-2	296,829	296,487	300,000	3.175%	30.06.2022
B-3	294,753	294,266	300,000	4.75%	27.11.2022
Credit facility			30,000	(a)	30.06.2022
Finance lease payables	175	188			
	<u>1,354,444</u>	<u>1,353,110</u>			
Current portion	25,667	101			
	<u><u>1,328,777</u></u>	<u><u>1,353,009</u></u>			

At 30 June 2016, the consolidated Group held an undrawn non-current revolving credit facility for Euros 30 million, and undrawn current credit facilities totalling Euros 50 million.

Accrued interest payable at 30 June 2016 and 30 June 2015 stood at Euros 7,450 thousand and Euros 1,130 thousand, respectively.

Interest is pegged to Euribor plus a spread calculated by dividing net consolidated debt by consolidated EBITDA (the coefficient), both of which are defined in the loan clauses. Early repayment of the loans may be demanded if the coefficient exceeds the parameters established. Early repayment of the loan may also be demanded if there is a change in control, understood as the acquisition of more than 50% of shares with voting rights. Details of the maturities of non-current loans with financial institutions are as follows:

2 years	3 years	4 years	5 years	> 5 years	Total
<u>68</u>	<u>94</u>	<u>142</u>	<u>191</u>	<u>1,029</u>	<u>1,524</u>

For the six-month period ended 30 June 2016, had interest rates risen by 100 basis points, with other variables remaining constant, consolidated profit (after tax) would have fallen by Euros 4.93 million (Euros 2.76 million for the year ended 31 December 2015).

The Company may not distribute extraordinary dividends or redeem own shares in its own share portfolio if the coefficient exceeds 4 after the extraordinary dividend distribution. However, the financing contract stipulates that there shall be no restrictions on the payment of dividends with profit from ordinary activities.

Upon availing of the financing, the Company pledged its shares in Rede Brigantium and R as collateral. It also signed a pledge commitment on the shares arising from a possible corporate restructuring or, alternatively, on the Company's network.

The fair values of loans and payables do not differ significantly from their carrying amount. The fair value is calculated based on cash flows discounted at a rate pegged to the effective interest rate for borrowings.

NOTE 9.- Income and expenses

9.1. Supplies

Details are as follows:

	<u>2016</u>	<u>2015</u>
Merchandise used		
Purchases	16,854	12,651
Changes in inventories	(380)	(2,254)
	<u>16,474</u>	<u>10,397</u>
Subcontracted work		
Interconnection expenses	39,113	20,565
Other supplies	9,498	5,848
	<u>48,611</u>	<u>26,413</u>
Impairment of merchandise	<u>(206)</u>	<u>-</u>
	<u><u>64,879</u></u>	<u><u>36,810</u></u>

Other supplies include credits for certain volume discounts in connection with services rendered by third parties, for an amount of Euros 3,566 thousand (Euros 1,225 thousand in the comparative period). The acquisition of R led to a significant increase in the amount of merchandise used that could be subject to such discounts.

Volume discounts pending collection amount to Euros 7,046 thousand, recognised under other current assets.

9.2. Personnel expenses

Details are as follows:

	<u>2016</u>	<u>2015</u>
Salaries and wages	15,762	9,380
Extraordinary personnel remuneration (note 2.2)	-	3,606
Employee benefits expense (other employee benefits expense)	3,792	2,189
Total	<u><u>19,554</u></u>	<u><u>15,175</u></u>

9.3. Other operating expenses

Details are as follows:

	<u>2016</u>	<u>2015</u>
Advertising	4,777	3,920
Repairs and maintenance	22,366	13,292
Services provided by third parties	20,394	17,341
Other external services and utilities	11,761	4,837
Taxes other than income tax	2,193	2,390
Losses, impairment and changes in trade provisions	1,609	1,197
Other gains	2,060	839
	<u><u>65,160</u></u>	<u><u>43,816</u></u>

During the first half of 2015, the Company incurred non-recurring expenses in connection with its stock flotation, in the amount of Euros 5,700 thousand (see note 2.2).

9.4. Net finance income/(cost)

Details are as follows:

	<u>2016</u>	<u>2015</u>
Finance income		
Third parties	31	189
Finance cost		
On third party loans	(24,669)	(6,727)
Repayment of loans (note 2.2)	-	(5,006)
Hedging derivatives (note 2.2)	-	(5,550)
Change in the value of share-based payments (note 2.2)	-	(30,022)
	<u>(24,669)</u>	<u>(47,305)</u>
Exchange gains/(losses)	26	(32)
Impairment and gains/(losses) on disposal of financial instruments	383	(144)
	<u>(24,229)</u>	<u>(47,292)</u>

NOTE 11.- Income tax

Income tax expense is calculated based on the directors' best estimation of the weighted tax rate corresponding to the full year, multiplied by the consolidated pre-tax profit for the half-year period.

The estimated effective tax rate for the first six months of the year is 26%. During the comparative period, the Company was in an overall loss position due to the recognition of the non-recurring expenses indicated in note 2.2. No additional tax losses were recognised.

In addition, during the six-month period ended 30 June 2016, a Euros 1,554 thousand decrease was recognised in income tax as a result of prior years' adjustments.

NOTE 12.- Related party transactions

12.1 Transactions and balances with key personnel

Details of transactions with key Company personnel during the six-month periods ended 30 June 2016 and 30 June 2015 are as follows:

	<u>30.06.2016</u>		<u>30.06.2015</u>	
	<u>Board members</u>	<u>Senior management</u>	<u>Board members</u>	<u>Senior management</u>
Salaries and wages	243	1,112	240	911
Share-based payments	-	-	7,359	22,663
Personnel remuneration through shares	-	-	-	-
Other remuneration	304	1,000	113	-
	<u>547</u>	<u>2,112</u>	<u>7,712</u>	<u>24,609</u>

12.2_ Transactions and balances with related parties

Details of transactions and balances with significant shareholders during the six-month periods ended 30 June 2016 and 30 June 2015 are as follows:

	<u>30.06.2016</u>	<u>30.06.2015</u>
Sales	8,398	4,832
Services	(1,388)	(1,677)
Finance income	-	1
Finance cost	(3,425)	(6,647)
	<u>3,585</u>	<u>(3,491)</u>

Details of outstanding collections and payments related to transactions with significant shareholders are as follows:

	<u>30.06.16</u>		<u>31.12.15</u>	
	Current	Non-current	Current	Non-current
Receivables	628	-	1	-
Current account	45,527	-	13,069	-
Loans extended	(4,489)	(181,704)	73	(186,051)
Payables	(1,322)	-	(637)	-
	<u>40,344</u>	<u>(181,704)</u>	<u>12,506</u>	<u>(186,051)</u>

The directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Parent or any other Group company.



