TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2019 (not audited), december 31, 2018 and june 30, 2018 (not audited)

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

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Notes to the Consolidated Financial Statements

ThCh$: Thousands of Chilean Pesos
MCh$: Millions of Chilean Pesos

	Notes	06.30.2019	12.31.2018
		ThCh$	ThCh$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	125,879,852	263,376,457
Other current financial assets	(6)	27,138,389	5,211,677
Other current non-financial assets	(7)	34,305,413	38,268,897
Current trade and other accounts receivable	(8a)	277,182,741	198,534,756
Current receivables from related companies	(9a)	23,854,765	21,487,842
Inventory	(10a)	54,576,454	55,566,162
Current tax assets	(11b)	12,135,438	13,177,118
Total current assets other tan assets classified as held for sale		**555,073,052**	**595,622,909**
Non-current assets classified as held for sale	(16)	12,353,976	-
TOTAL CURRENT ASSETS		**567,427,028**	**595,622,909**
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	138,227,170	152,156,299
Other non-current non-financial assets	(7)	9,160,010	2,716,622
Non-current trade and other accounts receivable	(12a)	32,494,240	34,028,767
Intangible assets other than goodwill, net	(13a)	171,789,957	179,955,847
Goodwill	(14)	504,839,853	504,839,853
Property, plant and equipment, net	(15a)	1,482,551,662	1,252,993,757
Deferred tax assets	(11c)	116,739,166	118,546,134
TOTAL NON-CURRENT ASSETS		**2,455,802,058**	**2,245,237,279**
TOTAL ASSETS		**3,023,229,086**	**2,840,860,188**

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

	Notes	06.30.2019	12.31.2018
		ThCh$	ThCh$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	(17)	137,208,628	58,886,127
Trade and other payables	(18a)	294,639,522	385,753,698
Current payables to related companies	(9b)	58,160,906	52,202,802
Other current provisions	(20a)	5,870,236	5,745,139
Current tax liabilities	(11f)	1,533,312	3,420,586
Current employee benefits accrual	(21a)	8,428,608	8,597,752
Other current non-financial liabilities	(22)	37,177,514	29,757,242
TOTAL CURRENT LIABILITIES		**543,018,726**	**544,363,346**
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(17)	919,558,419	844,037,498
Trade and other payables non-current	(18a)	4,717,191	4,320,435
Current payables to related companies non-current	(9c)	24,207,493	168,255
Other non-current provisions	(20b)	20,734,037	20,183,648
Deferred tax liabilities	(11c)	89,105,003	84,570,341
Non-current employee benefits accrual	(21a)	27,775,370	26,842,153
Other non-current non-financial liabilities	(22)	7,680,891	8,042,563
TOTAL NON-CURRENT LIABILITIES		**1,093,778,404**	**988,164,893**
TOTAL LIABILITIES		**1,636,797,130**	**1,532,528,239**
NET SHAREHOLDERS' EQUITY			
Issued capital	(23a)	1,329,872,285	1,294,872,285
Retained earnings		510,435,599	465,582,534
Other reserves	(23d)	(459,572,174)	(457,727,425)
Shareholders' equity attributable to owners of the parent		1,380,735,710	1,302,727,394
Non-controlling interest	(23e)	5,696,246	5,604,555
TOTAL NET SHAREHOLDERS' EQUITY		**1,386,431,956**	**1,308,331,949**
TOTAL NET LIABILITIES & SHAREHOLDERS' EQUITY		**3,023,229,086**	**2,840,860,188**

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

STATEMENTS OF COMPREHENSIVE INCOME		For the period from April 1 to June 30 2019 ThCh$	For the six month period ended June 2019 ThCh$	Fort he period from April 1 to June 2018 ThCh$	Fort he six month period ended June 30 2018 ThCh$
Income from ordinary operations	(25a)	373,711,194	751,531,547	388,700,588	777,736,228
Other income	(25b)	1,407,736	2,739,578	2,543,207	4,004,275
Employee benefits expenses	(21d)	(32,902,851)	(63,907,089)	(31,256,132)	(62,810,179)
Depreciation and amortization expense	(13b)(15b)	(85,018,801)	(166,273,314)	(70,490,989)	(142,124,801)
Other expenses, by nature	(25c)	(221,369,627)	(450,596,652)	(251,048,505)	(506,575,960)
Profit from operating activities		**35,827,651**	**73,494,070**	**38,448,169**	**70,229,563**
Interest income	(25d)	1,319,436	2,894,816	758,519	2,463,297
Interest expense	(25d)	(11,523,154)	(22,124,093)	(10,022,524)	(19,631,893)
Foreign exchange differences	(25e)	(663,228)	(447,464)	(9,810)	(35,323)
Income from indexation units	(25f)	(408,955)	(172,936)	(159,120)	(134,958)
Profits before tax from continuing operations		**24,551,750**	**53,644,393**	**29,015,234**	**52,890,686**
Income tax expense	(11e)	(56,254)	(8,476,864)	(13,314,844)	(9,240,047)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**24,495,496**	**45,167,529**	**15,700,390**	**43,650,639**
Profit attributable to holders of equity instruments of the controller and minority interest:					
Profit attributable to owners of the parent		24,428,837	45,074,383	15,664,823	43,552,422
Profit attributable to non-controlling interest	(23e)	66,659	93,146	35,567	98,217
PROFIT (LOSS) FOR THE PERIOD		**24,495,496**	**45,167,529**	**15,700,390**	**43,650,639**
EARNINGS PER SHARE		Ch$	Ch$	Ch$	Ch$
Earnings per basic share					
Earnings per basic share for continuing operations	(24)	0.026	0.048	0.017	0.048
Earnings per basic share for discontinuing operations					
Earnings per basic share		0.026	0.048	0.017	0.048
Diluted earnings per share					
Diluted earnings per share from continuing operations		0.026	0.048	0.017	0.048
Diluted earnings per share from discontinuing operations					
Diluted earnings per share		0.026	0.048	0.017	0.048

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

STATEMENTS OF COMPREHENSIVE INCOME	For the period from April 1 to June 30 2019 ThCh$	For the six month period ended June 30 2019 ThCh$	For the period from April 1 to June 30 2018 ThCh$	For the six month period ended June 30 2018 ThCh$
PROFIT (LOSS) FOR THE PERIOD	**24,495,496**	**45,167,529**	**15,700,390**	**43,650,639**
OTHER COMPREHENSIVE INCOME				
Components of other comprehensive income that will not be reclassified to income for the period				
Other comprehensive income, before taxes, profits, (losses) on new measurements of defined benefits plans	(2,590,485)	(2,611,107)	211,106	(254,113)
Other comprehensive income, equit, instruments reserves	(149,750)	64,330	(907,513)	(517,701)
Total other comprehensive income thas will not be reclassified to income for the period	**(2,740,235)**	**(2,546,777)**	**(696,407)**	**(771,814)**
Components of other comprenhensive income that will be reclassified to income for the period				
Profit (loss) on cash Flow hedges	(1,977,055)	49,609	6,763,623	(1,666,855)
Total Components of other comprenhensive income that will be reclassified to income for the period	**(1,977,055)**	**49,609**	**6,763,623**	**(1,666,855)**
Total other components of other comprehensive income, before taxes	**(4,717,290)**	**(2,497,168)**	**6,067,216**	**(2,438,669)**
Income tases associated to components of other comprehensive income which will not be reclassified to income for the period				
Income taxes associated to new measurements of defined benefits plants of other comprehensive income	699,431	704,998	-	-
Total Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period	**699,431**	**704,998**	**-**	**-**
Income taxes associated to components of other comprehensive income which will be rclassified to income for the period				
Income tax related to hedging cash flows from other comprehensive income	1,144,453	(13,395)	580,335	2,615,295
Total income taxes associated to components of other comprehensve income which will be reclassified to income for the period	**1,144,453**	**(13,395)**	**580,335**	**2,615,295**
TOTAL OTHER COMPREHENSIVE INCOME	**(2,873,406)**	**(1,805,565)**	**6,647,551**	**176,626**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**21,622,090**	**43,361,964**	**22,347,941**	**43,827,265**
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Comprehensive income attributable to owners of the parent	21,519,938	43,229,634	22,299,706	43,768,490
Comprehensive income attributable to non-controlling interest	102,152	132,330	48,235	58,775
TOTAL COMPREHENSIVE INCOME	**21,622,090**	**43,361,964**	**22,347,941**	**43,827,265**

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

CONSOLITED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As of June 30, 2019 (not audited) and December 31, 2018

	Changes in capital (Note 23 a)	Changes in the other reserves (Note 23 d)					Retained earnings	Equity attributable to owners of the parent	Non controlling interests (Note 23 e)	Total Equity
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves	Total other reserves				
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance of tax year	**1,294,872,285**	**338,921**	**(8,203,551)**	**1,271,402**	**(451,134,197)**	**(457,727,425)**	**465,582,534**	**1,302,727,394**	**5,604,555**	**1,308,331,949**
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	45,074,383	45,074,383	93,146	45,167,529
Other comprehensive income	-	(10,748)	(1,897,777)	63,776	-	(1,844,749)	-	(1,844,749)	39,184	(1,805,565)
Comprehensive income	**-**	**(10,748)**	**(1,897,777)**	**63,776**	**-**	**(1,844,749)**	**45,074,383**	**43,229,634**	**132,330**	**43,361,964**
Dividends	-	-	-	-	-	-	40,008	40,008	(40,620)	(612)
Increase capital	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Other increase (drecrease) from transfers And other changes (1)	-	-	-	-	-	-	(261,326)	(261,326)	(19)	(261,345)
Total changes in shareholders' equity	**35,000,000**	**(10,748)**	**(1,897,777)**	**63,776**	**-**	**(1,844,749)**	**44,853,065**	**78,008,316**	**91,691**	**78,100,007**
Ending balance as of 03.31.2019	**1,329,872,285**	**328,173**	**(10,101,328)**	**1,335,178**	**(451,134,197)**	**(459,572,174)**	**510,435,599**	**1,380,735,710**	**5,696,246**	**1,386,431,956**
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	-	-	-	-	-	-	43,552,422	43,552,422	98,217	43,650,639
Other comprehensive income	-	981,532	(252,795)	(512,669)	-	216,068	-	216,068	(39,442)	176,626
Resultado integral	**-**	**981,532**	**(252,795)**	**(512,669)**	**-**	**216,068**	**43,552,422**	**43,768,490**	**58,775**	**43,827,265**
Dividends	-	-	-	-	-	-	60,417,721	60,417,721	(27,558)	60,390,163
Increase capital	37,000,000	-	-	-	-	-	-	37,000,000	-	37,000,000
Other increase (decrease) from transactions with treasury shares	-	-	-	-	-	-	-	-	-	-
Other increase (decrease) from transfers and other changes (2)	-	-	-	-	-	-	(19,931,515)	(19,931,515)	(269,915)	(20,201,430)
Total changes in shareholders' equity	**37,000,000**	**-**	**-**	**-**	**-**	**-**	**40,486,206**	**77,486,206**	**(297,473)**	**77,188,733**
Ending balance as of 06.30.2018	**1,294,872,285**	**6,154,194-**	**(8,290,889)**	**981,065**	**(451,774,473)**	**(452,930,103)**	**571,065,791**	**1,413,007,973**	**6,302,491**	**1,419,310,464**

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

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

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

	Notes	For six-month periods ended june 30, 2019 ThCh$	2018 ThCh$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Classes of operating activity charges			
Proceeds from sale of assets and services rendered		**825,585,079**	**888,818,852**
Proceeds from sales and services		823,266,087	883,701,310
Proceeds from related entities		2,318,992	5,117,542
Classes of payments		**(713,037,196)**	**(777,148,767)**
Payments to suppliers for supplying goods and services		(455,181,135)	(520,072,570)
Payments to and on account of employees		(82,537,189)	(98,957,617)
Payments from related entities		(28,062,357)	(25,398,877)
Other operating activities payments (1)		(147,256,515)	(132,719,703)
Net cash flows provided by (used in) operating activities		**112,547,883**	**111,670,085**
Income taxes paid reimbursed classified as operating activities (less)		(1,072,224)	(7,036,450)
Cash flows provided by (used in) operating activities		**111,475,659**	**104,633,635**
CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES			
Amounts from sales of property, plant and equipment, classified as investment activities			
(Payments) proceeds Loans to related entities		(182,075,833)	(163,689,317)
Interest received, classified as investing activities		1,771,784	2,443,620
Other cash inputs (outputs), classified as investing activities		(19,995,290)	(13,049,297)
Net cash flows provided by (used in) investment activities		**(200,299,339)**	**(174,294,994)**
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Proceeds from loans, classified as financing activities			
Loans from related entities	(9d)	(720,100)	(1,087,000)
Loan reimbursement		(47,000,000)	-
Payments to acquire or redeem the entity’s shares	(23a)	35,000,000	37,000,000
Lease payments as per IFRS 16		(16,602,769)	-
(Payments) collections loans		(40,625)	(24,475)
Interest paid (2)		(16,350,089)	(14,353,225)
Other cash inputs (outputs)		(2,959,320)	(4,297,573)
Net cash flows provided by (used in) financing activities		**(48,672,903)**	**(17,237,727)**
Increase (decrease) in cash and cash equivalents, before the effects of changes in he exchange rate		**(137,496,583)**	**(52,423,632)**
Effects of changes in the exchange rate over cash and cash equivalents		**(22)**	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(137,496,605)**	**(52,423,632)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**263,376,457**	**206,793,908**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(5)	**125,879,852**	**154,370,276**

(1) Corresponds to the net amount of factoring transactions, portfolio sales, VAT and fee-based payments.
(2) Corresponds to interest paid on bonds and loans as of june 30, 2019 and 2018, See note 17.

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

1. Corporate information:

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

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

The subsidiary registered in the Securities Registry is:

Subsidiary	Taxpayer No.	Registration No.	Participation percentage (direct and indirect)	
			06.30.2019	12.31.2018
			%	%
Telefónica Chile S.A.	90.635.000-9	009	99.1405597	99.140.5597

2. Significant accounting principles:

a) Accounting period

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

b) Basis of presentation

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

c) Basis of preparation

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

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

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

d) Exchange Method

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

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

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

2. Significant accounting principles, continued

d) Exchange Method

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

DATE	USD	EURO	REAL	UF
06.30.2019	679,15	772,11	176,95	27,903,30
12.31.2018	694.77	794.75	179.59	27,565.79
06.30.2018	651,21	760,32	168,49	27,158,77

e) Basis of consolidation

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

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

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

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

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

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Origin Country	Currency	% of participation 06.30.2019			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	99.1405597
76.703.410-1	Telefónica Empresas Chile S.A.	Chile	CLP	-	99.9999973	99.9999973	99.9999973
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	Chile	CLP	49.0000000	51.0000000	100.0000000	100.0000000

2. **Significant accounting principles**, continued

e) **Basis of consolidation**, continued

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

Taxpayer No.	Company Name	% Participation	Currents assets ThCh$	Non-currents assets ThCh$	Total Assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	100.00	1,694,629	-	1,694,629	816,695	-	816,695	877,934	-	(14,937)
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	8,236,483	244,782	8,481,265	6,403,511	11,419	6,414,930	2,066,335	725,620	24,705
90.635.000-9	Telefónica Chile S.A.	99.1405597	219,833,332	1,252,908,996	1,472,742,328	284,814,997	522,744,682	807,559,679	665,182,649	230,976,910	11,321,131
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	192,867,080	87,467,895	280,334,975	164,063,046	5,981,785	170,044,831	110,290,144	163,652,976	3,285,919
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	83,038,724	56,017,426	139,056,150	49,804,844	32,164,302	81,969,146	57,087,004	90,402,048	3,510,510

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

Taxpayer No.	Company Name	% Participation	Currents assets ThCh$	Non-currents assets ThCh$	Total Assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	100.00	1,682,638	-	1,682,638	774,707	-	774,707	907,931	-	(49,478)
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	8,866,532	167,507	9,034,039	7,104,629	101,943	7,206,572	1,827,467	3,304,692	878,98
90.635.000-9	Telefónica Chile S.A.	99.0281653	265,838,871	1,182,326,376	1,448,165,247	300,075,405	498,201,166	798,276,571	649,888,676	238,123,799	10,610,826
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	153,960,887	93,088,078	247,048,965	142,855,917	3,280,834	146,136,751	100,912,214	156,548,229	3,559,966
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	102,596,789	46,804,147	149,400,936	58,086,264	34,312,509	92,398,773	57,002,163	103,906,735	11,763,697

2. Significant accounting principles, continued

f) Financial assets and liabilities

1. Financial assets other than derivatives

Classification and presentation

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

i) Amortized cost

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

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

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

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

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

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

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

ii) Financial assets at fair value though other comprehensive income

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

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

iii) Financial assets at fair value through profit or loss

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

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

2. Financial liabilities

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Financial liabilities, continued

i) Financial liabilities at amortized cost

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

ii) Financial liabilities at fair value through profit or loss

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

This classification includes derivatives designated as effective hedging instruments (see note 19).

