



TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the exercises ended as of
December 31, 2018 and 2017

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

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ThCh\$: Thousands of Chilean Pesos

MCh\$: Millions of Chilean Pesos

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2018 and 2017



	Notes	31.12.2018	12.31.2017
		ThCh\$	ThCh\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	263,376,457	206,793,908
Other current financial assets	(6)	5,211,677	776,868
Other current non-financial assets	(7)	38,268,897	65,880,486
Current trade and other accounts receivable	(8a)	198,534,756	254,633,655
Current receivables from related companies	(9a)	21,487,842	20,826,616
Inventory	(10a)	55,566,162	49,212,817
Current tax assets	(11b)	13,177,118	11,040,372
TOTAL CURRENT ASSETS		595,622,909	609,164,722
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	152,156,299	110,462,910
Other non-current non-financial assets	(7)	2,716,622	7,334,487
Non-current trade and other accounts receivable	(12a)	34,028,767	23,676,875
Intangible assets other than goodwill. net	(13a)	179,955,847	194,713,920
Goodwill	(14)	504,839,853	504,839,853
Property. plant and equipment. net	(15a)	1,252,993,757	1,265,184,023
Deferred tax assets	(11c)	118,546,134	129,200,809
TOTAL NON-CURRENT ASSETS		2,245,237,279	2,235,412,877
TOTAL ASSETS		2,840,860,188	2,844,577,599

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

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2018 and 2017



	Notes	12.31.2018 ThCh\$	12.31.2017 ThCh\$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	(16)	58,886,127	14,160,658
Trade and other payables	(17a)	385,753,698	381,410,053
Current payables to related companies	(9b)	52,202,802	113,169,695
Other current provisions	(19a)	5,745,139	10,387,867
Current tax liabilities	(11f)	3,420,586	21,863,202
Current employee benefits accrual	(20a)	8,597,752	7,589,974
Other current non-financial liabilities	(21)	29,757,242	63,760,925
TOTAL CURRENT LIABILITIES		544,363,346	612,342,374
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(16)	844,037,498	787,644,639
Trade and other payables non-current	(17a)	4,320,435	3,281,693
Current payables to related companies non-current	(9c)	168,255	353,508
Other non-current provisions	(19b)	20,183,648	19,479,651
Deferred tax liabilities	(11c)	84,570,341	86,548,566
Non-current employee benefits accrual	(20a)	26,842,153	29,653,740
Other non-current non-financial liabilities	(21)	8,042,563	6,978,962
TOTAL NON-CURRENT LIABILITIES		988,164,893	933,940,759
TOTAL LIABILITIES		1,532,528,239	1,546,283,133
NET SHAREHOLDERS' EQUITY			
Issued capital	(22a)	1,294,872,285	1,257,872,285
Retained earnings		465,582,534	487,027,163
Other reserves	(22d)	(457,727,425)	(453,146,171)
Shareholders' equity attributable to owners of the parent		1,302,727,394	1,291,753,277
Non-controlling interest	(22e)	5,604,555	6,541,189
TOTAL NET SHAREHOLDERS' EQUITY		1,308,331,949	1,298,294,466
TOTAL NET LIABILITIES & SHAREHOLDERS' EQUITY		2,840,860,188	2,844,577,599

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of December 31, 2018 and 2017

For years ended December 31,

STATEMENTS OF COMPREHENSIVE INCOME	Notes	2018	2017
		ThCh\$	ThCh\$
Income from ordinary operations	(24a)	1,573,231,970	1,598,299,960
Other income	(24b)	6,727,566	12,495,754
Employee benefits expenses	(20d)	(124,721,095)	(128,914,317)
Depreciation and amortization expense	(13b)(15b)	(279,535,462)	(287,508,991)
Other expenses, by nature	(24c)	(1,024,754,855)	(1,052,414,016)
Profit from operating activities		150,948,124	141,958,390
Interest income	(24d)	5,866,803	11,218,637
Interest expense	(24d)	(42,164,789)	(41,250,476)
Foreign exchange differences	(24e)	982,622	(1,691,490)
Income from indexation units	(24f)	(112,653)	324,498
Profits before tax from continuing operations		115,520,107	110,559,559
Income tax expense	(11e)	(29,604,356)	89,310,461
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		85,915,751	199,870,020
Profit attributable to holders of equity instruments of the controller and minority interest:			
Profit attributable to owners of the parent		85,790,209	199,806,804
Profit attributable to non-controlling interest	(22e)	125,542	63,216
PROFIT (LOSS) FOR THE PERIOD		85,915,751	199,870,020
EARNINGS PER SHARE		Ch\$	Ch\$
Earnings per basic share			
Earnings per basic share for continuing operations	(23)	0.09400	0.22500
Earnings per basic share for discontinuing operations			-
Earnings per basic share		0.09400	0.22500
Diluted earnings per share			
Diluted earnings per share from continuing operations		0.09400	0.22500
Diluted earnings per share from discontinuing operations			-
Diluted earnings per share		0.09400	0.22500

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of December 31, 2018 and 2017

STATEMENTS OF COMPREHENSIVE INCOME	For years ended December 31,	
	2018 ThCh\$	2017 ThCh\$
PROFIT (LOSS) FOR THE PERIOD	85,915,751	199,870,020
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified to income		
Other comprehensive income, before taxes, profits (losses) on new measurements of defined benefits plans	(232,839)	1,906,403
Total other comprehensive income that will not be reclassified to income for the period	(232,839)	1,906,403
Components of other comprehensive income that will be reclassified to income for the period		
Difference of conversion		
Profit (loss) to difference of conversion, before taxes	-	-
Financial assets available for sale		
Profit (loss) on new measurement of financial assets available for sale	(225,969)	143,403
Profit (loss) on cash flow hedges	(7,470,156)	(5,302,100)
Total Components of other comprehensive income that will be reclassified to income for the period	(7,696,125)	(5,158,697)
Total other components of other comprehensive income, before taxes	(7,928,964)	(3,252,294)
Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period		
Income taxes associated to new measurements of defined benefits plans of other comprehensive income	71,410	13,446
Income taxes associated to components of other comprehensive income which will be reclassified to income for the period		
Income tax related to hedging cash flows from other comprehensive income	2,593,708	412,849
Total income taxes associated to components of other comprehensive income	2,665,118	426,295
TOTAL OTHER COMPREHENSIVE INCOME	(5,263,846)	(2,825,999)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	80,651,905	197,044,021
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Comprehensive income attributable to owners of the parent	80,568,679	197,035,229
Comprehensive income attributable to non-controlling interest	83,226	8,792
TOTAL COMPREHENSIVE INCOME	80,651,905	197,044,021

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As of December 31, 2018 and 2017



	Changes in capital (Note 22 a)	Changes in the other reserves (Note 22 d)				Retained earnings	Equity attributable to owners of the parent	Non controlling interests (Note 22 e)	Total equity	
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves					Total other reserves
Beginning balance of tax year	1,257,872,285	5,172,662	(8,038,094)	1,493,734	(451,774,473)	(453,146,171)	487,027,163	1,291,753,277	6,541,189	1,298,294,466
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	85,790,209	85,790,209	125,542	85,915,751
Other comprehensive income	-	(4,833,741)	(165,457)	(222,332)	-	(5,221,530)	-	(5,221,530)	(42,316)	(5,263,846)
Comprehensive income	-	(4,833,741)	(165,457)	(222,332)	-	(5,221,530)	85,790,209	80,568,679	83,226	80,651,905
Dividends	-	-	-	-	-	-	(87,388,498)	(87,388,498)	(40,355)	(87,428,853)
Increase capital	37,000,000	-	-	-	-	-	-	37,000,000	-	37,000,000
Other increase (decrease) from transfers and other changes (1)	-	-	-	-	640,276	640,276	(19,846,340)	(19,206,064)	(979,505)	(20,185,569)
Total changes in shareholders' equity	37,000,000	(4,833,741)	(165,457)	(222,332)	640,276	(4,581,254)	(21,444,629)	10,974,117	(936,634)	10,037,483
Ending balance as of 12.31.2018	1,294,872,285	338,921	(8,203,551)	1,271,402	(451,134,197)	(457,727,425)	465,582,534	1,302,727,394	5,604,555	1,308,331,949
Beginning balance of tax year	1,257,872,279	9,954,496	(9,891,218)	1,336,599	(457,341,890)	(455,942,013)	588,963,184	1,390,893,450	13,953,524	1,404,846,974
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	199,806,804	199,806,804	63,216	199,870,020
Other comprehensive income	-	(4,781,834)	1,853,124	157,135	-	(2,771,575)	-	(2,771,575)	(54,424)	(2,825,999)
Resultado integral	-	(4,781,834)	1,853,124	157,135	-	(2,771,575)	199,806,804	197,035,229	8,792	197,044,021
Dividends	-	-	-	-	-	-	(302,826,674)	(302,826,674)	-	(302,826,674)
Increase capital	6	-	-	-	-	-	-	6	-	6
Other increase (decrease) from transfers and other changes	-	-	-	-	6,322,531	6,322,531	1,083,849	7,406,380	(7,413,717)	(7,337)
Other increase (decrease) from transactions with treasury shares	-	-	-	-	(755,114)	(755,114)	-	(755,114)	(7,410)	(762,524)
Total changes in shareholders' equity	6	(4,781,834)	1,853,124	157,135	5,567,417	(2,795,842)	(101,936,021)	(99,140,173)	(7,412,335)	(106,552,508)
Ending balance as of 12.31.2017	1,257,872,285	5,172,662	(8,038,094)	1,493,734	(451,774,473)	(453,146,171)	487,027,163	1,291,753,277	6,541,189	1,298,294,466

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS DIRECT

As of December 31, 2018 and 2017



For years ended December 31,

Notes	2018 ThCh\$	2017 ThCh\$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Classes of operating activity charges		
Proceeds from sale of assets and services rendered	1,767,785,409	1,849,824,195
Proceeds from sales and services	1,759,858,472	1,842,509,982
Proceeds from related entities	7,926,937	7,314,213
Other operating activities charges	95,389,084	37,597,679
Classes of payments		
Payments to suppliers for supplying goods and services	(1,021,595,304)	(1,010,972,139)
Payments to and on account of employees	(161,581,099)	(147,564,791)
Payments from related entities	(61,235,945)	(62,741,171)
Other operating activities payments	(153,425,448)	(163,472,086)
Net cash flows provided by (used in) operating activities	465,336,697	502,671,687
Income taxes paid reimbursed classified as operating activities (less)	(30,328,460)	(24,895,840)
Other cash inputs (outputs), classified as operating activities	-	(8,848,877)
Cash flows provided by (used in) operating activities	435,008,237	468,926,970
CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES		
Amounts from sales of property, plant and equipment, classified as investment activities	4,030,666	235,000
Additions to property, plant and equipment, classified as investing activities	(281,609,921)	(279,157,606)
(Payments) proceeds Loans to related entities	-	10,742,310
Dividends received	375,963	386,594
Interest received, classified as investing activities	6,129,724	10,463,919
Other cash inputs (outputs), classified as investing activities	449,174	-
Net cash flows provided by (used in) investment activities	(270,624,394)	(257,329,783)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from loans, classified as financing activities		
Payments to acquire or redeem the entity's shares	-	(762,524)
Amounts from the issuance of debt instruments	47,000,000	48,795,050
(Payments) collections loans to related entities	37,000,000	-
Repayment of loan	(16) (1,087,000)	103,305,304
(Payments) collections loans	-	-
Payments of financial lease liabilities	(16) -	(64,488,450)
Dividends paid	(147,787,497)	(282,286,750)
Interest paid	(16) (29,869,788)	(28,090,816)
Other cash inputs (outputs)	(13,057,121)	(2,549,986)
Net cash flows provided by (used in) financing activities	(107,801,406)	(226,078,172)
Increase (decrease) in cash and cash equivalents, before the effects of changes in he exchange rate	56,582,437	(14,480,985)
Effects of changes in the exchange rate over cash and cash equivalents	112	(52)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	56,582,549	(14,481,037)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	206,793,908	221,274,945
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(5) 263,376,457	206,793,908

(1) On June 29, 2018, Telefónica Móviles Chile S.A. sold 37 towers to Telxius Torres Chile S.A. generating an account receivable in the amount of ThCh\$ 3,346,280, which was fully paid in August.

(2) Corresponds to interest paid on bonds and loans as of December 31, 2018 and 2017, See note 16,

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

1. Corporate information:

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

At the Extraordinary Shareholders’ Meeting of Inversiones Telefónica Móviles Holding S.A. held on March 22, 2017, the shareholders approved the merger by absorption of subsidiary Telefónica Móviles Chile S.A., subject to the condition that the Company is to be registered in the Securities Registry of the Superintendency of Securities and Insurance. The registration process was completed on May 2, 2017 and the Company was incorporated to the Securities Registry under Number 1145. This merger did not generate financial effects except for those described in Note 11 c.

At the same Extraordinary Shareholders’ Meeting held on March 22, 2017 the shareholders approved changing the Company’s name from Inversiones Telefónica Móviles Holding S.A. to Telefónica Móviles Chile S.A., as well as the wording of the new bylaws which as of the date of these financial statements are in force.

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

The subsidiary registered in the Securities Registry is:

Subsidiary	Taxpayer No.	Registration No.	Participation percentage (direct and indirect)	
			12.31.2018 %	12.31.2017 %
Telefónica Chile S.A.	90.635.000-9	009	99.1405597	99.0281653

2. Significant accounting principles:

a) Accounting period

These consolidated financial statements (hereinafter, “financial statements”) cover the years ended December 31, 2018 and 2017.

b) Basis of presentation

The consolidated financial statements for December 31, 2018 and 2017 and their corresponding notes are shown in a comparative manner in accordance with Note 2a). Certain minor reclassifications have been made for comparison purposes to the 2017 financial statements, for better comparison with the financial statements as of December 31, 2018.

c) Basis of preparation

The financial statements as of December 31, 2018 and 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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

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

d) Exchange Method

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

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

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

2. Significant accounting principles:

d) Exchange Method, continued

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

DATE	USD	EURO	REAL	UF
12.31.2018	694,77	794,75	179,59	27,565.75
12.31.2017	614,75	739,15	185,64	26,798.14

e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries (hereinafter, "the Company"), including assets, liabilities, income, expenses and cash flows after making adjustments and eliminations related to transactions between the companies that are part of the consolidation, Minority investments have been recognized under "Non-controlling Interests" (note 22e).

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

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

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

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

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Origin Country	Currency	% of participation			12.31.2017 Total
				12.31.2018	12.31.2018	12.31.2018	
				Direct	Indirect	Total	Total
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	Chile	CLP	99.9999996	-	99.9999996	99.9999996
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	Chile	CLP	100.0000000	-	100.0000000	100.0000000
90.635.000-9	Telefónica Chile S.A.	Chile	CLP	99.1405597	-	99.1405597	99.0281653
76.703.410-1	Telefónica Empresas Chile S.A.	Chile	CLP	-	99.9999973	99.9999973	99.9999973
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	Chile	CLP	49.0000000	51.0000000	100.0000000	100.0000000

2. Significant accounting principles, continued

e) Basis of consolidation, continued

The summarized financial information at December 31, 2018 of the companies included in the consolidation is as follows:

Taxpayer No,	Company Name	% Participation	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	100.00	1,688,264	-	1,688,264	795,391	-	795,391	892,873	-	(64,535)
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	7,458,286	231,085	7,689,371	5,931,310	39,685	5,970,995	1,718,376	5,000,976	1,094,589
90.635.000-9	Telefónica Chile S.A.	99.1405597	233,579,549	1,228,273,887	1,461,853,436	286,211,219	526,306,957	812,518,176	649,335,260	465,348,135	15,651,773
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	133,204,081	95,740,819	228,944,900	121,057,608	3,278,193	124,335,801	104,609,099	325,936,223	12,694,145
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	100,557,907	53,294,266	153,852,173	64,311,070	34,063,624	98,374,694	55,477,479	190,319,297	10,183,323

The summarized financial information at December 31, 2017 of the companies included in the consolidation is as follows:

Taxpayer No,	Company Name	% Participation	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	100.00	1,663,381	-	1,663,381	705,973	-	705,973	957,408	-	(657,611)
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	8,251,725	192,790	8,444,515	7,532,985	107,437	7,640,422	804,093	4,892,017	448,279
90.635.000-9	Telefónica Chile S.A.	99.0281653	262,562,015	1,171,695,846	1,434,257,861	235,649,907	526,874,469	762,524,376	671,733,485	483,336,765	7,374,245
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	150,389,926	94,072,499	244,462,425	134,164,770	2,372,945	136,537,715	107,924,710	332,812,643	5,505,534
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	112,944,740	42,531,067	155,475,807	74,035,410	35,939,583	109,974,993	45,500,814	202,915,658	8,956,915

2. Significant accounting principles, continued

f) Financial assets and liabilities

1. Financial assets other than derivatives

Classification and presentation

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

i) Amortized cost

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

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

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

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

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

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

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

ii) Financial assets at fair value through other comprehensive income

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

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

iii) Financial assets at fair value through profit or loss

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

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

2. Financial liabilities

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Financial liabilities, continued

i) Financial liabilities at amortized cost

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

ii) Financial liabilities at fair value through profit or loss

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

This classification includes derivatives designated as effective hedging instruments (see note 18).

3. Derivative financial instruments

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 18, 2) to manage its risks associated to changes in interest rate and exchange rate. The Company's objective in respect to derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on underlying hedged transactions.

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

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

Variations in the fair value of derivatives that have been designated as and meet the requirements for being treated as fair value hedge instruments, are recorded in the 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 deficit or profit in that heading is transferred to the comprehensive statement of income to the extent that the underlying has an impact on the comprehensive income statement for the hedged risk, netting that effect. The part of the hedge considered to be ineffective is recorded directly in the comprehensive income statement.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

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

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

g) Inventory

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

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

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

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

h) 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.

i) Leases

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

2. Significant accounting principles, continued

i) Leases, 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 associated liability are recorded at the fair value of the leased asset or the present value of the minimum agreed-upon lease payments if lower. Interest expense is charged to income throughout the life of the lease. 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 the end of the exercise 2018 and 2017 were not identified leasing implicit.

j) Income taxes

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

Tax assets and liabilities for the current and prior periods are measured at the amount the Company estimates it will recover or pay to tax authorities. Tax rates and government regulations used to calculate these amounts are those in force as of each exercise 27% and 25.5% and December 31, 2018 and 2017, respectively.

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

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

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

k) Goodwill

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

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

2. Significant accounting principles, continued

l) Intangibles

i) Concession licenses

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

ii) Licenses and softwares

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

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

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

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

m) Property, plant and equipment

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

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

2. Significant accounting principles, continued

m) Property, plant and equipment, continued

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

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

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, Maybe capitalized, Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale. At the closure of exercises of 2018 and 2017 there are no capitalized interests.

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

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

n) Depreciation of property, plant and equipment

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

The average annual financial depreciation rate of the Company is approximately 10.42% and 10.23% to December 31, 2018 and 2017, respectively.

Estimated useful lives are summarized in the following detail:

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

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

2. Significant accounting principles, continued

ñ) Provisions

i) Post-employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using an nominal annual discount rate of 4.673% y 5.196% at December 31, 2018 and 2017 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 rental contract ends. This cost is calculated at current value and recorded as a property, plant and equipment item in assets and as a non-current accrual for future obligations. That property, plant and equipment item is amortized over the duration of the asset associated to that accrual.

iii) Other provisions

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

o) Income and expenses

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

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

i) Telecommunications

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

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

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

2. Significant accounting principles, continued

o) Income and expenses, continued

i) Telecommunications, continued

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

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

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

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

The amount corresponding to traffic that has been pre-paid and use is pending generates deferred income which is recorded in liabilities, Electronic top-ups usually have an expiry period of up to 90 days, and any unused prepaid traffic is recognized directly in income when traffic is consumed or when the top-up expires, since as of that moment the Company has no remaining obligations to provide the service.

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

In 2018 and in accordance with IFRS 15, income from commercial package offers that combine different goods and services for fixed telephone service, data, Internet and television. the Company determines whether it is necessary to separate the different elements identified, applying the appropriate revenue recognition criterion for each case. Total revenue for the package is allocated to its identified elements on the basis of their respective fair values (i.e, the fair value of each individual component, in relation to the total fair value of the package), unlike the criteria applied up to last year (in accordance with IAS 18) where no amounts contingent on delivery of the remaining elements to be provided to customers were allocated. To the extent that packages are commercialized with an equipment discount, the application of the new criteria will involve an increase in the recognition of income from sale of equipment, which will generally be recognized coinciding with the time of delivery to the customer, at the expense of periodic income from providing services in subsequent periods.

Likewise, IFRS 15 requires the recognition of an asset for any incremental costs which are expected to be recovered, incurred to obtain and comply with a contract, and their subsequent allocation to profit or loss in the same extent in which income related to that asset is allocated.

