INTERIM FINANCIAL STATEMENTS

Colombia Telecomunicaciones S.A. ESP

At March 31, 2016 and for the three-month period ended
March 31, 2016

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Colombia Telecomunicaciones S.A. ESP
Interim Statements of Financial Position
Unaudited Figures

	Notes	At March 31, 2016		At December 31, 2015	
Assets		(in *thousands of U.S. $*[a])	(in *thousands of COP$)*	(in *thousands of U.S. $*[a])	(in *thousands of COP$)*
Current Assets:					
Cash and cash equivalents		18,229	54,697,880	97,495	292,547,137
Financial assets	*(4)*	-	-	45,678	137,062,406
Trade and other accounts receivables	*(5)*	247,681	743,198,722	248,760	746,435,292
Prepaid expenses	*(6)*	24,765	74,312,088	7,479	22,443,634
Inventories	*(7)*	47,072	141,246,592	47,873	143,649,667
Taxes and public administrations	*(8)*	73,603	220,855,309	60,936	182,845,573
Total current assets		**411,350**	**1,234,310,591**	**508,221**	**1,524,983,709**
Non-current assets:					
Financial assets	*(4)*	274,257	822,942,387	278,644	836,107,143
Trade and other accounts receivables	*(5)*	11,857	35,577,926	12,430	37,297,934
Prepaid expenses		13,503	40,518,045	14,076	42,239,686
Properties, plant and equipment	*(9)*	1,503,148	4,510,390,760	1,534,205	4,603,580,770
Intangibles	*(10)*	288,208	864,804,764	299,950	900,038,110
Goodwill		312,989	939,163,377	312,989	939,163,377
Deferred tax	*(11)*	426,673	1,280,288,890	464,553	1,393,950,834
Total non-current assets		**2,830,635**	**8,493,686,149**	**2,916,847**	**8,752,377,854**
Total assets		**3,241,985**	**9,727,996,740**	**3,425,068**	**10,277,361,563**
Liabilities					
Current liabilities:					
Financial obligations	*(12)*	112,429	337,357,137	80,664	242,042,577
Other financial obligations - Parapat	*(12)*	165,976	498,032,480	165,707	497,226,877
Suppliers and accounts payable	*(13)*	300,540	901,808,019	407,189	1,221,822,867
Taxes and public administrations	*(8)*	47,149	141,476,712	33,394	100,201,867
Deferred revenues		28,233	84,717,555	25,833	77,514,941
Estimated liabilities and provisions	*(14)*	54,591	163,807,935	64,476	193,468,205
Total current liabilities		**708,918**	**2,127,199,838**	**777,263**	**2,332,277,334**
Non-current liabilities:					
Financial obligations and senior bond	*(12)*	1,131,559	3,395,390,568	1,181,434	3,545,045,011
Other financial obligations – Parapat	*(12)*	1,189,023	3,567,816,609	1,175,671	3,527,752,313
Suppliers and accounts payable		65,122	195,406,153	59,907	179,760,193
Deferred liabilities		7,804	23,418,180	15,364	46,103,114
Estimated liabilities and provisions		16,294	48,891,448	16,621	49,874,394
Deferred tax	*(11)*	97,445	292,397,115	128,606	385,897,832
Total non-current liabilities		**2,507,247**	**7,523,320,073**	**2,577,603**	**7,734,432,857**
Total liabilities		**3,216,165**	**9,650,519,911**	**3,354,866**	**10,066,710,191**
Shareholders' equity, net	***(15)***	**25,820**	**77,476,829**	**70,202**	**210,651,372**
Total liabilities and shareholders' equity		**3,252,046**	**9,758,186,390**	**3,425,068**	**10,277,361,563**

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31 2016 and December 31 2015, have been translated into U.S. dollars at the exchange rate formed in the interbank market at on March 31, 2016 of COP$3,000.63 to U.S. $1.00.

Colombia Telecomunicaciones S.A. ESP
Interim Statements of Comprehensive Income
Unaudited Figures

	Notes	Period from January 1 to March 31,			
		2016		**2015**	
		(in *thousands of U.S. $)*[(a)]	**(in *thousands of COP$)***	**(in *thousands of U.S. $)*[(a)]**	**(in *thousands of COP$)***
Operating Revenues:					
Sales and provision of service	*(16)*	384,980	1,155,182,302	369,650	1,109,184,196
Other operating revenues	*(16)*	11,167	33,507,642	9,875	29,631,445
		396,147	**1,188,689,944**	**379,525**	**1,138,815,641**
Operation costs and expenses	*(17)*	(273,296)	(820,061,675)	(245,116)	(735,503,558)
Operating income before depreciation and amortization		**122,851**	**368,628,269**	**134,409**	**403,312,083**
Depreciation and amortization	*(18)*	(81,222)	(243,716,858)	(80,182)	(240,596,430)
Operating income		**41,629**	**124,911,411**	**54,227**	**162,715,653**
Financial expenses, net	*(19)*	(25,118)	(75,370,891)	(23,405)	(70,229,492)
Interest expenses – Parapat	*(19)*	(41,239)	(123,741,862)	(33,409)	(100,248,535)
Loss before wealth tax		**(24,728)**	**(74,201,342)**	**(2,587)**	**(7,762,374)**
Wealth tax	*(20)*	(1,372)	(4,117,187)	**(1,611)**	**(4,833,029)**
Loss before taxes		**(26,100)**	**(78,318,529)**	**(4,198)**	**(12,595,403)**
Income and deferred tax	*(20)*	(3,306)	(9,918,664)	10,064	30,197,861
Net (loss) profit of the period		**(29,406)**	**(88,237,193)**	**5,866**	**17,602,458**
Net (loss) profit per share		**(0.02)**	**(60.65)**	**0.004**	**12.10**
Other comprehensive income					
Profit in hedge valuation, net of tax		10,667	32,006,718	39,244	117,757,676
Revaluation of land and buildings, net of tax		(545)	(1,634,349)	(201)	(604,403)
Other comprehensive income		**10,122**	**30,372,369**	**39,043**	**117,153,273**
Total comprehensive profit of the period		**(19,284)**	**(57,864,824)**	**44,909**	**134,755,731**

(a) Solely for the convenience of the reader, Colombian *pesos* amounts for the three-month period ended March 31, 2016 and March 31, 2015 have been translated into U.S. dollars at the exchange rate formed in the interbank market on March 31, 2016 of COP$3,000.63 to U.S. $1.00.

Colombia Telecomunicaciones S.A. ESP
Interim Statements of Changes in Shareholders' Equity
Unaudited Figures

	Subscribed and Paid Capital	Additional Paid-in Capital	Statutory Reserves	Other Equity Instruments	Reserves for Revaluation, net of deferred tax	Reserves for Cash Flows Hedge Derivatives	Accumulated Income	Total Equity
				(In thousands of U.S. $)[(a)]				
Balances at December 31st, 2014	**484,855**	**1,129,518**	**10,018**	**–**	**145,829**	**(1,693)**	**(2,154,234)**	**(385,706)**
Issuance of perpetual equity instruments	–	–	–	426,052	–	–	–	426,052
Transaction cost of perpetual equity instruments	_	_	_	(5,124)	_	_	–	(5,124)
Equity perpetual instruments' coupon	–	–	–	–	–	–	(25,503)	(25,503)
Net income for the year	–	–	–	–	–	–	20,148	20,148
Depreciation and real property revaluation write-offs	–	–	–	–	(3,029)	–	–	(3,029)
Hedges valuation, net	–	–	–	–	–	66,824	–	66,824
Deferred tax	–	–	–	–	1,163	(24,623)	–	(23,460)
Balances at December 31st, 2015	**484,855**	**1,129,518**	**10,018**	**420,928**	**143,963**	**40,508**	**(2,159,589)**	**70,202**
Decrease of the value of the share (Note -15)	(484,370)	–	–	–	–	–	484,370	-
Equity perpetual instruments' coupon	–	–	–	–	–	–	(25,098)	(25,098)
Net loss for the period	–	–	–	–	–	–	(29,406)	(29,406)
Depreciation of reserves by revaluation	–	–	–	–	(843)	–	–	(843)
Hedges valuation, net	–	–	–	–	–	10,667	–	10,667
Deferred tax (Note - 11)	–	–	–	–	299	–	–	299
Balances at March 31st, 2016	**485**	**1,129,518**	**10,018**	**420,928**	**143,419**	**51,175**	**(1,729,723)**	**25,820**

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31, 2016 and December 31, 2014 and 2015, have been translated into U.S. dollars at the exchange rate formed in the interbank market at on March 31, 2016 of COP$3,000.63 to U.S. $1.00.

