TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

march 31, 2019 (not audited), december 31, 2018 and march 31, 2018 (not audited)

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

INDEX

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

	Notes	03.31.2019	12.31.2018
		ThCh$	ThCh$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	123,594,372	263,376,457
Other current financial assets	(6)	2,491,842	5,211,677
Other current non-financial assets	(7)	30,266,463	38,268,897
Current trade and other accounts receivable	(8a)	280,313,179	198,534,756
Current receivables from related companies	(9a)	22,303,064	21,487,842
Inventory	(10a)	62,297,848	55,566,162
Current tax assets	(11b)	8,014,185	13,177,118
TOTAL CURRENT ASSETS		**529,280,953**	**595,622,909**
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	141,303,180	152,156,299
Other non-current non-financial assets	(7)	2,617,334	2,716,622
Non-current trade and other accounts receivable	(12a)	38,070,307	34,028,767
Intangible assets other than goodwill, net	(13a)	173,611,384	179,955,847
Goodwill	(14)	504,839,853	504,839,853
Property, plant and equipment, net	(15a)	1,480,392,594	1,252,993,757
Deferred tax assets	(11c)	118,047,360	118,546,134
TOTAL NON-CURRENT ASSETS		**2,458,882,012**	**2,245,237,279**
TOTAL ASSETS		**2,988,162,965**	**2,840,860,188**

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

	Notes	03.31.2019	12.31.2018
		ThCh$	ThCh$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	(16)	69,533,970	58,886,127
Trade and other payables	(17a)	314,563,124	385,753,698
Current payables to related companies	(9b)	54,506,576	52,202,802
Other current provisions	(19a)	6,106,659	5,745,139
Current tax liabilities	(11f)	5,863,800	3,420,586
Current employee benefits accrual	(20a)	7,918,606	8,597,752
Other current non-financial liabilities	(21)	32,400,380	29,757,242
TOTAL CURRENT LIABILITIES		**490,893,115**	**544,363,346**
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(16)	966,731,788	844,037,498
Trade and other payables non-current	(17a)	3,227,263	4,320,435
Current payables to related companies non-current	(9c)	22,730,345	168,255
Other non-current provisions	(19b)	20,449,034	20,183,648
Deferred tax liabilities	(11c)	85,632,052	84,570,341
Non-current employee benefits accrual	(20a)	25,756,989	26,842,153
Other non-current non-financial liabilities	(21)	7,931,905	8,042,563
TOTAL NON-CURRENT LIABILITIES		**1,132,459,376**	**988,164,893**
TOTAL LIABILITIES		**1,623,352,491**	**1,532,528,239**
NET SHAREHOLDERS' EQUITY			
Issued capital	(22a)	1,329,872,285	1,294,872,285
Retained earnings		485,966,750	465,582,534
Other reserves	(22d)	(456,663,280)	(457,727,425)
Shareholders' equity attributable to owners of the parent		1,359,175,755	1,302,727,394
Non-controlling interest	(22e)	5,634,719	5,604,555
TOTAL NET SHAREHOLDERS' EQUITY		**1,364,810,474**	**1,308,331,949**
TOTAL NET LIABILITIES & SHAREHOLDERS' EQUITY		**2,988,162,965**	**2,840,860,188**

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of march 31, 2019 and 2018 (not audited)

		For periods ended march 31,	
	Notes	2019	2018
STATEMENTS OF COMPREHENSIVE INCOME		ThCh$	ThCh$
Income from ordinary operations	(24a)	377,820,354	389,035,640
Other income	(24b)	1,331,842	1,461,068
Employee benefits expenses	(20d)	(31,004,238)	(31,554,047)
Depreciation and amortization expense	(13b) (15b) (15d)	(81,254,513)	(71,633,812)
Other expenses, by nature	(24c)	(229,227,025)	(255,527,455)
Profit from operating activities		**37,666,420**	**31,781,394**
Interest income	(24d)	1,575,380	928,690
Interest expense	(24d)	(10,600,939)	(8,833,281)
Foreign exchange differences	(24e)	215,764	(42,599)
Income from indexation units	(24f)	236,014	41,248
Profits before tax from continuing operations		**29,092,639**	**23,875,452**
Income tax expense	(11e)	(8,420,610)	4,074,797
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**20,672,029**	**27,950,249**
Profit attributable to holders of equity instruments of the controller and minority interest:			
Profit attributable to owners of the parent		20,645,542	27,887,599
Profit attributable to non-controlling interest	(22e)	26,487	62,650
PROFIT (LOSS) FOR THE PERIOD		**20,672,029**	**27,950,249**
EARNINGS PER SHARE		Ch$	Ch$
Earnings per basic share			
Earnings per basic share for continuing operations	(23)	0.02200	0.03100
Earnings per basic share for discontinuing operations		-	-
Earnings per basic share		0.02200	0.03100
Diluted earnings per share		-	
Diluted earnings per share from continuing operations		0.02200	0.03100
Diluted earnings per share from discontinuing operations		-	-
Diluted earnings per share		0.02200	0.03100

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

	For periods ended march 31,	
	2019	2018
STATEMENTS OF COMPREHENSIVE INCOME	**ThCh$**	**ThCh$**
PROFIT (LOSS) FOR THE PERIOD	**20,672,029**	**27,950,249**
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified to income		
Other comprehensive income. before taxes. profits (losses) on new measurements of defined benefits plans	(20,623)	(465,219)
Total other comprehensive income that will not be reclassified to income for	**(20,623)**	**(465,219)**
Components of other comprehensive income that will be reclassified to income for the period		
Difference of conversion		
Profit (loss) to difference of conversion. before taxes	-	-
Financial assets available for sale		
Profit (loss) on new measurement of financial assets available for sale	214,080	389,812
Profit (loss) on cash flow hedges	2,026,664	(8,430,478)
Total Components of other comprehensive income that will be reclassified to income for the period	**2,240,744**	**(8,040,666)**
Total other components of other comprehensive income. before taxes	**2,220,121**	**(8,505,885)**
Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period		
Income taxes associated to new measurements of defined benefits plans of other comprehensive income	5,568	-
Income taxes associated to components of other comprehensive income which will be reclassified to income for the period		
Income tax related to hedging cash flows from other comprehensive income	(1,157,848)	2,034,960
Total income taxes associated to components of other comprehensive income	**(1,152,280)**	**2,034,960**
TOTAL OTHER COMPREHENSIVE INCOME	**1,067,841**	**(6,470,925)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**21,739,870**	**21,479,324**
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Comprehensive income attributable to owners of the parent	21,709,687	21,468,784
Comprehensive income attributable to non-controlling interest	30,183	10,540
TOTAL COMPREHENSIVE INCOME	**21,739,870**	**21,479,324**

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

	Changes in capital (Note 22 a)	Changes in the other reserves (Note 22 d)					Retained earnings	Equity attributable to owners of the parent	Non controlling interests (Note 22 e)	Total Equity
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves	Total other reserves				
	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	-	-	-	-	-	-	20,645,542	20,645,542	26,487	20,672,029
Other comprehensive income	-	866,917	(15,011)	212,239	-	1,064,145	-	1,064,145	3,696	1,067,841
Comprehensive income	**-**	**866,917**	**(15,011)**	**212,239**	**-**	**1,064,145**	**20,645,542**	**21,709,687**	**30,183**	**21,739,870**
Dividends	-	-	-	-	-	-	-	-	-	-
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**	**866,917**	**(15,011)**	**212,239**	**-**	**1,064,145**	**20,384,216**	**56,448,361**	**30,164**	**56,478,525**
Ending balance as of 03.31.2019	**1,329,872,285**	**1,205,838**	**(8,218,562)**	**1,483,641**	**(451,134,197)**	**(456,663,280)**	**485,966,750**	**1,359,175,755**	**5,634,719**	**1,364,810,474**
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	-	-	-	-	-	-	27,887,599	27,887,599	62,650	27,950,249
Other comprehensive income	-	(6,341,920)	(462,919)	386,024	-	(6,418,815)	-	(6,418,815)	(52,110)	(6,470,925)
Resultado integral	**-**	**(6,341,920)**	**(462,919)**	**386,024**	**-**	**(6,418,815)**	**27,887,599**	**21,468,784**	**10,540**	**21,479,324**
Dividends	-	-	-	-	-	-	(6,004)	(6,004)	-	(6,004)
Increase capital	-	-	-	-	-	-	-	-	-	-
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	**-**	**-**	**-**	**-**	**-**	**-**	**(19,937,519)**	**(19,937,519)**	**(269,915)**	**(20,207,434)**
Ending balance as of 03.31.2018	**1,257,872,285**	**(1,169,258)**	**(8,501,013)**	**1,879,758**	**(451,774,473)**	**(459,564,986)**	**494,977,243**	**1,293,284,542**	**6,281,814**	**1,299,566,356**

(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 30 form an integral part of these consolidated financial statements

	Notes	For three-month periods ended march 31, 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		**401,034,992**	**448,960,439**
Proceeds from sales and services		399,589,862	447,375,487
Proceeds from related entities		1,445,130	1,584,952
Classes of payments			
Payments to suppliers for supplying goods and services		(246,988,572)	(288,603,924)
Payments to and on account of employees		(54,871,178)	(51,450,336)
Payments from related entities		(15,343,106)	(13,542,140)
Other operating activities payments (1)		(111,515,568)	(75,832,895)
Net cash flows provided by (used in) operating activities		**(27,683,432)**	**19,531,144**
Income taxes paid reimbursed classified as operating activities (less)		414,437	(1,677,173)
Cash flows provided by (used in) operating activities		**(27,268,995)**	**17,853,971**
CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES			
Amounts from sales of property, plant and equipment, classified as investment activities			
Additions to property, plant and equipment, classified as investing activities		(89,711,523)	(102,293,957)
(Payments) proceeds Loans to related entities		(89,629)	-
Interest received, classified as investing activities		1,693,931	1,129,283
Other cash inputs (outputs), classified as investing activities		488,419	725,113
Net cash flows provided by (used in) investment activities		**(87,618,802)**	**(100,439,561)**
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Proceeds from loans, classified as financing activities			
Payments to acquire or redeem the entity's shares		35,000,000	-
(Payments) collections loans to related entities	(16)	(340,000)	(877,000)
(Payments) collections loans	(16)	(47,000,000)	-
Lease liability payments (2)		(4,258,922)	-
Interest paid (3)	(16)	(7,263,067)	(5,833,035)
Other cash inputs (outputs)		(1,032,277)	(2,358,269)
Net cash flows provided by (used in) financing activities		**(24,894,266)**	**(9,068,304)**
Increase (decrease) in cash and cash equivalents, before the effects of changes in he exchange rate		**(139,782,085)**	**(91,653,894)**
Effects of changes in the exchange rate over cash and cash equivalents		**(22)**	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(139,782,063)**	**(91,068,894)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**263,376,457**	**206,793,908**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(5)	**123,594,372**	**115,140,014**

(1) Corresponds to the net amount of factoring transactions, portfolio sales, VAT and fee-based payments.
(2) Corresponds to payment of liabilities in accordance with IFRS 16.
(3) Corresponds to interest paid on bonds and loans as of march 31, 2019 and 2018, See note 16.

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

1. Corporate information:

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

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

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

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

The subsidiary registered in the Securities Registry is:

Subsidiary	Taxpayer No.	Registration No.	Participation percentage (direct and indirect) 03.31.2019	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 march 31, 2019 and december 31, 2018; Interim Consolidated Comprehensive Income Statements for the three and three-month periods ended as of march 31, 2019 and 2018 and the corresponding Interim Statement of Changes in Equity, and interim Statements of Cash Flows for the three-month periods ended as of march 31, 2019 and 2018.

b) Basis of presentation

The interim consolidated financial statements for march 31, 2019 and 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 march 31, 2019.

c) Basis of preparation

The consolidated financial statements as of march 31, 2019, and the Interim Consolidated Comprehensive Income Statements, Interim Statement of Changes in Equity, and interim Statements of Cash Flows for the three-month periods ended as of march 31, 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:

d) Exchange Method, continued

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

DATE	USD	EURO	REAL	UF
03.31.2019	678.53	761.28	173.83	27,565.76
12.31.2018	694.77	794.75	179.59	27,565.79
03.31.2018	603.39	741.90	182.55	26,966.89

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 22e).

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

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

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

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

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Origin Country	Currency	% of participation 03.31.2019			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 march 31, 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	1,684,483	-	1,684,483	796,455	-	796,455	888,028	-	(4,844)
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	7,893,890	230,230	8,124,120	6,406,689	20,735	6,427,424	1,696,696	395,780	(16,880)
90.635.000-9	Telefónica Chile S.A.	99.1405597	334,069,248	1,223,493,362	1,557,562,610	344,986,318	533,596,148	878,582,466	678,980,144	184,465,958	3,952,002
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	147,069,416	94,971,232	242,040,648	131,055,387	6,425,743	137,481,130	104,559,518	78,489,946	1,726,335
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	72,846,840	51,533,544	124,380,384	41,201,621	25,935,715	67,137,336	57,243,048	44,543,340	1,775,824

The summarized financial information at march 31, 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	1,673,019	-	1,673,019	714,941	-	714,941	958,078	-	670
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	8,649,375	147,233	8,796,608	7,300,993	112,750	7,413,743	1,382,865	1,804,692	581,678
90.635.000-9	Telefónica Chile S.A.	99.0281653	228,636,591	1,149,708,193	1,378,344,784	260,112,092	473,583,406	733,695,498	644,649,286	120,370,493	6,675,473
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	138,614,930	92,261,711	230,876,641	131,998,429	3,208,911	135,207,340	95,669,301	77,153,914	1,997,378
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	106,317,266	43,530,454	149,847,720	61,198,431	36,174,689	97,373,120	52,474,600	53,810,314	7,434,424

2. Significant accounting principles, continued

f) Financial assets and liabilities

1. Financial assets other than derivatives

Classification and presentation

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

i) Amortized cost

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

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

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

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

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

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

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

ii) Financial assets at fair value 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 18).

3. **Derivative financial instruments**

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

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

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

g) Inventory

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

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

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

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

h) Impairment of non-current assets

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

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

i) Leases

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.

2. Significant accounting principles, continued

i) Leases, continued

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.

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.

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

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

Payments associated to short-term leases and low value asset leases are recognized, as an expense based on accrual of the service, in income. Short-term leases are those that are equal to or less than 12 months (that do not contain a purchase option). Low value assets comprise equipment for information processes, office furniture and equipment.

j) Income taxes

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

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

2. Significant accounting principles, continued

j) Income taxes, continued

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

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

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

k) Goodwill

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

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

l) Intangibles

i) Concession licenses

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

ii) Licenses and softwares

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

2. Significant accounting principles, continued

l) Intangibles, continued

ii) Licenses and softwares, continued

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

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

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

m) Property, plant and equipment

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

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

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.

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.

2. Significant accounting principles, continued

n) Depreciation of property, plant and equipment

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

The average annual financial depreciation rate of the Company is approximately 10.25% and 10.23% to march 31, 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.

ñ) Provisions

i) Post-employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using an nominal annual discount rate of 4.551% and 4.673% at march 31, 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.

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.

2. Significant accounting principles, continued

ñ) Provisions

iii) Other provisions

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

o) Income and expenses

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

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

i) Telecommunications

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

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

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

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

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

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

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

2. Significant accounting principles, continued

o) Income and expenses, continued

i) Telecommunications, continued

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 march 31, 2019, the valuation of this loyalty program is immaterial in relation to the contracts for which it was generated.

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 21).

2. Significant accounting principles, continued

o) Income and expenses, continued

iii) Government subidies, continued

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

p) Use estimates

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

i) Property, plant and equipment and intangibles

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

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

ii) Deferred taxes

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

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

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

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

2. Significant accounting principles, continued

p) Use estimates, continued

iii) Provisions

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

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

iv) Post-employment benefits

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

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

v) Financial assets and liabilities

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

q) Methods of consolidation

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

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

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

2. Significant accounting principles, continued

q) Methods of consolidation, continued

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

r) New IFRS and Interpretations of the IFRS Interpretations Committee

i. Publication of new standards

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

	New Standard	Mandatory application date
IFRS 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.

ii. Publication of standards modifications

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

2. Significant accounting principles, continued

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

ii. Publication of standards modifications, continued

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.

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.

2. Significant accounting principles, continued

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

ii. Publication of standards modifications, continued

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.

s) Statement of cash flows

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

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

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

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

3. Changes in Accounting Policy and Disclosures

IFRS have been consistently applied during the exercise covered by these financial statements, except for the application of IFRS 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.

