SPECIAL PURPOSE FINANCIAL STATEMENTS WITH EXPLANATORY NOTES

Colombia Telecomunicaciones S.A. ESP

At June 30, 2015 and for the six-month period ended June 30, 2015

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Explanatory Notes

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Assets					
Current assets:					
Cash and cash equivalents		32,575	84,651,857	28,970	75,283,368
Current financial assets	*(10)*	60,892	158,238,298	62,005	161,131,525
Trade and other receivables	*(11)*	279,466	726,241,592	298,446	775,567,073
Inventories	(12)	41,298	107,320,776	32,540	84,560,940
Tax receivables	(13)	90,745	235,818,208	80,380	208,882,324
Total current assets		**504,976**	**1,312,270,731**	**502,341**	**1,305,425,230**
Non–current assets:					
Non – current financial assets	*(14)*	177,689	461,755,750	199,964	519,643,755
Trade and other receivables		29,188	75,850,516	29,396	76,391,580
Property, plant and equipment	*(15)*	1,736,808	4,513,408,209	1,710,024	4,443,805,070
Intangibles assets	(16)	345,445	897,700,724	349,377	907,917,775
Good will	(17)	361,400	939,163,377	341,024	886,212,020
Deferred tax assets	*(18)*	423,670	1,100,982,508	410,450	1,066,627,148
Total non–current assets		**3,074,200**	**7,988,861,084**	**3,040,235**	**7,900,597,348**
Total Assets		**3,579,176**	**9,301,131,815**	**3.542,576**	**9,206,022,578**
Liabilities					
Current liabilities:					
Financial obligations	*(19 a)*	56,560	146,980,196	39,327	102,198,154
Other financial obligations	*(19 c)*	185,478	481,998,518	181,951	472,833,097
Current trade and other payable	*(20)*	405,870	1,054,726,498	357,783	929,762,506
Current taxes payable	*(21)*	66,344	172,407,879	55,863	145,169,654
Current provisions		68,764	178,694,312	70,971	184,431,210
Total current liabilities		**783,016**	**2,034,807,403**	**705,895**	**1,834,394,621**
Non–current liabilities:					
Financial obligations	*(19 b)*	460,823	1,197,530,823	468,357	1,217,110,863
Other financial obligations	*(19 c)*	1,327,870	3,450,710,201	1,350,960	3,510,713,934
Non - current trade and other payable	*(22)*	87,860	228,319,114	94,894	246,600,414
Non - current provisions		22,672	58,916,667	21,331	55,431,279
Bonds and securities	(23)	747,068	1,941,390,652	746,876	1,940,891,182
Total non–current liabilities		**2,646,293**	**6,876,867,457**	**2,682,418**	**6,970,747,672**
Total Liabilities		**3,429,309**	**8,911,674,860**	**3,388,313**	**8,805,142,293**
Total Shareholders' Equity	*(24)*	**149,867**	**389,456,955**	**154,263**	**400,880,285**
Total Liabilities and Shareholders' Equity		**3,579,176**	**9,301,131,815**	**3,542,576**	**9,206,022,578**

In July 2009, the Colombian Congress enacted Law 1314, which requires the gradual implementation in Colombia of internationally accepted standards for accounting, financial disclosure and internal controls. Subsequently, the Colombian Technical Council of Public Accounting (Consejo Técnico de la Contaduría Pública, or CTCP) issued the CTCP Guidance Document, which sets forth the types of Colombian companies required to adopt IFRS and the expected timetable for the implementation and adoption of IFRS in Colombia. Because Telefónica, our parent company, is required to prepare its financial statements under IFRS, we are also required to fully adopt IFRS in accordance with the CTCP Guidance Document. In December 2012, the Ministry of Finance and Public Credit (Ministerio de Hacienda y Crédito Público, or MHCP) and the Colombian Ministry of Trade, Industry and Tourism (Ministerio de Comercio, Industria y Turismo, or MCIT), issued Decrees 2706 of 2012 and Decree 2784 of 2012, as amended by Decree 3023 of 2013 and Decree 2615 of 2014, which included provisions for the mandatory implementation of IFRS by companies required to do so pursuant to the CTCP Guidance Document. These decrees set forth a mandatory transition period beginning on January 1, 2014 and require that our first fully-IFRS compliant financial statements be those for the year ending December 31, 2015. Accordingly, we are required to adopt IFRS beginning on January 1, 2015. Therefore, our financial statements as of and for the year ending December 31, 2015, and for any interim period in 2015 will be prepared in accordance with IFRS.

a) Solely for the convenience of the reader, Colombian pesos amounts at June 30, 2015 and March 31, 2015, have been translated into U.S. dollars at the exchange rate formed in the interbank market at on June 30, 2015. of COP$2,598.68 to U.S.$1.00 .

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Colombia Telecomunicaciones S.A. ESP
Special Purpose Statement of Income
Unaudited Figures

	Note	Period from January 1 to June 30,			
		2015		**2014 [(b)]**	
		(in *thousands of U.S.$)*[(a)]	**(in *thousands of COP$)***	**(in *thousands of U.S.$)*[(a)]**	**(in *thousands of COP$)***
Revenues	*(5)*	851,306	2,212,272,014	857,416	2,228,150,899
Operating cost and expenses	*(6)*	(568,031)	(1,476,130,426)	(599,785)	(1,558,651,013)
Other revenues from the operation	*(5)*	20,748	53,917,724	22,568	58,647,915
Gross profit		**304,023**	**790,059,312**	**280,199**	**728,147,801**
Depreciation and amortization	(7)	(185,497)	(482,048,135)	(203,416)	(528,612,752)
Operating income		**118,526**	**308,011,177**	**76,783**	**199,535,049**
Financial expenses, net	(8)	(53,762)	(139,709,767)	(58,369)	(151,681,504)
Parapat interest expenses	(8)	(77,313)	(200,910,974)	(74,480)	(193,550,261)
Loss before income tax		**(12,549)**	**(32,609,864)**	**(56,066)**	**(145,696,716)**
Income tax	(9)	18,659	48,488,016	4,928	12,806,073
Net income (loss) of the period		**6,110**	**15,878,152**	**(51,138)**	**(132,890,643)**

(a) Solely for the convenience of the reader, Colombian *pesos* amounts for the six-month period ended June 30, 2015 and June 30, 2014 have been translated into U.S. dollars at the exchange rate formed in the interbank market on June 30, 2015 of COP$2,598.68 to U.S.$1.00.