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

3. Derivative financial instruments

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

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

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

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

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

g) Inventory

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

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

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

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

h) Non-current assets classified as held for sale

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

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

2. Significant accounting principles, continued

i) Impairment of non-current assets

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

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

j) Leases

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

1. Initial recognition

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

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

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

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

2. Subsequent measurement

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

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

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

2. Significant accounting principles, continued

2. Subsequent measurement, continued

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

k) Income taxes

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

Tax assets and liabilities for the current and prior periods are measured at the amount the Company estimates it will recover or pay to tax authorities. Tax rates and government regulations used to calculate these amounts are those in force as of each period 27% and 25.5% at June 31, 2019 and December 31, 2018 respectively.

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

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

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

l) Goodwill

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

The Company tests goodwill impairment annually and when there are indicators that the net carrying amount might not be fully recoverable. 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.

m) Intangibles

i) Concession licenses

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

2. Significant accounting principles, continued

m) Intangibles, continued

ii) Licenses and softwares

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

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

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

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

n) Property, plant and equipment

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

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

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

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

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

2. Significant accounting principles, continued

n) Property, plant and equipment, continued

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

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

ñ) Depreciation of property, plant and equipment

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

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

Estimated useful lives are summarized in the following detail:

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

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

o) Provisions

i) Employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using an nominal annual discount rate of 3.711% and 4.673% at June 30, 2019 and december 31, 2018 respectively, considering estimations such as future permanence, employee mortality rate and future salary increases determined on the basis of actuarial calculations, Discount rates are determined by reference to market interest curves.

2. Significant accounting principles, continued

o) Provisions, continued

ii) Provision for dismantling expenses

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

iii) Other provisions

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

p) Income and expenses

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

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

i) Telecommunications

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

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

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

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

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

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

2. **Significant accounting principles,** continued

p) Income and expenses, continued

i) Telecommunications, continued

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

The amount corresponding to traffic that has been pre-paid and use is pending generates deferred income which is recorded in liabilities, Electronic top-ups 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.

ii) Customer loyalty program:

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

2. Significant accounting principles, continued

p) Income and expenses, continued

iii) Government subidies:

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

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

q**) Use estimates**

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

i) Property, plant and equipment and intangibles

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

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

ii) Deferred taxes

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

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

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.

2. Significant accounting principles, continued

q) Use estimates, continued

ii) Deferred taxes, continued

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

iii) Provisions

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

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

iv) Employment benefits

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

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

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

r) Methods of consolidation

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

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

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

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

s) New IFRS and Interpretations of the IFRS Interpretations Committee

i. Publication of new standards

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

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

IFRS 17 “Insurance Contracts”

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

2. Significant accounting principles, continued

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

ii. Publication of standards modifications

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

IAS 12 "Income Taxes"

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

2. Significant accounting principles, continued

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

ii. Publication of standards modifications, continued

IAS 23 "Borrowing Costs"

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

IAS 19 "Employee Benefits"

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

IFRIC 23 "Uncertainty over Income Tax Treatment"

Published in June 2017, this interpretation clarifies how the recognition and measurement requirements of IAS 12 are applied when there is uncertainty over income tax treatment.

IAS 1 "Presentation of Fianncial 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.

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.

2. Significant accounting principles, continued

t) Statement of cash flows

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

i. Operating activities: are activities that constitute the main source of the Company's ordinary income, as well as other activities that cannot be qualified as from investing or financing activities.

ii. Investing activities: are activities such as acquisition, alienation or disposal of non-current assets by other means and other investments not included in cash and cash equivalents.

iii. Financing activities: are activities that produce changes in the size and composition of total shareholders' equity and in liabilities of a financial nature.

3. Changes in Accounting Policy and Disclosures

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

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

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

4. Financial information by segment

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

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 June 30, 2019, december 31, 2018 and June 30, 2018 is detailed as follows:

For the exercise ended as of June 30, 2019	Mobile Telecommunications ThCh$	Fixed Telecommunications ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Income from external customers	428,918,565	165,673,984	77,342,787	79,596,211	-	-	751,531,547
Income from ordinary activities arising from transactions with other operating segments of the same entity	3,677,645	65,302,926	6,713,978	-	90,402,048	(166,096,597)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	**432,596,210**	**230,976,910**	**84,056,765**	**79,596,211**	**90,402,048**	**(166,096,597)**	**751,531,547**
Cost of sales	143,231,757	18,138,756	44,991,665	61,488,486	-	(67,525,284)	200,325,380
Administrative expenses	163,813,935	117,517,772	23,345,626	19,436,894	10,517,994	(84,360,949)	250,271,272
Employee benefits expenses	622,891	146,751	-	-	74,465,985	(11,328,538)	63,907,089
Cost of interest	12,918,746	10,377,121	290,381	33,284	919,271	(2,414,710)	22,124,093
Interest income	2,312,333	1,992,029	567,154	-	487,241	(2,463,941)	2,894,816
Depreciation and amortization	78,672,852	78,116,727	7,285,647	2,730,698	710,268	(1,242,878)	166,273,314
Participation in profit of associated companies accounted for using the equity method	12,929,049	5,030,642	45,637	-	-	(18,005,328)	-
Income tax expense	3,317,189	2,553,134	(737,288)	2,475,498	868,331	-	8,476,864
Other significant non-cash items	546,363	1,049,521	354,081	-	88,133	81,080	2,119,178
Profits(loss) before tax	**49,123,774**	**14,751,975**	**9,110,318**	**(4,093,151)**	**4,363,904**	**(19,612,427)**	**53,644,393**
Profit (loss) for the period from continuing operations	**45,806,585**	**12,198,841**	**9,847,606**	**(6,568,649)**	**3,495,573**	**(19,612,427)**	**45,167,529**
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	**45,806,585**	**12,198,841**	**9,847,606**	**(6,568,649)**	**3,495,573**	**(19,612,427)**	**45,167,529**
Assets	2,338,229,667	1,472,742,328	123,347,389	156,987,586	140,750,779	(1,208,828,663)	3,023,229,086
Investments in associates accounted for using the equity method	688,316,369	138,662,382	742,249	-	-	(827,721,000)	-
Increases in non-current assets	36,104,886	91,725,167	10,665,241	-	-	-	138,495,294
Liabilities	950,576,270	807,559,679	95,225,105	74,819,726	82,785,841	(374,169,491)	1,636,797,130
Shareholders' equity	1,387,653,397	665,182,649	28,122,284	82,167,860	57,964,938	(834,659,172)	1,386,431,956
Liabilities & Shareholders' equity	2,338,229,667	1,472,742,328	123,347,389	156,987,586	140,750,779	(1,208,828,663)	3,023,229,086
Cash flows provided by (used in) operating activities	62,220,303	92,898,041	(3,190,851)	(3,843,654)	(49,935,512)	13,327,332	111,475,659
Cash flows provided by (used in) investment activities	(57,864,382)	(129,241,683)	(3,890,046)	(6,915,638)	2,298,657	(4,686,247)	(200,299,339)
Cash flows provided by (used in) from in financing activities	(82,093,901)	(55,937,728)	8,233,862	10,063,609	48,060,003	23,001,252	(48,672,903)

4. Financial information by segment, continued

For the exercise ended as of december 31, 2018	Mobile Telecommunications ThCh$	Fixed Telecommunications ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total 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 June 30, 2018	Mobile Telecommunications ThCh$	Fixed Telecommunications ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Income from external customers	453,418,184	173,977,370	64,141,307	86,199,367	-	-	777,736,228
Income from ordinary activities arising from transactions with other operating segments of the same entity	4,617,830	64,146,429	6,207,555	-	103,906,739	(178,878,553)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	**458,036,014**	**238,123,799**	**70,348,862**	**86,199,367**	**103,906,739**	**(178,878,553)**	**777,736,228**
Cost of sales	192,356,186	24,530,616	39,816,924	54,879,295	-	(85,570,062)	226,012,959
Administrative expenses	168,232,564	133,777,846	25,169,000	21,346,407	38,260,268	(106,223,084)	280,563,001
Employee benefits expenses	1,146,128	(586,908)	6,963	-	74,034,162	(11,790,166)	62,810,179
Income from ordinary activities arising from interest							
Cost of interest	8,928,417	9,089,013	424,739	121,228	1,230,768	(479,099)	19,315,066
Interest income	1,051,603	1,017,807	538,064	-	19,464	(480,468)	2,146,470
Depreciation and amortization	57,649,051	73,511,406	7,266,715	3,689,534	8,095	-	142,124,801
Participation in profit of associated companies accounted for using the equity method	16,222,441	9,406,524	152,928	-	-	(25,781,893)	-
Income tax expense	4,305,974	740,001	(957,160)	1,257,597	3,893,635	-	9,240,047
Other significant non-cash items	1,622,145	2,825,411	(658,013)	-	25,214,948	(25,170,497)	3,833,994
Profits(loss) before tax	**48,619,857**	**11,051,568**	**(2,302,500)**	**6,162,903**	**15,607,858**	**(26,249,000)**	**52,890,686**
Profit (loss) for the period from continuing operations	**44,313,883**	**10,311,567**	**(1,345,340)**	**4,905,306**	**11,714,223**	**(26,249,000)**	**43,650,639**
Profit (loss) for the period from discontinuing operations							
Profit (loss) for the period	**44,313,883**	**10,311,567**	**(1,345,340)**	**4,905,306**	**11,714,223**	**(26,249,000)**	**43,650,639**
Assets	2,158,725,811	1,448,165,247	108,701,545	138,347,420	151,083,574	(1,177,630,165)	2,827,393,432
Investments in associates accounted for using the equity method	673,308,559	129,242,287	741,028	-	-	(803,291,874)	-
Increases in non-current assets	34,749,164	73,928,616	19,774,197	-	300,325	-	128,752,302
Liabilities	740,346,918	798,276,571	81,836,581	64,300,170	93,173,481	(369,850,753)	1,408,082,968
Shareholders’ equity	1,418,378,893	649,888,676	26,864,964	74,047,250	57,910,093	(807,779,412)	1,419,310,464
Liabilities & Shareholders’ equity	2,158,725,811	1,448,165,247	108,701,545	138,347,420	151,083,574	(1,177,630,165)	2,827,393,432
Cash flows provided by (used in) operating activities	58,795,334	111,820,599	(1,949,358)	(2,348,168)	(6,046,774)	(55,637,998)	104,633,635
Cash flows provided by (used in) investment activities	(102,707,934)	(311,484,947)	71,569,141	127,234,029	-	41,094,717	(174,294,994)
Cash flows provided by (used in) from in financing activities	27,103,186	25,817,793	(87,497,684)	(106,941,613)	6,495,001	152,261,044	17,237,727

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	06.30.2019 ThCh$	12.31.2018 ThCh$
Cash (a)		**904,711**	**431,560**
	CLP	904,711	431,560
	USD	-	-
	EUR	-	-
Banks (b)		**25,855,913**	**27,816,511**
	CLP	21,635,320	26,443,540
	USD	3,897,614	803,353
	EUR	129,157	369,771
	Others currencies	193,822	199,847
Time deposits (c)		**95,118,588**	**235,128,386**
	CLP	95,118,588	235,128,386
Repurchase agreement (d)		**4,000,640**	**-**
	CLP	4,000,640	-
Total cash and cash equivalents		**125,879,852**	**263,376,457**
Sub-total by currency	**CLP**	**121,659,259**	**262,003,486**
	USD	**3,897,614**	**803,353**
	EUR	**129,157**	**369,771**
	Others currencies	**193,822**	**199,847**

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

a) Cash

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

b) Banks

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

c) Time deposits

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

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh	Accrued interest in local currency ThCh$	06.30.2019 ThCh$
Time deposits	CLP	95,100,000	2,69%	10	95,100,000	18,588	95,118,588
Total					**95,100,000**	**18,588**	**95,118,588**

5. Cash and cash equivalents, continued

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

d) Repurchase agreement

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

Code	Date		counterparty	Currency Origin	Subscription value of currency origin (ThCh$)	Annual rate	Total Value ThCh$	accounting value ThCh$
	Start	Term				%		06.30.2019
CRV	06-27-19	07-02-19	Santander	CLP	4,000,000	1.92%	4,001,067	4,000,640
	Total				**4,000,000**		**4,001,067**	**4,000,640**

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

In accordance with the working capital management policies, all investments in time deposits and buyback agreements have been entered into only with widely recognized domestic banks with the highest credit quality rating in Chile. There are no changes in respect to 2018.

6. Other current and non-current financial assets

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

Concepts		06.30.2019		12.31.2018	
		Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Guarantees established	(a)	80,444	50,468	137,124	50,468
Other investments	(b)	-	7,026,565	-	6,962,236
Money market securities	(c)	19,551,065	-	-	-
Exchange rate hedge	(See Note 19.2)	7,506,880	131,150,137	5,074,553	145,143,595
Total		**27,138,389**	**138,227,170**	**5,211,677**	**152,156,299**

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

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

b) Non-current investments are detailed as follows:

Participation	Country	Investment currency	06.30.2019 ThCh$	12.31.2018 ThCh$
Telefónica Brazil (1)	Brazil	REAL	7,022,708	6,958,379
Other participation	Chile	CLP	3,857	3,857
Total			**7,026,565**	**6,962,236**

(1) - This investment is valued at market value through the trading of its shares, information obtained in the Sao Paulo Stock Exchange (Bovespa), and variations in their value are recorded when they occur, directly in equity under other reserves.
- As of December 31, 2018, dividends in the amount of ThCh$ 468,016 were accrued on the 0.06% share in the equity of Telefónica Brazil. As of June 30, 2019, dividends have been received for ThCh 412,248.

c) El Current financial instruments are detailed as follows:

Investment type	Currency	Capital in original currency (thousands)	Effective rate	Average days to maturity	Capital in local currency ThCh$	Accrued interest in local currency ThCh$	Foreign currency translation in local currency ThCh$	06.30.2019 ThCh$
Financial instruments	US$	28,700	2.89%	11	19,995,290	59,460	(503,685)	19,551,065
Total		**28,700**			**19,995,290**	**59,460**	**(503,685)**	**19,551,065**

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

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

Conceptos	06.30.2019		12.31.2018	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Amortizable expenses (1)	18.989.955	8.197.540	15.081.168	1.752.409
Defered Costs of terminal (2)	5,669,602	-	6,111,281	-
Advance leases (3)	3,112,775	962,470	12,214,853	964,213
Franchisee commissions (4)	2,853,868	-	1,705,993	-
Other (5)	3,679,213	-	3,155,602	-
Total	**34,305,413**	**9,160,010**	**38,268,897**	**2,716,622**

(1) This item includes ThCh$14,356,898 and ThCh$13,561,458 in current, and ThCh$8,197,540 and ThCh$1,750,487 in non-current, respectively for 2019 and 2018, for capitalization of compliance costs associated to television equipment. The Company annually reviews the average lifetime behavior of the customer for calculating the amortizable expense for this concept. In addition, it includes ThCh$ 4,232,905 under current for SAP Global, Redhat, and ELA license support and repair services, among others.

(2) Corresponds to the cost of dispatched prepaid units, that have not been activated by the end customers, As of June 30, 2019 and december 31, 2018, the number of handsets pending activation is 53,677 and 68,108, respectively.

(3) The decrease in operating leases is mainly due to capitalization of rights of use.

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

(5) This item mainly includes remaining VAT and recoverable taxes in the amount of ThCh$3,290,166 and ThCh$2,005,435, and advance insurance in the amount of ThCh$376,744 and ThCh$1,150,167, as of june 30, 2019 and december 31, 2018, respectively.

8. Current trade and other accounts receivable

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

Concepts	06.30.2019 Gross value ThCh$	Allowance for doubtful accounts ThCh$	Net value ThCh$	12.31.2018 Gross value ThCh$	Allowance for doubtful accounts ThCh$	Net value ThCh$
Receivables on current loan transactions	**473,982,491**	**(219,728,031)**	**254,254,460**	**387,741,581**	**(203,743,562)**	**183,998,019**
Invoiced services (1)	331,456,483	(218,051,016)	113,405,467	209,363,424	(200,120,468)	9,242,956
Services provided and not invoiced (2)	117,916,435	(1,020,594)	116,895,841	153,958,317	(2,508,625)	151,449,692
Contractual asset (3)	24,609,573	(656,421)	23,953,152	24,419,840	(1,114,469)	23,305,371
Miscellaneous receivables	**22,928,281**	-	**22,928,281**	**14,536,737**	**-**	**14,536,737**
Total	**496,910,772**	**(219,728,031)**	**277,182,741**	**402,278,318**	**(203,743,562)**	**198,534,756**

(1) In the periods 2019 and 2018, factoring and customer commercial portfolios were sold to IDB Invest and Banco Santander Madrid for a total amount of MCh$ 101,296 and Mch$ 124,194. The Company has been left as the collection agent for these accounts.