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

2. Significant accounting principles, continued

o) Income and expenses, continued

ii) Customer loyalty program:

Consists mainly in a program called “Club Movistar” which provides multiple benefits to customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue from products exchanged for points. As of December 31, 2018, the valuation of this loyalty program is immaterial in relation to the contracts for which they have been generated.

iii) Government subsidies:

Operating subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. participate in tenders for State projects associated to the Telecommunications Development Fund, for the purpose of receiving resources to install operating assets for the operation and exploitation of public services. These resources, called government subsidies, are initially recorded as deferred income, under other non-financial liabilities, and charged against income over the useful lives of the assets associated to those subsidies (Note 21).

Subsidiary Telefónica Investigación y Desarrollo Chile SpA participates in tenders for State projects associated to the Innova Chile Committee, in order to carry out research and development, technology transfer and marketing activities, in the area of information and communication technologies. These government subsidies are initially recorded as deferred revenue under “other non-financial liabilities”, and are recoded in income as the projects progress in their development (Note 21).

p) Use estimates

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

i) Property, plant and equipment and intangibles

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

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

ii) Deferred taxes

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

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

2. Significant accounting principles, continued

p) Use estimates, continued

ii) Deferred taxes

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

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

iii) Provisions

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

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

iv) Post-employment benefits

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

Future salary increases and pension increases are based on expected future inflation rates for the specific country. View details of the actuarial hypotheses used in Note 20a).

v) Financial assets and liabilities

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

2. Significant accounting principles, continued

q) Methods of consolidation

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

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

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

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

r) New IFRS and Interpretations of the IFRS Interpretations Committee

i. Publication of new standards

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

New Standard		Mandatory application date
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021
IFRICC 23	Uncertainty Over Income Tax Treatment	January 1, 2019

IFRS 16 "Lease"

Published in January 2016 it establishes the principle for recognition, measurement, presentation and disclosure of leases, IFRS 16 substitutes current IAS 17 and introduces a single model for lessee accounting and requires that a lessee recognize the assets and liabilities of all lease agreements with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 is effective for annual exercises beginning on or after January 1, 2019 and early application is allowed for entities that apply IFRS 15 before the date of the initial application of IFRS 16.

IFRS 17 "Insurance Contracts"

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

2. Significant accounting principles, continued

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

i. Publication of new standards, continued

IFRIC 23 “Uncertainty over Income Tax Treatment”

Published in June 2016. This interpretation clarifies how the recognition and measurement requirements of IAS 12 are applied when there is uncertainty about tax treatment.

ii. Publication of standards modifications

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

IFRS 9 “Financial Instruments”

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

IAS 28 “Investments in Associates and Joint Ventures”

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

IFRS 3 “Business Combinations”

Published in December 2017. The amendment clarified that obtaining control of a company that is a joint operation, is a business combination that is achieved in stages. The acquirer must remeasure its previous participation in the joint operation at fair value on the date of acquisition.

IFRS 11 “Joint Arrangements”

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

2. Significant accounting principles, continued

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

ii. Publication of standards modifications, continued

IAS 12 “Income Taxes”

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

IAS 23 “Borrowing Costs”

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

IAS 19 “Employee Benefits”

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

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

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

IFRS 3 “Business Combinations”

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

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

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

2. Significant accounting principles, continued

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

iii. Application of new standards

Based on the analysis performed to date, the Company believes that the application of many of these standards, improvements, amendments and interpretations will not have a significant impact on the financial statements in the exercise of initial application. However, the following standards that have been published, but are not yet in effect will have a significant impact on the Company's consolidated financial statements at the time of their adoption and prospectively:

- IFRS 16 Leases

IFRS 16 establishes that companies that act as lessees must recognize the assets and liabilities derived from all lease contracts (except for short-term lease agreements and those involving assets with low value) in the statement of financial position.

The Company has a very large number of lease agreements where it acts as lessee for various assets, mainly: towers, circuits, real estate for offices and stores and land where its own towers are located. Under current regulations, a significant part of these contracts are classified as operating leases, recording the corresponding payments using the straight-line method throughout the term of the contract.

Notwithstanding, considering the volume of affected contracts, and the magnitude of the committed lease payments that are reflected in the annual financial statements, the Company believes that the amendments introduced by IFRS 16 will have a significant impact assets and liabilities of those financial statements.

Based on the analysis performed during the year, the company, which is still in the process of implementing the standard, has determined a reasonable quantification of the impact of applying the standard on the date of initial application, estimating its effect at approximately Ch\$221,611 million, which will be recorded as assets due to rights of use and liabilities for financial debt; as well as an insignificant effect on equity.

s) Statement of cash flows

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

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

3. Changes in Accounting Policy and Disclosures

IFRS have been consistently applied during the exercise covered by these financial statements, except for the application of IFRS 9 and IFRS 15, current since January 1, 2018.

The effect of these changes is as follows:

a) IFRS 9 Financial Instruments

IFRS 9 establishes the criteria for recording and valuing financial instruments, After analyzing the effects of the new criteria introduced by this standard, the most significant aspects identified by the Company are, among others, that:

- ❖ It simplifies the current financial asset valuation model and establishes three main categories: amortized cost, at fair value through profit or loss and at fair value through other comprehensive income, based on the business model and characteristics of the contractual cash flows. There are no significant changes in comparison to the criteria used as of December 31, 2017, in respect to recording and valuation of financial liabilities.
- ❖ It introduces a new model for financial asset impairment, the expected loan losses model, that substitutes the incurred loss model under IAS 39. Consequently, the application of the new requirements has led to an acceleration in the recognition of financial asset impairment losses.
- ❖ It introduces a new model for accounting for hedges, that is less restrictive, requiring an economic relationship between the hedged item and the hedging instrument and that the hedging relationship ratio be the same that is applied by the entity for its risk management. Likewise, the new standard modifies the hedging relationship documentation criteria.

The main change focuses on documentation of the hedging policies and strategies, as well as on the process for expected financial asset impairment loss estimate and the time of its recognition. The Company has decided to adhere to the option that allows it to re-express the figures for comparative periods presented in the year of first application of the new criteria.

As of January 1, 2018, the date of initial application of IFRS 9, the Company has recorded a net effect of ThCh\$ 20,312,088, as a decrease in retained earnings, under equity, composed by ThCh\$ 27,824,778 of effect of first-time application of IFRS 9 and ThCh\$ 7,512,690 of deferred taxes.

3. Changes in Accounting Policy and Disclosures, continued

b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 allows two alternative transition methods: retroactive for each period presented, or retroactive with the cumulative effect of initial application recognized on the date of first application. The Company has adopted this second method of transition. The main practical solutions that the Company has applied are:

- ❖ The standard has not been applied retrospectively to contracts that were completed on a date prior to January 1, 2018.
- ❖ The requirements of the standard have been applied to groups of contracts with similar characteristics, since for this collective, the effects do not differ significantly in comparison to an individualized application per contract.
- ❖ The financial component is not considered significant when the period between the moment in which the goods or services committed to with the customer are transferred, and the moment at which the customer pays for these goods or services is one year or less, or when it does not exceed 7% of the total amount of the contract.
- ❖ The costs incurred for obtaining contracts have been recognized as expenses as they are incurred when their foreseen amortization period is one year or less.

The most relevant impact due to the amendments introduced by IFRS 15 refer to the increase in revenue recognized on sale of equipment, which is recognized at the time of delivery to the customer, at the expense of periodic revenue from providing services in subsequent periods, capitalizing and deferring incremental costs, related to obtaining and complying with contracts, and the criteria for identification of elements in contracts with customers.

As of January 1, 2018, date of initial application of IFRS 15, the Company has recorded a net effect of ThCh\$ 110,658, as an increase in retained earnings, under equity, composed of ThCh\$ 2,705,197 of effect of first-time application of IFRS 15 and ThCh\$ 2,594,539 of deferred taxes.

4. Financial information by segment

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

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

4. Financial information by segment, continued

The operating segments reported internally are as follows:

a) Mobile Telecommunications

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

b) Fixed Telecommunications

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

c) Television Services

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

d) Corporate Communications and Data

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

e) Others

“Other” includes logistics, personnel and management services,

4. Financial information by segment, continued

Relevant information regarding Telefónica Móviles Chile S.A. and his subsidiaries, which represent different segments, together with information regarding other subsidiaries, corresponding to December 31, 2018 and 2017 is detailed as follows:

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

4. Financial information by segment, continued

For the exercise ended as of December 31, 2017	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	919,656,896	358,152,100	124,447,786	175,988,811	79,267,972	(59,213,605)	1,598,299,960
Income from ordinary activities arising from transactions with other operating segments of the same entity	12,460,092	125,216,745	32,376,046	-	123,615,606	(293,668,489)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	932,116,988	483,368,845	156,823,832	175,988,811	202,883,578	(352,882,094)	1,598,299,960
Cost of sales	369,620,955	54,117,295	99,442,236	114,952,846	-	(160,956,405)	477,176,926
Administrative expenses	352,493,712	265,283,357	52,356,422	40,093,347	59,043,301	(194,033,050)	575,237,089
Employee benefits expenses	2,119,269	-	-	-	149,059,472	(22,264,424)	128,914,317
Cost of interest	19,822,436	19,714,309	1,053,578	132,128	2,833,547	(2,305,522)	41,250,476
Interest income	8,298,511	4,025,079	1,141,832	-	61,490	(2,308,275)	11,218,637
Depreciation and amortization	114,940,507	144,234,328	15,374,773	12,354,651	-	604,732	287,508,991
Participation in profit of associated companies accounted for using the equity method	11,033,858	9,957,120	116,440	-	-	(21,107,418)	-
Income tax expense	(101,142,754)	9,566,109	(3,042,907)	(3,750,970)	9,060,061	-	(89,310,461)
Other significant non-cash items	7,715,582	2,938,599	400,722	-	25,318,537	(25,244,678)	11,128,762
Profits(loss) before tax	100,168,060	16,940,354	(9,744,183)	8,455,839	17,327,285	(22,587,796)	110,559,559
Profit (loss) for the period from continuing operations	201,310,814	7,374,245	(6,701,276)	12,206,809	8,267,224	(22,587,797)	199,870,020
Profit (loss) for the period from discontinuing operations							
Profit (loss) for the period	201,310,814	7,374,245	(6,701,276)	12,206,809	8,267,224	(22,587,796)	199,870,020
Assets	2,173,905,425	1,434,257,861	107,563,467	136,898,958	157,139,188	(1,165,187,300)	2,844,577,599
Investments in associates accounted for using the equity method	692,315,993	130,538,611	591,511	-	-	(823,446,115)	-
Increases in non-current assets	88,271,497	141,843,740	19,172,733	-	-	-	249,287,970
Liabilities	877,542,685	762,524,376	76,461,120	60,076,595	110,680,966	(341,002,609)	1,546,283,133
Shareholders' equity	1,296,362,740	671,733,485	31,102,347	76,822,363	46,458,222	(824,184,691)	1,298,294,466
Liabilities & Shareholders' equity	2,173,905,425	1,434,257,861	107,563,467	136,898,958	157,139,188	(1,165,187,301)	2,844,577,599
Cash flows provided by (used in) operating activities	240,677,039	163,465,810	17,792,979	21,433,166	38,933,154	(13,375,178)	468,926,970
Cash flows provided by (used in) investment activities	(54,007,998)	(152,081,811)	(6,766,648)	(12,029,597)	-	(32,443,729)	(257,329,783)
Cash flows provided by (used in) from in financing activities	(175,411,226)	(35,347,811)	(9,062,293)	(11,076,136)	(38,705,000)	43,524,295	(226,078,171)

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

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

5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Cash (a)		431,560	681,583
	CLP	431,560	640,992
	USD	-	22,599
	EUR	-	17,992
Banks (b)		27,816,511	20,465,814
	CLP	26,443,540	18,055,979
	USD	803,353	2,357,492
	EUR	369,771	52,343
	Others currencies	199,847	-
Time deposits (c)		235,128,386	170,614,407
	CLP	235,128,386	170,614,407
Repurchase agreement (d)		-	15,032,103
	CLP	-	15,032,103
Total cash and cash equivalents		263,376,457	206,793,908
Sub-total by currency	CLP	262,003,486	204,343,482
	USD	803,353	2,380,091
	EUR	369,771	70,335
	Others currencies	199,847	-

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

a) Cash

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

b) Banks

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

c) Time deposits

Time deposits maturing in less than 90 days are recorded at fair value and as of December 31, 2018 and 2017 are detailed as follows:

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

5. Cash and cash equivalents, continued

e) Time deposits, continued

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh\$	Accrued interest in local currency ThCh\$	12.31.2017 ThCh\$
Time deposits	CLP	170,570,000	2.91%	10	170,570,000	44,407	170,614,407
Total					170,570,000	44,407	170,614,407

d) Repurchase agreement

As of December 31, 2018, the Company did not have Repurchase agreement, At December 31, 2017 are as follows:

Code	Date		counterparty	Currency Origin	Subscription value of currency origin (ThCh\$)	Annual rate %	Total Value ThCh\$	accounting value ThCh\$
	Start	Term						12.31.2017
CRV	Dec-28-17	Jan-02-18	BBVA	CLP	12,000,000	1.80%	12,003,000	12,001,800
CRV	Dec-29-17	Jan-01-18	BCI	CLP	1,030,000	1.80%	1,030,206	1,030,104
CRV	Dec-29-17	Jan-02-18	BBVA	CLP	2,000,000	1.80%	2,000,400	2,000,200
Total					15,030,000		15,033,606	15,032,104

6. Other current and non-current financial assets

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

Concepts		12.31.2018		12.31.2017	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Guarantees established	(a)	137,124	50,468	86,315	50,468
Other investments	(b)	-	6,962,236	-	7,188,206
Exchange rate hedge	(See Note 18,2)	5,074,553	145,143,595	690,553	103,224,236
Total		5,211,677	152,156,299	776,868	110,462,910

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

b) Non-current investments are detailed as follows:

Participation	Country	Investment currency	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Telefónica Brazil (1) (2)	Brazil	REAL	6,958,379	7,184,349
Other participation	Chile	CLP	3,857	3,857
Total			6,962,236	7,188,206

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

(2) As of December 31, 2018, dividends in the amount of ThCh\$ 468,016 were accrued on the 0.06% share in the equity of Telefónica Brazil. As of December 31, 2018 and 2017, dividends in the amount of ThCh\$ 375,963 and ThCh\$ 386,594, respectively, were received, which are recorded in finance income in the income statement.

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

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

Concepts	12.31.2018		12.31.2017	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Deferred cost of handsets (1)	6,111,281	-	15,770,669	-
Unearned leasing	12,214,853	964,213	14,434,194	980,618
Franchisee commissions (2)	1,705,993	-	18,495,019	-
Other prepaid expenses (3)	15,081,168	1,752,409	14,139,527	6,353,869
Other (4)	3,155,602	-	3,041,077	-
Total	38,268,897	2,716,622	65,880,486	7,334,487

- (1) Corresponds to the cost of dispatched prepaid units, that have not been activated by the end customers, As of December 31, 2018 and 2017, the number of handsets pending activation is 68,108 and 229,759, respectively.
- (2) Up until December 31, 2017, this item was used to capitalize all commissions on capturing derecognized customers, which were deferred over 6 months; with the coming into effect of IFRS 15, as of January 1, 2018 only variable customer capture commissions are capitalized and amortized over a period of 18 months.
- (3) At December 2018 and 2017, this item includes capitalization of compliance costs associated to television equipment ThCh\$ 13,561,458 and ThCh\$ 12,418,654 in current and ThCh\$ 1,750,487 and ThCh\$ 6,299,533 in non-current, respectively. Under IFRS 15 the amortization period was reduced for this concept in comparison to the exercise in which the previous standard was applied. In addition, it includes the SAS Platform Maintenance in the amount of ThCh\$ 215,443, for ELA license maintenance and support for Software Base Program Believe (PET-PROD-TTD) in the amount of ThCh\$ 171,664, non-linear contents AMDPCS in the amount of ThCh\$ 90,635 for RedHat licensing, for Fiber Optics Maintenance La Serena - Valdivia maintenance ThCh\$ 75,797, LD Radioelectric Spectrum in the amount of ThCh\$ 70,496 and other licenses and prepaid expenses in the amount ThCh\$ 1,797,680.
- (4) This item mainly includes remaining VAT and recoverable taxes in the amount of ThCh\$ 2,005,435 and ThCh\$ 1,901,685, and advance insurance in the amount of ThCh\$ 1,150,167 and ThCh\$ 1,139,392, as of December 31, 2018 and 2017, respectively.

8. Current trade and other accounts receivable

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

Concepts	12.31.2018			12.31.2017		
	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$
Receivables on current loan transactions	387,741,581	(203,743,562)	183,998,019	412,288,757	(173,091,668)	239,197,089
Invoiced services (1)	209,363,424	(200,120,468)	9,242,956	300,957,760	(173,091,668)	127,866,092
Services provided and not invoiced (2)	153,958,317	(2,508,625)	151,449,692	111,330,997	-	111,330,997
Contractual asset (3)	24,419,840	(1,114,469)	23,305,371	-	-	-
Miscellaneous receivables	14,536,737	-	14,536,737	15,436,566	-	15,436,566
Total	402,278,318	(203,743,562)	198,534,756	427,725,323	(173,091,668)	254,633,655

- (1) In November and December 2018 customer commercial portfolios were sold to IDB Invest and Banco Santander Madrid for a total amount of MCh\$ 124,194. The Company has been left as the collection agent for these accounts.
- (2) From January 1, 2018, with the coming into effect of IFRS 9, revenue allowances are included in the calculation of allowance for doubtful accounts.
- (3) Under IFRS 15, the contractual asset corresponds to the difference between income from sale of handsets and the amount received from the customer at the beginning of the contract.

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

Concepts	12.31.2018				Total	12.31.2017				Total
	Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months		Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	
Miscellaneous receivables	29,617,113	9,170,670	-	-	38,787,783	30,875,776	5,735,933	-	-	36,611,709
Total	29,617,113	9,170,670	-	-	38,787,783	30,875,776	5,735,933	-	-	36,611,709

8. Current trade and other accounts receivable, continued

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

Movements	12.31.2018	12.31.2017
	ThCh\$	ThCh\$
Beginning balance	174,489,215	169,687,736
Increases	44,362,766	46,229,952
Eliminations/ Additions	(40,526,881)	(41,428,473)
Adjustment on first-time application of IFRS 9 (see note 3)	27,824,778	-
Movements, subtotal	31,660,663	4,801,479
Ending balance	206,149,878	174,489,215

d) Allowance for doubtful account movements according to the composition of the portfolio as of December 31, 2018 and 2017 are detailed as follows:

Provisions and write-offs	12.31.2018	12.31.2017
	ThCh\$	ThCh\$
Accrual for portfolio that has not been renegotiated	42,887,885	46,757,086
Accrual for renegotiated portfolio	1,474,881	(527,134)
Adjustment on first-time application of IFRS 9 (see note 3)	27,824,778	-
Write-offs for the exercise	(40,526,881)	(41,428,473)
Total	31,660,663	4,801,479

e) As of December 31, 2018 and 2017 the portfolio of returned documents and those in judicial collection is detailed as follows:

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

Portfolio of returned documents and judicial collection as of 12.31.2017	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	6,748	175	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	3,573,601	150,474	-	-



8. Current trade and other accounts receivable, continued

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

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

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



8. Current trade and other accounts receivable, continued

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

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

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



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2017 is detailed as follows, continued