(b) Colombia Telecomunicaciones S.A. ESP is required to apply the same accounting policies in all periods presented in our first complete set of audited financial statements, and for any interim period, prepared under IFRS, which in our case will be our audited financial statements as of and for the year ended December 31, 2015. Such accounting policies must comply with IFRS rules and regulations effective as of the reporting date for our first complete set of audited financial statements prepared under IFRS, which in our case will be all IFRS rules and regulations effective as of December 31, 2015. For the convenience of the reader, figures as of June 30, 2014 are presented under the same rules used for figures as of June 30, 2015

Colombia Telecomunicaciones S.A. ESP
Special Purpose Statement of Cash Flows
Unaudited Figures

	Period from January 1 to June 30,			
	2015		2014(b)	
	(in thousands *of U.S.$)* (a)	(in thousands *of COP$)*	(in thousands *of U.S.$)* (a)	(in thousands *of COP$)*
Cash flows from operating activities				
Cash received from customers	940,081	2,442,970,230	894,502	2,324,524,615
Cash paid to suppliers and employees	(523,551)	(1,360,542,258)	(499,786)	(1,298,782,776)
Net interest and other financial expenses paid	(58,237)	(151,340,213)	(57,727)	(150,012,920)
Interest paid – PARAPAT, net	(77,313)	(200,910,974)	(54,754)	(142,288,568)
Taxes paid	(174,700)	(453,990,630)	(165,635)	(430,433,161)
Net cash provided by operating activities	**106,280**	**276,186,155**	**116,600**	**303,007,190**
Cash flows from investing activities				
Payments on investments in property, plant and equipment and intangible assets	(186,462)	(484,554,987)	(276,323)	(718,075,316)
Proceeds on financial investments not included under cash equivalents	2,245	5,833,608	620	1,612,454
Payments on financial investments not included under cash equivalents	(2,504)	(6,507,170)	(5,038)	(13,092,313)
Net cash used in investing activities	**(186,721)**	**(485,228,549)**	**(280,741)**	**(729,555,175)**
Cash flows from financing activities				
Proceeds on issue of subordinated perpetual notes	486,209	1,263,501,611	-	-
Proceeds on issue of debentures and bonds, and other debts	118,492	307,923,760	140,495	365,100,682
Repayments of loans, borrowings and promissory notes	(509,006)	(1,322,743,714)	(15,722)	(40,855,783)
Repayments of –PARAPAT, net	(13,666)	(35,513,501)	-	-
Net cash provided by in financing activities	**82,029**	**213,168,156**	**124,773**	**324,244,899**
Net increase (decrease) in cash and cash equivalents during the period	**1,588**	**4,125,762**	**(39,368)**	**(102,303,086)**
Cash and cash equivalents at January 1,	30,987	80,526,095	55,341	143,813,669
Cash and cash equivalents at June 30,	32,575	84,651,857	15,974	41,510,583
Reconciliation of cash and cash equivalents with the Special Purposes Balance Sheets				
Balance at January 1,	**30,987**	**80,526,095**	**55,341**	**143,813,669**
Cash on hand and at banks	21,584	56,091,112	52,202	135,656,616
Other cash equivalents	9,403	24,434,983	3,139	8,157,053
Balance at June 30,	**32,575**	**84,651,857**	**15,974**	**41,510,583**
Cash on hand and at banks	23,405	60,822,850	13,974	36,313,674
Other cash equivalents	9,170	23,829,007	2,000	5,196,909

(a) Solely for the convenience of the reader, Colombian *pesos* amounts for the six-month period ended June 30, 2015 and June 30, 2014, have been translated into U.S. dollars at the exchange rate formed in the interbank market on June 30, 2015 of COP$2,598.68 to U.S.$1.00

(b) Colombia Telecomunicaciones S.A. ESP is required to apply the same accounting policies in all periods presented in our first complete set of audited financial statements, and for any interim period, prepared under IFRS, which in our case will be our audited financial statements as of and for the year ended December 31, 2015. Such accounting policies must comply with IFRS rules and regulations effective as of the reporting date for our first complete set of audited financial statements prepared under IFRS, which in our case will be all IFRS rules and regulations effective as of December 31, 2015. For the convenience of the reader, figures as of June 30, 2014 are presented under the same rules used for figures as of June 30, 2015.

Colombia Telecomunicaciones S.A. ESP
Explanatory notes to the special purpose financial statements
Unaudited figures

Note 1 – Background and General Information

Colombia Telecomunicaciones S.A. ESP, hereafter referred to as “the Company”, main corporate purpose is the organization, operation, supply and exploitation of telecommunication activities and services, such as local commuted basic public telephony, local extended, national and international long-distance, mobile services, carriers, teleservices, telematics, added value, satellite services in their various modes, television services in every mode including cable television, broadcasting services, wireless technology, video, lodging services for IT applications, data center services, operation services of private and public telecommunications and total information system operations and any other activity, product or services qualified as of telecommunications, and communication and information (TIC, for its abbreviation in Spanish), including its complementary and supplementary activities in the national territory and abroad and with foreign connection, for such purpose using goods, assets and rights owned or applying the use of third parties goods, assets and rights.

Note 2 – Basis of presentation of the financial statements

- The accompanying financial statements were prepared from the accounting records of the Company and are presented in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The figures in these financial statements are expressed in pesos, unless otherwise indicated, and therefore may be rounded.

  All references herein to “peso,” “pesos” or “COP$” are to pesos, the official currency of Colombia. All references herein to “U.S. dollars,” “dollars” or “U.S.$” are to U.S. dollars. We maintain our books and records in pesos. Solely for the reader’s convenience we have converted the amounts included in the "Financial Statements" and in the "Explanatory Notes to the Special Purpose Financial Statements" and in this document from Colombian pesos into U.S. dollars using the exchange rate formed in the interbank market on June 30, 2015 of COP$2,598.68 to U.S.$1.00. These convenience translations should not be considered representations that any such amounts have been, could have been or could be converted in the future into U.S. dollars at that or at any other exchange rate.

- According to the offering memorandum related to the Senior bond issued in March, 2012, the Company will provide certain financial information to the Trustee for the delivery to bondholders; in this case an English version of the Company's unaudited quarterly special purpose financial statements.

- In July 2009, the Colombian Congress enacted Law 1314 of 2009, or Law 1314, which requires the gradual implementation in Colombia of International Financial Reporting Standard – IFRS financial disclosure and internal controls. Subsequently, the Colombian Technical Council of Public Accounting (Consejo Técnico de la Contaduría Pública, or CTCP) released a guidance document, or the CTCP Guidance Document, which sets forth the types of Colombian companies required to adopt IFRS and the expected timetable for the implementation and adoption of IFRS in Colombia. Because Telefónica, our parent company, is required to prepare its financial statements under IFRS, we are also required to fully adopt IFRS in accordance with the CTCP guidance document.