The effect of these changes is as follows:

IFRS 16 Leases

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

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

Considering the volume of affected contracts, as well as the magnitude of the lease payments committed, which are reflected in the annual financial statements, based on the analysis carried out in 2018, the Company has determined a reasonable quantification of the impact that the application of this standard will have in the recording of new items in the statement of financial position, such as right of use assets and lease liabilities (financial debt); as well as a non-significant effect on equity.

As of January 1, 2019, the date of initial application of IFRS 16, the Company has recorded a net effect of ThCh$ 261,326, as a decrease in retained earnings, under equity, composed by ThCh$ 353,839 of effect of first-time application of IFRS 16 and ThCh$ 95,513 of deferred taxes.

4. Financial information by segment

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

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

4. Financial information by segment, continued

The operating segments reported internally are as follows:

a) Mobile Telecommunications

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

b) Fixed Telecommunications

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

c) Television Services

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

d) Corporate Communications and Data

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

e) Others

"Other" includes logistics, personnel and management services.

4. Financial information by segment, continued

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

For the exercise ended as of march 31, 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	219,890,768	82,327,584	36,346,392	39,255,610	-	-	377,820,354
Income from ordinary activities arising from transactions with other operating segments of the same entity	1,890,875	28,840,525	2,887,944	-	44,543,340	(78,162,684)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	**221,781,643**	**111,168,109**	**39,234,336**	**39,255,610**	**44,543,340**	**(78,162,684)**	**377,820,354**
Cost of sales	77,065,914	10,000,053	24,157,125	26,843,907	-	(32,747,797)	105,319,202
Administrative expenses	79,149,658	57,529,756	10,839,832	9,702,350	5,213,942	(38,527,715)	123,907,823
Employee benefits expenses	238,008	146,751	6,963	-	36,526,474	(5,913,958)	31,004,238
Cost of interest	6,080,899	5,430,948	121,155	16,839	417,204	(1,466,106)	10,600,939
Interest income	1,221,802	1,305,671	287,387	-	225,752	(1,465,232)	1,575,380
Depreciation and amortization	38,053,025	38,229,093	3,876,444	1,342,220	179,474	(425,743)	81,254,513
Participation in profit of associated companies accounted for using the equity method	4,170,036	2,608,920	132,383	-	-	(6,911,339)	-
Income tax expense	6,269,000	514,133	234,722	697,812	704,943	-	8,420,610
Other significant non-cash items	710,355	247,147	751,359	-	43,925	30,834	1,783,620
Profits(loss) before tax	**27,296,332**	**3,993,246**	**1,403,946**	**1,350,294**	**2,475,923**	**(7,427,102)**	**29,092,639**
Profit (loss) for the period from continuing operations	**21,027,332**	**3,479,113**	**1,169,224**	**652,482**	**1,770,980**	**(7,427,102)**	**20,672,029**
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	**21,027,332**	**3,479,113**	**1,169,224**	**652,482**	**1,770,980**	**(7,427,102)**	**20,672,029**
Assets	2,326,454,872	1,449,864,449	106,497,885	135,542,763	126,064,867	(1,156,261,871)	2,988,162,965
Investments in associates accounted for using the equity method	681,035,720	136,817,555	745,160	-	-	(818,598,435)	-
Increases in non-current assets	14,453,152	18,936,217	2,457,133	-	-	-	35,846,502
Liabilities	960,711,840	796,768,042	76,989,433	60,491,697	67,933,791	(339,542,312)	1,623,352,491
Shareholders' equity	1.365,743,032	653,096,407	29,508,452	75,051,066	58,131,075	(816,719,558)	1,364,810,474
Liabilities & Shareholders' equity	2,326,454,872	1,449,864,449	106,497,885	135,542,763	126,064,866	(1,156,261,870)	2,988,162,965
Cash flows provided by (used in) operating activities	(13,803,713)	(32,003,257)	(2,243,575)	(2,702,578)	(39,999,684)	63,483,812	(27,268,995)
Cash flows provided by (used in) investment activities	(91,168,506)	(63,219,442)	(1,026,307)	(1,824,546)	-	69,620,000	(87,618,801)
Cash flows provided by (used in) from in financing activities	23,453,021	(34,989,887)	3,671,978	4,487,973	39,920,003	(61,437,354)	(24,894,266)

4. Financial information by segment, continued

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

4. Financial information by segment, continued

For the exercise ended as of march 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	227,795,198	87,688,102	26,167,395	42,667,922	21,158,339	(16,441,316)	389,035,640
Income from ordinary activities arising from transactions with other operating segments of the same entity	2,392,669	32,682,389	8,318,597	-	32,651,975	(76,045,630)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	**230,187,867**	**120,370,491**	**34,485,992**	**42,667,922**	**53,810,314**	**(92,486,946)**	**389,035,640**
Cost of sales	97,376,176	12,517,686	19,835,575	26,062,197	-	(47,251,158)	108,540,476
Administrative expenses	87,964,857	68,099,560	13,031,594	10,602,986	31,276,138	(63,988,156)	146,986,979
Employee benefits expenses	544,832	-	-	-	37,208,332	(6,199,117)	31,554,047
Income from ordinary activities arising from interest	-	-	-	-	-	-	-
Cost of interest	4,385,202	3,809,890	120,586	79,296	639,153	575,242	9,609,369
Interest income	502,619	359,704	257,811	-	10,079	574,565	1,704,778
Depreciation and amortization	29,463,220	36,590,602	3,516,913	1,913,096	-	149,980	71,633,812
Participation in profit of associated companies accounted for using the equity method	10,254,138	5,692,287	96,648	-	-	(16,043,073)	-
Income tax expense	(6,706,609)	(292,491)	(763,064)	1,217,439	2,469,928	-	(4,074,797)
Other significant non-cash items	323,469	978,236	105,623	-	25,208,252	(25,155,863)	1,459,717
Profits(loss) before tax	**21,533,806**	**6,382,980**	**(1,558,594)**	**4,010,346**	**9,905,022**	**(16,398,108)**	**23,875,452**
Profit (loss) for the period from continuing operations	**28,240,415**	**6,675,471**	**(795,531)**	**2,792,908**	**7,435,094**	**(16,398,108)**	**27,950,249**
Profit (loss) for the period from discontinuing operations							
Profit (loss) for the period	**28,240,415**	**6,675,471**	**(795,531)**	**2,792,908**	**7,435,094**	**(16,398,108)**	**27,950,249**
Assets	2,097,967,935	1,378,344,784	101,585,722	129,290,919	151,520,738	(1,102,173,402)	2,756,536,696
Investments in associates accounted for using the equity method	666,605,087	121,749,175	682,170	-	-	(789,036,432)	-
Increases in non-current assets	17,632,850	31,682,520	5,117,443	-	-	-	54,432,814
Liabilities	741,347,326	733,695,498	75,716,110	59,491,230	98,088,061	(251,367,885)	1,456,970,340
Shareholders' equity	1,356,620,609	644,649,286	25,869,612	69,799,689	53,432,678	(850,805,518)	1,299,566,356
Liabilities & Shareholders' equity	2,097,967,935	1,378,344,784	101,585,722	129,290,919	151,520,739	(1,102,173,403)	2,756,536,696
Cash flows provided by (used in) operating activities	(706,954)	53,256,455	6,074,281	7,316,992	(13,809,890)	(34,276,913)	17,853,971
Cash flows provided by (used in) investment activities	(47,581,911)	(140,168,253)	25,143,990	44,700,428	-	17,466,185	(100,439,561)
Cash flows provided by (used in) from in financing activities	(6,082,864)	80,692,492	(37,655,069)	(46,022,862)	14,514,999	(14,515,000)	(9,068,304)

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	03.31.2019 ThCh$	12.31.2018 ThCh$
Cash (a)		**977,28**	**431,560**
	CLP	977,528	431,560
	USD	-	-
	EUR	-	-
Banks (b)		**23,518,351**	**27,816,511**
	CLP	21,098,196	26,443,540
	USD	2,120,836	803,353
	EUR	91,817	369,771
	Others currencies	207,502	199,847
Time deposits (c)		**91,097,232**	**235,128,386**
	CLP	91,097,232	235,128,386
Repurchase agreement (d)		**8,001,261**	**-**
	CLP	8,001,261	-
Total cash and cash equivalents		**123,594,372**	**263,376,457**
Sub-total by currency	**CLP**	**121,174,217**	**262,003,486**
	USD	**2,120,836**	**803,353**
	EUR	**91,817**	**369,771**
	Others currencies	**207,502**	**199,847**

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

a) Cash

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

b) Banks

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

c) Time deposits

The time deposits maturing in less than 90 days are recorded at fair value and as of march 31, 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$	03.31.2019 ThCh$
Time deposits	CLP	91,060,000	3.04%	6	91,060,000	37,232	91,097,232
Total					**91,060,000**	**37,232**	**91,097,232**

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

5. Cash and cash equivalents, continued

d) Repurchase agreement

As of March 31, 2019, the Repurchase agreement, are follows:

Code	Date		counterparty	Currency Origin	Subscription value of currency origin (ThCh$)	Annual rate	Total Value ThCh$	accounting value ThCh$
	Start	Term				%		03.31.2019
CRV	Mar-28-19	Apr-02-19	Santander	CLP	5,000,000	1.80%	5,001,000	5,000,900
CRV	Mar-29-19	Apr-04-19	Santander	CLP	3,000,000	1.80%	3,001,080	3,000,361
	Total				**8,000,000**		**8,002,580**	**8,001261**

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		03.31.2019 Current ThCh$	03.31.2019 Non-Current ThCh$	12.31.2018 Current ThCh$	12.31.2018 Non-Current ThCh$
Guarantees established	(a)	80,444	50,468	137,124	50,468
Other investments	(b)	-	7,176,315	-	6,962,236
Exchange rate hedge	(See Note 18.2)	2,411,398	134,076,397	5,074,553	145,143,595
Total		**2,491,842**	**141,303,180**	**5,211,677**	**152,156,299**

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

b) Non-current investments are detailed as follows:

Participation	Country	Investment currency	03.31.2019 ThCh$	12.31.2018 ThCh$
Telefónica Brazil (1)	Brazil	REAL	7,172,458	6,958,379
Other participation	Chile	CLP	3,857	3,857
Total			**7,176,315**	**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 March 31, 2019, dividends have been received for ThCh 189,672.

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

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

Conceptos	03.31.2019 Current ThCh$	03.31.2019 Non-current ThCh$	12.31.2018 Current ThCh$	12.31.2018 Non-current ThCh$
Deferred cost of handsets (1)	3,714,236	-	6,111,281	-
Unearned leasing (2)	3,659,860	971,686	12,214,853	964,213
Franchisee commissions (3)	2,001,628	-	1,705,993	-
Other prepaid expenses (4)	18,463,685	1,645,648	15,081,168	1,752,409
Other (5)	2,427,054	-	3,155,602	-
Total	**30,266,463**	**2,617,334**	**38,268,897**	**2,716,622**

(1) Corresponds to the cost of dispatched prepaid units, that have not been activated by the end customers, As of march 31, 2019 and december 31, 2018, the number of handsets pending activation is 40,035 and 68,108, respectively.

(2) The decrease in operating leases is mainly due to capitalization of rights of use in the amount of MCh$10,219, (see Note 15d).

(3) Up until December 31, 2017 , this item was used to capitalize all commissions on capturing derecognized customers, which were deferred over 6 months; with the coming into effect of IFRS 15, as of January 1, 2018 only variable customer capture commissions are capitalized and amortized over a period of 18 months.

(4) At march 2019 and December 31, 2018, thist item includes capitalization of compliance costs associated to television equipment ThCh$13,465,476 and ThCh$13,561,458 in current and ThCh$1,645,168 and ThCh$1,750,487 in non-current, respectively. In addition, in current includes licensing renewals: RedHat licensing of ThCh$669,161, ELA license of ThCh$477,248, AMDOCS license of ThCh$239,148, Full Stack service of ThCh$194,637, BMC license of ThCh$173,958, TOA license of ThCh$145,351, and other licenses and prepaid expenses of ThCh$1,788,911. The SAS Platform Maintenance in the amount of ThCh$215,443, for maintenance and support for Software Base Program Believe (PET-PROD-TTD) in the amount of ThCh$171,664, non-linear contents in the amount of ThCh$ 90,635 for RedHat licensing, for Fiber Optics Maintenance La Serena - Valdivia maintenance ThCh$75,797, LD Radioelectric Spectrum in the amount of ThCh$70,496 and other licenses and prepaid expanses in the amount ThCh$1,797,680.

(5) This item mainly includes remaining VAT and recoverable taxes in the amount of ThCh$2,026,047 and ThCh$2,005,435, and advance insurance in the amount of ThCh$401,007 and ThCh$1,150,167, as of march 31, 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	03.31.2019 Gross value ThCh$	03.31.2019 Allowance for doubtful accounts ThCh$	03.31.2019 Net value ThCh$	12.31.2018 Gross value ThCh$	12.31.2018 Allowance for doubtful accounts ThCh$	12.31.2018 Net value ThCh$
Receivables on current loan transactions	**467,022,108**	**(211,384,023)**	**255,638,085**	**387,741,581**	**(203,743,562)**	**183,998,019**
Invoiced services (1)	329,086,735	(208,772,436)	120,314,299	209,363,424	(200,120,468)	9,242,956
Services provided and not invoiced (2)	112,608,838	(1,546,611)	111,062,227	153,958,317	(2,508,625)	151,449,692
Contractual asset (3)	25,326,535	(1,064,976)	24,261,559	24,419,840	(1,114,469)	23,305,371
Miscellaneous receivables	**24,675,094**	-	**24,675,094**	**14,536,737**	**-**	**14,536,737**
Total	**491,697,202**	**(211,384,023)**	**280,313,179**	**402,278,318**	**(203,743,562)**	**198,534,756**

(1) In the periods 2019 and 2018, customer commercial portfolios were sold to IDB Invest and Banco Santander Madrid for a total amount of MCh$ 33,561 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	03.31.2019 Less than 3 months	03.31.2019 3 to 6 months	03.31.2019 6 to 12 months	03.31.2019 Greater than 12 months	03.31.2019 Total	12.31.2018 Less than 3 months	12.31.2018 3 to 6 months	12.31.2018 6 to 12 months	12.31.2018 Greater than 12 months	12.31.2018 Total
Miscellaneous receivables	47,919,677	13,905,564	-	-	61,825,241	29,617,113	9,170,670	-	-	38,787,783
Total	**47,919,677**	**13,905,564**	**-**	**-**	**61,825,241**	**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	03.31.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**206,149,878**	**174,489,215**
Increases	13,072,210	44,362,766
Eliminations/ Additions	(4,742,804)	(40,526,881)
Adjustment on first-time application of IFRS 9 (see note 3)	-	27,824,778
Movements, subtotal	**8,329,406**	**31,660,663**
Ending balance	**214,479,284**	**206,149,878**

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

Provisions and write-offs	03.31.2019 ThCh$	12.31.2018 ThCh$
Accrual for portfolio that has not been renegotiated	11,095,417	42,887,885
Accrual for renegotiated portfolio	1,492,053	1,474,881
Adjustment on first-time application of IFRS 9 (see note 3)	-	27,824,778
Write-offs for the exercise	(4,742,804)	(40,526,881)
Total	**7,844,666**	**31,660,663**

8. Current trade and other accounts receivable, continued

e) As of march 31, 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 03.31.2019	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	1,479	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh$)	1,330,632	-	-	-

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 march 31, 2019 is detailed as follows:

Aging of portfolio by segment for the period march 31, 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)	688,455	294,787	79,903	57,927	69,377	70,614	48,561	63,558	70,482	3,866,116	5,309,780
Net portfolio w/o renegotiation	**30,183,777**	**5,133,881**	**5,150,243**	**1,226,683**	**351,796**	**117,888**	**83,228**	-	-	-	**42,247,496**
Debt	30,487,480	5,835,204	6,781,682	2,101,896	1,347,093	1,316,339	1,256,008	1,205,251	1,195,410	92,124,477	143,650,840
Accrual	(303,703)	(701,323)	(1,631,439)	(875,213)	(995,297)	(1,198,451)	(1,172,780)	(1,205,251)	(1,195,410)	(92,124,477)	(101,403,344)
Number of clients w/renegotiation	97,641	346	369	348	363	324	355	351	404	71,181	171,682
Net renegotiated portfolio	**131,843**	-	-	-	-	-	-	-	-	-	**131,843**
Debt	973,599	3,599	3,941	3,698	3,667	3,121	3,512	3,288	4,312	621,159	1,623,896
Accrual	(841,756)	(3,599)	(3,941)	(3,698)	(3,667)	(3,121)	(3,512)	(3,288)	(4,312)	(621,159)	(1,492,053)
Total number of clients	**786,096**	**295,133**	**80,272**	**58,275**	**69,740**	**70,938**	**48,916**	**63,909**	**70,886**	**3,937,297**	**5,481,462**
Total Fixed Telephone Portfolio	**30,315,620**	**5,133,881**	**5,150,243**	**1,226,683**	**351,796**	**117,888**	**83,228**	-	-	-	**42,379,339**
Debt	**31,461,079**	**5,838,803**	**6,785,623**	**2,105,594**	**1,350,760**	**1,319,460**	**1,259,520**	**1,208,539**	**1,199,722**	**92,745,636**	**145,274,736**
Accrual	**(1,145,459)**	**(704,922)**	**(1,635,380)**	**(878,911)**	**(998,964)**	**(1,201,572)**	**(1,176,292)**	**(1,208,539)**	**(1,199,722)**	**(92,745,636)**	**(102,895,397)**
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,839	1,658	626	31	407	413	267	207	289	1,843	8,580
Net portfolio w/o renegotiation	**33,884,200**	**5,960,990**	**3,530,487**	**1,231,720**	**710,924**	**1,155,713**	**357,153**	**-**	**-**	**-**	**46,831,187**
Debt	33,997,999	6,135,310	3,729,452	1,419,424	887,820	1,165,929	909,323	433,990	723,251	3,427,716	52,830,214
Accrual	(113,799)	(174,320)	(198,965)	(187,704)	(176,896)	(10,216)	(552,170)	(433,990)	(723,251)	(3,427,716)	(5,999,027)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**2,839**	**1,658**	**626**	**31**	**407**	**413**	**267**	**207**	**289**	**1,843**	**8,580**
Total Corporate Communication and Data Portfolio	**33,884,200**	**5,960,990**	**3,530,487**	**1,231,720**	**710,924**	**1,155,713**	**357,153**	-	-	-	**46,831,187**
Debt	**33,997,999**	**6,135,310**	**3,729,452**	**1,419,424**	**887,820**	**1,165,929**	**909,323**	**433,990**	**723,251**	**3,427,716**	**52,830,214**
Accrual	**(113,799)**	**(174,320)**	**(198,965)**	**(187,704)**	**(176,896)**	**(10,216)**	**(552,170)**	**(433,990)**	**(723,251)**	**(3,427,716)**	**(5,999,027)**
Television											
Number of clients w/o renegotiation (1)	27,566	36,426	48,478	11,545	25,676	38,398	38,114	37,873	28,060	174,926	467,062
Net portfolio w/o renegotiation	**9,318,810**	**485,026**	**258,747**	**31,921**	**26,028**	**921**	**869**	-	-	-	**10,122,322**
Debt	9,389,188	687,194	1,433,536	333,950	702,797	1,069,510	1,045,617	1,017,647	825,617	10,661,407	27,166,463
Accrual	(70,378)	(202,168)	(1,174,789)	(302,029)	(676,769)	(1,068,589)	(1,044,748)	(1,017,647)	(825,617)	(10,661,407)	(17,044,141)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	27,566	36,426	48,478	11,545	25,676	38,398	38,114	37,873	28,060	174,926	467,062
Total Television Portfolio	**9,318,810**	**485,026**	**258,747**	**31,921**	**26,028**	**921**	**869**	-	-	-	**10,122,322**
Debt	**9,389,188**	**687,194**	**1,433,536**	**333,950**	**702,797**	**1,069,510**	**1,045,617**	**1,017,647**	**825,617**	**10,661,407**	**27,166,463**
Accrual	**(70,378)**	**(202,168)**	**(1,174,789)**	**(302,029)**	**(676,769)**	**(1,068,589)**	**(1,044,748)**	**(1,017,647)**	**(825,617)**	**(10,661,407)**	**(17,044,141)**

(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 march 31, 2019 is detailed as follows, continued

Aging of portfolio by segment for the period march 31, 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)	902,191	186,284	72,092	57,988	53,215	48,867	46,500	47,013	45,695	1,643,169	3,103,014
Net portfolio w/o renegotiation	**95,921,578**	**8,412,408**	**8,822,460**	**7,674,846**	**941,691**	**4,126,217**	**6,033,136**	-	-	-	131,932,336
Debt	97,157,790	10,310,138	11,090,278	8,670,067	5,980,164	8,475,340	10,399,625	4,029,398	6,837,782	51,671,146	214,621,728
Accrual	(1,236,212)	(1,897,730)	(2,267,818)	(995,221)	(5,038,473)	(4,349,123)	(4,366,489)	(4,029,398)	(6,837,782)	(51,671,146)	(82,689,392)
Number of clients w/renegotiation	244	206	40	27	32	43	18	42	46	12,906	13,604
Net renegotiated portfolio	**87,583**	**222**	**36**	**7**	-	-	-	-	-	-	87,848
Debt	111,030	19,438	7,499	5,382	5,304	2,998	3,195	5,309	5,204	1,613,579	1,778,938
Accrual	(23,447)	(19,216)	(7,463)	(5,375)	(5,304)	(2,998)	(3,195)	(5,309)	(5,204)	(1,613,579)	(1,691,090)
Total number of clients	**902,435**	**186,490**	**72,132**	**58,015**	**53,247**	**48,910**	**46,518**	**47,055**	**45,741**	**1,656,075**	**3,116,618**
Total Other Portfolio	**96,009,161**	**8,412,630**	**8,822,496**	**7,674,853**	**941,691**	**4,126,217**	**6,033,136**	-	-	-	**132,020,184**
Debt	**97,268,820**	**10,329,576**	**11,097,777**	**8,675,449**	**5,985,468**	**8,478,338**	**10,402,820**	**4,034,707**	**6,842,986**	**53,284,725**	**216,400,666**
Accrual	**(1,259,659)**	**(1,916,946)**	**(2,275,281)**	**(1,000,596)**	**(5,043,777)**	**(4,352,121)**	**(4,369,684)**	**(4,034,707)**	**(6,842,986)**	**(53,284,725)**	**(84,380,482)**
Contractual asset and Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	**48,960,147**	-	-	-	-	-	-	-	-	-	**48,960,147**
Debt	50,025,123	-	-	-	-	-	-	-	-	-	50,025,123
Accrual	(1,064,976)	-	-	-	-	-	-	-	-	-	(1,064,976)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Contractual Asset and Other Portfolio	**48,960,147**	-	-	-	-	-	-	-	-	-	**48,960,147**
Debt	50,025,123	-	-	-	-	-	-	-	-	-	50,025,123
Accrual	(1,064,976)	-	-	-	-	-	-	-	-	-	(1,064,976)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	**1,621,051**	**519,155**	**201,099**	**127,491**	**148,675**	**158,292**	**133,442**	**148,651**	**144,526**	**5,686,054**	**8,888,436**
Net portfolio w/o renegotiation	**218,268,512**	**19,992,305**	**17,761,937**	**10,165,170**	**2,030,439**	**5,400,739**	**6,474,386**	-	-	-	**280,093,488**
Debt	**221,057,580**	**22,967,846**	**23,034,948**	**12,525,337**	**8,917,874**	**12,027,118**	**13,610,573**	**6,686,286**	**9,582,060**	**157,884,746**	**488,294,368**
Accrual	**(2,789,068)**	**(2,975,541)**	**(5,273,011)**	**(2,360,167)**	**(6,887,435)**	**(6,626,379)**	**(7,136,187)**	**(6,686,286)**	**(9,582,060)**	**(157,884,746)**	**(208,200,880)**
Number of clients w/renegotiation	97,885	552	409	375	395	367	373	393	450	84,087	185,286
Net renegotiated portfolio	219,426	222	36	7	-	-	-	-	-	-	219,691
Debt	1,084,629	23,037	11,440	9,080	8,971	6,119	6,707	8,597	9,516	2,234,738	3,402,834
Accrual	(865,203)	(22,815)	(11,404)	(9,073)	(8,971)	(6,119)	(6,707)	(8,597)	(9,516)	(2,234,738)	(3,183,143)
Total number of clients	**1,718,936**	**519,707**	**201,508**	**127,866**	**149,070**	**158,659**	**133,815**	**149,044**	**144,976**	**5,770,141**	**9,073,722**
Total Consolidated Portfolio	**218,487,938**	**19,992,527**	**17,761,973**	**10,165,177**	**2,030,439**	**5,400,739**	**6,474,386**	-	-	-	**280,313,179**
Debt	**222,142,209**	**22,990,883**	**23,046,388**	**12,534,417**	**8,926,845**	**12,033,237**	**13,617,280**	**6,694,883**	**9,591,576**	**160,119,484**	**491,697,202**
Accrual	**(3,654,271)**	**(2,998,356)**	**(5,284,415)**	**(2,369,240)**	**(6,896,406)**	**(6,632,498)**	**(7,142,894)**	**(6,694,883)**	**(9,591,576)**	**(160,119,484)**	**(211,384,023)**

(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	03.31.2019 ThCh$	12.31.2018 ThCh$
Telxius Torres Chile, S.A.	76.558.575-9	Chile	Common end controller	Serv. Provided	CLP	60 days	10,289,861	9,694,655
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	3,137,488	4,379,668
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	1,653,965	977,665
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Serv. Provided	CLP	60 days	1,586,163	721,676
Media Networks Perú	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	1,491,956	836,803
Telefónica S.A.	Foreign	Spain	Shareholder	Serv. Provided	EUR	90 days	712,499	712,499
Fundación Telefónica Chile S.A.	74.944.200-k	Chile	Associated	Serv. Provided	CLP	60 days	694,723	384,910
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 dás	608,940	956,011
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	450,664	361,443
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	430,026	30,744
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	190,664	210,653
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	176,722	74,813
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	121,936	281,304
Telefónica del Perú	Foreign	Peru	Common end controller	Serv. Provided	CLP	60 days	116,775	121,981
Telefónica Factoring Chile S.A.	76.096.189-2	Chile	Common end controller	Serv. Provided	CLP	60 days	100,803	-
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	95,298	46,498
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	93,209	66,148
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	USD	90 days	67,238	850,567
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	53,043	436,611
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	50,297	57,419
Telefónica Soluciones de Informática y Comunicaciones	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	38,108	-
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	39,502	47,916
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	39,228	36,330
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	UK	Common end controller	Serv. Provided	EUR	90 days	28,913	19,388
Media Networks Chile	76.243.733-3	Chile	Common end controller	Serv. Provided	CLP	60 days	13,549	10,265
Telefónica Móviles de Panamá	Foreign	Panama	Common end controller	Serv. Provided	USD	90 days	5,529	7,484
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	4,717	4,222
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	4,394	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	1,732	1,732
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end controller	Serv. Provided	CLP	60 days	1,613	1,705
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	Serv. Provided	USD	90 days	817	798

9. Receivables from and payable to related companies

a) Currents receivables from related companies, continued:

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2019 ThCh$	12.31.2018 ThCh$
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	60 days	286	2,618
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	271	681
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	-	135,356
Total							**22,303,064**	**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	03.31.2019 ThCh$	12.31.2018 ThCh$
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	**Subtotal**			**14,766,912**	**9,575,433**
				Spaces lease	CLP	60 days	8,815,811	8,391,763
				Colocalization lease (IFRS 16)	CLP	60 days	4,782,092	-
				Infrastructure lease	CLP	60 days	301,637	471,628
				Colocalization lease	CLP	60 days	795,657	636,129
				Serv. Provided	CLP	60 days	71,715	75,913
Telefónica S.A.	Foreign	Spain	Shareholder	**Subtotal**			**9,396,013**	**8,840,377**
				Brand Fee	EUR / CLP	90 days	7,581,631	8,062,739
				Others	EUR	90 days	1,814,382	777,638
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA)	96.910.730-9	Chile	Common end controller	**Subtotal**			**4,395,548**	**6,551,488**
				Voice IP transit	CLP	60 days	2,074,510	4,604,977
				Data and links	CLP	60 days	1,264,294	1,192,853
				Commercial Mandate	CLP	60 days	735,108	729,747
				Others	CLP	60 days	321,636	23,911
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	5,999,341	4,042,858
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	3,493,938	5,753,026
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	3,535,468	6,087,907
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	2,339,291	2,062,670
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	137,522	449,518
Telefónica Latam Holding	Foreign	Spain	Common end controller	**Subtotal**			**2,246,861**	**1,874,932**
				Management Fee	EUR	90 days	2,210,840	1,871,048
				Others	EUR	90 days	36,021	3,884
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	2,479,574	1,709,682
Media Networks Perú	Foreign	Peru	Common end controller	Satellite Space	USD	90 days	1,966,931	1,898,281
Telefónica Global Tecnology S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	1,456,436	523,799
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	821,464	841,807
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	309,934	301,652
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	208,887	358,571
Telefónica del Perú S.A.	Foreign	Peru	Common end controller	Serv. Provided	USD	180 days	162,154	208,929
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	153,622	184,439
Telefónica Global Roaming Gmbh	Foreign	Alemania	Common end controller	Serv. Provided	EUR	90 days	142,602	146,609
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Alemania	Common end controller	Serv. Provided	EUR	90 days	103,930	144,742
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	99,080	66,252
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	94,313	141,770
Fundación Telefónica Chile	74.944.200-k	Chile	Common end controller	Serv. Provided	CLP	60 days	81,843	137,771
Telefónica Uk Ltd	Foreign	Englend	Common end controller	Serv. Provided	USD	90 days	24,456	42,272
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	18,127	25,855
Telefónica Global Tecnology Chile	59.165.120-k	Chile	Common end controller	Computer services	CLP	60 days	16,105	16,105

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	03.31.2019 ThCh$	12.31.2018 ThCh$
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end controller	Serv. Provided	CLP	90 days	12,480	-
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	9,079	16,916
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	90 days	8,818	6,396
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	6,929	140,411
Tgestiona Logistica Peru Sac	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	4,499	8,031
Telefónica Móviles Guatemala	Foreign	Guatemala	Common end controller	Serv. Provided	USD	90 days	4,765	4,737
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	2,468	-
Telefónica Móviles Panamá	Foreign	Panama	Common end controller	Serv. Provided	USD	90 days	2,026	3,243
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	3,944	15,900
Telfisa Global B.V.	Foreign	Spain	Common end controller	Administration commission	CLP	90 days	733	12,707
Telefónica de España S.A.U	Foreign	Spain	Common end controller	Serv. Provided	EUR	180 days	446	112
Telefonía Celular de Nicaragua S.A.	Foreign	Nicaragua	Common end controller	Serv. Provided	USD	90 days	37	-
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	-	223
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	-	3,077
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	-	4,304
Total							**54,506,576**	**52,202,802**

c) Non-current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of The relationship	Transaction origin	Currency	Term	03.31.2019 ThCh$	12.31.2018 ThCh$
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Colocalization lease (IFRS 16)	CLP	-	22,389,412	-
Telefónica S.A.	Foreing	Spain	End Controller	Obligation RRHH	CLP	-	340,933	168,255
Total							**22,730,345**	**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	03.31.2019 Amount ThCh$	03.31.2019 Efect on income (Charge)/Credit ThCh$	12.31.2018 Amount ThCh$	12.31.2018 Efect on income (Charge)/Credit ThCh$
Telefónica International Wholesale Services América	Foreing	Uruguay	Common end controller	Costs	USD	97,160	(97,160)	-	-
				Sales	USD	104,160	104,160	-	-
Telefónica S.A.	Foreing	Spain	End Controller	Brand Fee	EUR	6,114,198	(6,114,198)	5,937,558	(5,937,558)
				Others	EUR	57,784	(57,784)	(341,342)	341,342
Telefónica Global Technology Chile	56.165.120-K	Chile	Common end controller	Computer services	CLP	-	-	21,696	(21,696)
Media Networks Perú	Foreing	Peru	Common end controller	Sales	USD	725,080	725,080	653,834	653,834
				Spaces lease	USD	1,502,169	(1,502,169)	2,079,940	(2,079,940)
Telefónica Global Tecnology	Foreing	Spain	Common end controller	Costs	EUR	1,014,289	(1,014,289)	957,272	(957,272)
				Financial expenses	EUR	-	-	222,390	(222,390)
Telefónica UK Ltd	Foreing	UK	Common end controller	Sales	USD	8,492	8,492	-	-
				Financial expenses	USD	-	-	13,475	(13,475)
				Costs	USD	9,048	9,048	16,059	(16,059)
Telefónica Contenidos	Foreing	Spain	Common end controller	Costs	USD	-	-	55,118	(55,118)
Telefónica Brasil	Foreing	Brazil	Common end controller	Sales	USD	-	-	(44,581)	(44,581)
				Costs	USD	54,763	(54,763)	3,616	(3,616)
Telxius Torres Chile Holding, S.A.	76.558.575-9	Chile	Common end controller	Sales	CLP	19,939	19,939	108,722	108,722
				Costs	CLP	413,601	(413,601)	1,305,794	(1,305,794)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Sales	CLP	63,452	63,452	60,180	60,180
				Costs	CLP	1,884,592	(1,884,592)	989,525	(989,525)
Telefónica Digital España	Foreing	Spain	Common end controller	Sales	EUR	676,299	676,299	175,267	175,267
				Costs	EUR	1,977,866	(1,977,866)	3,416,500	(3,416,500)
Telefónica Compras Electrónica S.A.	Foreing	Spain	Common end controller	Costs	EUR	392,473	(392,473)	405,583	(405,583)
Telefónica USA Inc.	Foreing	USA	Common end controller	Costs	USD	(319,996)	319,996	103,135	(103,135)
Telefónica Móviles Argentina S.A.	Foreing	Argentina	Common end controller	Sales	USD	152,738	152,738	263,188	263,188
				Costs	USD	70,853	(70,853)	71,744	(71,744)
Telfisa Global B.V.	Foreing	Spain	Common end controller	Financial income	CLP	-	-	29,042	29,042
				Administrative commission	CLP	(11,973)	11,973	30,000	(30,000)
Telefónica Latinoamericana Holding.S.L	Foreing	Spain	Common end controller	Management Fee	EUR	339,793	(339,793)	645,712	(645,712)