	Subscribed and Paid Capital	Additional Paid-in Capital	Statutory Reserves	Other Equity Instruments	Reserves for Revaluation, net of deferred tax	Reserves for Cash Flows Hedge Derivatives	Accumulated Income	Total Equity
				(In thousands of COP$)				
Balances at December 31st, 2014	**1,454,870,740**	**3,389,266,946**	**30,059,860**	**–**	**437,580,121**	**(5,079,756)**	**(6,464,059,615)**	**(1,157,361,704)**
Issuance of perpetual equity instruments	–	–	–	1,278,425,000	–	–	–	1,278,425,000
Transaction cost of perpetual equity instruments	_	_	_	(15,375,333)	_	_	–	(15,375,333)
Equity perpetual instruments' coupon	–	–	–	–	–	–	(76,524,216)	(76,524,216)
Net income for the year	–	–	–	–	–	–	60,457,516	60,457,516
Depreciation and real property revaluation write-offs	–	–	–	–	(9,088,459)	–	–	(9,088,459)
Hedges valuation, net	–	–	–	–	–	200,512,635	–	200,512,635
Deferred tax	–	–	–	–	3,489,230	(73,883,297)	–	(70,394,067)
Balances at December 31st, 2015	**1,454,870,740**	**3,389,266,946**	**30,059,860**	**1,263,049,667**	**431,980,892**	**121,549,582**	**(6,480,126,315)**	**210,651,372**
Decrease of the value of the share (Note – 15)	(1,453,415,869)	–	–	–	–	–	(1,453,415,869)	-
Equity perpetual instruments' coupon	–	–	–	–	–	–	(75,309,719)	(75,309,719)
Net loss for the period	–	–	–	–	–	–	(88,237,193)	(88,237,193)
Depreciation of reserves by revaluation	–	–	–	–	(2,530,368)	–	–	(2,530,368)
Hedges valuation, net	–	–	–	–	–	32,006,718	–	32,006,718
Deferred tax (Note - 11)	–	–	–	–	896,019	–	–	896,019
Balances at March 31st, 2016	**1,454,871**	**3,389,266,946**	**30,059,860**	**1,263,049,667**	**430,346,543**	**153,556,300**	**(5,190,257,358)**	**77,476,829**

Colombia Telecomunicaciones S.A. ESP
Interim Statements of Cash Flows
Unaudited Figures

	Period from January 1 to March 31,			
	2016		2015	
	(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	415,635	1,247,166,653	410,671	1,232,271,715
Cash paid to suppliers and other payables	(271,806)	(815,589,515)	(241,301)	(724,054,522)
Net interest and other financial expenses paid	(27,253)	(81,776,543)	(38,099)	(114,322,143)
Interest paid to the – PARAPAT	(24,226)	(72,692,378)	(21,937)	(65,824,072)
Indirect paid taxes	(20,808)	(62,436,265)	(21,354)	(64,076,107)
Direct taxes and paid contributions	(71,933)	(215,844,566)	(65,277)	(195,870,981)
Net cash flow (used) provided from operating activities	**(391)**	**(1,172,614)**	**22,703**	**68,123,890**
Cash flows from investing activities				
Payments for investments in the plant and equipment and intangible assets	(76,960)	(230,929,382)	(106,249)	(318,813,398)
Collections from temporary financial investments	32	95,748	496	1,487,894
Payments for temporary financial investments	(30)	(90,000)	(65)	(194,000)
Net cash flow used in investing activities	**(76,598)**	**(230,923,634)**	**(105,818)**	**(317,519,504)**
Cash flows from financial activities				
Issuance of perpetual equity instruments	-	-	426,052	1,278,425,000
Transactions cost of perpetual equity instruments	-	-	(3,137)	(9,411,765)
Perpetual equity instruments coupon	(21,250)	(63,763,388)	-	-
New financial debt	51,735	155,237,394	91,682	275,102,395
Net cash flow from exchange rate hedges	9,871	29,618,920	8,398	25,198,442
Financial debt payments	(42,273)	(126,845,935)	(441,628)	(1,325,161,185)
Net cash flow (used) provided from financing activities	**(1,917)**	**(5,753,009)**	**81,367**	**244,152,887**
Net decrease in cash and cash equivalents during the period	**(79,266)**	**(237,849,257)**	**(1,748)**	**(5,242,727)**
Cash and cash equivalents at January 1,	97,495	292,547,137	26,836	80,526,095
Cash and cash equivalents at March 31,	18,229	54,697,880	25,088	75,283,368

Balance at January 1,	**97,495**	**292,547,137**	**26,836**	**80,526,095**
Cash on hand and at banks	75,041	225,171,083	17,818	56,091,112
Other cash equivalents	22,454	67,376,054	9,018	24,434,983
Balance at March 31,	**18,229**	**54,697,880**	**25,088**	**75,283,368**
Cash on hand and at banks	9,359	28,081,502	14,942	44,834,714
Other cash equivalents	8,870	26,616,378	10,146	30,448,654

(a) Solely for the convenience of the reader, Colombian *pesos* amounts for the three-month period ended March 31, 2016 and March 31, 2015 have been translated into U.S. dollars at the exchange rate formed in the interbank market on March 31, 2016 of COP$3,000.63 to U.S. $1.00

At March 31st, 2016 and for the three-month period ended March 31, 2016
(Figures expressed in thousands of pesos and thousands of dollars, except for exchange rates and where otherwise indicated)

Note 1. Reporting Entity

Colombia Telecomunicaciones S.A. ESP (hereinafter "the Company") was incorporated as a commercial incorporated company in Colombia through Public Deed No. 1331 of June 16, 2003 with a duration until December 31, 2092 with main domicile in Bogotá D.C. located in transversal 60 No.114 A 55. The Company, whose capital is majority owned by individuals, is subject to the legal regime provided by Law 1341 of 2009 and other applicable regulations, thus being classified as a utility service provider (ESP, for its abbreviation in Spanish).

The Company's main purpose is the organization, operation, delivery, provision, exploitation of activities, networks and telecommunications services, such as switched local basic public telephony, local extended and national and international long distance, mobile services, cellular mobile telephony in any territorial, national or international order, carriers, teleservices, telematics, value-added services, satellite services in their different modalities, television services in all its forms including cable television, broadcasting services, wireless technologies, video, computer application hosting services, data center services, public and private telecommunications networks operation services and overall operations of information systems, services of provision and/or generation of contents and applications, information services and any other activity, product or qualified as a telecommunications service, and/or information technologies and communications (TICs, for its abbreviation in Spanish) such as resources, tools, equipment, software, applications, networks and media, enabling the compilation, processing, storage, transmission of information such as voice, data, text, video and images, including complementary and supplementary activities, within the national territory and abroad and in connection to the outside, making use of property, assets and own rights or exercising the use and enjoyment of property, assets and rights of third parties. Likewise, the Company may develop the commercial activities that have been defined in its statutes.

Note 2. Basis of accounting

These interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Company last annual financial statements as at and for the year ended 31 December 2015 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company financial position and performance since the last financial statements.

According to the offering memorandum related to the Senior Bond issue, 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 interim financial statements.

Basis of Presentation

In the preparation of these Interim Financial Statements, significant management judgments in applying accounting policies were the same as those applied to the financial statements for the year ended at December 31, 2015. These Interim Financial Statements have been prepared on the basis of the historical cost model, except for land and buildings, the derivative financial instruments and financial investments that have been measured at their fair value.

The carrying amounts of the recognized assets and liabilities and designated as items being hedged in the hedging relationships of fair value, that otherwise would be carried at their amortized cost, have been adjusted to record the changes in the attributable fair values at the risks covered in the respective effective hedging relationships.

These Interim Financial Statements are presented in Colombian pesos and all values have been rounded to the nearest thousand (COP$000), unless otherwise indicated. All references herein to, "pesos" or "COP$" are to pesos, the official currency of Colombia. All references herein to "U.S. dollars," or "U.S. $" are to U.S. dollars. We maintain our books and records in pesos. Solely for the convenience of the reader we have converted the amounts included in these "Interim Financial Statements" and in the

Note 2. Basis of accounting (continued)

"Explanatory Notes to the Interim Financial Statements" and in this document from Colombian pesos into U.S. dollars using the exchange rate formed in the interbank market on March 31, 2016 of COP$3,000.63 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.

Estimates, Significant Accounting Judgments and Assumptions

In preparing the Interim Financial Statements, the Management makes judgments, estimates and assumptions that could affect the values of revenues, expenses, assets and liabilities reported at the date of the Interim Financial Statements, including the related disclosures. Even though they may differ from their final effect, Management considers that the estimates and assumptions used were adequate in every circumstance.

Among the main estimates and accounting judgments are: i) deferred taxes, ii) contingent liabilities iii) revaluation, impairment of assets, iv) definition of the fair value of financial instruments, v) estimate for dismantling.

- **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.

- **Financial Risk Management**

The Company actively manages risks through the use of derivative financial instruments (primarily on exchange rate and interest rate); also, the net balance sheet positions are taken into account in order to take advantage of natural hedges that are offset directly by avoiding incurring on bid-offer spread costs on hedging operations.

The main financial risk management objectives and policies of the Company at March 31, 2016, and for the three month period ended on that date are consistent with those disclosed in the financial statements at December 31, 2015 and for the year ended on that date.

- **Materiality criteria**

These interim 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.

- **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.

- **Operation Segments**

The Company's Management prepares sufficient financial and managing information to assess profitability, risk and the assets managed at Company level. Although the Company prepares certain financial and management information of each of the business areas, it is not sufficient to evaluate and determine individually profitability, risk and assets and liabilities allocated as required by IFRS 8.

Given the requirements of IFRS regarding the identification of segments and based on the available information, the Company's Management has identified a single business segment.

Note 2. Basis of accounting (continued)

- **Expense for Income Tax**

The expense for income tax includes the expense of the current tax and deferred tax. Colombian companies are subject to corporate income tax currently set at a rate of 25.0%. Colombian tax regulations provide that the basis for the calculation of such income tax applicable is the greater of a company's net taxable income and its presumptive income. Under applicable regulations, presumptive income is equivalent to 3.0% of net tax equity (patrimonio líquido fiscal) of the company on the last day of the immediately preceding taxable year. However, according to article 73 of Law 1341 and article 24 of Law 142 of 1994, because we are a public utilities company (empresa de servicios públicos) we have not determined nor paid income tax on a presumptive income basis.

In addition, pursuant to Law 1607 of 2012, we are required to pay the income tax for equity CREE at a rate of 9.0% from 2015 onwards. We are also subject to an annually increasing income tax for equity CREE surcharge of 5.0% in 2015, 6.0% in 2016, 8.0% in 2017 and 9.0% in 2018, applicable to our net taxable income exceeding COP$800 million. The surcharge will be eliminated in 2019. The income tax for equity CREE and the related surcharge are each calculated on the basis of the greater of our taxable income or our presumptive income. Although, as a public utilities company (empresa de servicios públicos), we have not determined nor paid income tax based on our presumptive income, this exemption does not apply to thecalculation of the CREE tax.