**Directors' Report
for the six-month period ended
30 June 2016
EUSKALTEL, S.A. and subsidiaries**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

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1. Business and economic environment and regulatory framework

Introduction

In order to understand the comparative information included in this Directors' Report, it is important to bear in mind that several events occurred in Euskaltel, S.A. during 2015 that generated significant changes in its shareholder structure, its corporate structure and its balance sheet. Given that the majority of these events occurred in the second half of 2015, the comparison of business indicators for the first half of 2015 and 2016 reveals considerable differences.

The most significant event impacting the comparison of operating and business indicators was the direct and indirect acquisition, on 27 November 2015, of shares representing 100% of the capital of R Cable y Telecomunicaciones Galicia, S.A. (hereinafter R).

This Directors' Report sets out the main events and figures on Euskaltel, S.A.'s activity from January to June 2016, which are consolidated with those of R. These consolidated figures are compared with accumulated data for the first half of 2015, which only include indicators and figures for Euskaltel, S.A.

Business outlook

The period from January to June 2016 reflects the first complete half-year period of activity in the current consolidated scope of the Euskaltel Group. Accordingly, the Group's business indicators have changed substantially.

Revenue for the period stood at Euros 286 million, up 76.9% on Euskaltel's revenues for the first half of 2015.

This growth in business activity was coupled with an even greater rise in adjusted EBITDA, up 83.3% to Euros 139.3 million. Although the increase in margin is considerable in absolute terms, the improvement was even greater in relative terms, given that the Group's adjusted operating margin stood at 48.7% at the half-year close, compared to 47% at 30 June 2015.

This recovery of revenue growth was largely underpinned by the confirmation of our commercial strategy in recent years for the residential market and SOHO segment, the main goal of which was to secure new customers for high-value 3P and 4P packages and focus on cross-selling and upselling with a view to maximising customer lifetime value within our existing customer base.

Our profitability has increased on the back of a recovery in revenue growth and the search for best practices in the integration of the two companies. We have locked in our position as a benchmark company in the sector for cash conversion ratios, and we have shored up our strategy to reduce existing Group debt following the acquisition of R in 2015.

Consolidated post-tax profit stood at Euros 30.2 million, considerably above that of the prior year.

Trends in the main business indicators are set out below, identifying both the actual figures from the first half of 2016 and adjusted figures eliminating the impact of non-recurring expenses incurred on the integration of Euskaltel and R (expenses related to the IPO process were included in 2015).

(€m)	Jan-Jun 2016			Adjusted Jan-Jun 2016 (*)			2016 adjusted vs 2015 adjusted	
	Euskaltel	R	Consolidated	Euskaltel	R	Consolidated	Adjusted Jan-Jun 2015	
							Adjusted Jan-Jun 2015	Change
Total revenue	161.2	124.6	286.0	161.2	124.6	286.0	161.7	76.9%
Residential	102.9	82.1	185.0	102.9	82.1	185.0	99.8	85.4%
Business	46.1	39.1	85.2	46.1	39.1	85.2	46.2	84.4%
Wholesale and other	12.2	3.4	15.8	12.2	3.4	15.8	11.2	41.7%
Other	0.0	0.0	0.0	0.0	0.0	0.0	4.5	-
EBITDA	80.3	58.0	138.4	81.2	58.1	139.3	76.0	83.3%
<i>EBITDA margin</i>	<i>49.8%</i>	<i>46.6%</i>	<i>48.4%</i>	<i>50.4%</i>	<i>46.6%</i>	<i>48.7%</i>	<i>47.0%</i>	
OpFCF	58.0	34.9	92.8	58.8	35.0	93.7	57.7	62.3%
<i>Conversion rate</i>	<i>72.2%</i>	<i>60.1%</i>	<i>67.0%</i>	<i>72.5%</i>	<i>60.2%</i>	<i>67.2%</i>	<i>75.9%</i>	
Net income	20.4	15.6	30.2	21.0	15.7	30.9	23.1	33.8%
Net financial debt			1,307.2				417.0	

(*) Excluding costs related with the integration process (in 2015, also excludes costs related to the IPO process)

Adjustments	2016	2015
EBITDA	0.9	9.3
Net finance cost	0.0	40.7
Tax effect	(0.2)	(8.5)
	0.7	41.5

There continues to be a relevant positive difference in the cash flow conversion rates compared to our European peers. In the first half of 2016, for each Euro generated in adjusted EBITDA, we converted Euros 0.67 in cash flow.

This superior cash flow conversion is primarily a consequence of our proprietary, next generation fibre network and our business strategy, which allow us to focus our capital investments on maintenance and attracting customers rather than on new, capital-intensive projects.

Macroeconomic environment

After years of severe economic crisis in Spain, 2015 saw the beginning of the consolidation of a turnaround in the macroeconomic situation. The Spanish economy's grew steadily, at 3.2% (source: Spanish Statistics Institute (INE)) during 2015. During 2016, this recovery continued at a stronger pace than initially forecast, with year-on-year growth of 3.4% in the first quarter of 2016 (source: INE) and of 3.1% in the second quarter (source: Bank of Spain). Growth is expected to be somewhat lower in the second half of 2016 and in 2017 (2.6% and 2.1%, respectively) (source: IMF, Global Economic Outlook database, July 2016), although the majority of analysts forecast GDP growth of around 3.0% for 2016.

According to these forecasts, the economy has begun its slowdown a little later than initially expected; however, the sluggish period will last for at least the coming four quarters.

Economic trends in the Basque Country have closely mirrored those in Spain at large. The Basque Country is also consolidating its recovery, with GDP growing 2.8% in 2015 and 3.3% year on year in the first quarter of 2016 (source: Eustat).

Recovery in Galicia has been somewhat lower than that of Spain as a whole; however, the region's economic development is also showing signs of strength, with GDP growth of 2.1% in 2015 and of 2.8% year on year in the first quarter of 2016 (source: Galicia Statistics Institute (IGE)).

