TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended
June 30, 2013 and December 31, 2012

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

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Notes to the Consolidated Financial Statements

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

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2013 and December 31, 2012

ASSETS	Notes	06.30.2013	12.31.2012
		ThCh$	ThCh$
CURRENT ASSETS			
Cash and cash equivalents	(5)	141,656,692	164,192,567
Other current financial assets	(6)	70,998,211	44,551,680
Other current non-financial assets	(7)	35,738,009	35,431,056
Trade and other current accounts receivable	(8)	120,681,664	127,609,827
Current accounts receivable from related companies	(9a)	42,388,852	48,145,501
Inventory	(10)	49,806,675	52,482,983
Total current operating assets		**461,270,103**	**472,413,614**
TOTAL CURRENT ASSETS		**461,270,103**	**472,413,614**
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	9,286,005	1,134,018
Other non-current non-financial assets	(7)	1,159,900	1,169,017
Investments in associates accounted for using the equity method	(12a)	4,219,320	2,484,207
Intangible assets other than goodwill	(13)	50,941,307	61,241,249
Goodwill	(14)	483,179,725	483,179,725
Property, plant and equipment	(15)	343,136,494	368,306,288
Deferred tax assets	(11c)	17,036,419	19,329,303
TOTAL NON-CURRENT ASSETS		**908,959,170**	**936,843,807**
TOTAL ASSETS		**1,370,229,273**	**1,409,257,421**

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

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2013 and December 31, 2012

LIABILITIES	Notes	06.30.2013	12.31.2012
		ThCh$	ThCh$
CURRENT LIABILITIES			
Other current financial liabilities	(16- 18b)	4,697,334	5,256,302
Trade and other accounts payables	(17)	139,283,874	165,163,710
Current accounts payable to related companies	(9b)	58,013,475	67,453,667
Other short term provisions	(19a)	360,044	360,415
Current tax liabilities	(11d)	11,279,173	21,050,961
Other current non-financial liabilities	(21)	47,230,153	56,668,168
TOTAL CURRENT LIABILITIES		**260,864,053**	**315,953,223**
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(16)	407,139,152	396,643,892
Non-current accounts payable to related companies	(9d)	1,366,521	1,366,521
Other long-term provisions	(19b)	15,673,325	15,673,323
Other non-current non-financial liabilities		1,158,981	552,613
TOTAL NON-CURRENT LIABILITIES		**425,337,979**	**414,236,349**
TOTAL LIABILITIES		**686,202,032**	**730,189,572**
EQUITY			
Issued capital	(22a)	941,098,241	941,098,241
Retained earnings		74,854,924	70,838,702
Other reserves	(22d)	(331,925,869)	(332,869,039)
Shareholders' equity attributable to owners of the parent		684,027,296	679,067,904
Non-controlling interests	(22e)	(55)	(55)
TOTAL EQUITY		**684,027,241**	**679,067,849**
TOTAL LIABILITIES & EQUITY		**1,370,229,273**	**1,409,257,421**

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY NATURE

As of June 30, 2013 and 2012

COMPREHENSIVE INCOME STATEMENT	Notes	For the period from April 1, to June 30, 2013	For the six-month period ended June 30, 2013	For the period from April 1, to June 30, 2012	For the six-month period ended June 30, 2012
		ThCh$	ThCh$	ThCh$	ThCh$
Income from ordinary operations	(24a)	252,455,861	495,623,308	234,807,514	477,327,267
Other income	(24b)	5,685,596	6,191,724	1,469,761	2,045,426
Employee benefits expenses	(20a)	(609,443)	(1,773,386)	(584,317)	(587,837)
Depreciation and amortization expense	(13-15b)	(36,325,474)	(80,424,722)	(54,152,818)	(105,268,337)
Other expenses, by nature	(24c)	(201,056,723)	(382,915,000)	(152,119,435)	(311,637,074)
Profit from operating activities		**20,149,817**	**36,701,924**	**29,420,705**	**61,879,445**
Finance income	(24d)	3,294,646	6,488,742	4,828,287	8,908,532
Finance costs	(24d)	(6,641,665)	(13,214,214)	(7,951,314)	(13,957,139)
Share in earnings (losses) of associates accounted for using the equity method	(12b)	860,551	1,735,348	519,798	1,871,018
Foreign exchange differences	(24e)	294,979	155,767	(152,309)	123,557
Indexation units	(24e)	553	43,229	(8,138)	(13,435)
Profit before tax from continuing operations		**17,958,881**	**31,910,796**	**26,657,029**	**58,811,978**
Income tax expense	(11e)	(6,445,496)	(8,868,889)	(6,319,383)	(11,201,965)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**11,513,385**	**23,041,907**	**20,337,646**	**47,610,013**
Profit attributable to:					
Profit attributable to owners of the parent		11,513,385	23,041,907	20,337,646	47,610,013
Profit attributable to non-controlling interests		-	-	-	-
PROFIT		**11,513,385**	**23,041,907**	**20,337,646**	**47,610,013**

EARNINGS PER SHARE		Ch$	Ch$	$	$
Earnings per basic share:					
Earnings per basic share for continuing operations	(23)	97.55	195.23	172.31	403.39
Earnings per basic share for discontinued operations		-	-		
Earnings per basic share:		**97.55**	**195.23**	172.31	403.39
Diluted earnings per share:					
Diluted earnings per share from continuing operations		97.55	195.23	172.31	403.39
Diluted earnings per share from discontinued operations		-	-		
Diluted earnings per share:		**97.55**	**195.23**	**172.31**	**403.39**

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

	For the period from April 1, to June 30, 2013	For the six-month period ended June 30, 2013	For the period from April 1, to June 30, 2012	For the six-month period ended June 30, 2012
	ThCh$	ThCh$	ThCh$	ThCh$
OTHER COMPREHENSIVE INCOME STATEMENT				
PROFIT	**11,513,385**	**23,041,907**	**20,337,646**	**47,610,013**
Components of other comprehensive income before taxes				
Cash flow hedges:				
Profit (loss) on cash flow hedges, before taxes	1,763,934	1,178,963	5,914,261	12,092
Other components of other comprehensive income, before taxes	**1,763,934**	**1,178,963**	**5,914,261**	**12,092**
Income taxes related to components of other comprehensive income:				
Income tax related to cash flow hedges from other comprehensive income	(352,787)	(235,793)	(1,094,138)	(2,237)
Income taxes related to components of other comprehensive income	**(352,787)**	**(235,793)**	**(1,094,138)**	**(2,237)**
OTHER COMPREHENSIVE INCOME	**1,411,147**	**943,170**	**4,820,123**	**9,855**
TOTAL COMPREHENSIVE INCOME	**12,924,532**	**23,985,077**	**25,157,769**	**47,619,868**
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Comprehensive income attributable to owners of the parent	12,924,532	23,985,077	25,157,769	47,619,868
Comprehensive income attributable to non-controlling interests	-	-	-	-
TOTAL COMPREHENSIVE INCOME	**12,924,532**	**23,985,077**	**25,157,769**	**47,619,868**

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

STATEMENTS OF CHANGES IN EQUITY
As of June 30, 2013 and 2012

	Changes in issued capital (Note 22 a)	Changes in other reserves (Note 22 d)				Retained earnings (losses)	Equity attributable to owners of the parent	Non controlling interests (Nota 22 e)	Total equity
	Issued Capital	Reserves from cash flow hedge	Reserves from actuarial gains (losses) on defined benefits plans	Other miscellaneous reserves	Total other reserves				
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Equity at the beginning of the period	941,098,241	824,388	(2,121,550)	(331,571,877)	(332,869,039)	70,838,702	679,067,904	(55)	679,067,849
Changes in equity									
Comprehensive income									
Profit	-	-	-	-	-	23,041,907	23,041,907	-	23,041,907
Other comprehensive income	-	943,170	-	-	943,170	-	943,170	-	943,170
Comprehensive income	-	943,170	-	-	943,170	23,041,907	23,985,077	-	23,985,077
Dividends	-	-	-	-	-	(19,025,685)	(19,025,685)	-	(19,025,685)
Increase (decrease) from transfers and other changes, equity	-	-	-	-	-		-	-	-
Total increase (decrease) in equity	-	-	-	-	-	(19,025,685)	(19,025,685)	-	(19,025,685)
Equity june 30, 2013	941,098,241	1,767,558	(2,121,550)	(331,571,877)	(331,925,869)	74,854,924	684,027,296	(55)	684,027,241
Equity at the beginning of the period	941,099,241	944,033	(2,594,624)	(331,571,877)	(333,222,468)	122,059,601	729,936,374	-	729,936,330
Changes in equity									
Comprehensive income									
Profit	-	-	-	-	-	47,610,013	47,610,013	-	47,610,013
Other comprehensive income	-	9,855	-	-	9,855	-	9,855	-	9,855
Comprehensive income	-	9,855	-	-	9,855	47,610,013	47,619,868	-	47,619,868
Dividends	-	-	-	-	-	-	-	-	-
Increase (decrease) from transfers and other changes, equity	-	-	(185,749)	-	(185,749)	-	(185,749)	-	(185,749)
Total increase (decrease) in equity	-	-	(185,749)	-	(185,749)	-	(185,749)	-	(185,749)
Equity june 30, 2012	941,099,241	953,888	(2,780,373)	(331,571,877)	(333,398,362)	169,669,614	777,370,493	-	777,370,493

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

	For the six-month period ended June 30	
	2013	2012
	ThCh$	ThCh$
CASH FLOWS PROVIDED (USED IN) BY OPERATING ACTIVITIES:		
Classes of operating activity charges		
Proceeds from sale of assets and services rendered	577,069,759	556,113,847
Other operating activity charges	15,975,867	28,835,443
Classes of payments		
Payments to suppliers for supplying goods and services	(444,797,373)	(451,604,679)
Payments to and on account of employees	(2,523,598)	(2,173,214)
Interest paid	(25,839,066)	(28,744,428)
Interest received	(12,358,322)	(11,216,222)
Other operating activity payments	3,927,384	7,971,534
Income taxes (paid) reimbursed classified as operating activities	(16,545,233)	(7,943,323)
Cash flows provided (used in) by operating activities:	**94,909,418**	**91,238,958**
CASH FLOWS PROVIDED (USED IN) BY INVESTMENT ACTIVITIES:		
Loans to related entities	(105,175,000)	(101,009,519)
Proceeds from sale of property, plant and equipment	-	49,110,510
Additions to property, plant and equipment	(77,231,437)	(54,244,218)
Collection from related entities	85,148,927	93,937,391
Other cash inflows (outflows)	-	34,303,000
Net cash flows provided (used in) by investment activities	**(97,257,510)**	**22,097,164**
CASH FLOWS PROVIDED (USED IN) BY FINANCING ACTIVITIES:		
Loan payments to related entities	-	(31,000,000)
Dividends paid	(20,000,000)	-
Other cash inflows (outflows)	(187,783)	164,376
Net cash flows provided (used in) by financing activities	**(20,187,783)**	**(30,835,624)**
Net Increase (decrease) in cash and cash equivalents, before the effects of changes in the exchange rate	**(22,535,875)**	**82,500,498**
Effects of the change in exchange rate on cash and cash equivalents:		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,535,875)	82,500,498
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	164,192,567	135,709,827
CASH AND CASH EQUIVALENTS, END OF YEAR	**141,656,692**	**218,210,325**

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

1. Corporate Information:

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

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

At the Extraordinary Shareholders' Meeting held on December 11, 2012, the shareholders agreed to approve the division of Telefónica Móviles Chile S.A. into two companies under the terms of articles 94 and following of Law No. 18,046, one of them remains as the continuing company, with the same name and a new company, Torres Dos S.A., is formed to which mainly non-essential assets and liabilities are allocated which represent 0.0001511325068766% of the shareholders' equity of the divided company based on the latest financial statements reported as of November 30, 2012. This division does not alter or modify the operation of the continuing company, Telefónica Móviles Chile S.A..

As of June 30, 2013, the Company's direct parent is Inversiones Telefonica Moviles Holding S.A., which belongs to the Spanish group Telefonica, S.A..

2. Significant Accounting Policies:

a) Accounting period

The consolidated financial statements (hereinafter, "financial statements") cover the following periods: Statements of Financial Position as of June 30, 2013 and December 31, 2012; Statements of Changes in Equity, Income Statements by Nature and Statements of Cash Flows for the six-month period ended as of June 30, 2013 and 2012.

2. Significant Accounting Policies, continued

b) Basis of presentation

The financial statements as of December 31, 2012, and their corresponding notes are shown in a comparative manner in accordance with Note 2a).

The following changes were made in the consolidation perimeter in 2012: i) on April 30, 2012, subsidiary Wayra Chile Tecnología e Innovación Ltda. (formerly Telefónica Móviles Chile Inversiones S.A.) sold its interest in Intertel S.A. to Inversiones Telefónica Móviles Holding S.A.; and ii) on November 27, 2012, the Company transferred its rights over subsidiary Wayra Chile Tecnología e Innovación Ltda. to Wayra Investigación y Desarrollo, SLU. Due to the above, the effect of these transactions was recorded retroactively in the pro forma financial statements as of June 30, 2013; therefore the pro forma financial statements for the aforementioned date have not been consolidated with the companies sold in 2012, Intertel S.A. and Wayra Chile Tecnología e Innovación Ltda.

Additionally, for comparison purposes, certain minor reclassifications have been performed to the 2012 financial statements. Reclassifications are mainly related to the comprehensive income statement .

i) Income from leased land and solar and management income was reclassified from Other Income to Income from Ordinary Operations in the amount of ThCh $ 1,926,312.
ii) Income from Overdue Charges were reclassified from Income from Ordinary Operations to Other Income in the amount of ThCh$ 463,535.

c) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and in accordance with IAS 34 “Interim Financial Reporting”, incorporated in IFRS. The figures included in the attached financial statements are expressed in thousands of Chilean pesos, which is the Company's functional currency. All values are rounded to thousands of Chilean pesos, unless otherwise indicated.

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

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

2. Significant Accounting Policies, continued

d) Basis of consolidation

i) Entities, subsidiaries and joint ventures

The financial statements of Telefonica Moviles Chile S.A. and its subsidiaries include assets and liabilities as of June 30, 2013 and December 31, 2012. Balances with related companies, income and expenses and unrealized gains and losses have been eliminated and non-controlling interests have been recognized under the category "Non-controlling interests" (nota 22e).

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

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

The following subsidiaries are included in consolidation:

				Participation percentage			
		Country	Funct	06.30.2013			12.31.2012
Taxpayer No.	Company	of origin	currency	Direct	Indirect	Total	Total
99.578.440-8	Telefónica Móviles Chile Distribución S.A.	Chile	CLP	99.99	-	99.99	99.99
76.182.386-8	Fondo de Inversión Privado Infraestructura Uno	Chile	CLP	100	-	100	100

2. Significant Accounting Policies, continued

d) Basis of consolidation, continued

i) Entities, subsidiaries and joint ventures, continued

The summarized financial information as of Jun 30, 2013 of the companies included in the consolidation is the following:

Taxpayer No.	Company	% Participation	Current Assets ThCh$	Non-Current Assets ThCh$	Total Assets ThCh$	Current Liabilities ThCh$	Non-Current Liabilities ThCh$	Total Liabilities ThCh$	Equity ThCh$	Operating income ThCh$	Net profit (loss) ThCh$
99.578.440-8	Telefónica Móviles Chile Distribución S.A.	99.99	21,825	-	21,825	569,730	-	569,730	(547,905)	-	-
76.182.386-8	Fondo de Inversión Privado Infraestructura Uno	100	16,355,029	-	16,355,029	10,231,132	-	10,231,132	6,123,897	-	772,565

The summarized financial information as of December 31, 2012 of the companies included in the consolidation is the following:

Taxpayer No.	Company	% Participation	Current Assets ThCh$	Non-Current Assets ThCh$	Total Assets ThCh$	Current Liabilities ThCh$	Non-Current Liabilities ThCh$	Total Liabilities ThCh$	Equity ThCh$	Operating income ThCh$	Net profit (loss) ThCh$
99.578.440-8	Telefónica Móviles Chile Distribución S.A.	99.99	21,825	-	21,825	569,730	-	569,730	(547,905)	600	(110,897)
76.182.386-8	Fondo de Inversión Privado Infraestructura Uno	100	36,419,244	-	36,419,244	10,181,783	-	10,181,783	26,237,461	20,886,128	20,974,132

2. Significant Accounting Policies, continued

e) Foreign currency translation

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

Date	US$	EURO	UTM	UF
June 30,2013	507.16	659.93	40,805.00	22,852.67
December 31,2012	479.96	634.45	40,206.00	22,840.75
June 30,2012	501.84	635.08	39,689.00	22,627.36

All differences resulting from foreign currency translation in the application of this standard are recognized in the income statement of the period under “Foreign Exchange Differences”.

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) Loans and accounts receivable

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

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

Loans and accounts receivable are included in “trade and other accounts receivable” in the statement of financial position, except for those with due dates in excess of 12 months from the closing date which are classified as non-current accounts receivable.

They are recorded at amortized cost using the effective interest rate method, which is its initial fair value.

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

i) Loans and accounts receivable, continued

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

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

ii) Financial assets at fair value through profit or loss

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

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

iii) Financial assets held to maturity

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

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

iv) Financial assets available for sale

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

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

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

iv) Financial assets available for sale, continued

These investments figure in the statement of financial position at their fair value when it is possible to determine it reliably. In the case of interests in companies that are not quoted or that are not very liquid, normally the market value cannot be reliably determined, therefore when this occurs, they are valued at acquisition cost or a lower amount when there is evidence of impairment.
Changes in fair value, net of their tax effect, are recorded in the comprehensive income statement: other comprehensive income, up to the time of disposal of these investments, time at which the accumulated amount in this heading is imputed fully to profit or loss for the year.
Should the fair value be less than the cost of acquisition, if there is objective evidence that the asset has suffered impairment that cannot be considered temporary, the difference is recorded directly in loss for the year.

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

2. Cash and cash equivalents

Cash and cash equivalents recognized in the statements of financial position comprise cash, bank current accounts, time deposits, investments in instruments with resale agreements and easily liquidated financial instruments that are free of risk maturing in less than 90 days. These items are recorded at their historical cost, which does not significantly differ from their realization value.

There are no restrictions on the use of cash and cash equivalents.

3. Financial liabilities

The Company classifies its financial liabilities in the following categories: at fair value through profit or loss, trade accounts payable, interest bearing loans or derivatives designated as effective hedge instruments (see Note 18).