However, the company has tax credits for accumulated losses and excess of presumptive income of the income tax and the income tax for equity CREE, which will be used to offset the income tax expense.

The amount of deferred expenditure is obtained from the analysis of the Financial Position Statement, considering temporary differences, which are reversed in time, between the tax bases of assets and liabilities and their respective book values. The tax rates and tax laws used to compute such amounts are those in effect on the closing date, including the income tax rate, the rate of the income tax for equity CREE and the surtax. At March 31, 2016, there was no significant change in the effective tax rate.

In addition, the company is also required to pay an annually decreasing wealth tax (impuesto a la riqueza) of 1.15% in2015, 1.0% in 2016 and 0.4% in 2017, calculated on the basis of our net worth.

- **Impairment of non-current assets**

At the end of period, the presence or absence of impairment on non-current assets, including goodwill, intangibles, property and plant and equipment is evaluated. If such indicators exist or when it comes to assets which are subject to annual impairment analysis, the Company estimates the recoverable value of the asset, being the higher of the fair value, minus the cost of conveyance and its value in use. Such value in use is determined by the discount of the estimated future cash flows by applying a discount rate before taxes that reflects the value of money over time and considering the specific risks associated to the asset.

When the recoverable value of an asset is below its net book value, it is considered impaired. In this case, the book value is adjusted to the recoverable value, recording the loss in the Comprehensive Income Statement. Amortization charges for future periods are adjusted to the new accounting value over the remaining useful life.

To determine the impairment, the Company uses the strategic plan of its sole cash generating unit to which assets are assigned. This strategic plan usually covers a period of three years. For longer periods, from the third year projections based on these plans by applying a constant or decreasing rate of expected growth are used. This rate separately considers each assessed element and the included growth is reflect of the trend of the same in recent years.

The discount rates used are determined before taxes and are adjusted by the country-risk rate and corresponding business risk.

When new events take place, or changes in existing circumstances that indicate that an impairment loss recorded in a prior period may have disappeared or been reduced, a new estimate of the recoverable amount of the corresponding asset is made. Impairment losses previously recorded are reversed only if the assumptions used in calculating the recoverable amount would have changed since the most recent impairment loss was recognized. In this case, the carrying amount of the asset is increased to its new recoverable value, with the

Note 2. Basis of accounting (continued)

limit of the net book value that such asset would have if no impairment losses have been recognized in previous periods. The reversal is recognized in the Comprehensive Income Statement and the charges for amortization of future periods are adjusted to the new carrying amount, unless the asset is carried at its revalued amount, in which case the reversal is treated similarly to a revaluation increase. Impairment losses of goodwill are not reversed in subsequent periods.

- **Financial assets impairment**

At the end of the period, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets are impaired in value. A financial asset or group of financial assets are considered impaired in value only if there is objective evidence of impairment of that value as a result of one or more events that occurred after the asset's initial recognition (the "event causing the loss"), and that event causing the loss has an impact on estimated future cash flows generated by the financial asset or the group of financial assets, and that impact can be estimated reliably.

The evidence of impairment could include, among others, indications such that as debtors or group of debtors are in significant financial difficulties, default or delinquency in debt principal or interest payment, the probability that they go bankrupt or adopt other form of financial reorganization, or when observable data indicate that there is a measurable decrease in the estimated future cash flows, as well as adverse changes in the status of payments in arrears or economic conditions that correlate with defaults.

Charges for impairment of financial assets, net of recoveries that apply, are presented in the Comprehensive Income Statement, in financial costs and other operating expenses lines, as appropriate to the nature of the assets that generate them.

- **Inventories**

Warehouse materials for installation in investment projects, as well as inventories of goods for sale are valued at their weighted average cost or net asset value, the smaller of the two. The valuation of obsolete, defective or slow-moving inventories has been reduced to their probable net realizable value. The calculation of the recoverable value of inventories is made in function on their age and turnover.

The net asset value is the estimated sales value during the normal course of business minus the estimated costs to sell.
Costs of inventories include the transfer from the other comprehensive income of any gain or loss arising on cash flow hedges used for inventory purchases in foreign currency.

Note 3 – Significant Events

a) Capital Management – Going Concern

At the end of 2015 and after actions performed to financially strengthen the Company, equity was below 50% of subscribed capital wherewith the company was required to restore the Company's equity over this percentage, to remedy a mandatory dissolution proceeding.

Based on the above, the General Meeting of Shareholders celebrated on March 17, 2016, approved the reduction of the nominal value of the share, from $1,000 pesos to $1.00 peso and therefore, the amount of subscribed capital of the Company, without this involving the effective reimbursement of contributions. With this approval, at March 31, 2016, the mandatory dissolution proceeding which was at the end of 2015 is remedied. Additionally, the stem losses were approved with the amount resulting of the reduction of the nominal value of the shares.

b) Macroeconomic Environment

The GDP growth during 2015 stood at 3.1% year-on-year, mainly marked by the favorable outcome of private consumption (3.9% year-on-year); in contrast, investment slowed from 11.6% year-on-year in 2014 to 2.6% year-on-year in 2015, mainly due to the lower acquisition in capital goods due to the depreciation of the peso. Despite adverse pressures on domestic demand, Telefónica expects for 2016, a GDP growth of 2.4% year-on-year, in line with the positive impact of housing programs, 4G works and Refinería de Cartagena.

Note 3 – Significant Events (continued)

The year-on-year inflation to March 2016 stood at 7.98%, thus completing eleven (11) consecutive months of increases in inflation. This figure is located above the upper limit of the target range of the issuer (4%) and 120 basis points above the closing figure of 2015. The upward trend that has characterized inflation has been mainly the result of two temporary factors: First, the weather phenomenon "El Niño" has hit the agricultural supply and caused pressure on power generation, placing food inflation and of regulated in 12.4% and 7.2%, respectively; secondly, the high exchange rate depreciations recorded in recent months have resulted in higher price increases of tradable goods, and the price of other final goods with imported inputs.

During the first quarter of 2016, the exchange rate continues showing volatility, with revaluation of 4.73%, from $3,149.47 of December 31, 2015, to $3,000.63 at March 31, 2016. The above related to the behavior of international oil price, which recovered at the first correction signs of the U.S. offer and the possibility of an agreement for the OPEC output reduction.

Note 4 - Financial Assets

The breakdown of the financial assets is the following:

	At March 31, 2016		At December 31, 2015	
	(in *thousands* U.S. $)	(in *thousands* COP$)	(in *thousands* U.S. $)	(in *thousands* COP$)
Hedging instruments (Note 12)	-	-	45,678	137,062,406
Current financial assets	**-**	**-**	**45,678**	**137,062,406**
Hedging instruments (Note 12)	218,750	656,387,005	223,135	669,546,013
Other equity	48,333	145,029,462	48,333	145,029,462
Deposits and guaranteed	7,174	21,525,920	7,176	21,531,668
Non-current financial assets	**274,257**	**822,942,387**	**278,644**	**836,107,143**

Financial assets have decreased in comparison to December 31, 2015, as a result of the valuation of Non Delivery Forwards derivative instruments due to revaluation of the exchange rate during the first quarter of 2016 in 4.73%, impacting current financial assets in U.S.$45.678 thousand (COP$137,062,406 thousand) and non-current in U.S.$4.387 thousand (COP $13,164,756 thousand) per valuation of exchange rate of the swaps instruments.

Note 5 - Trade and Other Accounts Receivable

Current trade and other accounts receivable decrease by 0.4%, or U.S. $1,079 thousand (COP$3,236,570 thousand) and non-current decrease by 4.6%, or U.S. $573 thousand (COP$1,720,008 thousand) compared to December 31 of 2015. The breakdown is detailed as follows:

	At March 31, 2016		At December 31, 2015	
	(in *thousands* U.S. $)	(in *thousands* COP$)	(in *thousands* U.S. $)	(in *thousands* COP$)
Current Trade and Other Accounts Receivable				
Customers for sale and services provision (1)	341,386	1,024,374,126	330,340	991,226,876
Commercial agents and distribution channels	47,284	141,882,128	4,6467	139,431,189
Portfolio for funded equipment	41,339	124,042,538	37,502	112,529,964
Portfolio with national operators	35,023	105,090,209	32,984	98,973,361
Shareholders, related parties and foreign associated companies (2)	13,236	39,716,737	27,067	81,217,603
Other debtors	16,977	50,940,894	16,943	50,836,605
Foreign debtors	12,030	36,098,665	12,982	38,954,627
Advance payments delivered	49	147,173	4	13,255
Impairment for doubtful collection portfolio	(259,643)	(779,093,748)	(255,529)	(766,748,188)

	At March 31, 2016		At December 31, 2015	
	(in *thousands* U.S. $)	(in *thousands* COP$)	(in *thousands* U.S. $)	(in *thousands* COP$)
	247,681	**743,198,722**	**248,760**	**746,435,292**
Non-current Trade and Other Accounts Receivable				
Portfolio with national operators	44,861	134,610,499	44,861	134,610,499
Portfolio of grants and contributions (3)	12,730	38,197,629	12,730	38,197,629
Shareholders, related parties and foreign associated companies (2)	11,613	34,845,615	12,186	36,565,623
Impairment for doubtful collection portfolio	(57,347)	(172,075,817)	(57,347)	(172,075,817)
	11,857	**35,577,926**	**12,430**	**37,297,934**
	259,538	**778,776,648**	**261,190**	**783,733,226**

(1) Includes residential, business, customers whose billing is pending, companies and wholesalers

(2) The Company performs transactions with its related parties under the same market conditions and mutual independence between the parties, has not granted, nor received guarantees or pledges to its related parties. Among the main transactions, it includes local telephony operations, consulting, interconnection, roaming and data transmission service. The decrease in the current portfolio corresponds to accounts' crosses during the first quarter of 2016.