Industrial environment

The Spanish telecommunications market has been undergoing a major transformation since 2011 in order to adjust to the challenging macroeconomic environment. The main trends that impacted the market are the following:

- Pressure on convergence and prices: In the period under review, the Spanish telecommunications market experienced a rapid transition towards convergence of fixed and mobile services. The proportion of the market represented by 3P/4P bundles increased from 13% in 2012 to 66.7% in late 2015 and continues to grow in 2016.
- Consolidation: During the past three years, the Spanish market has been characterised by consolidation, primarily driven by mobile-centric operators acquiring fibre operators. As a result, the three main operators, which represented 77% of the market in 2012, accounted for 85.2% by the 2015 year end, primarily due to the absorptions of Ono and Jazztel. In addition, operations such as Euskaltel's acquisition of R or, more recently (21 June 2016), MásMóvil's acquisition of 100% of shares in Xfera Móviles S.A. ("Yoigo"), are highlighting the increasing competition in the sector.
- Shift in trends: According to a report by the Spanish fair trade authorities (Comisión Nacional de los Mercados y la Competencia, CNMC), there has been a turnaround in average spending on telecommunications services, with the downward slide seen in previous years coming to a halt. For example, spending on contract mobile services decreased by more than 10% year on year in 2013 and 2014, but did not see a decrease in 2015. This shift in spending trends was also noted in bundled convergent offers.
- Increasing importance of high-speed internet: Spain is one of the largest broadband markets in Europe, with approximately 13.4 million broadband subscribers at 31 May 2016 (source: CNMC). In terms of high-speed broadband access (at least 30Mbps), the Spanish market is under-penetrated. However, the market has seen growth in recent years, with fibre, including cable and FTTx, representing 47.6% of the Spanish market in May 2016 (compared to 29% in 2014), and FTTH increasing considerably between 2012 and 2016, from 2.9% to 28.9% of Spanish fixed-line broadband subscribers in May 2016 (source: CNMC).

Regulatory environment

The Spanish telecommunications market is subject to changes implemented by its regulatory body, the CNMC.

In November 2015 the CNMC approved a draft law covering the Spanish wholesale broadband market in which it proposed that Telefónica open up its fibre network in all of Spain except for cities in which at least three operators are present. In the remaining municipalities, Telefónica would have to offer the alternative operators access to its fibre optic network - without the 30 Mbps limit - at a price that allows them to match Telefónica's offerings.

In January 2016 Telefónica and Mediapro reached an agreement through which the operator acquires football rights that will give it exclusive control of all league (Liga) matches for the next three seasons, except in bars, and all UEFA Champions League matches. The CNMC has not yet determined whether this content is subject to the commitments to which the authorisation of the concentration of Telefónica was subject with its purchase of DTS (Canal+). However, it has indicated that it is considering limiting the offer, in order to ensure that the remaining sector competitors will be able to match the service bundles proposed by Telefónica.

Integration process

In the first half of 2016, the integration process implemented following the acquisition of R in November 2015 began yielding results. All the projects identified to unlock the maximum degree of synergies in revenues, expenditure and investment are under way.

The most relevant results to date are as follows:

- The mobile products sales model in Galicia was successfully changed, eliminating subsidies for devices and incorporating a new rate that encourages all members of a family to link their mobile services.
- The operating and economic terms of the migration of R's customer database were negotiated with mobile hosts. The changeover project is progressing as scheduled (first lines activated in July 2016).
- Supply contracts with the main service providers (technology, content, general services) were renegotiated to extend and share best practices between the companies.
- A large portion of the operating Quick Wins were implemented, in areas such as post-sales, service provision, elimination of duplicate structures, optimised use of assets, etc.

In addition, an information systems integration plan was defined, to be carried out over the coming two years. The plan seeks to optimise infrastructures and tools, to integrate teams and to secure harmonised operations. The first steps of the plan were carried out, with very little disruption of business management.

As a result of the foregoing, the Company maintains its objectives of creating value on the operation and passing that value on to the market.

2. Commercial activity and customer relations

Commercial activity

Residential market

Residential market revenues for the first half of 2016 continued to reflect the positive trend seen in 2015, coming in at Euros 185 million. On a like-for-like basis (aggregate sum of Euskaltel's and R's activity in the first half of 2015), residential market revenues grew 4.8% year on year.

This strong performance was underpinned by the growth in the number of customers (despite not selling football content), the upselling and upgrading policies, which have pushed the number of products contracted by customers up by over 58,000 in the year to date (over 110,000 products more than at 30 June 2015), and the increase in global ARPU.

In February 2016, the results of web user survey carried out by the Association for Research in Communications Media (Asociación para la Investigación de Medios de Comunicación, AIMC) were published. In the survey, users valued the customer service received by their home internet providers, ranking both Euskaltel and R among the top operators in all of Spain.

In the Basque Country, the total number of customers grew by 2,266, while total products contracted rose by 43,185 (15,123 fixed services and 28,062 mobile services), to 1,042,056 (3.5 products per customer, compared to 3.2 at 30 June 2015).

In the fixed network service, and despite the lack of football content, the number of TV service customers rose by over 10,000 in the first half of 2016. Two months after the launch of the replay service in 2016, the ratio of users contracting the bundled replay and catch up services out of all potential users stood at 40%.

Customer ARPU continues to grow quarter on quarter and year on year. ARPU for the period was 1.93 times greater than that of the same period of 2015. This has led to an upward move in revenues, which rose 3.1% on the first-half of 2015.

Another key element in this segment is the WiFi Kalean service, which improves WiFi users' experience both inside and outside the home. Over 115,000 users regularly connect to this service each month, downloading an average of 2.0 terabytes per day, and the professional AP roll-out rates continue in 2016.

In Galicia, the total number of customers grew by 301, while total products contracted rose by 15,442 (2,962 fixed services and 12,480 mobile services), to 826,291 (3.3 products per customer, compared to 3.2 at 30 June 2015). The number of customers with mobile services only increased by more than 2,000, making this an interesting gateway for other services, given that 15.4% of new fibre customers originated from this segment during the half-year period.

In respect of the channels mix, internet services accounted for 19% of direct access adds (vs 13% in 2015).

Global residential ARPU improved to Euros 59.05 per month (up 3.4% year on year), for year-on-year revenues growth of 7%.

The main actions taken in the first half of 2016 were as follows:

- Safeguarding the quality of sales: the new convergent offering introduced in the six-month period helped increase the adds services mix to an average of 3.4 RGUs per new add, compared to an average 2.8 RGU for each definitive cancellation.
- Encouraging growth in the number of RGUs per customer, reaching a mobile-to-fixed penetration rate of 81.9%, 85.6% for internet and 63% for television (which saw 12,147 service contract adds compared to June 2015, despite the absence of football offerings).
- Monetizing the growing demand for speed and data volume among customers and facilitating upgrades, by adapting prices to the philosophy "much more for more."
- Developing the television segment by increasing functionalities and improving the user interface.
- Anticipating the end of roaming in Europe in the fixed-line telephone segment, eliminating the cost of calls received from the EU as from 20 June.
- Launching new value-added services, such as the nubeR storage service, which saw its first 8,000 customers in the six-month period.

