TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended as of
December 31, 2015 and 2014

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

INDEX

ThCh$: Thousands of Chilean Pesos
MCh$: Millions of Chilean Pesos
SVS : Superintendency of Securities and Insurance

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2015 and 2014

ASSETS	Notes	12.31.2015	12.31.2014
		ThCh$	ThCh$
CURRENT ASSETS			
Cash and cash equivalents	(5)	135,142,296	48,880,754
Other current financial assets	(6)	29,627,151	130,206,662
Other current non-financial assets	(7)	33,346,034	38,983,938
Trade and other current accounts receivable	(8a)	109,644,656	122,289,283
Current accounts receivable from related companies	(9a)	31,394,527	30,668,985
Inventory	(10a)	43,559,170	52,031,325
TOTAL CURRENT ASSETS		382,713,834	423,060,947
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	12,691,026	28,848,652
Other non-current non-financial assets	(7)	571,288	1,061,561
Non-current trade and other accounts receivable		24,342	10,843
Accounts receivable from related entities, non-current	(9b)	21,181,406	73,072,214
Investments in associates accounted for using the equity method	(12a)	13,846,544	9,432,252
Intangible assets other than goodwill	(13a)	116,602,359	87,867,124
Goodwill	(14)	483,179,725	483,179,725
Property, plant and equipment	(15a)	362,187,439	354,710,241
Deferred tax assets	(11d)	2,421,834	3,891,911
TOTAL NON-CURRENT ASSETS		1,012,705,963	1,042,074,523
TOTAL ASSETS		1,395,419,797	1,465,135,470

The accompanying notes 1 to 30 form an integral part of these consolidated interim financial statements

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2015 and 2014

LIABILITIES	Notes	12.31.2015 ThCh$	12.31.2014 ThCh$
CURRENT LIABILITIES			
Other current financial liabilities	(16)	230,946,093	188,065,444
Trade and other accounts payables	(17a)	109,076,914	119,282,908
Current accounts payable to related companies	(9c)	81,855,445	61,261,241
Other short term provisions	(19a)	966,530	201,315
Current tax liabilities	(11c)	28,730,738	9,590,394
Other current non-financial liabilities	(21)	31,944,878	44,180,128
TOTAL CURRENT LIABILITIES		483,520,598	422,581,430
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(16)	178,643,762	281,763,172
Non-current accounts payable to related companies	(9e)	1,366,521	1,366,521
Other long-term provisions	(19b)	15,633,210	13,392,183
Non-current employee benefits accrual	(20a)	143,847	128,399
Other non-current non-financial liabilities	(21)	2,312,850	864,595
TOTAL NON-CURRENT LIABILITIES		198,100,190	297,514,870
TOTAL LIABILITIES		681,620,788	720,096,300
EQUITY			
Issued capital	(22a)	941,098,241	941,098,241
Retained earnings		92,002,224	125,749,378
Other reserves	(22d)	(319,301,456)	(321,808,393)
Shareholders' equity attributable to owners of the parent		713,799,009	745,039,226
Non-controlling interests	(22f)	-	(56)
TOTAL EQUITY		713,799,009	745,039,170
TOTAL LIABILITIES & EQUITY		1,395,419,797	1,465,135,470

The accompanying notes 1 to 30 form an integral part of these consolidated interim financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY NATURE

As of December 31, 2015 and 2014

		For the years ended December 31	
	Notes	2015	2014
COMPREHENSIVE INCOME STATEMENT		ThCh$	ThCh$
Income from ordinary operations	(24a)	948,949,210	960,982,860
Other income	(24b)	20,680,739	8,881,234
Employee benefits expenses	(20d)	(1,816,125)	(1,252,474)
Depreciation and amortization expense	(13b-15b)	(102,864,239)	(95,196,063)
Other expenses, by nature	(24c)	(694,917,016)	(723,170,701)
Profit from operating activities		170,032,569	150,244,856
Finance income	(24d)	11,653,801	12,141,546
Finance costs	(24d)	(27,012,544)	(26,302,842)
Share in earnings (losses) of associates accounted for using the equity method	(12b-19b)	4,371,197	2,844,069
Foreign exchange differences	(24e)	154,975	(598,417)
Indexation units	(24e)	559,013	621,346
Profit before tax from continuing operations		159,759,011	138,950,558
Income tax expense	(11f)	(35,506,163)	(31,459,386)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		124,252,848	107,491,172
Profit attributable to:			
Profit attributable to owners of the parent		124,252,848	107,491,174
Profit attributable to non-controlling interests	(22f)	-	(2)
PROFIT		124,252,848	107,491,172

EARNINGS PER SHARE		Ch$	Ch$
Earnings per basic share:			
Earnings per basic share for continuing operations	(23)	1,052.76	910.74
Earnings per basic share for discontinued operations		-	-
Earnings per basic share:		1,052.76	910.74
Diluted earnings per share:			
Diluted earnings per share from continuing operations		1,052.76	910.74
Diluted earnings per share from discontinued operations		-	-
Diluted earnings per share:		1,052.76	910.74

The accompanying notes 1 to 30 form an integral part of these consolidated interim financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY NATURE

As of December 31, 2015 and 2014

	Notes	For the years ended as of December 31, 2015	2014
		ThCh$	ThCh$
COMPREHENSIVE INCOME STATEMENT			
PROFIT		124,252,848	107,491,172
OTHER COMPREHENSIVE INCOME			
Components of other comprehensive income that will not be reclassified to income for the period, before taxes			
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified to income for the year, before taxes	(22d)	42,250	(939,933)
Other comprehensive income that will not be reclassified to income for the period, before taxes		42,250	(939,933)
Components of other comprehensive income that will be reclassified to income for the period, before taxes			
Profits from cash flow hedging, before taxes		3,286,105	15,011,667
Other comprehensive income, before income taxes (losses) from new measurement of benefit plans		8,957	(15,243)
Other comprehensive income that will be reclassified to income for the period, before taxes		3,295,062	14,996,424
Other components of other comprehensive income, before taxes		3,337,312	14,056,491
Income taxes related to components of other comprehensive income that will not be reclassified to income for the period			
Income taxes related to new measurement of other comprehensive income benefits plans	(22d)	(151)	4,030
Income taxes related to components of other comprehensive income that are reclassified to income for the period			
Income taxes related to other comprehensive income cash flows hedging		(830,224)	(3,412,147)
Total income tax related to components of other comprehensive income		(830,375)	(3,408,117)
OTHER COMPREHENSIVE INCOME		2,506,937	10,648,374
TOTAL COMPREHENSIVE INCOME		126,759,785	118,139,546
COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Comprehensive income attributable to owners of the parent		126,759,785	118,139,546
Comprehensive income attributable to non-controlling interests		-	(2)
TOTAL COMPREHENSIVE INCOME AND EXPENSES		126,759,785	118,139,544

The accompanying notes 1 to 30 form an integral part of these consolidated interim financial statements

STATEMENTS OF CHANGES IN EQUITY
As of December 31, 2015 and 2014

	Changes in issued capital (Note 22 a)	Changes in other reserves (Note 22 d)				Retained earnings (losses)	Equity attributable to owners of the parent	Non controlling interests (Nota 22 f)	Total equity
	Issued Capital	Reserves from cash flow hedge (Note 18b)	Reserves from actuarial gains (losses) on defined benefits plans	Other miscellaneous reserves	Total other reserves				
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Equity at the beginning of the period	**941,098,241**	**12,836,178**	-	**(334,644,571)**	**(321,808,393)**	**125,749,378**	**745,039,226**	**(56)**	**745,039,170**
Changes in equity									
Comprehensive income									
Profit	-	-	-	-	-	124,252,848	124,252,848	-	124,252,848
Other comprehensive income	-	2,455,881	-	51,056	2,506,937	-	2,506,937	56	2,506,993
Comprehensive income	-	**2,455,881**	-	**51,056**	**2,506,937**	**124,252,848**	**126,759,785**	**56**	**126,759,841**
Dividends	-	-	-	-	-	(158,000,001)	(158,000,001)	-	(158,000,001)
Increase (decrease) from transfers and other changes, equity	-	-	-	-	-	-	-	-	-
Total increase (decrease) in equity	-	-	-	-	-	**(158,000,001)**	**(158,000,001)**	-	**(158,000,001)**
Equity december 31, 2015	**941,098,241**	**15,292,059**	-	**(334,593,515)**	**(319,301,456)**	**92,002,225**	**713,799,010**	-	**713,799,010**
Equity at the beginning of the period	**941,098,241**	**1,236,660**	**(2,121,550)**	**(331,571,877)**	**(332,456,767)**	**77,232,082**	**685,873,556**	**(54)**	**685,873,502**
Changes in equity									
Comprehensive income									
Profit	-	-	-	-	-	107,491,174	107,491,174	(2)	107,491,172
Other comprehensive income	-	11,599,518	(951,144)	-	10,648,374	-	10,648,374	-	10,648,374
Comprehensive income	-	**11,599,518**	**(951,144)**	-	**10,648,374**	**107,491,174**	**118,139,548**	**(2)**	**118,139,546**
Dividends	-	-	-	-	-	(63,000,000)	(63,000,000)	-	(63,000,000)
Increase (decrease) from transfers and other changes, equity	-	-	-	-	-	4,026,122 (1)	4,026,122	-	4,026,122
Total increase (decrease) in equity	-	-	-	-	-	**(58,973,878)**	**(58,973,878)**	-	**(58,973,878)**
Equity december 31, 2014	**941,098,241**	**12,836,178**	**(3,072,694)**	**(331,571,877)**	**(321,808,393)**	**125,749,378**	**745,039,226**	**(56)**	**745,039,170**

The accompanying notes 1 to 30 form an integral part of these consolidated interim financial statements

STATEMENTS OF CONSOLIDATED CASH FLOWS, DIRECT METHOD
As of December 31, 2015 and 2014

	Notes	For the years ended december 31 2015 ThCh$	2014 ThCh$
CASH FLOWS PROVIDED (USED IN) BY OPERATING ACTIVITIES:			
Classes of operating activity charges			
Proceeds from sale of assets and services rendered		1,106,827,053	1,126,693,015
Other operating activity charges		15,444,741	23,273,711
Classes of payments			
Payments to suppliers for supplying goods and services		(738,624,009)	(878,743,321)
Payments to and on account of employees		(2,484,941)	(1,426,993)
Other operating activity payments		(46,279,838)	(33,843,280)
Income taxes (paid) reimbursed classified as operating activities		(18,577,007)	(23,516,496)
Cash flows provided (used in) by operating activities:		316,305,999	212,436,636
CASH FLOWS PROVIDED (USED IN) BY INVESTMENT ACTIVITIES:			
Loans to related entities		-	(280,285,000)
Additions to property, plant and equipment		(147,817,212)	(147,956,401)
Collection from related entities (1)		259,470,000	205,060,000
Interest received		8,314,766	7,521,992
Other cash inflows (outflows) (2)		(123,111,991)	(23,788,713)
Net cash flows provided (used in) by investment activities		(3,144,437)	(239,448,122)
CASH FLOWS PROVIDED (USED IN) BY FINANCING ACTIVITIES:			
Loan repayments		(208,047,000)	(58,000,000)
Proceeds from long term loans	(6)	101,084,240	-
Dividends paid	(22c)	(158,000,001)	(63,000,000)
Interest paid		(23,094,759)	(26,603,641)
Other cash inflows (outflows)		61,157,500	(260,366)
Net cash flows provided (used in) by financing activities		(226,900,020)	(147,864,007)
Net Increase (decrease) in cash and cash equivalents, before the effects of changes in the exchange rate		86,261,542	(174,875,493)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		86,261,542	(174,875,493)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		48,880,754	223,756,247
CASH AND CASH EQUIVALENTS, END OF YEAR	(5)	135,142,296	48,880,754

(1) and (2) correspond to charges and payments of the mandate and financial investments between related parties.

The accompanying notes 1 to 30 form an integral part of these consolidated interim financial statements

1. Corporate Information:

Telefonica Moviles Chile S.A. and Subsidiaries (or “the Company”) provides mobile telecommunications services in Chile. The registered office of the Company and its Subsidiaries is located in Avenida Providencia 111, Santiago, Chile.

Telefónica Móviles Chile S.A. is a privately held corporation registered in the Securities Registry under No. 922 and is therefore subject to the supervision of the Superintendency of Securities and Insurance of Chile.

At the Shareholders' Meeting held on March 27, 2014 the shareholders approved broadening of the line of business as follows: “Incorporating telecommunications, information and technology research and development activities”.

As of December 31, 2015, the Company’s direct parent is Inversiones Telefonica Moviles Holding S.A., which belongs to the Spanish group Telefonica, S.A..

2. Significant Accounting Policies:

a) Accounting period

These consolidated financial statements (hereinafter, “financial statements”) cover the years ended December 31, 2015 and 2014.

b) Basis of presentation

The financial statements as of December 31, 2014, and their corresponding notes are shown in a comparative manner in accordance with Note 2a).

c) Basis of preparation

These consolidated financial statements as of december 31, 2015 have been prepared in accordance with instructions and standards for preparation and presentation of financial information issued by the Superintendency of Securities and Insurance ("SVS"), which are composed of International Financial Reporting Standards ("IFRS") and Circular 856 dated October 17, 2014 which instructs the entities that the SVS oversees to record differences in deferred tax assets and liabilities produced as a direct effect of the increase in the first category (corporate) tax rate introduced by Law 20,780 plus specific standards set forth by the SVS, in the 2014 year, and charge them to shareholders' equity. Consequently, these financial statements at December 31, 2014, have not been prepared in accordance with IFRS.

2. Significant Accounting Policies, continued

c) Basis of preparation, continued

The financial statements as of December 31, 2015 have been prepared in accordance with IFRS. However, although the interim consolidated comprehensive income statements for the nine and three month periods ended December 31, 2015 and 2014 and the corresponding interim consolidated statements of changes in equity and cash flows for the nine-month period then ended, (which are presented for comparison purposes) were prepared using different bases in reference to recording differences in deferred tax assets and liabilities, they are not comparative based on what is explained in the previous paragraph and their effect is explained in Note 11f).

The figures included in these 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 financial statements, and it expressly manifests its responsibility for the consistent and reliable nature of the application of IFRS.

For the convenience of the reader these financial statements have been translated from Spanish to English.

d) Basis of consolidation

The financial statements of Telefonica Moviles Chile S.A. and its subsidiaries include assets and liabilities as of december 31, 2015 and 2014. Balances with related companies, income and expenses and unrealized gains and losses have been eliminated and non-controlling interests have been recognized under the category "Non-controlling interests" (note 22f).

Control is achieved when the Company is exposed to or has a 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.

2. Significant Accounting Policies, continued

d) Basis of consolidation, continued

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

Non-controlling interests represent 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	Country of origin	Funct currency	Participation percentage 12.31.2015 Direct	Indirect	Total	12.31.2014 Total
99.578.440-8	Telefónica Móviles Chile Distribución S.A.(1)	Chile	CLP	-	-	-	99.99
76.378.279-4	(2)	Chile	CLP	100	-	100	-
76.182.386-8	Fondo de Inversión Privado Infraestructura Uno	Chile	CLP	100	-	100	100

(1) On August 31, 2015 Telefónica Móviles Chile acquired 0.01% of the shares of Telefónica Móviles Chile Distribución S.A. leaving it with full control of the company, generating the dissolution of the company through merger by absorption.

(2) On May 23, 2014 Telefónica Investigación y Desarrollo Chile SpA was established with capital of ThCh$1,000 divided into 1,000 ordinary, single series registered shares, with a nominal value of Ch$1,000 each, all of which are subscribed by T. Móviles Chile S.A.

3. Significant Accounting Policies, continued

e) Basis of consolidation, continued

i) Entities, subsidiaries and joint ventures, continued

The summarized financial information as of December 31, 2015 of the companies included in the consolidation is the following:

Taxpayer No.	Company	% Participation	Current Assets ThCh$	Non-Current Assets ThCh$	Total Assets ThCh$	Current Liabilities ThCh$	Non-Current Liabilities ThCh$	Total Liabilities ThCh$	Equity ThCh$	Operating income ThCh$	Net profit (loss) ThCh$
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA (1)	100	1,968,279	348,165	2,316,444	1,759,063	143,847	1,902,910	413,534	1,303,647	352,437
76.182.386-8	Fondo de Inversión Privado Infraestructura Uno	100	14,121,954	-	14,121,954	8,858,625	-	8,858,625	5,263,329	-	10,648,803

The summarized financial information as of December 31, 2014 of the companies included in the consolidation is the following:

Taxpayer No.	Company	% Participation	Current Assets ThCh$	Non-Current Assets ThCh$	Total Assets ThCh$	Current Liabilities ThCh$	Non-Current Liabilities ThCh$	Total Liabilities ThCh$	Equity ThCh$	Operating income ThCh$	Net profit (loss) ThCh$
99.578.440-8	Telefónica Móviles Chile Distribución S.A.	99.99	21,122	-	21,122	580,364	-	580,364	(559,242)	-	(5,664)
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA (1)	100	1,537,733	20,826	1,558,559	1,322,609	128,399	1,451,008	107,551	311,000	168,236
76.182.386-8	Fondo de Inversión Privado Infraestructura Uno	100	17,389,772	-	17,389,772	10,249,192	-	10,249,192	7,140,580	-	660,059

(1) The purpose of this company is to generate knowledge and develop solutions within a technological framework, mainly focusing on Mining, Agricultural Industry and Cities. In accordance with the business model, projects are at the research stage, therefore only expenses have been generated, which affects income and generates negative equity. It is expected that research and development services will begin to be billed during the first quarter of 2016.

2. Significant Accounting Policies, continued

e) Foreign currency translation

Assets and liabilities in foreign currencies and in Unidades de Fomento (UF) have been converted to Chilean Pesos using the observed exchange rates as of each period-end, detailed as follows:

Date	US$	EURO	UTM	UF
December 31,2015	710.16	774.61	44,955	25,629.09
December 31,2014	606.75	738.05	43,198	24,627.10

All differences resulting from foreign currency translation in the application of this standard are recognized in the income statement of the period under "Foreign Exchange Differences" and differences resulting from the valuation of the UF are recognized in income for the year under "income from indexation units".

Information at the end subsequent periods for reporting:

a) Monetary items in foreign currency shall be converted to using the closing exchange rate;

b) Non-monetary items in foreign currency measured at historical cost are converted using the exchange rate on the date of the transaction; and

c) Non-monetary items that are measured at fair value are converted using the exchange rate on the date on which this fair value is measured.

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

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.

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

i) Loans and accounts receivable

Loans and accounts receivable are financial assets with fixed and determinable payments that are not quoted in an active market. Trade accounts receivable are recognized for the amount of the invoice, recording the corresponding adjustment should there be objective evidence of risk of payment on the part of the customer.

An allowance for doubtful accounts has been determined on uncollectable debts on the basis of stratification of the customer portfolio and age of the debts. Total uncollectibility is reached after the debt has been overdue for 90 days, accruing 100%, except for the customer portfolio of the companies segment where full accrual is established after 180 days.

Loans and accounts receivable are included in "trade and other accounts receivable" in the 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.

Current trade accounts are not discounted. The Company has determined that the calculation of amortized cost is no different than the billed amount because the transaction does not have significant associated costs.

ii) Financial assets at fair value through profit or loss

Financial assets are classified to the category of financial assets at fair value through profit or loss when they are held for trading or designated in their initial recognition at fair value through profit or loss. A financial asset is classified in this category if it is mainly acquired for the purpose of being sold in the short-term. Profits and losses on assets held for trading are recognized in income.

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

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

iii) Financial assets held to maturity

Financial assets held to maturity are financial assets with fixed and determinable payments and fixed maturity, that the Company has the positive intention and capacity to hold to maturity. If the Company sold a significant amount of its financial assets held to maturity, the entire category would be reclassified to financial assets held for sale.

Investments are recognized initially at fair value plus transaction costs and are subsequently recorded at amortized cost using the effective interest rate method.

iv) Financial assets available for sale

Financial assets available for sale are non-derivative assets that are designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Company intends to dispose of the investment in the 12 months following the closing date.

Investments are initially recognized at fair value less transaction costs and are subsequently recorded at their fair value.

These investments figure in the statement of financial position at their fair value when it is possible to determine it reliably. In the case of interests in companies that are not quoted or that are not very liquid, normally the market value cannot be reliably determined, therefore when this occurs, they are valued at acquisition cost or a lower amount when there is evidence of impairment.

Changes in fair value, net of their tax effect, are recorded in the comprehensive income statement: other comprehensive income, up to the time of disposal of these investments, time at which the accumulated amount in this heading is imputed fully to profit or loss for the year.

Should the fair value be less than the cost of acquisition, if there is objective evidence that the asset has suffered impairment that cannot be considered temporary, the difference is recorded directly in loss for the year.

It should be noted that the Company will stop recognizing this asset when the contractual rights over the cash flows of the financial asset have expired or this financial asset is transferred if, and only if the contractual rights to receive the cash flows of the financial asset are retained, but it assumes the contractual obligation to pay them to one or more beneficiaries.

Purchases and sales of financial assets are accounted for using the trading date.

3. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

2. Cash and cash equivalents

Cash and cash equivalents recognized in the statements of financial position comprise cash, bank current accounts, time deposits, investments in instruments with resale agreements and easily liquidated financial instruments that are free of risk maturing in less than three months. 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.

3. Financial liabilities

The Company classifies its financial liabilities into the following categories: at fair value through profit or loss and/or amortized cost (see Note 16, 17 and 18).

Management determines the classification of its financial liabilities at the time of initial recognition.

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.

Financial liabilities are initially recognized at fair value and in the case of loans, include costs that are directly attributable to the transaction. Subsequent measurement of financial liabilities depends on their classification as explained below.

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

3. Financial liabilities, continued

i) Financial liabilities at fair value through profit or loss

Financial liabilities are classified to the category of financial liabilities at fair value through profit or loss when they are held for trading or designated at fair value through profit or loss in their initial recognition.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling them in the short-term.

Profits or losses on liabilities held for trading are recognized in profit or loss. This category includes derivative instruments not designated for hedge accounting accounting and also considers embedded derivatives.

ii) Trade and other accounts payables

Balances payable to suppliers are subsequently valued at amortized cost using the effective interest rate method. Trade accounts payable expiring in accordance with generally accepted commercial terms are not discounted.

iii) Interest-bearing loans

Loans are valued at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any premium or discount of the acquisition and includes transaction costs that are an integral part of the effective interest rate. The difference between the cash received and the reimbursement value is imputed directly to income over the term of the contract. Financial obligations are presented as non-current liabilities when their expiry exceeds 12 months.

4. Derivative financial instruments

The Company uses derivative financial instruments such as currency forward contracts, cross-currency swaps and interest rate swaps (IRS) (see Note 18b)) to manage their risks associated to fluctuations in the interest rate and in foreign exchange. The Company's purpose for maintaining derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on the underlying transactions that are being hedged (see Note 18b).

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

4. Derivative financial instruments, continued

Derivative instruments are recognized at their 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 IAS 39. Exchange risk hedges 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 comprehensive 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 loss or profit in that reserve is taken to the comprehensive income statement 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.