9. **Receivables from and payable to related companies,** continued

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

Company	Taxpayer No.	Country Of origin	Nature of the relacionship	Transaction origin	Currency	03.31.2019 Amount ThCh$	03.31.2019 Efect on income (Charge)/Credit ThCh$	12.31.2018 Amount ThCh$	12.31.2018 Efect on income (Charge)/Credit ThCh$
Telefónica Global Roaming Gmbh	Foreing	Germany	Common end controller	Costs	EUR	60,051	(60,051)	61,619	(61,619)
Telefónica International Wholesale Services España	Foreing	Spain	Common end controller	Sales	EUR	489,669	489,669	680,621	(680,621)
				Costs	EUR	1,195,214	(1,195,214)	416,587	416,587
Telefónica Móviles del Uruguay S.A.	Foreing	Uruguay	Common end controller	Sales	USD	4,750	4,750	4,858	4,858
				Costs	USD	16,819	(16,819)	27,216	(27,216)
Telefónica de España S.A.U.	Foreing	Spain	Common end controller	Costs	EUR	334	(334)	300	(300)
Inversiones Telefónica Internacional Holding S.A.	77.363.730-K	Chile	Common end controller	Sales	CLP	4,406	4,406	4,294	4,294
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end controller	Sales	CLP	2,459	2,459	1,213	1,213
				Costs	CLP	94,980	(94,980)	40,186	(40,186)
Telefónica Servicios Audiovisuales	Foreing	Spain	Common end controller	Costs	EUR	-	-	41,186	(41,186)
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Sales	CLP	134,042	134,042	64,628	64,628
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreing	Colombia	Common end controller	Sales	USD	4,818	4,818	5,911	5,911
				Costs	USD	16,938	(16,938)	391,273	(391,273)
Media Network Chile	76.243.733-3	Chile	Common end controller	Costs	CLP	-	-	28,728	(28,728)
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end controller	Sales	CLP	4,315	4,315	-	-
				Costs	CLP	12,480	(12,480)	28,454	(28,454)
Fundación Telefónica Chile S.A.	74.944.200-k	Chile	Associated	Financial expenses	CLP	-	-	3,365	(3,365)
T. Learning Services Chile Capacitación Limitada	76.131.334-7	Chile	Common end controller	Sales	CLP	13,050	13,050	77,703	77,703
Telefónica Móviles Panamá	Foreing	Panama	Common end controller	Sales	USD	1,753	1,753	1,771	1,771
				Costs	USD	3,476	(3,476)	44,303	(44,303)
Telcel Venezuela	Foreing	Venezuela	Common end controller	Costs	CLP	2,613	(2,613)	-	-
Terra Networks Chile S.A.	93.834.230-4	Chile	Common end controller	Sales	CLP	806	806	18,744	18,744
				Costs	CLP	238,426	(238,426)	219,837	(219,837)
Telefónica Investigación y Desarrollo Chile Spa	76.378.279-4	Chile	Common end controller	Sales	CLP	22,855	22,855	-	-

9. Receivables from and payable to related companies, continued

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

Company	Taxpayer No.	Country Of origin	Nature of the relacionship	Transaction origin	Currency	03.31.2019 Amount ThCh$	03.31.2019 Efect on income (Charge)/Credit ThCh$	12.31.2018 Amount ThCh$	12.31.2018 Efect on income (Charge)/Credit ThCh$
Telefónica Móviles España S.A.	Foreing	Spain	Common end controller	Sales	EUR	40,072	40,072	104,759	104,759
				Costs	EUR	74,206	(74,206)	7,432	(7,432)
Telefónica Germany Gmbh & Co Ohg	Foreing	Germany	Common end controller	Sales	USD	1,499	1,499	33,515	33,515
				Costs	USD	36,722	(36,722)	770,063	(770,063)
Telefónica del Perú S.A.	Foreing	Peru	Common end controller	Sales	USD	25,245	25,245	6,325	6,325
				Costs	USD	88,732	(88,732)	350,755	(350,755)
Telxius Cable Chile S.A	96.910.730-9	Chile	Common end controller	Sales	CLP	727,441	727,441	630,776	630,776
				Accesses and transit	CLP	3,248,522	(3,248,522)	3,472,906	(3,472,906)
				Financial expenses	CLP	-	-	4,463	(4,463)
				Others	CLP	-	-	146,131	(146,131)
Pegaso PCS, S.A. de C.V.	Foreing	Mexico	Common end controller	Sales	USD	499	499	(3,213)	(3,213)
				Costs	USD	20,922)	(20,922)	380,651	(383,861)
Telefónica Móviles El Salvador	Foreing	El Salvador	Common end controller	Sales	USD	62	62	(241)	(241)
				Costs	USD	42	(42)	552	(552)
Telefónica Móviles Guatemala	Foreing	Guatemala	Common end controller	Sales	USD	158	158	-	-
				Costs	USD	681	(681)	11,328	(11,328)
Telefonía Celular de Nicaragua S.A.	Foreing	Nicaragua	Common end controller	Sales	USD	68	68	(334)	(334)
				Costs	USD	122	(122)	(1,433)	(1,433)
Otecel S.A.	Foreing	Ecuador	Common end controller	Sales	USD	1,324	1,324	1,315	1,315
				Costs	USD	6,679	(6,679)	(1,909)	(1,909)
Telefónica Global Services, GmbH	Foreing	Germany	Common end controller	Costs	USD	-	-	61,619	(61,619)
Telefónica Argentina S.A.	Foreing	Argentina	Common end controller	Sales	USD	14,838	14,838	71,744	(71,744)
				Costs	USD	1,956,485	(1,956,485)	263,188	263,188
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Sales	CLP	346,266	346,266	-	-
				Costs	CLP	1,854,171	(1,854,171)	521,725	(521,725)

9. Receivables from and payable to related companies, continued

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

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

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

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

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

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

The Company is managed by a Board of Directors composed of 8 members and its key employees are 67 and 69 executives for march 31, 2019 and 2018, respectively.

Concepts	03.31.2019 ThCh$	03.31.2018 ThCh$
Salaries	5,258,136	4,841,537
Post employment benefits	751,817	264,088
Total	**6,009,953**	**5,105,625**

10. Inventory

a) The detail of inventosry is as follows:

Concepts	03.31.2019			12.31.2018		
	Gross value ThCh$	Allowance for obsolescence ThCh$	Net value ThCh$	Gross value ThCh$	Allowance for obsolescence ThCh$	Net value ThCh$
Mobile equipment	45,701,893	(1,210,030)	44,491,863	41,801,732	(1,241,829)	40,559,903
Modems and Router	5,471,818	(1,031,588)	4,440,230	4,067,087	(1,001,222)	3,065,865
Basic telephony, public telephony and switchboard ("centralitas") components	8,944,922	(57,574)	8,887,348	8,166,587	(220,094)	7,946,493
Decoders and antennas	2,561,268	(662,274)	1,898,994	2,169,968	(755,823)	1,414,145
IP Solutions Projects	2,123,381	-	2,123,381	2,214,315	-	2,214,315
Mobile accesory	23,754	(7,330)	16,424	23,068	(7,330)	15,738
Other	456,304	(16,696)	439,608	403,232	(53,529)	349,703
Total	**65,283,340**	**(2,985,492)**	**62,297,848**	**58,845,989**	**(3,279,827)**	**55,566,162**

As of march 31, 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	03.31.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**55,566,162**	**49,212,817**
Purchases	68,247,662	255,153,777
Capitalized sales (note 24c)	(57,072,772)	(238,173,014)
Sales pending capitalization (note 7)	(3,714,236)	(6,111,282)
Other derecongnitions	(1,023,303)	(4,969,562)
Allowance for obsolescence	294,335	453,508
Transfer to materials allocated to the investment (note 15b)	-	(82)
Movement, subtotal	**6,731,686**	**6,353,345**
Ending balance	**62,297,848**	**55,566,162**

11. Income Taxes

a) Income Taxes:

As of march 31, 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$26,831,854. As of march 31, 2018, the taxable base was determined in the amount of ThCh$22,644,959 from theTelefónica Móviles Chile S.A. and the subsidiaries Telefónica Chile S.A. and Telefónica Investigación y Desarrollo SpA.

As of march 31, 2019 and 2018, the Parent and subsidiaries presents the next tax losses of first category:

- Telefónica Chile Servicios Corporativos Ltda, ThCh$12,091,606 and ThCh$3,903,332 at march 31, 2019 and 2018, respectively.
- Telefónica Chile S.A., ThCh$23,410,534 at march 31, 2019.
- Telefónica Empresa S.A. ThCh$21,385,728 and ThCh$10,947,197 at march 31, 2019 and 2018, respectively.
- Telefónica Móviles Soluciones y Aplicaciones S.A. ThCh$174,806 and ThCh$3,244,845 at march 31, 2019 and 2018, respectively.

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

11. **Taxes,** continued

a) **Income Taxes,** continued

As of march 31, 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) Sujetos a restitución Con derecho a devolución	Accumulated as of 01.01.2017 Current loan rate (factor of 25.5%) Subject to restitution entitled to return	No Subject to restitution entitled to return	Accumulated up to 12.31.2016 Effective rate 22.71% entitled to return	TOTAL BALANCE OF TAXABLE NET INCOME (STUT)
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Telefónica Móviles Chile S.A.	212,332,271	212,332,271	-	-	640,782	-	-	7,862,612	39,157,176
Telefónica Chile S.A.	4,790,361	-	-	4,790,361	-	-	-	166,494,599	737,749,440
Telefónica Chile Servicios Corporativos Ltda.	75,224,767	75,224,767	-	-	12,413,403	-	-	16,823,940	62,657,631
Telefónica Investigación y Desarrollo SPA	3,445,682	3,445,682	-	-	433,656	-	-	-	-
Total	**295,793,081**	**291,002,720**	**-**	**4,790,361**	**13,487,841**	**-**	**-**	**191,181,151**	**839,564,247**

b) **Current tax assets**

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

Conceptos	03.31.2019 ThCh$	12.31.2018 ThCh$
Taxes for recovering previous years (1)	362,499	3,103,379
Monthly prepaid tax installments (2)	2,582,197	5,471,861
Provisional payment on absorbed profits (3)	4,199,489	4,199,489
Sence	870,000	400,000
Others	-	2,389
Total	**8,014,185**	**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$2,889,665, 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) The provisional payment on absorbed profits is composed by ThCh$1,480,760 of the Parent and ThCh$2,718,729 of the Inversiones Telefónica Móviles Holding S.A.

11. Income Taxes, continued

c) Deferred tax assets and liabilities

As of march 31, 2019 and december 31, 2018 , accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh$32,415,308; ThCh$33,975,793 respectively, and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits march 31, 2019	Other temporary differences	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	Equity adjustment due to termination benefits and hedging insurance	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	4,052,948	35,453,349	728,676	3,481,920	107,473,506	5,503,802		13,886,213	8,654,565	15,476,518	64,530,743	(141,194,880)	118,047,360	118,047,360
Deferred tax liabilities	265,044	-	-	7,585,512	-	-	2,363,869	11,631,839	143,219,922	-	61,760,746	(141,194,880)	85,632,052	85,632,052
Deferred tax liabilities (assets)	(3,787,904)	(35,453,349)	(728,676)	4,103,592	(107,473,506)	(5,503,802)	2,363,869	(2,254,374)	134,565,357	(15,476,518)	(2,769,997)	-	(32,415,308)	(32,415,308)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(3,787,904)	(35,453,349)	(728,676)		(107,473,506)	(5,503,802)	-	(2,254,374)		(15,476,518)	(2,769,997)	-	(173,448,126)	(173,448,126)
Deferred tax liabilities, net	-	-	-	4,103,592	-	-	2,363,869	-	134,565,357	-	-	-	141,032,818	141,032,818
Deferred tax expense (benefit														
Deferred tax expense (benefit)	(1,085,638)	(2,182,794)	79,471	1,379,743	4,663,005	(70,326)	(60,809)	4,731,616	(690,216)	(3,314,287)	(2,673,337)	-	776,428	776,428
Deferred tax expense (benefit) recognized in income	(1,085,638)	(2,182,794)	79,471	1,379,743	4,663,005	(70,326)	(60,809)	4,731,616	(690,216)	(3,314,287)	(2,673,337)	-	776,428	776,428
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(2,702,266)	(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)	-	-	(33,975,793)	(33,975,793)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	(1,085,638)	(2,182,794)	79,471	1,379,743	4,663,005	(70,326)	(60,809)	4,731,616	(690,216)	(3,314,287)	(2,673,337)	-	776,428	776,428
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	-	886,285	(96,660)	-	789,625	789,625
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	-	(5,568)	-	-	-	-	(5,568)	(5,568)
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	**(1,085,638)**	**(2,182,794)**	**79,471**	**1,379,743**	**4,663,005**	**(70,326)**	**(60,809)**	**4,726,048**	**(690,216)**	**(2,428,002)**	**(2,769,997)**	**-**	**1,560,485**	**1,560,485**
Pasivo (activo) por impuestos diferidos	**(3,787,904)**	**(35,453,349)**	**(728,676)**	**4,103,592**	**(107,473,506)**	**(5,503,802)**	**2,363,869**	**(2,254,374)**	**134,565,357**	**(15,476,518)**	**(2,769,997)**	**-**	**(32,415,308)**	**(32,415,308)**