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

(3) Under IFRS 15, the contractual asset corresponds to the difference between income from sale of handsets 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	06.30.2019 Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total	12.31.2018 Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total
Miscellaneous receivables	77,914,802	11,985,390	-	-	89,900,192	29,617,113	9,170,670	-	-	38,787,783
Total	**77,914,802**	**11,985,390**	**-**	**-**	**89,900,192**	**29,617,113**	**9,170,670**	**-**	**-**	**38,787,783**

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

Movements	06.30.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**206,149,878**	**174,489,215**
Increases	30,506,870	44,362,766
Eliminations/ Additions	(13,758,342)	(40,526,881)
Adjustment on first-time application of IFRS 9 (see note 3)	-	27,824,778
Movements, subtotal	**16,748,528**	**31,660,663**
Ending balance	**222,898,406**	**206,149,878**

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

Provisions and write-offs	06.30.2019 ThCh$	12.31.2018 ThCh$
Accrual for portfolio that has not been renegotiated	26,493,031	42,887,885
Accrual for renegotiated portfolio	1,429,086	1,474,881
Adjustment on first-time application of IFRS 9	-	27,824,778
Write-offs for the exercise	(11,173,589)	(40,526,881)
Total	**16,748,528**	**31,660,663**

8. Current trade and other accounts receivable, continued

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

Portfolio of returned documents and judicial collection as of 06.30.2019	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	1,498	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh$)	1,349,899	-	-	-

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

8. Current trade and other accounts receivable, continued

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

Aging of portfolio by segment for the period June 30, 2019	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	678,828	287,266	74,962	50,440	64,568	67,295	44,289	62,019	69,007	3,034,902	4,433,576
Net portfolio w/o renegotiation	22,502,632	3,126,934	21,974,684	1,653,618	307,700	172,778	717,423	-	-	-	50,455,769
Debt	22,812,489	3,691,586	23,129,094	2,561,214	1,237,267	1,323,616	1,748,010	906,103	874,178	94,654,286	152,937,843
Accrual	(309,857)	(564,652)	(1,154,410)	(907,596)	(929,567)	(1,150,838)	(1,030,587)	(906,103)	(874,178)	(94,654,286)	(102,482,074)
Number of clients w/renegotiation	55,556	12,705	4,195	2,780	1,911	1,507	1,187	913	181	80,216	161,151
Net renegotiated portfolio	101,793	591	15	-	-	-	-	-	-	-	102,399
Debt	545,639	125,814	41,849	28,083	18,384	14,243	11,166	8,892	1,767	735,648	1,531,485
Accrual	(443,846)	(125,223)	(41,834)	(28,083)	(18,384)	(14,243)	(11,166)	(8,892)	(1,767)	(735,648)	(1,429,086)
Total number of clients	**734,384**	**299,971**	**79,157**	**53,220**	**66,479**	**68,802**	**45,476**	**62,932**	**69,188**	**3,115,118**	**4,594,727**
Total Fixed Telephone Portfolio	**22,604,425**	**3,127,525**	**21,974,699**	**1,653,618**	**307,700**	**172,778**	**717,423**	**-**	**-**	**-**	**50,558,168**
Debt	**23,358,128**	**3,817,400**	**23,170,943**	**2,589,297**	**1,255,651**	**1,337,859**	**1,759,176**	**914,995**	**875,945**	**95,389,934**	**154,469,328**
Accrual	**(753,703)**	**(689,875)**	**(1,196,244)**	**(935,679)**	**(947,951)**	**(1,165,081)**	**(1,041,753)**	**(914,995)**	**(875,945)**	**(95,389,934)**	**(103,911,160)**
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,948	1,722	650	32	422	429	277	215	300	1,914	8,909
Net portfolio w/o renegotiation	30,465,898	9,466,570	4,997,890	170,234	6,400,599	1,174,140	1,203,322	-	-	-	53,878,653
Debt	30,530,195	9,598,363	5,107,851	178,563	6,577,668	1,321,716	1,247,008	129,565	364,234	3,799,183	58,854,346
Accrual	(64,297)	(131,793)	(109,961)	(8,329)	(177,069)	(147,576)	(43,686)	(129,565)	(364,234)	(3,799,183)	(4,975,693)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**2,948**	**1,722**	**650**	**32**	**422**	**429**	**277**	**215**	**300**	**1,914**	**8,909**
Total Corporate Communication and Data Portfolio	**30,465,898**	**9,466,570**	**4,997,890**	**170,234**	**6,400,599**	**1,174,140**	**1,203,322**	**-**	**-**	**-**	**53,878,653**
Debt	**30,530,195**	**9,598,363**	**5,107,851**	**178,563**	**6,577,668**	**1,321,716**	**1,247,008**	**129,565**	**364,234**	**3,799,183**	**58,854,346**
Accrual	**(64,297)**	**(131,793)**	**(109,961)**	**(8,329)**	**(177,069)**	**(147,576)**	**(43,686)**	**(129,565)**	**(364,234)**	**(3,799,183)**	**(4,975,693)**
Television											
Number of clients w/o renegotiation (1)	28,477	30,632	30,109	16,377	25,720	38,652	19,496	25,422	20,853	171,059	406,797
Net portfolio w/o renegotiation	9,438,703	295,271	129,160	40,856	27,369	3,382	2,266	-	-	-	9,937,007
Debt	9,494,535	459,270	705,438	425,258	698,978	1,064,660	562,425	690,131	613,538	10,670,977	25,385,210
Accrual	(55,832)	(163,999)	(576,278)	(384,402)	(671,609)	(1,061,278)	(560,159)	(690,131)	(613,538)	(10,670,977)	(15,448,203)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**28,477**	**30,632**	**30,109**	**16,377**	**25,720**	**38,652**	**19,496**	**25,422**	**20,853**	**171,059**	**406,797**
Total Television Portfolio	**9,564,380**	**295,271**	**129,160**	**40,856**	**27,369**	**3,382**	**2,266**	**-**	**-**	**-**	**10,062,684**
Debt	**9,620,212**	**459,270**	**705,438**	**425,258**	**698,978**	**1,064,660**	**562,425**	**690,131**	**613,538**	**10,670,977**	**25,510,887**
Accrual	**(55,832)**	**(163,999)**	**(576,278)**	**(384,402)**	**(671,609)**	**(1,061,278)**	**(560,159)**	**(690,131)**	**(613,538)**	**(10,670,977)**	**(15,448,203)**

(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 June 30, 2019 is detailed as follows, continued

Aging of portfolio by segment for the period June 30, 2019	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Mobile Business											
Number of clients w/o renegotiation (1)	889,018	207,087	64,801	54,711	52,071	55,193	51,028	50,005	48,212	1,767,534	3,239,660
Net portfolio w/o renegotiation	77,678,799	18,431,885	6,185,631	11,440,879	766,973	589,070	620,368	-	-	-	115,713,605
Debt	78,125,840	20,014,373	7,952,821	13,620,748	6,875,477	6,343,129	5,771,968	25,183,809	4,784,860	40,067,923	208,740,948
Accrual	(447,041)	(1,582,488)	(1,767,190)	(2,179,869)	(6,108,504)	(5,754,059)	(5,151,600)	(25,183,809)	(4,784,860)	(40,067,923)	(93,027,343)
Number of clients w/renegotiation	250	296	53	41	28	31	26	28	44	12,934	13,731
Net renegotiated portfolio	87,614	161	421	2	-	-	-	-	-	-	88,198
Debt	121,482	20,628	5,881	5,168	6,600	6,525	5,091	5,125	3,106	1,617,803	1,797,409
Accrual	(33,868)	(20,467)	(5,460)	(5,166)	(6,600)	(6,525)	(5,091)	(5,125)	(3,106)	(1,617,803)	(1,709,211)
Total number of clients	889,268	207,383	64,854	54,752	52,099	55,224	51,054	50,033	48,256	1,780,468	3,253,391
Total Other Portfolio	77,766,413	18,432,046	6,186,052	11,440,881	766,973	589,070	620,368	-	-	-	115,801,803
Debt	78,247,322	20,035,001	7,958,702	13,625,916	6,882,077	6,349,654	5,777,059	25,188,934	4,787,966	41,685,726	210,538,357
Accrual	(480,909)	(1,602,955)	(1,772,650)	(2,185,035)	(6,115,104)	(5,760,584)	(5,156,691)	(25,188,934)	(4,787,966)	(41,685,726)	(94,736,554)
Contractual asset and Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	**47,007,110**	-	-	-	-	-	-	-	-	-	**47,007,110**
Debt	47,663,531	-	-	-	-	-	-	-	-	-	47,663,531
Accrual	(656,421)	-	-	-	-	-	-	-	-	-	(656,421)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Contractual Asset and Other Portfolio	**47,007,110**	-	-	-	-	-	-	-	-	-	**47,007,110**
Debt	47,663,531	-	-	-	-	-	-	-	-	-	47,663,531
Accrual	(656,421)	-	-	-	-	-	-	-	-	-	(656,421)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	**1,599,271**	**526,707**	**170,522**	**121,560**	**142,781**	**161,569**	**115,090**	**137,661**	**138,372**	**4,975,409**	**8,088,942**
Net portfolio w/o renegotiation	**187,093,142**	**31,320,660**	**33,287,365**	**13,305,587**	**7,502,641**	**1,939,370**	**2,543,379**	-	-	-	**276,992,144**
Debt	**188,626,590**	**33,763,592**	**36,895,204**	**16,785,783**	**15,389,390**	**10,053,121**	**9,329,411**	**26,909,608**	**6,636,810**	**149,192,369**	**493,581,878**
Accrual	**(1,533,448)**	**(2,442,932)**	**(3,607,839)**	**(3,480,196)**	**(7,886,749)**	**(8,113,751)**	**(6,786,032)**	**(26,909,608)**	**(6,636,810)**	**(149,192,369)**	**(216,589,734)**
Number of clients w/renegotiation	**55,806**	**13,001**	**4,248**	**2,821**	**1,939**	**1,538**	**1,213**	**941**	**225**	**93,150**	**174,882**
Net renegotiated portfolio	**189,407**	**752**	**436**	**2**	-	-	-	-	-	-	**190,597**
Debt	**667,121**	**146,442**	**47,730**	**33,251**	**24,984**	**20,768**	**16,257**	**14,017**	**4,873**	**2,353,451**	**3,328,894**
Accrual	**(477,714)**	**(145,690)**	**(47,294)**	**(33,249)**	**(24,984)**	**(20,768)**	**(16,257)**	**(14,017)**	**(4,873)**	**(2,353,451)**	**(3,138,297)**
Total number of clients	**1,655,077**	**539,708**	**174,770**	**124,381**	**144,720**	**163,107**	**116,303**	**138,602**	**138,597**	**5,068,559**	**8,263,824**
Total Consolidated Portfolio	**187,282,549**	**31,321,412**	**33,287,801**	**13,305,589**	**7,502,641**	**1,939,370**	**2,543,379**	-	-	-	**277,182,741**
Debt	**189,293,711**	**33,910,034**	**36,942,934**	**16,819,034**	**15,414,374**	**10,073,889**	**9,345,668**	**26,923,625**	**6,641,683**	**151,545,820**	**496,910,772**
Accrual	**(2,011,162)**	**(2,588,622)**	**(3,655,133)**	**(3,513,445)**	**(7,911,733)**	**(8,134,519)**	**(6,802,289)**	**(26,923,625)**	**(6,641,683)**	**(151,545,820)**	**(219,728,031)**

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

8. Current trade and other accounts receivable, continued

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

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

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

8. Current trade and other accounts receivable, continued

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

Aging of portfolio by segment for the period december 31, 2018	Up to date 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.

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	06.30.2019 ThCh$	12.31.2018 ThCh$
Telxius Torres Chile, S.A.	76.558.575-9	Chile	Common end controller	Serv. Provided	CLP	60 days	10,891,132	9,694,655
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	3,666,275	4,379,668
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Serv. Provided	CLP	60 days	1,968,067	721,676
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	1,823,853	977,665
Media Networks Perú	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	1,454,881	836,803
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 dás	967,634	956,011
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	761,022	361,443
Telefónica S.A.	Foreign	Spain	Shareholder	Serv. Provided	EUR	90 days	712,499	712,499
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	198,813	210,653
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	194,385	30,744
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	164,508	66,148
Telefónica del Perú	Foreign	Peru	Common end controller	Serv. Provided	CLP	60 days	153,212	121,981
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	147,437	74,813
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	128,563	281,304
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	101,988	46,498
Telefónica Factoring Chile S.A.	76.096.189-2	Chile	Common end controller	Serv. Provided	CLP	60 days	92,706	-
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	USD	90 days	87,715	850,567
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	65,290	436,611
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	63,729	57,419
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	52,729	36,330
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	42,639	47,916
Telefónica Soluciones de Informática y Comunicaciones	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	38,611	-
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	UK	Common end controller	Serv. Provided	EUR	90 days	29,939	19,388
Media Networks Chile	76.243.733-3	Chile	Common end controller	Serv. Provided	CLP	60 days	20,404	10,265
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	6,250	4,222
Terra Networks Brasil	Extranjera	Brasil	Controlador final común	Prest. de Serv.	USD	90 días	5,148	-
Telefónica Móviles de Panamá	Foreign	Panama	Common end controller	Serv. Provided	USD	90 days	5,817	7,484
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	4,467	4,962
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	Serv. Provided	USD	90 days	2,135	12,317
Inversiones Telefónica Internacional Holding L S.A.	77.363.730-K	Chile	Common end controller	Serv. Provided	CLP	60 days	1,748	1,732
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	60 days	696	2,618
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	473	681

9. Receivables from and payable to related companies, continued

a) Currents receivables from related companies, continued:

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	06.30.2019 ThCh$	12.31.2018 ThCh$
Fundación Telefónica Chile S.A.	74.944.200-k	Chile	Associated	Serv. Provided	CLP	60 days	-	384,910
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	-	135,356
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end controller	Serv. Provided	CLP	60 days	-	1,705
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	Serv. Provided	USD	90 days	-	798
Total							**23.854.765**	**21,487,842**

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

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

9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	06.30.2019 ThCh$	12.31.2018 ThCh$
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	**Subtotal**			**13,860,783**	**9,575,433**
				Spaces lease	CLP	60 days	9,230,610	8,391,763
				Colocalization lease (IFRS 16)	CLP	60 days	3,821,253	-
				Colocalization lease	CLP	60 days	657,779	636,129
				Infrastructure lease	CLP	60 days	148,472	471,628
				Serv. Provided	CLP	60 days	2,669	75,913
Telefónica S.A.	Foreign	Spain	Shareholder	**Subtotal**			**9,355,037**	**8,840,377**
				Brand Fee	EUR / CLP	90 days	8,834,810	8,062,739
				Others	EUR	90 days	520,227	777,638
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	8,004,756	4,042,858
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA)	96.910.730-9	Chile	Common end controller	**Subtotal**			**6,892,046**	**6,551,488**
				Voice IP transit	CLP	60 days	4,408,823	4,604,977
				Data and links	CLP	60 days	2,372,630	1,192,853
				Commercial Mandate	CLP	60 days	86,703	729,747
				Others	CLP	60 days	23,890	23,911
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	4,195,176	6,087,907
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	3,881,517	5,753,026
Media Networks Perú	Foreign	Peru	Common end controller	Satellite Space	USD	90 days	3,525,965	1,898,281
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	2,330,498	1,709,682
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	2,074,327	2,062,670
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	119,168	449,518
Telefónica Latam Holding	Foreign	Spain	Common end controller	**Subtotal**			**901,831**	**1,874,932**
				Management Fee	EUR	90 days	901,831	1,871,048
				Others	EUR	90 days	-	3,884
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	741,331	841,807
Telefónica Global Tecnology S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	699,252	523,799
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	342,649	301,652
Telefonica de España S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	USD	180 days	234,128	112
Telefónica del Perú S.A.	Foreign	Peru	Common end controller	Serv. Provided	USD	180 days	181,709	208,929
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	160,311	184,439
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	136,623	358,571
Telefónica Global Roaming Gmbh	Foreign	Alemania	Common end controller	Serv. Provided	EUR	90 days	122,312	146,609
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	120,348	141,770
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Alemania	Common end controller	Serv. Provided	EUR	90 days	106,710	144,742
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	68,741	66,252
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	21,667	25,855
Telefónica Global Tecnology Chile	59.165.120-k	Chile	Common end controller	Computer services	CLP	60 days	16,105	16,105
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end controller	Serv. Provided	CLP	90 days	14,851	-

9. Receivables from and payable to related companies, continued

b) Current payables to related companies, continued:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	06.30.2019 ThCh$	12.31.2018 ThCh$
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	90 days	9,836	6,396
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	9,668	16,916
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	8,470	4,304
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	7,146	140,411
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	Serv. Provided	USD	90 days	4,950	4,737
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	3,949	15,900
Telfisa Global B.V.	Foreign	Spain	Common end controller	Administration commission	CLP	90 days	3,889	12,707
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	2,214	-
Tgestiona Logistica Peru Sac	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	1,558	8,031
Telefónica Móviles Panamá	Foreign	Panama	Common end controller	Serv. Provided	USD	90 days	1,255	3,243
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	130	223
Fundación Telefónica Chile	74.944.200-k	Chile	Common end controller	Serv. Provided	CLP	60 days	-	137,771
Telefónica Uk Ltd	Foreign	Englend	Common end controller	Serv. Provided	USD	90 days	-	42,272
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	-	3,077
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	Serv. Provided	USD	90 days	-	-
Total							**58,160,906**	**52,202,802**

c) Non-current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of The relationship	Transaction origin	Currency	Term	06.30.2019 ThCh$	12.31.2018 ThCh$
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Colocalization lease (IFRS 16)	CLP	-	23,688,728	-
Telefónica S.A.	Foreing	Spain	End Controller	Obligation RRHH	CLP	-	518,765	168,255
Total							**24,207,493**	**168,255**

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, continued

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

Company	Taxpayer No.	Country Of origin	Nature of the relacionship	Transaction origin	Currency	06.30.2019 Amount ThCh$	06.30.2019 Efect on income (Charge)/Credit ThCh$	06.30.2018 Amount ThCh$	06.30.2018 Efect on income (Charge)/Credit ThCh$
Telefónica S.A.	Foreing	Spain	End Controller	Brand Fee	EUR	12,447,633	(12,447,633)	12,369,342	(12,369,342)
				Spaces lease	USD	3,143,706	(3,143,706)	3,827,207	(3,827,207)
				Costs	EUR	2,414,167	(2,414,167)	2,146,736	(2,146,736)
				Costs	CLP	3,862,869	(3,862,869)	2,195,000	(2,195,000)
				Costs	EUR	4,412,163	(4,412,163)	3,016,650	(3,016,650)
				Arriendo de medios	USD	4,197,567	(4,197,567)	3,083,206	(3,083,206)
Telefónica International Wholesale Services España	Foreing	Spain	Common end controller	Sales	EUR	1,020,937	1,020,937	818,600	818,600
				Costs	EUR	1,931,600	(1,931,600)	1,180,434	(1,180,434)
Telxius Cable Chile S.A	96.910.730-9	Chile	Common end controller	Sales	CLP	1,489,849	1,489,849	1,309,737	1,309,737
				Accesses and transit	CLP	7,190,543	(7,190,543)	8,035,633	(8,035,633)
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Costs	CLP	3,034,487	(3,034,487)	59,952	(59,952)

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

9. Receivables from and payable to related companies, continued

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

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

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

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

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

The Company is managed by a Board of Directors composed of 10 members and its key employees at june 30, 2019 and 2018 are 67 and 69 executives.