At inception, 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 and 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 was 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.

2. Significant Accounting Policies, continued

g) Inventory

Inventory consists primarily of handsets and accessories, which are valued at weighted average cost or net realizable value, whichever is lower.

The net realizable value is the estimated price of sale of an asset during the normal course of operation, less estimated costs to complete its production and those necessary to carry out the sale.

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 commercial turnover of equipment and accessories. According to the Company's policies, items with a rotation of more than 360 days have been defined as slow rotating. Likewise, warehouse scrap products or accessories are considered to be a total loss.

h) 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.

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

The discount rates used are determined before taxes and are adjusted for the corresponding country risk and business risk. Thus, in the year 2014 the rate used was 7.59%. As of December 31, 2015 no impairment adjustments were made.

i) Leasing

Leased assets for which the lessor retains a significant part of the risks and rewards of ownership are classified as operating leases. Payments made for this type of leasing are taken to income statement on a straight-line basis over the term of the lease. Future obligations arising from these contracts are detailed in Note 25.

2. Significant Accounting Policies, continued

i) Leasing, continued

Leased assets for which the significant risks and rewards of ownership are transferred to the Company are considered finance leases. Initially, the asset and the associated liability are recorded at the fair value of the leased asset or if lower the present value of the minimum agreed-upon lease payments. Interest expense is taken to the income statement throughout the life of the leasing contract. Depreciation of these assets is included in depreciation of "Property, Plant and Equipment". The Company reviews all contracts to determine if they contain an embedded lease. At december 31, 2015 and 2014 were not identified leasing implicit.

j) Taxes

The income tax expense for each period includes 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 year-end 22.5% and 21% at december 31, 2015 and 2014 respectively.

The amount of deferred taxes is obtained from analyzing the temporary differences that arise between the tax and accounting values of assets and liabilities. These differences correspond mainly to the allowance for doubtful accounts, obsolescence provision, deferred income, dismantling provision, hedge insurance and depreciation of property, plant and equipment.

In accordance with Chilean tax laws, a tax loss from prior periods can be used in future as a tax benefit without expiration date.

Temporary differences generally become taxable or deductible when the related asset is recovered or the related liability is settled. 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 at the end of the current year.

Deferred tax assets and liabilities are not discounted to present value and are classified as non-current.

In the case of the tax reform recently approved in Chile through Law No. 20,780, and according to Circular No. 856 issued by the Superintendency of Securities and Insurance, the effects originated by changes in the deferred income tax rate were charged to equity accounts.

2. Significant Accounting Policies, continued

k) Investments in associates accounted for using the equity method

The investment is recorded initially at cost and its book value is modified based on the participation in the income of the associated company end of each year. If the investment records gains or losses directly in its net equity, the Company also recognizes its participation in those items.

The investment that the Company has in Telefonica Chile Servicios Corporativos Limitada and Intertel S.A. on which it exercises significant influence without exercising control, is recorded using the equity method (see Note 12a and 19 b(i)).

The Company owns 50% of Buenaventura S.A. which as of december 31, 2015 and 2014, presents negative shareholders' equity; therefore its recording using the equity method was discontinued, leaving the investment reflected at one Chilean peso for control purposes.

l) Goodwill

Goodwill represents the acquisition cost of identifiable assets, liabilities and contingent liabilities acquired from an associate in excess of their fair values as of the date of acquisition. After initial recognition goodwill is recorded for the cost less any accumulated impairment loss.

The Company performs impairment tests on an annual basis and when there are indicators that the net carrying amount might not be fully recoverable. Impairment tests, which are based on fair value, are carried out at a reporting unit level. If that fair value is less than the net carrying amount, an irreversible impairment loss is recognized in the income statement.

m) Intangibles

i) Intangible assets (Concession licenses)

Consist of the cost incurred to obtain mobile telephone public service concessions. They are presented at purchase cost less accumulated amortization and any accumulated impairment losses that may exist.

The Company amortizes these licenses over the concession period (30 years from publication in the Official Gazette of the decrees confirming the respective licenses, which occurred in December 2003).

ii) Licenses and Software

Software licenses are recorded at acquisition or production cost, less accumulated amortization and less any accumulated impairment loss. This account also includes intangible assets in development which correspond to commercial systems applications, mainly billing, revenue collection and collection services to be used by the Company in the normal course of its operations with its customers. These intangible assets in development are recorded at acquisition cost plus all costs associated to their implementation, and are amortized over the period in which their use is expected to generate revenues.

2. Significant Accounting Policies, continued

m) Intangibles, continued

ii) Licenses and Software, continued

Software licenses are recorded at purchase or production cost less accumulated amortization and any accumulated impairment losses.

These licenses have finite useful lives and are amortized over their estimated useful lives. As of the balance sheet date they are analyzed in regards to whether there have been events or changes that indicate that the net book value might not be recoverable, in which case they are tested for impairment.

The amortization methods and periods used are reviewed at each period end and, if appropriate, are adjusted prospectively.

The Company amortizes these software licenses using the straight-line method over a maximum period of 3 years.

n) Property, plant and equipment and Depreciation

i) Property, plant and equipment

Property, plant and equipment items are measured at purchase cost, less accumulated depreciation and any possible impairment losses. Land is not depreciated.

Acquisition cost includes external costs plus internal costs necessary to carry out the investment, composed of direct costs and direct labor costs used in the installation and any other cost necessary to carry out the investment.

Additionally, initial cost includes the estimate for future dismantling and removal costs (criteria applied in a uniform manner) which the Company is obligated to incur as a consequence of the use of those assets (see note 19 bii).

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 year. 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 the year.

2. Significant Accounting Policies, continued

i) Property, plant and equipment, continued

An asset's dismantling 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 year as finance cost.

The Company capitalizes borrowing costs incurred in and directly attributable to the purchase and construction of qualified assets. Qualified assets under the criteria of the Telefonica Group are those assets that require at least 18 months of preparation for their use or sale. At december 31, 2015 and 2014, there are no capitalized interest exists.

Costs of improvements that represent an increase in productivity, capacity or efficiency or a longer useful life are capitalized as greater cost for the corresponding asset when they meet the requirements for being recognized as an asset.

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

ii) Depreciation of property, plant and equipment

The Company depreciates property, plant and equipment items from the time they are in usable condition, distributing the cost of the assets using the straight-line method, over their estimated useful lives. 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 Company's average annual financial depreciation rate is approximately 11.91% and 13.37% for December 2015 and 2014 respectively.

Estimated useful lives are summarized in the following detail:

Assets	Useeful lives in years	
	Minimum	Maximum
Buildings	5	40
Transport equipment	7	7
Supplies and accessories	10	10
Office equipment	10	10
Other property, plant & equipment (1)	1	20

(1) Relate to investments in network equipment and computer equipment.

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

2. Significant Accounting Policies, continued

o) Provisions

i) Post-employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements, which are provisioned using the method of actuarial value of the accrued cost of the benefit, using an nominal annual discount rate of 4.51% and 5.8% at December 31, 2015 and 2014 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.

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 lease contract expires. This cost, is calculated at current value and is recorded as a property, plant and equipment item in assets and as a non-current provision for the future obligation. That property, plant and equipment item is amortized over the duration of the asset associated to that provision.

The estimate for the site exit period was calculated on the basis of the term of operating lease agreements for the same sites where the radiofrequency antennas are built, which is 10 years on average.

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 costs are recognized on an accrual basis, i.e. when the right to receive a payment or the obligation to make a payment becomes effective. The moment when goods are delivered or received and services are provided is considered for these purposes, regardless of the timing of the cash flow receivable or payable (in advance, simultaneous or with credit).

The Company's income is derived primarily from providing mobile telecommunications services and is recognized to the extent that it is likely that economic benefits will flow to the Company and can be reliably measured. For the purpose of measuring and estimating telephone services provided but not yet invoiced as well as measuring income received in advance, the Company uses computer systems and processes to tally, validate and apply rates to airtime used and contracted by customers using records from various commutation centers.

2. Significant Accounting Policies, continued

p) Income and expenses, continued

Services provided but not yet invoiced are determined based on contracts, traffic, prices and conditions in force during the period. Amounts for this concept are presented within "trade and other current accounts receivable".

Income from the sale of electronic prepaid minutes top-up is recognized in the month in which the traffic is used or the minutes expire, whichever comes first. Deferred income is included in current liabilities.

Income and costs for the sale of prepaid handsets are recognized once they are activated. All expenses related to these mixed commercial offers are charged to the income statement account as they are incurred.

Customer fidelity program: Consists mainly of a program called "Club Movistar" that provides multiple benefits to our customers, which can be provided or delivered by third parties or by the Company. This loyalty program also provides "points" to customers that can be cashed-in for services and products within a certain period of time. Points are generated for the equivalent of 2% of the total value of the bill associated to contracted or hybrid plans and only for voice and data traffic, excluding reconnection, interest and collection charges. Accumulated Club Movistar points that have not been cashed after 18 months, automatically expire.

Points provided in sales transactions are recorded as a component, separate from the sale in accordance with IFRIC 13 Customer Loyalty Programs, i.e. they are recorded as deferred income at the market value of the points provided (1 point is equivalent to Ch$1), adjusted by the estimated rate of points not cashed due to expiration of the benefit. The estimated rate of points not cashed is determined using historical statistics on expiration of points that have not been cashed.

Government subsidies: The Company applies for government projects associated

- To the Telecommunications Development Fund in order to receive resources for the installation of assets for public service operation and exploitation. These resources, which are called government subsidies, are initially recorded as deferred income, under other non-financial liabilities and are charged to the income statement over the useful lives of the assets associated to such subsidies (see Note 21).

- The Innova Chile Committee, in order to perform research and development (R&D), technological transfer and marketing activities, in the information and communications technology areas. These resources, called government subsidies, are initially recorded as deferred income, under other non-financial liabilities, and are charged to income as the projects are being developed (see Note 21).

q) Use of Estimates

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

2. Significant Accounting Policies, continued

q) Use of Estimates, continued

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.

The determination of useful lives requires estimates regarding expected technological progress and alternative uses for assets. Hypotheses regarding technological framework and its future development imply a significant degree of judgment, as the timing and nature of future technological changes 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.

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 payments. 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.

iii) Provisions

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

The 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 at period-end, including the opinion of independent experts such as legal advisors and consultants.

iv) Income recognition: agreements combining more than one element

Commercial packages that combine different elements are analyzed to determine if these elements must be separated, applying the appropriate revenue recognition criteria in each case. Total revenues from the package are distributed among the identified elements based on their respective fair values.

Determining the fair value of each identified element requires making complex estimates due to the particular nature of the business.

A change in relative fair value estimates could affect distribution of income among components and, consequently, could affect income for future periods.

2. Significant Accounting Policies, continued

q) Use of Estimates, continued

v) Financial assets and liabilities

When the fair value of financial assets and financial liabilities recorded in the balance sheet 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 when 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 the financial instrument.

vi) Post-employment benefits

The cost of defined post retirement plans and the current value of the obligation are determined using actuarial evaluations. An actuarial evaluation implies making assumptions regarding the types of discounts, future salary increases, mortality rates and future pension increases. All assumptions are reviewed once a year. The interest rates of instruments issued by the Central Bank of Chile are used as reference to determine the discount rate. The mortality rate is based on publicly available mortality tables for the country.

Future salary and pension increases are based on increases in the country's inflation rate foreseen for the future. For details of actuarial hypotheses used, refer to Note 20a).

r) Consolidation methods

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 of consolidated comprehensive income statements and 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 minority shareholders in the equity and income of dependent companies consolidated using the global integration method is presented in “non-controlling interests” and “profit attributable to non-controlling interests”, respectively.

2. Significant Accounting Policies, continued

s) New IFRS and Interpretations of the IFRS Interpretations Committee

IFRS improvements and amendments, as well as interpretations that have been published during the period 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 9	Financial instruments: Classification and measurement	January 1, 2018
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Income from Customer Contracts	January 1, 2018
IFRS 16	Leases	January 1, 2019

IFRS 9 "Financial Instruments"

The final version of IFRS 9 Financial Instruments, was issued in July 2014, gathering all the phases of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement. This standard includes new requirements based on principles for the classification and measurement, it introduces a "more prospective" model of expected credit losses for impairment accounting and a substantially reformed focus for hedge accounting. Entities will also have the option for early application of accounting for profits and losses due to changes in fair value related to "inherent credit risk" for financial liabilities designated at fair value through profit or loss, without applying the other requirements of IFRS 9. Application of the standard shall be mandatory for annual periods commencing as of January 1, 2018. Early application is allowed.

IFRS 14 "Regulatory Deferral Accounts"

IFRS 14 Regulatory Deferral Accounts, issued in January 2014, is a provisional standard that is intended to improve the comparability of the financial information of entities that are involved in activities with regulated prices. Many countries have industrial sectors that are subject to price regulation (for example gas, water and electricity), which can have a significant impact on the entity's recognition of income (timing and amount). This standard allows entities that adopt IFRS for the first time to continue recognizing the amounts related to price regulation in accordance with the requirements of previous GAAP, however, showing it in a separate manner. An entity that already presents financial statements under IFRS must not apply this standard. Its application is effective as of January 1, 2016 and early application is allowed.

2. Significant Accounting Policies, continued

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

IFRS 15 "Income from Customer Contracts"

IFRS 15 Revenue from Contracts with Customers, issued in May 2014, is a new standard which is applicable to all contracts with customers, except for leases, financial instruments and insurance contracts. This a joint project with the FASB to eliminate differences in recognition of income existing between IFRS and US GAAP. This new standard is intended to improve the inconsistencies and weaknesses of IAS 18 and provide a model that will facilitate the comparison of companies in different industries and regions. The standard provides a new model for recognition of income and more detailed requirements for contracts with multiple elements, and requires more detailed disclosures. Application of the standard is effective as of January 1, 2018 and early application is allowed.

IFRS 16 "Leases"

In January 2016, the IASB issued IFRS 16 Leases. IFRS 16 establishes the definition of a lease contract and specifies the accounting treatment of assets and liabilities originated by these contracts from the point of view of the lessor and lessee. The new standard does not differ significantly from the standard that precedes it, IAS 17 Leases, in respect to the accounting treatment from the point of view of the lessor. However, from the point of view of the lessee, the new standard requires recognition of assets and liabilities for most of the lease contracts. The application of IFRS 16 shall be mandatory for annual periods beginning as of January 1, 2019. Early application is allowed if it is adopted together with IFRS 15 Revenue from Contracts with Customers.

The Company has evaluated the impact that the application of these standards could generate on their effective date and has determined that they will not have a significant impact on the consolidated financial statements, with the exception of IFRS 15 and IFRS 16, which is at the evaluation stage.

	Improvements and Amendments	Mandatory application date
IAS 19	Employee Benefits	January 1, 2016
IAS 16	Property, Plant and Equipment	January 1, 2016
IAS 38	Intangible Assets	January 1, 2016
IAS 41	Agriculture	January 1, 2016
IFRS 11	Joint Arrangements	January 1, 2016
IAS 27	Separate Financial Statements	January 1, 2016
IAS 28	Investments in Associates and Joint Ventures	January 1, 2016
IFRS 10	Consolidated Financial Statements	January 1, 2016
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2016
IFRS 7	Financial Instruments: Disclosures	January 1, 2016
IAS 34	Interim Financial Reporting	January 1, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2016
IAS 1	Presentation of Financial Statements	January 1, 2016

2. Significant Accounting Policies, continued

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

IAS 19 "Employee Benefits"

"Annual Improvements cycle 2012–2014", issued in September 2014, clarifies that the depth of the high credit quality corporate bonds market is assessed based on the currency in which the obligation is denominated, instead of on the country where the obligation is located. When there is no deep market for these bonds in that currency, bonds issued by the government in that same currency and for those terms will be used. Application of the amendments is mandatory for annual periods commencing as of January 1, 2016. Early application is allowed.

IAS 16 "Property, Plant and Equipment", IAS 38 "Intangible Assets"

IAS 16 and IAS 38 establish the principle that the expected pattern of consumption of the future economic benefits of an asset is the basis for depreciation and amortization. In its amendments to IAS 16 and IAS 38 published in May 2014, the IASB clarified that the use of income-based methods to calculate depreciation of an asset is not adequate because income generated by an activity that includes the use of an asset generally reflects factors other than consumption of the economic benefits incorporated in the asset. The IASB also clarified that income is generally not an adequate basis to measure consumption of the economic benefits incorporated in an intangible asset. However, this assumption can be refuted in certain limited circumstances. The amendments are applicable as of January 1, 2016, early application is allowed.

IAS 16 "Property, Plant and Equipment", IAS 41 "Agriculture"

Amendments to IAS 16 and IAS 41 establish that the accounting treatment of carrier plants must be the same as for property, plant and equipment, since they operate in a similar manner to manufacturing operations. The application of the amendments is mandatory for annual periods commencing as of January 1, 2016. Early application is allowed.

IFRS 11 "Joint Arrangements"

Amendments to IFRS 11, issued in May 2014, apply to the acquisition of interest in a joint arrangement which constitutes a business. Amendments clarify that the acquirers of this interest must apply all accounting principles for business combinations included in IFRS 3 Business Combinations and other standards that are not in conflict with the guidelines of IFRS 11 Joint Arrangements. Amendments are applicable as of January 1, 2016, early application is allowed.

IAS 27 "Separate Financial Statements"

Amendments to IAS 27, issued in August 2014, reestablish the option to use the equity method for accounting for investments in subsidiaries, joint ventures and associates in the separate financial statements. The application of the amendments will be mandatory for annual periods commencing as of January 1, 2016. Early application is allowed.

2. Significant Accounting Policies, continued

s) Nuevas IFRS e Interpretaciones del Comité de Interpretaciones IFRS, continuación

IAS 28 "Investments in Associates and Joint Ventures", IFRS 10 "Consolidated Financial Statements"

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address a recognized inconsistency between the requirements of IFRS 10 and those of IAS 28 (2011) in the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The amendments, issued in September 2014, establish that when the transaction involves a business (whether in a subsidiary or not) the full profit or loss is recognized. A partial profit or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are located in a subsidiary. The date of mandatory application of these amendments is yet to be determined since the IASB plans a detailed investigation that could result in simplification of the accounting for associates and joint ventures. Immediate application is allowed.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

"Annual Improvements Cycle 2012–2014", issued in September 2014, clarifies that if the entity reclassifies an asset (or disposal group) from held for sale directly to held for distribution to owners, or from held for distribution to owners directly to held for sale, then the change in classification is considered a continuation in the original sales plan. The IASB clarifies that in these cases the requirements for accounting for changes in a sales plan shall not be applicable. Application of the amendments is mandatory for annual periods commencing as of January 1, 2016. Early application is allowed.

IFRS 7 "Financial Instruments: Disclosures"

"Annual Improvements Cycle 2012–2014", issued in September 2014, clarifies that service agreements may constitute continued implication in a transferred asset for the purpose of disclosure of financial asset transfers. This will generally be the case when the manager has an interest in the future yield of the financial assets transferred as a consequence of that contract. Application of amendments shall be mandatory for annual periods commencing as of January 1, 2016. Early application is allowed.

IAS 34 "Interim Financial Reporting"

"Annual Improvements cycle 2012–2014", issued in September 2014, clarifies that the required disclosures should either be in the interim financial statements or should be indicated with a cross-reference between the interim financial statements and any other report that contains them. Application of the amendments is mandatory for annual periods commencing as of January 1, 2016. Early application is allowed.

2. Significant Accounting Policies, continued

s) Nuevas IFRS e Interpretaciones del Comité de Interpretaciones IFRS, continuación

IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 28 "Investments in Associates and Joint Ventures"

Amendments to IFRS 10, IFRS 12 and IAS 28 introduce minor clarifications regarding the requirements for accounting for investment entities. In addition, these amendments provide relief under certain circumstances, which will reduce the cost of applying these standards. Application of the amendments is mandatory for annual periods commencing as of January 1, 2016. Early application is allowed.

IAS 1 "Presentation of Financial Statements"

In December 2014 the IASB published amendments to IAS 1 "Disclosure Initiatives". These amendments to IAS 1 address certain concerns expressed regarding presentation and disclosure requirements, and ensure that entities have the possibility to exercise judgment when applying IAS 1. Application of the amendments is mandatory for annual periods commencing as of January 1, 2016. Early application is allowed.

The Company is still assessing the impact that the mentioned standards and amendments could have on the consolidated financial statements.

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 period covered by these financial statements.

4. Financial Information by Segment

The IFRS 8, "Operating Segments" which establishes the standards for reporting on operating segments and related disclosures for products and services and geographic areas. Operating segments are defined as components of an entity for which discrete financial information is available and is regularly reviewed by the Company's principal decision maker to make decisions about resource allocation and assess its performance.

The Company provides mobile telecommunications services in Chile. As established by the Undersecretary of Telecommunications, companies that provide mobile telephone services cannot engage in other activities outside their main line of business. Therefore the Company is in itself a single segment.

At December 31, 2015 there have been no changes in the measurement methods used to determine segment results with respect to the prior year.

5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	12.31.2015 ThCh$	12.31.2014 ThCh$
Cash (a)		1,113,190	653,948
	CLP	1,113,190	653,948
Banks (b)		4,776,327	3,264,356
	CLP	4,574,725	3,241,295
	EUR	201,602	23,061
Time deposits (c)		129,252,779	44,962,450
	CLP	129,252,779	44,962,450
Total cash and cash equivalents		135,142,296	48,880,754
Subtotal by currency	CLP	134,940,694	48,857,693
	USD	-	-
	EUR	201,602	23,061

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 their book value is the same as their fair value.

b) Banks

Bank balances are composed of money maintained in bank checking accounts and their book value is the same as their fair value.