11. **Income Taxes,** continued

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

Disclosure of temporary differences, losses and unused tax credits december 31, 2018	Other temporary differences	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismanting provision	Deferred Cost of saleand deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Reclassificati on (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities													
Deferred tax assets	3,988,759	33,270,555	808,147	4,565,235	112,136,511	5,433,476	-	18,381,366	9,655,282	13,048,516	(82,741,713)	118,546,134	118,546,134
Deferred tax liabilities	1,286,493	-	-	7,289,084	-	-	2,424,678	11,400,944	144,910,855	-	(82,741,713)	84,570,341	84,570,341
Deferred tax liabilities (assets)	(2,702,266)	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	-	(33,975,793)	(33,975,793)
Deferred tax assets and liabilities, net													
Deferred tax assets, net	(2,702,266)	(33,270,555)	(808,147)	-	(112,136,511)	(5,433,476)	-	(6,980,422)	-	(13,048,516)	-	(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)	868,574	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)	-	15,653,462	15,653,462
Deferred tax expense (benefit) recognized in income	868,574	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	-	15,653,462	15,653,462
Changes in deferred tax liabilities (assets)													
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(3,570,840)	(36,950,627)	(930,595)	(10,178,366)	(127,482,640)	(4,062,291)	8,772,190	(4,712,435)	138,403,612	(1,940,251)	-	(42,652,243)	(42,652,243)
Changes in deferred tax liabilities (assets)													
Deferred tax expense (benefit) recognized in income	868,574	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	-	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)	**868,574**	**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)**	-	**8,676,450**	**8,676,450**
Deferred tax liabilities (assets)	**(2,702,266)**	**(33,270,555)**	**(808,147)**	**2,723,849**	**(112,136,511)**	**(5,433,476)**	**2,424,678**	**(6,980,422)**	**135,255,573**	**(13,048,516)**	-	**(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 march 31, 2018	**Other temporary differences**	**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**	**Reclassification (1)**	**Temporary differences**	**Temporary differences, losses and unused tax credits**
Deferred tax assets and liabilities												
Deferred tax assets	26,925,986	47,993,907	1,058,859	4,117,738	-	7,741,534	131,923,094	10,259,268	4,267,419	(96,226,165)	**138,061,640**	**138,061,640**
Deferred tax liabilities	27,233,793	-	-	-	4,019,776	-	-	144,323,282	427,931	(96,226,165)	**79,778,617**	**79,778,617**
Deferred tax liabilities (assets)	**307,807**	**(47,993,907)**	**(1,058,859)**	**(4,117,738)**	**4,019,776**	**(7,741,534)**	**(131,923,094)**	**134,064,014**	**(3,839,488)**	**-**	**(58,283,023)**	**(58,283,023)**
Deferred tax assets and liabilities, net												
Deferred tax assets, net	-	(47,993,907)	(1,058,859)	(4,117,738)	-	(7,741,534)	(131,923,094)	-	(3,839,488)	-	**(196,674,620)**	**(196,674,620)**
Deferred tax liabilities, net	307,807	-	-	-	4,019,776	-	-	134,064,014	-	-	**138,391,597**	**138,391,597**
Deferred tax expense (benefit												
Deferred tax expense (benefit)	617,697	(3,530,590)	(128,264)	(55,447)	(933,078)	1,003,513	(4,440,454)	(3,246,007)	-	-	**(10,712,630)**	**(10,712,630)**
Deferred tax expense (benefit) recognized in income	617,697	(3,530,590)	(128,264)	(55,447)	(933,078)	1,003,513	(4,440,454)	(3,246,007)	-	-	**(10,712,630)**	**(10,712,630)**
Changes in deferred tax liabilities (assets)												
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(6,384,039)	(36,950,627)	(930,595)	(4,062,293)	8,772,190	(10,178,366)	(127,482,640)	138,403,612	(3,839,485)	-	(42,652,243)	(42,652,243)
Changes in deferred tax liabilities (assets)												
Deferred tax expense (benefit) recognized in income	617,699	(3,530,590)	(128,264)	(55,445)	(933,078)	1,003,513	(4,440,454)	(3,246,007)	(4)	-	**(10,712,630)**	**(10,712,630)**
eferred taxes related to items credited (charged) directly to equity	6,074,147	(7,512,690)	-	-	(3,819,336)	1,433,319	-	(1,093,591)	1	-	**(4,918,150)**	**(4,918,150)**
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)	**6,691,846**	**(11,043,280)**	**(128,264)**	**(55,445)**	**(4,752,414)**	**2,436,832**	**(4,440,454)**	**(4,339,598)**	**(3)**	**-**	**(15,630,780)**	**(15,630,780)**
Deferred tax liabilities (assets)	**307,807**	**(47,993,907)**	**(1,058,859)**	**(4,117,738)**	**4,019,776**	**(7,741,534)**	**(131,923,094)**	**134,064,014**	**(3,839,488)**	**-**	**(58,283,023)**	**(58,283,023)**

(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 march 31, 2019 and december 31 2018, the balance of this deferred tax asset, amounts to ThCh$107,473,506 and ThCh$112,136,511 , respectively.

d) Taxable Income

As of march 31, 2019 and 2018 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh$26,831,858 and ThCh$22,644,959 respectively for period, detailed as follows:

Concepts	Taxable Net Income	
	03.31.2019 ThCh$	03.31.2018 ThCh$
Finance income	20,672,029	27,950,249
Recorded tax expense	8,420,610	(4,074,797)
Additions	112,202,903	125,064,118
Deductions	(114,463,684)	(126,294,611)
Taxable net income	26,831,858	22,644,959
First category tax rate 27%	**7,244,602**	**6,114,139**
Art. 21 rejected expenses tax base	963,358	1,320,017
Art. 21 non-deductible expenses (40% rate)	**385,343**	**528,007**
Total tax provision	**7,629,945**	**6,642,146**
Provision contingencies (1)	14,237	-
Hedging instrument income tax provision (2)	-	(4,313)
Total first category taxes	**7,644,182**	**6,637,833**

(1) Corresponds to contingencies of the subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. (see Note 27 b),
(2) Corresponds to the deficit (surplus) in the tax provision calculated on 2018 and 2017 hedging instruments (liquidated). This tax provision (deficit) surplus is presented as higher or menor expense for the period.

11. **Income Taxes,** continued

e) Income tax reconciliation

The income tax expense reconciliation for march 31, 2019 and 2018 are detailed as follows:

Concepts	03.31.2019 Taxable base ThCh$	03.31.2019 27%Tax Rate ThCh$	03.31.2018 Taxable base ThCh$	03.31.2018 27%Tax Rate ThCh$
Based on accounting income before taxes:				
Finance income	**20,672,029**		**27,950,249**	
Recorded tax expense	**8,420,610**		**(4,074,797)**	
Income before taxes	**29,092,639**	**7,855,013**	**23,875,452**	**6,446,372**
Permanent differences	**2,094,804**	**565,597**	**(38,967,295)**	**(10,521,169)**
Price-level restatement of taxable equity (1)	-	-	(17,000,757)	(4,590,204)
Price-level restatement of taxable value of investments in related companies	(299,339)	(80,822)	6,586,769	1,778,428
Income from investment in related parties	407,039	109,901	355,038	95,860
Contingency provision	52,730	14,237	-	-
Adjustment on deferred tax balances	-	-	(30,551,233)	(8,248,833)
Art. 21 non-deductible expenses	1,427,200	385,344	1,955,581	528,007
Uncollectible debtor write-offs	17,313	4,675	-	-
Others (2)	489,861	132,262	(312,693)	(84,427)
Total corporate tax expense	**31,187,443**	**8,420,610**	**(15,091,843)**	**(4,074,797)**
Based on taxable net income and deferred taxes calculated on the basis of temporary differences				
27% income tax		7,244,602		6,114,139
40% income tax		385,343		528,007
Contingency provision		14,237		-
Hedging instrument income tax provision		-		(4,313)
Income tax expense		**7,644,182**		**6,637,833**
Deferred tax expense (income)		776,428		(10,712,630)
Total corporate tax expense		**8,420,610**		**(4,074,797)**
Effective income tax rate (3)		**28.94%**		**(17.07%)**

(1) As of march 31, 2019, the CPI is 0%, therefore no price-level restatement was applied.
(2) This item includes tax fines, price-level of tax loss, price-level of non-monetary assets, goodwill, IPAS a result, decoders, among others.
(3) Effective rate determined considering the tax expense accounted for in result with respect to the financial result before tax amounts to 28.94%.

11. Income Taxes, continued

f) Current income tax liabilities

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

Concepts	03.31.2019 ThCh$	12.31.2018 ThCh$
Contingency provision (note 27 b)	1,026,985	1,191,149
Income tax accrual (1)	3,817,238	1,394,825
Unic income tax	788,001	603,036
Others	231,576	231,576
Total	**5,863,800**	**3,420,586**

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh$13,460,832 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	03.31.2019			12.31.2018		
	Gross value	Allowance for doubtful accounts	Net value	Gross value	Allowance for doubtful accounts	Net value
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Receivables on non-current loan transactions	**26,827,757**	**(3,095,261)**	**23,732,496**	**19,411,992**	**(2,406,316)**	**17,005,676**
Trade receivables	24,059,803	(2,978,858)	21,080,945	16,835,225	(2,277,294)	14,557,931
Contractual asset (1)	2,767,954	(116,403)	2,651,551	2,576,767	(129,022)	2,447,745
Miscellaneous receivables (2)	**14,337,811**	**-**	**14,337,811**	**17,023,091**	**-**	**17,023,091**
Total	**41,165,568**	**(3,095,261)**	**38,070,307**	**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 march 31, 2019 and december 31, 2018, Non-current trade and other accounts receivable by due date are detailed as follows:

Concepts	As of march 31, 2019								Net Total
	Gross Portfolio value in ThCh$				Allowance for doubtful accounts ThCh$				
	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	9,972,886	12,797,776	4,057,095	**26,827,757**	(2,482,105)	(380,403)	(232,753)	(3,095,261)	**23,732,496**
Miscellaneous receivables	2,651,902	1,116,553	10,569,356	**14,337,811**	-	-	-	-	**14,337,811**
Total	**12,624,788**	**13,914,329**	**14,626,451**	**41,165,568**	**(2,482,105)**	**(380,403)**	**(232,753)**	**(3,095,261)**	**38,070,307**

Concepts	As of december 31, 2018								Net Total
	Gross Portfolio value in ThCh$				Allowance for doubtful accounts ThCh$				
	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)	**(2,406316)**	**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 march 31, 2019 and december 31, 2018 are detailed as follows:

Concepts	03.31.2019			12.31.2018		
	Intangible, gross ThCh$	Accumulated amortization ThCh$	Intangible, net ThCh$	Intangible, gross ThCh$	Accumulated amortization ThCh$	Intangible, net ThCh
Intangible assets in development (1)	29,813,420	-	29,813,420	20,363,160	-	20,363,160
Licenses and softwaresm (1)	609,518,879	(493,985,960)	115,532,919	631,965,788	(501,240,939)	130,724,849
Administratives grantings	130,169,199	(103,050,020)	27,119,179	130,169,199	(102,592,962)	27,576,237
Other intangible assets (2)	21,832,500	(20,686,634)	1,145,866	21,832,500	(20,540,899)	1,291,601
Total	**791,333,998**	**(617,722,614)**	**173,611,384**	**804,330,647**	**(624,374,800)**	**179,955,847**

(1) As of march 2019, the following new investments were made in Evolutionary Developments (includes Believe) in the amount of ThCh$3,942,112, licenses in the amount of ThCh$3,634,209 and operating continuity in the amount of ThCh$1,873,939.

(2) Corresponds to rights to use underwater cable.

b) As of march 31, 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	11,743,362	-	-	-	11,743,362
Low	-	(23,949,406)	-	-	(23,949,406)
Low Amortization	-	23,949,406	-	-	23,949,406
Amortization	-	(16,694,427)	(457,058)	(145,735)	(17,297,220)
Transfer from work in progress (Note 15b)	(1,719,091)	928,486	-	-	(790,605)
Transfer from costs of developing to service	(574,011)	574,011	-	-	-
Movement, subtotal	**9,450,260**	**(15,191,930)**	**(457,058)**	**(145,735)**	**(6,344,463)**
Ending balance as of 03.31.2019	**29,813,420**	**115,532,919**	**(27,119,179)**	**1,145,866**	**173,611,384**
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 march 31, 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$394,885,326 and ThCh$412,715,176 , as of march 31, 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 march 31, 2019 the value recorded as of that date remains the same.

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

Taxpayer No,	Company	01.01.2019 ThCh$	Additions ThCh$	Eliminations ThCh$	03.31.2019 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 march 31, 2019 and december 31, 2018 and their corresponding accumulated depreciation is as follows:

Concepts	03.31.2019			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	24,309,203	-	24,309,203	24,309,203	-	24,309,203
Buildings	959,975,184	(656,064,604)	303,910,580	957,834,225	(649,919,202)	307,915,023
Transport equipments	475,562	(473,940)	1,622	475,562	(473,400)	2,162
Supplies and accessories	33,948,559	(31,925,633)	2,022,926	33,963,023	(31,756,734)	2,206,289
Office equipments	3,547,414	(2,585,305)	962,109	3,547,414	(2,524,607)	1,022,807
Construction in progress	178,006,856	-	178,006,856	157,874,623	-	157,874,623
Information equipment	68,971,341	(51,397,097)	17,574,244	69,753,836	(49,701,717)	20,052,119
Network and communication equipment	3,568,212,300	(2,896,824,690)	671,387,610	3,548,990,956	(2,867,859,135)	681,131,821
Property, plant and equipment under financial leases	5,304,293	(4,989,140)	315,153	5,304,293	(4,993,015)	311,278
Rights of use (1)	236,078,103	(13,443,746)	222,634,357	-	-	-
Other property, plant & equipment (1)	317,624,609	(258,356,675)	59,267,934	312,959,063	(254,790,631)	58,168,432
Total	**5,396,453,424**	**(3,916,060,830)**	**1,480,392,594**	**5,115,012,198**	**(3,862,018,441)**	**1,252,993,757**

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

(2) Includes general equipment and subscriber equipment.

15. Property, plant and equipment, continued

b) As of march 31, 2019 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 01.01.2019	**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	-	-	-	-	-	54,968,864	-	-	-	-	**54,968,864**
Retirements	-	(85,696)	-	(14,464)	-	-	(782,500)	(939,659)	-	(8,190,071)	**(10,012,390)**
Acc. Dep. retirements	-	62,494	-	14,464	-	-	782,500	866,610	-	8,188,837	**9,914,905**
Depreciation expense	-	(6,207,896)	(540)	(183,363)	(60,698)	-	(2,477,880)	(29,832,165)	3,875	(11,754,881)	**(50,513,548)**
Depreciation transfer	-	-	-	-	-	-	-	-	-	-	**-**
Other Increase (decrease) (1)	-	2,226,655	-	-	-	(34,836,631)	5	20,161,003	-	12,855,617	**406,649**
Movements, subtotal	**-**	**(4,004,443)**	**(540)**	**(183,363)**	**(60,698)**	**20,132,233**	**(2,477,875)**	**(9,744,211)**	**3,875**	**1,099,502**	**4,764,480**
Ending balance as of 03.31.2019	**24,309,203**	**303,910,580**	**1,622**	**2,022,926**	**962,109**	**178,006,856**	**17,574,244**	**671,387,610**	**315,153**	**59,267,934**	**1,257,758,237**

(1) Corresponds to the movement of transfers from intangible assets to property, plant and equipment in the amount of ThCh$ 790,605 (Note 13 b).

As of march 31, 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	**-**	**316,256,239**	**453,935**	**28,197,120**	**1,579,652**	**-**	**34,924,554**	**2,408,050,833**	**-**	**3,648,448**	**2,793,110,781**

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 march 31, 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	49,322,200	166,037,984	8,697,995	11,457,998	561,925	**236,078,102**
Depreciation expense	(3,924,564)	(8,446,637)	(540,844)	(531,700)	-	**(13,443,745)**
Movements, subtotal	**45,397,636**	**157,591,347**	**8,157,151**	**10,926,298**	**561,925**	**222,634,357**
Ending balance as of 03.31.19	**45,397,636**	**157,591,347**	**8,157,151**	**10,926,298**	**561,925**	**222,634,357**

16. Other current and other non-current financial liabilities

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

Concepts		03.31.2019		12.31.2018	
		Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Bank loans	(a)	260,720	147,540,693	360,837	150,851,556
Unguaranteed obligations (Bonds)	(b)	8,356,455	672,986,199	54,011,525	680,876,592
Hedge instruments	(see Note 18.2)	2,006,385	8,906,078	4,513,765	12,309,350
Leases (1)		57,243,640	137,298,818	-	-
Other financial debts (2)		1,666,770	-	-	-
Total		**69,533,970**	**966,731,788**	**58,886,127**	**844,037,498**

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

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

a) As of march 31, 2019 the movements composition of current and non-current financial assets and liabilities from financial activities are as follows:

Conciliation of financing activities, current	12.31.2018	Cash flows		Other items than chash flow		03.31.2019
		Upward	Low	Exchange rate	Others movements	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**58,886,127**	**2,236,595**	**(60,249,931)**	**(8,785,783)**	**77,446,962**	**69,533,970**
Banks loans (1)	360,837	-	(1,226,110)	2,909	1,123,084	260,720
Unguaranteed obligations (Bonds) (2)	54,011,525	-	(52,314,177)	(11,206)	6,670,313	8,356,455
Hedge instruments	4,513,765	451,595	(2,450,722)	(8,777,486)	8,269,233	2,006,385
Leases (3)	-	-	(4,258,922)	-	61,502,562	57,243,640
Other financial debts	-	1,785,000	-	-	(118,230)	1,666,770
Comercial mandate to related companies (4)	**575,560**	**(340,000)**	**-**	**-**	**499,548**	**735,108**
Related companies leases	**-**	**-**	**-**	**-**	**4,782,092**	**4,782,092**
Issued capital	**1,294,872,285**	**35,000,000**	**-**	**-**	**-**	**1,329,872,285**
Dividends pending payment	**187,737**	**-**	**-**	**-**	**-**	**187,737**
Others financial payments	**-**	**45,338**	**(1,586,268)**	**-**	**1,540,930**	**-**
Total	**1,354,521,709**	**36,941,933**	**(61,836,199)**	**(8,785,783)**	**84,269,532**	**1,405,111,192**

(1) As of march 31, 2019, cash flow movements in current banks loans amount to ThCh$1,226,110 for interest paid.

(2) As of march 31, 2019, cash flow movements in current of unguaranteed obligations are the amount to ThCh$48.332.356 of bond Q payment.

(3) Corresponds to recognition of payment of liabilities for qualifying leases under IFRS 16, which are net of prepayments in the amount of ThCh$10,413,334.