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

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

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

3. Financial liabilities, continued

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

i) Financial liabilities at fair value through profit or loss

Financial liabilities are classified to the category of financial liabilities at fair value through profit or loss when they are held for trading or designated at fair value through profit or loss in their initial recognition.
Profits or losses on liabilities held for trading are recognized in profit or loss. This category includes derivative instruments not designated for hedge accounting.

ii) Trade accounts payable

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

iii) Interest-bearing loans

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

4. Derivative financial instruments

The Company uses hedge derivatives to manage its exposure to interest and exchange rate risks. 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 operations which are subject to hedging.

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

4. Derivative financial instruments

Derivative instruments are recognized at their fair value on the date of the statement of financial position, under “other financial assets” or “other financial liabilities” depending on whether their fair value is positive or negative respectively. They are classified as current or non-current depending on whether they mature in less than or more than twelve months. Derivative instruments that meet all the requirements for being treated as hedge instruments for long-term items are presented as non-current assets or liabilities, based on their balance separately from the hedged items, as indicated in IAS 39. Exchange risk hedges in firmly committed transactions may be treated indistinctly as either a fair value hedge or cash flow hedge.

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

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

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

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

2. Significant Accounting Policies, continued

g) Inventory

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

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

Obsolescence is determined on the basis of the commercial turnover of equipment and accessories. According to the Company's policies, items with a rotation of more than 721 days have been defined as slow rotating. Should items be commercially discontinued, slow rotation is considered to be 360 days. Likewise, warehouse scrap products or accessories are considered to be a total loss.

h) Impairment of non-current assets

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

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

The discount rate used is determined before taxes and adjusted by the corresponding country risk and business risk. Thus, in 2013 and 2012 the rate used was 10.72% and 10.67% respectively. For the 2013 and 2012 periods there were no impairment adjustments performed.

i) Leasing

Leased assets for which the lessor retains a significant part of the risks and rewards of ownership are classified as operating leases. Payments made for this type of leasing are taken to income statement on a straight-line basis over the term of the lease.

2. Significant Accounting Policies, continued

i) Leasing, continued

Leased assets for which the significant risks and rewards of ownership are transferred to the Company are considered finance leases. Initially, the asset and the associated liability are recorded at the fair value of the leased asset or if lower the present value of the minimum agreed-upon lease payments. Interest expense is taken to the income statement throughout the life of the leasing contract. Depreciation of these assets is included in depreciation of "Property, Plant and Equipment". The Company reviews all contracts to determine if they contain an embedded lease. As of June 30, 2013 and December 31, 2012 no embedded leases have been identified.

j) Taxes

The income tax expense for each period includes current and deferred income taxes.

Tax assets and liabilities for the current and prior periods are measured at the amount the Company estimates it will recover or pay to tax authorities. Tax rates and government regulations used to calculate these amounts are those in force as of each year-end 20% for 2013 and 2012.

Deferred taxes are calculated based on an analysis of the temporary differences that arise from differences between the tax and book value of assets and liabilities. These differences correspond primarily to the provision for doubtful provision, allowance for obsolescence, deferred income and depreciation of property, plant and equipment.

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

Temporary differences generally become taxable or deductible when the related asset is recovered or the related liability is settled. A deferred tax liability or asset represents the amount of tax payable or refundable in future years under the currently enacted tax laws and rates as a result of temporary differences at the end of the current year.

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

2. Significant Accounting Policies, continued

k) Investments in associates accounted for using the equity method

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

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

As of June 30, 2013 and December 31, 2012, the investment in Buenaventura S.A. shows negative equity, therefore the Company stopped applying the equity method and valued the investment at one Chilean peso for control purposes.

l) Goodwill

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

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

m) Intangibles

i) Intangible assets (Concession licenses)

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

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

ii) Licenses and Software

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

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

2. Significant Accounting Policies, continued

m) Intangibles, continued

ii) Licenses and Software, continued

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

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

n) Property, plant and equipment and Depreciation

i) Property, plant and equipment

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

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

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

The Company maintains service agreements with customers to which it has leased phones, which are depreciated on a straight-line basis over a period of 12 months. The above is applicable to contracts signed until September 30, 2012.

The Company capitalizes borrowing costs incurred in and directly attributable to the purchase and construction of qualified assets. Qualified assets under the criteria of the Telefonica Group are those assets that require at least 18 months of preparation for their use or sale. As of June 30, 2013 and December 31, 2012, no capitalized interest exists.

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

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

ii) Depreciation of property, plant and equipment

The Company depreciates Property, plant and equipment from the moment on 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. The Company's average annual financial depreciation rate is approximately 29.39% for June 2013, and 31.65% for December 2012.

2. Significant Accounting Policies, continued

ii) Depreciation of property, plant and equipment, continued

Estimated useful lives are summarized in the following detail:

Assets	Minimum life or rate	Maximum life or rate
Buildings	5	40
Transport equipment	7	7
Supplies and accessories	10	10
Office equipment	10	10
Other property, plant & equipment (1)	1	20

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

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

The Company also applies procedures to evaluate any indications that assets have been impaired. If an asset's carrying amount exceeds its market value or capacity to generate net income, impairment adjustments are taken to the income statement of the financial year.

o) Provisions

i) Provision for dismantling expenses

Corresponds to the cost that will be incurred in the future due to the dismantling of microwave antennas from the telecommunications infrastructure after the expiration of the rental contract regarding a third-party site. This cost is calculated at current value with a discount rate of 4.4% and is recorded as a Property, Plant and Equipment item under assets, and as a non-current provision on a future obligation. That Property, Plant and Equipment item is amortized over the duration of the asset associated to that provision.

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

ii) 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.

2. Significant Accounting Policies, continued

p) Income and expenses

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

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

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

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

As of October 1, 2012, income and costs for mobile equipment rental operations for postpaid contracts are recognized at the beginning of the transaction, since current contractual service agreement terms establish a term of twelve months for the plan or contract. For contracts signed until September 30, 2012, income from the initial rental installment is deferred over a term of twelve months as of the time of the signing of the rental contract.

Income from traffic included in the sale of prepaid phones is recognized once the minutes are consumed. Income from the sale of prepaid handsets is recognized once they are activated. All expenses related to these mixed commercial offers are charged to the income statement as incurred.

q) Use of Estimates

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

i) Property, plant and equipment and intangibles

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

The determination of useful lives requires estimates regarding expected technological progress and alternative uses for assets.

2. Significant Accounting Policies, continued

q) Use of Estimates, continued

i) Property, plant and equipment and intangibles, continued

Hypotheses regarding technological framework and its future development imply a significant degree of judgment, as the timing and nature of future technological changes is difficult to predict.

ii) Provisions

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

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

iii) Income recognition: agreements combining more than one element

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

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

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

iv) Financial assets and liabilities

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model.

The inputs to these models are taken from observable markets when possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instrument.

2. Significant Accounting Policies, continued

r) Consolidation methods

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

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

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

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

s) New IFRS and Interpretations of the IFRS Interpretations Committee

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

	New Standard	Mandatory application date
IFRIC 21	Levies	January 1, 2014
IFRS 9	Financial instruments: Classification and measurement	January 1, 2015

IFRIC 21 "Levies"

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets that was issued in May 2013. IAS 37 establishes the criteria for recognition of assets, one of which is the requirement that the entity must have a present obligation as a result of a past event. The interpretation clarifies that this past event from which the payment obligation of a levy arises is the activity described in the relevant legislation that triggers payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

2. Significant Accounting Policies, continued

s) New IFRS and Interpretations of the IFRS Interpretations Committee

IFRS 9 "Financial instruments"

This standard introduces new requirements for the classification and measurement of financial assets, allowing early application. It requires that all financial assets are totally classified on the basis of the entity's business model for managing financial assets and the characteristics of contractual cash flows of financial assets. Financial assets under this standard are measured either at amortized cost or fair value. Only financial assets classified as measured at amortized cost must be tested for impairment. Application is effective for annual periods beginning on or after January 1, 2015, early adoption is allowed.

	Improvements and Amendments	Mandatory application date
IFRS 10	Consolidated Financial Statements	January 1, 2014
IFRS 12	Disclosure of interests in other entities	January 1, 2014
IAS 27	Separate Financial Statements	January 1, 2014
IAS 32	Financial Instruments Presentation	January 1, 2014
IAS 36	Impairment of Assets	January 1, 2014
IAS 39	Financial Instruments: Recognition and Measurement	January 1, 2014

IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements"

The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements originate from proposals from the Standards Project on Investment Entities published in August 2011. The amendments define an investment entity and introduce an exception to consolidate certain subsidiaries belonging to investment entities. These amendments require that an investment entity measures its subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new requirements on disclosure of information related to investment entities in IFRS 12 and in IAS 27. Entities are required to apply amendments to annual periods commencing as of January 1, 2014. Early application is allowed.

IAS 32 "Financial Instruments: Presentation"

Amendments to IAS 32 issued in December 2011, are destined to clarify differences in the application related to compensation and to reduce the level of diversity in current practice. The standard is applicable as of January 1, 2014 and its early adoption is allowed.

2. Significant Accounting Policies, continued

s) New IFRS and Interpretations of the IFRS Interpretations Committee

IAS 36 “Impairment of Assets”

Amendments to IAS 36, issued in May 2013, are destined to disclosure of information regarding the recoverable amount of impaired assets, if the amount is based on the fair value less disposal costs. These amendments are in relation to the issuance of IFRS 13 Fair Value Measurement. Amendments must be applied retrospectively for annual periods commencing on or after January 1, 2014. Early application is allowed when the entity has already applied IFRS 13.

IAS 39 “Financial Instruments: Recognition and Measurement”

Amendments to IAS 39, issued in June 2013, provide an exception to the requirement to suspend hedge accounting in situations in which over the counter derivatives designated in hedge relations are directly or indirectly novated to a central counterpart entity, as a consequence of laws or regulations, or the introduction of laws or regulations. It is required that entities apply the amendments to annual periods commencing as of January 1, 2014. Early application is allowed.

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

3. Changes in Accounting Policy and Disclosures

a) Accounting changes:

During the years covered by these financial statements, International Financial Reporting Standards have been consistently applied.

b) Changes in estimates:

There have been no changes in estimates made during the periods covered by these financial statements that might affect comparison of the financial statements.

4. Financial Information by Segment

Telefonica Moviles Chile S.A. discloses segment information in accordance with IFRS 8, “Operating Segments” which establishes the standards for reporting on operating segments and related disclosures for products and services and geographic areas. Operating segments are defined as components of an entity for which discrete financial information is available and is regularly reviewed by the Company’s principal decision maker to make decisions about resource allocation and assess its performance.

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

There have been no changes in the measurement methods used to determine segment results with respect to the prior year.

5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	06.30.2013 ThCh$	12.31.2012 ThCh$
Cash (a)		**1,115,701**	**2,848,779**
	USD	4,243	4,243
	EUR	7,215	7,215
	CLP	1,104,243	2,837,321
Banks (b)		**2,382,355**	**3,698,428**
	CLP	2,382,355	3,698,428
Time deposits (c)		**138,158,636**	**151,247,866**
	CLP	31,999,780	151,247,866
	USD	106,158,856	-
Repurchase agreements (d)		**-**	**6,397,494**
	CLP	-	6,397,494
Total cash and cash equivalents		**141,656,692**	**164,192,567**
Subtotal by currency	**CLP**	**35,486,378**	**164,181,109**
	USD	**106,163,099**	**4,243**
	EUR	**7,215**	**7,215**

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

a) Cash

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

b) Banks

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

5. Cash and cash equivalents, continued

c) Time deposits,

Time deposits maturing in less than 90 days are recorded at fair value and as of June 30, 2013 and December 31, 2012 are detailed as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency	Accrued interest in local currency	Foreign currency translation local currency	Total as of 06.30.2013
					ThCh$	ThCh$	ThCh$	ThCh$
Time deposit	CLP	31,880,000	5.09%	27	31,880,000	119,780	-	31,999,780
Time deposit	USD	209,267.89	4.28%	38	104,081,300	26,554	2,051,002	106,158,856
Totales					**135,961,300**	**146,334**	**2,051,002**	**138,158,636**

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency	Accrued interest in local currency	Foreign currency translation local currency	Total as of 12.31.2012
					ThCh$	ThCh$	ThCh$	ThCh$
Time deposit	CLP	151,068,000	5.64%	25	151,068,000	179,866	-	151,247,866
Total					**151,068,000**	**179,866**	**-**	**151,247,866**

5. Cash and cash equivalents, continued

d) Repurchase agreements

The amounts for December 31, 2012 are detailed as follows:

Code	Dates Beginning	Dates Ending	Counterparty	Original currency	Subscription value ThUSD	Annual rate	Final value ThCh$	Identification of instruments	Book value ThCh$ 12.31.2012 ThCh$
CRV	12.28.2012	01.02.2013	BBVA	CLP	3,000,000	5,53%	3,001,950	BCP0600816	3,001,170
CRV	12.28.2012	01.02.2013	BBVA	CLP	3,395,000	5,41%	3,397,207	BCP0600514	3,396,324
			Total		**6,395,000**		**6,399,157**		**6,397,494**

As of June 30, 2013 there are no restrictions on the use of cash and cash equivalents.

6. Other Current and Non-current Financial Assets

The breakdown of other current financial assets is as follows:

Concepts	06.30.2013 Current ThCh$	06.30.2013 Non-Current ThCh$	12.31.2012 Current ThCh$	12.31.2012 Non-Current ThCh$
Hedging instruments (18 b)	5,707,011	9,286,005	4,476,880	1,134,018
Highly liquid financial instruments (a)	65,291,200	-	40,074,800	-
Total	**70,998,211**	**9,286,005**	**44,551,680**	**1,134,018**

a) The detail of highly liquid financial instruments is as follows

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	Foreign currency translation local moneda local ThCh$	Total as of 06.30.2013 ThCh$
Highly liquid financial instruments	CLP	65,000,000	5.76%	30	65,000,000	291,200	-	65,291,200
Total					**65,000,000**	**291,200**	**-**	**65,291,200**

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$	Foreign currency translation local currency ThCh$	Total as of 12.31.2012 ThCh$
Highly liquid financial instruments	CLP	40,000,000	6.12%	30	40,000,000	74,800	-	40,074,800
Total					**40,000,000**	**74,800**	**-**	**40,074,800**

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

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

Description	06.30.2013 Current ThCh$	06.30.2013 Non-Current ThCh$	12.31.2012 Current ThCh$	12.31.2012 Non-Current ThCh$
Deferred handset costs (1)	14,307,887	-	14,382,125	-
Advance payments (2)	11,072,253	1,061,561	10,384,231	1,061,561
Other prepaid expenses (3)	9,539,703	98,339	9,620,835	107,456
Customer guarantees	691,324	-	691,324	-
Other taxes (4)	126,842	-	352,541	-
Total	**35,738,009**	**1,159,900**	**35,431,056**	**1,169,017**

(1) Corresponds to the cost of prepaid handset delivered that have not been activated
(2) Includes advance payments associated with insurance and rent.
(3) Includes deferred commissions that are paid to franchises for mobile equipment and other additions and exchanges which are deferred over six months.
(4) Includes SENCE credit and other taxes.

8. Trade and Other Current Accounts Receivable

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

Description	06.30.2013 Gross value ThCh$	06.30.2013 Uncollectable debts ThCh$	06.30.2013 Net value ThCh$	12.31.2012 Gross value ThCh$	12.31.2012 Uncollectable debts ThCh$	12.31.2012 Net value ThCh$
Current receivables on credit operations	**176,095,048**	**(55,513,838)**	**120,581,210**	**182,341,851**	**(54,832,478)**	**127,509,373**
Services billed	119,934,814	(55,513,838)	64,420,976	122,843,413	(54,832,478)	68,010,935
Services provided and not billed	56,160,234	-	56,160,234	59,498,438	-	59,498,438
Miscellaneous receivables	**100,454**	-	**100,454**	**100,454**	-	**100,454**
Total	**176,195,502**	**(55,513,838)**	**120,681,664**	**182,442,305**	**(54,832,478)**	**127,609,827**

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

Description	06.30.2013 Less than 3 months ThCh$	06.30.2013 3 to 6 months ThCh$	06.30.2013 6 to 12 months ThCh$	06.30.2013 Greater than 12 months ThCh$	06.30.2013 Total ThCh$	12.31.2012 Less than 3 months ThCh$	12.31.2012 3 to 6 months ThCh$	12.31.2012 6 to 12 months ThCh$	12.31.2012 than 12 months ThCh$	12.31.2012 Total ThCh$
Miscellaneous receivables	17,155,250	671,122	-	-	17,826,372	28,677,425	340,599	-	-	29,018,024
Total	**17,155,250**	**671,122**	**-**	**-**	**17,826,372**	**28,677,425**	**340,599**	**-**	**-**	**29,018,024**

8. Trade and Other Current Accounts Receivable

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

Movements	06.30.2013 ThCh$	12.31.2012 ThCh$
Beginning balance	**54,832,478**	**51,919,527**
Increases	12,467,730	29,895,264
Eliminations/ Additions	(11,786,370)	(26,982,313)
Movements, subtotal	**681,360**	**2,912,951**
Closing balance	**55,513,838**	**54,832,478**

d) Movements of the provision for doubtful accounts to reflect the composition of the portfolio as of June 30, 2013 and 2012 are as follows:

Provisions and write-offs	06.30.2013 ThCh$	06.30.2012 ThCh$
Accrual for portfolio that has not been renegotiated	12.047.987	19.976.508
Accrual for renegotiated portfolio	419.743	694.312
Write-offs for the year	(11.786.370)	(12.087.750)
Total	**681.360**	**8.583.070**

e) The composition of the portfolio protested and in legal collection as of June 30, 2013 and December 31, 2012 is as follows:

Portfolio of prosted and in legal collection as of 06.30.2013	Porfolio of accounts receivable protested w/o guarantee	Porfolio of accounts receivable protested w/guarantee	Porfolio of accounts receivable in legal collection w/o guarantee	Porfolio of accounts receivable in legal collection w/guarantee
Number of customers in portfolio protested or in legal collection	1,283	-	790	-
Portfolio of protested or in legal collection ThCh$	5,749,126	-	577,857	-

Portfolio of prosted and in legal collection as of 12.31.2012	Porfolio of accounts receivable protested w/o guarantee	Porfolio of accounts receivable protested w/guarantee	Porfolio of accounts receivable in legal collection w/o guarantee	Porfolio of accounts receivable in legal collection w/guarantee
Number of customers in portfolio protested or in legal collection	2,154	-	370	-
Portfolio of protested or in legal collection ThCh$	6,388,018	-	256,975	-

8. Trade and Other Accounts Receivable, continued

The portfolio composition stratified by segment as of June 30, 2013 is as follows:

Aging of portfolio by segment for the 2013 period	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 days ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Individuals											
Number of clients w/o renegotiation	582,229	100,432	46,309	43,419	40,840	40,031	40,736	41,855	60,455	1,435,867	2,432,173
Gross portfolio w/o renegotiation	35,945,149	3,642,190	2,308,950	1,885,734	-	-	-	-	-	-	43,782,023
Debt	35,945,149	3,642,190	2,308,950	1,885,734	2,970,443	1,844,137	1,956,994	2,018,681	2,609,265	27,365,715	82,547,258
Accrual	-	-	-	-	(2,970,443)	(1,844,137)	(1,956,994)	(2,018,681)	(2,609,265)	(27,365,715)	(38,765,235)
Number of clients with renegotiation	9,510	6,197	1,619	1,700	1,694	1,807	1,733	1,898	2,490	19,152	47,800
Gross portfolio with renegotiation	970,548	213,517	114,969	114,378	-	-	-	-	-	-	1,413,412
Debt	970,548	213,517	114,969	114,378	113,902	116,347	116,363	110,571	129,745	875,547	2,875,887
Accrual	-	-	-	-	(113,902)	(116,347)	(116,363)	(110,571)	(129,745)	(875,547)	(1,462,475)
Total number of clients	**591,739**	**106,629**	**47,928**	**45,119**	**42,534**	**41,838**	**42,469**	**43,753**	**62,945**	**1,455,019**	**2,479,973**
Total Individuals portfolio	**36,915,697**	**3,855,707**	**2,423,919**	**2,000,112**	-	-	-	-	-	-	**45,195,435**
Debt	**36,915,697**	**3,855,707**	**2,423,919**	**2,000,112**	**3,084,345**	**1,960,484**	**2,073,357**	**2,129,252**	**2,739,010**	**28,241,262**	**85,423,145**
Accrual	-	-	-	-	**(3,084,345)**	**(1,960,484)**	**(2,073,357)**	**(2,129,252)**	**(2,739,010)**	**(28,241,262)**	**(40,227,710)**
Companies											
Number of clients w/o renegotiation	91,385	15,254	5,379	4,079	3,256	3,472	2,914	2,672	3,679	53,302	185,392
Gross portfolio w/o renegotiation	65,939,596	6,084,676	1,511,633	1,279,202	355,263	175,248	140,611	-	-	-	75,486,229
Debt	65,939,596	6,084,676	1,511,633	1,279,202	786,668	658,973	555,690	5,484,248	539,422	7,932,249	90,772,357
Accrual	-	-	-	-	(431,405)	(483,725)	(415,079)	(5,484,248)	(539,422)	(7,932,249)	(15,286,128)
Number of clients with renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross portfolio with renegotiation	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**91,385**	**15,254**	**5,379**	**4,079**	**3,256**	**3,472**	**2,914**	**2,672**	**3,679**	**53,302**	**185,392**
Total companies portfolio	**65,939,596**	**6,084,676**	**1,511,633**	**1,279,202**	**355,263**	**175,248**	**140,611**	-	-	-	**75,486,229**
Debt	**65,939,596**	**6,084,676**	**1,511,633**	**1,279,202**	**786,668**	**658,973**	**555,690**	**5,484,248**	**539,422**	**7,932,249**	**90,772,357**
Accrual	-	-	-	-	**(431,405)**	**(483,725)**	**(415,079)**	**(5,484,248)**	**(539,422)**	**(7,932,249)**	**(15,286,128)**
Portfolio Consolidated											
Number of clients w/o renegotiation	673,614	115,686	51,688	47,498	44,096	43,503	43,650	44,527	64,134	1,489,169	2,617,565
Gross portfolio w/o renegotiation	101,884,745	9,726,866	3,820,583	3,164,936	355,263	175,248	140,611	-	-	-	119,268,252
Debt	101,884,745	9,726,866	3,820,583	3,164,936	3,757,111	2,503,110	2,512,684	7,502,929	3,148,687	35,297,964	173,319,615
Accrual	-	-	-	-	(3,401,848)	(2,327,862)	(2,372,073)	(7,502,929)	(3,148,687)	(35,297,964)	(54,051,363)
Number of clients with renegotiation	9,510	6,197	1,619	1,700	1,694	1,807	1,733	1,898	2,490	19,152	47,800
Gross portfolio with renegotiation	970,548	213,517	114,969	114,378	-	-	-	-	-	-	1,413,412
Debt	970,548	213,517	114,969	114,378	113,902	116,347	116,363	110,571	129,745	875,547	2,875,887
Accrual	-	-	-	-	(113,902)	(116,347)	(116,363)	(110,571)	(129,745)	(875,547)	(1,462,475)
Total number of clients	**683,124**	**121,883**	**53,307**	**49,198**	**45,790**	**45,310**	**45,383**	**46,425**	**66,624**	**1,508,321**	**2,665,365**
Total Consolidated portfolio	**102,855,293**	**9,940,383**	**3,935,552**	**3,279,314**	**355,263**	**175,248**	**140,611**	-	-	-	**120,681,664**
Debt	**102,855,293**	**9,940,383**	**3,935,552**	**3,279,314**	**3,871,013**	**2,619,457**	**2,629,047**	**7,613,500**	**3,278,432**	**36,173,511**	**176,195,502**
Accrual	-	-	-	-	**(3,515,750)**	**(2,444,209)**	**(2,488,436)**	**(7,613,500)**	**(3,278,432)**	**(36,173,511)**	**(55,513,838)**

(1) The information contained in this line refers to the amount of documents pending collection, which in turn could be related to current and non-current clients.

8. Trade and Other Accounts Receivable, continued

The portfolio composition stratified by segment for the year 2012 is as follows:

Aging of portfolio by segment for the 2012 period	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 days ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Individuals											
Number of clients w/o renegotiation	748,803	271,441	215,998	194,036	289,975	192,974	178,259	144,927	151,184	956,164	3,343,761
Gross portfolio w/o renegotiation	35,702,984	4,214,162	2,903,013	2,676,602	-	-	-	-	-	-	45,496,761
Debt	35,702,984	4,214,162	2,903,013	2,676,602	4,048,264	2,639,503	2,501,098	2,037,139	2,635,930	23,765,099	83,123,794
Accrual	-	-	-	-	(4,048,264)	(2,639,503)	(2,501,098)	(2,037,139)	(2,635,930)	(23,765,099)	(37,627,033)
Number of clients with renegotiation	26,403	17,785	10,752	9,735	8,934	7,930	7,256	6,760	6,368	15,102	117,025
Gross portfolio with renegotiation	1,235,486	274,824	139,483	126,147	-	-	-	-	-	-	1,775,940
Debt	1,235,486	274,824	139,483	126,147	119,773	106,461	100,022	95,081	106,898	662,338	2,966,513
Accrual	-	-	-	-	(119,773)	(106,461)	(100,022)	(95,081)	(106,898)	(662,338)	(1,190,573)
Total number of clients	**775,206**	**289,226**	**226,750**	**203,771**	**298,909**	**200,904**	**185,515**	**151,687**	**157,552**	**971,266**	**3,460,786**
Total Individuals portfolio	**36,938,470**	**4,488,986**	**3,042,496**	**2,802,749**	-	-	-	-	-	-	**47,272,701**
Debt	**36,938,470**	**4,488,986**	**3,042,496**	**2,802,749**	**4,168,037**	**2,745,964**	**2,601,120**	**2,132,220**	**2,742,828**	**24,427,437**	**86,090,307**
Accrual	-	-	-	-	**(4,168,037)**	**(2,745,964)**	**(2,601,120)**	**(2,132,220)**	**(2,742,828)**	**(24,427,437)**	**(38,817,606)**
Companies											
Number of clients w/o renegotiation	523,919	485,444	55,923	32,888	23,139	25,837	28,679	218,620	23,218	93,510	1,511,177
Gross portfolio w/o renegotiation	61,653,332	15,890,958	1,550,809	901,428	37,677	132,572	170,350	-	-	-	80,337,126
Debt	61,653,332	15,890,958	1,550,809	901,428	633,082	684,479	763,135	5,669,985	747,420	7,857,370	96,351,998
Accrual					(595,405)	(551,907)	(592,785)	(5,669,985)	(747,420)	(7,857,370)	(16,014,872)
Number of clients with renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross portfolio with renegotiation	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**523,919**	**485,444**	**55,923**	**32,888**	**23,139**	**25,837**	**28,679**	**218,620**	**23,218**	**93,510**	**1,511,177**
Total Companies portfolio	**61,653,332**	**15,890,958**	**1,550,809**	**901,428**	**37,677**	**132,572**	**170,350**	-	-	-	**80,337,126**
Debt	**61,653,332**	**15,890,958**	**1,550,809**	**901,428**	**633,082**	**684,479**	**763,135**	**5,669,985**	**747,420**	**7,857,370**	**96,351,998**
Accrual	-	-	-	-	**(595,405)**	**(551,907)**	**(592,785)**	**(5,669,985)**	**(747,420)**	**(7,857,370)**	**(16,014,872)**
Portfolio Consolidated											
Number of clients w/o renegotiation	1,272,722	756,885	271,921	226,924	313,114	218,811	206,938	363,547	174,402	1,049,674	4,854,938
Gross portfolio w/o renegotiation	97,356,316	20,105,120	4,453,822	3,578,030	37,677	132,572	170,350	-	-	-	125,833,887
Debt	97,356,316	20,105,120	4,453,822	3,578,030	4,681,346	3,323,982	3,264,233	7,707,124	3,383,350	31,622,469	179,475,792
Accrual	-	-	-	-	(4,643,669)	(3,191,410)	(3,093,883)	(7,707,124)	(3,383,350)	(31,622,469)	(53,641,905)
Number of clients with renegotiation	26,403	17,785	10,752	9,735	8,934	7,930	7,256	6,760	6,368	15,102	117,025
Gross portfolio with renegotiation	1,235,486	274,824	139,483	126,147	-	-	-	-	-	-	1,775,940
Debt	1,235,486	274,824	139,483	126,147	119,773	106,461	100,022	95,081	106,898	662,338	2,966,513
Accrual	-	-	-	-	(119,773)	(106,461)	(100,022)	(95,081)	(106,898)	(662,338)	(1,190,573)
Total number of clients	**1,299,125**	**774,670**	**282,673**	**236,659**	**322,048**	**226,741**	**214,194**	**370,307**	**180,770**	**1,064,776**	**4,971,963**
Total Consolidated portfolio	**98,591,802**	**20,379,944**	**4,593,305**	**3,704,177**	**37,677**	**132,572**	**170,350**	-	-	-	**127,609,827**
Debt	**98,591,802**	**20,379,944**	**4,593,305**	**3,704,177**	**4,801,119**	**3,430,443**	**3,364,255**	**7,802,205**	**3,490,248**	**32,284,807**	**182,442,305**
Accrual	-	-	-	-	**(4,763,442)**	**(3,297,871)**	**(3,193,905)**	**(7,802,205)**	**(3,490,248)**	**(32,284,807)**	**(54,832,478)**

1) The information contained in this line refers to the amount of documents pending collection, which in turn could be related to current and non-current clients.

9. Accounts receivable and payable to related companies

a) Accounts receivable from related companies current:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	06.30.2013 ThCh$	12.31.2012 ThCh$
						Sub-Total	**32,434,828**	**36,520,634**
TELEFONICA CHILE SERVICIOS CORPORATIVOS LTDA.	76.086.148-0	Chile	Common shareholder	Professional Serv.	CLP	60 days	1,167,461	1,347,522
				Mercantile Current Account	CLP	60 days	31,267,367	35,173,112
						Sub-Total	**7,136,817**	**8,526,718**
TELEFONICA CHILE S.A.	90.635.000-9	Chile	Common shareholder	Access inbound and CPP	CLP	60 days	3,090,338	4,878,119
				takings	CLP	60 days	3,592,505	3,582,973
				Others	CLP	60 days	453,974	65,626
MIRAFLORES 130 S.A.	76.172.003-1	Chile	Common shareholder	Serv. Provided	CLP	60 days	907,541	907,076
TELEFONICA LARGA DISTANCIA S.A.	96.672.160-K	Chile	Common shareholder	Serv. Provided	CLP	60 days	765,760	792,081
TELEFONICA S.A.	Foreign	Spain	Common shareholder	Serv. Provided	CLP	60 days	11,417	-
TELEFONICA MOVILES ARGENTINA, S.A.	Foreign	Argentina	Common shareholder	Serv. Provided	USD	90 days	137,530	287,499
TELEFONICA MOVILES ESPAÑA, S.A.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	293,194	245,914
TELEFONICA MOVILES VENEZUELA	Foreign	Venezuela	Common shareholder	Serv. Provided	USD	90 days	168,120	151,805
TELEFONICA GESTION SERVICIOS COMPARTIDOS CHILE S.A.	96.961.230-5	Chile	Common shareholder	Serv. Provided	CLP	60 days	137,078	150,771
TELEFONICA INTERNATIONAL WHOLESALE SERVICES CHILE S.A.	96.910.730.-9	Chile	Common shareholder	Serv. Provided	CLP	60 days	105,131	147,564
WAYRA CHILE TECNOLOGIA E INNOVACIÓN LTDA.(1)	96.672.150-2	Chile	Common shareholder	Serv. Provided	CLP	60 days	212,893	125,476
VIVO, S.A.	Foreign	Brazil	Common shareholder	Serv. Provided	USD	90 days	73,254	95,820
O2 (UK)	Foreign	England	Common shareholder	Serv. Provided	USD	90 days	52,503	30,264
TELEFONICA EMPRESAS CHILE S.A.	78.703.410-1	Chile	Common shareholder	Serv. Provided	CLP	60 days	(180,904)	30,141
TELEFONICA INGENIERIA SEGURIDAD S.A.	59.083.900-0	Chile	Common shareholder	Serv. Provided	CLP	60 days	38,680	28,114
TELEFONICA MOVILES COLOMBIA	Foreign	Colombia	Common shareholder	Serv. Provided	USD	60 days	12,359	26,418
TELEFÓNICA MÓVILES DEL URUGUAY S.A.	Foreign	Uruguay	Common shareholder	Serv. Provided	USD	90 days	9,376	15,736
FUNDACION TELEFONICA CHILE	74.944.200-K	Chile	Common shareholder	Serv. Provided	CLP	60 days	10,631	10,919
TELEMING CELULAR	Foreign	Brazil	Common shareholder	Serv. Provided	USD	90 days	24,151	9,904
INSTITUTO TELEFONICA CHILE S.A.	96.811.570-7	Chile	Common shareholder	Serv. Provided	CLP	60 days	8,403	9,037
TELEFONICA MOVILES PERU, S.A.	Foreign	Perú	Common shareholder	Serv. Provided	USD	90 days	17,269	7,746
TELEFONICA MOVILES SOLUCIONES Y APLICACIONES S.A.	96.990.810-7	Chile	Common shareholder	Serv. Provided	CLP	60 days	7,048	7,313
OTECEL, S.A. ECUADOR	Foreign	Equator	Common shareholder	Serv. Provided	USD	90 days	1,804	4,859
TERRA NETWORKS CHILE S.A.	96.834.230-4	Chile	Common shareholder	Serv. Provided	CLP	60 days	2,654	3,311
PEGASO PCS, S.A.DE C.V.	Foreign	México	Common shareholder	Serv. Provided	USD	90 days	3,831	3,120
INTERTEL CHILE	96.898.630-9	Chile	Common shareholder	Serv. Provided	CLP	60 days	4,500	3,000
TELEFONICA MOVILES PANAMA	Foreign	Panamá	Common shareholder	Serv. Provided	USD	90 days	1,813	1,742
O2 MANX TELECOM LTD	Foreign	England	Common shareholder	Serv. Provided	USD	90 days	1,780	1,177
TELEFONICA MOVILES GUATEMALA	Foreign	Guatemala	Common shareholder	Serv. Provided	USD	90 days	736	749
TELEFONICA MOVILES NICARAGUA, S.A.	Foreign	Nicaragua	Common shareholder	Serv. Provided	USD	90 days	350	472
TELEFONICA SLOVAKIA	Foreign	Slovakia	Common shareholder	Serv. Provided	CLP	60 days	3,337	121
TELEFÓNICA ASSET MANAGEMENT CHILE	76.173.568-3	Chile	Common shareholder	Serv. Provided	CLP	60 days	7,100	-
TELEFÓNICA GERMANY GMBH & CO OHG	Foreign	Alemania	Common shareholder	Serv. Provided	CLP	60 days	(23,010)	-
O2 COMMUNICATIONS (IRELAND) LTD.	Foreign	Ireland	Common shareholder	Serv. Provided	USD	90 days	878	-
							42,388,852	**48,145,501**

(1) On May 22, 2012 the name of Telefónica Móviles Chile Inversiones S.A. was changed to Wayra Chile Tecnología e Innovación Ltda..

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

The origin of the service provided is specified for amounts in excess of 5% of their total heading.