5. Cash and cash equivalents, continued

c) Time deposits,

Time deposits maturing in less than 90 days are recorded at fair value and detail to december 31, 2015 and 2014 it is as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency	Accrued interest in local currency	Foreign currency translation local currency	Total as of 12.31.2015
					ThCh$	ThCh$	ThCh$	ThCh$
Time deposit	CLP	129,127,270	3.96%	25	129,127,270	125,509	-	129,252,779
Total					129,127,270	125,509	-	129,252,779

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency	Accrued interest in local currency	Foreign currency translation local currency	Total as of 12.31.2014
					ThCh$	ThCh$	ThCh$	ThCh$
Time deposit	CLP	44,890,000	3.72%	30	44,890,000	72,450	-	44,962,450
Total					44,890,000	72,450	-	44,962,450

6. Other Current and Non-current Financial Assets

The breakdown of other current financial assets is as follows:

Concepts	12.31.2015 Current ThCh$	12.31.2015 Non-Current ThCh$	12.31.2014 Current ThCh$	12.31.2014 Non-Current ThCh$
Other investments (a)	-	1	3,028,380	1
Highly liquid financial instruments (b)	-	-	79,924,481	-
Hedging instruments (18 b)	29,627,151	12,691,025	47,253,801	28,848,651
Total	29,627,151	12,691,026	130,206,662	28,848,652

a) As of December 31, 2014 time deposits in excess of 90 days are detailed as follows:

Type of investment	Currency	Capital in original currency (thousands)	Average annual rate	Average days to maturity	Capital in local currency ThCh$	Accrued interest in local currency ThCh$	Foreign currency translation local currency ThCh$	Total as of 12.31.2014 ThCh$
Time deposits	Ch$	3,000,000	3.96%	91	3,000,000	28,380	+	3,028,380
Total					3,000,000	28,380	+	3,028,380

b) As of December 31, 2014, the detail of highly liquid financial instruments is as follows

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Capital in local currency ThCh$	Accrued interest in local currency ThCh$	Foreign currency translation local currency ThCh$	Total as of 12.31.2014 ThCh$
Highly liquid financial instruments	USD	115,129	6.96%	30	70,918,736	21,961	(1,064,216)	69,876,481
Highly liquid financial instruments	CLP	10,000,000	3.84%	30	10,000,000	48,000	-	10,048,000
Total					80,918,736	69,961	(1,064,216)	79,924,481

7. Other Non-Financial Assets, Current and Non Current

Other non-financial assets correspond to advance payments, which are detailed as follows:

Description	12.31.2015 Current ThCh$	12.31.2015 Non-Current ThCh$	12.31.2014 Current ThCh$	12.31.2014 Non-Current ThCh$
Deferred handset costs (1)	18,402,235	-	15,150,303	1,061,561
Advance payments (2)	10,592,885	571,288	12,709,544	-
Other prepaid expenses (3)	2,296,655	-	10,582,285	-
Other taxes (4)	1,772,366	-	259,913	-
Customer guarantees	281,893	-	281,893	-
Total	33,346,034	571,288	38,983,938	1,061,561

(1) Includes advance payments associated to site leases.
(2) Corresponds to commissions paid to franchisees for additions and replacement of mobile equipment and others, which are deferred over six months.
(3) Corresponds to the cost of prepaid handsets dispatched, which have been activated by end customers.
(4) Includes subsidy for extreme zones MCh$1,254,357, recoverable taxes ThCh$242,496 for the 2015 tax year, customs duties refund and other taxes.

8. Trade and Other Current Accounts Receivable

a) The composition of trade and other current accounts receivable is as follows:

Description	12.31.2015 Gross value ThCh$	12.31.2015 Uncollectable debts ThCh$	12.31.2015 Net value ThCh$	12.31.2014 Gross value ThCh$	12.31.2014 Uncollectable debts ThCh$	12.31.2014 Net value ThCh$
Current receivables on credit operations	155,537,217	(45,903,233)	109,633,984	177,212,832	(54,923,878)	122,288,954
Services billed	95,987,349	(45,903,233)	50,084,116	124,759,907	(54,923,878)	69,836,029
Services provided and not billed	59,549,868	-	59,549,868	52,452,925	-	52,452,925
Miscellaneous receivables	10,672	-	10,672	329	-	329
Total	155,547,889	(45,903,233)	109,644,656	177,213,161	(54,923,878)	122,289,283

b) The composition of trade and other current accounts receivables that shows past due amounts, not collected and provisioned according maturity is as follows:

Description	12.31.2015 Less than 3 months ThCh$	12.31.2015 3 to 6 months ThCh$	12.31.2015 6 to 12 months ThCh$	12.31.2015 Greater than 12 months ThCh$	12.31.2015 Total ThCh$	12.31.2014 Less than 3 months ThCh$	12.31.2014 3 to 6 months ThCh$	12.31.2014 6 to 12 months ThCh$	12.31.2014 Greater than 12 months ThCh$	12.31.2014 Total ThCh$
Miscellaneous receivables	12,093,796	2,126,330	-	-	14,220,126	16,241,663	2,451,933	-	-	18,693,596
Total	12,093,796	2,126,330	-	-	14,220,126	16,241,663	2,451,933	-	-	18,693,596

8. Trade and Other Current Accounts Receivable

c) Movements of the provision for doubtful accounts which consider "Trade and other current accounts receivable" are as follows:

Movements	12.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	54,923,878	57,282,820
Increases	23,010,589	22,793,721
Eliminations/ Additions	(32,031,234)	(25,152,663)
Movements, subtotal	(9,020,645)	(2,358,942)
Closing balance	45,903,233	54,923,878

d) Movements of the provision for doubtful accounts to reflect the composition of the portfolio as of december 31, 2015 and 2014 are as follows:

Provisions and write-offs	12.31.2015 ThCh$	12.31.2014 ThCh$
Accrual for portfolio that has not been renegotiated	23,353,146	22,081,042
Accrual for renegotiated portfolio	(342,557)	712,679
Write-offs for the year	(32,031,234)	(25,152,663)
Total	(9,020,645)	(2,358,942)

e) The composition of the portfolio protested and in legal collection as of december 31, 2015 and 2014 is as follows:

Portfolio of prosted and in legal collection as of 12.31.2015	Porfolio of accounts receivable protested w/o guarantee	Porfolio of accounts receivable protested w/guarantee	Porfolio of accounts receivable in legal collection w/o guarantee	Porfolio of accounts receivable in legal collection w/guarantee
Number of customers in portfolio protested or in legal collection	1,596	-	177	-
Portfolio of protested or in legal collection ThCh$	6,212,940	-	151,356	-

Portfolio of prosted and in legal collection as of 12.31.2014	Porfolio of accounts receivable protested w/o guarantee	Porfolio of accounts receivable protested w/guarantee	Porfolio of accounts receivable in legal collection w/o guarantee	Porfolio of accounts receivable in legal collection w/guarantee
Number of customers in portfolio protested or in legal collection	1,201	-	717	-
Portfolio of protested or in legal collection ThCh$	5,722,596	-	544,885	-

8. Trade and Other Accounts Receivable, continued

The portfolio composition stratified by segment for december 31, 2015 is as follows:

Aging of portfolio by segment	Up to date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	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
Period December 2015	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Individuals											
Number of clients w/o renegotiation	650,201	79,064	37,613	35,080	32,810	29,814	29,990	18,458	33,922	1,268,629	2,215,581
Gross portfolio w/o renegotiation	29,654,648	3,472,155	2,302,015	2,070,427	-	-	-	-	-	-	37,499,245
Debt	29,654,648	3,472,155	2,302,015	2,070,427	1,785,135	1,649,781	1,513,155	928,086	1,336,403	17,854,120	62,565,925
Accrual	-	-	-	-	(1,785,135)	(1,649,781)	(1,513,155)	(928,086)	(1,336,403)	(17,854,120)	(25,066,680)
Number of clients with renegotiation	8,085	9,112	1,657	1,623	1,386	1,483	1,478	977	1,714	15,612	43,127
Gross portfolio with renegotiation	643,907	38,334	138	167	-	-	-	-	-	-	682,546
Debt	1,124,642	296,533	135,450	144,925	138,263	146,881	137,941	84,285	126,776	1,132,177	3,467,873
Accrual	(480,735)	(258,199)	(135,312)	(144,758)	(138,263)	(146,881)	(137,941)	(84,285)	(126,776)	(1,132,177)	(2,785,327)
Total number of clients	658,286	88,176	39,270	36,703	34,196	31,297	31,468	19,435	35,636	1,284,241	2,258,708
Total Individuals portfolio	30,298,555	3,510,489	2,302,153	2,070,594	-	-	-	-	-	-	38,181,791
Debt	30,779,290	3,768,688	2,437,465	2,215,352	1,923,398	1,796,662	1,651,096	1,012,371	1,463,179	18,986,297	66,033,798
Accrual	(480,735)	(258,199)	(135,312)	(144,758)	(1,923,398)	(1,796,662)	(1,651,096)	(1,012,371)	(1,463,179)	(18,986,297)	(27,852,007)
Companies											
Number of clients w/o renegotiation	91,428	10,860	3,969	3,011	2,500	2,218	2,237	1,494	2,601	54,284	174,602
Gross portfolio w/o renegotiation	63,787,139	279,582	1,297,347	2,625,651	1,469,681	599,775	56,874	-	-	-	70,116,049
Debt	63,787,139	279,582	1,297,347	2,625,651	1,469,681	599,775	56,874	218,900	249,877	16,470,938	87,055,764
Accrual	-	-	-	-	-	-	-	(218,900)	(249,877)	(16,470,938)	(16,939,715)
Number of clients with renegotiation	1,181	1,475	240	243	183	215	179	115	200	3,275	7,306
Gross portfolio with renegotiation	127,811	7,921	50	9	0	-	0	-	-	-	135,791
Debt	265,443	79,263	30,495	28,587	27,578	29,418	27,313	18,684	26,079	714,441	1,247,301
Accrual	(137,632)	(71,342)	(30,445)	(28,578)	(27,578)	(29,418)	(27,313)	(18,684)	(26,079)	(714,441)	(1,111,510)
Total number of clients	92,609	12,335	4,209	3,254	2,683	2,433	2,416	1,609	2,801	57,559	181,908
Total companies portfolio	63,914,950	287,503	1,297,397	2,625,660	1,469,681	599,775	56,874	-	-	-	70,251,840
Debt	64,052,582	358,845	1,327,842	2,654,238	1,497,259	629,193	84,187	237,584	275,956	17,185,379	88,303,065
Accrual	(137,632)	(71,342)	(30,445)	(28,578)	(27,578)	(29,418)	(27,313)	(237,584)	(275,956)	(17,185,379)	(18,051,225)
Other											
Number of clients w/o renegotiation											
Gross portfolio w/o renegotiation	1,211,025	-	-	-	-	-	-	-	-	-	1,211,025
Debt	1,211,025	-	-	-	-	-	-	-	-	-	1,211,025
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total companies portfolio	1,211,025	-	-	-	-	-	-	-	-	-	1,211,025
Debt	1,211,025	-	-	-	-	-	-	-	-	-	1,211,025
Accrual	-	-	-	-	-	-	-	-	-	-	-
Portfolio Consolidated											
Number of clients w/o renegotiation	741,629	89,924	41,582	38,091	35,310	32,032	32,227	19,952	36,523	1,322,913	2,390,183
Gross portfolio w/o renegotiation	94,652,812	3,751,737	3,599,362	4,696,078	1,469,681	599,775	56,874	-	-	-	108,826,319
Debt	94,652,812	3,751,737	3,599,362	4,696,078	3,254,816	2,249,556	1,570,029	1,146,986	1,586,280	34,325,058	150,832,714
Accrual	-	-	-	-	(1,785,135)	(1,649,781)	(1,513,155)	(1,146,986)	(1,586,280)	(34,325,058)	(42,006,395)
Number of clients with renegotiation	9,266	10,587	1,897	1,866	1,569	1,698	1,657	1,092	1,914	18,887	50,433
Gross portfolio with renegotiation	771,718	46,255	188	176	-	-	-	-	-	-	818,337
Debt	1,390,085	375,796	165,945	173,512	165,841	176,299	165,254	102,969	152,855	1,846,618	4,715,174
Accrual	(618,367)	(329,541)	(165,757)	(173,336)	(165,841)	(176,299)	(165,254)	(102,969)	(152,855)	(1,846,618)	(3,896,837)
Total number of clients (1)	750,895	100,511	43,479	39,957	36,879	33,730	33,884	21,044	38,437	1,341,800	2,440,616
Total Consolidated portfolio	95,424,530	3,797,992	3,599,550	4,696,254	1,469,681	599,775	56,874	-	-	-	109,644,656
Debt	96,042,897	4,127,533	3,765,307	4,869,590	3,420,657	2,425,855	1,735,283	1,249,955	1,739,135	36,171,676	155,547,889
Accrual	(618,367)	(329,541)	(165,757)	(173,336)	(1,950,976)	(1,826,080)	(1,678,409)	(1,249,955)	(1,739,135)	(36,171,676)	(45,903,233)

(1) The information referring to this line represents the current number of customers and those that have been commercially derecognized and which are still in collections.

8. Trade and Other Accounts Receivable, continued

The portfolio composition stratified by segment for december 31, 2014 is as follows:

Aging of portfolio by segment Period December 2014	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 days 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$
Individuals											
Number of clients w/o renegotiation	612,780	79,914	39,160	32,875	33,527	32,760	23,013	30,873	35,907	1,713,658	2,634,467
Gross portfolio w/o renegotiation	36,479,624	3,541,234	2,205,831	2,027,921	-	-	-	-	-	-	44,254,610
Debt	36,479,624	3,541,234	2,205,831	2,027,921	1,530,436	1,618,659	951,572	1,364,586	1,547,871	26,816,053	78,083,787
Accrual	-	-	-	-	(1,530,436)	(1,618,659)	(951,572)	(1,364,586)	(1,547,871)	(26,816,053)	(33,829,177)
Number of clients with renegotiation	7,832	8,848	1,756	1,537	1,416	1,278	720	1,165	1,632	22,828	49,012
Gross portfolio with renegotiation	762,764	50,324	170	128	-	-	-	-	-	-	813,386
Debt	1,252,062	319,224	126,099	116,549	97,726	100,891	64,295	84,156	115,710	1,378,330	3,655,042
Accrual	(489,298)	(268,900)	(125,929)	(116,421)	(97,726)	(100,891)	(64,295)	(84,156)	(115,710)	(1,378,330)	(2,841,656)
Total number of clients	620,612	88,762	40,916	34,412	34,943	34,038	23,733	32,038	37,539	1,736,486	2,683,479
Total Individuals portfolio	37,242,388	3,591,558	2,206,001	2,028,049	-	-	-	-	-	-	45,067,996
Debt	37,731,686	3,860,458	2,331,930	2,144,470	1,628,162	1,719,550	1,015,867	1,448,742	1,663,581	28,194,383	81,738,829
Accrual	(489,298)	(268,900)	(125,929)	(116,421)	(1,628,162)	(1,719,550)	(1,015,867)	(1,448,742)	(1,663,581)	(28,194,383)	(36,670,833)
Companies											
Number of clients w/o renegotiation	90,701	15,950	4,435	2,961	2,836	2,866	1,969	2,506	3,051	66,580	193,855
Gross portfolio w/o renegotiation	60,964,424	4,621,803	2,623,673	1,161,005	918,825	915,283	617,608	-	-	-	71,822,621
Debt	60,964,424	4,621,803	2,623,673	1,161,005	918,825	915,283	617,608	35,891	613,343	16,206,072	88,677,927
Accrual	-	-	-	-	-	-	-	(35,891)	(613,343)	(16,206,072)	(16,855,306)
Total number of clients	91,890	17,605	4,727	3,202	3,059	3,038	2,104	2,692	3,317	71,065	202,699
Total Companies portfolio	61,144,794	4,631,273	2,623,770	1,161,013	918,834	915,422	617,678	-	-	-	72,012,784
Debt	61,354,301	4,729,178	2,661,102	1,194,558	954,952	955,965	649,128	75,263	663,139	17,028,242	90,265,828
Accrual	(209,507)	(97,905)	(37,332)	(33,545)	(36,118)	(40,543)	(31,450)	(75,263)	(663,139)	(17,028,242)	(18,253,044)
Other											
Number of clients w/o renegotiation											
Debt	5,209,763	-	-	-	-	-	-	-	-	-	5,209,763
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total companies portfolio	5,209,763	-	-	-	-	-	-	-	-	-	5,209,763
Debt	5,209,763	-	-	-	-	-	-	-	-	-	5,209,763
Accrual	-	-	-	-	-	-	-	-	-	-	-
Portfolio Consolidated											
Number of clients w/o renegotiation	703,481	95,864	43,595	35,836	36,363	35,626	24,982	33,379	38,958	1,780,238	2,828,322
Gross portfolio w/o renegotiation	102,653,811	8,163,037	4,829,504	3,188,926	918,825	915,283	617,608	-	-	-	121,286,994
Debt	102,653,811	8,163,037	4,829,504	3,188,926	2,449,261	2,533,942	1,569,180	1,400,477	2,161,214	43,022,125	171,971,477
Accrual	-	-	-	-	(1,530,436)	(1,618,659)	(951,572)	(1,400,477)	(2,161,214)	(43,022,125)	(50,684,483)
Number of clients with renegotiation	9,021	10,503	2,048	1,778	1,639	1,450	855	1,351	1,898	27,313	57,856
Gross portfolio with renegotiation	943,134	59,794	267	136	9	139	70	-	-	-	1,003,549
Debt	1,641,939	426,599	163,528	150,102	133,853	141,573	95,815	123,528	165,506	2,200,500	5,242,943
Accrual	(698,805)	(366,805)	(163,261)	(149,966)	(133,844)	(141,434)	(95,745)	(123,528)	(165,506)	(2,200,500)	(4,239,394)
Total number of clients	712,502	106,367	45,643	37,614	38,002	37,076	25,837	34,730	40,856	1,807,551	2,886,178
Total Consolidated portfolio	103,595,685	8,222,831	4,829,771	3,189,062	918,834	915,422	617,678	-	-	-	122,289,283
Debt	104,294,491	8,589,636	4,993,032	3,339,028	2,583,114	2,675,515	1,664,995	1,524,005	2,326,720	45,222,625	177,213,161
Accrual	(698,806)	(366,805)	(163,261)	(149,966)	(1,664,280)	(1,760,093)	(1,047,317)	(1,524,005)	(2,326,720)	(45,222,625)	(54,923,878)

(1) The information referring to this line represents the current number of customers and those that have been commercially derecognized and which are still in collections.

9. Accounts receivable and payable to related companies

a) Accounts receivable from related companies current:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2015 ThCh$	12.31.2014 ThCh$
						TOTAL	16,256,170	15,722,193
Telefónica Chile Servicios Corporativos Ltda.	76.086.148-0	Chile	Associated	Mercantile Current Account	CLP	60 days	14,256,211	13,367,460
				Professional Serv.	CLP	60 days	1,210,177	1,390,015
				Others	CLP	60 days	789,782	964,718
						TOTAL	9,343,921	10,221,814
Telefónica Chile S.A. (1)	90.635.000-9	Chile	Common end controller	Collection	CLP	60 days	7,021,767	8,247,204
				Acces fee	CLP	60 days	1,854,645	1,146,142
				Mobile fixed cost	CLP	60 days	327,410	481,559
				Others	CLP	61 days	140,099	346,909
Vivo S.A.	Foreign	Brazil	Common end controller	Roaming	USD	90 days	1,762,963	711,063
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	678,676	289,135
Telfisa Global B.V.	Foreign	Spain	Common end controller	Administration Commission	CLP	90 days	630,092	958,898
Telefónica. Costa Rica	Foreign	Costa Rica	Common end controller	Serv. Provided	USD	90 days	510,568	0
Telefónica Larga Distancia S.A.	96.672.160-K	Chile	Common end controller	Acces Fee	CLP	60 days	349,212	403,307
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	291,885	400,961
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	210,925	199,878
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	209,748	599,119
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	USD	90 days	332,488	272,940
Telefónica Empresas Chile S.A.	78.703.410-1	Chile	Common end controller	Serv. Provided	CLP	60 days	163,744	105,101
Telefónica International Wholesale Services Chile S.A.	96.910.730.-9	Chile	Common end controller	Serv. Provided	CLP	60 days	131,192	24,911
Telefónica Móviles Soluciones y Aplicaciones S.A.	96.990.810-7	Chile	Common end controller	Serv. Provided	CLP	60 days	111,502	108,689
Telefónica Móviles de Panamá	Foreign	Panama	Common end controller	Serv. Provided	USD	90 days	81,968	39,774
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	67,525	5,693
Telefónica del Perú	Foreign	Perú	Common end controller	Serv. Provided	CLP	60 days	49,457	-
Colombia Telecomunicaciones S.A.E.S.P (Telecom)	Foreign	Colombia	Common end controller	Serv. Provided	USD	90 days	44,727	9,679
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	43,591	86,832
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	31,555	7,391
Telefónica Factoring Chile S.A.	76.096.189-2	Chile	Common end controller	Serv. Provided	CLP	60 días	28,161	27,127
Otecel S.A.	Foreign	Equator	Common end controller	Serv. Provided	USD	90 days	15,911	834
Fundación Telefónica Chile S.A.	74.944.200-K	Chile	Common end controller	Serv. Provided	CLP	60 days	14,514	14,667
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	Serv. Provided	USD	90 days	12,824	260
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	11,377	4,434
Intertel S.A.	96.898.630-9	Chile	Common parent company	Serv. Provided	CLP	60 days	9,500	9,500
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	Serv. Provided	USD	90 days	330	194
Telefónica Móviles Perú S.A.	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	-	41,175
Telefónica Slovakia	Foreign	Slovakia	Common end controller	Serv. Provided	CLP	60 days	-	9,248
Telefónica Asset Management Chile S.A.	76.173.568-3	Chile	Common parent company	Serv. Provided	CLP	60 days	-	27,100
Telefónica Ireland Ltda	Foreign	Ireland	Common end controller	Serv. Provided	USD	90 days	-	416
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	-	332,851
Telefónica Uk Ltd	Foreign	England	Common end controller	Serv. Provided	USD	90 days	-	33,801
Total							31,394,527	30,668,985

(1) On November 30, 2014 Telefónica Gestión de Servicios Compartidos merged with Telefónica Chile S.A., with the latter being the continuer.
Common end controller: Telefónica S.A.
Parent Company: Inversiones Telefónica Móviles Holding S.A.

There are no allowances for doubtful accounts or guarantees related to amounts included in outstanding balances. The origin of the service provided is specified for amounts in excess of 5% of their total heading.