(3) Includes portfolio with the government for grants and contributions.

Note 6 - Prepaid Expenses

The current prepaid expenses increased by 231.1%, or U.S. $17,286,484 thousand (COP$51,870,342 thousand) compared to December 2015, for the payment in advance to the Fund of Information Technologies and Communications, for the yearly payment for the use of spectrum for microwave links in 2016, of U.S. $9.797 thousand (COP $29,396,813 thousand) and software and maintenance licenses for U.S. $6.906 thousand (COP $20,720,924 thousand).

Note 7 - Inventories

Inventories at the end of the first quarter of 2016 decreased by of 1.7% U.S. $801 thousand (COP$2,403,075 thousand). The breakdown is detailed as follows:

	At March 31, 2016		At December 31, 2015	
	(in *thousands* U.S. $)	(in *thousands* COP$)	(in *thousands* U.S. $)	(in *thousands* COP$)
Mobile phones and accessories	40,190	120,595,971	41,005	123,040,239
Equipment in transit	5,951	17,857,227	5,983	17,954,308
Other inventories	1,868	5,605,500	1,246	3,738,107
Computer equipment	1,102	3,306,418	1,022	3,067,225
	49,111	**147,365,116**	**49,256**	**147,799,879**
Provision for obsolescence	(2,039)	(6,118,524)	(1,383)	(4,150,212)
	47,072	**141,246,592**	**47,873**	**143,649,667**

Note 8 - Taxes and Public Administration

The asset balance for taxes and current public administrations is presented as follows:

	At March 31, 2016		At December 31, 2015	
	(in *thousands* U.S. $)	(in *thousands* COP$)	(in *thousands* U.S. $)	(in *thousands* COP$)
Advance of surcharge of income tax for equality CREE	1,616	4,849,220	1,616	4,849,220
Self-withholding for income tax for equality CREE	33,547	100,663,247	26,901	80,718,567
Self-withholding for income tax	32,508	97,544,863	26,272	78,831,145

	At March 31, 2016		At December 31, 2015	
	(in *thousands* U.S. $)	(in *thousands* COP$)	(in *thousands* U.S. $)	(in *thousands* COP$)
Income tax withholdings	1,661	4,981,784	1,322	3,967,781
Withholding for sales tax	284	853,595	457	1,370,707
Advance, withholdings and self-withholding ICA	3,987	11,962,600	4,368	13,108,153
	73,603	**220,855,309**	**60,936**	**182,845,573**

The increase of U.S. $12,667 thousand (COP$38,009,736 thousand), compared with the closing of December 31, 2015, is explained as follows:

- Increase for the causation of the first quarter of 2016, of self-withholdings of the tax for equity CREE, for U.S. $6.646 thousand (COP$19,944,680 thousand) and self-withholdings of the income tax for U.S.$6.236 thousand (COP $18,713,718 thousand).
- Increase due to the causation of the first quarter of 2016, of the withholding source taxes by way of income tax practiced by institutions on income by U.S. $339 thousand. (COP$1,014,003 thousand).
- Net decrease for the compensation of advances, withholdings and self- withholdings in the tax declarations on industry and trade ICA, 2015, and the registration of new advances for the same concept in 2016 net of U.S.$746 thousand (COP $2,238,059 thousand).

Current liabilities for taxes and public administrations are presented as follows:

	At March 31, 2016		At December 31, 2015	
	(in *thousands* U.S. $)	(in *thousands* COP$)	(in *thousands* U.S. $)	(in *thousands* COP$)
Sales tax and proportionality – VAT	28,899	86,716,642	15,210	45,640,568
National consumption tax	1,248	3,744,799	2,753	8,261,795
Withholdings and self-withholding	15,978	47,943,998	12,357	37,077,629
Surtaxes and stamps	151	453,068	797	2,392,782
Import tax	-	-	1,813	5,440,634
Municipal taxes	873	2,618,205	464	1,388,459
	47,149	**141,476,712**	**33,394**	**100,201,867**

The increase of U.S. $13,755 thousand (COP $41,274,845 thousand), compared with the closing of December 31, 2015, is explained as follows:

- Increase of VAT sales tax at U.S. $13.689 thousand (COP $41,076,074 thousand) due to: i) Decrease for the payment of the last two months of 2015 of U.S. $15,210 thousand (COP $45,640,568 thousand), ii) increase in the liability of the VAT sales tax of the first two months of 2016 for U.S. $18.917 thousand (COP $56,762,612 thousand) which will be offset with the balance in favor of the income tax, and iii) increase for the accrual during March of 2016 of U.S. $9,982 thousand (COP $29,954,030 thousand).
- Decrease in the national consumption tax in U.S. $1.505 thousand (COP $4,516,996 thousand) due to the payment corresponding to the last two months of 2015, for U.S. $2.753 thousand (COP $8,261,795 thousand) and for the accrual during March of 2016 net of U.S. $1.248 thousand (COP $3,744,799 thousand).
- Net increase in the payment of the withholding source tax in December 2015 and accrual of March, 2016, in U.S. $3.621 thousand (COP $10,866,369 thousand) for withholding source taxes on the hybrid bond's yields made to investors.
- Payment in 2016 of the tax for imports of U.S. $1.813 thousand (COP $5,440,634 thousand).

Note 9 - Properties, Plant and Equipment

The composition and movement of properties, plant and equipment of the first quarter of 2016 and at December 31, 2015, were as follows:

Concept	Balance at December 31, 2015	Acquisitions	Retirements	Transfers	Revaluation	Balance at March 31, 2016
Cost:			*(USD$000)*			
Land and construction	999,167	2	(111)	1,426	(102)	1,000,382
Technical installations, machinery and other	2,670,368	10,278	(52,050)	18,201	-	2,646,797
Current equipment	121,671	29,613		(29,678)	-	121,606
Furniture, equipment management of information and miscellaneous	199,528	-	(663)	1,798	-	200,663
	3,990,734	**$39,893**	**(52,824)**	**(8,253)**	**(102)**	**3,969,448**
Accumulated depreciation:						
Constructions (1)	(471,383)	(11,814)	65	-	(741)	(483,873)
Technical installations, machinery and other	(1,841,622)	(45,680)	51,503	-	-	(1,835,799)
Furniture, equipment management of information and miscellaneous	(143,524)	(3,733)	629	-	-	(146,628)
	(2,456,529)	**(61,227)**	**52,197**	**-**	**(741)**	**(2,466,300)**
	1,534,205	**(21,3334)**	**(627)**	**(8,253)**	**(843)**	**$1,503,148**

Concept	Balance at December 31, 2015	Acquisitions	Retirements	Transfers	Revaluation	Balance at March 31, 2016
Cost:			*(COP$000)*			
Land and construction	2,998,129,348	6,303	(331,845)	4,278,838	(307,470)	3,001,775,174
Technical installations, machinery and other	8,012,786,832	30,841,083	(156,181,353)	54,615,743	-	7,942,062,305
Current equipment	365,088,691	88,858,515	-	(89,052,753)	-	364,894,453
Furniture, equipment management of information and miscellaneous	598,709,959	-	(1,995,416)	5,394,279	-	602,108,822
	11,974,714,830	**119,705,901**	**(158,508,614)**	**(24,763,893)**	**(307,470)**	**11,910,840,754**
Accumulated depreciation:						
Constructions (1)	(1,414,445,906)	(35,448,951)	195,872	-	(2,222,898)	(1,451,921,883)
Technical installations, machinery and other	(5,526,025,642)	(137,070,168)	154,542,424	-	-	(5,508,553,386)
Furniture, equipment management of information and miscellaneous	(430,662,512)	(11,200,498)	1,888,285	-	-	(439,974,725)
	(7,371,134,060)	**(183,719,617)**	**156,626,581**	**-**	**(2,222,898)……,**	**(7,400,449,994)**
	4,603,580,770	**(64,013,716)**	**(1,882,033)**	**(24,763,893)**	**(2,530,368)**	**4,510,390,760**

(1) The depreciation expense of revalued assets (constructions) if their assessment would have been maintained by the cost method during 2016.

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Note 9 - Properties, Plant and Equipment (continued)

Properties, plant and equipment decreased by 2.0% during the first quarter, U.S. $31,057 thousand (COP$93,190,010 thousand), mainly due to the net result of:

- Capital expenditures of U.S. $31,641 thousand (COP$94,942,006 thousand) for service quality, expansion of fixed and mobile connectivity, coverage and capacity of RAN (Radio Access Network), transmission network and access through copper cables and fiber optics.

- Depreciation expense during the first quarter of U.S. $61,227 thousand (COP$183,719,617 thousand).

- Disposals of assets, mainly copper cable for product replacement and theft in the fixed access network for a total amount of US $746 thousand (COP$2,240,047 thousand).

Based on the recoverable values' analysis, the management of the company does not evidence signs of impairment of the properties, plant and equipment assets in accordance with the main considerations of the Strategic Plan, among which are: macroeconomic variables, ARPU (Average Revenues Per User), costs of customer acquisition and retention, shares of net gain of accesses, market shares, investments in non-current assets, growth rates and discount rate.

