Colombia Telecomunicaciones S.A. ESP and Subsidiary Companies

As of March 31, 2019

(Figures in thousands of million pesos or when otherwise indicated)

Colombia Telecomunicaciones S.A. ESP informs that, pursuant to the regulations in force, it submitted to the Financial Superintendency of Colombia the **Consolidated and Separate Financial Statements** on April 15, 2019, with cut-off date as of March 31, 2019 and December 31, 2018 and for the quarters ended as of March 31, 2019 and 2018. Based on the foregoing, it discloses its financial results to said cut-off date.

Grupo Telefónica Colombia continues revealing a solid commercial evolution, advancing in the transformation process of its income, focusing on the monetization of data and digital services, generating a positive net gain within the highest value segments (mainly FTTx and contract) and which translates in growth in both, revenues and EBITDA (+3.6% and +6.0%, respectively).

In addition, the reported variation in the consolidated results for 1Q 2019 reflects **the adoption of IFRS 16** as of January 1, 2019 (January-March 2018 results are reported under IAS-17). The main impacts of the accounting change to IFRS 16 in 1Q 2019 are as follows; +42MM in EBITDA, -40MM in amortization of rights of use and -4MM in net financial expenses. In addition, the consolidated statement of financial position as of March 31, 2019, reflects liabilities for leases amounting to +627MM.

I. Operating Results

At the closing as of March 31, 2019, the **total customers** of Grupo Telefónica Colombia amount to 19.2M, with a growth of 5.9% (1.076k) year-on-year, as follows: **Mobile business accesses** reach 15.9M (+8% year-on-year) after presenting a net gain of +1,168k year-on-year accesses. In contracts, accesses increased by 4% with a positive net gain of 34k accesses and positive net portability for the fifth consecutive quarter. Prepaid access grew by 9% with a positive net gain of 134k in 1Q 2019 despite the competitive environment. LTE accesses grew by 43% (penetration of 42%, +10 p.p., year-on-year) after increasing the LTE population coverage by +4 p.p. year-on-year up to 63%, while "smartphones" reach a penetration of 46% (+3 p.p. year-on-year).

Fixed business accesses reach 3.3M (-2.7 year-on-year), FTTx accesses increase 82% year-on-year after reaching 1.2m from past homes (51% past homes with fiber optics - FTTH). Thus, FTTx accesses account for 26% of **retail broadband accesses** that continue being affected by the loss of ADSL accesses (loss of 13k broadband accesses in the quarter; -15k ADSL). Likewise, pay TV accesses were reduced by 1% year-on-year, highlighting the launch in the quarter of the IPTV service, still in pilot phase.

II. Consolidated Financial Results

1. Consolidated Income Statements

During 1Q 2019, there was a 3.6% increase in **Operating Income** compared to the same period of the previous year, ending the quarter in $1,343MM driven by the higher sales of terminals (+12.2%).

Mobile Service Income amount to $764MM with a year-on-year growth of 2.8% as a result of the growth in the customer base that compensates for the impairment of ARPU, impacted by the greater competitive intensity observed since 4Q 2018. **Fixed business income** amount to $513MM with a year-on-year growth of 3,9% driven by broadband and new services. **Other operating income** amount to $65MM mainly growing 11.4% year-on-year due to the sale of assets.

Operating Costs and Expenses grew 2.4% year-on-year mainly due to interconnection expenses (growth of traffic to all destinations), commercial expenses (acceleration of commercial activity) and Networks and IT with impact due to the peso devaluation against the dollar.

We closed 1Q 2019 with an **EBITDA** of $457MM, growing 6% year-on-year positively impacted as a result of the changes derived from the adoption of IFRS 16 and the profit on the sale of assets. The **EBITDA margin** stood at 34.1% (+0.8 p.p year-on-year)

The decrease in the **Depreciation and Amortization Expense** of 0.2% year-on-year is mainly generated by the review of the useful life of certain assets despite the impact of the adoption of IFRS 16, mentioned above. **Net Financial Expenses** decreased 9.2% year-on-year, primarily due to the advance payment of financial obligations with local entities during 2018, and also impact the adoption of IFRS 16.

The first quarter of 2019 closed with a net loss of $9.7MM, which includes an expense for income taxes of $34MM. (1Q – 2018 net loss of $12.1MM).

CapEx totals $130MM in 1Q 2019, increasing 64.4% (it should be noted that the year-on-year variation of the quarter cannot be extrapolated for the whole year, given the different levels of execution of the investment in both years). **Operating Cash Flow** (EBITDA-CapEx) was -7.1% year-on-year.

2. Consolidated Statements of Financial Position

Consolidated total assets of the Group amounted to $13.0Bn at the end of 1Q 2019, showing an increase compared to the closing of 2018 of 2.7% and whose most relevant impact corresponds to the recognition of the effects of the application of IFRS 16. Non-current assets increased 3.4% and currents decreased 0.9%. The main variations are summarized below:

i. **Assets for rights of use -** With the entry into force as of January 1, 2019, of the International Financial Reporting Standard IFRS 16 (Leases), the assets derived from all the lease agreements held by the Group are recognized in the statement of financial position, considering certain exceptions. Based on the foregoing, at the end of 1Q 2019, the Group registered in its non-current assets, assets for rights of use for $594MM.

ii. **Properties, plant and equipment** decreased $119MM due to net effect of quarterly depreciations of $192MM, derecognition of $13MM, Capex recognition of $103MM and other net of $17MM.

iii. **Intangible assets** decreased $97MM due to the net effect of amortizations for the period of $133MM, acquisition of computer applications for $27MM and transfers of $9MM.

iv. In relation to the net decrease in **Debtors and other Accounts Receivable** of 9.4%, this is mainly generated by the sale of equipment portfolio at installments.

v. **Prepaid expenses** increased $58MM compared to the end of 2018, mainly due to the compliance cost with contracts with customers and equipment costs of $39MM. For other concepts, $19MM were mainly related to licenses and maintenance.

vi. **Financial assets** decreased $96MM mainly due to the revaluation of the exchange rate compared to the end of 2018 by 2.3%, which impacted the valuation of hedging instruments.

vii. **Deferred tax assets** decreased $32MM, mainly due to the use of tax credits.

Total Consolidated Liabilities amounted to $6,519MM and present a net increase of $423MM equivalent to 6.9% when compared to the end of 2018 and include the impact of the recognition of IFRS 16. Non-current and current liabilities increase by 8.9% and 3.6%, respectively. The main variations are summarized below:

i. **Total Financial Debt** increased 18.5% equivalent to $660MM compared to the end of December 2018, mainly due to the recognition of liabilities derived from lease agreements under IFRS 16 and whose balance for this concept at the end of 1Q 2019 is $627MM.

ii. **Suppliers and Accounts Payable** decreased $227MM compared to the closing of 2018 (-13.3%), mainly due to the payment during 1Q of the obligations acquired related to commercial activity at the end of 2018.

iii. **Provisions and pension liability** decreased $32MM compared to the closing of 2018 -7.3%, mainly due to the payment during 1Q 2019 of the incentive for compliance and performance and the favorable closing of legal processes.

Consolidated net equity at the end of 1Q 2019 amounts to $6,477MM with a net decrease of $75MM (-1.2%) compared to the closing of 2018, mainly due to the payment of the coupon of the hybrid bond for $68MM and the result of the quarter.

The information included in this release shall be read together with the **Financial Statements and Notes** to the published financial statements. Financial indicators are included in such financial statements.

Colombia Telecomunicaciones S. A. E.S.P. and Subsidiary Companies

Interim Condensed Consolidated Financial Statements

As of March 31, 2019, and for the period of three months ended as on March 31, 2019

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	Notes	At of march 31 of 2019		At of december 31 of 2018	
		(in thousands of US$)(a)	*(in thousands of COP$)*	*(in thousands of US$)(a)*	*(in thousands of COP$)*
Assets					
Current Assets					
Cash and cash equivalents		54.535	173.137.582	38.962	123.696.866
Financial assets measured at fair value	5	28.937	91.869.820	60.379	191.691.761
Debtors and other accounts receivable, net	6	283.655	900.546.486	317.681	1.008.569.401
Prepaid expenses	7	48.648	154.447.061	35.167	111.648.316
Contractual asset	2	9.279	29.460.238	9.916	31.480.035
Inventories	8	75.368	239.278.877	59.805	189.869.531
Taxes and public administrations	9	86.867	275.784.691	70.650	224.298.047
Total current assets		**587.289**	**1.864.524.755**	**592.560**	**1.881.253.957**
Non-current assets:					
Financial assets measured at fair value	5	4.771	15.146.778	3.475	11.031.991
Debtors and other accounts receivable, net	6	49.231	156.297.610	49.849	158.261.570
Prepaid expenses	7	52.552	166.841.673	47.758	151.621.057
Contractual asset	2	53	167.739	53	167.739
Assets for rights of use	10	187.237	594.437.612	-	-
Properties, plant and equipment	11	1.532.602	4.865.690.301	1.569.983	4.984.366.349
Investment properties		2.169	6.886.439	2.169	6.886.439
Intangibles	12	641.994	2.038.197.355	672.731	2.135.779.889
Goodwill	2	432.250	1.372.301.565	432.250	1.372.301.565
Deferred taxes	13	603.404	1.915.682.057	613.377	1.947.342.233
Total non-current assets		**3.506.263**	**11.131.649.129**	**3.391.645**	**10.767.758.832**
Total assets		**4.093.552**	**12.996.173.884**	**3.984.205**	**12.649.012.789**
Liabilities					
Current liabilities:					
Financial obligations	14	210.175	667.259.956	109.354	347.175.021
Suppliers and accounts payable	15	414.641	1.316.398.851	483.576	1.535.253.213
Contractual liability	2	24.901	79.055.188	25.307	80.343.993
Taxes and public administrations	9	35.920	114.039.925	33.170	105.306.962
Deferred liabilities	16	12.399	39.365.240	11.696	37.133.703
Provisions and pension liabilities	17	53.625	170.248.653	62.226	197.555.544
Total current liabilities		**751.661**	**2.386.367.813**	**725.329**	**2.302.768.436**
Non-current liabilities:					
Financial obligations	14	1.121.711	3.561.195.993	1.014.513	3.220.864.936
Suppliers and accounts payable	15	51.954	164.942.710	54.299	172.388.215
Contractual liability	2	16.830	53.432.150	17.426	55.325.402
Deferred liabilities	16	4.497	14.275.893	4.684	14.871.074
Provisions and pension liabilities	17	76.806	243.847.272	78.444	249.038.239
Deferred taxes	13	30.030	95.339.898	25.708	81.618.268
Total non-current liabilities		**1.301.828**	**4.133.033.916**	**1.195.074**	**3.794.106.134**
Total liabilities		**2.053.489**	**6.519.401.729**	**1.920.403**	**6.096.874.570**
Total equity, attributable to the parent company	18	**2.037.691**	**6.469.241.905**	**2.061.312**	**6.544.232.913**
Equity attributable to minority interests		**2.372**	**7.530.250**	**2.490**	**7.905.306**
Total liabilities and shareholders' equity		**4.093.552**	**12.996.173.884**	**3.984.205**	**12.649.012.789**

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31, 2019 and December 31, 2018, have been translated into US dollars at the exchange rate formed in the interbank market on March 31, 2019 of COP$3,174.79 to US$1,00.

Notes 1 to 26 are integral part of these Interim Condensed Consolidated Financial Statements.

COLOMBIA TELECOMUNICACIONES S.A. E.S.P. AND SUBSIDIARY COMPANIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

		Quarter ended as of march 31,			
	Notes	**2019**		**2018**	
		(in thousands of US$)(a)	(in thousands of COP$)	(in thousands of US$)(a)	(in thousands of COP$)
Operating income:					
Revenue from contracts with customers and other services	19	402.177	1.276.827.948	389.521	1.236.646.642
Other operating income	19	20.590	65.368.941	18.489	58.698.529
		422.767	**1.342.196.889**	**408.010**	**1.295.345.171**
Costs and operating expenses	20	(278.711)	(884.847.634)	(272.159)	(864.048.423)
Operating result before depreciation and amortization		**144.056**	**457.349.255**	**135.851**	**431.296.748**
Depreciation and amortization	21	(115.040)	(365.228.878)	(115.293)	(366.031.746)
Operational result		**29.016**	**92.120.377**	**20.558**	**65.265.002**
Financial expense, net	22	(21.422)	(68.010.198)	(23.590)	(74.894.373)
Income before taxes		**7.594**	**24.110.179**	**(3.032)**	**(9.629.371)**
Income tax and complementary	23	(10.658)	(33.837.442)	(790)	(2.509.207)
Net loss of the period		**(3.064)**	**(9.727.263)**	**(3.822)**	**(12.138.578)**
Loss attributable to:					
Controlling participations		(2.991)	(9.496.511)	(3.539)	(11.236.759)
Minority shareholders		(73)	(230.752)	(284)	(901.819)
Net profit of the period		**(3.064)**	**(9.727.263)**	**(3.823)**	**(12.138.578)**
(Loss) benefit in other comprehensive income:					
Items that are classified to the income statement:					
Valuation of hedging derivative instruments		585	1.858.000	(38.448)	(122.065.910)
		585	**1.858.000**	**(38.448)**	**(122.065.910)**
Items that are not reclassified to the income statement:					
Revaluation of real estate, net of taxes		-	-	(254)	(806.909)
Benefit (Loss) in other comprehensive income		**585**	**1.858.000**	**(38.702)**	**(122.872.819)**
Comprehensive loss of the period		**(2.479)**	**(7.869.263)**	**(42.524)**	**(135.011.397)**
Loss in other comprehensive income attributable to:					
Controlling participations		(2.255)	(7.158.072)	(42.155)	(133.838.590)
Minority shareholders		(224)	(711.191)	(369)	(1.172.807)
Comprehensive loss of the period		**(2.479)**	**(7.869.263)**	**(42.524)**	**(135.011.397)**

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31, 2019 and March 31, 2018, have been translated into US dollars at the exchange rate formed in the interbank market on March 31, 2019 of COP$3,174.79 to US$1,00.