(4) Includes movements with related entities and other movements that do not form part of financial liabilities, but whose cash flows correspond to financing activities.

Conciliation of financing activities, Non-current	12.31.2018	Cash flows		Other items than chash flow		03.31.2019
		Upward	Low	Exchange rate	Others movements	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**844,037,498**	**-**	**-**	**(16,362,625)**	**139,056,915**	**966,731,788**
Banks loans	150,851,556	-	-	(3,547,794)	236,931	147,540,693
Unguaranteed obligations (Bonds)	680,876,592	-	-	(8,084,959)	194,566	672,986,199
Hedge instruments	12,309,350	-	-	(4,729,846)	1,326,574	8,906,078
Leases	-	-	-	(26)	137,298,844	137,298,818
Related companies leases	**-**	**-**	**-**	**-**	**22,389,412**	**22,389,412**
Total	**844,037,498**	**-**	**-**	**(16,362,625)**	**161,446,327**	**989,121,200**

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

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

Conciliation of financing activities, current	12.31.2017	Cash flows		Other items than cash flow		03.31.2018
		Upward	Low	Exchange rate	Others movements	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**14,160,658**	**533,773**	**(8,388,540)**	**(140,768)**	**54,608,307**	**60,773,430**
Banks loans (1)	93,320	-	(532,180)	-	536,398	97,538
Unguaranteed obligations (Bonds) (2)	7,028,581	-	(5,300,855)	20,441	52,988,133	54,736,300
Hedge instruments	7,038,757	533,773	(2,555,505)	(161,209)	1,083,776	5,939,592
Comercial mandate to related companies (3)	**1,744,056**	**-**	**(877,000)**	**-**	**937,965**	**1,805,021**
Others	**-**	**-**	**(336,537)**	**-**	**336,537**	**-**
Total	**15,904,714**	**533,773**	**(9,602,077)**	**(140,768)**	**55,882,809**	**62,578,451**

(1) As of march 31, 2018, the cash flow movements in current of Banks loans are the amount to ThCh$532,180 of interest payment.

(2) As of march 31, 2018, the cash flow movements in current of Unguaranteed obligations are the amount to ThCh$5,300,855 of interest payment.

(3) Includes movements with related entities and other movements that do not form part of financial liabilities, but whose cash flows correspond to financing activities.

Conciliation of financing activities, non-current	12.31.2017	Cash flows		Other items than cash flow		03.31.2018
		Upward	Low	Exchange rate	Others movements	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Banks loans	91,615,282	-	-	(1,692,493)	48,146	89,970,935
Unguaranteed obligations (Bonds)	681,739,322	-	-	(4,485,310)	(46,365,612)	630,888,400
Hedge instruments	14,290,035	-	-	1,703,843	6,274,153	22,268,031
Total	**787,644,639**			**(4,473,960)**	**(40,043,313)**	**743,127,366**

b) The detail of the expirations of the current financial liabilities for leases as of march 31, 2019 is as follows:

Expirations		Total Current to 03.31.2019	Expirations			Total non-current to 03.31.2019
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$
12,379,467	44,864,174	**57,243,640**	73,163,535	39,944,209	24,191,074	**137,298,818**

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

c) As of March 31, 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	97.030.000-7	Bank Scotiabank	Chile	USD	At expiry	3.98%	3.62%	MMUS$68,6	2023

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity									Total nominal amounts in local currency ThCh$
					Up to 90 days ThCh$	90 days to 1 years ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	Total 1 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Total 3 to 5 years ThCh$	5 years and over ThCh$	
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	99,057,00	-	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 03.31.2019	Non-current To Maturity							Total Non-current as of 03.31.2019
					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$
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A	Chile	Bank of Tokyo	148,541	-	148,541	101,375,857	-	101,375,857	-	-	-	-	101,375,857
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A	Chile	Bank Scotiabank	112,179		112,179		-			46,164,.836	46,164,836		46,164,836
	Total				**260,720**	-	**260,720**	**101,375,857**	-	**101,375,857**	-	**46,164,836**	**46,164,836**	-	**147,540,693**

(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.

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

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

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

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

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current 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.

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

d) As of march 31, 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	-	-	19,200,000	9,600,000	28,800,000	9,600,000	9,600,000	19,200,000	-	48,000,000
Total					**-**	**-**	**119,625,700**	**104,010,000**	**223,635,700**	**246,000,000**	**76,528,680**	**322,528,680**	**-**	**546,164,380**

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

d) As of march 31, 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 03.31.2019 ThCh$	Non-current: To Maturity: 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$	Total Non-current as of 03.31.2019 ThCh$
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	1,292,609	-	**1,292,609**	-	-	-	-	81,122,481	82,122,841	-	**82,122,481**
Series Bond G (2)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	435,000	**435,000**	55,153,896	-	55,153,896	-	-	-	-	**55,153,896**
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	104,676	**104,676**	55,120,830	-	55,120,830	-	-	-	-	**55,120,830**
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	Banco Santander	-	203,769	**203,769**	-	94,398,624	94,398,624	-	-	-	-	**94,389,624**
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	5,697,951	-	**5,697,951**	-	-	-	338,057,419	-	346,034,137	-	**338,057,419**
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	622,450	**622,450**	19,284,262	9,623,791	28,908,053	9,616,534	9,608,362	19,224,896	-	**48,132,949**
Total					**6,990,560**	**1,365,895**	**8,356,455**	**129,558,988**	**104,022,415**	**233,581,403**	**347,673,953**	**91,730,843**	**439,404,796**	-	**672,986,199**

(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.

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

d) 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**

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

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

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current To Maturity		Total current as of 12.31.2018	Non-current To Maturity							Total Non-current as of 12.31.2018
					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. Trade and other payables

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

Conceptos	03.31.2019		12.31.2018	
	Current	No-current	Current	No-current
	ThCh$	ThCh$	ThCh$	ThCh$
Debts due to purchases or services provided, invoiced (1)	108,743,124	-	131,500,796	-
Real property providers, invoiced	49,842,357	-	76,449,598	-
Debts due to purchases or services provided, provisioned (1) (2)	118,155,808	3,227,263	122,084,916	4,320,435
Payables to employees	15,023,217	-	35,744,374	-
Real property providers, provisioned	22,610,881	-	19,786,277	-
Dividends pending payment	187,737	-	187,737	-
Total	**314,563,124**	**3,227,263**	**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 march 31, 2019 and december 31, 2018 are detailed as follows:

Debts due to purchases or services provided	03.31.2019 ThCh$	12.31.2018 ThCh$
Domestic	205,034,853	232,705,466
Foreign	21,864,079	20,880,246
Total	**226,898,932**	**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 march 31, 2019 the main suppliers, in the Mobile operation are: Huawei Chile S.A. with 18.8%, Samsung Electronics Chile Ltda. with 17.5%, Apple Chile Comercial Limitada 4.4%. 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 march 31, 2019 the main suppliers, in the fixed operation are, considering as minimum margin of 4% total, corresponds: Ministerio de Obras Públicas with 9.0%, I.B.M. De Chile S.A.C. with 6.7%, Huawei Chile S.A. with 6.0%, Ezentis Chile S.A. with 5.2%, Cobra Chile Servicios S.A. with 5.1% and CAM Servicios de Telecomunicaciones con 5.0%. As of december 31, 2018 the main suppliers corresponds: Huawei Chile S.A. with 8.6%, Nokia Solutions and Networks Chile with 7.0%, Ministerio de Obras Publicas with 6.3%, CAM Servicios de Telecomunicaciones con 5.0%, Ezentis Chile S.A. with 4.6% and Cobra Chile Servicios S.A. with 4.4%.

17. Trade and other payables, continued

b) Accounts payable payment terms, continued

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

Suppliers with up to date payments As of 03.31.2019	Goods ThCh$	Services ThCh$	Total ThCh$
Trade accounts to date			
Up to 30 days	24,740,971	52,031,158	76,772,129
From 31 to 60 days	20,463,391	33,985,715	54,449,106
From 61 to 90 days	-	1,292,034	1,292,034
Total	**45,204,362**	**87,308,907**	**132,513,269**
Average period of payment of up to date accounts	**59**	**56**	

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 March 31, 2019 and December 31, 2018 are detailed as follows:

Overdue trade accounts payable by term As of 03.31.2019	Goods ThCh$	Services ThCh$	Total ThCh$
Overdue trade accounts payable by term			
Up to 30 days	4,109,796	11,478,822	15,588,618
From 31 to 60 days	272,653	1,275,381	1,548,034
From 61 to 90 days	-	-	-
From 91 to 120 days	159,759	-	159,759
From 121 to 180 days	-	-	-
More than 180 days	95,787	8,680,014	8,775,801
Total	**4,637,995**	**21,434,217**	**26,072,212**
Average payment period of overdue accounts	**48**	**-**	

17. Trade and other payables, continued

b) Accounts payable payment terms, continued

Overdue trade accounts payable by term As of 12.31.2018	Goods ThCh$	Services ThCh$	Total 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**	

18. Financial instruments

1. Classification of financial instruments by nature and category

a) Details of financial instruments of assets classified by nature and category as of march 31, 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	-	-	-	-	-	**7,176,315**	**-**	**7,176,315**	**7,172,458**	**3,857**	-	**7,176,315**	**7,176,315**
Other participations		-	-	-	-	-	7,176,315	-	7,176,315	7,172,458	3,857	-	7,176,315	7,176,315
Derivative instrument assets		**-**	**-**	**-**	**-**	**-**	**-**	**134,076,397**	**134,076,397**	**-**	**134,076,397**	**-**	**134,076,397**	**134,076,397**
Derivative instrument assets	18-2	-	-	-	-	-	-	134,076,397	134,076,397	-	134,076,397	-	134,076,397	134,076,397
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		**38,070,307**	**38,070,307**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,070,307**	**38,070,307**
Non-current trade and other accounts receivable	12	38,070,307	38,070,307	-	-	-	-	-	-	-	-	-	38,070,307	38,070,307
Non-current financial assets		**38,120,775**	**38,120,775**	**-**	**-**	**-**	**7,176,315**	**134,076,397**	**141,252,712**	**7,172,458**	**134,080,254**	**-**	**179,373,487**	**179,373,487**
Current trade accounts receivable		**302,616,243**	**302,616,243**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**302,616,243**	**302,616,243**
Current trade and other accounts receivable	8-a	280,313,179	280,313,179	-	-	-	-	-	-	-	-	-	280,313,179	280,313,179
Account receivable from relate entities	9-a	22,303,064	22,303,064	-	-	-	-	-	-	-	-	-	22,303,064	22,303,064
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		**-**	**-**	**-**	**-**	**-**	**-**	**2,411,398**	**2,411,398**	**-**	**2,411,398**	**-**	**2,411,398**	**2,411,398**
Derivative instrument of assets	18-2	-	-	-	-	-	-	2,411,398	2,411,398	-	2,411,398	-	2,411,398	2,411,398
Cash and cash equivalents		**123,594,372**	**123,594,372**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**123,594,372**	**123,594,372**
Cash and cash equivalents	5	123,594,372	123,594,372	-	-	-	-	-	-	-	-	-	123,594,372	123,594,372
Current financial assets		**426,291,059**	**426,291,059**	**-**	**-**	**-**	**-**	**2,411,398**	**2,411,398**	**-**	**2,411,398**	**-**	**428,702,457**	**428,702,457**
Total financial assets		**464,411,834**	**464,411,834**	**-**	**-**	**-**	**7,176,315**	**136,487,795**	**143,664,110**	**7,172,458**	**136,491,652**	**-**	**608,075,944**	**608,075,944**

18. **Financial instruments**, continued

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

a) Details of financial instruments of assets classified by nature and category as of december 31, 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**

18. Financial instruments, continued

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

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

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

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

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

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

18. **Financial instruments**, continued

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

b) Details of financial instruments of liabilities classified by nature and category as of march 31, 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	16-d	672,986,199	687,260,395	-	-	-	-	-	-	-	672,986,199	687,260,395
Non-current debts with loan entities	16-c	147,540,693	147,540,693	-	-	-	-	-	-	-	147,540,693	147,540,693
Long-term hedge derivative instrument of liabilities	18-2	-	-	-	-	8,906,078	8,906,078	-	8,906,078	-	8,906,078	8,906,078
Trade and other accounts payable	17	3,227,263	3,227,263	-	-	-	-	-	-	-	3,227,263	3,227,263
Accounts payable to related entities	9-c	22,730,345	22,730,345	-	-	-	-	-	-	-	22,730,345	22,730,345
Other non-current financial debts(1)		137,298,818	137,298,818	-	-	-	-	-	-	-	137,298,818	137,298,818
Non-current financial liabilities		**983,783,318**	**998,057,514**	**-**	**-**	**8,906,078**	**8,906,078**	**-**	**8,906,078**	**-**	**992,689,396**	**1,006,963,592**
Issuance of short-term obligations and other marketable securities	16-d	8,356,455	8,581,323	-	-	-	-	-	-	-	8,356,455	8,581,323
Short-term debts with credit entities	16-c	260,720	260,720	-	-	-	-	-	-	-	260,720	260,720
Short-term derivative instrument of liabilities	18-2	-	-	-	-	2,006,385	2,006,385	-	2,006,385	-	2,006,385	2,006,385
Trade and other accounts payable	17	314,563,124	314,563,124	-	-	-	-	-	-	-	314,563,124	314,563,124
Accounts payable to related entities	9-b	54,506,576	54,506,576	-	-	-	-	-	-	-	54,506,576	54,506,576
Other non-current financial debts(1)		58,910,410	58,910,410	-	-	-	-	-	-	-	58,910,410	58,910,410
Current financial liabilities		**436,597,285**	**436,822,153**	**-**	**-**	**2,006,385**	**2,006,385**	**-**	**2,006,385**	**-**	**438,603,670**	**438,828,538**
Total financial liabilities		**1,420,380,603**	**1,434,879,667**	**-**	**-**	**10,912,463**	**10,912,463**	**-**	**10,912,463**	**-**	**1,431,293,066**	**1,445,792,130**

18. **Financial instruments**, continued

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

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

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value							Total financial liabilities	
				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	16-a	680,876,592	683,021,614	-	-	-	-	-	-	-	680,876,592	683,021,614
Non-current debts with loan entities		150,851,556	150,851,556	-	-	-	-	-	-	-	150,851,556	150,851,556
Long-term hedge derivative instrument of liabilities	18-2	-	-	-	-	12,309,350	12,309,350	-	12,309,350	-	12,309,350	12,309,350
Trade and other accounts payable		4,320,435	4,320,435	-	-	-	-	-	-	-	4,320,435	4,320,435
Accounts payable to related entities		168,257	168,257	-	-	-	-	-	-	-	168,257	168,257
Non-current financial liabilities		**836,216,840**	**838,361,862**	**-**	**-**	**12,309,350**	**12,309,350**	**-**	**12,309,350**	**-**	**848,526,190**	**850,671,212**
Issuance of short-term obligations and other marketable securities	16-a	54,011,525	54,235,234	-	-	-	-	-	-	-	54,011,525	54,235,234
Short-term debts with credit entities		360,837	360,837	-	-	-	-	-	-	-	360,837	360,837
Short-term derivative instrument of liabilities	18-2	-	-	-	-	4,513,765	4,513,765	-	4,513,765	-	4,513,765	4,513,765
Trade and other accounts payable	17	385,753,698	385,753,698	-	-	-	-	-	-	-	385,753,698	385,753,698
Accounts payable to related entities	9-c	52,202,802	52,202,802	-	-	-	-	-	-	-	52,202,802	52,202,802
Current financial liabilities		**492,328,862**	**492,552,571**	**-**	**-**	**4,513,765**	**4,513,765**	**-**	**4,513,765**	**-**	**496,842,627**	**497,066,336**
Total financial liabilities		**1,328,545,702**	**1,330,914,433**	**-**	**-**	**16,823,115**	**16,823,115**	**-**	**16,823,115**	**-**	**1,345,368,817**	**1,347,737,548**

18. Financial instruments, continued

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

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

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

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

18. **Financial instruments**, continued

2. Hedging instruments

As of march 31, 2019, 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	1,472	987	(66,348)	(157,752)	495	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	944,442	-	(38,999)	-	-	-	-	-
Interest rate – cash flows hedge (4)	Financial Debt	1,464,497	-	(1,743,286)	-	-	3,881,886	(223,453)	(8.072.518)
Exchange rate and interest rate – fair value hedge (5)	Financial Debt	-	-	-	-	11,501,825	118,692,191	-	(610.107)
	Total	**2,410,411**	**987**	**(1,848,633)**	**(157,752)**	**11,502,320**	**122,574,077**	**(223,453)**	**(8,682,625)**

Hedge instruments have generated an effect on result of ThCh$12,269,143, As of march 31, 2019 and the accumulated effect on equity, net of taxes is ThCh$3,257,223 (see note 22d).