9. Accounts receivable and payable to related companies, continued

b) Accounts payable to related companies current

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	06.30.2013 ThCh$	12.31.2012 ThCh$
						Sub-Total	**20,933,271**	**29,470,366**
TELEFONICA CHILE SERVICIOS CORPORATIVOS LTDA.	76.086.148-0	Chile	Common shareholder	Management Services	CLP	60 days	20,215,114	27,583,868
				Others			718,157	1,624,082
				Mercantile Current Account			-	262,416
						Sub-Total	**8,148,417**	**7,122,807**
TELEFONICA CHILE S.A.	90.635.000-9	Chile	Common shareholder	Access Charge and Links	CLP	60 days	6,081,364	4,321,162
				W Serv Lease - Space and Energy	CLP	60 days	1,278,719	1,325,961
				Others	EUR	90 days	788,334.00	1,475,684
TELEFONICA EMPRESAS CHILE S.A.	78.703.410-1	Chile	Common shareholder	Management Services	CLP	60 days	6,632,716	12,450,231
TELEFONICA GESTION SERVICIOS COMPARTIDOS CHILE S.A.	96.961.230-5	Chile	Common shareholder	General Services	CLP	60 days	4,396,383	3,207,938
MIRAFLORES 130 S.A.	76.172.003-1	Chile	Common shareholder	Mercantile Current Account	CLP	60 days	2,531,876	2,494,434
TELEFONICA INTERNACIONAL, S.A.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	1,941,238	1,926,514
TELEFONICA LARGA DISTANCIA S.A.	96.672.160-K	Chile	Common shareholder	Serv. Provided	CLP	60 days	2,975,427	1,818,982
TELEFONICA, S.A.	Foreign	Spain	Shareholder	Servicios de Brand Fee	CLP	60 days	7,466,164	4,476,829
TERRA NETWORKS CHILE S.A.	96.834.230-4	Chile	Common shareholder	Serv. Provided	CLP	60 days	440,168	692,373
TELEFONICA INTERNATIONAL WHOLESALE SERVICES CHILE S.A.	96.910.730.-9	Chile	Common shareholder	Serv. Provided	CLP	60 days	116,625	669,758
TELEFONICA MOVILES SOLUCIONES Y APLICACIONES S.A.	96.990.810-7	Chile	Common shareholder	Serv. Provided	CLP	60 days	1,231,069	601,901
TELFISA GLOBAL B.V.	Foreign	Spain	Common shareholder	administration Commission	CLP	90 days	63,833	283,028
TELEFONICA MOVILES ESPAÑA, S.A.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	458,708	256,505
O2 MANX TELECOM LTD	Foreign	England	Common shareholder	Serv. Provided	USD	90 days	0	201,961
TELEFONICA MOVILES ARGENTINA, S.A.	Foreign	Argentina	Common shareholder	Serv. Provided	USD	90 days	65,519	148,149
TELEFONICA INGENIERIA SEGURIDAD S.A.	59.083.900-0	Chile	Common shareholder	Serv. Provided	CLP	60 days	53,564	145,979
VIVO, S.A.	Foreign	Brazil	Common shareholder	Serv. Provided	USD	90 days	41,108	83,514
TELEFONICA GLOBAL APPLICATIONS S.L.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	67,715	67,715
TELEFONICA MOVILES COLOMBIA	Foreign	Colombia	Common shareholder	Serv. Provided	USD	90 days	-	49,352
INSTITUTO TELEFONICA CHILE S.A.	96.811.570-7	Chile	Common shareholder	Serv. Provided	CLP	60 days	48,404	48,404
O2 GERMANY GMBH & CO OHG	Foreign	Alemania	Common shareholder	Serv. Provided	USD	90 days	(134,299)	37,414
TELEFONICA MOVILES PERU HOLDING S.A	Foreign	Peru	Common shareholder	Serv. Provided	CLP	90 days	-	27,957
TELEFONICA MOVILES VENEZUELA	Foreign	Venezuela	Common shareholder	Serv. Provided	USD	90 days	39,568	25,829
TELEFONICA USA INC	Foreign	USA	Common shareholder	Serv. Provided	USD	60 days	22,231	22,231.00
O2 COMMUNICATIONS (IRELAND) LTD.	Foreign	Ireland	Common shareholder	Serv. Provided	USD	90 days	318	21,400
PEGASO PCS, S.A. C.V	Foreign	México	Common shareholder	Serv. Provided	USD	90 days	28,190	14,451
TELEFONICA INTERNATIONAL WHOLESALE S.L.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	13,845	13,103
TELEFÓNICA MÓVILES DEL URUGUAY S.A.	Foreign	Uruguay	Common shareholder	Serv. Provided	USD	90 days	4,791	11,705
OTECEL, S.A. ECUADOR	Foreign	Equator	Common shareholder	Serv. Provided	USD	90 days	9,475	2,685
TELEFONICA MOVILES PANAMA	Foreign	Panamá	Common shareholder	Serv. Provided	USD	90 days	857	2,484
FUNDACIÓN TELEFÓNICA CHILE	74.944.200-K	Chile	Common shareholder	Serv. Provided	CLP	60 days	40	2,333
TELEFONICA MOVILES GUATEMALA	Foreign	Guatemala	Common shareholder	Serv. Provided	USD	90 days	1,399	1,108
TELEFONICA MOVILES EL SALVADOR, S.A.	Foreign	El Salvador	Common shareholder	Serv. Provided	USD	90 days	290	(219)
WAYRA CHILE TECNOLOGIA E INNOVACIÓN LTDA. (1)	96.672.150-2	Chile	Common shareholder	Serv. Provided	CLP	60 days	69,162	-
MANX TELECOM LTD	Foreign	Inglaterra	Common shareholder	Serv. Provided	USD	90 days	200,411	-
TELEFONICA MOVILES NICARAGUA, S.A.	Foreign	Nicaragua	Common shareholder	Serv. Provided	USD	90 days	200	-
						Sub-Total	**1,440**	**1,054,446**
INVERSIONES TELEFÓNICA MÓVILES HOLDING S.A.	76.124.890-1	Chile	Common shareholder	Legal Minimum Dividends	USD	90 days	-	974,315
				Shopping Social Rights	EUR	90 days	1,440.00	1,440
				Others	USD	90 days	-	78,691
COLOMBIA TELECOMUNICACIONES S.A.	Foreign	Colombia	Common shareholder	Serv. Provided	USD	90 days	19,733	-
TELEFONICA ASSET MANAGEMENT CHILE	76.173.568-3	Chile	Common shareholder	Serv. Provided	CLP	60 days	29,437	-
TELEFÓNICA MÓVILES PERÚ	Foreign	Perú	Common shareholder	Serv. Provided	CLP	90 days	92,952	-
TELEFÓNICA SERVICIOS DE MÚSICA	Foreign	Spain	Common shareholder	Serv. Provided	CLP	30 days	1,230	-
Total							**58,013,475**	**67,453,667**

(1) On May 22, 2012 the name of Telefónica Móviles Chile Inversiones S.A. was changed to Wayra Chile Tecnología e Innovación Ltda..

9. Accounts receivable and payable to related companies, continued

c) Transactions:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Currency	Transaction origin	06.30.2013 ThCh$	06.30.2012 ThCh$
TELEFONICA CHILE SERVICIOS CORPORATIVOS LTDA.	76.086.148-0	Chile	Common shareholder	CLP	**TOTAL**	**(32,610,543)**	**(33,401,399)**
					Financial income	969,255	994,066
					Sales	642,214	657,378
					Services staff seconded from other companies	(34,222,012)	(35,052,843)
					TOTAL	**(6,786,407)**	**(7,334,428)**
TELEFONICA, S.A.	Foreign	Spain	Shareholder	EUR	Brand Fee	(6,786,407)	(7,334,428)
TELEFONICA CHILE S.A.	90.635.000-9	Chile	Common shareholder	CLP	**TOTAL**	**(8,021,332)**	**(5,568,809)**
					Access charges and Interconnects	6,275,071	8,196,656
					Access charges and Interconnects	(14,296,403)	(13,765,465)
TELEFONICA EMPRESAS CHILE S.A.	78.703.410-1	Chile	Common shareholder	CLP	**TOTAL**	**(7,687,586)**	**(5,947,988)**
					Telephone services	1,319,839	995,706
					Professional Services	(9,007,425)	(6,943,694)
					TOTAL	**-**	**(5,052,007)**
ATENTO CHILE S.A. (1)	96.895.220-K	Chile	Common shareholder	CLP	Costs	-	60,618
					Sales	-	(5,112,625)
					TOTAL	**180,039**	**551,361**
TELFISA GLOBAL B.V.	Foreign	Spain	Common shareholder	CLP	Financial income	216,400	697,000
			Common shareholder	CLP	Costs	(36,361)	(145,639)
TELEFONICA LARGA DISTANCIA S.A.	96.672.160-K	Chile	Common shareholder	CLP	**TOTAL**	**(4,452,368)**	**(4,183,360)**
					Costs	(6,034,456)	(5,777,697)
					Fixed Income - Mobile	1,582,088	1,594,337
					TOTAL	**(1,216,339)**	**(1,688,091)**
TELEFONICA GESTION SERVICIOS COMPARTIDOS CHILE S.A.	96.961.230-5	Chile	Common shareholder	CLP	Costs	(1,235,171)	(1,674,167)
					Sales	18,832	(13,924)
					TOTAL	**(1,089,721)**	**(132,052)**
TELEFONICA INTERNACIONAL, S.A.	Foreign	Spain	Common shareholder	EUR	Costs	(1,089,721)	(132,052)
					TOTAL	**(532,542)**	**(328,105)**
TELEFONICA MOVILES ESPAÑA, S.A.	Foreign	Spain	Common shareholder	EUR	Sales	367,625	286,675
	Foreign	Spain	Common shareholder	EUR	Costs	(900,167)	(614,780)
					TOTAL	**(369,292)**	**(293,850)**
TERRA NETWORKS CHILE S.A.	96.834.230-4	Chile	Common shareholder	CLP	Costs	(377,950)	(309,304)
					Sales	8,658	15,454
					TOTAL	**185,006**	**(151,016)**
TELEFONICA INTERNATIONAL WHOLESALE SERVICES CHILE S.A.	96.910.730-9	Chile	Common shareholder	CLP	Costs	-	(217,260)
	96.910.730-9	Chile	Common shareholder	CLP	Sales	185,006	66,244
					TOTAL	**(416,909)**	**(129,713)**
TELEFONICA MOVILES SOLUCIONES Y APLICACIONES S.A.	96.990.810-7	Chile	Common shareholder	CLP	Costs	(434,771)	(146,386)
					Sales	17,862	16,673
					TOTAL	**(200,076)**	**(183,515)**
TELEFONICA INGENIERIA SEGURIDAD S.A.	59.083.900-0	Chile	Common shareholder	CLP	Costs	(215,857)	(191,516)
	59.083.900-0	Chile	Common shareholder	CLP	Sales	15,781	8,001
					TOTAL	**392,544**	**216,685**
TELEFONICA MOVILES ARGENTINA, S.A.	Foreign	Argentina	Common shareholder	USD	Sales	645,702	514,262
					Costs	(253,158)	(297,577)
					TOTAL	**(98)**	**-**
O2 MANX TELECOM LTD	Foreign	England	Common shareholder	USD	Costs	(2,185)	-
				USD	Sales	2,087	-
					TOTAL	**(5,477)**	**(5,610)**
TELEFONICA MOVILES PANAMA	Foreign	Panamá	Common shareholder	USD	Sales	10,326	7,576
	Foreign	Panamá	Common shareholder	USD	Costs	- 15,803	(13,186.00)
TELEFÓNICA MÓVILES MEXICO,SA DE C.V,	Foreign	México	Common shareholder		**TOTAL**	**-**	**(30,847)**
					Sales	-	13,018
					Costs	-	(43,865)

(1) In the last quarter of 2012, the Telefonica Group closed the sale of the Atento Group (call center subsidiary) with a group of companies controlled by the risk capital fund Bain Capital (USA) and it stopped forming part of the group of related companies.

9. Accounts receivable and payable to related companies, continued

c) Transactions, continued

Company	Taxpayer No.	Country of origin	Nature of the relationship	Currency	Transaction origin	06.30.2013 ThCh$	06.30.2012 ThCh$
					TOTAL	**140,603**	**45,484**
VIVO, S.A.	Foreign	Brazil	Common shareholder	USD	Sales	233,195	154,989
	Foreign	Brazil	Common shareholder	USD	Costs	(92,592)	(109,505)
					TOTAL	**-**	**(92,314)**
INSTITUTO TELEFONICA CHILE S.A.	96.811.570-7	Chile	Common shareholder	CLP	Sales	-	27,263
	96.811.570-7	Chile	Common shareholder	CLP	Costs	-	(119,577)
					TOTAL	**(230,598)**	**45,940**
TELEFONICA MOVILES PERU, S.A.	Foreign	Perú	Common shareholder	USD	Sales	58,249	45,940
	Foreign	Perú	Common shareholder	USD	Costs	(288,847)	-
					TOTAL	**(68,040)**	**-**
PEGASO PCS, S.A. DE C.V.	Foreign	México	Common shareholder	USD	Costs	(84,719)	-
					Sales	16,679	-
					TOTAL	**(43,345)**	**(31,942)**
TELEFONICA MOVILES COLOMBIA	Foreign	Colombia	Common shareholder	USD	Costs	(96,545)	(64,624)
	Foreign	Colombia	Common shareholder	USD	Sales	53,200	32,682
					TOTAL	**136,800**	**(2,734)**
O2 GERMANY GMBH & CO OHG	Foreign	Alemania	Common shareholder	USD	Costs	136,800	(14,341)
	Foreign	Alemania	Common shareholder	USD	Sales	-	11,607
					TOTAL	**2,492**	**2,050**
O2 COMMUNICATIONS (IRELAND) LTDA	Foreign	Ireland	Common shareholder	USD	Sales	3,391	2,596
	Foreign	Ireland	Common shareholder	USD	Costs	(899)	(546)
					TOTAL	**(19,710)**	**(24,488)**
OTECEL, S.A. ECUADOR	Foreign	Equator	Common shareholder	USD	Costs	(32,227)	(41,900)
					Sales	12,517	17,412
					TOTAL	**2,213**	**(9,575)**
TELEFONICA MOVILES VENEZUELA	Foreign	Venezuela	Common shareholder	USD	Costs	13,906	(142,420)
	Foreign	Venezuela	Common shareholder	USD	Sales	(11,693)	132,845
					TOTAL	**2,644**	**(16,120)**
TELEFÓNICA MÓVILES DEL URUGUAY S.A.	Foreign	Uruguay	Common shareholder	USD	Sales	31,654	29,886
	Foreign	Uruguay	Common shareholder	USD	Costs	(29,010)	(46,006)
					TOTAL	**(1,229)**	**(636)**
TELEFONICA MOVILES EL SALVADOR, S.A.	Foreign	El Salvador	Common shareholder	USD	Costs	(1,229)	(636)
					TOTAL	**(1,876)**	**715**
TELEFONICA MOVILES GUATEMALA	Foreign	Guatemala	Common shareholder	USD	Sales	1,160	1,760
					Costs	(3,036)	(1,045)
					TOTAL	**12**	**(172)**
TELEFONICA MOVILES NICARAGUA, S.A.	Foreign	Nicaragua	Common shareholder	USD	Sales	1,272	756
	Foreign	Nicaragua	Common shareholder	USD	Costs	(1,260)	(928)
					TOTAL	**3,001**	**-**
TELEFONICA SLOVAKIA	Foreign	Slovakia	Common shareholder	CLP	Sales	3,001	-
WAYRA CHILE TECNOLOGIA E INNOVACION LTDA.	96.672.150-2	Chile	Common shareholder	CLP	Sales	73,565	-
TELEMIG CELULAR	Foreign	Brazil	Common shareholder	USD	Sales	13,074	-
FUNDACION TELEFONICA CHILE	74.944.200-K	Chile	Common shareholder	CLP	Sales	929	1,288
TELEATENTO DEL PERU S.A.C.	Foreign	Perú	Common shareholder	USD	Costs	-	(1,098,970)
O2 (UK) (ANTES VP COMMUNIC)	Foreign	England	Common shareholder	USD	Sales	51,598	60,805
TELEFONICA GLOBAL APLLICATIONS	Foreign	España	Common shareholder	EUR	Costs	-	(52,340)
TELEFONICA ARGENTINA, S.A.	Foreign	Argentina	Common shareholder	USD	Costs	-	(16,002)
TELEFONICA GLOBAL TECHNOLOGY S.A.U.	Foreign	Spain	Common shareholder	EUR	Costs	-	(127,524)
MIRAFLORES 130 S.A.	76.172.003-1	Chile	Common shareholder	CLP	Finance income	-	25,340
TELEFÓNICA BRASIL (antes Telesp. Participacoes Fij)	Extranjera	Brazil	Common shareholder	USD	Sales	-	52,344
					Costs	-	(61,722)
TELEFÓNICA FACTORING CHILE S.A.	76.096.189-2	Chile	Accionista común	CLP	Cuenta Corriente Mercantil	48,024	60,304

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

9. Accounts receivable and payable to related companies, continued

c) Transactions, continued

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

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

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

d) Non-current accounts payable to related companies:

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

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currenc	Term	06.30.2013 ThCh$	12.31.2012 ThCh$
TELEFONICA CHILE SERVICIOS CORPORATIVOS LTDA.	76.086.148-(	Chile	Common Shareholde	HR obligation	CLP	-	1,366,521	1,366,521
Total							**1,366,521**	**#########**

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

As of June 30, 2013 and December 31, 2012, the parent company is managed by a Board of Directors composed of five members, who serve for a term of three years and are not remunerated.

There are 72 executives considered: Chairman, General Manager, 13 Directors and 57 Managers.

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

10. Inventory

a) Inventory is detailed as follows:

Description	06.30.2012 ThCh$	12.31.2012 ThCh$
Mobile equipment	49,679,645	52,191,501
Accessories	127,030	291,482
Total	**49,806,675**	**52,482,983**

As of June 30, 2013 and December 31, 2012 there have been no inventory write-offs and there is no inventory in guarantee. The balance of the obsolescence accrual amounts to ThCh$ 7,174,105 for 2013 and ThCh$ 6,853,654 for 2012.

b) Inventory movements are detailed as follows:

Description	06.30.2012 ThCh$	12.31.2012 ThCh$
Beginning balance	**52,482,983**	**45,473,880**
Purchases	111,941,205	210,004,194
Sales	(114,297,062)	(98,559,436)
Obsolescence provision	(320,451)	193,812
Transfer to materials allocated to the investment (15b)	-	(104,629,467)
Movements, subtotal	**(2,676,308)**	**7,009,103**
Closing balance	**49,806,675**	**52,482,983**

11. Taxes

a) Income Taxes

As of June 30, 2013 and December 31, 2012, the Company has established a consolidated first category income tax reserve since it determined a positive taxable base of ThCh$ 26,071,966 and ThCh$ 97,954,251, respectively for each year.

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

As of June 30, 2013, the parent company has a positive Taxable Income Fund balance in the amount of ThCh$ 5,966,137.

11. Taxes, continued

a) Income Taxes , continued

The subsidiary Telefónica Móviles Chile Distribución S.A. has a negative Taxable Income Fund and a first category tax loss in the amount of ThCh$ 673,104.

Law No. 20,630 was published on September 27, 2012, setting the first category tax rate of 20% as of the 2013 tax year, for the purpose of this year-end, we have applied this reform to determine the respective current and deferred income taxes.

The balance of the positive Taxable Income Fund and associated credits are detailed as follows:

Subsidiares	Taxable Net Income with 16.5% Credit ThCh$	Taxable Net Income with 17% Credit ThCh$	Taxable Net Income with 20% Credit ThCh$	Taxable Net Income Without credit ThCh$	Amount of credit ThCh$
Telefónica Móviles Chile S.A.	-	-	751,744	5,214,393	187,936
Totales	**-**	**-**	**751,744**	**5,214,393**	**187,936**

b) Current tax assets

As of June 30, 2013 and December 31, 2012, the Company does not have current tax assets.