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COLOMBIA TELECOMUNICACIONES S.A. E.S.P. AND SUBSIDIARY COMPANIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	Subscribed and paid capital	Issue premium	Reserves	Other equity instruments	Revaluation surplus and hedges derivatives	Actuarial results in obligations for post-employment benefits	Accumulated results	Total	Share of minority shareholders	Total equity
						(US$000)(a)				
Balances as of December 31, 2017	**1.074**	**3.093.868**	**15.997**	**397.837**	**188.867**	**621**	**(1.683.857)**	**2.014.407**	**2.939**	**2.017.346**
Adjustment for the adoption of IFRS 9 and IFRS 15	-	-	-	-	-	-	(16.610)	**(16.610)**	74	**(16.536)**
Balances as of January 1, 2018	**1.074**	**3.093.868**	**15.997**	**397.837**	**188.867**	**621**	**(1.700.467)**	**1.997.797**	**3.013**	**2.000.810**
Coupon of perpetual equity instruments (Note 18)	-	-	-	-	-	-	(18.608)	**(18.608)**	-	**(18.608)**
Consolidation effect	-	-	522	-	-	-	-	**522**	-	**522**
Net income of the period	-	-	-	-	-	-	(3.539)	**(3.539)** -	284	**(3.823)**
Minority shareholders	-	-	-	-	-	-	-	**-**	(433)	**(433)**
Other comprehensive income	-	-	-	-	(39.556)	-	854	**(38.702)**	85	**(38.617)**
Balances as of March 31, 2018	**1.074**	**3.093.868**	**16.519**	**397.837**	**149.311**	**621**	**(1.721.760)**	**1.937.470**	**2.381**	**1.939.851**
Balances as of December 31, 2018	**1.074**	**3.093.868**	**7.977**	**397.837**	**142.260**	**(3.944)**	**(1.577.760)**	**2.061.312**	**2.490**	**2.063.802**
Coupon of perpetual equity instruments (Note 18)	-	-	-	-	-	-	(21.358)	**(21.358)**	-	**(21.358)**
Transfers (Note 2)	-	-	-	-	(3.891)	-	3.891	**-**	-	**-**
Consolidation effect	-	-	143	-	-	-	-	**143**	-	**143**
Net income of the period	-	-	-	-	-	-	(2.991)	**(2.991)**	(73)	**(3.064)**
Minority shareholders	-	-	-	-	-	-	-	**-**	(45)	**(45)**
Other comprehensive income	-	-	-	-	585	-	-	**585**	-	**585**
Balances as of March 31, 2019	**1.074**	**3.093.868**	**8.120**	**397.837**	**138.954**	**(3.944)**	**(1.598.218)**	**2.037.691**	**2.372**	**2.040.063**

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31, 2019 and March 31, 2018, have been translated into US dollars at the exchange rate formed in the interbank market on March 31, 2019 of COP$3,174.79 to US$1,00

Notes 1 to 26 are integral part of these Interim Condensed Consolidated Financial Statements.

COLOMBIA TELECOMUNICACIONES S.A. E.S.P. AND SUBSIDIARY COMPANIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	Subscribed and paid capital	Issue premium	Reserves	Other equity instruments	Superavit por revaluación y derivados de cobertura	Actuarial results in obligations for post-employment benefits	Accumulated results	Total	Share of minority shareholders	Total equity
						(COP$000)				
Balances as of December 31, 2017	**3.410.059**	**9.822.380.645**	**50.787.793**	**1.263.049.667**	**599.612.227**	**1.972.731**	**(5.345.891.707)**	**6.395.321.415**	**9.331.568**	**6.404.652.983**
Adjustment for the adoption of IFRS 9 and IFRS 15	-	-	-	-	-	-	(52.731.954)	**(52.731.954)**	233.511	**(52.498.443)**
Balances as of January 1, 2018	**3.410.059**	**9.822.380.645**	**50.787.793**	**1.263.049.667**	**599.612.227**	**1.972.731**	**(5.398.623.661)**	**6.342.589.461**	**9.565.079**	**6.352.154.540**
Coupon of perpetual equity instruments (Note 18)	-	-	-	-	-	-	(59.075.850)	**(59.075.850)**	-	**(59.075.850)**
Consolidation effect	-	-	1.658.219	-	-	-	-	**1.658.219**	-	**1.658.219**
Net income of the period	-	-	-	-	-	-	(11.236.759)	**(11.236.759)**	(901.819)	**(12.138.578)**
Minority shareholders	-	-	-	-	-	-	-	**-**	(1.375.811)	**(1.375.811)**
Other comprehensive income	-	-	-	-	(125.584.042)	-	2.711.223	**(122.872.819)**	270.988	**(122.601.831)**
Balances as of March 31, 2018	**3.410.059**	**9.822.380.645**	**52.446.012**	**1.263.049.667**	**474.028.185**	**1.972.731**	**(5.466.225.047)**	**6.151.062.252**	**7.558.437**	**6.158.620.689**
Balances as of December 31, 2018	**3.410.059**	**9.822.380.645**	**25.325.208**	**1.263.049.667**	**451.647.002**	**(12.522.435)**	**(5.009.057.233)**	**6.544.232.913**	**7.905.306**	**6.552.138.219**
Coupon of perpetual equity instruments (Note 18)	-	-	-	-	-	-	(67.807.475)	**(67.807.475)**	-	**(67.807.475)**
Transfers (Note 2)	-	-	-	-	(12.354.305)	-	12.354.305	**-**	-	**-**
Consolidation effect	-	-	454.978	-	-	-	-	**454.978**	-	**454.978**
Net income of the period	-	-	-	-	-	-	(9.496.511)	**(9.496.511)**	(230.752)	**(9.727.263)**
Minority shareholders	-	-	-	-	-	-	-	**-**	(144.304)	**(144.304)**
Other comprehensive income	-	-	-	-	1.858.000	-	-	**1.858.000**	-	**1.858.000**
Balances as of March 31, 2019	**3.410.059**	**9.822.380.645**	**25.780.186**	**1.263.049.667**	**441.150.697**	**(12.522.435)**	**(5.074.006.914)**	**6.469.241.905**	**7.530.250**	**6.476.772.155**

Notes 1 to 26 are integral part of these Interim Condensed Consolidated Financial Statements.

COLOMBIA TELECOMUNICACIONES S.A. E.S.P. AND SUBSIDIARY COMPANIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

		Quarter ended as of march 31,			
	Note	**2019**		**2018**	
		(in thousands of US$)(a)	*(in thousands of COP$)*	*(in thousands of US$)(a)*	*(in thousands of COP$)*
Net cash flows from operating activities					
Cash received from customers		481.433	1.528.449.752	439.406	1.395.023.201
Cash paid to suppliers and other accounts payable		(384.395)	(1.220.373.617)	(312.681)	(992.697.064)
Net interest paid and other financial expenses		(25.190)	(79.972.357)	(38.772)	(123.093.853)
Direct taxes paid		(28.436)	(90.277.184)	(16.504)	(52.398.056)
Self-withholding tax on income		(5.941)	(18.862.652)	(13.954)	(44.301.690)
Interest paid for financial leases		(1.134)	(3.601.296)	0	-
Net cash provided by operating activities		**36.337**	**115.362.646**	**57.495**	**182.532.538**
Net cash flows used in investment activities					
Collections for the sale of movable and immovable property		37.383	118.681.629	9.213	29.250.000
Payments for investments in plant and equipment and intangibles		(76.389)	(242.518.930)	(112.610)	(357.513.738)
Net cash used for investment activities		**(39.006)**	**(123.837.301)**	**(103.397)**	**(328.263.738)**
Net cash flows (used in) provided in financing activities					
New financial debt		62.907	199.715.840	41.087	130.441.441
Collections (payments) for exchange rate hedging		27.489	87.272.265	(7.043)	(22.359.518)
Payment financial debt		(50.796)	(161.265.259)	(46.335)	(147.105.442)
Payment coupon perpetual equity instruments	18	(21.358)	(67.807.475)	(18.608)	(59.075.850)
Net cash (used in) provided by financing activities		**18.242**	**57.915.371**	**(30.899)**	**(98.099.369)**
Net increase (decrease) of cash and cash equivalents		**15.573**	**49.440.716**	**(76.801)**	**(243.830.569)**
Cash and cash equivalents as of January 1		38.962	123.696.866	99.652	316.372.212
Cash and cash equivalents as of March 31		**54.535**	**173.137.582**	**22.851**	**72.541.643**
Cash and cash equivalents as of January 1		**38.962**	**123.696.866**	**99.652**	**316.372.212**
Cash, cash and banks		31.496	99.993.521	67.539	214.421.755
Temporary investments		7.466	23.703.345	32.113	101.950.457
Cash and cash equivalents as of March 31		**54.535**	**173.137.582**	**22.851**	**72.541.643**
Cash, cash and banks		39.293	124.748.028	18.114	57.502.510
Temporary investments		15.242	48.389.554	4.737	15.039.133

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31, 2019 and March 31, 2018, have been translated into US dollars at the exchange rate formed in the interbank market on March 31, 2019 of COP$3,174.79 to US$1,00

Notes 1 to 26 are integral part of these Interim Condensed Consolidated Financial Statements.

1. GENERAL INFORMATION

Reporting Entity

Colombia Telecomunicaciones S.A. E.S.P. (hereinafter "the Company") was established as a commercial stock company in Colombia through Public Deed No. 1331 of June 16, 2003 with a duration until December 31, 2092 and with its 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 (E.S.P., for its Spanish acronym).

The Company's main corporate purpose is the organization, operation, provision and exploitation of activities related to telecommunication networks and services, such as local commuted basic public telephony, local extended and domestic and international long-distance, mobile services, mobile telephony services in any part of the national and international territory, carriers, teleservices, telematic, added value, satellite services in their various types, television services in every type, including cable television, internet and broad band services, broadcasting services, wireless technologies, video, lodging services for IT applications, data center services, operation services of private and public telecommunications and total information system operations, content supply and/or generation services and applications, information services and any other activity, product or services qualified as of telecommunications and/or of information and communication technologies (TIC, for its Spanish acronym) such as resources, tools, equipment, IT programs, applications, networks and media, which allow the compilation, processing, storage, information transmission such as voice, data, text, video and images, including its communications and information activities, including its complementary and supplementary activities within the national territory and abroad, and with foreign connection; for such purpose using own goods, assets and rights, or applying the use of third parties' goods, assets and rights. Likewise, the Company may perform the commercial activities defined in its bylaws.

The Nation's decision of disposing its shares in Colombia Telecomunicaciones, S.A. E.S.P.

At the Ordinary Shareholders' Meeting held on March 22, 2018, the Nation – Ministry of Finance and Public Credit, informed the Shareholders of the intention to dispose its shareholding in national and international markets, and it was approved: (i) the permanent registration of Colombia Telecomunicaciones S.A. E.S.P. and its shares in the National Registry of Securities and Issuers and in the Stock Exchange of Colombia, as well as (ii) the dematerialization of the share certificates.

On April 20, 2018, an Extraordinary Shareholders' Meeting was held in which the amendment of the Company's bylaws was approved to reflect the dematerialization of share certificates and incorporate some provisions of the Country Code (government recommendations aimed at raising corporate standards and practices).

On April 30, 2018, the Company requested the permanent registration of Colombia Telecomunicaciones S.A. E.S.P. and its shares in the National Securities and Issuers Registry (RNVE, for its Spanish acronym) to the Financial Superintendence of Colombia (SFC, for its abbreviation in Spanish), which was authorized by resolution of May 10, 2018.

On the occasion of the Company's registration in the National Securities and Issuers Registry, as of May 23, 2018, the Company is subject to the control of the Financial Superintendence of Colombia and therefore, shall comply with the provisions in Fourth Title Articles 5.2.4.1.2 and 5.2.4.1.3 of the Unique Decree 2555 of 2010 of the Financial Superintendence of Colombia; likewise, it is obliged to present separate and consolidated financial statements that include shares in subsidiary companies.

