

TELEFONICA S A
Form 6-K
July 27, 2017
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FORM 6-K
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of July, 2017

Commission File Number: 001-09531

Telefónica, S.A.

(Translation of registrant's name into English)

Distrito Telefónica, Ronda de la Comunicación s/n,

28050 Madrid, Spain

3491-482-8700

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes

No

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Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes

No

If ☐ Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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Telefónica, S.A.

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TELEFÓNICA, S.A.

Report on limited review of condensed interim

consolidated financial statements

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This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinion, the original language version of our report takes precedence over the translation.

**REPORT ON LIMITED REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

To the shareholders of Telefonica, S.A.

Report on the Condensed Interim Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of Telefonica, S.A. (hereinafter, the parent company) and its subsidiaries (hereinafter, the group), which comprise the statement of financial position as at June 30, 2017, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the six months period then ended. The parent company'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 condensed interim financial information, as provided in 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 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 analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the audit practice in Spain and consequently 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 these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months period ended June 30, 2017 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, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

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Emphasis of Matter

We draw attention to Note 2, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended December 31, 2016. This matter does not modify our conclusion.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' Report for the six months period ended June 30, 2017, contains the explanations which the parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this directors' Report is in agreement with that of the interim financial statements for the six months period ended June 30, 2017. Our work is limited to checking the interim consolidated directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Telefonica, S.A. and its subsidiaries' accounting records.

Other Matter

This report has been prepared at the request of management of Telefonica S.A. in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by the Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

/s/ Virginia Arce Peralta

July 27, 2017

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FIRST HALF 2017

TELEFÓNICA GROUP

Condensed consolidated interim financial statements and consolidated interim management report for the six-months ended June 30, 2017

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Condensed consolidated interim financial statements 2017

Telefónica Group

Consolidated statements of financial position

Millions of euros	Note	06/30/2017	12/31/2016
A) NON-CURRENT ASSETS		97,475	103,667
Intangible assets	7	18,813	20,518
Goodwill	7	27,362	28,686
Property, plant and equipment	7	34,202	36,393
Investments accounted for by the equity method	8	71	76
Non-current financial assets	10	8,863	9,765
Deferred tax assets	12	8,164	8,229
B) CURRENT ASSETS		22,876	19,974
Inventories		1,029	1,055
Trade and other receivables		10,740	10,675
Tax receivables		1,454	1,533
Current financial assets	10	3,590	2,954
Cash and cash equivalents	10	6,046	3,736
Non-current assets and disposal groups classified as held for sale		17	21
TOTAL ASSETS (A+B)		120,351	123,641
A) EQUITY		25,534	28,385
Equity attributable to equity holders of the parent and other holders of equity instruments		16,877	18,157
Equity attributable to non-controlling interests		8,657	10,228
B) NON-CURRENT LIABILITIES		62,331	59,805
Non-current financial liabilities	10	48,780	45,612
Non-current trade and other payables		1,802	1,925
Deferred tax liabilities	12	2,284	2,395
Non-current provisions		9,465	9,873
C) CURRENT LIABILITIES		32,486	35,451
Current financial liabilities	10	13,715	14,749
Current trade and other payables		14,386	16,150
Current tax payables		2,313	2,332
Current provisions		2,072	2,220
TOTAL EQUITY AND LIABILITIES (A+B+C)		120,351	123,641

Unaudited data.

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The accompanying condensed Notes 1 to 15 and Appendix I are an integral part of these consolidated statements of financial position.

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Condensed consolidated interim financial statements 2017

Telefónica Group

Consolidated income statements

Millions of euros	Note	January - June 2017	January - June 2016
Revenues	5	26,091	25,235
Other income		709	725
Supplies		(7,362)	(7,423)
Personnel expenses		(3,493)	(3,436)
Other expenses		(7,766)	(7,345)
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (OIBDA)	5	8,179	7,756
Depreciation and amortization	5 and 7	(4,809)	(4,673)
OPERATING INCOME	5	3,370	3,083
Share of profit (loss) of investments accounted for by the equity method	8	3	(3)
Finance income		673	1,681
Exchange gains		2,416	3,168
Finance costs		(1,869)	(3,086)
Exchange losses		(2,417)	(3,083)
Net financial expense		(1,197)	(1,320)
PROFIT BEFORE TAX		2,176	1,760
Corporate income tax	12	(520)	(549)
PROFIT FOR THE PERIOD		1,656	1,211
Attributable to equity holders of the Parent		1,600	1,241
Attributable to non-controlling interests		56	(30)
Basic and diluted earnings per share attributable to equity holders of the parent (euros)		0.29	0.22

Unaudited data.

The accompanying condensed Notes 1 to 15 and Appendix I are an integral part of these consolidated income statements.

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Condensed consolidated interim financial statements 2017

Telefónica Group

Consolidated statements of comprehensive income

Millions of euros	January - June 2017	January - June 2016
Profit for the period	1,656	1,211
Other comprehensive income (loss)		
Gains (losses) on measurement of available-for-sale investments	42	(202)
Income tax impact	5	75
Reclassification of losses (gains) included in the income statement	32	38
Income tax impact		(9)
	79	(98)
Gains on hedges	231	361
Income tax impact	(55)	(83)
Reclassification of losses (gains) included in the income statement	75	(71)
Income tax impact	(19)	18
	232	225
Share of gains recognized directly in equity (associates and others)	9	1
Income tax impact	(2)	
	7	1
Translation differences	(3,350)	2,511
Total other comprehensive (loss) income recognized in the period (Items that may be reclassified subsequently to profit or loss)	(3,032)	2,639
Actuarial gains (losses) and impact of limit on assets for defined benefit pension plans	57	(67)
Income tax impact	(14)	23
	43	(44)
Total other comprehensive income (loss) recognized in the period (item that will not be reclassified subsequently to profit or loss)	43	(44)
Total comprehensive (loss) income recognized in the period	(1,333)	3,806
Attributable to:		
Equity holders of the parent and other holders of equity instruments	(871)	2,976
Non-controlling interests	(462)	830

(1,333)

3,806

Unaudited data.

The accompanying condensed Notes 1 to 15 and Appendix I are an integral part of these consolidated statements of comprehensive income.

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Condensed consolidated interim financial statements 2017

Telefónica Group

Consolidated statements of changes in equity

Millions of euros	Attributable to equity holders of the parent and other holders of equity instruments										Non-controlling interests	Total equity	
	Share capital	Share premium	Treasury shares	Other equity instruments	Legal reserve	Retained earnings	Available-for-sale investments	Equity of associates and other	Translation differences				
Financial position at December 31, 2016	5,038	3,227	(1,480)	7,803	985	17,093	9	191	31	(14,740)	18,157	10,228	28,385
Profit for the period						1,600					1,600	56	1,656
Other comprehensive income (loss) for the period						39	79	231	6	(2,826)	(2,471)	(518)	(2,989)
Total comprehensive income (loss) for the period						1,639	79	231	6	(2,826)			