Concepts	04.01.19 al 06.30.19	06.30.2019	04.01.18 al 06.30.18	06.30.2018
	M$	M$	M$	M$
Salaries	2,476,253	7,734,389	2,351,974	7,193,511
Post employment benefits	65,687	817,504	632,162	896,250
Total	**2,541,940**	**8,551,893**	**2,984,136**	**8,089,761**

10. Inventory

a) The detail of inventosry is as follows:

Concepts	06.30.2019			12.31.2018		
	Gross value	Allowance for obsolescence	Net value	Gross value	Allowance for obsolescence	Net value
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Mobile equipment	39,186,964	(1,399,702)	37,787,262	41,801,732	(1,241,829)	40,559,903
Modems and Router	6,349,616	(559,349)	5,790,267	4,067,087	(1,001,222)	3,065,865
Basic telephony, public telephony and switchboard ("centralitas") components	7,170,348	(96,453)	7,073,895	8,166,587	(220,094)	7,946,493
Decoders and antennas	2,528,486	(604,287)	1,924,199	2,169,968	(755,823)	1,414,145
IP Solutions Projects	1,761,900	-	1,761,900	2,214,315	-	2,214,315
Mobile accesory	37,760	(9,450)	28,310	23,068	(7,330)	15,738
Other	223,737	(13,116)	210,621	403,232	(53,529)	349,703
Total	**57,258,811**	**(2,682,357)**	**54,576,454**	**58,845,989**	**(3,279,827)**	**55,566,162**

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

10. Inventory, continued

b) The movement of inventory is as follows:

Movements	06.30.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**55,566,162**	**49,212,817**
Purchases	116,812,830	247,663,504
Capitalized sales (note 25c)	(112,730,406)	(235,652,304)
Sales pending capitalization (note 7)	(5,669,602)	(6,111,281)
Allowance for obsolescence	597,470	453,508
Transfer to materials allocated to the investment (note 15b)	-	(82)
Movement, subtotal	**(989,708)**	**6,353,345**
Ending balance	**54,576,454**	**55,566,162**

11. Income Taxes

a) Income Taxes:

As of June 30, 2019 the parent Telefónica Móviles Chile S.A., has established a first category income tax provision since a positive taxable base was determined in the amount of ThCh$10,456,216. As of June 30, 2018, the taxable base was determined in the amount of ThCh$13,193,976 from the subsidiaries Telefónica Chile S.A., Telefónica Chile Servicios Corporativos Ltda., and Telefónica Investigación y Desarrollo SpA.

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

- Telefónica Chile Servicios Corporativos Ltda, ThCh$9,637,459 at June 30, 2019.
- Telefónica Chile S.A., ThCh$22,362,338 at June 30, 2019.
- Telefónica Empresa S.A. ThCh$29,395,179 and ThCh$10,475,322 at June 30, 2019 and 2018, respectively.
- Telefónica Móviles Soluciones y Aplicaciones S.A. ThCh$196,485 and ThCh$3,097,671 at june 30, 2019 and 2018, respectively.
- Telefónica Investigación y Desarrollo SPA por ThCh$380,996 at june 30, 2019

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 June 30, 2019, 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 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	Accumulated up to 12.31.2016 Effective rate 22.77% entitled to return	TOTAL BALANCE OF TAXABLE NET INCOME (STUT)
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Telefónica Móviles Chile S.A.	175,159,817	175,159,817	-	-	2,823,930	-	-	8,617,480	39,705,376
Telefónica Chile S.A.	4,857,641	-	-	4,857,641	-	-	642,922	167,770,979	743,656,770
Telefónica Empresas Chile S.A.	6,442,601	3,611,135	-	2,831,466	(144,908)	-	-	-	
Telefónica Chile Servicios Corporativos Ltda.	70,686,072	70,686,072	-	-	12,717,134	-	-	17,059,475	63,534,837
Telefónica Investigación y Desarrollo SPA	2,017,734	2,017,734	-	-	675,071	-	-	-	-
Total	**259,163,865**	**251,474,758**	**-**	**7,689,107**	**16,071,227**	**-**	**642,922**	**193,447,934**	**846,896,983**

b) **Current tax assets**

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

Conceptos	06.30.2019 ThCh$	12.31.2018 ThCh$
Taxes for recovering previous years (1)	3,768,767	3,103,379
Monthly prepaid tax installments (2)	5,347,942	5,471,861
Provisional payment on absorbed profits (3)	2,718,729	4,199,489
Sence	300,000	400,000
Others	-	2,389
Total	**12,135,438**	**13,177,118**

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

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

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

11. **Income Taxes,** continued

c) Deferred tax assets and liabilities

As of June 30, 2019 and december 31, 2018 and June 30, 2018, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh$27,634,163; ThCh$33,975,793 and ThCh$47,165,835 respectively, and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits **June 30, 2019**	**Allowance for doubtful accounts**	**Obsolescence provision**	**Deferred income**	**Effect or taxable goodwill on merger of subsidiary**	**Dismanting provision**	**Deferred Cost of saleand deferred sales commissions**	**Personnel provisions**	**Amortization and depreciation of assets**	**Tax loss**	**Right – of – use assets and lease obligations**	**Oher temporary differences**	**Reclassification (1)**	**Temporary differences**	**Temporary differences, losses and unused tax credits**
Deferred tax assets and liabilities														
Deferred tax assets	38,011,831	646,831	4,278,501	104,588,869	5,582,239	-	14,740,161	8,156,046	13,873,981	7,946,177	6,099,949	(87,185,419)	116,739,166	116,739,166
Deferred tax liabilities	-	-	7,428,036	-	-	2,949,365	10,937,280	142,465,736	-	10,740,308	1,769,697	(87,185,419)	89,105,003	89,105,003
Deferred tax liabilities (assets)	(38,011,831)	(646,831)	3,149,535	(104,588,869)	(5,582,239)	2,949,365	(3,802,881)	134,309,690	(13,873,981)	2,794,131	(4,330,252)		(27,634,163)	(27,634,163)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(38,011,831)	(646,831)		(104,588,869)	(5,582,239)	-	(3,802,881)		(13,873,981)	-	(4,330,252)	-	(170,836,884)	(170,836,884)
Deferred tax liabilities, net	-	-	3,149,535	-	-	2,949,365	-	134,309,690	-	2,794,131	-	-	143,202,721	143,202,721
Deferred tax expense (benefit														
Deferred tax expense (benefit)	(4,741,276)	161,316	425,686	7,547,642	(148,763)	524,687	3,882,539	(945,883)	(3,630,997)	2,890,791	(1,627,986)	-	4,337,756	4,337,756
Deferred tax expense (benefit) recognized in income	(4,741,276)	161,316	425,686	7,547,642	(148,763)	524,687	3,882,539	(945,883)	(3,630,997)	2,890,791	(1,627,986)	-	4,337,756	4,337,756
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	-	(2,702,266)	-	(33,975,793)	(33,975,793)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	(4,741,276)	161,316	425,686	7,547,642	(148,763)	524,687	3,882,539	(945,883)	(3,630,997)	2,890,791	(1,627,986)	-	4,337,756	4,337,756
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	2,805,532	(96,660)	-	-	2,708,872	2,708,872
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(704,998)	-	-	-	-	-	(704,998)	(704,998)
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incrementos (disminuciones) de pasivos (activos) por impuestos diferidos	**(4,741,276)**	**161,316**	**425,686**	**7,547,642**	**(148,763)**	**524,687**	**3,177,541**	**(945,883)**	**(825,465)**	**2,794,131**	**(1,627,986)**	**-**	**6,341,630**	**6,341,630**
Pasivo (activo) por impuestos diferidos	**(38,011,831)**	**(646,831)**	**3,149,535**	**(104,588,869)**	**(5,582,239)**	**2,949,365**	**(3,802,881)**	**134,309,690**	**(13,873,981)**	**2,794,131**	**(4,330,252)**	**-**	**(27,634,163)**	**(27,634,163)**

11. **Income Taxes,** continued

c) **Assets and Liability by Deferred taxes,** continued

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

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

11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits June 30, 2018	Allowance for doubtful accounts	Obsolescence provision	Dismanting provision	Deferred Cost of saleand deferred sales commissions	Deferred income	Effect or taxable goodwill on merger of subsidiary (See Note 11 c), i))	Amortization and depreciation of assets	Adjustment Patrimony by IPAS and Insurance Coverage	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities												
Deferred tax assets	48,422,686	1,023,007	4,173,449	-	5,672,484	117,127,093	10,634,150	4,263,303	31,112,964	(96,992,991)	**125,436,145**	**125,436,145**
Deferred tax liabilities		-	-	3,001,192		-	145,736,434	441,556	26,084,119	(96,992,991)	**78,270,310**	**78,270,310**
Deferred tax liabilities (assets)	**(48,422,686)**	**(1,023,007)**	**(4,173,449)**	**3,001,192**	**(5,672,484)**	**(117,127,093)**	**135,102,284**	**(3,821,747)**	**(5,028,845)**	**-**	**(47,165,835)**	**(47,165,835)**
Deferred tax assets and liabilities, net												
Deferred tax assets, net	(48,422,686)	(1,023,007)	(4,173,449)	-	(5,672,484)	(117,127,093)	-	(3,821,747)	(5,028,845)	-	**(185,269,311)**	**(185,269,311)**
Deferred tax liabilities, net	-	-	-	3,001,192	-	-	135,102,284	-	-	-	**138,103,476**	**138,103,476**
Deferred tax expense (benefit												
Deferred tax expense (benefit)	(3,959,369)	(92,412)	(111,156)	(1,951,662)	3,072,563	10,355,547	(2,207,737)	17,738	(4,635,508)	-	**488,004**	**488,004**
Deferred tax expense (benefit) recognized in income	(3,959,369)	(92,412)	(111,156)	(1,951,662)	3,072,563	10,355,547	(2,207,737)	17,738	(4,635,508)	-	**488,004**	**488,004**
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(36,950,627)	(930,595)	(4,062,293)	8,772,190	(10,178,366)	(127,482,640)	138,403,612	(3,839,485)	(6,384,039)	-	**(42,652,243)**	**(42,652,243)**
Changes in deferred tax liabilities (assets)												
Deferred tax expense (benefit) recognized in income	(3,959,369)	(92,412)	(111,156)	(1,951,662)	3,072,563	10,355,547	(2,207,737)	17,738	(4,635,508)	-	**488,004**	**488,004**
eferred taxes related to items credited (charged) directly to equity	(7,512,690)	-	-	(3,819,336)	1,433,319	-	(1,093,591)	1	5,990,701	-	**(5,001,596)**	**(5,001,596)**
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)	**(11,472,059)**	**(92,412)**	**(111,156)**	**(5,770,998)**	**4,505,882**	**10,355,547**	**(3,301,328)**	**17,739**	**1,355,193**	**-**	**(4,513,592)**	**(4,513,592)**
Deferred tax liabilities (assets)	**(48,422,686)**	**(1,023,007)**	**(4,173,449)**	**3,001,192**	**(5,672,484)**	**(117,127,093)**	**135,102,284**	**(3,821,746)**	**(5,028,846)**	**-**	**(47,165,835)**	**(47,165,835)**

(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 june 30, 2019 and december 31 2018, the balance of this deferred tax asset, amounts to ThCh$104,588,869 and ThCh$112,136,511 , respectively.

d) Taxable Income

As of June 30, 2019 and 2018 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh$10,456,217 and ThCh$13,193,976 respectively for period, detailed as follows:

	Taxable Net Income			
	04.01.2019 al 06.30.2019	06.30.2019	04.01.2018 al 06.30.2018	06.30.2018
Concepts	ThCh$	ThCh$	ThCh$	ThCh$
Finance income	24,495,496	45,167,529	15,700,390	43,650,639
Recorded tax expense	56,254	8,476,864	13,314,844	9,240,047
Additions	217,683,665	329,886,566	141,315,474	266,379,592
Deductions	(258,611,057)	(373,074,742)	(179,781,689)	(306,076,302)
Taxable net income	(16,375,642)	10,456,217	(9,450,981)	13,193,976
First category tax rate 27%	(4,421,423)	2,823,179	(2,551,765)	3,562,374
Art. 21 rejected expenses tax base	654,533	1,617,892	1,036,806	2,356,827
Art. 21 non-deductible expenses (40% rate)	261,814	647,157	414,722	942,731
Total Tax provision	**(4,159,609)**	**3,470,336**	**(2,137,043)**	**4,505,105**
Provision contingencies (1)	17,094	31,331	1,817,599	1,817,599
Hedging instrument income tax provision (2)	817,543	817,543	(10,510)	(14,825)
Previous year (surplus)/deficit	(180,101)	(180,101)	2,444,164	2,444,164
Total first category taxes	**(3,505,073)**	**4,139,109**	**2,114,210**	**8,752,043**

(1) Corresponds to contingencies of the subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. (see Note 28 b).
(2) Corresponds to the deficit (surplus) in the tax provision calculated on 2018 and 2017 hedging instruments (liquidated). This tax provision is presented as higher or menor expense for the period.

11. Income Taxes, continued

e) Income tax reconciliation

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

Conceptos	04.01.2019 al 06.30.2019 Taxable Base ThCh$	04.01.2019 al 06.30.2019 27% Tax Rate ThCh$	06.30.2019 Taxable Base ThCh$	06.30.2019 27% Tax Rate ThCh$	04.01.2018 to 06.30.2018 Taxable Base ThCh$	04.01.2018 to 06.30.2018 27% Tax Rate ThCh$	30.06.2018 Taxable Base ThCh$	30.06.2018 27% Tax Rate ThCh$
Based on accounting income before taxes:								
Finance income	**24,495,499**		**45,167,529**		**15,700,390**		**43,650,639**	
Recorded tax expense	**56,254**		**8,476,864**		**13,314,844**		**9,240,047**	
Income before taxes	**24,551,753**	**6,628,973**	**53,644,393**	**14,483,986**	**29,015,234**	**7,834,113**	**52,890,686**	**14,280,485**
Permanent differences	**(24,343,404)**	**(6,572,719)**	**(22,248,599)**	**(6,007,122)**	**20,299,005**	**5,480,731**	**(18,668,291)**	**(5,040,438)**
Price-level restatement of taxable equity	(30,153,911)	(8,141,556)	(30,153,911)	(8,141,556)	(15,377,500)	(4,151,925)	(32,378,257)	(8,742,129)
Price-level restatement of taxable value of investments in related companies	15,169,311	4,095,714	14,869,972	4,014,892	8,788,042	2,372,771	15,374,811	4,151,199
Income from investment in related parties	334,700	90,369	741,739	200,269	411,324	111,057	766,362	206,918
Contingency provision	63,311	17,094	116,041	31,331	6,731,841	1,817,597	6,731,841	1,817,597
Adjustment on deferred tax balances	-	-	-	-	14,640,632	3,952,971	(15,910,601)	(4,295,862)
Previous year deficit (surplus)	(667,041)	(180,101)	(667,041)	(180,101)	9,052,459	2,444,164	9,052,459	2,444,164
Art. 21 non-deductible expenses	969,678	261,813	2,396,878	647,157	1,536,008	414,722	3,491,589	942,729
Uncollectible debtor write-offs	(5,252,105)	(1,418,068)	(5,252,105)	(1,418,068)	-	-	-	-
IFRS 16 adjustment	(1,726,485)	(466,151)	(1,726,485)	(466,151)	-	-	-	-
Others (1)	(3,080,862)	(831,833)	(2,573,687)	(694,895)	(5,483,801)	(1,480,626)	(5,796,495)	(1,565,054)
Total corporate tax expense	**208,349**	**56,254**	**31,395,794**	**8,476,864**	**49,314,239**	**13,314,844**	**34,222,395**	**9,240,047**
Based on taxable net income and deferred taxes calculated on the basis of temporary differences								
27% income tax		(4,421,423)		2,823,179		(2,551,765)		3,562,374
40% income tax		261,814		647,157		414,722		942,731
Contingency provision		17,094		31,331		1,817,599		1,817,599
Hedging instrument income tax provision		817,543		817,543		(10,510)		(14,825)
Previous year deficit (surplus)		(180,101)		(180,101)		2,444,164		2,444,164
Income tax expense		**(3,505,073)**		**4,139,109**		**2,114,210**		**8,752,043**
Deferred tax expense (income)		**3,561,327**		4,337,755		11,200,634		488,004
Total corporate tax expense		**56,254**		**8,476,864**		**13,314,844**		**9,240,047**
Effective income tax rate (2)		**0.23%**		**15.80%**		**45.89%**		**17.47%**

(1) This item includes tax fines, price-level of tax loss, price-level of non-monetary assets, goodwill, IPAS a result, decoders, among others.
(2) Effective rate determined considering the tax expense accounted for in result with respect to the financial result before tax amounts to 15.80%.

