

TELEFONICA S A
Form 6-K
February 25, 2011

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934
For the month of February, 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 85 48

(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

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**TELEFÓNICA GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (CONDENSED ANNUAL ACCOUNTS) AND
CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE
SIX MONTHS ENDED DECEMBER 31, 2010**

Table of Contents**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Millions of euros)	Note	12/31/2010 (*)	12/31/2009
A) NON-CURRENT ASSETS		108,721	84,311
Intangible assets	7	25,026	15,846
Goodwill	7	29,582	19,566
Property, plant and equipment	7	35,797	31,999
Investment properties		5	5
Investments in associates	8	5,212	4,936
Non-current financial assets	10	7,406	5,988
Deferred tax assets		5,693	5,971
B) CURRENT ASSETS		21,054	23,830
Inventories		1,028	934
Trade and other receivables		12,426	10,622
Current financial assets	10	1,574	1,906
Tax receivables		1,331	1,246
Cash and cash equivalents	10	4,220	9,113
Non-current assets held for sale		475	9
TOTAL ASSETS (A + B)		129,775	108,141
A) EQUITY		31,684	24,274
Equity attributable to equity holders of the parent		24,452	21,734
Non-controlling interests		7,232	2,540
B) NON-CURRENT LIABILITIES		64,599	56,931
Non-current interest-bearing debt	10	51,356	47,607
Non-current trade and other payables		2,304	1,249
Deferred tax liabilities		6,074	3,082
Non-current provisions		4,865	4,993
C) CURRENT LIABILITIES		33,492	26,936
Current interest-bearing debt	10	9,744	9,184
Current trade and other payables		19,251	14,023
Current tax payables		2,822	2,766
Current provisions		1,675	963
TOTAL EQUITY AND LIABILITIES (A+B+C)		129,775	108,141

(*) Unaudited

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	July 2010	December (*) 2009	January 2010 (*)	December 2009
Revenue from operations	5	31,684	29,166	60,737	56,731
Other income		5,001	1,144	5,869	1,645
Supplies		(9,272)	(8,694)	(17,606)	(16,717)
Personnel expenses		(4,616)	(3,517)	(8,409)	(6,775)
Other expenses		(7,925)	(6,396)	(14,814)	(12,281)
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (OIBDA)	5	14,872	11,703	25,777	22,603
Depreciation and amortization	5	(4,854)	(4,549)	(9,303)	(8,956)
OPERATING INCOME	5	10,018	7,154	16,474	13,647
Share of profit of associates		4	17	76	47
Finance income		480	474	792	814
Exchange gains		(1,986)	422	3,508	3,085
Finance expenses		(1,822)	(2,020)	(3,329)	(3,581)
Exchange losses		1,933	(730)	(3,620)	(3,625)
Net financial expense		(1,395)	(1,854)	(2,649)	(3,307)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		8,627	5,317	13,901	10,387
Corporate income tax		(2,401)	(896)	(3,829)	(2,450)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		6,226	4,421	10,072	7,937
Profit after taxes from discontinued operations					
PROFIT FOR THE PERIOD		6,226	4,421	10,072	7,937
Non-controlling interests		166	(97)	95	(161)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		6,392	4,324	10,167	7,776

**Basic and diluted earnings per
share attributable to equity
holders of the parent (euros)**

1.42

0.95

2.25

1.71

(* Unaudited

Condensed notes 1 to 15 and Appendix I are an integral part of the income statement.

Table of Contents**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Millions of euros)	January 2010 (*)	December 2009
Profit for the year	10,072	7,937
Other comprehensive income		
(Loss) Gain on measurement of available-for-sale investments	(61)	638
Reclassification of losses (gains) included in the income statement	202	(4)
Income tax impact	(57)	(105)
	84	529
Losses on hedges	(291)	(794)
Reclassification of losses (gains) included in the income statement	73	(77)
Income tax impact	62	262
	(156)	(609)
Translation differences	820	1,982
Actuarial gains and losses and impact of limit on assets for defined benefit pension plans	(94)	(189)
Income tax impact	35	53
	(59)	(136)
Share of (loss) income recognized directly in equity of associates	(84)	233
Income tax impact	23	2
	(61)	235
Total other comprehensive income	628	2,001
Total comprehensive income recognized in the year	10,700	9,938
Attributable to:		
Equity holders of the parent	10,409	9,418
Non-controlling interests	291	520
	10,700	9,938

(*) Unaudited

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**

Thousands of euros)	No. of shares	Attributable to the parent										Total	Non-controlling interests	Total equity
		Share capital	Legal reserve	Revaluation reserve	Treasury shares	Retained earnings	Available-for-sale investments	Hedge	Equity of Translation differences	Associates	Other			
Financial position December 31	4,563,996,485	4,564	460	984	157	(527)	16,685	(39)	804	19	(1,373)	21,734	2,540	24,274
Change for the year							10,167					10,167	(95)	10,072
Comprehensive income (loss)							(55)	84	(156)	(61)	430	242	386	628
Comprehensive income							10,112	84	(156)	(61)	430	10,409	291	10,700
Dividends paid							(5,872)					(5,872)	(440)	(6,312)
Change in treasury shares							(849)					(849)		(849)
Acquisitions and disposals of controlling interests and less														
Other movements						(16)	(954)					(970)	4,307	4,337
Financial position December 31	4,563,996,485	4,564	460	984	141	(1,376)	19,971	45	648	(42)	(943)	24,452	7,232	31,684
Financial position December 31	4,704,996,485	4,705	460	984	172	(2,179)	16,069	(566)	1,413	(216)	(3,611)	17,231	2,331	19,562
Change for the year							7,776					7,776	161	7,937
Comprehensive income (loss)							(136)	527	(609)	235	1,625	1,642	359	2,001
Comprehensive income							7,640	527	(609)	235	1,625	9,418	520	9,938
Dividends paid							(4,557)					(4,557)	(295)	(4,852)

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movements							(15)	(300)												(315) 106
ncial position																				
cember 31																				
	4,563,996,485	4,564	460	984	157	(527)	16,685	(39)	804	19	(1,373)	21,734	2,540	24						

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

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CONSOLIDATED CASH FLOW STATEMENTS

(Millions of euros)	January 2010 (*)	December 2009
Cash received from customers	72,867	67,358
Cash paid to suppliers and emp		