

TELEFONICA S A  
Form 6-K  
July 28, 2011

**Table of Contents**

**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, 2011**  
**Commission File Number: 001-09531**  
**Telefónica, S.A.**  
(Translation of registrant's name into English)  
**Distrito C, Ronda de la Comunicación s/n,**  
**28050 Madrid, Spain**  
**3491-482-8548**

(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

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

**Telefónica, S.A.**  
TABLE OF CONTENTS

<b>Item</b>		<b>Sequential Page Number</b>
<u>1.</u>	<u>Telefónica Group: 2011 First half-yearly financial report</u>	2

---

**Table of Contents**

**Review Report  
TELEFÓNICA, S.A. AND SUBSIDIARIES  
Condensed Consolidated Interim Financial  
Statements and  
Consolidated Interim Management Report  
for the six-month period ended  
June 30, 2011**

---

**Table of Contents**

*Translation of a report and condensed consolidated interim financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails (see Note 15)*

REPORT ON REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of

Telefónica, S.A., at the request of Management

1. We have carried out a review of the accompanying condensed consolidated interim financial statements (hereinafter the interim financial statements) of Telefónica, S.A. (hereinafter the Parent Company) and subsidiaries (hereinafter the Group), which comprise the interim consolidated statement of financial position at June 30, 2011, the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, the interim consolidated statement of cash flows, and selected explanatory notes, for the six-month period then ended. It is the responsibility of the Parent Company's directors to prepare said interim financial statements in accordance with the requirements established by International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as adopted by the European Union, for the preparation of condensed interim financial reporting as per article 12 of Royal Decree 1362/2007, of October 19. Our responsibility is to issue a report on these interim financial statements based on our review.

2. Our review was performed in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity*. A review of the interim financial statements consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying certain analytical and other review procedures. The scope of a limited review is substantially less extensive in scope than that of an audit and therefore, it is not possible to provide assurance that all the significant matters that could be identified in an audit have come to our attention. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

3. As discussed in Note 2 to the accompanying interim financial statements, these statements do not include all the information that would be required for complete consolidated financial statements

**Table of Contents**

prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying interim financial statements should be read together with the Group's consolidated financial statements for the year ended December 31, 2010.

**Table of Contents**

4. During the course of our review, which under no circumstances can be considered an audit of financial statements, nothing has come to our attention which would lead us to conclude that the accompanying interim financial statements for the six-month period ended June 30, 2011 have not been prepared, in all material respects, in accordance with the requirements established by International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of condensed interim financial statements.

5. The accompanying consolidated interim management report for the six-month period ended June 30, 2011 contains such explanations as the Parent Company's directors consider necessary regarding the events which occurred during said period and their effect on the interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended June 30, 2011. Our work is limited to verifying the management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the consolidated companies' accounting records.

6. This report has been prepared at the request of Management of the Parent Company with regard to the publication of the semi-annual financial report required by article 35 of Securities Market Law 24/1988, of July 28, enacted by Royal Decree 1362/2007.

ERNST & YOUNG, S.L.

/s/ Ignacio Viota del Corte  
Ignacio Viota del Corte

July 27, 2011

**Table of Contents**

**TELEFÓNICA GROUP  
CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS (CONDENSED CONSOLIDATED ANNUAL  
ACCOUNTS) AND CONSOLIDATED INTERIM MANAGEMENT  
REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2011**

