



TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2019 (not audited), December 31, 2018 and September 30, 2018 (not audited)

(Translation of financial statements originally issued in Spanish – See Note 2c)

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ThCh\$: Thousands of Chilean Pesos

MCh\$: Millions of Chilean Pesos

CONSOLIDATED INTERIM CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of September 30, 2019 (not audited) and december 31, 2018



	Notes	09.30.2019	12.31.2018
		ThCh\$	ThCh\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	174,051,872	263,376,457
Other current financial assets	(6)	32,147,112	5,211,677
Other current non-financial assets	(7)	40,711,010	38,268,897
Current trade and other accounts receivable	(8a)	260,856,404	198,534,756
Current receivables from related companies	(9a)	38,495,523	21,487,842
Inventory	(10a)	55,794,469	55,566,162
Current tax assets	(11b)	10,078,810	13,177,118
Total current assets other than assets classified as held for sale		612,135,200	595,622,909
Non-current assets classified as held for sale	(16)	31,107,773	-
TOTAL CURRENT ASSETS		643,242,973	595,622,909
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	173,214,799	152,156,299
Other non-current non-financial assets	(7)	13,975,495	2,716,622
Non-current trade and other accounts receivable	(12a)	32,077,133	34,028,767
Intangible assets other than goodwill, net	(13a)	163,335,204	179,955,847
Goodwill	(14)	504,774,872	504,839,853
Property, plant and equipment, net	(15a)	1,432,072,943	1,252,993,757
Deferred tax assets	(11c)	117,270,517	118,546,134
TOTAL NON-CURRENT ASSETS		2,436,720,963	2,245,237,279
TOTAL ASSETS		3,079,963,936	2,840,860,188

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements

CONSOLIDATED INTERIM CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of September 30, 2019 (not audited) and december 31, 2018



	Notes	09.30.2019	12.31.2018
		ThCh\$	ThCh\$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	(17)	193,514,872	58,886,127
Trade and other payables	(18a)	275,344,693	385,753,698
Current payables to related companies	(9b)	60,187,555	52,202,802
Other current provisions	(20a)	1,372,833	5,745,139
Current tax liabilities	(11f)	5,250,598	3,420,586
Current employee benefits accrual	(21a)	9,000,523	8,597,752
Other current non-financial liabilities	(22)	46,333,747	29,757,242
TOTAL CURRENT LIABILITIES		591,004,821	544,363,346
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(17)	897,069,743	844,037,498
Trade and other payables non-current	(18a)	2,414,559	4,320,435
Current payables to related companies non-current	(9c)	29,696,972	168,255
Other non-current provisions	(20b)	19,037,779	20,183,648
Deferred tax liabilities	(11c)	89,948,739	84,570,341
Non-current employee benefits accrual	(21a)	29,279,860	26,842,153
Other non-current non-financial liabilities	(22)	7,351,306	8,042,563
TOTAL NON-CURRENT LIABILITIES		1,074,798,958	988,164,893
TOTAL LIABILITIES		1,665,803,779	1,532,528,239
NET SHAREHOLDERS' EQUITY			
Issued capital	(23a)	1,329,872,285	1,294,872,285
Retained earnings		537,036,171	465,582,534
Other reserves	(23d)	(458,574,633)	(457,727,425)
Shareholders' equity attributable to owners of the parent		1,408,333,823	1,302,727,394
Non-controlling interest	(23e)	5,826,334	5,604,555
TOTAL NET SHAREHOLDERS' EQUITY		1,414,160,157	1,308,331,949
TOTAL NET LIABILITIES & SHAREHOLDERS' EQUITY		3,079,963,936	2,840,860,188

The accompanying notes 1 to 31 form an integral part of these consolidated financial statement

CONSOLIDATED INTERIM CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of September 30, 2019 and 2018 (not audited)



STATEMENTS OF COMPREHENSIVE INCOME		For the period from July	For the nine month	For the period from July 1	For the nine month
		1 to September 30 2019	period ended	to September 2018	period ended
		ThCh\$	September 2019	ThCh\$	September 30 2018
Income from ordinary operations	(25a)	369,482,771	1,121,014,318	391,256,071	1,174,111,806
Other income	(25b)	14,257,774	16,997,352	1,275,208	5,279,483
Employee benefits expenses	(21d)	(27,131,828)	(91,038,917)	(30,682,616)	(93,492,795)
Depreciation and amortization expense	(13b) (15b)	(83,409,716)	(249,683,030)	(68,047,358)	(210,172,159)
Other expenses, by nature	(25c)	(221,440,074)	(672,036,725)	(250,982,219)	(762,677,686)
Profit from operating activities		51,758,927	125,252,998	42,819,086	113,048,649
Interest income	(25d)	1,219,740	4,114,556	1,513,208	3,659,679
Interest expense	(25d)	(11,242,689)	(33,366,782)	(9,957,471)	(29,272,538)
Foreign exchange differences	(25e)	(20,452)	(876,871)	260,793	225,470
Income from indexation units	(25f)	(548,630)	(312,614)	706,568	571,610
Profits before tax from continuing operations		41,166,896	94,811,287	35,342,184	88,232,870
Income tax expense	(11e)	(14,437,947)	(22,914,811)	(9,696,893)	(18,936,940)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		26,728,949	71,896,476	25,645,291	69,295,930
Profit attributable to holders of equity instruments of the controller and minority interest:					
Profit attributable to owners of the parent		26,600,608	71,674,989	25,616,773	69,169,195
Profit attributable to non-controlling interest	(23e)	128,341	221,487	28,520	126,737
PROFIT (LOSS) FOR THE PERIOD		26,728,949	71,896,476	25,645,293	69,295,932
EARNINGS PER SHARE		Ch\$	Ch\$	Ch\$	Ch\$
Earnings per basic share					
Earnings per basic share for continuing operations	(24)	0.028	0.077	0.028	0.075
Earnings per basic share for discontinuing operations					
Earnings per basic share		0.028	0.077	0.028	0.075
Diluted earnings per share					
Diluted earnings per share from continuing operations		0.028	0.077	0.028	0.075
Diluted earnings per share from discontinuing operations					
Diluted earnings per share		0.028	0.077	0.028	0.075

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements

CONSOLIDATED INTERIM CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of September 30, 2019 and 2018 (not audited)



	For the period from July 1 to September 30	For the nine month period ended September 30	For the period from July 1 to September 30	For the nine month period ended September 30
	2019	2019	2018	2018
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
STATEMENTS OF COMPREHENSIVE INCOME				
PROFIT (LOSS) FOR THE PERIOD	26,728,949	71,896,476	25,645,291	69,295,930
OTHER COMPREHENSIVE INCOME				
Components of other comprehensive income that will not be reclassified to income for the period				
Other comprehensive income, before taxes, profits, (losses) on new measurements of defined benefits plans	(2,204,680)	(4,815,010)	203,303	(50,810)
Other comprehensive income, equity, instruments reserves				
Total other comprehensive income that will not be reclassified to income for the period	(2,204,680)	(4,815,010)	203,303	(50,810)
Components of other comprehensive income that will be reclassified to income for the period				
Profit (loss) on cash flow hedges	(1,692,597)	(1,642,988)	(6,586,789)	(8,253,644)
Profit (loss) on new measurement of available-for-sale financial assets	402,960	402,960	(1,070,000)	(1,587,701)
Total Components of other comprehensive income that will be reclassified to income for the period	(1,801,720)	(4,412,828)	(7,656,798)	(9,841,345)
Total other components of other comprehensive income, before taxes	(3,494,317)	(6,055,816)	(7,453,486)	(9,892,155)
Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period				
Income taxes associated to new measurements of defined benefits plants of other comprehensive income	595,264	1,300,263	13,397	13,397
Total Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period				
Income taxes associated to components of other comprehensive income which will be reclassified to income for the period				
Income tax related to hedging cash flows from other comprehensive income	3,962,672	3,949,275	185,306	2,800,601
Total income taxes associated to components of other comprehensive income which will be reclassified to income for the period	4,557,936	5,249,538	198,703	2,813,998
TOTAL OTHER COMPREHENSIVE INCOME	1,063,619	(806,278)	(7,254,783)	(7,078,157)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	27,792,569	71,090,198	18,390,508	62,217,773
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Comprehensive income attributable to owners of the parent	27,598,150	70,827,781	18,407,466	62,175,959
Comprehensive income attributable to non-controlling interest	130,088	262,417	(16,958)	41,814
TOTAL COMPREHENSIVE INCOME	27,728,239	71,090,198	18,390,508	62,217,773

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As of September 30, 2019 and 2018 (not audited)



	Changes in capital (Note 23 a)	Changes in the other reserves (Note 23 d)				Retained earnings	Equity attributable to owners of the parent	Non controlling interests (Note 23 e)	Total Equity	
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves					Total other reserves
Beginning balance of tax year	1,294,872,285	338,921	(8,203,551)	1,271,402	(451,134,197)	(457,727,425)	465,582,534	1,302,727,394	5,604,555	1,308,331,949
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	71,674,989	71,674,989	221,487	71,896,476
Other comprehensive income	-	2,253,438	(3,500,141)	399,497	-	(847,208)	-	(847,208)	40,930	(806,278)
Comprehensive income	-	2,253,438	(3,500,141)	399,497	-	(847,208)	71,674,989	70,827,781	262,417	71,090,198
Dividends	-	-	-	-	-	-	39,974	39,974	(40,620)	(646)
Increase capital	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Other increase (decrease) from transfers	-	-	-	-	-	-	-	-	-	-
And other changes (1)	-	-	-	-	-	-	(261,326)	(261,326)	(18)	(261,344)
Total changes in shareholders' equity	35,000,000	-	-	-	-	-	(221,352)	34,778,648	(40,638)	34,738,010
Ending balance as of 09.30.2019	1,329,872,285	2,592,359	(11,703,692)	1,670,899	(451,134,197)	(458,574,633)	537,036,171	1,408,333,823	5,826,334	1,414,160,157
Beginning balance of tax year	1,257,872,285	5,172,662	(8,038,094)	1,493,734	(451,774,473)	(453,146,171)	487,027,163	1,291,753,277	6,541,189	1,298,294,466
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	69,169,193	69,169,193	126,737	69,295,930
Other comprehensive income	-	(5,383,809)	(37,153)	(1,572,272)	-	(6,993,234)	-	(6,993,234)	(84,923)	(7,078,157)
Resultado integral	-	(5,383,809)	(37,153)	(1,572,272)	-	(6,993,234)	69,169,193	62,175,959	41,814	62,217,773
Dividends	-	-	-	-	-	-	60,417,721	60,417,721	(27,560)	60,390,161
Increase capital	37,000,000	-	-	-	-	-	-	37,000,000	-	37,000,000
Other increase (decrease) from transactions with treasury shares	-	-	-	-	-	-	-	-	-	-
Other increase (decrease) from transfers and other changes (2)	-	-	-	-	(115)	(115)	(19,931,515)	(19,931,630)	(269,915)	(20,201,545)
Total changes in shareholders' equity	37,000,000	(5,383,809)	(37,153)	(1,572,272)	(115)	(6,993,349)	109,655,399	139,662,050	(255,661)	139,406,389
Ending balance as of 06.30.2018	1,294,872,285	(211,147)	(8,075,247)	(78,538)	(451,774,588)	(460,139,520)	596,682,562	1,431,415,327	6,285,528	1,437,700,855

(1) Movements in equity correspond to the effects of the first-time application of IFRS 16 both current as of January 1, 2019, at the Parent Company and subsidiary Telefónica Chile S.A.

(2) Movements in equity correspond to the effects of the first-time application of IFRS 9 and IFRS 15 both current as of January 1, 2018, at the Parent Company and subsidiaries Telefónica Chile S.A. and Telefónica Empresas S.A.

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements



		For nine-month periods ended September 30,	
	Notes	<u>2019</u> ThCh\$	<u>2018</u> ThCh\$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Classes of operating activity charges			
Proceeds from sale of assets and services rendered		1,281,312,942	1,330,977,758
Proceeds from sales and services		1,227,489,344	1,325,088,969
Proceeds from related entities		53,823,598	5,888,789
Classes of payments		(1,050,514,144)	(1,117,449,261)
Payments to suppliers for supplying goods and services		(674,288,200)	(775,831,257)
Payments to and on account of employees		(110,067,540)	(128,694,149)
Payments from related entities		(95,890,748)	(44,582,300)
Other operating activities payments (1)		(170,267,656)	(168,341,555)
Net cash flows provided by (used in) operating activities		230,798,798	213,528,497
Income taxes paid reimbursed classified as operating activities (less)		(4,686,831)	(10,145,653)
Cash flows provided by (used in) operating activities		<u>226,111,967</u>	<u>203,382,844</u>
CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES			
Amounts from sales of property, plant and equipment,		23,727,169	3,346,280
(Payments) proceeds Loans to related entities, classified as investing activities		(265,362,644)	(238,984,691)
Dividends received		248,806	177,209
Interest received, classified as investing activities		2,559,717	3,947,532
Other cash inputs (outputs), classified as investing activities		(10,000,000)	(29,509,676)
Net cash flows provided by (used in) investment activities		<u>(248,826,952)</u>	<u>(261,023,346)</u>
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Proceeds from loans, classified as financing activities			
Loans from related entities	(9d)	179,900	(1,767,000)
Loan reimbursement		(47,000,000)	-
Payments to acquire or redeem the entity's shares	(23a)	35,000,000	37,000,000
Lease payments as per IFRS 16		(30,712,784)	-
(Payments) collections loans		(40,625)	(24,475)
Interest paid (2)		(21,605,512)	(20,413,261)
Other cash inputs (outputs)		(2,430,624)	(6,794,022)
Net cash flows provided by (used in) financing activities		<u>(66,609,645)</u>	<u>8,001,242</u>
Increase (decrease) in cash and cash equivalents, before the effects of changes in he exchange rate		(89,324,630)	(49,639,260)
Effects of changes in the exchange rate over cash and cash equivalents		(46)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(89,324,584)	(49,639,260)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		263,376,456	206,793,908
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(5)	<u>174,051,872</u>	<u>157,154,648</u>

(1) Corresponds to the net amount of factoring transactions, portfolio sales, VAT and fee-based payments.

(2) Corresponds to interest paid on bonds and loans. See note 17.

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements



1. Corporate information:

Telefónica Móviles Chile S.A. (formerly Inversiones Telefónica Móviles Holding S.A., (hereinafter “the Company”), was established as a limited liability company on July 12, 2004, On December 30, 2011 the partners agreed to change it to a closely held company. The Company’s capital is divided into 10 billion common, single series registered shares, without par value, which have been fully subscribed and paid. The Company’s line of business is: i) operating the public telephone service concessions which it May come to hold by virtue of Supreme Decrees issued by the Ministry of Transportation and Telecommunications; ii) performing all types of activities in the field of telecommunications services (fixed and mobile), comprising the installation, operation, exploitation and management, in general, of all types of networks, systems and services; iii) purchasing and selling all types of articles and products in the communications area; iv) offering data processing services to third parties; v) performing research and development activities in the telecommunications and telematics fields; vi) investing in tangible and tangible personal property, in shares of public companies, rights in other companies, bonds, commercial papers and other transferable securities, as well as their administration and operation. The Company is located at Avenida Providencia No, 111, Santiago, Chile.

Telefónica Móviles Chile S.A. forms part of the Telefónica Group, and its majority shareholders are indirect subsidiaries of Telefónica S.A., whose activities are headquartered in Spain.

The subsidiary registered in the Securities Registry is:

Subsidiary	Taxpayer No.	Registration No.	Participation percentage (direct and indirect)	
			09.30.2019	12.31.2018
			%	%
Telefónica Chile S.A.	90.635.000-9	009	99.1405597	99.140.5597

2. Significant accounting principles:

a) Accounting period

The interim consolidated financial statements (hereinafter, the “financial statements”) cover the following periods: Interim Consolidated Statements of Financial Position, ended as of september 30, 2019 and december 31, 2018; Interim Statement of Changes in Equity, Interim Consolidated Comprehensive Income Statements and interim Statements of Cash Flows for the nine-month periods ended as of september 30, 2019 and 2018.

b) Basis of presentation

The consolidated financial statements for September 30, 2019 and annual at december 31, 2018 and their corresponding notes are shown in a comparative manner in accordance with Note 2a). Certain minor reclassifications have been made for comparison purposes to the 2018 financial statements, for better comparison with the financial statements as of September 30, 2019.

c) Basis of preparation

The consolidated financial statements as of September 30, 2019, and the Consolidated Comprehensive Income Statements, Interim Statement of Changes in Equity, and interim Statements of Cash Flows for the nine-month periods ended as of September 30, 2019 and 2018 have been prepared in accordance with International Accounting Standard 34 (IAS 34) “Interim Financial Reporting”, incorporated in International Financial Reporting Standards.

The figures included in these consolidated financial statements are expressed in thousands of Chilean pesos, since the Chilean peso is the Company’s functional and reporting currency. All values are rounded to the nearest thousands, except when otherwise indicated.

The Company's Board of Directors is responsible for the information contained in these consolidated financial statements, and it expressly manifests its responsibility for the consistent and reliable nature of the application of IFRS.

d) Exchange Method

Balances of monetary assets and liabilities denominated in foreign currency are presented valued at the closing exchange rate for each exercise, Foreign currency translation differences arising from the application of this standard are recognized in income for the period through the “Foreign currency translation differences account and differences resulting from valuation of the UF are recognize in income for the period in the “income from indexation units” account.

Non-monetary items in foreign currency, which are measured in terms of historical cost, are converted using the exchange rate on the transaction date and non-monetary items that are measured at fair value in a foreign currency, are converted using the exchange rates for the date on which this fair value is measured.

When a loss or profit derived from a non-monetary item is recognized in other comprehensive income, any foreign currency translation difference included in that loss or profit, is also recognized in other comprehensive income. On the other hand, when the loss or profit, derived from a non-monetary item, is recognized in income for the period, any foreign currency translation difference, included in this loss or profit, will also be recognized in income for the exercise.

2. Significant accounting principles, continued

d) Exchange Method

Assets and liabilities in US\$ (United States dollars), Euros, Brazilian Real and UF (Unidades de Fomento), have been converted to Chilean pesos at the observed exchange rates as of the closing date of each period, detailed as follows:

DATE	USD	EURO	REAL	UF
09.30.2019	728.21	793.86	175.10	28,048.53
12.31.2018	694.77	794.75	179.59	27,565.79
09.30.2018	660.42	767.22	164.41	27,357.45

e) Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the parent company and its subsidiaries (hereinafter, "the Company"), including assets, liabilities, income, expenses and cash flows after making adjustments and eliminations related to transactions between the companies that are part of the consolidation, Minority investments have been recognized under "Non-controlling Interests" (note 23e).

Control is achieved when the Company is exposed to or has rights to variable returns from its interest in the investee and has the capacity to influence these returns through its power over it, In order to comply with the definition of control the following points must be fulfilled:

- Power over the investee (i.e, existing rights that give it the capacity to direct the relevant activities of the investee),
- Exposure, or right to variable returns from its interest in the investee; and
- Capacity to use its power over the investee to influence the amount of the returns of the investor.

The financial statements of the consolidated companies cover the periods ended on the same dates as the individual financial statements of the parent Company, Telefónica Móviles Chile S.A. and have been prepared using the same accounting policies.

Non-controlling interest represents the portion of net income or loss and net assets of certain subsidiaries that are not owned by the parent company, and are presented in the consolidated statements of income and equity, separately from shareholders' equity.

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Origin Country	Currency	% of participation			12.31.2018 Total
				Direct	Indirect	Total	
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	Chile	CLP	99.9999996	-	99.9999996	99.9999996
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	Chile	CLP	100.0000000	-	100.0000000	100.0000000
90.635.000-9	Telefónica Chile S.A.	Chile	CLP	99.1405597	-	99.1405597	99.1405597
76.703.410-1	Telefónica Empresas Chile S.A.	Chile	CLP	-	99.9999973	99.9999973	99.9999973
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	Chile	CLP	49.0000000	51.0000000	100.0000000	100.0000000



2. Significant accounting principles, continued

e) Basis of consolidation, continued

The summarized financial information at September 30, 2019 of the companies included in the consolidation is as follows:

Taxpayer No.	Company Name	% Participation	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	100.00	827,130	-	827,130	31,940	-	31,940	795,190	-	(97,681)
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	8,944,225	223,693	9,167,918	7,084,115	3,971	7,088,086	2,079,832	1,072,646	38,769
90.635.000-9	Telefónica Chile S.A.	99.1405597	267,419,952	1,256,992,971	1,524,412,923	295,651,188	548,159,872	843,811,060	680,601,863	346,761,986	26,537,025
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	184,736,786	87,930,996	272,667,782	147,401,583	5,335,212	152,736,795	119,930,987	246,171,713	13,012,652
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	87,055,506	54,682,529	141,738,035	51,664,061	33,397,565	85,061,626	56,676,409	131,693,205	4,708,763

The summarized financial information at September 30, 2018 of the companies included in the consolidation is as follows:

Taxpayer No.	Company Name	% Participation	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	100.00	1,678,122	-	1,678,122	780,863	-	780,863	897,259	-	(60,149)
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	8,726,722	197,755	8,924,477	6,788,717	43,142	6,831,859	2,092,618	4,229,804	1,140,688
90.635.000-9	Telefónica Chile S.A.	99.0281653	238,285,555	1,184,341,689	1,422,627,244	271,655,507	502,544,202	774,199,709	648,427,535	350,921,713	13,829,858
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	147,230,152	90,850,440	238,080,592	131,581,497	3,378,847	134,960,344	103,120,248	237,324,633	6,658,941
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	98,434,126	49,823,206	148,257,332	55,120,571	33,995,171	89,115,742	59,141,590	149,629,211	13,689,870

2. Significant accounting principles, continued

f) Financial assets and liabilities

1. Financial assets other than derivatives

Classification and presentation

The Company classifies its financial assets into the following categories: loans and accounts receivable, financial assets at fair value through profit and loss, financial assets held to maturity and assets-held-for-sale. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at the time of initial recognition.

i) Amortized cost

Financial assets that comply with the following two conditions will be measured at amortized cost: the objective of the business model supporting them is to hold the financial assets to obtain contractual cash flows and in turn, the contractual conditions of the financial assets lead to cash flows composed of principal and interest payments only on specific dates.

The Company's financial assets that comply with the conditions established in IFRS 9, for valuation at amortized cost are: accounts receivable, loans and cash and cash equivalents.

Trade receivables are recognized for the amount of the invoice, and an adjustment is recorded if there is objective evidence of customer payment risk.

The estimated impairment of accounts receivable, is determined on the basis of the expected loss throughout the lives of the assets, determined by assessing the historical payment behavior and current information demonstrating the present and future condition of customers from the various segments that compose the portfolio. Recoverability matrices are prepared for this assessment, composed of aging periods, which provide the percentages of uncollectible based on past behavior, in addition to gathering timely customer information and monitoring changes in macroeconomic factors, thus recognizing impairment which are from inception.

Loans and accounts receivable are included in "Trade and other accounts receivable" in the consolidated statement of financial position, except for those with due dates in excess of 12 months from the closing date which are classified as Non-current trade and other accounts receivable. They are recorded at amortized cost using the effective interest rate method, which is its initial fair value.

The effective interest rate method is a method for calculating the amortized cost of a financial asset or liability and imputing finance income or expenses throughout the relevant period, The effective interest rate is the discount rate that exactly matches the estimated cash flows receivable or payable throughout the expected life of the financial instrument (or, when adequate in a shorter period) with the net carrying amount of the financial asset or liability.

Short-term trade receivables are not discounted. The Company has determined no difference between the amount invoiced and the amortized cost, as the transaction has no significant associated costs.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

Cash and cash equivalents recognized in the financial statements includes cash balances, checking accounts, time deposits and investments in instruments with original maturity of three months or less. These items are recorded at their historical cost, which does not significantly differ from their realization value.

There are no restrictions on the use of cash and cash equivalents contained in this heading.

ii) Financial assets at fair value through other comprehensive income

Financial assets that comply with the following two conditions are measured at fair value through other comprehensive income: they are classified within a business model whose objective is to hold financial assets both to collect contractual cash flows and to sell them and in turn, contractual conditions lead to payment of principal and interest on the amount of the outstanding principal.

The Company will apply this valuation to factoring transactions, as long as the following conditions are met by sales subject to this transaction: significant, frequent sales, not motivated by credit risk and far from their due date.

iii) Financial assets at fair value through profit or loss

Financial assets will be considered in this category when they are not classified in the two previous categories or are irrevocably designated at their initial recognition at fair value through profit or loss.

They are recorded in the statement of financial position at fair value, and changes in their value are recorded directly in income when they occur, as are the costs of the initial transaction.

2. Financial liabilities

The Company irrevocably determines the classification of its financial liabilities at the time of their initial recognition.

Financial liabilities are initially recognized at fair value and in the case of loans, include costs directly attributable to the transaction. Subsequent measurement of financial liabilities depends on their classification: amortized cost, fair value through profit or loss or held for trading.

Financial liabilities are derecognized when the obligation is cancelled, liquidated or expires, When an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, that exchange or modification is treated as an accounting derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Financial liabilities, continued

i) Financial liabilities at amortized cost

The Company classifies all its financial liabilities at amortized cost, except for liabilities held for trading or that decrease an accounting asymmetry, which are valued at fair value through profit or loss.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities are classified in the category of financial liabilities at fair value through profit or loss when they are initially recognized at fair value through profit or loss, in order to reduce accounting asymmetries.

This classification includes derivatives designated as effective hedging instruments (see note 19.2).

The underlying items associated to these derivatives, which are measured at amortized cost, consider the fair value risk rate amount determined.

3. Derivative financial instruments

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 19.2) to manage its risks associated to changes in interest rate and exchange rate. The Company's objective in respect to derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on underlying hedged transactions.

Derivative instruments are recognized at fair value on the date of the statement of financial position under "Other financial assets" or "Other financial liabilities" depending on whether their fair value is positive or negative respectively. They are classified as current or non-current depending on whether they mature in less than or more than twelve months. Derivative instruments that meet all the requirements for being treated as hedge instruments for long-term items are presented as non-current assets or liabilities, based on their balance separately from the hedged items, as indicated in IFRS 9.

Hedges for risks of variations, in exchange rates, in firmly committed transactions. May be treated indistinctly as either a fair value hedge or cash flow hedge.

Variations in the fair value of derivatives that have been designated as and meet the requirements for being treated as fair value hedge instruments, are recorded in the income statement netting the effects of the part of the underlying for which the risk is being hedged.

In the case of cash flow hedges, changes in the fair value of derivatives are recorded, for the effective part of those hedges, in an equity reserve called "Cash flow hedge reserve". The accumulated deficit or profit in that heading is transferred to the comprehensive statement of income to the extent that the underlying has an impact on the comprehensive income statement for the hedged risk, netting that effect. The part of the hedge considered to be ineffective is recorded directly in the comprehensive income statement.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

Initially, the Company formally documents the hedge relationship between the derivative and the hedged item, as well as the objectives and risk management strategies pursued in establishing the hedge. This documentation includes identifying the hedge instrument, hedged item or transaction as well as the nature of the hedged risk. It also specifies the method for assessing the degree of effectiveness when offsetting the exposure to changes in the hedged element, whether in its fair value or in the cash flows attributable to the hedged risk. The effectiveness assessment is performed prospectively and retroactively, both at inception of the hedge relationship and systematically throughout the period for which it were designated.

The fair value of the derivative portfolio reflects estimates based on calculations performed using observable market data, employing specific valuation and risk management tools widely used by diverse financial entities.

g) Inventory

Materials for consumption and replacement are valued at cost or net realization value, whichever is lower.

The net realizable value is the estimated sales value during the normal course of business, less costs related to the sale and costs related to finishing the product.

When cash flows related to inventory purchases are covered by an effective hedge, the corresponding gains and losses accumulated in equity become part of the cost of acquired inventory.

Obsolescence is determined on the basis of the age and commercial turnover of equipment and accessories, According to the Company's policies, establish a provision for items that have been in inventory for more than 360 days since their purchase date and whose turnover is greater than 12 months. Likewise, stored scrapped products or accessories are considered to be a total loss.

h) Non-current assets classified as held for sale

Non-current assets destined for sale are measured at the lower between the carrying amount and their fair value, less cost of sales. An asset is classified here when its carrying amount can be recoverable through a sales transaction, which is highly likely to take place, and the asset is immediately available in its present condition. Management must be committed to a plan to sell the asset and an active program to find a buyer and complete the plan must have been initiated, and the sale must be expected to qualify for full recognition.

Property, plant and equipment assets classified as held for sale are not depreciated.

i) Impairment of non-current assets

At each year-end non-current assets are evaluated for possible indications of impairment. If such indications exist, the Company estimates the asset's recoverable amount, which is its value in use or its fair value, less cost to sell, whichever is greater. Value in use is determined by discounting estimated future cash flows. When an asset's recoverable amount is less than its net book value, impairment is recorded.

2. Significant accounting principles, continued

i) Impairment of non-current assets, continued

To calculate impairment, the Company estimates the return on assets assigned to the different cash generating units based on expected cash flows.

j) Leases

Leases are recognized in accordance with IFRS 16, as a right of use asset and a corresponding liability as of the date on which the leased asset is available for use by the Company. The financial cost is charged to income over the term of the lease. The right of use asset is depreciated using the straight-line method over the useful life of the asset or the term of the lease, whichever is shorter.

1. Initial recognition

Right of use assets are measured at cost including the following:

- The initial measurement amount of the lease liability
- Any lease payment made on or before the commencement date less any lease incentive received.
- Any direct initial cost and
- Restoration or decommissioning costs.

Lease liabilities include the present value, as of the commencement date of the lease, net of the following payments:

- Fixed payments (including those that are so in substance), less lease incentives receivable.
- Variable lease payments based on an index or rate.
- The amounts that are expected to be payable by the lessee as guarantee for the residual value;
- Payment of fines for lease contract termination, if the lease termination reflects the lessee that exercises that option.

2. Subsequent measurement

The right of use asset must be measured using the cost model, that is, cost less accumulated depreciation and any accumulated impairment loss, adjusted for any new measurement of the lease liability, including restatement of indexation units (UF).

The lease liability will be measured increasing the carrying amount to reflect the interest on the lease liability and reducing the carrying amount to reflect lease payments made. In addition it must include new evaluations or modifications.

Lease payments are discounted using the implicit interest rate in the lease contract, if it can be determined, or the incremental interest rate.

Payments associated to short-term leases and low value asset leases are recognized, as an expense based on accrual of the service, in income. Short-term leases are those that are equal to or less than twelve months (that do not contain a purchase option). Low value assets comprise equipment for information processes, office furniture and equipment.

2. Significant accounting principles, continued

k) Income taxes

The income tax expense for each year comprises current and deferred income taxes.