On May 23, 2018, the Company requested the registration of its shares in the Colombian Stock Exchange (BVC for its abbreviation in Spanish), subject to two suspensory conditions consisting of: (i) the publication of the offer notice to the recipients of the special conditions of Law 226 of 1995 by the Nation, and (ii) the issuance by the BVC of a pronouncement confirming that the publication of the first notice of public offer to the solidary sector by the Nation – Ministry of Finance and Public Credit, constitutes the final fulfillment of the requirements established in numerals 1 and 2 of article 1.3.3.2 of the General Regulations of the BVC regarding the shareholding percentage in head of persons other than those that make up the same beneficial owner and the minimum number of shareholders. The application was approved by the BVC, on the same date, through written communication.

On August 2, 2018, the Nation – Ministry of Finance and Public Credit, in its capacity as shareholder of Colombia Telecomunicaciones S.A. E.S.P., published a notice of public offering of its shares in the Company to the solidary sector, in accordance with Law 226 of 1995.

With the publication of said notice of public offering and the pronouncement of the BVC dated May 23, 2018, the suspension conditions previously determined for the registration of the Company's ordinary shares were fulfilled, which are, therefore, registered in the BVC as of August 2, 2018, registration that produces all the legal effects derived from this circumstance.

Pursuant to Decree 1215 of July 2018, the first stage of the program for the transfer of ordinary shares that the Nation - Ministry of Finance and Public Credit has directly in Colombia Telecomunicaciones S.A. E.S.P. equivalent to 32.5% of the total subscribed shares, was carried out in 2018. In the first stage, a public offering of all the shares was made to the recipients of special conditions provided in articles 3 of Law 226 of 1995 and 16 of Law 789 of 2002. This stage was declared void in the bulletin of the BVC No. 242 on October 3, 2018.

The validity of the Alienation Program of the Nation is one year as of July 13, 2018. The Nation may extend the term for up to one more year, suspend it or terminate it in advance.

Issuance of ordinary bonds.

The Shareholders' Meeting, in meetings held on March 1 and 28, 2019, authorized the issuance of Ordinary Bonds for up to five hundred billion Pesos (COP$500.000,000.000 – equivalent ot USD$157.490.732) and delegated the approval of the Issuance Regulations and Placement on the Board of Directors of the Company.

Operations with Minority Shareholders

During the three-month period ended as of March 31, 2019, there were no operations other than those usual in the development of the Group's economic activity with minority interests.

2. PRESENTATION BASIS AND MAIN ACCOUNTING POLICIES

2.1. Applied Professional Accounting Standards

2.1.1. Presentation Basis of Consolidated Financial Statements

The Group prepares its Interim Condensed Consolidated Financial Statements in accordance with the Accounting and Financial Information Standards accepted in Colombia (hereinafter "NCIF", for its Spanish acronym), established in Law 1314 of 2009, regulated by the Single Decree 2420 of 2015 modified by Decree 2496 of 2015, 2131 of 2016 and 2170 of 2017 and compiled by Decree 2483 of 2018. These accounting and financial reporting standards are based on the International Financial Reporting Standards – IFRS – ("NIIF" for its Spanish acronym) translated in an official manner and authorized by the International Accounting Standards Board – IASB - until December 31, 2015, and in other legal provisions defined by the surveillance entities that may differ in some aspects from those established by other State control bodies.

The comparison of the Interim Condensed Consolidated Financial Statements refers to the three-month period ended as of March 31, 2019 and 2018, except for the Interim Condensed Consolidated Financial Statement of Financial Position that compares March 31, 2019 with December 31, 2018. Likewise, the quarters ended as March 31, 2019 and 2018 are presented in the Interim Condensed Consolidated Statement of Comprehensive Income.

2.1.2. Consolidated Financial Statements

The Group prepares its Interim Condensed Consolidated Financial Statements that include the Group's information as a single company through the global integration methodology, adding assets, liabilities and the operations carried out during the period, excluding those transactions carried out between the Company and its subordinates. By its bylaws, the Group carries out the accounting process and annually prepares the Consolidated Financial Statements. The Group prepared the Consolidated Financial Statements as of the close of the fiscal year 2017.

By virtue of the foregoing, the consolidation of the subsidiary companies takes place considering the ownership interest as indicated below, of Colombia Telecomunicaciones S.A. E.S.P. as majority shareholder as of March 31, 2019:

Company	Country / City	% shareholding
Empresa de Telecomunicaciones de Bucaramanga S.A. ESP	Colombia / Bucaramanga	94,48
Metropolitana de Telecomunicaciones S.A. ESP	Colombia / Barranquilla	87,45
Operaciónes Tecnológicas y Comerciales S.A.S.	Colombia / Barranquilla	90,26

These Companies are consolidated as of the date on which Colombia Telecomunicaciones S.A. E.S.P. obtains control, and will continue to be consolidated until the date when such control ceases and/or becomes available. For each Company, separate financial statements are prepared for the same reporting period as that of Colombia Telecomunicaciones S.A. E.S.P., applying uniform accounting policies. All unrealized balances, transactions, gains and losses arising from transactions between Group's entities are totally eliminated.

Empresa de Telecomunicaciones de Bucaramanga S.A. E.S.P.

The financial information is presented as follows:

	At of march 31 of		At of december 31 of	
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Financial information:				
Total assets	122.886	390.136.362	127.322	404.219.741
Total liabilities	86.339	274.106.504	91.763	291.326.125
Total equity	36.547	116.029.858	35.559	112.893.616
Result of the period	842	2.672.345	(8.291)	(26.321.102)

Metropolitana de Telecomunicaciones S.A. E.S.P.

The financial information is presented as follows:

	At of march 31 of		At of december 31 of	
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Financial information:				
Total assets	89.670	284.683.008	93.123	295.647.361
Total liabilities	83.925	266.442.421	87.366	277.369.599
Total equity	5.745	18.240.587	5.757	18.277.762
Result of the period	(118)	(374.674)	(6.160)	(19.556.471)

Operaciones Tecnológicas y Comerciales S.A.S.

The financial information is presented as follows:

	At of march 31 of		At of december 31 of	
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Financial information:				
Total assets	5.810	18.445.491	4.623	14.677.197
Total liabilities	5.181	16.447.738	4.084	12.966.457
Total equity	629	1.997.753	539	1.710.740
Result of the period	90	287.014	29	90.763

2.2. Measurement basis

The interim condensed consolidated financial statements as of March 31 and for the three-month period ended as of March 31, 2019, have been prepared in accordance with IAS 34 Interim Financial Information and do not include all the information required for a complete set of Financial Statements under NCIF; therefore, they must be read in conjunction with the Group's latest consolidated annual financial statements as of December 31, 2018. Notwithstanding the foregoing, selected notes and comparative information are included for a better understanding of the changes in the Group's financial position and performance since the last financial report.

In the preparation of these interim condensed consolidated financial statements, significant judgments in applying the accounting policies were the same as those applied to the financial statements for the year ended as of December 31, 2018, except as indicated in Note 4 – Changes in Accounting Policies of these interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared based on the historical cost model with the exception of land and buildings and derivative financial instruments, which have been measured at fair value. The carrying amounts of assets and liabilities recognized and designated as hedged items in fair value hedge relationships that would otherwise have been accounted for their amortized cost, have been adjusted to record the changes in fair values attributable to the risks that are covered in the respective effective hedging relationships.

2.3. Functional and presentation currency

The items included in the Interim Condensed Consolidated Financial Statements are expressed in the currency in which the Group operates (functional currency). The Financial Statements are presented in Colombian pesos, which is the functional currency and the presentation of the Group's financial information.

2.4. Classification of current and non-current items

The Group presents assets and liabilities in the statement of financial position, classified as current and non-current. An asset is classified as current when the entity: expects to realize the asset or has the intention to sell it or consume it in its normal operating cycle; maintains the asset primarily for trading purposes; expects to realize the asset within the following twelve months after the reporting period; or the asset is cash or cash equivalent unless it is restricted for a minimum period of twelve months after the closing of the reporting period. All other assets are classified as non-current. A liability is classified as current when the entity expects to settle the liability in its normal operating cycle or maintains it mainly for trading purposes.

2.5. Estimates, Significant Accounting Judgments and Assumptions

The preparation of Financial Statements pursuant to the NCIF requires the use of certain critical accounting estimates. Based on the foregoing, the Administration makes estimates and assumptions that could affect the values of income, costs and expenses, assets and liabilities reported at the date of the Financial Statements, including the related disclosures. Even when they may differ from their final effect, the Administration considers that the estimates and assumptions that were used were suitable under each circumstance.

The estimates and judgments used are continuously evaluated and are based on historical experience and other factors, including the expectation of occurrence of future events that are considered reasonable according to the circumstances.

The following is a summary of the main accounting estimates and judgments made by the Group in the preparation of the financial statements:

- **Impairment of non-monetary assets**

  The Group annually assesses whether its property, plant and equipment and intangible assets have suffered impairment in accordance with the policy indicated in Note 3. The Group has not identified events or changes in economic circumstances that give indications that the book value of the assets is not recoverable.

- **Useful lives of property, plant and equipment**

The determination of the economic useful life of properties, plant and equipment is subject to the estimation of the Group's management regarding the assets' level of use, as well as the expected technological evolution. The Group reviews its depreciation rates at the end of each year to consider any changes in the level of use, technological framework and its future development, which are difficult events to foresee and, if applicable, are prospectively adjusted.

- **Provisions**

The Group estimates the amounts to be settled in the future, including the corresponding contractual obligations, pending litigation or other liabilities.

These estimates are subject to interpretations of current events and circumstances, future projections and estimates of the financial effects of such events.

- **Taxes**

The Group is subject to Colombian tax regulations. Significant judgments are required in the determination of provisions for taxes. There are transactions and calculations for which the determination of taxes is uncertain during the ordinary course of operations. The Group evaluates the recognition of liabilities for discrepancies that may arise with tax authorities based on estimates of additional taxes that must be paid. The amounts provisioned for the payment of income tax are estimated by the administration on the basis of their interpretation of current tax regulations.

The Group evaluates the recoverability of deferred tax assets based on estimates of future tax results and the ability to generate sufficient results during the periods in which such deferred taxes are deductible. Deferred tax liabilities are recorded based on estimates made of net assets that will not be tax deductible in the future.

2.6. Fluctuations in the Exchange Rate

Colombian peso (COP$) is the currency in which our financial statements are published, a portion of our assets, liabilities, income and expenses are denominated in different currencies. Therefore, the exposure to fluctuations in the value of such currencies against the Colombian peso is evident. In this sense, exchange rate fluctuations have and may continue to have significant material impact on our financial conditions, results and cash flows.

2.7. Financial Risk Management

The Group actively manages risks through the use of derivative financial instruments (mainly of exchange rate and interest rate); In addition, the net balance sheet positions are considered in order to take advantage of natural hedges, which are directly offset by avoiding incurring margin costs on hedging transactions.

The Group's main objectives and policies regarding the management of financial risks as of March 31, 2019, are consistent with those published in the financial statements as of December 31, 2018.

2.8. Interim Condensed Consolidated Statement of Cash Flow Statements

The Interim Condensed Consolidated Statements of Cash Flows were prepared according to the direct method. The direct method separately presents the main categories of collections and payments in gross terms.

2.9. Relative importance or materiality

The information is material or of relative importance if it can influence, individually or as a whole, economic decisions made by users based on the financial statements. Materiality will depend on the error or inaccuracy's magnitude and nature, judged according to the particular circumstances in which they occurred. The item's magnitude or nature, or a combination of both, could be the determining factor.

2.10. Main Accounting Policies

The main accounting policies used in the preparation of this Financial Statements are the following:

2.10.1 Cash and Cash Equivalents

Both petty cash funds and bank deposits at sight of free availability are considered cash.

Cash equivalents are considered short-term investments of great liquidity and free availability that, without prior notice or relevant cost, can easily be converted into a certain amount of known cash with a high degree of certainty at the moment of taxation, are subject to a significant little risk of changes in value, with maturities up to three months, after the date of the respective impositions, and whose main destination is not investment or similar, but the payment of short-term commitments. Advances in bank current accounts are loans that accrue interest, are repayable on demand, and are part of the Group's treasury management, so they are also assimilated to cash equivalents.

For purposes of the Financial Statements, cash and cash equivalents are presented net of bank overdrafts, if any.

2.10.2 Contractual Asset and Liability

IFRS 15 establishes a global framework for determining when to recognize income from ordinary activities and for what amount, and in this determination, impacts that originate a contractual asset or liability are generated.

The Group presents the contract with the customer in the statement of financial position as a contractual asset or a contractual liability, depending on the relationship between the transfer of the Group's goods and/or services and the customer's payment.

If the Group makes the transfer of goods and/or services to the customer before the customer pays the consideration or before the payment is due, the Group presents the contract with the customer as a contractual asset, excluding from this item the amounts presented as accounts receivable.