Aging of portfolio by segment for the exercise December 31, 2017	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	728,189	303,861	77,401	50,075	63,648	69,172	42,670	62,287	71,850	3,015,230	4,484,383
Net portfolio w/o renegotiation	25,861,666	4,710,807	2,410,933	1,707,162	332,649	173,650	117,667	-	-	-	35,314,534
Debt	26,381,391	4,718,693	2,411,995	1,987,825	1,243,852	1,379,560	1,106,623	871,148	920,298	96,684,681	137,706,066
Accrual	(519,725)	(7,886)	(1,062)	(280,663)	(911,203)	(1,205,910)	(988,956)	(871,148)	(920,298)	(96,684,681)	(102,391,532)
Number of clients w/renegotiation	38,831	350	372	351	366	325	358	353	407	71,323	113,036
Net renegotiated portfolio	409,430	-	-	-	-	-	-	-	-	-	409,430
Debt	655,761	3,638	3,975	3,731	3,700	3,140	3,549	3,305	4,345	622,825	1,307,969
Accrual	(246,331)	(3,638)	(3,975)	(3,731)	(3,700)	(3,140)	(3,549)	(3,305)	(4,345)	(622,825)	(898,539)
Total number of clients	767,020	304,211	77,773	50,426	64,014	69,497	43,028	62,640	72,257	3,086,553	4,597,419
Total Fixed Telephone Portfolio	26,271,096	4,710,807	2,410,933	1,707,162	332,649	173,650	117,667	-	-	-	35,723,964
Debt	27,037,152	4,722,331	2,415,970	1,991,556	1,247,552	1,382,700	1,110,172	874,453	924,643	97,307,506	139,014,035
Accrual	(766,056)	(11,524)	(5,037)	(284,394)	(914,903)	(1,209,050)	(992,505)	(874,453)	(924,643)	(97,307,506)	(103,290,071)
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,466	1,440	544	27	353	359	232	179	251	1,601	7,452
Net portfolio w/o renegotiation	44,373,197	1,754,800	3,862,724	1,878,544	884,104	594,026	496,561	-	-	-	53,843,956
Debt	44,670,949	1,754,800	3,881,992	1,898,629	933,544	633,573	522,251	119,010	139,329	2,547,122	57,101,199
Accrual	(297,752)	-	(19,268)	(20,085)	(49,440)	(39,547)	(25,690)	(119,010)	(139,329)	(2,547,122)	(3,257,243)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	2,466	1,440	544	27	353	359	232	179	251	1,601	7,452
Total Corporate Communication and Data Portfolio	44,373,197	1,754,800	3,862,724	1,878,544	884,104	594,026	496,561	-	-	-	53,843,956
Debt	44,670,949	1,754,800	3,881,992	1,898,629	933,544	633,573	522,251	119,010	139,329	2,547,122	57,101,199
Accrual	(297,752)	-	(19,268)	(20,085)	(49,440)	(39,547)	(25,690)	(119,010)	(139,329)	(2,547,122)	(3,257,243)
Television											
Number of clients w/o renegotiation (1)	384,200	36,431	35,492	38,693	21,163	30,257	23,442	19,454	21,438	223,835	834,405
Net portfolio w/o renegotiation	26,539,634	605,627	567,765	588,492	-	-	-	-	-	-	28,301,518
Debt	26,539,634	605,627	567,765	788,841	266,672	508,315	490,331	499,869	626,764	12,377,309	43,271,127
Accrual	-	-	-	(200,349)	(266,672)	(508,315)	(490,331)	(499,869)	(626,764)	(12,377,309)	(14,969,609)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	384,200	36,431	35,492	38,693	21,163	30,257	23,442	19,454	21,438	223,835	834,405
Total Television Portfolio	26,539,634	605,627	567,765	588,492	-	-	-	-	-	-	28,301,518
Debt	26,539,634	605,627	567,765	788,841	266,672	508,315	490,331	499,869	626,764	12,377,309	43,271,127
Accrual	-	-	-	(200,349)	(266,672)	(508,315)	(490,331)	(499,869)	(626,764)	(12,377,309)	(14,969,609)

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



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2017 is detailed as follows, continued

Aging of portfolio by segment for the exercise December 31, 2017	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
Mobile Business											
Number of clients w/o renegotiation (1)	846,323	106,213	48,611	41,173	43,069	40,689	26,681	52,375	38,517	1,373,770	2,617,421
Net portfolio w/o renegotiation	105,072,802	5,240,448	3,953,669	3,594,531	1,223,407	651,479	1,262,195	-	-	-	120,998,531
Debt	105,072,802	5,240,448	3,953,669	3,594,531	3,006,154	2,396,647	2,462,784	2,786,654	1,768,837	39,686,456	169,968,982
Accrual	-	-	-	-	(1,782,747)	(1,745,168)	(1,200,589)	(2,786,654)	(1,768,837)	(39,686,456)	(48,970,451)
Number of clients w/renegotiation	11,397	932	940	1,002	1,179	1,188	1,218	735	1,403	14,856	34,850
Net renegotiated portfolio	328,651	-	92	182	175	20	-	-	-	-	329,120
Debt	635,263	56,125	65,901	78,804	82,457	75,401	64,455	34,485	56,790	1,783,733	2,933,414
Accrual	(306,612)	(56,125)	(65,809)	(78,622)	(82,282)	(75,381)	(64,455)	(34,485)	(56,790)	(1,783,733)	(2,604,294)
Total number of clients	857,720	107,145	49,551	42,175	44,248	41,877	27,899	53,110	39,920	1,388,626	2,652,271
Total Other Portfolio	105,401,453	5,240,448	3,953,761	3,594,713	1,223,582	651,499	1,262,195	-	-	-	121,327,651
Debt	105,708,065	5,296,573	4,019,570	3,673,335	3,088,611	2,472,048	2,527,239	2,821,139	1,825,627	41,470,189	172,902,396
Accrual	(306,612)	(56,125)	(65,809)	(78,622)	(1,865,029)	(1,820,549)	(1,265,044)	(2,821,139)	(1,825,627)	(41,470,189)	(51,574,745)
Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	15,436,566	-	-	-	-	-	-	-	-	-	15,436,566
Debt	15,436,566	-	-	-	-	-	-	-	-	-	15,436,566
Accrual	-	-	-	-	-	-	-	-	-	-	-
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Other Portfolio	15,436,566	-	-	-	-	-	-	-	-	-	15,436,566
Debt	15,436,566	-	-	-	-	-	-	-	-	-	15,436,566
Accrual	-	-	-	-	-	-	-	-	-	-	-
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,961,178	447,945	162,048	129,968	128,233	140,477	93,025	134,295	132,056	4,614,436	7,943,661
Net portfolio w/o renegotiation	217,283,865	12,311,682	10,795,091	7,768,729	2,440,160	1,419,155	1,876,423	-	-	-	253,895,105
Debt	218,101,342	12,319,568	10,815,421	8,269,826	5,450,222	4,918,095	4,581,989	4,276,681	3,455,228	151,295,568	423,483,940
Accrual	(817,477)	(7,886)	(20,330)	(501,097)	(3,010,062)	(3,498,940)	(2,705,566)	(4,276,681)	(3,455,228)	(151,295,568)	(169,588,834)
Number of clients w/renegotiation	50,228	1,282	1,312	1,353	1,545	1,513	1,576	1,088	1,810	86,179	147,886
Net renegotiated portfolio	738,081	-	92	182	175	20	-	-	-	-	738,550
Debt	1,291,024	59,763	69,876	82,535	86,157	78,541	68,004	37,790	61,135	2,406,558	4,241,383
Accrual	(552,943)	(59,763)	(69,784)	(82,353)	(85,982)	(78,521)	(68,004)	(37,790)	(61,135)	(2,406,558)	(3,502,833)
Total number of clients	2,011,406	449,227	163,360	131,321	129,778	141,990	94,601	135,383	133,866	4,700,615	8,091,547
Total Consolidated Portfolio	218,021,946	12,311,682	10,795,183	7,768,911	2,440,335	1,419,175	1,876,423	-	-	-	254,633,655
Debt	219,392,366	12,379,331	10,885,297	8,352,361	5,536,379	4,996,636	4,649,993	4,314,471	3,516,363	153,702,126	427,725,323
Accrual	(1,370,420)	(67,649)	(90,114)	(583,450)	(3,096,044)	(3,577,461)	(2,773,570)	(4,314,471)	(3,516,363)	(153,702,126)	(173,091,668)

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

9. Receivables from and payable to related companies

a) Currents receivables from related companies:

Company	Taxpayer No,	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Telxius Torres Chile, S.A.	76.558.575-9	Chile	Common end controller	Serv. Provided	CLP	60 days	9,694,655	6,152,453
Telefónica Internacional Wholesale Services Spain	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	4,379,668	6,175,148
Telefónica Digital Spain	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	977,665	397,484
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	956,011	977,050
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	USD	90 days	850,567	645,683
Media Networks Peru	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	836,803	60,947
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Serv. Provided	CLP	60 days	721,676	504,860
Telefónica S.A.	Foreign	Spain	Shareholder	Serv. Provided	EUR	90 days	712,499	237,104
Colombia Telecomunicaciones S.A.E,S,P	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	436,611	739,848
Fundación Telefónica Chile S.A.	74.944.200-k	Chile	Associated	Serv. Provided	CLP	60 days	384,910	84,026
Telefónica Brazil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	361,443	234,095
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	257,637	155,011
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	210,653	181,172
Telefónica Investigación y Desarrollo, S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	135,356	3,840
Telefónica del Peru	Foreign	Peru	Common end controller	Serv. Provided	CLP	60 days	121,981	248,607
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	74,813	172,043
Telefónica Móviles Spain S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	66,148	1,100,870
Pegaso PCS, S.A. de C,V,	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	57,419	1,050,005
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	47,916	54,203
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	46,498	334,639
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	36,330	10,455
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	30,744	819,203
Tmas	96.990.810-k	Chile	Common end controller	Serv. Provided	CLP	60 days	23,667	-
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	UK	Common end controller	Serv. Provided	EUR	90 days	19,388	85,740
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	Serv. Provided	USD	90 days	12,317	44,559
Media Networks Chile	76.243.733-3	Chile	Common end controller	Serv. Provided	CLP	60 days	10,265	25,871
Telefónica Móviles de Panamá	Foreign	Panama	Common end controller	Serv. Provided	USD	90 days	7,484	40,999
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	4,962	13,773
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	4,222	18,529
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	60 days	2,618	2,647
Inversiones Telefónica Internacional Holding S.A. (1)	77.363.730-K	Chile	Shareholder	Serv. Provided	CLP	60 days	1,732	20,716
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end controller	Serv. Provided	CLP	60 days	1,705	2,599
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	Serv. Provided	USD	90 days	798	16,389
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	681	605

9. Receivables from and payable to related companies

a) Currents receivables from related companies, continued:

Company	Taxpayer No,	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Telefónica Factoring Chile S.A.	76.096.189-2	Chile	Common end controller	Serv. Provided	CLP	60 days	-	202,336
Telefónica Global Technology Chile	59.165.120-K	Chile	Common end controller	Serv. Provided	CLP	60 days	-	11,890
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	-	1,202
Telfisa Global B.V.	Foreign	Holland	Common end controller	Administration commission	CLP	90 days	-	15
Total							21,487,842	20,826,616

- (1) On December 20, 2017, Telefónica Móviles Chile S.A. offset its account receivable from its shareholder Inversiones Telefónica Holding Internacional S.A. in the amount of ThCh\$ 125,152,778 (170,283 thousand euros) with the dividends payable decreed on the same date by the Shareholders' Meeting,

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

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

9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Subtotal			9,575,433	6,133,604
				Spaces lease	CLP	60 days	8,391,763	5,072,415
				Infrastructure lease	CLP	60 days	471,628	584,234
				Colocalization lease	CLP	60 days	636,129	466,514
				Serv. Provided	CLP	60 days	75,913	10,441
Telefónica S.A.	Foreign	Spain	Shareholder	Subtotal			8,840,377	9,356,745
				Brand Fee	EUR / CLP	90 days	8,062,739	8,356,591
				Others	EUR	90 days	777,638	1,000,154
Telxius Cable Chile (Ex Telef, Int, Wholesale Services Chile SA)	96.910.730-9	Chile	Common end controller	Subtotal			6,551,488	7,517,014
				Voice IP transit	CLP	60 days	4,604,977	3,091,423
				Data and links	CLP	60 days	1,192,853	1,156,108
				Commercial Mandate	CLP	60 days	729,747	1,744,056
				Serv. Provided	CLP	60 days	-	1,500,127
				Others	CLP	60 days	23,911	25,300
Telefónica International Wholesale Services Spain	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	6,087,907	5,981,745
Telefónica Digital Spain	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	5,753,026	3,349,186
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	4,042,858	5,781,301
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	2,062,670	1,586,106
Media Networks Peru	Foreign	Peru	Common end controller	Satellite Space	USD	90 days	1,898,281	1,816,562
Telefónica Latam Holding	Foreign	Spain	Common end controller	Subtotal			1,874,932	1,679,982
				Management Fee	EUR	90 days	1,871,048	1,677,726
				Others	EUR	90 days	3,884	2,256
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	1,571,774	2,073,917
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	841,807	681,241
Telefónica Global Roaming S.A.U,	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	523,799	2,143,335
Telefónica USA Inc,	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	449,518	2,387,367
Telefónica Brazil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	358,571	181,924
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	301,652	485,711
Telefónica del Peru S.A.	Foreign	Peru	Common end controller	Serv. Provided	USD	180 days	208,929	139,303
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	184,439	51,574
Telefónica Global Roaming GmbH	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	146,609	137,426
Telefónica O2 Germany GmbH & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	144,742	23,629
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	141,770	29,855
Colombia Telecomunicaciones S.A.E,S,P, (Telecom,)	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	140,411	127,228
Telefónica Investigación y Desarrollo Chile SPA	76.378.279-4	Chile	Common end controller	Serv. Provided	CLP	60 days	137,908	-
Fundación Telefónica Chile	74.944.200-k	Chile	Common end controller	Serv. Provided	CLP	60 days	137,771	732,887
Telefónica Móviles Spain S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	66,252	699,325
Telefónica Uk Ltd	Foreign	UK	Common end controller	Serv. Provided	USD	90 days	42,272	17,090
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	25,855	23,840

9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2018	12.31.2017
							ThCh\$	ThCh\$
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	16,916	55,316
Telefónica Global Technology Chile	59.165.120-k	Chile	Common end controller	Computer services	CLP	60 days	16,105	68,130
Pegaso PCS, S.A. de C,V,	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	15,900	18,951
Telfisa Global B,V,	Foreign	Spain	Common end controller	Administration commission	CLP	90 days	12,707	31,220
Tgestiona Logística Peru Sac	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	8,031	-
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	90 days	6,396	4,784
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	Serv. Provided	USD	90 days	4,737	9,022
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	4,304	-
Telefónica Móviles Panamá	Foreign	Panamá	Common end controller	Serv. Provided	USD	90 days	3,243	1,845
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	3,077	12,606
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	223	72
Telefónica de Spain S.A.U	Foreign	Spain	Common end controller	Serv. Provided	EUR	180 days	112	14,904
Telefónica Global Services , GmbH	Foreign	Germany	Common end controller	Serv. Provided	USD	90 days	-	1,035
Telefonica On The Spot Services S.A.U,	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	-	3,074
Telefónica Factoring - Spain	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	-	1,426
Telefónica Soluciones de Informática y Comunicaciones	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	-	1,546
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	Serv. Provided	USD	90 days	-	78
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	-	69,162
Inversiones Telefónica International Holding Ltda.	77.363.730-K	Chile	Shareholder					
				Subtotal			-	59,738,627
				Dividend	EUR	30 days	-	59,712,856
				Serv. Provided	CLP	90 days	-	25,771
Total							52,202,802	113,169,695

c) Non-current payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of The relationship	Transaction origin	Currency	Term	12.31.2018	12.31.2017
							ThCh\$	ThCh\$
Telefónica S.A.	Foreing	Spain	End Controller	Obligation RRHH	CLP	-	168,255	353,508
Total							168,255	353,508

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

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



9. Receivables from and payable to related companies

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

Company	Taxpayer No,	Country Of origin	Nature of the relationship	Transaction origin	Currency	12.31.2018		12.31.2017	
						Amount	Effect on income (Charge/Credit)	Amount	Effect on income (Charge)/Credit
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
Telefónica International Wholesale Services América	Foreign	Uruguay	Common end Controller	Costs	USD	-	-	355,201	(355,201)
				Sales	USD	416,641	416,641	-	-
Telefónica S.A.	Foreign	Spain	End Controller	Sales	EUR	122,866	122,866	207,931	207,931
				Brand Fee	EUR	26,139,682	(26,139,682)	26,398,082	(26,398,082)
				Others	EUR	727,833	(727,833)	329,015	(329,015)
Telefónica Global Technology Chile	56.165.120-K	Chile	Common end Controller	Sales	CLP	-	-	118,238	118,238
				Computer services	CLP	21,696	(21,696)	521,866	(521,866)
Media Networks Peru	Foreign	Peru	Common end Controller	Sales	USD	1,115,217	1,115,217	129,762	129,762
				Spaces least	USD	9,240,306	(9,240,306)	8,099,683	(8,099,683)
				Others	USD	456,955	(456,955)	870,215	(870,215)
Telefónica Global Tecnología	Foreign	Spain	Common end Controller	Costs	EUR	4,766,466	(4,766,466)	4,155,437	(4,155,437)
				Financial income	EUR	18,094	(18,094)	234,355	(234,355)
				Sales	EUR	37,809	37,809	-	-
Telefónica UK Ltd	Foreign	UK	Common end Controller	Sales	USD	31,039	31,039	-	-
				Financial income	USD	-	-	60,026	60,026
				Costs	USD	101,171	(101,171)	(386,882)	386,882
Telefónica Contenidos	Foreign	Spain	Common end Controller	Costs	USD	262,886	(262,886)	350,246	(350,246)
				Sales	USD	2,353	2,353	7,517	7,517
Telefónica Brazil	Foreign	Brazil	Common end Controller	Sales	USD	376,848	376,848	467,540	467,540
				Costs	USD	123,478	(123,478)	(78,084)	78,084
				Dividends	USD	-	-	-	-
Telxius Torres Chile Holding, S.A.	76.558.575-9	Chile	Common end Controller	Sales	CLP	408,965	408,965	473,950	473,950
				Costs	CLP	5,661,522	(5,661,522)	5,079,107	(5,079,107)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end Controller	Sales	CLP	254,356	254,356	199,723	199,723
				Costs	CLP	6,923,396	(6,923,396)	4,114,460	(4,114,460)
Telefónica Digital Spain	Foreign	Spain	Common end Controller	Sales	EUR	957,168	957,168	821,147	821,147
				Costs	EUR	6,195,797	(6,195,797)	7,126,243	(7,126,243)
Telefónica Compras Electrónica S.A.	Foreign	Spain	Common end Controller	Costs	EUR	1,729,772	(1,729,772)	1,603,844	(1,603,844)
				Sales	EUR	13,531	13,531	-	-
Telefónica USA Inc,	Foreign	USA	Common end Controller	Costs	USD	522,207	(522,207)	715,251	(715,251)
				Sales	USD	82,830	82,830	-	-
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end Controller	Sales	USD	581,093	581,093	329,611	329,611
				Costs	USD	173,399	(173,399)	291,464	(291,464)
Telfisa Global B,V,	Foreign	Spain	Common end Controller	Financial income	CLP	-	-	464,678	464,678
				Comisión Admin,	CLP	341,269	(341,269)	32,043	(32,043)
Telefónica On The Spot Services SAU	Foreign	Spain	Common end Controller	Costs	EUR	-	-	5,232	(5,232)
Telefónica Latinoamericana Holding,S,L	Foreign	Spain	Common end Controller	Costs	EUR	-	-	15,450	(15,450)
				Management Fee	EUR	2,035,648	(2,035,648)	1,932,954	1,932,954



9. Receivables from and payable to related companies, continued

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

Company	Taxpayer No.	Country Of origin	Nature of the relationship	Transaction origin	Currency	12.31.2018		12.31.2017	
						Amount	Efect on income (Charge/Credit)	Amount	Efect on income (Charge)/Credit
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
Telefónica Global Roaming Gmbh	Foreign	Germany	Common end Controller	Costs	EUR	254,853	(254,853)	257,777	(257,777)
Telefónica International Wholesale Services Spain	Foreign	Spain	Common end Controller	Sales	EUR	2,141,253	2,141,253	(2,060,552)	2,060,552
				Costs	EUR	3,985,948	(3,985,948)	2,979,359	(2,979,359)
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end Controller	Sales	USD	655,161	655,161	18,402	18,402
				Costs	USD	23,368	(23,368)	31,490	(31,490)
TMAS	96.990.810-k	Chile	Common end Controller	Costs	CLP	2,757	(2,757)	-	-
				Sales	USD	-	-	-	-
Telefónica de Spain S.A.U.	Foreign	Spain	Common end Controller	Costs	EUR	233,863	(233,863)	277,565	(277,565)
Inversiones Telefónica Internacional Holding S.A.	77.363.730-K	Chile	Common end Controller	Sales	CLP	17,366	17,366	847,280	847,280
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end Controller	Sales	CLP	18,627	18,627	5,245	5,245
				Costs	CLP	998,815	(998,815)	100,352	(100,352)
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end Controller	Costs	EUR	-	-	71,522	(71,522)
				Sales	EUR	787	787	-	-
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end Controller	Sales	CLP	305,705	305,705	261,709	261,709
Colombia Telecomunicaciones S.A.E.S.P. (Telecom)	Foreign	Colombia	Common end Controller	Sales	USD	22,341	22,341	11,660	11,660
				Costs	USD	63,511	(63,511)	(71,382)	71,382
Media Network Chile	76.243.733-3	Chile	Common end Controller	Sales	CLP	83,333	83,333	19,062	19,062
				Costs	CLP	137,109	(137,109)	100,874	(100,874)
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end Controller	Sales	CLP	24,375	24,375	15,678	15,678
				Costs	CLP	73,632	(73,632)	-	-
Fundación Telefónica Chile S.A.	74.944.200-k	Chile	Associated	Sales	CLP	2,701	2,701	731	731
				Financial income	CLP	-	-	12,220	(12,220)
T, Learning Services Chile Capacitación Limitada	76.131.334-7	Chile	Common end Controller	Sales	CLP	122,283	122,283	45,807	45,807
Telefónica Móviles Panamá	Foreign	Panamá	Common end Controller	Sales	USD	7,709	7,709	5,430	5,430
				Costs	USD	9,922	(9,922)	(16,240)	16,240
Telcel Venezuela	Foreign	Venezuela	Common end Controller	Sales	USD	(16,710)	(16,710)	4,981	4,981
				Costs	CLP	(12,085)	(12,085)	4,597	(4,597)
Terra Networks Chile S.A.	93.834.230-4	Chile	Common end Controller	Sales	CLP	80,830	80,830	125,457	125,457
				Costs	CLP	1,073,443	(1,073,443)	1,277,002	(1,277,002)
Telefónica Factoring Chile S.A.	76.096.189-2	Chile	Common end Controller	Sales	CLP	-	-	-	-
Telefónica Investigación y Desarrollo Chile Spa	76.378.279-4	Chile	Common end Controller	Sales	CLP	236,943	236,943	-	-