Tax assets and liabilities for the current and prior periods are measured at the amount the Company estimates it will recover or pay to tax authorities. Tax rates and government regulations used to calculate these amounts are those in force as of each period 27% at September 30, 2019 and December 31, 2018 respectively.

The deferred tax amount is obtained from analyzing temporary differences that arise due to differences between the tax and book values of assets and liabilities, mainly allowance for doubtful accounts, depreciation of Property, plant and equipment and staff severance indemnities.

Under Chilean tax regulations tax loss carry forwards can be realized as future tax benefits with no time restrictions.

Temporary differences generally become taxable or deductible when the related liability is settled or the related asset is recovered. A deferred tax liability or asset represents the amount of tax payable or refundable in future years under the currently enacted tax laws and rates as a result of temporary differences determined as of the date of issuance of the financial statements. Deferred tax assets and liabilities are not discounted at their current value and are classified as non-current.

l) Goodwill

Represent the difference between acquisition cost and fair value, of the assets acquired, liabilities assumed and identifiable contingent liabilities acquired from an associate. After initial recognition, goodwill is recorded at cost, less any accumulated impairment loss.

The Company tests goodwill impairment annually and when there are indicators that the net carrying amount might not be fully recoverable. Impairment testing, based on fair value, is performed for each cash generating unit. If that fair value is less than the net carrying amount, an irreversible impairment loss is recognized in the income statement.

m) Intangibles

i) Concession licenses

Concession licenses correspond to the cost incurred to obtain mobile cellular telephone public services concessions. They are presented at their acquisition cost less accumulated amortization and less any impairment loss, should there be any. The Company amortizes these licenses over the concession period (30 years from the date of publication of the decree that accredits the respective license in the Official Gazette, which began in December 2003).

2. Significant accounting principles, continued

m) Intangibles, continued

ii) Licenses and softwares

Intangibles includes software licenses and the right to use underwater cable, which are recorded at acquisition or production cost, less accumulated amortization and less any accumulated impairment loss. Also includes intangible assets being developed which correspond to commercial systems applications, mainly billing, collecting and collections, to be used by the Company in the normal course of its operations in relation to its customer, These intangible assets being developed are recorded at acquisition cost plus all costs associated to their implementation and are amortized over the exercise in which their use is expected to generate income.

Software licenses and rights to use underwater cable have finite useful lives and are amortized over their estimated useful lives. As of the close of each period date there is an analysis underway to determine whether there are events or changes that indicate that the net book value might not be recoverable, in which case impairment tests will be carried out.

The methods and periods of amortization applied are reviewed as of each year-end and if applicable, adjusted in a prospective manner.

The Company amortizes software licenses and the right to use underwater cable using the straight-line method over their estimated useful lives, which for software licenses is 3 years and for rights to use underwater cables, a maximum of 20 years.

n) Property, plant and equipment

Property, plant and equipment items are valued at acquisition cost, less accumulated depreciation and less applicable impairment losses. Land is not depreciated.

Acquisition cost includes external costs plus internal costs necessary to carry out the investment, comprised of direct costs, direct labor costs used in the installation and any other cost necessary to carry out the investment, In addition., the Company recognizes an obligation for assets that will be dismantled, corresponding to future disbursements that the company must make for removal of certain installations. These future disbursements are incorporated in the restated value of the asset, recognizing the corresponding dismantling provision.

Changes in the valuation of existing dismantling liabilities, derived from changes in the amount or temporary structure of outflow of resources that incorporate economic benefits required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the corresponding asset in the current period. The amount deducted from the cost of the asset must not exceed its carrying amount. If the decrease in the liability should exceed the carrying amount of the asset, the excess is immediately recognized in income for period.

An asset's dismantling provisioned cost is recognized in the income statement through depreciation over its useful life, under depreciation and amortization expense. The provision discount process is recognized in income for the period as finance cost.

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, Maybe capitalized, Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale. At the closure of periods of 2019 and 2018 there are no capitalized interests.

2. Significant accounting principles, continued

n) Property, plant and equipment, continued

Costs for improvements that result in increased productivity, efficiency, or extension of the useful lives of assets, are capitalized as higher cost of such assets when they comply with the requirements to be recognized as an asset.

Repair and maintenance expenses are charged to the income statement account for the period, in which they are incurred.

ñ) Depreciation of property, plant and equipment

The Company depreciates Property, plant and equipment from the moment when the assets are in condition to be used, distributing the cost of the assets on a straight-line basis over the respective estimated useful life. Projects classified under building in progress, for which their estimated termination date as of each period closing has expired, but are in usable condition are also included.

The average annual financial depreciation rate of the Company is approximately 11.10% and 10.39% to September 30, 2019 and 2018, respectively.

Estimated useful lives are summarized in the following detail:

Assets	Useful lives in years	
	Minimum	Maximum
Buildings	5	40
Transportation equipment	7	10
Supplies and accessories	7	10
Office equipment	10	10
Information equipment	4	4
Network and communications equipment	5	20
Other property, plant and equipment	2	7

Estimated residual values, amortization methods and exercise are reviewed as of each year-end and if appropriate, adjusted prospectively.

o) Provisions

i) Employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using an nominal annual discount rate of 2.764% and 4.673% at September 30, 2019 and december 31, 2018 respectively, considering estimations such as future permanence, employee mortality rate and future salary increases determined on the basis of actuarial calculations, Discount rates are determined by reference to market interest curves.

2. Significant accounting principles, continued

o) Provisions, continued

ii) Provision for dismantling expenses

Corresponds to the cost that will be incurred in the future for dismantling microwave antennas from the telecommunications infrastructure once the third-party site rental contract ends. This cost is calculated at current value and recorded as a property, plant and equipment item in assets and as a non-current accrual for future obligations. That property, plant and equipment item is amortized over the duration of the asset associated to that accrual.

iii) Other provisions

Provisions are recognized when the Company has a present legal or constructive obligation, as a result of a past event, whose settlement requires an outflow of resources that is considered likely and can be reliably estimated. This obligation can be legal or constructive, derived from among other factors, regulations, contracts, common practices or public commitments that create a valid third-party expectation that the Company will assume certain responsibilities.

p) Income and expenses

Income and expenses are recognized in the income statement based on the accrual criteria, regardless of the moment at which the cash flows or financing derived from it is produced.

The Company's income is produced mainly by providing the following:

i) Telecommunications

It is composed of traffic voice and broadband, international business (correspondents), multiservice network services and capacities, television, interconnection, network and equipment rental, sale of equipment and other services, such as value added services or maintenance. Products and services can be sold separately or jointly, in commercial packages.

In the case of commercial offers where the customer pays a flat rate, which can include minutes, broadband and pay TV plans, revenue is recognized in a straight-line over the period covered by the rate paid by the customer.

In the case of revenue generated only by traffic, it is recorded as it is consumed.

In equipment sales, revenue is recognized at the time of delivery of the equipment to the customer; in case of sales including installation, configuration, startup or other complementary activities, revenue is recognized upon satisfactory reception by the customer.

Revenue from capacity and multi-service networks, is accrued as the services are rendered.

Interconnection revenue derived from fixed-mobile and mobile-fixed calls, as well as from other services used by customers, is recognized in the period in which such calls are placed.

2. Significant accounting principles, continued

p) Income and expenses, continued

i) Telecommunications, continued

The Company has current agreements with foreign correspondents, with conditions which are established to regulate international traffic and their collection or payment is performed in accordance with net traffic exchange and the rates set in each agreement. Accounting for this exchange is on an accrual basis, recognizing the costs and income in the period in which they are produced, recording balances receivable or payable for each correspondent under "Trade and other accounts receivable" or "Trade and Other Payables", as applicable.

The amount corresponding to traffic that has been pre-paid and use is pending generates deferred income which is recorded in liabilities. Electronic top-ups have an expiry period of 180 days if there are no new top-ups, and any deferred revenue associated to prepaid traffic is recognized directly in income when traffic is consumed or when the top-up expires, since as of that moment the Company has no remaining obligations to provide the service.

Monthly fees are recognized as income using the straight-line method in the corresponding period, Rentals and other services are recognized as income as the service is provided.

In accordance with IFRS 15, for commercial package offers that combine different goods and services for fixed telephone service, data, Internet and television, the Company determines whether it is necessary to separate the different elements identified, applying the appropriate revenue recognition criterion for each case. Total revenue for the package is allocated to its identified elements on the basis of their respective fair values (i.e. the fair value of each individual component, in relation to the total fair value of the package). To the extent that packages are commercialized with an equipment discount, the application of the new criteria will involve an increase in the recognition of income from sale of equipment, which will generally be recognized coinciding with the time of delivery to the customer, at the expense of periodic income from providing services in subsequent periods.

Likewise, due to IFRS 15 the Company will recognize an asset for the cost of obtaining contracts as long as these are incremental, the Company believes they will be recovered, they can be allocated to a contract and it is deemed that they will be amortized over more than one year. In addition, the Company will recognize an asset for the costs of complying with a contract as long as these are identified directly with a specific contract, generate or improve Company resources that will be used to satisfy or continue to satisfy compliance obligations in the future and the Company expects to recover those costs with time. In both cases the amortization period is determined based on the transfer of the goods or services related to those assets to the customer.

All costs directly associated to obtaining revenue are recognized in profit and loss to the extent that the revenue is generated. The rest of the expenses are recognized in profit and loss when they are accrued.

2. Significant accounting principles, continued

p) Income and expenses, continued

ii) Customer loyalty program:

The Company has a customer loyalty program called “Club Movistar” which provides multiple benefits to customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue when points are exchanged for products. As of September 30, 2019, the valuation of this loyalty program is immaterial in relation to the contracts for which it was generated.

iii) Government subsidies:

Operating subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. participate in tenders for State projects associated to the Telecommunications Development Fund, for the purpose of receiving resources to install operating assets for the operation and exploitation of public services. These resources, called government subsidies, are initially recorded as deferred income, under other non-financial liabilities, and charged against income over the useful lives of the assets associated to those subsidies (Note 22).

Subsidiary Telefónica Investigación y Desarrollo Chile SpA participates in tenders for State projects associated to the Innova Chile Committee, in order to carry out research and development, technology transfer and marketing activities, in the area of information and communication technologies. These government subsidies are initially recorded as deferred revenue under “other non-financial liabilities”, and are recoded in income as the projects progress in their development (Note 22).

q) Use estimates

The following section shows the main future hypotheses assumed and other relevant sources of uncertainty in estimates as of the reported periods that could have a significant effect on the financial statements in the future.

i) Property, plant and equipment and intangibles

The accounting treatment for Property, plant and equipment and intangible assets uses estimates to determine useful life for the purpose of calculating depreciation and amortization.

Determination of useful lives requires estimates regarding expected technological progress and alternative use of assets. Hypotheses regarding technological framework and its future development imply a significant degree of judgment, as the timing and nature of future technological change is difficult to predict.

ii) Deferred taxes

The Company evaluates probability of recovery of deferred tax assets based on estimates of future earnings. This probability of recovery ultimately depends on the Company’s capacity to generate taxable income throughout the period in which the deferred tax assets are deductible.

This analysis takes into consideration the forecasted reversal calendar for deferred tax liabilities as well as estimates of taxable income, based on internal projections that are updated to reflect recent trends.

2. Significant accounting principles, continued

q) Use estimates, continued

ii) Deferred taxes, continued

Determining the proper classification of tax items depends on various factors, including timing estimates, realization of deferred tax assets and the expected timing of tax payment. The real flows of income tax payments and recoveries. May differ from estimates made by the Company as a consequence of changes in tax legislation or of unforeseen future transactions that May affect tax balances.

As described in Note 1 and Note 11 c), during 2017 the Company merged by absorption with its subsidiary Telefónica Móviles Chile S.A., generating an impact on income in the amount of ThCh\$140,423,552. That amount arises from the allocation of tax goodwill generated in the merger, to the non-monetary assets of the absorbed entity, which is ultimately reflected in the recording of a deferred tax asset under IFRS. This allocation requires that management determine the fair value of those assets using their best estimate. As of March 31, 2018 the Company has concluded the process of estimating the fair value of non-monetary assets involved in the merger and has determined deferred taxes in the amount of ThCh\$ 148,606,473, which will be amortized over the useful lives of the corresponding assets.

iii) Provisions

Given the uncertainty inherent to estimates used to determine provisions, real disbursements. May differ from the amounts originally recognized using these estimates.

Determination of the amounts of provisions is based on the best estimate of the disbursements that must be made for the corresponding obligations, taking into consideration all information available as of period-end, including the opinion of independent experts, such as legal advisors and consultants.

iv) Employment benefits

The cost of defined benefit post retirement plans as well as the present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. All assumptions are reviewed once a year. In determining the appropriate discount rate management considers the interest rates of instruments issued by the Central Bank of Chile. The mortality rate is based on publicly available mortality tables for the specific country.

Future salary increases and pension increases are based on expected future inflation rates for the specific country. View details of the actuarial hypotheses used in Note 21a).

2. Significant accounting principles, continued

q) Use estimates, continued

v) Financial assets and liabilities

Where the fair value of financial assets and financial liabilities recorded in the balance sheet and disclosed in the notes cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instrument.

r) Methods of consolidation

Consolidation has been carried out using the global integration method for companies where there is control, whether through effective control or the existence of agreements with the rest of the shareholders.

All balances and transactions between consolidated companies have been eliminated in the consolidation process. Likewise, the margins included in these operations performed by companies dependent on other companies of the Company for capitalized goods or services have been eliminated in the consolidation process.

The accounts in the statement of comprehensive income and consolidated cash flows gather, respectively, the income, expenses and cash flows of companies that stop being a part of the Company up to the date on which the participation has been sold or the company has been liquidated. Likewise, in the case of new acquisitions, income and expenses and cash flows of the new companies are gathered from the date of purchase of those companies.

The value of the participation of non-controlling shareholders in the equity and income of dependent companies consolidated using the global integration method is presented in "non-controlling interests" and "income attributable to non-controlling interests", respectively.

s) New IFRS and Interpretations of the IFRS Interpretations Committee

i. Publication of new standards

IFRS improvements and amendments, as well as interpretations that have been published during the exercise are detailed below. As of the closing date, these standards are still not in forced and the Company has not opted for early application of any of them:

	New Standard	Mandatory application date
IFRS 17	Insurance Contracts	January 1, 2021

IFRS 17 "Insurance Contracts"

Published in May 2017, it replaces current IFRS 4, IFRS 17 will mainly change accounting for all entities that issue insurance contracts and investment contracts with discretionary participation characteristics. The standard is applicable to annual exercises commencing as of January 1, 2021. Early application is allowed only when IFRS 15, "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are applied.

2. Significant accounting principles, continued

s) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

ii. Publication of standards modifications

	Improvements and amendments	Mandatory application date
IFRS 9	Financial Instruments	January 1, 2019
IAS 28	Investments in Associates and Joint Ventures	January 1, 2019
IFRS 3	Business Combinations	January 1, 2019
IFRS 11	Joint Arrangements	January 1, 2019
IAS 12	Income Taxes	January 1, 2019
IAS 23	Borrowing Costs	January 1, 2019
IAS 19	Employee Benefits	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatment	January 1, 2019
IAS 1	Presentation of Financial Statements	January 1, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
IFRS 3	Business Combinations	January 1, 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	January 1, 2020
IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures	Determined

IFRS 9 “Financial Instruments”

Published in October 2017, The amendment allows more assets to be measured at amortized cost than in the previous version of IFRS 9, particularly certain prepaid financial assets with negative compensation. The qualifying assets, which include certain loans and debt instruments, would have otherwise been measured at fair value through profit or loss (FVTPL). In order to qualify for amortized cost, the negative compensation must be “reasonable compensation for early termination of the contract”.

IAS 28 “Investments in Associates and Joint Ventures”

Published in October 2017. This amendment clarifies that companies that account for long-term interests in an associate or joint venture – in which the equity method is not applicable – must be accounted for use IFRS 9. The Board has published an example that illustrates how companies apply the requirements of IFRS 9 and IAS 28 to long-term interests in an associate or a joint venture.

IFRS 3 “Business Combinations”

The amendment clarified that obtaining control of a company that is a joint operation, is a business combination that is achieved in stages. The acquirer must remeasure its previous participation in the joint operation at fair value on the date of acquisition.

IFRS 11 “Joint Arrangements”

Published in December 2017. The amendment clarifies, that the party that obtains joint control of a company that is a joint operation, cannot remeasure its previously held participation in the joint operation.

IAS 12 “Income Taxes”

The amendment clarified that the consequences of income tax on dividends from financial instruments classified as equity, must be recognized on the basis of where the past transactions or events that generated the distributable benefits were recognized.

2. Significant accounting principles, continued

s) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

ii. Publication of standards modifications, continued

IAS 23 “Borrowing Costs”

Published in December 2017. The amendment clarified that, if a specific loan is still outstanding after the qualified asset is ready for its foreseen use or sale, it becomes part of general borrowings.

IAS 19 “Employee Benefits”

Published in February 2018. The amendment requires that entities use updated assumptions to determine the cost of current service and net interest for the rest of the period after a modification, reduction or liquidation of the plan; and recognize any reduction in a surplus of profits or losses as part of the past cost of service, or a profit or loss in the settlement, even if this surplus was not previously recognized because it did not exceed the upper limit of the asset.

IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

Published in October 2018. It uses a definition of materiality that is consistent with all IFRS and the Conceptual Framework for Financial Reporting, it clarifies the explanation of the definition of material and incorporates some of the guidelines in IAS 1 on immaterial information.

IFRS 3 “Business Combinations”

Published in October 2018. It revises the definition of a business. Based on the feedback received by the IASB, the application of the guidelines is often thought to be too complex and results in too many transactions that qualify as business combinations.

IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

Published in September 2019. These amendments provide certain simplifications in relation to interest rate benchmark reform. The simplifications are related to hedge accounting and have an effect on IBOR reform which generally should not cause hedge accounting to end. However, any hedge ineffectiveness must continue to be recorded in income.

IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”

Published in September 2014. This amendment addresses an inconsistency in the requirements of IFRS 10 and IAS 28 related to the treatment of the sale or contributions of assets between an investor and its associate or joint venture. The main consequence of the amendment is that a full gain or loss is recognized when the transaction involves a business (whether it is in a subsidiary or not) and a partial gain or loss when the transaction involves assets that do not constitute a business, even if these are in a subsidiary.

2. Significant accounting principles, continued

s) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

iii. Application of new standards

Based on the analysis performed to date, the Company believes that the application of many of these standards, improvements, amendments and interpretations will not have a significant impact on the financial statements in the exercise of initial application.

t) Statement of cash flows

The statement of cash flows includes movements of cash performed during the period, determined using the direct method. Cash flows are understood to be cash inflows and outflows or inflows and outflows of other equivalent means, such as highly liquid time deposits maturing in less than three months with low risk of change in value. The following expressions are used in the following sense:

- i. Operating activities: are activities that constitute the main source of the Company's ordinary income, as well as other activities that cannot be qualified as from investing or financing activities.
- ii. Investing activities: are activities such as acquisition, alienation or disposal of non-current assets by other means and other investments not included in cash and cash equivalents.
- iii. Financing activities: are activities that produce changes in the size and composition of total shareholders' equity and in liabilities of a financial nature.

3. Changes in Accounting Policy and Disclosures

IFRS have been consistently applied during the exercise covered by these financial statements, except for the application of IFRS 16, current since January 1, 2019.

The Company has adopted IFRS 16 using a partial modified retrospective method as of January 1, 2019, but has not re-expressed the comparative information for 2018, in accordance with what is allowed by the standard, considering all contracts with a term longer than 12 months. The Company has decided to apply the low value exception only to assets identified as office furniture and equipment with a value of less than US\$ 5,000.

As of January 1, 2019, the date of initial application of IFRS 16, the Company has recorded a net, first-time application effect of ThCh\$ 261,326, as a decrease in retained earnings, under equity, composed of ThCh\$ 357,981 in effect of first-time application of IFRS 16 and ThCh\$ 96,655 in deferred taxes. Likewise, as explained in Note 2 j), the Company has recognized a right of use asset in the amount of ThCh\$ 223,097,434 and a liability for the lease obligation in the amount of ThCh\$223,455,433.

4. Financial information by segment

Telefónica Móviles Chile S.A. discloses segment information in accordance with IFRS 8, "Operating Segments" which establishes the standards for reporting operating segments and related disclosures for products and services and geographical areas. Operating segments are defined as components of an entity for which there is separate financial information that is regularly used by the main decision maker to decide how to assign resources and to evaluate performance. The Company presents segment information that is used by management for internal decision making purposes.

4. Financial information by segment, continued

The Company manages and measures the performance of its operations by business segment. Since the Company's corporate organization coincides basically with that of the businesses, and therefore the segments, distribution established in the information presented below, is based on the financial information of the companies. These are integrated in each segment. Assets and liabilities correspond to those directly attributable to the segment.

The operating segments reported internally are as follows:

a) Mobile Telecommunications

Mobile Telecommunications services mainly include revenue from the providing of mobile telecommunications services, sale of electronic prepaid top-up and the sale of handheld equipment. Revenue is recognized as the services are provided.

b) Fixed Telecommunications

Landline telephone services include basic telephone services, connections and line installations, value added services, broadband, dedicated lines, international long-distance services, marketing of handsets, and circuit media rental and others. According to the financial statements, the income is recognized as the services are provided or the equipment is sold.

c) Television Services

Multimedia services include direct and indirect development, installation, maintenance, marketing and operations of television services via cable, satellite, broadband or any other physical means using any physical or technical means, including individual paid services or multiple basic channels, special or paid, videos on demand and interactive or multimedia television services. Corresponding with the financial statements, income is recognized as the services are delivered.

d) Corporate Communications and Data

Corporate communications services include revenue from the sale and rental of telecommunications equipment and the sale of networks to corporate customers, rental of networks associated to public or private projects and data transmission services. Revenue is recognized as the services are provided or the equipment is sold.

e) Others

"Other" includes logistics, personnel and management services.



4. Financial information by segment, continued

Relevant information regarding Telefónica Móviles Chile S.A. and his subsidiaries, which represent different segments, together with information regarding other subsidiaries, corresponding to September 30, 2019, december 31, 2018 and September 30, 2018 is detailed as follows:

For the exercise ended as of September 30, 2019	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	639,384,884	247,459,237	117,651,149	116,519,048	-	-	1,121,014,318
Income from ordinary activities arising from transactions with other operating segments of the same entity	5,357,062	96,885,153	12,001,512	-	131,693,205	(245,936,932)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	644,741,946	344,344,390	129,652,661	116,519,052	131,693,205	(245,936,936)	1,121,014,318
Cost of sales	210,778,131	28,915,746	77,111,273	83,629,382	-	(100,932,276)	299,502,256
Administrative expenses	243,904,066	173,492,816	34,929,721	28,473,296	17,278,705	(125,544,135)	372,534,469
Employee benefits expenses	1,020,078	195,606	4,157	-	106,591,932	(16,772,856)	91,038,917
Cost of interest	19,902,813	16,451,887	406,344	37,794	1,449,340	(4,881,396)	33,366,782
Interest income	3,652,756	3,858,092	879,959	-	653,681	(4,929,932)	4,114,556
Depreciation and amortization	118,547,471	117,237,582	10,504,173	4,024,348	1,254,120	(1,884,664)	249,683,030
Participation in profit of associated companies accounted for using the equity method	28,518,569	15,352,907	61,214	-	-	(43,932,690)	-
Income tax expense	13,055,203	3,250,921	(855,445)	6,185,265	1,278,867	-	22,914,811
Other significant non-cash items	3,169,524	2,090,654	10,350,071	-	117,160	80,457	15,807,866
Profits(loss) before tax	85,930,236	29,352,406	17,988,237	354,232	5,889,949	(44,703,774)	94,811,286
Profit (loss) for the period from continuing operations	72,875,033	26,101,485	18,843,682	(5,831,033)	4,611,082	(44,703,774)	71,896,475
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	72,875,033	26,101,485	18,843,682	(5,831,033)	4,611,082	(44,703,774)	71,896,475
Assets	2,401,060,917	1,524,412,923	119,973,824	152,693,958	142,565,165	(1,260,742,851)	3,079,963,936
Investments in associates accounted for using the equity method	703,319,126	148,099,159	736,912	-	-	(852,155,197)	-
Increases in non-current assets	50,822,199	129,900,402	14,731,635	-	-	-	195,454,236
Liabilities	985,341,530	843,811,060	85,532,605	67,204,190	85,093,566	(401,179,172)	1,665,803,779
Shareholders' equity	1,415,719,387	680,601,863	34,441,219	85,489,768	57,471,599	(859,563,679)	1,414,160,157
Liabilities & Shareholders' equity	2,401,060,917	1,524,412,923	119,973,824	152,693,958	142,565,165	(1,260,742,851)	3,079,963,936
Cash flows provided by (used in) operating activities	88,948,481	144,822,599	(5,606,538)	(6,753,554)	(17,697,881)	22,398,860	226,111,967
Cash flows provided by (used in) investment activities	(63,183,601)	(181,870,675)	2,672,144	4,750,477	3,490,951	(14,686,247)	(248,826,951)
Cash flows provided by (used in) from in financing activities	(75,875,873)	(28,297,040)	3,032,241	3,706,072	14,289,999	16,534,955	(66,609,646)



4. Financial information by segment, continued

For the exercise ended as of december 31, 2018	Mobile	Fixed	Corporate	Television	Other	Eliminations	Total
	Telecommunications	Telecommunications	Communication and Data	Services			
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	916,884,001	342,366,904	145,695,967	168,285,098	-	-	1,573,231,970
Income from ordinary activities arising from transactions with other operating segments of the same entity	9,066,715	122,981,231	11,955,158	-	190,319,297	(334,322,401)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	925,950,716	465,348,135	157,651,125	168,285,098	190,319,297	(334,322,401)	1,573,231,970
Cost of sales	387,050,151	48,458,836	92,737,683	109,040,769	-	(147,446,814)	489,840,625
Administrative expenses	324,930,291	254,687,307	47,204,241	41,808,419	27,298,383	(161,014,411)	534,914,230
Employee benefits expenses	1,961,124	(124,590)	6,963	-	147,247,170	(24,369,572)	124,721,095
Cost of interest	23,378,229	19,102,856	1,249,534	125,066	2,173,005	(3,863,901)	42,164,789
Interest income	3,276,084	4,370,302	1,095,068	-	925,601	(3,800,252)	5,866,803
Depreciation and amortization	110,573,216	146,901,527	14,802,131	6,641,250	24,285	593,053	279,535,462
Participation in profit of associated companies accounted for using the equity method	20,442,547	17,755,257	132,383	-	-	(38,330,187)	-
Income tax expense	18,328,313	7,041,819	(2,837,222)	2,369,705	4,701,741	-	29,604,356
Other significant non-cash items	3,917,234	4,838,887	(1,320,991)	-	318,474	(156,069)	7,597,535
Profits(loss) before tax	105,693,570	23,286,645	1,557,033	10,669,594	14,820,529	(40,507,264)	115,520,107
Profit (loss) for the period from continuing operations	87,365,257	16,244,826	4,394,255	8,299,889	10,118,788	(40,507,264)	85,915,751
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	87,365,257	16,244,826	4,394,255	8,299,889	10,118,788	(40,507,264)	85,915,751
Assets	2,112,225,017	1,461,853,436	100,735,756	128,209,144	155,540,437	(1,117,703,602)	2,840,860,188
Investments in associates accounted for using the equity method	676,446,612	135,989,648	721,207	-	-	(813,157,467)	-
Increases in non-current assets	70,101,714	168,302,283	19,372,282	-	434,659	-	258,210,938
Liabilities	803,312,139	812,518,176	69,628,049	54,707,752	99,170,087	(306,807,964)	1,532,528,239
Shareholders' equity	1,308,912,878	649,335,260	31,107,707	73,501,392	56,370,350	(810,895,638)	1,308,331,949
Liabilities & Shareholders' equity	2,112,225,017	1,461,853,436	100,735,756	128,209,144	155,540,437	(1,117,703,602)	2,840,860,188
Cash flows provided by (used in) operating activities	227,009,555	128,485,092	20,591,309	24,803,992	20,891,729	13,226,560	435,008,237
Cash flows provided by (used in) investment activities	(89,289,329)	(168,378,665)	(11,285,799)	(20,063,643)	-	18,393,042	(270,624,394)
Cash flows provided by (used in) from in financing activities	(88,184,774)	54,107,684	(6,237,478)	(7,623,585)	(20,505,000)	(39,358,253)	(107,801,406)



4. Financial information by segment, continued

For the exercise ended as of September 30, 2018	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	680,387,059	258,119,929	100,417,154	127,746,720	33,521	-	1,166,704,383
Income from ordinary activities arising from transactions with other operating segments of the same entity	6,732,018	92,801,784	9,160,759	-	149,595,690	(258,290,251)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	687,119,077	350,921,713	109,577,913	127,746,720	149,629,211	(258,290,251)	1,166,704,383
Cost of sales	285,502,705	36,990,467	63,112,862	82,289,537	-	(121,341,661)	346,553,910
Administrative expenses	244,735,183	196,085,600	36,829,651	31,688,871	42,484,137	(143,107,089)	408,716,353
Employee benefits expenses	1,536,870	-	-	-	-	91,955,925	93,492,795
Income from ordinary activities arising from interest	1,894,455	4,077,830	803,405	-	820,824	(3,071,456)	4,525,058
Cost of interest	285,502,705	36,990,467	63,112,862	82,289,537	-	(121,341,661)	346,553,910
Interest income	244,735,183	196,085,600	36,829,651	31,688,871	42,484,137	(143,107,089)	408,716,353
Depreciation and amortization	1,536,870	-	-	-	-	91,955,925	93,492,795
Participation in profit of associated companies accounted for using the equity method	13,959,773	15,255,423	814,291	116,677	1,914,112	(1,922,359)	30,137,917
Income tax expense	1,894,455	4,077,830	803,405	-	820,824	(3,071,456)	4,525,058
Other significant non-cash items	84,053,744	109,391,391	11,065,737	5,198,707	16,190	446,390	210,172,159
Profits(loss) before tax	82,450,121	14,999,081	(2,323,376)	8,452,928	131,213,161	(146,559,045)	88,232,870
Profit (loss) for the period from continuing operations	70,349,957	14,504,156	(448,707)	7,114,610	124,334,959	(146,559,045)	69,295,930
Profit (loss) for the period from discontinuing operations							
Profit (loss) for the period	70,349,957	14,504,156	(448,707)	7,114,610	124,334,959	(146,559,045)	69,295,930
Assets	2,166,886,838	1,422,627,244	104,755,460	133,325,132	148,257,332	(1,141,547,448)	2,834,304,558
Investments in associates accounted for using the equity method	672,002,528	132,513,616	768,841	-	-	(805,284,985)	-
Increases in non-current assets	49,488,688	108,226,723	15,133,228	-	300,325	-	173,148,963
Liabilities	729,681,286	774,199,709	75,577,793	59,382,551	89,115,741	(331,353,377)	1,396,603,703
Shareholders' equity	1,437,205,552	648,427,535	29,177,668	73,942,580	59,141,590	(810,194,071)	1,437,700,854
Liabilities & Shareholders' equity	2,166,886,838	1,422,627,244	104,755,460	133,325,132	148,257,332	(1,141,547,448)	2,834,304,558
Cash flows provided by (used in) operating activities	87,329,116	194,486,751	10,914,654	(2,348,168)	9,784,997	(96,784,506)	203,382,844
Cash flows provided by (used in) investment activities	(122,621,100)	(141,212,468)	(14,297,706)	(10,583,571)	-	27,691,499	(261,023,345)
Cash flows provided by (used in) from in financing activities	20,762,047	6,872,448	4,360,319	11,495,387	(9,555,001)	(25,933,957)	8,001,243

There are no differences in the criteria used, in respect to the previous period, in relation to measurement and valuation of segment income and valuation of their assets and liabilities, as well as transactions between segments.