---



**Table of Contents****Consolidated statements of financial position**

Millions of euros

	Note	Unaudited 06/30/2011	Audited 12/31/2010
<b>A) Non-current assets</b>		<b>104,221</b>	<b>108,721</b>
Intangible assets	7	24,262	25,026
Goodwill	7	29,019	29,582
Property, plant and equipment	7	34,549	35,797
Investment properties		5	5
Investments in associates	8	4,715	5,212
Non-current financial assets	10	5,978	7,406
Deferred tax assets		5,693	5,693
<b>B) Current assets</b>		<b>20,111</b>	<b>21,054</b>
Inventories		1,157	1,028
Trade and other receivables		12,126	12,426
Current financial assets	10	2,016	1,574
Tax receivables		1,358	1,331
Cash and cash equivalents	10	3,194	4,220
Non-current assets held for sale		260	475
<b>Total assets (A+B)</b>		<b>124,332</b>	<b>129,775</b>
<b>A) Equity</b>		<b>26,048</b>	<b>31,684</b>
Equity attributable to equity holders of the parent		20,324	24,452
Equity attributable to non-controlling interests		5,724	7,232
<b>B) Non-current liabilities</b>		<b>65,066</b>	<b>64,599</b>
Non-current interest-bearing debt	10	51,981	51,356
Non-current trade and other payables		2,237	2,304
Deferred tax liabilities		6,141	6,074
Non-current provisions		4,707	4,865
<b>C) Current liabilities</b>		<b>33,218</b>	<b>33,492</b>
Current interest-bearing debt	10	7,882	9,744

Current trade and other payables	21,127	19,251
Current tax payables	2,759	2,822
Current provisions	1,450	1,675
<b>Total equity and liabilities (A+B+C)</b>	<b>124,332</b>	<b>129,775</b>

Condensed notes 1 to 15 and Appendix I are an integral part of these consolidated statements of financial position.

**Table of Contents****Consolidated income statements**

Millions of euros

	Note	January 2011	June (*) 2010
Revenues from operations	5	30,886	29,053
Other income		842	868
Supplies		(8,893)	(8,334)
Personnel expenses		(4,139)	(3,793)
Other expenses		(7,392)	(6,889)
<b>Operating income before depreciation and amortization (OIBDA)</b>	<b>5</b>	<b>11,304</b>	<b>10,905</b>
Depreciation and amortization	5	(4,956)	(4,449)
<b>Operating income</b>	<b>5</b>	<b>6,348</b>	<b>6,456</b>
<b>Share of (loss) profit of associates</b>	<b>8</b>	<b>(534)</b>	<b>72</b>
Finance income		450	312
Exchange gains		2,998	5,494
Finance costs		(1,628)	(1,507)
Exchange losses		(2,985)	(5,553)
<b>Net financial expense</b>		<b>(1,165)</b>	<b>(1,254)</b>
<b>Profit before tax from continuing operations</b>		<b>4,649</b>	<b>5,274</b>
Corporate income tax		(1,271)	(1,428)
<b>Profit for the period from continuing operations</b>		<b>3,378</b>	<b>3,846</b>
Profit after tax from discontinued operations			
<b>Profit for the period</b>		<b>3,378</b>	<b>3,846</b>
Non-controlling interests		(216)	(71)
<b>Profit for the period attributable to equity holders of the parent</b>		<b>3,162</b>	<b>3,775</b>

<b>Basic and diluted earnings per share attributable to equity holders of the parent (euros)</b>	<b>0.70</b>	<b>0.83</b>
--	-------------	-------------

(\* ) Unaudited data

Condensed notes 1 to 15 and Appendix I are an integral part of these consolidated income statements.

- 3 -

---

**Table of Contents****Consolidated statements of comprehensive income**

Millions of euros

	<b>January 2011</b>	<b>June (*) 2010</b>
<b>Profit for the period</b>	<b>3,378</b>	<b>3,846</b>
(Losses) on measurement of available-for-sale investments	(8)	(98)
Reclassification of losses (gains) included in the income statement	2	
Income tax impact	1	33
	(5)	(65)
Gains (losses) on hedges	113	(504)
Reclassification of losses included in the income statement	103	40
Income tax impact	(73)	136
	143	(328)
Translation differences	(1,410)	1,740
Actuarial gains and losses and impact of limit on assets for defined benefit pension plans	13	(52)
Income tax impact	(6)	11
	7	(41)
Share of income (loss) recognized directly in equity of associates	52	(109)
Income tax impact	(15)	30
	37	(79)
<b>Total comprehensive income recognized in the period</b>	<b>2,150</b>	<b>5,073</b>
Attributable to:		
Equity holders of the parent	1,981	4,782
Non-controlling interests	169	291
	<b>2,150</b>	<b>5,073</b>

(\*) Unaudited data

Condensed notes 1 to 15 and Appendix I are an integral part of these consolidated statements of comprehensive income.