11. Income Taxes, continued

f) Current income tax liabilities

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

Concepts	06.30.2019 ThCh$	12.31.2018 ThCh$
Contingency provision (note 28 b)	946,262	1,191,149
Income tax accrual (1)	-	1,394,825
Unic income tax	587,050	603,036
Others	-	231,576
Total	**1,533,312**	**3,420,586**

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh$1,227,827 and ThCh$8,166,705.

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
2019	27.0

12. Non-current trade and other accounts receivable

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

Concepts	06.30.2019 Gross value	06.30.2019 Allowance for doubtful accounts	06.30.2019 Net value	12.31.2018 Gross value	12.31.2018 Allowance for doubtful accounts	12.31.2018 Net value
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Receivables on non-current loan transactions	**21,467,231**	**(3,170,375)**	**18,296,856**	**19,411,992**	**(2,406,316)**	**17,005,676**
Trade receivables	18,565,559	(3,048,349)	15,517,210	16,835,225	(2,277,294)	14,557,931
Contractual asset (1)	2,901,672	(122,026)	2,779,646	2,576,767	(129,022)	2,447,745
Miscellaneous receivables (2)	**14,197,384**	**-**	**14,197,384**	**17,023,091**	**-**	**17,023,091**
Total	**35,664,615**	**(3,170,375)**	**32,494,240**	**36,435,083**	**(2,406,316)**	**34,028,767**

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

(2) Mainly includes loans related to employees.

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

As of june 30, 2019

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	6,514,378	11,035,847	3,917,006	**21,467,231**	(2,560,046)	(356,038)	(254,291)	**(3,170,375)**	**18,296,856**
Miscellaneous receivables	2,487,430	1,047,304	10,662,650	**14,197,384**	-	-	-	-	**14,197,384**
Total	**9,001,808**	**12,083,151**	**14,579,656**	**35,664,615**	**(2,560,046)**	**(356,038)**	**(254,291)**	**(3,170,375)**	**32,494,240**

As of december 31, 2018

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

13. Intangible Assets other than goodwill

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

Concepts	06.30.2019 Intangible, gross ThCh$	06.30.2019 Accumulated amortization ThCh$	06.30.2019 Intangible, net ThCh$	12.31.2018 Intangible, gross ThCh$	12.31.2018 Accumulated amortization ThCh$	12.31.2018 Intangible, net ThCh
Intangible assets in development (1)	24,561,905	-	24,561,905	20,363,160	-	20,363,160
Licenses and softwaresm (2)	631,270,814	(511,705,499)	119,565,315	631,965,788	(501,240,939)	130,724,849
Administratives grantings	130,169,199	(103,507,078)	26,662,121	130,169,199	(102,592,962)	27,576,237
Other intangible assets (3)	21,832,500	(20,831,884)	1,000,616	21,832,500	(20,540,899)	1,291,601
Total	**807,834,418**	**(636,044,461)**	**171,789,957**	**804,330,647**	**(624,374,800)**	**179,955,847**

(1) A

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

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

(3) Corresponds to rights to use underwater cable.

b) As of june 30, 2019 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 01.01.2019	**20,363,160**	**130,724,849**	**27,576,237**	**1,291,601**	**179,955,847**
Additions	25,195,742	-	-	-	25,195,742
Low	-	(23,949,407)	-	-	(23,949,407)
Low Amortization	-	23,949,407	-	-	23,949,407
Amortization	-	(34,413,967)	(914,116)	(290,985)	(35,619,068)
Transfer from work in progress (Note 15b)	(2,723,806)	4,981,242	-	-	2,257,436
Transfer from costs of developing to service	(18,273,191)	18,273,191	-	-	-
Movement, subtotal	**4,198,745**	**(11,159,534)**	**(914,116)**	**(290,985)**	**(8,165,890)**
Ending balance as of 06.30.2019	**24,561,905**	**119,565,315**	**26,662,121**	**1,000,616**	**171,789,957**
Remaining average useful life	**-**	**1.9 years**	**18.5 years**	**2.2 years**	**-**

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

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

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

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 june 30, 2019 and December 31, 2018 are investments in information application and licenses.

Items in the intangibles heading that are fully depreciated and in use are licenses and franchises and amount to ThCh$416,855.191 and ThCh$412,715,176 , as of june 30, 2019 and december 31, 2018, respectively.

14. Goodwill

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

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

Taxpayer No,	Company	01.01.2019 ThCh$	Additions ThCh$	Eliminations ThCh$	06.30.2019 ThCh$
87.845.500-2	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S.A.	620,232	-	-	620,232
	Total	**504,839,853**	**-**	**-**	**504,839,853**

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**

(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 it 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 june 30, 2019 and december 31, 2018 and their corresponding accumulated depreciation is as follows:

Concepts	06.30.2019			12.31.2018		
	Property, plant & equipment, Gross ThCh$	Accumulated depreciation ThCh$	Property, plant & equipment, Net ThCh$	Property, plant & equipment, Gross ThCh$	Accumulated depreciation ThCh$	Property, plant & equipment, Net ThCh$
Land	23,800,239	-	23,800,239	24,309,203	-	24,309,203
Buildings	956,406,895	(660,897,299)	295,509,596	957,834,225	(649,919,202)	307,915,023
Transport equipments	475,562	(474,480)	1,082	475,562	(473,400)	2,162
Supplies and accessories	33,484,283	(31,770,889)	1,713,394	33,963,023	(31,756,734)	2,206,289
Office equipments	3,547,414	(2,642,029)	905,385	3,547,414	(2,524,607)	1,022,807
Construction in progress	157,661,529	-	157,661,529	157,874,623	-	157,874,623
Information equipment	70,187,169	(53,506,622)	16,680,547	69,753,836	(49,701,717)	20,052,119
Network and communication Equipment	3,612,383,276	(2,924,811,821)	687,571,455	3,548,990,956	(2,867,859,135)	681,131,821
Property, plant and equipment under financial leases	5,304,293	(4,996,889)	307,404	5,304,293	(4,993,015)	311,278
Rights of use (1)	263,039,425	(28,583,970)	234,455,455	-	-	-
Other property, plant & equipment (2)	326,373,635	(262,428,059)	63,945,576	312,959,063	(254,790,631)	58,168,432
Total	**5,452,663,720**	**(3,970,112,058)**	**1,482,551,662**	**5,115,012,198**	**(3,862,018,441)**	**1,252,993,757**

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

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

15. Property, plant and equipment, continued

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

Movements	Land	Buildings, net	Transport equipment, Net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Property, plant and equipment under financial leases, net	Right of use, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of 01.01.2019	**24,309,203**	**307,915,023**	**2,162**	**2,206,289**	**1,022,807**	**157,874,623**	**20,052,119**	**681,131,821**	**311,278**	**-**	**58,168,432**	**1,252,993,757**
Additions	-	-	-	-	-	113,299,553	-	-	-	263,039,425	-	**376,338,978**
Retirements	(39,780)	(785,955)	-	(14,464)	-	-	(927,787)	(1,196,293)	-	-	(17,028,961)	**(19,993,240)**
Acc. Dep. retirements	-	283,891	-	14,464	-	-	927,787	1,066,740	-	-	16,921,298	**19,214,180**
Depreciation expense	-	(12,428,855)	(1,080)	(347,638)	(117,422)	-	(4,853,245)	(59,759,436)	(3,874)	(28,583,970)	(24,558,726)	**(130,654,246)**
Depreciation transfer (1)	-	1,166,867	-	319,019	-	-	120,553	1,740,010	-	-		**3,346,449**
Other Increase (decrease) (2)	(469,184)	(641,375)	-	(464,276)	-	(113,512,647)	1,361,120	64,588,613	-	-	30,443,533	**(18,694,216)**
Movements, subtotal	**(508,964)**	**(12,405,427)**	**(1,080)**	**(492,895)**	**(117,422)**	**(213,094)**	**(3,371,572)**	**6,439,634**	**(3,874)**	**234,455,455**	**5,777,144**	**229,557,905**
Ending balance as of 06.30.2019	**23,800,239**	**295,509,596**	**1,082**	**1,713,394**	**905,385**	**157,661,529**	**16,680,547**	**687,571,455**	**307,404**	**234,455,455**	**63,945,576**	**1,482,551,662**

(1) Corresponds to transfer of depreciation from property, plant and equipment to available-for-sale assets (Note 16).

(2) Includes movement of net transfer of intangible assets to property, plant and equipment in the amount of ThCh$ 2,257,436 (Nota 13b) and transfer to available-for-sale assets in the amount of ThCh$ 15,700,424.

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

	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Fully depreciated assets still in use	**-**	**318,399,768**	**453,935**	**28,254,570**	**1,579,967**	**-**	**38,099,391**	**2,653,345,506**	**-**	**3,648,479**	**3,043,781,616**

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

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

The Company has no assets provided in guarantee.

15. Property, plant and equipment, continued

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

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

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

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

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

15. Property, plant and equipment, continued

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

Movements	Rights of use on land and natural properties, net ThCh$	Rights of use on buildings, net ThCh$	Rights of use on plant and machinery, net ThCh$	Other rights of use, net ThCh$	Advance payments for rights of use, net ThCh$	Rights of use, net ThCh$
Beginning balance as of 01.01.19	-	-	-	-	-	-
Additions	66,422,737	176,181,912	8,612,920	11,215,594	606,262	**263,039,425**
Depreciation expense	(9,079,704)	(17,547,458)	(1,081,113)	(875,695)	-	**(28,583,970)**
Movements, subtotal	**57,343,033**	**158,634,454**	**7,531,807**	**10,339,899**	**606,262**	**234,455,455**
Ending balance as of 03.31.19	**57,343,033**	**158,634,454**	**7,531,807**	**10,339,899**	**606,262**	**234,455,455**

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

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

Concepts	06.30.2019 M$	31.12.2018 M$
Land	719,184	-
Buildings	10,544,767	-
Communication equipment and networks	660,107	-
Fixtures and accessories	429,918	-
Total	**12,353,976**	-

On May 31, 2019, the assets were transferred at their net carrying amount as of that date.

17. Other current and other non-current financial liabilities

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

Concepts		06.30.2019		12.31.2018	
		Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Bank loans	(a)	252,936	147,700,444	360,837	150,851,556
Unguaranteed obligations (Bonds) (1)	(b)	61,805,359	625,216,618	54,011,525	680,876,592
Hedge instruments	(see Note 19.2)	3,840,038	4,582,923	4,513,765	12,309,350
Lease obligations (2)		69,473,379	142,058,434	-	-
Other financial debts (3)		1,836,916	-	-	-
Total		**137,208,628**	**919,558,419**	**58,886,127**	**844,037,498**

(1) Includes fair value interest rate risk adjustment.
(2) Corresponds to recognition of the liability for qualifying lease contracts under IFRS 16.
(3) Corresponds to the generation of financial liabilities on the sale of the portfolio to Banco Santander Spain with continued involvement (transferring between 10% and 90% of cash flows volatility).

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

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

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

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) 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	-	-	99,057,00	-	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 To Maturity		Total current as of 06.30.2019 ThCh$	Non-current To Maturity							Total Non-current as of 06.30.2019 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	117,508	-	117,508	101,493,433	-	101,493,433	-	-	-	-	101.493.433
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A	Chile	Bank Scotiabank	135,428		135,428		-		-	46,207,011	46,207,011		46.207.011
	Total				**252.936**	-	**252,936**	**101,493,433**	-	**101,493,433**	-	**46,207,011**	**46,207,011**	-	**147,700,444**

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

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

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

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

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

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) 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 To Maturity		Total current as of 12.31.2018 ThCh$	Non-current To Maturity							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$	5 years and over 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 libor + 0,8% for 5 years bullet.

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

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

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

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

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
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 T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At expiry	5.09%	4.90%	MM$ 48,000	2023

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) 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$	
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
Seires 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 T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	-	28,800,000	-	28,800,000	19,200,000	-	19,200,000	-	48,000,000
Total					**-**	**50.108.620**	**79,117,080**	**94,410,000**	**173,527,080**	**255,600,000**	**66,928,680**	**322,528,680**	**-**	**546,164,380**

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

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

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current – To Maturity – Up to 90 days ThCh$	Current – To Maturity – 90 days to 1 years ThCh$	Total current as of 06.30.2019 ThCh$	Non-current – To Maturity – 1 to 2 Years ThCh$	Non-current – To Maturity – 2 to 3 Years ThCh$	Non-current – To Maturity – Total 1 to 3 years ThCh$	Non-current – To Maturity – 3 to 4 Years ThCh$	Non-current – To Maturity – 4 to 5 Years ThCh$	Non-current – To Maturity – Total 3 to 5 years ThCh$	Non-current – To Maturity – 5 years and Over ThCh$	Total Non-current as of 06.30.2019 ThCh$
Series Bond F (1)	76.021.780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	555,761	-	**555,761**	-	-	-	-	91,140,354	**91,140,354**	-	**91.140.354**
Series Bond G (2)	76.021.780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	55,939,038	**55,939,038**	-	-	-	-	-	-	-	**-**
Series Bond I (3)	76.021.780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	378,097	**378,097**	55,803,019	-	55,803,019	-	-	-	-	**55.803.019**
Series Bond K (4)	76.021.780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	1,333,952	**1,333,952**	-	94,400,511	94,400,511	-	-	-	-	**94.400.511**
Series Bond 144A (5)	90.635.000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	2,391,105	**2,391,105**	-	-	-	335,485,206	-	**335,485,206**	-	**335.485.206**
Series Bond T (7)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	1,207,406	-	**1,207,406**	29,162,632	-	29,162,632	19,224,896	-	**19,224,896**	-	**48.387.528**
Total					**1.763.167**	**60.042.192**	**61,805,359**	**84,965,652**	**94,400,511**	**179,366,162**	**354,710,102**	**91,140,354**	**445,850,456**	**-**	**625,216,618**

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

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

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

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

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

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

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

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

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current		Total current as of 12.31.2018	Non-current							Total Non-current as of 12.31.2018
					To Maturity			To Maturity							
					Up to 90 days ThCh$	90 days to 1 years ThCh$	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$	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	-	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	The Bank of New York Mellon	-	2,529,878	**2,529,878**	-	-	-	- 346,034,137	-	346,034,137	-	**346,034,137**
Series Bond Q (6)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	47,757,841	-	**47,757,841**	-	-	-	-	-	-	-	-
Series Bond T (7)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	1,206,158	-	**1,206,158**	19,303,851	9,623,791	29,927,642	9,616,534	9,608,362	19,224,896	-	**48,152,538**
Total					49,368,113	4,643,412	**54,011,525**	**129,668,292**	**104,013,267**	**233,681,559**	**355,650,671**	**91,544,362**	**447,195,033**	-	**680,876,592**