A contractual asset is the Group's right to consideration in exchange for the goods or services that the Group has transferred to the customer. The Group will evaluate a contractual asset for impairment in accordance with IFRS 9. An impairment of a contractual asset will be measured, presented and disclosed in the same way as a financial asset that is within the scope of IFRS 9.

If a customer pays a consideration or the Group has an unconditional right to receive an amount as consideration (that is, an account receivable) before the Group transfers a good or provides a service to the customer, the Group will present the contract with the customer as a contractual liability, when the payment is made or is due (whichever comes first).

A contractual liability is the obligation that the Group has to transfer goods or services to a customer when the Group has already received a consideration (or that consideration is already required by the customer).

2.10.3 Assets for Use Rights

Corresponds to assets that represent the right for a lessee to use an underlying asset during the time of the lease. They are valued at cost, decreased by accumulated depreciation and by losses due to impairment of their value if any, adjusted by any new measurement of the lease liability, made with the purpose of reflecting new measurements or modifications thereof.

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

The cost of the asset for rights of use corresponds to the value of the initial measurement of the lease liability (net present value of future lease payments committed within the minimum term that cannot be paid on the initial recognition date).

The Group depreciates the assets for rights of use by applying the straight-line method according to the minimum non-cancelable period of each current contract, according to the following detail:

Description	Minimum term	Maximum term
Assets for rights of use of land and buildings	1	10
Assets for rights of use of technical facilities	1	10
Assets for rights of use of transportation equipment	1	2

2.10.4 Revaluation of immovable property

The reserve generated by revaluation of immovable property is restricted for distribution to shareholders.

Any revaluation increase is recognized in the Other Consolidated Comprehensive Income and is accumulated in the equity in the reserve by revaluation of assets, unless said increase reverses a revaluation decrease of the same asset previously recognized in the Consolidated Income Statement, except if said decrease compensates for an increase in revaluation of the same asset previously recognized in the reserve by the revaluation of assets.

The Group has performed a subsequent measurement under the revalued cost policy for land and buildings, taking as fair value the revalued value minus the accumulated depreciation and the accumulated amount of the losses for impairment.

The revaluation surplus of land and buildings included in the equity may be transferred directly to accumulated results, when the asset is derecognized. At the end of each period, the Group moves from the surplus reserve to accumulated results to the extent of the use of the revalued assets; this transfer is systematic with the recognized depreciation of the revalued assets.

The land and buildings' fair value is valued through the IVS methodology; therefore, the Group made the last valuation as of December 31st, 2017, which was elaborated by ONASI Ltda., a company duly registered in the year 1998 under code 214 of the Root Property Market of the city of Bogotá.

The frequency of revaluations depends on changes in the fair values of the land and buildings that are being revalued. When the fair value of the revalued asset differs significantly from its book value, a new revaluation will be necessary, made at least every three years. For the quarter ended as of March 31, 2019, there were no significant changes in the fair values, due to the foregoing for said period, the appraisals were not updated.

At the end of each period, a depreciation is applied to this value based on the remaining useful life corresponding to each asset included in the technical appraisal. In addition to the foregoing, this value is reduced as a result of losses due to accidents, obsolescence and other factors inherent in the asset operation.

2.10.5 Business Combination and Goodwill

Colombia Telecomunicaciones S.A. E.S.P. recognized the remeasurement of goodwill in its Opening Financial Statements under IFRS 1, from the moment of the acquisition of Compañía Celular de Colombia S.A. – COCELCO S.A., based on IFRS 3. In September, 2017, the Company acquired control of the subsidiary companies Empresa de Telecomunicaciones de Bucaramanga S.A. E.S.P and Metropolitana de Telecomunicaciones S.A. E.S.P., recognizing a new goodwill for the acquisition of control of these subsidiary companies.

Goodwill is initially measured at cost, represented by the excess of the sum of the consideration transferred and the amount recognized for the non-controlling interest, with respect to the net of the identifiable assets acquired and the liabilities assumed. If the consideration is less than the fair value of the net assets acquired, the difference is recognized as a gain at the acquisition date.

After initial recognition, goodwill is measured at cost minus any accumulated impairment loss, if any.

2.10.6 Impairment of Non-Current Assets

At the end of each reporting period, the presence or absence of impairment indicators is assessed on non-current assets, including *goodwill*, intangibles and property, plant and equipment. If such indicators exist or when dealing with assets whose nature requires an annual impairment analysis, the Group estimates the asset's recoverable value, which is the highest between fair value, deducted alienation costs, and its value in use. Said value in use is determined through the discount of estimated future cash flows, applying a pre-tax discount rate that reflects the value of money over time and considering the specific risks associated with the asset.

When an asset's recoverable value or financial valuation is below its net book value, impairment is considered. In this case, the book value is adjusted to the recoverable value, recording the loss in the Income Statement. Amortization charges for future periods are adjusted to the new carrying amount over the remaining useful life.

To determine the impairment calculations, the Group uses the strategic plan and financial projections of its sole cash generating unit. This strategic plan generally covers a period of three years. For longer periods, projections based on these strategic plans are applied starting from the third year, applying a constant growth rate. This rate considers separately each element evaluated and the growth included reflects the trend of the same in recent years.

When new events take place, or changes in existing circumstances, which show that an impairment loss recorded in an earlier period may have disappeared or been reduced, a new estimate of the recoverable value of the corresponding asset is made. Previously recorded impairment losses are reversed only if the assumptions used in the calculation of the recoverable value have changed since the most recent impairment loss was recognized. In this case, the book value of the asset is increased to its new recoverable value, with the limit of the net book value that the asset would have had if no impairment losses had been recorded in previous periods.

The reversal is recorded in the Income Statement and the amortization charges for future periods are adjusted to the new carrying amount, unless the asset is accounted for by its revalued value, in which case the reversal is treated similarly to an increase in revaluation. Goodwill impairment losses are not reversed in subsequent periods.

2.10.7 Impairment of the Value of Financial Assets

At the end of each reporting period, the Group establishes a model of expected credit losses for the recognition of impairment of financial assets. The expected credit loss model is applied to financial assets that are debt instruments, measured at amortized cost or at fair value with changes in other comprehensive income (includes accounts receivable, contractual assets within the scope of IFRS 15, contracts with customers, customers pending billing and other debtors).

The estimation of the expected losses of financial assets is based on the simplified model, supported by an "estimated uncollectible rate" approach to estimate the expected credit loss for the entire life of the asset.

The application of the simplified model is developed through provision matrices, which are constructed from historical default rates over the expected life of trade receivable and through: i) appropriate groupings of trade accounts over the basis of shared credit risk characteristics, ii) historical of representative collection harvests and iii) time horizon in accordance with the collection management policy for each type of account.

For accounts receivable in installments to customers, such as the case of financed sales of terminals or other types of equipment, the policy is based on the historical uncollectibility ratios to predict customers behavior throughout their entire life of the contract, i.e., at the expiration of each monthly installment, allows estimating, approximately, the debt percentage that will be finally pending payment (expected loss), for its registration at the initial moment.

The book value of the asset is reduced through the recognition of the provision for impairment loss and the result of the period as a gain or loss due to impairment of the amount of expected credit losses (or reversal) in which it is required that the value correction for losses on the presentation date is adjusted.

2.10.8 Current and Deferred Income Tax

The income tax expense for the period comprises the current and deferred income tax. The tax is recognized in the Income Statement, except when dealing with items that are recognized directly in the equity; in this case, the tax is also recognized in the equity.

The income tax expense for each year includes both current tax and deferred taxes, if applicable.

2.10.8.1 Current Income Tax

Assets and liabilities for current income taxes are calculated on the basis of the tax laws promulgated or substantially enacted as of the date of the Statement of Financial Position. The Administration periodically evaluates the positions assumed in the submitted tax returns in relation to situations in which the tax laws are subject to interpretation. When appropriate, provisions are made on the amounts that are expected to be paid to the tax authorities.

The book value of the assets and liabilities relating to the current tax of the current period and of previous periods represents the value that is estimated to be recovered from, or paid to, the tax authorities. The tax rates and fiscal regulations used in the calculation of these amounts are those that are in force at the closing date, including the income tax rate.

2.10.8.2 Taxes on Deferred Income

The amount of deferred taxes is obtained from the analysis of the Statement of Financial Position considering the temporary differences, which are reversed in time, between the tax values of assets and liabilities and their respective book values.

Deferred tax assets are recognized to the extent that temporary differences are likely to be recovered in the future, the book value of unused tax credits and unused tax losses can be used, except if the deferred tax liability arises from the initial recognition of Goodwill or of an asset or a liability arising from a transaction that is not a business combination and at the time of the transaction did not affect the accounting profit or the tax profit (loss).

Deferred tax liabilities are recognized in all cases of taxable temporary differences associated with investments in subsidiaries, branches and associates, or with interests in joint agreements, unless the following two conditions are jointly produced:

- The holding company, investor, participant in a joint venture or joint operator is able to control the timing of the reversal of the temporary difference; and

- It is likely that the temporary difference does not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is an enforceable right to offset assets and liabilities for current taxes, and when deferred tax assets and liabilities are derived from income taxes corresponding to the same tax authority and fall on the same entity or taxpayer, or in different entities or taxpayers, but the Group intends to liquidate the current tax assets and liabilities for their net amount, or, simultaneously, carry out its tax assets and liabilities.

The main temporary differences arise from differences between the tax and accounting values of property, plant and equipment, intangible assets, estimated liabilities and provisions, portfolio impairment, deferred income, hedges valuation, as well as differences between the fair values of the net assets acquired from an entity and its tax values.

Deferred tax assets and liabilities are not discounted at their current value and are classified as non-current, regardless of the date of reversal. At each closing the accounting value of the assets for deferred taxes recorded is analyzed, and the necessary adjustments are made to the extent that there are doubts about its future recoverability. Likewise, deferred tax assets not recorded in the Statement of Financial Position are evaluated at each closing and these are recognized as they are likely to be recovered with future tax benefits.

Deferred income tax is determined using the tax rates that have been enacted as of the date of the Statement of Financial Position and that are expected to be applicable when the deferred income tax asset is realized or the deferred tax liability is paid.

Current and deferred taxes are recorded directly against equity if the tax refers to items that are charged or paid directly against the equity.

3. NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE COUNCIL OF INTERNATIONAL ACCOUNTING STANDARDS IASB THAT HAVE NOT YET BEEN INCORPORATED TO THE ACCOUNTING FRAMEWORK ACCEPTED IN COLOMBIA

Decree 2483 of 2018 compiled and updated the technical frameworks of the Accounting and Financial Information Standards Accepted in Colombia, which had been incorporated by Decrees 2420 and 2496 of 2015, 2131 of 2016 and 2170 of 2017; however, the following new standard and interpretation issued by the International Accounting Standards Board (IASB), to be applied beyond December 31, 2019, has not yet been incorporated into the accounting framework accepted in Colombia, although its application could be carried out in advance.

The assessment of this new standard’s impact and interpretation made by the Company is as follows:

IFRS 17 Insurance Agreements

IFRS 17 Insurance Agreements establishes principles for the recognition, measurement, presentation and disclosure of issued insurance contracts. It also requires similar principles to apply to maintained reinsurance contracts and to investment contracts issued with discretionary participation features. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts to assess the effect that contracts within the scope of IFRS 17 have on an entity’s financial position, financial performance and cash flows.

IFRS 17 will be applied to annual periods beginning on or after January 1, 2021. Its early application is permitted.

The Group does not expect impacts from this standard, considering that it has not identified that it will develop insurance contracts; in any case, detailed analyzes are being carried out.

IFRIC 23 — Uncertainty over Income Tax Treatments

IFRIC 23 was issued in May 2017. This Interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding income tax treatment. Under this circumstance, an entity will recognize and measure its asset or liability for deferred or current taxes by applying the requirements of IAS 12 on the basis of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this Interpretation.

The Group will assess the potential impacts of this interpretation in its financial statements, without having identified situations that may require changes in the financial statements at the moment.

4. ACCOUNTING CHANGES FOR ADOPTION OF NEW STANDARDS

With the exception of what is described below, the accounting policies and estimates applied in these interim condensed financial statements are the same as those used in the Company's financial statements at and for the year as ended on December 31, 2018. Changes in accounting policies will be reflected in the separate financial statements of the Company for the year ended as of December 31, 2019.

IFRS 16 Leases

IFRS 16 establishes that companies that act as lessees shall recognize assets and liabilities derived from all lease agreements in the Statement of Financial Position (with the exception of short-term lease agreements and those that have assets under value as their object).

The standard allows two transition methods: one retroactively for each comparative period presented, and another retroactively with the cumulative effect of the initial application of the standard recognized on the date of first application, the Telefónica Group adopted this second transition method.

The Group has a very high number of lease agreements as a lessee of various assets, mainly: towers, circuits, office and store buildings, and land where own towers are located. The new regulations include these contracts, recording the corresponding payments on a straight-line basis over the term of the contract.