**Table of Contents****Consolidated statements of changes in equity**

Millions of euros

	Attributable to equity holders of the parent										Non-controlling interests	Total equity	
	Share capital	Share premium	Legal reserve	Revaluation reserve	Treasury shares	Retained earnings	Available-for-sale investments	Hedges	Equity of Translation differences	Total			
<b>Balance at December 31, 2010</b>	<b>4,564</b>	<b>460</b>	<b>984</b>	<b>141</b>	<b>(1,376)</b>	<b>19,971</b>	<b>45</b>	<b>648</b>	<b>(42)</b>	<b>(943)</b>	<b>24,452</b>	<b>7,232</b>	<b>31,684</b>
Profit for the period						3,162					3,162	216	3,378
Other comprehensive income (loss) for the period						6	(5)	143	37	(1,362)	(1,181)	(47)	(1,228)
<b>Total comprehensive income for the period</b>						<b>3,168</b>	<b>(5)</b>	<b>143</b>	<b>37</b>	<b>(1,362)</b>	<b>1,981</b>	<b>169</b>	<b>2,150</b>
Net movement in treasury shares					(194)						(194)		(194)
Acquisitions and disposals of non-controlling interests						984				(323)	661	(1,185)	(524)
Dividends paid						(6,874)					(6,874)	(578)	(7,452)
Other movements					371	(73)					298	86	384
<b>Financial position at June 30, 2011 (*)</b>	<b>4,564</b>	<b>460</b>	<b>984</b>	<b>141</b>	<b>(1,199)</b>	<b>17,176</b>	<b>40</b>	<b>791</b>	<b>(5)</b>	<b>(2,628)</b>	<b>20,324</b>	<b>5,724</b>	<b>26,048</b>
<b>Balance at December 31, 2009</b>	<b>4,564</b>	<b>460</b>	<b>984</b>	<b>157</b>	<b>(527)</b>	<b>16,685</b>	<b>(39)</b>	<b>804</b>	<b>19</b>	<b>(1,373)</b>	<b>21,734</b>	<b>2,540</b>	<b>24,274</b>
Profit for the period						3,775					3,775	71	3,846

Other comprehensive income (loss) for the period					(41)	(59)	(328)	(79)	1,514	1,007	220	1,227	
<b>Total comprehensive income for the period</b>					<b>3,734</b>	<b>(59)</b>	<b>(328)</b>	<b>(79)</b>	<b>1,514</b>	<b>4,782</b>	<b>291</b>	<b>5,073</b>	
Net movement in treasury shares					(730)					(730)		(730)	
Dividends paid					(5,872)					(5,872)	(273)	(6,145)	
Other movements					(539)					(539)	57	(482)	
<b>Financial position at June 30, 2010</b>													
(*)	<b>4,564</b>	<b>460</b>	<b>984</b>	<b>157</b>	<b>(1,257)</b>	<b>14,008</b>	<b>(98)</b>	<b>476</b>	<b>(60)</b>	<b>141</b>	<b>19,375</b>	<b>2,615</b>	<b>21,990</b>

(\*) Unaudited data

Condensed notes 1 to 15 and Appendix I are an integral part of these consolidated statements of changes in equity.



**Table of Contents****Consolidated statements of cash flow**

Millions of euros

	<b>January 2011</b>	<b>June (*) 2010</b>
Cash received from customers	37,779	34,363
Cash paid to suppliers and employees	(28,224)	(24,827)
Dividends received	64	110
Net interest and other financial expenses paid	(1,230)	(1,325)
Taxes paid	(995)	(1,213)
<b>Net cash from operating activities</b>	<b>7,394</b>	<b>7,108</b>
Proceeds on dis		