9. Receivables from and payable to related companies, continued

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

Company	Taxpayer No,	Country Of origin	Nature of the relationship	Transaction origin	Currency	12.31.2018		12.31.2017	
						Amount	Effect on income (Charge/Credit)	Amount	Effect on income (Charge/Credit)
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
Telefónica Móviles Spain S.A.	Foreign	Spain	Common end Controller	Sales	EUR	169,237	169,237	(204,072)	(204,072)
				Costs	EUR	202,298	(202,298)	571,854	(571,854)
Telefónica Germany GmbH & Co Ohg	Foreign	Germany	Common end Controller	Sales	USD	(9,914)	(9,914)	(272)	(272)
				Costs	USD	(82,584)	82,584	162,344	(162,344)
Telefónica del Peru S.A.	Foreign	Peru	Common end Controller	Sales	USD	49,155	49,155	4,518	4,518
				Costs	USD	284,634	(284,634)	183,044	(183,044)
Telxius Cable Chile S.A.	96.910.730-9	Chile	Common end Controller	Sales	CLP	3,009,360	3,009,360	3,478,632	3,478,632
				Accesses and transit	CLP	13,713,728	(13,713,728)	15,988,885	(15,988,885)
				Financial income	CLP	22,630	(22,630)	163,409	(163,409)
				Others	CLP	31,584	(31,584)	407,236	(407,236)
Pegaso PCS, S.A. de C.V.	Foreign	México	Common end Controller	Sales	USD	1,459	1,459	3,078	3,078
				Costs	USD	(237,434)	237,434	(14,852)	14,852
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end Controller	Sales	USD	1,502	1,502	(437)	(437)
				Costs	USD	552	(552)	(1,825)	1,825
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end Controller	Sales	USD	5,425	5,425	29,636	29,636
				Costs	USD	2,311	(2,311)	27,761	(27,761)
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end Controller	Sales	USD	516	516	829	829
				Costs	USD	1,151	(1,151)	607	(607)
Otecel S.A.	Foreign	Ecuador	Common end Controller	Sales	USD	4,223	4,223	(9,789)	(9,789)
				Costs	USD	13,257	(13,257)	21,852	(21,852)
Telefónica Global Services, GmbH	Foreign	Germany	Common end Controller	Costs	USD	5,015	(5,015)	(100,804)	100,804
Telefónica Argentina S.A.	Foreign	Argentina	Common end Controller	Sales	USD	10,124	10,124	-	-
				Costs	USD	7,329,240	(7,329,240)	7,398,081	(7,398,081)
Tiws Chile II Spa	76.540.944-6	Chile	Common end Controller	Sales	CLP	636,897	636,897	345,995	345,995
				Costs	CLP	4,112,963	(4,112,963)	1,556,463	(1,556,463)

9. Cuentas por cobrar y pagar a entidades relacionadas, continued

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

For amounts greater than 10% of their total heading the origin of the specified transaction is reported.

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

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

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

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

The Company is managed by a Board of Directors composed of 12 members and its key employees are 65 and 68 executives for December 31, 2018 and 2017, respectively.

Concepts	12.31.2018	12.31.2017
	ThCh\$	ThCh\$
Salaries	12,379,983	11,424,441
Post employment benefits	1,928,698	4,152,778
Total	14,308,681	15,577,219

10. Inventory

a) The detail of inventory is as follows:

Concepts	12.31.2018			12.31.2017		
	Gross value ThCh\$	Allowance for obsolescence ThCh\$	Net value ThCh\$	Gross value ThCh\$	Allowance for obsolescence ThCh\$	Net value ThCh\$
Mobile equipment	41,801,732	(1,241,829)	40,559,903	39,252,788	(1,950,616)	37,302,172
Modems and Router	4,067,087	(1,001,222)	3,065,865	3,387,832	(574,361)	2,813,471
Basic telephony, public telephony and switchboard ("centralitas") components	8,166,587	(220,094)	7,946,493	7,808,213	(484,649)	7,323,564
Decoders and antennas	2,169,968	(755,823)	1,414,145	1,951,659	(700,686)	1,250,973
IP Solutions Projects	2,214,315	-	2,214,315	132,635	-	132,635
Mobile accessory	23,068	(7,330)	15,738	17,749	(7,403)	10,346
Other	403,232	(53,529)	349,703	395,274	(15,618)	379,656
Total	58,845,989	(3,279,827)	55,566,162	52,946,150	(3,733,333)	49,212,817

As of December 31, 2018 and 2017 there have been no inventory write-offs, there is no inventory in guarantee

10. Inventory, continued

b) The movement of inventory is as follows:

Movements	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Beginning balance	49,212,817	49,462,283
Purchases	255,153,777	253,361,805
Capitalized sales	(238,173,014)	(231,650,482)
Sales pending capitalization	(6,111,282)	(15,770,669)
Other derecognitions	(4,969,562)	(6,100,524)
Allowance for obsolescence	453,508	(89,596)
Transfer to materials allocated to the investment (note 15b)	(82)	-
Movement, subtotal	6,353,345	(249,466)
Ending balance	55,566,162	49,212,817

11. Income Taxes

a) Income Taxes:

As of December 31, 2018 the subsidiaries Telefónica Chile S.A., Telefónica Chile Servicios Corporativos Ltda., and Telefónica Investigación y Desarrollo SpA, have established a first category income tax provision since a positive taxable base was determined in the amount of ThCh\$ 32,789,698. As of December 31, 2017, the taxable base was determined in the amount of ThCh\$ 22,481,102 from the Telefónica Chile S.A., Telefónica Chile Servicios Corporativos Ltda. y Telefónica Investigación y Desarrollo SpA. subsidiaries.

As of December 31, 2018 and 2017, the Parent and subsidiaries presents the next tax losses of first category:

- Telefónica Móviles Chile S.A. ThCh\$ 632,507 at December 31, 2017.
- Telefónica Chile S.A., ThCh\$ 18,233,987 at December 31, 2018.
- Telefónica Empresa S.A. ThCh\$ 22,732,910 at December 31, 2018 and ThCh\$6553,608 at December 2017.
- Telefónica Móviles Soluciones y Aplicaciones S.A. ThCh\$ 3,144,738 at December 2018 and ThCh\$ 3,032,656 at December 2017, respectively.

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

11. Taxes, continued**a) Income Taxes, continued**

As of December 31, 2018, corporate income is detailed as follows:

Subsidiaries	Control	Income subject to Global Complementary or Additional Tax (RAI)	Difference between Accelerated Devaluation And normal(DDAN)	Exempt income (REX) Non-taxable income	Saldos acumulados de Créditos (SAC)			Accumulated up to 12.31.2016 Effective rate 22.71% entitled to return	TOTAL BALANCE OF TAXABLE NET INCOME (STUT)
					Accumulated as of 01.01.2017 Current loan rate (factor of 25.5%)				
					Sujetos a restitución Con derecho a devolución	Subject to restitution entitled to return	No Subject to restitution entitled to return		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Telefónica Móviles Chile S.A.	184,448,533	184,448,533	-	-	640,782	-	-	7,862,612	39,157,176
Telefónica Chile S.A.	4,479,673	-	-	4,790,361	1,144,404	-	634,017	166,578,485	738,060,129
Telefónica Chile Servicios Corporativos Ltda.	87,317,425	87,317,425	-	-	12,413,403	-	-	16,823,940	62,657,631
Total	276,245,631	271,765,958	-	4,790,361	14,198,589	-	634,017	191,265,037	839,874,936

b) Current tax assets

As of December 31, 2018 and 2017, current income tax assets are detailed as follows:

Concepts	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Taxes for recovering previous years (1)	3,103,379	4,590,180
Monthly prepaid tax installments (2)	5,471,861	739,892
Provisional payment on absorbed profits (3)	4,199,489	4,740,822
Sence	400,000	755,015
Others	2,389	214,463
Total	13,177,118	11,040,372

- (1) Corresponds to the net balance between monthly provisional payments and the income tax provision.
- (2) Corresponds to taxes recovering rental operation 2018 and prior years.
- (3) The provisional payment on absorbed profits is composed by ThCh\$ 1,480,760 of the Parent and ThCh\$ 2,718,729 of the Inversiones Telefónica Móviles Holding S.A



11. Income Taxes, continued

c) Deferred tax assets and liabilities

As of December 31, 2018 and 2017, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh\$ 33,975,793 ThCh\$ 42,652,243 respectively, and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits December 31, 2018	Other temporary differences	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred Cost of sale and deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Equity adjustment due to termination benefits and hedging insurance	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	3,988,759	33,270,555	808,147	4,565,235	112,136,511	5,433,476	-	18,381,366	9,655,282	13,048,516	-	(82,741,713)	118,546,134	118,546,134
Deferred tax liabilities	1,286,493	-	-	7,289,084	-	-	2,424,678	11,400,917	144,910,855	-	27	(82,741,713)	84,570,341	84,570,341
Deferred tax liabilities (assets)	(2,702,266)	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,449)	135,255,573	(13,048,516)	27	-	(33,975,793)	(33,975,793)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(2,702,266)	(33,270,555)	(808,147)	-	(112,136,511)	(5,433,476)	-	(6,980,449)	-	(13,048,516)	-	-	(174,379,920)	(174,379,920)
Deferred tax liabilities, net	-	-	-	2,723,849	-	-	2,424,678	-	135,255,573	-	27	-	140,404,127	140,404,127
Deferred tax expense (benefit)														
Deferred tax expense (benefit)	868,574	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(6,036,091)	1,168,931	(9,120,813)	3,839,514	-	15,653,462	15,653,462
Deferred tax expense (benefit) recognized in income	868,574	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(6,036,091)	1,168,931	(9,120,813)	3,839,514	-	15,653,462	15,653,462
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(3,570,840)	(36,950,627)	(930,595)	(10,178,366)	(127,482,640)	(4,062,291)	8,772,190	(872,948)	138,403,612	(1,940,251)	(3,839,487)	-	(42,652,243)	(42,652,243)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	868,574	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(6,036,091)	1,168,931	(9,120,813)	3,839,514	-	15,653,462	15,653,462
Deferred taxes related to items credited (charged) directly to equity	-	(7,512,690)	-	10,730,846	-	-	(3,819,336)	-	(4,316,970)	-	-	-	(4,918,150)	(4,918,150)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	-	(71,410)	-	(1,987,452)	-	-	(2,058,862)	(2,058,862)
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)	868,574	3,680,072	122,448	12,902,215	15,346,129	(1,371,185)	(6,347,512)	6,107,751	(3,148,039)	(11,108,265)	3,839,514	-	8,676,450	8,676,450
Deferred tax liabilities (assets)	(2,702,266)	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,449)	135,255,573	(13,048,516)	27	-	(33,975,793)	(33,975,793)

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



11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits December 31, 2017	Other temporary differences	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred Cost of sale and deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Equity adjustment due to termination benefits and hedging insurance	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	3.988.759	36.950.627	930.595	10.178.366	127.482.640	4.062.291	-	19.161.824	11.904.704	1.940.251	4.267.418	(94.856.094)	129.200.809	129.200.809
Deferred tax liabilities	1.286.493	-	-	-	-	-	8.772.190	18.288.876	150.308.316	-	427.931	(94.856.094)	86.548.566	86.548.566
Deferred tax liabilities (assets)	(2.702.266)	(36.950.627)	(930.595)	(10.178.366)	(127.482.640)	(4.062.291)	8.772.190	(872.948)	138.403.612	(1.940.251)	(3.839.487)	-	(42.652.243)	(42.652.243)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(2.702.266)	(36.950.627)	(930.595)	(10.178.366)	(127.482.640)	(4.062.291)	-	(872.948)	-	(1.940.251)	(3.839.487)	-	(189.828.045)	(189.828.045)
Deferred tax liabilities, net	-	-	-	-	-	-	8.772.190	-	138.403.612	-	-	-	147.175.802	147.175.802
Deferred tax expense (benefit)														
Deferred tax expense (benefit)	2.686.745	6.980.921	(511.209)	(2.501.116)	(127.482.640)	(525.248)	4.266.750	(872.948)	(4.537.218)	(1.940.251)	-	-	(124.436.214)	(124.436.214)
Deferred tax expense (benefit) recognized in income	2.686.745	6.980.921	(511.209)	(2.501.116)	(127.482.640)	(525.248)	4.266.750	(872.948)	(4.537.218)	(1.940.251)	-	-	(124.436.214)	(124.436.214)
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(3.570.840)	(43.931.548)	(419.386)	(7.677.250)	-	(3.537.043)	4.505.440	-	142.940.830	-	(3.826.041)	-	81.797.417	81.797.417
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	2.686.745	6.980.921	(511.209)	(2.501.116)	(127.482.640)	(525.248)	4.266.750	(872.948)	(4.537.218)	(1.940.251)	-	-	(124.436.214)	(124.436.214)
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	-	-	(13.446)	-	(13.446)	(13,446)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	2.686.745	6.980.921	(511.209)	(2.501.116)	(127.482.640)	(525.248)	4.266.750	(872.948)	(4.537.218)	(1.940.251)	(13.446)	-	(124.449.660)	(124.449.660)
Deferred tax liabilities (assets)	(3.570.840)	(36.950.627)	(930.595)	(10.178.366)	(127.482.640)	(4.062.291)	8.772.190	(872.948)	138.403.612	(1.940.251)	(3.839.487)	-	(42.652.243)	(42.652.243)

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

11. Income Taxes, continued

c) Deferred tax assets and liabilities, continued

ii) Effect of tax goodwill due to merger

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

As of December 31, 2018 and 2017, the balance of this deferred tax asset, amounts to ThCh\$ 112,136,511 and ThCh\$ 127,482,640, respectively.

d) Taxable Income

As of December 31, 2018 and 2017 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh\$ 32,789,698 and ThCh\$ 22,481,102 respectively for period, detailed as follows:

Concepts	Taxable Net Income	
	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Finance income	85,915,751	199,870,020
Recorded tax expense	29,604,356	(89,310,461)
Additions	524,175,540	410,331,879
Deductions	(606,905,949)	(498,410,336)
Taxable net income	32,789,698	22,481,102
First category tax rate 27% and 25.5%	8,853,218	5,732,681
Art. 21 rejected expenses tax base	4,875,792	2,112,964
Art. 21 non-deductible expenses (40% rate)	1,950,317	845,186
Total tax provision	10,803,535	6,577,867
Provision contingencies (1)	374,302	13,021,936
Hedging instrument income tax provision (2)	(32,718)	(127,620)
Deficit/exceso period anterior	2,805,775	2,169,733
Provision for wind up tax of subsidiary	-	14,964,597
Provisional payment on own absorbed profits	-	(1,480,760)
Total first category taxes (3)	13,950,894	35,125,753

(1) Corresponds to contingencies of the parent company and subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. (see Note 27 b),

(2) Corresponds to the deficit (surplus) in the tax provision calculated on 2016 and 2017 hedging instruments (liquidated), which is realized in the settlement of the derivate, which occurs in the period following its accrual. This tax provision deficit (surplus) is presented as higher or menor expense for the exercise.

(3) First category tax has been accounted for considering the increase in the rate from 25.5% to 27%, due to the tax reform of Law 20,780.

11. Income Taxes, continued

e) Income tax reconciliation

The income tax expense reconciliation for December 31, 2018 and 2017 are detailed as follows:

Concepts	12.31.2018		12.31.2017	
	Taxable base	27% Tax Rate	Taxable base	25.5% Tax Rate
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Based on accounting income before taxes:				
Finance income	85,915,751		199,870,020	
Recorded tax expense	29,604,356		(89,310,461)	
Income before taxes	115,520,107	31,190,429	110,559,559	28,192,687
Permanent differences	(5,874,345)	(1,586,073)	(460,796,663)	(117,503,148)
Price-level restatement of taxable equity	(59,928,304)	(16,180,642)	(49,038,350)	(12,504,779)
Price-level restatement of taxable value of investments in related companies	30,964,992	8,360,548	16,561,568	4,223,200
Income from investment in related parties	1,584,020	427,685	1,007,100	256,811
Effect of rate change in the result	-	-	(35,472,796)	(9,045,563)
Effect or taxable goodwill on merger of subsidiary	-	-	(520,087,229)	(132,622,243)
Contingency provision	(547,747)	(147,892)	51,066,416	13,021,936
Adjustment on deferred tax balances	(28,351,178)	(7,654,818)	9,726,560	2,480,273
Deficit (Excess) previous period	10,391,754	2,805,774	(13,807,173)	(3,520,829)
Tax loss of carryover previous year	-	-	(9,172,786)	(2,339,060)
Third party absorbed net income provisional payment	-	-	(5,806,902)	(1,480,760)
Taxes provisions of results end subsidiary	-	-	58,684,694	14,964,597
Uncollectible debtor write-offs	45,290,564	12,228,452	39,211,905	9,999,036
Others (1)	(5,278,446)	(1,425,180)	(3,669,677)	(935,768)
Total corporate tax expense	109,645,762	29,604,356	(350,237,104)	(89,310,461)
Based on taxable net income and deferred taxes calculated on the basis of temporary differences				
27% and 25.5% income tax		8,853,218		5,732,681
40% and income tax		1,950,317		845,186
Contingency provision		374,302		13,021,936
Hedging instrument income tax provision		(32,718)		(127,620)
Deficit/exceso period anterior		2,805,775		2,169,733
Provision for wind up tax of subsidiary		-		14,964,597
Deficit/exceso exercise anterior		-		(1,480,760)
Income tax expense		13,950,894		35,125,753
Deferred tax expense (income)		15,653,462		(124,436,214)
Total corporate tax expense		29,604,356		89,310,461
Effective income tax rate		25.63%		-80.78%

(1) This item includes subsidies from tax organizations, tax fines, price-level restatement of investments, and financial write-offs, among others.

11. Income Taxes, continued

f) Current income tax liabilities

As of December 31, 2018 and 2017, current income tax liabilities are detailed as follows:

Concepts	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Contingency provision (note 27 b)	1,191,149	18,424,224
Income tax accrual	1,394,825	2,362,100
Unic income tax	603,036	845,186
Others	231,576	231,692
Total	3,420,586	21,863,202

g) Tax reform

Law No, 20,780 which contains the Tax Reform which introduces amendments to the tax system of companies that pay first category tax, among other things, was published on September 29, 2014, In this context the income tax rate increases gradually, in this year to 25.5%, reaching a rate of 27% in 2018, in the partially integrated tax system, In the attributed income system incorporated with this same legal amendment, the maximum rate will be 25%.

For the purpose of preparing these financial statements, the Company has incorporated the maximum rate of 27% in the determination of deferred taxes, due to the incorporation of the Company in the partially integrated tax system established in article 14, letter B of the Income Tax Law,

Tax rates are detailed as follows:

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

12. Non-current trade and other accounts receivable

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

Concepts	12.31.2018			12.31.2017		
	Gross value	Allowance for doubtful accounts	Net value	Gross value	Allowance for doubtful accounts	Net value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Receivables on non-current loan transactions	19,411,992	(2,406,316)	17,005,676	13,608,953	(1,397,547)	12,211,406
Trade receivables	16,835,225	(2,277,294)	14,557,931	13,608,953	(1,397,547)	12,211,406
Contractual asset (1)	2,576,767	(129,022)	2,447,745	-	-	-
Miscellaneous receivables (2)	17,023,091	-	17,023,091	11,465,469	-	11,465,469
Total	36,435,083	(2,406,316)	34,028,767	25,074,422	(1,397,547)	23,676,875

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

(2) Mainly includes loans related to employees,

b) As of December 31, 2018 and 2017, Non-current trade and other accounts receivable by due date are detailed as follows:

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

As of December 31, 2017									
Concepts	Gross Portfolio value in ThCh\$				Allowance for doubtful accounts ThCh\$				Net Total
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	
Trade receivables	4,401,462	6,385,340	2,822,151	13,608,953	(1,220,545)	(62,807)	(114,195)	(1,397,547)	12,211,406
Miscellaneous receivables	2,009,982	845,717	8,609,770	11,465,469	-	-	-	-	11,465,469
Total	6,411,444	7,231,057	11,431,921	25,074,422	(1,220,545)	(62,807)	(114,195)	(1,397,547)	23,676,875

13. Intangible Assets other than goodwill

a) Intangible assets other than goodwill as of December 31, 2018 and 2017 are detailed as follows:

Concepts	12.31.2018			12.31.2017		
	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$
Intangible assets in development (1)	20,363,160	-	20,363,160	3,872,270	-	3,872,270
Licenses and softwares (1)	631,965,788	(501,240,939)	130,724,849	706,433,221	(546,880,694)	159,552,527
Administratives grantings	130,169,199	(102,592,962)	27,576,237	130,169,199	(100,764,730)	29,404,469
Other intangible assets (2)	21,832,500	(20,540,899)	1,291,601	21,832,500	(19,947,846)	1,884,654
Total	804,330,647	(624,374,800)	179,955,847	862,307,190	(667,593,270)	194,713,920

- (1) As of December 2018, the following new investments were made in Evolutionary Developments (includes Believe) in the amount of ThCh\$ 4,929,555, operating continuity in the amount of ThCh\$ 8,879,588, licenses in the amount of the ThCh\$ 2,655,526 and others projects in the amount of ThCh\$ 232,329, offset by a decrease in transferred licenses in the amount of ThCh\$ 229,418.
- (2) Corresponds to rights to use underwater cable.

