

TELEFONICA BRASIL S.A.  
Form 6-K  
March 28, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the month of March, 2014**

**Commission File Number: 001-14475**

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**TELEFÔNICA BRASIL S.A.**

**(Exact name of registrant as specified in its charter)**

**TELEFONICA BRAZIL S.A.**

**(Translation of registrant's name into English)**

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**Av. Eng° Luís Carlos Berrini, 1376 - 28° andar**

**São Paulo, S.P.**

**Federative Republic of Brazil**

(Address of principal executive office)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes

No

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**TELEFÔNICA BRASIL S.A.**

**QUARTERLY INFORMATION**

**DECEMBER 31, 2013**

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**INDEPENDENT AUDITORS' REPORT  
ON THE FINANCIAL STATEMENTS**

To the Shareholders and Management of

**TELEFÔNICA BRASIL S.A.**

São Paulo - SP

We have examined the individual and consolidated financial statements of **TELEFÔNICA BRASIL S.A.**, identified as Parent Company and Consolidated, respectively, which comprises the balance sheet as at December 31, 2013 and the respective statement of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the period then ended, as well as a summary of the main accounting practices and other notes.

**Management's responsibility on the financial statements**

The Entity's management is responsible for the preparation and adequate presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board – IASB, and in accordance with the accounting practices adopted in Brazil, as well as for the internal controls it has determined as necessary to allow the preparation of financial statements free of material misstatements caused by fraud or error.

## **Responsibility of the Independent Auditors**

Our responsibility is to issue an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and international accounting standards. Those standards require that ethical demands are met and that the audit be planned and executed to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves the execution of selected procedures to obtain evidence related to the amounts and disclosures presented in the financial statements. The selected procedures depend on the auditor's professional judgment, including the assessment of risks of material misstatement in the financial statement caused by fraud or error. In this risk assessment, the auditor considers the internal controls which are relevant to the preparation and adequate presentation of the financial statements of the Association to plan the audit procedures appropriate to the circumstances, but not to express an opinion on the effectiveness of the Association's internal controls. An audit also includes the assessment of adequacy of the accounting practices used and the reasonableness of the accounting estimates made by the management, as well as the evaluation of the presentation of the financial statements made as a group.

We believe that the audit evidence obtained is sufficient and appropriate to base our opinion.

## **Opinion on the individual financial statements**

In our opinion, the individual financial statements referred to above adequately present, in all relevant aspects, the financial position of **TELEFÔNICA BRASIL S.A.** as at December 31, 2013, the performance of its operations and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

## **Opinion on the consolidated financial statements**



In our opinion, the consolidated financial statements referred to above adequately present, in all relevant aspects, the consolidated financial position of **TELEFÔNICA BRASIL S.A.** as at December 31, 2013, the consolidated performance of its operations and cash flows for the year then ended, in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board – IASB and accounting practices adopted in Brazil.

## **Emphases**

### **Investments Evaluation**

According to note 2, the individual financial statements were prepared according to the accounting practices adopted in Brazil. In the case of **TELEFÔNICA BRASIL S.A.**, these practices differ from IFRSs, applicable to the separate financial statements, solely referring to the evaluation of investments in subsidiaries and joint subsidiaries by the equity method, however, for IFRS purposes, they would be evaluated at cost or fair value. Our opinion is not with exception due to this matter.

### **Restatement of corresponding amounts**

As mentioned in Note 2, as a consequence of a change in the accounting practice introduced by the adoption of IFRS 11, the consolidated balance sheet referring to the year ended on December 31, 2012 and the respective consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows, for the year then ended, presented for comparison purposes, were adjusted and are being restated in accordance with CPC 23 – Accounting Policies, Changes in Estimates and Correction of Error and CPC 26 (R1) – Presentation of the Financial Statements. Our opinion is not changed regarding this matter.

## **Other Matters**

### **Statement of Value Added**

We have also examined the individual and consolidated statement of value added (SVA), referring to the period ended December 31, 2013, prepared under the Company's management responsibility, the presentation of which is required according to the Brazilian corporate law for listed companies, and, as supplementary information by the IFRSs, which do not require the presentation of the SVA. These statements were submitted to the same audit procedures previously described and, in our opinion, they are adequately presented, in all material aspects, in relation to the financial statements as a whole.

São Paulo, 25 February 2014.