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 22d).

Description of hedge instruments:

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

18. Financial instruments, continued

3. Valuation of hedging instruments

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

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

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

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

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

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

4. Fair value hierarchy of financial instruments

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

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

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

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

19. Other currents provisions

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

Concepts	03.31.2019 ThCh$	12.31.2018 ThCh$
Civil and regulatory	6,106,659	5,745,139
Total	**6,106,659**	**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 27b, 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 march 31, 2019 and december 31, 2018 the movements in provisions is as follows:

Movements	03.31.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**5,745,139**	**10,387,867**
Increase in existing provisions	489,646	1,356,537
Provision used	(128,126)	(1,450,910)
Provisioning application	-	(4,548,355)
Movement subtotal	**361,520**	**(4,642,728)**
Ending balance	**6,106,659**	**5,745,139**

b) Other non-currents provisions:

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

Concepts	03.31.2019 ThCh$	12.31.2018 ThCh$
Dismantling provision (1)	20,384,450	20,123,983
Non-currents provisions others	64,584	59,665
Total	**20,449,034**	**20,183,648**

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

Movements	03.31.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**20,123,983**	**19,331,353**
Increase in existing provisions	71,173	219,945
Financial restatement	189,294	817,837
Telxius transfer (1)	-	(164,847)
Applied provision	-	(80,305)
Movement subtotal	**260,467**	**792,630**
Ending balance	**20,384,450**	**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.

20. Employee benefits accrual

a) Post employment benefits

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

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

Concepts	03.31.2019 ThCh$	12.31.2018 ThCh$
Current amount of liability recognized for termination benefits	7,918,606	8,597,752
Non-current amount of liability recognized for termination benefits	25,756,989	26,842,153
Total	**33,675,595**	**35,439,905**

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

Movements	03.31.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**35,439,905**	**37,243,714**
Service costs	90,348	289,707
Interest costs (see note 24 d)	414,025	1,935,183
Actuarial profits, net due to experience	20,623	232,839
Benefits paid	(2,315,521)	(4,440,817)
Others	26,215	179,279
Movement subtotal	**(1,764,310)**	**(1,803,809)**
Ending balance	**33,675,595**	**35,439,905**

20. Employee benefits accrual, continued

a) Post employment benefits, continued

Actuarial Hypotheses

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

- **Discount rate:** An annual nominal rate of 4.551% and 5.673% are used as of march 31, 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 march 31, 2019 and december 31, 2018 was 3%.

- **Mortality:** The RV-2014 mortality tables established by the Superintendency of Securities and Insurance are used to calculate social life insurance reserves in Chile.

- **Turnover rate:** Based on the historical Company data, the rotation used for both periods are as follows:

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

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

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

b) Sensitivity of assumptions

Based on the actuarial calculation as of march 31, 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	4.551%	(1,911,710)	2,135,573

20. Employee benefits accrual, continued

c) Expected cash flows

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

Description	1st year ThCh$
Future payment cash flows	4,420,049

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	03.31.2019 ThCh$	03.31.2018 ThCh$
Wages and salaries	30,913,890	31,450,221
Post employment benefit obligations expense	90,348	103,826
Total	**31,004,238**	**31,554,047**

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

Other non-financial liabilities are detailed as follows:

Concepts	03.31.2019		12.31.2018	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Contractual liabilities (1)	**10,864,774**	**2,975,082**	**13,840,015**	**3,072,995**
Handsets sold and not activated	3,426,909	-	5,489,074	-
Services charged and not rendered	5,068,931	-	4,728,848	-
IRUS rights of use	386,818	2,971,935	384,232	3,068,573
Others contractual liabilities (2)	1,982,116	3,147	3,237,861	4,422
Deferred income	**3,383,114**	**1,993,760**	**4,833,085**	**1,916,567**
Company projects to be undertaken (4)	2,467,844	1,148,090	3,615,005	1,235,997
Sale of telecommunications infrastructure	569,050	589,452	569,050	614,042
Other Deferred income (2)	346,220	256,218	649,030	66,528
Subsidies	**1,305,643**	**2,963,063**	**1,305,643**	**3,053,001**
Research and Development (4)	945,887	-	945,887	-
Extreme zones	118,942	565,827	118,942	595,562
Subsidy for Tierra del Fuego base stations	70,355	826,677	70,355	844,265
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	442,911	52,623	456,067
Connectivity for service networks and telecentre	90,380	409,216	90,380	431,811
Juan Fernandez Island Satellite links	27,456	718,432	27,456	725,296
Taxes	**16,846,849**	**-**	**9,778,499**	**-**
VAT	14,293,213	-	7,382,141	-
Other taxes (6)	2,553,636	-	2,396,358	-
Others non-financial liabilities	**32,400,380**	**7,931,905**	**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) Includes tax withholding and others tax.

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

Movements of contractual liabilities, deferred income and subsidies as of march 31, 2019 are as follows:

Movements	03.31.2019 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	62,080,131	6,132	471,189	-	-	-
Reduction/applications	(65,147,177)	(12,240)	(1,826,115)	(17,852)	(89,938)	-
Transfer	91,805	(91,805)	(95,045)	95,045	89,938	(89,938)
Movement subtotal	**(2,975,241)**	**(97,913)**	**(1,449,971)**	**77,193**	**-**	(89,938)
Ending balance	**10,864,774**	**2,975,082**	**3,383,114**	**1,993,760**	**1,305,643**	**2,963,063**

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 march 31, 2019 and december 31, 2018 is as follows:

Expirations		Total Current to 03.31.2019	Expirations			Total non-current to 03.31.2019
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$
11,196,021	21,204,359	**32,400,380**	4,043,869	1,658,632	2,229,404	**7,931,905**

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**

22. Equity

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

No changes were introduced in the objectives, policies or processes during the periods ended as of march 31, 2019 and 2018.

a) Capital

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

Number of shares

Series	03.31.2019			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	03.31.2019		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 march 31, 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**

22. Equity, continued

b) Distribution of shareholders

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

22. 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 03.31.2019 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)	(15,011)	(8,218,562)
Treasury stock reserve (v)	-	-	-
Foreign currency translation reserve (vi)	(58,310)	-	(58,310)
Cash flows hedge reserve (vii)	(338,921)	866,917	1,205,838
Reserve for financial assets (viii)	1,271,402	212,239	1,483,641
Total	**(457,727,425)**	**1,064,145**	**(456,663,280)**

i) Capital revaluation

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

ii) Business combination reserve

Corresponds to company reorganizations performed in previous years.

iii) Other miscellaneous reserves

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

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

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

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

22. Equity, continued

d) Other reserves, continued

iii) Other miscellaneous reserves, continued

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

iv) Employee benefits reserve

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

v) Treasury shares reserves

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

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

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

vi) Foreign currency translation difference reserve

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

vii) Hedge reserve

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

22. Equity, continued

d) Other reserves, continued

viii) Reserves for financial assets

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

e) Non-controlling interest

As of march 31, 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 %	03.31.2019 ThCh$	12.31.2018 ThCh$
Telefónica Chile S.A.	0.8594402	0.9718347	5,634,719	5,604,555
Total			**5,634,719**	**5,604,555**

As of march 31, 2019 and 2018 recognition of the share in income belonging to third parties is detailed as follows:

Subsidiarias	Percentaje Non-controlling interest		Non-controlling interest in result Utility (loss)	
	2019 %	2018 %	03.31.2019 ThCh$	03.31.2018 ThCh$
Telefónica Chile S.A.	0.8594402	0.9718347	26,487	62,650
Total			**26,487**	**62,650**

23. Earnings per Share

The details of Earnings per share are as follows:

Basic earnings per share	03.31.2019 ThCh$	03.31.2018 ThCh$
Earnings attributable to owners of the parent	20,645,542	27,887,599
Profit available for shareholders	**20,645,542**	**27,887,599**
Weighted average number of shares	936,165,609,040	887,631,908,214
Basic earnings per share in Ch$	**0.022**	**0.031**

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

24. Income and Expenses

a) The details of income from ordinary operations as of march 31, 2019 and 2018 are as follows:

Ordinary income	03.31.2019 ThCh$	03.31.2018 ThCh$
Mobile Telecommunications	219,890,768	227,811,351
Broadband	48,340,533	48,168,348
Television	39,654,916	43,127,492
Corporate Communication	35,214,690	30,812,656
Fixed Telecommunications	28,851,778	33,349,541
Wholesalers	5,867,669	5,765,867
Total	**377,820,354**	**389,035,640**

b) The detail of other operating income as of march 31, 2019 and 2018 are as follows:

Other income	03.31.2019 ThCh$	03.31.2018 ThCh$
Surcharges due to default	954,506	999,297
Income from indemnities, complaints and others	214,848	312,536
Subsidies	82,080	52,261
Income from disposal of real property	-	47,350
Other current management income	80,408	49,624
Total	**1,331,842**	**1,461,068**

c) The detail of other operating income as of march 31, 2019 and 2018 are as follows:

Other expenses	03.31.2019 ThCh$	03.31.2018 ThCh$
Cost of sale of inventory (note 10b) (1)	57,072,772	45,802,227
Exterior services (2)	31,789,985	40,126,512
Media rental (2)	30,272,245	34,973,513
Sales commissions	20,116,982	24,511,442
Interconnections and roaming (3)	14,758,614	20,100,371
Allowance for doubtful accounts	13,928,528	13,076,261
Plant maintenance	12,246,090	11,867,500
Computer services	11,849,220	12,994,128
Customer service	11,077,150	12,766,392
Advertising	6,795,951	6,096,117
Deferred cost of sale of handsets (4)	6,111,281	15,770,669
Energy	5,669,195	6,338,019
Real estate spending	3,890,743	5,563,152
Others (5)	3,648,269	5,541,152
Total	**229,227,025**	**255,527,455**

(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$13,443,745 as of March 31, 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 march 31, 2019 and 2018, includes transportation expenses, insurance, consulting, events, fines, sanctions, and security and surveillance expenses, among others.

24. Income and Expenses, continued

d) The detail of financial expenses, net, as of march 31, 2019 and 2018, is as follows:

Financial expenses, net	03.31.2019 ThCh$	03.31.2018 ThCh$
Interest income		
Interest earned on deposits	970,651	745,976
Interest earned on projects	290,855	254,062
Dividends on account of group companies	189,672	(97,418)
Interest on mercantile mandate	63,458	-
Interest earned on investments	60,253	24,138
Other financial income	491	1,932
Total interest income	**1,575,380**	**928,690**
Interest expense		
Interest on bond (1)	7,049,531	6,559,001
Interest on loans from bank institutions	1,442,393	645,075
Interest on update of employee termination benefits	414,025	483,796
Interest on projects	55,218	85,631
Interest on mercantile mandate	64,427	180,469
Other financial expenses (2)	1,575,345	879,309
Total interest expense	**10,600,939**	**8,833,281**
Total finance income and costs, net	**(9,025,559)**	**(7,904,591)**

(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 march 31, 2019 and 2018 are detailed as follows:

Currency translation	03.31.2019 ThCh$	03.31.2018 ThCh$
Current accounts receivable from related entities	(376,431)	(186,200)
Current accounts payable to related entities	102,831	453,479
Current trade and other accounts receivable	893,411	(310,596)
Trade and other accounts payable	(412,395)	839,580
Cash and cash equivalents	64,427	(409,236)
Financial debt	11,601,381	7,333,923
Hedge instruments	(11,657,460)	(7,763,549)
Total	**215,764**	**(42,599)**

24. Income and Expenses, continued

f) Indexation units as of march 31, 2019 and 2018 are detailed as follows:

Indexation units	03.31.2019 ThCh$	03.31.2018 ThCh$
Receivables from related companies	(137)	-
Payables to related companies	49,633	-
Current trade and other accounts receivable	155,504	25,172
Trade and other payables	214,148	(95,995)
Cash and cash equivalents	(189,356)	89,921
Current tax assets	-	23,045
Financial debt	198	(1,176,561)
Tax liabilities	6,234	(5,584)
Hedge instruments	(210)	1,181,250
Total	**236,014**	**41,248**

25. Leases

The main low value, short-term (less than 12 months) lease contracts with variable payments 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 March 31, 2019, lease expenses amount to ThCh$ 2,645,168

Concepts	03.31.2019			
	Up to one year ThCh$	From one to five years ThCh$	More than 5 years ThCh$	Total ThCh$
Minimum operating lease payments payable	9,324,410	40,861,220	29,046,619	79,232,249
Total	**9,324,410**	**40,861,220**	**29,046,619**	**79,232,249**

26. Local and Foreign Currency

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

Currents assets	03.31.2019 ThCh$	12.31.2018 ThCh$
Cash and cash equivalents	**123,594,372**	**263,376,457**
US Dollars	2,120,836	803,353
Euros	91,817	369,771
Chilean Pesos	121,174217	262,003,486
Others currencies	207,502	199,847
Other current financial assets	**2,491,841**	**5,211,677**
US Dollars	2,402,831	4,757,121
Euros	4,207	31,266
Chilean Pesos	84,803	423,290
Current trade and other accounts receivable	**280,313,179**	**198,534,756**
Us Dollars	3,349	3,784
Euros	41,824	39,538
Chilean Pesos	279,773,281	198,190,733
U.F.	494,725	300,701
Current receivables from related companies	**22,303,064**	**21,487,842**
US Dollars	4,081,387	6,467,316
Euros	38,108	-
Chilean Pesos	17,775,598	14,766,443
Others currencies	407,971	254,083
Other current assets (1)	**100,578,497**	**107,012,177**
Chilean Pesos	100,578,497	107,012,177
Total current assets	**529,280,953**	**595,622,909**
US Dollars	**10,171,085**	**12,031,574**
Euros	**191,490**	**440,575**
Chilean Pesos	**517,808,180**	**582,396,129**
U.F.	**494,725**	**300,701**
Others currencies	**615,473**	**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	**141,303,180**	**152,156,299**
US Dollars	99,686,997	112,126,778
Chilean Pesos	34,443,230	5,531,972
U.F.	495	27,539,170
Others currencies	7,172,458	6,958,379
Non-current trade and other accounts receivable	**38,070,307**	**34,028,767**
Chilean Pesos	38,070,307	34,028,767
Other non-currents non-financial assets	**2,617,334**	**2,716,622**
Chilean Pesos	2,617,334	2,716,622
Other non-current assets (2)	**2,276,891,188**	**2,056,335,591**
Chilean Pesos	2,276,891,188	2,056,335,591
Total non-current assets	**2,458,882,009**	**2,245,237,279**
US Dollars	**107,547,158**	**112,126,778**
Chilean Pesos	**2,344,161,898**	**2,098,612,952**
U.F.	**495**	**27,539,170**
Others currencies	**7,172,458**	**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.