11. Taxes, continued

c) Deferred tax assets and liabilities

As of June 30, 2013 and December 31, 2012, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh$ 17,036,419 and ThCh$ 19,329,303, respectively which are detailed as follows:

Concepts	06.30.2013 Asset ThCh$	06.30.2013 Liability ThCh$	12.31.2012 Asset ThCh$	12.31.2012 Liability ThCh$	Effect current period Profit (loss) ThCh$	Effect current period Equity ThCh$	Effect previous period Profit (loss) ThCh$	Effect previous period Equity ThCh$
Allowance for doubtful accounts	14,641,379	-	14,505,107	-	(136,272)	-	(1,064,872)	-
Obsolescence provision	1,434,822	-	1,370,731	-	(174,556)	110,465	(140,304)	-
Defered income	3,772,195	-	3,797,368	-	25,173	-	3,541,355	-
Provision for dismantling expenses	2,365,019	-	2,365,019	-	-	-	(70,951)	-
Deferred selling cost and deferred sales commissions		4,889,927	-	4,801,823	88,104	-	(3,150,204)	-
Amortization and depreciation of assets	7,367,893	9,399,108	11,212,484	10,253,108	2,990,591	-	(4,378,151)	-
Other events (1)	2,606,853	862,707	2,102,513	968,987	(735,947)	125,327	407,639	(18,603)
Sub total	**32,188,161**	**15,151,742**	**35,353,221**	**16,023,918**	**2,057,093**	**235,793**	**(4,855,488)**	**(18,603)**
Reclasification	**(15,151,742)**	**(15,151,742)**	**(16,023,918)**	**(16,023,918)**	-	-	-	-
Total	**17,036,419**	**-**	**19,329,303**	**-**	**2,057,093**	**235,793**	**(4,855,488)**	**(18,603)**

(1) Includes among others, vacation, enjoyment, employee benefits and termination benefits provisions and capitalization of bond placement expenses.

d) Current tax liabilities

Movements	06.30.2013 ThCh$	12.31.2012 ThCh$
Income tax accrual (1)	11,279,173	21,050,961
Final balance	**11,279,173**	**21,050,961**

(1) As of June 30, 2013 the provision for income tax is presented net of estimated monthly payments for ThCh$ 4.950.227 and december 31, 2012 for ThCh$ 8.427.857.

11. Taxes, continued

e) Taxable Income :

As of June 30, 2013 and 2012, a first category income tax provision has been established, since a positive taxable base was determined in the amount of ThCh$26,071,966 and ThCh$ 72,720,109, respectively for each period, detailed as follows:

Description	Taxable Net Income			
	04.01.2013 as of 06.30.2013	06.30.2013	04.01.2012 to 06.30.2012	06.30.2012
	ThCh$	ThCh$	ThCh$	ThCh$
Finance income	11,513,385	23,041,908	20,337,646	47,610,013
Recorded tax expense	6,445,496	8,868,888	6,319,383	11,201,965
Additions	14,854,794	31,767,817	41,079,320	85,842,914
Deductions	(18,507,786)	(37,606,647)	(40,974,505)	(71,934,783)
Taxable Net Income	14,305,889	26,071,966	26,761,845	72,720,109
First category tax rate 20% and 18.5%	2,861,178	5,214,393	4,950,941	13,453,220
Art. 21 rejected expenses tax base	234,796	343,552	18,853	18,853
Art. 21 non-deductible expenses (35% rate)	82,179	120,243	6,598	6,598
Total Tax Provision	**2,943,357**	**5,334,636**	**4,957,539**	**13,459,818**
Contingencies provision	1,000,000	1,000,000	2,764,697	2,764,697
Previous year deficit (surplus)	477,159	477,159	(167,062)	(167,062)
Total first category taxes	**4,420,516**	**6,811,795**	**7,555,174**	**16,057,453**

f) Income tax reconciliation:

The income tax expense reconciliation as of June 30, 2013 and December 31, 2012 are detailed as follows:

Concepts	04.01.2013 al 06.30.2013		06.30.2013		04.01.2012 al 06.30.2012		06.30.2012	
	Taxable base ThCh$	Tax Rate 20% ThCh$	Taxable base ThCh$	Tax Rate 20% ThCh$	Taxable base ThCh$	Tax Rate 18.5% ThCh$	Taxable base ThCh$	Tax Rate 18.5% ThCh$
Based on accounting income before taxes:								
Finance income	**11,513,385**		**23,041,907**		**20,337,646**		**47,610,013**	
Recorded tax expense	**6,445,496**		**8,868,889**		**6,319,383**		**11,201,965**	
Income before taxes	**17,958,881**	**3,591,776**	**31,910,796**	**6,382,159**	**26,657,029**	**4,931,550**	**58,811,978**	**10,880,216**
Permanent differences	**14,268,598**	**2,853,720**	**12,433,647**	**2,486,729**	**7,501,798**	**1,387,833**	**1,739,184**	**321,749**
Price-level restatement of taxable equity	368,008	73,602	(689,494)	(137,899)	(8,417,723)	(1,557,279)	(17,814,121)	(3,295,612)
Investment income related companies	(860,550)	(172,110)	(1,735,348)	(347,070)	(456,507)	(84,454)	(1,684,596)	(311,650)
Foreign currency translation due to legal rate modification	-	-	-	-	1,894,853	350,548	6,190,157	1,145,179
Others (1)	14,761,140	2,952,228	14,858,489	2,971,698	14,481,175	2,679,018	15,047,744	2,783,832
Total corporate tax expense	**32,227,479**	**6,445,496**	**44,344,443**	**8,868,888**	**34,158,827**	**6,319,383**	**60,551,162**	**11,201,965**
Based on taxable net income and deferred taxes calculated on the basis of temporary differences:								
18.5% and 20% income tax		2,861,178		5,214,393		4,950,941		13,453,220
35% income tax		82,179		120,243		6,598		6,598
Provision for tax contingencies		1,000,000		1,000,000		2,764,697		2,764,697
Prior years deficit		477,159		477,159		(167,062)		(167,062)
Total Income tax expense		**4,420,516**		**6,811,795**		**7,555,174**		**16,057,453**
Total Deferred tax expense (2)		**2,024,980**		**2,057,093**		**(1,235,791)**		**(4,855,488)**
Total corporate tax expense		**6,445,496**		**8,868,888**		**6,319,383**		**11,201,965**
Effective rate		**35.89%**		**27.79%**		**23.71%**		**19.05%**

11. Taxes, continued

f) Income tax reconciliation, continued

(1) Law No. 20,630, which establishes the first category tax rate as of the 2013 tax year was published on September 27, 2012. Therefore, for the purpose of this closing date, we have included the effects of that reform in our determination of the respective current and deferred income taxes. We have also included fines and other items.

(2) The change in net deferred tax assets in the years presented in Note 11 c) versus that presented in the income tax reconciliation is due to movements with a charge to shareholders' equity due to a derivative instruments adjustment in the amount of ThCh$ 235,793.

12. Investments accounted for using the equity method

a) As of June 30, 2013 and December 31, 2012 in associated companies as well as a summary of their information is detailed as follows:

Taxpayer No.	Name	Investment balance 06.30.2013	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary income ThCh$	Ordinary expenses ThCh$	Income ThCh$
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda. (1)	4,219,320	48.00	67,105,935	43,750,629	71,684,894	30,381,420	87,084,664	81,715,626	3,614,818

Taxpayer No.	Name	Investment balance 12.31.2012	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary income ThCh$	Ordinary expenses ThCh$	Income ThCh$
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda. (1)	2,484,207	48.00	75,555,181	46,815,222	85,818,722	31,376,249	175,075,825	164,426,046	6,980,594

(1) On July 25, 2011, the company acquired 48% of equity rights of related company Telefonica Chile Servicios Corporativos Ltda.

b) The movements in investments in associates as of June 30, 2013 and December 31, 2012 is as follows:

Movements	06.30.2013 ThCh$	12.31.2012 ThCh$
Beginning balance	**2.482.709**	**(883.199)**
Participation in ordinary income current period (1)	1.735.348	2.895.637
Capital Increase Wayra Chile Ltda. Technology and Innovation	-	1.100.000
Sales of Wayra Chile Tecnología e Innovación Ltda. (2)	-	(1.303.297)
Other increases in reserve (3)	-	673.540
Other increases	(237)	28
Movements, subtotal	**1.735.111**	**3.365.908**
Final balance	**4.217.820**	**2.482.709**

(1) At December 31, 2012 includes income accrued in subsidiary Wayra Chile Tecnología e Innovación Ltda. for the time of permanence of the investment until November 27, 2012 in the amount of ThCh$ 453,577.

(2) Corresponds to the transfer of rights of subsidiary Wayra Chile Tecnología e Innovación Ltda. to Wayra Investigación y Desarrollo, SLU performed on November 27, 2012.

(3) Corresponds to the equity effect generated by the participation in Telefónica Chile Servicios Corporativos Ltda., subsidiary of Telefónica Chile S.A., originated by the change made in actuarial hypothesis of the employee benefits provision as of December 31, 2012.

13. Intangible Assets other than goodwill,

a) As of June 30, 2013 and December 31, 2012, intangible assets other than goodwill are detailed as follows:

Description	06.30.2013 Intangibles, gross ThCh$	06.30.2013 Accumulated amortization ThCh$	06.30.2013 Intangible, net ThCh$	12.31.2012 Intangibles, gross ThCh$	12.31.2012 Accumulated amortization ThCh$	12.31.2012 Intangible, net ThCh$
Intangible assets (1)	125,647,598	(92,693,975)	32,953,623	125,647,598	(91,822,954)	33,824,644
Licenses and software	142,397,957	(124,410,273)	17,987,684	142,411,224	(114,994,619)	27,416,605
Total	**268,045,555**	**(217,104,248)**	**50,941,307**	**268,058,822**	**(206,817,573)**	**61,241,249**

(1) Represents administrative concessions (see Note 2m i)

b) Movements in intangible assets other than goodwill for 2013 are as follows:

Movements	Intangible assets, net ThCh$	Licenses and software, net ThCh$	Intangibles, net ThCh$
Beginning balance as of 01.01.13	**33,824,644**	**27,416,605**	**61,241,249**
Elimination	-	(13,267)	(13,267)
Amortization of elimination	-	13,267	13,267
Amortization	(871,021)	(9,428,921)	(10,299,942)
Movements, subtotal	**(871,021)**	**(9,428,921)**	**(10,299,942)**
Ending balance as of 06.30.2013	**32,953,623**	**17,987,684**	**50,941,307**
Remaining average useful life		**3 years**	

The movements in intangible assets other than goodwill for 2012 are as follows:

Movements	Intangible assets, net ThCh$	Licenses and software, net ThCh$	Intangibles, net ThCh$
Beginning balance as of 01.01.12	**35,566,686**	**39,505,992**	**75,072,678**
Amortization	(1,742,042)	(19,585,688)	(21,327,730)
Other Increase (decrease)	-	7,496,301	7,496,301
Movements, subtotal	**(1,742,042)**	**(12,089,387)**	**(13,831,429)**
Ending balance as of 12.31.2012	**33,824,644**	**27,416,605**	**61,241,249**
Remaining average useful life		**3 years**	

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

13. Intangible Assets other than goodwill, continued

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.

i) Projected income: The projection performed in respect to growth in the volume of future services rendered is 3.3%, growth rate that is consistent with historical behavior.

ii) Discount: The rate used to discount future cash flows is 10.67% (WACC), rate 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.

iii) Market assumptions: The future cash flows projection takes into account market assumptions on industry growth, country growth and projected inflation.

iv) Sensibility analysis: A sensibility analysis was performed in respect to the market recoverable value, modifying the discount rate and growth rate values. The sensitivity contemplated increasing the discount rate by 14%, and dropping the growth rate from 12% to 10.67%. No impairment whatsoever was identified in the values recorded in the Company's financial statements.

In the financial statements for the years 2012 was not included any impact as a result of the impairment tests performed on these assets. As of June 2013 there is no indication that impairment testing is required.

14. Goodwill

Goodwill as of this period was generated before the date of transition and adoption of IFRS, and the value recorded as of that date is maintained as of June 30, 2013.

The balance of goodwill for June 30, 2013 and 2012 are detailed as follows:

Movements	06.30.2013 ThCh$	12.31.2012 ThCh$
Telefónica Móviles Chile S.A.	483,179,725	483,179,725
Total	**483,179,725**	**483,179,725**

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

14. Goodwill, continued

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

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

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

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. Impairment testing is determined taking into consideration the following estimated variables:

i) Projected income: the projection performed regarding growth of volume of future services rendered is 3.3%, growth rate that is consistent with historical behavior.

ii) Discount rate: the rate used to discount future cash flows is 10.67% (WACC), rate 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.

iii) Market assumptions: the projection of future cash flows takes into consideration market assumptions such as industry growth, country growth and projected inflation.

iv) Sensitivity analysis: a sensibility analysis was performed in respect to recoverable market value, modifying the discount rate and growth rate. The sensitivity contemplated increasing the discount rate by 14%, and dropping the growth rate from 12% to 10.67%. No impairment whatsoever was identified in the values recorded in the Company's financial statements.

Based on the impairment calculations performed by management, as of 2012 year-end there has been no need to carry out significant adjustments since the recoverable value is higher than the carrying amount in all cases. No impairment testing has been performed as of June 30, since these are carried out annually at year-end.

15. Property, Plant and Equipment

a) As of June 30, 2013 and December 31, 2012 the major categories of Property, plant and equipment and their corresponding accumulated depreciation are detailed as follows:

Concepts	06.30.2013			12.31.2012		
	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	3,576,705	-	3,576,705	3,586,428	-	3,586,428
Buildings	107,230,627	(98,055,951)	9,174,676	104,714,781	(96,021,714)	8,693,067
Transport equipment	17,214	(17,214)	-	17,214	(17,214)	-
Supplies and accessories	10,071,795	(7,135,642)	2,936,153	10,069,095	(6,945,715)	3,123,380
Office equipment	768,107	(650,594)	117,513	768,107	(640,447)	127,660
Construction in progress	145,037,833	-	145,037,833	100,912,920	-	100,912,920
Other property, plant & equipment (1)	874,374,464	(692,080,850)	182,293,614	876,445,830	(624,582,997)	251,862,833
Total	**1,141,076,745**	**(797,940,251)**	**343,136,494**	**1,096,514,375**	**(728,208,087)**	**368,306,288**

(1) On December 11, 2012 there was withdrawal of telecommunications infrastructure in the amount of ThCh$ 3,528,675, as a product of the division of the company into two: Telefónica Móviles Chile S.A. and Torres Dos S.A.

Other Property, plant and equipment items are detailed as follows:

Concepts	06.30.2013			12.31.2012		
	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$
General Equipment	3,450,091	(2,304,883)	1,145,208	3,450,091	(2,100,237)	1,349,854
Equipment subscribers	166,342,519	(161,760,988)	4,581,531	166,342,519	(123,342,115)	43,000,404
Computer processing equipment	17,965,732	(14,847,499)	3,118,233	17,965,732	(13,785,303)	4,180,429
Central offices	686,616,122	(513,167,480)	173,448,642	688,687,488	(485,355,342)	203,332,146
Total	**874,374,464**	**(692,080,850)**	**182,293,614**	**876,445,830**	**(624,582,997)**	**251,862,833**

15. Property, Plant and Equipment, continued

b) Movements of major categories of Property, plant and equipment for 2013 period are detailed as follows:

Movements	Land ThCh$	Buildings, net ThCh$	Transport equipment, net ThCh$	Supplies and accessories, net ThCh$	Office equipment, net ThCh$	Construction in progress ThCh$	Other property, plant & equipment, net ThCh$	Property, plant and equipment, net ThCh$
Beginning balance as of 01.01.13	3,586,428	8,693,066	-	3,123,381	127,660	100,912,920	251,862,833	368,306,288
Additions	-	-	-	-	-	44,855,900	-	44,855,900
Reduction	(9,723)	1,866,173	-	-	-	-	(2,149,980)	(293,530)
Acc. Dep. reduction	-	(571,668)	-	-	-	-	964,284	392,616
Depreciation expense (1)	-	(1,462,569)	-	(189,927)	(10,147)	-	(68,462,137)	(70,124,780)
Other Increase (decrease)	-	649,674	-	2,699	-	(730,987)	78,614	-
Movements, subtotal	**(9,723)**	**481,610**	**-**	**(187,228)**	**(10,147)**	**44,124,913**	**(69,569,219)**	**(25,169,794)**
Ending balance as of 06.30.2013	**3,576,705**	**9,174,676**	**-**	**2,936,153**	**117,513**	**145,037,833**	**182,293,614**	**343,136,494**

(1) Includes the effect of depreciation of equipment being rented until September 30, 2012, which was calculated on the basis of allocated useful lives of 14 months. From October 1, 2012, useful lives were modified to 12 months, based on the term of the plan or service agreement.

Movements of major categories of Property, plant and equipment for 2012 period are detailed as follows:

Movements	Land ThCh$	Buildings, net ThCh$	Transport equipment, net ThCh$	Supplies and accessories, net ThCh$	Office equipment, net ThCh$	Construction in progress ThCh$	Other property, plant & equipment, net ThCh$	Property, plant and equipment, net ThCh$
Beginning balance as of 01.01.12	3,829,393	18,300,464	39,781	2,271,311	148,193	40,463,920	302,432,488	367,485,550
Additions (1)	-	-	-	-	-	102,447,804	104,629,467	207,077,271
Reduction	(242,965)	(14,985,416)	(89,314)	-	-	-	(85,745,223)	(101,062,918)
Acc. Dep. reduction	-	11,456,741	55,415	-	-	-	85,745,223	97,257,379
Depreciation expense (2)	-	(6,477,106)	(5,882)	(339,275)	(20,296)	-	(188,112,134)	(194,954,693)
Transfer of depreciation (3)	-	151,440	-	404,866	(176,824)	-	(439,635)	(60,153)
Other Increase (decrease) (3)	-	246,943	-	786,479	176,587	(41,998,804)	33,352,647	(7,436,148)
Movements, subtotal	**(242,965)**	**(9,607,398)**	**(39,781)**	**852,070**	**(20,533)**	**60,449,000**	**(50,569,655)**	**820,738**
Ending balance as of 12.31.2012	**3,586,428**	**8,693,066**	**-**	**3,123,381**	**127,660**	**100,912,920**	**251,862,833**	**368,306,288**

(1) Other property, plant and equipment includes additions for the concept of equipment on loan ("comodato") up to September 30, 2012 in the amount of ThCh$104,629,467.
(2) Includes the effect of depreciation of leased equipment up to September 30, 2012, which was calculated on the basis of the 14-month useful lives allocated. As of October 1, 2012 useful lives were modified to 12 months, based on the term of the service plan or contract. This change affected leased equipment up to September 30, 2012 with an effect of ThCh$7,527,753.
(3) Corresponds to net movement of transfer of constructions in progress to assets in service and to transfers to net intangibles in the amount of ThCh$(7,496,301).