Accounting criteria regarding transactions between subsidiaries of Telefónica Móviles Chile S.A. which are performed at market prices, independently and in a manner similar to transactions with third parties, consider that balances, transactions and profits or losses remain in the segment of origin and are only eliminated in the consolidated financial statements of the entity.

5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Cash (a)		2,012,106	431,560
	CLP	1,962,672	431,560
	USD	29,525	-
	EUR	19,909	-
Banks (b)		68,241,768	27,816,511
	CLP	61,614,554	26,443,540
	USD	6,490,666	803,353
	EUR	136,548	369,771
	Others currencies	-	199,847
Time deposits (c)		63,720,140	235,128,386
	CLP	63,720,140	235,128,386
Repurchase agreement (d)		40,000,001	-
	CLP	40,000,001	-
Total cash and cash equivalents		174,051,872	263,376,457
Sub-total by currency	CLP	167,297,367	262,003,486
	USD	6,520,191	803,353
	EUR	156,457	369,771
	Others currencies	77,857	199,847

Each item within cash and cash equivalents is detailed as follows:

a) Cash

The cash balance is composed of funds to be rendered destined to minor expenses and the book value is the same as the fair value.

b) Banks

The balance in banks is composed of money held in checking accounts and the book value is the same as the fair value.

c) Time deposits

The time deposits maturing in less than three months are recorded at fair value and less of September 30, 2019 and December 31, 2018 are detailed as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh	Accrued interest in local currency ThCh\$	09.30.2019 ThCh\$
Time deposits	CLP	63,689,000	0.18%	12	63,689,000	31,140	63.720.140
Total					63.689.000	31,140	63,720,140

5. Cash and cash equivalents, continued

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh	Accrued interest in local currency ThCh\$	12.31.2018 ThCh\$
Time deposits	CLP	234,970,000	3.00%	17	234,970,000	158,386	235,128,386
Total					234,970,000	158,386	235,128,386

d) Repurchase agreement

Resale agreements, with original maturity in less than 3 months, are recorded at fair value and as of September 30, 2019 are detailed as follows:

Code	Date		counterparty	Currency Origin	Subscription value of currency origin (ThCh\$)	Annual rate %	Total Value ThCh\$	accounting value ThCh\$
	Start	Term						09.30.2019
CRV	09-30-19	10-02-19	BCI	CLP	40,000,001	0.13%	40,000,001	40,000,001

As of December 31, 2018, the Company did not have Repurchase agreement.

In accordance with the working capital management policies, all investments in time deposits and buyback agreements have been entered into only with widely recognized domestic banks with the highest credit quality rating in Chile.

6. Other current and non-current financial assets

Other current and non-current financial assets are detailed as follows:

Concepts		09.30.2019		12.31.2018	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Hedging instruments	(See Note 19.2)	17,460,232	165,799,135	5,074,553	145,143,595
Marketable securities	(c)	10,002,400	-	-	-
Other investments	(b)	-	7,365,196	-	6,962,236
Other credits	(c)	4,604,036	-	-	-
Guarantees established	(a)	80,444	50,468	137,124	50,468
Total		32,147,112	173,214,799	5,211,677	152,156,299

a) Guarantees are those established for clients, official organizations and other institutions.

6. Other current and non-current financial assets, continued

b) Current and Non-current investments are detailed as follows:

Participation	Country	Investment currency	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Telefónica Brazil (1)	Brazil	REAL	7,361,339	6,958,379
Other participation	Chile	CLP	3,857	3,857
Total			7,365,196	6,962,236

(1) - This investment is valued at market value through the trading of its shares, information obtained in the Sao Paulo Stock Exchange (Bovespa), and variations in their value are recorded when they occur, directly in equity under other reserves.

- As of December 31, 2018, dividends in the amount of ThCh\$ 468,016 were accrued on the 0.06% share in the equity of Telefónica Brazil. As of September 30, 2019, dividends have been received for ThCh 412,248.

c) Corresponds to the credit and interest granted to DH for the sale of the data center.

d) El Current financial instruments are detailed as follows:

Investment type	Currency	Capital in original currency (thousands)	Effective rate	Average days to maturity	Capital in local currency ThCh\$	Accrued interest in local currency ThCh\$	Foreign currency translation in local currency ThCh\$	09.30.2019 ThCh\$
Financial instruments	US\$	10,000,000	2.16%	49	10,000,000	2,400	-	10,002,400
Total		10,000,000			10,000,000	2,400	-	10,002,400

7. Other current and non-current non-financial assets

Other non-financial assets correspond to prepayments are detailed as follows:

Conceptos	09.30.2019		12.31.2018	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Amortizable expenses (1)	21,006,028	12,996,253	16,231,335	1,752,409
Deferred Costs of terminal (2)	10,255,403	-	6,111,281	-
Advance leases (3)	2,787,959	979,242	12,214,853	964,213
Franchisee commissions (4)	4,051,615	-	1,705,993	-
Other Taxes (5)	2,610,005	-	2,005,435	-
Total	40,711,010	13,975,495	38,268,897	2,716,622

(1) This item includes ThCh\$ 13,565,160 and ThCh\$ 13,561,458 in current and ThCh\$ 12,967,456 and ThCh\$ 1,750,487 in non-current, respectively for 2019 and 2018, for capitalization of compliance costs associated to television equipment. In the first quarter of each year, the Company reviews the average lifetime of the customer in order to calculate the amortizable expense for this concept. In 2019, the average lifetime of the customer increased, generating an increase in the balance to be amortized.

In addition, the Company includes in current, ThCh\$ 3,139,270 for maintenance and licenses, ThCh\$ 2,328,248 for insurance, ThCh\$ 698,698 for radioelectric spectrum fee, ThCh\$ 332,557 for sponsorships and ThCh\$ 233,481 in municipal taxes, among other things.

(2) Corresponds to the cost of dispatched prepaid units, that have not been activated by the end customers. As of September 30, 2019 and december 31, 2018, the number of handsets pending activation is 100,270 and 68,108, respectively.

(3) For 2019 the decrease in prepaid leases mainly corresponds to reclassification of prepayment of other current and non-current financial liabilities involving lease contracts that were in force as of the date of implementation of IFRS 16 (See Note 17).

(4) Corresponds to variable customer capture commissions are capitalized and amortized over a period of 18 months.

(5) This item mainly includes remaining VAT and recoverable taxes in the amount of ThCh\$2,610,005 and ThCh\$2,005,435, as of September 30, 2019 and december 31, 2018, respectively.

8. Current trade and other accounts receivable

- a) The composition of current trade and other accounts receivables as follows:

Concepts	09.30.2019			12.31.2018		
	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$
Receivables on current loan transactions	464,749,311	(229,309,329)	235,439,982	387,741,581	(203,743,562)	183,998,019
Invoiced services (1)	325,912,443	(227,349,941)	98,562,502	209,363,424	(200,120,468)	9,242,956
Services provided and not invoiced (2)	113,626,161	(1,154,434)	112,471,727	153,958,317	(2,508,625)	151,449,692
Contractual asset (3)	25,210,707	(804,954)	24,405,753	24,419,840	(1,114,469)	23,305,371
Miscellaneous receivables	25,416,422	-	25,416,422	14,536,737	-	14,536,737
Total	490,165,733	(229,309,329)	260,856,404	402,278,318	(203,743,562)	198,534,756

(1) During the periods 2019 and 2018, factoring and customer commercial portfolios were sold to IDB Invest and Banco Santander Spain for MCh\$ 101,296 and MCh\$ 124,194. The Company has been left as the collection agent for these accounts.

(2) From January 1, 2018, with the coming into effect of IFRS 9, revenue allowances are included in the calculation of allowance for doubtful accounts.

(3) Under IFRS 15, the contractual asset corresponds to the difference between income from sale of handsets post payment and the amount received from the customer at the beginning of the contract.

- b) The composition of current trade and other accounts receivable with overdue net balances that have not been collected and have not been provisioned as a whole is detailed as follows:

Concepts	09.30.2019					12.31.2018				
	Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total	Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total
Miscellaneous receivables	46,809,258	7,014,634	-	-	53,823,892	29,617,113	9,170,670	-	-	38,787,783
Total	46,809,258	7,014,634	-	-	53,823,892	29,617,113	9,170,670	-	-	38,787,783

- c) The movement of allowance for doubtful accounts, which includes “Current trade and other accounts receivable” and “Non-current trade and other accounts receivable” found in Note 12, is detailed as follows:

Movements	06.30.2019	12.31.2018
	ThCh\$	ThCh\$
Beginning balance	206,149,878	174,489,215
Increases	48,185,457	44,362,766
Eliminations/ Additions	(21,698,747)	(40,526,881)
Adjustment on first-time application of IFRS 9 (see note 3)	-	27,824,778
Movements, subtotal	26,486,710	31,660,663
Ending balance	232,636,588	206,149,878

- d) Allowance for doubtful account movements according to the composition of the portfolio as of September 30, 2019 and december 31, 2018 are detailed as follows:

Provisions and write-offs	09.30.2019	12.31.2018
	ThCh\$	ThCh\$
Accrual for portfolio that has not been renegotiated	38,478,142	42,887,885
Accrual for renegotiated portfolio	3,063,668	1,474,881
Adjustment on first-time application of IFRS 9	-	27,824,778
Write-offs for the exercise	(15,055,100)	(40,526,881)
Total	26,486,710	31,660,663

8. Current trade and other accounts receivable, continued

e) As of September 30, 2019 and december 31, 2018 the portfolio of returned documents and those in judicial collection is detailed as follows:

Portfolio of returned documents and judicial collection as of 09.30.2019	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	1,494	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	1,334,939	-	-	-

Portfolio of returned documents and judicial collection as of 12.31.2018	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	6,775	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	3,754,910	-	-	-



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of September 30, 2019 is detailed as follows:

Aging of portfolio by segment for the period September 30, 2019	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	675,162	291,342	77,244	53,239	63,273	69,886	44,454	65,444	68,788	2,954,990	4,363,822
Net portfolio w/o renegotiation	33,922,239	7,778,403	2,251,518	2,719,361	1,466,577	444,989	660,885	-	-	-	49,243,972
Debt	34,081,267	8,490,850	3,641,915	3,654,036	2,451,452	1,905,824	1,540,719	908,179	1,168,794	89,283,149	147,126,185
Accrual	(159,028)	(712,447)	(1,390,397)	(934,675)	(984,875)	(1,460,835)	(879,834)	(908,179)	(1,168,794)	(89,283,149)	(97,882,213)
Number of clients w/renegotiation	64,674	1,374	1,273	1,317	1,305	1,335	1,127	872	175	80,161	153,613
Net renegotiated portfolio	101,319	-	-	-	-	-	-	-	-	-	101,319
Debt	636,393	13,268	11,443	12,066	12,003	12,667	10,562	8,450	1,713	734,884	1,453,449
Accrual	(535,074)	(13,268)	(11,443)	(12,066)	(12,003)	(12,667)	(10,562)	(8,450)	(1,713)	(734,884)	(1,352,130)
Total number of clients	739,836	292,716	78,517	54,556	64,578	71,221	45,581	66,316	68,963	3,035,151	4,517,435
Total Fixed Telephone Portfolio	34,023,558	7,778,403	2,251,518	2,719,361	1,466,577	444,989	660,885	-	-	-	49,345,291
Debt	34,717,660	8,504,118	3,653,358	3,666,102	2,463,455	1,918,491	1,551,281	916,629	1,170,507	90,018,033	148,579,634
Accrual	(694,102)	(725,715)	(1,401,840)	(946,741)	(996,878)	(1,473,502)	(890,396)	(916,629)	(1,170,507)	(90,018,033)	(99,234,343)
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	3,503	2,046	773	38	502	510	329	255	356	2,274	10,586
Net portfolio w/o renegotiation	30,823,335	10,407,662	596,813	1,997,769	1,254,237	1,287,425	602,063	-	-	-	46,969,304
Debt	30,884,735	10,528,697	619,995	2,120,576	1,357,178	1,468,129	746,049	161,784	557,729	8,458,817	56,903,689
Accrual	(61,400)	(121,035)	(23,182)	(122,807)	(102,941)	(180,704)	(143,986)	(161,784)	(557,729)	(8,458,817)	(9,934,385)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	3,503	2,046	773	38	502	510	329	255	356	2,274	10,586
Total Corporate Communication and Data Portfolio	30,823,335	10,407,662	596,813	1,997,769	1,254,237	1,287,425	602,063	-	-	-	46,969,304
Debt	30,884,735	10,528,697	619,995	2,120,576	1,357,178	1,468,129	746,049	161,784	557,729	8,458,817	56,903,689
Accrual	(61,400)	(121,035)	(23,182)	(122,807)	(102,941)	(180,704)	(143,986)	(161,784)	(557,729)	(8,458,817)	(9,934,385)
Television											
Number of clients w/o renegotiation (1)	13,289	32,187	32,208	16,510	20,284	26,762	14,992	26,222	30,983	167,056	380,493
Net portfolio w/o renegotiation	8,444,268	287,167	135,161	38,903	20,952	3,320	2,285	-	-	-	8,932,056
Debt	8,465,873	449,116	741,102	388,706	492,102	633,304	374,031	715,200	954,281	10,570,402	23,784,117
Accrual	(21,605)	(161,949)	(605,941)	(349,803)	(471,150)	(629,984)	(371,746)	(715,200)	(954,281)	(10,570,402)	(14,852,061)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	13,289	32,187	32,208	16,510	20,284	26,762	14,992	26,222	30,983	167,056	380,493
Total Television Portfolio	8,444,268	287,167	135,161	38,903	20,952	3,320	2,285	-	-	-	8,932,056
Debt	8,465,873	449,116	741,102	388,706	492,102	633,304	374,031	715,200	954,281	10,570,402	23,784,117
Accrual	(21,605)	(161,949)	(605,941)	(349,803)	(471,150)	(629,984)	(371,746)	(715,200)	(954,281)	(10,570,402)	(14,852,061)

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of September 30, 2019 is detailed as follows, continued

Aging of portfolio by segment for the period September 30, 2019	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
Mobile Business											
Number of clients w/o renegotiation (1)	907,422	231,351	65,966	59,620	40,935	51,924	50,400	59,488	54,797	1,903,826	3,425,729
Net portfolio w/o renegotiation	85,393,661	9,415,335	5,939,623	5,240,480	1,043,909	227,976	-	-	-	-	107,260,984
Debt	86,412,898	11,065,915	8,113,186	7,244,985	5,424,367	5,890,667	6,843,410	6,471,310	8,448,237	64,118,057	210,033,032
Accrual	(1,019,237)	(1,650,580)	(2,173,563)	(2,004,505)	(4,380,458)	(5,662,691)	(6,843,410)	(6,471,310)	(8,448,237)	(64,118,057)	(102,772,048)
Number of clients w/renegotiation	247	288	70	49	63	42	38	12	45	12,980	13,834
Net renegotiated portfolio	83,150	687	88	288	10	6	-	-	-	-	84,229
Debt	107,639	18,901	7,852	7,459	6,995	5,341	4,903	5,549	8,054	1,623,074	1,795,767
Accrual	(24,489)	(18,214)	(7,764)	(7,171)	(6,985)	(5,335)	(4,903)	(5,549)	(8,054)	(1,623,074)	(1,711,538)
Total number of clients	907,669	231,639	66,036	59,669	40,998	51,966	50,438	59,500	54,842	1,916,806	3,439,563
Total Other Portfolio	85,476,811	9,416,022	5,939,711	5,240,768	1,043,919	227,982	-	-	-	-	107,345,213
Debt	86,520,537	11,084,816	8,121,038	7,252,444	5,431,362	5,896,008	6,848,313	6,476,859	8,456,291	65,741,131	211,828,799
Accrual	(1,043,726)	(1,668,794)	(2,181,327)	(2,011,676)	(4,387,443)	(5,668,026)	(6,848,313)	(6,476,859)	(8,456,291)	(65,741,131)	(104,483,586)
Contractual asset and Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	48,264,540	-	-	-	-	-	-	-	-	-	48,264,540
Debt	49,069,494	-	-	-	-	-	-	-	-	-	49,069,494
Accrual	(804,954)	-	-	-	-	-	-	-	-	-	(804,954)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Contractual Asset and Other Portfolio	48,264,540	-	-	-	-	-	-	-	-	-	48,264,540
Debt	49,069,494	-	-	-	-	-	-	-	-	-	49,069,494
Accrual	(804,954)	-	-	-	-	-	-	-	-	-	(804,954)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,599,376	556,926	176,191	129,407	124,994	149,082	110,175	151,409	154,924	5,028,146	8,180,630
Net portfolio w/o renegotiation	206,848,043	27,888,567	8,923,115	9,996,513	3,785,675	1,963,710	1,265,233	-	-	-	260,670,856
Debt	208,914,267	30,534,578	13,116,198	13,408,303	9,725,099	9,897,924	9,504,209	8,256,473	11,129,041	172,430,425	486,916,517
Accrual	(2,066,224)	(2,646,011)	(4,193,083)	(3,411,790)	(5,939,424)	(7,934,214)	(8,238,976)	(8,256,473)	(11,129,041)	(172,430,425)	(226,245,661)
Number of clients w/renegotiation	64,921	1,662	1,343	1,366	1,368	1,377	1,165	884	220	93,141	167,447
Net renegotiated portfolio	184,469	687	88	288	10	6	-	-	-	-	185,548
Debt	744,032	32,169	19,295	19,525	18,998	18,008	15,465	13,999	9,767	2,357,958	3,249,216
Accrual	(559,563)	(31,482)	(19,207)	(19,237)	(18,988)	(18,002)	(15,465)	(13,999)	(9,767)	(2,357,958)	(3,063,668)
Total number of clients	1,664,297	558,588	177,534	130,773	126,362	150,459	111,340	152,293	155,144	5,121,287	8,348,077
Total Consolidated Portfolio	207,032,512	27,889,254	8,923,203	9,996,801	3,785,685	1,963,716	1,265,233	-	-	-	260,856,404
Debt	209,658,299	30,566,747	13,135,493	13,427,828	9,744,097	9,915,932	9,519,674	8,270,472	11,138,808	174,788,383	490,165,733
Accrual	(2,625,787)	(2,677,493)	(4,212,290)	(3,431,027)	(5,958,412)	(7,952,216)	(8,254,441)	(8,270,472)	(11,138,808)	(174,788,383)	(229,309,329)

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of december 31, 2018 is detailed as follows, continued

Aging of portfolio by segment for the period december 31, 2018	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	696,053	297,104	78,884	55,401	66,460	69,420	44,396	61,766	68,051	3,876,648	5,314,183
Net portfolio w/o renegotiation	19,412,233	4,392,405	963,297	515,292	234,444	112,471	69,320	-	-	-	25,699,462
Debt	19,730,621	5,006,124	2,193,514	1,702,915	1,497,828	1,360,265	1,350,994	1,139,571	967,452	92,914,669	127,863,953
Accrual	(318,388)	(613,719)	(1,230,217)	(1,187,623)	(1,263,384)	(1,247,794)	(1,281,674)	(1,139,571)	(967,452)	(92,914,669)	(102,164,491)
Number of clients w/renegotiation	99,059	347	370	349	364	324	355	351	404	71,193	173,116
Net renegotiated portfolio	125,798	-	-	-	-	-	-	-	-	-	125,798
Debt	950,146	3,605	3,947	3,704	3,672	3,121	3,512	3,288	4,312	621,372	1,600,679
Accrual	(824,348)	(3,605)	(3,947)	(3,704)	(3,672)	(3,121)	(3,512)	(3,288)	(4,312)	(621,372)	(1,474,881)
Total number of clients	795,112	297,451	79,254	55,750	66,824	69,744	44,751	62,117	68,455	3,947,841	5,487,299
Total Fixed Telephone Portfolio	19,538,031	4,392,405	963,297	515,292	234,444	112,471	69,320	-	-	-	25,825,260
Debt	20,680,767	5,009,729	2,197,461	1,706,619	1,501,500	1,363,386	1,354,506	1,142,859	971,764	93,536,041	129,464,632
Accrual	(1,142,736)	(617,324)	(1,234,164)	(1,191,327)	(1,267,056)	(1,250,915)	(1,285,186)	(1,142,859)	(971,764)	(93,536,041)	(103,639,372)
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,646	1,545	584	29	379	385	249	193	269	1,718	7,997
Net portfolio w/o renegotiation	32,848,129	5,133,416	1,295,463	2,879,052	1,190,772	906,270	404,979	-	-	-	44,658,081
Debt	32,910,516	5,224,710	1,307,151	3,114,347	1,431,229	1,121,296	769,866	318,900	596,508	2,977,826	49,772,349
Accrual	(62,387)	(91,294)	(11,688)	(235,295)	(240,457)	(215,026)	(364,887)	(318,900)	(596,508)	(2,977,826)	(5,114,268)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	2,646	1,545	584	29	379	385	249	193	269	1,718	7,997
Total Corporate Communication and Data Portfolio	32,848,129	5,133,416	1,295,463	2,879,052	1,190,772	906,270	404,979	-	-	-	44,658,081
Debt	32,910,516	5,224,710	1,307,151	3,114,347	1,431,229	1,121,296	769,866	318,900	596,508	2,977,826	49,772,349
Accrual	(62,387)	(91,294)	(11,688)	(235,295)	(240,457)	(215,026)	(364,887)	(318,900)	(596,508)	(2,977,826)	(5,114,268)
Television											
Number of clients w/o renegotiation (1)	37,049	42,496	42,840	39,940	38,586	41,930	41,137	34,142	26,185	165,154	509,459
Net portfolio w/o renegotiation	9,354,667	623,618	214,657	86,435	29,274	1,686	859	-	-	-	10,311,196
Debt	9,428,399	852,779	1,190,194	1,101,216	1,044,076	1,143,045	1,134,644	961,315	815,245	9,874,662	27,545,575
Accrual	(73,732)	(229,161)	(975,537)	(1,014,781)	(1,014,802)	(1,141,359)	(1,133,785)	(961,315)	(815,245)	(9,874,662)	(17,234,379)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	37,049	42,496	42,840	39,940	38,586	41,930	41,137	34,142	26,185	165,154	509,459
Total Television Portfolio	9,354,667	623,618	214,657	86,435	29,274	1,686	859	-	-	-	10,311,196
Debt	9,428,399	852,779	1,190,194	1,101,216	1,044,076	1,143,045	1,134,644	961,315	815,245	9,874,662	27,545,575
Accrual	(73,732)	(229,161)	(975,537)	(1,014,781)	(1,014,802)	(1,141,359)	(1,133,785)	(961,315)	(815,245)	(9,874,662)	(17,234,379)

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of december 31, 2018 is detailed as follows, continued

Aging of portfolio by segment for the period december 31, 2018	Up to date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 day	From 91 to 120 days	From 121 to 150 days	From 151 to 180 days	From 181 to 210 days	From 211 to 250 days	More than 250 days	Total portfolio w/o guarantee ThCh\$
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Mobile Business											
Number of clients w/o renegotiation (1)	908,646	176,374	62,478	53,561	50,674	39,108	41,981	54,141	33,232	1,547,464	2,967,659
Net portfolio w/o renegotiation	60,079,723	8,346,908	2,608,385	2,557,748	996,379	4,238,710	985,494	-	-	-	79,813,347
Debt	60,522,617	10,331,104	4,878,354	5,013,421	5,101,076	7,040,167	3,334,549	3,563,540	3,940,001	51,048,735	154,773,564
Accrual	(442,894)	(1,984,196)	(2,269,969)	(2,455,673)	(4,104,697)	(2,801,457)	(2,349,055)	(3,563,540)	(3,940,001)	(51,048,735)	(74,960,217)
Number of clients w/renegotiation	192	193	52	19	44	46	33	71	48	12,885	13,583
Net renegotiated portfolio	84,315	383	38	16	-	-	12	-	-	-	84,764
Debt	107,510	15,808	3,268	3,374	5,487	4,549	4,391	6,588	3,786	1,610,860	1,765,621
Accrual	(23,195)	(15,425)	(3,230)	(3,358)	(5,487)	(4,549)	(4,379)	(6,588)	(3,786)	(1,610,860)	(1,680,857)
Total number of clients	908,838	176,567	62,530	53,580	50,718	39,154	42,014	54,212	33,280	1,560,349	2,981,242
Total Other Portfolio	60,164,038	8,347,291	2,608,423	2,557,764	996,379	4,238,710	985,506	-	-	-	79,898,111
Debt	60,630,127	10,346,912	4,881,622	5,016,795	5,106,563	7,044,716	3,338,940	3,570,128	3,943,787	52,659,595	156,539,185
Accrual	(466,089)	(1,999,621)	(2,273,199)	(2,459,031)	(4,110,184)	(2,806,006)	(2,353,434)	(3,570,128)	(3,943,787)	(52,659,595)	(76,641,074)
Contractual asset and Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	37,842,108	-	-	-	-	-	-	-	-	-	37,842,108
Debt	38,956,577	-	-	-	-	-	-	-	-	-	38,956,577
Accrual	(1,114,469)	-	-	-	-	-	-	-	-	-	(1,114,469)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Contractual Asset and Other Portfolio	37,842,108	-	-	-	-	-	-	-	-	-	37,842,108
Debt	38,956,577	-	-	-	-	-	-	-	-	-	38,956,577
Accrual	(1,114,469)	-	-	-	-	-	-	-	-	-	(1,114,469)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,644,394	517,519	184,786	148,931	156,099	150,843	127,763	150,242	127,737	5,590,984	8,799,298
Net portfolio w/o renegotiation	159,536,860	18,496,347	5,081,802	6,038,527	2,450,869	5,259,137	1,460,652	-	-	-	198,324,194
Debt	161,548,730	21,414,717	9,569,213	10,931,899	9,074,209	10,664,773	6,590,053	5,983,326	6,319,206	156,815,892	398,912,018
Accrual	(2,011,870)	(2,918,370)	(4,487,411)	(4,893,372)	(6,623,340)	(5,405,636)	(5,129,401)	(5,983,326)	(6,319,206)	(156,815,892)	(200,587,824)
Number of clients w/renegotiation	99,251	540	422	368	408	370	388	422	452	84,078	186,699
Net renegotiated portfolio	210,113	383	38	16	-	-	12	-	-	-	210,562
Debt	1,057,656	19,413	7,215	7,078	9,159	7,670	7,903	9,876	8,098	2,232,232	3,366,300
Accrual	(847,543)	(19,030)	(7,177)	(7,062)	(9,159)	(7,670)	(7,891)	(9,876)	(8,098)	(2,232,232)	(3,155,738)
Total number of clients	1,743,645	518,059	185,208	149,299	156,507	151,213	128,151	150,664	128,189	5,675,062	8,985,997
Total Consolidated Portfolio	159,746,973	18,496,730	5,081,840	6,038,543	2,450,869	5,259,137	1,460,664	-	-	-	198,534,756
Debt	162,606,386	21,434,130	9,576,428	10,938,977	9,083,368	10,672,443	6,597,956	5,993,202	6,327,304	159,048,124	402,278,318
Accrual	(2,859,413)	(2,937,400)	(4,494,588)	(4,900,434)	(6,632,499)	(5,413,306)	(5,137,292)	(5,993,202)	(6,327,304)	(159,048,124)	(203,743,562)

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management.



9. Receivables from and payable to related companies

a) Currents receivables from related companies:

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Telxius Torres Chile, S.A.	76.558.575-9	Chile	Common end controller	Serv. Provided	CLP	60 days	26,323,486	9,694,655
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	4,356,254	4,379,668
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Serv. Provided	CLP	60 days	903,787	721,676
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	1,816,580	977,665
Media Networks Perú	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	1,571,518	836,803
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	456,411	956,011
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	596,597	361,443
Telefónica S.A.	Foreign	Spain	Shareholder	Serv. Provided	EUR	90 days	712,499	712,499
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	167,824	210,653
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	201,322	30,744
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	188,000	66,148
Telefónica del Perú	Foreign	Peru	Common end controller	Serv. Provided	CLP	60 days	152,986	121,981
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	164,744	74,813
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	230,635	281,304
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	110,272	47,916
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	106,416	46,498
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	USD	90 days	94,648	850,567
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	76,196	436,611
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	66,533	57,419
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	U.K.	Common end controller	Serv. Provided	EUR	90 days	63,555	19,388
Telefónica Soluciones de Informática y Comunicaciones	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	39,718	-
Media Networks Chile	76.243.733-3	Chile	Common end controller	Serv. Provided	CLP	60 days	26,072	10,265
Telefónica Moviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	EUR	90 days	22,320	19,388
Telefónica Factoring Chile S.A.	76.096.189-2	Chile	Common end controller	Serv. Provided	CLP	60 days	8,203	-
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	7,259	4,222
Inversiones Telefónica Internacional Holding L S.A.	77.363.730-K	Chile	Common end controller	Serv. Provided	CLP	60 days	7,023	1,732
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	6,014	4,962
Terra Networks Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	5,148	-
Telefónica Móviles de Panamá	Foreign	Panama	Common end controller	Serv. Provided	USD	90 days	4,946	7,484
Telefónica Learning Services Chile SpA.	76.318.959-7	Chile	Common end controller	Serv. Provided	CLP	60 days	4,094	4,962
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	Serv. Provided	USD	90 days	2,614	12,317
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	60 days	1,319	2,618
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	530	681



9. Receivables from and payable to related companies, continued

a) Currents receivables from related companies, continued:

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Fundación Telefónica Chile S.A.	74.944.200-k	Chile	Associated	Serv. Provided	CLP	60 days	-	384,910
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	-	135,356
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	Serv. Provided	USD	90 days	-	798
Total							38,495,523	21,487,842

There are no allowances for doubtful accounts or guarantees related to amounts included in outstanding balances.