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

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

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

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

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

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

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

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

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

Reconciliation of current financing activities	12.31.2018	Cah flows		Items other than cash flows			06.30.2019
		Collection	Payment	Foreign currency translation	Accrued interest	Other movements	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**58,886,127**	**3,249,140**	**(83,223,165)**	**4,764,006**	**16,634,096**	**136,898,424**	**137,208,628**
Bank loans (1)	360,837	-	(2,529,164)	6,616	2,504,371	(89,724)	252,936
Unguaranteed obligations (bonds) (2)	54,011,525	-	(60,820,925)	5,697,669	12,860,578	50,056,512	61,805,359
Hedging instruments	4,513,765	2,541,635	(3,199,963)	(940,279)	(549,124)	1,474,004	3,840,038
Lease obligations (3)	-	-	(16,673,113)	-	1,818,271	84,328,221	69,473,379
Other financial debts	-	707,505	-	-	-	1,129,411	1,836,916
Related party commecial mandate (4)	**729,747**	**89,639,900**	**(90,360,000)**	**-**	**-**	**77,056**	**86,703**
Related party leases (3)	**-**	**-**	**-**	**-**	**-**	**3,821,253**	**3,821,253**
Issued capital (4)	**1,294,872,285**	**35,000,000**		**-**	**-**	**-**	**1,329,872,285**
Dividends pending payment (4)	**187,737**	**-**	**(40,625)**	**-**	**-**	**269**	**147,381**
Other financial payments (4)	**-**	**-**	**(2,938,153)**	**-**	**-**	**2,938,153**	**-**
Total	**1,354,675,896**	**127,889,040**	**(176,561,943)**	**4,764,006**	**16,634,096**	**143,735,155**	**1,471,136,250**

(1) As of June 30, 2019, the movement of current cash flows from bank loans amounts to ThCh$ 2,529,164 in interest payments.
(2) As of June 30, 2019, movement of current cash flows from unguaranteed obligations amounts to ThCh$ 47,000,000 for payment of Bond Q and ThCh$ 13,820,925 for payment of interest.
(3) Corresponds to recognition of liability payments on lease contracts that qualify under IFRS 16.
(4) Includes movements between related parties and other movements that do not form part of financial liabilities, but are cash flows from financing activities

Reconciliation of non-current financing activities	12.31.2018	Cah flows		Items other than cash flows			06.30.2019
		Collection	Payment	Foreign currency translation	Accrued interest	Other movements	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**844,037,498**	-	-	**(14,112,193)**	-	**89,633,114**	**919,558,419**
Bank loans	150,851,556	-	-	(3,403,093)	-	251,981	147,700,444
Unguaranteed obligations (Bonds)	680,876,592	-	-	(11,162,702)	-	(44,497,272)	625,216,618
Hedging instruments	12,309,350	-	-	453,602	-	(8,180,029)	4,582,923
Lease obligations (1)	-	-	-	-	-	142,058,434	142,058,434
Related party leases	**-**	**-**	**-**	**-**	**-**	**23,688,728**	**23,688,728**
Total	**844,037,498**	**-**	**-**	**(14,112,193)**	**-**	**113,321,842**	**943,247,147**

17. Otros pasivos financieros corrientes y no corrientes, continuación

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

Reconciliation of current financing activities	12.31.2017	Cash flows Collection	Payment	Items other than cash flows Foreign currency translation	Accrued interest	Other movements	06.30.2018
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**14,160,658**	**154,633**	**(17,609,581)**	**(1,952,642)**	**14,532,530**	**49,233,754**	**58,519,352**
Bank loans (1)	93,320	-	(1,183,602)	-	1,183,602	619	93,939
Unguaranteed obligations (Bonds) (2)	7,028,581	-	(13,169,623)	-	13,284,227	46,512,614	53,655,799
Hedging instruments	7,038,757	154,633	(3,256,356)	(1,952,642)	64,701	2,720,521	4,769,614
Related party commercial mandate (3)	**1,744,056**	**5,408,000**	**(6,495,000)**	**-**	**-**	**62,296**	**719,352**
Issued capital (3)	**1,257,872,285**	**37,000,000**	**-**	**-**	**-**	**-**	**1,294,872,285**
Dividends pending payment (3)	**359,513**	**-**	**(24,475)**	**-**	**-**	**(192,953)**	**142,085**
Other financial payments (3)	**-**	**-**	**(1,195,850)**	**-**	**-**	**1,195,850**	**-**
Total	**1,274,136,512**	**42,562,633**	**(25,324,906)**	**(1,952,642)**	**14,532,530**	**50,298,947**	**1,354,253,074**

(1) As of June 30, 2018, current movements of cash flows from bank loans amount to ThCh$ 1,183,602 in interest payments.
(2) As of June 30, 2018, the movement of current cash flows from unguaranteed obligations amounts to ThCh$ 13,169,623 in interest payments.
(3) Includes movements with related parties and other movements that do not form part of financial liabilities, but are cash flows from financing activities.

Reconciliation of non-current financing activities	12.31.2018	Cash flows Collection	Payment	Items other than cash flows Foreign currency translation	Accrued interest	Other movements	06.30.2019
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Bank loans	91,615,282	-	-	5,447,942	-	74,458	97,137,682
Unguaranteed obligations (Bonds)	681,739,322	-	-	20,641,152	-	(46,255,063)	656,125,411
Hedging instruments	14,290,035	-	-	(5,469,000)	-	9,649,247	18,470,282
Total	787,644,639	-	-	20,620,094	-	(36,531,358)	771,733,375

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

Due date Up to 90 days ThCh$	91 days to 1 year ThCh$	Total current 06.30.2019 ThCh$	Due dates 1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Total non-current as of 06.30.2019 ThCh$
28,929,166	40,544,213	**69,473,379**	99,683,463	28,654,914	13,720,057	**142,058,434**

18. Trade and other payables

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

Conceptos	06.30.2019		12.31.2018	
	Current	No-current	Current	No-current
	ThCh$	ThCh$	ThCh$	ThCh$
Debts due to purchases or services provided, invoiced (1)	100,780,775	-	131,500,796	-
Real property providers, invoiced	56,457,679	-	76,449,598	-
Debts due to purchases or services provided, provisioned (1) (2)	101,138,779	4,717,191	122,084,916	4,320,435
Payables to employees	19,670,959	-	35,744,374	-
Real property providers, provisioned	16,443,949	-	19,786,277	-
Dividends pending payment	147,381	-	187,737	-
Total	**294,639,522**	**4,717,191**	**385,753,698**	**4,320,435**

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

Debts due to purchases or services provided	06.30.2019 ThCh$	12.31.2018 ThCh$
Domestic	178,101,413	232,705,466
Foreign	23,818,141	20,880,246
Total	**201,919,554**	**253,585,712**

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

b) Accounts payable payment terms

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

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

As of June 30, 2019 the main suppliers, in the Mobile operation are: Huawei Chile S.A. with 14.2%, Samsung Electronics Chile Ltda. with 14.1%, Entel PCS Telecomunicaciones S.A. with 8.2%, an Nokia Solutions and Networks Chile with 6.0%; as of december 31, 2018 the main suppliers were: 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 June 30, 2019 the main suppliers, in the fixed operation are Huawei Chile S.A. with 10.0%, Samsung Electronics Chile Ltda, with 7,1%, Nokia Solutions and Network Chile with 4,4%, Ministerio de Obras Públicas with 4.1% and Entel PCS Telecomunicaciones S.A. with 4.1%; and as of december 31, 2018 the main suppliers corresponds aHuawei Chile S.A. with 15,5%, Samsung Electronics Chile Ltda. With 5.95% and Nokia Solutions and Networks Chile with 5.9%.

18. Trade and other payables, continued

b) Accounts payable payment terms, continued

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

Suppliers with up to date payments As of 06.30.2019	**Goods ThCh$**	**Services ThCh$**	**Total ThCh$**
Trade accounts to date			
Up to 30 days	27,948,488	46,729,756	74,678,244
From 31 to 60 days	20,904,071	23,476,927	44,380,998
From 61 to 90 days	-	167,315	167,315
Total	**48,852,559**	**70,373,998**	**119,226,557**
Average period of payment of up to date accounts	**60**	**55**	

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

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

Overdue trade accounts payable by term As of 06.30.2019	**Goods ThCh$**	**Services ThCh$**	**Total ThCh$**
Overdue trade accounts payable by term			
Up to 30 days	5,957,599	18,776,666	24,734,265
From 31 to 60 days	633,620	3,788,773	4,422,393
From 61 to 90 days	1,008,529	368,725	1,377,254
From 91 to 120 days	5,372	-	5,372
From 121 to 180 days	-	-	-
More than 180 days	-	7,472,613	7,472,613
Total	**7,605,120**	**30,406,777**	**38,011,897**
Average payment period of overdue accounts	**60**	**30**	

18. Trade and other payables, continued

b) Accounts payable payment terms, continued

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

19. Financial instruments

1. Classification of financial instruments by nature and category

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

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets	
				Through profit and loss		Through other comprehensive income (equity)				Fair value measurement hierarchy				
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Hedges	Subtotal financial assets at fair value	Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Assets	Total Fair Value of Financial Assets
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other participations (net)	6-b	-	-	-	-	-	**7,026,562**	**-**	**7,026,562**	**7,022,708**	**3,854**	-	**7,026,565**	**7,026,565**
Other participations		-	-	-	-	-	7,026,562	-	7,026,562	7,022,708	3,854	-	7,026,565	7,026,565
Derivative instrument assets		-	-	-	-	-	-	**131,150,137**	**131,150,137**	-	**131,150,137**	-	**131,150,137**	**131,150,137**
Derivative instrument assets	19-2	-	-	-	-	-	-	131,150,137	131,150,137	-	131,150,137	-	131,150,137	131,150,137
Deposits and pledges		**50,468**	**50,468**	-	-	-	-	-	-	-	-	-	**50,468**	**50,468**
Deposits and pledges	6-a	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468
Non-current trade and other accounts receivable		**32,494,240**	**32,494,240**	-	-	-	-	-	-	-	-	-	**32,494,240**	**32,494,240**
Non-current trade and other accounts receivable	12	32,494,240	32,494,240	-	-	-	-	-	-	-	-	-	32,494,240	32,494,240
Non-current financial assets		**32,544,708**	**32,544,708**	-	-	-	**7,026,562**	**131,150,137**	**138,176,699**	**7,022,708**	**131,153,991**	-	**170,721,410**	**170,721,410**
Current trade accounts receivable		**301,037,506**	**301,037,506**	-	-	-	-	-	-	-	-	-	**301,037,506**	**301,037,506**
Current trade and other accounts receivable	8-a	277,182,741	277,182,741	-	-	-	-	-	-	-	-	-	277,182,741	277,182,741
Account receivable from relate entities	9-a	23,854,765	23,854,765	-	-	-	-	-	-	-	-	-	23,854,765	23,854,765
Current deposits and pledges		**80,444**	**80,444**	-	-	-	-	-	-	-	-	-	**80,444**	**80,444**
Current pledges and deposits	6-a	80,444	80,444	-	-	-	-	-	-	-	-	-	80,444	80,444
Derivative instrument of assets		-	-	-	-	-	-	**27,158,095**	**27,158,095**	-	**27,158,095**	-	**27,158,095**	**27,158,095**
Derivative instrument of assets	19-2	-	-	-	-	-	-	27,158,095	27,158,095	-	27,158,095	-	27,158,095	27,158,095
Cash and cash equivalents		**125,879,852**	**125,879,852**	-	-	-	-	-	-	-	-	-	**125,879,852**	**125,879,852**
Cash and cash equivalents	5	125,879,852	125,879,852	-	-	-	-	-	-	-	-	-	125,879,852	125,879,852
Current financial assets		**426,997,802**	**426,997,802**	-	-	-	-	**27,158,095**	**27,158,095**	-	**27,158,095**	-	**454,155,897**	**454,155,897**
Total financial assets		**459,542,510**	**459,542,510**	-	-	-	**7,026,562**	**158,308,232**	**165,334,794**	**7,022,708**	**158,312,086**	-	**624,877,304**	**624,877,304**

19. **Financial instruments**, continued

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

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

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets	
				Through profit and loss		Through other comprehensive income (equity)				Fair value measurement hierarchy				
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Hedges	Subtotal financial assets at fair value	Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Assets	Total Fair Value of Financial Assets
		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**

19. Financial instruments, continued

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

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

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

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

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

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

19. **Financial instruments**, continued

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

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

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value							Total financial liabilities	
				With changes in the income statement				Fair value mea surement hierarchy				
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL	Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	17-d	625,216,618	651,043,163	-	-	-	-	-	-	-	625,216,618	651,043,163
Non-current debts with loan entities	17-c	147,700,444	147,700,444	-	-	-	-	-	-	-	147,700,444	147,700,444
Long-term hedge derivative instrument of liabilities	19-2	-	-	-	-	4,582,923	4,582,923	-	4,582,923	-	4,582,923	4,582,923
Trade and other accounts payable	18	4,717,191	4,717,191	-	-	-	-	-	-	-	4,717,191	4,717,191
Accounts payable to related entities	9-c	24,207,493	24,207,493	-	-	-	-	-	-	-	24,207,493	24,207,493
Other non-current financial debts(1)		142,058,434	142,058,434	-	-	-	-	-	-	-	142,058,434	142,058,434
Non-current financial liabilities		**943,900,180**	**969,726,725**	**-**	**-**	**4,582,923**	**4,582,923**	**-**	**4,582,923**	**-**	**948,483,103**	**974,309,648**
Issuance of short-term obligations and other marketable securities	17-d	61,805,359	62,810,440	-	-	-	-	-	-	-	61,805,359	62,810,440
Short-term debts with credit entities	17-c	252,936	252,936	-	-	-	-	-	-	-	252,936	252,936
Short-term derivative instrument of liabilities	19-2	-	-	-	-	3,840,038	3,840,038	-	3,840,038	-	3,840,038	3,840,038
Trade and other accounts payable	17	294,639,522	294,639,522	-	-	-	-	-	-	-	294,639,522	294,639,522
Accounts payable to related entities	9-b	58,160,906	58,160,906	-	-	-	-	-	-	-	58,160,906	58,160,906
Other non-current financial debts(1)		69,473,379	69,473,379	-	-	-	-	-	-	-	69,473,379	69,473,379
Current financial liabilities		**484,332,102**	**485,337,183**	**-**	**-**	**3,840,038**	**3,840,038**	**-**	**3,840,038**	**-**	**488,172,140**	**489,177,221**
Total financial liabilities		**1,428,232,282**	**1,455,063,908**	**-**	**-**	**8,422,961**	**8,422,961**	**-**	**8,422,961**	**-**	**1,436,655,243**	**1,463,486,869**

19. Financial instruments, continued

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

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

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

19. Financial instruments, continued

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

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

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

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

19. **Financial instruments**, continued

2. Hedging instruments

Type of hedge	Underlying	To Maturity							
		Current Assets		Current Liabilitis		Non-current Assets		Non-current Assets	
		Up to 90 days ThCh$	90 days to 1 year ThCh$	Up to 90 days ThCh$	90 days to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$
Exchange rate – cash flow hedge (1)	**Supplier Debt**	-	1,354	(56,006)	(222,112)	187	-	-	-
Exchange rate – fair value hedge (2)	**Supplier Debt**	236,208	514,719	(610,437)	-	-	-	-	-
Interest rate – cash flows hedge (4)	**Financial Debt**	1,203,225	-	(2,951,483)	-	-	3,852,067	(2,048,307)	(1.553.552)
Exchange rate and interest rate – fair value hedge (5)	**Financial Debt**	26,169	5,525,205	-	-	29,395,602	97,902,281	-	(981.064)
	Total	**1,465,602**	**6,041,278**	**(3,617,926)**	**(222,112)**	**29,395,789**	**101,754,348**	**(2,048,307)**	**(2,534,616)**

Hedge instruments have generated an effect on result of ThCh$9,644,693, As of june 30, 2019 and the accumulated effect on equity, net of taxes is ThCh$328,173 (see note 23d).

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

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

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

Description of hedge instruments:

1. Exchange rate – cash flow hedge: This category includes derivative instruments used to hedge highly probable trade debt future cash flows.
2. Exchange rate – fair value hedge: This category includes derivative instruments entered into to hedge existing commercial debt.
3. Interest rate 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.

19. Financial instruments, continued

3. Valuation of hedging instruments

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

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

a) Market assumptions such as spot prices and other price projections, credit risk (own and counterparty) and rates, using observable market information and through techniques commonly used among its participants.

b) Discount rates like risk free rates and counterparty rates (based on risk profiles and information available in the market).

c) In addition variables are incorporated to the model such as: volatility, correlation, regression formulas and market spread.

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

4. Fair value hierarchy of financial instruments

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

Level 1: Corresponds to methodologies of fair value measurement using market rates (without adjustments) in an active market considering the same assets and liabilities valued.

Level 2: Corresponds to methodologies of fair value measurement using data on market rates, not included in Level 1, that are observable for assets and liabilities valued, whether directly (that is, as a price) or indirectly (that is, derived from a price).

Level 3: Corresponds to methodologies of fair value measurement using valuation techniques that include information on assets and liabilities valued, which are not based on observable market information.