15. Property, Plant and Equipment, continued

The net amount of Property, plant and equipment items that are temporarily out of service as of June 30, 2013 and December 31, 2012 is not significant.

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.

16. Other Current and Other Non-current Financial Liabilities

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

Description		06.30.2013 Current ThCh$	06.30.2013 Non-current ThCh$	12.31.2012 Current ThCh$	12.31.2012 Non-current ThCh$
Bank loans	(a)	361,605	109,935,239	343,991	107,926,600
Unguaranteed obligations (Bonds)	(b)	1,335,668	297,203,913	1,367,585	285,795,385
Hedge instruments	(see note 18b)	3,000,061	-	3,544,726	2,921,907
Total		**4,697,334**	**407,139,152**	**5,256,302**	**396,643,892**

16. Other Current and Other Non-current Financial Liabilities

a) The detail of bank loans for 2013 is as follows:

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term	Nominal amounts (ThCh$)					
															Expiration			
													Up to 90 days	90 days to 1 years	1 to 3 years	3 to 5 years	5 years and over	Total nominal amounts
Syndicated Loan (1)	87845500-2	Telefónica Móviles Chile S.A.	Chile	Foreign	BBVA BANCOMER	México	US$	At maturity	1.46%	1.11%	US$ 70mm	2016	-	-	-	32,637,500	-	32,637,500
Syndicated Loan (2)	87845500-2	Telefónica Móviles Chile S.A.	Chile	97030000-7	Banco Estado	Chile	CLP	At maturity	7.20%	6.79%	MM$49.000	2016	-	-	-	49,000,000	-	49,000,000
Syndicated Loan (3)	87845500-2	Telefónica Móviles Chile S.A.	Chile	97004000-5	Banco Chile	Chile	CLP	At maturity	7.41%	6.95%	MM$26.000	2014	-	-	26,000,000	-	-	26,000,000
	Total bank loans													-	**26,000,000**	**81,637,500**		**107,637,500**

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Current			Non-current			
								Expiration		Total current as of 03.31.2013 ThCh$	Expiration			Total Non-current as of 06.30.2013 ThCh$
								Up to 90 days ThCh$	90 days to 1 years ThCh$		1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and over ThCh$	
Syndicated Loan (1)	87845500-2	Telefónica Móviles Chile S.A.	Chile	Foreign	BBVA BANCOMER	México	US$	14,006	-	14,006	-	35,162,376	-	35,162,376
Syndicated Loan (2)	87845500-2	Telefónica Móviles Chile S.A	Chile	97030000-7	Banco Estado	Chile	CLP	-	280,506	280,506	-	48,803,250	-	48,803,250
Syndicated Loan (3)	87845500-2	Telefónica Móviles Chile S.A	Chile	97004000-5	Banco Chile	Chile	CLP	-	67.093	67.093	25,969,613	-	-	25,969,613
	Total bank loans							**14,006**	**347,599**	**361,605**	**25,969,613**	**83,965,626**	-	**109,935,239**

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

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

(3) On December 1, 2011, a bilateral loan was taken with Banco Chile, in the amount of ThCh$ 26,000 for a 3-year bullet term.

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

a) The detail of bank loans for 2012 is as follows, continued:

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term	Nominal amounts (ThCh$)					
													Up to 90 days	90 days to 1 years	Expiration 1 to 3 years	3 to 5 years	5 years and over	Total nominal amounts
Syndicated Loan (1)	87845500-2	Telefónica Móviles Chile S.A.	Chile	Foreign	BBVA Bancomer	México	US$	At maturity	1.46%	1,11%	US$ 70 mm	2016	-	-	-	32,637,500	-	32,637,500
Syndicated Loan (2)	87845500-2	Telefónica Móviles Chile S.A	Chile	97030000-7	Banco Estado	Chile	CLP	At maturity	7.20%	6.79%	MM$49.000	2016	-	-	-	49,000,000	-	49,000,000
Syndicated Loan (3)	87845500-2	Telefónica Móviles Chile S.A	Chile	97004000-5	Banco Chile	Chile	CLP	At maturity	7.41%	6.95%	MM$ 26.000	2014	-	-	26,000,000	-	-	26,000,000
		Total bank loans											-		**26,000,000**	**81,637,500**	**-**	**107,637,500**

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Current			Non-current			
								Expiration Up to 90 days ThCh$	90 days to 1 years ThCh$	Total current as of 12.31.2012 ThCh$	Expiration 1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and over ThCh$	Total Non current as of 12.31.2012 ThCh$
Syndicated Loan (1)	87845500-2	Telefónica Móviles Chile S.A.	Chile	Foreign	BBVA Bancomer	México	US$	14,490	-	14,490	-	33,222,932	-	33,222,932
Syndicated Loan (2)	87845500-2	Telefónica Móviles Chile S.A.	Chile	97030000-7	Banco Estado	Chile	CLP	-	247,524	247,524	-	48,761,167	-	48,761,167
Syndicated Loan (3)	87845500-2	Telefónica Móviles Chile S.A.	Chile	97004000-5	Banco Chile	Chile	CLP	-	81,977	81,977	25,942,501	-	-	25,942,501
		Total bank loans						**14,490**	**329,501**	**343,991**	**25,942,501**	**81,984,099**	**-**	**107,926,600**

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

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

(3) On December 1, 2011, a bilateral loan was taken with Banco Chile, in the amount of MCh$ 26,000 for a 3-year bullet term.

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

b) Details of unsecured obligations (Bonds) for 2013 is as follows:

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term	Nominal amounts (ThCh$)					
													Expiration					
													Up to 90 days	90 days to 1 years	1 to 3 years	3 to 5 years	5 years and over	Total nominal amounts
Series A Bond (1)	878455000-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	5.62%	5.60%	MM$ 32.000	2014	-	-	32,000,000	-	-	32,000,000
144A Bond (2)	878455000-2	Telefónica Móviles Chile S.A	Chile	Foreign	Bank of New York	U.S.A.	US$	At maturity	3.23%	2.88%	US$ 300 mm	2015	-	-	-	146,889,507	-	146,889,507
Series C Bond (3)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	6.73%	6.30%	MM$ 66.000	2016	-	-	-	66,000,000	-	66,000,000
Series D Bond (4)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	At maturity	3.83%	3,60%	UF 2 mm	2016	-	-	-	44,375,180	-	44,375,180
Total unsecured obligations													-	-	**32,000,000**	**257,264,687**	**-**	**289,264,687**

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Current			Non-current			
								Expiration		Total current as of 03.31.2013 ThCh$	Expiration			Total Non-current as of 06.30.2013 ThCh$
								Up to 90 days ThCh$	90 days to 1 years ThCh$		1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and over ThCh$	
Series A Bond (1)	878455000-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	806,123		806,123	31,999,813	-	-	31,999,813
144A Bond (2)	878455000-2	Telefónica Móviles Chile S.A	Chile	Foreign	Bank of New York	U.S.A.	US$	-	131,584	131,584	154,329,959		-	154,329,959
Series C Bond (3)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	CLP	-	286,234	286,234	-	65,401,910	-	65,401,910
Series D Bond (4)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	-	111,727	111,727	-	45,472,231	-	45,472,231
Total unsecured obligations								**823,123**	**529,545**	**1,335,668**	**186,329,772**	**110,874,141**	**-**	**297,203,913**

(1) On August 5, 2009, there was a first placement in the local market.
(2) On November 3, 2010, there was a first placement in the foreign market. The Bond characteristics are:

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

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

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

b) Details of unsecured obligations (Bonds) for 2012 is as follows, continued:

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term	Nominal amounts (ThCh$)					
													Expiration					Total nominal amounts 90 days to 1 years
													Up to 90 days	90 days to 1 years	1 to 3 years	3 to 5 years	5 years and over	
Series A Bond (1)	878455000-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	5.62%	5.60%	MM$ 32.000	2014	-	-	32,000,000	-	-	32,000,000
144A Bond (2)	878455000-2	Telefónica Móviles Chile S.A	Chile	Foreign	Bank of New York	U.S.A.	US$	At maturity	3.23%	2.88%	US$ 300 mm	2015	-	-	-	146,889,507	-	146,889,507
Series C Bond (3)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	6.73%	6.30%	MM$ 66.000	2016	-	-	-	66,000,000	-	66,000,000
Series D Bond (4)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	At maturity	3.83%	3,60%	UF 2 mm	2016	-	-	-	44,375,180	-	44,375,180
Total unsecured obligations													**-**	**-**	**32,000,000**	**257,264,687**	**-**	**289,264,687**

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Current			Non-current			
								Expiration		Total current as of 12.31.2012 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and over ThCh$	Total Non current as of 12.31.2012 ThCh$
								Up to 90 days ThCh$	90 days to 1 years ThCh$					
Series A Bond (1)	878455000-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	807,437	-	807,437	31,997,565	-	-	31,997,565
144A Bond (2)	878455000-2	Telefónica Móviles Chile S.A	Chile	Foreign	Bank of New York	U.S.A.	US$	-	141,477	141,477	-	143,107,835	-	143,107,835
Series C Bond (3)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	CLP	-	301,918	301,918	-	65,287,754	-	65,287,754
Series D Bond (4)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	-	116,753	116,753	-	45,402,231	-	45,402,231
Total unsecured obligations								**807,437**	**560,148**	**1,367,585**	**31,997,565**	**253,797,820**	**-**	**285,795,385**

(1) On August 5, 2009, there was a first placement in the local market.

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

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

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

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

17. Trade and Other Accounts Payable

Current trade and other accounts payable are detailed as follows

Description	06.30.2013 ThCh$	12.31.2012 ThCh$
Debts due to purchases or services rendered (1)	119,159,136	116,518,522
Suppliers of fixed assets	20,124,738	48,645,188
Total currents	**139,283,874**	**165,163,710**

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

Accounts payable due to purchases or services rendered	06.30.2013 ThCh$	12.31.2012 ThCh$
Domestic	80,187,461	79,511,662
Foreign	38,971,675	37,006,860
Total	**119,159,136**	**116,518,522**

18. Financial instruments

a) Classification of financial instruments by nature and category

i) Details of financial instruments of assets classified by nature and category as of June 30, 2013 is as follows:

		ASSETS RECORDED AT FAIR VALUE				Valuation hierarchy			ASSETS RECORDED AT AMORTIZED COST			TOTAL	
						Level 1	Level 2	Level 3					
Description of financial assets		Other financial assets at FV through P&L ThCh$	Financial assets available for sale ThCh$	Asset hedge derivatives ThCh$	Subtotal of assets at fair value ThCh$	Market prices ThCh$	Estimates based on other observable market data ThCh$	Estimates not based on observable market data ThCh$	Loans and items receivable ThCh$	Investments held to maturity ThCh$	Subtotal of assets at amortized cost ThCh$	Total carrying amount ThCh$	Total fair value ThCh$
Non-current derivative instruments		-	-	**9,286,005**	**9,286,005**	-	-	-	-	-	-	**9,286,005**	**9,286,005**
Non-current derivative instrument of assets	See Note 18 b	-	-	9,286,005	9,286,005	-	-	-	-	-	-	9,286,005	9,286,005
Non-current financial assets		-	-	**9,286,005**	**9,286,005**	-	-	-	-	-	-	**9,286,005**	**9,286,005**
Current trade accounts receivable		-	-	-	-	-	-	-	**163,070,516**	-	**163,070,516**	**163,070,516**	**163,070,516**
Trade and other accounts receivable	See Note 8	-	-	-	-	-	-	-	120,681,664	-	120,681,664	120,681,664	120,681,664
Accounts receivable from related entities	See Note 9 a	-	-	-	-	-	-	-	42,388,852	-	42,388,852	42,388,852	42,388,852
Current deposits and pledges established		-	-	-	-	-	-	-	-	**65,291,200**	**65,291,200**	**65,291,200**	**65,291,200**
Current deposits		-	-	-	-	-	-	-	-	-	-	-	-
Current deposits and pledges	See Note 6 a	-	-	-	-	-	-	-	-	65,291,200	65,291,200	65,291,200	65,291,200
Derivative instrument of assets		-	-	**5,707,011**	**5,707,011**	-	**5,707,011**	-	-	-	-	**5,707,011**	**5,707,011**
Derivative instrument of assets	See Note 18 b	-	-	5,707,011	5,707,011	-	5,707,011	-	-	-	-	5,707,011	5,707,011
Cash and cash equivalents		-	-	-	-	-	-	-	**141,656,692**	-	**141,656,692**	**141,656,692**	141,656,692
Cash and cash equivalents	See Note 5	-	-	-	-	-	-	-	141,656,692	-	141,656,692	141,656,692	141,656,692
Current financial assets		-	-	**5,707,011**	**5,707,011**	-	**5,707,011**	-	**304,727,208**	**65,291,200**	**370,018,408**	**375,725,419**	**375,725,419**

18. Financial instruments

a) Classification of financial instruments by nature and category

i) Details of financial instruments of assets classified by nature and category as December 31, 2012 is as follows:

Description of financial assets		Other financial assets at FV through P&L ThCh$	Financial assets available for sale ThCh$	Asset hedge derivatives ThCh$	Subtotal of assets at fair value ThCh$	ASSETS RECORDED AT FAIR VALUE – Valuation hierarchy – Level 1: Market prices ThCh$	Level 2: Estimates based on other observable market data ThCh$	Level 3: Estimates not based on observable market data ThCh$	ASSETS RECORDED AT AMORTIZED COST – Loans and items receivable ThCh$	Investments held to maturity ThCh$	Subtotal of assets at amortized cost ThCh$	TOTAL – Total carrying amount ThCh$	TOTAL – Total fair value ThCh$
Derivative instrument assets		-	-	**1,134,018**	**1,134,018**	-	**1,134,018**	-	-	-	-	**1,134,018**	**1,134,018**
Non-current derivative instrument of assets	See Note 18 b	-	-	1,134,018	1,134,018	-	1,134,018	-	-	-	-	1,134,018	1,134,018
Non-current financial assets		-	-	**1,134,018**	**1,134,018**	-	**1,134,018**	-	-	-	-	**1,134,018**	**1,134,018**
Current trade accounts receivable		-	-	-	-	-	-	-	**175,755,328**	-	**175,755,328**	**175,755,328**	**175,755,328**
Trade and other accounts receivable	See Note 8	-	-	-	-	-	-	-	127,609,827	-	127,609,827	127,609,827	127,609,827
Accounts receivable from related entities	See Note 9 a	-	-	-	-	-	-	-	48,145,501	-	48,145,501	48,145,501	48,145,501
Current deposits and pledges established		-	-	-	-	-	-	-	-	**40,074,800**	**40,074,800**	**40,074,800**	**40,074,800**
Current deposits		-	-	-	-	-	-	-	-	40,074,800	40,074,800	40,074,800	40,074,800
Current deposits and pledges	See Note 6 a	-	-	-	-	-	-	-	-	-	-	-	-
Derivative instrument of assets		-	-	**4,476,880**	**4,476,880**	-	**4,476,880**	-	-	-	-	**4,476,880**	**4,476,880**
Derivative instrument of assets	See Note 18 b	-	-	4,476,880	4,476,880	-	4,476,880	-	-	-	-	4,476,880	4,476,880
Cash and cash equivalents		-	-	-	-	-	-	-	**164,192,567**	-	**164,192,567**	**164,192,567**	**164,192,567**
Cash and cash equivalents	See Note 5	-	-	-	-	-	-	-	164,192,567	-	164,192,567	164,192,567	164,192,567
Current financial assets		-	-	**4,476,880**	**4,476,880**	-	**4,476,880**	-	**339,947,895**	**40,074,800**	**380,022,695**	**384,499,575**	**384,499,575**

18. Financial instruments, continued

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

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

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

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

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

18. Financial instruments, continued

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

ii) Details of financial instruments of liabilities classified by nature and category as of June 30, 2013 is as follows:

Description of financial liabilities		LIABILITIES RECORDED AT FAIR VALUE					LIABILITIES RECORDED AT AMORTIZED COST	TOTAL	
				Valuation hierarchy					
				Level 1	Level 2	Level 3			
		Hedge derivative liabilities ThCh$	Subtotal liabilities at fair value ThCh$	Market prices ThCh$	Estimates based on other observable market data ThCh$	Estimates not based on observable market data ThCh$	Debits and items payable ThCh$	Total carrying amount ThCh$	Total fair value ThCh$
Issuance of obligations and other non-current marketable securities	See Note 16 b	-	-	-	-	-	297,203,913	297,203,913	297,203,913
Non-current debts with loan entities	See Note 16 a	-	-	-	-	-	109,935,239	109,935,239	109,935,239
Accounts payable to related entities	See Note 9 d	-	-	-	-	-	1,366,521	1,366,521	1,366,521
Non-current financial liabilities		**-**	**-**	**-**	**-**	**-**	**408,505,673**	**408,505,673**	**408,505,673**
Issuance of short-term obligations and other marketable securities	See Note 16 b	-	-	-	-	-	1,335,668	1,335,668	1,335,668
Short-term debts with credit entities	See Note 16 a	-	-	-	-	-	361,605	361,605	361,605
Short-term derivative instrument of liabilities	See Note 18 b	3,000,061	3,000,061	-	3,000,061	-	-	3,000,061	3,000,061
Trade and other accounts payable		-	-	-	-	-	139,283,874	139,283,874	139,283,874
Accounts payale to related entities		-	-	-	-	-	58,013,475	58,013,475	58,013,475
Current financial liabilities		**3,000,061**	**3,000,061**	**-**	**3,000,061**	**-**	**198,994,622**	**201,994,683**	**201,994,683**
Total financial liabilities		**3,000,061**	**3,000,061**	**-**	**3,000,061**	**-**	**607,500,295**	**610,500,356**	**610,500,356**

18. Financial instruments, continued

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

ii) Details of financial instruments of liabilities classified by nature and category as of December 31, 2012 is as follows:

Breakdown of financial liabilities		LIABILITIES RECORDED AT FAIR VALUE		Valuation hierarchy			LIABILITIES RECORDED AT AMORTIZED COST	TOTAL	
		Hedge derivative liabilities ThCh$	Subtotal liabilities at fair value ThCh$	Level 1 Market prices ThCh$	Level 2 based on other observable ThCh$	Level 3 based on observable ThCh$	Debits and items payable ThCh$	Total carrying amount ThCh$	Total fair value ThCh$
Issuance of obligations and other non-current marketable securities	See Note 16 b	-	-	-	-	-	285,795,385	285,795,385	285,795,385
Non-current debts with loan entities	See Note 16 a	-	-	-	-	-	107,926,600	107,926,600	107,926,600
Long-term hedge derivative instrument of liabilities	See Note 18 b	2,921,907	2,921,907	-	2,921,907	-	-	2,921,907	2,921,907
Non-current financial liabilities		**2,921,907**	**2,921,907**	-	**2,921,907**	-	**393,721,985**	**396,643,892**	**396,643,892**
Issuance of short-term obligations and other marketable securities	See Note 16 b	-	-	-	-	-	1,367,585	1,367,585	1,367,585
Short-term debts with credit entities	See Note 16 a	-	-	-	-	-	343,991	343,991	343,991
Short-term derivative instrument of liabilities	See Note 18 b	3,544,726	3,544,726	-	3,544,726	-	-	3,544,726	3,544,726
Current financial liabilities		**3,544,726**	**3,544,726**	-	**3,544,726**	-	**1,711,576**	**5,256,302**	**5,256,302**
Total financial liabilities		**6,466,633**	**6,466,633**	-	**6,466,633**	-	**395,433,561**	**401,900,194**	**401,900,194**

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

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

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

18. Financial instruments, continued

b) Hedging instruments

The detail of the hedging instruments is as follows:

					To Maturity					
		Net Total as of 06.30.2013	Up to 90 days	90 days to 1 years	Total current		1 a 3 years	3 a 5 years	Total non-current	
					Assets	Liabilities (see note 16)			Assets	Liabilities (see note 16)
Description	Underlying	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Exchange rate – cash flow hedge (1)	Supplier Debt	2,289,970	2,251,476	38,494	2,310,287	(20,317)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	(1,677,864)	(1,677,864)	-	175,500	(1,853,364)	-	-	-	-
Interest rate – cash flow hedge (3)	Financial Debt	3,204,146	-	3,204,146	3,221,224	(17,078)	-	-	-	-
Exchange rate and interest rate – fair value hegde (5)	Financial Debt	8,176,703	(49,732) -	1,059,570	-	(1,109,302)	8,147,522	1,138,483	9,286,005	-
Exchange insurance expired during the year		-	-	-	-	-	-	-	-	-
Total		**11,992,955**	**523,880**	**2,183,070**	**5,707,011**	**(3,000,061)**	**8,147,522**	**1,138,483**	**9,286,005**	-

Hedgeing instruments have generated an effect on income of ThCh$ 12,333,851 and ThCh$ 3,961,871 in shareholders' equity as of June 30, 2013.