For amounts in excess of 5% of their total heading the origin of the service rendered is specified.



9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Subtotal			16,689,609	9,575,433
				Spaces lease	CLP	60 days	12,019,651	8,391,763
				Colocalization lease (IFRS 16)	CLP	60 days	3,821,253	-
				Infrastructure lease	CLP	60 days	176,871	471,628
				Colocalization lease	CLP	60 days	654,178	636,129
				Serv. Provided	CLP	60 days	17,656	75,913
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	9,950,845	4,042,858
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA)	96.910.730-9	Chile	Common end controller	Subtotal			7,414,773	6,551,488
				Voice IP transit	CLP	60 days	4,931,550	4,604,977
				Data and links	CLP	60 days	2,372,630	1,192,853
				Commercial Mandate	CLP	60 days	86,703	729,747
				Others	CLP	60 days	23,890	23,911
Telefónica S.A.	Foreign	Spain	Common end controller	SubTotal			6,820,171	8,840,377
				Brand Fee	EUR / CLP	90 days	6,268,354	8,062,739
				Otros	EUR	90 days	551,830	777,638
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	5,421,930	5,753,026
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	4,536,372	6,087,907
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	1,149,729	2,062,670
Media Networks Perú	Foreign	Perú	Common end controller	Satelital Space	USD	90 days	2,298,719	1,898,281
Telefónica Latam Holding	Foreign	Spain	Common end controller	Subtotal			1,364,304	1,874,932
				Management Fee	EUR	90 days	1,364,304	1,871,048
				Others	EUR	90 days	-	3,884
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	1,609,852	1,709,682
Telefónica Global Technology S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	745,308	523,799
Telefónica Compras Electrónicas	Foreign	Spain	Controlador final común	Serv. Provided	EUR	90 días	680,429	841,807
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	229,628	301,652
Telefonica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	266,676	358,571
Telefónica del Perú S.A.	Foreign	Peru	Common end controller	Serv. Provided	USD	180 days	219,529	208,929
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	212,190	141,770
Telefónica Global Roaming GmbH	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	126,389	146,609
Telefónica O2 Germany GmbH & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	112,311	144,742
Colombia Telecomunicaciones S.A.E.S.P. (Telecom)	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	77,683	140,411
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	77,074	449,518
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	71,999	184,439
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	58,358	25,855
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	15,294	66,252



9. Receivables from and payable to related companies, continued

b) Current payables to related companies, continued:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Fundación Telefónica Chile	74.944.200-k	Chile	Common end controller	Serv. Provided	CLP	60 days	-	137,771
Telefónica Uk Ltd	Foreign	Englend	Common end controller	Serv. Provided	USD	90 days	-	42,272
Telefónica Global Technology Chile	59.165.120-k	Chile	Common end controller	Computer Services	CLP	60 días	202	16,105
Pegaso PCS, S.A. de C.V.	Foreign	México	Common end controller	Serv. Provided	USD	90 días	14,452	15,900
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end controller	Serv. Provided	CLP	90 días	1,617	-
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	90 días	7,824	6,396
Telfisa Global B.V.	Foreign	Spain	Common end controller	Administration Commision	CLP	90 días	6,450	12,707
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 días	-	16,916
Tgestiona Logística Perú Sac	Foreign	Perú	Common end controller	Serv. Provided	USD	90 días	2,786	8,031
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	Serv. Provided	USD	90 días	3,053	4,737
Telefónica Móviles Panamá	Foreign	Panamá	Common end controller	Serv. Provided	USD	90 días	78	3,243
Telefónica de España S.A.U	Foreign	Spain	Common end controller	Serv. Provided	EUR	180 días	1,140	112
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 días	97	223
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 días	671	3,077
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 días	-	4,304
Total							60.187.555	52.202.802

There are no guarantees related to amounts included in outstanding balances.

For amounts in excess of 5% of their total heading the origin of the service rendered is specified.

c) Non-current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of The relationship	Transaction origin	Currency	Term	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Colocalization lease (IFRS 16)	CLP	-	29,026,215	-
Telefónica S.A.	Foreing	Spain	End Controller	Obligation RRHH	CLP	-	670,757	168,255
Total							29,696,972	168,255



9. Receivables from and payable to related companies, continued

d) The most significant transactions and their effects on results:

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction Origin	Currency	09.30.2019		09.30.2018	
						Amount	Efect on income (Charge)/Credit	Amount	Efect income (charge)/Credit
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
Telefónica S.A.	Foreing	Spain	End Controller	Brand Fee	EUR	10,088,642	(12,447,633)	19,325,594	(19,325,594)
Media Networks Perú	Foreing	Peru	Common end controller	Spaces lease	USD	3,143,706	(3,143,706)	5,378,997	(5,378,997)
Telefónica Global Technology	Foreing	Spain	Common end controller	Costs	EUR	2,414,167	(2,414,167)	3,479,466	(3,479,466)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Costs	CLP	3,862,869	(3,862,869)	3,817,286	(3,817,286)
Telefónica Digital España	Foreing	Spain	Common end controller	Costs	EUR	4,412,163	(4,412,163)	4,375,570	(4,375,570)
Telefónica Argentina S.A.	Foreing	Argentina		Media Lease	USD	4,197,567	(4,197,567)	5,104,895	(5,104,895)
Telefónica International Wholesale Services España	Foreing	Spain		Sales	EUR	1,020,937	1,020,937	1,365,155	(1,365,155)
				Costs	EUR	1,931,600	(1,931,600)	1,792,849	(1,792,849)
Telxius Cable Chile S.A	96.910.730-9	Chile	Common end controller	Sales	CLP	1,489,849	1,489,849	2,238,212	2,238,212
				Accesses and transit	CLP	7,190,543	(7,190,543)	10,158,859	(10,158,859)
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Costs	CLP	3,034,487	(3,034,487)	1,943,371	(1,943,371)

Only transactions in excess of ThCh\$1,000,000 are disclosed.

9. Receivables from and payable to related companies, continued

d) The most significant transactions and their effects on results, continued

Title XVI of the Company's Law, and other relevant standards, requires that a publicly traded corporation's transactions with related companies are carried out under terms similar to those commonly prevailing in the market.

There have been charges and credits to current accounts in the receivables of companies due to billing for sale of materials, equipment and services. The conditions of the Mercantile Current Account and Mandate are currents, accruing interest at a variable interest rate that adjusts to market conditions.

Sales and service rendering expire in the short-term (less than one year) and the expiry conditions for each case vary by virtue of the transaction that generates them.

e) Remuneration and benefits received by the Company's key employees:

The Company is managed by a Board of Directors composed of 10 members and its key employees at September 30, 2019 and 2018 are 67 and 64 executives.

Concepts	07.01.19 al	09.30.2019	07.01.18 al	09.30.2018
	09.30.19		09.30.18	
	M\$	M\$	M\$	M\$
Salaries	2,365,792	10,100,181	2,688,229	9,881,739
Post employment benefits	-	817,504	667,654	1,563,904
Total	2,365,792	10,917,685	3,355,883	11,445,643

10. Inventory

a) The detail of inventosry is as follows:

Concepts	09.30.2019			12.31.2018		
	Gross value	Allowance for obsolescence	Net value	Gross value	Allowance for obsolescence	Net value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Mobile equipment	36,892,781	(691,323)	36,201,458	41,801,732	(1,241,829)	40,559,903
Modems and Router	1,977,754	(426,143)	1,551,611	4,067,087	(1,001,222)	3,065,865
Basic telephony, public telephony and switchboard ("centralitas") components	10,456,795	(181,012)	10,275,783	8,166,587	(220,094)	7,946,493
Decoders and antennas	1,350,708	(581,954)	768,754	2,169,968	(755,823)	1,414,145
IP Solutions Projects	6,782,268	-	6,782,268	2,214,315	-	2,214,315
Mobile accessory	23,701	(6,040)	17,661	23,068	(7,330)	15,738
Other	223,792	(26,858)	196,934	403,232	(53,529)	349,703
Total	57,707,799	(1,913,330)	55,794,469	58,845,989	(3,279,827)	55,566,162

As of September 30, 2019 and december 31, 2018 there have been no inventory write-offs, there is no inventory inguarantee.

10. Inventory, continued

b) The movement of inventory is as follows:

Movements	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Beginning balance	55,566,162	49,212,817
Purchases	192,069,463	247,663,504
Capitalized sales (note 25c)	(182,952,250)	(235,652,304)
Sales pending capitalization (note 7)	(10,255,403)	(6,111,281)
Allowance for obsolescence	1,366,497	453,508
Transfer to materials allocated to the investment (note 15b)	-	(82)
Movement, subtotal	228,307	6,353,345
Ending balance	55,794,469	55,566,162

11. Income Taxes

a) Income Taxes:

As of September 30, 2019 the parent Telefónica Móviles Chile S.A., has established a first category income tax provision since a positive taxable base was determined in the amount of ThCh\$48,246,368. As of that same date the previous year, the Company had a tax loss.

As of September 30, 2018, the taxable base was determined in the amount of ThCh\$32,863,747 from the subsidiaries Telefónica Chile S.A., Telefónica Chile Servicios Corporativos Ltda., and Telefónica Investigación y Desarrollo SpA.

As of September 30, 2019 and 2018, the Parent and subsidiaries presents the next tax losses of first category:

- Telefónica Móviles S.A., ThCh\$6,644,122 at September 30, 2018.
- Telefónica Chile S.A., ThCh\$8,156,577 at September 30, 2019.
- Telefónica Empresas S.A., ThCh\$22,239,836 and ThCh\$6,572,385 at September 30, 2019 y 2018, respectively.
- Telefónica Chile Servicios Corporativos Ltda., ThCh\$4,314,426, September 30, 2019.
- Telefónica Investigación y Desarrollo SpA, ThCh\$386,740, Septiembre 30, 2019.
- Telefónica Móviles Soluciones y Aplicaciones S.A., ThCh\$386,740 and ThCh\$3,119,382, September 30, 2019 and 2018, respectively.

In the normal development of their operations, the Parent Company and its subsidiaries are subject to regulation and oversight by the Chilean Internal Revenue Service, whereby differences May arise in the application of the criteria for determining taxes.

11. Taxes, continued

a) Income Taxes, continued

As of September 30, 2019, corporate income is detailed as follows:

Subsidiaries	Accumulated credit balances (SAC)								
	Control	Income subject to Global Complementary or Additional Tax (RAI)	Difference between Accelerated Devaluation And normal (DDAN)	Exempt income (REX) Non-taxable income	Accumulated as of 01.01.2017		Current loan rate (factor of 25.5%) Total available credit against final taxes (art 41 A & 41 C of ITL)	Accumulated up to 12.31.2016 Effective rate 22,77% Entitled to return	Total Balance of Taxable Net Income (STUT)
					Subject to restitution entitled to return	No Subject to restitution entitled to return			
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Telefónica Móviles Chile S.A.	109,159,866	109,159,866	-	-	13,646,379	-	-	8,654,760	39,901,162
Telefónica Chile S.A.	4,900,970	-	-	4,900,970	-	-	-	167,770,979	750,289,982
Telefónica Empresas Chile S.A.	13,167,231	10,321,804	-	2,845,428	(169,284)	-	-	-	-
Telefónica Chile Servicios Corporativos Ltda.	76,464,605	76,464,605	-	-	12,779,798	-	-	17,143,594	63,848,126
Telefónica Investigación y Desarrollo SPA	2,022,237	2,022,237	-	-	678,399	-	-	-	-
Total	205,714,909	197,968,512	-	7,746,398	26,935,292	-	-	194,967,927	854,039,270

b) Current tax assets

As of September 30, 2019 and december 31, 2018, current income tax assets are detailed as follows:

Conceptos	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Taxes for recovering previous years (1)	2,274,281	3,103,379
Monthly prepaid tax installments (2)	4,785,800	5,471,861
Provisional payment on absorbed profits (3)	2,718,729	4,199,489
Sence	300,000	400,000
Others	-	2,389
Total	10,078,810	13,177,118

(1) Corresponds to the net balance between monthly provisional payments and the income tax provision AT 2020

(2) On January 15, 2019 the Chilean Internal Revenue Service generated a refund in the amount of ThCh\$3,936,487, for FY 2018 for Telefónica Móviles Chile S.A. and Telefónica Chile S.A., without considering interest and readjustments. This refund was requested through an administrative petition, leaving a balance corresponding to the income tax return for the 2018 fiscal year, which will be refunded when this period has been reviewed.

(3) During 2019 there was a refund of monthly provisional payments on absorbed profits from Telefónica Móviles Chile S.A. in the amount of ThCh\$ 1,480,760, leaving the balance of PPUA for Inversiones Telefónicas Móviles Holding S.A. at ThCh\$ 2,718,729 as of the end of September 30, 2019.



11. Income Taxes, continued

c) Deferred tax assets and liabilities

As of September 30, 2019 and december 31, 2018 and September 30, 2018, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh\$27,321,778; ThCh\$33,975,793 and ThCh\$47,165,835 respectively, and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred Cost of sale and deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right – of – use assets and lease obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
September 30, 2019														
Deferred tax assets and liabilities														
Deferred tax assets	40,421,966	439,193	5,576,707	100,362,393	5,122,617	-	16,701,689	10,817,415	9,476,347	7,032,210	5,504,648	(84,184,668)	117,270,517	117,270,517
Deferred tax liabilities	-	-	7,674,510	-	-	4,710,343	11,148,668	141,369,106	-	8,449,515	781,265	(84,184,668)	89,948,739	89,948,739
Deferred tax liabilities (assets)	(40,421,966)	(439,193)	2,097,803	(100,362,393)	(5,122,617)	4,710,343	(5,553,021)	130,551,691	(9,476,347)	1,417,305	(4,723,383)	-	(27,321,778)	(27,321,778)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(40,421,966)	(439,193)	-	(100,362,393)	(5,122,617)	-	(5,553,021)	-	(9,476,347)	-	(4,723,383)	-	(166,098,920)	(166,098,920)
Deferred tax liabilities, net	-	-	2,097,803	-	-	4,710,343	-	130,551,691	-	1,417,305	-	-	138,777,142	138,777,142
Deferred tax expense (benefit)														
Deferred tax expense (benefit)	(7,151,411)	368,954	(626,046)	11,774,118	310,859	2,285,665	2,727,664	(4,703,882)	3,568,818	1,513,965	(2,021,117)	-	8,047,587	8,047,587
Deferred tax expense (benefit) recognized in income	(7,151,411)	368,954	(626,046)	11,774,118	310,859	2,285,665	2,727,664	(4,703,882)	3,568,818	1,513,965	(2,021,117)	-	8,047,587	8,047,587
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	-	(2,702,266)	-	(33,975,793)	(33,975,793)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	(7,151,411)	368,954	(626,046)	11,774,118	310,859	2,285,665	2,727,664	(4,703,882)	3,568,818	1,513,965	(2,021,117)	-	10,068,704	10,068,704
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	3,351	(96,660)	-	-	(93,309)	(93,309)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(1,300,263)	-	-	-	-	-	(1,300,263)	(1,300,263)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
mentos (disminuciones) de pasivos (activos) por impuestos diferidos	(7,151,411)	368,954	(626,046)	11,774,118	310,859	2,285,665	1,427,401	(4,703,882)	3,572,169	1,417,305	(2,021,117)	-	8,675,132	8,675,132
									(9,476,347)					
Pasivo (activo) por impuestos diferidos	(40,421,966)	(439,193)	2,097,803	(100,362,393)	(5,122,617)	4,710,343	(5,553,021)	130,551,691		1,417,305	(4,723,383)	-	(27,321,778)	(27,321,778)



11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits december 31, 2018	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismanting provision	Deferred Cost of sale and deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities													
Deferred tax assets	33,270,555	808,147	4,565,235	112,136,511	5,433,476	-	18,381,366	9,655,282	13,048,516	3,988,759	(82,741,713)	118,546,134	118,546,134
Deferred tax liabilities	-	-	7,289,084	-	-	2,424,678	11,400,944	144,910,855	-	1,286,493	(82,741,713)	84,570,341	84,570,341
Deferred tax liabilities (assets)	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	(2,702,266)	-	(33,975,793)	(33,975,793)
Deferred tax assets and liabilities, net													
Deferred tax assets, net	(33,270,555)	(808,147)	-	(112,136,511)	(5,433,476)	-	(6,980,422)	-	(13,048,516)	(2,702,266)	-	(174,379,893)	(174,379,893)
Deferred tax liabilities, net	-	-	2,723,849	-	-	2,424,678	-	135,255,573	-	-	-	140,404,100	140,404,100
Deferred tax expense (benefit)													
Deferred tax expense (benefit)	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	868,574	-	15,653,462	15,653,462
Deferred tax expense (benefit) recognized in income	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	868,574	-	15,653,462	15,653,462
Changes in deferred tax liabilities (assets)													
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(36,950,627)	(930,595)	(10,178,366)	(127,482,640)	(4,062,291)	8,772,190	(4,712,435)	138,403,612	(1,940,251)	(3,570,840)	-	(42,652,243)	(42,652,243)
Changes in deferred tax liabilities (assets)													
Deferred tax expense (benefit) recognized in income	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	868,574	-	15,653,462	15,653,462
Deferred taxes related to items credited (charged) directly to equity	(7,512,690)	-	10,730,846	-	-	(3,819,336)	-	(4,316,970)	(1,987,452)	-	-	(6,905,602)	(6,905,602)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(71,410)	-	-	-	-	(71,410)	(71,410)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax liabilities (assets)	3,680,072	122,448	12,902,215	15,346,129	(1,371,185)	(6,347,512)	(2,267,987)	(3,148,039)	(11,108,265)	868,574	-	8,676,450	8,676,450
Deferred tax liabilities (assets)	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	(2,702,266)	-	(33,975,793)	(33,975,793)

(1) Corresponds to netting of deferred tax assets and liabilities,



11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits September 30, 2018	Allowance for doubtful accounts	Obsolescence provision	Dismantling provision	Deferred Cost of sale and deferred sales commissions	Deferred income	Effect or taxable goodwill on merger of subsidiary (See Note 11 c), i)	Amortization and depreciation of assets	Adjustment Patrimony by IPAS and Insurance Coverage	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities												
Deferred tax assets	30,257,894	49,670,841	2,702,657	4,227,505	-	4,397,589	110,635,967	10,013,116	13,397	(88,766,973)	123,151,993	123,151,993
Deferred tax liabilities	19,078,293	-	-	-	2,294,546	-	-	143,881,893	12,465	(88,766,973)	76,500,224	76,500,224
Deferred tax liabilities (assets)	(11,179,601)	(49,670,841)	(2,702,657)	(4,227,505)	2,294,546	(4,397,589)	(110,635,967)	133,868,777	(932)	-	(46,651,769)	(46,651,769)
Deferred tax assets and liabilities, net												
Deferred tax assets, net	(11,179,601)	(49,670,841)	(2,702,657)	(4,227,505)	-	(4,397,589)	(110,635,967)	-	(932)	-	(182,815,092)	(182,815,092)
Deferred tax liabilities, net	-	-	-	-	2,294,546	-	-	133,868,777	-	-	136,163,323	136,163,323
Deferred tax expense (benefit)												
Deferred tax expense (benefit)	(9,211,242)	(5,207,524)	(1,772,062)	(165,212)	(2,658,308)	4,347,458	16,846,673	(3,441,244)	3,851,949	-	2,590,488	2,590,488
Deferred tax expense (benefit) recognized in income	(9,211,242)	(5,207,524)	(1,772,062)	(165,212)	(2,658,308)	4,347,458	16,846,673	(3,441,244)	3,851,949	-	2,590,488	2,590,488
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(6,384,039)	(36,950,627)	(930,595)	(4,062,293)	8,772,190	(10,178,366)	(127,482,640)	138,403,612	(3,839,485)	-	(42,652,243)	(42,652,243)
Changes in deferred tax liabilities (assets)												
Deferred tax expense (benefit) recognized in income	(9,211,242)	(5,207,524)	(1,772,062)	(165,212)	(2,658,308)	4,347,458	16,846,673	(3,441,244)	3,851,949	-	2,590,488	2,590,488
Deferred taxes related to items credited (charged) directly to equity	4,415,680	(7,512,690)	-	-	(3,819,336)	1,433,319	-	(1,093,591)	1	-	(6,576,617)	(6,576,617)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	-	-	(13,397)	-	(13,397)	(13,397)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax liabilities (assets)	(4,795,562)	(12,720,214)	(1,772,062)	(165,212)	(6,477,644)	5,780,777	16,846,673	(4,534,835)	3,838,553	-	(3,999,526)	(3,999,526)
Deferred tax liabilities (assets)	(11,179,601)	(49,670,841)	(2,702,657)	(4,227,505)	2,294,546	(4,397,589)	(110,635,967)	133,868,777	(932)	-	(46,651,769)	(46,651,769)

(1) Corresponds to netting of deferred tax assets and liabilities

11. Income Taxes, continued

c) Deferred tax assets and liabilities, continued

ii) Effect of tax goodwill due to merger

As indicated in Note 1, on May 2, 2017 the Company merged its subsidiary Telefónica Móviles Chile S.A. by absorption, thus generating recognition of deferred taxes during 2017 in the amount of ThCh\$140,423,552 adjusting this estimate as of march 31, 2018 to ThCh\$148,606,473. In both cases the adjustment was made with a credit to income under income tax, resulting from the difference between the tax value of the investment and taxable capital, value that was allocated to non-monetary assets arising from the merger.

As of September 30, 2019 and december 31 2018, the balance of this deferred tax asset, amounts to ThCh\$100,362,393 and ThCh\$112,136,511 , respectively.

d) Taxable Income

As of September 30, 2019 and 2018 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh\$48,246,370 and ThCh\$32,863,747 respectively for period, detailed as follows:

Concepts	Taxable Net Income			
	07.01.2019 al 09.30.2019	09.30.2019	07.01.2018 al 09.30.2018	09.30.2018
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Finance income	26,728,949	71,896,476	25,645,291	69,295,930
Recorded tax expense	14,437,947	22,914,811	9,696,893	18,936,940
Additions	122,079,632	451,966,196	106,314,064	372,693,656
Deductions	(125,456,374)	(498,531,116)	(121,986,477)	(428,062,779)
Taxable net income	37,790,154	48,246,367	19,669,771	32,863,747
First category tax rate 27%	10,203,341	13,026,520	5,310,838	8,873,212
Art. 21 rejected expenses tax base	5,259,647	6,877,539	1,718,135	4,074,962
Art. 21 non-deductible expenses (40% rate)	2,103,858	2,751,015	687,254	1,629,985
Total Tax provision	12,307,199	15,777,535	5,998,098	10,503,197
Provision contingencies (1)	88,119	119,450	1,614,209	3,431,808
Hedging instrument income tax provision (2)	101,240	918,783	(17,893)	(32,718)
Effect of Financial debt fail value derivatives	(1,768,444)	(1,768,444)	-	-
Previous year (surplus)/deficit	-	(180,100)	-	2,444,165
Total first category taxes	10,728,115	14,867,224	7,594,408	16,346,452

(1) Corresponds to contingencies of the subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. (see Note 28 b).

(2) Corresponds to the deficit (surplus) in the tax provision calculated on 2018 and 2017 hedging instruments (liquidated). This tax provision is presented as higher or menor expense for the period.



11. Income Taxes, continued

e) Income tax reconciliation

The income tax expense reconciliation for September 30, 2019 and 2018 are detailed as follows:

Conceptos	07.01.2019 al 09.30.2019		09.30.2019		07.01.2018 to 09.30.2018		09.30.2018	
	Taxable Base ThCh\$	27% Tax Rate ThCh\$	Taxable Base ThCh\$	27% Tax Rate ThCh\$	Taxable Base ThCh\$	27% Tax Rate ThCh\$	Taxable Base ThCh\$	27% Tax Rate ThCh\$
Based on accounting income before taxes:								
Finance income	26,728,949		71,896,476		25,645,291		69,295,930	
Recorded tax expense	14,437,947		22,914,811		9,696,893		18,936,940	
Income before taxes	41,166,896	11,115,062	94,811,287	25,599,047	35,342,184	9,542,390	88,232,870	23,822,875
Permanent differences	12,306,983	3,322,885	(9,941,613)	(2,684,236)	572,233	154,503	(18,096,057)	(4,885,935)
Price-level restatement of taxable equity	(10,856,490)	(2,931,252)	(41,010,401)	(11,072,808)	(13,108,600)	(3,539,322)	(45,486,857)	(12,281,451)
Price-level restatement of taxable value of investments in related companies	6,317,814	1,705,810	21,187,786	5,720,702	6,564,907	1,772,525	21,939,718	5,923,724
Income from investment in related parties	464,187	125,519	1,206,626	325,788	422,069	113,959	1,188,431	320,876
Contingency provision	326,366	88,119	442,407	119,450	5,978,559	1,614,211	12,710,400	3,431,808
Adjustment on deferred tax balances	-	-	-	-	(32,622)	(8,808)	(15,943,223)	(4,304,670)
Previous year deficit (surplus)	-	-	(667,037)	(180,100)	-	-	9,052,459	2,444,164
Art. 21 non-deductible expenses	7,792,066	2,103,858	10,188,944	2,751,015	2,545,385	687,254	6,036,981	1,629,985
Uncollectible debtor write-offs	8,655,004	2,336,851	3,402,899	918,783	(3,261,969)	(880,732)	(121,179)	(32,718)
IFRS 16 adjustment	1,562,230	421,802	(164,255)	(44,349)	-	-	9,052,459	2,444,164
Others (1)	(1,954,194)	(527,822)	(4,528,582)	(1,222,717)	3,666,847	990,049	(1,728,528)	(466,703)
Total corporate tax expense	53,473,879	14,437,947	84,869,674	22,914,811	35,914,417	9,696,893	70,136,813	18,936,940
Based on taxable net income and deferred taxes calculated on the basis of temporary differences								
27% income tax		10,203,341		13,026,520		5,310,838		8,873,212
40% income tax		2,103,858		2,751,015		687,254		1,629,985
Contingency provision		88,119		119,450		1,614,209		3,431,808
Hedging instrument income tax provision		101,241		918,783		(17,893)		(32,718)
Effect of Financial debt fair value derivatives		(1,768,444)		(1,768,444)		-		-
Previous year deficit (surplus)		-		(180,100)		-		2,444,165
Income tax expense		10,728,115		14,867,224		7,594,408		16,346,452
Deferred tax expense (income)		3,709,832		8,047,587		2,102,485		2,590,488
Total corporate tax expense		14,437,947		22,914,811		9,696,893		18,936,940
Effective income tax rate (2)		35.02%		24.15%		27.44%		21.46%

(1) This item includes tax fines, price-level of tax loss, price-level of non-monetary assets, goodwill, IPAS a result, decoders, among others.

(2) Effective rate determined considering the tax expense accounted for in result with respect to the financial result before tax amounts to 15.80%.



11. Income Taxes, continued

f) Current income tax liabilities

As of September 30, 2019 and december 31, 2018, current income tax liabilities are detailed as follows:

Concepts	09.30.2019	12.31.2018
	ThCh\$	ThCh\$
Income tax provision (1)	2,825,984	1,394,825
Non-deductible expenses provision	1,943,838	603,036
Provision for contingencies (Note 28 b)	249,081	1,191,149
Others	231,695	231,576
Total	5,250,598	3,420,586

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh\$6,205,423 and ThCh\$8,166,705.

12. Non-current trade and other accounts receivable

a) Non-current trade and other accounts receivable are detailed as follows:

Concepts	09.30.2019			12.31.2018		
	Gross value	Allowance for doubtful accounts	Net value	Gross value	Allowance for doubtful accounts	Net value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Receivables on non-current loan transactions	22,285,803	(3,327,259)	18,958,544	19,411,992	(2,406,316)	17,005,676
Trade receivables	19,072,399	(3,231,060)	15,841,339	16,835,225	(2,277,294)	14,557,931
Contractual asset (1)	3,213,404	(96,199)	3,117,205	2,576,767	(129,022)	2,447,745
Miscellaneous receivables (2)	13,118,589	-	13,118,589	17,023,091	-	17,023,091
Total	35,404,392	(3,327,259)	32,077,133	36,435,083	(2,406,316)	34,028,767

(1) Under IFRS 15, the contractual asset is the difference between revenue from sale of handsets and the amount received from the customer at the beginning of the contract.

(2) Mainly includes loans related to employees.

b) As of September 30, 2019 and december 31, 2018, Non-current trade and other accounts receivable by due date are detailed as follows:

Concepts	As of September 30, 2019								
	Gross Portfolio value in ThCh\$				Allowance for doubtful accounts ThCh\$				Net Total
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	
Trade receivables	8,434,177	10,119,400	3,732,226	22,285,803	(2,703,232)	(376,574)	(247,454)	(3,327,259)	18,958,544
Miscellaneous receivables	2,311,223	966,631	9,840,735	13,118,589	-	-	-	-	13,118,589
Total	10,745,400	11,086,031	13,572,961	35,404,392	(2,703,232)	(376,574)	(247,454)	(3,327,259)	32,077,133



12. Non-current trade and other accounts receivable, continued

As of december 31, 2018									
Concepts	Gross Portfolio value in ThCh\$				Allowance for doubtful accounts ThCh\$				Net Total
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	
Trade receivables	5,222,546	10,341,782	3,847,664	19,411,992	(2,033,767)	(221,060)	(151,489)	(2,406,316)	17,005,676
Miscellaneous receivables	2,982,525	1,255,759	12,784,807	17,023,091	-	-	-	-	17,023,091
Total	8,205,071	11,597,541	16,632,471	36,435,083	(2,033,767)	(221,060)	(151,489)	(2,406,316)	34,028,767

13. Intangible Assets other than goodwill

- a) Intangible assets other than goodwill as of September 30, 2019 and december 31, 2018 are detailed as follows:

Concepts	09.30.2019			12.31.2018		
	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$
Intangible assets in development (1)	31,626,100	-	31,626,100	20,363,160	-	20,363,160
Licenses and softwares (2)	631,565,455	(526,917,473)	104,647,982	631,965,788	(501,240,939)	130,724,849
Administratives grantings	130,169,199	(103,964,137)	26,205,062	130,169,199	(102,592,962)	27,576,237
Other intangible assets (3)	21,832,500	(20,976,440)	856,060	21,832,500	(20,540,899)	1,291,601
Total	815,193,254	(651,858,050)	163,335,204	804,330,647	(624,374,800)	179,955,847

(1) A

(1) As of September 2019, new investments were made in Evolutionary Developments (includes Believe) in the amount of ThCh\$4,873,323, licenses transferred in the amount of ThCh\$332,870, operating continuity in the amount of ThCh\$669,056 and a decrease due to transfers to property, plant and equipment in the amount of ThCh\$1,676,504.