  In December 2012, the Ministry of Finance and Public Credit (Ministerio de Hacienda y Crédito Público, or MHCP) and the Colombian Ministry of Trade, Industry and Tourism (Ministerio de Comercio, Industria y Turismo, or MCIT), issued Decrees 2706 and 2784 of 2012, as amended by Decree 3023 of 2013 and Decree 2615 of 2014, which included provisions for the mandatory implementation of IFRS by companies required to do so pursuant to the CTCP guidance document. These decrees set forth a mandatory transition period beginning on January 1, 2014 and require that our first fully-IFRS compliant financial statements be those for the year ending December 31, 2015. Accordingly, we are required to adopt IFRS beginning on January 1, 2015.

Note 2 – Basis of presentation of the financial statements (continued)

However, Article 165 of Law 1607 of 2012, which adopted certain tax reforms, provides that solely for tax purposes, the accounting standards under Colombian GAAP will remain in effect during the four years following our adoption of IFRS in January 2015, in order to help measure the impact of IFRS on the tax regime for purposes of developing future tax legislation. In addition, Decree 2548 of 2014, enacted to facilitate compliance with this requirement, requires us to prepare our financial statements in accordance with IFRS while also maintaining additional accounting records for tax purposes that are prepared in accordance with Colombian GAAP between January 1, 2015 and December 31, 2018. We understand that additional official interpretations, rules or regulations relating to the application of Article 165 of Law 1607 of 2012 may be issued by the relevant tax authorities or other governmental authorities in Colombia in the future based on, among others, the provisions and timetable set forth under Decree 2548 of 2014.

Finally and only for comparative purposes, the figures at June 30, 2014 are presented under the same accounting basis used at the end of June 30, 2015, except for the assets revaluation of land and buildings in accordance to the exception of IFRS 1 - First-time adoption of International Financial Reporting Standards.

Note 3 – Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reflected in the Financial Statements and accompanying notes. We base our estimates on historical experience, where applicable and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from those estimates under different assumptions or conditions. We consider an accounting estimate to be critical if:

- it requires us to make assumptions because information was not available at the time or it included matters that were highly uncertain at the time we were making our estimate; and
- changes in the estimate or different estimates that we could have selected may have had a material impact on our financial condition, results of operations or cash flows

a) **Exchange Rate Fluctuations**

We publish our financial statements in COP$. Because a portion of our assets, liabilities, revenues and expenses are denominated in currencies other than the COP$, we are exposed to fluctuations in the values of these currencies against the COP$. Currency fluctuations have had and may continue to have a material impact on our financial condition, results of operations and cash flows.

b) **Materiality Criteria**

These financial statements do not include any information or disclosures that, not requiring presentation due to their qualitative significance, have been determined as immaterial or of no relevance pursuant to the concepts of materiality or relevance defined in the IFRS conceptual framework.

c) **Statement of Cash Flow**

The Statement Cash Flow was prepared according to the direct method. The direct method presents cash flows from activities through a summary of cash outflows and inflows.

Note 4 – Significant Events

a) **IFRS Adoption**

As discussed above, as of January 1, 2015, we are required to prepare and report our financial statements in accordance with IFRS, which differs in certain material respects from Colombian GAAP (previous GAAP). The adoption of IFRS on January 1, 2015 results in the recognition of certain relevant transactions and whose impact and detail will be presented in the financial statements at the end of December 31, 2015.

Because we are adopting IFRS for the first time, we are required to prepare an opening balance sheet under IFRS on the date of transition. We are also required to apply the same accounting policies in all periods presented in our first complete set of audited financial statements prepared under IFRS, which in our case will be our audited financial statements as of and for the year ended December 31, 2015. Such accounting policies must comply with IFRS rules and regulations effective as of the reporting date for our first complete set of audited financial statements prepared under IFRS, which in our case will be all IFRS rules and regulations effective as of December 31, 2015.

b) **Subordinated Perpetual Notes**

At the end of March 2015, the Company became the first Company in the country to place subordinated perpetual notes in the international market totaling US$500 million. These perpetual notes are debt securities and are recognized as equity under IFRS and will contribute to strengthen our capital structure and further mitigate the accounting impact of our adoption of IFRS on our shareholders' equity. The proceeds from this issuance allowed the Company to restructure its debt, strengthen its assets and improve their leverage.

c) **Recent Developments**

Pursuant to Amendment Nº 1 of the Framework Investment Agreement executed on March 30, 2012, in 2015, the Republic of Colombia is entitle to subscribe or acquire, at no cost or compensation, a number of shares necessary to bring its aggregate holding in Colombia Telecomunicaciones S.A. ESP up to 3%, depending on EBITDA's compound growth between 2011 and 2014.

Based on the Company's results of operations between 2011 and 2014, the Company's EBITDA growth for this period was 9.36% (calculated pursuant to the terms of the Investment Agreement), which corresponds to the range set forth the Investment Agreement that will entitle the Republic of Colombia to receive 36.371.769 of the Company's common shares equal to 2.5% of the Company's outstanding capital stock.

On July 9th 2015 Telefónica Internacional S.A.U transferred, 36.371.769 of the Company's common shares to the Republic of Colombia. After the referred transfer, Telefonica is the beneficial owner of the 67,5% of the Company's capital and the Republic of Colombia holds the 32.5% of the Company's capital.

Note 5 – Revenues

The following table sets forth the principal components of our revenues for the six-month period ended June 30, 2015 and 2014.

	Period from January 1 to June 30,				Variation
	2015		2014		Percentage
	(in million U.S.$)(1)	(in million COP$)	(in million U.S.$)(1)	(in million COP$)	%
Mobile Operation					
Voice revenues	243.4	632,485	271.7	706,190	(10.4%)
Connectivity	133.5	346,809	112.5	292,293	18.7%
Added value services (a)	27.6	71,663	32.3	83,904	(14.6%)
Carrier services - M.V.N.O.	20.8	54,021	10.1	26,199	106.2%
Interconnection and roaming	49.1	127,619	63.4	164,639	(22.5%)
Equipment	58.7	152,444	49.6	129,017	18.2%
Loyalty Program	(0.1)	(316)	-	-	100.0%
Mobile Operation Revenues	**533.0**	**1,384,725**	**539.6**	**1,402,242**	**(1.2%)**
Fixed Operation					
Local telephone services	129.6	336,788	135.4	351,786	(4.3%)
Internet services	82.6	214,714	83.5	217,087	(1.1%)
Satellite Television services	35.6	92,516	28.4	73,868	25.2%
Other revenues (b)	70.0	182,028	69.8	181,261	0.4%
Equipment	0.6	1,501	0.7	1,906	(21.3%)
Fixed Operation Revenues	**318.4**	**827,547**	**317.8**	**825,908**	**0.2%**
Operating Revenues	**851.4**	**2,212,272**	**857.4**	**2,228,150**	(0.7%)
Other non-operating Revenues (c)	20.7	53,918	22.57	58,648	(8.1%)
Total Revenues	**872.1**	**2,266,190**	**880.0**	**2,286,798**	**(0.9%)**

(1) Solely for the convenience of the reader, Colombian Pesos amounts for the six-month period ended June 30, 2015 and June 30, 2014 have been translated into U.S. dollars at the exchange rate formed in the interbank market on June 30, 2015 of COP$2,598.68 to U.S.$1.00.
(a) Includes messaging, rehabilitation charges, and content, among others.
(b) Includes data, capacity rental and integral solutions.
(c) Includes other income such as billing and collection to third parties, commercial support, grants and leases, among others.