The Telefonica Group opted for the practical solution that allows it not to evaluate again whether a contract is, or contains, a lease on the date of initial adoption of the IFRS 16, but to directly apply the new requirements to all those contracts that under the previous standard were identified as a lease. On the other hand, the new standard allows choosing certain practical solutions at the time of first application, relating to the valuation of the asset, discount rate, impairment, leases that end within the following twelve months after the first application, initial direct costs, and duration of the lease. In this regard, the Group has chosen to apply the following practical solutions in the transition to the new criteria:

Prior treatment: The treatment given to contracts prior to the entry into force of IFRS 16 (service or lease) prevails as a definition. Discarding of the scope of the standard those cataloged previously like service.

Low value: Identification of contracts classified as low value according to the definition of the Telefonica Group to be treated as operating leases.

Variable income: In the case of leases with variable income, it was necessary to separate between a fixed component and a variable component, in order to determine what portion of the rent would be treated as an operating lease and what portion as a financial lease.

Renewals: In accordance with the Group's policy, renewals can only be considered if they are the sole responsibility of Telefonica, considering that the Telefonica Group has concluded that reasonably certain additional rental periods of over 3 years cannot be considered when acting as lessee.

Short-term: In accordance with the above definitions and the validity period established in each contract, the minimum term is defined for each contract (non-cancelable period) and those with a time shorter than 12 months, are classified as short term; consequently, they are treated as operating leases.

Financial sublease: A transaction in which an underlying asset is leased again by a lessee (intermediate lessor) to a third party and the lease (the lease by the owner) between the lessor who is the owner and the lessee remains in force.

Intangible assets are excluded from the scope of this regulation.

The capacity, last mile and rental of intangibles' contracts are discarded from the scope of IFRS 16, considering that their analysis does not identify an asset whose use is exclusively assigned to Telefonica, considering them as services.

The assets for rights of use as a result of the implementation of IFRS 16 are recognized at the net present value of the rental fees committed within the minimum non-cancelable term, decreased by the accumulated amortization and by the possible losses due to impairment of their value, if any.

The financial liability resulting from each contract will be recognized at the net present value of future payments discounted at the estimated TIR for the terms of each contract and according to the Company's discount rate.

The impact of the application is shown below:

	Impacts first application due to accounting changes IFRS 16 to January 1, 2019	
	(in thousands of US$)	(in thousands of COP$)
Assets		
Assets for right to use of:		
Land and buildings	115.165	365.626.006
Technical facilities	74.392	236.179.662
Transport equipment	2.498	7.930.714
	192.055	**609.736.382**
Transportation equipment transfer (1)	1.113	3.532.392
	193.168	**613.268.774**
Expenses paid in advance (2)	**(1.351)**	**(4.291.344)**
	191.817	**608.977.430**
Liabilities		
Short term financial lease	50.994	161.895.479
Long term financial leasing	140.823	447.081.951
	191.817	**608.977.430**

(1) Corresponds to the transfer from property plant and equipment - transportation equipment recognized as of December 31, 2018, as financial lease IAS 17.

(2) Corresponds to the transfer of expenses paid in advance of leases recognized before January 1, 2019 to assets for rights of use.

The Group has assessed the lease agreements and has established the contracts over which the IFRS 16 do not apply, as follows:

Short-term contracts for US$3.416 (COP$10.846.505) corresponding to contracts with a term of less than one year and low-value contracts for US$6 (COP$17.575) for office-computer services, which are recognized in the Consolidated Statements of Comprehensive Income – Costs and operating expenses.

During the quarter ended as of March 31, 2019, the Group recognized the impact of the sale-leaseback transaction corresponding to towers and properties, which are included as assets for use rights as of March 31, 2019. The impact of this operation was recognized in the Consolidated Statement of Comprehensive Income - sale of furniture and immovable property (Note 19).

In addition, during the same period, the Group recognized interest expenses arising from financial lease liabilities for USD$1.309 (COP$4.156.063) (Note 22).

5. FINANCIAL ASSETS MEASURED AT FAIR VALUE

A summary of the balance of financial assets measured at fair value at the end of each period is as follows:

	At of march 31 of 2019		At of december 31 of 2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Current financial assets:				
Hedging instruments (Note 1)	28.660	90.990.671	60.280	191.375.229
Deposits and bonds	277	879.149	99	316.532
	28.937	**91.869.820**	**60.379**	**191.691.761**
Non-current financial assets:				
Hedging instruments (Note 1)	2.474	7.853.176	731	2.319.563
Deposits and bonds	2.278	7.233.602	2.725	8.652.428
Other participations	19	60.000	19	60.000
	4.771	**15.146.778**	**3.475**	**11.031.991**
	33.708	**107.016.598**	**63.854**	**202.723.752**

(1) Corresponds to the valuation of hedging derivatives, using the Non-Delivery Forward and Cross Currency Swap market curves at the end of the period, including the net adjustment for risk of own credit and of the counterpart Credit Valuation Adjustment and Debit Valuation Adjustment.

6. DEBTORS AND OTHER ACCOUNTS RECEIVABLE, NET

The balance of debtors and other accounts receivable is the following:

	At of march 31 of 2019		At of december 31 of 2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Current:				
Customers for sale and provision of services (1)	393.042	1.247.827.135	378.657	1.202.156.362
Other debtors (2)	52.237	165.843.022	78.962	250.686.271
Commercial agents and distribution channels	47.082	149.476.235	47.159	149.720.698
Portfolio with national operators	21.575	68.496.288	22.937	72.820.340
Portfolio for financed equipment	20.807	66.057.952	27.876	88.499.018
Related parties	12.655	40.175.534	23.383	74.235.975
Portfolio impairment	(263.743)	(837.329.680)	(261.293)	(829.549.263)
	283.655	**900.546.486**	**317.681**	**1.008.569.401**
Not current:				
Portfolio with national operators (3)	42.400	134.610.499	42.400	134.610.499
Customers for sales and service provision (4)	35.115	111.482.753	35.270	111.974.993
Related parties	12.140	38.541.209	12.426	39.449.359
Portfolio of subsidies and contributions (3)	12.005	38.111.870	12.005	38.111.870
Portfolio for equipment sold at installments	1.772	5.627.095	1.949	6.190.665
Portfolio impairment	(54.201)	(172.075.816)	(54.201)	(172.075.816)
	49.231	**156.297.610**	**49.849**	**158.261.570**
	332.886	**1.056.844.096**	**367.530**	**1.166.830.971**

(1) Corresponds to residential customers, companies, corporations, officials (includes National Academic Network – RENATA) and wholesalers.

(2) Includes portfolio balances for the sale of fixed assets, commercial support, roaming, international operators and provided advances.

(3) Corresponds to the balance receivable for the access charges with Empresa de Teléfonos de Bogotá (ETB, for its Spanish acronym), for which the administration is advancing the legal procedures that allow its recovery. This portfolio is 100% provisioned.

(4) Corresponds to the portfolio with the National Academic Network Corporation – RENATA, for the sale of equipment for MPLS (dedicated channels) and connectivity.

(5) Corresponds to the portfolio with the Government for subsidies and contributions, which is 100% provisioned.

7. EXPENSES PAID IN ADVANCE

The balance of expenses paid in advance is the following:

	At of march 31 of		**At of december 31 of**	
	2019		**2018**	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Current:				
Cost of equipment and compliance with contracts (1)	33.724	107.067.597	26.976	85.643.885
Support and maintenance (2)	5.474	17.377.630	3.631	11.526.808
Irrevocable use rights - capacity	2.179	6.916.285	2.179	6.916.285
Insurance policies	756	2.399.493	1.327	4.213.024
Leases	730	2.316.636	655	2.079.791
Others (3)	5.785	18.369.420	399	1.268.523
	48.648	**154.447.061**	**35.167**	**111.648.316**
Not current:				
Cost of equipment and compliance with contracts	42.793	135.860.028	37.150	117.943.685
Irrevocable use rights - capacity	8.012	25.437.710	8.574	27.220.481
Support and maintenance (2)	1.245	3.953.060	1.451	4.605.271
Insurance policies	502	1.590.875	583	1.851.620
	52.552	**166.841.673**	**47.758**	**151.621.057**
	101.200	**321.288.734**	**82.925**	**263.269.373**

(1) Corresponds to equipment for the customer's house, and expenses for the agreements' compliance, mainly for installation services.

(2) Mainly includes support, platform maintenance and computer applications.

(3) Includes, contribution to the commission of regulation of communications - CRC, services of use of software and property tax validity of 2019.

8. INVENTORIES

The balance of inventories net of provision is the following:

	At of march 31 of		At of december 31 of	
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Mobile phones and accessories	42.169	133.877.094	30.331	96.293.517
Other inventories (1)	21.196	67.291.944	14.615	46.398.856
Equipment in transit	12.625	40.081.946	15.883	50.426.072
Computer equipment	1.200	3.809.274	748	2.375.274
	77.189	**245.060.258**	**61.577**	**195.493.719**
Provision for obsolescence	(1.821)	(5.781.381)	(1.772)	(5.624.188)
	75.368	**239.278.877**	**59.805**	**189.869.531**

(1) Includes modems, equipment for corporate services, location equipment and equipment for customer homes (broadband, basic line and television), among others.

The consumption of inventories taken to sales cost during the quarters ended as of March 31, 2019 and 2018 was USD$53.256 (COP$169.076.563) and USD$42.067 (COP$133.552.515), respectively. (Note 20).

9. TAXES AND PUBLIC ADMINISTRATIONS

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

	At of march 31 of		At of december 31 of	
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Self-retention for income tax	67.502	214.305.609	54.335	172.502.460
Tax discount (1)	8.514	27.030.062	2.590	8.224.000
Advances, retentions and self-retentions of ICA	4.251	13.497.510	5.211	16.544.839
Withholdings for income tax	3.459	10.981.002	3.171	10.067.117
Balance in favor of income tax	2.464	7.823.997	5.178	16.439.147
Withholding tax on sales	677	2.146.511	165	520.484
	86.867	**275.784.691**	**70.650**	**224.298.047**

(1) Tax discounts established in articles 76 and 258-1 of Law 1943 of December 28, 2018, on the industry and commerce tax, notices and boards and the VAT sales tax on the acquisition of productive real fixed assets.

The balance of the liability for taxes and public administrations is presented as follows:

	At of march 31 of 2019		At of december 31 of 2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Withholdings and self-retentions	20.864	66.237.247	12.240	38.858.445
Sales tax - VAT	12.324	39.125.240	16.831	53.435.924
Other current taxes	2.040	6.479.614	2.596	8.242.263
National consumption tax	692	2.197.824	1.503	4.770.330
	35.920	**114.039.925**	**33.170**	**105.306.962**

10. ASSETS FOR RIGHTS OF USE

The cost of the assets for rights of use and their corresponding accumulated depreciation is presented below:

Concept	At of march 31 of Cost	 Acumulate Depreciation	 Net value in Books
		(USD$000)	
Land and buildings	118.341	(8.489)	109.852
Technical facilities	77.982	(3.798)	74.184
Transport equipment	6.721	(3.520)	3.201
	203.044	**(15.807)**	**187.237**

Concept	At of march 31 of Cost	 Acumulate Depreciation	 Net value in Books
		(COP$000)	
Land and buildings	375.709.412	(26.950.400)	348.759.012
Technical facilities	247.576.755	(12.058.644)	235.518.111
Transport equipment	21.338.858	(11.178.369)	10.160.489
	644.625.025	**(50.187.413)**	**594.437.612**

The movements for the quarter ended as of March 31, 2019, of the items that make up the asset by right of use of cost and accumulated depreciation are the following:

Concept	First application impact due to accounting changes IFRS 16 to January 1, 2019	Additions	Derecognitions	Transfers	At of march 31 of 2019
			(USD$000)		
Cost:					
Land and buildings	115.165	3.176	-	-	118.341
Technical facilities	74.392	3.590	-	-	77.982
Transport equipment	2.498	-	(4)	4.227	6.721
	192.055	**6.766**	**(4)**	**4.227**	**203.044**
Accumulated depreciation:					
Land and buildings	-	(8.489)	-	-	(8.489)
Technical facilities	-	(3.798)	-	-	(3.798)
Transport equipment	-	(405)	-	(3.115)	(3.520)
	-	**(12.692)**	**-**	**(3.115)**	**(15.807)**
	192.055	**(5.926)**	**(4)**	**1.112**	**187.237**

Concept	First application impact due to accounting changes IFRS 16 to January 1, 2019	Additions	Derecognitions	Transfers	At of march 31 of 2019
			(COP$000)		
Cost:					
Land and buildings	365.626.006	10.083.406	-	-	375.709.412
Technical facilities	236.179.662	11.397.093	-	-	247.576.755
Transport equipment	7.930.714	-	(13.251)	13.421.395	21.338.858
	609.736.382	**21.480.499**	**(13.251)**	**13.421.395**	**644.625.025**
Accumulated depreciation:					
Land and buildings	-	(26.950.400)	-	-	(26.950.400)
Technical facilities	-	(12.058.644)	-	-	(12.058.644)
Transport equipment	-	(1.289.366)	-	(9.889.003)	(11.178.369)
	-	**(40.298.410)**	**-**	**(9.889.003)**	**(50.187.413)**
	609.736.382	**(18.817.911)**	**(13.251)**	**3.532.392**	**594.437.612**