					To Maturity					
		Net Total as of 12.31.2012	Up to 90 days	90 days to 1 years	Total current		1 a 3 years	3 a 5 years	Total non-current	
					Assets	Liabilities (see note 16)			Assets	Liabilities (see note 16)
Description	Underlying	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Exchange rate – cash flow hedge (1)	Supplier Debt	43,468	43,468	-	159,985	(116,517)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	29,926	29,926	-	51,956	(22,030)	-	-	-	-
Interest rate – cash flow hedge (3)	Financial Debt	1,954,428	-	1,954,428	4,264,939	(2,310,511)	-	-	-	-
Exchange rate and interest rate – cash flow hedge (4)	Financial Debt	(2,883,557)	(54,435)	(1,041,233)	-	(1,095,668)	(2,921,907)	1,134,018	1,134,018	(2,921,907)
Exchange insurance expired during the year		-	-	-	-	-	-	-	-	-
Total		**(855,735)**	**18,959**	**913,195**	**4,476,880**	**(3,544,726)**	**(2,921,907)**	**1,134,018**	**1,134,018**	**(2,921,907)**

Hedging instruments have generated an effect on income of ThCh$ (23,170,634) and ThCh$ 824,388 in shareholders' equity as of December 31, 2012.

Description of hedging instruments:

(1) Exchange rate cash flow hedge: As of June 30, 2013 and December 31, 2012 this category includes derivative instruments used to hedge highly probable future cash flow from trade debt.

(2) Exchange rate fair value hedge: As of June 30, 2013 and December 31, 2012 this category includes derivative instruments entered into to hedge the foreign currency risk of debt instrument capital.

(3) Interest rate cash flow hedge: As of June 30, 2013 and December 31,2012 this category includes, derivative instruments entered into to hedge interest rate risk, from debt instruments whose interest cash flow payable are denominated at a variable interest rate.

(4) Exchange rate and interest rate cash flow hedge: As of June 30, 2013 and December 31, 2012 this category includes, derivative instruments entered into to hedge the foreign currency risk of debt instrument capital, whose interest cash flow payable after hedging are denominated in the functional currency.

(5) Exchange rate and interest rate fair value hedge: As of June 30, 2013 and December 31, 2012 this category includes derivative instruments entered into to hedge the risk of foreign currency of debt instruments capital, whose interest cash flows payable after hedging are denominated in the functional currency.

18. Financial instruments, continued

c) Valuation of hedging instruments

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

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

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

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

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

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 (see Note 18 a):
Level 1: Corresponds to methodologies of fair value measurement using market rates (without adjustments) in an active market considering the same assets and liabilities valued.

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

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

19. Other Provisions

a) The balance short-term provisions is detailed as follows:

Description	06.30.2013 ThCh$	12.31.2012 ThCh$
Civil and regulatory	360,044	360,415
Total	**360,044**	**360,415**

For June 2013 civil and regulatory provisions are mainly composed of complaints from the Undersecretary of Telecommunications of Chile (Subtel) in the amount of ThCh$ 188,572 and civil lawsuits in the amount of ThCh$ 110,670. The main amount for 2012 corresponds to fines from the Antitrust Commission in the amount of ThCh$ 176,080.

As of June 30, 2013 and December 31, 2012, movements of provisions are detailed as follows:

Movements	06.30.2013 ThCh$	12.31.2012 ThCh$
Beginning balance	**360,415**	**1,843,816**
Increase in existing provisions	63,638	329,534
Provision used	(64,009)	(1,812,935)
Movements, subtotal	**(371)**	**(1,483,401)**
Ending balance	**360,044**	**360,415**

Based on the development of legal proceedings, the Company's management considers that the provisions recorded in the consolidated financial statements adequately cover the risks for the lawsuits described in Note 27, and therefore, they do not expect additional liabilities to arise.

Given the characteristics of the risks covered by these provisions, the Company is unable to determine a reasonable timeframe for the dates of any payments that may be required.

b) Other long term provisions,

As of June 30, 2013 and December 31, 2012 the balance of other non-current provisions is detailed as follows:

Description	06.30.2013 ThCh$	12.31.2012 ThCh$
Investment in associated company reserve (i)	1,500	1,498
Dismantling provision (ii)	15,671,825	15,671,825
Total	**15,673,325**	**15,673,323**

19. Other Provisions, continued

b) Other long term provisions, continued

i) As of June 30, 2013 and December 31, 2012, investments in associated companies with negative equity are detailed as follows:

Taxpayer No.	Name	Investment balance 06.30.2013	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary income ThCh$	Ordinary expenses ThCh$	Income ThCh$
96.898.630-9	Intertel S.A. (1)	(1,500)	50.00	989	472	4,460	-	-	2	(2)

(1) As of December 31, 2011, T. Moviles Chile S.A. consolidated this company since it had direct control of 50% and indirect control over the remaining 50%. The latter interest was sold on April 30, 2012 to Inversiones Telefonica Moviles Holding S.A.leaving only direct participation.

Taxpayer No.	Name	Investment balance 12.31.2012	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary income ThCh$	Ordinary expenses ThCh$	Income ThCh$
96.898.630-9	Intertel S.A. (1)	(1,498)	50.00	612	472	4,079	-	-	3,413	(2,942)

(1) On July 25, 2011, the Company acquired 48% interest in related company Telefonica Chile Servicios Corporativos Limitada, which as December 31, 2011 shows negative equity.

As of June 30, 2013 and December 31, 2012, the movement of investments in associated companies with negative equity is included in movement of shares in associated companies in Note 12 b).

ii) Movements of the dismantling provision as of June 30, 2013 and December 31,2012 are detailed as follows:

Movements	06.30.2013 ThCh$	12.31.2012 ThCh$
Beginning balance	15,671,825	13,252,339
Increase in existing provisions	-	2,419,486
Movements, subtotal	**-**	**2,419,486**
Ending balance	**15,671,825**	**15,671,825**

20. Current employee benefits provision,

The composition of the costs to employees is as follows:

Description	04.01.13 al 06.30.13 ThCh$	06.30.2013 ThCh$	04.01.12 al 06.30.12 ThCh$	06.30.2012 ThCh$
Employee expenses (1)	609443	1,773,386	584,317	587,837
Total	**609,443**	**1,773,386**	**584,317**	**587,837**

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

21. Other Current Non-financial Liabilities

Other current non-financial liabilities are detailed as follows:

Description	06.31.2013 ThCh$	12.31.2012 ThCh$
Deferred income, current (1)	43,435,728	55,084,436
Other taxes (2)	3,794,425	1,583,732
Total currents	**47,230,153**	**56,668,168**

(1) Deferred income is detailed as follows:

Description	06.30.2013 ThCh$	12.31.2012 ThCh$
Sale of telecommunications infrastructure (a)	17,562,238	22,515,780
Equipment sold not activated	8,824,094	9,264,365
Club Movistar	6,052,595	5,606,803
Prepayment top-ups	5,144,874	5,033,119
Services charged but not rendered	3,900,897	3,204,147
Activation installment (b)	914,537	7,388,321
Other deferred income	1,036,493	2,071,901
Total deferred income	**43,435,728**	**55,084,436**

a) As of June 30, 2013 this account includes deferred income detailed as follows:

- for the sale of Sociedad Torres Dos S.A., to Torres Unidas Chile SpA (Torrecom) carried out on December 21, 2012 in the amount of ThCh$ 10,502,948
- Deferred income in the amount of ThCh$ 7,395,152 generated by the transaction performed on December 12, 2011, whereby Telefónica Móviles Chile S.A. sold telecommunications infrastructure to ATC Sitios de Chile S.A.
- The rest corresponds to deferred income originated by activities inherent to the business.

b) Until September 30, 2012 income from equipment rentals was recorded as deferred income and amortized over 14 months. Starting October 1, 2012 the amortization term for income originated in the initial installment of the rented equipment and applicable to sales made until September 30, 2012 decreased to 12 months.

(2) Includes withholding tax, value added tax, pension and health institutions and others.

Movement of deferred income is detailed as follows:

Deferred revenues	06.30.2013 ThCh$	12.31.2012 ThCh$
Begining balance	55,084,436	62,404,619
Endowments	218,142,435	466,823,784
Reduction/applications	(229,791,143)	(474,143,967)
Movements, subtotal	**(11,648,708)**	**(7,320,183)**
Ending balance	**43,435,728**	**55,084,436**

22. Equity

a) Capital:

As of June 30, 2013 and December 31, 2012, the Company's paid-in capital is detailed as follows:

Number of shares:

Serie	06.30.2013 No. of shares subscribed	06.30.2013 No. of paid shares	06.30.2013 No. of shares with voting rights	12.31.2012 No. of shares subscribed	12.31.2012 No. of paid shares	12.31.2012 No. of shares with voting rights
SINGLE	118,026,145	118,026,145	118,026,145	118,026,145	118,026,145	118,026,145
Total	**118,026,145**	**118,026,145**	**118,026,145**	**118,026,145**	**118,026,145**	**118,026,145**

Capital:

Serie	06.30.2013 Subscribed capital ThCh$	06.30.2013 Paid - in capital ThCh$	12.31.2012 Subscribed capital ThCh$	12.31.2012 Paid - in capital ThCh$
SINGLE	941,098,241	941,098,241	941,098,241	941,098,241
Total	**941,098,241**	**941,098,241**	**941,098,241**	**941,098,241**

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

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

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

22. Equity

b) Distribution of shareholders:

In accordance with Circular No. 792 issued by the Superintendency of Securities and Insurance (S.V.S.), the Company's shareholders and their ownership interest as of June 31, 2013 are detailed as follows:

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

As of June 30, 2013 and December 31, 2012, the direct participation of Inversiones Telefonica Moviles Holding S.A., in the equity of Telefonica Moviles Chile S.A., reaches 99.999999%.

c) Dividends

i) Dividends policy**:**

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

The Ordinary Shareholders' Meeting held on April 23, 2013, agreed to consider the amount already distributed in November 2012 as a final dividend, amounting to 29.09 % of net income for the year. Due to the above, the minimum legal provision of ThCh$ 974,315 was reversed.

ii) Decrease in capital and dividends distributed:

The Company has distributed the following dividends during the reported periods:

Date	Dividend	Amount Distributed ThCh$	Charge to net income	Payment date
11-19-2012	final	29,385,129	Fiscal year 2012	12-19-2012
04-02-2013	Interim	20,000,000	Fiscal year 2013	04-29-2013

22. Equity

d) Other reserves

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

Description	Balance as of 12.31.2012 ThCh$	Net movement ThCh$	Balance as of 06.30.2013 ThCh$
Business combination reserve (i)	(97,886,550)	-	(97,886,550)
Cash flows hedge reserve (ii)	824,388	943,170	1,767,558
Employee benefits reserve (iii)	(2,121,550)	-	(2,121,550)
Revaluation issued capital (iv)	(233,685,327)	-	(233,685,327)
Total	**(332,869,039)**	**943,170**	**(331,925,869)**

i) Business combination reserve

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

ii) Cash flows hedge reserve

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

iii) Employee benefits reserve

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

iv) Revaluation issued capital

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

22. Equity, continued

e) Non-controlling interests

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

As of June 30, 2013 and December 31, 2012 the Company has non-controling interests arising from the investment in Telefónica Móviles Chile Distribución S.A..

Subsidiares	Non-controlling Interest percentage		Equity Non-controlling interest		Participation in profit income (loss)	
	2013	2012	2013	2012	2013	2012
	%	%	ThCh$	ThCh$	ThCh$	ThCh$
Telefónica Móviles Chile Distribución S.A.	0.01	0.01	55	55	-	11
Total			**55**	**55**	**-**	**11**

23. Earnings per Share

Earnings per share are detailed as follows:

Basic earnings per share	04.01.13 al 06.30.13 ThCh$	06.30.2013 ThCh$	04.01.12 al 06.30.12 ThCh$	06.30.2012 ThCh$
Earnings attributable to owners of the parent	11,513,385	23,041,907	20,337,646	47,610,013
Profit available for shareholders	**11,513,385**	**23,041,907**	**20,337,646**	**47,610,013**
Weighted average number of shares	118,026,145	118,026,145	118,026,145	118,026,145
Basic earnings per share in Ch$	**97.55**	**195.23**	**172.31**	**403.39**

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

24. Income and Expenses

a) Income from ordinary operations for 2013 and 2012 is detailed as follows:

Operating income	04.01.13 al 06.30.13 ThCh$	06.30.2013 ThCh$	04.01.12 al 06.30.12 ThCh$	06.30.2012 ThCh$
Sale of goods (1)	25,140,594	46,388,676	20,018,941	30,220,245
Services rendered	227,315,267	449,234,632	214,788,573	447,107,022
Total	**252,455,861**	**495,623,308**	**234,807,514**	**477,327,267**

(1) As of June 30, 2013, income from postpaid mobile equipment rental.

b) Other income for the periods ended 2013 and 2012 is detailed as follows:

Other income	04.01.13 al 06.30.13 ThCh$	06.30.2013 ThCh$	04.01.12 al 06.30.12 ThCh$	06.30.2012 ThCh$
Indemnity	138,032	214,960	876,701	876,701
Other current management earnings	316,301	738,766	354,680	688,470
Gains on disposal of fixed assets (1)	5,231,263	5,237,998	238,380	480,255
Total	**5,685,596**	**6,191,724**	**1,469,761**	**2,045,426**

(1) On June 30, 2013 income from ATC, was recorded corresponding to the sale of 52 Towers for ThCh$ 4.953.542.

c) The detail of other expenses by nature of the operation for the periods 2013 and 2012 are as follows:

Other expenses	04.01.13 al 06.30.13 ThCh$	06.30.2013 ThCh$	04.01.12 al 06.30.12 ThCh$	06.30.2012 ThCh$
Interconnections and roaming	40,525,999	80,113,463	39,917,717	80,870,097
Rent	19,541,638	36,907,401	17,430,996	31,100,998
Cost of sales of equipment (1)	59,466,952	107,103,980	18,116,013	39,653,687
External services	3,148,678	6,525,518	3,317,343	6,194,961
Sales commission	14,001,363	27,989,952	14,825,401	31,562,737
Customer services	8,666,722	17,436,248	8,784,990	16,319,246
Maintenance	3,567,182	7,175,888	3,617,352	7,182,720
Allowance for doubtful accounts	5,739,299	12,467,731	7,938,444	15,933,410
Advertising	4,757,757	9,310,664	5,289,476	12,108,015
Employee expenses transferred by other companies and other	17,944,945	36,839,138	17,413,796	37,357,265
Electrical energy for technical installations	2,957,751	5,530,461	1,989,630	4,451,608
Administrative and management services	12,558,434	19,730,835	7,652,252	15,026,204
Compensation to suppliers for messaging services	3,052,062	6,148,385	3,014,183	5,635,003
Others	5,127,941	9,635,336	2,811,842	8,241,123
Total	**201,056,723**	**382,915,000**	**152,119,435**	**311,637,074**

(1) As of June 30, 2013, includes the cost or renting post-pay mobile equipment, for contracts signed up to September 30, 2012.