(2) This item records licenses for spectrum rights of use.

(3) Corresponds to rights to use underwater cable.

- b) As of September 30, 2019 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net	Licenses and franchises, net	Administratives Grantings Net	Other intangible assets, Net	Intangible, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2019	20,363,160	130,724,849	27,576,237	1,291,601	179,955,847
Additions	33,383,812	-	-	-	33,383,812
Low	-	(25,313,736)	-	-	(25,313,736)
Low Amortization	-	25,313,736	-	-	25,313,736
Amortization	-	(50,990,270)	(1,371,175)	(435,541)	(52,796,986)
Transfer from work in progress (Note 15b)	(699,988)	3,492,519	-	-	2,792,531
Transfer from costs of developing to service	(21,420,884)	21,420,884	-	-	-
Movement, subtotal	11,262,940	(26,076,867)	(1,371,175)	(435,541)	(16,620,643)
Ending balance as of 09.30.2019	31,626,100	104,647,982	26,205,062	856,060	163,335,204
Remaining average useful life	-	1.8 years	14.3 years	1.47 years	-



13. Intangible Assets other than goodwill, continued

As of December 31, 2018 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net ThCh\$	Licenses and franchises, net ThCh\$	Administratives Grantings Net ThCh\$	Other intangible assets, Net ThCh\$	Intangible, net ThCh\$
Beginning balance as of 01.01.2018	3,872,270	159,552,527	29,404,469	1,884,654	194,713,920
Additions	35,018,308	-	-	-	35,018,308
Low	-	(122,611,460)	-	-	(122,611,460)
Low Amortization	-	122,611,460	-	-	122,611,460
Amortization	-	(76,971,705)	(1,828,232)	(593,053)	(79,392,990)
Transfer from work in progress (Note 15b)	(5,943,531)	35,560,140	-	-	29,616,609
Transfer from costs of developing to service	(12,583,887)	12,583,887	-	-	-
Movement, subtotal	16,490,890	(28,827,678)	(1,828,232)	(593,053)	(14,758,073)
Ending balance as of 12.31.2018	20,363,160	130,724,849	27,576,237	1,291,601	179,955,847
Remaining average useful life	-	2.4 years	16.9 years	4 years	-

Licenses correspond to software licenses, which are obtained through non-renewable contracts therefore the Company has defined that they have definite useful lives of 3 years.

Intangible assets with defined useful lives are amortized on a straight-line basis over their estimated useful lives, Amortization for each year is recognized in the statement of comprehensive income within "Depreciation and Amortization".

Intangible assets are tested for impairment whenever there is an indication of a potential loss in value, and in any case at each year-end.

As of December 31, 2018 there were no indications of loss of value of assets, therefore no impairment testing was carried out.

The main additions to intangible assets other than goodwill as of September 30, 2019 and December 31, 2018 are investments in information application and licenses.

Items in the intangibles heading that are fully depreciated and in use are licenses and franchises and amount to ThCh\$436,519,890 and ThCh\$412,715,176 , as of September 30, 2019 and december 31, 2018, respectively.



14. Goodwill

Current goodwill as of this period was generated before the date of transition to and adoption of International Financial Reporting Standards, and as of September 30, 2019 the value recorded as of that date remains the same.

Goodwill movement as of September 30, 2019 and december 31, 2018 is as follows:

Taxpayer No,	Company	01.01.2019 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	09.30.2019 ThCh\$
87.845.500-2	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S.A. (3)	620,232	-	64,981	555,251
Total		504,839,853	-	64,981	504,774,872

- (1) On May 2, 2017, subsidiary Telefónica Móviles Chile S.A. was merged by absorption and the Company's name was changed.
- (2) On April 30, 2016, the merger by incorporation of subsidiary Telefónica Larga Distancia S.A. in Telefónica Chile S.A. took place, with the latter absorbing the former, acquiring all its assets and liabilities and succeeding in all its rights and obligations.
- (3) On July 24, 2019, the Company sold a Data Center that was associated to a cash generating unit (CGU) therefore, on the same date it was derecognized in proportion to goodwill, and recorded in income from the sales transaction, as indicated in IAS 36.

Taxpayer No,	Company	01.01.2018 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	12.31.2018 ThCh\$
87.845.500-2	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S.A.	620,232	-	-	620,232
Total		504,839,853	-	-	504,839,853

Assets indicated in goodwill are tested for impairment once a year, at each year-end. As of December 31, 2018 impairment testing was determined taking into consideration the following estimated variables:

- i) Projected operating income and costs are based on the 2017 budget and on the Strategic Plan for 2019, 2020, 2021 projecting a fourth and fifth year as a terminal value. These projections have been made taking into consideration the Company's best estimate, using sector projections, historical behavior of the business and future expectations.
- ii) Cash flow projections are calculated at terminal value, covering a 5-year period, with the last period being the terminal value.
- iii) Discount: The rate used to discount future cash flows is 8.86% (WACC), that represents the market value of the specific business and industry risk, taking into consideration the time value of money and individual risks of the assets being analyzed.

The growth rate for perpetual future cash flows is a conservative rate of 3.36%

- iv) The valuation is determined using the Value in Use (VU) mechanism, that requires that the VU be determined through the net present value of the cash flows that the Company expects to receive from the use of the asset or Cash Generating Unit (CGUs).

According to the impairment calculations performed by management, as of 2018 year-end there has been no need detected to make significant adjustments since the recoverable value is greater than the book value in all cases.

15. Property, plant and equipment

a) The detail of Property, plant and equipment items for the exercises September 30, 2019 and december 31, 2018 and their corresponding accumulated depreciation is as follows:

Concepts	09.30.2019		12.31.2018		Property, plant & equipment, Net ThCh\$	
	Property, plant & equipment, Gross ThCh\$	Accumulated depreciation ThCh\$	Property, plant & equipment, Net ThCh\$	Property, plant & equipment, Gross ThCh\$		Accumulated depreciation ThCh\$
Land	16,775,250	-	16,775,250	24,309,203	-	24,309,203
Buildings	911,358,095	(640,067,729)	271,290,366	957,834,225	(649,919,202)	307,915,023
Transport equipments	475,562	(475,021)	541	475,562	(473,400)	2,162
Supplies and accessories	33,539,490	(31,899,422)	1,640,068	33,963,023	(31,756,734)	2,206,289
Office equipments	3,557,268	(2,656,880)	900,388	3,547,414	(2,524,607)	1,022,807
Construction in progress	151,766,957	-	151,766,957	157,874,623	-	157,874,623
Information equipment	69,350,588	(54,444,313)	14,906,275	69,753,836	(49,701,717)	20,052,119
Network and communication Equipment	3,627,209,796	(2,942,483,508)	684,726,288	3,548,990,956	(2,867,859,135)	681,131,821
Property, plant and equipment under financial leases	-	-	-	5,304,293	(4,993,015)	311,278
Rights of use (1)	265,618,252	(43,380,252)	222,238,000	-	-	-
Other property, plant & equipment (2)	341,035,487	(273,206,677)	67,828,810	312,959,063	(254,790,631)	58,168,432
Total	5,420,686,745	(3,988,613,802)	1,432,072,943	5,115,012,198	(3,862,018,441)	1,252,993,757

(1) Corresponds to rights of use associated to lease contracts under IFRS 16, (see Note 15 d).

(2) Includes subscriber equipment, private switchboards, satellite equipment and general equipment.



15. Property, plant and equipment, continued

b) As of September 30, 2019 the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipment, Net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Property, plant and equipment under financial leases, net	Right of use, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2019	24,309,203	307,915,023	2,162	2,206,289	1,022,807	157,874,623	20,052,119	681,131,821	311,278	-	58,168,432	1,252,993,757
Additions	-	-	-	-	-	157,398,581	-	-	-	265,618,252	-	423,016,833
Retirements	(7,783,953)	(66,857,832)	-	(559,688)	(85,155)	-	(2,625,729)	(15,715,090)	(5,304,293)	-	(19,510,974)	(118,442,714)
Acc. Dep. retirements	-	28,673,536	-	349,601	43,998	-	2,405,897	14,416,460	4,993,015	-	19,392,452	70,274,959
Depreciation expense	-	(18,822,063)	(1,621)	(492,289)	(176,271)	-	(7,148,491)	(89,040,833)	-	(43,395,978)	(37,808,498)	(196,886,044)
Other Increase (decrease) (1)	250,000	20,381,702	-	136,155	95,009	(163,506,247)	2,222,479	93,933,930	-	15,726	47,587,398	1,116,152
Movements, subtotal	(7,533,953)	(36,624,657)	(1,621)	(566,221)	(122,419)	(6,107,666)	(5,145,844)	3,594,467	(311,278)	222,238,000	9,660,378	179,079,186
Ending balance as of 09.30.2019	16,775,250	271,290,366	541	1,640,068	900,388	151,766,957	14,906,275	684,726,288	-	222,238,000	67,828,810	1,432,072,943

(1) Includes movement of net transfer of intangible assets to property, plant and equipment in the amount of ThCh\$2,792,531 (Note 13b)

As of September 30, 2019, the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Fully depreciated assets still in use	-	318,399,768	453,935	28,254,570	1,579,967	-	38,099,391	2,442,272,632	-	214,721,353	3,043,781,616

Additions for the period 2019 fundamentally show the effect of incorporation of network improvement (Broadband), systems and software development (Believe, others), antennas and transmission equipment (infrastructure), energy system (Operating Continuity).

In the normal course of business, the Company monitors both new and existing assets and their depreciation rates, adjusting for technological evolution and development of markets in which we compete.

The Company has no assets provided in guarantee.



15. Property, plant and equipment, continued

c) As of december 31, 2018 the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipments, Net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Property, plant and equipment under financial leases, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.18	24,392,958	314,896,570	4,325	2,774,322	1,126,173	169,884,000	19,795,957	680,706,127	319,028	51,284,563	1,265,184,023
Additions	-	-	-	-	-	223,192,630	-	-	-	-	223,192,630
Retirements	(83,755)	(4,067,963)	(59,291)	(180,182)	-	-	(30,644,667)	(10,602,983)	-	(30,852,198)	(76,491,039)
Acc. Dep. retirements	-	1,217,818	59,291	180,182	-	-	30,620,279	9,651,466	-	30,722,124	72,451,160
Depreciation expense	-	(25,522,627)	(2,163)	(809,310)	(257,299)	-	(10,572,871)	(120,057,864)	(7,750)	(42,912,588)	(200,142,472)
Depreciation transfer	-	4,907,072	-	-	-	-	-	(4,900,236)	-	(6,836)	-
Other increase (decrease) (1)	-	16,484,153	-	241,277	153,933	(235,202,007)	10,853,421	126,335,311	-	49,933,367	(31,200,545)
Movements, subtotal	(83,755)	(6,981,547)	(2,163)	(568,033)	(103,366)	(12,009,377)	256,162	425,694	(7,750)	6,883,869	(12,190,266)
Ending balance as of 12.31.18	24,309,203	307,915,023	2,162	2,206,289	1,022,807	157,874,623	20,052,119	681,131,821	311,278	58,168,432	1,252,993,757

(1) Corresponds to the movement of transfers from construction in progress to intangible assets in the amount of ThCh\$ (29,616,609) (Note 13 b).

As of december 31, 2018 the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Fully depreciated assets still in use	-	314,014,599	453,935	27,607,104	1,573,992	-	35,525,226	2,388,021,285	-	201,586,892	2,968,783,033

15. Property, plant and equipment, continued

d) As of September 30, 2019 the movements of right-of-use assets items are as follows:

Movements	Rights of use on land and natural properties, net ThCh\$	Rights of use on buildings, net ThCh\$	Rights of use on plant and machinery, net ThCh\$	Other rights of use, net ThCh\$	Advance payments for rights of use, net ThCh\$	Rights of use, net ThCh\$
Beginning balance as of 01.01.19						
Additions	67,719,257	178,840,888	6,785,641	11,675,012	597,454	265,618,252
Depreciation expense	(13,933,758)	(26,888,296)	(1,517,605)	(1,040,593)	-	(43,380,252)
Others	-	-	-	-	15,727	15,727
Movements, subtotal	53,785,499	151,952,592	5,268,036	10,634,419	613,181	222,253,727
Ending balance as of 09.30.2019	53,785,499	151,952,592	5,268,036	10,634,419	613,181	222,253,727

16. Non-current assets or disposal groups classified as held for sale

This heading presents the assets that have been destined for sale in accordance with the Company's rationalization program for 2019.

Concepts	09.30.2019 ThCh\$	31.12.2018 ThCh\$
Land	7,024,989	-
Buildings	23,947,523	-
Communication equipment and networks	57,740	-
Fixtures and accessories	42,482	-
Others	35,039	-
Total	31,107,773	-

On September 30, 2019 the assets were transferred at their net carrying amount as of that date.

17. Other current and other non-current financial liabilities

The composition of other current and other non-current financial liabilities that accrue interest is as follows:

Concepts	09.30.2019		12.31.2018	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Bank loans (a)	222,450	158,474,702	360,837	150,851,556
Unguaranteed obligations (Bonds) (1) (b)	120,959,172	600,900,820	54,011,525	680,876,592
Hedge instruments (see Note 19.2)	1,446,212	3,868,489	4,513,765	12,309,350
Lease obligations (2)	67,457,146	133,825,732	-	-
Other financial debts (3)	3,429,892	-	-	-
Total	193,514,872	897,069,743	58,886,127	844,037,498

(1) Includes fair value interest rate risk adjustment.

(2) Corresponds to recognition of the liability for qualifying lease contracts under IFRS 16.

(3) Corresponds to the generation of financial liabilities on the sale of the portfolio to Banco Santander Spain with continued involvement.

17. Other current and other non-current financial liabilities, continued

a) As of September 30, 2019 the detail of bank loans is as follows:

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	0-E	Bank of Tokyo	Chile	US\$	At expiry	3.57%	3.26%	MMUS\$ 150 mm	15-04-2021
Bilateral Loan	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	0	Banco Scotiabank	Chile	US\$	At expiry	4.07%	3.62%	MMUS\$ 68,6 mm	13-11-2023

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)										
					To Maturity										Total nominal amounts in local currency ThCh\$
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$	5 years and over ThCh\$		
Bilateral Loan (1)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	99,057,000	-	99,057,000	-	-	-	-	-	99,057,000
Bilateral Loan (2)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	Banco Scotiabank	-	-	-	-	-	-	47,022,556	47,022,556	-	-	47,022,556
Total					-	-	99,057,000	-	99,057,000	-	47,022,556	47,022,556	-	-	146,079,556

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current					Non-current					Total Non-current as of 09.30.2019 ThCh\$	
					To Maturity		Total current as of 09.30.2019 ThCh\$	To Maturity			Total 3 to 5 years ThCh\$	5 years and over ThCh\$				
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$			3 to 4 years ThCh\$	4 to 5 years ThCh\$		
Crédito Bilateral (1)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	120,991	-	120,991	108,897,109	-	108,897,109	-	-	-	-	-	108,897,109
Crédito Bilateral (2)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	Banco Scotiabank	101,459	-	101,459	-	-	-	-	49,577,593	49,577,593	-	-	49,577,593
Total					222,450	-	222,450	108.897.109	-	108,897,109	-	49,577,593	49,577,593	-	-	158.474.702

(1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$150 million (Ch\$99,057 million), with an monthly interest rate of libor + 0,8% for 5 years bullet.

(2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68.6 million (Ch\$47,023 million) with an interest rate of libor (3M) + 1% annual for a 5-year bullet term, expiring on November 13, 2023.

17. Other current and other non-current financial liabilities, continued

a) As of December 31, 2018 the detail of bank loans is as follows:

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.030.000-7	Bank of Tokyo	Tokyo	USD	At expiry	1.47%	1.23%	MMUS\$150	2021
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At expiry	3.98%	3.62%	MMUS\$68.6	2023

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)									Total nominal amounts in local currency ThCh\$
					To Maturity									
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$	5 years and over ThCh\$	
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	-	99,057,000	99,057,000	-	-	-	-	99,057,000
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	-	-	-	-	-	-	47,022,556	47,022,556	-	47,022,556
Total					-	-	-	99,057,000	99,057,000	-	47,022,556	47,022,556	-	146,079,556

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current			Non-current						Total Non-current as of 12.31.2018 ThCh\$	
					To Maturity		Total current as of 12.31.2018 ThCh\$	To Maturity					5 years and over ThCh\$		
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$			
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	131,925	-	131,925	-	103,735,302	103,735,302	-	-	-	-	103,735,302
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	228,912	-	228,912	-	-	-	-	47,116,254	47,116,254	-	47,116,254
Total					360,837	-	360,837	-	103,735,302	103,735,302	-	47,116,254	47,116,254	-	150,851,556

1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$150 million (Ch\$99,057 million), with an monthly interest rate of $\text{libor} + 0,8\%$ for 5 years bullet.

2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68.6 million (Ch\$47,023 million) with an interest rate of $\text{libor} (3M) + 1\%$ annual for a 5-year bullet term, expiring on November 13, 2023.

On April 30, 2017 the international loan agreement with Sovereign Bank N.A. expired that the subsidiary Telefónica Chile S.A. maintained.

17. Other current and other non-current financial liabilities, continued

b) As of September 30, 2019 the detail of unguaranteed obligations (Bonds) is as follows, continued:

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A	90.635.000-9	Telefónica Chile S.A.	Chile	97.036.000-K	The Bank of New York Mellon	USA	USD	At expiry	4,06%	3,88%	MMUSD 500	10-12-2022
Bond Serie K	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At expiry	4,91%	4,90%	MM\$ 94.410	09-13-2021
Bond Serie F	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	3,82%	3,60%	UF 3 mm	10-04-2023
Bond Serie I	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	2,00%	1,95%	UF 2 mm	08-14-2020
Bond Serie G	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	2,01%	2,20%	UF 2 mm	06-20-2020
Bond Serie T	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At expiry	5,09%	4,90%	MM\$ 48.000	07-05-2023

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity								Total nominal amounts in local currency ThCh\$	
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 Years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 Years ThCh\$		5 years and Over ThCh\$
Bond 144A	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	-	-	-	236,400,000	236,400,000	-	-	-	-	236,400,000
Bond Serie K	87845500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	94,410,000	-	94,410,000	-	-	-	-	94,410,000
Bond Serie F	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680
Bond Serie I	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,317,080	-	-	-	-	-	-	-	50,317,080
Bond Serie G	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,108,620	-	-	-	-	-	-	-	50,108,620
Bond Serie T	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	-	-	28,800,000	-	28,800,000	19,200,000	-	19,200,000	-	48,000,000
Total					-	100,425,700	123,210,000	236,400,000	359,610,000	19,200,000	66,928,680	86,128,680	-	546,164,380



17. Other current and other non-current financial liabilities, continued

b) As of September 30, 2019 the detail of unguaranteed obligations (Bonds) is as follows, continued:

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current					Total Non-current as of 09.30.2019 ThCh\$		
					To Maturity		Total current as of 09.30.2019 ThCh\$	To Maturity							
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$		Total 3 to 5 years ThCh\$	5 years and Over ThCh\$
Bond 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	-	6,105,545	6,105,545	-	364,101,920	364,101,920	-	-	-	-	364,101,920
Bond Serie K (2)	87845500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	193,353	193,353	-	94,402,433	94,402,433	-	-	-	-	94,402,433
Bond Serie F (3)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	1,312,543	-	1,312,543	-	-	-	-	94,299,171	94,299,171	-	94,299,171
Bond Serie I (4)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	56,210,807	56,210,807	-	-	-	-	-	-	-	-
Bond Serie G (5)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	56,513,110	56,513,110	-	-	-	-	-	-	-	-
Bond Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	623,814	-	623,814	28,872,400	-	28,872,400	19,224,896	-	19,224,896	-	48,097,296
Total					1,936,357	119,022,815	120,959,172	28,872,400	458,504,353	487,376,754	19,224,896	94,299,171	113,524,066	-	600,900,820

- On October 12, 2012, Telefónica Chile S.A. issued 144A Reg S Bonds in the American capitals market in the amount of US\$ 500,000,000 (equivalent to ThCh\$ 236,400,000 historical), at an effective annual interest rate of 3.887% and 10-year bullet maturing on October 12, 2022. The placing banks were Banco Bilbao Vizcaya Argentaria, S.A. Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. The funds resulting from the issuance were destined to refinancing liabilities and other corporate purposes.
- On September 13, 2016, there was a placement in the local market in the amount of ThCh\$ 94,410,000 with a 5-year bullet, maturing on September 13, 2021, with no covenants or control clauses.
- On October 15, 2013, a placement was made in the local market for a 10-year bullet bond in the amount of UF3,000,000, maturing on October 4, 2023,
- On August 20, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses,
- On July 23, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000.000 maturing on June 20, 2020 with no covenants or control clauses,
- On January 5, 2017, Telefónica Chile S.A. placed series T, 5-year Bond in the local market in the amount of MCh\$ 48,000 at a nominal annual rate of 4,9%, maturing on July 5, 2023, The amount collected by this operation amounted to ThCh\$48,795,000

On March 14, 2019, subsidiary Telefónica Chile S.A. paid the Banco de Chile Q Bond for a total capital payment of ThCh\$47,000,000 and interest in the amount of ThCh\$1,332,356.



17. Other current and other non-current financial liabilities, continued

b) As of December 31, 2018 the detail of unguaranteed obligations (Bonds) is as follows:

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	UF	At expiry	3,82%	3,60%	MM UF 3	2023
Series Bond G (2)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	UF	At expiry	2,01%	2,20%	MM UF 2	2020
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	UF	At expiry	2,00%	1,95%	MM UF 2	2020
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	CLP	At expiry	4,91%	4,90%	MM\$ 94,410	2021
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	Foreign	The Bank of New York Mellon	USA	USD	At expiry	4,06%	3,88%	MMUSD 500	2022
Series Bond Q (6)	90,635,000-9	Telefónica Chile S.A.	Chile	97,004,000-5	Banco Chile	Chile	CLP	At expiry	6,17%	5,75%	MM\$47,000	2019
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	97,004,000-5	Banco Chile	Chile	CLP	At expiry	5,09%	4,90%	MM\$ 48,000	2023

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)										Total nominal amounts in local currency ThCh\$
					To Maturity										
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 Years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 Years ThCh\$	5 years and Over ThCh\$		
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680	
Series Bond G (2)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	50,108,620	-	50,108,620	-	-	-	-	50,108,620	
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	50,317,080	-	50,317,080	-	-	-	-	50,317,080	
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	94,410,000	94,410,000	-	-	-	-	94,410,000	
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	-	-	-	236,400,000	-	236,400,000	-	236,400,000	
Series Bond Q (6)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	47,000,000	-	-	-	-	-	-	-	-	47,000,000	
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	-	9,600,000	19,200,000	28,800,000	-	19,200,000	19,200,000	-	48,000,000	
Total					47,000,000	-	110,025,700	113,610,000	223,635,700	236,400,000	236,400,000	322,528,680	-	593,164,380	



17. Other current and other non-current financial liabilities, continued

b) As of December 31, 2018 the detail of unguaranteed obligations (Bonds) is as follows:

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current						Total Non-current as of 12.31.2018 ThCh\$	
					To Maturity		Total current as of 12.31.2018 ThCh\$	To Maturity							
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 years ThCh\$		5 years and Over ThCh\$
Series Bond F (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	713,426	713,426	-	-	-	-	81,936,000	81,936,000	-	81,936,000
Series Bond G (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	36,454	36,454	55,278,755	-	55,278,755	-	-	-	-	55,278,755
Series Bond I (3)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	404,114	-	404,114	55,085,686	-	55,085,686	-	-	-	-	55,085,686
Series Bond K (4)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander The Bank of New York Mellon	-	1,363,654	1,363,654	-	94,389,476	94,389,476	-	-	-	-	94,389,476
Series Bond 144A (5)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	2,529,878	2,529,878	-	-	-	346,034,137	-	346,034,137	-	346,034,137
Series Bond Q (6)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	47,757,841	-	47,757,841	-	-	-	-	-	-	-	-
Series Bond T (7)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	1,206,158	-	1,206,158	19,303,851	9,623,791	29,927,642	9,616,534	9,608,362	19,224,896	-	48,152,538
Total					49,368,113	4,643,412	54,011,525	129,668,292	104,013,267	233,681,559	355,650,671	91,544,362	447,195,033	-	680,876,592

- (1) On October 15, 2013, a placement was made in the local market for a 10-year bullet bond in the amount of UF3,000,000, maturing on October 4, 2023.
- (2) On July 23, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on June 20, 2020, with no covenants or control clauses.
- (3) On August 20, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses.
- (4) On September 13, 2016, a placement was made in the local market for a 5-year bullet bond in the amount of ThCh\$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses.
- (5) On October 12, 2012, Telefónica Chile S.A. issued 10-year Reg S 144A bullet bonds in the American capitals market in the amount of US\$500,000,000 (equivalent to ThCh\$236,400,000 historical), in US dollars, at an effective annual interest rate of 3,887%, maturing on October 12, 2022, Placement banks were Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc, and J.P. Morgan Securities LLC, Funds resulting from the issuance shall be destined to refinancing of liabilities and other corporate purposes.
- (6) On March 26, 2014, Telefónica Chile S.A. placed a series Q, 5-year bullet bond in the local market in the amount of ThCh\$ 47,000,000 at a nominal annual rate of 5,75%, maturing on March 14, 2019, The amount collected by this operation amounted to ThCh\$46,406,000.
- (7) On January 5, 2017, Telefónica Chile S.A. placed series T, 5-year Bond in the local market in the amount of MCh\$ 48,000 at a nominal annual rate of 4,9%, maturing on July 5, 2023, The amount collected by this operation amounted to ThCh\$48,795,000.

17. Other current and other non-current financial liabilities, continued

- c) The composition of movements of current and non-current financial assets and liabilities from financing activities as of September 30, 2019 is detailed as follows:

Reconciliation of current financing activities	Cah flows			Items other than cash flows			09.30.2019 ThCh\$
	12.31.2018	Collection	Payment	Foreign currency translation	Accrued interest	Other movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	58,886,127	6,626,976	(104,944,248)	10,246,482	28,112,918	194,586,617	193,514,872
Bank loans (1)	360,837	-	(3,794,629)	(1,898)	3,764,255	(106,115)	222,450
Unguaranteed obligations (bonds) (2)	54,011,525	-	(64,810,883)	11,794,447	19,680,585	100,283,498	120,959,172
Hedging instruments	4,513,765	3,197,084	(5,625,952)	(1,546,067)	2,019,508	(1,112,126)	1,446,212
Lease obligations (3)	-	-	(30,712,784)	-	2,648,570	95,521,360	67,457,146
Other financial debts	-	3,429,892	-	-	-	-	3,429,892
Related party commercial mandate (4)	729,747	56,769,900	(56,590,000)	-	-	(822,944)	86,703
Related party leases (3)	-	-	-	-	-	3,821,253	3,821,253
Issued capital (4)	1,294,872,285	35,000,000	-	-	-	-	1,329,872,285
Dividends pending payment (4)	187,737	-	(40,625)	-	-	(58,948)	88,164
Other financial payments (4)	-	-	(3,431,648)	-	-	3,431,648	-
Total	1,354,675,896	98,396,876	(165,006,521)	10,246,482	28,112,918	200,957,626	1,527,383,277

(1) As of September 30, 2019, the movement of current cash flows from bank loans amounts to ThCh\$ 3,794,629 in interest payments.

(2) As of September 30, 2019, movement of current cash flows from unguaranteed obligations amounts to ThCh\$ 47,000,000 for payment of Bond Q and ThCh\$ 17,810,883 for payment of interest.

(3) Corresponds to recognition of liability payments on lease contracts that qualify under IFRS 16.

(4) Includes movements between related parties and other movements that do not form part of financial liabilities, but are cash flows from financing activities

Reconciliation of non-current financing activities	Cah flows			Items other than cash flows			09.30.2019 ThCh\$
	12.31.2018	Collection	Payment	Foreign currency translation	Accrued interest	Other movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	844,037,498	-	-	15,540,563	-	37,491,681	897,069,743
Bank loans	150,851,556	-	-	7,310,272	-	312,874	158,474,702
Unguaranteed obligations (Bonds)	680,876,592	-	-	8,230,242	-	(88,206,015)	600,900,820
Hedging instruments	12,309,350	-	-	49	-	(8,440,910)	3,868,489
Lease obligations (1)	-	-	-	-	-	133,825,732	133,825,732
Related party leases	-	-	-	-	-	29,026,215	29,026,215
Total	844,037,498	-	-	15,540,563	-	66,517,896	926,095,958

17. Otros pasivos financieros corrientes y no corrientes, continuación

- c) The composition of current and non-current financial liabilities from financing activities as of September 30, 2018 is detailed as follows:

Reconciliation of current financing activities	12.31.2017	Cash flows		Items other than cash flows			09.30.2018
		Collection	Payment	Foreign currency translation	Accrued interest	Other movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Financial liabilities	14,160,658	552,561	(26,124,264)	(1,344,258)	22,315,625	49,680,000	59,240,323
Bank loans (1)	93,320	-	(1,935,578)	-	1,923,854	-	81,596
Unguaranteed obligations (Bonds) (2)	7,028,581	-	(18,477,682)	34,448	20,200,357	46,532,688	55,318,392
Hedging instruments	7,038,757	552,561	(5,711,004)	(1,378,706)	191,414	3,147,313	3,840,335
Related party commercial mandate (3)	1,744,056	2,050,000	(3,817,000)	-	-	748,504	725,560
Issued capital (3)	1,257,872,285	37,000,000	-	-	-	-	1,294,872,285
Dividends pending payment (3)	359,513	-	(24,475)	-	-	(192,837)	142,201
Other financial payments (3)	-	-	(1,635,580)	-	-	1,635,580	-
Total	1,274,136,512	39,602,561	(31,601,319)	(1,344,258)	22,315,625	51,871,248	1,354,980,369

(1) As of September 30, 2018, current movements of cash flows from bank loans amount to ThCh\$ 1,183,602 in interest payments.

(2) As of September 30, 2018, the movement of current cash flows from unguaranteed obligations amounts to ThCh\$ 13,169,623 in interest payments.

(3) Includes movements with related parties and other movements that do not form part of financial liabilities, but are cash flows from financing activities.

