

TELEFONICA S A
Form 6-K
March 21, 2013
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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 March, 2013

Commission File Number: 001-09531

Telefónica, S.A.

(Translation of registrant's name into English)

D Distrito Telefónica, Ronda de la Comunicación s/n,

28050 Madrid, Spain

3491-482 85 48

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(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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1. <u>Telefónica - 2012 Annual Accounts</u>	
<u>Account Auditor's Report, Annual Accounts and Management Report of Telefónica, S.A., all for the Fiscal Year 2012.</u>	
<u>Account Auditor's Report, Annual Accounts and Management Report of the Consolidated Group of Companies, all for the Fiscal Year 2012.</u>	

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Telefónica, S.A. hereby submits the Individual Annual Accounts of Telefónica, S.A. and the Consolidated Annual Accounts of Telefónica S.A. and its Group of Subsidiaries for 2012 financial year, that have been filed with the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores - CNMV).

The aforesaid Annual Accounts will be submitted for approval of the next Annual General Shareholders Meeting of the Company, the dates of which will be announced due course.

Madrid, March 21, 2013

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**AUDIT REPORT, ANNUAL FINANCIAL STATEMENTS, AND
MANAGEMENT REPORT OF TELEFÓNICA, S.A., ALL FOR THE
YEAR ENDED DECEMBER 31, 2012**

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Audit Report

TELEFÓNICA, S.A.

Financial Statements and Management Report

for the year ended

December 31, 2012

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*Translation of a report and financial statements originally issued in Spanish. In the event of
discrepancy, the Spanish-language version prevails (See Note 23)*

AUDIT REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders of

Telefónica, S.A.

We have audited the financial statements of Telefónica, S.A., which comprise the balance sheet at December 31, 2012, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended. The Company's Directors are responsible for the preparation of the financial statements in accordance with the regulatory framework for financial information applicable to the entity in Spain (identified in Note 2.a to the accompanying financial statements), and specifically in accordance with the accounting principles and criteria contained therein. Our responsibility is to express an opinion on the aforementioned financial statements taken as a whole, based upon work performed in accordance with prevailing audit regulation in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the financial statements and the evaluation of whether their presentation, the accounting principles and criteria applied and the estimates made are in agreement with the applicable regulatory framework for financial information.

In our opinion, the accompanying 2012 financial statements give a true and fair view, in all material respects, of the equity and financial position of Telefónica, S.A. at December 31, 2012, and of the results of its operations and its cash flow for the year then ended, in conformity with the applicable regulatory framework for financial information in Spain, and specifically the accounting principles and criteria contained therein.

The accompanying 2012 management report contains such explanations as the Directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the aforementioned management report agrees with the 2012 financial statements. Our work as auditors 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 Company's accounting records.

ERNST & YOUNG, S.L.

Ignacio Viota del Corte

March 20, 2013

Domicilio Social: Pl. Pablo Ruiz Picasso, 1. 28020 Madrid

Inscrita en el Registro Mercantil de Madrid al

Tomo 12749, Libro 0, Folio 215, Sección 8ª,

Hoja M-23123, Inscripción 116. C.I.F. B-78970506

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2012

TELEFÓNICA, S.A.

Annual financial statements and management report for the year ended December 31, 2012

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2012 Financial Statements

Telefónica, S.A.

Balance sheet at December 31

Millions of euros	Notes	2012	2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	5	64	68
Patents, licences, trademarks and others		5	9
Software		15	11
Other intangible assets		44	48
Property, plant and equipment	6	303	338
Land and buildings		148	154
Plant and other PP&E items		115	141
Property, plant and equipment under construction and prepayments		40	43
Investment property	7	410	423
Land		65	65
Buildings		345	358
Non-current investments in Group companies and associates	8	71,779	79,036
Equity instruments		67,770	77,396
Loans to Group companies and associates		3,988	1,618
Other financial assets		21	22
Financial investments	9	4,531	4,728
Equity instruments		433	556
Loans to third parties		39	37
Derivatives	16	4,045	4,118
Other financial assets		14	17
Deferred tax assets	17	5,095	2,605
CURRENT ASSETS		7,553	5,339
Trade and other receivables	10	1,065	698
Current investments in Group companies and associates	8	3,636	3,478
Loans to Group companies and associates		3,608	3,390
Derivatives	16	2	57
Other financial assets		26	31
Investments	9	390	394

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Loans to companies		9	46
Derivatives	16	282	348
Other financial assets		99	
Accruals		12	4
Cash and cash equivalents		2,450	765
TOTAL ASSETS		89,735	92,537

The accompanying Notes 1 to 23 and Appendix I are an integral part of these balance sheets

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2012 Financial Statements

Millions of euros	Notes	2012	2011
Equity and liabilities			
EQUITY		22,978	26,597
CAPITAL AND RESERVES		24,383	27,212
Share capital	11	4,551	4,564
Share premium	11	460	460
Reserves	11	19,529	22,454
Legal		984	984
Other reserves		18,545	21,470
Treasury shares and own equity instruments	11	(788)	(1,782)
Profit for the year	3	631	4,910
Interim dividend	3		(3,394)
UNREALIZED GAINS (LOSSES) RESERVE	11	(1,405)	(615)
Available-for-sale financial assets		(34)	(40)
Hedging instruments		(1,371)	(575)
NON-CURRENT LIABILITIES		50,029	47,236
Non-current provisions		187	42
Other provisions		187	42
Non-current borrowings	12	13,274	11,339
Bonds and other marketable debt securities	13	828	170
Bank borrowings	14	9,232	9,046
Derivatives	16	3,130	2,033
Finance leases		75	86
Other debts		9	4
Non-current borrowings from Group companies and associates	15	36,069	35,381
Deferred tax liabilities	17		