Note 10 - Intangibles

The composition and movement of intangibles of the first quarter of 2016 and at December 31, 2015, were as follows:

Concept	Balance at December 31, 2015	Acquisitions	Retirements	Transfers	Balance at March 31, 2015
Cost:			*(US$000)*		
Operating licenses	412,220	-	(12,701)	8,253	407,772
Computer applications	459,553	-	-	-	459,553
Customers list	207,142	-	-	-	207,142
Other intangibles	27,579	-	-	-	27,579
	1,106,494	**-**	**(12,701)**	**8,253**	**1,102,046**
Accumulated amortization					
Operating licenses	(244,599)	(5,456)	-	-	(250,054)
Computer applications	345,935)	(14,285)	(12,701)	-	(347,519)
Customers list	(207,142)	-	-	-	(207,142)
Other intangibles	(8,869)	(254)	-	-	(9,123)
	(806,544)	**(19,995)**	**(12,701)**	**-**	**813,838**
	299,950	**(19,995)**	**-**	**8,253**	**288,208**

Concept	Balance at December 31, 2015	Acquisitions	Retirements	Transfers	Balance at March 31, 2015
Cost:			*(COP$000)*		
Operating licenses (1)	1,236,921,539	-	(38,111,235)	24,763,894	1,223,574,198
Computer applications (2)	1,378,947,837	-	-	-	1,378,947,837
Customers list (3)	621,555,372	-	-	-	621,555,372
Other intangibles (4)	82,754,191	-	-	-	82,754,191
	3,320,178,939	**-**	**(38,111,235)**	**24,763,894**	**3,306,831,598**
Accumulated amortization					
Operating licenses	(733,950,004	(16,369,966)	-	-	(750,319,970)
Computer applications	(1,038,023,465)	(42,864,890)	38,111,235	-	(1,042,777,120)
Customers list	(621,555,372)	-	-	-	(621,555,372)
Other intangibles	(26,611,988)	(762,384)	-	-	(27,374,372)
	(2,420,140,829)	**(59,997,240)**	**38,111,235**	**-**	**(2,442,026,834)**
	900,038,110	**(59,997,240)**	**-**	**24,763,894**	**864,804,764**

Note 10 – Intangibles (continued)

During the first quarter of 2016 the intangible assets decreased by 3.9%, U.S. $11,742 thousand (COP$35,233,346 thousand) compared to the December 31, 2015, as net result of:

- Capital expenditures for U.S. $8,253 thousand (COP$24,763,895 thousand) of mobile network equipment software (Core and RAN Radio Access Network), as well as office software and data centers.
- Amortization expense during the first quarter for U.S. $19,995 thousand (COP$59,997,241 thousand).

Based on the recoverable values' analysis, the management of the company does not evidence signs of impairment of the intangible assets in accordance with the main considerations of the Strategic Plan, among which are: macroeconomic variables, ARPU (Average Revenues Per User), costs of customer acquisition and retention, shares of net gain of accesses, market shares, investments in non-current assets, growth rates and discount rate.

Note 11 - Deferred tax

Deferred Tax Assets

The deferred tax asset decreased by U.S. $37,880 thousand (COP$113,661,944 thousand), compared to the year-end 2015, as a result of:

- Decrease in deferred tax asset of U.S. $91 thousand (COP $271.690 thousand) due the use of tax credits of the income tax for equity CREE.
- Decrease in deferred tax asset of U.S. $24.566 thousand (COP $73,713,040 thousand) due to the use of the accumulated tax losses and excess of presumptive Income (25%) on taxable income recorded in 2015.
- Decrease in deferred tax asset of U.S. $13.503 thousand (COP $40,518,400 thousand) due to the use of temporary differences related to PARAPAT and expenses provisions recorded in 2015.
- Increase in deferred tax asset of U.S. $280 thousand (COP $841.185 thousand) due to the depreciation of the revalued cost of the PARAPAT's property with effect on other comprehensive income (recorded under Shareholders' Equity).

Deferred Tax Liabilities

The deferred tax liability decreased by U.S. $31.161 thousand (COP $93,500,717 thousand), compared to the year-end 2015, mainly due to:

- Decrease in deferred tax liability of U.S. $35.415 thousand (COP $106,267,600 thousand) from the reversal of the taxable temporary differences arising mainly from the valuation of hedging with effect on the comprehensive income statement.
- Increase in deferred tax liability of U.S. $4.273 thousand (COP $12,821,718 thousand) for the recognition of tax temporary differences arising from the valuation of hedges with effect on the other comprehensive income (recorded under Shareholders' Equity).
- Decrease in deferred tax liability of U.S. $18.2 thousand (COP $54.834 thousand) due to the depreciation of the revalued cost of property with effect on other comprehensive income (recorded under Shareholders' Equity).

Note 12 - Financial Obligation and Other Financial obligations

Financial obligations, including PARAPAT, totaled U.S. $2,598,987 thousand (COP $7,798,596,794 thousand) as of March of 2016, decrease 0.2% compared to December 2015. The PARAPAT obligations totaled U.S. $1,354,999 thousand (COP$4,065,849,089 thousand), increasing U.S. $13,620 thousand (COP$40,869,899 thousand), compared to December 2015.

	At March 31, 2016		At December 31, 2015		Variation Percentage
	(in *thousands* of U.S. $)	(in *thousands* of COP$)	(in *thousands* of U.S. $)	(in *thousands* of COP$)	%
Financial obligations (a)	85,000	255,052,983	63,969	191,948,578	32.9%
Hedging instruments (d) (1)	25,801	77,419,858	2,748	8,244,303	839.1%
Other financial obligations (interests)	1,628	4,884,296	13,947	41,849,696	(88.3%)
	112,429	**337,357,137**	**80,664**	**242,042,577**	**39.4%**
Other financial obligations - PARAPAT (c)	165,976	498,032,480	165,707	497,226,877	0.2%
Total short-term	**278,405**	**835,389,617**	**246,371**	**739,269,454**	**13.0%**
Financial obligations and senior bond (b)	1,131,559	3,395,390,568	1,181,434	3,545,045,011	(4.2%)
Other financial obligations - PARAPAT (c)	1,189,023	3,567,816,609	1,175,671	3,527,752,313	1.1%
Total long-term	**2,320,582**	**6,963,207,177**	**2,357,105**	**7,072,797,324**	**(1.5%)**
Total financial debt	**2,598,897**	**7,798,596,794**	**2,603,476**	**7,812,066,778**	**(0.2)%**

(1) See, *Hedging instruments*

a) Increase in short term financial debt with credit institutions by U.S. $21.030 thousand (COP $63,104,405 thousand) from U.S. $63.969 thousand (COP $191,948,578 thousand) at December 31, 2015, to U.S. $85,000 thousand (COP $255,052,983 thousand) in March 2016, explained by (i) the net effect of U.S. $12.871 thousand (COP $38,619,684 thousand), generated by the decrease for the debt payment by U.S. $38.864 thousand (COP $116,617,710 thousand) and the increase for new debt contracted by U.S. $51.735 thousand (COP $155 237 394 thousand); and (ii) the effect of long to short-term reclassifications and the exchange difference of U.S. $8.160 thousand (COP $24,484,723 thousand).

b) Decrease in long-term debt by U.S. $49.875 thousand (COP $149,654,443 thousand), corresponds to the revaluation of the exchange rate and the reclassifications from long term to short term. It includes the senior bond, see detail below:

Senior bond

	At March 31, 2016		At December 31, 2015		Variation Percentage
Bonds	(in *thousands* U.S. $)	(in *thousands* COP$)	(in *thousands* U.S. $)	(in *thousands* COP$)	%
Face Value	750,000	2,250,472,500	787,202	2,362,102,500	(4.7%)
Cost of transaction	(2,280)	(6,840,940)	(2,366)	(7,100,409)	(3.7%)
Total Long Term	**747,720**	**2,243,631,560**	**784,836**	**2,355,002,091**	**(4.7%)**

The net change in long-term bonds was U.S. $37,117 thousand (COP $111,370,531 thousand) from U.S. $784.836 thousand (COP $2,355,002,091 thousand) at the end of December, 2015, to U.S. $747,720 thousand (COP $2,243,631,560 thousand) at the end of March, 2016, generated mainly by the revaluation of the exchange rate during the first quarter of 2016 of 4.73%. The nominal value of bonds is presented net with the transaction costs.

c) Increase of the PARAPAT debt by U.S. $13,620 thousand (COP $40,869,898 thousand) mainly due to the capitalization of interest at March 31, 2016.

Note 12 - Financial Obligation and Other Financial obligations (continued)

d) Increase of hedging instruments by U.S. $23,054 thousand (COP $69,175,555 thousand) related to (i) the increase in valuation of non-delivery forward hedging by U.S. $18,439 thousand (COP $55,328,654 thousand) due to the revaluation of the exchange rate of 4.73% during the first quarter; (ii) in addition to the valuation of interest rate hedging by U.S. $4.615 thousand (COP $13,846,901 thousand) due to the displacement of the valuation curve in -102 bps.

Hedging Instruments

The Company operates with derivative financial instruments in order to reduce exposure to interest and exchange rates fluctuations of its rights and liabilities to third parties, variations in cash flows for purchases (capex and opex) denominated in U.S. dollars and its financial liabilities in U.S. dollars also linked to variable interest rates such as Libor and IBR through Non Delivery Forward (NDF), Cross Currency Interest Rate Swap (CCIRS) and Interest Rate Swap (IRS) operations. These operations are valued at market prices at the end of each period.

Total mark to market explained by exchange rate effect (financial and trade operations) decrease 27.5% due to revaluation of Colombian Peso by 4,73% during first quarter of 2016. The valuation for interest rate increased due to the displacement of the curve at -102 bps on average, from one period to another.