26. Local and Foreign Currency, continued

The detail for currency of current liabilities is as follows:

Currents liabilities	03.31.2019	12.31.2018	03.31.2019	12.31.2018
	to 90 days ThCh$		91 days to 1 years ThCh$	
Other current financial liabilities	**20,248,791**	**5,244,587**	**49,285,179**	**53,641,540**
US Dollars	6,120,256	360,837	399,498	2,529,878
Euros	15,014	-		-
Chilean Pesos	2,347,154	4,479,636	10,766,962	50,361,782
U.F.	11,766,367	404,114	38,118,719	749,880
Trade and other payables	**314,563,124**	**385,753,698**	**-**	**-**
US Dollars	40,310,175	39,340,646	-	-
Euros	2,198,777	7,637,881	-	-
Chilean Pesos	223,117,179	296,886,411	-	-
U.F.	48,934,962	41,886,727	-	-
Others currencies	2,031	2,033	-	-
Current receivables from related companies	**50,485,134**	**52,202,802**	**4,021,442**	**-**
US Dollars	2,047,112	9,717,807	-	-
Euros	2,171,908	384,174	-	-
Chilean Pesos	46,266,114	42,100,821	2,124,594	-
U.F.	-	-	1,896,848	-
Other current liabilities (1)	**24,424,099**	**24,572,618**	**27,865,346**	**22,948,101**
Chilean Pesos	24,424,099	24,572,618	27,865,346	22,948,101
Total current liabilities	**409,721,148**	**467,773,705**	**81,171,967**	**76,589,641**
US Dollars	**48,477,543**	**49,419,290**	**399,498**	**2,529,878**
Euros	**4,385,699**	**8,022,055**	**-**	**-**
Chilean Pesos	**296,154,546**	**368,039,486**	**40,756,902**	**73,309,883**
U.F.	**60,701,329**	**42,290,841**	**40,015,567**	**749,880**
Others currencies	**2,031**	**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	03.31.2019	12.31.2018	03.31.2019	12.31.2018	03.31.2019	12.31.2018
	1 to 3 years ThCh$		3 to 5 years ThCh$		5 years and over ThCh$	
Other non-current financial liabilities	**408,344,248**	**337,416,947**	**534,196,465**	**506,620,551**	**24,191,075**	**-**
US Dollars	102,067,992	103,735,302	384,523,664	393,150,391	4,467	-
Chilean Pesos	138,545,085	123,317,204	35,131,903	31,534,160	14,279,302	-
U.F.	167,731,171	110,364,441	114,540,898	81,936,000	9,907,306	-
Trade and other payables non-current	**3,227,263**	**3,863,491**	**-**	**456,944**	**-**	**-**
Chilean Pesos	3,227,263	3,863,491	-	456,944	-	-
Non - current receivables from related companies	**7,467,587**	**168,255**	**7,906,025**	**-**	**7,356,733**	**-**
Chilean Pesos	4,455,534	168,255	4,670,612	-	4,332,989	-
U.F.	3,012,053	-	3,235,413	-	3,023,744	-
Other non-current liabilities (1)	**48,901,057**	**36,267,823**	**27,346,845**	**25,661,617**	**63,522,078**	**77,709,265**
Chilean Pesos	48,901,057	36,267,823	27,346,845	25,661,617	63,522,078	77,709,265
Other non-current liabilities	**467,940,155**	**377,716,516**	**569,449,335**	**532,739,112**	**95,069,886**	**77,709,265**
US Dollars	**102,067,992**	**103,735,302**	**384,523,664**	**393,150,391**	**4,467**	**-**
Chilean Pesos	**195,128,939**	**163,616,773**	**67,149,360**	**57,652,721**	**82,134,369**	**77,709,265**
U.F.	**170,743,224**	**110,364,441**	**117,776,311**	**81,936,000**	**12,931,050**	**-**

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

27. Contingencies and restrictions

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

Notwithstanding, there are certain proceedings in which due to the aforementioned considerations it is believed that there is a risk of loss that is rated as probable, which has motivated the establishment of provisions for the amount of what would be the estimated loss as of march 31, 2019, which altogether amounts to ThCh$5,246,473 in the parent and the amount to ThCh$860,186 in the subsidiaries. Regarding this figure, it is estimated that Telefónica Móviles Chile S.A. will have to pay the amount of ThCh$486,090 and the subsidiaries the amount of ThCh$371,063 during second quarter of 2019 and the rest during second semester 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$1,770,949 in the parent and the amount of ThCh$1,724,900 in the subsidiaries.

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

a) Voissnet proceeding

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

b) Tax 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$ 770,043, figure that includes taxes and legal surcharges.

27. 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 Telefónica, 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 march 31, 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	29,515,429	-	28,581,893	933,536
Corfo	TMCH	Parent	Deposit	1,104,971	1,104,971	-	-
Adessa Falabella Ltda	TMCH	Parent	Deposit	773,500	-	-	773,500
Banco estado de Chile	TMCH	Parent	Deposit	223,525	102,164	-	121,361
Metro S.A.	TMCH	Parent	Deposit	221,840	-	185,453	36,387
Administradora Plaza Vespucio S.A.	TMCH	Parent	Deposit	217,220	-	217,220	-
I Municipalidad De Vitacura	TMCH	Parent	Deposit	134,991	108,401		26,590
I Municipalidad De Arica	TMCH	Parent	Deposit	126,454	126,454	-	-
Aguas Andinas S.A.	TMCH	Parent	Deposit	124,040	124,040	-	-
Empresa Nacional del Petróleo	TMCH	Parent	Deposit	113,546	113,546	-	-
Nuevos Desarrollos S.A.	TMCH	Parent	Deposit	107,128	83,800	23,328	-
Others guarantee (1)	TMCH	Parent	Deposit	2,149,510	976,890	575,367	597,253
Serviu Región Metropolitana	TCH	Parent	Deposit	1,044,556	851,595	192,961	-
Conect S.A.	TCH	Parent	Deposit	1,039,823	-	1,039,823	-
Subsecretaría de Telecomunicaciones	TCH	Parent	Deposit	411,840	-	-	411,840
Ruta del Bosque Sociedad Concesionaria S.A.	TCH	Parent	Deposit	275,658	275,658	-	-
Others guarantee (1)	TCH	Parent	Deposit	515,991	431,401	24,423	60,167
Empresa de transporte de pasajeros Metro S.A.	TEM	Subsidiary	Deposit	1,091,867	-	655,120	436,747
Subsecretaría de Educación	TEM	Subsidiary	Deposit	1,668,080	-	834,040	834,040
Fundación Integra	TEM	Subsidiary	Deposit	770,322	-	770,322	-
Banco del Estado de Chile	TEM	Subsidiary	Deposit	1,178,995	307,707	-	871,288
Subsecretaría de Telecomunicaciones	TEM	Subsidiary	Deposit	702,575	702,575	-	-
Banmédica S.A.	TEM	Subsidiary	Deposit	630,201	-	-	630,201
Cemento Bio Bio S.A.	TEM	Subsidiary	Deposit	542,125	542,125	-	-

27. 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$
Tesorería del Estado Mayor General del Ejercito	TEM	Subsidiary	Deposit	424,998	424,998	-	-
Los Héroes C.C.A.F	TEM	Subsidiary	Deposit	290,973	-	-	290,973
Aguas Andinas S.A.	TEM	Subsidiary	Deposit	287,236	-	-	287,236
CDEC Sing. Ltda.	TEM	Subsidiary	Deposit	281,068	-	281,068	-
Estado Mayor Conjunto	TEM	Subsidiary	Deposit	272,702	124,307	148,395	-
Fundación Educacional para el Desarrollo Integral del Menor	TEM	Subsidiary	Deposit	239,666	-	-	239,666
Redbanc S.A.	TEM	Subsidiary	Deposit	229,712	-	-	229,712
Empresa Nacional de Electricidad S.A.	TEM	Subsidiary	Deposit	222,396	-	-	222,396
Banco Santander Chile	TEM	Subsidiary	Deposit	201,877	-	-	201,877
Consorcio Hospital Quillota Petorca S.A.	TEM	Subsidiary	Deposit	189,559	-	189,559	-
Dirección General del crédito prendario - DICREP	TEM	Subsidiary	Deposit	166,511	-	-	166,511
Comando Logístico de la Fuerza Aérea	TEM	Subsidiary	Deposit	163,030	-	-	163,030
SMU S.A.	TEM	Subsidiary	Deposit	146,182	-	-	146,182
Coordinador Independiente del Sist. Eléctrico Nacional.	TEM	Subsidiary	Deposit	142,054	-	142,054	-
Comercial ECCSA S.A.	TEM	Subsidiary	Deposit	124,043	-	-	124,043
Minera Centinela	TEM	Subsidiary	Deposit	119,934	119,934	-	-
Asociación Chilena de Seguridad	TEM	Subsidiary	Deposit	115,459	115,459	-	-
Caja Compensación de Asignación Familiar La Araucana	TEM	Subsidiary	Deposit	110,964	-	110,964	-
Fundación de Beneficencia Hogar de Cristo	TEM	Subsidiary	Deposit	109,680	-	109,680	-
Servicio Agrícola Ganadera SAG	TEM	Subsidiary	Deposit	104,147	-	-	104,147
Plaza Vespucio Spa	TEM	Subsidiary	Deposit	313,400	-	156,697	156,703
Gendarmería de Chile	TEM	Subsidiary	Deposit	265,584	-	-	265,584
Antofagasta Minerals S.A.	TEM	Subsidiary	Deposit	230,700	230,700	-	-
Soc Administradora de Fondos de Cesantia de Chile II S.A.	TEM	Subsidiary	Deposit	101,913	101,913	-	-
Others guarantee (1)	TEM	Subsidiary	Deposit	6,233,985	2,247,600	1,367,056	2,619,329
TOTAL				**55,771,960**	**9,216,238**	**35,605,423**	**10,950,299**

(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.

28. 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.

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

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

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

28. Environment (not audited), continued

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

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

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

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact, As of March 31, 2019 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

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

29. Risk management

a) Characterization of the market and competition

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

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

Operators with their own network are: Telefónica Móviles Chile S.A. (Movistar), owned by the Telefónica Group; Entel S.A., owned by the 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).

29. Risk management

a) Characterization of the market and competition, continued

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

Mobile Voice

At the end of the third quarter of 2019, it is estimated that the mobile telephone market will have close to 26.9 million accesses, decreasing 0.3% in comparison to the same period the year before. With this, mobile telephone penetration per 100 inhabitants would reach 144,4%, decreasing 1.8 percentage points in a year.

Prepayment customers present a decrease in the industry, influenced by less dynamism in the economy, the effect of lower access charges and the commercial strategy of the companies to migrate these customers to postpaid plans. When comparing the quarter of 2018 and 2019, prepay customers decreased by 1,750 thousand customers, whereas customers with contracts grew by 1,670 thousand customers. The proportion of prepayment closed at 57% of total customers in the market, -6.3 percentage points in comparison to as of march 2018

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 19.4 million as of March 2019, growing 14.3% in respect to first trimester of 2018. With the above, market penetration per inhabitant is 104,1%, increasing 12.1 percentage points in a year.

b) Competition Risk

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

In the first trimester of 2019, there were more than 857,000 mobile porting instances. Mobile portability has accumulated 16.4 million ported from when it began to March 2019, which is equivalent to 61.1% 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.

29. Risk management

c) Regulatory Environment, continued

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.

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.

29. Risk management

c) Regulatory Environment, continued

i) Tariff system for mobile telephones, continued

New Decree No. 21/2019 issued by Subtel determined a reduction of 79% in mobile access charges and its legality is in the process of being reviewed by the Comptroller General of the Republic of Chile (“Contraloría General de la República”). On March 29, 2019, Telefónica filed a complaint before the Comptroller General on the illegality of the Tariff Decree.

The new regulated tariffs that will ultimately be established in this tariff process will be in force as of January 26, 2019. Until the new decree is published, the tariffs of the former decree are being applied. 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.

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.

The new tariffs that ultimately result from this tariff process will begin to be in force as of May 8, 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).

29. Risk management

c) Regulatory Environment

iii) Spectrum Allocation, continued

- 700 MHz Band

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

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

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

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

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

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

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:

29. Risk management

c) Regulatory Environment

iii) Spectrum Allocation, continued

- 700 MHz Band, continued

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

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

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

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.

On October 3th the Telecommunications Undersecretary (subgel) filed the consultation for review of the spectrum capacity with the Tribunal for Free Competition (TDLC or Tribunal de la Libre Competencia), in accordance with what was indicated in the 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.

29. Risk management

c) Regulatory Environment

iii) Spectrum Allocation, continued

- 700 MHz Band, continued

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

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

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

On January 23, 2019, the Supreme Court declared the appeal filed by the Company inadmissible, product of the resolution of the TLDC issued on November 14, 2018 (see Note 29,c),iii)).

On January 25, 2019, Telefónica Móviles Chile S.A. filed an appeal claiming inapplicability due to unconstitutionality before the Constitutional Court, requesting, among other things, the suspension of compliance with the sentence of the Supreme Court of June 25, 2018, which ordered Entel, Claro and Telefónica Móviles Chile S.A., to dispose of the amount of spectrum awarded in the 700 MHz tender. Through resolution dated January 29, 2019, the Constitutional Tribunal agreed to the required suspension. Subsequently, on March 12, 2019, the Constitutional Court declared that the inapplicability appeal filed by Telefónica was inadmissible and left the suspension measure without effect. At the same time, it decided to declare Entel's inapplicability appeal admissible. In an explanatory resolution of the same date, the Constitutional Court established that the suspension measure is only maintained in the case of Entel. Telefónica filed an appeal against that resolution, which was rejected by resolution dated March 19, 2019.

It should be noted that through Official Circular No. 3 of January 2, 2019, Subtel required that Entel, Claro and Movistar report on: a) the specific spectrum divestment plan; b) whether Subtel was required to adopt any measure that was within its faculties, and c) any other relevant information. Telefónica sent its response on January 31, 2019.

In March 2019, Subtel modified the spectrum CAP proposal to the establishment of variable CAPS maintaining certain macro-bands. This points toward no operator being able to have more than 32% of band use.

On March 29, 2019, the TDLC, agreeing to a request presented by Conadecus, sent an official letter to the Undersecretary of Telecommunications requesting: the responses provided by Claro Chile S.A., Entel PCS Telecomunicaciones S.A. and Telefónica Móviles Chile S.A. to Circular No. 3 issued by that service dated January 2, 2019; and (ii) whether new measures have been carried out to ensure adequate and timely compliance with what has been ordered in legal proceedings.

29. Risk management

c) Regulatory Environment

iii) Spectrum Allocation, continued

- 3400 - 3600 MHz Band

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

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

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

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

Of Entel's 100 MHz, it liberated 50; of Claro's 50 MHz, it liberated 30, the same as VTR and Telefónica in the south zone of the country, The use of the remaining unliberated spectrum continues to be suspended for any service.

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

On November 20, 2018, Telefónica Móviles Chile S.A. filed before the TDLC a consultation (non-contentious) focusing on determining whether the execution of the decisions dictated by Subtel (Nos. 1289 and 1953) associated to the 3400 – 3600 MHz spectrum infringe or not on free competition. Through resolution dated November 29, 2018, the TDLC began the consultation. The deadline for interested third parties to contribute information expires on February 18, 2019. Through resolution dated February 28, 2019, the TDLC established the public allegations hearing.

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.

29. Risk management

c) Regulatory Environment

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

The new law mainly establishes that:

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

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

d) Technological changes

Subtel dictated new standards that establish that, as of March 2017, all mobile handsets commercialized in Chile must support all frequency bands commercially in use within the national territory (700, 850, 900, AWS 1700, 1900 and 2600 MHz) for, at least, one of the different technologies (2G, 3G and 4G) deployed as of the date of that commercialization.

Handsets that do not allow use in all bands, for at least one technology, will not be able to be commercialized.

In addition, only mobile handsets whose corresponding models have complied with the homologation procedure and have been registered in the single and centralized IMEI database will be enabled in the public network, except for those that are temporarily in the country, operating in an internacional roaming mode.

Through exempt resolution No. 1179/2017, Subtel delayed the commencement of the operation of the IMEI database and final labelling of handsets to September 23, 2017. The new system is already operating, thus complying with the new obligation standard within the deadline established for that purpose.

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

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

29. Risk management, continued

d) Technological changes, continued

On June 28, 2018, Subtel issued Exempt Resolution No, 1372 through which the deadline for resumption of the operation of the IMEI database was extended until November 10, 2018, date that was once again delayed to March 13, when the blocking of the IMEI of handsets not registered in the single and centralized database established by the Subtel in Exempt Resolution No. 2350, will finally go into effect.

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.

29. Risk management, continued

f) Financial risk management objectives and polices, continued

Interest rate risk

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

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

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates. As of March 31, 2019 the Company had 50% 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 March 31, 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$ 72,630, whereas a decrease in the TCPN would mean a reduction of ThCh$ 72,630 in the monthly financial accrual period for 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.

29. Risk management, continued

f) 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 March 31, 2019 amounts to 1.50%, a decrease of 0.60% in comparison to period 2018, where it reached 2.10%. The above is mainly due to a decrease in profits attributable to the owners in amount of MCh$ 7,242. This variance is mainly due to tax proceeds in the previous period, generated by taxable Goodwill, which arose due to the merger by absorption carried out in June 2017.

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

There were no changes in the objectives, policies or processes during the years ended as of March 31, 2019 and 2018.

30. Subsequent events

a) The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the exercise as of March 31, 2019, were approved and authorized for issuance at the Board of Directors Meeting held on April 29, 2019.

b) Spectrum Allocation:

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 ruling handed down by the Supreme Court on June 25, 2018; (ii) the measures it has asked Subtel to adopt, if they have been carried out, for the purpose of such compliance, in accordance with what is stated in the third resolution of the mentioned ruling, accompanying for that purpose the documents evidencing the same; and (iii) the deadlines foreseen to carry out such compliance.

A new date of May 27, 2019 was established for the hearing of allegations on the consultation of the Spectrum Cap before the TDLC, through resolution dated April 22, 2019.

Through resolution dated April 22, 2019, a new date of June 13, 2019 was established for the hearing of allegations on the consultation of the 3500 MHz band before the TDLC.

c) In the period from April 1 to 29, 2019, there have been no other significant subsequent effects that affect these consolidated financial statements.

Julio Jorge Vega
Accounting Manager

Rafael Zamora Sanhueza
Director of Finance and Management Control

Roberto Muñoz Laporte
General Manager