Business market

The small office/home office (SOHO) segment grew considerably in the first half of 2016, both in terms of revenue and number of customers in the Basque Country and Galician markets. Revenues rose by over 3%, underpinned by net growth in customers (851 during the period) and in the number of products contracted (up 14,574). This performance is despite the negative impact in the restaurant sector of not selling football and motor sports content.

In addition, customer ARPU increased by Euros 2.30 per month, compared to the same period of 2015. The strong performance of new customer adds in the first half of 2016 was also noteworthy, as was the commercial efficiency achieved by focusing on channels such as telephone sales.

In the small and medium-sized enterprises (SMEs) segment, the reorganisation of sales teams carried out since late 2015, focusing on bringing in high-value companies, is yielding very positive results. In the Basque Country, invoicing to these companies exceeded Euros 4.7 million in the first half of the year, with 51 new high-value companies.

In Galicia, this new sales approach has considerably improved average new ARPU, with special focus on towns of under 20,000 residents, companies in more remote locations but near the fibre network, and business parks located in rural areas.

In the large accounts and IT services segment in the Basque Country and Galicia, strong results were obtained in renewals of customer contracts. Revenues for IT services during the six-month period were 5% higher than in the same period of 2015, with security and data centre services underpinning future strategy.

Customer relations

The Group will continue to develop its multi-channel customer service approach as a strategy to increase customer satisfaction and customer loyalty, as well as to reduce costs. At the same time, it will shore up the modern image of its brands.

Excellence in customer service will continue to be one of the factors setting the Group apart from its competitors.

Several developments are under way for the website and the mobile app, including the complete redesign of the company area, more user-friendly features in the app, incorporation of frequent operations both on the website and on the app (WiFi passwords, PIN, etc.), and improvements in the invoice view.

The improvements in online channels and promotion thereof has led to an increase in the use of these channels, from a monthly average of 9% of customers in the first half of 2015 to an average of 16% in the same period of 2016.

Residential market

The number of customer service calls per customer in the residential market decreased 3% from the first half of 2015 to the same period of 2016. In addition, the number of unsatisfied customers fell 7% between the two periods, with only 3.7% of customers remaining unsatisfied following the customer service provided. The reiteration rate of customer service requests dropped 1.3% in the same period.

Business market

In the business market, the number of customers calling the customer service decreased 5.3% from the first half of 2015 to the first half of 2016. During the first six months of 2016, 50% of business customers accessed the website, 40% sought service via the telephone channel and 10% wrote the customer service email address.

The number of business customers that remained unsatisfied after customer service fell 10% in the half-year comparison, to stand at 2.6%.

Resolution at first instance of business customer issues rose in the period, to 50% of calls. The reiteration rate fell 1.7%.

3. Network operations

During the first half of 2016, network management activity was particularly intense, given that, in addition to the regular service evolution project, integration solutions were defined from the point of view of platforms and organisational and operating structures were adapted for Euskaltel and R to promote the new project, seeking synergies, growth, customer focus and stronger Company results.

Organisation

Since late March, a unified organisational structure has been defined for servicing both Euskaltel and R, with the following fundamental principles:

- Corporate network unit
- Unified structure: structures are not duplicated on the basis of geographical location
- Start of a new stage bringing together the best practices of the two successful models, in a single network
- The main objective is to continue improving the quality of service for our customers. The Group stands out from its competitors due to the excellence in the quality of service offered and the close relationship with customers.

Network integration

In order to identify synergies from the point of view of operations, process simplification and maintenance efficiency, a detailed study was performed on the different platforms existing in Euskaltel and in R. Following the study, the most appropriate final configuration of the platforms was defined and work was launched to integrate the platforms.

In general, the project seeks to unify duplicate platforms (fixed voice, mobile core, television, etc.) and technological suppliers, thereby securing a greater economy of scale and savings in operations and maintenance.

One of the basic cornerstones of our business strategy is to have the most advanced network possible, giving our customers access to the best services and maximising their user experience. The main networks projects in the first half of 2016 were as follows:

a) Change in host in R

Upon the integration of Euskaltel and R, one of the synergies with the greatest impact will be secured by integrating all our clients under the same host. This will improve operating costs, maximise the greater critical mass for negotiating conditions and incorporate all functionalities each company had separately, such as offering 4G services in both regions. During the first six months of the year, we carried out all planning and preparation tasks for the migration of customers in Galicia. During the second half of the year, we will migrate to the new host.

b) Launch of 4G and roll-out of the proprietary LTE network

In Euskaltel, in addition to the 4G service for our mobile customers, supported by the network of our host (available since October 2015), the proprietary LTE network was rolled out in the Basque Country, on the basis of Euskaltel's title to administrative concessions for two blocks of frequency in the 2.6 GHz bandwidth. The objective of this project is to reduce termination rates by diverting part of the mobile service traffic of our customers through our own infrastructure. At 30 June 2016, 18 base stations were active, and the Group aims to have more than 60 antennas in operation by the end of the year.

During the first half of 2016, R carried out the detailed business plan in order to assess the possibility of replicating the same roll-out of the proprietary LTE network, given that R has the same frequency blocks in the 2.6 GHz bandwidth.

c) WiFi

The primary objective behind the different WiFi sub projects (WiFi Klean, WiFiClientsR, WiFi Tourists, WiFi Bars, WiFi Councils, APs professionals, etc.) is that customers of both Euskaltel and R enjoy a WiFi data connection in the greatest number of places, free of charge.

Euskaltel and R have approximately 150,000 and 100,000 hotspots, respectively, equivalent to daily traffic of more than 5 terabytes (accumulated).

During 2016, the number of specific hotspots for this network (AP professionals) is being increased in the areas of highest demand.

d) Roll-out in industrial estates

As part of the proprietary fixed network roll-out in the Basque Country, new FTTH technology was rolled out in eight industrial estates in 2015, adding to the 29 industrial estates with service coverage of over 100 Mbps through a Gigabit Passive Optical Network (GPON). Assistance was obtained for these projects from the Secretary of State for Telecommunications and the Information Society, under the programme for next generation broadband expansion.

During the first half of the year in Galicia, the Group received a subsidy from the Galicia Regional Council to wire 81 industrial estates, with the subsidy covering 65% of the scope of investments to be carried out on the RFOG (fibre optics) solution roll-out in industrial estates, under way in Galicia. During the first six months of the year, 19 of the 24 target industrial estates were completed.

e) Broadband

Due to the continual growth in demand and the number of customers with high-speed products, we have enlarged and adapted the network, allowing our customers to enjoy speeds of up to 350 Mb with an appropriate level of service.

f) Television

During the first half of the year, we defined the future course for the Group's TV project. This entailed implementing the following decisions:

- A new common decoder for the Group: Android, 4K, value-added functionalities (VoD, OTT, etc.)
- A unified back-end for both companies, both for cable television and for On Demand TV (VoD) and Over the Top (OTT) TV.