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

Movements	Intangible assets in development, net ThCh\$	Licenses and franchises, net ThCh\$	Administratives Grantings Net ThCh\$	Other intangible assets, Net ThCh\$	Intangible, net ThCh\$
Beginning balance as of 01,01,2018	3,872,270	159,552,527	29,404,469	1,884,654	194,713,920
Additions	35,018,308	-	-	-	35,018,308
Low	-	(122,611,460)	-	-	(122,611,460)
Low Amortization	-	122,611,460	-	-	122,611,460
Amortization	-	(76,971,705)	(1,828,232)	(593,053)	(79,392,990)
Transfer from work in progress (Note 15b)	(5,943,531)	35,560,140	-	-	29,616,609
Transfer from costs of developing to service	(12,583,887)	12,583,887	-	-	-
Movement, subtotal	16,490,890	(28,827,678)	(1,828,232)	(593,053)	(14,758,073)
Ending balance as of 12,31,2018	20,363,160	130,724,849	27,576,237	1,291,601	179,955,847
Remaining average useful life	-	2.4 years	16.9 years	4 years	-

As of December 31, 2017 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net ThCh\$	Licenses and franchises, net ThCh\$	Administratives Grantings Net ThCh\$	Other intangible assets, Net ThCh\$	Intangible, net ThCh\$
Beginning balance as of 01,01,2017	38,455,822	139,266,455	31,232,702	2,489,388	211,444,367
Additions	25,040,523	-	-	-	25,040,523
Low	-	(1,505,380)	-	-	(1,505,380)
Low Amortization	-	1,505,380	-	-	1,505,380
Amortization	-	(78,002,190)	(1,828,233)	(604,734)	(80,435,157)
Transfer from work in progress (Note 15b)	1,735,437	36,928,750	-	-	38,664,187
Transfer from costs of developing to service	(61,359,512)	61,359,512	-	-	-
Movement, subtotal	(34,583,552)	20,286,072	(1,828,233)	(604,734)	(16,730,447)
Ending balance as of 12.31.2017	3,872,270	159,552,527	29,404,469	1,884,654	194,713,920
Remaining average useful life	-	2,8 years	15,2 years	4 years	-

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

13. Intangible Assets other than goodwill, continued

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

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

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

The main additions to intangible assets other than goodwill as of December 31, 2018 and 2017 are investments in information application and licenses.

Items in the intangibles heading that are fully depreciated and in use are licenses and franchises and amount to ThCh\$ 412,715,176 and ThCh\$ 445,050,849, as of December 31, 2018 and 2017, respectively.

14. Goodwill

Current goodwill as of this period was generated before the date of transition to and adoption of International Financial Reporting Standards, and as of December 31, 2018 the value recorded as of that date remains the same.

Goodwill movement as of December 31, 2018 and 2017 is as follows:

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

Taxpayer No,	Company	01.01.2017 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	12.31.2017 ThCh\$
87.845.500-2	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S.A.	620,232	-	-	620,232
Total		504,839,853	-	-	504,839,853

(1) On May 2, 2017, subsidiary Telefónica Móviles Chile S.A. was merged by absorption and the Company's name was changed.

(2) On April 30, 2016, the merger by incorporation of subsidiary Telefónica Larga Distancia S.A. in Telefónica Chile S.A. took place, with the latter absorbing the former, acquiring all its assets and liabilities and succeeding it in all its rights and obligations.

14. Goodwill, continued

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

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

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

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

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

15. Property, plant and equipment

- a) The detail of Property, plant and equipment items for the exercises December 31, 2018 and 2017, and their corresponding accumulated depreciation is as follows:

Concepts	12.31.2018		12.31.2017		Property, plant & equipment, Net ThCh\$	
	Property, plant & equipment, Gross ThCh\$	Accumulated depreciation ThCh\$	Property, plant & equipment, Net ThCh\$	Property, plant & equipment, Gross ThCh\$		Accumulated depreciation ThCh\$
Land	24,309,203	-	24,309,203	24,392,958	-	24,392,958
Buildings	957,834,225	(649,919,202)	307,915,023	945,418,035	(630,521,465)	314,896,570
Transport equipments	475,562	(473,400)	2,162	534,853	(530,528)	4,325
Supplies and accessories	33,963,023	(31,756,734)	2,206,289	33,901,928	(31,127,606)	2,774,322
Office equipments	3,547,414	(2,524,607)	1,022,807	3,393,481	(2,267,308)	1,126,173
Construction in progress	157,874,623	-	157,874,623	169,884,000	-	169,884,000
Information equipment	69,753,836	(49,701,717)	20,052,119	89,545,082	(69,749,125)	19,795,957
Network and communications equipment	3,548,990,956	(2,867,859,135)	681,131,821	3,433,258,628	(2,752,552,501)	680,706,127
Property, plant and equipment under financial leases	5,304,293	(4,993,015)	311,278	5,304,293	(4,985,265)	319,028
Other property, plant & equipment (1)	312,959,063	(254,790,631)	58,168,432	293,877,894	(242,593,331)	51,284,563
Total	5,115,012,198	(3,862,018,441)	1,252,993,757	4,999,511,152	(3,734,327,129)	1,265,184,023

(1) Includes general equipment and subscriber equipment.

15. Property, plant and equipment, continued

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

Movements	Land	Buildings, net	Transport equipments, Net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Property, plant and equipment under financial leases, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2018	24,392,958	314,896,570	4,325	2,774,322	1,126,173	169,884,000	19,795,957	680,706,127	319,028	51,284,563	1,265,184,023
Additions	-	-	-	-	-	223,192,630	-	-	-	-	223,192,630
Retirements	(83,755)	(4,067,963)	(59,291)	(180,182)	-	-	(30,644,667)	(10,602,983)	-	(30,852,198)	(76,491,039)
Acc. Dep. retirements	-	1,217,818	59,291	180,182	-	-	30,620,279	9,651,466	-	30,722,124	72,451,160
Depreciation expense	-	(25,522,627)	(2,163)	(809,310)	(257,299)	-	(10,572,871)	(120,057,864)	(7,750)	(42,912,588)	(200,142,472)
Depreciation transfer	-	4,907,072	-	-	-	-	-	(4,900,236)	-	(6,836)	-
Other Increase (decrease) (1)	-	16,484,153	-	241,277	153,933	(235,202,007)	10,853,421	126,335,311	-	49,933,367	(31,200,545)
Movements, subtotal	(83,755)	(6,981,547)	(2,163)	(568,033)	(103,366)	(12,009,377)	256,162	425,694	(7,750)	6,883,869	(12,190,266)
Ending balance as of 12,31,2018	24,309,203	307,915,023	2,162	2,206,289	1,022,807	157,874,623	20,052,119	681,131,821	311,278	58,168,432	1,252,993,757

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

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

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

15. Property, plant and equipment, continued

c) As of December 31, 2017 the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipments, Net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Property, plant and equipment under financial leases, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2017	24,444,737	322,376,236	6,487	3,597,057	1,082,894	159,862,603	24,541,837	685,149,025	327,424	55,985,924	1,277,374,224
Additions	-	-	-	-	-	235,590,192	-	-	-	-	235,590,192
Retirements	(68,886)	(1,063,384)	-	-	-	-	(434,908)	(1,769,782)	-	(32,751,893)	(36,088,853)
Acc. Dep. retirements	-	880,468	-	-	-	-	434,908	1,576,010	-	32,667,559	35,558,945
Depreciation expense	-	(25,723,882)	(2,162)	(1,045,229)	(254,084)	-	(9,699,524)	(125,433,549)	(8,396)	(44,907,008)	(207,073,834)
Other Increase (decrease) (1)	17,107	18,427,132	-	222,494	297,363	(225,568,795)	4,953,644	121,184,423	-	40,289,981	(40,176,651)
Movements, subtotal	(51,779)	(7,479,666)	(2,162)	(822,735)	43,279	10,021,397	(4,745,880)	(4,442,898)	(8,396)	(4,701,361)	(12,190,201)
Ending balance as of 12.31.2017	24,392,958	314,896,570	4,325	2,774,322	1,126,173	169,884,000	19,795,957	680,706,127	319,028	51,284,563	1,265,184,023

(1) Corresponds to the movement of transfers from construction in progress to intangible assets in the amount of ThCh\$ (38,664,187) (Note 13 b).

As of December 31, 2017 the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Fully depreciated assets still in use	-	296,749,949	513,226	26,883,955	1,106,409	-	57,739,031	2,222,709,862	-	191,065,309	2,796,767,741

15. Property, plant and equipment, continued

Additions for the exercise 2018 fundamentally show the effect of incorporation of customer residential equipment (fixed telephone and broadband), voice and data equipment, E- Solutions; antennas and transmission equipment (infrastructure), nodes, energy (Operating Continuity) systems and systems developments.

As of December 31, 2018 Property, plant and equipment items originating from net financial lease operations amount to ThCh\$ 311,278 in the categories of buildings and the other property, plant and equipment. As of December 31, 2017, the amount for this concept was ThCh\$ 319,028.

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.

No significant obligations were identified after reviewing financial lease agreements for the real estate that the Company has with private entities and government organization involving the location of certain of the Company's assets in those installations, such as switchboard equipment, radio stations, antennas and other equipment in relation to possible obligations at the end of the contract, considering their term and renewal conditions. In cases where the lease contracts were not renewed no significant withdrawal costs were incurred. However the above and the nature of the real estate lease agreements, the Company has considered it necessary to establish a provision for dismantling costs presented in other non-current provisions (Note 19b).

The Company has no assets provided in guarantee.

16. Other current and other non-current financial liabilities

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

Concepts		12.31.2018		12.31.2017	
		Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Bank loans	(a)	360,837	150,851,556	93,320	91,615,282
Unguaranteed obligations (Bonds)	(b)	54,011,525	680,876,592	7,028,581	681,739,322
Hedge instruments	(see note 18.2)	4,513,765	12,309,350	7,038,757	14,290,035
Total		58,886,127	844,037,498	14,160,658	787,644,639

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

As of December 31, 2018 the movements composition of current and non-current financial assets and liabilities from financial activities are as follows:

Conciliation of financing activities, current	12.31.2017 ThCh\$	Cash flows		Other items than chash flow		12.31.2018 ThCh\$
		Upward	Low	Exchange rate	Others movements	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	14,160,658	1,002,308	(36,543,730)	(1,374,986)	81,641,877	58,886,127
Banks loans (1)	93,320	-	(2,702,240)	-	2,969,757	360,837
Unguaranteed obligations (Bonds) (2)	7,028,581	-	(27,167,547)	(173,374)	74,323,865	54,011,525
Hedge instruments	7,038,757	1,002,308	(6,673,943)	(1,201,612)	4,348,255	4,513,765
Comercial mandate to related companies (3)	1,744,056	2,050,000	(3,967,000)	-	748,504	575,560
Issuance of shares	1,257,872,285	37,000,000	-	-	-	1,294,872,285
Dividends	359,513	-	(147,787,497)	-	147,615,721	187,737
Others	-	-	(6,555,486)	-	6,555,486	-
Total	1,274,136,512	40,052,308	(194,853,713)	(1,374,986)	236,561,588	1,354,521,709

Conciliation of financing activities, non- current	12.31.2017 ThCh\$	Cash flows		Other items than chash flow		12.31.2018 ThCh\$
		Upward	Low	Exchange rate	Others movements	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Banks loans	91,615,282	47,000,000	-	12,560,815	(324,541)	150,851,556
Unguaranteed obligations (Bonds)	681,739,322	-	-	45,321,297	(46,184,027)	680,876,592
Hedge instruments	14,290,035	-	-	(6,844,361)	4,863,676	12,309,350
Total	787,644,639	47,000,000	-	51,037,751	(41,644,892)	844,037,498

- (1) As of December 31, 2018, cash flow movements in current banks loans amount to ThCh\$ 2,702,240 for interest paid.
- (2) As of December 31, 2018, cash flow movements in current of unguaranteed obligations are the amount to ThCh\$ 28,971,463 of interest payment.
- (3) Includes movements with related entities and other movements that do not form part of financial liabilities, but whose cash flows correspond to financing activities.

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

As of December 31, 2017 the movements composition of current and non-current financial liabilities from financial activities are as follows:

Conciliation of financing activities, non-current	31.12.2016	Cash flows		Other items than cash flow		31.12.2017
		Upward	Low	Exchange rate	Others movements	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	79,329,791	17,478,765	(105,971,539)	5,179,894	18,143,747	14,160,658
Banks loans (1)	65,384,901	-	(66,281,544)	16,716,762	(15,726,799)	93,320
Unguaranteed obligations (Bonds) (2)	6,117,450	-	(26,297,722)	(4,239,258)	31,448,111	7,028,581
Hedge instruments	7,827,440	17,478,765	(13,392,273)	(7,297,610)	2,422,435	7,038,757
Commercial mandate to related companies	7,885,715	6,370,000	(16,660,850)	-	4,149,191	1,744,056
Financial loans to related companies (3)	(115,336,015)	113,596,154	-	909,574	830,287	-
Dividends	6,221,160	-	(282,286,750)	-	276,425,103	359,513
Others	-	-	(7,399,002)	-	7,399,002	-
Total	(21,899,349)	137,444,919	(412,318,141)	6,089,468	306,947,330	16,264,227

Conciliation of financing activities, non-current	31.12.2016	Cash flows		Other items than cash flow		31.12.2017
		Upward	Low	Exchange rate	Others movements	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Banks loans	99,551,945	-	-	(8,183,460)	246,797	91,615,282
Unguaranteed obligations (Bonds) (2)	656,843,352	48,795,050	-	(24,208,330)	309,250	681,739,322
Hedge instruments	7,758,555	-	-	6,844,500	(313,020)	14,290,035
Total	764,153,852	48,795,050	-	(25,547,290)	243,027	787,644,639

- (1) As of December 31, 2017, cash flow movements in current banks loans amount to ThCh\$ 64,488,450 for amortization of debt and ThCh\$ 1,793,094 for interest paid.
- (2) As of December 31, 2017, cash flow movements in current of Unguaranteed obligations are the amount to ThCh\$ 26,297,722 of interest payment and upward of new debt in the non-current.
- (3) Includes movements with related entities and other movements that do not form part of financial liabilities, but whose cash flows correspond to financing activities.

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

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

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.030.000-7	Bank of Tokyo	Tokyo	USD	At expiry	1.47%	1.23%	MMUS\$150	2021
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.030.000-7	Bank Scotiabank	Chile	USD	At expiry	3.98%	3.62%	MMUS\$68,6	2023

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

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current			Non-current							
					To Maturity		Total current as of 09,30,2018 ThCh\$	To Maturity					5 years and over ThCh\$	Total Non-current as of 12.31.2018 ThCh\$	
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$			Total 3 to 5 years ThCh\$
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	131,925	-	131,925	-	103,735,302	103,735,302	-	-	-	-	103,735,302
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	228,912	-	228,912	-	-	-	-	47,116,254	47,116,254	-	47,116,254
Total					360,837	-	360,837	-	103,735,302	103,735,302	-	47,116,254	47,116,254	-	150,851,556

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

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

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

a) As of December 31, 2017 the detail of bank loans is as follows:

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

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

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current			Non-current						Total Non-current as of 12.31.2017 ThCh\$		
					To Maturity		Total current as of 12.31.2017 ThCh\$	To Maturity								
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$		5 years and over ThCh\$	
Crédito Bilateral (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	93,320	-	93,320	-	-	-	-	91,615,282	-	91,615,282	-	91,615,282
Total					93,320	-	93,320	-	-	-	-	91,615,282	-	91,615,282	-	91,615,282

(1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$ 150 million (Ch\$ 99,057 million),

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

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

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

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Series Bond F (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	At expiry	3.82%	3.60%	MM UF 3	2023
Series Bond G (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	At expiry	2.01%	2.20%	MM UF 2	2020
Series Bond I (3)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	At expiry	2.00%	1.95%	MM UF 2	2020
Series Bond K (4)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At expiry	4.91%	4.90%	MM\$ 94,410	2021
Series Bond 144A (5)	90.635.000-9	Telefónica Chile S.A.	Chile	Foreign	The Bank of New York Mellon	USA	USD	At expiry	4.06%	3.88%	MMUSD 500	2022
Series Bond Q (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At expiry	6.17%	5.75%	MM\$47,000	2019
Series Bond T (7)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At expiry	6.09%	4.90%	MM\$ 48,000	2023

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)								Total nominal amounts in local currency ThCh\$		
					To Maturity										
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 Years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 Years ThCh\$		5 years and Over ThCh\$	
Series Bond F (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680
Series Bond G (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	50,108,620	-	50,108,620	-	-	-	-	-	50,108,620
Series Bond I (3)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	50,317,080	-	50,317,080	-	-	-	-	-	50,317,080
Series Bond K (4)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	94,410,000	94,410,000	-	-	-	-	-	94,410,000
Series Bond 144A (5)	90.635.000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	-	-	-	236,400,000	-	236,400,000	-	236,400,000	
Series Bond Q (6)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	47,000,000	-	-	-	-	-	-	-	-	-	47,000,000
Series Bond T (7)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	-	9,600,000	19,200,000	28,800,000	-	19,200,000	19,200,000	-	48,000,000	
Total					47,000,000	-	110,025,700	113,610,000	223,635,700	236,400,000	86,128,680	322,528,680	-	593,164,380	

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

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

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current							Total Non-current as of 12,31,2018 ThCh\$
					To Maturity		Total current as of 12.31.2018 ThCh\$	To Maturity				Total 3 to 5 years ThCh\$	5 years and Over ThCh\$		
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 Years ThCh\$			4 to 5 Years ThCh\$	
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	713,426	713,426	-	-	-	-	81,936,000	81,936,000	-	81,936,000
Series Bond G (2)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	36,454	36,454	55,278,755	-	55,278,755	-	-	-	-	55,278,755
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	404,114	-	404,114	55,085,686	-	55,085,686	-	-	-	-	55,085,686
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander The Bank of New York Mellon	-	1,363,654	1,363,654	-	94,389,476	94,389,476	-	-	-	-	94,389,476
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	2,529,878	2,529,878	-	-	-	346,034,137	-	346,034,137	-	346,034,137
Series Bond Q (6)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	47,757,841	-	47,757,841	-	-	-	-	-	-	-	-
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	1,206,158	-	1,206,158	19,303,851	9,623,791	28,927,642	9,616,534	9,608,362	19,224,896	-	48,152,538
Total					49,368,113	4,643,412	54,011,525	129,668,292	104,013,267	233,681,559	355,650,671	91,544,362	447,195,033	-	680,876,592

(1) On October 15, 2013, a placement was made in the local market for a 10-year bullet bond in the amount of UF3,000,000, maturing on October 4, 2023,

(2) On July 23, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on June 20, 2020, with no covenants or control clauses,

(3) On August 20, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses,

(4) On September 13, 2016, a placement was made in the local market for a 5-year bullet bond in the amount of ThCh\$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses,

(5) On October 12, 2012, Telefónica Chile S.A. issued 10-year Reg S 144A bullet bonds in the American capitals market in the amount of US\$500,000,000 (equivalent to ThCh\$236,400,000 historical), in US dollars, at an effective annual interest rate of 3,887%, maturing on October 12, 2022, Placement banks were Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc, and J.P. Morgan Securities LLC, Funds resulting from the issuance shall be destined to refinancing of liabilities and other corporate purposes,

(6) On March 26, 2014, Telefónica Chile S.A. placed a series Q, 5-year bullet bond in the local market in the amount of ThCh\$ 47,000,000 at a nominal annual rate of 5,75%, maturing on March 14, 2019, The amount collected by this operation amounted to ThCh\$46,406,000

(7) On January 5, 2017, Telefónica Chile S.A. placed series T, 5-year Bond in the local market in the amount of MCh\$ 48,000 at a nominal annual rate of 4,9%, maturing on July 5, 2023, The amount collected by this operation amounted to ThCh\$48,795,000

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

b) As of December 31, 2017 the detail of unguaranteed obligations (Bonds) is as follows:

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

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)									Total nominal amounts in local currency ThCh\$	
					To Maturity										
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 Years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 Years ThCh\$	5 years and Over ThCh\$		
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	-	-	-	-	-	-	-	-	66,928,680	66,928,680
Series Bond G (2)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	-	-	50,108,620	50,108,620	-	-	-	-	-	50,108,620
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	-	-	50,317,080	50,317,080	-	-	-	-	-	50,317,080
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	-	-	-	-	94,410,000	-	94,410,000	-	-	94,410,000
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	-	-	-	-	236,400,000	236,400,000	-	-	236,400,000
Series Bond Q (6)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	-	47,000,000	-	47,000,000	-	-	-	-	-	47,000,000
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	-	-	-	-	-	-	-	-	48,000,000	48,000,000
Total					-	-	47,000,000	100,425,700	147,425,700	94,410,000	236,400,000	330,810,000	114,928,680	593,164,380	



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

b) As of December 31, 2017 the detail of unguaranteed obligations (Bonds) is as follows, continued:

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current						Total Non-current as of 12.31.2017 ThCh\$	
					To Maturity		Total current as of 12.31.2017 ThCh\$	To Maturity				Total 3 to 5 years ThCh\$	5 years and Over ThCh\$		
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 Years ThCh\$				4 to 5 Years ThCh\$
Series Bond F (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	693,516	693,516	-	-	-	-	-	-	79,514,791	79,514,791
Series Bond G (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	35,438	35,438	-	53,834,343	53,834,343	-	-	-	-	53,834,343
Series Bond I (3)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	392,860	-	392,860	-	53,524,862	53,524,862	-	-	-	-	53,524,862
Series Bond K (4)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander The Bank of New York Mellon	1,363,654	-	1,363,654	-	-	-	94,382,524	-	94,382,524	-	94,382,524
Series Bond 144A (5)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	2,617,754	2,617,754	-	-	-	-	305,398,619	305,398,619	-	305,398,619
Series Bond Q (6)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	794,997	-	794,997	46,783,466	-	46,783,466	-	-	-	-	46,783,466
Series Bond T (7)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	1,130,362	-	1,130,362	-	-	-	-	-	-	48,300,717	48,300,717
Total					3,681,873	3,346,708	7,028,581	46,783,466	107,359,205	154,142,671	94,382,524	305,398,619	399,781,143	127,815,508	681,739,322

- (1) On October 15, 2013, a placement was made in the local market for a 10-year bullet bond in the amount of UF3,000,000, maturing on October 4, 2023,
- (2) On July 23, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on June 20, 2020, with no covenants or control clauses,
- (3) On August 20, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses,
- (4) On September 13, 2016, a placement was made in the local market for a 5-year bullet bond in the amount of ThCh\$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses,
- (5) On October 12, 2012, Telefónica Chile S.A. issued 10-year Reg S 144A bullet bonds in the American capitals market in the amount of US\$500,000,000 (equivalent to ThCh\$236,400,000 historical), in US dollars, at an effective annual interest rate of 3,887%, maturing on October 12, 2022, Placement banks were Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc, and J,P, Morgan Securities LLC, Funds resulting from the issuance shall be destined to refinancing of liabilities and other corporate purposes,
- (6) On March 26, 2014, Telefónica Chile S.A. placed a series Q, 5-year bullet bond in the local market in the amount of ThCh\$ 47,000,000 at a nominal annual rate of 5,75%, maturing on March 14, 2019, The amount collected by this operation amounted to ThCh\$46,406,000
- (7) On January 5, 2017, Telefónica Chile S.A. placed series T, 5-year Bond in the local market in the amount of MCh\$ 48,000 at a nominal annual rate of 4,9%, maturing on July 5, 2023, The amount collected by this operation amounted to ThCh\$48,795,0

17. Trade and other payables

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

Conceptos	12.31.2018		12.31.2017	
	Current ThCh\$	No-current ThCh\$	Current ThCh\$	No-current ThCh\$
Debts due to purchases or services provided, invoiced (1)	131,500,796	-	147,726,760	-
Real property providers, invoiced	76,449,598	-	69,555,272	-
Debts due to purchases or services provided, provisioned (1) (2)	122,084,916	4,320,435	93,299,050	3,281,693
Payables to employees	35,744,374	-	41,205,473	-
Real property providers, provisioned	19,786,277	-	29,263,985	-
Dividends pending payment	187,737	-	359,513	-
Total	385,753,698	4,320,435	381,410,053	3,281,693

(1) "Debts from purchases or services rendered" corresponding to foreign and domestic suppliers, for the periods ended as of December 31, 2018 and 2017 are detailed as follows:

Debts due to purchases or services provided	12.31.2018	12.31.2017
	ThCh\$	ThCh\$
Domestic	232,705,466	216,189,230
Foreign	20,880,246	24,836,580
Total	253,585,712	241,025,810

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

b) Accounts payable payment terms

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

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

As of December 31, 2018 the main suppliers, in the Mobile operation are: Huawei Chile S.A. with 23.2%, Samsung Electronics Chile Ltda. with 12.6%, Nokia Solutions and Networks Chile with 4.7%, and BCI Factoring S.A. with 4.1%. As of December 31, 2017 the main suppliers were: Samsung Electronics Chile Ltda. with 14.86%, Atento Chile S.A. with 12.94%, Apple Chile Comercial Limitada with 11.36%, and LG Electronics with 7.99%.

As of December 31, 2018 the main suppliers, in the fixed operation are, considering as minimum margin of 4% total, corresponds: Huawei Chile S.A. with 8.6%, Nokia Solutions and Networks Chile with 7.0%, Ministerio de Obras Publicas with 6.3%, CAM Servicios de Telecomunicaciones con 5.0%, Ezentis Chile S.A. with 4.6% and Cobra Chile Servicios S.A. con 4.4%. As of December 31, 2017 the main suppliers corresponds: CAM Servicios de Telecomunicaciones con 8.4%, Ezentis Chile S.A. con 7.1%, Ministerio de Obras Públicas con 6.2% y HUAWEI CHILE S.A. con 4.2%.

17. Trade and other payables, continued

b) Accounts payable payment terms, continued

The terms of accounts payable to suppliers with up to date payments as of December 31, 2018 and 2017 are detailed as follows:

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

Suppliers with up to date payments As of 12.31.2017	Goods	Services	Total
	ThCh\$	ThCh\$	ThCh\$
Trade accounts to date			
Up to 30 days	29,228,754	40,490,828	69,719,582
From 31 to 60 days	26,561,342	43,744,863	70,306,205
From 61 to 90 days	-	2,864,074	2,864,074
Total	55,790,096	87,099,765	142,889,861
Average period of payment of up to date accounts	60	53	

The terms of accounts payable to suppliers with overdue payments as of December 31, 2018 and 2017 are detailed as follows:

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

17. Trade and other payables, continued

b) Accounts payable payment terms, continued

Overdue trade accounts payable by term As of 12.31.2017	Goods	Services	Total
	ThCh\$	ThCh\$	ThCh\$
Overdue trade accounts payable by term			
Up to 30 days	10,409	8,226,250	8,236,659
From 31 to 60 days	162,874	8,482,234	8,645,108
From 61 to 90 days	5,996,332	23,870,256	29,866,588
From 91 to 120 days	6,625,845	7,586,083	14,211,928
From 121 to 180 days	969,716	1,712,971	2,682,687
More than 180 days	-	10,749,201	10,749,201
Total	13,765,176	60,626,995	74,392,171
Average payment period of overdue accounts	59	34	

18. Financial instruments

1. Classification of financial instruments by nature and category

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

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

18. Financial instruments, continued

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

a) Details of financial instruments of assets classified by nature and category as of December 31, 2017 is as follows:

Description of financial assets	Note	ASSETS RECORDED AT FAIR VALUE						ASSETS RECORDED AT AMORTIZED COST			TOTAL	
		Financial assets - heritage instruments	Derivatives	Subtotal of assets at fair value	Valuation hierarchy			Loans and accounts receivable	Investments held to maturity	Subtotal of assets at amortized cost	Total Carrying amount	Total fair value
					Level 1	Level 2	Level 3					
					Market prices	Estimates based on other observable market data	Estimates not based on observable market data					
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
Other participations (net)		7,188,206	-	7,188,206	7,184,349	3,857	-	-	-	-	7,188,206	7,188,206
Other participations	See note 6 b	7,188,206	-	7,188,206	7,184,349	3,857	-	-	-	-	7,188,206	7,188,206
Derivative instrument assets		-	103,224,236	103,224,236	-	103,224,236	-	-	-	-	103,224,236	103,224,236
Derivative instrument assets	See note 18-2	-	103,224,236	103,224,236	-	103,224,236	-	-	-	-	103,224,236	103,224,236
Deposits and pledges		50,468	-	50,468	-	50,468	-	-	-	-	50,468	50,468
Deposits and pledges	See note 6 a	50,468	-	50,468	-	50,468	-	-	-	-	50,468	50,468
Non-current trade and other accounts receivable		-	-	-	-	-	-	23,676,875	-	23,676,875	23,676,875	23,676,875
Non-current trade and other accounts receivable	See note 12	-	-	-	-	-	-	23,676,875	-	23,676,875	23,676,875	23,676,875
Non-current financial assets		7,238,674	103,224,236	110,462,910	7,184,349	103,278,561	-	23,676,875	-	23,676,875	134,139,785	134,139,785
Current trade accounts receivable		-	-	-	-	-	-	275,460,271	-	275,460,271	275,460,271	275,460,271
Current trade and other accounts receivable	See note 8 a	-	-	-	-	-	-	254,633,655	-	254,633,655	254,633,655	254,633,655
Account receivable from relate entities	See note 9 a	-	-	-	-	-	-	20,826,616	-	20,826,616	20,826,616	20,826,616
Current deposits and pledges		86,315	-	86,315	-	86,315	-	-	-	-	86,315	86,315
Current pledges and deposits	See note 6 a	86,315	-	86,315	-	86,315	-	-	-	-	86,315	86,315
Derivative instrument of assets		-	690,553	690,553	-	690,553	-	-	-	-	690,553	690,553
Derivative instrument of assets	See note 18-2	-	690,553	690,553	-	690,553	-	-	-	-	690,553	690,553
Cash and cash equivalents		-	-	-	-	-	-	206,793,908	-	206,793,908	206,793,908	206,793,908
Cash and cash equivalents	See note 5	-	-	-	-	-	-	206,793,908	-	206,793,908	206,793,908	206,793,908
Current financial assets		86,315	690,553	776,868	-	776,868	-	482,254,179	-	482,254,179	483,031,047	483,031,047
Total financial assets		7,324,989	103,914,789	111,239,778	7,184,349	104,055,429	-	505,931,054	-	505,931,054	617,170,832	617,170,832

18. Financial instruments, continued

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

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

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

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

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

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

18. Financial instruments, continued

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

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

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

18. Financial instruments, continued

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

b) Details of financial instruments of liabilities classified by nature and category as of December 31, 2017 is as follows:

Description of financial liabilities	Financial instrument expiry	LIABILITIES RECORDED AT FAIR VALUE					LIABILITIES RECORDED AT AMORTIZED COST		TOTAL	
		Hedge derivative liabilities	Subtotal of liabilities at fair value	Valuation hierarchy			Debits and items payable	Total Carrying amount	Total Carrying amount	
				Level 1	Level 2	Level 3				
				Market prices	Estimates based on other observable market data	Estimates not based on observable market data				
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$			
Issuance of obligations and other non-current marketable securities	See note 16 a	-	-	-	-	-	681,739,322	681,739,322	701,312,120	
Non-current debts with loan entities		-	-	-	-	-	91,615,282	91,615,282	91,615,282	
Long-term hedge derivative instrument of liabilities	See note 18-2	14,290,035	14,290,035	-	14,290,035	-	14,290,035	14,290,035	14,290,035	
Trade and other accounts payable		-	-	-	-	-	3,281,693	3,281,693	3,281,693	
Accounts payable to related entities		-	-	-	-	-	353,508	353,508	353,508	
Non-current financial liabilities		14,290,035	14,290,035	-	14,290,035	-	776,989,805	791,279,840	810,852,638	
Issuance of short-term obligations and other marketable securities	See note 16 a	-	-	-	-	-	7,028,581	7,028,581	7,213,386	
Short-term debts with credit entities		-	-	-	-	-	93,320	93,320	93,320	
Short-term derivative instrument of liabilities	See note 18-2	7,038,757	7,038,757	-	7,038,757	-	-	7,038,757	7,038,757	
Trade and other accounts payable	See note 17	-	-	-	-	-	381,410,053	381,410,053	381,410,053	
Accounts payable to related entities	See note 9 c	-	-	-	-	-	113,169,695	113,169,695	113,169,695	
Current financial liabilities		7,038,757	7,038,757	-	7,038,757	-	501,701,649	508,740,406	508,925,211	
Total financial liabilities		21,328,792	21,328,792	-	21,328,792	-	1,278,691,454	1,300,020,246	1,319,777,849	

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

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

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

Financial instruments recorded under other current and non-current financial liabilities which correspond to interest bearing loans, are generally recorded for the cash received, net of costs incurred in the transaction. These obligations are valued at amortized cost, using the effective interest rate method, and mainly include bank loans and unguaranteed obligations (bonds), among other things (note 16).

18. Financial instruments, continued

2. Hedging instruments

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

Type of hedge	Underlying	Net total as	Up to	90 days to	Total current		To Maturity		Total non-current	
		12.31.2018	90 days	1 year	Assets (note 6)	Liabilities (note 16)	1 to 3 years	3 to 5 years	Assets (note 6)	Liabilities (note 16)
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Exchange rate – cash flow hedge (1)	Supplier Debt	2,500,201	1,854,309	645,892	2,500,326	(125)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	(527,307)	(527,307)	-	1,034,352	(1,561,659)	-	-	-	-
Interest rate – cash flows hedge (4)	Financial Debt	(8,243,723)	(1,407,668)	(4,438)	1,539,875	(2,951,981)	-	(6,831,617)	5,477,647	(12,309,264)
Exchange rate and interest rate – fair value hedge (5)	Financial Debt	139,665,862	-	-	-	-	-	139,665,862	139,665,948	(86)
Total		133,395,033	(80,666)	641,454	5,074,553	(4,513,765)	-	132,834,245	145,143,595	(12,309,350)

Hedge instruments have generated an effect on result of ThCh\$ 62,501,428, As of December 31, 2018 (see note 24d, 24e, and 24f) and the accumulated effect on equity is ThCh\$ 338,921 (see note 22d).

As of December 31, 2017, hedge instruments are detailed as follows:

Type of hedge	Underlying	Net total as	Up to	90 days to	Total current		To Maturity		Total non-current	
		12.31.2017	90 days	1 year	Assets (note 6)	Liabilities (note 16)	1 to 3 years	3 to 5 years	Assets (note 6)	Liabilities (note 16)
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Exchange rate – cash flow hedge (1)	Supplier Debt	(1,794,705)	(865,321)	(929,384)	22,401	(1,817,106)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	(853,306)	(785,635)	(67,671)	1,342	(854,648)	-	-	-	-
Interest rate – cash flows hedge (4)	Financial Debt	(8,172,822)	(3,709,725)	9,532	666,810	(4,367,003)	-	(4,472,629)	4,111,800	(8,584,429)
Exchange rate and interest rate – fair value hedge (5)	Financial Debt	93,406,830	-	-	-	-	-	93,406,830	99,112,436	(5,705,606)
Total		82,585,997	(5,360,681)	(987,523)	690,553	(7,038,757)	-	88,934,201	103,224,236	(14,290,035)

Hedge instruments have generated an effect on result of ThCh\$ 38,700,045, As of December 31, 2017 (see note 24d, 24e and 24f), the accumulated effect on equity is ThCh\$ 5,172,662 (see note 22d).

Description of hedge instruments:

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

18. Financial instruments, continued

3. Valuation of hedging instruments

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

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

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

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

4. Fair value hierarchy of financial instruments

Financial instruments recognized at fair value in the statement of financial position are classified according to the following hierarchies (note 18,1):

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

19. Other currents provisions

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

Concepts	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Civil and regulatory	5,745,139	10,387,867
Total	5,745,139	10,387,867

Based on the progress of the proceedings, the Company's management considers that the provisions recorded in the financial statements adequately cover the litigation risks described in Note 27b, therefore they do not foresee that they will result in liabilities other than those recorded.

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

As of December 31, 2018 and 2017 the movements in provisions is as follows:

Movements	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Beginning balance	10,387,867	11,036,140
Increase in existing provisions	1,356,537	1,020,192
Provision used	(1,450,910)	(1,668,465)
Aplicación de provisión	(4,548,355)	-
Movement subtotal	(4,642,728)	(648,273)
Ending balance	5,745,139	10,387,867

b) Other non-currents provisions:

As of December 31, 2018 and 2017, the balance of other non-currents provisions is detailed as follows:

Concepts	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Dismantling provision (1)	20,123,983	19,331,353
Non-currents provisions others	59,665	148,298
Total	20,183,648	19,479,651

(1) Movements of the dismantling provision as of December 31, 2018 and 2017 are detailed as follows:

Movements	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Beginning balance	19,331,353	17,161,751
Increase in existing provisions	219,945	1,356,363
Financial restatement	817,837	835,449
Telxius transfer (1)	(164,847)	-
Applied provision	(80,305)	(22,210)
Movement subtotal	792,630	2,169,602
Ending balance	20,123,983	19,331,353

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

20. Employee benefits accrual

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.

As of December 31, 2018 and 2017 current and non-current employee benefits accrual are as follows:

Concepts	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Current amount of liability recognized for termination benefits	8,597,752	7,589,974
Non-current amount of liability recognized for termination benefits	26,842,153	29,653,740
Total	35,439,905	37,243,714

As of December 31, 2018 and 2017 the movements for current employee benefits provisions are detailed as follows:

Movements	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Beginning balance	37,243,714	36,759,023
Service costs	289,707	651,203
Interest costs	1,935,183	1,659,670
Actuarial (profits)/losses, net due to experience	232,839	(1,906,403)
Benefits paid	(4,440,817)	(1,758,260)
Others	179,279	1,838,481
Movement subtotal	(1,803,809)	484,691
Ending balance	35,439,905	37,243,714

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 detailed, to December 31, 2018 and 2017:

- **Discount rate:** An annual nominal rate of 4.673% and 5.196% are used as of December 31, 2018 and December 31, 2017 respectively. This rate must be representative of the time value of money, for which a risk-free rate is used represented by BCP (Central Bank of Chile Bonds issued in Chilean pesos) instruments, for a relevant term of close to 20 years.
- **Incremental Salary Rate:** An increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the exercise ended December 31, 2018 and 2017 was 3%.
- **Mortality:** The RV-2014 mortality tables established by the Superintendency of Securities and Insurance are used to calculate social life insurance reserves in Chile.
- **Turnover rate:** Based on the historical Company data, the rotation used for both periods are as follows:

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

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

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

b) Sensitivity of assumptions

Based on the actuarial calculation as of December 31, 2018, 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	4.673%	(2,011,810)	2,247,634

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	1st year ThCh\$
Future payment cash flows	4,740,599

d) Employee benefits expenses

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

Concepts	31.12.2018 ThCh\$	31.12.2017 M\$
Wages and salaries	124,431,388	128,263,114
Post employment benefit obligations expense	289,707	651,203
Total	124,721,095	128,914,317

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

Other non-financial liabilities are detailed as follows:

Concepts	31.12.2018		31.12.2017	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Contractual liabilities (1)	13,840,015	3,072,995	-	-
Handsets sold and not activated	5,489,074	-	-	-
Services charged and not rendered	4,728,848	-	-	-
IRUS rights of use	384,232	3,068,573	-	-
Others contractual liabilities (2)	3,237,861	4,422	-	-
Deferred income	4,833,085	1,916,567	40,270,801	3,646,952
Handsets sold and not activated (1)	-	-	17,489,451	-
Services charged and not rendered (1)	-	-	8,035,017	-
IRUS rights of use (1)	-	-	293,323	2,092,039
Club Movistar (3)	-	-	2,755,297	-
Company projects to be undertaken (4)	3,615,005	1,235,997	5,853,549	734,916
Sale of telecommunications infrastructure	569,050	614,042	538,070	712,403
Other Deferred income (2)	649,030	66,528	5,306,094	107,594
Subsidies	1,305,643	3,053,001	1,615,404	3,332,010
Research and Development (4)	945,887	-	1,261,892	-
Extreme zones	118,942	595,562	112,697	633,757
Subsidy for Tierra del Fuego base stations	70,355	844,265	70,356	914,621
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	456,067	52,623	508,690
Connectivity for service networks and telecentre	90,380	431,811	90,380	522,190
Juan Fernandez Island Satellite links	27,456	725,296	27,456	752,752
Taxes	9,778,499	-	21,874,720	-
VAT	7,382,141	-	18,896,305	-
Other taxes (6)	2,396,358	-	2,978,415	-
Others non-financial liabilities	29,757,242	8,042,563	63,760,925	6,978,962

- (1) With the coming into effect of IFRS 15 as of January 1, 2018, the obligations that arise from contracts signed with our customers are classified as contractual liabilities.
- (2) Includes connection instalments, electronic prepay top-up and unaccrued interest on sales paid in instalments.
- (3) With the coming into effect of IFRS 15, as of January 1, 2018, the valuation of this loyalty program is immaterial in relation to the contracts for which it has been generated.
- (4) Corresponds to billing of projects of companies that are recorded in revenue to the extent of their degree of progress.
- (5) Corresponds to government subsidy received by subsidiary Telefónica Investigación y Desarrollo SpA.
- (6) Includes tax withholding and others tax.