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

	At March 31, 2016		At December 31, 2015		Variation Percentage
	(in *thousands* of U.S. $)	(in *thousands* of COP$)	(in *thousands* of U.S. $)	(in *thousands* of COP$)	%
Short Term(1)					
Mark to market – exchange rate effect for financial operations(2)	(18,613)	(55,849,992)	7,477	22,434,892	(348.9%)
Mark to market – exchange rate effect for trade operations	174	521,338	38,276	114,852,288	(99.5%)
Mark to market – interest rate effect	(8,285)	(24,860,624)	(3,288)	(9,866,179)	152.0%
CVA/DVA(3)	923	2,769,420	466	1,397,102	98.2%
Total short term, Note (4 y 12)	**(25,801)**	**(77,419,858)**	**42,930**	**128,818,103**	**(160.1%)**
Long term(1)					
Mark to market – Exchange rate effect for financial operations(1)	134,679	404,121,152	160,506	481,619,347	(16.1%)
Mark to market – Interest rate effect	85,216	255,701,097	65,153	195,500,354	30.8%
CVA/DVA(3)	(1,145)	(3,435,244)	(2,524)	(7,573,688)	(54.6%)
Total long term (Note 4)	**218,750**	**656,387,005**	**223,135**	**669,546,013**	**(2.0%)**
Total mark to market	**192,949**	**578,967,147**	**266,065**	**798,364,116**	**(27.5%)**
Exchange rate effect					
Exchange rate effect for financial operations	116,066	348,271,160	167,983	504,054,240	(30.9%)
Exchange rate effect for trade operations	174	521,338	38,276	114,852,288	(99.5%)
Total exchange rate effect	**116,240**	**348,792,498**	**206,259**	**618,906,527**	**(43.6%)**
Interest rate effect	76,931	230,840,473	61,865	185,634,175	24.4%
CVA/DVA	(222)	(665,824)	(2,058)	(6,176,586)	(89.2%)
Total mark to market	**192,949**	**578,967,147**	**266,065**	**798,364,116**	**(27.5%)**

(1) Corresponds to the net position liability and asset (Note 12 and 4 - Hedging instruments).
(2) Corresponds to the exchange rate of derivatives that cover underlying items, values to be considered for the calculation of the leverage ratio of the 2022 Senior Bond Covenant.
(3) Credit Valuation Adjustment (CVA) / Debit Valuation Adjustment (DVA)

Note 13 - Suppliers and Accounts Payable

The balance of suppliers and accounts payable is the following:

	At March 31, 2016		At December 31, 2015	
Accounts payable	(in *thousands* U.S. $)	(in *thousands* COP$)	(in *thousands* U.S. $)	(in *thousands* COP$)
Suppliers	195,619	586,978,966	223,251	669,895,141
Capital expenditures	56,372	169,152,423	113,134	339,472,604
Shareholders, related parties and foreign associated companies	38,410	115,252,813	58,480	175,476,236
Others	10,139	30,423,817	12,324	36,978,886
Total	**300,540**	**901,808,019**	**407,189**	**1,221,822,867**

Note 14 - Estimates Liabilities and Provisions

Current estimates liabilities and provisions decrease by U.S. $9,885 thousand (COP$29,660,270 thousand), main variations are explained below:

- Provisions for liabilities to employees decreased by U.S. $5,143 thousand (COP $15,431,131 thousand) mainly due to payment of annual bond.
- Decrease in net tax provision of U.S. $2.604 thousand (COP $7,813,761 thousand)
- Decrease in net contingence provision of U.S. $853 thousand (COP $2,559,908 thousand)

Note 15 - Equity, Net

Authorized, subscribed and paid capital at March 31st, 2016 and December 31st, 2015 is presented as follows:

Share Capital

	At March 31, 2016	At December 31, 2015
	(in *thousands* COP$)	
Authorized capital	$1,454,870,740	$1,454,870,740
Subscribed and paid capital	1,454,871	1,454,870,740
Number of outstanding stocks	1,454,870,740	1,454,870,740
Nominal value (in pesos)	1	1,000

The number of shares and the participation at March 31st of 2016 and December 31st of 2015, is presented as follows:

Shareholders	Number of shares	Percentage %
Telefónica Internacional S.A.U.	437,085,325	30,0428975
The Nation – Ministry of Finance and Public Credit	472,832,991	32,5000000
Olympic Ltda., In liquidation	275,603,185	18,9434826
Telefónica S.A.	269,339,035	18,5128185
Radio Televisión Nacional de Colombia-RTVC	10,000	0,0006873
Canal Regional de Televisión Ltda.- TEVEANDINA	200	0,0000137
Latin America Cellular Holdings S.L.	2	0,0000001
Central de Inversiones S.A.-CISA	1	0,0000001
Terra Networks Colombia S.A.S.	1	0,0000001
	1,454,870,740	**100,0000000%**

Note 16 - Operating Revenues

The following table sets forth the principal components of our revenues for the three-month period ended March 31, 2016 and 2015.

	Period from January 1 to March 31,				**Variation**
	2016		**2015**		**Percentage**
	(in *thousands* U.S. $)	**(in *thousands* COP$)**	**(in *thousands* U.S. $)**	**(in *thousands* COP$)**	**%**
Mobile Operation		**284**			
Voice revenues	94,671	284,071,439	107,937	323,880,007	(12.3%)
Mobile data transmission-connectivity	70,700	212,143,247	57,528	172,620,887	22.9%
Added value services[(a)]	10,090	30,276,828	11,107	33,328,556	(9.2%)
Carrier services - M.V.N.O.	10,486	31,465,890	9,526	28,582,585	10.1%
Interconnection and roaming	19,021	57,074,944	21,206	63,630,135	(10.3%)
Sales of mobile equipment	30,588	91,782,508	25,604	76,828,279	19.5%
Loyalty program	(84)	(253,060)	(54)	(161,841)	56.4%
Mobile Operation Revenues	**235,472**	**706,561,796**	**232,854**	**698,708,608**	**1.1%**
Fixed Operation					
Data transmission services	59,761	179,321,445	56,287	168,895,966	6.2%
Local telephone services	49,860	149,612,311	56,178	168,570,710	(11.2%)
Satellite television services	20,322	60,979,363	15,014	45,051,276	35.4%
IT and integral solutions	19,308	57,934,833	9,059	27,183,644	113.1%
Sales of equipment	257	772,554	259	774,993	(0.3%)
Fixed Operation Revenues	**149,508**	**448,620,506**	**136,796**	**410,475,588**	**9.3%**
Operating Revenues	**384,980**	**1,155,182,302**	**369,650**	**1,109,184,196**	4.1%
Other revenues from the operation[(b)]	11,167	33,507,642	9,875	29,631,445	13.1%
Total Revenues	**396,147**	**1,188,689,944**	**379,525**	**1,138,815,641**	**4.4%**

(a) Includes messaging, rehabilitation charges, and content, among others.
(b) Includes other income such as billing and collection to third parties, commercial support, grants and leases, among others.

Operating revenues reached U.S.$384,980 thousand (COP$1,155,182,302 thousand), a 4.1% year-on-year increase driven mainly by the growth in the mobile data business, television and *Information technology and new services*. Mobile revenues reached U.S.$235,472 thousand (COP$706,561,796 thousand) at the end of the first quarter, a 1.1% year-on-year increase, in spite of the revenue decrease for interconnection and roaming due to reduction by 42% on mobile termination rates introduced from 1 January. Fixed business revenues amounted to U.S.$149,508 thousand (COP$448,620,506 thousand) at the end of the first quarter, increasing 9.3% year-on-year. Excluding strong regulatory impact, total revenues would have grown 6.1%.

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

a) Revenues from ***mobile voice service***, including prepaid and postpaid, decreased 12.3%, from U.S. $107,937 thousand (COP$323,880,007 thousand) to U.S. $94,671 thousand (COP$284,071,439 thousand) at the end of the first quarter of 2015 and 2016 respectively. Reduction is mainly explained by voice to data substitution effect and the increase in promotional intensity, which all together has generated a dynamic of reduction of *Monthly fixed fees.* However, the commercial activity's behavior is highlighted, with an increase of 1.3% in voice subscribers from 12.8 million at the end of first quarter of 2015 to 13.0 million in the first quarter of 2016 (1.2% vs. 4Q 2015).

b) Revenues from ***mobile data transmission (connectivity)*** grew 22.9% from U.S. $57,528 thousand (COP$172,620,887 thousand) at the end of first quarter of 2015 to U.S. $70,700 thousand (COP$212,143,247 thousand) at the end of first quarter of 2016, mainly explain by the year-on-year increase of data traffic of 33.6%, excluding MVNO traffic. The Company's strategy is focused on growth of data services, including the rapid deployment of the 4G network, which at the end of the first quarter of 2016 had a base of 1.4 million subscribers, showing outstanding growth of 190.1% year-on-year (21.7% vs. 4Q 2015). Additionally, the growth of the smartphones' customer base is outstanding, with a growth of 24.7%

Note 16 - Operating Revenues (continued)

year-on-year (3.7% vs. 4Q 2015), from 3.5 million subscribers to 4.4 million subscribers at the end of first quarter of 2015 and of 2016, respectively. This generates an increase of 4.5% year-on year, in prepaid smartphones' penetration, reaching 25.1% in the first quarter of 2016 and an increase of 11.8% year-on-year in postpaid smartphones' penetration, reaching 71.2% at the end of the first quarter of 2016.

c) Revenues from ***value added services*** decreased by 9.2% from U.S. $11,107 thousand (COP$33,328,556 thousand) at the end of the first quarter of 2015 to U.S. $10,090 thousand (COP$30,276,828 thousand) at the end of the first quarter 2016 mainly due to the replacement of VASs for new applications through Data Services (Connectivity).