Operating revenues reached U.S.$851 million (COP$2,212,272 million), a 0.7% year-on-year decline in the first half affected by the increased promotional intensity in the first half of the year and regulatory changes as the reduction in termination rates and the elimination of the subsidies by the government. Stripping out the regulatory impact, operating revenues would grow 2.9% year-on-year.

Mobile revenues reached U.S.$ 533.0 million (COP$1,384,725 million) at the end of the second quarter, a 1.2% year-on-year decrease; excluding regulatory effects associated to the reduction in termination rates, mobile revenues would grow 3.9% year on year. Fixed business revenues amounted to U.S.$ 318.4 million (COP$ 827,547 million) at the end of the second quarter, increasing 0.2% year-on-year; if regulatory measures are excluded fixed services revenues would grow 1.1% year-on-year.

A summary of the main variations in revenues from mobile services is presented below:

a) Revenues for ***mobile voice service***, including prepaid and postpaid, decreased 10.4%, from US$271.7 million (COP$706,190 million) to US$243.4 million (COP$632,485 million) at the end of the 2Q of 2014 and 2015 respectively, mainly influenced by a slowdown in voice consumption, and increased promotional intensity. Asymmetry of interconnection charges has generated a dynamic of reduction of *Monthly fixed fees*, supplemented with free installments in the processes of customer acquisition and loyalty programs.

b) Revenues from ***data transmission (connectivity)*** grew 18.7% from US$112.5 million (COP$292,293 million) to US$133.5 million (COP$346,809 million) during 2Q of 2014 and 2Q of 2015 respectively, mainly due to the year-on-year increase of data traffic in the prepaid segment of 9.9% and 14.5% in the postpaid segment. This is a reflection of the Company's strategic focus on the growth in data services, primarily due to new offers, subscriptions, integrated plans and focus on the penetration in the smartphones customers' base.

Note 5 – Revenues (Continued)

c) Revenues from ***value added services*** decreased by 14.6% from US$32.3 million (COP$83,904 million) at the end of the 2Q of 2014 to US$27.6 million (COP$71,663 million) at the end of the 2Q 2015 mainly due to the reduction of campaigns offered to subscribers through SMS in compliance with Superintendence of Industry and Commerce regulation, which forbade the mobile companies to send massive offers to subscribers who previously denied receiving such offers. As a result the Company decreased the number of campaigns and therefore slowing content sales. In addition, the replacement of VASs has taken place for new applications through connectivity.

d) The ***carrier services (M.V.N.O.)*** **line**, which includes revenues generated by the Mobile Virtual Network Operator, Virgin Mobile, grew 106.2%, from US$10.1 million (COP$26,199 million) to US$20.8 million (COP$54,021 million) at the end of the 2Q of 2014 and 2Q of 2015 respectively, due to the increase in traffic.

e) The **interconnection and roaming** revenues decreased by 22.5% from US$63.4 million (COP$164,639 million) at the end of the 2Q 2014 to US$49.1 million (COP$127,619 million) at the end of the 2Q 2015 mainly due to the reduction in termination rates by 22% from January 1st of 2015 from COP$42.86 in 2014 to COP$19.36 in 2015 per minute. Excluding this effect, interconnection revenues would grow 21.6% in the first half. The decrease in revenues is offset with the reduction in interconnection cost due to the same reason (*See Note 6, b*)).

f) Revenues from the **sales of Equipment** increased by 18.2%, or U.S.$9.1 million (COP$23,427 million), mainly due to a greater demand of equipment associated with data services (smartphones) and to the increase in the average price of sale of mobile phones due to the elimination of the handset subsidies as a result of the elimination of minimum stay clauses in the postpaid mobile services from July 1st, 2014.

A summary of the main variations in the income generated by the ***fixed business*** is presented as follows:

a) Revenues from ***local telephone*** **services** decreased by 4.3%, or US$5.8 million (COP$14,998 million), mainly due to a decrease of 4.9% in the ARPU, from U.S.$12.0 (COP$31,145) at the end of the 2Q of 2014 to U.S.$11.4 (COP$29,604) at the end of the 2Q of 2015. This decrease in the ARPU is caused due to less commercial activity, result of the product life cycle, fixed to mobile substitution effect. However, the plant has been maintained and the decline in revenues has slowed.

b) Revenues from broadband ***internet service*** stood an increase in subscribers of 8.5%, from 911,294 at the end of 2Q, 2014 to 988,824 at the end of 2Q, 2015. Nevertheless, revenues decreased by 1.1%, or US$0.9 million (COP$2,373 million) year-on-year, affected by the higher competitive intensity and the elimination of the subsidies by the government to the least favored segments. Stripping out the regulatory effect, broadband revenues would grow 1.0%.

c) Revenues from ***Satellite television services*** from subscription increased by 25.2%, or US$7.2 million (COP$18,647 million) due mainly from the increase of 15.6% in subscribers, rising from 384,137 subscribers at the end of the 2Q 2014 to 444,242 subscribers at the end of the 2Q of 2015, and the increase of 6.2% year-on-year in the ARPU as a result of the sale of TV premium packages, TV service subscription, increase of HDTV's subscribers, and new OTT service Movistar video launched last June.