9. Accounts receivable and payable to related companies, continued

b) Non-current accounts receivable from related parties:

Company	Taxpayer #	Country of origin	Nature of the relationship	Origin of the transaction	Currency	Term	12.31.2015 ThCh$	12.31.2014 ThCh$
Telefónica Chile S.A.	90.635.000-9	Chile	Common end controller	Comm. curr. acct.	CLP	-	21,181,406	73,072,214
Total							21,181,406	73,072,214

9. Accounts receivable and payable to related companies, continued

c) Accounts payable to related companies current

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2015 ThCh$	12.31.2014 ThCh$
						Total	31,117,227	30,559,789
Telefónica Chile Servicios Corporativos Ltda.	76.086.148-0	Chile	Associated	Professional services	CLP	60 days	29,639,116	29,109,906
				Others			1,478,111	1,449,883
						TOTAL	20,647,532	10,779,196
Telefónica Chile S.A.	90.635.000-9	Chile	Common end controller	W Serv Lease - Space and Energy	CLP	60 days	4,633,442	5,748,648
				Access Charge and Links	CLP	60 days	15,930,769	4,946,322
				Others	CLP	90 days	83,321	84,226
Telefónica Empresas Chile S.A.	78.703.410-1	Chile	Common end controller	Management Services	CLP	60 days	7,147,632	4,672,234
Telefónica S.A.	Foreign	Spain	End controller	Servicios de Brand Fee	CLP	60 days	3,638,479	3,885,505
Telefónica Larga Distancia S.A.	96.672.160-K	Chile	Common end controller	Serv. Provided	CLP	60 days	3,148,783	1,938,059
Telefónica Internacional S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	3,031,219	2,644,806
Telefónica Global Technology Chile S.A.	59.165.120-K	Chile	Common end controller	Serv. Provided	CLP	60 days	2,334,027	1,440,487
Telefónica International Wholesale Services Chile S.A.	96.910.730.-9	Chile	Common end controller	Serv. Provided	CLP	60 days	2,321,803	714,752
Telefónica Móviles Soluciones y Aplicaciones S.A.	96.990.810-7	Chile	Common end controller	Serv. Provided	CLP	60 days	1,677,778	327,186
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	CLP	90 days	1,427,730	-
Telefónica Uk Ltd	Foreign	England	Common end controller	Serv. Provided	USD	90 days	1,689,504	-
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	1,082,009	910,253
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	694,743	311,348
Telefónica del Perú	Foreign	Peru	Common end controller	Serv. Provided	CLP	90 days	490,846	-
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	289,123	545,920
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	184,653	111,463
Telefónica Global Roaming Gmbh	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	161,088	77,191
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	154,763	156,794
Telfisa Global B.V.	Foreign	Spain	Common end controller	commission administration	CLP	90 days	119,508	146,456
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	108,721	272,446
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	88,211	48,979
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	69,526	52,532
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	69,161	69,162
Otecel S.A.	Foreign	Equator	Common end controller	Serv. Provided	USD	90 days	59,460	49,957
Telefónica Móviles Panamá	Foreign	Panama	Common end controller	Serv. Provided	USD	90 days	29,306	13,670
Telefónica Global Tecnology	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	20,407	39,964
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	USD	90 days	18,297	316,017
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	11,005	-
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	Serv. Provided	USD	90 days	6,835	318
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	5,154	946
Telefónica on the Spot Services S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	30 days	4,183	3,897
Telefónica Asset Management Chile	76.173.568-3	Chile	Common parent company	Serv. Provided	CLP	60 days	3,159	76,473
Colombia Telecomunicaciones S.A.E.S.P (Telecom)	Foreign	Colombia	Common end controller	Serv. Provided	USD	90 days	2,511	55,423
Fundación Telefónica Chile S.A.	74.944.200-K	Chile	Common end controller	Serv. Provided	CLP	60 days	704	704
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	Serv. Provided	USD	90 days	358	441
Vivo S.A.	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	-	588,051
Telefónica Móviles Perú	Foreign	Peru	Common end controller	Serv. Provided	CLP	90 days	-	419,303
Telefónica Ireland	Foreign	Ireland	Common end controller	Serv. Provided	USD	90 days	-	2,034
Telefónica Slovakia	Foreign	Slovakia	Common end controller	Serv. Provided	USD	90 days	-	29,485
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	USD	90 days	-	-
Total							81,855,445	61,261,241

9. Accounts receivable and payable to related companies, continued

d) Transactions:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Currency	Transaction origin	12.31.2015 ThCh$	Effect on income debits / credits	12.31.2014 ThCh$	Effect on income debits / credits
Telefónica Chile Servicios Corporativos Ltda.	76.086.148-0	Chile	Associated	CLP	TOTAL	(59,404,380)	(59,404,380)	(60,458,557)	(60,458,557)
					Services staff seconded from other companies	(62,572,853)	(62,572,853)	(63,574,210)	(63,574,210)
					Sales	2,759,722	2,759,722	2,765,001	2,765,001
					Financial income	424,619	424,619	360,221	360,221
					Financial expenses	(15,868)	(15,868)	(9,569)	(9,569)
Telefónica Chile S.A.	90.635.000-9	Chile	Common end controller	CLP	TOTAL	(28,677,586)	(28,677,586)	(29,361,224)	(29,361,224)
					Costs access charges	6,500,816	6,500,816	3,930,416	3,930,416
					Leasing land and plots	(3,186,961)	(3,186,961)	1,329,334	1,329,334
					Others	(3,650,190)	(3,650,190)	1,041,912	1,041,912
					Financial income	3,109,192	3,109,192	72,215	72,215
					Rental national circuits	(21,025,933)	(21,025,933)	(25,069,798)	(25,069,798)
					Services staff seconded from other companies	(7,797,634)	(7,797,634)	(6,749,222)	(6,749,222)
					Access charges and interconnections	(2,626,876)	(2,626,876)	(3,916,081)	(3,916,081)
Telefónica Empresas Chile S.A.	78.703.410-1	Chile	Common end controller	CLP	TOTAL	(18,471,358)	(18,471,358)	(16,590,791)	(16,590,791)
					Professional Serv.	(18,973,395)	(18,973,395)	(17,137,215)	(17,137,215)
					Others	-	-	(85,853)	(85,853)
					Service cellphones	502,037	502,037	632,277	632,277
Telefónica S.A.	Foreign	Spain	End controller	EUR	TOTAL	(15,227,912)	(15,227,912)	(15,351,307)	(15,351,307)
					Brand Fee	(15,215,870)	(15,215,870)	(15,334,807)	(15,334,807)
					Others	(12,042)	(12,042)	(16,500)	(16,500)
Telefónica Larga Distancia S.A.	96.672.160-K	Chile	Common end controller	CLP	TOTAL	(8,578,701)	(8,578,701)	(8,305,746)	(8,305,746)
					Costos	(9,740,832)	(9,740,832)	(9,839,092)	(9,839,092)
					Ventas	1,162,131	1,162,131	1,533,346	1,533,346
Telefónica Global Technology Chile S.A.	59.165.120-K	Chile	Common end controller	CLP	TOTAL	(7,290,957)	(7,290,957)	(5,747,024)	(5,747,024)
					Computer Services	(7,290,957)	(7,290,957)	(5,743,069)	(5,743,069)
					Financial expenses	-	-	(3,955)	(3,955)
O2 Manx Telecom Ltda	Foreign	England	Common end controller	USD	Sales	(766,914)	(766,914)	74,316	74,316
Telefónica International Wholesale Services Chile S.A.	96.910.730-9	Chile	Common end controller	CLP	TOTAL	(2,088,102)	(2,088,102)	(724,193)	(724,193)
					Costs	(2,183,984)	(2,183,984)	(847,904)	(847,904)
					Sales	95,882	95,882	123,711	123,711
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	CLP	TOTAL	(660,970)	(660,970)	(334,822)	(334,822)
					Costs	(798,800)	(798,800)	(350,738)	(350,738)
					Sales	137,830	137,830	15,916	15,916
Telefónica Costa Rica	Foreign	Costa Rica	Common end controller	USD	Costs	(510,568)	-	-	-
Telefónica Internacional S.A.U.	Foreign	Spain	Common end controller	EUR	TOTAL	(1,260,831)	(1,260,831)	(2,983,854)	(2,983,854)
					Management Fee	(1,221,410)	(1,221,410)	(2,947,927)	(2,947,927)
					Others	(39,421)	(39,421)	(35,927)	(35,927)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	CLP	TOTAL	(399,358)	(399,358)	(497,638)	(497,638)
					Costs	(514,618)	(514,618)	(564,084)	(564,084)
					Sales	115,260	115,260	66,446	66,446
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	EUR	TOTAL	(853,220)	(853,220)	(295,358)	(295,358)
					Sales	(796,000)	(796,000)	385,720	385,720
					Costs	(57,220)	(57,220)	(681,078)	(681,078)
Telefónica Digital España	Foreign	Spain	Common end controller	EUR	TOTAL	(61,098)	(61,098)	(284,229)	(284,229)
					Costs	(61,098)	(61,098)	(351,944)	(351,944)
					Financial expenses	-	-	67,715	67,715
O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	USD	TOTAL	(57,803)	(57,803)	(9,187)	(9,187)
					Sales	(49,462)	(49,462)	27,798	27,798
					Costs	(8,341)	(8,341)	(36,985)	(36,985)
Telefónica Global Roaming Gmbh	Foreign	Germany	Common end controller	EUR	Costs	(168,251)	(168,251)	(169,512)	(169,512)
Telefónica USA Inc.	Foreign	USA	Common end controller	USD	Costs	(88,043)	(88,043)	-	-
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	EUR	Costs	(266,372)	(266,372)	(534,541)	(534,541)
Telefónica Móviles Perú S.A.	Foreign	Perú	Common end controller	USD	TOTAL	(323,212)	(323,212)	(497,829)	(497,829)
					Costs	(415,096)	(415,096)	(589,847)	(589,847)
					Sales	91,884	91,884	92,018	92,018
Colombia Telecomunicaciones S.A.E.S.P (Telecom)	Foreign	Colombia	Common end controller		TOTAL	(182,690)	(182,690)	(272,939)	(272,939)
					Costs	(177,154)	(177,154)	(311,319)	(311,319)
					Sales	(5,536)	(5,536)	38,380	38,380

Transactions in excess of 10% of total income and expenses have been separated according to the nature of the services that originate them.

9. Accounts receivable and payable to related companies, continued

d) Transactions, continued

Company	Taxpayer No.	Country of origin	Nature of the relationship	Currency	Transaction origin	12.31.2015 ThCh$	Effect on income debits / credits	12.31.2014 ThCh$	Effect on income debits / credits
Pegaso PCS, S.A. de C.V.	Foreign	México	Common end controller	USD	TOTAL	(99,659)	(99,659)	(132,145)	(132,145)
					Costs	(110,044)	(110,044)	(147,524)	(147,524)
					Sales	10,385	10,385	15,379	15,379
Telefónica Asset Management Chile	76.173.568-3	Chile	Common parent company	CLP	Costs	(31,258)	(31,258)	(31,265)	(31,265)
Telefónica on the Spot Services S.A.U.	Foreign	Spain	Common end controller	EUR	Costs	(25,143)	(25,143)	(14,943)	(14,943)
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	CLP	Costs	(13,088)	(13,088)	-	-
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	USD	TOTAL	(385)	(385)	3,382	3,382
					Costs	(1,112)	(1,112)	3,141	3,141
					Sales	727	727	241	241
Telefónica Ireland	Foreign	Ireland	Common end controller	USD	TOTAL	-	-	(936)	(936)
					Sales	-	-	2,239	2,239
					Costs	-	-	(3,175)	(3,175)
Telefónica Slovakia	Foreign	Slovakia	Common end controller	USD	TOTAL	-	-	(28,024)	(28,024)
					Costs	-	-	(30,084)	(30,084)
					Sales	-	-	2,060	2,060
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	USD	TOTAL	(4,134)	(4,134)	(1,833)	(1,833)
					Costs	(4,291)	(4,291)	(2,366)	(2,366)
					Sales	157	157	533	533
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	USD	TOTAL	(5,172)	(5,172)	(732)	(732)
					Costs	(5,867)	(5,867)	(1,267)	(1,267)
					Sales	695	695	535	535
Otecel S.A.	Foreign	Ecuador	Common end controller	USD	TOTAL	(18,155)	(18,155)	(50,046)	(50,046)
					Costs	(35,254)	(35,254)	(71,691)	(71,691)
					Sales	17,099	17,099	21,645	21,645
Telefónica Móviles Panamá	Foreign	Panamá	Common end controller	USD	TOTAL	(8,576)	(8,576)	(21,968)	(21,968)
					Costs	(20,760)	(20,760)	(32,871)	(32,871)
					Sales	12,184	12,184	10,903	10,903
Fundación Telefónica Chile S.A.	74.944.200-K	Chile	Common end controller	CLP	Sales	2,419	2,419	3,249	3,249
Telefónica Móviles Soluciones y Aplicaciones S.A.	96.990.810-K	Chile	Common end controller	CLP	Financial income	2,813	2,813	2,324	2,324
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	USD	TOTAL	(16,653)	(16,653)	(39,060)	(39,060)
					Sales	46,358	46,358	46,712	46,712
					Costs	(63,011)	(63,011)	(85,772)	(85,772)
Telefónica Global Tecnology SAU	Foreign	Spain	Common end controller	EUR	TOTAL	(59,612)	(59,612)	-	-
					Costos	(50,854)	(50,854)	-	-
					Financial expenses	(8,758)	(8,758)	-	-
Telcel Venezuela	Foreign	Venezuela	Common end controller	USD	TOTAL	(16,376)	(16,376)	2,817	2,817
					Costs	(15,369)	(15,369)	(29,058)	(29,058)
					Sales	(1,007)	(1,007)	31,875	31,875
Telfisa Global B.V.	Foreign	Spain	Common end controller	CLP	TOTAL	309,438	309,438	-	-
					Financial income	282,490	282,490	-	-
					Commission administration	26,948	26,948	-	-
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	CLP	Sales	263,470	263,470	479,216	479,216
Vivo S.A.	Foreign	Brazil	Common end controller	USD	TOTAL	232,555	232,555	46,430	46,430
					Sales	490,380	490,380	595,192	595,192
					Costs	(257,825)	(257,825)	(548,762)	(548,762)
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	USD	TOTAL	164,666	164,666	153,856	153,856
					Sales	588,313	588,313	974,704	974,704
					Costs	(423,647)	(423,647)	(820,848)	(820,848)

9. Accounts receivable and payable to related companies, continued

d) Transactions, continued

Title XVI of the Company's Law, and other relevant standards, requires that a Company's transactions with related companies (defined as entities belonging to the same group of companies) are carried out under terms similar to those commonly prevailing in the market.

In the accounts receivable of the Company there have been charges and credits to current accounts due to billing on sale of equipment and services.

In the case of sales and services provided, these are due in the short-term (less than one year) and expiry conditions in each case vary on the basis of the transaction that generates them.

On January 1, 2014 the Company signed a commercial current account agreement with Telefónica Móviles Soluciones S.A, which replaces the contracts signed on December 23, 2011 with Miraflores 130 S.A. This contract, in the same manner as the previous one, considers an annual commission charge of 0.2% on the average annual amount of the investment. That mandate is for an indefinite term.

On December 17, 2014, the Company signed a commercial current account agreement with Telefónica Chile S.A., which establishes remittances in monthly nominal TAB (annual base) in Chilean pesos. The commercial current account and its administration is for a 5-year term and the parties can agree, in writing, to extend the term of the current account for annual periods, without the need for its final settlement. However, any of the parties can terminate this contract, producing its immediate full and final settlement.

On July 15, 2015, the Company signed a commercial current account contract with Telefónica Investigación y Desarrollo Chile SpA., which establishes remittances in Chilean pesos, is not indexed and accrues interest at an annual interest rate. The term and management of the commercial current account is for five years, the parties may agree in writing to extend the term of the current account for annual periods, without liquidating the current account in a final manner. Notwithstanding, either party can terminate this contract, producing its immediate total and final liquidation. The parties agree that no commissions will be paid.

e) Non-current accounts payable to related companies:

Non-current notes and accounts payable are detailed as follows:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2015 ThCh$	12.31.2014 ThCh$
Telefonica Chile Servicios Corporativos Ltda.	76.086.148-0	Chile	Associated	HR obligation	CLP	-	1,366,521	1,366,521
Total							1,366,521	1,366,521

9. Accounts receivable and payable to related companies, continued

f) Salaries and benefits received by the Company's key personnel.

As of december 31, 2015 and 2014, the parent company is managed by a Board of Directors composed of five members, who serve for a term of three years and are not remunerated.

As of december 31, 2015, subsidiary Telefónica Investigación y Desarrollo Chile SpA. Is managed by a Board of Directors composed of 7 members, who serve on the Board for a period of one year with no remunerations.

The number of executives considered is 4: 1 Director and 3 Managers.

During the first quarter of 2011, the Company developed a resources optimization plan that contemplated, among other things, transferring its employees to related company Telefónica Chile Servicios Corporativos Ltda..

Transactions with the Company's key employees are detailed as follows:

Conceptos	12.31.2015 ThCh$	12.31.2014 ThCh$
Salaries and wages	256,695	82,482
Post-employment benefits obligations expense	14,062	4,965
Total	270,757	87,447

10. Inventory

a) Inventory is detailed as follows:

Description	12.31.2015 Gross value ThCh$	12.31.2015 Provision for obsolescence ThCh$	12.31.2015 Net Value ThCh$	12.31.2014 Gross value ThCh$	12.31.2014 Provision for obsolescence ThCh$	12.31.2014 Net Value ThCh$
Mobile equipment (net)	47,430,997	(3,876,222)	43,554,775	58,357,352	(6,340,084)	52,017,268
Accessories	10,270	(5,875)	4,395	84,268	(70,211)	14,057
Total	47,441,267	(3,882,097)	43,559,170	58,441,620	(6,410,295)	52,031,325

As of december 31, 2015 and 2014 there have been no inventory write-offs and there is no inventory in guarantee.

10. Inventory; continued

b) Inventory movements are detailed as follows:

Description	12.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	52,031,325	61,022,815
Purchases	218,377,066	249,297,029
Sales	(229,377,419)	(259,985,379)
Obsolescence provision (period to effect result)	2,528,198	1,696,860
Movements, subtotal	(8,472,155)	(8,991,490)
Closing balance	43,559,170	52,031,325

11. Taxes

a) Income Taxes

As of December 31, 2015 and 2014, the Parent Company has established a first category income tax provision, since the Company determined a taxable income base of ThCh$115,925,736 and ThCh$71,026,440 respectively for each year.

As of December 31, 2015, the parent company has no taxable retained earnings registry (FUT) balance.

Subsidiary Telefónica Inversiones y Desarrollo Chile SpA has a negative FUT balance, and a first category tax loss in the amount of ThCh$1,048,235.

In the normal development of their operation, the parent company and its subsidiaries are subject to the regulation and oversight of the Chilean Internal Revenue Service, and differences can arise in the application of criteria used to determine taxes.

b) Current tax liabilities

Movements	12.31.2015 ThCh$	12.31.2014 ThCh$
Income tax accrual (1)	8,313,357	(4,137,162)
Tax accrual derivatives	2,101,975	3,412,149
Accrual for contingencies	18,315,406	10,315,407
Final balance	28,730,738	9,590,394

(1) As of december 31, 2015 the provision for income tax is presented net of estimated monthly payments for ThCh$18,169,242 and december 31, 2014 for ThCh$19,201,235.

11. Taxes, continued

c) Deferred tax assets and liabilities

As of december 31,2015 and 2014, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh$2,421,834 and ThCh$3,891,911, respectively which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits - As of december 31, 2015	Other temporary differences [member]	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Dismantling provision	Deferred cost of sale and deferred sales commissions	Amortization and depreciation of assets	Reclassification (1)	Temporary differences
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Deferred tax assets and liabilities									
Deferred tax assets	2,793,258	11,395,224	889,864	3,773,817	3,266,394	-	1,943,485	(21,640,208)	2,421,834
Deferred tax liabilities	81,780					3,133,954	18,424,474	(21,640,208)	-
Deferred tax liabilities (assets)	(2,711,478)	(11,395,224)	(889,864)	(3,773,817)	(3,266,394)	3,133,954	16,480,989	-	(2,421,834)
Deferred tax assets and liabilities, net									
Deferred tax assets, net	(2,711,478)	(11,395,224)	(889,864)	(3,773,817)	(3,266,394)	-	-	-	(22,036,777)
Deferred tax liabilities, net	-	-	-	-	-	3,133,954	16,480,989	-	19,614,943
Deferred tax expense (benefit)									
Deferred tax expense (benefit)	(698,320)	1,317,443	532,988	437,590	(486,833)	(2,640,907)	3,008,267	-	1,470,228
Deferred tax expense (benefit) recognized in income	(698,320)	1,317,443	532,988	437,590	(486,833)	(2,640,907)	3,008,267	-	1,470,228
Reconciliation of changes in deferred tax liabilities (assets)									
Deferred tax liabilities (assets) - Beginning balance Dec. 2013	(2,013,007)	(12,712,667)	(1,422,852)	(4,211,407)	(2,779,561)	5,774,861	13,472,722	-	(3,891,911)
Changes in deferred tax liabilities (assets)									
Deferred tax expense (benefit) recognized in income	(698,320)	1,317,443	532,988	437,590	(486,833)	(2,640,907)	3,008,267	-	1,470,228
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	-
Income taxes related to components of other comprehensive income	(151)	-	-	-	-	-	-	-	(151)
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)	(698,471)	1,317,443	532,988	437,590	(486,833)	(2,640,907)	3,008,267	-	1,470,228
Deferred tax liabilities (assets)	(2,711,478)	(11,395,224)	(889,864)	(3,773,817)	(3,266,394)	3,133,954	16,480,989	-	(2,421,834)

(1) Corresponds to netting of deferred tax assets and liabilieties.

11. Taxes, continued

c) Deferred tax assets and liabilities, continued

Disclosure of temporary differences, losses and unused tax credits - As of december 31, 2014	Other temporary differences [member]	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Dismantling provision	Deferred cost of sale and deferred sales commissions	Amortization and depreciation of assets	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Deferred tax assets and liabilities										
Deferred tax assets	2,326,995	12,712,667	1,422,852	4,211,407	2,779,561		3,202,700	(22,764,271)	3,891,911	3,891,911
Deferred tax liabilities	313,988					5,774,861	16,675,422	(22,764,271)	-	-
Deferred tax liabilities (assets)	(2,013,007)	(12,712,667)	(1,422,852)	(4,211,407)	(2,779,561)	5,774,861	13,472,722	-	(3,891,911)	(3,891,911)
Deferred tax assets and liabilities, net										
Deferred tax assets, net	(2,013,007)	(12,712,667)	(1,422,852)	(4,211,407)	(2,779,561)				(23,139,494)	(23,139,494)
Deferred tax liabilities, net	-	-	-	-	-	5,774,861	13,472,722.00	-	19,247,583	19,247,583
Deferred tax expense (benefit)										
Deferred tax expense (benefit)	208,685	3,905,924	421,900	163,672	(150,826)	(803,743)	12,910,657		16,656,269	16,656,269
Deferred tax expense (benefit) recognized in income	208,685	3,905,924	421,900	163,672	(150,826)	(803,743)	12,910,657	-	16,656,269	16,656,269
Reconciliation of changes in deferred tax liabilities (assets)										
Deferred tax liabilities (assets) - Beginning balance Dec. 2013	(1,535,060)	(14,995,175)	(1,621,431)	(4,369,140)	(2,365,019)	5,988,991	1,062,061	-	(17,525,621)	(17,525,621)
Changes in deferred tax liabilities (assets)										
Deferred tax expense (benefit) recognized in income	208,685	3,905,924	421,900	163,672	(150,826)	(803,743)	12,910,657	-	16,656,269	16,656,269
Deferred taxes related to items credited (charged) directly to equity	(4,403,903)	(1,623,416)	(223,321)	(5,939)	(263,716)	589,613	(499,996)	-	(3,022,559)	(3,022,559)
Income taxes related to components of other comprehensive income	3,408,119	-	-	-	-	-	-	-	3,408,119	3,408,119
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)	(787,099)	2,282,508	198,579	157,733	(414,542)	(214,130)	12,410,661	-	17,041,829	17,041,829
Deferred tax liabilities (assets)	(2,013,007)	(12,712,667)	(1,422,852)	(4,211,407)	(2,779,561)	5,774,861	13,472,722	-	(3,891,911)	(3,891,911)

11. Taxes, continued

d) Taxable Income:

As of december 31, 2015 and 2014, a first category income tax provision has been established, since a positive taxable base was determined in the amount of ThCh$115,925,737 and ThCh$71,026,440, respectively for each period, detailed as follows:

Description	12.31.2015 ThCh$	12.31.2014 ThCh$
Finance income	124,252,848	107,491,172
Recorded tax expense	35,506,163	31,459,386
Additions	80,165,571	57,843,498
Deductions	(123,998,845)	(125,767,616)
Taxable Net Income	115,925,737	71,026,440
First category tax rate 22.5% and 21%	26,083,291	14,915,552
Art. 21 rejected expenses tax base	1,140,880	424,345
Tax unique art. 21 rate 35%	399,308	148,521
Total Tax Provision	26,482,599	15,064,073
Contingency provision (1)	4,956,350	-
Prior years deficit (2)	2,596,986	(260,956)
Total first category taxes (3)	34,035,935	14,803,117

(1) On July 31, 2014, the Chilean Internal Revenue Service (SII) issued the following Tax Assessments: No. 25 for the 2011 tax year First Category Tax, No. 26 for the 2012 tax year First Category Tax and No. 27 Income Tax reinstatement. Through the mentioned Tax Assessments the SII determined tax difference, due to the rejection of various items declared by the Company. To date the Company has established tax provisions associated to the mentioned Tax Assessments in the amount of MCh$18,315.