11. PROPERTIES, PLANT AND EQUIPMENT

The cost of properties, plant and equipment and their corresponding accumulated depreciation is presented as follows:

Concept	At of march 31 of 2019			At of december 31 of 2018		
	Cost	Acumulate Depreciation	Net value in Books	Cost	Acumulate Depreciation	Net value in Books
			(USD$000)			
Land and buildings	1.032.348	(569.204)	463.144	1.037.483	(563.671)	473.812
Technical facilities, machinery and other assets	3.090.731	(2.162.070)	928.661	3.074.540	(2.114.277)	960.263
Assets under construction	92.536	-	92.536	81.891	-	81.891
Furniture, information and transport equipment	247.036	(198.775)	48.261	250.966	(196.949)	54.017
	4.462.651	**(2.930.049)**	**1.532.602**	**4.444.880**	**(2.874.897)**	**1.569.983**

Concept	At of march 31 of 2019			At of december 31 of 2018		
	Cost	Acumulate Depreciation	Net value in Books	Cost	Acumulate Depreciation	Net value in Books
			(COP$000)			
Land and buildings	3.277.494.280	(1.807.098.397)	1.470.395.883	3.293.796.465	(1.789.533.515)	1.504.262.950
Technical facilities, machinery and other assets	9.812.422.292	(6.864.115.017)	2.948.307.275	9.761.019.324	(6.712.384.013)	3.048.635.311
Assets under construction	293.769.629	-	293.769.629	259.975.720	-	259.975.720
Furniture, information and transport equipment	784.287.777	(631.070.263)	153.217.514	796.764.129	(625.271.761)	171.492.368
	14.167.973.978	**(9.302.283.677)**	**4.865.690.301**	**14.111.555.638**	**(9.127.189.289)**	**4.984.366.349**

The movements of cost and accumulated depreciation for the quarter ended as of March 31, 2019, are as follows:

Concept	At of december 31 of 2018	Additions	Derecognitions	Transfers	Revaluation (*)	At of march 31 of 2019
			(USD$000)			
Cost:						
Land and buildings	1.037.483	28	(2.544)	922	(3.541)	1.032.348
Technical facilities, machinery and other	3.074.540	5.789	(1.438)	11.840	-	3.090.731
Assets under construction	81.891	26.439	(3)	(15.791)	-	92.536
Furniture, information and transport equipment	250.966	124	(239)	(3.815)	-	247.036
	4.444.880	**32.380**	**(4.224)**	**(6.844)**	**(3.541)**	**4.462.651**
Accumulated depreciation:						
Constructions	(563.671)	(5.643)	972	-	(862)	(569.204)
Technical facilities, machinery and other	(2.114.277)	(48.591)	798	-	-	(2.162.070)
Furniture, information and transport equipment	(196.949)	(5.176)	235	3.115	-	(198.775)
	(2.874.897)	**(59.410)**	**2.005**	**3.115**	**(862)**	**(2.930.049)**
	1.569.983	**(27.030)**	**(2.219)**	**(3.729)**	**(4.403)**	**1.532.602**

	At of december 31 of 2017	Additions	Derecognitions	Transfers	Revaluation (*)	At of december 31 of 2018
			(COP$000)			
Cost:						
Land and buildings	3.389.247.850	24.404.653	(46.878.188)	20.796.256	(100.998.104)	3.293.796.465
Technical facilities, machinery and other	9.013.018.024	277.293.677	(18.728.327)	396.926.494	-	9.761.019.324
Assets under construction	452.091.030	196.857.198	1.329.338	(390.301.846)	-	259.975.720
Furniture, information and transport equipment	766.972.610	26.493.672	(2.571.349)	4.494.833	-	796.764.129
	13.621.329.514	**525.049.200**	**(66.848.526)**	**31.915.737**	**(100.998.104)**	**14.111.555.638**
Accumulated depreciation:						
Constructions	(1.789.533.515)	(17.916.142)	3.086.770		(2.735.510)	(1.807.098.397)
Technical facilities, machinery and other	(6.712.384.013)	(154.266.271)	2.534.519	748		(6.864.115.017)
Furniture, information and transport equipment	(625.271.761)	(16.432.086)	744.584	9.889.000		(631.070.263)
	(9.127.189.289)	**(188.614.499)**	**6.365.873**	**9.889.748**	**(2.735.510)**	**(9.302.283.677)**
	4.984.366.349	**(85.817.920)**	**(7.043.461)**	**(11.837.193)**	**(13.977.474)**	**4.865.690.301**

(*) Includes depreciation of revalued assets of land and buildings for (USD$991) (COP$3.147.072) and derecognition for USD$130 ($411.562).

The balances and movements for the quarter ended as of March 31, 2019, of the revaluation item are as follows:

	At of december 31 of 2018	Additions	Derecognitions	At of march 31 of 2019
		(USD$000)		
Cost:				
Land	117.268	-	(1.672)	115.596
Buildings	77.413	-	(1.887)	75.526
	194.681	**-**	**(3.559)**	**191.122**
Accumulated depreciation:				
Constructions	(10.081)	(991)	130	(10.942)
	184.600	**(991)**	**(3.429)**	**180.180**
Deferred Income Tax (Note 13)	(32.397)	-	565	(31.832)
Net deferred tax revaluation	**152.203**	**(991)**	**(2.864)**	**148.348**

	At of december 31 of 2018	Additions	Derecognitions	At of march 31 of 2019
		(COP$000)		
Cost:				
Land	372.302.081	-	(5.309.602)	366.992.479
Buildings	245.771.625	-	(5.991.606)	239.780.019
	618.073.706	**-**	**(11.301.208)**	**606.772.498**
Accumulated depreciation				
Constructions	(32.003.064)	(3.147.072)	411.562	(34.738.574)
	586.070.642	**(3.147.072)**	**(10.889.646)**	**572.033.924**
Deferred Income Tax (Note 13)	(102.852.123)	-	1.792.368	(101.059.755)
Net deferred tax revaluation	**483.218.519**	**(3.147.072)**	**(9.097.278)**	**470.974.169**

12. INTANGIBLES

Accumulated cost and amortization of intangibles is the following:

Concept	At of march 31 of 2019			At of december 31 of 2018		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
			(USD$000)			
Operating permits (1)	736.366	(243.161)	493.205	736.366	(218.136)	518.230
Computer applications	617.195	(505.647)	111.548	607.824	(489.835)	117.989
Other intangibles	37.618	(12.231)	25.387	37.618	(11.381)	26.237
Customers list	212.139	(200.285)	11.854	210.301	(200.026)	10.275
	1.603.318	**(961.324)**	**641.994**	**1.592.109**	**(919.378)**	**672.731**

Concept	At of march 31 of 2019			At of december 31 of 2018		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
			(COP$000)			
Operating permits (1)	2.337.806.459	(771.987.481)	1.565.818.978	2.337.806.459	(692.538.126)	1.645.268.333
Computer applications	1.959.464.516	(1.605.326.842)	354.137.674	1.929.713.422	(1.555.125.090)	374.588.332
Other intangibles	119.429.994	(38.826.237)	80.603.757	119.429.994	(36.129.354)	83.300.640
Customers list	673.498.389	(635.861.443)	37.636.946	667.662.372	(635.039.788)	32.622.584
	5.090.199.358	**(3.052.002.003)**	**2.038.197.355**	**5.054.612.247**	**(2.918.832.358)**	**2.135.779.889**

(1) Includes the economic compensation for the reversal of assets, established in the arbitration award and incorporated into the spectrum license of the current mobile operation.

The movements in cost and accumulated depreciation for the quarter ended as of March 31, 2019, are as follows:

Concept	At of december 31 of 2018	Additions	Transfers	At of march 31 of 2019
		(USD$000)		
Cost:				
Operating permits	736.366	-	-	736.366
Computer applications	607.824	2.382	6.989	617.195
Other intangibles	37.618	-	-	37.618
Customers list	210.301	6.211	(4.373)	212.139
	1.592.109	**8.593**	**2.616**	**1.603.318**
Accumulated anmortization:				
Operating permits	(218.136)	(25.025)	-	(243.161)
Computer applications	(489.835)	(15.812)	-	(505.647)
Other intangibles	(11.381)	(850)	-	(12.231)
Customers list	(200.026)	(259)	-	(200.285)
	(919.378)	**(41.946)**	**-**	**(961.324)**
	672.731	**(33.353)**	**2.616**	**641.994**

Concept	At of december 31 of 2018	Additions	Transfers	At of march 31 of 2019
		(COP$000)		
Cost:				
Operating permits	2.337.806.459	-	-	2.337.806.459
Computer applications	1.929.713.422	7.562.514	22.188.580	1.959.464.516
Other intangibles	119.429.994	-	-	119.429.994
Customers list	667.662.372	19.719.048	(13.883.031)	673.498.389
	5.054.612.247	**27.281.562**	**8.305.549**	**5.090.199.358**
Accumulated anmortization				
Operating permits	(692.538.126)	(79.449.355)	-	(771.987.481)
Computer applications	(1.555.125.090)	(50.201.004)	(748)	(1.605.326.842)
Other intangibles	(36.129.354)	(2.696.883)	-	(38.826.237)
Customers list	(635.039.788)	(821.655)	-	(635.861.443)
	(2.918.832.358)	**(133.168.897)**	**(748)**	**(3.052.002.003)**
	2.135.779.889	**(105.887.335)**	**8.304.801**	**2.038.197.355**

13. DEFERRED TAXES

Balance of assets and liabilities for deferred taxes is as follows:

	At of march 31 of 2019		At of december 31 of 2018	
	(in thousands of US$)	*(in thousands of COP$)*	*(in thousands of US$)*	*(in thousands of COP$)*
Deferred tax:				
Intangibles and properties, plant and equipment	95.363	302.756.424	98.026	311.213.114
Accounts receivable	5.005	15.889.979	5.312	16.865.617
Benefits to employees	2.371	7.526.783	2.371	7.526.783
Other assets	1.752	5.561.873	1.730	5.492.542
Estimated liabilities and provisions	331	1.054.362	444	1.405.816
Deferred tax assets on temporary differences	**104.822**	**332.789.421**	**107.883**	**342.503.872**
Assets for deferred tax due to tax losses	529.579	1.681.301.231	536.811	1.704.262.943
Subtotal deferred tax asset	**634.401**	**2.014.090.652**	**644.694**	**2.046.766.815**
Revaluation of real estate	(30.997)	(98.408.595)	(31.317)	(99.424.582)
Total deferred tax assets	**603.404**	**1.915.682.057**	**613.377**	**1.947.342.233**
Deferred tax liability:				
Temporal differences with effect on income	25.433	80.745.475	24.628	78.190.727
Valuation of hedges with effect on others comprehensive income	3.762	11.943.263	-	-
Real estate revaluation with effect on others comprehensive income	835	2.651.160	1.080	3.427.541
Total deferred tax liability	**30.030**	**95.339.898**	**25.708**	**81.618.268**

The movements of the Other Comprehensive Result are presented below:

	Quarter ended as of March 31,			
	2019		2018	
	(in thousands of US$)	*(in thousands of COP$)*	*(in thousands of US$)*	*(in thousands of COP$)*
Valuation of hedging instruments	4.347	13.801.263	(38.448)	(122.065.910)
Deferred tax hedges valuation	(3.762)	(11.943.263)	-	-
Result in valuation of hedges, net of taxes	**585**	**1.858.000**	**(38.448)**	**(122.065.910)**
Revaluation of land and buildings, net of taxes	-	-	(254)	(806.909)
	585	**1.858.000**	**(38.702)**	**(122.872.819)**

14. FINANCIAL OBLIGATIONS

The balance of financial obligations is the following :

	At of march 31 of		At of december 31 of	
	2019		2018	
	(in thousands of US$)	*(in thousands of COP$)*	*(in thousands of US$)*	*(in thousands of COP$)*
Current:				
Financial obligations	119.691	379.992.970	91.472	290.402.886
Financial leasing (1)	63.849	202.707.576	283	898.249
Hedging instruments	21.563	68.457.610	5.264	16.712.403
Other financial obligations - interests	5.072	16.101.800	12.335	39.161.483
	210.175	**667.259.956**	**109.354**	**347.175.021**
Non-current:				
Senior bonus	748.826	2.377.365.193	766.452	2.433.325.724
Financial Obligations (2)	227.383	721.893.069	230.819	732.800.935
Financial leasing (1)	133.531	423.933.988	717	2.274.982
Hedging instruments	11.971	38.003.743	16.525	52.463.295
	1.121.711	**3.561.195.993**	**1.014.513**	**3.220.864.936**
	1.331.886	**4.228.455.949**	**1.123.867**	**3.568.039.957**

(1) The movement of the financial lease liability for the quarter ended as of March 31, 2019 is as follows:

	Impacts first application due to accounting changes IFRS 16 to January 1, 2019	Additions	Derecognitions	Transfers	At of march 31 of 2019
Liabilities		*(USD$000)*			
Short term financial lease	50.994	2.592	(10.875)	21.138	63.849
Long term financial leasing	140.823	13.847	-	(21.138)	133.532
	191.817	**16.439**	**(10.875)**	**-**	**197.381**
Liabilities		*(COP$000)*			
Short term financial lease	161.895.479	8.229.580	(34.526.930)	67.109.447	202.707.576
Long term financial leasing	447.081.951	43.962.284	-	(67.110.247)	423.933.988
	608.977.430	**52.191.864**	**(34.526.930)**	**(800)**	**626.641.564**

(2) Financial obligations:

Includes the Senior Bond that as of March 31, 2019, had a nominal value of USD$750 million equivalent to COP$2.377.365 million net of transaction costs for USD$1 million (COP$3.727 million) measured at amortized cost (as of December 31, 2018 USD$750 million COP$2.433.326 million and the transaction cost of USD$1 million (COP$3.987 million) measured at amortized cost).