d) The ***carrier services (M.V.N.O.)*** **line**, which includes revenues generated by the Mobile Virtual Network Operator due to incoming and outgoing traffic, grew 10.1%, from U.S. $9,526 thousand (COP$28,582,585 thousand) to U.S. $10,486 thousand (COP$31,465, 890 thousand) at the end of the first quarter of 2015 and first quarter of 2016 respectively, due to the increase in voice traffic by 38.5% (6.0% vs. 4Q2015) and growth in data traffic by 65.8% (6.6% vs. 4Q2015) year-on-year.

e) The **interconnection and roaming** revenues decreased by 10.3% from U.S. $21,206 thousand (COP$63,630,135 thousand) at the end of the first quarter 2015 to U.S. $19,021 thousand (COP$57,074,944 thousand) at the end of the first quarter 2016 mainly due to the reduction by 43.2% in mobile termination rates from January 1st of 2016. Excluding this effect, interconnection revenues would have increased 20.6% due to incoming traffic growth year-on-year by 16.3%. The decrease in revenues is offset by the reduction of interconnection cost due to the same impact (*See Note 17 e*)).

f) Revenues from **sales of equipment** increased by 19.5%, from U.S.$25,604 thousand (COP$76,828,279 thousand) to U.S.$30,588 thousand (COP$91,782,508 thousand) at the end of the first quarter 2015 and 2016, respectively, mainly due to the impact of the devaluation of the exchange rate with an increase of 15.5% year-on-year, which translates to the equipment selling price. Likewise, increase in the average price of equipment given the largest share of smartphones in the terminals sales mix, which increased 5.10% year-on-year, closing in the first quarter of 2016 at 92.1%.

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

a) Revenues from ***local telephone*** **services** decreased by 11.2%, from U.S. $56,178 thousand (COP$168,570,710 thousand) to U.S. $49,860 thousand (COP$149,612,311 thousand), mainly due to a year-on-year decrease of subscribers' base by 3.5% and ARPU by 9.7%, from U.S.10.0 $(COP$29,980) at the end of the first quarter of 2015 to U.S. $9.0 (COP$27,068) at the end of the first quarter of 2016. This decrease in the ARPU is the result of the product life cycle, fixed to mobile substitution effect.

b) Revenues from ***data transmission services*** increased by 6.2%, from U.S. $56,287 thousand (COP$168,895,966 thousand) at the end of the first quarter of 2015 to U.S. $59,761 thousand (COP$179,321,445 thousand) at the end of the first quarter of 2016, explained by (i) the increase by 4.1% year-on-year of the revenues from broadband internet services revenues from broadband internet services due to an increase in the subscribers' base of 1.1% from 986 thousand at the end of first quarter of 2015 to 997 thousand at the end of first quarter of 2016, excluding dedicated Internet access; and a slight increase in ARPU of 0.7%, amounting U.S. $10.23 (COP $30.704). In addition, (ii) data revenues and capacity rental increased 9.7% year-on-year due to new projects of corporate and wholesale segments, focused on data transmission service and services provision.

c) Revenues from ***Satellite television services*** increased by 35.4%, or U.S. $5,308 thousand (COP$15,928,087 thousand) year-on-year due to subscribers and ARPU year-on-year growth. Subscribers' base grew 15.8%, rising from 429 thousand at the end of the first quarter of 2015 to 497 thousand at the end of the first quarter of 2016 (1.8% vs. 4Q 2015). The ARPU's increase was of 15.3%, amounting U.S.$13.68 (COP$41,060) at the end of first quarter of 2016 (-0.2% vs. 4Q 2015). Year-on-year growth is the result of the strengthening of service quality, the higher number of HD channels and the introduction on August 2015 of the "Win Sports" channel (Colombian league football); as well as the

Note 16 - Operating revenues (continued)

focus on service bundling, with the launch during the second half of 2015 of packages that includes online TV and broadband with speeds of 8 Mb or above.

d) Revenues from ***IT and Integral Solutions*** increased by 113.1% or U.S. $10,249 thousand (COP$30,752,190 thousand) year-on-year mainly explained by new IT projects of the corporate segment, related to equipment sale.

Note 17 – Operating Cost and Expenses

The following table sets forth the principal components of our operating cost and expenses for the three-month period ended March 31, 2016 and 2015:

	Period from January 1 to March 31,				**Variation**
	2016		**2015**		**Percentage**
	(in *thousands* U.S. $)	**(in *thousands* COP$)**	**(in *thousands* U.S. $)**	**(in *thousands* COP$)**	**%**
Cost of terminals and accessories	43,219	129,683,787	31,307	93,942,151	38.0%
Rentals and other network infrastructure	29,815	89,462,443	26,778	80,349,411	11.3%
Maintenance	22,277	66,845,275	20,021	60,077,007	11.3%
Labor cost	28,882	86,663,887	27,292	81,892,531	5.8%
Interconnection and roaming	21,712	65,150,138	25,081	75,259,578	(13.4%)
Taxes and compensations	19,887	59,674,628	19,931	59,805,184	(0.2%)
Other costs and operation expenses *(a)*	18,269	54,819,051	12,783	38,358,311	42.9%
Commissions	16,714	50,153,683	14,870	44,617,931	12.4%
Energy	13,125	39,383,440	10,177	30,536,698	29.0%
Advertisement and brand fee	12,589	37,774,913	11,747	35,248,976	7.2%
Contents suppliers	12,025	36,082,881	10,668	32,009,263	12.7%
Services (customer services)	6,616	19,853,207	8,559	25,682,527	(22.7%)
Provision for doubtful accounts	4,720	14,163,940	4,660	13,983,286	1.3%
Other non-recurrent costs	2,478	7,437,015	1,576	4,730,082	57.2%
Other *(b)*	20,968	62,913,387	19,666	59,010,622	6.6%
Total	**273,296**	**820,061,675**	**245,116**	**735,503,558**	**11.5%**

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

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

A summary of the main variations in ***cost and expenses*** is presented below:

a) An increase of 38.0% year-on-year in the ***cost of terminals and accessories*** from U.S.$31,307 thousand (COP$93,942,151 thousand) to U.S.$43,219 thousand (COP$129,683,787 thousand) mainly caused by the impact for the devaluation of the exchange rate of 15.5%, year-on-year. Additionally, to the increase of equipment sales by 5.2% year-on-year, from 167,000 handsets during the first quarter of 2015, to 176,000 during the first quarter of 2016.

b) Costs of **rentals and other network infrastructures** increased by 11.3%, or U.S.$3,037 thousand (COP$9,113,031 thousand) mainly due to the expansion of LTE technology network nationwide in 409 new deployed sites during the last twelve months. Additionally, increase in rental of technical sites, increase of international capacity and rental of last mile to meet demand for broadband customer growth.

c) The costs of network ***maintenance*** increased 11.3% year-on year from U.S. $20,021 thousand (COP$60,077,007 thousand) to U.S. $22,277 thousand (COP$66,845,275 thousand) due to the commissioning of new sites (towers and antennas), the support of new projects and exchange rate impact due to devaluation of 15.5% year-on-year.

Note 17 – Operating Cost and Expenses (continued)

d) ***Labor costs*** increased 4.7%, or U.S. $1,590 thousand (COP$4,771,357 thousand) primarily by wage increases and the hiring of the staff of the *Centros de Experiencia* starting at the end of February 2015 (owned distribution channels) who were previously employed by third parties.

e) ***Interconnection and roaming*** costs, including mobile termination rates, decreased 13.4% year-on-year mainly due to the implementation of Resolution 4660 of 2014 of the Communications Regulation Commission – CRC, which contemplates the decrease of termination rates by 43.2% from January 2016.

f) ***Other costs and operation expenses*** increased by 42.9% or U.S. $5,486 thousand (COP$16,460,740 thousand) mainly due to greater costs associated to the new projects of the corporate and wholesale segments.

g) The ***commissions*** increased by 12.4%, from U.S.$14,870 thousand (COP$44,617,931 thousand) to U.S.$16,714 thousand (COP$50,153,683 thousand) year-on-year mainly due to higher commercial activity during first quarter of 2016, compared with the first quarter of 2015 which was diminished as a consequence of the elimination of the minimum stay clause from the second half of 2014. For the first quarter of 2016 gross adds increased by 16.8% compared to first quarter of 2015.

h) ***Energy*** increased 29.0%, year-on year or U.S. $2,948 thousand (COP$8,846,742 thousand) mainly due to the increase of tariffs, as consequence of the meteorological phenomenon “El Niño”, increase in consumption, and the new technical sites’ commissioning.

i) ***Contents suppliers*** increased by 12.7% year-on-year, from U.S. $10,668 thousand (COP$32,009,263 thousand) to U.S. $12,025 thousand (COP$36,082,881 thousand), mainly due to the outstanding increase of the TV subscribers growth and exchange rate impact due to devaluation of 15.5% year-on-year.

j) Costs related to ***services (customer service)*** decreased 22.7%, year-on year or U.S.$1,943 thousand (COP$5,829,320 thousand), mainly due to the hiring of the staff of the *Centros de Experiencia* starting at the end of February 2015 (owned distribution channel) who were previously employed by third parties and now are recognized as labor costs.

Note 18 - Depreciation and Amortization

The following table sets forth the principal components of our depreciation and amortization for the three-month period ended March 31, 2016 and 2015:

	Period from January 1 to March 31,			
	2016		**2015**	
	(in *thousands* U.S. $)	**(in *thousands* COP$)**	**(in *thousands* U.S. $)**	**(in *thousands* COP$)**
Depreciation of property, plant and equipment	(61,227)	(183,719,617)	(60,517)	(181,589,210)
Amortization of intangibles assets	(19,995)	(59,997,241)	(19,665)	(59,007,220)
Depreciation and amortization	**(81,222)**	**(243,716,858)**	**(80,182)**	**(240,596,430)**

The expense for ***depreciation*** and ***amortization*** increase by 1.3%, from U.S. $80,182 thousands (COP$240,596,430 thousand) at the end of the first quarter of 2015 to U.S. $81,222 thousand (COP$243,716,858 thousand) at the end of the first quarter of 2016, mainly due to new additions by U.S. $20,207 thousand (COP$60,635,072 thousand) during the first quarter of 2016.