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

Movements of deferred income and subsidies are detailed as follows:

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

Los movimientos de los pasivos contractuales, ingresos diferidos y subvenciones al 31 de diciembre de 2017 es el siguiente:

Movements	31.12.2017					
	Contractual liabilities		Diferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	-	-	35,744,408	3,674,316	414,244	2,539,108
Endowments	-	-	296,729,059	646,437	2,151,743	1,461,836
Reduction/applications	-	-	(292,541,370)	(335,097)	(1,619,517)	-
Transfer	-	-	338,704	(338,704)	668,934	(668,934)
Movement subtotal	-	-	4,526,393	(27,364)	1,201,160	792,902
Ending balance	-	-	40,270,801	3,646,952	1,615,404	3,332,010

The detail of the expirations of the current non-financial liabilities as of December 31, 2018 and 2017 is as follows:

Expirations		Total Current to 31.12.2018		Expirations		Total non-current to 31.12.2018
until 90 days ThCh\$	91 days to 1 year ThCh\$	ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	5 years and more ThCh\$	ThCh\$
16,168,657	13,588,586	29,757,243	3,862,465	1,781,778	2,398,320	8,042,563

Expirations		Total Current to 31.12.2017		Expirations		Total non-current to 31.12.2017
until 90 days ThCh\$	91 days to 1 year ThCh\$	ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	5 years and more ThCh\$	ThCh\$
35,834,489	27,926,436	63,760,925	2,986,531	1,441,894	2,550,537	6,978,962

22. Equity

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

No changes were introduced in the objectives, policies or processes during the periods ended as of December 31, 2018 and 2017.

a) Capital

As of December 31, 2018 and 2017, the Company's paid-in capital is composed as follows:

Number of shares

Series	12.31.2018			12.31.2017		
	N° of shares subscribed	N° of shares paid	N° of shares with voting rights	N° of shares subscribed	N° of shares paid	N° of shares with voting rights
Unique	911,784,715,847	911,784,715,847	911,784,715,847	887,631,908,214	887,631,908,214	887,631,908,214
Total	911,784,715,847	911,784,715,847	911,784,715,847	887,631,908,214	887,631,908,214	887,631,908,214

Capital

Series	12.31.2018		12.31.2017	
	Subscribed capital ThCh\$	Paid-in capital ThCh\$	Subscribed capital ThCh\$	Paid-in capital ThCh\$
Unique	1,294,872,285	1,294,872,285	1,257,872,285	1,257,872,285
Total	1,294,872,285	1,294,872,285	1,257,872,285	1,257,872,285

At the Extraordinary Shareholders' Meeting held on March 22, 2017, the shareholders approved a capital increase from ThCh\$ 1,257,872,279, divided into 887,631,905,238 ordinary shares, to ThCh\$ 1,257,872,285, divided into 887,631,908,214 ordinary shares, as of May 2, 2017, date on which the merger of former subsidiary Telefónica Móviles Chile S.A. took place.

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

Based on the above, as of December 31, 2018, the Company's shareholder structure is detailed as follows:

Company	Shares
Inversiones Telefónica International Holding S.A.	901,784,712,871
Telefónica S.A.	10,000,002,976
Total	911,784,715,847

22. Equity, continued

b) Distribution of shareholders

As established in Circular No, 792 issued by the Superintendency of Securities and Insurance (“SVS”) of Chile, the distribution of shareholders based on their participation in the Company as of December 31, 2018 is as follows:

Type of Shareholder	Participation percentage %	Number of shareholders
Participation of 10% or more	98.9032	1
Less than 10% participation:	1.0968	1
Investment equal to or exceeding UF 200	-	-
Investment under UF 200	-	-
Total	100.0000	2
Company's parent	98.9032%	1

On December 6, 2017, Telefónica Chile Holdings, S.L. transferred to Inversiones Telefónica Internacional Holding S.A. the 311,741,957,443 shares it had of Telefónica Móviles Chile S.A., due to the corporate reorganization of the Telefónica Group.

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.

On April 30, 2018, the dividend allowance was reversed in the amount of ThCh\$ 60,374,524 in accordance with decision of the shareholders at the Ordinary Shareholders' Meeting held on that date.

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

Date	Dividend	Distributed amount ThCh\$	Value per share ThCh\$	Charge to utilities	Payment date
27-12-2018	Eventual	106,261,506	0,1165	Prior years	December - 2018
27-12-2018	Interim	41,501,517	0,0455	Exercise 2018	December - 2018

22. Equity, continued

d) Other reserves:

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

Concepts	Balance of 12.31.2017 ThCh\$	Net movement ThCh\$	Balance of 12.31.2018 ThCh\$
Capital revaluation reserve (i)	(233,685,327)	-	(233,685,327)
Business combination reserve (ii)	(95,176,556)	-	(95,176,556)
Others reserves (iii)	(122,099,166)	(114,838)	(122,214,004)
Employee benefits reserve (iv)	(8,038,094)	(165,457)	(8,203,551)
Treasury stock reserve (v)	(755,114)	755,114	-
Foreign currency translation reserve (vi)	(58,310)	-	(58,310)
Cash flows hedge reserve (vii)	5,172,662	(4,833,741)	(338,921)
Reserve for financial assets (viii)	1,493,734	(222,332)	1,271,402
Total	(453,146,171)	(4,581,254)	(457,727,425)

i) Capital revaluation

In accordance with Law No. 18,046, second paragraph of Article 10 and in accordance with Official Circular No. 456 issued by the Superintendency of Securities and Insurance, the revaluation of the Company's capital as of December 31, 2008, must be presented in this account.

ii) Business combination reserve

Corresponds to company reorganizations performed in previous years.

iii) Other miscellaneous reserves

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

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

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

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

22. Equity, continued

d) Other reserves, continued

iii) Other miscellaneous reserves, continued

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

iv) Employee benefits reserve

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

v) Treasury shares reserves

As of June 30, 2017 there was a capital decrease in subsidiary Telefónica Chile S.A. as a consequence of the right to withdraw exercised through the agreements adopted at the Extraordinary Shareholders' Meeting held on March 30, 2016. Consequently, the accumulated treasury shares reserves as of December 31, 2016 were settled in the amount of ThCh\$ 7,406,043.

As of September 30, 2017 in subsidiary Telefónica Chile S.A. 1,072,813 of Shareholders' decided to take retirement product of elimination of series A and B, as a consequence the subsidiary disburse the amount of ThCh\$ 762,524, with Telefónica Móviles Chile S.A. recognizing ThCh\$ 755,114 in your heritage.

As a consequence of exercising this right and the fact that the subsidiary did not dispose of the shares acquired within a period of one year from their acquisition, on August 31, 2018, it decreased its capital, therefore Telefónica Móviles Chile S.A. recognized the effect in its controlled equity as of December 31, 2018.

vi) Foreign currency translation difference reserve

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

vii) Hedge reserve

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

22. Equity, continued

d) Other reserves, continued

viii) Reserves for financial assets

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

e) Non-controlling interest

As of December 31, 2018 and 2017 recognition of the share of equity belonging to third parties is detailed as follows:

Subsidiaries	Porcentaje Non-controlling interest		Non-controlling interest	
	2018 %	2017 %	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Telefónica Chile S.A.	0.8594402	0.9718347	5,604,555	6,541,189
Total			5,604,555	6,541,189

As of December 31, 2018 and 2017 recognition of the share in income belonging to third parties is detailed as follows:

Subsidiarias	Porcentaje Non-controlling interest		Non-controlling interest in result Utility (loss)	
	2018 %	2017 %	31.12.2018 ThCh\$	31.12.2017 ThCh\$
Telefónica Chile S.A.	0.8594402	0.9718347	125,542	63,216
Total			125,542	63,216

23. Earnings per Share

The details of Earnings per share are as follows:

	31.12.2018 ThCh\$	31.12.2017 ThCh\$
Basic earnings per share		
Earnings attributable to owners of the parent	85,790,209	199,806,804
Profit available for shareholders	85,790,209	199,806,804
Weighted average number of shares	911,784,715,847	887,631,908,214
Basic earnings per share in Ch\$	0,094	0,225

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

24. Income and Expenses

a) The details of income from ordinary operations as of December 31, 2018 and 2017 are as follows:

Ordinary income	12.31.2018 M\$	12.31.2017 M\$
Mobile Telecommunications	916,884,000	919,742,120
Internet / fixed broadband	192,136,118	191,956,690
Television services and equipment	170,192,132	177,661,054
Data service and corporate technological solutions	141,871,337	144,223,592
Fixed Telecommunications	129,596,147	145,761,529
Wholesale	22,552,236	18,954,975
Total	1,573,231,970	1,598,299,960

b) The detail of other operating income as of December 31, 2018 and 2017 are as follows:

Other Income	12.31.2018 M\$	12.31.2017 M\$
Surcharges due to default	3,011,356	4,311,520
Subsidies	1,121,473	373,332
Income from indemnities, complaints and others	1,097,450	1,371,442
Income from disposal of real property	828,826	1,078,447
Other current management income	668,461	5,361,013
Total	6,727,566	12,495,754

c) The detail of other operating income as of December 31, 2018 and 2017 are as follows:

Otros gastos	31.12.2018 M\$	31.12.2017 M\$
Cost of sale of inventory	238,173,014	231,650,483
Other exterior services	158,424,967	169,988,774
Media rental	146,206,462	140,462,435
Sales commissions	97,450,734	99,556,977
Interconnections and roaming	80,874,338	83,861,977
Computer services	52,558,472	52,210,177
Allowance for doubtful accounts	49,048,664	46,229,952
Plant maintenance	46,552,423	50,264,944
Customer service	53,697,168	62,030,973
Advertising	23,116,084	26,362,974
Energy	22,940,214	26,026,335
Real estate spending	20,945,723	22,174,514
Deferred cost of sale of handsets	15,770,669	9,994,381
Others (1)	18,995,923	31,599,120
Total	1,024,754,855	1,052,414,016

(1) As of December 31, 2018 and 2017, includes transportation expenses, insurance, consulting, events, fines, sanctions, and security and surveillance expenses, among others,

24. Income and Expenses, continued

d) The detail of financial expenses, net, as of December 31, 2018 and 2017, is as follows:

Financial expenses, net	31.12.2018	31.12.2017
	ThCh\$	ThCh\$
Financial income		
Interest earned on deposits	3,711,899	4,560,188
Derivate contract	-	3,090,782
Interest earned on projects	1,107,676	788,709
Dividends received	370,947	594,658
Interest earned on investments	369,865	598,334
Other financial income	306,416	1,585,966
Total financial income	5,866,803	11,218,637
Less:		
Costs financial		
Interest on bond	29,290,585	30,468,054
Interest on loans from bank institutions	4,149,638	4,891,306
Updating interest UPA	1,935,183	1,471,934
Other financial expenses	6,789,383	4,419,182
Total interest expense	42,164,789	41,250,476
Total finance income and costs, net	(36,297,986)	(30,031,839)

e) Foreign currency translation as of December 31, 2018 and 2017 are detailed as follows:

Diferencia de cambio	31.12.2018	31.12.2017
	ThCh\$	ThCh\$
Current accounts receivable from related entities	215,152	(3,038,453)
Trade and other accounts payable	(271,516)	2,512,800
Current trade and other accounts receivable	1,109,585	2,030,258
Trade and other payables	(2,260,733)	3,757,880
Cash and cash equivalents	(734,960)	1,823,722
Financial debt	(52,342,076)	36,131,159
Hedge instruments	55,267,170	(44,959,559)
Others financial liabilities	-	50,703
Total	982,622	(1,691,490)

24. Income and Expenses, continued

f) Indexation units as of December 31, 2018 and 2017 are detailed as follows:

Indexation units	31.12.2018	31.12.2017
	ThCh\$	ThCh\$
Cash and cash equivalents	(121,631)	247,795
Current trade and other accounts receivable	399,372	308,496
Trade and other accounts payable to related companies	(145,567)	-
Trade and other payables	(335,559)	(430,815)
Current accounts receivable from related entities	65,145	203,989
Current tax assets	(5,366,662)	(3,138,537)
Current tax liabilities	(93,306)	-
Financial debt	5,485,555	3,168,732
Hedge instruments	-	(35,162)
Total	(112,653)	324,498

25. Leases

Leases which substantially transfer all risks and benefits inherent to ownership are classified as financial leases all other leases are classified as operating leases.

Financial leases where the Company acts as lessee are recognized at the beginning of the contract, recording an asset based on its nature and a liability for the same amount, for the fair value amount of the leased asset or at the present value of minimum lease payments. Subsequently, minimum lease payments are divided between the finance cost and reduction of the debt.

The finance cost is recognized as an expense and is distributed over the years that constitute the term of the lease, in order to obtain a constant interest rate for each year on the balance of the debt pending amortization. The asset is depreciated under the same terms as the rest of similar depreciable assets, if there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If such certainty does not exist, the asset is depreciated over the useful life of the asset or the term of the lease, whichever is less.

The main operating lease contracts are associated directly to the line of business, such as leases for commercial office real estate and telecommunications technical facilities space. Operating lease expenses accrued are presented under other expenses by nature, in the statement of income.

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

Concepts	12.31.2018	12.31.2017
	ThCh\$	ThCh\$
Minimum operating lease payments recognized as expenses	85,714,973	82,830,565

25. Leases, continued

Financial leases corresponding to Property, plant and equipment are detailed as follows:

Concepts	12.31.2018			12.31.2017		
	Gross amount ThCh\$	Accumulated depreciation ThCh\$	Net value ThCh\$	Gross amount ThCh\$	Accumulated depreciation ThCh\$	Net value ThCh\$
Financial leases recognized as assets	5,304,293	(4,993,015)	311,278	5,304,293	(4,985,265)	319,028

Future obligations on financial and operating leases as of December 31, 2018 and 2017 are detailed as follows:

Concepts	12.31.2018			
	Up to one year ThCh\$	From one to five years ThCh\$	More than 5 years ThCh\$	Total ThCh\$
Minimum operating lease payments payable	78,088,342	225,808,134	51,643,131	355,539,607
Total	78,088,342	225,808,134	51,643,131	355,539,607

Concepts	31.12.2017			
	Up to one year ThCh\$	From one to five years ThCh\$	More than 5 years ThCh\$	Total ThCh\$
Minimum operating lease payments payable	73,970,469	219,632,392	44,865,679	338,468,540
Total	73,970,469	219,632,392	44,865,679	338,468,540

26. Local and Foreign Currency

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

Currents assets	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Cash and cash equivalents	263,376,457	206,793,908
US Dollars	803,353	1,961,076
Euros	369,771	51,852
Chilean Pesos	262,003,486	204,780,980
Others currencies	199,847	-
Other current financial assets	5,211,677	776,868
US Dollars	4,757,121	369,695
Euros	31,266	543
Chilean Pesos	423,290	400,869
U.F.	-	5,761
Current trade and other accounts receivable	198,534,756	254,633,655
Us Dollars	3,784	54,527
Euros	39,538	20,951
Chilean Pesos	198,190,733	254,166,576
U.F.	300,701	391,601
Current receivables from related companies	21,487,842	20,826,616
US Dollars	6,467,316	11,564,381
Euros	-	63,183
Chilean Pesos	14,766,443	8,947,832
Others currencies	254,083	251,220
Other current assets (1)	107,012,177	126,133,675
Chilean Pesos	107,012,177	126,133,675
Total current assets	595,622,909	609,164,722
US Dollars	12,031,574	13,949,679
Euros	440,575	136,529
Chilean Pesos	582,396,129	594,429,932
U.F.	300,701	397,362
Others currencies	453,930	251,220

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

Non-currents assets	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Other non-current financial assets	152,156,299	110,462,910
US Dollars	112,126,778	78,446,134
Chilean Pesos	5,531,972	24,832,427
U.F.	27,539,170	-
Others currencies	6,958,379	7,184,349
Non-current trade and other accounts receivable	34,028,767	23,676,875
Chilean Pesos	34,028,767	23,676,875
Other non-currents non-financial assets	2,716,622	7,334,487
Chilean Pesos	2,716,622	7,334,487
Other non-current assets (2)	2,056,335,591	2,093,938,605
Chilean Pesos	2,056,335,591	2,093,938,605
Total non-current assets	2,245,237,279	2,235,412,877
US Dollars	112,126,778	78,446,134
Chilean Pesos	2,098,612,952	2,149,782,394
U.F.	27,539,170	-
Others currencies	6,958,379	7,184,349

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

26. Local and Foreign Currency, continued

The detail for currency of current liabilities is as follows:

Currents liabilities	12.31.2018	12.31.2017	12.31.2018	12.31.2017
	to 90 days ThCh\$		De 91 days a 1 years ThCh\$	
Other current financial liabilities	5,244,587	8,420,606	53,641,540	5,740,052
US Dollars	360,837	2,028,505	2,529,878	3,085,739
Euros	-	211,084	-	-
Chilean Pesos	4,479,636	5,788,157	50,361,782	1,925,359
U.F.	404,114	392,860	749,880	728,954
Trade and other payables	385,753,698	381,410,053	-	-
US Dollars	39,340,646	42,041,998	-	-
Euros	7,637,881	13,676,788	-	-
Chilean Pesos	296,886,411	302,314,257	-	-
U.F.	41,886,727	23,377,010	-	-
Others currencies	2,033	-	-	-
Current receivables from related companies	52,202,802	113,169,695	-	-
US Dollars	9,717,807	11,910,709	-	-
Euros	384,174	1,045,179	-	-
Chilean Pesos	42,100,821	100,213,791	-	-
U.F.	-	16	-	-
Other current liabilities (1)	24,572,618	77,814,251	22,948,101	25,787,717
Chilean Pesos	24,572,618	77,814,251	22,948,101	25,787,717
Total current liabilities	467,773,705	580,814,605	76,589,641	31,527,769
US Dollars	49,419,290	55,981,212	2,529,878	3,085,739
Euros	8,022,055	14,933,051	-	-
Chilean Pesos	368,039,486	486,130,456	73,309,883	27,713,076
U.F.	42,290,841	23,769,886	749,880	728,954
Others currencies	2,033	-	-	-

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

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

Non-current liabilities	31.12.2018	12.31.2017	31.12.2018	12.31.2017	31.12.2018	12.31.2017
	1 to 3 years ThCh\$		3 to 5 years ThCh\$		5 years and over ThCh\$	
Other non-current financial liabilities	337,416,947	154,142,672	506,620,551	505,686,458	-	127,815,509
US Dollars	103,735,302	-	393,150,391	395,490,036	-	-
Chilean Pesos	123,317,204	46,783,466	31,534,160	110,196,422	-	48,300,718
U.F.	110,364,441	107,359,206	81,936,000	-	-	79,514,791
Trade and other payables non-current	3,863,491	2,990,643	456,944	291,050	-	-
Chilean Pesos	3,863,491	2,990,643	456,944	291,050	-	-
Non-current receivables from related companies	168,255	353,508	-	-	-	-
Chilean Pesos	168,255	353,508	-	-	-	-
Other non-current liabilities (1)	36,267,823	25,735,421	25,661,617	16,432,272	77,709,265	100,493,226
Chilean Pesos	36,267,823	25,735,421	25,661,617	16,432,272	77,709,265	100,493,226
Other non-current liabilities	377,716,516	183,222,244	532,739,112	522,409,780	77,709,265	228,308,735
US Dollars	103,735,302	-	393,150,391	395,490,036	-	-
Chilean Pesos	163,616,773	75,863,038	57,652,721	126,919,744	77,709,265	148,793,944
U.F.	110,364,441	107,359,206	81,936,000	-	-	79,514,791

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

27. Contingencies and restrictions

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

Notwithstanding, there are certain proceedings in which due to the aforementioned considerations it is believed that there is a risk of loss that is rated as probable, which has motivated the establishment of provisions for the amount of what would be the estimated loss as of December 31, 2018, which altogether amounts to ThCh\$4,983,377 in the parent and the amount to ThCh\$761,762 in the subsidiaries. Regarding this figure, it is estimated that Telefónica Móviles Chile S.A. will have to pay the amount of ThCh\$224,924 and the subsidiaries the amount of ThCh\$547,000 during first quarter of 2019 and the rest during second quarter of 2019.

On the other hand, there are several proceedings for which the estimated risk of loss is qualified as possible, for a total amount of ThCh\$ 2,952,448 in the parent and the amount of ThCh\$ 6,950,601 in the subsidiaries.