(2) The prior period deficit considers tax expenses on derivatives liquidated in 2015 in the mount of ThCh$1,271,750 and a 2014 income tax deficit in the amount of ThCh$1,325,236

(3) First category tax has been accounted for considering the increase in the rate from 21% to 22.5%, due to the tax reform of Law 20,780. The effect of the change in the first category income tax rate from 21% to 22.5% as of December 31, 2015, amounts to ThCh$1,738,886.

11. Taxes, continued

f) Income tax reconciliation:

At december 31, 2015 and 2014 reconciliation of income tax expense is as follows:

Concepts	12.31.2015 Taxable base ThCh$	12.31.2015 Tax Rate 22.5% ThCh$	12.31.2014 Taxable base ThCh$	12.31.2014 Tax Rate 21% ThCh$
Based on accounting income before taxes:				
Finance income	124,252,848		107,491,172	
Recorded tax expense	35,506,163		31,459,386	
Income before taxes	159,759,011	35,945,777	138,950,558	29,179,617
Permanent differences	(1,953,838)	(439,614)	10,856,042	2,279,769
Price-level restatement of taxable equity	(12,664,670)	(2,849,551)	(18,671,702)	(3,921,057)
Investment income related companies	(4,371,199)	(983,520)	(2,178,346)	(457,453)
Exchange rate effect heritage			12,901,790	2,709,376
Exchange rate effect on tax reform	(3,981,542)	(895,847)	279,242	58,641
Set initial deferred tax balances	902,135	202,980	-	-
Deficit (Surplus) prior year income tax	5,889,938	1,325,236	-	-
contingency provision	22,028,222	4,956,350	-	-
Others (1)	(9,756,722)	(2,195,262)	18,525,058	3,890,262
Total corporate tax expense	157,805,173	35,506,163	149,806,600	31,459,386
Based on taxable net income and deferred taxes calculated on the basis of temporary differences:				
22.5 % and 21% income tax		26,083,291		14,915,552
35% income tax		399,308		148,521
contingency provision		4,956,350		-
Prior years deficit		2,596,986		(260,956)
Total Income tax expense		34,035,935		14,803,117
Total Deferred tax expense		1,470,228		16,656,269
Total corporate tax expense		35,506,163		31,459,386
Effective rate		22.22%		22.64%

(1) This item includes fines, VAT credit proportional adjustment, and bad debt write-offs, among other things.

11. Taxes, continued

g) Tax reform

On September 29, 2014, Law No. 20,780 was published, which contains the Tax Reform which introduces, among other things, changes in the tax regime of companies that pay first category (corporate) income tax. The income tax rate is increased gradually from the current rate of 20% to 21% starting from the year 2014, up to a rate of 27% in 2018, in the so-called semi-integrated, or shared or distributed tax system. In the case of attributed income, incorporated with this legal modification, the maximum rate will be 25%.

For the purpose of preparing this financial statement, we have incorporated the maximum rate of 27% in the determination of deferred taxes, considering the semi integrated system. That system has been chosen for this purpose, however that decision must be ratified by the Board of Directors and the Shareholders' Meeting (deadline in 2016).

The tax rates are detailed as follows:

Commercial year	Rate %
2014	21.0
2015	22.5
2016	24.0
2017	25.5
2018	27.0

The rate change implied an effect on deferred taxes as of September 2014 in the amount of ThCh$2,709,376 (with an effect on equity) in accordance with what is indicated in Note 2c) and 2j) and of ThCh$929,765 in income tax from 20% to 21% (with an effect on income) for 2014.

In addition it shows and effect on equity due to the share in Telefónica Chile Servicios Corporativos Ltda. in the amount of ThCh$1,316,746.

12. Investments accounted for using the equity method

a) As of december 31, 2015 and 2014 in associated companies as well as a summary of their information is detailed as follows:

Taxpayer No.	Name	Investment balance 12.31.2015	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary income ThCh$	Ordinary expenses ThCh$	Income ThCh$
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	13,846,544	48	97,525,861	44,424,075	79,524,546	33,578,423	185,636,242	174,389,897	9,108,420

Taxpayer No.	Name	Investment balance 12.31.2014	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary income ThCh$	Ordinary expenses ThCh$	Income ThCh$
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	9,432,252	48	83,858,065	48,078,699	79,825,490	32,460,748	182,936,724	172,015,563	5,926,930

b) The movements in investments in associates as of december 31, 2015 and 2014 is as follows:

Movements	12.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	9,432,252	6,210,509
Participation in ordinary income current period	4,372,042	2,844,926
Other increases (decreases) (1)	42,250	376,817
Movements, subtotal	4,414,292	3,221,743
Ending balance	13,846,544	9,432,252

1) Corresponds to the equity effect generated by the interest in Telefónica Chile Servicios Corporativos Ltda., subsidiary of Telefónica Chile S.A., due to hedging derivatives and changes in the employee benefits provision.

13. Intangible Assets other than goodwill,

a) As of december 31, 2015 and 2014, intangible assets other than goodwill are detailed as follows:

Description	12.31.2015 Intangibles, gross ThCh$	12.31.2015 Accumulated amortization ThCh$	12.31.2015 Intangible, net ThCh$	12.31.2014 Intangibles, gross ThCh$	12.31.2014 Accumulated amortization ThCh$	12.31.2014 Intangible, net ThCh$
Intangible assets (1)	139,123,197	(97,108,265)	42,014,932	125,901,281	(95,321,835)	30,579,446
Licenses and software	274,469,836	(201,945,264)	72,524,572	220,729,443	(163,441,765)	57,287,678
Developing intangible assets (2)	2,062,855	-	2,062,855	-	-	-
Total	415,655,888	(299,053,529)	116,602,359	346,630,724	(258,763,600)	87,867,124

(1) Represents administrative concessions (see Note 2m i)).
(2) Corresponds mainly to evolutionary developments of commercial systems (RTD), and network management equipment.

b) Movements in intangible assets other than goodwill for december 31, 2015 are as follows:

Movements	Intangible assets, net ThCh$	Developing intangible assets ThCh$	Licenses and software, net ThCh$	Intangibles, net ThCh$
Beginning balance as of 01.01.15	30,579,446	-	57,287,678	87,867,124
Additions	-	3,451,232	-	3,451,232
Amortization	(1,786,430)	-	(38,503,499)	(40,289,929)
Transfer from construction in progress (note 15b)	13,221,916	(1,388,377)	53,740,393	65,573,932
Movements, subtotal	11,435,486	2,062,855	15,236,894	28,735,235
Ending balance as of 12.31.2015	42,014,932	2,062,855	72,524,572	116,602,359
Remaining average useful life	18.5 years		1.9 years	

The movements in intangible assets other than goodwill for december 31, 2014 are as follows:

Movements	Intangible assets, net ThCh$	Developing intangible assets ThCh$	Licenses and software, net ThCh$	Intangibles, net ThCh$
Beginning balance as of 01.01.14	32,329,944	-	43,627,099	75,957,043
Amortization	(1,750,498)	-	(26,911,572)	(28,662,070)
Other Increase (decrease)	-	-	40,572,151	40,572,151
Movements, subtotal	(1,750,498)	-	13,660,579	11,910,081
Ending balance as of 12.31.2014	30,579,446	-	57,287,678	87,867,124
Remaining average useful life	13 years		0.1 years	

13. Intangible Assets other than goodwill, continued

Intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization for each period 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, 2015 no indications of impairment of assets have been detected, therefore no impairment testing has been performed.

The main additions in intangible assets other than goodwill as of December 31, 2015 and 2014 correspond to investments in information applications.

14. Goodwill

Goodwill as of this period was generated before the date of transition and adoption of IFRS, and the value recorded as of that date is maintained as of december 31, 2015.

The balance of goodwill for december 31, 2015 and 2014 are detailed as follows:

Movements	12.31.2015 ThCh$	12.31.2014 ThCh$
Telefónica Móviles Chile S.A.	483,179,725	483,179,725
Total	483,179,725	483,179,725

At the Extraordinary Shareholders' Meeting of Telefonica Moviles Chile S.A. held on September 8, 2009, the shareholders approved the merger by incorporation of the partners and equity of TEM Inversiones Chile Ltda. to Telefonica Moviles Chile S.A. with the latter being the legal continuer. The assets of TEM Inversiones Chile Ltda. included goodwill recorded on the shares of Telefonica Movil de Chile S.A. purchased on July 23, 2004 from Telefonica Chile S.A. (formerly Compañía de Telecomunicaciones de Chile S.A.- CTC Chile S.A.).

As of the share purchase date, the controlling shareholder of CTC Chile S.A., (company that sold the shares), was Chilean company Telefonica Internacional Chile S.A. which had a 44.89% interest. The shareholders of Telefonica Internacional Chile S.A. were Telefonica Chile Holding B.V. with 99.99% interest and Telefonica Internacional Holding B.V. with 0.01%, both Dutch companies controlled by Telefonica S.A. de España. The shareholder controller of TEM Inversiones Chile Ltda., (the purchasing company) was Telefonica Moviles de España.

Goodwill, determined as of the date of acquisition of the shares was generated by the valuation assigned to the fixed assets of the acquired company, which was at the book value of the assets.

14. Goodwill, continued

The Company tests goodwill impairment annually. The impairment test which is based on fair value is performed at a reporting unit level. If that fair value is lower than the net book value, an irreversible impairment loss is recognized in the income statement account.

Assets are listed in goodwill tested for impairment whenever there is an indication of a potential loss in value, and in any case at each year-end. Impairment testing is determined taking into consideration the following estimated variables:

i) projected operating income and costs are based on the 2016 budget and on the Strategic Plan for 2017 and 2018, projecting a fourth and fifth year as a terminal value. These projections have been made using the Company's best estimates, using sector projections, historical behavior of the business and future expectations.

ii) Cash flow projections are made at a terminal value, covering a period of 5 years, with the last year being the terminal value.

iii) The rate used to discount future cash flows is 7.59% (WACC rate), which represents the market value of the specific business and industry risk, taking into consideration the time value of money and the individual risks of the assets being analyzed.

The growth rate for future perpetual cash flows is a conservative rate of 1%

iv) Valuation is determined using the Value of Use (VU) mechanism, which requires that the VU be determined using the net present value of cash flows that the Company expects to receive from the use of the asset or cash generating unit (CGUs).

v) Sensitivity analysis: a sensibility analysis was performed in respect to recoverable market value, modifying the discount rate and growth rate. The sensitivity contemplated increasing the discount rate by 7.59% and 14%.

Based on the impairment calculations performed by management, as of 2015 year-end there has been no need to carry out significant adjustments since the recoverable value is higher than the book value in all cases.

15. Property, Plant and Equipment

a) As of december 31, 2015 and 2014 the major categories of Property, plant and equipment and their corresponding accumulated depreciation are detailed as follows:

Concepts	12.31.2015 Property, plant & equipment, gross ThCh$	12.31.2015 Accumulated depreciation ThCh$	12.31.2015 Property, plant & equipment, net ThCh$	12.31.2014 Property, plant & equipment, gross ThCh$	12.31.2014 Accumulated depreciation ThCh$	12.31.2014 Property, plant & equipment, net ThCh$
Land	3,298,580	-	3,298,580	3,310,387	-	3,310,387
Buildings	162,303,011	(109,069,415)	53,233,596	146,091,153	(102,176,612)	43,914,541
Transport equipment	17,214	(17,214)	-	17,214	(17,214)	-
Supplies and accessories	10,601,991	(8,171,720)	2,430,271	10,405,029	(7,759,565)	2,645,464
Office equipment	781,146	(701,787)	79,359	768,924	(681,111)	87,813
Construction in progress	88,903,253	-	88,903,253	91,640,476	-	91,640,476
Information equipment	23,517,386	(19,344,369)	4,173,017	21,713,988	(17,541,222)	4,172,766
Network and communications equipment	858,758,888	(649,289,541)	209,469,347	805,676,257	(597,609,414)	208,066,843
Other property, plant & equipment	4,030,893	(3,430,877)	600,016	3,853,098	(2,981,147)	871,951
Total	1,152,212,362	(790,024,923)	362,187,439	1,083,476,526	(728,766,285)	354,710,241

15. Property, Plant and Equipment, continued

b) Movements of major categories of Property, plant and equipment for 2015 period are detailed as follows:

Movements	Land	Buildings, net	Supplies and accessories, net	Office equipment, net	Construction in progress	Information equipment	Other property, plant & equipment	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of 01.01.15	3,310,387	43,914,541	2,645,464	87,813	91,640,476	4,172,766	208,066,843	871,951	354,710,241
Additions	-	-	-	-	135,852,683	-	-	-	135,852,683
Reduction	(11,807)	(351,720)	-	-	-	-	(1,179,388)	-	(1,542,915)
Depreciation reduction	-	157,385	-	-	-	-	1,158,287	-	1,315,672
Depreciation expense	-	(7,050,188)	(412,155)	(20,676)	-	(1,803,147)	(52,838,414)	(449,730)	(62,574,310)
Other Increase (decrease)(1)	-	16,563,578	196,962	12,222	(138,589,906)	1,803,398	54,262,019	177,795	(65,573,932)
Movements, subtotal	(11,807)	9,319,055	(215,193)	(8,454)	(2,737,223)	251	1,402,504	(271,935)	7,477,198
Ending balance as of 12.31.2015	3,298,580	53,233,596	2,430,271	79,359	88,903,253	4,173,017	209,469,347	600,016	362,187,439

(1) Corresponds to net the movement of transferring from buildings in progress to assets in service and the traspasos the intangibles assets ThCh$65,573,932

Movements of major categories of Property, plant and equipment for 2014 period are detailed as follows:

Movements	Land	Buildings, net	Supplies and accessories, net	Office equipment, net	Construction in progress	Information equipment	Other property, plant & equipment	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$			ThCh$	ThCh$
Beginning balance as of 01.01.14	3,328,133	30,319,067	3,073,963	107,365	86,529,902	3,138,029	217,481,883	1,078,577	345,056,919
Additions	-	-	-	-	116,782,315	-	-	-	116,782,315
Reduction	(17,746)	(830,296)	(8,249)	-	-	-	(2,709)	-	(859,000)
Depreciation reduction	-	830,296	4,301	-	-	-	1,554	-	836,151
Depreciation expense	-	(4,111,129)	(428,831)	(20,369)	-	(1,840,930)	(59,665,085)	(467,649)	(66,533,993)
Transfer of depreciation	-	-	-	-	-	-	-	-	-
Other Increase (decrease) (1)	-	17,706,603	4,280	817	(111,671,741)	2,875,667	50,251,200	261,023	(40,572,151)
Movements, subtotal	(17,746)	13,595,474	(428,499)	(19,552)	5,110,574	1,034,737	(9,415,040)	(206,626)	9,653,322
Ending balance as of 12.31.2014	3,310,387	43,914,541	2,645,464	87,813	91,640,476	4,172,766	208,066,843	871,951	354,710,241

(1) Corresponds to net the movement of transferring from buildings in progress to assets in service and the traspasos the intangibles assets ThCh$ (40,572,151).

15. Property, Plant and Equipment, continued

By Company policy in the accounting, the net amount of property, plant and equipment items that are temporarily out of service as of December 31, 2015 and 2014 continue to be depreciated using the straight-line method as defined at the time of their capitalization.

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.

As of december 31, 2015, the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

Fully depreciated assets still in use	Buildings, gross	Transportation equipment, gross	Supplies and accessories, gross	Office equipment, gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Total	92,996,739	17,214	6,270,333	563,521	15,826,246	408,978,298	1,863,893

16. Other Current and Other Non-current Financial Liabilities

The composition of other current and non-current financial liabilities which are interest- bearing is:

Description		12.31.2015		12.31.2014	
		Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Bank loans	(16 a)	98,936,652	-	278,928	92,913,547
Unguaranteed obligations (Bonds)	(16 b)	118,698,542	178,643,762	184,659,846	188,849,625
Hedge instruments	(see note 18 b)	1,707,098	-	3,126,670	-
Other financial debts (1)		11,603,801	-	-	-
Total		230,946,093	178,643,762	188,065,444	281,763,172

(1) Corresponds to supplier Huawei Chile S.A. and Samsung Electronics Chile S.A. with which an extension of the payment period has been negotiates for a total of TchCh$5.498.453 and of TchCh$5.881.119 which includes interest in the amount of ThCh$25.102.

16. Other Current and Other Non-current Financial Liabilities

a) The detail of bank loans for december 31, 2015 is as follows:

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Syndicated Loan (1)	87845500-2	Telefónica Móviles Chile S.A.	Chile	Foreign	BBVA Bancomer	Mexico	US$	At maturity	1.46%	1,10%	US$70 mm	2016
Bilateral Loan (2)	87845500-2	Telefónica Móviles Chile S.A	Chile	97030000-7	Banco Estado	Chile	CLP	At maturity	6.98%	6.79%	MM$49.000	2016

					Nominal amounts (ThCh$)									
					Expiration									
Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor	Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	Total nominal amounts
Syndicated Loan (1)	87.845.500-2	Telefónica Móviles Chile S.A	Chile	BBVA BANCOMER	-	70,000	-	-	70,000	-	-	-	-	70,000
Bilateral Loan (2)	87.845.500-2	Telefónica Móviles Chile S.A	Chile	Banco Estado	-	49,000,000	-	-	49,000,000	-	-	-	-	49,000,000
	Total				-	49,070,000	-	-	49,070,000	-	-	-	-	49,070,000

					Current			Non-current							
					Expiration			Expiration							
ypes	Debtor taxpayer No.	Debtor	Debtor Country	Creditor	Up to 90 days ThCh$	90 days to 1 years ThCh$	Total current as of 12.31.2015 ThCh$	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	Total Non current as of 12.31.2015 ThCh$
Crédito Sindicado(1)	87.845.500-2	Telefónica Móviles Chile S.A	Chile	BBVA BANCOMER	27,187	49,636,911	49,664,098	-	-	-	-	-	-	-	-
Crédito Bilateral (2)	87.845.500-2	Telefónica Móviles Chile S.A	Chile	Banco Estado	-	49,272,555	49,272,555	-	-	-	-	-	-	-	-
	Total				27,187	98,909,466	98,936,653	-	-	-	-	-	-	-	-

(1) On June 15, 2011, a syndicated loan was taken into agent bank BBVA Bancomer, in the amount of US$ 70,000,000 for a 5-year term.

(2) On November 24, 2011, a bilateral loan was taken with Banco Estado, in the amount of ThCh$ 49,000 for a 5-year bullet term.

16. Other Current and Other Non-current Financial Liabilities, continued

a) The detail of bank loans for december 31, 2014 is as follows, continued:

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Syndicated Loan (1)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	Foreign	BBVA Bancomer	México	US$	At maturity	1.46%	1,11%	US$70 mm	2016
Bilateral Loan (2)	87.845.500-2	Telefónica Móviles Chile S.A	Chile	97030000-7	Banco Estado	Chile	CLP	At maturity	7.20%	6.79%	MM$49.000	2016

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor	Nominal amounts (ThCh$)									Total nominal amounts
					Expiration									
					Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Syndicated Loan (1)	87.845.500-2	Telefónica Móviles Chile S.A	Chile	BBVA BANCOMER	-	-	-	32,637,500	32,637,500	-	-	-	-	32,637,500
Bilateral Loan (2)	87.845.500-2	Telefónica Móviles Chile S.A	Chile	Banco Estado	-	-	-	49,000,000	49,000,000	-	-	-	-	49,000,000
	Total				-	-		81,637,500	81,637,500	-	-	-	-	81,637,500

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor	Current		Total current as of 12.31.2014 ThCh$	Non-current							Total Non current as of 12.31.2014 ThCh$
					Expiration			Expiration							
					Up to 90 days ThCh$	90 days to 1 years ThCh$		1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Syndicated Loan (1)	87.845.500-2	Telefónica Móviles Chile S.A	Chile	BBVA BANCOMER	20,024	-	20,024	42,271,107	-	42,271,107	-	-	-	-	42,271,107
Bilateral Loan (2)	87.845.500-2	Telefónica Móviles Chile S.A	Chile	Banco Estado	-	258,904	258,904	50,642,440	-	50,642,440	-	-	-	-	50,642,440
	Total				20,024	258,904	278,928	92,913,547	-	92,913,547	-	-	-	-	92,913,547

(1) On June 15, 2011, a syndicated loan was taken with agent bank BBVA Bancomer, in the amount of US$ 70,000,000 for a 5-year term.

(2) On November 24, 2011, a bilateral loan was taken with Banco Estado, in the amount of MCh$ 49,000 for a 5-year bullet term.