As a result of the decisions taken, we are now ready to unify the Group's TV strategy, primarily focusing on catch up services. In addition, this new solution allows us to offer IPTV services.

We also completed several projects that will allow our customers to enjoy greater capabilities:

- o Cloud recording: allows viewer to record TV content
- o StartOver: allows viewers to watch, from the beginning, an event that has already started but that has not yet finished
- o TimeShift: allows viewers to pause a live broadcast and continue watching at a later stage

g) Other projects

- o Project to migrate traditional fixed voice services to VoIP (IMS)

- Unification of the IP core technology in Euskaltel and R
- Implementation of the internet attacks incident platform (ARBOR) in Galicia

4. People

Organisation

With the incorporation of R into the Group, work commenced to unlock synergies in efficiency and organisational standardisation. As such, the following was defined in the first half of 2016:

- Group organisational chart
- Group management committee
- a series of integration projects, which in the area of HR are focused on:
 - standardisation of HR policies
 - standardisation of advanced management policies
 - unification of processes

People

An internal communications plan was designed with the following objectives:

- a. Informing all Group employees of progress in the integration process
- b. Aligning persons with the corporate mission and values
- c. Motivating people to meet their targets
- d. Reducing the uncertainty generated by the integration process
- e. Facilitating introductions between people of both companies and integrating teams
- f. Listening to employees to obtain front-line experiences and to guide the action plans

Other people-focused actions implemented during the first half of 2016 include:

- Workplace climate survey
- Preparation of a new diversity and equality plan promoting equal conditions and a work/life balance
- Educational collaboration: promotion of initiatives through which around 20 people participate in different scholarship programmes in collaboration with different universities
- Definition of a "cultural focus" project to identify the action lines needed to create a new Group culture combining the best of Euskaltel with the best of R, sharing this culture and ensuring that all employees identify with it
- Negotiation of the first collective labour agreement at R: On 9 May 2016, the negotiation board for the first collective labour agreements at R was created.
- Healthy company: At R, we continue with healthy lifestyle project (diet, rest, sports and happiness), and at Euskaltel, we continue to promote the well-being and the comprehensive health of people. The entire staff received mindfulness training.

5.- Economic-financial situation and key business indicators

Key performance indicators (KPIs)

The following tables show some of our operating and financial KPIs for the period examined.

Residential					
KPI	Unit	31.12.15	30.06.16	30.06.16	30.06.16
			Euskaltel	R	Consolidated
Homes passed	#	1,699,073	883,054	820,307	1,703,361
<i>Household coverage</i>	%	65%	86%	51%	65%
Residential subs	#	545,502	298,423	249,646	548,069
<i>o/w fixed services</i>	#	471,664	277,957	192,938	470,895
<i>o/w mobile only subs</i>	#	73,838	20,466	56,708	77,174
o/w 1P (%)	%	21.9%	16.8%	27.3%	21.6%
o/w 2P (%)	%	14.8%	15.3%	10.8%	13.3%
o/w 3P (%)	%	29.6%	33.5%	21.1%	27.8%
o/w 4P (%)	%	33.7%	34.5%	40.8%	37.3%
Total RGUs	#	1,809,720	1,042,056	826,291	1,868,347
RGUs / sub	#	3.3	3.5	3.3	3.4
Residential churn fixed customers	%	14.8%	14.0%	14.3%	14.1%
Global ARPU fixed customers	€/month	55.97	57.43	59.05	58.10

KPI	Unit	31.12.15	30.06.16	30.06.16	30.06.16
			Euskaltel	R	Consolidated
Fixed voice RGUs	#	467,181	278,516	188,776	467,292
<i>as % fixed customers</i>	%	99.0%	100.2%	97.8%	99.2%
BB RGUs	#	389,456	225,491	167,231	392,722
<i>as % fixed customers</i>	%	82.6%	81.1%	86.7%	83.4%
TV RGUs	#	250,191	142,101	122,798	264,899
<i>as % fixed customers</i>	%	53.0%	51.1%	63.6%	56.3%
Postpaid lines	#	702,892	395,948	347,486	743,434
Postpaid customers	#	412,247	218,892	214,621	433,513
<i>as % fixed customers (only mobile excluded)</i>	%	71.7%	71.4%	81.8%	75.7%
<i>Mobile lines / customer</i>	#	1.7	1.8	1.6	1.7

The roll-out, relaunched in 2015, continues under way, with over 4,000 homes wired in the period.

In mobile communications, growth is underpinned by the strong performance and improvements in mobile telephony, the possibility of financing purchases of mobile devices and the launch of the 4G service, which have all contributed to the strong performance in this area. This is also seen in residential billed mobile contract customers, with an increase in products from 702,892 in 2015 to 743,434 at June 2016, and in the higher percentage of customers with mobile services (75.7% at June 2016 vs 71.7% in 2015).

During the period, we secured customer growth in bandwidth (3,266 more customers than in 2015) and in television (14,708 more than in 2015, for growth of 5.88%), despite the impact of not showing football matches in the 2015-2016 season.

As a result, the products/customer ratio rose during the period (3.3 in 2015 to 3.4 at June 2016).

In addition, the higher percentage of mobile customers and the loyalty-building effect this has have allowed us to decrease our churn numbers compared to the same period of the prior year.

ARPU increased by Euros 2.13 (+3.81%) in the period. Policies focusing on the sale of mobile telephones, higher-added value services (upgrading) and additional services to existing customers (upselling) have contributed to this growth. The number of customers with three or four products contracted rose from 63.3% of the total customer base in 2015 to 65.1% at June 2016.

Soho					
KPI	Unit	31.12.15	30.06.16		
			Euskaltel	R	Consolidated
Subs	#	88,163	48,398	40,616	89,014
o/w 1P (%)	%	28.5%	27.3%	35.0%	30.8%
o/w 2P (%)	%	27.0%	15.1%	20.4%	17.5%
o/w 3P (%)	%	33.9%	40.2%	37.3%	38.9%
o/w 4P (%)	%	10.6%	17.3%	7.3%	12.8%
Total RGUs	#	278,314	173,502	119,386	292,888
RGUs / sub	#	3.2	3.6	2.9	3.3
Churn fixed customers	%	19.7%	21.0%	22.1%	21.4%
Global ARPU fixed customers	€/month	65.3	66.8	62.4	65.0

The Group's commercial strategy in the business market is in line with that of the residential segment. The rise in number of customers, product mix offered and the upgrading and upselling policies have kept indicators on the upswing, with the number of customers and the number of products contracted rising and ARPU remaining steady compared to 2015 (increase in Euskaltel).