**CRC Nº 2SP013002/O-3**

**Clóvis Ailton Madeira**



**CTCRC Nº 1SP106895/O-1 "S"**

**TELEFÔNICA BRASIL S. A.****Balance sheets****At December 31, 2013, 2012 and January 1st, 2012****(In thousands of reais )**

<b>ASSETS</b>	<b>Note</b>	<b>Company</b>		<b>Consolidated</b>			<b>LIABILITIES AND EQUITY</b>	<b>Note</b>	<b>12.31.12</b>
		<b>12.31.13</b>	<b>12.31.12</b>	<b>12.31.13</b>	<b>12.31.12</b>	<b>1.1.12</b>			
<b>CURRENT ASSETS</b>		<b>15,632,730</b>	<b>6,515,094</b>	<b>15,936,633</b>	<b>16,209,181</b>	<b>11,759,744</b>	<b>CURRENT LIABILITIES</b>		<b>13,862,200</b>
Cash and cash equivalents	5	6,311,299	3,079,282	6,543,936	7,133,485	2,889,543	Personnel, social charges and benefits	15	427,000
Trade accounts receivable, net	6	5,541,023	2,150,724	5,802,859	5,546,938	5,128,142	Trade accounts payable	16	6,948,900
Inventories	7	469,586	24,403	505,615	387,809	471,721	Taxes, charges and contributions	17	1,269,100
Taxes recoverable	8.1	2,168,797	602,328	2,191,962	2,052,421	2,495,065	Loans, financing and lease	18.1	1,236,700
Judicial deposits and garnishments	9	204,165	-	204,165	126,625	116,421	Debentures	18.2	286,900
Derivative transactions	36	89,499	39,197	89,499	41,109	1,840	Dividend and interest on equity	19	1,187,500
Prepaid expenses	10	254,743	26,610	257,286	248,337	255,056	Provisions	20	561,400
Dividend and interest on equity	19	60,346	394,105	1,140	1,140	772	Derivative transactions	36	44,400
Other assets	11	533,272	198,445	340,171	671,317	401,184	Deferred revenue	21	812,800
<b>NONCURRENT ASSETS</b>		<b>53,982,379</b>	<b>51,067,347</b>	<b>53,604,442</b>	<b>54,041,911</b>	<b>53,728,817</b>	Payable from reverse split of fractional shares		389,200
Short-term investments pledged as collateral	5	106,239	23,920	106,455	109,708	124,668	Authorization license		95,700
							Other liabilities	22	602,100

Trade accounts receivable, net	6	160,478	-	257,086	93,378	84,855			
Taxes recoverable	8.1	368,388	549,225	368,388	738,965	1,014,959	<b>NONCURRENT LIABILITIES</b>		<b>12,858,3</b>
Deferred taxes	8.2	-	-	210,294	1,027,888	1,427,499	Personnel, social charges and benefits	15	18,6
Judicial deposits and garnishments	9	4,123,584	3,068,256	4,148,355	3,909,268	3,374,490	Taxes, charges and contributions	17	52,2
Derivative transactions	36	329,652	21,465	329,652	286,278	225,935	Deferred taxes	8.2	722,6
Prepaid expenses	10	24,879	16,720	25,364	31,396	32,138	Loans, financing and lease	18.1	3,215,1
Other assets	11	127,567	75,587	127,793	92,308	96,049	Debentures	18.2	4,014,6
<b>Investments</b>	<b>12</b>	<b>11,089,918</b>	<b>21,561,061</b>	<b>86,349</b>	<b>142,881</b>	<b>152,256</b>	Provisions	20	4,042,7
<b>Property, plant and equipment, net</b>	<b>13</b>	<b>18,377,905</b>	<b>10,020,263</b>	<b>18,441,647</b>	<b>17,604,144</b>	<b>17,146,521</b>	Derivative transactions	36	24,8
<b>Intangible assets, net</b>	<b>14</b>	<b>19,273,769</b>	<b>15,730,850</b>	<b>29,503,059</b>	<b>30,005,697</b>	<b>30,049,447</b>	Deferred revenue	21	252,3
							Liabilities for post-retirement benefit plans	35	370,3
							Other liabilities	22	144,6
							<b>TOTAL EQUITY</b>		<b>42,894,4</b>
							<b>EQUITY</b>		<b>42,894,4</b>
							Capital	23	37,798,1
							Capital reserves	23	2,686,8
							Income reserves	23	1,287,4
							Bonus on acquisition of interest from non-controlling shareholders	23	(70,44
							Other comprehensive income	23	16,8