At the end of March 2019, the interest payable on the bonds amounted to US$448 (COP$1.422.041) (as of December 31, 2018 USD$10.775 - COP$34.207.004).

15. SUPPLIERS AND ACCOUNTS PAYABLE

The balance of the suppliers and accounts payable is as follows:

	At of march 31 of 2019		At of december 31 of 2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Current:				
Creditors and suppliers (1)	300.076	952.679.680	319.781	1.015.236.003
Suppliers of fixed assets	63.171	200.554.028	85.149	270.331.063
Related parties	39.024	123.891.705	61.629	195.658.990
Labor remuneration payable	7.964	25.284.989	13.065	41.477.716
Parafiscal contributions	2.220	7.048.123	1.730	5.492.424
Other debts	1.346	4.273.106	1.345	4.273.107
Payments based on shares (4)	840	2.667.220	877	2.783.910
	414.641	**1.316.398.851**	**483.576**	**1.535.253.213**
Not current:				
Creditors and suppliers - licenses of spectrum and concessions (2)	41.235	130.911.223	43.815	139.103.177
Government Grants (3)	9.916	31.482.553	9.872	31.340.192
Payments based on shares (4) (Note 26)	791	2.511.523	601	1.907.435
Deposits received from customers	12	37.411	11	37.411
	51.954	**164.942.710**	**54.299**	**172.388.215**
	466.595	**1.481.341.561**	**537.875**	**1.707.641.428**

(1) Includes cellular equipment suppliers and accounts payable for customer services, technical assistance, logistics, general and storage services, among others.

(2) Includes balances of obligations to do for the extension of 15 MHz in 2011 for cellular telephony, renewal of the spectrum for the provision of cellular telephony service in March 2014 for 10 years and concession right for operation and exploitation of the satellite television service for 10 years from February 2017.

(3) In 2010, Colombia Telecomunicaciones S.A. E.S.P. signed an agreement with the National Government, known as Biannual Plan III, which aims to develop the necessary transportation infrastructure to provide fixed broadband services in socio-economic status 1, 2 and SMEs in rural and urban areas and the capture of high-speed Internet demand in coverage areas specified in the plan and the replacement of obsolete wireless systems. The resources of the Biannual Plan III are administered through a Trust and are recorded as debtors and other accounts receivable in trust rights.

(4) Remuneration to executives who have a five-year tenure, where the right to receive a certain number of shares of Telefónica S.A. is granted, subject to compliance with certain conditions relating to the shares' behavior during the period and permanence in the job.

16. DEFERRED LIABILITIES

The balance of deferred liabilities is the following:

	At of march 31 of		At of december 31 of	
	2019		2018	
Current	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Income received advance				
Deferred income (1)	11.780	37.398.092	11.077	35.166.555
Govemments Grants (2)	619	1.967.148	619	1.967.148
	12.399	**39.365.240**	**11.696**	**37.133.703**
Non-current				
Income received in advance				
Govemments Grants (2)	3.159	10.029.923	3.305	10.492.417
Deferred income (1)	1.338	4.245.970	1.379	4.378.657
	4.497	**14.275.893**	**4.684**	**14.871.074**
	16.896	**53.641.133**	**16.380**	**52.004.777**

(1) Mainly includes, billing to customers on behalf of third parties and leases received.

(2) Includes income received from government grants (schools, localities and educational institutions).

17. PROVISIONS AND PENSION LIABILITIES

The balance of provisions and pension liabilities is as follows:

	At of march 31 of		At of december 31 of	
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Current				
Tax responsabilities and considerations (1)	34.624	109.924.658	35.685	113.293.180
Post-employment plans of defined benefit (2)	5.602	17.786.725	5.602	17.786.725
Labor responsabilities (3)	5.280	16.763.303	11.233	35.661.342
For contingencies (Note 24)	4.576	14.528.979	4.776	15.162.844
Voluntary retirement (4)	3.543	11.244.988	4.930	15.651.453
	53.625	**170.248.653**	**62.226**	**197.555.544**
Non-current				
Post-employment plans of defined benefit (2)	62.695	199.043.418	62.787	199.336.233
For dismantling	11.847	37.614.587	11.343	36.005.613
For contingencies (Note 24)	2.264	7.189.267	4.314	13.696.393
	76.806	**243.847.272**	**78.444**	**249.038.239**
	130.431	**414.095.925**	**140.670**	**446.593.783**

(1) Includes the industry and commerce tax (ICA), contribution to the National Television Authority (ANTV), consideration to the Ministry of ICT and uncollected VAT

(2) The Group recognizes post-employment benefits corresponding to retirement pensions, which include pension allowance and health.

(3) Includes employees' incentives for compliance and performance, additional to the closing as of March 2019, vacations for the Company's employees.

(4) Includes provision for voluntary retirement. This provision corresponds to a formal plan, identifying functions, approximate number of employees, disbursements that will be carried out and estimated dates of the plan.

18. EQUITY, NET

The authorized, subscribed and paid capital as of March 31, 2019 and December 31, 2018 is presented below:

Social Capital

	(USD$000)	*(COP$000)*
Authorized capital	458.257	1.454.870.740
Subscribed and paid-in capital	1.074	3.410.059
Par value (in pesos)	0,000315	1

The equity participation at the end of the period is presented below:

Shareholders	At of march 31 of 2019		At of december 31 of 2018	
	Number of shares	Percentage	Number of shares	Percentage
Telefónica Latinoamérica Holding. S.L.	1.756.837.597	51,51926835%	1.756.837.596	51,51926832%
La Nación-Ministerio de Hacienda y Crédito Público	1.108.269.271	32,50000004%	1.108.269.271	32,50000004%
Latín América Celular Holdings S.L.	275.602.636	8,08204821%	275.602.636	8,08204821%
Telefónica S.A.	269.339.586	7,89838425%	269.339.586	7,89838425%
Radio Televisión Nacional de Colombia-RTVC	10.000	0,00029325%	10.000	0,00029325%
Canal Regional de Televisión Ltda.- TEVEANDINA	200	0,00000587%	200	0,00000587%
Central de Inversiones S.A.- CISA	1	0,00000003%	1	0,00000003%
Terra Networdks Colombia S.A.S. - En Liquidación (1)	-	0,00000000%	1	0,00000003%
	3.410.059.291	**100,00000000%**	**3.410.059.291**	**100,00000000%**

(1) Through an additional award minutes of assets of Terra Networks Colombia S.A.S., liquidated, as of January 11, 2019, it was determined to award a share held by Terra Networks Colombia S.A.S., liquidated as a shareholder of the Company as a remnant and as a subsequent award to the liquidation of the Company under the legal terms of Telefónica Latinoamérica Holding. S.L.

Other perpetual equity instruments

During the quarters ended as of March 31, 2019 and 2018, interest coupons were paid for a total net amount of USD$21.358 (COP$67.807.475) and USD$18.608 (COP$59.075.850) respectively. These values are recognized in the Statement of Changes in Equity, in the item retained earnings.

Other Comprehensive Result

The Group recognized a net loss in Other Comprehensive Income (ORI, for its Spanish acronym) for the quarters ended as of March 31, 2019 and 2018 for USD$585 (COP$1.858.000) and USD$38.703 (COP$122.872.819), respectively.

19. OPERATING INCOME

Income from contracts from customers and other services are presented below:

	Quarter ended as of March 31,			
	2019		2018	
	(in thousands of US$)	*(in thousands of COP$)*	*(in thousands of US$)*	*(in thousands of COP$)*
Telecommunication services – mobile operation				
Data services and transmission - connectivity	102.907	326.706.692	103.258	327.822.848
Basic charges and airtime	60.319	191.501.014	62.826	199.460.792
Sale of terminal equipment	39.805	126.373.118	35.480	112.641.640
Interconnection and roaming	17.046	54.116.980	12.626	40.084.406
Value-added services (1)	15.017	47.675.881	14.004	44.460.552
Carrier services (2)	5.632	17.879.525	5.997	19.039.188
	240.726	**764.253.210**	**234.191**	**743.509.426**
Telecommunication services – fixed operation				
Data transmission services	69.529	220.740.714	67.511	214.332.961
Local and long distance telephony	40.053	127.159.793	43.476	138.027.212
Satellite television	27.491	87.277.871	25.083	79.633.824
Other operating revenues (3)	24.305	77.162.125	19.129	60.729.818
Equipment sale	74	234.235	130	413.401
	161.452	**512.574.738**	**155.329**	**493.137.216**
Total Operating income	**402.178**	**1.276.827.948**	**389.520**	**1.236.646.642**
Sale of movable and immovable assets (4)	10.160	32.255.045	9.213	29.250.000
Other operating income (5)	5.989	19.013.853	5.406	17.164.440
Works done for own fixed assets (6)	4.440	14.100.043	3.871	12.284.089
Other operating income	**20.589**	**65.368.941**	**18.490**	**58.698.529**
Total operating income	**422.767**	**1.342.196.889**	**408.010**	**1.295.345.171**

1) Includes downloads of applications, text messages, charges for reconnection, subscription of favorite contacts, and advertising spots in communication channels.

2) Includes services provided to the Virtual Mobile Operator Virgin Mobile.

3) Includes development services for consulting projects, application management, equipment, communication infrastructure and security management.

4) Includes for the quarter ended as of March 31, 2019 the impact of IFRS 16 for sale-leaseback with subsequent lease. The detail is as follows:

	(in thousands of US$)	*(in thousands of COP$)*
Sale of towers telecomunication	8.801	27.941.840
Sale of real estate (1)	1.349	4.282.930
	10.150	**32.224.770**

5) Mainly includes: suppliers support, reimbursement of expenses and fees with companies of the Group, lease of physical spaces and compensation for breach of contracts and government subsidies.

6) Correspond to the work carried out by the Group personnel, which due to their characteristics are directly related to the development and start-up of fixed assets.

20. OPERATING COSTS AND EXPENSES

Operating costs and expenses are as follows:

	Quarter ended as of March 31,			
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Inventories cost (Note 8)	53.256	169.076.563	42.067	133.552.515
Labor cost	33.824	107.384.138	32.047	101.743.387
Other costs and operating expenses (1)	22.783	72.332.236	25.323	80.394.133
Maintenance of equipments	22.039	69.969.017	21.008	66.695.823
Sales commissions	20.361	64.642.960	16.627	52.785.783
Interconnection and roaming	20.103	63.823.307	16.899	53.651.518
Tributes and considerations	19.612	62.264.485	21.632	68.677.686
Media rental and other network infrastructures	19.387	61.551.207	29.430	93.434.016
Content suppliers	15.092	47.912.809	12.772	40.549.964
Energy	12.936	41.067.573	12.745	40.463.602
Computer services	12.015	38.145.328	11.120	35.303.949
Renting and third parties' activities	9.979	31.681.596	9.123	28.964.023
Advertising expenses	8.220	26.095.814	8.211	26.068.543
Customer service	5.512	17.496.415	6.319	20.058.970
Impairment (2)	4.313	13.692.810	4.854	15.411.654
Other non-recurring costs and operating expenses (3)	(721)	(2.288.624)	1.982	6.292.857
	278.711	**884.847.634**	**272.159**	**864.048.423**

(1) Includes costs and operating expenses for banking services, printing and documentation distribution, leases and rental of short-term and low-value premises, legal, tax and labor advice, transportation, surveillance, insurance and travel expenses.

(2) For the quarters ended as of March 31, 2019 and 2018, includes: i) impairment for doubtful debts of USD$4.311 (COP$13.685.448) and USD$4.672 (COP$14.832.710), recovery of written-off portfolio from prior periods for (USD$17 (COP$54.540) and USD$204 (COP$648.495), recovery of provision for contractual assets for USD$30 (COP$95.291), ii) inventories provision for USD$50 (COP$157.193) and USD$387 (COP$1.227.439), respectively.

(3) Includes judicial contingencies and costs for cable replacement, for the quarter ended as of March 31, 2019, includes reversal of expense due to termination of legal process.