16. Other Current and Other Non-current Financial Liabilities, continued

b) Details of unsecured obligations (Bonds) for december 31, 2015 is as follows:

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
144A Bond (1)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Foreign	Bank of New York	U.S.A.	US$	At maturity	3.23%	2.88%	US$ 300 mm	2015
Series C Bond (2)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	6.73%	6.30%	MM$ 66.000	2016
Series D Bond (3)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	At maturity	3.83%	3.60%	UF 2 mm	2016
Series F Bond (4)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	At maturity	3.82%	3.60%	UF 3 mm	2023
Series G Bond (5)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	At maturity	2.01%	2.20%	UF 2 mm	2020
Series I Bond (6)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	At maturity	2.00%	1.95%	UF 2 mm	2020

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor	Nominal amounts (ThCh$) Expiration									Total nominal amounts
					Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
144A Bond (1)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Bank of New York	-	-	-	-	-	-	-	-	-	-
Series C Bond (2)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	66,000,000	-	-	66,000,000	-	-	-	-	66,000,000
Series D Bond (3)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	44,375,180	-	-	44,375,180	-	-	-	-	44,375,180
Series F Bond (4)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	-	-	-	-	-	-	-	66,928,680	66,928,680
Series G Bond (5)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-		-	-	-	-	50,108,620	50,108,620	-	50,108,620
Series I Bond (6)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-		-	-	-	-	50,317,080	50,317,080	-	50,137,080
	Total				-	110,375,180	-	-	110,375,180	-	100,425,700	100,425,700	66,928,680	277,729,560

16. Other Current and Other Non-current Financial Liabilities, continued

b) Details of unsecured obligations (Bonds) for december 31, 2015 is as follows, continued

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor	Current			Non-current							
					Expiration		Total current as of 12.31.2015 ThCh$	Expiration							Total Non-current as of 12.31.2015 ThCh$
					Up to 90 days ThCh$	90 days to 1 years ThCh$		1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Bono 144 (1)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Bank of New York	-	-	-	-	-	-	-	-	-	-	-
Bono Serie C (2)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	66,286,866	66,286,866	-	-	-	-	-	-	-	
Bono Serie D (3)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	51,390,491	51,390,491	-	-	-	-	-	-	-	
Bono Serie F (4)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	535,689	535,689	-	-	-	-	-	-	76,917,502	76,917,502
Bono Serie G (5)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	115,662	115,662	-	-	-	-	51,580,262	51,580,262	-	51,580,262
Bono Serie I (6)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	369,834	-	369,834	-	-	-	-	51,145,998	51,145,998	-	51,145,998
	Total				369,834	118,328,708	118,698,542	-	-	-	-	102,726,260	102,726,260	76,917,502	178,643,762

(1) On November 3, 2010, there was a first placement in the foreign market. The Bond characteristics are:

- They are registered, which does not prevent their free transferability to qualifying institutional investors, in accordance with Rule 144 of the Securities Law of the United States of America, or to investors outside the United States, in accordance with Regulation S of the same securities law. They are of a single series maturing on November 9, 2015. The issuance does not consider guarantees, except for the right to general pledge over the assets of the Investee.
- The funds arising from the issuance were destined to refinancing liabilities and to other corporate purposes.

(2) On November 15, 2011, there was a placement in the local market in the amount of ThCh $ 66,000 for a 5-year bullet term.

(3) On November 15, 2011, there was a placement in the local market in the amount of UF 2,000,000 for a 5-year bullet term.

(4) On October 15, 2013, there was a placement of a 10-year bullet bond expiring on October 4, 2023 in the local market in the amount of UF 3,000,000

(5) On July 23, 2015, there was a local market placement in the amount of UF2,000,000, for a 5-year bullet term, maturing on June 20, 2020, without covenants or control clauses.

(6) On August 20, 2015, there was a local market placement in the amount of UF 2,000,000 for a 5-year bullet term, maturing on August14, 2020, without covenants or control clauses.

16. Other Current and Other Non-current Financial Liabilities, continued

b) Details of unsecured obligations (Bonds) for december 31, 2014 is as follows, continued:

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
144A Bond (1)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Foreign	Bank of New York	U.S.A.	US$	At maturity	3.23%	2.88%	US$ 300 mm	2015
Series C Bond (2)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	6.73%	6.30%	MM$ 66.000	2016
Series D Bond (3)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	At maturity	3.83%	3.60%	UF 2 mm	2016
Series F Bond (4)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	At maturity	3.82%	3.60%	UF 3 mm	2023

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor	Nominal amounts (ThCh$) Expiration: Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	Total nominal amounts
144A Bond (1)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Bank of New York	-	-	146,889,507	-	146,889,507	-	-	-	-	146,889,507
Series C Bond (2)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	-	-	66,000,000	66,000,000	-	-	-	-	66,000,000
Series D Bond (3)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	-	-	44,375,180	44,375,180	-	-	-	-	44,375,180
Series F Bond (4)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	-	-	-	-	-	-	-	66,928,680	66,928,680
	Total				-	-	146,889,507	110,375,180	257,264,687	-	-		66,928,680	324,193,367

16. Other Current and Other Non-current Financial Liabilities, continued

b) Details of unsecured obligations (Bonds) for december 31, 2014 is as follows, continued:

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor	Current – Expiration – Up to 90 days ThCh$	Current – Expiration – 90 days to 1 years ThCh$	Total current as of 12.31.2014 ThCh$	No corriente – Vencimientos – 1 to 2 years	No corriente – Vencimientos – 2 to 3 years	No corriente – Vencimientos – Total 1 to 3 years	No corriente – Vencimientos – 3 to 4 years	No corriente – Vencimientos – 4 to 5 years	No corriente – Vencimientos – Total 3 to 5 years	No corriente – Vencimientos – 5 years and over	Total Non-current as of 12.31.2014 ThCh$
Bono 144 (1)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Bank of New York	-	183,746,877	183,746,877	-	-	-	-	-	-	-	-
Bono Serie C (2)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	271,705	271,705	66,860,044	-	66,860,044	-	-	-	-	66,860,044
Bono Serie D (3)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	118,352	118,352	49,159,238	-	49,159,238	-	-	-	-	49,159,238
Bono Serie F (4)	87.845.000-2	Telefónica Móviles Chile S.A	Chile	Banco Santander	-	522,912	522,912	-	-	-	-	-	-	72,830,343	72,830,343
	Total				-	184,659,846	184,659,846	116,019,282	-	116,019,282	-	-	-	72,830,343	188,849,625

(1) On November 3, 2010, there was a first placement in the foreign market. The Bond characteristics are:

- They are registered, which does not prevent their free transferability to qualifying institutional investors, in accordance with Rule 144 of the Securities Law of the United States of America, or to investors outside the United States, in accordance with Regulation S of the same securities law. They are of a single series maturing on November 9, 2015. The issuance does not consider guarantees, except for the right to general pledge over the assets of the Investee.
- The funds arising from the issuance were destined to refinancing liabilities and to other corporate purposes.

(2) On November 15, 2011, there was a placement in the local market in the amount of ThCh $ 66,000 for a 5-year bullet term.

(3) On November 15, 2011, there was a placement in the local market in the amount of UF 2,000,000 for a 5-year bullet term.

(4) On October 15, 2013, there was a placement of a 10-year bullet bond expiring on October 4, 2023 in the local market in the amount of UF 3,000,000.

17. Trade and Other Accounts Payable

a) Current trade and other accounts payable are detailed as follows:

Description	12.31.2015 ThCh$	12.31.2014 ThCh$
Purchases or services payable, billed (1)	44,091,585	73,156,038
Purchases or services payable, accrued (1)	43,393,199	42,091,791
Suppliers or property, plant and equipment, billed	19,522,606	3,150,581
Suppliers of property, plant and equipment, accrued	1,759,879	867,290
Accounts payable to employees	309,645	17,209
Total current	109,076,914	119,282,908

(1) The "Debts due to purchases or services provided" correspond to foreign and domestic suppliers, for purchase of handsets, interconnection services, circuit rentals, marketing, call center, network maintenance and information services, among other things

Accounts payable due to purchases or services rendered	12.31.2015 ThCh$	12.31.2014 ThCh$
Domestic	77,124,677	75,939,735
Foreign	10,360,107	39,308,093
Total	87,484,784	115,247,828

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 external to the general policy, the established dates are not met, for example, contracts with specific agreed upon terms, or delay in the issuance f invoices by the supplier, or closing of agreements with suppliers for delivery of goods or providing of services, etc.

As of December 31, 2015 the main suppliers, considering a margin of 5% of the total, are Huawei Chile S.A. with 19%, Samsung Electronics Chile Ltda. with 18%, Nokia Solutions and Networks Chile with 11%, Sistemas Oracle de Chile S.A. with 7%, Apple Chile Comercial Ltda. with 6% and Digitex Internacional SAS with 5%.

The terms of accounts payable to suppliers with up to date payments as of december 31, 2015 and 2014 are detailed as follows:

Suppliers with up to date payments As of 12.31.2015	Goods ThCh$	Services ThCh$	Total ThCh$
Trade accounts to date			
Up to 30 days	25,385,095	25,768,162	51,153,257
From 31 to 60 days	-	-	-
From 61 to 90 days	-	-	-
Total	25,385,095	25,768,162	51,153,257
Average period of payment of up to date accounts			

17. Trade and Other Accounts Payable, continued

b) Accounts payable payment terms, continued

Suppliers with up to date payments As of 12.31.2014	Goods ThCh$	Services ThCh$	Total ThCh$
Trade accounts to date			
Up to 30 days	18,961,873	44,422,253	63,384,126
From 31 to 60 days	-	-	-
From 61 to 90 days	-	-	-
Total	18,961,873	44,422,253	63,384,126
Average period of payment of up to date accounts			

The terms of accounts payable to suppliers with overdue payments as of december 31, 2015 and 2014 are detailed as follows:

Suppliers with overdue terms As of 12.31.2015	Goods ThCh$	Services ThCh$	Total ThCh$
Overdue trade accounts payable by term			
Up to 30 days	736,139	3,389,790	4,125,929
From 31 to 60 days	96,559	1,942,075	2,038,634
From 61 to 90 days	-	609,386	609,386
From 91 to 120 days	-	1,003,421	1,003,421
From 121 to 180 days	-	1,314,501	1,314,501
More than 180 days	-	3,369,063	3,369,063
Total	832,698	11,628,236	12,460,934
Average period of payment of up to date accounts	27.00	52.00	

Suppliers with overdue terms As of 12.31.2014	Goods ThCh$	Services ThCh$	Total ThCh$
Overdue trade accounts payable by term			
Hasta 30 días	2,057,628	3,757,692	5,815,320
Entre 31 y 60 días	2,451,121	348,687	2,799,808
Entre 61 y90 días	22,528	1,023,033	1,045,561
Entre 91 y 120 días	-	242,803	242,803
Entre 121 y 180 días	-	412,800	412,800
Más de 180 días	412,330	2,193,871	2,606,201
Total	4,943,607	7,978,886	12,922,493
Average period of payment of up to date accounts	27.00	48.00	

18. Financial instruments

a) Classification of financial instruments by nature and category

i) Details of financial instruments of assets classified by nature and category as of december 31, 2015 is as follows:

Description of financial assets		Other financial assets at FV through P&L	Financial assets available for sale	Asset hedge derivatives	Subtotal of assets at fair value	Level 1 Market prices	Level 2 Estimates based on other observable market data	Level 3 Estimates not based on observable market data	Loans and items receivable	Investments held to maturity	Subtotal of assets at amortized cost	Total carrying amount	Total fair value
		ASSETS RECORDED AT FAIR VALUE				Valuation hierarchy			ASSETS RECORDED AT AMORTIZED COST			TOTAL	
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Non-current derivative instruments		-	-	12,691,026	12,691,026	-	12,691,026	-	-	-	-	12,691,026	12,691,026
Non-current derivative instrument of assets	See Note 18 b	-	-	12,691,026	12,691,026	-	12,691,026	-	-	-	-	12,691,026	12,691,026
Accounts receivable long-term business operations		-	-	-	-	-	-	-	21,181,406	-	21,181,406	21,181,406	21,181,406
Accounts receivable from related entities	See Note 9 b	-	-	-	-	-	-	-	21,181,406	-	21,181,406	21,181,406	21,181,406
Non-current financial assets		-	-	12,691,026	12,691,026	-	12,691,026	-	21,181,406	-	21,181,406	33,872,432	33,872,432
Current trade accounts receivable		-	-	-	-	-	-	-	141,039,183	-	141,039,183	141,039,183	141,039,183
Trade and other accounts receivable	See Note 8 a	-	-	-	-	-	-	-	109,644,656	-	109,644,656	109,644,656	109,644,656
Accounts receivable from related entities	See Note 9 a	-	-	-	-	-	-	-	31,394,527	-	31,394,527	31,394,527	31,394,527
Current deposits and pledges established		-	-	-	-	-	-	-	-	-	-	-	-
Current deposits		-	-	-	-	-	-	-	-	-	-	-	-
Current deposits and pledges		-	-	-	-	-	-	-	-	-	-	-	-
Derivative instrument of assets		-	-	29,627,151	29,627,151	-	29,627,151	-	-	-	-	29,627,151	29,627,151
Derivative instrument of assets	See Note 18 b	-	-	29,627,151	29,627,151	-	29,627,151	-	-	-	-	29,627,151	29,627,151
Cash and cash equivalents		-	-	-	-	-	-	-	135,142,296	-	135,142,296	135,142,296	135,142,296
Cash and cash equivalents	See Note 5	-	-	-	-	-	-	-	135,142,296	-	135,142,296	135,142,296	135,142,296
Current financial assets		-	-	29,627,151	29,627,151	-	29,627,151	-	276,181,479	-	276,181,479	305,808,630	305,808,630
Total assets financial		-	-	42,318,177	42,318,177	-	42,318,177	-	297,362,885	-	297,362,885	339,681,062	339,681,062

18. Financial instruments

a) Classification of financial instruments by nature and category

i) Details of financial instruments of assets classified by nature and category as December 31, 2014 is as follows:

Description of financial assets		ASSETS RECORDED AT FAIR VALUE				Valuation hierarchy			ASSETS RECORDED AT AMORTIZED COST			TOTAL	TOTAL
						Level 1	Level 2	Level 3					
		Other financial assets at FV through P&L	Financial assets available for sale	Asset hedge derivatives	Subtotal of assets at fair value	Market prices	Estimates based on other observable market data	Estimates not based on observable market data	Loans and items receivable	Investments held to maturity	Subtotal of assets at amortized cost	Total carrying amount	Total fair value
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Derivative instrument assets		-	-	28,848,651	28,848,651	-	28,848,651	-	-	-	-	28,848,651	28,848,651
Non-current derivative instrument of assets	See Note 18 b	-	-	28,848,651	28,848,651	-	28,848,651	-	-	-	-	28,848,651	28,848,651
Accounts receivable long-term business operations		-	-	-	-	-	-	-	73,072,214	-	73,072,214	73,072,214	73,072,214
Accounts receivable from related entities	See Note 9 b	-	-	-	-	-	-	-	73,072,214	-	73,072,214	73,072,214	73,072,214
Non-current financial assets		-	-	28,848,651	28,848,651	-	28,848,651	-	73,072,214	-	73,072,214	101,920,865	101,920,865
Current trade accounts receivable		-	-	-	-	-	-	-	152,958,268	-	152,958,268	152,958,268	152,958,268
Trade and other accounts receivable	See Note 8 a	-	-	-	-	-	-	-	122,289,283	-	122,289,283	122,289,283	122,289,283
Accounts receivable from related entities	See Note 9 a	-	-	-	-	-	-	-	30,668,985	-	30,668,985	30,668,985	30,668,985
Current deposits and pledges established		-	-	-	-	-	-	-	-	79,924,482	79,924,482	79,924,482	79,924,482
Current deposits		-	-	-	-	-	-	-	-	-	-	-	-
Current deposits and pledges	See Note 6 b	-	-	-	-	-	-	-	-	79,924,482	79,924,482	79,924,482	79,924,482
Derivative instrument of assets		-	-	47,253,801	47,253,801	-	47,253,801	-	-	-	-	47,253,801	47,253,801
Derivative instrument of assets	See Note 18 b	-	-	47,253,801	47,253,801	-	47,253,801	-	-	-	-	47,253,801	47,253,801
Cash and cash equivalents		-	-	-	-	-	-	-	48,880,754	-	48,880,754	48,880,754	48,880,754
Cash and cash equivalents	See Note 5	-	-	-	-	-	-	-	48,880,754	-	48,880,754	48,880,754	48,880,754
Current financial assets		-	-	47,253,801	47,253,801	-	47,253,801	-	201,839,022	79,924,482	281,763,504	329,017,305	329,017,305
Total assets financial		-	-	76,102,452	76,102,452	-	76,102,452	-	274,911,236	79,924,482	354,835,718	430,938,170	430,938,170

18. Financial instruments, continued

a) Classification of financial instruments by nature and category, continued

The fair 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.

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.

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

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

18. Financial instruments, continued

a) Classification of financial instruments by nature and category, continued

ii) Details of financial instruments of liabilities classified by nature and category as of december 31, 2015 is as follows:

Description of financial liabilities		LIABILITIES RECORDED AT FAIR VALUE					LIABILITIES RECORDED AT AMORTIZED COST	TOTAL	
				Valuation hierarchy					
				Level 1	Level 2	Level 3			
		Hedge derivative liabilities	Subtotal liabilities at fair value	Market prices	Estimates based on other observable market data	Estimates not based on observable market data	Debits and items payable	Total carrying amount	Total fair value
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	See Note 16 b	-	-	-	-	-	178,643,762	178,643,762	180,180,019
Non-current debts with loan entities	See Note 16 a	-	-	-	-	-	92,913,547	92,913,547	93,192,475
Long-term hedge derivative instrument liabilities		-	-	-	-	-	-	-	-
Trade and other accounts payable		-	-	-	-	-	-	-	-
Accounts payable to related entities	See Note 9 e	-	-	-	-	-	1,366,521	1,366,521	1,366,521
Non-current financial liabilities		-	-	-	-	-	272,923,830	272,923,830	274,739,015
Issuance of short-term obligations and other marketable securities	See Note 16 b	-	-	-	-	-	118,698,542	118,698,542	118,620,636
Short-term debts with credit entities	See Note 16 a	-	-	-	-	-	98,936,652	98,936,652	48,739,104
Short-term derivative instrument liabilities	See Note 18 b	1,707,098	1,707,098	-	1,707,098	-	-	1,707,098	1,707,098
Trade and other accounts payable	See Note 17 a	-	-	-	-	-	109,076,914	109,076,914	109,076,914
Accounts payale to related entities	See Note 9 c	-	-	-	-	-	81,855,445	81,855,445	81,855,445
Current financial liabilities		1,707,098	1,707,098	-	1,707,098	-	408,567,553	410,274,651	359,999,197
Total financial liabilities		1,707,098	1,707,098	-	1,707,098	-	681,491,383	683,198,481	634,738,211

18. Financial instruments, continued

a) Classification of financial instruments by nature and category, continued

ii) Details of financial instruments of liabilities classified by nature and category as of December 31, 2014 is as follows:

		LIABILITIES RECORDED AT FAIR VALUE						TOTAL	
				Valuation hierarchy					
Breakdown of financial liabilities		Hedge derivative liabilities	Subtotal liabilities at fair value	Level 1	Level 2	Level 3	LIABILITIES RECORDED AT AMORTIZED COST	Total carrying amount	Total fair value
				Market prices	Estimates based on other observable market data	Estimates not based on observable market data	Debits and items payable		
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	See Note 16 b	-	-	-	-	-	188,849,625	188,849,625	195,607,034
Non-current debts with loan entities	See Note 16 a	-	-	-	-	-	92,913,547	92,913,547	93,192,475
Long-term hedge derivative instrument liabilities		-	-	-	-	-	-	-	-
Trade and other accounts payable	See Note 9 e	-	-	-	-	-	1,366,521	1,366,521	1,366,521
Non-current financial liabilities		-	-	-	-	-	283,129,693	283,129,693	290,166,030
Issuance of short-term obligations and other marketable securities	See Note 16 b	-	-	-	-	-	184,659,846	184,659,846	185,124,979
Short-term debts with credit entities	See Note 16 a	-	-	-	-	-	278,928	278,928	-
Short-term derivative instrument liabilities	See Note 18 b	3,126,670	3,126,670	-	3,126,670	-	-	3,126,670	3,126,670
Trade and other accounts payable	See Note 17 a	-	-	-	-	-	119,282,908	119,282,908	119,282,908
Accounts payale to related entities	See Note 9 c	-	-	-	-	-	61,261,241	61,261,241	61,261,241
Current financial liabilities		3,126,670	3,126,670	-	3,126,670	-	365,482,923	368,609,593	368,795,798
Total financial liabilities		3,126,670	3,126,670	-	3,126,670	-	648,612,616	651,739,286	658,961,828

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, (see Note 16).

18. Financial instruments, continued

b) Hedging instruments

The detail of the hedging instruments at december 31, 2015 and 2014 is as follows:

Description	Underlying	Net Total as of 12.31.2015	To Maturity							
			Up to 90 days	90 days to 1 years	Total current		1 a 3 years	3 a 5 years	Total non-current	
					Assets (see note 6)	Liabilities (see note 16)			Assets	Liabilities
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Exchange rate – cash flow hedge (1)	Supplier Debt	3,835,814	3,918,417	(82,603)	4,021,992	(186,178)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	(16,613)	(16,613)	-	19,356	(35,969)	-	-	-	-
Interest rate – cash flow hedge (3)	Financial Debt	(318,121)	404,616	(722,737)	1,166,830	(1,484,951)	-	-	-	-
Exchange rate and interest rate – fair value hegde (4)	Financial Debt	37,109,998	-	24,418,973	24,418,973	-	-	12,691,025	12,691,025	-
Total		40,611,078	4,306,420	23,613,633	29,627,151	(1,707,098)	-	12,691,025	12,691,025	-

Hedgeing instruments have generated an effect on income of ThCh$23,125,493 and ThCh$15,292,060 in shareholders' equity as of december 31, 2015.

Description	Underlying	Net Total as of 12.31.2014	To Maturity							
			Up to 90 days	90 days to 1 years	Total current		1 a 3 years	3 a 5 years	Total non-current	
					Assets (see note 6)	Liabilities (see note 16)			Assets	Liabilities
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Exchange rate – cash flow hedge (1)	Supplier Debt	7,020,812	6,058,581	962,231	7,176,850	(156,038)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	1,149,957	1,149,957	-	1,171,572	(21,615)	-	-	-	-
Interest rate – cash flow hedge (3)	Financial Debt	2,488,107		(314,346)	2,006,622	(2,320,968)	2,802,453	-	2,802,454	-
Exchange rate and interest rate – cash flow hedge (4)	Financial Debt	62,316,905	(29,194)	36,299,902	36,898,757	(628,049)	15,682,834	10,363,363	26,046,197	-
Total		72,975,781	7,179,344	36,947,787	47,253,801	(3,126,670)	18,485,287	10,363,363	28,848,651	-

Hedging instruments have generated an effect on income of ThCh$32,124,414 and ThCh$12,836,179 in shareholders' equity as of December 31, 2014.

Description of hedging instruments:

(1) Exchange rate cash flow hedge: As of december 31, 2015 and 2014 this category includes derivative instruments used to hedge highly probable future cash flow from trade debt.

(2) Exchange rate fair value hedge: As of december 31, 2015 and 2014 this category includes derivative instruments entered into to hedge the foreign currency risk of debt instrument capital.

(3) Interest rate cash flow hedge: As of december 31, 2015 and 2014 this category includes, derivative instruments entered into to hedge interest rate risk, from debt instruments whose interest cash flow payable are denominated at a variable interest rate.

(4) Exchange rate and interest rate cash flow hedge: As of december 31, 2015 and 2014 this category includes, derivative instruments entered into to hedge the foreign currency risk of debt instrument capital, whose interest cash flow payable after hedging are denominated in the functional currency.

.

18. Financial instruments, continued

c) 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 period 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.

d) 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 (see Note 18 a):

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 (i.e. as a price) or indirectly (i.e. 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.

19. Other Provisions

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

Description	12.31.2015 ThCh$	12.31.2014 ThCh$
Civil and regulatory	966,530	201,315
Total	966,530	201,315

As of December 31, 2015 civil and regulatory provisions are mainly composed of complaints from the Chilean Telecommunications Undersecretary (Subtel o Subsecretaria de Telecomunicaciones de Chile) and miscellaneous fines.