Reconciliation of non-current financing activities	12.31.2018	Cash flows		Items other than cash flows			09.30.2018
		Collection	Payment	Foreign currency translation	Accrued interest	Other movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Bank loans	91,615,282	-	-	6,813,172	-	114,264	98,542,718
Unguaranteed obligations (Bonds)	681,739,322	-	-	26,578,359	-	(46,113,921)	662,203,760
Hedging instruments	14,290,035	-	-	(6,850,500)	-	11,991,745	19,431,280
Total	787,644,639	-	-	26,541,031	-	(34,007,912)	780,177,758

- d) Current lease financial liabilities as of September 30, 2019 are detailed as follows:

Up to 90 days	Due date	Total current	1 to 3 years	Due dates	Over 5 years	Total non-current as of
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
33,425,806	34,031,340	67,457,146	85,742,521	27,603,107	20,480,104	133,825,732

18. Trade and other payables

a) The composition of Trade and other payables is as follows:

Conceptos	09.30.2019		12.31.2018	
	Current ThCh\$	No-current ThCh\$	Current ThCh\$	No-current ThCh\$
Debts due to purchases or services provided, invoiced (1)	104,438,790	-	131,500,796	-
Real property providers, invoiced	45,755,715	-	76,449,598	-
Debts due to purchases or services provided, provisioned (1) (2)	92,434,723	2,414,559	122,084,916	4,320,435
Payables to employees	22,100,231	-	35,744,374	-
Real property providers, provisioned	10,527,070	-	19,786,277	-
Dividends pending payment	88,164	-	187,737	-
Total	275,344,693	2,414,559	385,753,698	4,320,435

(1) "Debts from purchases or services rendered" corresponding to foreign and domestic suppliers, for the periods ended as of September 30, 2019 and december 31, 2018 are detailed as follows:

Debts due to purchases or services provided	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Domestic	169,903,804	232,705,466
Foreign	26,969,711	20,880,246
Total	196,873,515	253,585,712

(2) Non-current balances correspond to equipment purchase obligations.

b) Accounts payable payment terms

The Company has a policy of paying its suppliers in an average period of 60 days as of the date of reception of the respective invoice. There are cases in which due to specific circumstances, other than general policy, the established period is not complied with, for example, contracts that have specific agreed-upon deadlines, or delay on the part of the supplier in the issuance of invoices, or the closing of agreements with suppliers for delivery of goods or providing of the service, etc.

The Company does not present interest associated to debts in this heading.

As of September 30, 2019 the main suppliers are Huawei Chile S.A. with 11.4%, Samsung Electronics Chile Ltda, with 5.2%, Ministerio de Obras Públicas with 4.4% and Nokia Solutions and Network Chile with 4.1%; and as of december 31, 2018 the main suppliers corresponds to Huawei Chile S.A. with 15,5%, Samsung Electronics Chile Ltda. With 5.95% and Nokia Solutions and Networks Chile with 5.9%.

18. Trade and other payables, continued

b) Accounts payable payment terms, continued

The terms of accounts payable to suppliers with up to date payments as of September 30, 2019 and december 31, 2018 are detailed as follows:

Suppliers with up to date payments As of 09.30.2019	Goods ThCh\$	Services ThCh\$	Total ThCh\$
Trade accounts to date			
Up to 30 days	21,624,446	42,285,840	63,910,286
From 31 to 60 days	16,617,166	30,585,329	47,202,495
From 61 to 90 days	-	297,019	297,019
Total	38,241,612	73,168,188	111,409,800
Average period of payment of up to date accounts	60	58	

Suppliers with up to date payments As of 12.31.2018	Goods ThCh\$	Services ThCh\$	Total ThCh\$
Trade accounts to date			
Up to 30 days	39,964,912	55,437,601	95,402,513
From 31 to 60 days	30,400,355	43,492,110	73,892,465
From 61 to 90 days	-	167,175	167,175
Total	70,365,267	99,096,886	169,462,153
Average period of payment of up to date accounts	59	55	

The terms of accounts payable to suppliers with overdue payments as of September 30, 2019 and December 31, 2018 are detailed as follows:

Overdue trade accounts payable by term As of 09.30.2019	Goods ThCh\$	Services ThCh\$	Total ThCh\$
Overdue trade accounts payable by term			
Up to 30 days	5,636,706	16,750,504	22,387,210
From 31 to 60 days	475,085	2,034,142	2,509,227
From 61 to 90 days	608,764	3,296,154	3,904,918
From 91 to 120 days	355,974	1,245,332	1,601,306
From 121 to 180 days	113,541	1,128,882	1,242,423
More than 180 days	371,106	6,768,515	7,139,621
Total	7,561,176	31,223,529	38,784,705
Average payment period of overdue accounts	59	26	

18. Trade and other payables, continued

b) Accounts payable payment terms, continued

Overdue trade accounts payable by term As of 12.31.2018	Goods	Services	Total
	ThCh\$	ThCh\$	ThCh\$
Overdue trade accounts payable by term			
Up to 30 days	4,001,723	26,474,812	30,476,535
From 31 to 60 days	1,006,995	1,861,342	2,868,337
From 61 to 90 days	533,287	-	533,287
From 91 to 120 days	114,322	-	114,322
From 121 to 180 days	345,919	147,764	493,683
More than 180 days	82,085	3,919,992	4,002,077
Total	6,084,331	32,403,910	38,488,241
Average payment period of overdue accounts	58	33	



19. Financial instruments

1. Classification of financial instruments by nature and category

a) Details of financial instruments of assets classified by nature and category as of September 30, 2019 is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets		
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Through profit and loss		Through other comprehensive income (equity)			Hedges	Subtotal financial assets at fair value	Fair value measurement hierarchy			Total Book Value of Financial Assets	Total Fair Value of Financial Assets
				Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Level 1 (quoted prices)			Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)			
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Other participations (net)	6-b	-	-	-	-	-	7,365,196	-	7,365,196	7,361,339	3,857	-	7,365,196	7,365,196	
Other participations							7,365,196		7,365,196	7,361,339	3,857		7,365,196	7,365,196	
Derivative instrument assets		-	-	-	-	-	-	165,799,135	165,799,135	-	165,799,135	-	165,799,135	165,799,135	
Derivative instrument assets	19-2							165,799,135	165,799,135		165,799,135		165,799,135	165,799,135	
Deposits and pledges		50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Deposits and pledges	6-a	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Non-current trade and other accounts receivable		32,077,133	32,077,133	-	-	-	-	-	-	-	-	-	32,077,133	32,077,133	
Non-current trade and other accounts receivable	12	32,077,133	32,077,133	-	-	-	-	-	-	-	-	-	32,077,133	32,077,133	
Non-current financial assets													205,291,932	205,291,932	
Current trade accounts receivable		303,846,531	303,846,531	-	-	-	-	-	-	-	-	-	303,846,531	303,846,531	
Current trade and other accounts receivable	8-a	265,351,008	265,351,008	-	-	-	-	-	-	-	-	-	265,351,008	265,351,008	
Account receivable from relate entities	9-a	38,495,523	38,495,523	-	-	-	-	-	-	-	-	-	38,495,523	38,495,523	
Current deposits and pledges		80,444	80,444	-	-	-	10,250,266	-	10,250,266	10,250,266	-	-	10,330,710	10,330,710	
Current pledges and deposits	6-a	80,444	80,444	-	-	-	10,250,266	-	10,250,266	10,250,266	-	-	10,330,710	10,330,710	
Derivative instrument of assets		-	-	-	-	-	-	17,460,232	17,460,232	-	17,460,232	-	17,460,232	17,460,232	
Derivative instrument of assets	19-2	-	-	-	-	-	-	17,460,232	17,460,232	-	17,460,232	-	17,460,232	17,460,232	
Cash and cash equivalents		174,051,872	174,051,872	-	-	-	-	-	-	-	-	-	174,051,872	174,051,872	
Cash and cash equivalents	5	174,051,872	174,051,872	-	-	-	-	-	-	-	-	-	174,051,872	174,051,872	
Current financial assets		477,978,847	477,978,847	-	-	-	10,250,266	17,460,232	27,710,498	10,250,266	17,460,232	-	505,689,345	505,689,345	
Total financial assets		510,106,448	510,106,448	-	-	-	17,615,462	183,259,367	200,874,829	17,611,605	183,263,224	-	710,981,277	710,981,277	



19. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

b) Details of financial instruments of assets classified by nature and category as of december 31, 2018 is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets		
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Through profit and loss		Through other comprehensive income (equity)			Hedges	Subtotal financial assets at fair value	Fair value measurement hierarchy			Total Book Value of Financial Assets	Total Fair Value of Financial Assets
				Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Level 1 (quoted prices)			Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)			
													ThCh\$		
Other participations (net)	6-b	-	-	-	-	-	6,962,236	-	6,962,236	6,958,379	3,857	-	6,962,236	6,962,236	
Other participations		-	-	-	-	-	6,962,236	-	6,962,236	6,958,379	3,857	-	6,962,236	6,962,236	
Derivative instrument assets		-	-	-	-	-	-	145,143,595	145,143,595	-	145,143,595	-	145,143,595	145,143,595	
Derivative instrument assets	18-2	-	-	-	-	-	-	145,143,595	145,143,595	-	145,143,595	-	145,143,595	145,143,595	
Deposits and pledges		50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Deposits and pledges	6-a	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Non-current trade and other accounts receivable		34,028,767	34,028,767	-	-	-	-	-	-	-	-	-	34,028,767	34,028,767	
Non-current trade and other accounts receivable	12	34,028,767	34,028,767	-	-	-	-	-	-	-	-	-	34,028,767	34,028,767	
Non-current financial assets		34,079,235	34,079,235	-	-	-	6,962,236	145,143,595	152,105,831	6,958,379	145,147,452	-	186,185,066	186,185,066	
Current trade accounts receivable		220,022,598	220,022,598	-	-	-	-	-	-	-	-	-	220,022,598	220,022,598	
Current trade and other accounts receivable	8-a	198,534,756	198,534,756	-	-	-	-	-	-	-	-	-	198,534,756	198,534,756	
Account receivable from relate entities	9-a	21,487,842	21,487,842	-	-	-	-	-	-	-	-	-	21,487,842	21,487,842	
Current deposits and pledges		137,124	137,124	-	-	-	-	-	-	-	-	-	137,124	137,124	
Current pledges and deposits	6-a	137,124	137,124	-	-	-	-	-	-	-	-	-	137,124	137,124	
Derivative instrument of assets		-	-	-	-	-	-	5,074,553	5,074,553	-	5,074,553	-	5,074,553	5,074,553	
Derivative instrument of assets	18-2	-	-	-	-	-	-	5,074,553	5,074,553	-	5,074,553	-	5,074,553	5,074,553	
Cash and cash equivalents		263,376,457	263,376,457	-	-	-	-	-	-	-	-	-	263,376,457	263,376,457	
Cash and cash equivalents	5	263,376,457	263,376,457	-	-	-	-	-	-	-	-	-	263,376,457	263,376,457	
Current financial assets		483,536,179	483,536,179	-	-	-	-	5,074,553	5,074,553	-	5,074,553	-	488,610,732	488,610,732	
Total financial assets		517,615,414	517,615,414	-	-	-	6,962,236	150,218,148	157,180,384	6,958,379	150,222,005	-	674,795,798	674,795,798	

19. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

The book value of financial assets such as cash and cash equivalents and the current portion of accounts receivable from related entities approximates their fair values, due to the short-term nature of their expiries.

The book value of the current portion of trade and other accounts receivable approximates their fair values, due to the short-term nature of their expiries.

Instruments recorded under other current and non-current financial assets classified as financial assets at fair value through profit or loss and hedge derivatives are presented at their fair value in the Statement of Financial Position.

Financial instruments recorded under other non-current financial assets mainly include the investment in Telefonica Brazil which is recorded at fair value (note 6).

Instruments recorded under other current financial assets classified as held to maturity mainly include time deposits maturing in more than 90 days.



19. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

c) Details of financial instruments of liabilities classified by nature and category as of September 30, 2019 is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value						Total financial liabilities		
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	With changes in the income statement		Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Fair value measurement hierarchy			Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
				Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL			Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)		
Issuance of obligations and other non-current marketable securities	17-d	600,900,821	602,223,755	-	-	-	-	-	-	-	600,900,821	602,223,755
Non-current debts with loan entities	17-c	158,474,702	158,474,702	-	-	-	-	-	-	-	158,474,702	158,474,702
Long-term hedge derivative instrument of liabilities	19-2	-	-	-	-	3,868,489	3,868,489	-	3,868,489	-	3,868,489	3,868,489
Trade and other accounts payable	18	2,414,559	2,414,559	-	-	-	-	-	-	-	2,414,559	2,414,559
Accounts payable to related entities	9-c	29,696,972	29,696,972	-	-	-	-	-	-	-	29,696,972	29,696,972
Other non-current financial debts(1)		133,825,732	133,825,732	-	-	-	-	-	-	-	133,825,732	133,825,732
Non-current financial liabilities		925,312,786	926,635,720	-	-	3,868,489	3,868,489	-	3,868,489	-	929,181,275	930,504,209
Issuance of short-term obligations and other marketable securities	17-d	120,959,173	123,261,511	-	-	-	-	-	-	-	120,959,173	123,261,511
Short-term debts with credit entities	17-c	221,568	221,568	-	-	-	-	-	-	-	221,568	221,568
Short-term derivative instrument of liabilities	19-2	-	-	-	-	1,446,212	1,446,212	-	1,446,212	-	1,446,212	1,446,212
Trade and other accounts payable	17	275,344,693	275,344,693	-	-	-	-	-	-	-	275,344,693	275,344,693
Accounts payable to related entities	9-b	60,187,555	60,187,555	-	-	-	-	-	-	-	60,187,555	60,187,555
Other non-current financial debts(1)		70,887,917	70,887,917	-	-	-	-	-	-	-	70,887,917	70,887,917
Current financial liabilities		527,600,909	529,903,244	-	-	1,446,212	1,446,212	-	1,446,212	-	529,047,120	531,349,458
Total financial liabilities		1,452,913,695	1,456,538,964	-	-	5,314,701	5,314,701	-	5,314,701	-	1,458,228,395	1,461,853,667

(1) Includes lease agreement liabilities that qualify under IFRS 16 and sale of portfolio to Banco Santander (see Note 16).



19. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

c) Details of financial instruments of liabilities classified by nature and category as of december 31, 2018 is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value							Total financial liabilities	
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	With changes in the income statement		Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Fair value measurement hierarchy			Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
				Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL			Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)		
Issuance of obligations and other non-current marketable securities	17-d	680,876,592	683,021,614	-	-	-	-	-	-	-	680,876,592	683,021,614
Non-current debts with loan entities	17-c	150,851,556	150,851,556	-	-	-	-	-	-	-	150,851,556	150,851,556
Long-term hedge derivative instrument of liabilities	19-2	-	-	-	-	12,309,350	12,309,350	-	12,309,350	-	12,309,350	12,309,350
Trade and other accounts payable		4,320,435	4,320,435	-	-	-	-	-	-	-	4,320,435	4,320,435
Accounts payable to related entities		168,257	168,257	-	-	-	-	-	-	-	168,257	168,257
Non-current financial liabilities		836,216,840	838,361,862	-	-	12,309,350	12,309,350	-	12,309,350	-	848,526,190	850,671,212
Issuance of short-term obligations and other marketable securities	17-d	54,011,525	54,235,234	-	-	-	-	-	-	-	54,011,525	54,235,234
Short-term debts with credit entities	17-c	360,837	360,837	-	-	-	-	-	-	-	360,837	360,837
Short-term derivative instrument of liabilities	19-2	-	-	-	-	4,513,765	4,513,765	-	4,513,765	-	4,513,765	4,513,765
Trade and other accounts payable	18	385,753,698	385,753,698	-	-	-	-	-	-	-	385,753,698	385,753,698
Accounts payable to related entities	9-c	52,202,802	52,202,802	-	-	-	-	-	-	-	52,202,802	52,202,802
Current financial liabilities		492,328,862	492,552,571	-	-	4,513,765	4,513,765	-	4,513,765	-	496,842,627	497,066,336
Total financial liabilities		1,328,545,702	1,330,914,433	-	-	16,823,115	16,823,115	-	16,823,115	-	1,345,368,817	1,347,737,548

19. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

The book value of the current portion of accounts payable to related entities and trade accounts receivable approximates their fair values, due to the short-term nature of their due dates.

Instruments recorded under other current and non-current financial liabilities classified as financial liabilities at fair value through profit or loss and hedge derivatives are presented at their fair value in the statement of financial position.

Financial instruments recorded under other current and non-current financial liabilities which correspond to interest bearing loans, are generally recorded for the cash received, net of costs incurred in the transaction. These obligations are valued at amortized cost, using the effective interest rate method, and mainly include bank loans and unguaranteed obligations (bonds), among other things (note 17).



19. Financial instruments, continued

2. Hedging instruments

As of September 30, 2019, hedge instruments are detailed as follows:

Type of hedge	Underlying	Current Assets		Current Liabilities		To Maturity		Non-current Assets	
		Up to 90 days	90 days to 1 year	Up to 90 days	90 days to 1 year	1 to 3 years	3 to 5 years	1 to 3 years	3 to 5 years
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Exchange rate – cash flow hedge (1)	Supplier Debt	530,550	2,491,383	(603)	(2,168)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	462,983	-	(10,698)	-	-	-	-	-
Interest rate – cash flows hedge (3)	Financial Debt	2,040,147	-	(1,432,743)	-	-	5,944,714	(3,476,340)	(391.991)
Exchange rate and interest rate – fair value hedge (4)	Financial Debt	550,737	11,384,432	-	-	-	159,854,421	(158)	-
Total		3.584.417	13,875,815	(1,444,044)	(2,168)	-	165,799,135	(3,476,498)	(391,991)

Hedge instruments have generated an effect on result of ThCh\$28,079,361 As of September 30, 2019 and the accumulated effect on equity, net of taxes is ThCh\$(1,285,305) (see note 23d).

As of December 31, 2018, hedge instruments are detailed as follows:

Type of hedge	Underlying	Current Assets		Current Liabilities		To Maturity		Non-current Assets	
		Up to 90 days	90 days to 1 year	Up to 90 days	90 days to 1 year	1 to 3 years	3 to 5 years	1 to 3 years	3 to 5 years
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Exchange rate – cash flow hedge (1)	Supplier Debt	1,854,434	645,892	(23)	(102)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	1,034,352	-	(1,561,659)	-	-	-	-	-
Interest rate – cash flows hedge (4)	Financial Debt	1,539,875	-	(2,951,981)	-	-	5,477,647	-	(12.309.264)
Exchange rate and interest rate – fair value hedge (5)	Financial Debt	-	-	-	-	-	139,665,950	(88)	-
Total		4,428,661	645,892	(4,513,663)	(102)	-	145,143,597	(88)	(12,309,264)

Hedge instruments have generated an effect on result of ThCh\$62,501,428, As of December 31, 2018 (see note 24d, 24e, and 24f) and the accumulated effect on equity, net of taxes is ThCh\$338,921 (see note 23d).

Description of hedge instruments:

1. Exchange rate – cash flow hedge: This category includes derivative instruments used to hedge highly probable trade debt future cash flows.
2. Exchange rate – fair value hedge: This category includes derivative instruments entered into to hedge existing commercial debt.
3. Interest rate – cash flows hedge: This category includes, derivative instruments entered into to hedge debt instrument interest rate risk, whose interest cash flows payable are denominated at a variable interest rate.
4. Exchange rate and interest rate – fair value hedge: This category includes derivative instruments entered into to hedge foreign currency risk on debt instrument capital.

19. Financial instruments, continued

3. Valuation of hedging instruments

The Company has financial derivative valuation models that use local and international financial market interest rate curves, to determine cash flows associated to each derivative and to discount those cash flows to present value, once this valuation is obtained, it is compared to the valuation certificates provided to us by the banks, Should there be material differences, a review of the internal model is carried out and it is verified if the bank is making a correct valuation.

The main assumptions used in the valuation models of derivative instruments are as follows:

- a) Market assumptions such as spot prices and other price projections, credit risk (own and counterparty) and rates, using observable market information and through techniques commonly used among its participants.
- b) Discount rates like risk free rates and counterparty rates (based on risk profiles and information available in the market).
- c) In addition variables are incorporated to the model such as: volatility, correlation, regression formulas and market spread.

The methodologies and assumptions used to determine the fair value of financial derivative instruments are applied consistently from one year to another. The Company considers that what has been previously described is used in a fair manner, since it is in line with those used by the market and result in a measurement of fair value that is appropriate for the purposes of measuring the financial statements and disclosures, It should be noted that these disclosures are complete and adequate.

4. Fair value hierarchy of financial instruments

Financial instruments recognized at fair value in the statement of financial position are classified according to the following hierarchies (note 19.1):

- Level 1: Corresponds to methodologies of fair value measurement using market rates (without adjustments) in an active market considering the same assets and liabilities valued.
- Level 2: Corresponds to methodologies of fair value measurement using data on market rates, not included in Level 1, that are observable for assets and liabilities valued, whether directly (that is, as a price) or indirectly (that is, derived from a price).
- Level 3: Corresponds to methodologies of fair value measurement using valuation techniques that include information on assets and liabilities valued, which are not based on observable market information.



20. Other currents provisions

a) The balance of currents provisions is detailed as follows:

Concepts	09.30.2019	12.31.2018
	ThCh\$	ThCh\$
Civil and regulatory	1,372,833	5,745,139
Total	1,372,833	5,745,139

Based on the progress of the proceedings, the Company's management considers that the provisions recorded in the financial statements adequately cover the litigation risks described in Note 28b, therefore they do not foresee that they will result in liabilities other than those recorded.

Due to the characteristics of the risks that cover these provisions, it is impossible to determine a reasonable payment date schedule.

As of September 30, 2019 and december 31, 2018 the movements in provisions is as follows:

Movements	09.30.2019	12.31.2018
	ThCh\$	ThCh\$
Beginning balance	5,745,139	10,387,867
Increase in existing provisions	1,369,343	1,356,537
Provision used	(1,078,088)	(1,450,910)
Provisioning application	(4,663,561)	(4,548,355)
Movement subtotal	(4,372,306)	(4,642,728)
Ending balance	1,372,833	5,745,139

b) Other non-currents provisions:

As of September 30, 2019 and december 31, 2018, the balance of other non-currents provisions is detailed as follows:

Concepts	09.30.2019	12.31.2018
	ThCh\$	ThCh\$
Dismantling provision (1)	18,972,655	20,123,983
Non-currents provisions others	65,124	59,665
Total	19,037,779	20,183,648

(1) Movements of the dismantling provision as of September 30, 2019 and december 31, 2018 are detailed as follows:

Movements	09.30.2019	12.31.2018
	ThCh\$	ThCh\$
Beginning balance	20,123,983	19,331,353
Increase in existing provisions	170,733	219,945
Financial restatement	22,094	817,837
Telxius transfer (1)	(1,344,154)	(164,847)
Applied provision	-	(80,305)
Movement subtotal	(1,151,327)	792,630
Ending balance	18,972,655	20,123,983

(1) On June 29, 2018, the company sold 37 infrastructure towers to Telxius Torres Chile S.A. This value corresponds to the dismantling provision associated to those towers.

21. Employee benefits accrual

a) Employment benefits

The employee benefits provision corresponds to liabilities for future termination benefits that are estimated to be accrued for employees both in the general and private payroll, which are subject to severance pay whether through collective or individual employee contracts, and is recorded at actuarial value, determined using the projected credit unit method. Actuarial profits and losses on severance pay derived from changes in estimates in the turnover rates, mortality, salary increases or discount rate, are recorded in accordance with International Accounting Standard 19 R (IAS 19R), under other comprehensive income, affecting equity directly, procedure that the Company has applied since the beginning of the convergence application of the International Standard.

As of September 30, 2019 and december 31, 2018 current and non-current employee benefits accrual are as follows:

Concepts	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Current amount of liability recognized for termination benefits	9,000,523	8,597,752
Non-current amount of liability recognized for termination benefits	29,279,860	26,842,153
Total	38,280,383	35,439,905

As of September 30, 2019 and december 31, 2018 the movements for current employee benefits provisions are detailed as follows:

Movements	09.30.2019 ThCh\$	12.31.2018 ThCh\$
Beginning balance	35,439,905	37,243,714
Service costs	(209,757)	289,707
Interest costs (see note 25 d)	1,242,079	1,935,183
Actuarial profits, net due to experience	5,293,160	232,839
Benefits paid	(3,152,981)	(4,440,817)
Others	(332,023)	179,279
Movement subtotal	2,840,478	(1,803,809)
Ending balance	38,280,383	35,439,905

Actuarial Hypotheses

The hypotheses used for the actuarial calculation of employee benefits obligations are reviewed once a year and correspond to detailed, to September 30, 2019 and December 31, 2018:

- **Discount rate:** An annual nominal rate of 2.764% and 4.673% are used as of September 30, 2019 and December 31, 2018 respectively. This rate must be representative of the time value of money, for which a risk-free rate is used represented by BCP (Central Bank of Chile Bonds issued in Chilean pesos) instruments, for a relevant term of close to 20 years.
- **Incremental Salary Rate:** An increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the exercise ended September 30, 2019 and december 31, 2018 was 3%.

21. Employee benefits accrual, continued

a) Post employment benefits, continued

Actuarial Hypotheses, continued

- **Mortality:** The RV-2014 mortality tables established by the Superintendency of Securities and Insurance are used to calculate social life insurance reserves in Chile.
- **Turnover rate:** Based on the historical Company data, the rotation used for both periods are as follows:

benefit group	rotation rate resignation	rotation rate dismissal
Compensation frozen	0.14%	1.79%
Compensation post-frozen	3.41%	6.02%
Quotas system	2.73%	2.73%
Decease	2.73%	2.73%

- **Years of service:** The Company assumes that the employees will remain until they are of legal retirement age, (women up to 60 years old and men up to 65 years old).

The model for calculating employee termination benefits has been prepared by an external qualified actuary. The model uses variables and market estimates in accordance with the methodology established by IAS 19 to determine this provision.

b) Sensitivity of assumptions

Based on the actuarial calculation as of September 30, 2019, the sensitivity of the main assumptions has been reviewed, determining the following possible effects on equity:

Description	Base	Plus 1% ThCh\$	Less 1% ThCh\$
Discount rate	2,764%	(2,173,181)	2,427,9333

c) Expected cash flows

In accordance with the employee benefits obligation, future cash flows for the following periods are detailed as follows:

Description	1st year ThCh\$
Future payment cash flows	4,577,093

21. Employee benefits accrual, continued

d) Employee benefits expenses

Expenses recognized in the comprehensive income statement for this concept are composed of payroll for personnel hired by subsidiaries Telefónica Investigación y Desarrollo SpA and Telefónica Chile Servicios Corporativos Ltda., detailed as follows:

Concepts	07.01.19 al	09.30.2019	07.01.18 al	09.30.2018
	09.30.19	M\$	09.30.18	M\$
Wages and salaries	27,538,486	91,248,674	30,593,755	93,197,411
Post employment benefit obligations expense	(406,658)	(209,757)	88,861	295,384
Total	27,131,828	91,038,917	30,682,616	93,492,795

22. Other current and non-current non-financial liabilities

Other non-financial liabilities are detailed as follows:

Concepts	06.30.2019		12.31.2018	
	Current	Non-current	Current	Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Contractual liabilities (1)	18,420,464	2,775,057	13,840,015	3,072,995
Handsets sold and not activated	9,472,634	-	5,489,074	-
Services charged and not rendered	5,070,405	-	4,728,848	-
IRUS rights of use	392,110	2,773,951	384,232	3,068,573
Others contractual liabilities (2)	3,485,315	1,106	3,237,861	4,422
Deferred income	3,636,633	1,781,588	4,833,085	1,916,567
Company projects to be undertaken (3)	1,908,437	900,780	3,615,005	1,235,997
Sale of telecommunications infrastructure	1,303,025	547,080	569,050	614,042
Other Deferred income (4)	425,171	333,728	649,030	66,528
Subsidies	359,756	2,794,662	1,305,643	3,053,001
Research and Development (5)	-	-	945,887	-
Extreme zones	118,941	506,877	118,942	595,562
Subsidy for Tierra del Fuego base stations	70,355	791,499	70,355	844,265
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	420,985	52,623	456,067
Connectivity for service networks and telecentre	90,380	368,309	90,380	431,811
Juan Fernandez Island Satellite links	27,457	706,992	27,456	725,296
Taxes	23,916,894	-	9,778,499	-
VAT	21,284,569	-	7,382,141	-
Other taxes (6)	2,632,325	-	2,396,358	-
Others non-financial liabilities	46,333,747	7,351,307	29,757,242	8,042,563

(1) With the coming into effect of IFRS 15 as of January 1, 2018, the obligations that arise from contracts signed with our customers are classified as contractual liabilities.

(2) Includes connection instalments, electronic prepay top-up and unaccrued interest on sales paid in instalments.

(3) Corresponds to billing of projects of companies that are recorded in revenue to the extent of their degree of progress.

(4) Corresponds mainly to collections management commission, generated by the sale of portfolio to BID

(5) Corresponds to government subsidy received by subsidiary Telefónica Investigación y Desarrollo SpA.

(6) Includes tax withholding and others tax.



22. Other current and non-current non-financial liabilities, continued

Movements of contractual liabilities, deferred income and subsidies as of September 30, 2019 are as follows:

Movements	09.30.2019					
	Contractual liabilities		Diferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	13,840,016	3,072,995	4,833,085	1,916,568	1,305,642	3,053,002
Endowments	204,252,003	-	2,865,340	-	-	-
Reduction/applications	(199,969,493)	-	(4,196,772)	-	(1,204,226)	-
Transfer	297,938	(297,938)	134,980	(134,980)	258,340	(258,340)
Movement subtotal	4,580,448	(297,938)	(1,196,452)	(134,980)	(945,886)	(258,340)
Ending balance	18,420,464	2,775,057	3,636,633	1,781,588	359,756	2,794,662

Movements of contractual liabilities, deferred income and subsidies as of december 31, 2018 are as follows:

Movements	12.31.2018					
	Contractual liabilities		Diferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	-	-	40,270,801	3,646,952	1,615,404	3,332,010
Endowments	255,096,132	558,329	10,867,741	1,428,243	83,595	76,064
Reduction/applications	(272,411,916)	(180,455)	(12,758,680)	(1,098,696)	(748,429)	-
Transfer	31,155,799	2,695,121	(33,546,777)	(2,059,932)	355,073	(355,073)
Movement subtotal	13,840,015	3,072,995	(35,437,716)	(1,730,385)	(309,761)	(279,009)
Ending balance	13,840,015	3,072,995	4,833,085	1,916,567	1,305,643	3,053,001

The detail of the expirations of the current non-financial liabilities as of September 30, 2019 and december 31, 2018 is as follows:

Expirations		Total Current to 09.30.2019 ThCh\$	1 to 3 years ThCh\$	Expirations		Total non-current to 09.30.2019 ThCh\$
until 90 days ThCh\$	91 days to 1 year ThCh\$			3 to 5 years ThCh\$	5 years and more ThCh\$	
18,978,351	27,355,396	46,333,747	3,011,905	1,778,252	2,561,150	7,351,307

Expirations		Total Current to 12.31.2018 ThCh\$	1 to 3 years ThCh\$	Expirations		Total non-current to 12.31.2018 ThCh\$
until 90 days ThCh\$	91 days to 1 year ThCh\$			3 to 5 years ThCh\$	5 years and more ThCh\$	
16,168,657	13,588,586	29,757,243	3,862,465	1,781,778	2,398,320	8,042,563

23. Equity

The Company manages its capital for the purpose of safeguarding the capacity to continue as a going concern, for the purpose of generating returns to its shareholders and with the objective of maintaining a strong credit rating and favorable capital ratio to support its businesses and guarantee ongoing and expedite access to the financial markets maximizing shareholder value. The Company manages its capital structure and adjusts it, in accordance with changes in existing economic conditions.