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

a) Voissnet proceeding

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

b) Tax contingency

i. On August 29, 2014 through Notification No, 383-14/G4, the Chilean Internal Revenue Service notified tax assessment No, 42, to Telefónica Larga Distancia S.A. subsidiary of Telefónica Chile S.A. as of the date, in which it determined differences in the first category (corporate) tax for the 2011 tax year, which resulted in rejection of items in the amount of ThCh\$ 18,967,328, equivalent to a tax contingency of ThCh\$ 5,538,774, which resulted from the review of the Company's tax loss carry forward. On December 18, 2014, a complaint was filed before the 3rd Tax and Customs Court of Santiago, case RUC/RIT 15-9-0000055-0/GR-17-00279-2014. On December 14, 2018, Telefónica Chile S.A. desisted from that complaint, and the Chilean Internal Revenue Service assessed the amount of Th\$2,756,971. Proceeding ended.

27. Contingencies and restrictions, continued

b) Tax contingency, continued

It should be noted that on April 30, 2016 Telefónica Larga Distancia S.A. merged by incorporation in Telefónica Chile S.A., with the latter absorbing the former, acquiring all its assets and liabilities and succeeding it in all its rights and obligations,

As of December 31, 2018, the provision recorded for this contingency was extinguished (see note 11f).

- i. On December 29, 2015 through Notification No, 1534, the Internal Revenue Service notified Tax Assessment No, 294 to Inversiones Telefónica Móviles Holding S.A. (currently Telefónica Móviles Chile S.A.), in which it determined a First Category Income Tax difference for FY 2013, associated to surplus credit granted to shareholders in respect to a remittance of dividends abroad. The amount of the contingency has been valued at ThCh\$ 15,811,445 including taxes and legal surcharges, During 2016 a complaint was filed before the 3rd Tax and Customs Court of Santiago, case RUC/RIT 16-9-0000307-6/GR-17-00070-2016, On December 12, 2018, Telefónica Chile S.A. desisted from that complaint, and the Chilean Internal Revenue Service, assessed the amount of Ch\$13,072,577. Proceeding ended.
- ii. As part of a process of reviewing the taxable income of subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A., on June 17, 2016, the Internal Revenue Service issued the recalculation corresponding to FY 2012. This recalculation led to differences in the non-deductible expenses of article 21 of the Income Tax Law. The amount of the contingency to date has been valued at ThCh\$ 763,437, figure that includes taxes and legal surcharges.

c) Miscellaneous lawsuits:

In the judicial proceeding entitled "OPS Ingeniería Limitada vs Telefónica Móviles Chile S.A.", complaint filed before the 22nd Civil Court of Santiago, Rol C No, 20,891-2013, dated January 17, 2017, the Court of Appeals of Santiago dictated final sentencing in Civil Record No, 8249-2015, rejecting the appeal filed by Telefónica Móviles Chile S.A. and the appeal filed by the plaintiff OPS against the first instance final sentence, and partially accepting the appeal filed by Telefónica, In accordance with the above, that Court reduced the amount of the judgment from UF 510,011,92 to UF357,590,52. Both parties filed appeals for dismissal on this sentence, which were registered with the Supreme Court under Case No, 18,171-2017, and are ready to be heard, during December 2018 the actions filed were viewed, leaving the case in a state of agreement.

d) Financial restrictions:

As of December 31, 2018 the Company has no financial restrictions.

27. Contingencies and restrictions, continued

e) Guarantee deposits:

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor			Current guarantee deposits ThCh\$	Liberated guarantees		
	Name	Relationship	Type of guarantee		2019	2020	2021 and more
					ThCh\$	ThCh\$	ThCh\$
Subsecretaría de Telecomunicaciones	TMCH	Parent	Deposit	31,615,180	2,099,751	28,581,893	933,536
Corfo	TMCH	Parent	Deposit	1,104,971	1,104,971	-	-
Adessa Falabella Ltda	TMCH	Parent	Deposit	773,500	-	-	773,500
Administradora Plaza Vespucio S.A.	TMCH	Parent	Deposit	211,532	211,532	-	-
Banco Estado de Chile	TMCH	Matriz	Deposit	157,728	101,119	-	56,609
I Municipalidad De Vitacura	TMCH	Parent	Deposit	134,991	108,401	-	26,590
I Municipalidad De Arica	TMCH	Parent	Deposit	126,454	126,454	-	-
Aguas Andinas S.A.	TMCH	Parent	Deposit	124,040	124,040	-	-
Metro S.A.	TMCH	Parent	Deposit	118,835	118,835	-	-
Empresa Nacional del Petróleo	TMCH	Parent	Deposit	116,262	116,262	-	-
Nuevos Desarrollos S.A.	TMCH	Parent	Deposit	100,364	93,389	6,975	-
Other Garantees (1)	TMCH	Parent	Deposit	2,012,137	1,071,972	472,197	467,968
Serviu Región Metropolitana	TCH	Subsidiary	Deposit	1,511,279	1,318,318	192,961	-
Conect S.A.	TCH	Subsidiary	Deposit	1,039,823	-	1,039,823	-
Subsecretaría de Telecomunicaciones	TCH	Subsidiary	Deposit	411,840	-	-	411,840
Other Garantees (1)	TCH	Subsidiary	Deposit	596,279	512,309	24,423	59,547
Empresa de transporte de pasajeros Metro S.A.	TEM	Subsidiary	Deposit	1,091,867	-	655,120	436,747
Subsecretaría de Educación	TEM	Subsidiary	Deposit	1,668,080	-	834,040	834,040
Fundación Integra	TEM	Subsidiary	Deposit	770,322	-	770,322	-
Banco del Estado de Chile	TEM	Subsidiary	Deposit	711,607	509,656	-	201,951
Subsecretaría de Telecomunicaciones	TEM	Subsidiary	Deposit	702,575	702,575	-	-
Banmédica S.A.	TEM	Subsidiary	Deposit	630,201	-	-	630,201
Cemento Bio Bio S.A.	TEM	Subsidiary	Deposit	542,125	542,125	-	-
Tesorería del Estado Mayor General del Ejército	TEM	Subsidiary	Deposit	424,998	424,998	-	-
Los Héroes C,C,A,F	TEM	Subsidiary	Deposit	290,973	-	-	290,973
Aguas Andinas S.A.	TEM	Subsidiary	Deposit	287,236	-	-	287,236
CDEC Sing, Ltda.	TEM	Subsidiary	Deposit	281,068	-	281,068	-
Estado Mayor Conjunto	TEM	Subsidiary	Deposit	279,230	127,283	151,947	-
Fundación Educacional para el Desarrollo Integral del Menor	TEM	Subsidiary	Deposit	239,666	-	-	239,666
Redbanc S.A.	TEM	Subsidiary	Deposit	229,712	-	-	229,712
Empresa Nacional de Electricidad S.A.	TEM	Subsidiary	Deposit	222,396	-	-	222,396
Banco Santander Chile	TEM	Subsidiary	Deposit	201,877	-	-	201,877
Consorcio Hospital Quillota Petorca S.A.	TEM	Subsidiary	Deposit	189,559	-	189,559	-
Dirección General del crédito prendario - DICREP	TEM	Subsidiary	Deposit	166,511	-	-	166,511
Comando Logístico de la Fuerza Aérea	TEM	Subsidiary	Deposit	163,030	-	-	163,030
SMU S.A.	TEM	Subsidiary	Deposit	146,182	-	-	146,182
Coordinador Independiente del Sist, Eléctrico Nacional,	TEM	Subsidiary	Deposit	142,054	-	142,054	-
Comercial ECCSA S.A.	TEM	Subsidiary	Deposit	124,043	-	-	124,043
Minera Centinela	TEM	Subsidiary	Deposit	119,934	119,934	-	-
Asociación Chilena de Seguridad	TEM	Subsidiary	Deposit	115,459	115,459	-	-
Caja Compensación de Asignación Familiar La Araucana	TEM	Subsidiary	Deposit	110,964	-	110,964	-

27. Contingencies and restrictions, continued

g) Guarantee deposits:

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor			Current guarantee deposits ThCh\$	Liberated guarantees		
	Name	Relationship	Type of guarantee		2019	2020	2021 and more
					ThCh\$	ThCh\$	ThCh\$
Fundación de Beneficencia Hogar de Cristo	TEM	Subsidiary	Deposit	109,680	-	109,680	-
Servicio Agrícola Ganadera SAG	TEM	Subsidiary	Deposit	104,147	-	-	104,147
Others Guarantees (1)	TEM	Subsidiary	Deposit	5,791,188	2,639,281	1,080,783	2,071,124
TOTAL				56,011,899	12,288,664	34,643,809	9,079,426

(1) This item includes all guarantees with a value of less than ThCh\$100,000, for each company,
TMCH: Telefónica Móviles Chile S.A.
TCH: Telefónica Chile S.A.
TEM: Telefónica Empresas Chile S.A.

e) Insurance:

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

28. Environment

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

Law No, 20,599 was published on June 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas.

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

28. Environment, continued

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

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

In this respect, the Company is currently working on implementing the tender projects indicated by Subtel where there are polygons placed in protection areas referred to in Law No, 19.300. In these cases, Environmental Impact Studies are carried out when projecting the installation of infrastructure in these protection areas to submit them to evaluation by the authority.

Approximately three years since the law that regulates the installation of towers came into effect, there have been instances of review of the manner in which this law has been implemented. In this manner, there are current projects to modify the Law so that the installation of transmission and broadcasting antennas for telecommunication services has to be submitted to the Environmental Impact Evaluation System, therefore the ongoing future execution of these studies is something to be taken into consideration.

Due to the obligations associated to the award for LTE on the 700 Mhz band, the Company must implement new cellular sites in isolated zones predefined by the authority. Due to the location of these sites various previous studies must be undertaken to validate the feasibility of construction. In this respect the Company has detected the need to prepare Declarations of Environmental Impact in 9 of these sites, 7 archeological studies, 23 Project Pertinence Letters and approximately 31 Forestry Handling Plans. All these prior studies have costs that are additional to the habitual projects and could imply work that goes beyond what is necessary to implement a cellular site.

In order to comply with Supreme Decree 148, issued by the Ministry of Health, which approves the Health Regulation on Dangerous Waste (RESPEL), and establishes the minimum health and safety conditions which are applicable to the generation, holding, storage, transportation, treatment, reuse, recycling, final disposal and other forms of elimination of this waste, A Dangerous Waste Warehouse was implemented for temporary storage of waste identified as dangerous, resulting from activities involving implementation and operation of the fixed technical sites of Telefónica, in which the Company foresees the reception of dangerous waste from all its locations in the Metropolitan Region, in order to then have it removed to a final certified disposal site.

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

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

28. Environment, continued

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact, As of December 31, 2018 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

As of May 29, 2018, the company has ISO 14001:2015 International Certification in conformity with the implementation of an Environmental Management System for Telefonica Chile, This certification is full scope, which provides the Company with coverage from the design stage to deployment and maintenance of the mobile network, plus marketing of Telecommunication Services and right up to our end customers.

29. Risk management

a) Characterization of the market and competition

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

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

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

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

Mobile Voice

At the end of the third quarter of 2018, it is estimated that the mobile telephone market will have close to 27.14 million accesses, growing 1.9% in comparison to the same period the year before. With this, mobile telephone penetration per 100 inhabitants would reach 145.8%, increase 1.3 percentage points in a year.

Prepayment customers present a decrease in the industry, influenced by less dynamism in the economy, the effect of lower access charges and the commercial strategy of the companies to migrate these customers to postpaid plans. When comparing the quarter of 2017 and 2018, prepay customers decreased by 1,190 thousand customers, whereas customers with contracts grew by 1,682 thousand customers. The proportion of prepayment closed at 59% of total customers in the market, -5.6 percentage points in comparison to as of december 2017.

29. Risk management, continued

a) Characterization of the market and competition, continued

Mobile Internet

Mobile Internet access experienced a high level of growth thanks to the higher penetration of smartphones with 3G and 4G technology, which allow better Internet navigation in the device, It is estimated that the number of units connected to Mobile Internet will reach 18 million as of December 2018, growing 18.1% in respect to quarter of 2017, With the above, market penetration per inhabitant is 96.8%, increasing 14.1 percentage points in a year.

b) Competition Risk

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

There were more than 905.000 mobile porting instances. Mobile portability has accumulated 15.5 million ported from when it began to December 2018, which is equivalent to 57.5% of total voice customers in the industry.

c) Regulatory Environment

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

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

i) Tariff system for mobile telephones:

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

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

In the case of public telephone, local and international long distance services, excluding mobile telephone services, and of switchboard and/or transmission of signal services provided, whether as an intermediate service, or as private circuits, if there was an express qualification by the Tribunal for the Defense of Free Competition (TDLC) in respect to the conditions existing in the market not being sufficient to guarantee a

29. Risk management, continued**c) Regulatory Environment, continued****i) Tariff system for mobile telephones, continued**

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

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

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

The tariffs that will be in place for Telefónica Móviles Chile S.A., for the 2014 – 2019 period were established through the publication of Decree No, 21, 2014, issued by the Ministries of Transportation and Telecommunications and of Economy, Development and Tourism in the Official Gazette on June 4, 2014. In accordance with the trajectory of the Price Cap established in this decree, in January 2016 a rate reduction of 18.7% was applied, and in January 2017 the last reduction of 23% was applied.

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

The concessionaires subject to tariff regulation presented their study on July 29, 2018. The new tariff decree comes into force on January 26, 2019.

ii) Tariff system for fixed telephone services:

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

Decree No. 77, issued on May 5, 2014 by the Ministries of Transportation and Telecommunications and of Economy, Development and Tourism was published in the Official Gazette on February 23, 2015, and establishes for Telefónica Chile S.A., the tariff levels for charges in the Local Tranche and other services associated to Public Telephone Services provided to the end user, the tariffs applied to the Concessionary under the ministry of Articles 24 bis and 25 of the law (mainly access charges) and tariff indexation mechanisms. The decree was published once the "Contraloría General de la República" performed its review of the mentioned decree and it began to be in force since May 8, 2014, The difference in the amount charged had to be retroactively settled.

29. Risk management, continued**c) Regulatory Environment, continued****ii) Tariff system for fixed telephone services, continued**

During this year Subtel has begun the new tariff process corresponding to the 2019-2024 five-year period, dictating the Final Technical-Economic Documents on June 11, 2018. Telefónica Chile must present its new tariff study on November 9, 2018. Telefónica Chile presented its new tariff study on November 9, 2018. Telefónica Chile presented its new tariff study on November 9, 2018. On March 9, 2019 the Ministries must respond with their Objections and Counterproposals Report. The new regulated tariffs that arise from this tariff process will begin to be in force as of May 2019.

Through decrees from the Ministries of Transportation and Telecommunications and of Economy Development and Tourism, on January 24, 2014 the maximum access charge rates were established for the 2014 -2019 period, for the use of mobile networks by all operators with networks and, in addition the hourly structure was modified, The new tariffs became effective as of January 25, 2014, for the 2014-2019 period.

The new tariff setting process for mobile companies, for the 2019-2024 five-year period is underway. On July 29, 2018, the companies subject to regulation presented their tariff studies. On November 26, the Ministries issued their Report on Objections and Counterproposals, regarding which Telefónica Móviles Chile S.A. presented its controversies and requested the formation of an Experts Commission. On December 23 the Commission issued its report and, finally, on December 26, TMCh sent its Modifications and Insistencias Report, taking as a base for its new tariff proposal what was resolved by the experts convoked. The official decree of the Ministries must be issued on January 25, 2019.

iii) Spectrum Allocation

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

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

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

29. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

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

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

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

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

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

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

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

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

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

29. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

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

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

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

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

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

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

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

On November 14, 2018, the TDLC dictated a resolution that rejected the objections presented by Entel, Claro and Movistar, ordering immediate compliance with the divestment of spectrum, without waiting for the results of the consultation regarding spectrum capacity. On November 20, 2018, the Companies filed their appeals before the Supreme Court. On December 13, 2018, the Supreme Court declared the appeal inadmissible.

On December 28, 2018 the deadline for those interested in participating in that consultation to send their reports to the Court expired.

29. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

On the other hand, on June 21, 2018, Subtel published Exempt Resolution No. 1289 through which it ordered the suspension of operations in the 3400 - 3800 MHz band to all operators that are operating in that band, which includes Telefónica Chile S.A. which has 50 MHz to provide services of Aysen (XI region) and Magallanes (XII region) in the south of Chile. The main affected parties are Entel, who has 100 MHz, and Claro with 50 MHz, both throughout the country.

According to Subtel, since this is a key band for the future deployment of 5G, the State must carefully study the use of this band, in accordance with international use, and ensure efficient use of the spectrum.

Subtel mandates that: 1) operators that provide services in that band must suspend operations and request modification of the concession to transfer customers to 4G bands; 2) no new concessions or concessional modifications will be granted on the 3400 – 3800 band.

On October 3, the Telecommunications Undersecretary, (Subtel) modified the resolution that suspended the use of the 3.400-3.800 band. That is how, through new Complementary Exempt Resolution No. 1953, the absolute suspension of this band was amended, and part of this spectrum was freed for use by wireless fixed services (not for mobile services).

In addition, it should be noted that the unfrozen fraction can only be used to provide mobile services, change that is necessary to provide 5G, but only once the future frequency tenders for the 3400-3800 MHz range have been firmly adjudicated.

On November 20, 2018, Telefónica Móviles Chile S.A. filed before the TDLC a consultation (non-contentious) focusing on determining whether the execution of the decisions dictated by Subtel (Nos. 1289 and 1953) associated to the 3400 – 3600 MHz spectrum infringe or not on free competition. Through resolution dated November 29, 2018, the TDLC began the consultation. The deadline for interested third parties to contribute information expires on February 18, 2019.

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

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

29. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

The new law mainly establishes that:

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

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

29. Risk management, continued

d) Technological changes

On December 1, Subtel published Exempt Resolution 2350 in the Official Gazette. In this Resolution it established that for a period of 120 days from the date of publication, the obligation of administrative registration of mobile equipment acquired abroad, or the registration of mobile handsets not registered in the IMEI single data base, will not be applicable.

After the end of the period of 120 days, the handsets that are not registered in the central database will be able to handle traffic for a maximum period of 30 consecutive days, after which time the customer must carry out the administrative registration of the handset if applicable. If this process is not carried out, the handset will not be able to register in the mobile networks.

On June 28, 2018, Subtel issued Exempt Resolution No. 1372 through which the deadline for resumption of the operation of the IMEI database is extended until November 10, 2018.

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

e) Level of Chilean economic activity

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

f) Financial risk management objectives and policies

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

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

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

29. Risk management, continued

f) Financial risk management objectives and policies, continued

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

Market Risk

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

Interest rate risk

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

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

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates. As of December 31, 2018 the Company had 47% of its current and non-current financial debt accruing interest at a fixed rate.

The Company believes it is reasonable to measure the risk associated to interest on the financial debt such as the sensitivity of the monthly financial accrual expense in case of a change of 25 basic points in the reference interest rate of the debt, which as of December 31, 2018 corresponds to the Nominal Average Chamber Rate (TCPN) ("Tasa Promedio de Cámara Nominal"). In this manner, an increase of 25 basic points in the monthly TCPN would mean an increase in the monthly financial accrual expense for 2018 of approximately ThCh\$ 82,422, whereas a decrease in the TCPN would mean a reduction of ThCh\$ 82,422 in the monthly financial accrual exercise for 2018.

Foreign currency risk

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

29. Risk management, continued

f) Financial risk management objectives and policies, continued

Credit risk

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

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

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

The limits are established to reduce counterpart risk concentration.

Liquidity risk

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

Capital management

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

The Company's main objective in respect to capital management is to ensure that it maintains a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholder value. Return on equity (income/total average equity) as of December 31, 2018 amounts to 6.60%, a decrease of 8.20% in comparison to period 2017, where it reached 14.80%. The above is mainly due to a decrease in profits attributable to the owners in amount of MCh\$ 114,017. This variance is mainly due to tax proceeds in the previous period, generated by taxable Goodwill, which arose due to the merger by absorption carried out in June 2017.

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

There were no changes in the objectives, policies or processes during the years ended as of December 31, 2018 and 2017.

30. Subsequent events

a) The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the exercise as of December 31, 2018, were approved and authorized for issuance at the Board of Directors Meeting held on January 31, 2019.

b) Spectrum Allocation:

On January 23, 2019, the Supreme Court declared the appeal filed by the Company inadmissible, product of the resolution of the TLDC issued on November 14, 2018 (see Note 29,c,iii)). On January 25, 2019, Telefónica Móviles Chile S.A. filed an appeal claiming inapplicability due to unconstitutionality before the Constitutional Court, requesting, among other things, the suspension of compliance with the sentence of the Supreme Court of June 25, 2018, which ordered Entel, Claro and Telefónica Móviles Chile S.A., to dispose of the amount of spectrum awarded in the 700 MHz tender. Through resolution dated January 29, 2019, the Constitutional Tribunal agreed to the required suspension.

c) In the period from January 1 to 31, 2019, there have been no other significant subsequent effects that affect these consolidated financial statements.

Julio Jorge Vega
Accounting Manager

Rafael Zamora Sanhueza
Director of Finance and Management Control

Roberto Muñoz Laporte
General Manager