Based on the progress of each proceeding, the Company's management considers that the provisions recorded in the consolidated financial statements adequately cover the litigation risks described in Note 27, therefore they do not expect any additional liabilities to be recorded.

Due to the characteristics of the risks that cover these provisions, it is not always possible to determine a schedule of payment dates. However, the Company estimates that 36% will be paid in March 2016 and the rest during the second quarter of 2016

As of december 31, 2015 and 2014, movements of provisions are detailed as follows:

Movements	12.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	201,315	320,365
Increase in existing provisions	1,470,531	153,877
Provision used	(705,316)	(272,927)
Movements, subtotal	765,215	(119,050)
Ending balance	966,530	201,315

19. Other Provisions, continued

b) Other non-current provisions

As of december 31, 2015 and 2014 the balance of other non-current provisions is detailed as follows:

Description	12.31.2015 ThCh$	12.31.2014 ThCh$
Dismantling provision (ii)	15,628,799	13,388,617
Investment in associated company reserve (i)	4,411	3,566
Total	15,633,210	13,392,183

i) As of december 31, 2015 and 2014, investments in associated companies with negative equity are detailed as follows:

RUT	Nombre	Investment balance 12.31.2015	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary expenses ThCh$	Income ThCh$
96.898.630-9	Intertel S.A. (1)	(4,411)	50	2,368	-	1,690	9,500	(1,690)	(1,690)

RUT	Nombre	Investment balance 12.31.2014	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary expenses ThCh$	Income ThCh$
96.898.630-9	Intertel S.A. (1)	(3.566)	50	4.075	-	11.207	-	(1.714)	(1.714)

The movement of interests in associated companies with negative shareholders' equity as of december 31, 2015 and 2014 is detailed as follows:

Movements	12.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	(3,566)	(2,709)
Share in ordinary profit for the current year	(845)	(857)
Movements, subtotal	(845)	(857)
Ending balance	(4,411)	(3,566)

ii) Movements of the dismantling provision as of december 31, 2015 and 2014 are detailed as follows:

Movements	12.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	13,388,617	12,310,280
Increase in existing provisions	980,583	1,199,034
financial update	1,259,599	365,965
Decrease in the provision	-	(486,663)
Movements, subtotal	2,240,182	1,078,336
Ending balance	15,628,799	13,388,617

20. Current employee benefits provision

a) Post 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.

Current and non-current employee benefits as of december 31, 2015 and 2014 are detailed as follows:

Description	12.31.2015 ThCh$	12.31.2014 ThCh$
Non-current termination benefits (1)	143,847	128,399
Total	143,847	128,399

(1) Corresponds to employee benefits arising from subsidiary Telefónica Investigación y Desarrollo Chile SpA.

Movements for employee benefits provisions as of december 31, 2015 and 2014 are detailed as follows:

Movements	12.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	128,399	-
Current service costs for the period	21,239	4,470
Actuarial gains or losses by hypothesis (1)	-	15,120
Actuarial gains or losses by experience	(5,791)	125
Intercompany transfers (2)	-	108,684
Subtotal movements	15,448	128,399
Ending balance	143,847	128,399

(1) In December 2014 the actuarial variables used to calculate the provision were reviewed, generating a decrease in the discount rate to 5.8% for 2013 (arising from the company of origin, see point (2)) and 4.51% for 2014.

(2) Employees transferred from associate Telefónica Chile Servicios Corporativos Ltda. on October and December 2014.

20. Employee benefits accrual, continued

a) Post employment benefits, continued

Actuarial Hypotheses

The hypotheses used for the actuarial calculation of employee benefits obligations are reviewed once a year and correspond to the following, for the periods 2015 and 2014.

- **Discount Rate:** A 4.51% nominal annual rate is used, which must be representative of the time value of money, for which a risk-free rate is used represented by BCP (Chilean Central Bank Bonds issued in Chilean pesos) for the relevant term, around 15 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 2014 period was 3%.

- **Mortality:** The RV 2009 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, turnover rate used is 5.46% for both periods.

- **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 december 31, 2015, 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	4.51%	12,849	(14,889)

20. Employee benefits accrual, continued

c) Expected cash flows

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

Description	Year 1 ThCh$	Year 2 ThCh$	Year 3 ThCh$
Future payment flows	10,396	10,080	9,772

d) Expenses Employee

The composition of the costs to employees is as follows:

Description	12.31.2015 ThCh$	12.31.2014 ThCh$
Salaries and wages (1)	1,800,677	1,247,519
Expense Benefit Obligation employees (2)	15,448	4,955
Total	1,816,125	1,252,474

(1) Corresponds to remuneration of employee hired by subsidiary Telefónica Investigación y Desarrollo SpA.

(2) Corresponds to operator expenses paid by Telefonica Chile Servicios Corporativos Ltda. including vacations and termination benefits.

21. Other Current Non-financial Liabilities

Other current non-financial liabilities are detailed as follows:

Description	12.31.2015 Current ThCh$	12.31.2015 Non Current ThCh$	12.31.2014 Current ThCh$	12.31.2014 Non Current ThCh$
Deferred income, current (1)	21,255,327	554,569	37,521,642	599,952
Other taxes (2)	9,481,392	-	5,456,150	-
Subsidies (3)	739,062	1,758,281	1,202,336	264,643
Others	469,097	-	-	-
Total	31,944,878	2,312,850	44,180,128	864,595

21. Other Current Non-financial Liabilities, continued

(1) Deferred income is detailed as follows:

Description	12.31.2015 Current ThCh$	12.31.2015 Non Current ThCh$	12.31.2014 Current ThCh$	12.31.2014 Non Current ThCh$
Services charged but not rendered	6,176,391	-	4,280,076	-
Prepayment top-ups (see note 2 p)	5,795,243	-	4,481,011	-
Club Movistar (see note 2 p)	5,571,754	-	5,663,396	-
Other deferred income	1,887,708	-	1,667,019	-
Equipment sold not activated (see note 2 p)	1,709,845	-	8,850,881	-
Sale of telecommunications infrastructure (i)	114,386	554,569	12,579,259	599,952
Total deferred income	21,255,327	554,569	37,521,642	599,952

(i) As of December 31, 2015, the Company has recognized 100% of deferred income recorded in Fondo de Inversión Privado Infraestructura Uno, due to fulfillment of all the contract clauses generated in the following transactions:
- Sale of Torres Dos S.A., carried out on December 21, 2012 to Torres Unidas Chile SpA (Torrecom).
- Sale of telecommunications infrastructure to ATC Sitios de Chile S.A., on December 12, 2011.

(2) Other taxes correspond mainly to VAT debit and withholdings.

(3) Subsidies correspond to the balance pending recognition for the following projects:

Concepts Grants	12.31.2015 Current ThCh$	12.31.2015 Non Current ThCh$	12.31.2014 Current ThCh$	12.31.2014 Non Current ThCh$
Investigation and development	595,134	-	1,058,408	-
Subsidy base stations Tierra del Fuego (i)	-	1,055,331	-	
Arica end zone (ii)	-	582,231	-	-
Mobile telephony routes in the region of Antofagasta	92,837	69,628	92,837	162,460
Public services Telefonica Movil	51,091	51,091	51,091	102,183
Total Grants	739,062	1,758,281	1,202,336	264,643

(i) Corresponds to the subsidy granted by the government for the Tierra del Fuego project carried out jointly with Entel S.A.
(ii) Corresponds to the subsidy granted by the SII for extreme zones.

Movement of deferred income is detailed as follows:

Deferred revenues	12.31.2015 ThCh$	12.31.2014 ThCh$
Begining balance	38,723,978	42,089,806
Deferred during the year	389,271,580	481,371,227
Recognized in income for the year	(406,596,303)	(484,737,055)
Movements, subtotal	(17,324,723)	(3,365,828)
Ending balance (1)/(3)	21,399,255	38,723,978

22. Equity

The Company manages its capital with the objective of safeguarding capacity and continuing as a going concern, in order to generate returns to its shareholders and to maintain a strong credit rating and prosperous capital ratios to support its businesses and guarantee ongoing quick access to the financial markets maximizing shareholder value. The Company manages its capital structure and makes adjustments to it, based on changes in existing economic conditions.

There were no changes introduced in the objectives, policies or processes during the periods ended as of december 31, 2015 and 2014.

a) Capital:

As of december 31, 2015 and 2014, the Company's paid-in capital is detailed as follows:

Number of shares:

Serie	No. of shares subscribed	12.31.2015 No. of paid shares	No. of shares with voting rights	No. of shares subscribed	12.31.2014 No. of paid shares	No. of shares with voting rights
SINGLE	118,026,145	118,026,145	118,026,145	118,026,145	118,026,145	118,026,145
Total	118,026,145	118,026,145	118,026,145	118,026,145	118,026,145	118,026,145

Capital:

Serie	12.31.2015 Subscribed capital ThCh$	Paid - in capital ThCh$	12.31.2014 Subscribed capital ThCh$	Paid - in capital ThCh$
SINGLE	941,098,241	941,098,241	941,098,241	941,098,241
Total	941,098,241	941,098,241	941,098,241	941,098,241

Based on the above, the Company's shareholders are detailed as follows:

Company	Shares
Inversiones Telefónica Móviles Holding S.A.	118,026,144
Telefónica, S.A.	1
Total	118,026,145

The 118,026,145 shares are common, registered, single series shares without par value.

22. Equity, continued

b) Distribution of shareholders:

In accordance with Circular No. 792 issued by the Superintendency of Securities and Insurance (S.V.S.), the Company's shareholders and their ownership interest as of december 31, 2015 are detailed as follows:

Type of Shareholder	Participation percentage %	Number of shareholders
10% or more of participatión	99.999999	1
Less than 10% of participatión:		
Or more Investment UF 200	-	-
Less than 200 UF Investment	0.000001	1
Totales	100	2
Controller of the Company	99.999999	1

As of december 31, 2015 and 2014, the direct participation of Inversiones Telefonica Moviles Holding S.A., in the equity of Telefonica Moviles Chile S.A., reaches 99.999999%.

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.

At the Ordinary Shareholders' Meeting held on April 30, 2015, the shareholders agreed to consider as a final dividend the amount of ThCh$63,000,000 distributed in November 2014, equivalent to Ch$533.78004.

As of December 31, the Company has distributed the following dividends during the reported periods:

Date	Dividend	Amount Distributed ThCh$	Charge to net income	Payment date
11-10-2015	Eventual	118,026,145	Fiscal year 2014	11-30-2015
11-10-2015	Provisory	39,973,856	Fiscal year 2015	11-30-2015
Total		158,000,001		

22. Equity, continued

d) Other reserves

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

Description	Balance as of 12.31.2015 ThCh$	Net movement ThCh$	Balance as of 12.31.2014 ThCh$
Business combination reserve (i)	(97,886,550)	-	(97,886,550)
Cash flows hedge reserve (ii)	15,292,059	2,455,881	12,836,178
Employee benefits reserve (iii)	(3,021,638)	51,056	(3,072,694)
Revaluation issued capital (iv)	(233,685,327)	-	(233,685,327)
Total	(319,301,456)	2,506,937	(321,808,393)

i) Business combination reserve

This reserve corresponds to corporate reorganizations undertaken by the Telefónica Móviles Chile Group in prior years.

ii) Cash flows hedge reserve

Transactions designated as cash flow hedges of expected transactions are probable, and when the Company can carry out the transaction, the Company has the positive intention and capacity to consummate the expected transaction. Expected transactions designated in our cash flow hedges are still probable on the same date and for the same amount as originally designated, otherwise the ineffectiveness will be measured and recorded when appropriate.

iii) Employee benefits reserve

Corresponds to the equity effect generated by the share in Telefonica Chile Servicios Corporativos Ltda., subsidiary of Telefonica Chile S.A. and Telefonica Investigation y Desarrollo Chile SpA, corresponding to termination benefits; whose effect originates from the change in actuarial hypotheses for the employee benefits accrual.

iv) Revaluation issued capital

In accordance with article 10-2 of Law 18,046 and Circular 456 issued by the SVS, price-level restatement of issued capital as of December 31, 2008 must be presented in this account.

e) Official Circular No. 856 issued by the Superintendency of Securities and Insurance

As per Official Circular No. 856 issued by the Superintendency of Securities and Insurance, dated October 17, 2014, differences in deferred tax assets and liabilities produced as a direct effect of the increase in the first category (corporate) income tax rate introduced by Law 20,780, must be accounted for in the year and charged to equity, as of the financial statements issued as of december 31, 2014. The equity effect generated by the interest in Telefonica Chile Servicios Corporativos Ltda. for this same concept is also reflected.

22. Equity, continued

f) Non-controlling interests

This heading corresponds to the recognition of the portion of equity and income of subsidiaries belonging to third parties.

As of December 31, 2015 Telefónica Móviles Chile Distribución S.A. was absorbed by Telefónica Móviles Chile S.A. (see Note 2d).

As of december 31, 2014 the Company has non-controling interests arising from the investment in Telefónica Móviles Chile Distribución S.A.

Subsidiares	Non-controlling Interest percentage		Equity Non-controlling interest		Participation in profit income (loss)	
	2015	2014	2015	2014	2015	2014
	%	%	ThCh$	ThCh$	ThCh$	ThCh$
Telefónica Móviles Chile Distribución S.A.	-	0.01	-	56	-	2
Total			-	56	-	2

23. Earnings per Share

Earnings per share are detailed as follows:

Basic earnings per share	12.31.2015 ThCh$	12.31.2014 ThCh$
Earnings attributable to owners of the parent	124,252,847	107,491,172
Profit available for shareholders	124,252,847	107,491,172
Weighted average number of shares	118,026,145	118,026,145
Basic earnings per share in Ch$	1,052.76	910.74

Earnings per share have been calculated by dividing profit for the year attributable to the parent company by the weighted average number of common shares in circulation during the year. The Company has not issued any convertible debt or other equity securities. Consequently, there are no potentially dilutive effects on the Company's earnings per share.

24. Income and Expenses

a) Income from ordinary operations as of december 31, 2015 and 2014 is detailed as follows:

Operating income	12.31.2015 ThCh$	12.31.2014 ThCh$
Services rendered	871,431,354	875,329,887
Sale of goods (1)	77,517,856	85,652,973
Total	948,949,210	960,982,860

(1) As of december 31, 2015 and 2014, includes income from sale of handsets and contract and prepaid mobile telephone equipment.

b) Other income as of december 31, 2015 and 2014 is detailed as follows:

Other income	12.31.2015 ThCh$	12.31.2014 ThCh$
Gains on disposal of fixed assets (1)	12,732,054	2,740,436
Other current management earnings (2)	5,576,066	3,279,773
Indemnity	2,372,619	2,861,025
Total	20,680,739	8,881,234

(1) It corresponds to sales revenue of towers and land
(2) Corresponds to extra charge for late payment, subsidy for extreme zones and others

c) The detail of other expenses by nature of the operation as of december 31, 2015 and 2014 are as follows:

Other expenses	12.31.2015 ThCh$	12.31.2014 ThCh$
Cost of sales of equipment	203,185,955	230,974,212
Rent	103,329,892	89,760,987
Interconnections and roaming	72,696,848	89,114,109
Employee expenses transferred by other companies and other	67,380,075	68,538,720
Sales commission	59,850,036	61,537,128
Administrative and management services	41,540,498	38,167,996
Customer services	32,440,609	32,574,477
Allowance for doubtful accounts	23,083,201	22,509,022
Advertising	16,142,911	19,322,092
Maintenance	12,832,535	13,878,271
External services	11,290,953	10,587,607
Compensation to suppliers for messaging services	11,653,067	11,797,968
Electrical energy for technical installations	10,229,318	8,868,521
Others (1)	29,261,118	25,539,591
Total	694,917,016	723,170,701

(1) As of December 31, 2015 and 2014, includes transportation expenses, insurance, information services, consulting, events, fines, sanctions, security and surveillance, among other things.

24. Income and Expenses, continued

d) Details of finance income and cost for the periods as of december 31, 2015 and 2014 are as follows:

Net financial expenses	12.31.2015 ThCh$	12.31.2014 ThCh$
Finance income		
Interest earned on deposits	4,445,473	3,416,008
Derivative contracts (Forward)	3,673,001	8,293,103
Other finance income	3,535,327	432,435
Total finance income	11,653,801	12,141,546
Finance cost		
Interest on obligations and bonds	15,443,227	15,483,562
Interest on loans from bank institutions	4,116,469	5,587,108
Finance leases	3,024,304	-
Derivative contracts (Forward)	2,463,615	4,638,949
Interest rate hedges (cross currency swap)	1,259,599	365,966
Other financial cost	705,330	227,257
Total finance cost	27,012,544	26,302,842
Net finance income	(15,358,743)	(14,161,296)

e) Foreign currency translation and indexation units as of december 31, 2015 and 2014 are detailed as follows:

Description	12.31.2015 ThCh$	12.31.2014 ThCh$
Financial debt	(35,953,056)	(30,461,332)
Derivatives	20,982,067	21,914,970
Cash and cash equivalents	8,775,989	48,272
Financial investments	6,226,967	10,865,463
Current trade and other accounts receivable	1,117,832	(106,356)
Current accounts receivable from related entities	801,716	82,976
Current accounts payable to related entities	(959,662)	(287,566)
Trade and other accounts payable	(842,084)	(2,657,572)
Other	5,206	2,728
Total	154,975	(598,417)

24. Income and Expenses, continued

f) Foreign currency translation and indexation units as of december 31, 2015 and 2014 are detailed as follows,

Description	12.31.2015 ThCh$	12.31.2014 ThCh$
Financial debt	(6,748,303)	(6,498,588)
Derivatives	7,099,800	6,587,700
Trade accounts payable and other payables	(391,195)	(72,142)
Tax liabilities	369,788	-
Accounts receivable from related parties, current	253,133	154,207
Current trade and other accounts receivable	(7)	-
Accounts payable to related parties, current	(27,737)	-
Current tax assets	-	448,614
Cash and cash equivalents	(1,277)	-
Financial investments	(56)	-
Other items	4,867	1,555
Totales	559,013	621,346

25. Operating leases

The main operating lease agreements are associated directly to the line of business, such as the lease for the commercial offices building and spaces for technical telecommunications installations.

Are presented under other expenses by nature, in the statement of income. The Company has operating lease agreements which contain various clauses in reference to term of the lease and renewal and readjustment conditions. Should the Company decide to terminate an agreement in advance, it must pay the amounts stipulated in those clauses.

	12.31.2015 ThCh$	12.31.2014 ThCh$
Minimum operating lease payments recognized as an expense	67,298,023	60,465,674

As of December 31, 2015 the Company has no future finance lease obligations.

	12.31.2014			
	Up to 1 year ThCh$	From 1 to 5 years ThCh$	More than 5 years ThCh$	Total ThCh$
Minimum payments of operating leases payable	30,998,645	93,213,877	58,975,100	183,187,622

26. Local and Foreign Currency

Current and non-current assets in local and foreign currency are detailed as follows:

Current assets	12.31.2015 ThCh$	12.31.2014 ThCh$
Cash and cash equivalents	135,142,296	48,880,754
Euros	201,602	23,061
Chilean pesos	134,940,694	48,857,693
Other current financial assets	29,627,151	130,206,662
US dollars	20,765,808	115,714,089
Euros	-	17,707
Chilean pesos	1,166,830	14,474,866
U.F.	7,694,513	-
Trade and other current accounts receivable	109,644,656	122,289,283
US dollars	2,320,274	10,217,975
Chilean pesos	106,278,136	107,161,525
U.F.	1,046,246	4,909,783
Accounts receivable from related companies	31,394,527	30,668,985
US dollars	3,986,197	2,011,935
Euros	-	332,851
Chilean pesos	27,408,330	28,324,199
Other current assets (1)	76,905,204	91,015,263
Pesos	76,623,311	90,733,370
U.F.	281,893	281,893
Total current assets	382,713,834	423,060,947
US dollars	27,072,279	127,943,999
Euros	201,602	373,619
Chilean pesos	346,417,301	289,551,653
U.F.	9,022,652	5,191,676

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

26. Local and Foreign Currency, continued

Current and non-current assets in local and foreign currency are detailed as follows

Non-current assets	12.31.2015 ThCh$	12.31.2014 ThCh$
Other non-current financial assets	12,691,026	28,848,652
US dollars	-	9,862,056
U.F.	12,691,026	16,184,141
Pesos	-	2,802,455
Other non-current non-financial assets	571,288	1,072,404
Chilean pesos	571,288	1,072,404
Other non-current assets (2)	999,443,649	1,012,153,467
Chilean pesos	999,443,649	1,012,153,467
Total non-current assets	1,012,705,963	1,042,074,523
US dollars	-	9,862,056
Chilean pesos	1,000,014,937	1,016,028,326
U.F.	12,691,026	16,184,141

(2) Includes: Investments accounted for using the equity method, intangible assets other than goodwill, goodwill, property, plant and equipment, deferred tax assets.

Current and non-current liabilities in local and foreign currency are detailed as follows:

Current liabilities	12.31.2015 Up 90 days ThCh$	12.31.2014 Up 90 days ThCh$	12.31.2015 De 91 days to 1 years ThCh$	12.31.2014 De 91 days to 1 years ThCh$
Other current financial liabilities	13,591,469	3,146,694	217,354,624	184,918,750
US dollars	101,687	20,024	49,753,360	183,746,877
Euros	28,945	-	-	-
Chilean pesos	13,460,837	3,126,670	115,559,420	530,609
U.F.	0	-	52,041,844	641,264
Trade and other accounts payable	109,076,914	119,282,908	-	-
US dollars	28,479,406	41,204,729	-	-
Euros	1,873,639	363,152	-	-
Other currencies	160,811	237,996	-	-
Chilean pesos	76,531,999	73,752,298	-	-
U.F.	2,031,059	3,724,733	-	-
Current accounts payable to related companies	81,855,445	61,261,241	-	-
US dollars	3,216,939	2,195,415	-	-
Euros	4,200,763	3,703,455	-	-
Chilean pesos	74,437,743	55,362,371	-	-
Other current liabilities (1)	61,642,146	9,791,709	-	44,180,128
Chilean pesos	61,642,146	9,791,709	-	44,180,128
Total current liabilities	266,165,974	193,482,552	217,354,624	229,098,878
US dollars	31,798,032	43,420,168	49,753,360	183,746,877
Euros	6,103,347	4,066,607	-	-
Other currencies	160,811	237,996	-	-
Chilean pesos	226,072,725	142,033,048	115,559,420	44,710,737
U.F.	2,031,059	3,724,733	52,041,844	641,264

(1) Includes: Other short-term provisions, current income tax liabilities, current provisions for employee benefits and other current non-financial liabilities.