No changes were introduced in the objectives, policies or processes during the periods ended as of September 30, 2019 and 2018.

a) Capital

As of September 30, 2019 and december 31, 2018, the Company's paid-in capital is composed as follows:

Number of shares

Series	09.30.2019			12.31.2018		
	N° of shares subscribed	N° of shares paid	N° of shares with voting rights	N° of shares subscribed	N° of shares paid	N° of shares with voting rights
Unique	936,165,609,040	936,165,609,040	936,165,609,040	911,784,715,847	911,784,715,847	911,784,715,847
Total	936,165,609,040	936,165,609,040	936,165,609,040	911,784,715,847	911,784,715,847	911,784,715,847

Capital

Series	09.30.2019		12.31.2018	
	Subscribed capital ThCh\$	Paid-in capital ThCh\$	Subscribed capital ThCh\$	Paid-in capital ThCh\$
Unique	1,329,872,285	1,329,872,285	1,294,872,285	1,294,872,285
Total	1,329,872,285	1,329,872,285	1,294,872,285	1,294,872,285

At the Extraordinary Shareholders' Meeting held on May 9, 2018, the shareholders approved a capital increase from ThCh\$1,257,872,285, divided into 887,631,908,214 ordinary shares to ThCh\$1,294,872,285, divided into 911,784,715,847 ordinary shares.

At the Extraordinary Shareholders' Meeting held on Mar 13, 2019, the shareholders approved a capital increase from ThCh\$1,294,872,285, divided into 911,784,715,847 ordinary shares to ThCh\$1,329,872,285, divided into 936,165,609,040 ordinary shares.

Based on the above, as of September 30, 2019, the Company's shareholder structure is detailed as follows:

Company	Shares
Inversiones Telefónica International Holding S.A.	926,165,606,064
Telefónica S.A.	10,000,002,976
Total	936,165,609,040

23. Equity, continued

b) Distribution of shareholders

As established in Circular No, 792 issued by the Superintendency of Securities and Insurance (“SVS”) of Chile, the distribution of shareholders based on their participation in the Company as of September 30, 2019 is as follows:

Type of Shareholder	Participation percentage %	Number of shareholders
Participation of 10% or more	98.9318	1
Less than 10% participation:	1.0682	1
Investment equal to or exceeding UF 200	-	-
Investment under UF 200	-	-
Total	100.0000	2
Company's parent	98.9318%	1

c) Dividends:

i) Dividends policy:

In accordance with Law No, 18,046, unless a different agreement is adopted unanimously at the Shareholders' Meeting, when there is net income, at least 30% of it must be distributed as dividends.

An Extraordinary Shareholders' Meeting and an Extraordinary Directors Meeting were held on December 27, 2018, where the following distribution of dividends was approved:

Date	Dividend	Distributed amount ThCh\$	Value per share ThCh\$	Charge to utilities	Payment date
12-27-2018	Eventual	106,261,506	0.1165	Prior years	December - 2018
12-27-2018	Interim	41,501,517	0.0455	Exercise 2018	December - 2018

At the Ordinary Shareholders' Meeting held on April 22, 2019, the shareholders ratified the distribution of net income as of December 31, 2018 and distribution of dividends.

23. Equity, continued

d) Other reserves:

The balances, nature and purpose of other reserves are detailed as:

Concepts	Balance of	Net movement	Balance of
	12.31.2018		09.30.2019
	ThCh\$	ThCh\$	ThCh\$
Capital revaluation reserve (i)	(233,685,327)	-	(233,685,327)
Business combination reserve (ii)	(95,176,556)	-	(95,176,556)
Others reserves (iii)	(122,214,004)	-	(122,214,006)
Employee benefits reserve (iv)	(8,203,551)	(3,500,143)	(11,703,694)
Foreign currency translation reserve (v)	(58,310)	-	(58,310)
Cash flows hedge reserve (vi)	338,921	2,253,438	2,592,355
Equity instruments reserves (vii)	1,271,402	399,497	1,670,898
Total	(457,727,425)	(847,208)	(458,574,633)

i) Capital revaluation

In accordance with Law No. 18.046, second paragraph of Article 10 and in accordance with Official Circular No, 456 issued by the Superintendency of Securities and Insurance, the revaluation of the Company's capital as of December 31, 2008, must be presented in this account.

ii) Business combination reserve

Corresponds to company reorganizations performed in previous years.

iii) Other miscellaneous reserves

Contains the difference between the valuation of the investments that Telefónica Móviles S.A. has in the consolidated subsidiaries and the capital of each one of these. This effect is in the amount of ThCh\$53,430,874.

In September 2017 and in reference to the withdrawal of 1,072,813 minority shareholders described in the treasury shares reserves (note 23b) v) point, Telefónica Móviles Chile S.A. increased its interest in subsidiary Telefónica Chile S.A. from 97.92% to 99.0281653%, which generated an increase of ThCh\$1,083,569 in the aforementioned effect.

During 2014, the Company made a capital increase paid by Telefónica Internacional Holding S.A. with the contribution in dominion of a group of assets and liabilities. This transaction generated a difference between the carrying amount of those assets and liabilities and the contribution value of ThCh\$61,567,621 (83,297 thousand euros) that were recognized in this heading, since it corresponds to a corporate reorganization.

In July 2010, the Company purchased the investment of Dutch company Telefónica Chile Holding B.V. in Telefónica Internacional S.A. This transaction generated a 20% withholding tax that was assessed by the Chilean Internal Revenue Service in 2013 and which had to be paid by the Company since it is jointly and severally liable. This tax in the amount of ThCh\$3,722,259 (5,036 thousand euros) was recognized as other reserves.

23. Equity, continued

d) Other reserves, continued

iii) Other miscellaneous reserves, continued

In addition, it is composed of the accumulated revaluation reserve and of the adjustment for first-time adoption of International Financial Reporting Standards (IFRS) assumed by subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. in the amount of ThCh\$2,365,462, And others negative concepts for ThCh\$70,619.

iv) Employee benefits reserve

Corresponds to the effect arising from changes in the actuarial hypotheses for the employee benefits provision, originated in subsidiaries Telefónica Chile Servicios Corporativos Ltda. and Telefónica Investigación y Desarrollo Chile SpA.

v) Foreign currency translation difference reserve

Corresponds to the differences generated by the conversion of the Company's financial statements.

vi) Hedge reserve

Transactions designated as expected transaction cash flow hedges are probable, and where the Company can execute the transaction, the Company has a positive intention and ability to consummate the expected transaction. Expected transactions designated in our cash flow hedges are maintained as probably occurring on the same date and amount as originally designated, otherwise the ineffectiveness shall be measured and recorded when appropriate, In addition, the effects of fair value associated with rate insurance are included.

vii) Equity instruments reserves

Corresponds to the effect of market valuation of the investment of subsidiary Telefónica Chile S.A. in Telefónica Brazil.

e) Non-controlling interest

As of September 30, 2019 and 2018 recognition of the share of equity belonging to third parties is detailed as follows:

Subsidiaries	Porcentaje		Non-controlling interest	
	Non-controlling interest		09.30.2019	12.31.2018
	2019	2018		
	%	%	ThCh\$	ThCh\$
Telefónica Chile S.A.	0.8594402	0.8594402	5,826,334	5,604,555
Total			5,826,334	5,604,555



23. Equity, continued

e) Non-controlling interest, continued

As of September 30, 2019 and 2018 recognition of the share in income belonging to third parties is detailed as follows:

Subsidiarias	Porcentaje		Non-controlling interest in result Utility (loss)			
	Interés minoritario		07.01.19 to	09.30.2019	07.01.18 to	09.30.2018
	2019	2018	09.30.19		09.30.18	
	%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Telefónica Chile S.A.	0.8594402	0,8594402	128,341	221,487	28,520	126,737
Total			128,341	221,487	28,520	126,737

24. Earnings per Share

The details of Earnings per share are as follows:

	07.01.19 al	09.30.2019	07.01.18 al	09.30.2018
Basic earnings per share	09.30.19		09.30.18	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Earnings attributable to owners of the parent	26,728,949	71,896,476	25,616,771	69,169,193
Profit available for shareholders	26,728,949	71,896,476	25,616,771	69,169,193
Weighted average number of shares	936,165,609,040	936,165,609,040	911,784,715,847	911,784,715,847
Basic earnings per share in Ch\$	0.028	0.077	0.028	0.075

Earnings per share have been calculated dividing income for the year attributable to the parent, by the weighted average number of common shares outstanding during the year. The Company has not issued convertible debt or other equity securities. Consequently, there are no potentially diluting effects on earnings per share of the Company.

25. Income and Expenses

a) The details of income from ordinary operations as of September 30, 2019 and 2018 are as follows:

Ordinary income	07.01.19 to	09.30.2019	07.01.18 to	09.30.2018
	09.30.19		09.30.18	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Mobile Telecommunications	210,466,320	639,384,884	229,256,794	687,794,482
Broadband	51,337,844	149,222,513	47,655,208	144,366,942
Television	37,582,295	117,924,389	42,018,428	129,137,423
Corporate Communication	37,682,442	113,475,376	35,865,591	99,130,614
Fixed Telecommunications	26,938,550	84,121,805	30,674,455	96,965,757
Wholesalers	5,475,320	16,885,351	5,785,595	16,716,588
Total	369,482,771	1,121,014,318	391,256,071	1,174,111,806

25. Income and Expenses, continued

b) The detail of other operating income as of September 30, 2019 and 2018 are as follows:

Other income	07.01.19 al	09.30.2019	07.01.18 al	09.30.2018
	09.30.19		09.30.18	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Surcharges due to default	771,401	2,668,558	597,804	2,696,740
Income from indemnities, complaints and others	390,131	774,334	181,771	636,055
Income from disposal of real property	12,693,434	12,888,503	377,845	805,903
Subsidies	73,223	237,383	184,592	1,041,939
Other current management income	329,585	428,574	(66,804)	98,846
Total	14,257,774	16,997,352	1,275,208	5,279,483

c) The detail of other operating income as of September 30, 2019 and 2018 are as follows:

Other expenses	07.01.19 to	09.30.2019	07.01.18 to	09.30.2018
	09.30.19		09.30.18	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cost of sale of inventory (note 10b) (1)	58,525,088	171,255,494	62,025,555	172,121,796
Exterior services (2)	30,711,667	96,462,401	38,099,652	118,715,848
Media rental (2)	31,234,246	89,259,829	38,901,207	110,733,307
Sales commissions	22,538,963	66,241,723	24,376,682	77,960,171
Allowance for doubtful accounts	17,678,587	48,185,457	11,723,105	36,160,868
Interconnections and roaming (3)	11,481,377	35,302,273	12,700,797	38,185,552
Computer services	9,253,057	34,914,641	20,593,657	59,535,310
Plant maintenance	11,946,275	34,787,126	11,920,561	35,528,725
Customer service	8,487,538	29,560,052	10,553,722	34,990,034
Advertising	6,193,608	19,732,396	5,581,230	17,399,784
Energy	5,492,163	17,386,728	5,472,622	17,543,380
Real estate spending	3,907,286	11,723,730	4,705,269	15,643,796
Deferred cost of sale of handsets (4)	-	6,111,281	-	15,770,669
Others (5)	3,990,219	11,113,594	4,328,160	12,388,446
Total	221,440,074	672,036,725	250,982,219	762,677,686

(1) Includes cost of sales associated to handsets sold and activated in the period.

(2) Due to the application of IFRS 16, a large part of the leased space and placements were capitalized as rights of use, therefore the expense is presented as depreciation in the amount of ThCh\$28,583,970 as of September 30, 2019. See note 15d.

(3) As of January 26, 2019, it includes the coming into effect of new Tariff Decree No. 21/2019, which determined a reduction of 79% in the mobile access charge. See Note 29c i).

(4) Corresponds to accrual of deferred cost on handset sold the previous year and which are pending activation by the end user as of December 31, 2018 and 2017, respectively.

(5) As of September 30, 2019 and 2018, includes transportation expenses, insurance, consulting, events, fines, sanctions, and security and surveillance expenses, among others.

25. Income and Expenses, continued

d) The detail of financial expenses, net, as of September 30, 2019 and 2018, is as follows:

Financial expenses, net	07.01.19 to	09.30.2019	07.01.18 to	09.30.2018
	09.30.19	ThCh\$	09.30.18	ThCh\$
Interest income				
Interest earned on deposits	816,461	2,289,128	831,160	2,265,127
Interest earned on investments	89,275	256,782	125,977	195,140
Interest earned on projects	277,178	855,120	273,663	817,063
Dividends on account of group companies	-	412,248	-	94,579
Interest on mercantile mandate	6,448	18,786	578	591
Other financial income	30,378	282,492	281,830	287,178
Total interest income	1,219,740	4,114,556	1,513,208	3,659,678
Interest expense				
Interest on bond (1)	6,047,827	20,010,058	7,230,724	21,888,029
Interest on loans from bank institutions	1,635,290	4,431,549	1,180,029	2,878,181
Interest on update of IPAS	414,027	1,242,080	472,515	1,428,824
Interest on projects	83,570	192,379	86,130	322,672
Interest on mercantile mandate	489	489	69,841	98,064
Other financial expenses (2)	3,061,485	7,483,171	918,233	2,656,768
Total interest expenses	11,242,689	33,366,782	9,957,472	29,272,538
Total finance income and costs, net	10.022.949	29.252.226	8.444.264	25.612.860

(1) This item is presented net of interest rate insurance coverage.

(2) Composed mainly of 4% tax on remittances abroad and sale of portfolio costs, lease financing costs and other finance costs.

e) Foreign currency translation as of September 30, 2019 and 2018 are detailed as follows:

Currency translation	07.01.19 to	09.30.2019	07.01.18 to	09.30.2018
	09.30.19	ThCh\$	09.30.18	ThCh\$
Current accounts receivable from related entities	225,538	(342,642)	(4,413)	21,081
Current accounts payable to related entities	(261,992)	459,647	(16,706)	321,865
Current trade and other accounts receivable	11,868	386,181	303,021	(7,834)
Trade and other accounts payable	(379,313)	379,988	(356,423)	(184,726)
Cash and cash equivalents	(750,113)	(1,243,736)	(1,210,907)	(2,159,303)
Financial debt	(35,144,984)	(24,881,385)	(5,951,389)	(29,513,121)
Hedge instruments	35,790,011	24,260,638	7,497,610	31,747,509
Other financial liabilities	28,928	53,788	-	-
Other financial liabilities non current	(16,824)	(16,824)	-	-
Total	(429,407)	(876,871)	260,793	225,470

25. Income and Expenses, continued

f) Indexation units as of September 30, 2019 and 2018 are detailed as follows:

Indexation units	07.01.19 to	09.30.2019	07.01.18 to	09.30.2018
	09.30.19	ThCh\$	09.30.18	ThCh\$
Receivables from related companies	31,272	31,124	9,588	(12,079)
Payables to related companies	447,931	369,552	(530)	4,652
Current trade and other accounts receivable	(813,004)	(422,232)	95,550	424,436
Trade and other payables	(140,862)	(283,380)	544,001	113,508
Cash and cash equivalents	226,205	(145,006)	110,408	(362)
Current tax assets	-	-	-	23,046
Financial debt	(893,414)	(3,256,408)	(1,385,495)	(3,912,857)
Tax liabilities	(5,579)	979	(57,716)	(95,909)
Hedge instruments	1,025,432	3,397,244	1,390,761	4,027,175
Other short-term provisions	257,545	257,545	-	-
Other financial liabilities	(98,655)	(85,483)	-	-
Other non current financial liabilities	(176,550)	(176,550)	-	-
Total	(139,679)	(312,615)	706,568	571,610

26. Leases

The main low value, short-term (less than 12 months) lease contracts with variable payments that were not considered under IFRS 16, are associated directly to the line of business, such as leases for commercial office real estate and telecommunications technical facilities space. Operating lease expenses accrued are presented under other expenses by nature, in the statement of income.

The Company has operating lease contracts that contain various clauses referred to dates and terms of renewal and readjustments. Should a decision be made for early termination of a contract, the payments stipulated in those clauses must be made.

As of September 30, 2019, lease expenses amount to ThCh\$ 7,899,968

Concepts	09.30.2019			
	Up to one	From one to five years	More than 5	Total
	year	years	years	
Minimum operating lease payments payable	4,006,496	6,738,808	2,056,615	12,801,919
Total	4,006,496	6,738,808	2,056,615	12,801,919

27. Local and Foreign Currency

The detail for currency of current assets and non-currents assets are the following:

Currents assets	09.30.2019	12.31.2018
	ThCh\$	ThCh\$
Cash and cash equivalents	174,051,872	263,376,457
US Dollars	6,520,191	803,353
Euros	156,457	369,771
Chilean Pesos	167,297,367	262,003,486
Others currencies	77,857	199,847
Other current financial assets	32,147,112	5,211,677
US Dollars	5,386,007	4,757,121
Euros	52,930	31,266
Chilean Pesos	14,773,006	423,290
UF	11,935,169	-
Current trade and other accounts receivable	260,856,404	198,534,756
Us Dollars	-	3,784
Euros	58,072	39,538
Chilean Pesos	260,438,046	198,190,733
U.F.	360,286	300,701
Current receivables from related companies	38,495,523	21,487,842
US Dollars	4,117,372	6,467,316
Euros	35,536	-
Chilean Pesos	33,958,976	14,766,443
Others currencies	383,639	254,083
Other current assets (1)	106,584,289	107,012,177
Chilean Pesos	106,584,289	107,012,177
Non-current assets or disposal groups classified as held for sale	31,107,773	-
Chilean Pesos	31,107,773	-
Total current assets	643,242,973	595.622.909
US Dollars	16,023,570	12,031,574
Euros	302,995	440,575
Chilean Pesos	614,159,457	582,396,129
U.F.	12,295,455	300,701
Others currencies	461,496	453,930

(1) Includes: Other current non-financial assets and inventory current.

Non-currents assets	09.30.2019	12.31.2018
	ThCh\$	ThCh\$
Other non-current financial assets	173,214,799	152,156,299
US Dollars	149,539,784	112,126,778
Chilean Pesos	54,325	5,531,972
U.F.	16,259,351	27,539,170
Others currencies	7,361,339	6,958,379
Non-current trade and other accounts receivable	32,077,133	34,028,767
Chilean Pesos	32,077,133	34,028,767
Other non-currents non-financial assets	13,975,495	2,716,622
Chilean Pesos	13,975,495	2,716,622
Other non-current assets (2)	2,217,453,536	2,056,335,591
Chilean Pesos	2,217,453,536	2,056,335,591
Total non-current assets	2,436,720,963	2,245,237,279
US Dollars	149,539,784	112,126,778
Chilean Pesos	2,263,560,489	2,098,612,952
U.F.	16,259,351	27,539,170
Others currencies	7,361,339	6,958,379

(2) Includes: Other non-current non-financial assets, intangible assets other than goodwill, goodwill, property, plant and equipment and deferred tax assets.

27. Local and Foreign Currency, continued

The detail for currency of current liabilities is as follows:

Currents liabilities	09.30.2019	12.31.2018	09.30.2019	12.31.2018
	to 90 days ThCh\$		91 days to 1 years ThCh\$	
Other current financial liabilities	40,458,549	5,244,587	153,056,323	53,641,540
US Dollars	299,462	360,837	6,268,361	2,529,878
Euros	634,241	-	193,353	-
Chilean Pesos	12,107,535	4,479,636	5,818,437	50,361,782
U.F.	27,417,311	404,114	140,776,172	749,880
Trade and other payables	275,344,693	385,753,698	-	-
US Dollars	40,666,751	39,340,646	-	-
Euros	4,444,961	7,637,881	-	-
Chilean Pesos	182,419,425	296,886,411	-	-
U.F.	47,796,187	41,886,727	-	-
Others currencies	17,369	2,033	-	-
Current receivables from related companies	60,187,555	52,202,802	-	-
US Dollars	904,918	9,717,807	-	-
Euros	319,817	384,174	-	-
Chilean Pesos	54,955,873	42,100,821	-	-
U.F.	4,006,947	-	-	-
Other current liabilities (1)	61,957,701	24,572,618	-	22,948,101
Chilean Pesos	61,957,701	24,572,618	-	22,948,101
Total current liabilities	437,948,498	467,773,705	153,056,323	76,589,641
US Dollars	41,871,131	49,419,290	6,268,361	2,529,878
Euros	5,399,019	8,022,055	193,353	-
Chilean Pesos	311,440,534	368,039,486	5,818,437	73,309,883
U.F.	79,220,445	42,290,841	140,776,172	749,880
Others currencies	17,369	2,033	-	-

(1) Includes: Other current provisions, current income tax liabilities and other current non-financial liabilities.

The detail for currency of non-current liabilities is as follows:

Non-current liabilities	09.30.2019	12.31.2018	09.30.2019	12.31.2018	09.30.2019	12.31.2018
	1 to 3 years ThCh\$		3 to 5 years ThCh\$		5 years and over ThCh\$	
Other non-current financial liabilities	685,492,881	337,416,947	191,096,758	506,620,551	20,480,104	-
US Dollars	476,892,219	103,735,302	49,716,048	393,150,391	-	-
Chilean Pesos	145,409,108	123,317,204	28,371,832	31,534,160	9,310,235	-
U.F.	63,191,554	110,364,441	113,008,878	81,936,000	11,169,869	-
Trade and other payables non-current	2,414,559	3,863,491	-	456,944	-	-
Chilean Pesos	2,414,559	3,863,491	-	456,944	-	-
Non - current receivables from related companies	29,696,972	168,255	-	-	-	-
Chilean Pesos	29,696,972	168,255	-	-	-	-
U.F.	-	-	-	-	-	-
Other non-current liabilities (1)	29,996,531	36,267,823	28,762,874	25,661,617	86,858,279	77,709,265
Chilean Pesos	29,996,531	36,267,823	28,762,874	25,661,617	86,858,279	77,709,265
Other non-current liabilities	747,600,943	377,716,516	219,859,632	532,739,112	107,338,383	77,709,265
US Dollars	476,892,219	103,735,302	49,716,048	393,150,391	-	-
Chilean Pesos	207,517,170	163,616,773	57,134,706	57,652,721	96,168,514	77,709,265
U.F.	63,191,554	110,364,441	113,008,878	81,936,000	11,169,869	-

(1) Includes: Other current provisions, current income tax liabilities and other current non-financial liabilities.

28. Contingencies and restrictions

In the normal development of its line of business, Telefónica Chile S.A. is part of certain proceedings, involving civil, labor, special and penal matters for different concepts and amounts. In general, management and its legal counsel, both internal and external periodically monitor the evolution of those lawsuits and contingencies affecting Telefónica Chile S.A. in the normal course of its operations, analyzing in each case the possible effect on the financial statements. Taking into consideration the legal and de facto arguments exposed in those proceedings, especially those in which the Company is the defendant party, and historical results obtained by Telefónica Chile S.A. in proceedings with similar characteristics in the opinion of the legal advisors, the risk that it will be condemned to pay the amounts claimed in the mentioned lawsuits is remote.

Notwithstanding, there are certain proceedings in which due to the aforementioned considerations it is believed that there is a risk of loss that is rated as probable, which has motivated the establishment of provisions for the amount of what would be the estimated loss as of September 30, 2019, which altogether amounts to ThCh\$1,372,833 in the parent and of which ThCh\$789.476 correspond to subsidiaries, it is estimated that Telefónica Móviles Chile S.A. must pay the amount of ThCh\$448,155 during the fourth quarter of 2019 and the rest during the first quarter of 2020.

On the other hand, there are several proceedings for which the estimated risk of loss is qualified as possible, for a total amount of ThCh\$2,848,961 in the parent and the amount of ThCh\$5,038,821 in the subsidiaries.

In addition to the above, the following proceedings should be especially mentioned:

a) Voissnet proceeding

On March 31, 2016, the 4th Civil Court of Santiago dictated final sentence in the judicial proceeding called "Voissnet S.A. vs Telefónica Chile S.A.", Rol No, 26,086-2014, completely rejecting the lawsuit. On June 19, 2018, the Court of Appeals of Santiago, aware of the writ of appeal filed by the plaintiff, revoked that sentence and condemned subsidiary Telefónica Chile S.A. to pay the amount of ThCh\$5,526,164,936. Subsidiary Telefónica Chile S.A. filed an appeal for dismissal in form and substance before the Supreme Court, whose foundation make its legal advisors believe that the sentence will be set aside by the E. Supreme Court .

b) Tax contingency

i. Is part of a process of reviewing the taxable income of subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A., on June 17, 2016, the Internal Revenue Service issued the recalculation corresponding to FY 2012. This recalculation led to differences in the non-deductible expenses of the third subsection of article 21 of the Income Tax Law, which amounted to Ch\$872,741,004, amount that was paid on July 25, 2019.

28. Contingencies and restrictions, continued

c) Miscellaneous lawsuits:

In the judicial proceeding entitled “OPS Ingeniería Limitada vs Telefónica Móviles Chile S.A.”, complaint filed before the 22nd Civil Court of Santiago, Rol C No, 20,891-2013, dated January 17, 2017, the Court of Appeals of Santiago dictated final sentencing in Civil Record No, 8249-2015, rejecting the appeal filed by Telefónica Móviles Chile S.A. and the appeal filed by the plaintiff OPS against the first instance final sentence, and partially accepting the appeal filed by Telefonica.

In accordance with the above, that Court reduced the amount of the judgment from UF 510,011,92 to UF 357,590.52. Both parties filed appeals for dismissal on this sentence, which were registered with the Supreme Court under Case No, 18,171-2017, and are ready to be heard, during December 2018 the actions filed were viewed, leaving the case in a state of agreement. On August 29, 2019, the Supreme Court accepted the appeal for dismissal filed by Telefónica Móviles Chile S.A., and handed down a replacement sentence through which it confirmed the final sentence handed down on January 17, 2017 by the Santiago Court of Appeals, with express declaration that the indemnity that must be paid to the plaintiff amounts to UF 166,179, this being the only payment to which the defendant was condemned.

d) Financial restrictions:

As of September 30, 2019 the Company has no financial restrictions.

e) Guarantee deposits:

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor		Type of guarantee	Current guarantee deposits ThCh\$	Liberated guarantees		
	Name	Relationship			2019 ThCh\$	2020 ThCh\$	2021 and more ThCh\$
Organismos públicos y privados				2,724,488	960,505	1,284,496	479,487
Subsecretarías y Ministerios	TCH	Subsidiary	Deposit	1,401,489	725,195	209,078	467,216
Otros organismos privados	TCH	Subsidiary	Deposit	1,062,622	15,500	1,045,504	1,618
Municipalidades	TCH	Subsidiary	Deposit	222,921	212,334	8,034	2,553
Otros organismos públicos	TCH	Subsidiary	Deposit	37,456	7,476	21,880	8,100
Organismos públicos y privados				17,585,915	2,459,493	6,150,251	8,976,171
Otros organismos privados	TEM	Subsidiary	Deposit	5,773,710	831,002	1,842,748	3,099,960
Otros organismos públicos	TEM	Subsidiary	Deposit	5,743,787	765,308	2,844,151	2,134,328
Subsecretarías y Ministerios	TEM	Subsidiary	Deposit	2,855,869	424,455	1,109,707	1,321,707
Bancos	TEM	Subsidiary	Deposit	1,716,534	92,129	51,796	1,572,609
Municipalidades	TEM	Subsidiary	Deposit	1,303,353	337,076	298,882	667,395
Universidades	TEM	Subsidiary	Deposit	192,662	9,523	2,967	180,172
Organismos públicos y privados				33,335,009	779,403	29,892,861	2,662,745
Subsecretarías y Ministerios	TMCH	Matrix	Deposit	29,889,721	93,574	28,704,426	1,091,721
Organismos privados - Otros	TMCH	Matrix	Deposit	2,124,438	331,257	718,107	1,075,074
Organismos públicos - Otros	TMCH	Matrix	Deposit	718,655	204,045	315,894	198,716
Organismos públicos - Municipalidades	TMCH	Matrix	Deposit	602,195	150,527	154,434	297,234
Total				20,310,403	3,419,998	7,434,747	9,455,658

TMCH: Telefónica Móviles Chile S.A.

TCH: Telefónica Chile S.A.

TEM: Telefónica Empresas Chile S.A.

28. Contingencies and restrictions, continued

f) Insurance:

The Company has insurance covering property all risk and loss of revenue due to service interruption, among others, on all its facilities.

29. Environment (not audited)

Due to the nature of its line of business, the activities it develops and the technology associated to its management, the Company has not been affected by legal or regulatory provisions obligating it to make investments or material disbursements referring to protection of the environment during this year, whether in a direct or indirect manner.

Law No, 20.599 was published on June 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas.

Law No, 20,599 was published on September 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas. The provisions adopted include: i) restrictions and new regulations for the installation of new sites based on the height of the tower, its location and its closeness to sensitive entities and to other previously installed towers, New and stricter approval conditions are imposed for these new sites; ii) there is retroactive regulation of the height of towers installed before the law was enacted, which are close to the sensitive places determined by the Telecommunications Undersecretary (schools, hospitals, playschools, preschool, old age homes and others); and iii) also in a retroactive manner, there is regulation of tower concentration in denominated Saturated Zones, for which solutions contemplated are based on reducing the number of structures or else, compensation is established with work to improve the community, which must be agreed upon by the Neighborhood Groups and the Municipal Council, for 20% of the total cost of the tower, should some type of camouflage be used in the structure and 50% in cases where no camouflage is used.

In compliance with this law, there are site dismantling activities or reduction of the height of existing structures, which implies responsible handling of the waste produced. For this purpose, we have a current contract with companies responsible for recycling, and have the certificates of recycling and final disposal of project residues.

The Company bases itself on what is required in the environmental assessment in reference to levels of emission of associated electromagnetic waves and also in the urbanistic and environmental area.

The 2019-2022 environmental investment plan was activated at a national level, for comprehensive management of hazardous waste generated due to the implementation and operation of production processes at Telefónica's technical sites. This plan addresses from the generation of waste to its segregation and transitory storage up to transportation to its final disposal, with adequate infrastructure and with the corresponding environmental authorizations. The plan also includes improvements to the current fuel storage facilities.