Note 19 - Financial result, net

The net financial result increased by 16.8%, from U.S. $56,814 thousand (COP$170,478,027 thousand) at the end of the first quarter of 2015 to U.S. $66,357 thousand (COP$199,112,753 thousand) at the end of the first quarter of 2016:

	Period from January 1 to March 31,			
	2016		**2015**	
	(in *thousands* U.S. $)	**(in *thousands* COP$)**	**(in *thousands* U.S. $)**	**(in *thousands* COP$)**
Parapat interest expense (a)	41,239	123,741,862	33,409	100,248,535
Debt interest expense (b)	20,199	60,609,704	22,023	66,082,730
Hedging financial expenses (c)	3,946	11,839,146	466	1,397,643
Others (d)	904	2,713,801	2,249	6,748,194
Exchange rate differential (e)	69	208,239	(1,333)	(3,999,075)
Net financial result	**66,357**	**199,112,753**	**56,814**	**170,478,027**

a) Increase of U.S. $7,830 thousand (COP$23,493,327 thousand) in interests expenses of the PARAPAT, associated to the increase in the customers price index from 3.5% during the first quarter of 2015, to 5.7% in the same period of 2016.

b) Decrease by U.S. $1.824 thousand (COP $5,473,026 thousand) associated to the prepayment of nominal values during the first quarter of 2015.

c) Increase in the hedge interests expense for U.S. $3.480 thousand (COP $10,441,503 thousand) due to the rebalancing of the non-delivery forwards portfolio to increase its duration in comparison to March, 2015, generating greater sensitivity to the movement of the valuation interest rate curve.

d) Decrease of *other expenses* by U.S. $1.345 thousand (COP $4,034,393 thousand), mainly associated with a higher accrual in 2015 by the change of parameter used to update the liability related to Spectrum of U.S. $487 thousand (COP $1,462,672 thousand). Additionally, the decrease in the Tax on Financial Movements of U.S. $852 thousand (COP $2,555,089 thousand) due to the prepayment of the financial debt occurred in the first quarter of 2015.

e) Higher income from the exchange difference of U.S. $1.402 thousand (COP $4,207,314 thousand) during the first three months of 2016, in comparison to the same period of 2015.

Note 20 – Wealth, income and deferred tax

As of march 31, 2016 it was recorded a total tax expense of U.S. $4,678 thousand (COP$14,035,851 thousand), including *wealth tax.* Below is a summary of concepts.

a) The wealth tax expense of U.S. $1.372 thousand (COP $4,117,187 thousand) corresponds to the accrual of the first quarter of 2016. Decreases when compared to the same period of 2015 due to the reduction in the tax rate of 1.5% in 2015 to 1.0 % in 2016.

b) Current tax expense of the income tax for equity CREE of U.S. $561 thousand (COP $1,683,134 thousand) corresponds to the income tax provision for the first quarter of 2016, calculated on presumptive income.

c) The deferred tax expense (net) of U.S. $2.745 thousand (COP $8,235,530 thousand) due to:

(i) Net use (expense) of U.S. $91 thousand (COP$271,690 thousand) of the income tax for equity CREE.
(ii) Use (expense) of U.S. $24,566 thousand (COP$73,713,040 thousand) of the income tax (25%) on estimated taxable income as of March 2016.

Note 20 – Wealth, income and deferred tax (continued)

(iii) Use (expense) of U.S. $13,503 thousand (COP$40,518,400 thousand) of deferred tax asset for temporary differences related to PARAPAT and expenses provisions, recorded in 2015 and;
(iv) Net recovery of expenses (revenue) of U.S. $35.415 thousand (COP $106,267,600 thousand) related to deferred tax liabilities on temporary differences, mainly for hedge valuation.

Note 21 – Contingencies

The Company rates legal contingencies in accordance with the probable, eventual or remote probability of loss, and for quantification purposes, it determines the amounts to be accrued based on the reports of its legal advisors.

As of March 31, 2016 the ongoing processes and which are reported as probable contingencies, and therefore has already been provisioned, decreased 8.4% equivalents to U.S.$853 thousand (COP$2,559,908 thousand), of U.S.$10,197 thousand (COP$ 30,600,416 thousand) in December of 2015 to U.S.$9,344 thousand (COP$ 28,040,508 thousand) the end of march, 2016.

Additionally, the Company has disputes qualified as eventual, which are currently in proceedings before judicial, administrative and arbitration bodies. These contingencies have not been provisioned. During the first quarter of 2016, economic claims decreased by 78.3%, from U.S. $203.842 thousand (COP $611,653,743 thousand) as of December 31, 2015, to U.S. $44.155 thousand (COP $132,491,353 thousand) at March 31, 2016.

Note 22 – Other Financial and Operating Information

a. EBITDA *(a)*	Period from January 1 to March 31, 2016 (in *thousands* U.S. $)	2016 (in *thousands* COP$)	2015 (in *thousands* U.S. $)	2015 (in *thousands* COP$)	Variation Percentage %
Net income (loss)	(29,406)	(88,237,193)	5,866	17,602,458	
Plus:					
Depreciation and amortization (b)	81,222	243,716,858	80,182	240,596,430	1.3%
Financial expenses, net	66,357	199,112,753	56,814	170,478,027	16.8%
Income tax	4,678	14,035,851	(8,453)	(25,364,832)	155.3%
EBITDA	**122,851**	**368,628,269**	**134,409**	**403,312,083**	**(8.6%)**

(a) EBITDA means: Net loss before depreciation and amortization; financial expenses, net and income tax.
(b) Includes i) amortization by U.S. $19,995 thousands (COP$59,997,241 thousands) for 2016 and U.S. $19,665 thousands (COP $59,007,220 thousands) for 2015; and, ii) depreciation by U.S. $61,227 thousands (COP $183,719,617 thousands) for 2016 and U.S. $60,517 thousands (COP$181,589,210 thousands) for 2015.

b. EBITDA Margin	Period from January 1 to March 31, 2016	2015
EBITDA margin *(a)*	31.01%	35.42%

(a) Represents EBITDA divided by net revenues

Note 22 – Other Financial and Operating Information (continued)

c. Net Debt to EBITDA Ratio (Senior notes covenant)	**12-month period ended to,**			
	March 31, 2016	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**
Net Debt to EBITDA Ratio [(a)]	4.26	3.82	3.57	3.19

(a) The calculation detail in presented as follows:

	At March 31, 2016	
	(in *thousands* of U.S. $)	**(in *thousands* of COP$)**
Current Financial Obligations (1)		
Financial Institutions	84,231	252,746,316
Renting		2,306,671
	84,231	**255,052,987**
Non-current Financial Obligations		
Financial Institutions	58,027	1,149,150,279
Renting		2,608,729
Bonds (2)	750,000	2,250,472,500
Hybrid Bond (3)	500,000	1,278,425,000
	1,308,027	4,680,656,508
Total Debt (4)	**1,392,258**	**4,935,709,494**
Valuation of derivatives for exchange rate differential (5)		(348,271,160)
Cash and Cash Equivalents		(54,697,880)
Total Net Debt		**4,532,740,455**
EBITDA last twelve months (6)		**1,062,825,989**
Total Financial Debt over EBITDA		**4.26**

(1) The balance of current financial obligations excludes the interest account payable.
(2) Considers the nominal amount 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 issuance fees.
(3) According to the Offering Memorandum of the Senior Bond, the Hybrid Bond debt is considered as replacement debt, for that reason it is included as financial debt, though it is recorded as Equity.
(4) 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. 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.
(5) Includes only the exchange rate effect valuation of the derivatives with the financial underlying item.
(6) It is the EBITDA of the last twelve months, calculated under the IFRS, minus the value of the PARAPAT installment paid during the same period.

The Company is subject to compliance with a financial ratio that, when reached, limits the amount of the new financial debt additional to 300 million dollars, primarily for operational purposes, without occurring a breach.

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.

Note 22 – Other Financial and Operating Information (continued)

d. Accesses

	2015				2016
(figures In thousands)	**March, 31**	**June 30,**	**September 30,**	**December 31,**	**March 31,**
Final Clients Accesses	15,777	15,308	15,588	15,825	15,977
Fixed Telephony Accesses *(1)*	1,466	1,451	1,448	1,431	1,414
Internet and Data Accesses *(2)*	997	1,000	1,013	1,009	1,008
Broadband (3)	989	991	1,004	1,000	1,000
Pay TV Accesses	429	444	471	489	497
Mobile Accesses *(4)*	12,885	12,413	12,656	12,897	13,057
Prepaid	9,633	9,159	9,342	9,511	9,625
Postpaid	3,252	3,255	3,314	3,386	3,432
Wholesale Accesses	2	2	2	2	1
Total Accesses	**15,779**	**15,310**	**15,589**	**15,826**	**15,978**

(1) Includes fixed wireless and VoIP accesses.
(2) Includes Narrowband accesses.
(3) Includes Internet Dedicated Accesses.
(4) Includes prepaid and postpaid voice and data accesses.

Note 23 - Subsequent events to the publishing date of these special purpose Interim Financial Statements

Between January 1st, 2016, and the publishing date of these special purpose interim financial statements, there is no awareness of events of financial nature or otherwise, that affect or could significantly affect the balances or interpretation thereof.