Selected financial data					
	Unit	Jan-Jun 2015	Jan-Jun 2016		
			Euskaltel	R	Consolidated
Total revenues	€ m	161.7	161.2	124.6	286.0
<i>Y-o-y change</i>	%				76.9%
o/w Residential	€ m	99.8	102.9	82.1	185.0
<i>Y-o-y change</i>	%				85.4%
o/w Business	€ m	46.2	46.1	39.1	85.2
<i>Y-o-y change</i>	%				84.4%
o/w Wholesale and other	€ m	11.2	12.2	3.4	15.8
<i>Y-o-y change</i>	%				41.7%
o/w Other revenues	€ m	4.5	0.0	0.0	0.0
<i>Y-o-y change</i>	%				0.0%
Adjusted EBITDA	€ m	76.0	81.2	58.1	139.3
<i>Y-o-y change</i>	%				83.3%
<i>Margin</i>	%	47.0%	50.4%	46.6%	48.7%
Capital expenditures	€ m	(18.3)	(22.4)	(23.1)	(45.7)
<i>Y-o-y change</i>	%				149.7%
<i>% total revenues</i>	%	-11.3%	-13.9%	-18.6%	-16.0%
Adjusted Operating Free Cash Flow	€ m	57.7	58.8	35.0	93.7
<i>Y-o-y change</i>	%				62.2%
<i>% adjusted EBITDA</i>	%	75.9%	72.5%	60.2%	67.2%

Residential revenues rose by 85.4% from the first half of 2015 to the first half of 2016. This is the result of both incorporating R's revenues for January to June 2016 (Euros 82.1 million) and the strong individual performance in Euskaltel, with growth of 3.11%, primarily derived from the positive trends in ARPU.

Revenue from the business market amounted to Euros 85.2 million, up 84.4% on the same period of the prior year. This situation is primarily due to R's contribution (Euros 39.1 million) and the maintenance of individual Euskaltel revenues at the same levels as the same period of the prior year, despite the price pressures applied by the competition. Business market performance (SOHO) was positive in the period, with revenue growth of Euros 0.9 million in Euskaltel compared to the same period of 2015, a rise of 4.95%, consolidating the positive trend first seen in 2015.

Revenue from the wholesale and others segment rose 41.1% due to the incorporation of R (Euros 3.4 million) and the Euros 1.0 million rise in individual Euskaltel revenues compared to the same period of the prior year (up 8.9%).

Adjusted EBITDA (i.e., stripping out the effect of expenses incurred in the integration process) stood at Euros 139.3 million at June 2016, up 83.3% on the same period of 2015. Of this increase, Euros 58.1 million relates to the incorporation of R and the remaining amount to efficiencies locked in at Euskaltel, where the sales margin stands at 50.4% (48.7% consolidated). This underlines the successful management of operating costs and the efficiency measures implemented during previous years.

Investments stood at Euros 45.7 million in the period, up Euros 27.4 million on the first six months of 2015. This rise is due to the incorporation of R's investments (Euros 23.1 million) and to the continuation in 2016 of relevant projects in Euskaltel. This increase was underpinned by the plan to wire 51,000 homes and industrial buildings, the repositioning of broadband speeds, the WiFi Klean project and the start of the roll-out of the proprietary 4G network in late 2015. These projects involve technological, customer-oriented innovations allowing users to enjoy the best services and enabling the Group to increase the commercial offering and revenues in the coming years.

Operating cash flow, defined as the difference between EBITDA and investments, resulted in a conversion rate of over 67%, maintaining our leading position in comparison with similar sector companies in Europe.

6. Corporate governance and corporate social responsibility

Corporate governance

a) Adaptation to good governance recommendations

During the first half of 2016, we continued to adopt good corporate governance recommendations, as follows:

- Modification of the Regulations of the Board of Directors, approved by the Board of Directors on 26 April 2016, strengthening, among other aspects, the figure of the independent lead director, incorporating the powers foreseen in Recommendation 34 of the Good Governance Code of Listed Companies published by the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores, CNMV)
- Approval of the policy for communication and contacts with shareholders, institutional investors and proxy advisors, at the Board of Directors meeting held on 26 April 2016
- Approval of the director selection policy, at the Board of Directors meeting held on 26 April 2016
- Approval of the addendum to the contract of the Chairman of the Board of Directors, at the second Board meeting held on 24 May 2016
- Update of the corporate social responsibility policy, approved at the second Board of Directors meeting held on 24 May 2016
- Amendment of the articles of association, approved at the ordinary general shareholders' meeting held on 27 June 2016

- Approval of the directors' remuneration policy for 2016, 2017 and 2018, at the ordinary general shareholders' meeting held on 27 June 2016

As such, we have complied with all the recommendations set out in the CNMV's Good Governance Code of Listed Companies that are applicable to Euskaltel, as we undertook to do in our Annual Corporate Governance Report for 2015, posted on the investors' section of Euskaltel's corporate website and on the CNMV's website.

b) Changes in the Board of Directors

In the first half of 2016, a number of changes occurred in the Company's governing bodies. These changes were formally adopted at Euskaltel's ordinary general shareholders' meeting held, on first call, on 27 June 2016.

- Following the voluntary resignations of the independent directors Bridget Cosgrave and Richard Alden, the shareholders approved the appointment of Elisabetta Castiglioni and Miguel Ángel Lujua as new independent directors of the Company.
- In addition, following the voluntary resignation of the proprietary director Alicia Vivanco González, the shareholders elected the company Kartera 1, S.L., represented by Alicia Vivanco González, as the new proprietary director.
- Lastly, following the departure of the former General Manager Fernando Ojeda, the shareholders in general meeting approved the appointment of Francisco Arteche Fernández-Miranda as Executive Director and he has also been proposed by the Appointments and Remuneration Committee for the position of CEO of Euskaltel.

The shareholders in general meeting also approved the reappointment of Alberto García Erauzkin as Executive Director and José Ángel Corres as independent director.

c) Own shares

At the general meeting held on 27 June 2016, the shareholders authorised the Board of Directors to acquire own shares during a five-year period.

The shares to be acquired through this authorisation may be subsequently sold or redeemed or may be used to remunerate Company employees or directors, or for the development and execution of programmes encouraging participation in the Company's shareholding structure, such as dividend reinvestment plans, incentives plans and plans to incentivise the purchase of shares or similar instruments.

This authorisation also extends to the acquisition of own shares by Euskaltel in order to enforce liquidity contracts already in place or that could be entered into in the future.

d) Significant event filings

During the first half of 2016, 11 significant event filings were made, reporting the following: earnings for the first quarter of 2016, operations performed under the liquidity contract, approval of the merger by absorption of Rede Brigantium, S.L.U. by Euskaltel, the call to and the results of the ordinary general shareholders' meeting, and the new corporate governance structure and the proposals for re-election and appointment of directors.