The regime established by Law No 20.920 Framework for Waste Management, the Extended Responsibility of the Producer and Encouragement of Recycling, places special attention on the wording of the Regulations that are in the process of being dictated and which will implement its content, especially the regime of extended producer responsibility (which is applicable only to a group of priority products), as well as the control procedures for cross-border movement of dangerous and non-dangerous waste.

29. Environment (not audited), continued

For the purpose of evaluating the impact that this regulation might have on the current operations of subsidiary Telefónica Chile and, particularly, regarding its waste management, we have seen drafts of the contracts and tender documents existing to date.

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact, As of September 30, 2019 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

30. Risk management

As of June 14, 2019, the company underwent the oversight process in respect to ISO 14001:2015 International Certification, which is valid up to 2021, in conformity with the implementation of an Environmental Management System for Telefónica Chile. This certification is full scope, and provides the Company with coverage from the design stage to deployment and maintenance of the mobile network, plus marketing of Telecommunication Services and right up to our end customers. We continue progressing with the environmental management system deployment at a national level, complemented by the environmental mitigation plan that allows the Company to assess and address environmental risks at all the technical establishments of Telefónica.

a) Characterization of the market and competition

The Company faces strong competition in all its business areas and believes that this high level of competitiveness will be maintained. In order to confront this situation, the Company permanently adapts its business strategies and products, seeking to satisfy the demands of its current and potential customers, innovating and developing excellence in its attention.

The mobile telephone market is comprised of ten operators, of which four have their own network and the rest correspond to virtual mobile operators.

Operators with their own network are: Telefónica Móviles Chile S.A. (Movistar), owned by the Telefónica Group; Entel S.A., owned by the Almendral Group; Claro, belonging to the América Móvil Group and WOM (formerly Nextel which in March 2015 was sold to the English group Novator Partners LLP who began operating in July 2015 under a new fantasy name and absorbing customers and infrastructure).

There are seven Virtual Mobile Operators. In 2012 Virgin Mobile, Netline (GTEL) and GTD Móvil entered the market, During 2013 Móvil Falabella. At the end of 2013, VTR signed a contract with Movistar to provide roaming services. In April 2015, VMO began commercial operations and lastly, in May of 2017, WOM signed a contract with Movistar to provide roaming services.

Mobile Voice

At the end of the third trimester of 2019, it is estimated that the mobile telephone market will have close to 27,1 million accesses, with an increase in +0.5% in comparison to the same period the year before. With this, mobile telephone penetration per 100 inhabitants would reach 145.0%, representing an decrease of -0.60 percentage points in a year.

30. Risk management, continued

a) Characterization of the market and competition, continued

Prepayment customers present a decrease in the industry, caused by less dynamism in the economy and the commercial strategy of the companies to accelerate the migration of these customers to postpaid plans. When comparing the third trimester of 2018 and 2019, prepay customers decreased by 1,139 thousand customers, whereas customers with contracts grew by 862 thousand customers. The proportion of prepayment closed at 55.7% of total customers in the market, decreasing -4.52 percentage points in comparison to as of September 2018.

Mobile Internet

Mobile Internet access experienced a high level of growth thanks to the higher penetration of smartphones with 3G and 4G technology, which allow better Internet navigation in the device. It is estimated that the number of units connected to Mobile Internet will reach 19.3 million as of September 2019, growing +7,8% in respect to third trimester of 2018. With the above, market penetration per inhabitant is 103,4%, increasing +6.62 percentage points in a year.

b) Competition Risk

The mobile voice business is at a maturing stage, but without decreasing its dynamism due to the effects of portability and the entry of new players. This has caused operators to intensify the competition and improve their offers in order to maintain customers and capture those new ones that are being incorporated to the mobile market.

In the third trimester of 2019, there were more than 854 thousand mobile porting instances. Mobile portability has accumulated 18.2 million ported from when it began to September 2019, which is equivalent to 67.0% of total voice customers in the industry.

c) Regulatory Environment

Regulation plays a relevant role in the telecommunications industry. Stable standards and criteria allow adequate evaluation of growing projects and reduce the risk level of investments. The correct setting of tariffs, in turn allows the creation of a competitive and healthy environment.

It is in the interest of both the companies and the authorities, for delivery of services to increase and the digital breach to decrease in Chile. For this, in addition to correct tariffs, it is necessary for the associated regulations to be adequate and permit speedy resolution of the conflicts that necessarily arise between companies.

i) Tariff system for mobile telephones:

In accordance with Law No. 18.168 (General Telecommunications Law), the prices of public telecommunication services and of intermediate services contracted between the different companies, entities or persons that intervene in providing them, will be freely established by the suppliers of the respective service, notwithstanding the agreements that could be arrived at between them and the users.

30. Risk management, continued

c) Regulatory Environment, continued

i) Tariff system for mobile telephones, continued

Notwithstanding, the mentioned Law establishes the following three exceptions at the beginning of the mentioned price freedom:

In the case of public telephone, local and international long distance services, excluding mobile telephone services, and of switchboard and/or transmission of signal services provided, whether as an intermediate service, or as private circuits, if there was an express qualification by the Tribunal for the Defense of Free. That the conditions in the market are not sufficient to guarantee a rate freedom regime.

In the case of services provided through interconnections, the interconnection of public and intermediate telecommunications services is mandatory for telecommunications operators.

In the case of facilities that, in accordance with the mentioned Law, telephone companies must provide to carriers. In all the previous cases, the tariffs for those services are established as maximums by the Ministries of Transportation and Telecommunications and of Economy, Development and Tourism (hereinafter, "the Ministries") every five years, on the basis of a model for a theoretic efficient company.

Even though mobile traffic tariffs are freely established by telephone companies, the interconnection tariffs must be established by the Ministries. It is thus that in Chile since 1999, for mobile telephone companies the "CPP" (Calling Party Pays, i.e, whoever makes the call is responsible for paying it all) system has been applied, whose tariff is determined through the dictation and publication of a decree from the Ministries of Transportation and Telecommunications and of Economy, Development and Tourism, every 5 years, which establishes the maximum interconnection rates that each company can charge for calls ending in their network.

At the end of 2017, Subtel began a new mobile tariff setting process for the 5-year period from 2019 to 2024.

The concessionaires subject to tariff regulation presented their study on July 29, 2018.

On November 26, 2018 the Ministries issued their report on Objections and Counterproposals, for which Telefónica Móviles Chile (TMCh) presented controversies and requested the formation of an Expert Commission. On December 23 the Commission issued its report and, finally, on December 26, TMCh sent its Modifications and Insistencies Report, taking as a base for its new tariff proposal what was resolved by the experts convoked.

New Decree No. 21/2019 was published on May 14, 2019.

The new regulated tariffs that will ultimately be established in this tariff process will be in force as of January 26, 2019. In practical terms, this means that when the new decree is published in the Official Gazette, companies will have to retroactively recalculate all traffic since January 26, in function of the tariffs they have effectively applied and those that they should have applied.

30. Risk management, continued

c) Regulatory Environment, continued

ii) Tariff system for fixed telephone services:

The process of establishing new prices for Telefónica Chile S.A. for the 2014 - 2019 periods began at the end of 2013, in conformity with the procedure regulated by law.

Decree No. 77, issued on May 5, 2014 by the Ministries of Transportation and Telecommunications and of Economy, Development and Tourism was published in the Official Gazette on February 23, 2015, and establishes for Telefónica Chile S.A., the tariff levels for charges in the Local Tranche and other services associated to Public Telephone Services provided to the end user, the tariffs applied to the Concessionary under the ministry of Articles 24 bis and 25 of the law (mainly access charges) and tariff indexation mechanisms.

The decree was published once the "Contraloría General de la República" performed its review of the mentioned decree and it began to be in force since May 8, 2014. The difference in the amount charged had to be retroactively settled.

In 2018 the Subtel began the new tariff process corresponding to the 2019-2024 five-year period, dictating the Final Technical-Economic Documents on June 11, 2018. Telefónica Chile presented its new tariff study on November 9, 2018. On March 8, 2019 the Ministries notified their Report on Objections and Counterproposals proposing a reduction of 76% fixed access charges. Right after that, on April 7, Telefónica Chile filed its Report on Modifications and Insistencias ("IMI" or "Informe de Modificaciones e Insistencias"), incorporating recommendations arising from the Expert Commission established for that purpose.

Finally, on September 13, the Ministries notified Telefónica Chile of the new tariff decree which was filed with the Contraloría for recording. That decree proposes a reduction of -64.6% in the fixed access charge and -72.9% in the local mobile tranche, among other things.

These, therefore, once the process of recording the new decree has been completed and it is published in the Official Gazette, all tariff differences from May 9 to the date in which the new tariffs are published and/or are effectively applied must be readjusted.

To date the Company is not aware of the new tariff decree for Telefónica Chile S.A., however, the new tariffs that will be the ultimate result of this tariff process began to be retroactively in force as of May 9, 2019.

iii) Spectrum Allocation

There are two mechanisms for allocating frequencies in Chile: direct allocation and allocation through public tender.

The Company has telecommunications concessions that allow it to operate in the 700 MHz, 850 MHz, 1,900 MHz and 2,600 MHz, frequency bands, which are granted by the Ministry of Transportation and Telecommunications, (See note 13, Intangible assets other than goodwill).

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

Compliance with the ruling of the Supreme Court (CS) in relation to the 700 MHz band tender.

Through Decree No. 71, of 2015, published in the Official Gazette on September 14, 2015, Telefónica Móviles Chile S.A. was granted a Public Service Data Transmission concession, with the allocation of block A of the 713-723 MHz and 768 – 778 MHz frequency bands. This was carried out in accordance with the regulated procedure that governs public tenders for the allocation of concessions. As of that date there is a period of 18 months to provide the service in the 366 mandatory locations, 2 routes and 158 schools; and 24 months to implement the committed network on the 700 MHz band, Movistar complied with both deployment deadlines.

At the time, the Consumers' Association (Conadecus) filed a complaint before the TDLC against the companies that allocated the 700 spectrum. The TDLC rejected the complaint since it considered that Conadecus did not have active legitimization to file a lawsuit. The Supreme Court accepted the appeal filed by the organization of consumers, Conadecus, resolving that it has active legitimacy to act in the process of allocating frequencies and ordering the TDLC to make a pronouncement on the basis of the matter submitted to it. Through sentence dictated on September 15, 2016, that Tribunal rejected the basis of the complaint filed by Conadecus, therefore on September 28, that organization of consumers filed an appeal before the Supreme Court, which is the last instance for appeal and whose decision is pending.

In the meantime, on March 14, 2017, within the established deadline, Telefónica Móviles Chile S.A. began providing the services corresponding to the considerations established in the tender documents for the 700 MHz spectrum tender. Telefónica Móviles Chile S.A. on september 14, 2017, complied with the deployment of all the sites committed in the LTE Commercial Project.

On May 25, 2017, the Supreme Court dictated a resolution, in which it decrees, as a measure to provide additional evidence, the issuance of an expert's report regarding: i) minimum bands which technically allow the 4G technology services to be provided at a national level, and, (ii) the technical feasibility of providing 4G services with the bands currently allocated to the incumbents, analyzing the economic impact and the impact on efficiency. Likewise, it requested a report from Subtel regarding the allocation of frequency bands for mobile services and on the bands that allow 4G services to be offered.

Conadecus, Claro, Entel and Movistar, all filed appeals against that resolution which were rejected.

Subtel issued the report requested by to the Court, explaining Chile's situation in detail in terms of allocation and use of the assigned frequencies. The Supreme Court ordered the annulment of the measures to provide additional evidence of the expert report decreed on May 25, 2017. Finally, on June 25, 2018 the Court issued its ruling.

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

On June 25, 2018, the Supreme Court dictated a resolution by which it accepted the writ of appeal filed by the plaintiff against the sentence of the “Tribunal de Defensa de la Libre Competencia” (TDLC), dated September 15, 2016, which rejected the complaint, The resolution of the Supreme Court stated:

I.-That the defendants, Movistar, Claro and Entel have engaged in anti-competitive conduct by obtaining blocks in the 700 band public tender, without respecting the limit of 60 MHz imposed as the maximum that each incumbent can have in the advanced mobile communications services market, in violation of Article 3 of D,L, 211;

II.- That the defendants dispose of the same amount of radioelectric spectrum that was acquired in the tender for the 700 band, leaving the election of the band that will be disposed to them;

Compliance with the ruling of the Supreme Court (CS) in relation to the 700 MHz band tender, continued.

III.- Subtel will ensure timely and adequate compliance with what is ordered in the preceding subparagraphs, adopting the measures necessary to carry it out;

IV.- Should Subtel deem that a review of the maximum limit of radioelectric spectrum that each operator can have is necessary, it must begin a consultation process before the “Tribunal de Defensa de la Libre Competencia” (TDLC) for this purpose, Otherwise, it must begin the necessary procedures to adjust the limit established to the defined parameters of 60 MHz for each operator participating in the mentioned radioelectric spectrum.

It should be noted that the resolution of the highest Court did not apply fines.

On July 10, 2018, the TDLC ordered the fulfillment (“cúmplase”) of that sentence, On July 27, 2018, Conadecus filed a brief requesting incidental compliance with the sentence, petition that was provided on July 30, agreeing to it, with summons. Telefónica Móviles Chile S.A. was notified of the request for incidental compliance with the sentence and of it being provided, on September 13; within the deadline of the summons, it filed a brief opposing the exception of lack of opportunity in the execution (both Entel and Claro filed the same exception, and in addition lodged an impossibility to comply). For these exceptions, the TDLC granted a transfer to Conadecus.

In January 2019 Entel and Telefónica filed an appeal claiming inapplicability due to unconstitutionality with the Constitutional Court regarding the application of Article 27 of Decree Law 211 (Free Competition Law).

On March 12, 2019, the Constitutional Court declared the inapplicability appeal filed by Telefónica inadmissible and annulled the suspension measure.

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

Compliance with the ruling of the Supreme Court (CS) in relation to the 700 MHz band tender, continued.

Through resolution dated April 16, 2019, the TDLC ordered Telefónica, Claro and Entel to report on the following: (i) the band selected for the purpose of complying with the second resolution of the sentence dictated in rulings made by the Supreme Court on June 25, 2018; (ii) the measures that it has requested Subtel to adopt, if applicable, in order to carry out such compliance, in accordance with the third resolution of the mentioned sentence, accompanying for this purpose the documents that so state; and (iii) the timelines foreseen to carry out such compliance.

In its response, dated April 24, Telefónica explained the right that the companies obligated by the ruling of the Court had, to choose the spectrum to be divested, notwithstanding that this right must be limited to the bands used to provide mobile services, as established in the Tenth reasoning of such ruling. It also stated a series of measures that it had asked Subtel to adopt to ensure that there was one ruling compliance plan that would be common to the three obligated companies, particularly in whatever is related to timing and the technical and economic requirements established to carry out the mentioned divestment.

On June 6, 2019, the TDLC ordered Telefónica to inform the specific band to be divested, which it did on June 12, through a confidential statement.

On June 17, 2019, the TDLC ordered the official notification of the Telecommunications Undersecretary, so that within twenty business days after reception of the respective official letter (period that expires on July 20, 2029), they must deliver a detailed timeline for carrying out the divestment. This timeline must indicate and provide a basis for the dates and stages contemplated to carry out the divestment, as well as the manner and procedure to be used to carry it out.

The timeline presented by Subtel considers 3 methods for disposal of spectrum: divestment of a concession through a tender process; modification of a concession, in the sense of reducing bandwidth and renouncing to a concession. The time limit for materializing the disposal was established at 2 years, as of the date of execution of the ruling handed down by the Supreme Court (July 20, 2018). Telefónica filed a motion to set aside against the Timeline, specifically in relation to the manner in which the 2-year period is accounted for. Through Exempt Resolution No. 2068 of 2019, Subtel accepted the motion, establishing that the 2-year period to carry out the disposal begins on the date of notification of the mentioned exempt resolution, i.e. on October 17, 2019. Likewise, October 28, 2019 is the deadline for Telefónica to inform the Undersecretary of the mechanism and band frequencies that it will dispose of.

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

Consulting Subtel's National Spectrum Plan with the TDLC to review spectrum caps

On October 3th the Telecommunications Undersecretary (Subtel) filed the consultation for review of the spectrum capacity with the Tribunal for Free Competition (TDLC or Tribunal de la Libre Competencia), in accordance with what was indicated in the resolución dictated by the Supreme Court on June 25, 2018. Subtel has proposed the following spectrum capacities to the Tribunal:

- 50 MHz for Low Bands, less than 1 GHz
- 60 Mhz for Medium Low Bands, from 1 to 3 GHz
- 80 MHz for Medium High Bands, from 3,4 to 3,8 GHz
- 200 MGz for High Bands, between 27,5 and 28,35 GHz

In addition, Subtel has presented to the court a set of “complementary conditions” of a general scope applicable to all bands and another set of “special conditions” to be considered in future tenders for 5G.

Within the general scope measures, a criterion of “gradual transition” has been proposed, this does not in itself establish immediate adjustments in the holding of spectrum for those operators that exceed the proposed limits, but states that the adjustments to comply with the new limits that have been established will be carried out in future spectrum tenders, in which the operators can participate adjusting to those limits in the manner determined by Subtel.

On October 13, the TDLC formally began the consultation procedure and received opinions up to December 28. The position presented by Telefónica considered that it was necessary to:

- Establish, in addition to the cap by range, a total cap of 30% of the total spectrum allocated to mobile services and allow compensation between band ranges.
- Exclude the complementary conditions proposed by Subtel, since they would have to be reached by legal or regulatory range standards that exceed the objective of the ruling of the CS when addressing aspects such as wholesale offers for national roaming and OMV, and desegregation of passive infrastructure.
- Take into account the advantages that the current holders of the 3.5 GHz band would have to move forward in respect to their operation in 5G. Telefónica's position is that uncertainty and competitive imbalance must be avoided in the process of “gradual transition”, since it would give a temporary advantage to the operators that most exceed the spectrum that is defined.

On March 22, Subtel presented a new statement to the TDLC through which it modifies its initial stand to establish a fixed limit and now proposes to the Tribunal that a variable cap be defined as a percentage of the spectrum tendered by each macro band, establishing that this percentage should be 32% and in addition it modified the macro bands. With this, Subtel included the proposals presented by certain parties involved in the process, including, among others Telefónica and the “Fiscalía Nacional Económica”. Telefónica had proposed a cap of 30%.

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

Compliance with the ruling of the Supreme Court (CS) in relation to the 700 MHz band tender, continued.

On May 10, 2019, Subtel presented a new statement to the TDLC establishing its posture on several issues that the industry had been presenting: 1) that the new tender for 5G spectrum could only take place once the new cap established by the tribunal is firmly in place; 2) that it would keep the Beauty Contest model in Chile; 3) that the future tender would be on the basis of a mix of bands that include 20 MHz in 700 MHz, 30 MHz in AWS, 50 MHz in 3.5 GHz and 850 MHz in the 28 GHz band and, 4) that possible entry barriers such as mandatory coverage and others would be decreased.

Next, on May 17, 2019, Subtel presented a new report with additional information to the Tribunal, where, among the most relevant aspects, it ratified that they desist from their proposal of establishing complementary measures such as those that were included in their original report dated October 2018 and make a pronouncement in favor of a competition model with 4 players, which would imply that the 20 MHz of 700 MHz band would be destined to WOM and which for the current 3.5 GHz spectrum holders would be a special "recognition" of points for the future tender, if they decide to make their spectrum available to form part of the tenderable spectrum.

On May 27 and 28, 2019 allegation hearings were held at the TDLC, after which that tribunal must focus on analyzing all the information gathered and issue its resolution in the timeframe that they deem convenient (it is expected by the end of December 2019) or within the first four-month period of 2020).

Based on the analysis carried out with its attorneys and legal counsel, the Company's management considers that the final conclusion of this issue should not have a significant adverse impact on the Company's operations. A direct confirmation has been provided to you with the analysis performed by the external legal advisors and their conclusions on this previously described matter.

5G Public Tender Consultation

On May 13, 2019, Subtel announced a new public consultation on the future G5 tender. This new consultation contains certain important definitions gathered from various proposals presented by the industry, such as: 1) that the new 5G spectrum tender will only take place once the new cap is firmly established by the tribunal; 2) that it will keep the Beauty Contest model in Chile; 3) that the future tender will be on the basis of a mix of bands that include 700 MHz, AWS, 3.5 GHz and 28 GHz and, 4) that possible entry barriers such as mandatory coverage or others would be decreased.

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

Reorganization of the 3.5GHz band

In a parallel manner to the decision of the Supreme Court (CS) regarding disposal of the spectrum and the definition of new caps to be provided by the Tribunal de Defensa de la Competencia (TDLC), a local level discussion process began regarding the 3.5GHz band, considered to be a pioneer in the providing of 5G services and which is currently allocated to providing local wireless telephone services. The solution that Chile comes up with regarding reorganization of the band, could be a relevant piece of information for other countries in the region.

On June 21, 2018, Subtel published the Resolution through which it ordered the suspension of operations in the 3.400 – 3.800 MHz (3.5GHz band) allocated to local wireless telephone services, band to all operators that are operating in that band, which includes Telefónica Chile which has 50 MHz to provide services to the XI Region and XII Region in the south of Chile, (regions that are further to the south and less populated). The main parties affected by this decision are Entel, who has 100 MHz, and Claro with 50 MHz, both throughout the country. Claro and Entel filed an injunction against the resolution, which they consider to be a de facto expropriation.

October 3, Subtel unfroze part of the 3.5GHz band, and allowed the use of part of the spectrum for fixed wireless services (which include, for example, broadband Internet services). These services are different from those that were originally concessioned, whose infrastructure is compatible with 5G technology.

Of the 100 MHz that were allocated to Entel it allows it to continue using 50 MHz and of the 50 MHz that were allocated to Claro it allows it to continue using 30 MHz, the same as for VTR and Telefónica in the zones where they have allocated spectrum. In its decision, Subtel establishes that once the future 3.5 GHz band tenders are carried out, the operators that have a local wireless telephone concession will be able to request change of use of this spectrum to mobile services under the conditions that may be defined by Subtel.

On November 20, 2018, Telefónica presented a Consultation to the TDLC manifesting that allowing the use of the 3.5 GHz band for fixed wireless services, could distort free competition by allowing Entel and Claro gain an advantage in the race to deploy 5G and begin providing mobile services using this technology sooner. The basis of this consultation is to prevent Claro and Entel from beginning the operation of 5G services in this spectrum beforehand using the option provided to them by Subtel's Resolution to transform their concessions to mobile services when the future concessions for the 5G Tenders are firmly allocated, since the rest of the companies at that time will not have yet built their 5G networks, giving them a commercial advantage estimated to be from 21 to 29 months, which would be an insurmountable competitive advantage in the providing of 5G services (a phenomenon known as "first mover advantage"). To accredit its posture, Telefónica attached a legal report, a technical report and an economic report.

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

Reorganization of the 3.5GHz band, continued

On November 29, 2018, the TDLC opened up a new non-contentious and specific process for this issue. This process included the participation of the Fiscalía Nacional Económica (FNE) which has manifested that although it recognizes that there could be a competitive advantage for the players that have spectrum in this band, as is the particular case of Entel, this advantage would not be “insurmountable” for a new player that was awarded spectrum in a possible new tender.

The allegation hearing for the 3500 MHz band consultation before the TDLC was held on August 7, 2019. The resolution from the TDLC is still pending (it is expected to be ready in the first four-month period of 2020).

iv) Law that governs the guaranteed minimum speed for Internet access

The Chamber of Deputies is still processing a bill whose object is to allow partial radioelectric spectrum transactions between operators, with a preliminary favorable ex ante report before the National Economic Prosecutor's Office (“Fiscalía Nacional Económica”).

On November 25, 2017, the National Congress approved and published in the Official Gazette the law that governs the guaranteed minimum speed for Internet access.

The new law mainly establishes that:

- A percentage of the average speed offered for the hours with greatest and least congestion must be guaranteed.
- Contracts with users must establish the average speeds and main technical characteristics of the service.
- Users must be provided with a system or application that measures speed, which will have legal presumed value for the purpose of resolving complaints.
- An independent technical organization will carry out service quality measurements.
- A company is required to be a Telecommunications Intermediary or Public Service concessionaire in order to be a provider of access to the Internet.

Subtel must dictate the regulation, which will come into effect 6 months after its publication.

d) Technological changes

The telecommunications industry is a sector that is subject to quick and important technological progress and the introduction of new products and services. The industry's growth has been driven, to a great extent, by the need of customers to be connected through mobile devices. This translates into a demand for permanent investment to allow the Company to stay on the leading edge of technology, Subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. are constantly assessing the incorporation of new technologies to the business, taking into consideration both the costs and benefits.

30. Risk management, continued

e) Level of Chilean economic activity

Since the Company's operations are located in Chile, these are sensitive to and dependent on the country's level of economic activity. In periods of low economic growth, high unemployment rates and reduced internal demand, there has been a negative impact on the local and long distance telephone traffic, as well as on the level of customer default.

f) Financial risk management objectives and policies

The Company's main financial liabilities, in addition to derivatives, comprise bank loans and bond obligations, payables and other payables. The main purpose of those financial liabilities is to obtain financing for the Company's operations. The Company has trade receivables, cash and short-term deposits, which arise directly from its operations.

The Company also has investments held for sale and derivative transactions. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Management supervises that financial risks are identified, measured and managed in accordance with defined policies. All activities derived from risk management are carried out by specialist teams with adequate skills, experience and supervision. It is the Company's policy that there is no commercialization of derivatives for speculative purposes.

The policies for managing such risks, which are reviewed and ratified by the Board of Directors, are summarized below:

Market Risk

Market risk is the risk of fluctuation in the fair value of future cash flows of a financial instrument due to changes in market prices. Market prices comprise three types of risks: interest rate risk, exchange rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans, deposits, investments held for sale and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of future cash flows of a financial derivative due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is mainly related to the Company's long-term debt obligations with variable interest rates.

The Company manages its interest rate risk maintaining a balanced portfolio of loans and debts at variable and fixed interest rates. The Company has interest rate swaps in which it agrees to interchange, at certain intervals, the difference between the amounts of fixed and variable interest rates, calculated in reference to a notional agreed upon capital amount. These swaps are designated to hedge underlying debt obligations.

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates. As of September 30, 2019 the Company had 53% of its current and non-current financial debt accruing interest at a fixed rate.

30. Risk management, continued

f) Financial risk management objectives and policies, continued

Interest rate risk, continued

The Company believes it is reasonable to measure the risk associated to interest on the financial debt such as the sensitivity of the monthly financial accrual expense in case of a change of 25 basic points in the reference interest rate of the debt, which as of September 30, 2019 corresponds to the Nominal Average Chamber Rate (TCPN) (“Tasa Promedio de Cámara Nominal”). In this manner, an increase of 25 basic points in the monthly TCPN would mean an increase in the monthly financial accrual expense for 2019 of approximately ThCh\$ 67,734, whereas a decrease in the TCPN would mean a reduction of ThCh\$ 67,734 in the monthly financial accrual for year 2019.

Foreign currency risk

Foreign currency risk is the risk that the future fair values or cash flows of a financial instrument may fluctuate due to exchange rate. The Company’s exposure to exchange variation risks is related mainly to obtaining short and long-term financial debt in foreign currency and to a lesser extent to its operating activities. The Company’s policy is to negotiate derivative financial instruments to help minimize this risk.

Credit risk,

Credit risk is the risk that a counterpart May not fulfill its obligations under a financial instrument or customer contract, which leads to a financial loss. The Company is exposed to credit risk from its operating activities (mainly due to receivables and credit notes) and from its financial activities, including bank deposits, transactions in foreign currency and other financial instruments.

Credit risks related to customer loans is managed in accordance with the policies, procedures and controls established by the Company to manage customer credit risk, Customer credit quality is evaluated in an ongoing manner, Outstanding customer charges are supervised. The maximum exposure to credit risk as of the report presentation date is the value of each class of financial asset.

Credit risk related to balances with banks, financial instruments and negotiable values is managed by the Finance Management Department in conformity with the Company’s policies. Surplus funds are only invested with an approved counterpart and within the credit limits assigned to each entity. Counterpart limits are reviewed annually, and can be updated during the year.

The limits are established to reduce counterpart risk concentration.

Liquidity risk

The Company monitors its risk of lack of funds using a recurrent liquidity planning tool. The Company’s objective is to anticipate the financing needs and maintain an investment profile that allows it to cover its obligations.

30. Risk management, continued

f) Financial risk management objectives and policies, continued

Capital management

The capital includes shares and equity attributable to the equity of the parent less unearned income reserves.

The Company's main objective in respect to capital management is to ensure that it maintains a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholder value. Return on equity (income/total average equity) is 5.10% as of September 2019, an increase of 0.30% in comparison to September 2018, where it reached 4.80%. This is mainly due to an increase profits attributable to the owners of MCh\$2,505,794, due to an improvement in finance costs and tax costs. This variance is mainly due to the variance in deferred taxes, generated by taxable goodwill, which arose due to the merger by absorption carried out in June 2017, and the capital increase in the amount of MCh\$35,000.

The Company manages its capital structure and makes adjustments to it, in response to changes in economic conditions.

There were no changes in the objectives, policies or processes during the years ended as of September 30, 2019 and 2018.

31. Subsequent events

- a) The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the exercise as of September 30, 2019, were approved and authorized for issuance at the Board of Directors Meeting held on October 30, 2019.
- b) On October 8, 2019, Telefónica Móviles Chile S.A. deposited the amount of ThCh\$4,663,561,043 in the bank account of the 22nd Civil Court of Santiago, for judicial proceeding "OPS Ingeniería Limitada vs Telefónica Móviles Chile S.A.
- c) Regarding compliance with the ruling of the Supreme Court in respect to the 700 MHz band tender, the following events have occurred in October 2019:
 - On October 17, 2019 Subtel notified Exempt Resolution No. 2068/2019, which accepts the motion filed by Telefónica, in the sense that the 2-year deadline for complying with disposal of the spectrum begins as of October 17, 2019.

31. Subsequent events, continued

- On October 24, 2019 Telefónica informed Subtel in respect to the frequency band to be disposed of and mechanism to be used for its disposal.
 - On October 25, 2019 Subtel informed Telefónica that it is satisfied with the proposed mechanism and band frequency.
- d) In the period from 1 and 30 of October, 2019, there have been no other significant subsequent effects that affect these consolidated financial statements.

Julio Jorge Vega
Accounting Manager

Rafael Zamora Sanhueza
Director of Finance and Management Control

Roberto Muñoz Laporte
General Manager