24. Income and Expenses, continued

d) Details of finance income and cost for the periods 2013 and 2012 are as follows:

Net financial expenses	04.01.13 al 06.30.13 ThCh$	06.30.2013 ThCh$	04.01.12 al 06.30.12 ThCh$	06.30.2012 ThCh$
Finance income				
Interest earned on deposits	2,004,740	4,738,807	4,344,687	7,838,927
Derivative contracts (Forward)	743,574	780,680	15,376	57,225
Other finance income	546,332	969,255	468,224	1,012,380
Total finance income	**3,294,646**	**6,488,742**	**4,828,287**	**8,908,532**
Finance cost				
Interest on loans from bank institutions	1,449,547	2,901,795	1,503,262	3,040,418
Interest on obligations and bonds	3,114,907	6,164,095	3,091,388	6,150,347
Derivative contracts (Forward)	41,851	78,259	42,520	95,601
Interest rate hedges (cross currency swap)	1,999,105	3,947,309	3,246,064	4,552,113
Other financial cost	36,255	122,756	68,080	118,660
Total finance cost	**6,641,665**	**13,214,214**	**7,951,314**	**13,957,139**
Net finance income	**(3,347,019)**	**(6,725,472)**	**(3,123,027)**	**(5,048,607)**

e) Foreign currency translation and indexation units for the periods 2013 and 2012 are detailed as follows:

Description	April 1 to June 30, 2013 ThCh$	As of June 30, 2013 Accumulated ThCh$	April 1 to June 30, 2012 ThCh$	As of June 30, 2012 Accumulated ThCh$
Current accounts receivable from related entities	(29,507)	(16,612)	(41,045)	(50,304)
Current accounts payable to related entities	591,262	495,199	(57,188)	(126,869)
Current trade and other accounts receivable	(79,277)	77,757	32,251	160,876
Trade and other accounts payable	1,147,180	906,266	224,746	(1,098,803)
Cash and cash equivalents	22,685	53,106	373,513	496,695
Financial investments	(3,983,079)	(3,915,146)	(47,310)	(10,263)
Financial debt	12,888,921	9,984,208	5,268,124	(6,329,932)
Derivatives	(10,794,668)	(7,664,248)	(5,638,410)	6,797,413
Other	(58,496)	(76,297)	37,628	37,630
Total	**(294,979)**	**(155,767)**	**152,309**	**(123,557)**

24. Income and Expenses, continued

e) Foreign currency translation and indexation units for the periods 2013 and 2012 are detailed as follows, continued

Description	April 1 to June 30 2013 ThCh$	As of June 30, 2013 Accumulated ThCh$	April 1 to June 30 2012 ThCh$	As of June 30, 2012 Accumulated ThCh$
Current accounts payable to related entities	-	-	(27)	4
Current trade and other accounts receivable	3,453	1,830	(11)	(38)
Trade and other accounts payable	(3,621)	(6,022)	9,373	18,349
Cash and cash equivalents	-	-	-	-
Financial investments	(24,171)	(62,345)	(55,218)	(125,545)
Financial debt	(33,329)	23,453	185,813	659,870
Derivatives	57,457	197	(131,784)	(539,205)
Other	(342)	(342)	(8)	-
Total	**(553)**	**(43,229)**	**8,138**	**13,435**

25. Operating leases

The Company has operating lease contracts for concepts associated directly to the business line, such as leases for real estate and for space telecommunications technical facilities.

Based on the values indicated in these contracts, future obligations are detailed as follows:

Description	06.30.2013 Minimum payments ThCh$	06.30.2012 Minimum payments ThCh$
Expenses for the period	16,991,377	15,490,101
Up to 1 year	30,359,024	32,154,514
From 1 to 5 years	84,684,014	98,754,356
More than 5 years	58,609,029	74,897,774
Total	**190,643,444**	**221,296,745**

26. Local and Foreign Currency

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

Current assets	06.30.2013 ThCh$	12.31.2012 ThCh$
Cash and cash equivalents	**141,656,692**	**164,192,567**
US dollars	106,163,099	4,243
Euros	7,215	7,215
Chilean pesos	35,486,378	164,181,109
Other current financial assets	**70,998,211**	**44,551,680**
US dollars	4,984,296	4,304,007
Euros	529,825	15,992
Chilean pesos	65,484,090	40,231,681
Trade and other current accounts receivable	**120,681,664**	**127,609,827**
US dollars	3,058,034	1,687,127
Euros	42,535	42,424
Chilean pesos	114,820,990	125,880,276
U.F.	2,760,105	-
Accounts receivable from related companies	**42,388,852**	**48,145,501**
US dollars	505,754	650,840
Euros	293,194	197,968
Chilean pesos	41,589,904	47,296,693
Other current assets (1)	**85,544,684**	**87,914,039**
Pesos	84,853,360	87,240,466
U.F.	691,324	673,573
Total current assets	**461,270,103**	**472,413,614**
US dollars	114,711,183	6,646,217
Euros	872,769	263,599
Chilean pesos	342,234,722	464,830,225
U.F.	3,451,429	673,573

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

26. Local and Foreign Currency, continued

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

Non-current assets	06.30.2013 ThCh$	12.31.2012 ThCh$
Other non-current financial assets	9,286,005	**1,134,018**
US dollars	8,147,522	417,110
U.F.	1,138,483	716,908
Other non-current non-financial assets	**1,159,902**	**1,169,017**
Chilean pesos	1,159,902	1,169,017
Other non-current assets (2)	**898,513,263**	**934,540,772**
Chilean pesos	898,513,263	934,540,772
Total non-current assets	**908,959,170**	**936,843,807**
US dollars	8,147,522	417,110
Chilean pesos	899,673,165	935,709,789
U.F.	1,138,483	716,908

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

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

Current liabilities	06.30.2013 Up 90 days ThCh$	12.31.2012 Up 90 days ThCh$	06.30.2013 De 91 days to 1 years ThCh$	12.31.2012 De 91 days to 1 years ThCh$
Other current financial liabilities	**1,903,464**	**4,173,671**	**2,793,870**	**1,082,631**
US dollars	14,006	14,490	1,842,786	192982
Chilean pesos	1,889,458	4,159,181	951,084	889,649
U.F.	-	-	-	-
Trade and other accounts payable	**139,283,874**	**165,163,710**	-	-
US dollars	27,549,477	44,915,579	-	-
Euros	4,078,133	3,909,189	-	-
Other currencies	172,188	41,408	-	-
Chilean pesos	103,551,168	113,301,609	-	-
U.F.	3,932,908	2,995,925	-	-
Current accounts payable to related companies	**58,013,475**	**67,453,667**	**-**	**-**
US dollars	299,791	1,272,039	-	-
Euros	3,269,840	5,459,559	-	-
Chilean pesos	54,443,844	60,722,069	-	-
Other current liabilities (1)	**11,639,217**	**21,411,376**	**47,230,153**	**56,668,168**
Chilean pesos	11,639,217	21,411,376	47,230,153	56,668,168
Total current liabilities	**210,840,030**	**258,202,424**	**50,024,023**	**57,750,799**
US dollars	27,863,274	46,202,108	1,842,786	192,982
Euros	7,347,973	9,368,748	-	-
Other currencies	172,188	41,408	-	-
Chilean pesos	171,523,687	199,594,235	48,181,237	57,557,817
U.F.	3,932,908	2,995,925	-	-

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

26. Local and Foreign Currency, continued

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

Non-current liabilities	06.30.2013	12.31.2012	06.30.2013	12.31.2012	06.30.2013	12.31.2012
	1 to 3 yaers		3 to 5 years		5 years	
	ThCh$		ThCh$		ThCh$	
Other non-current financial liabilities	**212,299,385**	**60,861,973**	**194,839,767**	**335,781,919**	**-**	**-**
US dollars	154,329,959	-	35,162,376	176,330,767	-	-
U.F.	-	-	45,472,231	45,402,231	-	-
Chilean pesos	57,969,426	60,861,973	114,205,160	114,048,921	-	-
Other non-current liabilities (2)	**18,198,827**	**17,592,457**	**-**	**-**	**-**	-
Chilean pesos	18,198,827	17,592,457	-	-	-	-
Total non-current liabilities	**230,498,212**	**78,454,430**	**194,839,767**	**335,781,919**	**-**	-
US dollars	**154,329,959**	**-**	35,162,376	176,330,767	-	-
U.F.	**-**	**-**	45,472,231	45,402,231	-	-
Chilean pesos	76,168,253	78,454,430	114,205,160	114,048,921	-	-

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

27. Contingencies and Restrictions

a) Complaints against the tax authority:

As of June 30, 2013 there are no complaints against the tax authority.

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

As of June 30, 2013 there are no complaints filed by the tax authority against Telefónica Móviles S.A..

c) Lawsuits several

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

Notwithstanding the above, there are certain processes where, due to the aforementioned considerations, we have estimated that there is a risk of loss qualified as probable, which has motivated it to establish provisions for the amount of what would be the estimated loss as of June 30, 2013, which altogether amounts to ThCh$360,043.

d) Other contingencies:

On June 11, 2012 Law No. 20,599 regulating the installation of telecommunications services transmitter and broadcasting antennas was published in the Official Gazette.

The approved indications include, among others, restrictions to installation in saturated zones and limitations on the installation of towers in sensitive locations. Another important point is the payment of compensations to community improvement projects.

On the other hand, restrictive measures for installations in saturated zones and close to sensitive zones are applied retroactively for those that are already installed.

e) Financial restrictions:

As of June 30, 2013 and December 31, 2012 the company has no financial restrictions.

27. Contingencies and Restrictions, continued

f) Guarantee Deposits

Guarantee deposits are detailed as follows:

	Debtor				Liberation of guarantee		
Creditor of guarantee	Name	Relationship	Type of guarantee	Ballots in force ThCh$	2013 ThCh$	2014 ThCh$	2015 and after ThCh$
Subsecretaría de Telecomunicaciones	TMCH	Parent company	Guarantee	682,590	15	5	682,570
Adm.de Servicios y Sistemas Automatizados Falabella Ltda.	TMCH	Parent company	Guarantee	450,000			450,000
Subsecretaria de Prevención del Delito	TMCH	Parent company	Guarantee	78,000			78,000
Aguas Andinas S.A.	TMCH	Parent company	Guarantee	66,000			66,000
Tesoreria del Estado Mayor del Ejercito	TMCH	Parent company	Guarantee	34,375	34,375		
Gendarmeria de Chile	TMCH	Parent company	Guarantee	17,395	17,395		
Ilustre Municipalidad De Nueva Imperial	TMCH	Parent company	Guarantee	15,000			15,000
Ilustre Municipalidad De Vitacura	TMCH	Parent company	Guarantee	14,566		14,566	
Servicios Sanitarios de los Lagos	TMCH	Parent company	Guarantee	13,090			13,090
Camara de Diputados	TMCH	Parent company	Guarantee	10,000	10,000		
Subsecretaría de Economía	TMCH	Parent company	Guarantee	9,150		9,150	
Ilustre Municipalidad de Cerro Navia	TMCH	Parent company	Guarantee	7,078			7,078
Empresa de los Ferrocarriles del Estado	TMCH	Parent company	Guarantee	6,753		6,753	
Ilustre Municipalidad de Lo Barnechea	TMCH	Parent company	Guarantee	6,706			6,706
Dirección del Trabajo	TMCH	Parent company	Guarantee	6,353		6,353	
Subsecretaría de Transportes	TMCH	Parent company	Guarantee	6,095		6,095	
Ministerio de Bienes Nacionales	TMCH	Parent company	Guarantee	6,033			6,033
Ilustre Municipalidad de Macul	TMCH	Parent company	Guarantee	5,337			5,337
Banco Central de Chile	TMCH	Parent company	Guarantee	4,500	4,500		
Presidencia de la Republica	TMCH	Parent company	Guarantee	4,500		4,500	
Ilustre Municipalidad de Valparaiso	TMCH	Parent company	Guarantee	4,200		4,200	
Ilustre Municipalidad de Linares	TMCH	Parent company	Guarantee	3,898	3,898		
Sericio de Registro Civil e Identificación	TMCH	Parent company	Guarantee	3,614	1,498	2,116	
Servicio de Bienestar del Personal de la SVS	TMCH	Parent company	Guarantee	3,552	3,552		
Serviu Región de Valparaíso	TMCH	Parent company	Guarantee	3,500	3,500		
Servicio Nacional de Pesca y Acuicultura	TMCH	Parent company	Guarantee	3,000	3,000		
Servicio de Impuestos Internos	TMCH	Parent company	Guarantee	2,500	2,500		
Instituto Nacional de Deportes	TMCH	Parent company	Guarantee	2,500		2,500	
Others (1)	TMCH	Parent company	Guarantee	20,796	11,373	5,799	3,624
				1,491,081	**95,606**	**62,037**	**1,333,438**

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

TMCH: Telefónica Móviles Chile S.A.

28. Environment

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

Law No. 20,599 was published on June 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas. The approved indications include i) installation restrictions in saturated zones; more rigorous approval conditions are imposed for towers higher than 12 meters; ii) limited installation of towers close to sensitive places as determined by the Telecommunications Undersecretary (schools, hospitals, daycares, nursing homes and others); and iii) compensation is established with community improvements which must be agreed upon by the Neighborhood Councils and Municipal Council, for 30% 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.

Restrictive measures for installation in saturated zones and close to sensitive zones are applied retroactively for facilities that are already installed. In the case of sensitive zones, retroactivity is applicable in function of stretches and all those structures will have the obligation of "co-location" with other operators.

Law No. 20,599 was amended in December 2012 to regulate the case when there is no agreement between the operators over the amount of payment for the co-location. This controversy must obligatorily be submitted to the knowledge and decision of an arbitrator that will be obligated to make a decision in favor of one of the two proposals set in force when the case is submitted for arbitration and to be fully accepted by the parties.

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact. As of June 30, 2013 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

Based on project planning progress, we believe that implementation of the indicated Law will imply that the Company will have to incur expenditures that can and cannot be capitalized in a process that should be completed in the last quarter of 2013.

29. Financial Risk Management

a) Characterization of the Market and Competition (Not audited)

The mobile telephone market is characterized by its high penetration rate, which in 2013 reached 146.7%, which is explained by the strong competition and search for new customer services and solutions. The results of the above imply high levels of investment in networks and equipment, in order to increase capacity and improve the strategies carried out by the concessionaries whose common interest is to offer higher quality of service and be price competitive.

29. Financial Risk Management, continued

a) Characterization of the Market and Competition (Not audited) , continued

Since 2012, the mobile telephone market in Chile is composed of 5 operators with their own network and theee virtual operators. The operators with their own network are: Telefónica Móviles Chile S.A., owned by the Telefónica Group; Entel, owned by the Almendral Group; Claro, belonging to the América Móvil Group; Nextel, belonging to the NII Holding Group; and VTR, owned by Liberty Global Media.

In addition, new Virtual Mobile Operators (VMO) who began operating in 2012 are: Virgin Mobile, Netline (GTEL) and GTD Móvil.

The mobile telephone market maintained its dynamism during the second quarter of 2013, with 25.6 million lines in service and an estimated growth of 10% in comparison to the second quarter of 2012. The need to maintain the customer portfolio and capture new customers has led operators to intensify the competition, making their offers more flexible and offer high technology equipment, generating customer benefits in respect to price, quality of service, coverage and capacity, however the business has entered a maturing stage, reaching penetration of close to 147% per inhabitant.

The current market tendency concentrates on the massive use of “mobile data”. It is estimated that 6.1 million users will be connected to mobile internet (3G) by June 2013, i.e. growth of 59% in respect to June 2012. Data and mobile navigation services continue to present the highest growth rates within telecommunications services due to their relatively rapid implementation and the multiple value adding applications and services they provide.

Data and mobile navigation services continue showing the highest growth rates within telecommunications services, due to their relatively quick implementation to the multiple value adding applications and the services they facilitate.

b) Competition risk (Not audited)

The new operators that entered the mobile market in 2012 (GTD, Nextel and VTR), show interest in positioning themselves in all mobile segments and products, with the exception of Virgin Mobile, which focuses its offer on the prepay segment.

Falabella is preparing its launching as VMO for this second quarter, after signing a national roaming agreement with Entel in November 2012.

During the second quartes of 2013, numeric portability has been used by 175,218 mobile users, a 9% decrease in comparison to the second quarter of 2012. Based on international evidence, we expect this tendency to continue dropping.

29. Financial Risk Management, continued

c) Regulatory environment

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

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

The process that will result in the establishment of new mobile rates effective as of January 2014 began at the end of 2012.

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

On/off net rates are eliminated as of the effective date of the new mobile tariff decree. From March 2013 to January 2014 only plans with an off net and on net rate difference equal to or lower than the access charge will be able to be sold, and the proportion of on net/off net minutes included in a plan cannot exceed the proportion of the off net/on net prices.

d) Financial risk management objectives and policies

The Company's main financial liabilities, in addition to derivatives, consist of bank loans, bond obligations and accounts payable mainly to suppliers. The main purpose of these financial liabilities is to secure financing for the Company's operations. The Company has trade accounts receivable, cash and short-term investments that arise directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk.

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

The policies for managing these risks are summarized below:

29. Financial Risk Management, continued

d) Financial risk management objectives and policies, continued

Market risk:

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

Interest rate risk:

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

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

The Company periodically determines the efficient exposure of its short and long-term debt to changes in interest rates, based on the future evolution of rates. At the end of the second quarter of 2013 the company had 24.7% of its debt and short-term bearing interest at a fixed rate.

The company believes it is reasonable to measure the risk associated to financial debt interest rate as the sensitivity of monthly financial expense accrual in case of a change of 25 base points in the debt reference interest rate, which as of June 30, 2013 is the Nominal Chamber Average Rate (TCPN or Tasa Promedio de Cámara Nominal in Spanish). In this manner, an increase of 25 base points in the monthly TCPN would mean an increase in the monthly financial accrual expense for 2013 of approximately Ch$62.4 million, whereas a drop in the TCPN would mean a reduction of Ch$62.4 million in the monthly financial accrual expense for 2013.

Foreign currency risk:

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

29. Financial Risk Management, continued

d) Financial risk management objectives and policies, continued

After the hedging activities carried out to manage the main foreign currency risk identified by the Company, the fair value or future cash flows sensitivity of hedged items to changes in the exchange rate is close to zero, mainly because the foreign currency hedge for debt items is 100%. For the year to June 30, 2013 the Company has 45% of its total debt in foreign currency.

As a result, the Company has entered into forward and swap contracts with local financial institutions to hedge the risks associated to purchases in foreign currency and financing obtained on international markets.

Credit risk:

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

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

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

Liquidity risk:

The Company monitors its risk of lack of funds using a recurring liquidity planning tool. The Company's objective is to maintain a short-term investment profile that minimizes the need to resort to external short-term financing.

29. Financial Risk Management, continued

d) Financial risk management objectives and policies, continued

Capital management:

Capital includes shares, equity attributable to the equity of the parent less reserves for unearned profits.

The Company's main objective in respect to capital management is to ensure that it maintains a strong credit rating and adequate capital ratios to support its businesses and maximize shareholder value. The Company manages its capital structure and makes adjustments to it based on changes in economic conditions.

No changes were introduced in the objectives, policies or processes during the periods ended June 30, 2013 and December 31, 2012.

e) Technological changes

Due to the characteristics of the mobile market, with strong competition and progressive technological evolution, during this year mobile operators will not only have to deploy the new 4G or LTE technology, but must also continue with the expansion of 3G, both in capacity and coverage.

f) Perspective (Not audited)

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

30. Subsequent Events

The consolidated financial statements of Telefonica Moviles Chile S.A., for the period ended as of June 30, 2013 were approved and authorized for issuance at the Board of Directors Meeting held on August 14, 2013.

In the period between July 1 and August 14, 2013, there have been no financial or other significant events, which affect these financial statements.

Rodolfo Escalante Fiestas	Roberto Muñoz Laporte
Economic Processes and Accounting Manager	Chief Executive Officer