Corporate Social Responsibility

The first steps have been taken to integrate the policies, operations and best practices of both organisations.

During the first half of the year, the Group calculated its corporate ecological footprint as part of a pioneering initiative to measure the environmental performance of the organisation throughout the entire life cycle of the service offered (from obtaining the necessary materials to rendering the service and treating wastes at the end of the useful life). This initiative evaluates, calculates and weighs the main environmental impacts of Euskaltel, in accordance with the guidelines set by the European Commission and the Ilobe methodology (Basque Country government).

With respect to our focus on traction with the value chain, work began in June on the Green Sales Point project, aimed at identifying ideas for environmental improvement and the struggle against climate change at Euskaltel's sales points. This includes the project to calculate the carbon footprint of sales points, which will be carried out in the second half of the year.

As part of our commitment to fight climate change and with the transparency that characterises all our actions with our stakeholders, we participated in the 2016 CDP climate change reporting programme (www.cdp.net), which compiles information from listed companies on risks and opportunities related with climate change, their emissions reductions plans and the transparency of corporate actions to mitigate climate change.

During the first half of the year, in order to renew the corresponding certifications, the environmental management system was subject to the following external audits:

- Environmental management system under ISO 14001: 2015
- 2015 environmental statement, in accordance with European Regulation 1221/2009 (EMAS III)
- 2015 Corporate Social Responsibility Report, in line with Global Reporting Initiative specifications (GRI4)

The environmental audit was performed in accordance with the new version of the ISO 14001 standard issued in 2015.

For the first time, the verification, by an external auditor, of the Corporate Social Responsibility Report prepared under the GRI4 guide was carried out for the comprehensive level, due to the level of information provided. This report was approved by the Board of Directors and submitted to the shareholders at the general meeting held on 27 June 2016.

The environmental statement is a report describing Euskaltel's environmental performance and the results obtained in minimising environmental impacts. The Corporate Social Responsibility report sets out our performance in implementing the corporate social responsibility policy, in economic, social and environmental aspects, and our commitment to the 10 principles of the UN Global Compact. Both documents are available on Euskaltel's website.

In addition, during the first half of 2016, an external audit was performed on the service quality parameters set out in the Ministry of Industry, Energy and Tourism Order IET/1090/2014 of 16 June, governing the conditions for service quality in electronic communications services. These indicators are measured internally in order to monitor the level of quality of our services and are published on the corporate website each quarter.

7. Financial risks

Our activities are exposed to credit risk, liquidity risk, and market risk, the latter of which includes currency and interest rate risk.

We use financial risk evaluation and mitigation methods suited to our activity and scope of operations, which are sufficient to adequately manage risks.

A summary of the main financial risks affecting us, and the measures in place to mitigate their potential affect, is as follows:

a) Credit risk

Credit risk is the risk of financial loss to which we are exposed in the event that a customer or counterparty to a financial instrument fails to discharge a contractual obligation. This risk is mainly concentrated in receivables.

The probability of customer credit risk materialising is mitigated by the application of different policies, and the high level of dispersion of receivables. Among the different policies and specific practices are the customer acceptance policy, continual monitoring of customer credit, which reduces the possibility of default on the main receivables, and collection management.

The impact of bad trade debts on the income statement in 2015 was Euros 1.61 million (Euros 2.33 million in 2015), equivalent to 0.57% of turnover at 30 June 2016 (0.67% in 2015). Aged, non-impaired receivables past due by more than 90 days at 30 June 2016 amount to Euros 0.7 million (Euros 3.49 million at the end of 2015).

b) Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Our approach to managing liquidity risk is to ensure, as far as possible, that it has enough liquidity to settle its debts as they fall due, in both normal and stressed conditions, without incurring unacceptable losses or compromising its reputation.

At 30 June 2016 the consolidated Group had a non-current undrawn revolving credit facility of Euros 30 million and current undrawn credit facilities totalling Euros 50 million.

Cash and cash equivalents reflect the amounts available with financial institutions that have high credit ratings.

At 30 June 2016, cash and cash equivalents amounted to Euros 74.95 million (Euros 23.37 million at the end of 2015).

We adjust the maturities of our debts to our capacity to generate cash flows to settle them. To do this, we have implemented a seven-year financing plan with annual reviews and periodic analyses of our financial position, which includes long-term projections, together with daily monitoring of bank balances and transactions.

Although our working capital, defined as the difference between current assets and current liabilities (maturing in less than 12 months in both cases), is negative, this is mainly because of the way the business operates, resulting in the average collection period being shorter than the average payment period, which is common practice in the sector in which we operate. Another reason is the low level of merchandise and inventories on our balance sheet, which amounted to Euros 4.12 million at 30 June 2016 (Euros 3.53 million in 2015).

c) Market risk

Market risk is the risk that changes in prices could affect our revenue or the value of our financial instruments. The objective of managing market risk is to control exposure to this risk, within parameters we consider reasonable, and optimise returns.

Our scope of operations barely exposes us to currency or price risks, which may arise from occasional purchases in foreign currency of insignificant amounts.

Interest rate risks arises on variable-rate loans from financial institutions and related parties, which expose us to fluctuations in future cash flows.

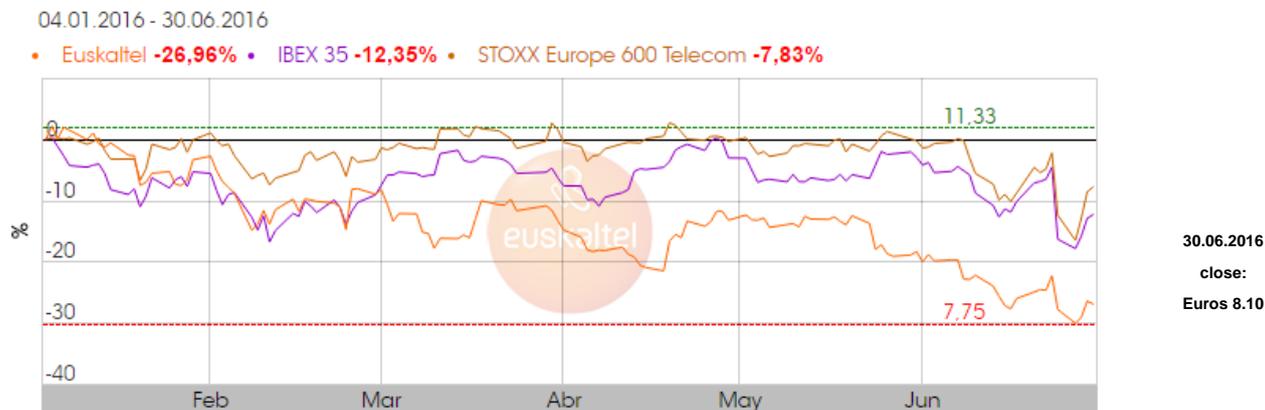
We regularly revise our interest rate hedging policy. Under this policy, we assess the need to contract interest rate hedges.