Note 6 – Operating Cost and Expenses

The following table sets forth the principal components of our operating cost and expenses for the six-month period ended June 30, 2015 and 2014:

	Period from January 1 to June 30,				Variation
	2015		2014		Percentage
	(in million U.S.$)(1)	(in million COP$)	(in million U.S.$)(1)	(in million COP$)	%
Cost of terminals	73.3	190,439	95.3	247,743	(23.1%)
Charges of access and interconnection and roaming	55.2	143,488	77.3	200,770	(28.5%)
Labor cost	63.4	164,812	61.5	159,825	3.1%
Renting of means and other network infrastructure	62.1	161,350	49.6	128,772	25.3%
Maintenance	47.6	123,712	39.2	101,978	21.3%
Taxes and compensations	44.9	116,683	44.3	115,118	1.4%
Commissions	35.4	91,971	41.9	108,879	(15.5%)
Other costs and operation expenses *(a)*	32.4	84,149	28.3	73,549	14.4%
Advertisement and brand fee	26.8	69,675	25.5	66,213	5.2%
Energy	24.9	64,771	22.8	59,260	9.3%
Contents suppliers	24.6	63,826	21.9	56,928	12.1%
Services (customer services)	16.3	42,370	23.2	60,392	(29.8%)
Provision for doubtful accounts	11.0	28,463	14.1	36,770	(22.6%)
Other non-recurrent costs	4.0	10,319	6.1	15,935	(35.2%)
Other *(b)*	46.2	120,103	48.7	126,519	(5.1%)
Total	**568.1**	**1,476,130**	**599.7**	**1,558,651**	**(5.3%)**

(1) Solely for the convenience of the reader, Colombian *pesos* amounts for the six-month period ended June 30, 2015 and June 30, 2014 have been translated into U.S. dollars at the exchange rate formed in the interbank market on June 30, 2015 of COP$2,598.68 to U.S.$1.00.

(a) Includes renting and third-party activities to customers and computer services,

(b) Includes surveillance services, collection commission, rentals, insurance, transport, billing and printing services, collection management, etc.

Operating costs and **expenses** decreased by 5.3%, or U.S.$ 31.8 million (COP$ 82,521 million) mainly due to as a result of lower interconnection costs, lower intensity in commercial expenses on a year-on-year basis and the operating efficiencies achieved as a consequence of the simplification projects.

a) A decrease of 23.1% year-on-year in the ***cost of terminals and accessories*** mainly caused by lower commercial activity resulting from the elimination of the minimum stay clause (July,2014), which lead the market to eliminates handsets subsidies therefore increasing sale prices and reducing sales. Equipment sales decreased by 36.6%, from 637,478 units at the end of 2Q 2014 to 404,092 at the end of 2Q 2015.

b) ***Interconnection and roaming*** costs, including access charges of voice mobile operators, decreased 28.5% year-on-year mainly due to the implementation of Resolution 4660 of 2014 of the Communications Regulation Commission – CRC – in relation to asymmetric charges, which contemplates the decrease of termination rates with regard to the Dominant Operator (Claro) from COP$42.86 in 2014 to COP$19.36 in 2015 per minute.

c) The ***commissions*** decreased by 15.5%, from US$41.9 million (COP$108,879 million) to US$35.4 million (COP$91,971 million) mainly due to lower commercial activity due to the elimination of the minimum stay clause from the second half of 2014.

d) Costs related to ***customer service*** decreased 29.8%, year-on year from US$23.2 million (COP$60,392 million) to US$16.3 million (COP$42,370 million), mainly due to the hiring of the staff of the Experience Centers (owned distribution channel) who worked for third parties, and know are recognized as labor costs.

e) ***Provisions for doubtful accounts*** decreased 22.6%, year-on year from US$14.1 million (COP$36,770 million) to US$11.0 million (COP$28,463 million) mainly due to the recovery of provision for doubtful accounts for *grants* and *contributions* and trade receivables.

Note 6 – Operating Cost and Expenses (Continued)

f) Costs of **renting and other network infrastructures** increased by 25.3%, from US$49.6 million (COP$128,772 million) to US$62.1 million (COP$161,350 million) mainly due to the expansion of 4G technology network nationwide, rental of technical sites, increase of international capacity to meet demand broadband customer growth and rental of last mile.

g) The costs of network ***maintenance*** increased 21.3% year-on year from US$39.2 million (COP$101,978 million) to US$47.6 million (COP$123,712 million) due to the commissioning of new sites (towers and antennas), and for the attention and support of new projects.

h) An increase of 3.1%, or US$1.9 million (COP$4,988 million) in ***labor costs*** occurs primarily by wage increases and the hiring of the staff of the *Centros de Experiencia* (owned distribution channels) who previously worked for third parties.

Note 7 – Depreciation and Amortization

The following table sets forth the principal components of our depreciation and amortization for the six-month period ended June 30, 2015 and 2014:

	Period from January 1 to June 30,			
	2015		2014	
	(in million U.S.$)(1)	(in million COP$)	(in million U.S.$)(1)	(in million COP$)
Depreciation of property, plant and equipment	(139.7)	(362,949)	(134.6)	(349,719)
Amortization of intangibles assets	(45.8)	(119,099)	(68.8)	(178,894)
Depreciation and amortization	**(185.5)**	**(482,048)**	**(203.4)**	**(528,613)**

(1) Solely for the convenience of the reader, Colombian *pesos* amounts for the six-month period ended June 30, 2015 and June 30, 2014 have been translated into U.S. dollars at the exchange rate formed in the interbank market on June 30, 2015 of COP$2,598.68 to U.S.$1.00.

The expense for ***depreciation*** and ***amortization*** decreased by 8.8%, from U.S.$ 203.4 million (COP$ 528,613 million) at the end of the 2Q of 2014 to U.S.$ 185.5 million (COP$ 482,048 million) at the end of the 2Q of 2015, mainly due to the completion of the amortization at the end of 2014 of the intangible asset "Customers List".

Note 8 – Financial result, net

The net financial income decreased by 1.3%, from U.S.$ 132.8 million (COP$ 345,232 million) at the end of the 2Q of 2014 to U.S.$131.1 million (COP$ 340,621 million) at the end of the 2Q of 2015:

	Period from January 1 to June 30,			
	2015		2014 (1)	
	(in million U.S.$)(1)	(in million COP$)	(in million U.S.$)(1)	(in million COP$)
Debt financial expenses	(44.5)	(115,743)	(44.2)	(114,751)
Hedging financial expenses	(7.9)	(20,414)	(12.2)	(31,772)
Expense for Parapat interests	(77.3)	(200,911)	(74.5)	(193,550)
Other	(3.0)	(7,820)	(2.2)	(5,614)
Exchange rate differential	1.6	4,267	0.2	455
Net financial expense	**(131.1)**	**(340,621)**	**(132.8)**	**(345,232)**

(1) Solely for the convenience of the reader, Colombian *pesos* amounts for the six-month period ended June 30, 2015 and June 30, 2014 have been translated into U.S. dollars at the exchange rate formed in the interbank market on June 30, 2015 of COP$2,598.68 to U.S.$1.00.