26. Local and Foreign Currency, continued

Current and non-current liabilities in local and foreign currency are detailed as follows

Non-current liabilities	12.31.2015 1 to 3 yaers ThCh$	12.31.2014 1 to 3 yaers ThCh$	12.31.2015 3 to 5 years ThCh$	12.31.2014 3 to 5 years ThCh$	12.31.2015 5 years ThCh$	12.31.2014 5 years ThCh$
Other non-current financial liabilities	-	208,932,829	102,726,260	-	75,917,502	72,830,343
US dollars	-	42,271,107	-	-	-	-
U.F.	-	49,159,238	102,726,260	-	75,917,502	72,830,343
Chilean pesos	-	117,502,484	-	-	-	-
Other non-current liabilities (2)	19,456,428	15,751,698	-	-	-	-
Chilean pesos	19,456,428	15,751,698	-	-	-	-
Total non-current liabilities	19,456,428	224,684,527	-	-	75,917,502	72,830,343
US dollars	-	42,271,107	-	-	-	-
U.F.	-	49,159,238	102,726,260	-	75,917,502	72,830,343
Chilean pesos	19,456,428	133,254,182	-	-	-	-

(2) Includes: Non-current accounts payable to related entities, other long-term provisions, employee benefits provision and other non-current non financial liabilities.

27. Contingencies and Restrictions

a) Complaints filed by the tax authority against Telefónica Móviles:

As of december 31, 2015 there are no complaints filed by the tax authority against Telefónica Móviles S.A.

b) Lawsuits several

In the development of its normal line of business, Telefónica Móviles Chile S.A. is a party in several processes, involving civil, labor, special and penal matters for different concepts and amounts. In general, management and its internal and external legal counsel periodically monitor the evolution of lawsuits and contingencies affecting Telefónica Móviles Chile S.A. during 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 made in those proceedings, especially in those where it appears as the defendant, and the historical results obtained by Telefónica Móviles Chile S.A. in processes with similar characteristics, in the opinion of legal counsel, the risk that it will be condemned to pay the amounts claimed in the mentioned lawsuits is remote.

Notwithstanding, there are certain processes in which, due to the aforementioned considerations, it has been deemed that there is a risk of loss qualified as probable, which has motivated the recording of a provision for the estimated loss as of December 31, 2015, in the amount of ThCh$966,530. It is believed that Telefónica Móviles Chile S.A. will have to pay the amount of ThCh$350,000 before March 31, 2016 and the rest of the aforementioned amount during the quarter first of 2016.

On the other hand, there are proceedings for which it is deemed that the risk of loss is qualified as possible, which amount to a total of ThCh$1,610,966.

c) Financial restrictions:

As of december 31, 2015 and 2014 the company has no financial restrictions.

d) Insurance

The Company has property all risk and business interruption insurance, among others, on all its facilities.

As of December 31, 2014 the Company closed the process of settling the insurance claims associated to the earthquake which occurred in the country's extreme north, and the fire that affected the Valparaiso Region, both of which occurred in April 2014, recognizing all the costs related to those events.

As of December 31, 2015 the Company closed the insurance claim settlement process associated to the mudslide of March and earthquake of September 2015, both of which occurred in the country's extreme north, recognizing all the costs related to those events.

27. Contingencies and Restrictions, continued

e) Tax Contingency

As of December 31, 2015 there is a tax contingency which has been provisioned (see Note 11d).

f) Guarantee Deposits

Guarantee deposits are detailed as follows:

Creditor of guarantee	Debtor Name	Debtor Relationship	Type of guarantee	Ballots in force ThCh$	Liberation of guarantee 2016 ThCh$	2017 ThCh$	2018 and after ThCh$
Subsecretaría de Telecomunicaciones	TMCH	Parent company	Guarantee	66,508,236	-	40,423,202	26,085,034
CAI Gestión Inmobiliaria S.A.	TMCH	Parent company	Guarantee	7,251,198	7,251,198	-	-
Corporación de Fomento de la Producción	TMCH	Parent company	Guarantee	1,691,368	1,565,296	126,072	-
Administradora de servicios y sistemas automatizados Falabell	TMCH	Parent company	Guarantee	450,000	450,000	-	-
Administradora Plaza Vespucio S.A.	TMCH	Parent company	Guarantee	178,276	178,276	-	-
Municipalidad de Arica	TMCH	Parent company	Guarantee	126,454	1,000	-	125,454
Empresa de Transportes de pasajeros Metro S.A.	TMCH	Parent company	Guarantee	104,399	104,399	-	-
Municipalidad de Vitacura	TMCH	Parent company	Guarantee	91,325	89,625	-	1,700
Constructora Administradora Uno S.A.	TMCH	Parent company	Guarantee	90,880	21,196	-	69,685
Empresa de Ferrocarriles del Estado	TMCH	Parent company	Guarantee	76,818	22,426	-	54,393
Chilectra S.A.	TMCH	Parent company	Guarantee	72,778	-	11,515	61,263
Parque Arauco S.A.	TMCH	Parent company	Guarantee	71,190	26,236	-	44,954
Banco Estado	TMCH	Parent company	Guarantee	63,463	-	-	63,463
Sociedad Concesionaria Valle del Bio Bio S.A.	TMCH	Parent company	Guarantee	63,048	63,048	-	-
Comando de Bienestar	TMCH	Parent company	Guarantee	58,053	-	34,730	23,323
Subsecretaría de Desarrollo Regional	TMCH	Parent company	Guarantee	52,839	-	-	52,839
Aguas Andinas S.A.	TMCH	Parent company	Guarantee	45,500	-	-	45,500
Nuevos Desarrollos S.A.	TMCH	Parent company	Guarantee	38,977	14,868	24,109	-
Endesa	TMCH	Parent company	Guarantee	36,783	-	-	36,783
Subsecretaría de Economía	TMCH	Parent company	Guarantee	34,510	-	34,510	-
Ministerio de Bienes Nacionales	TMCH	Parent company	Guarantee	30,213	-	12,600	17,613
Celulosa Arauco y Constitución	TMCH	Parent company	Guarantee	28,315	-	28,315	-
Plaza El Roble S.A.	TMCH	Parent company	Guarantee	27,629	4,266	-	23,363
Dirección General de Aeronautica Civil	TMCH	Parent company	Guarantee	26,577	9,161	9,882	7,534
Comercial Eccsa	TMCH	Parent company	Guarantee	25,426	25,426	-	-
Comercializadora Costanera Center S.P.A.	TMCH	Parent company	Guarantee	24,426	24,426	-	-
Servicio Nacional de Geología y Minería	TMCH	Parent company	Guarantee	22,400	-	-	22,400
Subsecretaría de Prevención del Delito	TMCH	Parent company	Guarantee	21,500	2,000	-	19,500
Enersis S.A.	TMCH	Parent company	Guarantee	20,050	-	-	20,050
Otros (1)	TMCH	Parent company	Guarantee	615,608	283,872	212,968	118,768
Total				77,948,239	10,136,719	40,917,902	26,893,617

(1) This item includes all guarantees with a value of less than ThCh$ 20,000.

TMCH: Telefónica Móviles Chile S.A.

28. Environment

Due to the nature of its business line, 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 the protection of the environment during this year, whether in a direct or indirect manner.

The Official Gazette of June 11, 2012 published Law No. 20,599 regulating transmission antennas and telecommunications services transmitters.

Law No. 20,599 regulating the installation of telecommunications service broadcasting and transmission antennae was published in the Official Gazette in 2012. 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 towers already in place; new and more demanding conditions for approval of these new sites; ii) retroactively, regulates the height of towers installed before the enactment of the law, which are close to sensitive places determined by the Telecommunications Undersecretary (schools, hospitals, playschools, daycares, nursing homes and others); and iii) also retroactively, regulates the concentration of towers in Saturated Zones, for which solutions are contemplated on the basis of reducing the number of structures or else, compensation is established with community improvement projects which must be agreed upon by the Neighborhood Councils (Juntas de Vecinos) and the Municipal Council, in the amount of 20% of the total cost of the tower, if camouflage is used in the structure and 50% if no camouflage is used.

In compliance with the present law, activities are underway to dismantle sites, or reduce the height of existing structures, which implies responsible handling of the waste produced. For this purpose we have a current contract with responsible recycling companies, with certificates of recycling and final disposal of the project's residues.

The Company is in compliance with what is required in the environmental evaluation in reference to the levels of emission of associated electromagnetic waves, and also in urban and environmental areas.

In this respect the Company is currently working on implementing the competition projects indicated by Subtel where there are polygons placed in the protection areas referred to in Law No. 19,300. In these cases Environmental Impact Studies are performed when there is a plan to install infrastructure in these protection areas to submit them to evaluation by the authorities.

After approximately 3 years from the enactment of the law that regulates the installation of towers, there have been instances of review of the manner in which this law has been implemented. Thus, there are currently projects underway to modify the Law in order for the installation of telecommunication services broadcasting and transmission antennae to be subject to the Environmental Impact Evaluation System, therefore the future ongoing preparation of these studies must be addressed.

29. Financial Risk Management (Not audited)

a) Characterization of the Market and Competition

The mobile telephone market is composed of eleven operators, of which four have their own network and the rest are virtual operators.

Operators with their own network are: Telefónica Móviles Chile (Movistar), owned by the Telefónica Group; Entel S.A., owned by the Almendral Group; Claro, owned by the América Móvil Group and Nextel (sold in January to the English Group Novator Partners LLP, who began operating in July under a new name: WOM, operator that absorbed the customers and infrastructure of what was formerly Nextel).

There are seven virtual mobile operators (VMO). Virgin Mobile, Netline (GTEL) and GTD Móvil entered the market in 2012. Móvil Falabella and Telestar (which owns the Colo-Colo and Wanders franchise) entered the market in 2013. At the end of 2013, VTR signed a roaming services contract with Movistar. In April 2015, VMO Simple began its commercial operations.

Mobile Voice

It is estimated that as of the end of december 2015 the mobile telephone services market will have close to 25.6 million connections, which would represent a slight increase in comparison to the second quarter of the previous year (-0.1%). With this, mobile telephone penetration per 100 inhabitants would reach 142%.

The industry's mobile prepaid customers decreased in 2015, influenced by the effect of lower access charges and the commercial strategy of companies to migrate these customers to plans, leaving the proportion of prepaid customers at 72% of total customers in the market, - 1 p.p. in comparison to as of 2014 year-end.

Mobile Internet

Access to Mobile Internet has experienced explosive growth thanks to the increased penetration of smartphones; with 3 and 4G technology, which allow personalized Internet navigation anywhere, at an affordable price. Thus the number of connections to Mobile Internet exceeded 10.8 million as of December 2015, a growth of 20% in comparison to the four quarter of 2014. Market penetration by inhabitants is also 60%.

Technology

During the fourth quarter of the year, WOM and virtual mobile operator GTD, launched the 4G service for users that have LTE technology and compatibility in the corresponding spectrum, AWG band for WOM and 2,600 MHz for GTD. These companies join operators, Movistar, Claro and Entel, which operate LTE within the 2,600 MHz spectrum and for some time now have offered this technology, whose characteristic is to considerably increasing navigation speed and improve the data use experience.

29. Financial Risk Management, continued (Not audited)

b) Competition risk

The mobile voice business is at the maturation stage, but the incorporation of Virtual Operators, portability and the entry of new players has resulted in operators intensifying the competition, making their offers more flexible and offering better handsets, in order to maintain their customers and capture new ones that are entering the market. This has generated benefits for customers in respect to better offers, better quality of service, better coverage and more capacity.

In 2015 close to 2 million mobile portability instances were recorded, a 51% increase in comparison to the previous year and a record figure since the system began in 2012. From the beginning to December 2015, portability accumulates 4.8 million instances, equivalent to 19% of total mobile voice customers in the industry.

c) Regulatory environment

Regulation plays a relevant role in the mobile telephone industry. Stable standards and criteria allow adequate evaluation of growth projects and reduction of investment risk levels. Correct price establishment in turn allows the creation of a competitive and healthy environment.

Both companies and authorities are interested in increasing services provided and in decreasing the digital breach in Chile. For this, in addition to the right rates, it is necessary that the associated regulations are adequate and allow quick resolution of conflicts that necessarily arise among companies.

Tariff System

In the regulatory area, at the end of 2012 a process began that will derive in a new rate setting for mobile services in the 2014-2019 period, which becomes effective on January 25, 2014.

In addition, in December 2012 the Antitrust Committee ("TDLC") issued General Instructions regulating joint service offers in the market consisting of Fixed-Mobile and On Net/Off Net mobile services.

In January 2014, the Chilean Telecommunications Undersecretary (Subtel) announced a new tariff decree for mobile telephony that will be in force for the next five years for the country's operators; it establishes that as of January 25, the access charge will begin to decrease (tariff that mobile companies charge each other for the use of their networks) by 73% on average. The Contraloría General de la República made observations on the recording ("toma de razón") process of Decree 21, dated 2014, issued by the Ministries of Transportation, Telecommunications and of Economy, Development and Tourism. Finally on May 29, the Contraloría General de la República decided to accept the technical and economic information presented by Subtel and recorded the tariff decrees that establish the access charges of mobile companies for the 2014-2019 five-year period. finally decreeing an average reduction of 76,4% in the rate of Cargo Mobile Access.

29. Financial Risk Management, continued (Not audited)

c) Regulatory environment, continued

Decree No. 21 of 2014 issued by the Ministries of Transportation and Telecommunications and of Economy, Development and Tourism, published in the Official Gazette of June 4, 2014, established the tariffs that will be in force for Telefónica Móviles Chile S.A., for the 2014 – 2019 period. The aforementioned publication completed the tariff-setting process which began at the end of 2012, in conformity with the procedure regulated by law. In this process Telefónica Móviles Chile S.A. used all instances available to defend its points of view, and we wish to highlight those undertaken before the Expert Commission to define the Final Technical Economic Bases, and to resolve controversies referring to the Report on Objections and Counterproposals issued by Subtel, and the "Contraloría General de la República".

Allocation of Spectrum

In Chile there are two mechanisms for allocation of frequencies: direct allocation and public tender allocation.

The Company is holder of telecommunications concessions granted by the Ministry of Transportation and Telecommunications that allow it to operate in the 700 MHz, 850 MHz, 1,900 MHz and 2,600 MHz frequency bands.

The last two frequency block allocations awarded to Telefónica Móviles Chile S.A. were the 2.6 GHz and 700 MHz. frequency blocks, as indicated below. In the tender process called by Subtel, to allocate the data, fixed and/or mobile data transmission public service concessions, in the 2.505 - 2.565 MHz and 2,625 - 2,685 MHz frequency bands, through Decree No. 176, dated 2012, issued by the Ministry of Transportation and Telecommunications, published in the Official Gazette of March 28, 2013, TMCH was awarded the concession allocating block “C” of frequencies that operate with 4G technology. The technical project was undertaken within the period of one year committed to in the public tender.

In the public tender called by Subtel through publication in the Official Gazette on October 15, 2013, to allocate three data transmission public service concessions in the 713 - 748 MHz and 768 – 803 MHz frequency bands, TMCh was awarded the "A" block of frequencies whose concession was awarded by Decree No. 71 of 2015, published in the Official Gazette on September 14, 2015, for a term of 30 years. As of the mentioned date, there is a period of 18 months granted to provide voice service and Internet access in 366 mandatory locations and 2 routes; and the 1 Mbps/256 Kbps Internet access service to 158 schools. To provide service to the public with the band allocated in the rest of the country it has a period of 24 months, which expires on September 14, 2017.

29. Financial Risk Management, continued (Not audited)

c) Regulatory environment, continued

Amendments to the Regulatory Framework

On November 27, 2015, the President of the Republic presented the 2020 Digital Agenda, which contains 60 measures grouped in five areas: Digital Development Law; Digital Connectivity; Digital Government; Digital Economy and Digital Competency.

- Fixed Digital Connectivity the goal is to provide access to high speed and top quality networks to everyone, so that the benefits can reach 90% of homes; 100% of public schools; and for the average Internet access speed be at least 10 Mbps. Through the Telecommunications Development Fund (FDT or Fondo de Desarrollo de las Telecomunicaciones) subsidies will be provided for end user access networks, prioritizing telecommunications connectivity and Internet access projects, focusing on native, rural and vulnerable urban sector communities (7,000 locations and zones). Promoting the bill on high speed Internet, which would obligate suppliers to guarantee the access speeds offered. The Austral Optic Fiber project is in this strategic line.

- **Digital Government** the intention is to have a State that offers better public services and achieve a digital clinical sheet for everyone in the public system, to facilitate diagnosis, follow-up and online appointment reserves.

- **Digital Economy** indicates that the goal is to reach at least a third of smaller companies that purchase and sell on the Internet to use the technologies.

- **Digital Competency** proposes, among other actions, to contribute toward improving the quality of education through digital resources and content oriented to teachers and students.

Number Portability

Number Portability for Mobile and Landline telephones was enabled in accordance with the calendar established by Subtel, though Resolution No. 6,367 dated 2011. On March 16, 2013 Number Portability began for Internet Voice services, Rural Telephony and Mobile Party Pays. Portability of Complementary Services began on October 13, 2014 as provided for in Exempt Resolution No. 1022, dated March 31, 2014, issued by Subtel.

Regarding Geographic Portability and Intermodal Portability, in Exempt Resolution No. 4,535, dated August 4, 2015, Subtel established the timeline that establishes that Geographic Portability will be enabled as of November 2, 2015; the extension of mobile telephone numbers by one digit will be implemented as of February 6, 2016 and Intermodal Portability will take place on September 5, 2016.

29. Financial Risk Management, continued (Not audited)

c) Regulatory environment, continued

On the other hand, in accordance with Article 31 of Decree No. 16, dated 2011, issued by the Ministry of Transportation and Telecommunications, which establishes the tender procedure to designate the Number Portability Management Organization (OAP or Organismo Administrador de la Portabilidad), in compliance with the regulated procedure, the Portability Board awarded the new Number Portability Management Organization (OAP) to Telcordia Technologies, Inc.

d) Financial risk management objectives and policies

The Company's main financial liabilities, in addition to derivatives, comprise bank loans and bond obligations, accounts payable and other accounts payable. The main purpose of these financial liabilities is to obtain financing for the Company's operations. These transactions lead to Company entitlements, mainly trade accounts receivable, cash and short-term deposits.

The Company also has held-for-sale investments and derivative transactions. During its normal course of its operations the Company faces credit risk and liquidity risk.

The Company's management oversees that financial risks are identified, measured and managed in accordance with policies defined for such purposes. All risk management activities are carried out by teams of specialists with appropriate skills, experience and supervision. The Company has a policy not to enter into derivative contracts for speculative purposes.

The Board of Directors reviews and ratifies the policies for managing those risks, which are summarized as follows.

Market risk:

Market risk is the risk that the fair value of future cash flows from a financial instrument may fluctuate due to changes in market prices. Market prices include three types of risk: interest rate risk, exchange rate risk and other price risks such as equity risk. Financial instruments affected by market risk include loans, deposits 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.

29. Financial Risk Management, continued (Not audited)

d) Financial risk management objectives and policies, continued

The Company manages its interest rate risk by maintaining a balanced portfolio of loans and variable and fixed-rate debt. The Company maintains interest rate swaps in which it agrees to exchange, at given intervals, the difference between the fixed-rate amounts and the variable-rate amounts calculated for an agreed-upon notional principal amount. These swaps are designated to hedge the underlying debt obligations.

The Company periodically determines the efficient exposure of its short and long-term debt to changes in interest rates, based on the future evolution of rates. As of december 31, 2015 the company had 46% of its debt and short-term bearing interest at a fixed rate.

The company believes it is reasonable to measure the risk associated to financial debt interest rate as the sensitivity of monthly financial expense accrual in case of a change of 25 base points in the debt reference interest rate, which as of december 31, 2015 is the Nominal Chamber Average Rate (TCPN or Tasa Promedio de Cámara Nominal in Spanish). In this manner, an increase of 25 base points in the monthly TCPN would mean an increase in the monthly financial accrual expense for 2015 of approximately Ch$42,336 million, whereas a drop in the TCPN would mean a reduction of Ch$42,236 million in the monthly financial accrual expense for year.

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows from a financial instrument fluctuate due to changes in exchange rates. The Company's exposure to the risk of exchange rate variation is related principally to securing short and long-term financing in foreign currencies and to operating activities related to handset purchases, other service and assets. The Company's policy calls for trading derivative financial instruments that help minimize this risk.

Credit risk:

Credit risk is the risk that a counterparty is not meeting its obligations stemming from a financial instrument or customer agreement, which could lead to financial loss. The Company is exposed to credit risk from its operating activities (principally accounts receivable) and financing activities, including bank deposits, foreign exchange transactions and other financial instruments.

Credit risks related to customer credits are managed in accordance with policies, procedures and controls established by the Company for managing customer credit risk. Customer credit quality is evaluated on an ongoing basis. Amounts pending collection from customers are monitored. The maximum exposure to credit risk as of the date of presentation of the report is the value of each class of financial assets.

29. Financial Risk Management, continued (Not audited)

Credit risk related to bank balances, financial instruments and marketable securities is managed by the Chief Financial Officer based on Company policies. Surplus funds are only invested with approved counterparties and within the credit limits assigned to each entity. Counterparty limits are reviewed annually and may be updated at other times during the year. These limits are established to reduce the counterparty's risk concentration to a minimum.

Liquidity risk:

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

Capital management:

Capital includes shares and equity attributable to the parent company's equity less unearned income reserves.

The Company's main objective related to capital management is to ensure that it has a strong credit rating and adequate capital ratios to support its businesses and maximize shareholder value. The return on equity (income/average total equity) as of december 31, 2015 amounts to 17.034%, an increase of 13.4% in comparison to december 2014. This was a consequence of higher income for the period, due to the decrease in expenses, mainly for the concept of interconnections and roaming.

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

No changes were introduced in the objectives, policies or processes during the periods ended december 31, 2015 and 2014.

e) Technological changes

The growth of the industry has been driven, to a large extent by the need of customers to be permanently connected through their mobile devices. This translates into ongoing investment requirements to allow.

The competitive intensity in the mobile broadband industry has reduced rates and increased access to the product, producing an explosive growth in mobile data traffic which requires both investments and spectrum availability, a key factor in this industry's evolution. It is thus how the 3 main mobile companies have the LTE or 4G service available in the 2,600 MHz bands, allowing customers to have a better experience in the use of mobile data.

The investment of operators in 3G networks has allowed the Company to withstand the current demand for data, and 4G services will allow it to support growing future mobile data demand.

29. Financial Risk Management, continued (Not audited)

f) Perspective

We expect the competitive scenario to continue, due to the high levels of penetration reached, together with aggressive commercial actions carried out by all operators, focused mainly on increasing the use of data transmission services, especially Internet services from mobile equipment. The higher number of operators and VMOs shall increase the commercial offer to new customer segments, demanding investments in human and financial resources.

30. Subsequent Events

The consolidated financial statements of Telefonica Moviles Chile S.A., for the period ended as of december 31, 2015 were approved and authorized for issuance at the Board of Directors Meeting held on january 28, 2016.

In the period from january 1 to 28, 2016, there have been no significant events after the reporting date that might affect these financial statements.

Alejandro Gil Ibarra
Accounting Manager

Juan Parra Hidalgo
Director of Finance and Management Control

Roberto Muñoz Laporte
General Manager