21. DEPRECIATION AND AMORTIZATION

Depreciation and amortization are as follows:

	Quarter ended as of March 31,			
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Depreciation of properties, plant and equipment (Note 11)	(60.401)	(191.761.571)	(70.043)	(222.372.171)
Amortization of intangible assets (Note 12)	(41.946)	(133.168.897)	(45.250)	(143.659.575)
Amortization of assets for rights of use (Note 10)	(12.693)	(40.298.410)	-	-
	(115.040)	**(365.228.878)**	**(115.293)**	**(366.031.746)**

22. FINANCIAL EXPENSES, NET

Financial expenses, net, are as follows:

	Quarter ended as of March 31,			
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Income:				
Customers' default interests	2.239	7.108.885	921	2.922.856
Investment returns and bank accounts	35	110.906	105	334.683
	2.274	**7.219.791**	**1.026**	**3.257.539**
Expenses:				
Interests on loans, obligations and bonds	(15.428)	(48.981.173)	(17.534)	(55.667.939)
Interest coverage transactions, net	(4.857)	(15.419.090)	(4.600)	(14.605.125)
Financial expenses for leases (Note 4)	(1.326)	(4.208.374)	0	-
Updating of financial liabilities	(1.309)	(4.156.063)	(1.319)	(4.186.344)
Other financial expenses	(1.240)	(3.940.296)	(1.062)	(3.368.767)
Tribute to financial transactions	(148)	(468.792)	(77)	(246.014)
	(24.308)	**(77.173.788)**	**(24.592)**	**(78.074.189)**
Gain (loss) for difference in exchange, net	612	1.943.799	(24)	(77.723)
	(23.696)	**(75.229.989)**	**(24.616)**	**(78.151.912)**
Financial expense, net	**(21.422)**	**(68.010.198)**	**(23.590)**	**(74.894.373)**

23. INCOME TAX AND COMPLEMENTARY

The expense for income and complementary taxes is presented below:

	Quarter ended as of March 31,			
	2019		2018	
	(in thousands of US$)	(in thousands of COP$)	(in thousands of US$)	(in thousands of COP$)
Current tax:				
Income tax (1)	24	75.793	-	-
	24	**75.793**	**-**	**-**
Deferred tax:				
Tax credits (1)	7.232	22.961.443	-	-
Deductible temporary differences	2.837	9.008.000	(108)	(344.196)
Taxable temporary differences	565	1.792.206	898	2.853.403
	10.634	**33.761.649**	**790**	**2.509.207**
	10.658	**33.837.442**	**790**	**2.509.207**

(1) Corresponds to the use of tax credits on tax profits generated to the quarter ended as of March 31, 2019.

24. CONTINGENCIES

The Group classifies contingencies according to the probability of high, low and remote loss, determining the value of the claims that must be provisioned and supported by the reports and evaluations of the Group's legal advisors.

As of March 31, 2019, 1.824 processes are ongoing, of which 205 as classified as of high probability, 947 are classified as of low probability and 672 are classified as remote.

1. Processes with high probability

The following is the detail of the processes classified as high probability (Note 17).

	At of march 31 of			At of december 31 of		
	2019			2018		
	Cantidad	*(in thousands of US$)*	*(in thousands of COP$)*	Cantidad	*(in thousands of US$)*	*(in thousands of COP$)*
Current:						
Users' administrative inquiries	69	2.850	9.048.180	77	2.999	9.522.239
Regulatory and competition administrative enquiries	7	1.195	3.792.996	8	1.254	3.981.796
Labor proceedings	24	531	1.687.803	14	523	1.658.809
	100	**4.576**	**14.528.979**	**99**	**4.776**	**15.162.844**
Non-current:						
Legal proceedings	54	1.350	4.287.378	52	2.683	8.516.942
Labor proceedings	38	682	2.164.888	38	682	2.164.888
Regulatory and competition administrative enquiries	8	133	422.277	11	898	2.852.494
Tax proceedings	5	99	314.724	5	51	162.069
	105	**2.264**	**7.189.267**	**106**	**4.314**	**13.696.393**
	205	**6.840**	**21.718.246**	**205**	**9.090**	**28.859.237**

2. Processes with low probability

The Group is a party in litigations classified as possible, which are currently pending before judicial, administrative and arbitration bodies.

Considering the reports of the Group's legal advisers in these proceedings, it is reasonable to consider that this litigation will not significantly affect the Group's financial-economic situation or solvency.

a. Legal proceedings

Processes tending to obtain a decision from the jurisdictional authority called to resolve the controversial issue. They include processes of civil, contentious administrative, criminal, and constitutional jurisdictions, among others. There are 140 open processes for the amount of USD$18.432 (COP$58.519.137).

b. Labor proceedings

Labor lawsuits through which the payment of labor rights derived from the relations that the claimants have or have had directly with the Company or with a third party is sought, in the latter case, claiming the solidarity of Colombia Telecomunicaciones S.A. E.S.P. There are 446 open processes classified as possible for a value of USD$8.717 (COP$27.673.835).

c. Administrative Investigations

Processes initiated by administrative authorities through the formulation of indictments, ex officio or by complaints from third parties, aimed at determining the responsibility of the investigated party in the violation of regulations.

Contingencies for administrative investigations, are classified in:

i) Prosecutors: Processes under discussion for taxes with different municipalities of the country, corresponding to claims, such as industry and commerce tax (ICA, for its abbreviation in Spanish), and public lighting tax, among others. There are 243 administrative and judicial proceedings in progress with possible qualification, valued at USD$3.090 (COP$9.810.295).

ii) Petitions, Complaints and Claims: Administrative procedures initiated by the Superintendence of Industry and Commerce – SIC, for positive administrative silence, habeas data, or breach of resolutions. Ninety-three (93) possible processes are reported for USD$1.942 (COP$6.165.780).

iii) Regulatory: Administrative procedures initiated by surveillance and control authorities for alleged faults in compliance with telecommunications regulatory standards. There are 25 possible processes for USD$5.683 (COP$18.043.675).

25. FINANCIAL INDICATORS - NOT DEFINED IN THE FINANCIAL ACCOUNTING AND INFORMATION STANDARDS ACCEPTED IN COLOMBIA

The following are the financial indicators calculated by the Group and which are an integral part of the implemented financial analysis:

1) EBITDA (1)

	Quarter ended as of March 31,			
	2019		2018	
	(in thousands of US$)	*(in thousands of COP$)*	*(in thousands of US$)*	*(in thousands of COP$)*
Net loss of the period	(3.064)	(9.727.263)	(3.823)	(12.138.578)
Plus:				
Depreciation and amortization	115.040	365.228.878	115.293	366.031.746
Financial expense, net	21.422	68.010.198	23.590	74.894.373
Income tax and complementary	10.658	33.837.442	791	2.509.207
EBITDA	**144.056**	**457.349.255**	**135.851**	**431.296.748**

(1) EBITDA: corresponds to the result before depreciation and amortization, financial expense, equity method and income and complementary taxes.

2) EBITDA Margin

	Quarter ended as of March 31,	
	2019	2018
EBITDA Margin (*)	34,1%	33,3%

(*) Represents the EBITDA divided in net income.

3) Leverage Ratio: Net debt/EBITDA

	At of march 31 of			
	2019		2018	
	(in thousands of US$)	*(in thousands of COP$)*	*(in thousands of US$)*	*(in thousands of COP$)*
Current financial obligations (1)				
Financial institutions (Note 14)	119.691	379.992.970	67.753	215.100.849
Financial leasing (Note 14)	63.849	202.707.576	641	2.035.363
	183.540	**582.700.546**	**68.394**	**217.136.212**
Long-term financial obligations				
Senior bond (2)	750.000	2.381.092.500	656.847	2.085.352.500
Financial institutions	227.383	721.893.069	417.798	1.326.420.066
Financial leasing	133.531	423.933.988	862	2.735.995
	1.110.914	**3.526.919.557**	**1.075.507**	**3.414.508.561**
Perpetual equity instruments (3)	402.680	1.278.425.000	402.680	1.278.425.000
Total financial debt	**1.697.134**	**5.388.045.103**	**1.546.581**	**4.910.069.773**
Valuation of derivatives of exchange rate (4)	(10.252)	(32.547.398)	27.988	88.854.883
Cash and cash equivalents	(54.535)	(173.137.582)	(22.849)	(72.541.643)
Total net debt	**1.632.347**	**5.182.360.123**	**1.551.720**	**4.926.383.013**
EBITDA last twelve months	**585.842**	**1.859.923.756**	**512.853**	**1.628.199.873**
Covenants Debt / EBITDA	**2,79 Times**	**2,79 Times**	**3,03 Times**	**3,03 Times**

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

(1) The balance of the short-term Financial Obligations excludes the account of interest payable and hedging valuations.

(2) Corresponds to the nominal value of the senior bond issuance, valued at the exchange rate at the end of each period. It does not include the value of transaction costs.

(3) Corresponds to the nominal value of the issuance of the perpetual equity instrument, valued at the exchange rate of the issuance date, does not include the value of transaction costs, this instrument is considered as replacement debt under the prospectus of the principal debt's issuance; therefore, it is included as financial debt, however, its recognition in the Financial Statements is in equity.

(4) Includes only valuation of exchange rate hedges.

4) OPERATING INFORMATION

4.1) Accesses

	2019	2018			
	mar-31	dec-31	sep-30	jun-30	mar-31
			(Unidades 000)		
Final customers access	**19.175**	**19.050**	**18.711**	**18.499**	**18.100**
Basic line (1)	1.561	1.582	1.626	1.636	1.620
Internet and Data	1.190	1.204	1.231	1.229	1.217
Television	540	548	564	564	547
Mobile service	15.884	15.716	15.290	15.070	14.716
Prepaid	*12.015*	*11.881*	*11.469*	*11.298*	*11.004*
Postpaid	*3.869*	*3.835*	*3.821*	*3.772*	*3.712*

(1) Includes "fixed wireless" and voice over IP accesses.

4.2) Average Revenues per User – ARPU

	2019	2018			
	mar-31	dec-31	sep-30	jun-30	mar-31
			(USD$)		
BL - I&D - TV (1)	10,0	9,8	10,5	10,3	10,3
Mobile service (2)	3,9	4,2	4,2	4,1	4,3
Prepaid	*0,9*	*1,1*	*1,0*	*1,0*	*1,1*
Postpaid	*13,1*	*13,8*	*13,7*	*13,4*	*13,7*
			(COP$)		
BL - I&D - TV (1)	31.640	31.265	33.412	32.645	32.694
Mobile service (2)	12.406	13.416	13.315	13.080	13.703
Prepaid	*3.003*	*3.542*	*3.245*	*3.201*	*3.549*
Postpaid	*41.609*	*43.811*	*43.584*	*42.639*	*43.560*

(1) Includes fixed monthly fees and excludes data and rental income.
(2) Excludes OMV income and sales of terminals.

5) Financial indicators

5.1) Indebtedness ratios

This indicator measures to what degree and in what way short-term and long-term creditors participate in the Group's financing.

	At of march 31 of	At of december 31 of
	2019	2018
a) Total debt level	50,16%	48,20%
b) Short term debt level	36,60%	37,77%

5.2) Solvency Ratios

The solvency index indicates how many resources are held in assets compared to the liabilities.

	At of march 31 of	At of december 31 of
	2019	2018
Solvency ratio	1,99 v	2,07 v

5.3) Profitability ratios

Profitability is an index that measures the relationship between profits or benefits, the investment or the resources that were used to obtain them.

	Quarter ended as of March 31,	
	2019	2018
a) Operational Margin	6,86%	5,04%
b) OIBDA Margin	34,07%	33,30%

5.4) Liquidity indexes

Indicates short-term availability to meet its short-term commitments.

	At of march 31 of	At of december 31 of
	2019	2018
a) Net working capital (US$000)	(164.371)	(132.769)
Net working capital (COP$000)	(521.843.058)	(421.514.479)
b) Current reatio	0,78 v	0,82 v
c) Acid ratio	0,68 v	0,73 v

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

5.5) Return on equity

This indicator measures the return on capital invested by the shareholders; profitability on their own resources.

	Quarter ended as of March 31,	
	2019	**2018**
Return on equity	1,42%	1,00%

5.6) Assets profitability

This indicator allows measuring the capacity of the assets with which the Group has to generate income.

	At of march 31 of	At of december 31 of
	2019	**2018**
Assets profitability	0,71%	0,52%

5.7) Interest hedging

Allows measuring the Group's ability to meet its obligations associated with financial interests.

	Quarter ended as of March 31,	
	2019	**2018**
Interest hedging	1,73 v	1,17 v

26. SUBSEQUENT FACTS TO THE DATE OF THE STATEMENT OF FINANCIAL POSITION

The Board of Directors of the Company at a meeting held on April 5, 2019, approved the regulations for the issuance and placement of bonds and the registration of the issue in the National Registry of Securities and Issuers and the Colombian Stock Exchange. (Note 1).