Note 8 – Financial result, net (Continued)

This decrease is net result of:

- Decrease in hedging expenses of U.S.$ 4.4 million (COP$ 11,358 million) associated with a greater devaluation curve in the first half of 2015.
- Increase of U.S.$ 2.8 million (COP$ 7,361 million) in the interest expense of Parapat, associated with the increase of inflation rate from 3.3% in 2014 to 3.5% in 2015.
- Increase of U.S.$ 0.8 million (COP$ 2,206 million) in other financial expenses, mainly associated to: higher accrual in the financial indexation of long-term obligations related to Spectrum licenses for U.S.$ 3.0 million (COP$ 7,776 million).
- Increase in the expense of the tax on financial transactions, associated to financial payments, for U.S.$ 1.2 million (COP$ 3,084 million) due to the prepayment of debt made in the first quarter of 2015;
- Decrease in the expense of other financial expenses of U.S.$ 3.3 million (COP$ 8,654 million) mainly due to the termination of the registration of the expense for indexation of the Equity Tax performed until the end of 2014, and to the reversal of provisioned expenses.
- Greater income from exchange rate differential of U.S.$ 1.5 million (COP$ 3,812 million) in 2Q of 2015 compared to 2Q of 2014.

Note 9 – Income Taxes

As of June 30, 2015 it was recorded a recovery for taxes of US$18.7 million (COP$48,488 million), the composition is:

- the amortization of the Deferred Tax-Debit (expense) of US$27.0 million (COP$70,141 million),
- the provision for Deferred Tax-Debit (income) of US$53.6 million (COP$139,414 million),
- the provisions for Income Tax for Equity (CREE) expense of US$1.4million (COP$3,521) million, and for Income Tax expense of US$2.9 million (COP$7,627 million), and,
- the accrual of US$3.7 million (COP$9,635 million) as Wealth Tax expense.

Note 10 – Current Financial Assets

The item of current financial assets shows a decrease of 1.8% mainly explained by the result of the valuation of derivatives instruments which decreased US$2.2 million (COP$5,777 million) from US$61.6 million (COP$ 160,052 million) in March 31, 2015, to US$59.4 million (COP$154,275 million) in June 30, 2015.

Note 11 – Trade Accounts Receivable and Other

Trade accounts receivable and other show a decrease of 6.4%, or U.S.$ 18.9 million (COP$ 49,325 million) compared to the 1Q of 2015. The breakdown is detailed as follows:

	At June 30, 2015		At March 31 2015		Variation Percentage
	(in million U.S.$)(1)	(in million COP$)	(in million U.S.$)(1)	(in million COP$)	%
Accounts receivable					
Sales and services	185.6	482,223	202.8	527,141	(8.5)%
Equipment (installment sales)	29.6	77,028	28.1	73,042	5.5%
Related parties	21.3	55,456	27.1	70,309	(21.1)%
Prepaid expenses	24.9	64,850	23.5	61,128	6.1%
Other debtors	17.9	46,685	16.9	43,948	6.2%
Total	**279.5**	**726,242**	**298.4**	**775,567**	**(6.4)%**

(1) Solely for the convenience of the reader, Colombian pesos amounts at June 30, 2015 and March 31, 2015, have been translated into U.S. dollars at the exchange rate formed in the interbank market at each date of COP$2,598.68 to U.S.$1.00 .

Note 11 – Trade Accounts Receivable and Other (Continued)

Main variations are:

- Sales and service receivables shows a decrease of U.S.$ 17.2 million (COP$ 44,918 million) mainly due to: net effect of implementation of collection and credit notes tariff adjustment in roaming for U.S.$ 6.3 million (COP$ 16,321 million), the decline in the portfolio of operators in U.S.$ 4.8 million (COP$ 12,373 million) and the decrease in the customer portfolio in U.S.$ 4.5 million (COP$ 11,766 million)..

- The portfolio of financed equipment shows an increase of U.S.$ 1.5 million (COP$ 3,986 million) due to the continuity of the business strategy of the Company to boost equipment sales at terms of 3, 6, 12 or 24 months.

- The portfolio with related parties decreased by U.S.$ 5.7 million (COP$ 14,853 million) mainly due to reconciliation of accounts with TIWS Colombia and collections of TIWS España, associated with international traffic and with Telefonica Digital España for professional services.

Note 12 – Inventories

Inventories at the end of the 2Q of 2015 show an increase of 26.9% U.S.$ 8.8 million (COP$ 22,760 million) mainly in mobile handsets for U.S.$ 8.0 million (COP$ 20,795 million), in addition to the increase in the inventory in transit in U.S.$ 3.5 million (COP$ 9,079 million).

Note 13 – Tax Receivables

The increase in current tax assets of U.S.$ 10.4 million (COP$ 26,936 million), compared with the closing of the 1Q of 2014, corresponds to the net impact of:

- Increase in the account receivable for self-withholding for Income Tax and Income Tax for Equity-CREE for U.S.$ 10.8 million (COP$ 27,950 million) for the months of May and June 2015,

- Decrease in U.S.$ 0.5 million (COP$ 1,225 million) in tax for *Industry, Trade and Agencies* (ICA) due to tax clearing of U.S.$ 1.5 million (COP$ 3,958 million) of tax advances with self-withholdings of ICA of 2014 and the recording of advances and self-withholdings of ICA during the second quarter of 2015 for U.S.$ 1.1 million (COP$ 2,732 million).

Note 14 – Non-Current Financial Assets

The detail of non-current assets is presented as follows:

	At June 30,		At March 31,		Variation
	2015		2015		Percentage
Financial assets	(in million U.S.$)(1)	(in million COP$)	(in million U.S.$)(1)	(in million COP$)	%
Derivative instruments	111.5	289,769	133.1	346,005	(16.3)%
Other shares in companies	56.4	146,641	56.4	146,641	0.0%
Judicial deposits	9.8	25,345	10.4	26,998	(6.1%)
Total	**177.7**	**461,756**	**200.0**	**519,644**	**(11.1)%**

(1) Solely for the convenience of the reader, Colombian pesos amounts at June 30, 2015 and March 31, 2015, have been translated into U.S. dollars at the exchange rate formed in the interbank market at each date of COP$2,598.68 to U.S.$1.00.

(2) See Note 18, Derivative instruments

Note 14 – Non-Current Financial Assets (Continued)

Non-current financial assets have decreased by 11.1%, in comparison to the balance at the 1Q of 2015. This is mainly the result of the valuation process of hedging instruments for U.S.$ 21.6 million (COP$ 56,236 million), due to the decrease of the underlying debt at the end of the 2Q of 2015.

Note 15 – Property, Plant and Equipment

Properties, plant and equipment increased 1.6% during the 2Q, U.S.$ 26.8 million (COP$ 69,603 million), mainly due to the net result of:

- Capital expenditures for U.S.$ 99.0 million (COP$ 258,709 million) maintenance and expansion of fixed and mobile connectivity, coverage and RAN (Radio Access Network) capacity, transmission network and access for copper cables and optical fiber, among others.