20. Other currents provisions

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

Concepts	06.30.2019 ThCh$	12.31.2018 ThCh$
Civil and regulatory	5,870,236	5,745,139
Total	**5,870,236**	**5,745,139**

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

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

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

Movements	06.30.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**5,745,139**	**10,387,867**
Increase in existing provisions	665,366	1,356,537
Provision used	(540,269)	(1,450,910)
Provisioning application	-	(4,548,355)
Movement subtotal	**125,097**	**(4,642,728)**
Ending balance	**5,870,236**	**5,745,139**

b) Other non-currents provisions:

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

Concepts	06.30.2019 ThCh$	12.31.2018 ThCh$
Dismantling provision (1)	20,674,960	20,123,983
Non-currents provisions others	59,077	59,665
Total	**20,734,037**	**20,183,648**

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

Movements	06.30.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**20,123,983**	**19,331,353**
Increase in existing provisions	183,611	219,945
Financial restatement	367,366	817,837
Telxius transfer (1)	-	(164,847)
Applied provision	-	(80,305)
Movement subtotal	**550,977**	**792,630**
Ending balance	**20,674,960**	**20,123,983**

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

21. Employee benefits accrual

a) Employment benefits

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

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

Concepts	06.30.2019 ThCh$	12.31.2018 ThCh$
Current amount of liability recognized for termination benefits	8,428,608	8,597,752
Non-current amount of liability recognized for termination benefits	27,775,370	26,842,153
Total	**36,203,978**	**35,439,905**

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

Movements	06.30.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**35,439,905**	**37,243,714**
Service costs	196,901	289,707
Interest costs (see note 24 d)	828,053	1,935,183
Actuarial profits, net due to experience	2,611,107	232,839
Benefits paid	(2,953,511)	(4,440,817)
Others	81,523	179,279
Movement subtotal	**764,073**	**(1,803,809)**
Ending balance	**36,203,978**	**35,439,905**

Actuarial Hypotheses

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

- **Discount rate:** An annual nominal rate of 3.711% and 4.673% are used as of June 30, 2019 and December 31, 2018 respectively. This rate must be representative of the time value of money, for which a risk-free rate is used represented by BCP (Central Bank of Chile Bonds issued in Chilean pesos) instruments, for a relevant term of close to 20 years.

- **Incremental Salary Rate:** An increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the excercise ended June 30, 2019 and december 31, 2018 was 3%.

21. Employee benefits accrual, continued

a) Post employment benefits, continued

Actuarial Hypotheses, continued

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

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

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

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

b) Sensitivity of assumptions

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

Description	Base	Plus 1% ThCh$	Less 1% ThCh$
Discount rate	3,711%	(2,055,292)	2,296,223

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	4,199,168

21. Employee benefits accrual, continued

d) Employee benefits expenses

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

Concepts	04.01.19 al 06.30.19 M$	06.30.2019 M$	04.01.18 al 06.30.18 M$	06.30.2018 M$
Wages and salaries	32,796,297	63,710,188	31,153,435	62,603,656
Post employment benefit obligations expense	106,554	196,901	102,697	206,523
Total	**32,902,851**	**63,907,089**	**31,256,132**	**62,810,179**

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

Other non-financial liabilities are detailed as follows:

Concepts	06.30.2019 Current ThCh$	06.30.2019 Non-current ThCh$	12.31.2018 Current ThCh$	12.31.2018 Non-current ThCh$
Contractual liabilities (1)	**14,546,078**	**2,875,351**	**13,840,015**	**3,072,995**
Handsets sold and not activated	5,100,030	-	5,489,074	-
Services charged and not rendered	5,508,123	-	4,728,848	-
IRUS rights of use	389,444	2,873,737	384,232	3,068,573
Others contractual liabilities (2)	3,548,481	1,614	3,237,861	4,422
Deferred income	**2,588,810**	**1,932,417**	**4,833,085**	**1,916,567**
Company projects to be undertaken (4)	1,633,461	1,042,438	3,615,005	1,235,997
Sale of telecommunications infrastructure	569,050	564,861	569,050	614,042
Other Deferred income (2)	386,299	325,118	649,030	66,528
Subsidies	**371,294**	**2,873,123**	**1,305,643**	**3,053,001**
Research and Development (4)	11,538	-	945,887	-
Extreme zones	118,942	536,092	118,942	595,562
Subsidy for Tierra del Fuego base stations	70,355	809,086	70,355	844,265
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	429,755	52,623	456,067
Connectivity for service networks and telecentre	90,380	386,621	90,380	431,811
Juan Fernandez Island Satellite links	27,456	711,569	27,456	725,296
Taxes	**19,671,332**	**-**	**9,778,499**	**-**
VAT (5)	17,726,339	-	7,382,141	-
Other taxes (6)	1,944,993	-	2,396,358	-
Others non-financial liabilities	**37,177,514**	**7,680,891**	**29,757,242**	**8,042,563**

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

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

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

Movements	06.30.2019					
	Contractual liabilities		Diferred Income		Subsidies	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Beginning balance	**13,840,015**	**3,072,995**	**4,833,085**	**1,916,567**	**1,305,643**	**3,053,001**
Endowments	131,946,607	14,175	955,898	143,442	-	-
Reduction/applications	(131,426,111)	(26,252)	(3,296,090)	(31,675)	(1,025,876)	(88,351)
Transfer	185,567	(185,567)	95,917	(95,917)	91,527	(91,527)
Movement subtotal	**706,063**	**(197,644)**	**(2,244,275)**	**15,850**	**(934,349)**	**(179,878)**
Ending balance	**14,546,078**	**2,875,351**	**2,588,810**	**1,932,417**	**371,294**	**2,873,123**

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

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

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

Expirations		Total Current to 06.30.2019	Expirations			Total non-current to 06.30.2019
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$
14,819,863	22,357,651	**37,177,514**	4,028,798	1,532,083	2,120,010	**7,680,891**

Expirations		Total Current to 12.31.2018	Expirations			Total non-current to 12.31.2018
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**

23. Equity

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

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

a) Capital

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

Number of shares

Series	06.30.2019			12.31.2018		
	N° of shares subscribed	N° of shares paid	N° of shares with voting rights	N° of shares subscribed	N° of shares paid	N° of shares with voting rights
Unique	936,165,609,040	936,165,609,040	936,165,609,040	911,784,715,847	911,784,715,847	911,784,715,847
Total	**936,165,609,040**	**936,165,609,040**	**936,165,609,040**	**911,784,715,847**	**911,784,715,847**	**911,784,715,847**

Capital

Series	06.30.2019		12.31.2018	
	Subscribed capital ThCh$	Paid-in capital ThCh$	Subscribed capital ThCh$	Paid-in capital ThCh$
Unique	1,329,872,285	1,329,872,285	1,294,872,285	1,294,872,285
Total	**1,329,872,285**	**1,329,872,285**	**1,294,872,285**	**1,294,872,285**

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

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

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

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

23. Equity, continued

b) Distribution of shareholders

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

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

c) Dividends:

i) Dividends policy:

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

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
12-27-2018	Eventual	106,261,506	0.1165	Prior years	December - 2018
12-27-2018	Interim	41,501,517	0.0455	Exercise 2018	December - 2018

23. Equity, continued

d) Other reserves:

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

Concepts	Balance of 12.31.2018 ThCh$	Net movement ThCh$	Balance of 06.30.2019 ThCh$
Capital revaluation reserve (i)	(233,685,327)	-	(233,685,327)
Business combination reserve (ii)	(95,176,556)	-	(95,176,556)
Others reserves (iii)	(122,214,004)	-	(122,214,004)
Employee benefits reserve (iv)	(8,203,551)	(1,897,777)	(10,101,328)
Foreign currency translation reserve (v)	(58,310)	-	(58,310)
Cash flows hedge reserve (vi)	338,921	(10,748)	328,173
Equity instruments reserves (vii)	1,271,402	63,776	1,335,178
Total	**(457,727,425)**	**(1,884,749)**	**(459,572,174)**

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.

23. Equity, continued

d) Other reserves, continued

iii) Other miscellaneous reserves, continued

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

iv) Employee benefits reserve

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

v) Foreign currency translation difference reserve

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

vi) Hedge reserve

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

vii) Equity instruments reserves

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

e) Non-controlling interest

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

Subsidiaries	Percentaje Non-controlling interest		Non-controlling interest	
	2019 %	2018 %	06.30.2019 ThCh$	12.31.2018 ThCh$
Telefónica Chile S.A.	0.8594402	0.8594402	5,696,246	5,604,555
Total			**5,696,246**	**5,604,555**

23. Equity, continued

e) Non-controlling interest, continued

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

Subsidiarias	Porcentaje Interés minoritario 2019 %	2018 %	Non-controlling interest in result Utility (loss) 04.01.19 al 06.30.19 ThCh$	06.30.2019 ThCh$	04.01.18 al 06.30.18 ThCh$	06.30.2018 ThCh$
Telefónica Chile S.A.	0.8594402	2.08	66,659	93,146	35,567	98,217
Total			**66,659**	**93,146**	**35,567**	**98,217**

24. Earnings per Share

The details of Earnings per share are as follows:

Basic earnings per share	04.01.19 al 06.30.19 ThCh$	06.30.2019 ThCh$	04.01.18 al 06.30.18 ThCh$	06.30.2018 ThCh$
Earnings attributable to owners of the parent	24,428,837	45,074,383	15,664,823	43,552,422
Profit available for shareholders	**24,428,837**	**45,074,383**	**15,664,823**	**43,552,422**
Weighted average number of shares	936,165,609,040	936,165,609,040	911,784,715,847	911,784,715,847
Basic earnings per share in Ch$	**0.026**	**0.048**	**0.017**	**0.048**

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

25. Income and Expenses

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

Ordinary income	04.01.19 al 06.30.19 ThCh$	06.30.2019 ThCh$	04.01.18 al 06.30.18 ThCh$	06.30.2018 ThCh$
Mobile Telecommunications	209,027,796	428,918,564	225,606,830	453,418,181
Broadband	49,544,136	97,884,669	48,543,386	96,711,734
Television	40,687,179	80,342,095	43,992,200	87,118,996
Corporate Communication	40,578,244	75,792,934	32,450,350	63,265,023
Fixed Telecommunications	28,331,478	57,183,255	32,942,696	66,291,301
Wholesalers	5,542,361	11,410,030	5,165,126	10,930,993
Total	**373,711,194**	**751,531,547**	**388,700,588**	**777,736,228**

25. Income and Expenses, continued

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

Other income	04.01.19 al 06.30.19 ThCh$	06.30.2019 ThCh$	04.01.18 al 06.30.18 ThCh$	06.30.2018 ThCh$
Surcharges due to default	942,651	1,897,157	1,099,639	2,098,936
Income from indemnities, complaints and others	169,355	384,203	141,748	454,284
Income from disposal of real property	195,069	195,069	380,708	428,058
Subsidies	82,080	164,160	857,347	857,347
Other current management income	18,581	98,989	63,765	165,650
Total	**1,407,736**	**2,739,578**	**2,543,207**	**4,004,275**

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

Other expenses	04.01.19 al 06.30.19 ThCh$	06.30.2019 ThCh$	04.01.18 al 06.30.18 ThCh$	06.30.2018 ThCh$
Cost of sale of inventory (note 10b) (1)	57,579,502	112,730,406	60,776,986	103,306,992
Exterior services (2)	32,038,881	65,750,734	44,006,712	87,405,445
Media rental (2)	27,753,338	58,025,583	36,858,587	71,832,100
Sales commissions	23,585,778	43,702,760	23,952,540	48,463,982
Allowance for doubtful accounts	16,578,342	30,506,870	11,361,502	24,437,763
Interconnections and roaming (3)	10,902,970	25,661,584	18,841,282	38,941,653
Computer services	11,971,676	23,820,896	12,490,627	25,484,755
Plant maintenance	10,594,761	22,840,851	11,740,664	23,608,164
Customer service	9,995,364	21,072,514	11,669,920	24,436,312
Advertising	6,742,837	13,538,788	5,722,437	11,818,554
Energy	6,225,370	11,894,565	5,732,739	12,070,758
Real estate spending	3,925,701	7,816,444	5,375,375	10,938,527
Deferred cost of sale of handsets (4)	-	6,111,281	-	15,770,669
Others (5)	3,475,107	7,123,376	2,519,134	8,060,286
Total	**221,369,627**	**450,596,652**	**251,048,505**	**506,575,960**

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

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

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

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

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

25. Income and Expenses, continued

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

Financial expenses, net	04.01.19 al 06.30.19 ThCh$	06.30.2019 ThCh$	04.01.18 al 06.30.18 ThCh$	06.30.2018 ThCh$
Interest income				
Interest earned on deposits	502,016	1,472,667	687,991	1,433,967
Interest earned on investments	107,254	167,507	45,025	69,163
Interest earned on projects	287,087	577,942	289,338	543,400
Dividends on account of group companies	222,576	412,248	191,997	94,579
Interest on mercantile mandate	(51,120)	12,338	13	13
Other financial income	251,623	252,114	3,417	5,348
Total interest income	**1,319,436**	**2,894,816**	**1,217,781**	**2,146,470**
Interest expense				
Interest on bond (1)	6,912,699	13,962,231	8,098,304	14,657,305
Interest on loans from bank institutions	1,353,865	2,796,258	885,043	1,698,152
Interest on update of IPAS	414,026	828,053	472,513	956,309
Interest on projects	53,593	108,809	150,911	236,542
Interest on mercantile mandate	(57,370)	7,057	15,788	28,223
Other financial expenses (2)	2,846,341	4,421,685	859,227	1,738,535
Total interest expenses	**11,523,154**	**22,124,093**	**10,481,786**	**19,315,066**
Total finance income and costs, net	**(10,203,718)**	**(19,229,277)**	**(9,264,005)**	**(17,168,596)**

(1) This item is presented net of interest rate insurance coverage.
(2) Composed mainly of 4% tax on remittances abroad, factoring and sale of portfolio costs, lease financing costs and other finance costs.

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

Currency translation	04.01.19 al 06.30.19 ThCh$	06.30.2019 ThCh$	04.01.18 al 06.30.18 ThCh$	06.30.2018 ThCh$
Current accounts receivable from related entities	(191,749)	(568,180)	211,690	25,494
Current accounts payable to related entities	618,808	721,639	(114,908)	338,571
Current trade and other accounts receivable	(519,098)	374,313	95	(310,855)
Trade and other accounts payable	1,171,696	759,301	(668,027)	171,697
Cash and cash equivalents	(558,050)	(493,623)	(556,452)	(948,396)
Financial debt	(1,337,782)	10,263,599	(30,895,656)	(23,561,732)
Hedge instruments	128,087	(11,529,373)	32,013,448	24,249,898
Other financial liabilities	24,860	24,860	-	-
Total	**(663,228)**	**(447,464)**	**(9,810)**	**(35,323)**

25. Income and Expenses, continued

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

Indexation units	04.01.19 al 06.30.19 ThCh$	06.30.2019 ThCh$	04.01.18 al 06.30.18 ThCh$	06.30.2018 ThCh$
Receivables from related companies	(11)	(148)	(21,667)	(21,667)
Payables to related companies	(128,012)	(78,379)	5,044	5,182
Current trade and other accounts receivable	235,268	390,772	303,714	328,886
Trade and other payables	(356,666)	(142,518)	(334,548)	(430,493)
Cash and cash equivalents	(181,855)	(371,211)	(183,419)	(110,771)
Current tax assets	203	203	-	23,046
Financial debt	(2,363,192)	(2,362,994)	(1,350,800)	(2,527,362)
Tax liabilities	121	6,355	(32,609)	(38,193)
Hedge instruments	2,372,022	2,371,812	1,455,165	2,636,414
Other financial liabilities	13,167	13,172	-	-
Total	**(408,955)**	**(172,936)**	**(159,120)**	**(134,958)**

26. Leases

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

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

As of June 30, 2019, lease expenses amount to ThCh$ 9,145,975

Concepts	06.30.2019			
	Up to one year ThCh$	From one to five years ThCh$	More than 5 years ThCh$	Total ThCh$
Minimum operating lease payments payable	7,173,591	6,944,488	866,593	14,984,672
Total	**7,173,591**	**6,944,488**	**866,593**	**14,984,672**

27. Local and Foreign Currency

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

Currents assets	06.30.2019 ThCh$	12.31.2018 ThCh$
Cash and cash equivalents	**125,879,852**	**263,376,457**
US Dollars	3,896,504	803,353
Euros	128,796	369,771
Chilean Pesos	121,660,730	262,003,486
Others currencies	193,822	199,847
Other current financial assets	**27,138,389**	**5,211,677**
US Dollars	20,777,430	4,757,121
Euros	208,326	31,266
Chilean Pesos	601,259	423,290
UF	5,551,374	-
Current trade and other accounts receivable	**277,182,741**	**198,534,756**
Us Dollars	2,227	3,784
Euros	53,315	39,538
Chilean Pesos	276,771,702	198,190,733
U.F.	355,497	300,701
Current receivables from related companies	**23,854,765**	**21,487,842**
US Dollars	4,722,859	6,467,316
Euros	38,611	-
Chilean Pesos	18,453,354	14,766,443
Others currencies	639,941	254,083
Other current assets (1)	**101,017,305**	**107,012,177**
Chilean Pesos	101,017,305	107,012,177
Non-current assets or disposal groups classified as held for sale	**12,353,976**	**-**
Chilean Pesos	12,353,976	-
Total current assets	**567,427,028**	**595.622.909**
US Dollars	**29,399,020**	**12,031,574**
Euros	**429,048**	**440,575**
Chilean Pesos	**530,858,326**	**582,396,129**
U.F.	**5,906,871**	**300,701**
Others currencies	**833,763**	**453,930**