We settle interest on a monthly basis, which allows us to closely monitor the performance of interest rates in the financial market.

For the six-month period ended 30 June 2016, had interest rates risen by 100 basis points, with other variables remaining constant, consolidated profit (after tax) would have fallen by Euros 4.93 million (Euros 2.76 million for the year ended 31 December 2015).

8. Share price

Share price



In the first half of 2016, Euskaltel's shares lost 26.96%, more than the IBEX 35 (which fell 12.35%) and the sector benchmark STOXX 600 Telecom (down 7.83% in the same period). Nevertheless, when looking at a complete year, which includes the moment the Company was floated on the stock market, although Euskaltel shares still fell (down 14.74%), they outperformed the IBEX 35 (which lost 24.20%) and the sector benchmark STOXX 600 Telecom (down 17.91%), as shown below:



This performance must be understood as part of a greater stock market decline since the beginning of the year, exacerbated after the 23 June 2016 announcement of the results of the Brexit referendum vote, whereby the United Kingdom voted to leave the European Union.

Trading volume

Trading volume, January - June 2016

<u>Period (1 Jan/30June)</u>	<u>Volume of shares</u>	<u>Daily average</u>
Ordinary trading	60,508,856	476,448
Block trading	40,628,148	319,907
	101,137,004	796,354

When stripping out the impact of the flotation, the first day of trading (1 July 2015: 16,695,817 shares) and the day of the capital increase to acquire R (25 November 2015: 12,634,029 shares), both through ordinary trading

volume and the block trading volume were very similar to the previous half-year (100,707,910 shares in the second half of 2015).

9.- Outlook and events after the reporting period

No significant events have occurred after 30 June 2016.

In view of the operating improvements we expect to draw from the complementary strengths we are continually discovering and implementing as part of the integration of Euskaltel and R, we are optimistic that we will continue to create value for our shareholders, as we did in the past half-year. This value will be underpinned by improved operating margins, strong cash generation and the resulting deleveraging of the Company, bringing us closer to the more optimised levels of our balance sheet structure.

10.- Acquisition of own shares

At 30 June 2016 we held 184,178 own shares. During the six-month period, a total of 1,809,073 shares were acquired and 1,764,701 were sold.

The acquisition of own shares is part of the liquidity contract that Euskaltel signed on 17 September 2015 with Norbolsa, Sociedad de Valores, S.A. (Norbolsa) to manage its own share portfolio.

Under this contract, Norbolsa will trade Euskaltel shares on the Spanish securities markets with a view to achieving the following:

- a) Favour liquidity in transactions.
- b) Share price stability.

The liquidity contract has a duration of 12 months and is tacitly renewable for a further 12 months. A total of 125,000 shares have been earmarked for the securities account associated with the contract and Euros 1,375,000 for the cash account.

This contract is based on the liquidity contract model included in Spanish National Securities Market Commission Circular 3/2007 of 19 December 2007 on liquidity contracts, so that it will be accepted as market practice.

11.- R&D&i

During the first half of 2016, a decision was taken to unify the Innovation areas of Euskaltel and R. A new master Innovation and Business Development plan was prepared for 2016-2019, underpinned by seven areas of action:

- Strengthening open innovation and maximising start-ups
- Developing a new product line for Internet of Things
- Developing a corporate strategy in SDN and NFV
- Developing a corporate strategy in 5G
- Developing a corporate strategy in AI and machine learning
- Developing a new line of data centre products and integrating our data centres with the global PaaS networks
- Creating new user interfaces and unique services in the entire product range and, in particular, in the television area

This new innovation plan aims to maximise the talent existing in the Group with the union of Euskaltel and R, helping engineers to specialise in new areas that, up until now, could not be addressed due to HR limitations. In this regard, the plan is not carried out exclusively by the Innovation area, but rather requires the direct participation of the Network, IT and Data Centre areas. Accordingly, in the second half of 2016, annual plan targets will be set for these areas.

A body of new projects were launched in the half-year, including:

- Development of a new product line for Internet of Things
 - o Residential market:
 - Project: smart homes
 - Project: home security and connected car
 - o Business market:
 - Project: energy efficiency for SMEs
 - Project: B2B Industry 4.0 services
- Creation of new user interfaces and unique services in the entire product range and, in particular, in the television area
 - o Residential market:
 - Project: New television platform and new 4K decoder
 - Project: multi-camera platform for local sporting and cultural events

In addition to the activities mentioned, other tasks and studies have been carried out to unlock synergies between our WiFi network roll-out and the interests of towns and cities in providing open services to users (WiFi for tourists, already in place in the Basque Country).

12.- Definition of alternative performance measures

An explanation of the alternative performance measures used in this Directors' Report is as follows:

EBITDA: Net income + depreciation and amortisation +/- impairment + other results (see note 9.3)

Adjusted EBITDA: EBITDA, eliminating the impact of non-recurring expenses, namely those incurred in the integration of Euskaltel and R (in 2015, also includes expenses related with the flotation process)

Operating cash flow: EBITDA - investments

Conversion rate: Operating cash flow / EBITDA

Adjusted operating cash flow: Adjusted EBITDA - investments

Adjusted conversion rate: Adjusted operating cash flow / adjusted EBITDA

Investments: Additions of intangible assets and property, plant and equipment

Net financial debt: Nominal values payable on bank borrowings and other loans - liquid funds available at financial entities (cash and cash equivalents)

Derio, 26 July 2016

In compliance with prevailing legislation, the directors of Euskaltel, S.A. have authorised for issue the condensed consolidated interim financial statements (comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the notes thereto) and the consolidated interim Directors' Report for the six-month period ended 30 June 2016.

The directors declare that they have signed each of the above-mentioned documents in their own hand, and in witness thereof sign below

Signed:

Alberto García Erauzkin

(Chairman)

José Ángel Corres Abasolo

(Vice Chairman)

Kartera 1, S.L., represented by

Alicia Vivanco González

(Board member)

Alfonso Basagoiti Zavala

(Board member)

Javier Fernández Alonso

(Board member)

Belén Amatriaín Corbi

(Board member)

Iñaki Alzaga Etxeita

(Board member)

Elisabetta Castiglioni

(Board member)

Miguel Ángel Lujua Murga

(Board member)