- Depreciation during the 2Q for U.S.$ 70.4 million (COP$ 182,860 million).

- Disposals of assets, mainly copper cable that is product of replacement and theft in the fixed access network, for a total of U.S.$0.7 million (COP $1,765 million)

Note 16 – Intangible Assets

During the 2Q of 2015 the intangible assets decreased 1.1%, U.S.$ 3.9 million (COP$ 10,217 million) compared to the end of the 1Q, as net result of:

- Capital expenditures for $ 19.2 million (COP$ 49,875 million) of mobile network equipment software (Core and RAN Radio Access Network), as well as office software and data centers.

- Amortizations during the period for U.S.$ 23.1 million (COP$ 60,092 million).

Note 17 – Good Will

The increase in goodwill at the end of 2Q of 2015 compared to the 1Q of 2015 by U.S.$ 20.3 million (COP$ 52,951 million), corresponds to the recovery of a portion of the initial cost which had been amortized. Considering that the NIC 38, paragraph 107, states that intangible assets with indefinite useful lives are not amortized and that the IFRS 1 First-time Adoption and the IFRS 3 Businesses Combination allow the initial recognition of the Goodwill generated at the time of the acquisition, the Company has decided to recover the amortized value so that the initial value is adjusted at the time of its determination. For its part, the counterpart is carried against equity in retained earnings.

Note 18 – Deferred Tax Assets

Deferred tax increased by U.S.$ 13.2 million (COP$ 34,355 million), due to the:

- Net increase of U.S.$ 4.8 million (COP$ 12,572 million) for the recognition of deferred taxes (income) of U.S.$ 17.9 million (COP$ 46,414 million) due to temporary differences in assets and amortization of 2014 record (expense) of U.S.$ 13.0 million (COP$ 33,842 million).

- Increase for recognition of tax credits for accumulated losses of U.S.$ 8.4 million (COP$ 21,783 million).

Note 19 – Financial Obligation and Other Financial obligations

The Company's financial obligations totaled U.S.$517.3 million (COP $1,344,511 million) as of June of 2015, increasing 1.9% when compared to March 2015. The total financial liabilities, including the PARAPAT totaled U.S.$ 2,030,7 million (COP$5,277,220 million), decreasing U.S.$9.8 million (COP$25,636 million), compared to March 2015.

a) Short-term Financial Obligations increased 43.8% mainly explained by:

- Increase of the financial debt with credit entities for U.S.$11.9 million (COP$ 30,898 million) of U.S.$ 35.8 million (COP$ 92,979 million) at March 31, 2015 to U.S.$ 47.7 million (COP$ 123,877 million) in June 2015, explained by the net effect of the increase in U.S.$ 19.3 million (COP$ 50,068 million) due to the accrual of interest, reclassifications from short to long term, and exchange differences and to the reduction by the payment of debt denominated in foreign currency in U.S.$ 7.1 million (COP$ 19,171 million).

- Increase in valuation of derivatives instruments (interest expense) for U.S.$ 5.3 million (COP$ 13,884 million) from U.S.$ 3.5 million (COP$ 9,219 million) at March 31, 2015 to U.S.$ 8.9 million (COP$ 23,103 million) in June 2015, mainly due to the increase of causation at the 2Q of 2015, given a further devaluation during the period.

b) Long-term Financial Obligations decrease by 1.6% or U.S.$ 7.5 million (COP$ 19,580 million), from U.S.$ 468.4 million (COP$ 1,217,111 million) at March 31, 2015 to U.S.$ 460.8 million (COP$ 1,197,531 million) in June 2015, mainly due to exchange differences and transfers between short and long term during the period.

c) Other financial obligations correspond to PARAPAT:

- In the short term, there is a net increase for the amount of U.S.$ 3.5 million (COP$ 9,165 million) due to accrual of interests and long to short term reclassifications.
- Decrease in the Parapat debt worth U.S.$ 23.1 million (COP$ 60,004 million) mainly due to reclassifications to short term during the period, and the amortization of the period for U.S.$ 10.9 million (COP$ 28,337 million)

Hedging Instruments

The company's policy is to hedge all exposures to exchange and efficiently manage the interest rate risk; therefore, at the end of June 30, 2015, the valuation of such derivatives instruments corresponded to Non Delivery Forward operations (NDF), Cross Currency Interest Rate Swap (CCIRS) and Interest Rate Swap (IRS) to cover financial liabilities and trade accounts in USD and EUR.

The the net positions for the derivatives, according to its underlying obligation, are:

	At June 30, 2015		At March 31 2015		Variation Percentage
	(in million U.S.$)[1]	**(in million COP$)**	**(in million U.S.$)[1]**	**(in million COP$)**	**%**
Short Term					
Mark to market - Exchange rate effect for financial operations[1]	50,42	131.015	53,72	139.601	(6,2)%
Mark to market - Exchange rate for trade operations	8,95	23.260	7,87	20.450	13,7%
Mark to market - Interest rate effect	(8,89)	(23.103)	(3,55)	(9.219)	150,6%
Total	**50,48**	**131.172**	**58,04**	**150.833**	**(13,0)%**

[1] Figures to be considered in the calculation of the Leverage Ratio related to the Covenant of the Senior Bond 2022

Note 19 – Financial Obligation and Other Financial obligations (Continued)

	At June 30, 2015		At March 31 2015		Variation Percentage
	(in million U.S.$)(1)	(in million COP$)	(in million U.S.$)(1)	(in million COP$)	%
Long Term					
Mark to market - Exchange rate effect for financial operations(1)	90,7	235.727	90,7	235.579	0,1%
Mark to market - Interest rate effect	20,8	54.042	42,5	110.426	(51,1)%
Total	**111,5**	**289.769**	**133,1**	**346.005**	**(16,3)%**

(1) Figures to be considered in the calculation of the Leverage Ratio related to the Covenant of the Senior Bond 2022.

Note 20 – Current Trade and Other Payable

Trade accounts payable and similar increase in 13.4% or U.S.$48.1 million (COP$124,964 million), with the following details:

	At June 30, 2015		At March 31, 2015		Variation Percentage
Accounts payable	(in million U.S.$)(1)	(in million COP$)	(in million U.S.$)(1)	(in million COP$)	%
Suppliers	206,7	537,129	206.6	536,956	0.0%
Capital expenditures	110,9	288,314	56.0	145,468	98.2%
Related parties	48,7	126,454	53.2	138,140	(8.5)%
Deferred revenues, grants and other	39,6	102,828	42.0	109,197	(5.8)%
Total	**405,9**	**1,054,727**	**357.8**	**929,763**	**13.4%**

Note 21 – Current Taxes Payable

The item of government administrations for current taxes presents a net increase of U.S.$ 10.5 million (COP$ 27,238 million), due to:

- Value added tax - VAT increases at the end of the 2Q compared to the end of the 1Q in U.S.$ 15.4 million (COP$40,033 million)
- The withholdings to suppliers and self-withholdings for income tax and CREE recorded at the end of the 2Q decrease compared to the end of the 1Q in U.S.$ 4.1 million (COP$ 10,690 million).