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

Non-currents assets	03.31.2019 ThCh$	12.31.2018 ThCh$
Other non-current financial assets	**138,227,170**	**152,156,299**
US Dollars	97,902,281	112,126,778
Chilean Pesos	33,301,994	5,531,972
U.F.	187	27,539,170
Others currencies	7,022,708	6,958,379
Non-current trade and other accounts receivable	**32,494,240**	**34,028,767**
Chilean Pesos	32,494,240	34,028,767
Other non-currents non-financial assets	**9,160,010**	**2,716,622**
Chilean Pesos	9,160,010	2,716,622
Other non-current assets (2)	**2,275,920,638**	**2,056,335,591**
Chilean Pesos	2,275,920,638	2,056,335,591
Total non-current assets	**2,455,802,058**	**2,245,237,279**
US Dollars	**97,902,281**	**112,126,778**
Chilean Pesos	**2,350,876,882**	**2,098,612,952**
U.F.	**187**	**27,539,170**
Others currencies	**7,022,708**	**6,958,379**

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

27. Local and Foreign Currency, continued

The detail for currency of current liabilities is as follows:

Currents liabilities	06.30.2019	12.31.2018	06.30.2019	12.31.2018
	to 90 days ThCh$		91 days to 1 years ThCh$	
Other current financial liabilities	**26,703,072**	**5,244,587**	**110,505,556**	**53,641,540**
US Dollars	705,685	360,837	2,843,967	2,529,878
Euros	44,454	-	246,157	-
Chilean Pesos	14,568,805	4,479,636	16,327,344	50,361,782
U.F.	11,384,128	404,114	91,088,088	749,880
Trade and other payables	**294,639,522**	**385,753,698**	**-**	**-**
US Dollars	35,826,224	39,340,646	-	-
Euros	3,698,245	7,637,881	-	-
Chilean Pesos	211,256,073	296,886,411	-	-
U.F.	43,857,010	41,886,727	-	-
Others currencies	1,970	2,033	-	-
Current receivables from related companies	**55,920,316**	**52,202,802**	**2,240,590**	**-**
US Dollars	1,573,012	9,717,807	-	-
Euros	751,207	384,174	-	-
Chilean Pesos	53,561,902	42,100,821	1,770,030	-
U.F.	34,195	-	470,560	-
Other current liabilities (1)	**23,657,190**	**24,572,618**	**29,352,480**	**22,948,101**
Chilean Pesos	23,657,190	24,572,618	29,352,480	22,948,101
Total current liabilities	**400,920,100**	**467,773,705**	**142,098,626**	**76,589,641**
US Dollars	**38,104,921**	**49,419,290**	**2,843,967**	**2,529,878**
Euros	**4,493,906**	**8,022,055**	**246,157**	**-**
Chilean Pesos	**303,043,970**	**368,039,486**	**47,449,854**	**73,309,883**
U.F.	**55,275,333**	**42,290,841**	**91,558,648**	**749,880**
Others currencies	**1,970**	**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	06.30.2019	12.31.2018	06.30.2019	12.31.2018	06.30.2019	12.31.2018
	1 to 3 years ThCh$		3 to 5 years ThCh$		5 years and over ThCh$	
Other non-current financial liabilities	**376,239,108**	**337,416,947**	**524,939,042**	**506,620,551**	**18,380,269**	**-**
US Dollars	104,310,051	103,735,302	381,692,217	393,150,391	-	-
Chilean Pesos	140,727,686	123,317,204	27,029,776	31,534,160	10,417,795	-
U.F.	131,201,371	110,364,441	116,217,049	81,936,000	7,962,474	-
Trade and other payables non-current	**4,717,191**	**3,863,491**	**-**	**456,944**	**-**	**-**
Chilean Pesos	4,717,191	3,863,491	-	456,944	-	-
Non - current receivables from related companies	**11,666,968**	**168,255**	**7,959,382**	**-**	**4,581,143**	**-**
Chilean Pesos	8,885,769	168,255	4,678,351	-	2,908,336	-
U.F.	2,781,199	-	3,281,031	-	1,672,807	-
Other non-current liabilities (1)	**50,211,355**	**36,267,823**	**28,263,584**	**25,661,617**	**66,820,362**	**77,709,265**
Chilean Pesos	50,211,355	36,267,823	28,263,584	25,661,617	66,820,362	77,709,265
Other non-current liabilities	**442,834,622**	**377,716,516**	**561,162,008**	**532,739,112**	**89,781,774**	**77,709,265**
US Dollars	**104,310,051**	**103,735,302**	**381,692,217**	**393,150,391**	**-**	**-**
Chilean Pesos	**204,542,001**	**163,616,773**	**59,971,711**	**57,652,721**	**80,146,493**	**77,709,265**
U.F.	**133,982,570**	**110,364,441**	**119,498,080**	**81,936,000**	**9,635,281**	**-**

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

28. Contingencies and restrictions

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

Notwithstanding, there are certain proceedings in which due to the aforementioned considerations it is believed that there is a risk of loss that is rated as probable, which has motivated the establishment of provisions for the amount of what would be the estimated loss as of June 30, 2019, which altogether amounts to ThCh$5,292,344 in the parent and the amount to ThCh$577,892 in the subsidiaries. Regarding this figure, it is estimated that Telefónica Móviles Chile S.A. will have to pay the amount of ThCh$692,933, during third trimester of 2019 and the rest during fourth trimester 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$2,136,320 in the parent and the amount of ThCh$1,943,999 in the subsidiaries.

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

a) Voissnet proceeding

On March 31, 2016, the 4th Civil Court of Santiago dictated final sentence in the judicial proceeding called “Voissnet S.A. vs Telefónica Chile S.A.”, Rol No, 26,086-2014, completely rejecting the lawsuit. On June 19, 2018, the Court of Appeals of Santiago, aware of the writ of appeal filed by the plaintiff, revoked that sentence and condemned subsidiary Telefónica Chile S.A. to pay the amount of ThCh$5,526,165. 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 as of the date of these financial statements.

b) Tax contingecy

i. 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$787,523 figure that includes taxes and legal surcharges.

28. Contingencies and restrictions, continued

c) Miscellaneous lawsuits:

In the judicial proceeding entitled “OPS Ingeniería Limitada vs Telefónica Móviles Chile S.A.”, complaint filed before the 22nd Civil Court of Santiago, Rol C No, 20,891-2013, dated January 17, 2017, the Court of Appeals of Santiago dictated final sentencing in Civil Record No, 8249-2015, rejecting the appeal filed by Telefónica Móviles Chile S.A. and the appeal filed by the plaintiff OPS against the first instance final sentence, and partially accepting the appeal filed by Telefonica, In accordance with the above, that Court reduced the amount of the judgment from UF 510,011,92 to UF 357,590.52. Both parties filed appeals for dismissal on this sentence, which were registered with the Supreme Court under Case No, 18,171-2017, and are ready to be heard, during December 2018 the actions filed were viewed, leaving the case in a state of agreement.

d) Financial restrictions:

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

e) Guarantee deposits:

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor		Type of guarantee	Current guarantee deposits	Liberated guarantees		
	Name	Relationship			2019	2020	2021 and more
				ThCh$	ThCh$	ThCh$	ThCh$
Subsecretaría de Telecomunicaciones	TMCH	Parent	Deposit	29,474,486	-	28,581,893	892,593
Adessa Falabella Ltda	TMCH	Parent	Deposit	773,500	-	-	773,500
Administradora Plaza Vespucio S.A.	TMCH	Parent	Deposit	217,220	-	217,220	-
Metro S.A.	TMCH	Parent	Deposit	185,453	-	185,453	-
I Municipalidad De Arica	TMCH	Parent	Deposit	125,454	125,454	-	-
Otras Garantías (1)	TMCH	Parent	Deposit	2,658,367	1,053,434	681,305	923,628
Conect S.A.	TCH	Subsidiary	Deposit	1,039,823	-	1,039,823	-
Serviu Región Metropolitana	TCH	Subsidiary	Deposit	854,540	661,579	192,961	-
Subsecretaría de Telecomunicaciones	TCH	Subsidiary	Deposit	411,840	-	-	411,840
Otras Garantías (1)	TCH	Subsidiary	Deposit	483,639	385,888	30,104	67,647
Plaza Vespucio SPA	TEM	Subsidiary	Deposit	1,314,786	378,120	779,963	156,703
Empresa de transporte de pasajeros Metro S.A.	TEM	Subsidiary	Deposit	1,091,867	-	655,120	436,747
Banco del Estado de Chile	TEM	Subsidiary	Deposit	1,036,624	13,255	34,969	988,400
Ministerio de Educación	TEM	Subsidiary	Deposit	834,040	-	-	834,040
Estado Mayor conjunto	TEM	Subsidiary	Deposit	807,515	644,160	103,765	59,590
Fundación Integra	TEM	Subsidiary	Deposit	770,322	-	770,322	-
Banmédica S.A.	TEM	Subsidiary	Deposit	630,201	-	-	630,201
SMU S.A.	TEM	Subsidiary	Deposit	504,537	358,355	-	146,182
Banco Santander Chile	TEM	Subsidiary	Deposit	455,597	-	-	455,597
Subsecretaría de Telecomunicaciones	TEM	Subsidiary	Deposit	355,552	355,552	-	-
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	-
Asociación chilena de Seguridad	TEM	Subsidiary	Deposit	278,317	278,317	-	-

28. Contingencies and restrictions, continued

e) Guarantee deposits, continued

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor		Type of guarantee	Current guarantee deposits	Liberated guarantees		
	Name	Relationship			2019	2020	2021 and more
				ThCh$	ThCh$	ThCh$	ThCh$
Obras Conhuarte Lain S.A. Agencia en Chile	TEM	Subsidiary	Deposit	272,450	-	272,450	-
Gendarmería de Chile	TEM	Subsidiary	Deposit	265,584	-	-	265,584
Fundación Educacional para el Desarrollo Integral del Menor	TEM	Subsidiary	Deposit	239,666	-	-	239,666
Antofagasta Minerals S.A.	TEM	Subsidiary	Deposit	230,912	230,912	-	-
Redbanc S.A.	TEM	Subsidiary	Deposit	229,712	-	-	229,712
Empresa Nacional de Electricidad S.A.	TEM	Subsidiary	Deposit	222,396	-	-	222,396
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
Junta Nacional de Auxilio Escolar y Becas	TEM	Subsidiary	Deposit	160,993	-	-	160,993
Subsecretaría de Prevención del Delito	TEM	Subsidiary	Deposit	146,679	-	-	146,679
Coordinador Independiente del Sist. Eléctrico Nacional.	TEM	Subsidiary	Deposit	142,054	-	142,054	-
I. Municipalidad de Arica	TEM	Subsidiary	Deposit	125,454	125,454	-	-
Comercial ECCSA S.A.	TEM	Subsidiary	Deposit	124,043	-	-	124,043
Compañía Minera Inés de Collahuasi	TEM	Subsidiary	Deposit	120,565	43,899	-	76,666
Organización Europea para la Investigación Astronómica	TEM	Subsidiary	Deposit	119,992	119,992	-	-
Caja Compensación de Asignación Familiar La Araucana	TEM	Subsidiary	Deposit	110,964	-	110,964	-
Fundación de Beneficencia Hogar de Cristo	TEM	Subsidiary	Deposit	109,680	-	109,680	-
Servicio Agrícola Ganadera SAG	TEM	Subsidiary	Deposit	104,147	-	-	104,147
Universidad de los Lagos	TEM	Subsidiary	Deposit	100,196	-	-	100,196
Otras Garantías (1)	TEM	Subsidiary	Deposit	5,249,742	1,248,856	1,731,687	2,269,199
TOTAL				**53,757,286**	**6,023,227**	**36,110,360**	**11,623,699**

(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.

f) Insurance:

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

29. Environment (not audited)

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

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

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

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

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

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

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

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.

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

29. Environment (not audited), continued

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

30. 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 Almendral Group; Claro, belonging to the América Móvil Group and WOM (formerly Nextel which in March 2015 was sold to the English group Novator Partners LLP who began operating in July 2015 under a new fantasy name and absorbing customers and infrastructure).

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

Mobile Voice

At the end of the second trimester of 2019, it is estimated that the mobile telephone market will have close to 27 million accesses, with an increase in 1.2% in comparison to the same period the year before. With this, mobile telephone penetration per 100 inhabitants would reach 146,8%, representing an increase of 0,4 percentage points in a year.

Prepayment customers present a decrease in the industry, caused by less dynamism in the economy and the commercial strategy of the companies to accelerate the migration of these customers to postpaid plans. When comparing the second trimester of 2018 and 2019, prepay customers decreased by 1,266 thousand customers, whereas customers with contracts grew by 1,596 thousand customers. The proportion of prepayment closed at 57% of total customers in the market, decreasing 5.4 percentage points in comparison to as of June 2018.

30. Risk management, continued

a) Characterization of the market and competition, continued

Mobile Voice, continued

Mobile Internet access experienced a high level of growth thanks to the higher penetration of smartphones with 3G and 4G technology, which allow better Internet navigation in the device. It is estimated that the number of units connected to Mobile Internet will reach 19 million as of June 2019, growing 8,9% in respect to second trimester of 2018. With the above, market penetration per inhabitant is 101,7%, increasing 7,4 percentage points in a year.

b) Competition Risk

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

In the second trimester of 2019, there were more than 828,000 mobile porting instances. Mobile portability has accumulated 17.3 million ported from when it began to June 2019, which is equivalent to 63.3% 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. That the conditions in the market are not sufficient to guarantee a rate freedom regime.

30. Risk management, continued

c) Regulatory Environment, continued

i) Tariff system for mobile telephones, continued

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

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

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

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

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

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

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

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

30. Risk management, continued

c) Regulatory Environment, continued

ii) Tariff system for fixed telephone services:

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

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

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

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

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

iii) Spectrum Allocation

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

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

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

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

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

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

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;

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

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

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

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

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

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

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

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

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

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

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

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

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

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

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

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

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

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

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

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

- Establish, in addition to the cap by range, a total cap of 30% of the total spectrum allocated to mobile services and allow compensation between band ranges.
- Exclude the complementary conditions proposed by Subtel, since they would have to be reached by legal or regulatory range standards that exceed the objective of the ruling of the CS when addressing aspects such as wholesale offers for national roaming and OMV, and desegregation of passive infrastructure.

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

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

- Take into account the advantages that the current holders of the 3.5 GHz band would have to move forward in respect to their operation in 5G. Telefónica's position is that uncertainty and competitive imbalance must be avoided in the process of "gradual transition", since it would give a temporary advantage to the operators that most exceed the spectrum that is defined.

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

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

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

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

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

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

5G Public Tender Consultation

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

Reorganization of the 3.5GHz band

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

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

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

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

30. Risk management, continued

c) Regulatory Environment, continued

iii) Spectrum Allocation, continued

Reorganization of the 3.5GHz band, continued

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

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

The date of the allegation hearing for the 3500 MHz band consultation before the TDLC was set for August 7, 2019.

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

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

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

The new law mainly establishes that:

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

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

30. Risk management, continued

d) Technological changes

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

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 polices

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

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

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

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

Market Risk

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

Interest rate risk

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

30. Risk management, continued

e) Financial risk management objectives and polices, continued

Interest rate risk, continued

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 June 30, 2019 the Company had 53% 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 June 30, 2019 corresponds to the Nominal Average Chamber Rate (TCPN) (“Tasa Promedio de Cámara Nominal”). In this manner, an increase of 25 basic points in the monthly TCPN would mean an increase in the monthly financial accrual expense for 2019 of approximately ThCh$ 67,734, whereas a decrease in the TCPN would mean a reduction of ThCh$ 67,734 in the monthly financial accrual for year 2019.

Foreign currency risk

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

Credit risk,

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

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

30. Risk management, continued

e) Financial risk management objectives and polices, continued

Credit risk, continued

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

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

The Company's main objective in respect to capital management is to ensure that it maintains a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholder value. Return on equity (income/total average equity) as of June 30, 2019 amounts to 3.30%, a decrease of 0.20% in comparison to the period in 2018, where it reached 3.10%. The above is mainly due to an increase in profits attributable to owners in the amount of MCh$ 1,522. This variance is mainly due to tax proceeds from the previous period, generated by taxable Goodwill, which arose due to the merger by absorption carried out in June 2017, and the capital increase in the amount of MCh$35,000.

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

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

31. Subsequent events

a) On July 17, 2019, the Board of Directors of subsidiary Telefónica Empresas Chile S.A. approved the sale of assets that as of June 30 2019 were classified as non-current assets held for sale. That sale materialized on July 24, 2019.

b) On July 25, 2019, subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. paid ThCh$ 872,741 for the tax contingency it had provisioned (see Note 28 b).

c) The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the exercise as of June 30, 2019, were approved and authorized for issuance at the Board of Directors Meeting held on July 31, 2019.

d) In the period from 1 and 31 of july, 2019, there have been no other significant subsequent effects that affect these consolidated financial statements.

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