Note 22 – Non-Current Trade and Other Payable

Long term accounts payable include the obligations associated with the renewal of the spectrum license in March 2014 and to the acquisition of the 15MHz license in 2011 for mobile operation. The net change compared to the end of the 1Q of 2015 corresponds to the financial indexation and the reclassification of the short term part in accordance with the provisions of the administrative act of the Ministry of Information and Communication Technologies - Mintic at the end of June 2015.

Note 23 – Bond and Securities

Bonds and Securities increased U.S.$ 0.2 million (COP$ 499 million), from U.S.$ 746.9 million (COP$ 1,940,891 million) at March 31, 2015 to U.S.$ 747.1 million (COP$ 1,941,391 million) in June, 2015. The nominal value of the bonds is recorded net of the issuance costs.

Note 24 – Shareholders Equity

The equity at the end of the 2Q of 2015 amounts to U.S.$ 149.9 million (COP$ 389,457 million), a summary of variations of shareholders' equity in the period is detailed below:

	At June 30, 2015	
	(in million U.S.$)(1)	(in million COP$)
Balance at January 1st, 2015	**(375.0)**	**(974,360)**
Period income	6.8	17,602
Hedging instruments, and others	36.0	93,622
Other equity instruments - Hybrid Bond	486.5	1,264,016
Balance at March 31, 2015	**154.3**	**400,880**
Loss for the period	(0.7)	(1,724)
Hedging instruments, and others	(3.7)	(9,699)
Balance at June 30, 2015	**149.9**	**389,457**

(1) Solely for the convenience of the reader, Colombian pesos amounts for the six-month period ended June 30, 2015 a have been translated into U.S. dollars at the exchange rate as of June 30, 2015 of COP$2,598.68 to U.S.$1,00

Nota 25 – Other Financial and Operating Information

a. EBITDA (a)	Period from January 1 to June 30, 2015		2014		Variation Percentage
	(in million U.S.$)(1)	(in million COP$)	(in million U.S.$)(1)	(in million COP$)	%
Net income (loss)	6.1	15,878	(51.1)	(132,891)	(111.9%)
Plus:					
Depreciation and amortization (b)	185.5	482,048	203.4	528,613	(8.8%)
Financial expenses, net (c)	131.1	340,621	132.8	345,232	(1.3%)
Income tax	(18.7)	(48,488)	(4.9)	(12,806)	278.6%
EBITDA	**304.0**	**790,059**	**280.2**	**728,148**	**8.5%**

(1) Solely for the convenience of the reader, Colombian pesos amounts for the six-month period ended June 30, 2015 and June 30, 2014 a have been translated into U.S. dollars at the exchange rate as of June 30, 2015 of COP$2,598.68 to U.S.$1,00.
(a) EBITDA means: net loss before depreciation and amortization; financial expenses, net and income tax.
(b) Includes amortization by U.S.$45.8 million (COP$119,099 million) and depreciation by U.S.$139.7 million (COP$362,949 million)
(c) Includes net income (expense) from foreign exchange differences and interest financial for the six-month period ended June 30, 2015 and June 30, 2014.

b. EBITDA Margin	Period from January 1 to June 30, 2015	2014
EBITDA margin (a)	35.71%	32.68%

(a) Represents EBITDA divided by net revenues

Nota 25 – Other Financial and Operating Information (Continued)

c. Net Debt to EBITDA Ratio (Senior notes covenant)

	12-month period ended to June 30,	
	2015	**2014**
Net Debt to EBITDA Ratio [(a)]	3,19	2,89

(a) The calculation detail in presented as follows

	Period ended to June 30,	
	(in million U.S.$) [(1)]	**(in million COP$)**
Financial Obligations at Short-term [(2)]	**34.3**	**89.161**
Financial institutions	33.4	86.772
Renting	0.9	2.388
Financial Obligations at Long-term	**1,210.8**	**3.146.541**
Financial institutions	459.2	1.193.426
Renting	1.6	4.105
Bonds [(2) (3)]	750.0	1.949.010
Hybrid Bond [(4)]	**492.0**	**1.278.425**
Total Debt [(5)]	**1,737.1**	**4.514.127**
Valuation of derivatives for Exchange Rate Differential [(6)]	(141.1)	(366.742)
Cash and Cash Equivalents	(32.6)	(84.652)
Total Net Debt	**1,563.4**	**4.062.733**
EBITDA Last twelve months [(7)]	490.4	1.274.381
Total Financial Debt over EBITDA		**3,19**

(1) Solely for the convenience of the reader, Colombian pesos amounts at June 30, 2015 and March 31, 2015, have been translated into U.S. dollars at the exchange rate formed in the interbank market at on June 30, 2015. of COP$2,598.68 to U.S.$1.00 .

(2) The balance of short-term obligations excludes the interest account payable.

(3) Considers the nominal of the issuance, valued at the exchange rate of the closing of the month of the ratio calculation; it does not include the value of the emission fees.

(4) The Hybrid Bond under the Offering Memorandum of the issuance of the Senior Bond debt is considered as replacement debt, for that reason it is included as financial debt, though it is recorded in Equity.

(5) The total financial debt includes the principal financial obligations with credit entities and bond issues; includes vehicle renting that is considered as financial debt under the IFRS regulations. The PARAPAT is excluded from the financial debt according to the provisions of the Offering Memorandum of the Senior Bond, which keeps the accounting treatment applicable under the GAAP in effect at the time of issue. In the event of any existing fees due and not paid of the PARAPAT, these will be considered as financial debt according to the definition of Indebtedness provided by the OM.

(6) Includes only the valuation for the exchange rate difference of the derivatives with the financial underlying item.

(7) It is the EBITDA of the last twelve months, calculated under the IFRS regulation, minus the value of the PARAPAT shares paid during the same period.

Note: EBITDA are not Colombian GAAP or IFRS measures, do not represent cash flow for the periods indicated and should not be considered an alternative to net income (loss), as an indicator of Company's operating performance or as an alternative to cash flows as a source of liquidity, Company's definition of EBITDA may not be comparable with EBITDA as defined by other companies. Although Company's EBITDA do not provide a Colombian GAAP or IFRS measure of operating cash flows, our management uses it as a measure of the operating performance of Company's operations.